

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Financing Framework

Nexity SA
23 July 2024¹

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">▪ Sustainable Financing Instruments (Green, Social, and Sustainability financing instruments and Sustainability linked financing instruments)▪ Green Bond Principles (GBP) and Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix I)▪ Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the Loan Market Association (LMA) (as of February 2023), Asia Pacific Loan Market Association (APLMA) (as of February 2023), and Loan Syndications and Trading Association (LSTA) (as of February 2023)
Relevant standards	<ul style="list-style-type: none">▪ Sustainability Bond Guidelines (SBG), as administered by the International Capital Market Association (ICMA) (as of June 2021)▪ Sustainability-Linked Bond Principles, as administered by the International Capital Market Association (ICMA) (as of June 2024)▪ Sustainability-Linked Loan Principles, as administered by the Loan Market Association (LMA) (as of February 2023), Asia Pacific Loan Market Association (APLMA) (as of February 2023), and Loan Syndications and Trading Association (LSTA) (as of February 2023)
Scope of verification	<ul style="list-style-type: none">▪ Nexity SA Sustainable Finance Framework (as of July 3, 2024)²▪ Nexity SA Eligibility criteria (as of July 6, 2023)
Lifecycle	<ul style="list-style-type: none">▪ 1st update of the SPO delivered on 25 August 2023.
Validity	<ul style="list-style-type: none">▪ Valid as long as the cited Framework remains unchanged

¹ Nexity SA initially published its Sustainable Finance Framework in July, 2023. A new version of the Framework has been published in July 2024, substituting the previous one. No modification occurred with regard to the core elements of the Framework (use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting) based on which ISS-Corporate performed its analysis in August, 2023. It is noted that the Issuer has updated the baseline emissions data for 2019, and for 2021 and 2022 for KPI 1, after the divestment of their Property Management service.

² Ibid.

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SCOPE OF WORK

Nexity SA (“the Issuer” or “Nexity”) commissioned ISS-Corporate to assist with its Sustainable Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Nexity’s Sustainable Finance Framework (as of July 6, 2023)³ – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), Sustainability-Linked Bond Principles (SLBP) and Loan Market Association’s (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) and Sustainability-Linked Loan Principles (SLLP).
2. The Nexity’s Eligibility Criteria – whether the project categories contribute positively to the United Nations Sustainable Development Goals (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 (KPI) selected, and Sustainability Performance Targets (SPT) 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 to Nexity’s overall Environmental, Social, and Governance (ESG) profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.


NEXITY SA BUSINESS OVERVIEW

Nexity SA operates as a real estate company. It is classified in the Construction industry, as per ISS ESG’s sector classification.

Nexity SA engages in the construction, development, and marketing of real estate properties. It operates through the following business divisions: Residential Real Estate, Commercial Real Estate, Services and Other Activities. The Residential Real Estate division engages in residential real estate development and development of subdivisions. The Commercial Real Estate division includes development of offices and other commercial facilities. The Services division provides real estate services to companies and engages in the management, operation, and development of franchise networks. The Other Activities division includes cities & projects and pre-development urban regeneration projects, investment activities, innovative start-up ventures in the incubation phase and the Group’s main digital projects and the holding company. The company was founded in 2000 and is headquartered in Paris, France.

³ KPI 1 data has been adjusted as per the Issuer’s updated Sustainable Finance Framework, as of July 3 2024.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION
<p>Part 1 A: Alignment with GBP/SBP/SBG/GLP/SLP</p>	<p>The Issuer has defined a formal concept for its Sustainable Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP/SBP/SBG/GLP/SLP.</p>	<p>Aligned</p>
<p>Part 1 B: Alignment with the SLBP and SLLP⁵</p>	<p>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.</p>	<p>Aligned</p>
<p>Part 2: Sustainability quality of the Selection criteria</p>	<p>The Sustainable Financing Instruments will (re)finance eligible asset categories which include:</p> <p>Green category: Green Buildings Social category: Affordable Housing</p> <p>Product and service-related use of proceeds categories⁶ individually contribute to one or more of the following SDGs:</p>  <p>The environmental and social risks associated with those use of proceeds categories are managed.</p>	<p>Positive</p>
<p>Part 3: Issuance credibility of the KPIs and SPTs for Sustainability-Linked Financing Instruments</p>		

⁴ The evaluation is based on the Nexity SA Sustainable Finance Framework (July 2023 version), on the analysed project categories as received on July 6, 2023, and on the ISS ESG Corporate Rating updated on May 15, 2023, and applicable at the SPO delivery date.

⁵ The evaluation is based on the engagement conducted between April – June 2023, on the Issuer’s Sustainable Financing Framework (as of July 6, 2023).

⁶ Green Building, Affordable Housing

KPI Selection	KPI 1. Absolute GHG emissions (Scope 1 & 2) in tCO₂e	KPI 2. GHG Emissions per sqm delivered in kg of CO₂e/m²
Relevant	Relevant	Relevant
Core	Core	Core
Material	Moderately Material if issued alone, but Material if issued with KPI 2 ⁷	Moderately Material if issued alone, but Material if issued with KPI 1
Assessment	Best Practice	Best Practice
SPT Calibration	SPT 1. Reduction of absolute GHG emissions (Scope 1 & 2) by 47% by 2030	SPT 2. Reduction of GHG emissions per sqm delivered (scope 3) by 42% by 2030
Against borrower's past performance	Ambitious based on limited evidence	Ambitious
Against borrower's industry peer group	In line	Ambitious
Against international targets	In line with Paris Agreement	In line with Paris Agreement
Level of ambition	Robust	Robust
Part 4: Linking the transaction(s) to Nexity SA ESG profile	<p>The key sustainability objectives and the rationale for issuing Sustainable Financing Instruments are clearly described by the Issuer. The majority all of the project categories considered are in line with the sustainability objectives of the Issuer.</p> <p>The KPIs selected by the Issuer are related to climate change. Nexity's Climate and Biodiversity Strategy focuses on Nexity's environmental impact and includes several goals on GHG emissions. KPI 1 focuses on reducing Scope 1 and 2 GHG emissions with the ambition to be in line with a 1.5°C degree</p>	Consistent with Issuer's sustainability strategy

⁷ Please note that Nexity commits to issuing KPI 1 with KPI 2 on the same financial instrument.

⁸ Three of the three SPT's benchmarking approaches have been assessed positively.

⁹ Three of the three SPT's benchmarking approaches have been assessed positively.

	<p>scenario. Similarly, KPI 2 focuses on reducing Scope 3 GHG emissions with the ambition to be in line with a 1.5°C degree scenario.</p>	
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SPO ASSESSMENT

PART I: ALIGNMENT WITH THE RELEVANT PRINCIPLES¹⁰

A. GREEN, SOCIAL BONDS PRINCIPLES AND SUSTAINABILITY BOND GUIDELINES AND LMA GREEN AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of the Nexity's Sustainable Finance Framework (as of July 6, 2023) with the GBP/SBP/SBG/GLP/SLP.

