



SUSTAINABILITY-LINKED

Financing Framework

JULY 2022

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1. Saint-Gobain in brief

Saint-Gobain designs, develops, and distributes materials and solutions which are key ingredients in the well-being of each of us and the future of all. These materials can be found everywhere in our living places and our daily life: in buildings, transportation, infrastructure and in many industrial applications. They provide comfort, performance and safety while addressing the challenges of sustainable construction, resource efficiency and climate change.

Key figures at end 2021



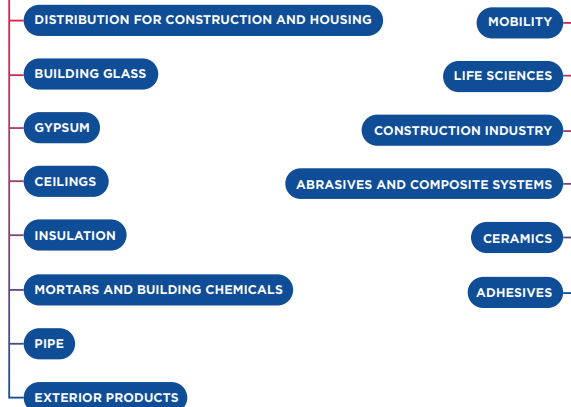
Saint-Gobain aims to meet today's individual expectations and tomorrow's collective challenges by offering its customers well-being through sustainable solutions that respect the environment and health; and its professional customers in particular, a guarantee of productivity, performance and innovation.

An agile and local new organization with a multi-national culture

Since 2019, Saint-Gobain has been organized according to its customers and therefore by geographical areas for its regional businesses, and by global Business Units within the High Performance Solutions entity, with a view to improving agility and remaining as close as possible to its customers. Based on "Transform & Grow" plan, the Group's corporate governance model, which is as close as possible to its markets, is part of a resolutely multi-national approach.

BUSINESS LINES FOR REGIONAL CUSTOMERS

The Group offers a unique range of solutions for all areas of the construction industry. Its geographical organization allows it to offer solutions that are tailored to the specific needs of its local markets, whether in terms of construction methods or styles, building systems, distinctive climate features, for the renovation of existing buildings or the undertaking of new constructions.



BUSINESSES FOR GLOBAL CUSTOMERS

Saint-Gobain's High-Performance Solutions (HPS) are value-added solutions for varied applications in mobility, construction and other industries. Saint-Gobain relies on strong expertise in materials science, formulation, design of automotive glass applications, ceramics, abrasive solutions, performance polymers and fiberglass. The Group has expertise in multiple state-of-the-art applications that make use of the specific properties of its materials (high temperature resistance, abrasion, chemical stability, surface properties, etc.).

A clear strategic vision for the future

In October 2021, Saint-Gobain launched its “**Grow & Impact**” strategic plan, formulating a clear vision: **to be the worldwide leader in light and sustainable construction markets**, improving the daily lives of everyone thanks to its high performance solutions. The Group is thus positioned as a provider of solutions to the complex problems faced by its customer, satisfying a dual requirement of sustainability and performance.

By capitalizing on its potential for innovation, and by fully exploiting the source of value offered by data, “Grow & Impact” aims to enable Saint-Gobain to outperform its underlying markets, **achieve its CSR objectives** by systematically maximizing its positive impact in multiple areas (customer satisfaction and performance, value creation for its shareholders, as well as the well-being and commitment of its employees) and minimizing its footprint across its entire value chain.

A purpose reflecting the Group's identity and ambition

In 2020, Saint-Gobain formulated its purpose: “**Making the world a better home**”, reflecting the Group's identity and its ambition to improve everyone's lives by making the planet a fairer, more harmonious and sustainable living space. Through its business model generally and with its solutions specifically, Saint-Gobain has a tangible impact on the life of each individual, their environment and their way of working, caring for themselves and getting around. The Group's purpose is the link between the infinitely small unit of each person's living space and the infinitely large one of our shared home: the planet.

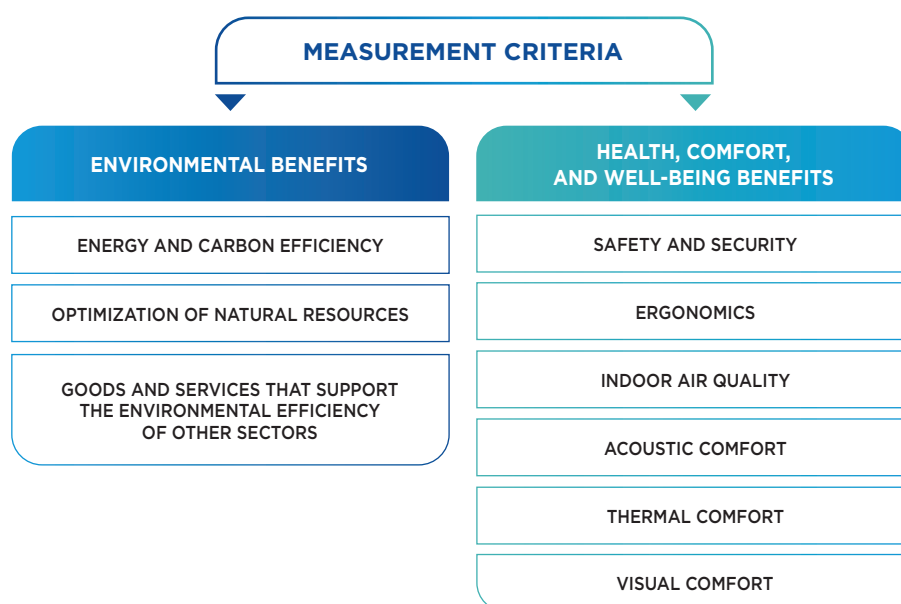
2. Sustainability at the heart of Saint-Gobain's strategy

By providing solutions to its customers and end-users to address the climate and environmental challenges that they face, **Saint-Gobain is a key player in the fight against climate change**, aiming to maximize the positive impact that the Group brings to its customers while minimizing its own environmental footprint.

In the construction industry, which accounts for around **40% of global CO₂ emissions¹**, Saint-Gobain develops and markets solutions to **improve the energy efficiency** in buildings, and solutions with a **reduced carbon footprint** – such as for light construction – designed to replace traditional, more carbon-intensive heavy building materials. In this sector, the Group is very well positioned on the renovation market on the one hand, which notably benefits from stimulus plans in line with governments' objectives to reduce carbon dioxide emissions, and on the light construction market on the other hand, which responds to the challenges of decarbonization and of resource scarcity.

Elsewhere, through its High-Performance Solutions segment, the Group helps the transport industry in its transition thanks to lightweight and more energy efficient solutions. It also **aids industrial producers facing the challenge of decarbonization** by providing them with solutions to reduce energy consumption in their manufacturing processes.

Overall, the solutions proposed by Saint-Gobain provide environmental benefits or comfort, health and safety benefits on the value chain till the end-consumer.



¹ • <https://architecture2030.org/why-the-building-sector/>

The share of sustainable solutions represents 72% of Saint-Gobain's sales at end 2020.

Such performance can also be highlighted by the fact that **the solutions sold by the Group in one year allow to reduce² CO₂ emissions a total of nearly 1,300 million tons over their entire life cycle** (thus exceeding by far the Group's own carbon footprint), by improving the energy efficiency of buildings and by avoiding emissions through light construction techniques.

