

Second-Party Opinion Sustainability-Linked Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that Constellium's Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020. This assessment is based on the following:

- **Selection of Key Performance Indicators (KPIs)** Constellium's Sustainability-Linked Financing Framework includes two KPIs: (i) GHG Emissions Intensity, and (ii) Recycled Aluminium Input (see Table 1). Based on a consideration for the materiality of the KPIs, their relevance to Constellium's business, the scope of their applicability, and clear and consistent definitions, Sustainalytics views KPIs 1 and 2 to be adequate.
- **Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with the issuer's sustainability strategy. Sustainalytics further considers the SPTs to be moderately ambitious based on the SPTs, indicating performance that is aligned with Constellium's historical performance on reducing GHG emissions intensity and increasing the input of recycled aluminium.
- **Bond Characteristics** Constellium will link the bond's financial characteristics to the achievement of the SPTs, namely an increase in coupon rate. The incremental change in coupon is triggered if either of the SPTs are not met.
- **Reporting** Constellium commits to report on an annual basis on its performance on the KPIs in its website. Constellium commits to disclose relevant information that affect the KPI performance, including quantitative or qualitative details. The reporting commitments are aligned with the SLBP.
- **Verification** Constellium commits to have an external limited assurance conducted on its KPI performance at the communicated SPT deadline, which is aligned with market expectations.

Evaluation Date	February 8, 2021
Issuer Location	Paris, France

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI 1	Baseline 2015	SPT	Strength of the KPI	Ambitiousness of SPT
GHG Emission Intensity	.808 t CO ₂ e/ kt	0.615 tCO ₂ e /kt of sales for the full year of 2025.	Adequate	Moderately Ambitious
KPI 2	Baseline 2019	SPT	Strength of the KPI	Ambitiousness of SPT
Recycled Aluminium Input	624 kt	Recycled aluminium input of 685 kt for the full year of 2026.	Adequate	Moderately Ambitious

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Scope of Work and Limitations

Constellium SE has engaged Sustainalytics to review the Sustainability-Linked Financing Framework and provide an opinion on the alignment of the notes with the Sustainability-Linked Bond Principles (SLBP).¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles 2020, as administered by ICMA.

As part of this engagement, Sustainalytics exchanges information with various members of Constellium SE's management team to understand the sustainability impact of their business processes and SPTs, as well as reporting and verification processes of aspects of the Sustainability-Linked Financing Framework. Constellium SE's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Bond Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Constellium SE. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure the KPIs' performance. The measurement and reporting of the KPIs is the responsibility of the Bond issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Constellium SE has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks³ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs or the materiality of the KPI.

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¹ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>.

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

³ Benchmarks refers to science-based benchmarks.

Introduction

Constellium SE (“Constellium”, or the “Company”) designs and manufactures high value-added aluminium products for the automotive, aerospace, packaging, and industrial sectors. Constellium operates in the metal fabrication sector and does not mine bauxite, refine alumina, or smelt aluminium. Constellium is one of the largest recyclers of aluminium globally. Headquartered in Paris, France, the Company also has corporate offices in Baltimore, U.S., and Zurich, Switzerland, employing approximately 13,000 people and operating over 25 manufacturing sites in Europe, North America, and China.⁴

Constellium intends to issue Sustainability-Linked Bonds (SLBs) where the coupon rate of the bond is tied to the achievement of the Sustainability Performance Targets for 2 KPIs related to decreasing its GHG emissions intensity and increasing the input of recycled aluminium.

Constellium has engaged Sustainalytics to review the Sustainability-Linked Financing Framework (the “Framework”) and provide an opinion on the alignment of the bond framework with the Sustainability-Linked Bond Principles (SLBP).⁵

The KPIs and SPTs used by Constellium are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
GHG Emission Intensity	Annual GHG emission intensity measured in tons of CO ₂ e for both Scope 1 and Scope 2 emissions divided by the tons of sales on a yearly basis (refer to Appendix 1 for an overview Constellium’s GHG emissions). Scope 1 emissions are from fuels burned at Constellium’s plants, while Scope 2 emissions are primarily from the electricity used by the Company.
Recycled Aluminium Input	The Company will calculate recycled aluminium input consistent with “GRI 301-2 Recycled Input Materials Used”. ⁶ Recycled aluminium consists of post-consumer scrap (generated at the end-of-life phase of finished goods), and pre-consumer production scrap (generated downstream from Constellium’s operations).