ICMA'S GBP, SBP, SBG AND LMA'S GLP AND SLP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Nexity SA Sustainable Finance Framework is aligned with the ICMA GBP, SBP, and SBG and the LMA GLP and SLP.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the ICMA GBP, SBP, and SBG and the LMA GLP and SLP. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and environmental and social benefits are described and quantified. The Issuer defines exclusion criteria for harmful projects categories.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Nexity SA Sustainable Finance Framework is aligned with the ICMA GBP, SBP, and SBG and the LMA GLP and SLP.</p> <p>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.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is</p>

¹⁰ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

		<p>transparent about it by involving various stakeholders in this process. Additionally, identify alignment of their Green Bond framework and their Green Projects with official or market-wide taxonomies and reference any green standards or certifications used, which are in line with the best market practices.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds proposed by Nexity SA Sustainable Finance Framework is aligned with the ICMA GBP, SBP, and SBG and the LMA GLP and SLP.</p> <p>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.</p> <p>The Issuer has defined an expected allocation and reallocation period of 12 months.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Nexity SA Sustainable Finance Framework is aligned with the ICMA GBP, SBP, and SBG and the LMA GLP and SLP.</p> <p>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. Nexity SA 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.</p> <p>The Issuer discloses roles and responsibilities in the monitoring and reporting process, along with structures, and defines the reporting process in line with best market practice.</p>

B. SUSTAINABILITY-LINKED BOND/LOAN PRINCIPLES

This section describes our assessment of the alignment of the Nexity's Sustainable Financing Framework (as of July 3, 2024) with the Sustainability-Linked Bond Principles (SLBP) and the Sustainability-Linked Loan Principles (SLLP).

SLB/SLL PRINCIPLES	ASSESSMENT	OPINION
1. Selection of KPIs		A detailed analysis of the sustainability credibility of the KPI selection is available in Part 2 of this report.
2. Calibration of SPTs		A detailed analysis of the sustainability credibility of the SPT calibration is available in Part 2 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 Issuer gives a detailed description of the potential variation of the financial characteristics of the securities (coupon step-up, or a premium payment, or a margin adjustment depending on the nature of the instrument).
4. Reporting	✓	The Reporting description provided by the Issuer is aligned with the SLBP and SLLP. This will be made available annually to investors on Nexity's website and include the following information: up-to-date information on the performance of each selected KPI, including the baseline where relevant; calculation methodologies and underlying assumptions of the KPIs; any additional relevant information enabling investors to monitor the progress of each selected KPI towards the SPT, as well as any recalculation, amendment or modification of the SPTs or the relevant baselines where relevant.
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 with limited assurance annually until the target is reached.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBLE CATEGORY¹¹

A. CONTRIBUTION OF THE SUSTAINABLE FINANCING INSTRUMENTS TO THE UN SDGs¹²

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 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 financing specific products and services is displayed on a 3-point scale (see Annex 1 for methodology):



Each of the Sustainable Financing Instruments' 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
Eligible Green Category		

¹¹ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

¹² 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.

Green Buildings¹³

Construction of new residential buildings, located in France, which meet at least one of the following eligibility criteria:

- *Buildings with Primary Energy Demand (PED)¹⁴ at least 10% lower than the relevant national threshold set for Nearly Zero-Energy Building (NZEB)¹⁵ requirements¹⁶*
- *Buildings that have achieved, or target to achieve any level of the low-carbon label BBCA¹⁷ ("Bâtiment bas carbone")*

Renovation of existing residential buildings, located in France, which meet at least one of the following eligibility criteria:

Building renovation compliant with the applicable requirements for major renovations of Energy Performance of Buildings Directive (EPBD)¹⁸ or building renovation leading to a reduction of primary energy demand (PED) of at least 30%¹⁹

Contribution



¹³ Nexity states that it intervenes from the design stage until delivery of the projects, and it will work closely with third-party verifiers of the label/s certifications to ensure requirements at design stage are aligned with expectations hence limiting risk of not meeting the requirements. If a project is at risk of not obtaining the target label/certification, Nexity commits to reallocate the proceeds to finance other eligible green or social projects.

¹⁴ The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

¹⁵ Please see additional information on NZEB requirements in the context of France, including the interpretation of the *Ministère de la Transition Énergétique* (Ministry of Energy Transition) in the context of the *Règlementation Thermique 2012* and the *Règlementation Environnementale 2020*.

¹⁶ and for buildings larger than 5,000 m², the building(s) resulting from the construction undergo testing for airtightness and thermal integrity, and a life-cycle Global Warming Potential (GWP) has been calculated.

¹⁷ The technical guidelines for the BBCA Neuf label (Low Carbon Building), <https://www.batimentbas carbone.org/referentiel-technique-bbca-neuf/>

¹⁸ For building renovation compliant with the applicable requirements for major renovations of Energy performance of Buildings Directive (EPBD) or leading to a reduction of primary energy demand (PED) of at least 30% only the investments in retrofits will be considered as Eligible Green Assets.

¹⁹ The 30% reduction in primary energy demand occurred in comparison to the baseline performance before the refurbishment and is achieved through a succession of measures within a maximum of 3 years.

Green Buildings²⁰

Construction of new residential buildings, located in France, which meet at least one of the following eligibility criteria:

- Buildings that have achieved, or target to achieve environmental certification (New-Build) including NF Habitat HQE certification under the NF 500-10 and NF500-11 (applicable since January 2024).

Renovation of existing residential buildings, located in France, which meet at least one of the following eligibility criteria:

- Building renovation leading to obtention of environmental certification (Refurbishment or In-Use) including NF Habitat HQE certification under the NF 500-13 V4.2 (applicable since January 2024).²¹
- Building renovation leading to obtention of any level of low-carbon label BBCA ("Bâtiment bas carbone") Rénovation.

Contribution



Eligible Social Category

Affordable Housing

Construction of new individual and/or collective housing located in areas with reduced VAT according to the national decree No. 2022-465 of 31 March 2022.

Target population: Intermediate-income population subject to resource ceilings defined according to the reference tax income of the household, based on national decree (Decree No. 2022-465 of 31 March 2022)²²

Contribution



²⁰ Nexity states that it intervenes from the design stage until delivery of the projects, and it will work closely with third-party verifiers of the label/s certifications to ensure requirements at design stage are aligned with expectations hence limiting risk of not meeting the requirements. If a project is at risk of not obtaining the target label/certification, Nexity commits to reallocate the proceeds to finance other eligible green or social projects.

²¹ Please note that the current SDG Assessment is based solely on building renovation that leads to receiving the NF Habitat HQE certification.

²² Decree No. 2022-465 of March 31, 2022 relating to agreements relating to a building or housing concluded by the National Housing Agency pursuant to Articles L. 321-4 and L. 321-8 of the Construction Code and housing and to the ceilings of rent and resources of tenants for the application of the tax reduction provided for in article 199 tricies of the general tax code, <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000045458093>

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA²³

The table below evaluates the selection criteria against issuance-specific KPIs. All of the assets are/will be located in France.

ASSESSMENT AGAINST KPIs

All categories

Safety of Users

- ✓ Nexity operates in France with high health and safety standards. Additionally, the Issuer adheres to the Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011. The Issuer commits to support local authorities targeted for urban regeneration and is a part of French National Urban Regeneration Agency (Agence nationale de la Rénovation Urbaine – ANRU).

