SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Financing Framework

Nexans
9 March 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Sustainable Financing Instruments (Green, Social, Sustainability and Sustainability-linked financing instruments)
Relevant standards	▪ Green Bond Principles (GBP) and Social Bond Principles (SBP), as administered by the ICMA (as of June 2021 with June 2022 Appendix I) ▪ Sustainability Bond Guidelines (SBG), as administered by the ICMA (as of June 2021) ▪ Sustainability-Linked Bond Principles (SLBP), as administered by the ICMA (as of June 2020) ▪ Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the LMA (as of February and April 2021) ▪ Sustainability-Linked Loan Principles (SLLP), as administered by the LMA (as of March 2022)
Scope of verification	▪ Nexans Sustainable Financing Framework (as of March 9, 2023) ▪ Nexans Eligibility Criteria (as of March 9, 2023)
Lifecycle	▪ Pre-issuance verification
Validity	▪ As long as there is no material change to the Framework

CONTENTS

SCOPE OF WORK

Nexans (“the Issuer ” or ‘’the company’’) commissioned ISS Corporate Solutions (ICS) to assist with its Green, Social, Sustainability and Sustainability-Linked Bonds and Loans by assessing four core elements to determine the sustainability quality of the instruments:

1. Nexans’s Sustainable Financing Framework (as of 9 March, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and Sustainability-Linked Bond Principles (SLBP) as well as the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)’s Green Loan Principles (GLP), Social Loan Principles (SLP) and Sustainability-linked Loan Principles (SLLP).
2. The Nexans Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The sustainability credibility of the Key Performance Indicators (KPIs) selected and Sustainability Performance Targets (SPTs) calibrated – whether the KPIs selected are core, relevant and material to the Issuer’s business model and industry, and whether the associated targets are ambitious.
4. Linking the transaction(s) to Nexans’s overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

NEXANS BUSINESS OVERVIEW

Nexans S.A. designs, manufactures, and sells cable systems and services in France and internationally. The company operates through five business areas: Energy Generation & Transmission, Distribution, Usages, Industry & Solutions, and Telecom & Data.

The company was incorporated in 1994 and is headquartered in Courbevoie, France. The Issuer is classified in the Electronic Components, as per ISS ESG’s sector classification.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[1]
Part 1.A: **Alignment with GBP/SBP/SBG /GLP/SLP**	The Issuer has defined a formal concept for its Green, Social and Sustainability Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP), Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).	**Aligned**
Part 1.B: **Alignment with the SLBP and SLLP**	The framework is in line with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA and the Sustainability-Linked Loan Principles (SLLP) administered by the LMA	**Aligned**
Part 2: **Sustainability quality of the Nexans Eligibility Criteria**	The Green, Social and Sustainability Bonds and Green and Social Loans will (re-)finance eligible asset categories which include: Transmission and Distribution of renewable energy sources, Energy storage, Renewable energy, Energy efficiency and Accelerating development of underserved areas. The Transmission and distribution of renewable energy sources, Energy storage and Renewable energy use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action'. Accelerating development of underserved areas project category has a limited contribution to SDGs 7 'Affordable and clean energy', SDG 10 'Reduced Inequalities' and 13 'Climate action'. The remaining use of proceeds categories improve the company's operational impacts and mitigate potential negative externalities of the	**Positive**

[1] The evaluation is based on the Nexans' Sustainable Financing Framework (as of March 9, 2023), and on the ISS ESG Corporate Rating updated on the December 15, 2022 and applicable at the SPO delivery date.

	Issuer 's sector on SDGs 7 'Affordable and clean energy' and SDG 13 'Climate action'. For 'energy efficiency' related to programs that foster measurement tools and communication and control, there is no evidence of an improvement on the company's operational impacts and potential negative externalities of the Issuer's sector. The environmental and social risks associated with those use of proceeds categories are well managed.	
Part 3: Issuance credibility of the KPIs and SPTs for Sustainability-Linked Financing Instruments		
KPI Selection	**KPI 1.** Reduce absolute Scope 1 and 2 emissions	**KPI 2.** Reduce absolute "Cradle-to-shelf" Scope 3 GHG emissions
Relevant	Relevant	Relevant
Core	Core	Core
Material	Moderately Material	Partially Material
Assessment	**Aligned**	**Aligned**
SPT Calibration	**SPT 1.** Reduce absolute scope 1 and 2 GHG emissions from a 2019 base year: ▪ By 29.4% by 2026 (SPT 1.A) ▪ By 33.6% by 2027 (SPT 1.B) ▪ By 46.2% by 2030 (SPT 1.C)	**SPT 2.** Reduce absolute "Cradle-to-shelf" Scope 3 GHG emissions from a 2019 base year: ▪ By 21.8% by 2026 (SPT 2.A) ▪ By 24% by 2027 (SPT 2.B)
Against borrower's past performance	Qualitatively ambitious	Qualitatively ambitious
Against borrower's industry peer group	Ambitious	Ambitious
Against international targets	In line with Paris Agreement	SPT 2 is a sub-target of Nexans SBTi verified target and is going

		quantitatively beyond the absolute contraction approach[2]
Level of ambition	**Robust**[3]	**Good**[4]
Part 4: **Linking the transactions to Nexans's overall ESG profile**	The key sustainability objectives and the rationale for issuing Green, Social and Sustainability Bonds and Loans as well as Sustainability-Linked Bonds and Loans are clearly described by the Issuer. The majority of the project categories financed and KPIs selected are in line with the sustainability objectives of the Issuer.	**Consistent with Issuer's sustainability strategy**

[2] The absolute contraction approach is a method for companies to set emissions reduction targets that are aligned with the global, annual emissions reduction rate that is required to meet 1.5˚C or WB-2˚C. While the Issuer has an SBTi-validated target to reduce its total Scope 3 emissions by 24% by 2030 (and has already achieved this target in 2022), Nexans decided to focus on a specific portion of scope 3 emissions which are identified by the company as a main driver for further reduction in total company Scope 3 emissions going forward. However, to the extent that the scope of the target is not fully in line with the scope of the SBTi verified target, the overall level of ambition is considered as Good.
[3] The SPT is ambitious against the three dimensions.
[4] The SPT is ambitious against two of the three dimensions.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE RELEVANT PRINCIPLES

A. GREEN AND SOCIAL BOND/LOAN PRINCIPLES AND SUSTAINABILITY BOND GUIDELINES

This section evaluates the alignment of the Nexans's Sustainable Financing Framework (as of March 9, 2023) with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP), Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