Table 2: SPTs and Past Performance

KPI 1	2015	2016	2017	2018	2019	SPT 2025
GHG Emissions Intensity (t CO ₂ e/ t of sales)	.808	.818	.800	.770	.744	(t CO ₂ e/t of sales) for Scope 1 and Scope 2, equal or lower than 0.615 for the full year of 2025
KPI 2	2017		2018	2019 (baseline)		SPT 2026
Recycled Aluminium Input	607 kt		606 kt	624 kt		Tons of recycled metal input equal or higher than 685 kt for the full year of 2026

⁴ Constellium, “About Constellium”, at: <https://www.constellium.com/about-constellium>

⁵ The Sustainability Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

⁶ GRI Standards, “GRI 301: Materials”, (2016), at: <https://www.globalreporting.org/standards/media/1008/gri-301-materials-2016.pdf>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles.

Sustainalytics is of the opinion that the Sustainability-Linked Bond Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP).



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

Sustainalytics, in its assessment of materiality and relevance, considers i) whether an indicator speaks to a material impact of the issuer's business on the environment or social issues, and ii) to what portion of impact the KPI is applicable.

Sustainalytics considers the KPIs to be material and relevant to the subindustry. Further, the Framework defines both KPIs through clear and consistent methodologies which are externally verifiable.

Sustainalytics considers KPI 1: GHG Emissions Intensity to be a material and relevant KPI for the Company:

- Sustainalytics considers this as a direct KPI in its relation to the greenhouse gas emissions from Constellium's metal fabrication processes.
- These processes include recycling, casting and rolling of aluminium to manufacture products that are inherently energy intensive. Sustainalytics' ESG Risk Rating report identifies carbon from a company's own operations as a material issue and an area of high exposure for this subindustry.
- In its 2019 Annual Sustainability Report, Constellium has identified this as a material issue and set its 2025 target to reduce the intensity of GHG emissions by 25% compared with 2015. Sustainalytics notes that the KPI is relevant to 100% of annual Scope 1 and 2 emissions from the Company's manufacturing processes which are under its direct control.
- Furthermore, Scope 3 emissions, which include embodied carbon mainly associated with primary aluminium sourcing, are not covered by this KPI. Constellium has started tracking Scope 3 emissions data and estimates it to be approximately 11 million tons CO_{2e} in 2019, measuring approximately 90% of the Company's emissions for the year.

Sustainalytics considers KPI 2: Recycled Aluminium Input to be a material and relevant KPI for Constellium:

- Recycled aluminium represented 38% of the Company's product content in 2019. It was comprised of 18% post-consumer scrap and 20% pre-consumer scrap. Sustainalytics notes the environmental benefits of using recycled aluminium given that it requires 95% less energy to repurpose and reutilize compared to the production of new aluminium.⁷
- Constellium has identified this as a material issue and is supporting schemes to increase recycling rates focusing on scrap collection and sorting, which is essential to properly identify the composition for it to be recycled into the most suitable alloy.⁸

⁷ Constellium, "Sustainability-Linked Financing Framework"

⁸ Constellium, "Sustainability Report 2019", at

https://www.constellium.com/sites/default/files/constellium_business_sustainability_report_2019.pdf

KPI Characteristics

In its assessment of KPIs Sustainalytics considers i) whether a clear and consistent methodology is used, ii) whether the issuer follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.⁹

Sustainalytics considers Constellium's definition and methodology to quantify KPI 1 performance to be clear and consistent with market practice. Sustainalytics views this as a direct KPI in its relation to the greenhouse gas emissions from Constellium's core manufacturing processes. Sustainalytics views the methodology to be clear and benchmarkable, while noting insufficient comparable peer data to conduct such an analysis.

Sustainalytics considers Constellium's definition to calculate KPI 2 to be clear and consistent with the definitions provided under "GRI 301-2 Recycled Input Materials Used" on pre- and post-consumer scrap. Sustainalytics views this as a direct KPI, as it is increasing the volume of recycled input aluminium which constitutes a major source of raw material. Sustainalytics notes that KPI 2 is measured as an absolute figure and does not lend itself well to be benchmarked.

Overall Assessment

Sustainalytics considers both KPI definitions to be clear and following consistent methodology which is externally verifiable.