Labour, Health, and safety

- ✓ Nexity operates in France where employees are subject to stringent labour, health, and safety regulations and have ratified the ILO's eight fundamental conventions and complies with the regulations in force in the countries. The Issuer respects the recommendations of ILO and international conventions prohibiting child labour.
- ✓ According to the Non- Financial Report, Nexity has a Social and Economic Committee that acts as a platform for the employees to express themselves along with a Health, Safety and Working Conditions Committee created within Nexity's Promotion Construction, Nexity Lamy and Nexity Property and Services. Additionally, in 2022 the Issuer signed collective agreements that address issues like employment of people with disability, employment and career path management, quality of working hours.

Green Building

Environmental aspects of construction (or production) and operation

- ✓ According to the Non-Financial Report published, Nexity has achieved an average carbon weight of building permits 10% better than the requirement of the ER 2020 environmental regulation by improving energy performance and reduce consumption of new buildings and considering all emissions throughout the building's life cycle. In addition, Nexity has adopted circular economy aspects to better manage construction site waste. For instance, Nexity conduct waste

²³ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

diagnostic before demolition to encourage waste recovery and assess potential reuse of materials on site and recycle materials when available.

Site location

- Currently, Nexity does not have any policies in delivering green buildings within a maximum of 1km proximity to public transport.

Water

- ✓ Nexity states that it has adopted water reducing methods in the design phase of the building by implementing rainwater management, control of drinking water consumption, using hydro-efficient equipment (shower mixers, washbasins, thermostats). In addition, Nexity states that it monitors water consumption regularly after new residential buildings development.

Biodiversity

- There is limited information to indicate Nexity conducts environmental impact assessment in development activities on the group wide level. However, Foncier Conseil, subsidiary of Nexity, is conducting environmental impact assessment in projects on all projects under its operating perimeter. The subsidiary is also responsible for maintaining existing green and blue corridors. Also, in 2022, Nexity conducted a biodiversity impact assessment over all of its activities for prioritizing mitigation actions (Corporate Biodiversity Footprint (CBF) Methodology).

Affordable Housing

Inclusion

- ✓ In Nexity's Sustainable Finance Framework, the Issuer ensures universal access especially to vulnerable or disadvantaged populations to affordable housing units.
The Issuer has developed an inclusive city, a program to provide inclusive housing for individuals with loss of autonomy due to age or disability, intergenerational, seniors, students, and young professionals. The Issuer provides information on policies and discloses impact indicators to determine eligibility for socially sustainable projects.
The reduced VAT initiative of Nexity would allow intermediate-income populations to have access to residential housing determined by rent ceiling, as defined by the French National Housing Agency.²⁴

²⁴ French National Housing Agency Decree No. 2022-465 of 31 March 2022, <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000045458093>

PART III: KPI SELECTION & SPT CALIBRATION

1. Selection of KPI 1

KPI 1 is defined as 'Absolute GHG emissions (Scope 1 & 2) in tCO₂e'

Opinion	<i>The KPI is relevant, core and moderately material to Nexity's business model and sustainability profile from an ESG perspective if issued alone, but material if issued on the same financial instrument as KPI 2. It is appropriately measurable, quantifiable, externally verifiable, externally verified (2019 and 2023 data) and benchmarkable. It covers Scope 1 and 2 GHG emissions, excluding those from international activities. KPI 1 represents 97% of Scope 1 and 2 GHG emissions and 0.4% of the Company's total GHG emissions.²⁵</i>
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Assessment ²⁶	Not Aligned	Aligned	Best Practice
KPI 1			
Characteristics and Features	KPI definition:	Absolute GHG emissions (Scope 1 & 2) in tCO ₂ e: <ul style="list-style-type: none"> ▪ Scope 1: Direct GHG emissions arising from the combustion of direct energy sources used for company buildings. For Nexity, this corresponds to direct emissions from stationary or mobile installations located within the organizational scope (e.g. gas consumption), company and service car fuel consumption as well as direct fugitive emissions (air conditioning refrigerant leakage). ▪ Scope 2: Indirect emissions from purchased electricity, heating, and cooling, calculated on a location basis. For Nexity, it corresponds to the indirect emissions associated with the production of electricity, heat or steam imported for business activities. 	
	Scope and perimeter:	The KPI scope and perimeter are transparently defined as it covers Scope 1 and 2 GHG emissions from all Nexity's operations except from international activities. It is noted that Nexity is divesting its Property Management service in the third quarter of 2024. Based on	

²⁵ This is calculated under the new perimeter of Nexity's business post sale of its services to individuals' activities in April 2024.

²⁶ The KPI selection assessment is classified on a 3-level scale: 'Not Aligned', 'Aligned' or 'Best Practice'. For further information on the ISS methodology related to the KPI assessment please refer to Annex 3 at page 20.

		<p>internal data using an extrapolation according to the number of full-time equivalent (FTEs), Nexity estimates excluded GHG emissions from international activities represent approximately 3% of Nexity’s total Scope 1 and 2 GHG emissions. Thus, while accounting for Nexity’s divestment of their Property Management service, KPI 1 still represents 97% of Scope 1 and 2 GHG emissions and 0.4% of the Company’s total GHG emissions.</p>
	<p>Quantifiable/Externally verifiable:</p>	<p>The KPI is quantifiable, since it is calculated as absolute Scope 1 and 2 GHG emissions. It is externally verifiable, because absolute Scope 1 and 2 GHG emission KPI is widely disclosed and standardized in the market. The Issuer is referring to French Bilan Carbone© methodology in line with key reporting and accounting protocols for GHG emissions such as the Greenhouse Gas Protocol (GHG Protocol), relevant industry guidelines and other key external inputs.</p>
	<p>Externally verified:</p>	<p>The Issuer confirms that 2019 and 2023 data has been verified by a qualified third-party. Data for 2020, 2021, and 2022 are not verified. The Issuer commits to having the future data verified by an external reviewer as well.</p>
	<p>Benchmarkable:</p>	<p>By referring to commonly acknowledged GHG accounting standards and protocol, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation to this KPI has been analyzed below.</p>
<p>KPI 1</p> <p>Analysis</p>	<p>The KPI is considered:</p>	

Relevant to Nexity’s business as its industry is highly GHG-emitting and exposed to climate change mitigation solutions. Energy and Resource Efficiency is considered a key ESG issues faced by the Construction industry according to key ESG standards²⁷ for reporting and ISS ESG

²⁷ Key ESG Standards include SASB and TCFD, among others.

assessment. According to the French Ministry of Ecological Transition and Ministry of Energy Transition, the building sector makes up 23% of total GHG emissions in France.²⁸ While globally, the International Energy Agency estimates the buildings sector is responsible directly and indirectly for around one-third of global energy- and process-related CO₂ emissions in 2021: about 8% of global energy-related and process-related CO₂ emissions resulted from the use of fossil fuels in buildings, with another 19% from the generation of electricity and heat used in buildings, and an additional 6% related to the manufacture of cement, steel and aluminum used for buildings construction.²⁹

Core to the Issuer's business as Scope 1 and 2 GHG emission reduction measures affect key processes and operations that are core to the business model of the Issuer. To reduce its Scope 1 and 2 GHG emissions, the Company will invest in decreasing the number of combustion engine vehicles and increasing the number of hybrid or electric engine cars. The Company aims to decrease the number of combustion engine vehicles by 95% and increase the number of hybrid or electric engine vehicles by 97% by 2030. Additionally, the Company will invest in partnerships with lessors (asset owners of the buildings in which they operate) to optimize the energy performance of their administrative sites relating to main energy-consuming areas such as heating, ventilation, air conditioning etc. For example, in partnership with the lessor, a contract was signed for the Group's head office in Paris, in order to use an innovative, predictive and proactive solution for the management of energy consumption related to heating, ventilation and air conditioning (HVAC). The Company also plans to provide eco-driving training for drivers once hybrid vehicles are delivered but there is no visibility on the content, hours and scope of this training yet.