GBP/GLP, SBP/SLP, SBG	ALIGNMENT	OPINION
1. Use of Proceeds	✓	The Use of Proceeds description provided by Nexans's Sustainable Financing Framework is **aligned** with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA). The Issuer's green and social categories align with the project categories as proposed by the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) and criteria are defined in a clear and transparent manner. Nexans commits to disclose the distribution of proceeds by project category at pre-issuance and environmental and social benefits are described and quantified. The Issuer defines exclusion criteria for harmful projects categories. The Issuer defines exclusion criteria for harmful projects categories, in line with best market practice.
2. Process for Project Evaluation and Selection	✓	The Process for Project Evaluation and Selection description provided by Nexans's Sustainable Financing Framework is **aligned** with the Green Bond Principles

		(GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA). The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer. The Issuer clearly involves various stakeholders in this process, defines responsibilities for project evaluation and selection and is transparent about it, which is in line with best market practice. The Issuer identify alignment of their Sustainable Financing Framework and their green projects with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best market practice.
3. Management of Proceeds	✓	The Management of Proceeds proposed by Nexans's Sustainable Financing Framework is **aligned** with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the International Capital Market Association (ICMA). The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds, information regarding the allocation to individual or portfolio disbursements, as well as the portfolio balance of unallocated proceeds, in line with best market practice.
4. Reporting	✓	The allocation and impact reporting proposed by Nexans's Sustainable Financing Framework is **aligned** with the Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as Green Loan Principles (GLP) and Social Loan

		Principles (SLP), as administered by the International Capital Market Association (ICMA). The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer's website. Nexans explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated. The Issuer structures and defines the reporting process, in line with best market practice. The Issuer is transparent on the level of impact reporting and the information reported, in line with best market practice.

B. SUSTAINABILITY-LINKED BOND/LOAN PRINCIPLES

This section describes our assessment of the alignment of the Nexans's Sustainable Financing Framework (as of March 9, 2023) with the Sustainability-Linked Bond Principles (SLBP) and the Sustainability-Linked Loan Principles (SLLP).

SLB/SLL PRINCIPLES	ALIGNMENT	OPINION
1. Selection of KPIs	A detailed analysis of the sustainability credibility of the KPI selection is available in Part 3 of this report.	
2. Calibration of SPTs	A detailed analysis of the sustainability credibility of the SPT calibration is available in Part 3 of this report.	
3. Bond/Loan Characteristics	✓	The description of the Sustainability-Linked Bond / Loan Characteristics provided by the Issuer is **aligned** with the SLBP and SLLP. The financial characteristics of any security issued under this Framework, including a description of the selected KPI(s), SPTs, step-up margin amount or the premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction.
4. Reporting	✓	The Reporting description provided by the Issuer is **aligned** with the SLBP and SLLP. This will be made available annually to investors and include information, such as up-to-date information on the performance of each selected KPI, including the calculation methodology and baseline, a limited assurance report from an external verifier relative to each KPI and performance against each SPT, any update in the Issuer's sustainability strategy or

		strategic decisions impacting the achievement of the SPTs, any re-assessments of KPIs and/or re-statement of the SPTs due to any changes to the calculation methodology for a KPI or any adjustments of baselines or KPI scope.
5. External verification	✓	The Verification description provided by the Issuer is **aligned** with the SLBP and SLLP. This report constitutes the SPO. The performance of the SPTs against the KPIs will be externally verified annually until the target is reached.

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN, SOCIAL AND SUSTAINABILITY BONDS TO THE UN SDGs[5]

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer 's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution

Each of the Green, Social and Sustainability Bonds's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Green categories		
Transmission and distribution of renewable energy sources ▪ *Land High-Voltage cables or cable systems for direct connection or expansion of connection to renewable generation plants, with: overhead lines transmission, and high voltage underground (e.g. tunnel applications and partial undergrounding);* ▪ *Subsea power cables and cable systems for direct connection or expansion of connection to renewable generation plants, including cable ships connecting offshore wind farms;*	Significant Contribution	

[5] The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer 's description in the framework.

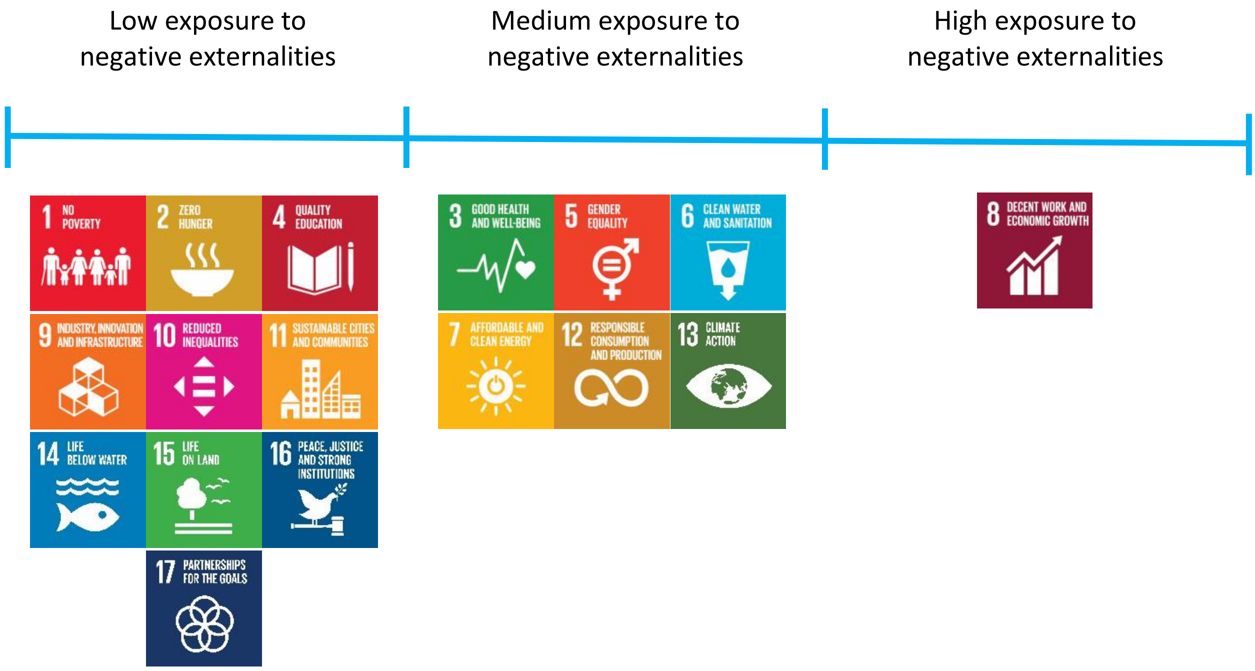
▪ *Investments in expansion of manufacturing capacity to produce high-voltage cables and cable systems connecting onshore and offshore wind farms;* ▪ *Transport of renewable energy through low-voltage and medium-voltage cables and cable systems for direct connection or expansion of connection to renewable generation plants for onshore and offshore wind farms, and solar power;* ▪ *Customized low-voltage and medium-voltage cable solutions, for electric mobility, including but not limited to the production of cables for the rail transportation infrastructure and for charging stations of electric vehicles;* ▪ *Support Green Building development with customized low-voltage and medium-voltage cable solutions.*		
Energy storage *Projects aiming to support the development of clean, safe, cost-effective solution for storage and transportation of hydrogen from renewable energy sources, and storage of renewable energy (wind and solar).*	**Significant Contribution**	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Renewable energy *Investment in the installation, development, construction and upgrade of equipment that generate renewable energies (wind and solar).*	**Significant Contribution**	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Social categories		
Accelerating development of underserved areas *Electrification of new metro or tramway lines.*	**Limited Contribution**	7 AFFORDABLE AND CLEAN ENERGY 10 REDUCED INEQUALITIES 13 CLIMATE ACTION
Accelerating development of underserved areas ▪ *On-grid or off-grid village electrification projects* ▪ *Electrification of residential buildings and building cables for various building projects (schools, hospitals, public authorities, etc.);*	**Limited Contribution**	10 REDUCED INEQUALITIES