CSR governance

- ESG is taken into account in short-term incentive plans (at 10%) and long-term incentive plans (at 20%, up from 15% previously, of which 10% corresponds to decarbonization results, 5% to safety and 5% to diversity).
- In June 2020, the Board of Directors decided to create a Corporate Social Responsibility Committee, which ensures that CSR issues are taken into account in the definition of the Group's strategy and its implementation
- Diversity is also a key priority, with 26% women managers in the Group and 38% women on the Executive Committee at end 2021.

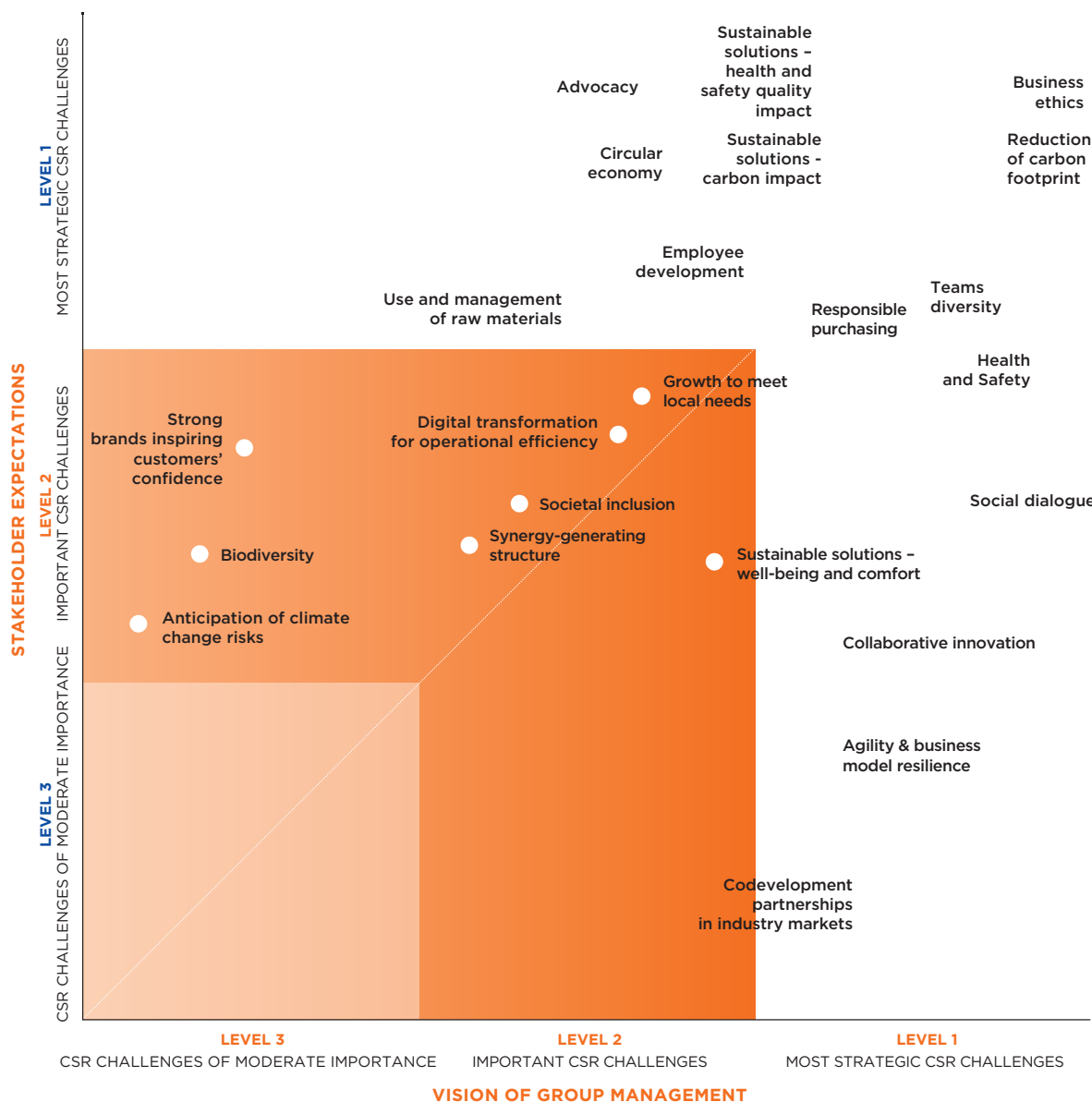
2.1 A CSR roadmap reflecting priority issues

Saint-Gobain's **350 years of history**, its collective strength and leadership empowers the Group to pursue its development, by addressing the major challenges facing humanity, namely, climate change, resource protection and the fight against inequality.

For many years, Saint-Gobain has incorporated the challenges of sustainable development into its strategy, practices, and business model. The Group is convinced that consideration of the common good, ethics and social and societal issues is an essential factor in generating sustainable growth.

² • Evaluated in 2019. For further information, the methodology is available here: part 1: https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021_Methodological%20guide%201-CO2%20emissions%20avoided%20of%20Saint-Gobain%20solutions.pdf and part 2: https://www.saint-gobain.com/sites/saint-gobain.com/files/media/document/2021%20-%20%20Methodological%20guide%202-%20CO2%20emissions%20avoided%20CO2%20of%20Saint-Gobain%20Solutions_0.pdf.

The materiality matrix published by Saint-Gobain was reviewed in 2020, which is used as a basis for the Group's CSR roadmap.



The CSR roadmap guides the Group's actions to reduce the environmental, social and societal impact of its operations and solutions. It takes into account both Saint-Gobain's strategic commitment and the specific expectations of stakeholders.

It is based on **six pillars** and measures the progress made through the double prism of maximizing the Group's contribution and minimizing its footprint.