Moderately Material³⁰ to Nexity's business model and sustainability profile from an ESG perspective if issued individually on a financial instrument, but **Material** if issued on the same financial instrument as KPI 2:

- KPI 1 is material to the Company's direct operations because the KPI focuses on absolute Scope 1 and 2 GHG emissions from all Nexity operations except for emissions from international activities. Based on internal data, Nexity estimates emissions excluded represent approximately 3% of Nexity's total Scope 1 and 2 emissions. The Company explains that these activities are marginal and will be phased out gradually as part of its future corporate strategy.

²⁸ Ministry of Ecological Transition "Ministère de la Transition écologique et de la Cohésion des territoires" and Ministry of Energy Transition "Ministère de la Transition énergétique", 2022, Construction and environmental performance of buildings "Construction et performance environnementale du bâtiment", <https://www.ecologie.gouv.fr/construction-et-performance-environnementale-du-batiment#:~:text=Le%20secteur%20du%20b%C3%A2timent%20repr%C3%A9sente,sensibilise%20les%20acteurs%20du%20secteur.>

²⁹ International Energy Agency (IEA), 2022, Buildings: Sectorial Overview, <https://www.iea.org/reports/buildings>

³⁰ 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.

- KPI 1 is focused on absolute GHG emissions from fuel consumption of Company vehicles and service fleet and energy consumption at administrative sites relating to heating, air conditioning, electricity, etc.
- KPI 1 does not cover Scope 3 emissions which relate to emissions from the entire life cycle of the building (extraction of materials, manufacture and transport of construction products, the construction phase of the building, energy consumption during the project, dismantling of the works, etc.) which make up 99.6% of total GHG emissions. Nonetheless, the Company commits to applying KPI 1 to a given Sustainability-Linked Financing Instrument only if KPI 2 is also applied. KPI 2 covers approximately 98% of Nexity's total Scope 3 GHG emissions, where the remaining 2% are categories on which Nexity has less impact and control such as Scope 3 GHG emissions from administrative sites and vehicles. Hence, KPI 1 is deemed material to the entire Corporate Value Chain of the Company as it will always be integrated with KPI 2 on the same financial instrument.

Of strategic significance to Nexity's current and future operations as the KPI is consistent with the Company's overall sustainability strategy and business model. Furthermore, Nexity has set sustainable real estate development at the core of its Corporate Social Responsibility (CSR) strategy. In Europe, buildings are the largest energy consuming sector, responsible for around 40% of energy consumption and 36% of carbon emissions.³¹ Three-quarters of the European building stock is considered inefficient. As such, real estate companies in the Construction industry such as Nexity have a key role to play in climate change action.

³¹ <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

2. Calibration of SPT 1

SPT 1 is defined as 'Reduction of absolute GHG emissions (Scope 1 & 2) by 47% by 2030'

Opinion	<i>The SPT is (i) ambitious against the Company's past performance based on limited evidence, (ii) in line against industry peers in terms of target setting, and (iii) it is in line with the 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.</i>			
Level of Ambition ³²	No Evidence	Limited	Good	Robust
SPT 1 Characteristics and Features	SPT definition:	Reduce absolute Scope 1 and 2 GHG emissions from a 2019 base year: <ul style="list-style-type: none"> By 23.9% by 2027 By 47% by 2030 		
	Baseline performance and year:	4,550 tCO ₂ e in 2019		
	Target performance and observation date(s):	For Sustainability-Linked Bond: <ul style="list-style-type: none"> 3,463 tCO₂e by 31st December 2027 (SPT 1.A) 2,412 tCO₂e by 31st December 2030 (SPT 1.B) For Sustainability-Linked Loan, the SPT will be tested annually.		
	Trigger event:	The trigger events will be the achievement or nonachievement of the SPTs. Further details are to be specified in the legal documentation.		
	Long-term target:	N/A		
	Strategy and action plan to reach the target:	To reduce its Scope 1 and 2 GHG emissions, Nexity will implement the following: <ul style="list-style-type: none"> Reduce fuel consumption related to the fleet of service and company vehicles by optimizing the fleet (number of thermal engine vehicles), increasing the number of electric and hybrid vehicles, providing eco-driving training for drivers, and reducing 		

³² The SPT selection assessment is classified on a 4-level scale: 'No Evidence', 'Limited', 'Good' or 'Robust'. For further information on the ISS methodology related to the SPT assessment please refer to Annex 3 at page 21.

		<p>the eligibility of Company vehicles to specific job positions.</p> <ul style="list-style-type: none"> ▪ Improve the management of the energy performance of administrative sites and group teams in high performance buildings (notably through partnerships with lessors to implement solutions to proactively optimize the management of energy consumption related to heating, ventilation, and air conditioning). Nexity own sites rely on its “sobriety plan” and employees, to reduce by 10% its energy consumption in two years. For its administrative sites and branches, Nexity has put in place internal measures to participate in the collective effort with an internal awareness-raising plan to engage employees. ▪ Internal awareness-raising campaign to engage employees in the collective effort to reduce energy consumption in Nexity’s administrative sites and branches.
	<p>Key factors/risks beyond the Issuer’s direct control that may affect the achievement of the SPTs:</p>	<ul style="list-style-type: none"> ▪ Introduction of new regulatory, outside the scope of Nexity’s current expectations, inclusive of those implemented by the EU or national governments (such as policies relating to Electric Vehicles (EVs)) ▪ Events of force majeure ▪ Lack of engagement from lessors to implement energy management solutions and low-carbon energy sourcing (thermal, electricity) ▪ Material changes in grid emissions reductions forecasted by external sources to assess Nexity’s GHG emission footprint
	<p>Recalculations or pro-forma adjustments of baselines</p>	<p>The legal documentation will include a recalculation policy.</p>
<p>SPT 1 Analysis</p>	<p>The level of ambition of the SPT is assessed as follows:</p>	

(i) Against past performance:

The Issuer provided 4 years of relevant historical data, including for the baseline year of 2019. Important to note: the Issuer decided not to include 2020 data because GHG emissions were significantly low due to the impact of Covid-19 on Nexity’s activities and hence on Scope 1 and 2 emissions in that year do not accurately demonstrate its GHG emissions reduction trajectory. 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 increase of 8.88% between 2019 and 2023 for Absolute Scope 1 and 2 GHG emissions.

TABLE 1.	2019 – BASELINE	2021	2022	2023	2027 – SPT 1.A	2030 – SPT 1.B
KPI 1: Absolute Scope GHG emissions (Scope 1 & 2), in tCO2e	4,550	5,240	4,642	6,395	3,463	2,412
CAGR 2019-2023				8.88%		
CAGR 2023-2027					-14.22%	
CAGR 2023-2030						-13.00%

Source: Nexity Sustainable Financing Framework 2023

Nexity sets SPT 1 to achieve a reduction of Scope 1 and 2 emissions by 23.9% by 2027 (SPT 1.A) and by 47% by 2030 (SPT 1.B) compared to a 2019 baseline. Calculating the compound annual growth rate (CAGR) amounts to an average of 14.22% annual reduction between 2023 and 2027 and 13% annual reduction between 2023 and 2030.