▪ *Deployment of infrastructure cables in emerging markets and developing economies (as per IMF Data Mapper6);* ▪ *Donation of wires and cables to support areas impacted by pandemic, by natural disaster and by other major damages.*		

2. **<u>Improvements of operational performance (processes)</u>**

The below assessment aims at qualifying the direction of change (or "operational impact improvement") resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer .

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities[7] in the Electronic Components (to which Nexans belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

[6] IMF DataMapper, available at https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/MENA
[7] Please, note that the impact of the Issuer 's products and services resulting from operations and processes is displayed in section 3 of the SPO.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT[8]	SUSTAINABLE DEVELOPMENT GOALS
Energy Efficiency[9] *Programs towards digitalization upgrades to reduce energy demand and optimize energy storage. It includes development of energy efficient products*	✓	
Energy Efficiency *Programs towards digitalization upgrades to reduce energy demand and optimize energy storage. It includes equipment to increase the controllability and observability of the electrical power system through sensors and measurement tools, and communication and control (e.g. deployment of internal energy efficiency measures as the E3 tool)*	-	

[8] Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.
[9] The energy efficiency projects financed under this framework could improve the energy efficiency of both manufacturing and/or non manufacturing sites

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE NEXANS ELIGIBILITY CRITERIA

The table below evaluates the Nexans Eligibility Criteria against issuance-specific KPIs.

ASSESSMENT AGAINST KPIs	
Biodiversity	
✓	Nexans' relevant operations are covered by an environmental management system that is certified to the ISO 14001 standard (86% of the company's sites).
Dialogue with communities	
○	The Issuer does not have processes or policies that systematically ensure the dialogue with communities in all the relevant projects under this framework. There's no alignment with IFC Performance Standards or Environmental Impact Assessments conducted at planning phase. It is worth noting that the Issuer considers the matter not material to their business model as it is not involved in installation of power cables (except in subsea cables), reason why they have not developed internal policies to tackle it, while commits to follow local regulation in all their plants' acquisition. It has also shared examples of community involvement in projects in emerging markets when developing projects in the region.
Water management	
✓	The cable manufacturing process involves the use of water for cooling operations. In most of its manufacturing sites (52 out of 55) the Group has invested in closed-loop cooling systems and recycle up to 75% of the water used. Also, the limitation and control of natural resources' consumption is one of the 7 objectives of their Environmental Management Strategy. In the past 4 reported years (2018-2021), both water consumption and intensity have decreased consistently.
Labour and Health & Safety	
✓	Nexans' Code of Ethics and Business Conduct is derived from the Ten Principles of the UN Global Compact, to which the company is committed, the Universal Declaration of Human Rights and international labor standards, especially those concerning forced and child labor. In 2021, the company has designed a new Group Safety Policy based in three major categories: Management, Workers and Tools from where 22 Safety Fundamentals were defined. Each site completes an annual self-assessment and spot audits are conducted throughout the year. In 2021 the Group compliance was 79%. Specific trainings are conducted and

made available as e-learning modules and an Alert Management System is put in place to raise incidents, which trigger alerts in real-time to all relevant stakeholders.

Quality management

✓ Quality policy and control procedures are in place to monitor quality in production and production sites are ISO 9001 certified.

Circular economy/waste management

✓ Circular economy is one of the nine pillars of Nexans' CSR ambition. As part of the program, in 2021 the company reached 90% of total production waste recycled and 59% of sales generated from products and services that contribute to energy transition and efficiency. However, only 12% of cable drums connected to digital platforms were recyclable.

Regarding hazardous waste, Nexans' products complies with laws on chemical substances, in particular REACH[10] regulations for EU-based sites. Currently, 10 substances were identified that fall under EU REACH regulations in concentrations above 0.1%, for which the company have set R&D programs to develop alternative solutions.

[10] Registration Evaluation, Authorisation and Restriction of Chemicals.

PART III: KPI SELECTION & SPT CALIBRATION

1. Selection of KPI 1

KPI 1		
Opinion	*The KPI is relevant, core and moderately material to the Issuer 's overall business. It is appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. It covers Scope 1 and 2 GHG emissions, which represent 0.24% of the company's total GHG emissions in 2022.*	
Assessment	Not aligned / **Aligned** / Best Practice	
KPI 1 Characteristics and Features	**KPI definition:**	Absolute Scope 1 and 2 CO_2 emissions in t CO_2e
	Scope and perimeter:	The KPI scope and perimeter are transparently defined as it covers Scope 1 and 2 GHG emissions of all Nexans operations. Scope 1 and 2 represent 0.24% of the company's total GHG emissions. The KPI scope covers all of Nexans' manufacturing sites (78 sites) along with four non-industrial sites in France, such as the Sales Office France based in Lyon, the logistics platform in Nanterre, the research center in Lyon and the Group's head office. This scope includes companies that are over 50% held by the company, either directly or indirectly.
	Quantifiable/Externally verifiable:	The KPI selected is quantifiable and externally verifiable, as it was calculated following the Greenhouse Gas Protocol, an internationally recognized standard.
	Externally verified:	The reported GHG data has been verified by a recognized third company since 2019.
	Benchmarkable:	By referring to commonly acknowledged GHG accounting standards and Protocol, the KPI is comparable with the data reported by other companies and with international targets such as the UN Paris Agreement.
KPI 1 Analysis	The KPI is considered:	

Relevant to Nexans' business as its industry is highly GHG-emitting and exposed to climate change mitigation solutions. Although companies in this industry typically have high Scope 3 emissions, it is important to note that reducing emissions of all Scopes is crucial for their decarbonization journeys.