Sustainalytics considers KPI 1 to be adequate given its direct impact on Constellium's energy efficiency manufacturing operations while noting that it covers only Scope 1 and 2 emissions, which represent approximately 10% of issuer's total GHG emissions.

Sustainalytics considers KPI 2 to be adequate given its role in increasing the volume of recycled input while noting that the KPI is an absolute figure and not benchmarkable.

GHG Emissions Intensity	Not Aligned	Adequate	Strong	Very strong
Recycled Aluminium Input	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets (SPTs)

Alignment with Issuer's Sustainability Strategy

Constellium has set the following SPTs for its KPIs:

- SPT 1: 0.615 tCO₂e per ton sold for the full year of 2025, representing a 25% reduction from the 0.808 tCO₂e emissions in 2015.
- SPT 2: Recycled aluminium input of 685 kt for the full year of 2026, representing a 10% increase from the 2019 baseline of 624 kt

Sustainalytics considers the SPTs to be aligned with Constellium's sustainability strategy (please refer to Section 2 for analysis of the credibility of Constellium's sustainability strategy).

- Regarding SPT 1, as part of Constellium's sustainability strategy and increased focus on GHG emissions, in 2018 the Company introduced the 2025 target of reducing Scope 1 and 2 emissions by 25% compared to 2015. Before the introduction of a dedicated GHG emissions target, the Company already had energy efficiency improvement targets given that most of Constellium's GHG emissions are the result of energy use. The Company has been monitoring and disclosing GHG emissions since 2012. The GHG emissions target is a continuation and extension of Constellium's sustainability strategy.

⁹ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

- In relation to SPT 2, Constellium has been a supporter of the European aluminium industry's target to achieve an 80% recycling rate for beverage cans by 2020 and has been strategically working together with the industry and its key stakeholders to increase the recycling rate of beverage cans in the United States. Furthermore, the Company is working towards the development of new and more scrap-tolerant alloys that will enable the Company to use more scrap in its products.

Strategy to Achieve the SPTs

Constellium intends to achieve the SPT through the following strategy:

- In order to reduce its GHG emissions intensity, Constellium follows a continuous improvement plan for its manufacturing processes and equipment. Constellium has implemented measures such as changes to its energy mix by replacing heavy fuel oil with natural gas in its furnaces at the Neuf-Brisach site in France and is exploring opportunities to increase the share of renewable energy at other locations. Constellium also has plant-level energy micro-management plans at several locations and has obtained ISO 50001 certification for efficient energy management for its large plants in Europe.¹⁰
- To increase its recycling aluminium input, Constellium plans to invest in expanding its recycling capabilities in the coming years. Constellium is also working in collaboration with stakeholders to increase scrap collection rates and is implementing systems to better sort scrap aluminium. The Company has already implemented at two sites 2D barcodes to better identify the alloy type, weight, and origin of scrap and coils. This procedure enables the verification of the ideal mix for the recycling process and optimize scrap recovery.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science-based targets.¹¹

For SPT 1, Constellium has comparable emissions data from December 31, 2015, the first year which included the impact of one of the Company's major plants in Alabama, United States, acquired in January 2015.

Constellium has set the baseline for SPT 2 at December 31, 2019 as that is the most recent comparable data available.

SPT 1: Sustainalytics used the Company's past performance as a benchmark to assess ambitiousness: Sustainalytics has relied on this metric as there is insufficient information for comparison or benchmarking within the relevant subindustry or with science-based targets.

Data in the Framework suggests that current run-rate of performance against this KPI is 2% annual reduction whereas the SPT indicates ~3.6% reduction annually in the period 2020-25. Accordingly, Sustainalytics considers the SPT to go beyond a business-as-usual trajectory.

SPT 2: Sustainalytics again used the Company's past performance as a benchmark to assess ambitiousness. Constellium indicated that currently its recycling operations are operating at full capacity and, in order to achieve the SPT, the Company intends to develop and operationalize more recycling capacity. Data in the Framework suggests that current run-rate of performance against this KPI is ~1.5% annual increase in volume of recycled input, aligned with the growth indicated by this SPT. Based on the above considerations, Sustainalytics views this target to be moderately ambitious.