Since the projected average annual reductions to achieve SPT 1 are quantitatively larger than what was observed in the past, we conclude that the SPT is ambitious against past performance, based on limited evidence since historical data (2021 to 2023) have not been verified.

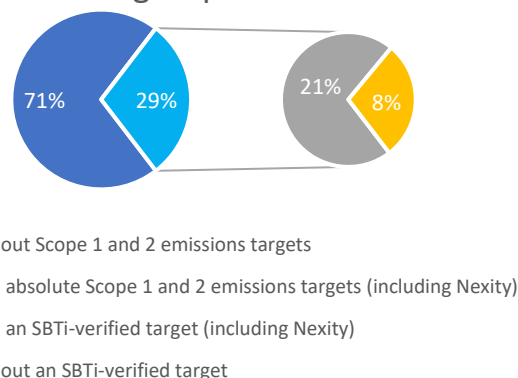
(ii) Against peers:

We conducted a benchmarking of the SPT set by Nexity against a peer group including 18 Real Estate companies with construction activities extracted from ISS ESG Universe and 5 peer companies identified by Nexity as most relevant for comparison considering their comparable product offering and business model.

Aside from Nexity, 6 other peers also set an absolute GHG emissions target covering Scope 1 and 2 emissions. Of these companies, 4 companies have SBTi-verified target (1 company align with a well-below 2°C scenario and 3 companies align with the objective of limiting average global temperature increases below 1.5°). Nexity has obtained SBTi-validation to align with a well-below 2°C scenario for their Scope 1 and 2 absolute emissions reduction target of 47% by 2030 from a 2019 base year.

When comparing the Issuer's CAGR to the peers' CAGRs that have set Scope 1 and 2 GHG emission reduction targets, the Issuer ranks five out of the seven peers. As such, when considering the ambitiousness of the Issuer's target in comparison with the peer group, Nexity ranks fifth out of 24. In the top 21% of the industry peer group.

Figure 1: Scope 1 and 2 emissions target setting amongst industry peer group



Therefore, we conclude that SPT 1 set by Nexity is in line compared to industry peers in terms of setting Scope 1 and 2 emissions reduction targets.

(iii) Against international targets:

Paris Agreement

Nexity has a Science-Based Targets initiative (SBTi) approved emission reduction target of cutting Scope 1 and 2 emissions by 47% by 2030 from a 2019 base year. This target has been confirmed by the SBTi to be consistent with the reductions required to keep the global mean temperature increase to well-below 2°C.

Nexity sets SPT 1 to achieve a reduction of Scope 1 and 2 GHG emissions by 23.9% by 2027 (SPT 1.A) and by 47% by 2030 (SPT 1.B) compared to a 2019 baseline. While the SBTi database still reflects the former target (46.2% by 2030), the Issuer has received a written confirmation that the near-term targets still meet the criteria that were valid at the time of original submission. It is to be noted that the intermediate target to achieve reduction of Scope 1 and 2 emissions by 23.9% by 2027 (SPT 1.A) has not been validated by the SBTi but it can still be considered as an enabling target to reach the 2030 SBTi-validated target, as SPT 1.A is compatible in terms of linear reduction with the overall reduction trajectory for 2030.

As per SBTi, targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 1.5°C. Thus, we conclude that SPT 1.B is in line with the Paris Agreement, based on the SBTi confirmation of the 2030 target. SPT 1.A is an intermediary target to an SBTi verified target that is in line with its SBTi target linear trajectory.

Consistent with the Issuer's sustainability strategy: Nexity's emissions target is consistent with its strategic vision of contributing towards sustainable real estate development, aligning with long term goals of supporting the industry in the net-zero emissions pathway. Nexity's commitment is supported by their validations of SBTi 1.5°C targets and membership to the Net Zero Initiative Real Estate.

3. Selection of KPI 2³³

KPI 2 is defined as 'GHG Emissions per sqm delivered in kg of CO₂e/m²'

Opinion	<i>The KPI is relevant, core and moderately material to Nexity's business model and sustainability profile from an ESG perspective if issued alone, but material if issued on the same financial instrument as KPI 1. It is appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. The KPI includes 98% of Scope 3 GHG emissions, which represent 99.6% of the Company's total GHG emissions.</i>
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Assessment³⁴	Not Aligned	Aligned	Best Practice
KPI 2			
Characteristics and Features			
KPI definition:			Intensity Scope 3 GHG emissions per square meter delivered in kg of CO ₂ /m ²
Scope and perimeter:			The KPI scope and perimeter are transparently defined as it includes Scope 3 GHG emissions from residential and commercial development and exclude Scope 3 emissions arising from administrative sites and vehicles. It thus covers circa 98% Scope 3 GHG emissions. ³⁵ Scope 3 emissions account for around 99.6% of the Company total GHG emissions.
Quantifiable/Externally verifiable:			The KPI is quantifiable, since it is calculated as "Total Scope 3 GHG emissions from residential and commercial development divided by the Gross Floor Area delivered in square meters". It is externally verifiable, because GHG emission KPI is widely disclosed and standardized in the market. The Issuer is referring to key reporting and accounting protocols for GHG emissions such as the French Réglementation Environnementale 2020 (RE2020) which is in line with the Greenhouse Gas Protocol (GHG Protocol).
Externally verified:			The historical and baseline data for the KPI selected have been verified by a qualified third-party. The Issuer commits to having the future data verified by an external reviewer as well.
Benchmarkable:			By referring to commonly acknowledged GHG accounting standards and protocol, the KPI is

³³ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

³⁴ The KPI selection assessment is classified on a 3-level scale: 'Not Aligned', 'Aligned' or 'Best Practice'. For further information on the ISS methodology related to the KPI assessment please refer to Annex 3 at page 20.

³⁵ Excluding scope 3 GHG emissions from administrative sites and vehicles

	easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation to this KPI has been analyzed below.
KPI 2 Analysis	The KPI is considered:

Relevant to Nexity’s business as its industry is highly GHG-emitting and exposed to climate change mitigation solutions. Climate protection, energy efficiency and renewable are considered key ESG issues faced by the Real Estate industry according to key ESG standards³⁶ for reporting and ISS ESG assessment. Collectively, buildings in the European Union are responsible for 40% of the energy consumption and 36% of greenhouse gas emissions, which mainly stem from construction, usage, renovation, and demolition.³⁷ In 2021, direct and indirect emissions from buildings operation rebounded above pre-pandemic levels: CO₂ emissions from buildings operations have reached an all-time high 10 Gt of CO₂ around a 5% increase from 2020 and 2% higher than the previous peak in 2019.³⁸ The buildings and construction sector are not thus on track to achieve decarbonization by 2050 and the gap between the actual acclimate performance of the sector and the decarbonization pathway is widening. To align with the Net Zero Scenario, carbon emissions from buildings operations need to more than halve by 2030, requiring significant efforts to reduce energy demand through clean and efficient technologies in all ends uses.³⁹

Core to the Issuer’s business as climate change mitigation reduction measures impacts all indirect operations of the Company at Group level globally. The KPI will entail significant consequences on the entire value chain. Nexity is undertaking a set of actions to reduce GHG emissions generated both on the upstream and downstream of a project:

- To enhance their leverage on upstream emissions; they set an objective for each subsidiary to outperform by 20% on portfolio basis the RE 2020,⁴⁰ they committed to obtaining environmental labels and certification for new constructions and they implemented an internal carbon calculator to carry out the carbon assessment of a project from feasibility study to construction phase. Nexity intends to act on construction phase and develop less emissive products such as mixed wood/concrete construction system.
- To mitigate emissions generated downstream by the users of the buildings. The use of renewable and low-carbon energies such as solar systems and connections to urban heat network is a key part of their strategy. Indeed, in 2022, 13% of housing delivered

³⁶ Key ESG Standards include SASB and TCFD, among others.