	Maximize the Group's contribution through its operations and relationships with all its stakeholders	Minimize Saint-Gobain's footprint throughout its value chain
Climate change / Building a low-carbon world Contribute to a fair and sustainable transition aligned with the Paris Agreement	... by providing its customers with solutions to generate carbon benefits; it is estimated that the solutions sold each year by Saint-Gobain enable the avoidance of 1,300 million tons of CO ₂ over their lifetime, i.e. exceeding by far the Group's total carbon footprint.	... through multiple approaches such as agreements for the supply of renewable energy to industrial sites, the deployment of eco-friendly logistics solutions, or innovation-related investment to develop low-carbon technologies.
The circular economy / Introduce circularity in our markets Creating value through a circular business model that conserves resources	... by targeting a percentage of sales through sustainable solutions of 75% by 2025; by contributing to recycling initiatives common to the business sectors in which the Group operates; by developing the recycling of gypsum; or by avoiding the extraction of 50% of raw materials in the construction of façades thanks to the use of light techniques.	... by recovering 92% of production waste; for example, by replacing all plastic packaging with paper for mortars in Brazil; by publishing nearly 1,500 EPDs (environmental product declarations), representing 29,1% of its revenue, making the Group the world's largest issuer of these in the construction sector; or by targeting an 80% reduction in non-recovered waste by 2030 compared to the figures for 2017.
Health and safety throughout the value chain/ Being at the forefront of the most demanding standards Our first responsibility is to guarantee the health and safety of our employees and our stakeholders	... by targeting 75% of sales of sustainable solutions by 2025; by halving noise pollution thanks to Ecophon ceiling solutions; by improving the air quality of interior spaces via Activ'Air plasterboard solutions; by providing access to controlled hydrothermal comfort via the Vario membrane; or by providing materials designed for the ergonomics of installers during installation.	... with a worldwide and gradual roll-out of the "Care by Saint-Gobain" program between 2021 and 2023; by developing the "Mental Well-Being" program; by aiming to eliminate handling risks through attention to ergonomics; by rolling out the noise exposure indicator.
Inclusive growth / Strengthen our local ecosystems To create shared economic growth with stakeholders in a spirit of mutual trust and transparency	... by investing €15 million in sponsoring and philanthropic projects and, thanks to the Foundation, bringing projects relating to social housing and professional integration.	... by establishing itself locally, the Group energizes and enriches the regions through the creation of direct and indirect jobs.
Employee commitment and diversity / Foster an open and engaging work environment To create a work environment conducive to professional and personal fulfillment and promote the inclusion of all diversity and equity	... by having women accounting for 26.3% of managers worldwide (the 2020 objective, set at 25%, has been achieved; new objective for 2025 set at 30%); by having women make up 37.5% of the Group's Executive Committee in 2021.	... by ensuring engaging working conditions wherever the Group operates. In 2021, 81% of employees responded to the satisfaction survey, with an engagement index of 83% and a recommendation rate of 85%.
Business ethics / Act without compromise To share our values with our stakeholders to build together over the long term	... with initiatives such as the deployment of anti-corruption programs; or through the organization of the Principles of Conduct and Action Day.	... by reducing risks throughout the supply chain and in operations. This is reflected in a strong Responsible Purchasing policy, with 100% of retail purchases covered by a Suppliers Charter, and 91.3% of non-retail purchases.

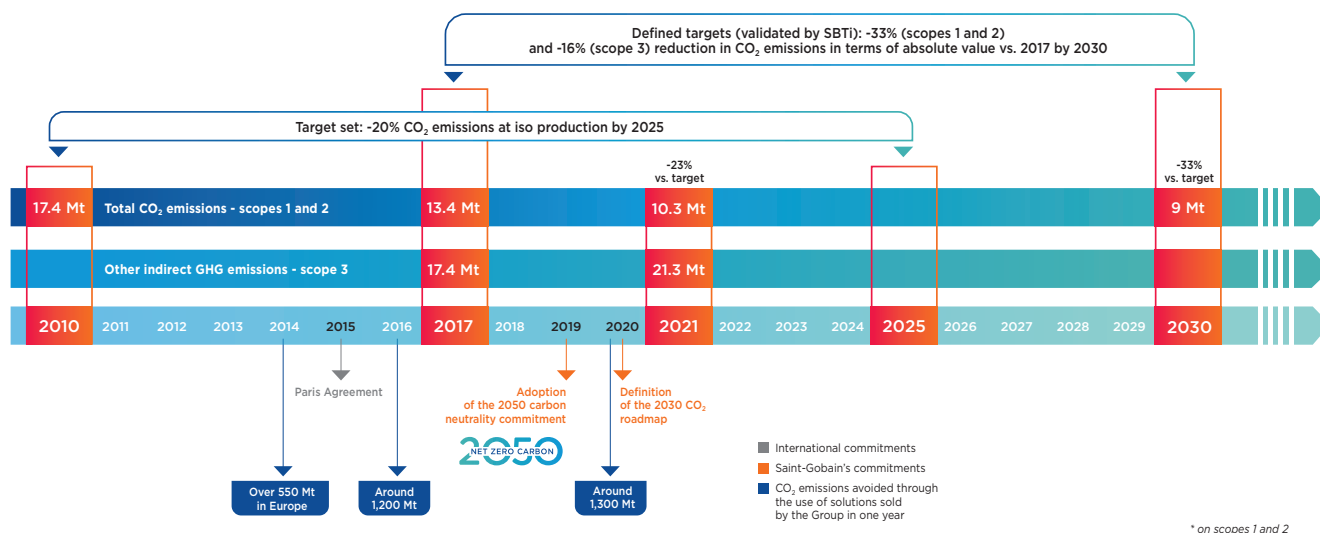
2.2 Commitment to be carbon neutral by 2050

2050 NET ZERO CARBON

Following the formalization of the Group's support for the UN Global Compact's "Business Ambition for 1.5°C" in September 2019, Saint-Gobain unveiled in November 2020 its **CO₂ roadmap to achieve carbon neutrality by 2050**. This commitment is rooted in a long history of reducing Saint-Gobain's environmental impact. It is inseparable from the Group's ambition to provide customers with solutions to help them decarbonize as well and to reduce their own environmental footprint. Saint-Gobain's net zero carbon ambition is also a very concrete manifestation of its purpose, "Making the world a better home".

The roadmap to net zero incorporates **new commitments through to 2030** in terms of reducing not only the Group's direct and indirect CO₂ emissions, but also the emissions along its value chain. These new targets for 2030 have been validated by the Science-Based Target initiative (SBTi), which considers them to be aligned with Saint-Gobain's net zero carbon commitment:

- 33% absolute reduction in CO₂ emissions between 2017 and 2030 in Scopes 1 and 2;
- 16% absolute reduction in CO₂ emissions between 2017 and 2030 in Scope 3.



Saint-Gobain acts upon all three CO₂ emission scopes, and, in order to achieve carbon neutrality, is focusing its efforts on **four key levers for action**:

1) Optimization and reduction of its energy use

- Installation of equipment and digital tools to adjust energy consumption as closely as possible to requirements: launch of a large-scale Group program combining the installation of sensors, the use of algorithms in production chains and the training of engineers
- Increase the proportion of lost heat re-used, reduction of standby losses, improved insulation and extension of heat recovery systems.

2) Innovation in its processes, both industrial and product design

- Development in detailed roadmaps for each industrial process, supplemented by action plans developed and implemented by each country, based on knowledge of the local market and regulatory environment
- Product design: lighter products, products made using low-carbon raw materials, products with high recycled contents. Saint-Gobain has set itself ambitious targets to reach by 2030 beyond the ones which are part of the KPIs and associated targets as defined hereafter.
 - +30% avoided virgin raw materials
 - 100% recyclable packaging
 - > 30% of recycled or bio-sourced content on packaging.

3) Transition towards carbon-free energy

- Substitution of high carbon-based energies by zero or lower carbon-based energies: green electricity, replacement of heavy fuel with natural gas, replacement of natural gas by biogas
- Substitution of carbon-based energy with decarbonized energy requiring substantial modification of processes (post-2030): direct electrification or green hydrogen.