¹⁰ Constellium Sustainability Report 2019, at:

https://www.constellium.com/sites/default/files/constellium_business_sustainability_report_2019_1.pdf

¹¹ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

Overall Assessment

Sustainalytics considers the SPTs to align with Constellium's sustainability strategy and considers Constellium's SPT 1 to be moderately ambitious given that it presents a material improvement compared to past performance.

Sustainalytics considers Constellium's SPT 2 to be moderately ambitious, based on the SPT presenting a continued increase in volume of recycled input at a rate in line with past annual increases.

GHG Emissions Intensity	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
Recycled Aluminium Input	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond Characteristics

Constellium commits to outline in its bond offering documents the penalty to be paid in case it fails to achieve the set SPT. The Company has disclosed that bond issuances pertaining to the Sustainability-Linked Financing Framework will be subject to a penalty for not achieving the SPT 1 by December 31, 2025, and the SPT 2 by December 31, 2026, which will result in an increase in the coupon rate.

Sustainalytics positively notes that all SPTs need to be met to avoid an increase in the coupon rate, however it does not opine on the adequacy of the penalty imposed for not achieving the set SPT.



Reporting

Constellium commits to report on an annual basis on its performance on the KPIs and expects to include the relevant figures in its Sustainability Report which are made available on the Company's website. Constellium further commits to disclose relevant information that will enable investors to monitor the level of ambition of the SPTs, and the Company will make public a verification assurance from an external verifier of the SPTs after the SPT observation date. Constellium reporting commitments are aligned with the SLB Principles.



Verification

Constellium commits to having an external verifier provide limited assurance on the published KPIs performance figures for each year and a verification assurance certificate on the KPIs performance at the SPT deadlines, which is aligned with the SLB Principles on verification. The verification assurance will be published on Constellium's website.

Section 2: Assessment of Constellium's Sustainability Strategy

Credibility of Constellium's Sustainability Strategy

According to Sustainalytics' ESG rating, Constellium is considered to be an outperformer on ESG issues among its sub-industry peers.¹² Constellium's history of integrating sustainability practices into business operations, disclosing sustainability performance, and setting targets go back to 2011 when the Company published its first sustainability report.¹³ For the last eight years, the Company has been a signatory to the United Nations Global Compact's ("UNGC") and has been supporting its Ten Principles, demonstrating Constellium's long-term commitment to advancing sustainable business practices.¹⁴ Constellium is a founding member of the Aluminium Stewardship Initiative ("ASI") and actively works towards adopting its voluntary standards to ensure that aluminium is produced and recycled sustainably taking environmental and social considerations into account.¹⁵

Constellium has a dedicated Sustainability Council, which is responsible for overseeing the Company's sustainability progress and advancing the sustainability agenda to Constellium's Executive team.¹⁶ Constellium focuses its sustainability strategy on four areas, "Products" focusing on the improvement of the environmental benefits of its products, "People" aimed at ensuring the safety and well-being of its employees, "Operations" relating to the minimization of the negative impacts of its business operations and "Responsible Business" seeking to promote ethical and responsible business management.¹⁶ For each of these areas, the Company has outlined specific 2020 targets, some of which include: achieving an 80% can recycling rate in Europe, reducing production waste going into landfill by 10% compared to 2015 levels, and improving energy efficiency by 10% from 2015 baseline.¹⁶

According to Constellium's 2019 Sustainability Report, the Company has made significant progress and is right on track to achieve the 80% can recycling rate and 10% energy efficiency improvement whereas, increased effort is required from Constellium to achieve its waste reduction target.¹⁶ Moreover, to strengthen its sustainability commitments, Constellium targets to reduce emissions' intensity by 25% on scope 1 and 2 emissions by 2025.¹⁶ Constellium discloses activities that it will pursue in achieving the above-mentioned targets and provides an annual update on its progress towards its sustainability goals.

Sustainalytics considers Constellium to have a strong sustainability strategy. Given Constellium's long history of sustainability practices and setting quantitative targets, Sustainalytics is of the view that the SLBs will further support Constellium to advance its sustainability strategy.

Constellium's Environmental and Social Risk Management

Overall, Sustainalytics notes that the ESG risk management of Constellium is considered strong.¹⁷ Sustainalytics also recognizes that while Constellium's defined targets are impactful, it is acknowledged that achieving the SPTs bears environmental and social risks related to health and safety, waste and effluents, carbon emissions from own operations, and supply chain risks.

In the following section Sustainalytics comments on Constellium's ability to mitigate such potential risks.