³⁷ European Commission, Energy efficiency in buildings, https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

³⁸ International Energy Agency, <https://www.iea.org/reports/buildings>

³⁹ International Energy Agency, <https://www.iea.org/reports/buildings>

⁴⁰ Règlementation Environnementale 2020” (RE2020), <https://www.ecologie.gouv.fr/reglementation-environnementale-re2020>

included thermal solar energy or photovoltaic systems. As well, Nexity launched the deployment of heat pumps and intends to generalize its use: in 2023, 62% of the housing units with building permits have heat pump. Finally, Nexity has developed bio-climatic design to reinforce insulation of the buildings and avoid the use of heating or air conditioning.

Moderately Material⁴¹ to Nexity's business model and sustainability profile from an ESG perspective if issued individually on a financial instrument, but **Material** if issued on the same financial instrument as KPI 1:

- The KPI is material to the Company's corporate value chain because the KPI covers around 98% of Nexity's total Scope 3 GHG emissions, which accounts for 99.6% of GHG emissions of the Company.
- Nonetheless, when issued alone (without KPI 1), the KPI does not cover Company's GHG emissions from direct operations (Scope 1 & 2 emissions). As per SBTi rule, targets should collectively cover more than 95% of Scope 1 and 2 GHG emissions as well as more than 60% of Scope 3 GHG emissions. Thus, the KPI issued alone is deemed moderately material to the Company's business model.
- When issued on the same financial instrument as KPI 1, KPI 2 covers Scope 1 and 2 emissions from direct operations as well as Scope 3 emissions arising from indirect operations and is thus deemed Material in that case.

Of strategic significance to Nexity's current and future operations as the KPI is consistent with the Company's overall sustainability strategy and business model. Furthermore, Nexity has set sustainable real estate development at the core of its Corporate Social Responsibility (CSR) strategy. In Europe, buildings are the largest energy consuming sector, responsible for around 40% of energy consumption and 36% of carbon emissions.⁴² Three-quarters of the European building stock is considered inefficient. As such, real estate companies in the Construction industry such as Nexity have a key role to play in climate change action.

⁴¹ 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.

⁴² <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings>

4. Calibration of SPT 2⁴³

SPT 2 is defined as 'Reduction of Scope 3 GHG emissions per square meter by 42% by 2030'

Opinion	<i>The SPT is (i) ambitious against the Company's past performance, (ii) ambitious against industry peers, and (iii) it is in line with Paris Agreement and ambitious against national targets The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the Company's framework.</i>			
Level of Ambition ⁴⁴	No Evidence	Limited	Good	Robust
SPT 2 Characteristics and Features	SPT definition:	SPT 2 is defined as a reduction of Scope 3 GHG emissions per square meter delivered by 42% by 2030 compared to 2019.		
	Baseline performance and year:	1349 kgCO ₂ e/sqm in 2019		
	Target performance and observation date(s):	<p>For Sustainability-Linked Bond:</p> <ul style="list-style-type: none"> ▪ 967 kgCO₂e/sqm by 31st December 2027 (SPT 2.A) ▪ 782 kgCO₂e/sqm by 31st December 2030 (SPT 2.B) <p>For Sustainability-Linked Loan, the SPT will be tested annually.</p>		
	Trigger event:	The trigger events will be the achievement or nonachievement of the SPTs. Further details are to be specified in the legal documentation.		
	Long-term target:	Nexity is committed to the objective to contributing to a global neutrality by 2050.		
	Strategy and action plan to reach the target:	<p>To reduce its Scope 3 GHG emissions, Nexity is focusing its efforts on four key levers for action:</p> <ul style="list-style-type: none"> ▪ Operational implementation of the low-carbon strategy for the residential and tertiary development activity ▪ Environmental labels and certifications ▪ Use of carbon calculator from design to end-of-life 		

⁴³ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

⁴⁴ The SPT selection assessment is classified on a 4-level scale: 'No Evidence', 'Limited', 'Good' or 'Robust'. For further information on the ISS methodology related to the SPT assessment please refer to Annex 3 at page 21.

		<ul style="list-style-type: none"> ▪ Use of renewable and low-carbon energies ▪ Use of wood, bio sourced and low-carbon construction material ▪ Achieve high environmental quality for the commercial real estate sector
	Key factors/risks beyond the Issuer's direct control that may affect the achievement of the SPTs:	<ul style="list-style-type: none"> ▪ Introduction of new regulatory, outside the scope of Nexity's current expectations, inclusive of those implemented by the EU or national governments ▪ Events of force majeure ▪ Supplier engagement initiatives not delivering results as planned (e.g., suppliers not being able to execute low carbon transition, low engagement of critical suppliers, etc.) ▪ Lack of government policy, guidance and/or regulatory support
	Recalculations or pro-forma adjustments of baselines	The legal documentation will include a recalculation policy.

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

(i) Against past performance:

The Issuer provided 4 years of relevant historical data, including for the baseline year of 2019. The Issuer decided not to include 2020 data because GHG emissions were not calculated using the same methodology. Nexity only recalculated 2019 using the same approach as in 2021 and 2022. 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 – 1.25% between 2019 and 2023 for KPI 2.

TABLE 2.	2019 – BASELINE	2021	2022	2023	TARGET 2027 – SPT 2.A	TARGET 2030 – SPT 2.B
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GHG emissions per sqm delivered (scope 3)	1,350	1,324	1,285	1,284	968	783
CAGR 2019 – 2023				-1.25%		
CAGR 2023 – 2027					-6.82%	
CAGR 2023 – 2030						-6.82%

Source: Nexity Sustainable Financing Framework 2023

Nexity sets SPT 2 to achieve a reduction of Scope 3 emissions by 42% by 2030 compared to a 2019 baseline. This target means to reduce its GHG emissions per square meter to 967 kg of CO₂e/sqm. Calculating the compound annual growth rate (CAGR) amounts to an average of 6.82% annual reduction between 2023 and 2027 and 6.82% annual reduction between 2023 and 2030.

Since the projected average annual reductions to achieve SPT 1 is quantitatively larger than the historical data, we conclude that the SPT is quantitatively ambitious against past performance.

(ii) Against peers:

We conducted a benchmarking of the SPT set by Nexity against a peer group including 18 Real Estate companies with construction activities extracted from ISS ESG Universe and 5 peer companies identified by Nexity as most relevant for comparison considering their comparable product offering and business model.