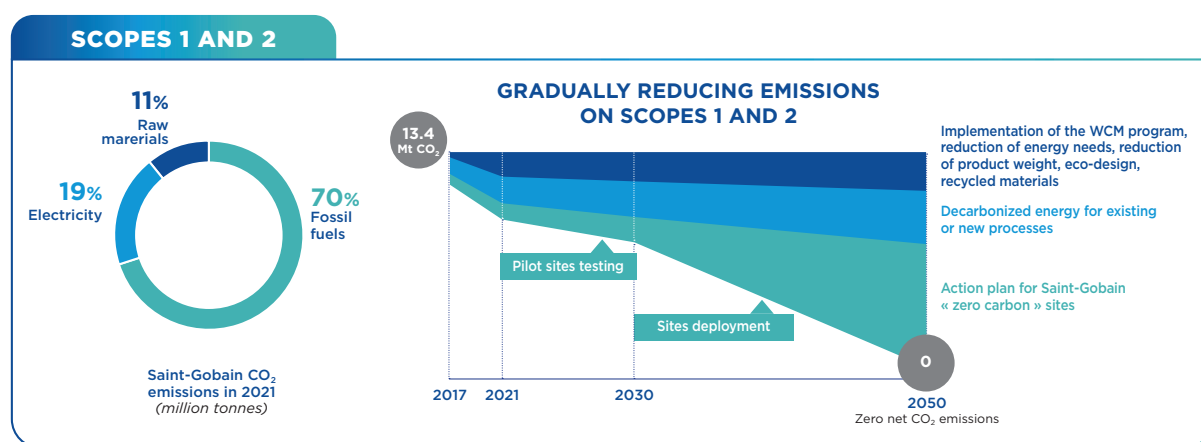
4) Mobilization of suppliers and new initiatives in transport

- For suppliers: comparison of their performance on the basis of their CO₂ emissions criteria both in terms of their operations and for the products concerned, signature of the Group's Responsible Purchasing Charter, collection of detailed information on their commitments in terms of sustainable development, encouraging large emitters to adopt an SBT approach
- For transport: optimized logistics, fuel efficiency improvements, use of decarbonized fuels, replacement of road transport by rail and water, working alongside logistics suppliers.

For any residual emissions, the Group intends to investigate carbon capture and sequestration solutions.

The trajectory on the reduction of CO₂ emissions (Scope 1&2) integrates two steps in the deployment of the innovation:

- till 2030: Saint-Gobain develops innovative industrial processes to imagine potential net zero production sites (Scope 1&2). Two programs are already publicly disclosed:
 - In Norway, the Group invests in a net zero production site for Gypsum;
 - Test pilot of zero carbon production of flat glass in France.
- 2030 to 2050: The Group will deploy the net zero production sites all over the world.



2.3 Moving towards a circular economy

Saint-Gobain aims to create value through a business model that contributes to a circular economy by preserving resources, so as to **reduce the pressure on non-renewable resources** and to enable the **regeneration of natural capital**.

To accelerate the transition towards the circular economy, Saint-Gobain's strategy is based on four main areas to **minimize the impact** of Saint-Gobain's operations on its entire value chain and **maximize the profits of solutions** while maintaining the value of resources at the highest level.

- The circular management of the supply chain and operations: elaborate **more efficient production processes** in terms of resources by ensuring that the use of non-renewable natural resources is limited, sourcing responsibly managed renewable resources and **limiting the final waste from production**;
- The **recovery of resources** after the use of products: create recycling channels by initiating or participating in initiatives with all stakeholders to promote the recovery and recycling of construction materials or materials from the industrial markets in which the Group operates;

- A range of solutions that **optimize the use of natural resources**: by ensuring the recyclability of products and encouraging the integration of recycled materials throughout the product life cycle (including end-of-life management), but also by integrating the extension of the product's useful life or the increase of the utilization rate of products in the offers, for example by encouraging the **modularity of buildings**, anticipating **deconstruction** for optimum recycling or reuse of materials, but also by involving the stakeholders (through information and training of customers).

The gradual emergence of the circular economy is changing value chains and ecosystems. From the design of products, solutions and services to the benefits expected by customers and end-users, and the management of product end-of-life, Saint-Gobain's offering must adapt to new methods: **incorporating more recycled or renewable materials to reduce the consumption of virgin raw materials** and the consequences of their use, particularly on biodiversity; extending the life of products to reduce their environmental impact; and **facilitating the recycling or reuse of products** at the end of their life to successfully meet market needs with a limited impact on natural resources.

Most of the Group's business lines are working to **reduce the resource intensity** of their products, by reducing the average weight for the same unit of product, without affecting technical performances. The actions deployed concern not only the products but also their packaging. Action plans have been deployed to **reduce packaging** globally and to ensure that it is recyclable.

Finally, Saint-Gobain is committed to a responsible approach of waste prevention and management, in order to achieve the Group's long-term objective: "zero non-recovered waste".

2.4 Contribution to the UN SDGs

To embed the United Nations' Sustainable Development Goals ("UN SDGs") within its CSR approach, Saint-Gobain draws upon the materiality analysis, the Group's stakeholder dialogue and its understanding of the value chain.

Saint-Gobain is actively following the debates on SDGs and reporting, especially the working group initiated by the Global Compact, of which the Group adhered at the "GC Advanced" level.

The Group is especially committed to 14 Sustainable Development Goals aligned with the strategy:



3. Rationale for the establishment of a Sustainability-Linked Financing Framework

Faced with the challenge of climate change and the risks associated with the average increase in temperature, Saint-Gobain aims to promote the emergence of a low-carbon economy in the countries where it operates. With its portfolio of products and services, Saint-Gobain ambitions to contribute to a responsible development, by addressing the climate emergency, committing to carbon neutrality and developing the circular economy.

In addition, Saint-Gobain aims to contribute to a fair and human economic development, through its ambitions towards the preservation of health and safety of employees and stakeholders, its commitments for diversity and inclusion as well as its action towards local communities.

At Saint-Gobain, we believe that the establishment of a Sustainability-Linked Financing Framework and that the future issuances of Sustainability-Linked financing instruments will strengthen our role in generating positive impacts on all aspects of our CSR strategy.

By linking financing conditions to our sustainability performance, the issuance of Sustainability-Linked financing instruments will reinforce our commitments laid out in the Group's CSR roadmap and pillars. As such, the Group has updated its Europe Medium Term Notes ("EMTN") programme in 2022 to include the possibility to issue Sustainability-Linked Bonds and will communicate on the selected KPI(s) and SPT(s) prior to any issuance of SLBs under the EMTN programme.

4. Sustainability-Linked Financing Framework

This Framework has been established in accordance with the Sustainability-Linked Bond Principles ("SLBP") 2020 published by ICMA³ and with the Sustainability-Linked Loan Principles ("SLLP") 2022 published by the LMA/LSTA/APMLA⁴, and follows the five core components below:

a. Selection of Key Performance Indicators (KPIs)

b. Calibration of Sustainability Performance Targets (SPTs)

c. Financial characteristics

d. Reporting

e. Verification

³ • <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

⁴ • <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

Saint-Gobain's Sustainability-Linked Financing Framework aims at covering the issuance of Sustainability-Linked financing instruments, including Sustainability-Linked Bonds ("SLB"), Sustainability-Linked Loans ("SLL"), Sustainability-Linked Convertible Bonds ("SLCB"), promissory notes ("Schuldscheindarlehen"), or any other capital market instruments in both private or public placement format, whose characteristics are linked with the achievement of SPTs.

a. Selection of KPIs

Saint-Gobain has selected the following 4 KPIs, which are further described below. Such KPIs have been chosen as they are core, material and relevant to the Group's activities.