- In addition to respecting all applicable laws and regulations in the countries where Constellium operates, the Company implemented a set of policies and code of conducts, namely its overarching Worldwide Code of Employee and Business Conduct¹⁸ and more targeted Environment, Health and Safety Policy ("EHS")¹⁹, Supplier Code of Conduct²⁰, Human Rights Policy and Labour Practices²¹, and Responsible Supply Chain Management Policy²² to strengthen the governance and management of its environmental and social risks.

¹² This assessment has been derived from Sustainalytics' ESG Risk Rating

¹³ Constellium, "Sustainability", at: <https://www.constellium.com/sustainability>

¹⁴ UNGC, at: <https://www.unglobalcompact.org/what-is-gc/participants/18844>

¹⁵ Aluminium Stewardship Initiative, "Constellium", at: <https://aluminium-stewardship.org/about-asi/asi-members/constellium/>

¹⁶ Constellium Sustainability Report 2019, at:

https://www.constellium.com/sites/default/files/constellium_business_sustainability_report_2019_1.pdf

¹⁷ This assessment has been derived from Sustainalytics' ESG Risk Rating.

¹⁸ Constellium, "Worldwide Code of Employee and Business Conduct", at:

https://www.constellium.com/sites/default/files/Sustainability/Codeofconduct/constellium_codeofconduct-2019-en-web.pdf

¹⁹ Constellium, "EHS Policy", at: https://www.constellium.com/sites/default/files/Sustainability/ehspolicy2016-eng_1.pdf

²⁰ Constellium, "Supplier Code of Conduct", at:

https://www.constellium.com/sites/default/files/Sustainability/en_constellium_supplier_code_of_conduct_final.pdf

²¹ Constellium, "Human Rights Policy and Labour Practices", at: https://www.constellium.com/sites/default/files/external_-_human_rights_policy_and_labor_practices_final_0.pdf

²² Constellium, "Responsible Supply Chain Management", at:

https://www.constellium.com/sites/default/files/Sustainability/en_constellium_responsible_supply_chain_management_policy.pdf

- As a member of the ASI, Constellium has adopted the ASI voluntary standards and promotes its suppliers across the aluminium value chain to adopt the standards as well. Constellium has achieved ASI Performance Standard and Chain of Custody Standard Certification for casting, rolling, finishing and recycling operations of their Neuf-Brisach site in France and Singen site in Germany.¹⁵ The ASI certification covers material issues such as GHG emissions, waste management, material stewardship, biodiversity, human rights, and sustainable procurement.¹⁵
- The Company's EHS policy aims to ensure that Constellium responsibly conducts business, minimizing its environmental footprint. The Company's environmental risk mitigation priorities are resource use efficiency, waste management and energy efficiency. By introducing measures and initiatives such as waste segregation improvement and new technologies that enable increased recycling rates, Constellium aims to reduce waste going into landfill. To improve energy efficiency, the Company continuously explores energy saving opportunities and technologies and has ISO 50001 certification for its key European plants.²³
- In order to mitigate health and safety risks, Constellium requires its sites to be ISO 45001/OHSAS 18001 certified.¹⁹ Furthermore, employees are required to participate actively in EHS training activities, wear Personal Protective Equipment correctly, and promptly report EHS accidents. Other related programs and systems in place include 'Serious Injury and Fatality Program', 'EHS First System', and 'See Something, Say Something' project. As a result of such measures, Constellium reduced its recordable case rate per one million hours worked from 3.3 in 2016 to 2.4 in 2019.¹⁶
- To ensure that environmental and social risks are mitigated across Constellium's supply chain, all suppliers are asked to sign Constellium's Supplier Code of Conduct.²⁰ Constellium conducts continuous due diligence procedures and assessments of all new and existing suppliers rating and categorizing them according to their risk level.

Overall, Sustainalytics considers that Constellium has strong management programs and policies to mitigate risks that are material to the Company's sub-industry.