Aside from Nexity, 5 other peers also set an Intensity target on Scope 3 GHG emissions per square meter, and one have set an absolute target on Scope 3 GHG emissions. Of these companies, 4 companies have SBTi-verified target (1 company align with a well-below 2°C scenario and 3 companies align with the objective of limiting average global temperature increases below 1.5°).

Nexity has obtained SBTi-validation to align with a well-below 2°C scenario for their Scope 3 intensity emissions reduction target of 22% by 2030 from a 2019 base year. It is to be noted that SPT 2 has been designed to go a step further and increase its reduction target to 42% by 2030 from a 2019 base year.

Since setting targets in line with the Paris Agreement, as verified by the SBTi, can be regarded as more ambitious than when not having such assurance, Nexity belongs in the top 5 companies or top 21% of the industry peer group.

Therefore, we conclude that SPT 2 set by Nexity is ambitious compared to industry peers in terms of setting Scope 3 emissions reduction targets.

(iii) Against international targets:

Paris Agreement

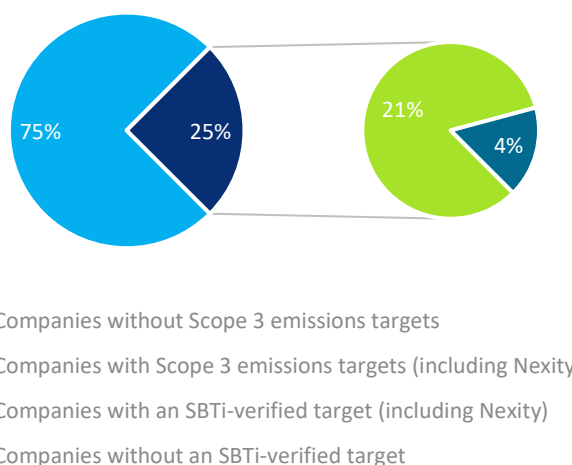
In 2022, the Group is raising its goals and aiming for a certified carbon trajectory which is 1.5 °C aligned, Nexity is therefore committed to the objective of contributing to global neutrality by 2050 and specific work is being carried out within the context of the "Net Zero Initiative" (NZI)⁴⁵ which proposes a common language for all players wishing to steer their climate action in a sincere, ambitious and transparent manner with a view to achieving global net zero emissions, and in line with existing instruments and methodologies.

Nexity has a Science-Based Targets initiative (SBTi) approved emission reduction target of cutting Scope 3 GHG emissions per square meter by 22% by 2030 from a 2019 base year. This target has been confirmed by the SBTi to be consistent with the reductions required to keep the global mean temperature increase to well-below 2°C.

In April 2022, Nexity increased its ambition and set SPT 2 to achieve a reduction of Scope 3 GHG emissions per square meter by 28.3% by 2027 and by 42% by 2030 compared to a 2019 baseline. This objective is aiming for a certified carbon trajectory which is aligned with the 1.5°C scenario and currently under verification by the SBTi.

As per SBTi, targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming

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



⁴⁵ <https://www.net-zero-initiative.com/fr>

to 1.5°C. Thus, we conclude that SPT 2 is in line the Paris Agreement, based on the SBTi validation of the 2030 target.

National targets

The new environmental regulations for new buildings in France (the "RE2020")⁴⁶ have been published in the context of the "Evolution du Logement, de l'Aménagement et du Numérique" (ELAN) law.

It aims at including not only the energy consumption but also the carbon emissions of the building along its life-cycle (including those linked to the construction phase) over a 50 years' period.

It is the first French regulation, and one of the first worldwide, to introduce environmental performance into new construction via life-cycle cycle analysis. It will come into force progressively from January 1, 2022, starting with residential, office and educational buildings.

It establishes thresholds depending on multiple factors such as localization, altitude, building types, and will become increasingly stringent over the years, with new thresholds applicable in 2025, 2028 and 2031. For 2031 the threshold will have to lead to a GHG emissions reduction of 42% compared to 2022 levels.

Nexity's ambition is that each new building permit filed in 2023 will outperform by at least 25% the carbon performance requirements of the RE 2020.

Therefore, we conclude that SPT 2 is in line against national targets.

Consistent with the Issuer's sustainability strategy: Nexity's emissions target is consistent with its strategic vision of contributing towards sustainable real estate development, aligning with long term goals of supporting the industry in the net-zero emissions pathway. Nexity's commitment is supported by their validations of SBTi 1.5°C targets and membership to the Net Zero Initiative Real Estate.

⁴⁶ https://www.ecologie.gouv.fr/sites/default/files/guide_re2020.pdf

PART IV: LINKING THE TRANSACTION TO NEXITY SA ESG PROFILE⁴⁷

A. CONSISTENCY OF SUSTAINABLE FINANCING INSTRUMENTS WITH NEXITY SA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

In 2017, Nexity set its carbon trajectory for 2030. Nexity's climate strategy is aligned with the Science Based Targets initiative (SBTi) and the Paris Agreement (below 2°C). In 2022, the goal was restructured to aim for a certified carbon trajectory that is 1.5°C aligned and commits to achieving global neutrality by 2050. In order to achieve the objective by 2030, the Issuer has set the following targets:

- Reduction by 47% in absolute value for emissions related to administrative sites and vehicles (Scope 1 and 2) with 2019 as the baseline year.
- Reduction of 42% per square meter delivered emissions related to construction materials and energy consumption of buildings delivered (Scope 3 development) with 2019 as the baseline year.

Nexity is a participant in the "Naturellement" (Naturally) approach with an objective to include green spaces in 100% of its residential and tertiary projects to be delivered in 2023 to provide access to nature and biodiversity. The Issuer has defined its objective in the 2025 biodiversity strategy:

- **Biodiversity impact measurement:**

The Issuer's aim is to quantitatively measure the company's impact on biodiversity by measuring the group's biodiversity footprint by integrating all its activities, identifying new indicators to measure the impact on development projects and making use of this knowledge to update the action plan and promote areas with the most impact. To reduce the company's impact on materials, the company promotes refurbishment and uses bio-sources materials in the projects. Furthermore, open land that has previously been sealed is used to lessen soil sealing.

- **Provide prominence to biodiversity**

Nexity's goal is to ensure biodiversity in the city by making nature accessible to all occupants, improving the environmental quality of development projects along with having a biodiverse requirement in the new development projects.

- **Limit soil sealing and land artificialization**

Nexity aims to limit soil sealing for all projects delivered by 2024. The action plan is to lever soil sealing and artificialization by rebuilding cities on themselves to limit urban sprawl. To

⁴⁷ The assessment remains unchanged and is based on the analysis that was delivered on 25 August 2023.

reduce the negative effects of artificialization in projects, the Issuer's action plan is to implement revegetation, use of permeable coverings, preservation of open ground, and study the potential mutability of brownfield sites and commercial sites.

- **Mobilize employees and manage dedicated governance**

Nexity's goal is to establish an internal governance structure to oversee performance and continuous improvement, raise awareness among staff, improve skills, and raise biodiversity awareness among users.