- KPI 1: Absolute Scope 1 & 2 GHG emissions
- KPI 2: Absolute Scope 3 GHG emissions
- KPI 3: Percentage of non-recovered production waste
- KPI 4: Frequency rate of accidents

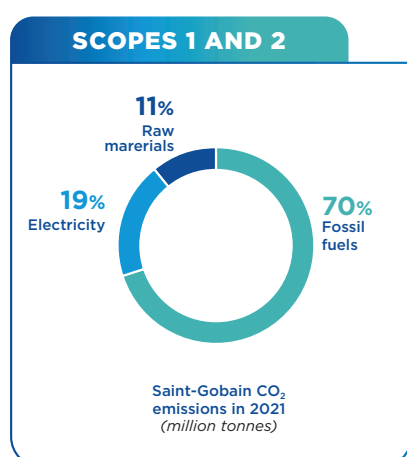
⁵ • <https://architecture2030.org/why-the-building-sector/>

KPI 1 Absolute Scope 1 and 2 CO₂ emissions (in Mteq CO₂)

Definition and methodology for measurement

As per the GHG Protocol, absolute Scope 1 and 2 GHG emissions cover the following items:

- **Scope 1** emissions: Saint-Gobain's direct emissions, resulting from the **combustion of fossil fuels and chemical reactions used in the manufacturing processes**
- **Scope 2** emissions: Saint-Gobain's **indirect emissions associated with energy**, mainly linked to **purchases of electricity and consumption of steam and hot water**



Perimeter

This KPI covers consolidated entities at the end of a given financial year. All entities belonging to consolidated companies in which Saint-Gobain held a stake of 50% or more at balance sheet date are monitored. Newly integrated companies are accounted for in accordance with their financial integration, with a maximum grace period of 2 years (i.e. until the end of the second full annual accounting period following the accounting year in which the company was acquired) in the absolute discretion of Saint-Gobain, and companies sold during the past year are not included. A company once included in the monitoring process – even if such inclusion occurred before the end of the aforesaid grace period – remains included therein (subject only to the exclusion above for companies sold during the past year and not included).

Rationale

Formally adopted in 2016, the Paris Agreement sets out a global framework for the fight against climate change and is the expression of the binding ambition to keep the rise in temperatures below 2°C compared to the pre-industrial era.

Conscious of its role to play for the industry, Saint-Gobain is fully committed as a non-state actor to the implementation of the Paris Agreement and the Group has communicated on its target to become carbon neutral by 2050.

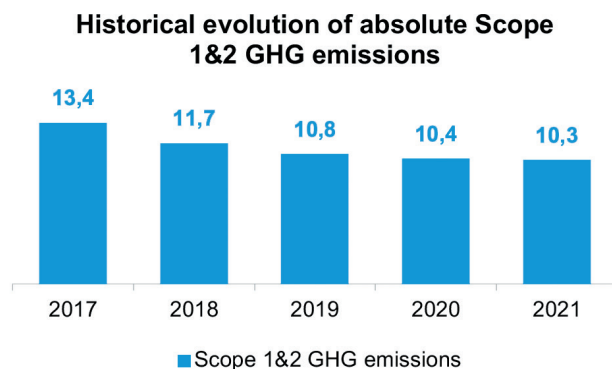
The construction sector plays a key role in this landscape, as it alone accounts for nearly 40% of annual CO₂ emissions worldwide, including 28% for the operation of buildings (operational emissions related to heating, air conditioning or domestic hot water) and 11% for “gray” carbon related to the production of materials, their transport, construction

equipment, i.e. embodied carbon⁵.

There is therefore no road to carbon neutrality without a change in the sector.

Saint-Gobain is actively working to reduce the impact of its own operations in terms of GHG emissions, in particular by improving the efficiency of its processes.

Historical performance



Contribution to SDGs



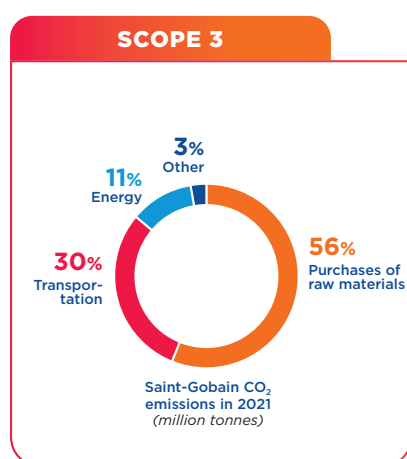
Contribution to EU environmental objective
 Climate Change Mitigation

KPI 2 Absolute Scope 3 GHG emissions (in Mteq CO₂)

Definition and methodology for measurement

Absolute Scope 3 GHG emissions cover the following items:

- Purchased goods and services
- Fuel and energy related activities
- Upstream and downstream transportation and distribution
- Business travel
- End-of-life treatment of sold products



Perimeter

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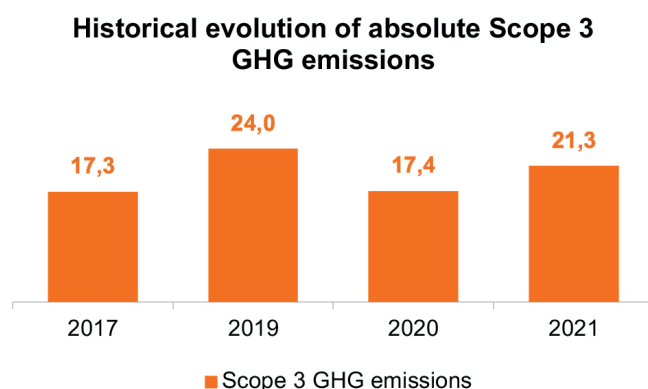
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Conscious of its role to play for the industry, Saint-Gobain is fully committed as a non-state actor to the implementation of the Paris Agreement and the Group has communicated on its target to become carbon neutral by 2050.

The construction sector plays a key role in this landscape, as it alone accounts for nearly 40% of annual CO₂ emissions worldwide, including 28% for the operation of buildings (operational emissions related to heating, air conditioning or domestic hot water) and 11% for “gray” carbon related to the production of materials, their transport, construction equipment, i.e. embodied carbon⁶. There is therefore no road to carbon neutrality without a change in the sector. In response to climate change and the risks linked to rising average temperatures, Saint-Gobain’s goal is to encourage the emergence of low-carbon economies in the countries in which it operates. In concrete terms, the objective is to help its customers reduce their carbon emissions through the use of its products and solutions while reducing the carbon impact of their production.

Historical performance



Given the complexity of the value chains, the assessment of emissions is a challenge and the improvement of data quality is essential in the context of the commitment to carbon neutrality.

For this reason, Saint-Gobain’s updated scope 3 emissions assessment in 2021 has been accompanied by a more specific assessment of emissions factors and a more granular analysis of impacts on the three most significant categories:

- purchases of raw materials (category 1);
- transport and logistics (categories 4 and 9);
- purchases related to trade activities (category 1).

Thus, in 2021, the Group’s scope 3 is estimated at 21.3 Mteq CO₂ compared to the 2017 base used to validate the 2030 targets by SBTi (17.3 Mteq CO₂). Excluding the broader coverage of impacts, scope 3 would be estimated at 16.8 Mteq CO₂ in 2021.

The Group will continue its efforts to increase transparency and improve the assessment of impacts in its value chain through the mobilization of its teams and in collaboration with its suppliers. Saint-Gobain has implemented digital tools to make assessment of scope 3 more reliable. The methods used to assess carbon emissions and integrate emission factors have been coordinated globally.