Section 3: Impact of the SPTs Chosen

Aluminium has the potential to be one of the main drivers of the global transition towards a low-carbon, circular economy.²⁴ Aluminium can be recycled multiple times without affecting the metal's original properties, making it a circular material.²⁴ Because of that unique trait, 75% of the 1.5 billion tonnes of aluminium ever produced is still in use today.²⁵ In addition to its recycling capability, aluminium is lightweight, durable, conductive and formable, which further contributes to other sector's emission reduction targets.²⁴ As aluminium use is projected to increase in the future partially driven by the need for more sustainable alternatives to replace materials such as plastic, wood, steel, or copper, making aluminium more circular and increasing recycling input rate will have an important role in controlling global emissions.²⁶

Aluminium recycling requires 5% of the energy that is used for the production of primary aluminium.²⁶ According to European Aluminium, by replacing carbon-intensive primary aluminium with new (production) and old (end of life) scrap, by 2050 CO₂ emissions could be reduced by approximately 39 million tonnes per year in Europe alone.²⁴ The global recycling efficiency rate of aluminium is 76% with collection rates, at 95% new scrap and 71% old.²⁷ Despite the high percentage of recycling and collection rates, global recycling input has remained constant at around 32% over the last 20 years.²⁷

Increasing the share of secondary aluminium in aluminium production has significant implications for energy intensity improvements.²⁷ In order to be in line with the sustainable development scenario, according to the EIA, the combined share of aluminium produced from new²⁸ and old²⁹ scrap should reach 40% by 2030.²⁷ Furthermore, to follow the path of the sustainable development scenario, the IEA highlights the need to reduce the emissions intensity of both primary and secondary aluminium production by 1.2% annually.²⁷ Constellium's efforts to increase recycling input rate and reduce scope 1 and 2 GHG emissions

²³ Constellium, "Certifications", at: <https://softalloys.constellium.com/certifications>

²⁴ European Aluminium, "Circular Aluminium Action Plan", at: <https://www.european-aluminium.eu/policy-areas/recycling-circular-economy/>

²⁵ World Aluminium, "Aluminium Recycling", at: https://www.world-aluminium.org/media/filer_public/2020/10/20/wa_factsheet_final.pdf

²⁶ European Aluminium, "Vision 2050", at: https://www.european-aluminium.eu/media/2545/sample_vision-2050-low-carbon-strategy_20190401.pdf

²⁷ IEA, "Aluminium", at: <https://www.iea.org/reports/aluminium>

²⁸ New scrap refers to scrap arising from the various production stages of aluminium products, before the aluminium product is sold to the final user, for more information please see: https://www.aluminium.org/sites/default/files/GAG_Terms_and_Definitions_-_Edition_2009-01_-_March_2009.pdf

²⁹ Old scrap refers to scrap arising from products after use, for more information please see: https://www.aluminium.org/sites/default/files/GAG_Terms_and_Definitions_-_Edition_2009-01_-_March_2009.pdf

intensity will contribute the greening of the aluminium industry and will overall contribute to the goals of the Paris Agreement in keeping global temperature rise below 1.5 Celsius.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability linked bond(s) advances the following SDG goals and targets:

KPI	SDG	SDG Target
GHG Emissions Intensity	9. Industrial Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Recycled Aluminium Input	12. Responsible Production and Consumption	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Constellium intends to issue Sustainability-Linked Bonds which will tie the coupon rate to the achievements of the following SPTs:

- SPT 1: GHG emissions intensity of 0.615 tCO₂e /kt of sales for the full year of 2025;
- SPT 2: Recycled aluminium input of 685 kt for the full year of 2026.

Sustainalytics performed a review of Constellium's SLB information and considers the KPIs to be relevant and material and aligned with the Company's sustainability strategy. Further, Sustainalytics considers KPI 1 to be adequate and SPT 1 to be moderately ambitious as it represents a material improvement compared to past performance. Sustainalytics considers KPI 2 to be adequate and SPT 2 to be moderately ambitious based on the SPT presenting continued increase in volume of recycled input at a rate in line with past annual increases. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Constellium SE's Sustainability-Linked Financing Framework to be in alignment with the five core components of the SLBP and the prospective of achievement of the SPTs to be impactful.

Appendix

Calculation for KPI 1: GHG emission intensity in tons of CO₂e for both Scope 1 and Scope 2 emissions divided by the tons of sales

KPI 1	2015 (baseline)	2016	2017	2018	2019
Scope 1 & 2 emissions (kt CO ₂ e)	1,194	1,203	1,185	1,181	1,183
Tons of sales (kt)	1,478	1,479	1,482	1,534	1,589
Total (t CO ₂ e/ t of sales)	.808	.818	.800	.770	.744

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