Furthermore, the Issuer commits to a circular economy and in 2021, joined the Reuse Booster with a commitment to low-carbon buildings, with a target to reuse and enlarge the building sector. Nexity is a sponsor of the BBKA Exploitation label. Additionally, the Issuer has its decarbonization plan in place:

- **Decarbonization of building/refurbishing**

To achieve the above carbon trajectory objectives, the Issuer targets to develop the use of a low-carbon materials and construction methods resulting from reuse, by developing buildings with high energy performance and decarbonized energy vendors. Furthermore, establish a performance management governance.

- **Energy efficiency renovation of housing and low-carbon management of the commercial portfolio**

Nexity has been working on the development of energy-efficiency renovation of condominium properties and for 2025, the company aims to have 10,000 renovated housing units. The Issuer aims to maximize energy and low-carbon use of managed space and to reach 3,50,000 square meters of low-carbon managed space by 2025.

- **Emissions from vehicles and administrative sites**

Nexity's action plan to achieve its carbon trajectory is the following: reduce fuel consumption by optimizing the number of company vehicles utilized and increasing the number of electric and hybrid vehicles along with providing eco-driving training to the drivers, reduce carbon impact of business travel and improving the energy performance of administrative sites in high-performance buildings.

- **Facilitate dedicated carbon governance and low-carbon strategy**

By 2025, the Issuer aims to raise awareness among employees through Climate Fresk. The Issuer targets to mobilize, train and raise employee awareness about climate change and low-carbon construction. Additionally, strengthen climate governance in line with the TCFD recommendations.

Nexity's climate action plan includes a target to be globally neutral by 2050. Nexity has committed to the Science Based Targets initiative (SBTi) to guide target setting and progress reporting. The Issuer is committed to disclosing elements of both KPIs annually in their annual

report. Nexity is a member of Observatoire de l'Immobilier Durable, Entreprises pour l'Environnement (EPE), Biodiversity Impulsion Group (BIG). A signatory to the "Charter for Development of the circular economy in Development and construction sector". In 2022, Nexity renewed its Green Deal commitment with le Plan Batiment Durable (a coalition of Real Estate players) and the French Ministry of Ecological Transition and Regional Cohesion towards the energy renovation of residential housings.

To guide the company's objectives and overall governance, Nexity has a Sustainable Financing Committee which includes the member's Finance Department, CSR Department, and the Residential Real Estate operational teams. The company has a Risk Management Committee that assesses physical and transition climate risk and is reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD). In 2019, Nexity issued an inaugural Green Bond worth €240 Million.

Rationale for issuance

Nexity intends to leverage the Sustainable Financial Instruments to carry out Nexity's sustainability strategy, by promoting transition to a climate resilient society and commitment in reducing carbon footprint and promote housing accessibility.

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

Consistency with KPIs

KPI 1: Nexity's objective is to reduce absolute Scope 1 and 2 GHG emissions aligned with the Paris Agreement's 1.5°C scenario. In 2021, the Company's target to reduce absolute Scope 1 and 2 GHG emissions by 47% by 2030 from a 2019 base year was validated by the Science Based Targets initiative (SBTi) to be in line with a 1.5°C scenario. To achieve its target, Nexity has been implementing fuel consumption reduction related to the fleet of service and measures by reducing the number of thermal engine vehicles and increasing the number of electric and hybrid vehicles.

KPI 1 is designed to align with the Company's objective to set targets that align with a 1.5°C scenario. Thus, KPI 1 is consistent with the Company's overall sustainability strategy.

KPI 2: In 2021, Nexity's target to reduce absolute Scope 3 emissions from capital goods and use of sold products by 22% per square meter by 2030 from a 2019 base year was validated by the SBTi to be aligned with a "well-below 2°C scenario". Going a step further, Nexity commits to setting a target reduction that is in line with the 1.5°C scenario.

Nexity developed an environmental strategy to reduce emissions from buildings delivered as part of the development activity. This involves changes in the materials used and the energy solutions chosen, a switch of its businesses towards more refurbishment and renovation, a reduction in the share of construction, or the development of new products and low- carbon

services. To design low-carbon buildings, the Issuer combines the following solutions: optimization of buildings, exposure and openings, improved insulations, and limitation of thermal bridges. Furthermore, Nexity utilizes renewable energy such as solar systems and connections to urban heat networks with a 60% renewable energy share that provides household hot water and electricity. Moreover, Nexity prioritizes low-carbon construction and employs an industrialized mixed wood/ concrete construction technology that is 50% less emissive than a standard building. To achieve a low-carbon structure, the Issuer is exploring the use of bio-sourced materials such as raw soil, stone, wood, and hemp concrete. KPI 2 focuses on scope 3 GHG emissions reduction (indirect emissions from Nexity's value chain) from real estate development (residential and commercial) and therefore is consistent with the Company's GHG emissions reduction objective.

B. NEXITY SA'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 Construction, 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
Business ethics
Labour standards and working conditions
Energy and resource efficiency
Protection of human rights and community outreach
Impact on land use and biodiversity

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 IV.A 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
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⁴⁸ Percentages presented in this table are not cumulative.

Buildings certified to a comprehensive sustainable building standard	10%	CONTRIBUTION	
Assisted living-related facilities and/or services, assisted living-related facilities and/or services for people with disabilities, management of student housing properties	5%	CONTRIBUTION	 
Management of student housing properties	3%	CONTRIBUTION	

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 Construction industry are as follows: Anti-competitive behavior, Strike action and Failure to respect the right to just and favorable conditions of work.

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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1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

ANNEX 2: ISS-CORPORATE SUSTAINABILITY-LINKED BONDS AND SUSTAINABILITY-LINKED LOANS METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-sustainability-linked-bond-loan-spo-methodology-summary.pdf>

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/SLLP 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 analysed 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/SLLP and using a proprietary methodology, the SPT selection assessment is classified on a 4-level scale:

No Evidence	Moderate	Good	Robust
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<p>If none of the three dimensions (past performance, industry peers and international benchmarks) are positively assessed.</p>	<p>If the SPT is ambitious against only one of the three dimensions.</p>	<p>If the SPT is ambitious against two of the three dimensions.</p>	<p>If the SPT is ambitious against all the dimensions.</p>
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ANNEX 3: QUALITY MANAGEMENT PROCESSES

SCOPE

Nexity SA commissioned ISS-Corporate to compile a Sustainable Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainable Finance Framework aligns with the GBP/SBP/SBG/GLP/SLP/SLB/SLL and to assess the sustainability credentials of its Sustainable Financing Instruments, 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) and Sustainability-Linked Bond Principles (SLBP), as administered by the ICMA (as of June 2024)
- Green Loan Principles (GLP) and Social Loan Principles (SLP), as administered by the LMA (as of February and April 2021) and Sustainability-Linked Loan Principles (SLLP), as administered by the LMA, the APLMA and the LSTA (as of February 2023)
- Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

Nexity SA's responsibility was to provide information and documentation on:

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

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, 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 to be issued by Nexity SA has been conducted based on a proprietary methodology and in line with the ICMA and LMA Standards: GBP/SBP/SBG/GLP/SLP/SLB and SLL

The engagement with Nexity SA took place from April to August 2023.⁴⁹

⁴⁹ This was the original engagement between Nexity SA and ISS-Corporate. The engagement for the update of the SPO took place in July 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group 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

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Sustainability-Linked Bond Principles/the LMA Sustainability-Linked Loan Principles), analyze 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.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

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