Contribution to SDGs



Contribution to EU environmental objective
Climate Change Mitigation

KPI 3 Non-recovered production waste

Definition and methodology for measurement

Non-recovered production waste (including non-hazardous and hazardous waste), excluding waste that is generated following the delivery of a designated product to the consumer.

Non-recovered waste is defined as waste sent to landfill (for hazardous waste, properly disposed according to applicable laws and regulations) and waste sent to incineration without energy recovery.

Perimeter

This KPI covers consolidated entities at the end of a given financial year. All entities belonging to consolidated companies in which Saint-Gobain held a stake of 50% or more at balance sheet date are monitored. Newly integrated companies are accounted for in accordance with their financial integration, with a maximum grace period of 2 years (i.e. until the end of the second full annual accounting period following the accounting year in which the company was acquired) in the absolute discretion of Saint-Gobain, and companies sold during the past year are not included. A company once included in the monitoring process – even if such inclusion occurred before the end of the aforesaid grace period – remains included therein (subject only to the exclusion above for companies sold during the past year and not included).

Rationale

Construction accounts for 40% of the world's resource consumption while, according to the World Bank⁷, the world is expected to generate 2.59bn tons of solid waste annually by 2030. By 2050, this amount is expected to rise further to 3.4bn tons.

Reducing the consumption of raw materials per functional unit produced and the waste generated by industrial processes are the pillars of Saint-Gobain's sustainable resources management policy initiated in 2015 with the aim of moving towards the «zero unrecovered waste». The Group believes that waste should be considered as a strategic resource.

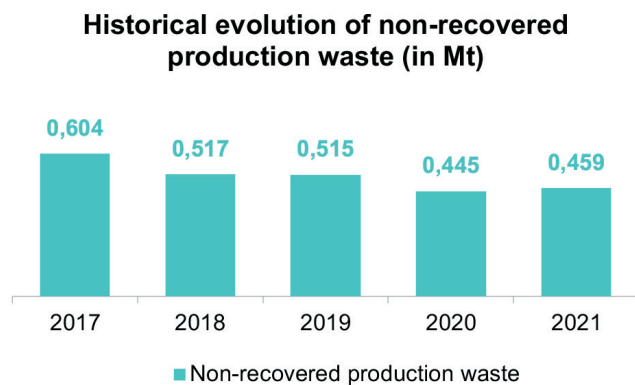
Facing a megatrend that is the depletion of natural resources, Saint-Gobain's responses are notably geared towards the reduction of materials extraction and the accelerated movement towards a circular economy.

Thanks to its solutions for construction and industry, and also thanks to the improvement of its own processes, Saint-Gobain can and must respond to this challenge. This will require accelerating the transition to a circular economy, taking into account the entire life cycle of its products and solutions, in order to limit their consumption of natural resources, extend their lifespan and promote their recycling, to reduce the production of non-recovered waste.

By encouraging cross-functional actions and synergies between its various industrial and distribution business lines, Saint-Gobain is committed to providing innovative solutions and seizing opportunities related to the challenges of respectful management of materials, processing and efficient waste processing.

⁷ • <https://openknowledge.worldbank.org/handle/10986/30317>

Historical performance



Saint-Gobain's long-term target is to achieve zero non-recovered waste

Contribution to SDGs



Contribution to EU environmental objective
Transition to a Circular Economy

KPI 4 Total recordable accident rate (“TRAR”)

Definition and methodology for measurement

Frequency rate of accidents with and without work stoppage per million of working hours (“TRAR”)

TRAR = ((Number of workplace accidents with and without work stoppage * 1,000,000) / Number of working hours).

Perimeter

This KPI covers all Group employees, temporary workers and permanent subcontractors of consolidated entities at the end of a given financial year. All entities belonging to consolidated companies in which Saint-Gobain held a stake of 50% or more at balance sheet date are monitored. Newly integrated companies are accounted for in accordance with their financial integration, with a maximum grace period of 2 years (i.e. until the end of the second full annual accounting period following the accounting year in which the company was acquired) in the absolute discretion of Saint-Gobain, and companies sold during the past year are not included. A company once included in the monitoring process – even if such inclusion occurred before the end of the aforesaid grace period – remains included therein (subject only to the exclusion above for companies sold during the past year and not included).

Rationale

The health and safety of employees are absolute priorities, and Saint-Gobain makes them central to its corporate culture to protect all its partners.

Saint-Gobain ensures that all employees on its sites, including temporary workers and subcontractors, have safe working conditions and environments by identifying, reducing and controlling risks.

Saint-Gobain published its commitments in the Group’s EHS Charter, setting out the following four principles:

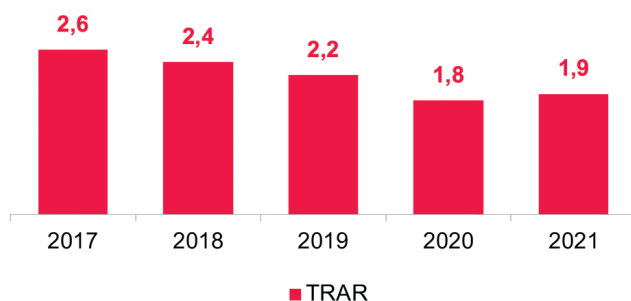
- Compliance with regulations and Saint-Gobain standards
- Exemplary behavior in processes, products and services over the entire life cycle
- Ongoing prevention and reduction of risks for employees, temporary workers, subcontractors, visitors, customers and the environment
- Ongoing dialogue with stakeholders.

The EHS Charter is accompanied by a letter of commitment from the CEO reminding everyone of the objective of “zero occupational accidents”.

At the highest level, the management has demonstrated its involvement in the development of a culture of safety within the Group, and all meetings of the Board of Directors and the Executive Committee include safety performance reviews.

Historical performance

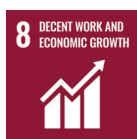
Historical evolution of the total recordable accident rate (TRAR)



In 2021, the TRAR was equal to 1.9, which is a slight increase compared to 2020 (1.8), a particularly atypical year due to the health crisis. The general trend remains solid since the TRAR has been divided by four in ten years.

At end 2021, 74% of the entities did not declare any occupational accidents, compared with 72% in 2019.

Contribution to SDGs



b. Calibration of SPTs

Climate – KPI 1

SPT 1 Reduce absolute Scope 1 and 2 GHG emissions 33% by 2030

Benchmark

Saint-Gobain's Scope 1 and 2 GHG emissions reduction trajectory to 2030 has been validated by the Science-Based Target initiative (SBTi) as consistent with a Well-Below 2°C scenario.