Core to the Issuer 's business as Scope 1 and 2 CO_2 emission reduction measures affect key processes and operations that are core to the business model of the Issuer. In order to build its action plan around carbon emission reduction, Nexans tracks the carbon footprint and financial situation of each business and simulates financial and environmental payback of each actions. Regarding action plans, the company will introduce new energy efficiency solutions at all sites – one of its key decarbonization projects is the digitalization of the plants whereby it optimizes the energy use of boilers, heating systems and the isolation of buildings with more accuracy and relevancy. In addition, the company will secure ISO 14001 certification at all production sites and increase the use of renewable energy at all locations to reach 100% renewable energy by 2030 as part of RE100 initiative.

Moderately Material[11] to Nexans' business model and sustainability profile from an ESG perspective:

- KPI 1 is material to the company's direct operations because the KPI focuses on Scope 1 and 2 emissions covering the entirety of the company's operations. However, Scope 1 and 2 emissions only represent 0.24% of total Scope 1, 2 and 3 GHG emissions of Nexans (of the total Scope 1 and 2 emissions, 54.77% is Scope 1 and 45.23% is Scope 2, according to 2022 figures). Therefore, KPI 1 is deemed not material to the Corporate Value Chain of the company as per ISS ESG's methodology.

[11] ISS ESG bases this analysis on the Issuer 's own emissions reporting and makes no comment on the quality or consistency of the Issuer 's Scope 1, 2 or 3 emissions reporting, either in relation to GHG Protocol, or to established norms for the Issuer 's sector. ISS ESG notes that Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer 's reporting.

2. Calibration of SPT 1

SPT 1	
Opinion	*The SPT is (i) qualitatively ambitious against the company's past performance, (ii) ambitious against industry peers, and (iii) aligned with Paris Agreement. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.*

Level of Ambition	No Evidence	Limited	Good	Robust
				Robust ✓

SPT 1 **Characteristics and Features**	**SPT definition:**	Reduce absolute scope 1 and 2 GHG emissions from a 2019 base year: ▪ by 29.4% by 2026 (SPT 1.A) ▪ by 33.6% by 2027 (SPT 1.B) ▪ by 46.2% by 2030 (SPT 1.C)
	Baseline performance and year[12]:	312,824 tCO_2e in 2019
	Target performance and observation date[13]:	▪ 220,854 tCO_2e in 2026 (SPT 1.A) ▪ 207,715 tCO2e in 2027 (SPT 1.B) ▪ 168,299 tCO_2e in 2030 (SPT 1.C)
	Trigger event:	The trigger events will be the achievement or non-achievement of the SPTs. Further details are to be specified in the bond documentation.
	Strategy and action plan to reach the target:	In line with its roadmap to contribute to carbon neutrality, the Group will reduce its Scopes 1 & 2 emissions through the following means: ▪ 100% of production sites certified ISO 14001 by 2030. ▪ Deployment of energy efficiency solutions at all sites: • Audit of the energy efficiency of plants, with a focus on the largest GHG emitters, to design dedicated action plans of energy optimization • Digitalization of equipment to improve the energy monitoring of machines • CAPEX spending to switch fossil equipment to less emissive alternatives. ▪ Implementation of an internal carbon price to assess combined environmental and financial payback.

[12] Please note that this assessment is done based on the data included in the Nexans's Sustainable Financing Framework (as of March 9, 2023). Nexans notes the baseline will evolve according to the data restated in the Universal Registration Document of Nexans (in line with reporting methodological note referenced by Nexans).
[13] Please note that the targets are set as percentage reduction. The absolute values are indicative and may evolve as the baseline will evolve according to the data restated in the Universal Registration Document of Nexans (in line with reporting methodological note referenced by Nexans).

		▪ Objective to reach 100% renewable electricity by 2030 as part of RE100 initiative (led by CDP and the Climate Group). The renewable electricity procurement strategy is based on a mix of different options: • Directly support & finance the development of new renewable electricity assets through long-term PPAs (Power Purchase Agreements) • Whenever possible produce renewable energy through on-site power generation (i.e. on-site PV) • In markets where there are very limited renewable electricity sourcing options, purchase GOs (Certificate of Origin)
	Key factors/risks beyond the Issuer 's direct control that may affect the achievement of the SPTs:	N/A
	Recalculations or pro-forma adjustments of baselines	Nexans states that recalculation will be applied if any of the following factors, individually or in aggregate, has a significant impact* on the KPI/SPT: ▪ in the Group's perimeter (due to an acquisition, a merger or a demerger or other restructuring, an amalgamation, a consolidation or other form of reorganization 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 (including the GHG protocol) * Nexans considers an impact on the KPI/SPT as 'significant' if a new SBTI validation is needed and following any other material event that is assessed by Nexans at circa 5% impact on the SPT or on its baseline.

SPT 1 **Analysis**	The level of ambition of the SPT is assessed as follows:

(i) Against past performance:

The Issuer provided 3 years of relevant historical data, including for the baseline year of 2019. The data are shown in Table 1.

Table 1	2019 – Base year	2020[14]	2021	2022	2026 (SPT 1.A)	2027 (SPT 1.B)	2030 (SPT 1.C)
Scope 1 and 2 (tCO2e)	312,824	-	224,664	224,273	220,854	207,715	168,299
% reduction compared to 2019 baseline year				28.31%	29.40%	33.60%	46.20%
CAGR from 2019 Base Year				-10.50%			
CAGR from 2022					-0.38%	-1.52%	-3.53%

Source: Nexans Framework

Nexans sets SPT 1 to achieve a reduction of Scope 1 and 2 emissions by 29.4% by 2026 (SPT 1.A), 33.6% by 2027 (SPT 1.B), and 46.2% by 2030 (SPT 1.C) from a 2019 base year.

Calculating the compound annual growth rate (CAGR) of the past performance shows that the Issuer has achieved an average yearly reduction rate of -10.50% between 2019 and 2022 for KPI 1. Comparatively, the CAGR estimated for future SPTs amounts to an average of -0.38%, -1.52%, -3.53% annual reduction from 2022 to 2026 (SPT 1.A), 2027 (SPT 1.B), and 2030 (SPT 1.C) respectively. This means that the SPTs are quantitatively not ambitious against Nexans's past performance.

Nonetheless, we also consider the ambition of the SPTs against past performance from a qualitative perspective, including the efforts needed to achieve the SPTs compared to those implemented in the past.

According to the company, measures implemented in the past such as optimization of plants' heating, purchase of renewable energy, simplification of industrial processes helped in delivering significant cuts on Scope 1 and 2 GHG emissions from the baseline in a short period of time. Nonetheless, Nexans notes that these measures are short-term and need to be re-implemented every year (such as purchase of renewable energy). Going forward, the company will implement long-term and structural actions and measures in order to effectively cut down the remaining Scope 1 and 2 GHG emissions. These measures include securing long-term access to renewable energy through renewable energy installation at sites or purchase of renewable energy for all locations in order to achieve 100% renewable electricity by 2030 (as part of RE100 initiative) and deployment of energy efficiency

[14] Nexans does not add 2020 data as it has not been recalculated to reflect changes in Nexans's business (i.e. acquisitions).

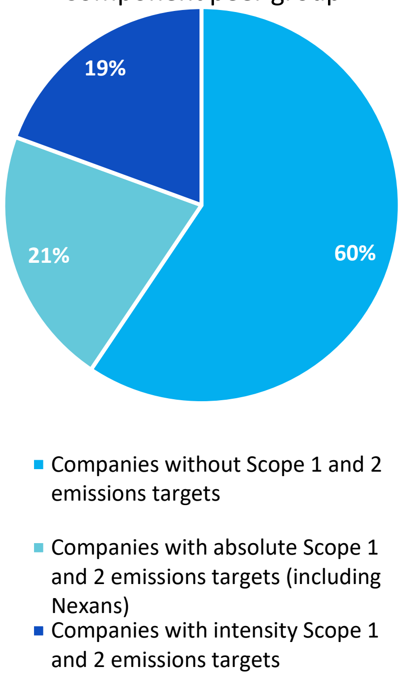
solutions at all sites, such as digitalization of plants and thermal insulation of buildings. In addition, the company points out that it is more difficult to reach its targets compared to past performance due to organic growth to which the trajectory applies[15]. Thus, the SPTs are ambitious against past performance from a qualitative perspective considering the additional time and effort needed to design and implement long-term measures that can effectively reduce the remaining Scope 1 and 2 emissions to achieve the SPTs.

(ii) Against peers:

We conducted a benchmarking of the SPTs set by Nexans against the Electronic Component industry peer group of 170 listed companies (including Nexans) extracted from the ISS ESG Universe, in addition to a benchmarking of the SPT against 10 peers identified by Nexans (6 peers are identified as their direct peers and the 4 others as distant peers but which are still relevant for comparison considering their comparable product offering and business model).

With regards to the Electronic Component industry peer group extracted from the ISS ESG Universe, 68 other peers (aside from Nexans) also set a target covering Scope 1 and 2 emissions. From this subgroup, 36 companies set an absolute emissions reduction target (including Nexans) and 33 set an intensity target. (See Figure 1)

Figure 1: Scope 1 and 2 emissions target setting amongst ISS ESG Elecronic Component peer group



We conducted a comparison assessment of Nexans against its peers on target setting. As Nexans's target is an absolute target, we removed the intensity target from the benchmarking. Out of 137 industry peers (excluding those which set intensity targets), Nexans ranks 13th, meaning it is within the top 10% of companies' industry peers.

With regards to the peer companies identified by the company, 7 companies including Nexans set an absolute reduction target. Nexans ranks 4th out of 11, meaning it is within the top 50% of this peer group, hence in line with the peer list identified by the company.

Therefore, we conclude that SPT 1 set by Nexans is ambitious against Electronic Components industry peers based on target setting and in line with peers identified by the company in terms of setting Scope 1 and 2 emissions reduction targets.

(iii) Against international targets:

Paris Agreement

Nexans has a Science-Based Targets initiative (SBTi) approved emission reduction target of cutting Scope 1 and 2 emissions by 46.2% by 2030 from a 2019 base year (i.e. SPT 1.C). This target has been confirmed by the SBTi to be consistent with the reductions required to keep the global mean temperature increase to 1.5°C. Because SPTs 1.A and 1.B are constructed as interim targets for Nexans to achieve its SPT 1.C target, following the SBTi guidance on an annual linear reduction to achieve

[15] It is important to note that we have limited information on Nexans future business plan.

2030 target from the SBTi baseline of 2019, they can be considered to be in line with the Paris agreement.

3. Selection of KPI 2

KPI 2		
Opinion	*The KPI is relevant, core and partially material to the Issuer's overall business. It is appropriately measurable, quantifiable, externally verifiable, externally verified. It is benchmarkable to a limited extent as other companies may not report on Scope 3 emissions in the same granularity of this KPI. It covers all Scope 3 GHG emissions except for "use of sold products" and "end-of-life treatment of sold products" categories. The KPI represents 5.08% of the company's total GHG emissions in 2022.*	
Assessment	Not aligned	**Aligned** / Best Practice

KPI 2 **Characteristics and Features**	**KPI definition:**	"Cradle-to-shelf" Scope 3 GHG emissions, defined as the company's absolute Scope 3 GHG emissions relating to purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, as defined by the GHG Protocol.
	Scope and perimeter:	The KPI scope and perimeter are transparently defined as it covers Nexans "Cradle-to-shelf" Scope 3 GHG emissions, which represented 5.08% of Nexans' total GHG emissions in 2022. Scope 3 categories included in this KPI relate to purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, as defined by the GHG Protocol. The categories "use of sold products" and "end-of-life treatment of sold products" are not included in the perimeter as these categories were driving the achievement of the SBTi target in 2022, which make up 94.9% of Scope 3 emissions.
	Quantifiable/Externally verifiable:	The KPI selected is quantifiable and externally verifiable, as it was calculated following the Greenhouse Gas Protocol, an internationally recognized standard.
	Externally verified:	The reported GHG data has been verified by a recognized third company since 2019.
	Benchmarkable:	This KPI is benchmarkable to a limited extent as it exclusively focuses on scope 3 emissions excluding categories "use of sold products" and "end-of-life treatment of sold products", a granularity which other companies may not comparatively report and set a target on.