Base year

2017

Base year performance

13.4 Mt CO₂e

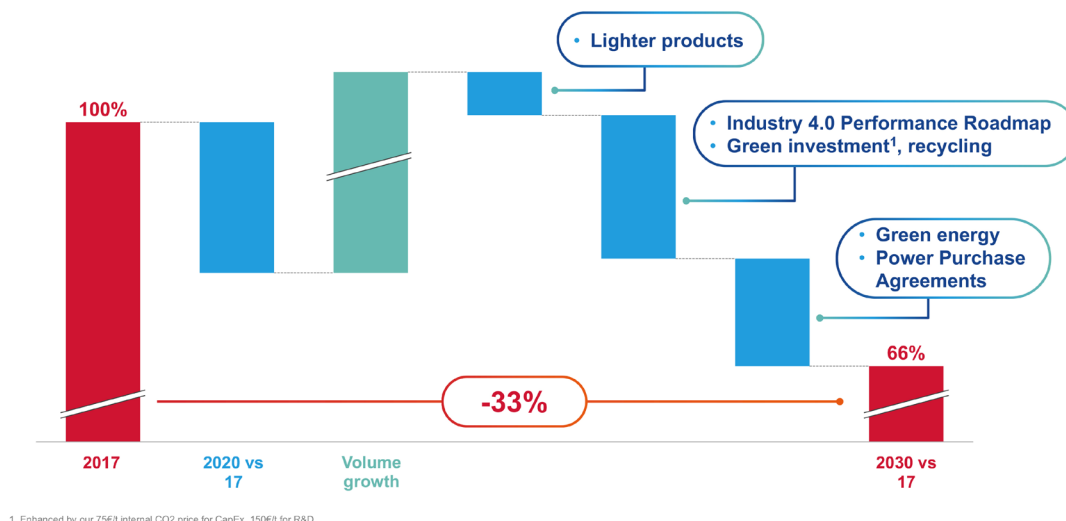
Strategy to achieve the SPT

As part of Saint-Gobain's key target to become carbon-neutral by 2050, the Group has set itself an ambitious CO₂ roadmap for 2030.

Saint-Gobain has developed the "2050 net zero carbon emissions" program: in addition to the programs initiated at site level, reducing the carbon footprint of production and thus the impact of the products requires two major strategies for Scope 1 and 2 CO₂ emissions:

- An internal carbon price to speed up the transition to low-carbon technologies;
 - The Group launched an internal carbon fund in April 2021, to engage all its employees on the road to carbon neutrality by 2050 and to contribute to the Group's targets to reduce CO₂ by 2030. First implemented in a pilot region, Northern Europe, it aims to accelerate the reduction of non-industrial CO₂ emissions through the daily actions of employees and targeted investments, on topics such as sustainable employee mobility, renewable energies and improving comfort and energy efficiency on the Group's sites.
- Innovation and R&D programs to coordinate and expand efforts to improve manufacturing processes, reduce the energy consumptions and ensure the transition towards the use of decarbonized energies;

Over the 2017-2030 period, the main levers of action identified to reduce Scope 1 and 2 CO₂ emission are highlighted below:



Performance since 2017.

OBJECTIVES	2021 RESULTS	PROGRESS IN 2021
CLIMATE CHANGE		
To contribute to a just and sustainable transition, aligned with the Paris Agreement		
-33% on scopes 1 and 2 between 2017 and 2030 (in absolute value)	-23% (10.3 MtCO ₂)	70%

Thanks to the Group's actions, at end 2021, Saint-Gobain's Scope 1 and 2 CO₂ emissions have decreased by 23% compared to 2017.

Considering the industrial processes Saint-Gobain is dealing with, the trajectory of reduction of scope 1 and 2 emissions will follow two periods: 2017 – 2030 and 2030 – 2050 and 3 categories of actions:

- Optimization on production and products based on the World Class Manufacturing program: continuous improvement program during the total period.
- Investment for the transition: specific programs to increase the use of decarbonized energies and invest on available technologies to reduce the Scope 1 and 2 emissions.
- Innovation: in addition to incremental innovation, Saint-Gobain develops innovation solutions for zero emitting processes. During the 2017-2030, pilot programs (POC) will be deployed on each industrial process. The net zero production sites and technologies approved will be deployed during the 2030 to 2050 period.

The 2030 objective validated by SBTi integrates that point of non-linear trajectory of reduction to achieve the 2050 net zero carbon objective.

Climate – KPI 2**SPT 2 Reduce absolute Scope 3 GHG emissions 16% by 2030**

Benchmark

Saint-Gobain's target on Scope 3 GHG emissions reduction has been approved by the SBTi.

Base year

2017

Base year performance

17.3 Mt CO₂e

Strategy to achieve the SPT

The “2050 net zero carbon emissions” program developed by Saint-Gobain also addresses the challenge of reducing Scope 3 CO₂ emissions, with the main strategy around scope 3 control, to identify the main emission factors and mitigate the overall impact of the products.

Actions on the supply chain

Beyond the specific features connected with its activities, Saint-Gobain recognizes the major role the Purchasing Department plays in competitiveness, innovation and sustainable performance. Buyers are especially committed to the 2030 CO₂ roadmap, both for the control and the reduction of scope 3 emissions and for the development of renewable or carbon-free energy purchases.

Such program notably includes involving suppliers in negotiations conducted by the trade and non-trade purchasing teams.

Five principles are implemented by the purchasing teams and environmental experts:

- A digital tool available to teams at local and global levels to enable them to estimate scope 3 emissions;
- Communication kits to share the challenges and targets of the fight against climate change with suppliers;
- The collection of information by suppliers on their emissions on the basis of life cycle analyses verified by independent third parties;
- The integration of the maturity of suppliers regarding their climate commitment into the overall assessment of their performance;
- The creation of joint action plans with suppliers to reduce their carbon impact.

Best practices have been identified and shared with all Group buyers. For example, a guide listing the most reliable eco-labels was shared in 2021.

Logistics optimization

Representing for more than a third of its scope 3 CO₂ emissions, optimizing logistics both upstream and downstream of the value chain, is a key factor in reducing Saint-Gobain's carbon impact and achieving the target of a 16% reduction in scope 3 emissions by 2030.

The Group has developed «Industry 4.0» and «Supply Chain 4.0» digital programs to optimize transportations. Whether for purchases or for customer deliveries, the majority of transport is by road. The use of digital technology through data collection is at the heart of Saint-Gobain's "Industry 4.0" and "Supply Chain 4.0" programs. The information technologies used enable optimum vehicle loading and more efficient journey planning by coordinating incoming and outgoing transport to avoid empty kilometers.

Saint-Gobain is committed to using transport modes in an agile way, switching to less polluting multimodal transport modes such as rail and river or sea transport whenever possible.

Circular economy – KPI 3**SPT 3 Achieve an 80% reduction of non-recovered production waste by 2030**

Base year

2017

Base year performance

0.603 857 Mt

Strategy to achieve the SPT


Back in 2015, Saint-Gobain developed a sustainable resource management thematic policy, which aims to promote the responsible management of resources to facilitate the transition to a circular economy.

The industrial sites are working to reduce the quantities of waste generated in accordance with the three Rs hierarchy: reduce, reuse and recycle. Incineration and landfilling should be limited as much as possible. The priority waste management actions initially relate to a reduction in the quantities of production waste generated. The sites then seek to reuse production waste in their own industrial processes.

Synergies among the Group's different industrial processes are used to optimize the reuse of waste and by-products.

The Group is also involved in the creation of recycling networks with the help of external local partners.

Performance since 2017.

CIRCULAR ECONOMY		
To create value through a circular business model that conserves resources		
-80% non-recovered waste between 2017 and 2030 (in absolute value)	-24% (0.459 Mt)	30% 

Health & safety – KPI 4**SPT 4 Reduce the frequency rate of workplace accidents to 1.5 by 2030**

Base year

2017

Base year performance

2.6

Strategy to achieve the SPT

Saint-Gobain ensures that all employees on its sites, including temporary workers and subcontractors, have safe working conditions and environments by identifying, reducing and controlling risks.