KPI 2 Analysis	The KPI is considered:

Relevant to Nexans' business as its industry is highly GHG-emitting and exposed to climate change mitigation solutions. In particular, Scope 3 emissions for companies in the electronic component industry is relevant because it has a significant impact on the manufacturing industry, which is one of the largest single emitters of GHG in Europe[16].

Core to the Issuer's business as Scope 3 GHG emissions reduction measures affect key processes and operations that are core to the business model of the Issuer . To reduce its "cradle-to-shelf" Scope 3 emissions, Nexans will ensure that 100% of production waste is recycled, will organize logistical flows by using multi-modal transport and shorter delivery routes to reduce emissions from transportation of their products, will engage with suppliers in order to encourage them to measure the carbon content of products and will purchase raw materials which are low-carbon or which include recycled content. It will also ensure that 100% of employee automobile fleet are switched to either hybrid or electric vehicles.

Partially Material[17] to Nexans's business model and sustainability profile, from an ESG perspective. KPI 2 makes up 5.09% of its Scope 3 emissions and 5.08% of Nexans's total GHG emissions as of 2022. Thus, the KPI will cover a share of emissions that are material but only to a specific portion of Scope 3 emissions. Nonethless, it is important to note that Nexans has already achieved a reduction in total Scope 3 GHG emissions in 2022 (-28% vs. 2019) in line with its 1.5°C scenario (as per SBTi methodology) mainly due to a focus on reducing "use of sold products" GHG emissions. Nexans states that in order to have a more impactful reduction on its total Scope 3 emissions, it will focus its future efforts on reducing shares of Scope 3 emissions (excluding "use of sold products" GHG emissions) for which it identifies as a main driver for further reduction in total company Scope 3 emissions going forward.

[16] Roland Berger, 2019, Businesses need strategies to switch to low-carbon or carbon-neutral production processes, https://www.rolandberger.com/en/Insights/Publications/Climate-protection-in-the-manufacturing-sector-Challenges-andsolutions.html#:~:text=The%20manufacturing%20sector%20bears%20a,of%20greenhouse%20gases%20in%20Europe

[17] ISS ESG bases this analysis on the Issuer 's own emissions reporting and makes no comment on the quality or consistency of the Issuer 's Scope 1, 2 or 3 emissions reporting, either in relation to GHG Protocol, or to established norms for the Issuer 's sector. ISS ESG notes that Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an Issuer 's reporting.

4. Calibration of SPT 2

SPT 2

Opinion	*The SPT is (i) qualitatively ambitious against the company's past performance, (ii) ambitious against industry peers based on limited evidence on target setting, and (iii) a sub-target of Nexans SBTi verified target going quantitatively beyond the absolute contraction approach (annual reduction rate required to meet well-below 2°C). The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.*

Level of Ambition	No Evidence	Limited	**Good**	Robust

SPT 2 **Characteristics and Features**	**SPT definition:**	Reduce absolute "Cradle-to-shelf" Scope 3 GHG emissions from a 2019 base year: ▪ by 21.8% by 2026 (SPT 2.A) ▪ by 24% by 2027 (SPT 2.B)
	Baseline performance and year[18]:	5,554,768 tCO_2e in 2019
	Target performance and observation date[19]:	▪ 4,343,829 tCO_2e in 2026 (SPT 2.A) ▪ 4,221,624 tCO_2e in 2027 (SPT 2.B)
	Trigger event:	The trigger events will be the achievement or non-achievement of the SPTs. Further details are to be specified in the bond documentation.
	Strategy and action plan to reach the target:	The Group will reduce its "Cradle-to-shelf" Scope 3 emissions through the following means: 1. Organization of logistical flows by using multi-modal transport and shorter delivery routes to reduce emissions from the transportation of our products.. 2. Engagement with suppliers in order to: ▪ encourage suppliers to measure the carbon content of products 3. purchase more raw materials which are low-carbon or which include recycled content ▪ find innovative solutions to decarbonize raw materials and processes

[18] Please note that this assessment is done based on the data included in the Nexans's Sustainable Financing Framework (as of March 9, 2023). Nexans notes the baseline will evolve according to the data restated in the Universal Registration Document of Nexans (in line with reporting methodological note referenced by Nexans).

[19] Please note that the targets are set as percentage reduction. The absolute values are indicative and may evolve as the baseline will evolve according to the data restated in the Universal Registration Document of Nexans (in line with reporting methodological note referenced by Nexans).

		▪ encourage them to take climate commitments in line with the ones taken by Nexans 4. 100% of production waste to be recycled by 2030. 5. 100% of Nexans' employee automobile fleet to switch to either hybrid or electric vehicles by 2030.
	Key factors/risks beyond the Issuer 's direct control that may affect the achievement of the SPTs:	N/A
	Recalculations or pro-forma adjustments of baselines	Nexans states that recalculation will be applied if any of the following factors, individually or in aggregate, has a significant impact* on the KPI/SPT: ▪ in the Group's perimeter (due to an acquisition, a merger or a demerger or other restructuring, an amalgamation, a consolidation or other form of reorganization 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 (including the GHG protocol) * Nexans considers an impact on the KPI/SPT as 'significant' if a new SBTI validation is needed and following any other material event that is assessed by Nexans at circa 5% impact on the SPT or on its baseline.

SPT 2 **Analysis**	The level of ambition of the SPT is assessed as follows:

(i) Against past performance:

The Issuer provided 3 years of relevant historical data, including for the baseline year of 2019. The data are shown in Table 1. Calculating the compound annual growth rate (CAGR) of the past performance shows that the Issuer has achieved an average yearly change of -15.46% between 2019 and 2021 for KPI 2.

Table 2	2019 – Base year	2020[20]	2021	2022	2026 (SPT 2.A)	2027 (SPT 2.B)

[20] Nexans does not add 2020 data as it has not been recalculated to reflect changes in Nexans's business (i.e. acquisitions).

"Cradle-to-shelf" Scope 3 (tCO2e)	5,554,768	-	5,085,038	4,829,784	4,343,829	4,221,624
Target % reduction compared to 2019 baseline year				13.05%	21.80%	24.00%
CAGR from 2019 Base Year				-4.55%		
CAGR from 2022					-2.62%	-2.66%

Source: Nexans Framework

Nexans sets SPT 2 to achieve a reduction of "Cradle-to-shelf" Scope 3 emissions by 21.8% by 2026 (SPT2.A), 24% by 2027 (SPT 2.B) from a 2019 base year. Comparatively, Nexans achieved 13.05% reduction in 2022 from a 2019 base year. Calculating the compound annual growth rate (CAGR) amounts to an average of 2.62% and 2.66% annual decrease from 2022 to 2026 (SPT 2.A) and 2027 (SPT 2.B) respectively, compared to a historical CAGR which amounts to an average of 4.55% annual decrease from 2019 base year to 2022.