Saint-Gobain has implemented a daily safety management approach, affected all its businesses.

In 2020, the identification of potentially serious events was strengthened thanks to the launch at Group level of a guide on this subject. It is essential to carry out an in-depth analysis, and then implement appropriate measures in order to eliminate the underlying causes of these events, which had limited consequences, but had the potential to cause much more serious damage (such as a fatal accident) if the circumstances had been slightly different.

Safety inspections are organized on all sites according to the SMAT (Safety Management Tool) methodology. These inspections aim to encourage open dialogue with the person visited, on the subject of safety and health, following the observance of work practices by the inspector. The positive points are noted as a priority, as well as any dangerous acts or conditions, which form the subject of an immediate priority action or an action incorporated into an action plan. A guide has been developed to help local teams train visitors and people visited and promote the exchange of best practices. In 2021, 444,574 SMAT visits were carried out in the Group, which represents a ratio of 2.3 visits per employee, temporary worker and permanent subcontractor.

Numerous training and information materials and tools have been developed or updated to support local teams in identifying and managing risk situations. For example, the tool «60s to Think» has been adapted to a more modern format and a communication on the concept «Dare to Take Care» has been distributed.

Performance since 2017.

HEALTH AND SAFETY ACROSS THE ENTIRE VALUE CHAIN		
To ensure the health and safety of our employees and stakeholders is our first responsibility		
Value of TRAR: 1.5 at the end of 2030	1.9	64%

Despite a significant decline, Saint-Gobain continues to suffer serious and fatal accidents every year. During a dedicated webinar at the beginning of 2022, the Group's CEO reminded all site managers that controlling risky situations is an absolute priority, with a particular focus on immediate actions when risks related to machine safety issues or hazardous energy control of equipment are detected.

General external factors that may support the achievement of Saint-Gobain's SPTs

- Rise of multilateralism and international cooperation models fostering innovation to respond to the megatrends identified by Saint-Gobain: climate change, depletion of natural resources, demographics and urbanization and digital transformation
- Global and accelerated adoption of regulation frameworks encouraging the production and use of renewable energies as well as other low-carbon technologies
- Fast increase in the share of electric vehicles in the global vehicle fleet, having an impact on both Saint-Gobain's own fleet of vehicles and its logistics chain
- Acceleration of strategies and measures taken by countries in favor of the development of sustainable cities
- Faster-than-anticipated global coordination around the adoption of a circular economy business model

Recalculation policy

The Sustainability Performance Targets may be recalculated in good faith by Saint-Gobain in case of a Recalculation Event ("Recalculation Event"), provided that an external verifier has independently confirmed that the proposed revision is consistent with the initial level of ambition of the relevant Sustainability Performance Target taking into account the Recalculation Event.

Recalculation Event means any change, which occurs between the issue date of a given bond issue or the signing date of a given loan transaction, as the case may be, and the SPT observation date(s) of KPI(s) included in such given transaction:

- in Saint-Gobain's perimeter (due to an acquisition, a merger or a demerger or other restructuring), an amalgamation, a consolidation or other form of reorganisation with similar effect, a spin-off, a disposal or a sale of assets);
- in or any amendment to any applicable laws, regulations, rules, guidelines and policies relating to the business of the Group; or
- to the methodology for calculation of any Key Performance Indicator to reflect changes in the market practice or the relevant market standards, which, individually or in aggregate, has a significant impact on the level of any Sustainability Performance Target or any Key Performance Indicator baseline.

c. Financial characteristics

The relevant KPI(s), corresponding SPT(s) and financial characteristics of any Sustainability-Linked financing instrument issued under this Framework will be specified in its corresponding documentation.

For any Sustainability-Linked financing instrument issued under this Framework, the non-achievement of the respective SPT(s) as defined in the relevant transaction documentation will result in a coupon or margin step-up as the case may be, applying to the relevant financing.

For the avoidance of doubt, if the respective KPI(s) have achieved their respective SPT(s) and reporting and verification for all the SPTs have been provided and made publicly available in accordance with the reporting and verification sections of this Framework, the financial characteristics of any financing issued by Saint-Gobain under this Framework shall remain unchanged, except if specified otherwise in the relevant documentation, the exception to this principle being when a step-down mechanism is also contemplated in the relevant transaction documentation.

d. Reporting

Saint-Gobain will report annually information required to calculate or observe the performance of KPIs in relation to SPTs in the Group's corporate sustainability reporting (the "Sustainability Reporting") as part of its Universal Registration Document ("URD") or a similar report.

The Sustainability Reporting will include:

- Up-to-date information on the performance of the selected KPI(s), including the baseline where relevant;
- A verification assurance report relative to the KPI(s) outlining the performance against the SPT(s) and the related impact, and timing of such impact on a Sustainability-Linked financing instrument financial performance.
- Any additional relevant information enabling investors to monitor the progress of each selected KPI towards the SPT(s);

When feasible and possible, information may also include:

- Qualitative and/or quantitative explanation of the contribution of the main factors behind the evolution of the KPI(s) towards the SPT(s), including M&A activities;
- Illustration of the positive sustainability impacts of the KPI(s) performance improvement;
- If relevant, any re-assessments of KPI(s) and/or restatements of SPT(s) and/or pro forma adjustments of baselines or KPI(s) scope.

e. Verification

Pre-issuance verification

Saint-Gobain has appointed ISS ESG to provide an independent Second Party Opinion report (“SPO”) to evaluate this Framework and its alignment with the SLBP and the SLLP. The SPO will be made publicly available on Saint-Gobain’s corporate website.

Post-issuance verification

Saint-Gobain will engage an external verifier to issue at least a limited assurance report regarding selected information, including the KPIs and SPTs included in this Framework, contained in the annual Sustainability Reporting. Both the Sustainability Reporting and the limited assurance report will be included in Saint Gobain’s Universal Registration Document, the latter being made publicly available on Saint-Gobain’s corporate website.

Within 120 days after the SPT(s) observation date, Saint-Gobain will include in its Universal Registration Document a verification assurance report issued by such external verifier and formally outlining the performance of the KPIs against their respective SPTs and undertakes to make it publicly available on its corporate website.

5. Amendments to this Framework

Saint-Gobain may review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the objective of reflecting best practices in the market.

This Sustainability-Linked Financing Framework and any subsequent versions will be publicly available on the Group’s corporate website. Subsequent changes to this Framework will not apply to outstanding Sustainability-Linked financing instruments (grandfathering). For the avoidance of doubt, any new Sustainability-Linked financing instrument shall be aligned with the most recent available version of the Framework.

Disclaimer

This Sustainability-Linked Financing Framework (the “Framework”) contains certain forward-looking statements that reflect CSG management’s current views with respect to future events and financial and operational performance of the Saint-Gobain Group (“Saint-Gobain”).

These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies and the environment in which Saint-Gobain operates, and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance outcomes or achievements, or industry or other results or other events, to be materially different from those expressed or implied by these forward-looking statements, which risks include but are not limited to those described in Saint-Gobain’s most recent registration document available on its website (www.saint-gobain.com) and risks and uncertainties presented in official communications of CSG or Saint-Gobain since. These forward-looking statements and any information in the Framework are neither guarantees nor indications of future performance.

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