As the projected average annual reductions to achieve SPT 2.A and 2.B are quantitatively smaller than the historical trajectory, the SPTs are quantitatively not ambitious against past performance.

Nonetheless, we also consider the ambition of the SPTs against past performance from a qualitative perspective, including the efforts needed to achieve the SPTs going forward compared to those implemented in the past. According to the company, the remaining measures to be implemented to further reduce Scope 3 emissions are comparatively harder to achieve due to the difficulty in further reducing "Purchased goods and services" emissions relating to the sourcing of metals considering the absence of low-carbon alternatives to copper and the already low carbon content of aluminium. In addition, the company explains that Scope 3 emissions from transport were reduced in the past because of the availability of low-carbon transport in Europe. Going forward, the remaining efforts to be done are harder to achieve because the availability of low-carbon transport is more limited in other geographies. Lastly, the company explains that Scope 3 emissions from shipping are hard to achieve because of the limited decarbonation solutions available currently.

Moreover, it is important to point out that Nexans has already achieved its SBTi-verified target for Scope 3 emissions in 2022. Hence, from a target setting process perspective, the SPTs reflect Nexans's ambition to continue reducing a portion of its Scope 3 emissions beyond what has already been achieved in the past.

Thus, the SPTs are ambitious against past performance from a qualitative perspective considering the difficulties in implementing effective measures to reduce the remaining "Cradle-to-shelf" Scope 3 GHG emissions in the future.

(ii) Against peers:

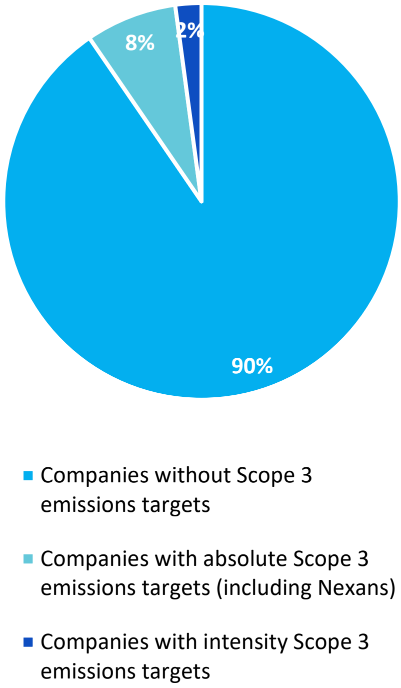
We conducted a benchmarking of the SPTs set by Nexans against the Electronic Component industry peer group of 170 listed companies (including Nexans) extracted from the ISS ESG Universe, in addition to a benchmarking of the SPT against 10 peers identified by Nexans (6 peers are identified as their direct peers and the 4 others as distant peers but which are still relevant for comparison considering their comparable product offering and business model).

It is to be noted that Scope 3 targets are not fully comparable as the coverage of the target might vary across the various companies. Since Nexans's KPI 2 does not cover Scope 3 emissions from "use of sold products" and "end-of-life treatment of sold products" (corresponding to 5.09% of the total Scope 3 emissions), we did not conduct an analysis on the granularity of the coverages for all peers in detail.

Aside from Nexans, 17 other peers also set a target covering Scope 3 emissions. From this subgroup, 14 companies set an absolute emissions reduction target (including Nexans) and 4 set an intensity target. (See Figure 2)

The fact that Nexans belongs to the subgroup of companies with a target already puts it within the most ambitious 10% of Electronic Component industry companies.

Figure 2: Scope 3 emissions target setting amongst industry peer group



With regards to the peer companies identified by the company, 6 companies including Nexans set an Scope 3 absolute reduction target. Nexans ranks 3rd out of 11, meaning it is within the top 30% of this peer group, hence in line with the peer list identified by the company on its scope 3 emissions reduction target setting.

Therefore, we conclude that SPT 2 set by Nexans is ambitious against Electronic Component industry peers in terms of setting Scope 3 emissions reduction targets and in line with peers identified by the company in terms of setting Scope 3 emissions reduction targets. Nonetheless, it is to be noted that this is based on limited evidence as the coverage of targets may vary among the various companies. Nexans has an SBTi verified target covering all scope of Scope 3 emissions, not covered under this KPI.

(iii) Against international targets:

Nexans has a target in place to reduce absolute "Cradle-to-shelf" Scope 3 emissions by 21.8% by 2026 and 24.00% by 2027 compared to a 2019 baseline. It is worth noting that Nexans has pledged to reduce total absolute Scope 3 emissions in line with a 1.5°C scenario (as per SBTi methodology). This corresponds to a 24% reduction between 2019 and 2030. In 2022, Nexans has already managed to reduce its Scope 3 emissions by 28% compared to 2019 baseline. The company states that it has designed this KPI to go beyond its SBTi-validated target and reduce Scope 3 emissions even further – by focusing on categories of Scope 3 emissions that the company identifies as a main driver for further reduction in total company Scope 3 emissions going forward. Hence, this SPT is considered a sub-target of Nexans SBTi verified target going quantitatively beyond the absolute contraction approach (annual reduction rate required to meet well-below 2°C) as it is targeting -24% by 2027 instead of 2030. However, it is important to note that the scope of the target is not fully in line with the scope of the SBTi verified target.

PART IV: LINKING THE TRANSACTION(S) TO NEXANS'S ESG PROFILE

A. CONSISTENCY OF GREEN, SOCIAL AND SUSTAINABILITY AND SUSTAINABILITY-LINKED BONDS WITH NEXANS'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Nexans announced in 2020 the goal to achieve carbon neutrality by 2030. Its environmental strategy is also designed to conserve resources, promote the circular economy and anticipate the potential impact of climate change on its business model. The company aims to do this by investing in electrification, building a CSR roadmap for the long-term commitment of the group supported in three pillars called E3 Program:

- Economic: return on capital employed
- Engagement: return on competence engaged
- Environment: return on carbon employed

To align to this approach, the company has set targets aligned with the 1.5ºC scenario of the Paris Agreement, aiming to reduce Scope 1, 2 and 3 GHG emissions by 2030, being the targets validated by SBTi.

Considering the activity of the company, circular economy plays a key role in addressing climate change drivers. Within that view, the Issuer has committed to:

- reduce consumption of raw materials, water and energy
- reuse waste, water and packaging
- increase the use of recycled materials in products and providing recycling services to customers.

Furthermore, the company has also created the Nexans Foundation. This institution provides financial support to initiatives that help to bring electricity to disadvantaged communities throughout the world by giving priority to grassroots-level organizations and sustainable solutions.

Rationale for issuance of green, social and sustainability bonds

In order to support the sustainability strategy of the Issuer s and its CSR roadmap, the issuance of these green financing instruments will enable the company to push for its carbon neutrality ambition. The sustainability-linked instruments by pushing for the reduction of overall company's GHG emissions in scope 1, 2 and 3. The remaining sustainable financing instruments will aim to transform the energy grid of the company, with different projects in renewable energy, energy storage and efficiency in addition to the transformation of Nexans' business operations by financing projects that will enhance the renewable energy capacity across its transmission and distribution lines.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer . The project categories financed are in line with the sustainability objectives of the Issuer .*

Consistency with Sustainability-Linked Bond KPIs

KPI 1: Nexans commits to targets aligned with 1.5°C scenario of the Paris Agreement. To this end, the Issuer aims to reduce Scope 1 and 2 GHG emissions by 2030. Under its sustainability strategy, Nexans has been implementing energy consumption reduction measures in order to achieve its 2030 targets. KPI 1 is designed to enable the company to reach its SBTi-validated targets on Scope 1 and 2 GHG emissions reduction.

KPI 2: Nexans commits to targets aligned with 1.5°C scenario of the Paris Agreement. This corresponds to a 24% reduction between 2019 and 2030 as validated by the SBTi. It is important to note that Nexans already achieved its SBTi-validated target in 2022 (-28% vs 2019). Nexans states that KPI 2 has been designed to go beyond its SBTi-validated target and reduce Scope 3 emissions even further. The company found that one of the main drivers of the Scope 3 emission reduction in 2022 was decreasing emission factors in customer's countries, which resulted in a reduction of the "use of sold products" GHG emissions classified under Scope 3 emissions. For this reason, this KPI is constructed to focus on other categories of Scope 3 emissions, relating to purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, on which the company can make further reductions to bring down total Scope 3 emissions beyond its SBTi-validated target.

B. NEXANS'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer 's industry

The Issuer is classified in the Electronic Components, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Labour standards and working conditions
Responsible sourcing of raw materials
Resource-conserving production
Substances of concern

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer 's ESG performance can be found on ISS ESG Gateway at: https://www.issgovernance.com/esg/iss-esg-gateway/.

Please note that the consistency between the issuance subject to this report and the Issuer 's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer 's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer 's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Key components for renewable energy systems	2%	CONTRIBUTION	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Electronical Components industry are as follows: failure to respect the right to just and favorable conditions of work, failure to respect the right to safe and healthy working conditions and failure to mitigate climate change impacts

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

Green/Social KPIs

The Green/Social Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Nexans' Green, Social and Sustainability Bonds.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green/Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green/Social Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Nexans (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer .

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Nexans's Green, Social and Sustainability Bonds contributes to related SDGs has been identified.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA and Sustainability-Linked Loan Principles, as administered by LMA

The Sustainable Financing Framework of Nexans, as well as the concept and processes for issuance have been reviewed against the Sustainability-Linked Bond Principles administered by the ICMA / Sustainability-Linked Loan Principles by the LMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond / Loan market by clarifying the approach for issuance.

The alignment of the concept of the Nexans 's issuance has been reviewed against the mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and against the encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles / Sustainability-Linked Loan Principles, an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT has been conducted.

The analysis has determined whether the KPI selected is core, relevant and material to the Issuer's business model and consistent with its sustainability strategy thanks to long-standing expertise in evaluating corporate sustainability performance and strategy. The analysis also reviewed whether the KPI is appropriately measurable by referring to key reporting standards and against acknowledged benchmarks. Based on the factors derived from the SLBP and using a proprietary methodology, the KPI selection assessment is classified on a 3-level scale:

Not Aligned	Aligned	Best Practice
The KPI is not aligned if one of the core requirement from the SLBP selection of KPIs section is not satisfied.	The KPI is aligned if all the core requirements from the SLBP selection of KPIs section are satisfied.	The KPI follows best practice if all the core requirements from the SLLP selection of KPIs section are satisfied and if the KPI is fully material and follows best-market practices in terms of benchmarkability.

The ambition of the SPT has been analyzed against the Issuer's own past performance (according to Issuer's reported data), against the Issuer's industry peers (for example per ISS ESG Peer Universe data), and against international benchmarks such as the Paris agreement (based on data from the Transition Pathway Initiative or Science-Based Targets initiative). Finally, the measurability and comparability of the SPT, and the supporting strategy and action plan of the Issuer have been evaluated.

Based on the factors derived from the SLBP and using a proprietary methodology, the SPT selection assessment is classified on a 4-level scale:

No Evidence	Limited	Good	Robust
If none of the three dimensions (past performance, industry peers and international benchmarks) are positively assessed.	If the SPT is ambitious against only one of the three dimensions.	If the SPT is ambitious against two of the three dimensions.	If the SPT is ambitious against all the dimensions.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.
For more information, please visit:
https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf

ANNEX 3: Quality management processes

SCOPE

Nexans commissioned ICS to compile a Green, Social and Sustainability-Linked Bonds and Loans SPO. The Second Party Opinion process includes verifying whether the Sustainable Financing Framework aligns with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG), Sustainability-Linked Bond Principles (SLBP) and LMA Green Loan Principles (GLP), Social Loan Principles (SLP) and Sustainability-Linked Loan Principles (SLLP), and to assess the sustainability credentials of its Green, Social and Sustainability-Linked Bonds/Loans, as well as the Issuer 's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as administered by the ICMA (as of June 2021 with June 2022 Appendix I)
- Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the LMA (as of February and April 2021)
- Sustainability-Linked Bond Principles (SLBP), as administered by the ICMA (as of June 2020)
- Sustainability-Linked Loan Principles (SLLP), as administered by the LMA, the APLMA and the LSTA (as of March 2022)
- Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

Nexans's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Sustainable Financing Instruments (Green, Social and Sustainability-Linked Bonds/Loans) to be issued by Nexans has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), Sustainability-Linked Bond Principles (SLBP) and LMA Green Loan Principles (GLP), Social Loan Principles (SLP) and Sustainability-Linked Loan Principles (SLLP).

The engagement with Nexans took place from December 2022 to March 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green, Social and Sustainability Bonds SPO, please contact: SPOOperations@iss-esg.com

Project team

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