

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF ENGIE'S GREEN BOND

March 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green Bond² ("Bond") to be issued by ENGIE (the "Issuer") under its Green Bond Framework (the "Framework").

The initial version of the Framework, published in March 2017, and its updates as of June 2019 and October 2019 have been reviewed by Vigeo Eiris, and the associated revisions are included in the hereby Opinion.

This present Opinion does not cover two of the new Eligible Categories/Sub-Categories (Carbon dioxide capture, transportation and geological storage (CCS) and Carbone capture, and reuse and Marine Energy respectively) and does not cover the analysis of the debt instruments where funding costs are linked to sustainability targets.

Our opinion is established according to our Environmental, Social and Governance ("ESG") exclusive assessment methodology in line with the International Capital Market Association's Green Bond Principles ("GBP") voluntary guidelines edited in June 2018.

Our opinion is built on the review of the following components:

- 1) **Issuer:** we assessed the ESG performance of ENGIE (assessed in April 2019), its management of potential stakeholders-related ESG controversies, and its involvement in controversial activities³.
- 2) **Issuance:** we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the Bond's potential contribution to sustainability and its alignment with the four core components of the GBP 2018.

Our sources of information are multichannel, combining data from (i) public sources, press content providers and stakeholders; (ii) Vigeo Eiris' exclusive ESG rating database; and (iii) information provided by the Issuer through documents and interviews.

We carried out our first due diligence in March 2017, then during repeated updates, the last one in March 2020. We consider that we were provided with access to some of the documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Bond considered by ENGIE is aligned with the four core components of the Green Bond Principles voluntary guidelines 2018.

We express a reasonable assurance⁴ (our highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainability.

1) Issuer (see Part I):

- ▶ As of April 2019, ENGIE's overall ESG performance is considered as advanced and is in line with the previous review (November 2018). Additional policies and quantitative targets have been implemented since the last review, these are reflected in the *Coherence between the Issuance and the Issuer* section (see page 6).
- ▶ As of today, ENGIE faces frequent allegations regarding different ESG domains. The severity ranges from minor to high. The Company is overall reactive: it reports transparently in almost all cases and has taken corrective actions in one instance.

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Green Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

³ The 15 controversial activities are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Human Embryonic stem cells, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

1) Issuer (continued):

- ▶ Regarding the 17 controversial activities screened under our methodology, ENGIE has a major involvement in Fossil Fuels industry, Coal and Nuclear power (due to nuclear generated electricity and nuclear parts and services) and a minor involvement in Military.

2) Issuance (see Part II):

ENGIE has formalized the main characteristics of the Bond within its Framework (last version forwarded to Vigeo Eiris dated March 13th, 2020). The Issuer has committed to make both the Framework and this Second Party Opinion publicly accessible in its website⁵ at the date of the issuance, in line with good market practices.

We are of the opinion that the contemplated Bond is coherent with ENGIE's main sustainability priorities and sectorial issues and contributes to achieve its sustainability commitments.

Use of Proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under seven Green Project Categories ("Eligible Categories"), namely: Renewable Energy Production, Energy Storage, Transmission and Distribution Infrastructure, Energy Efficiency, Green Building, Clean Transportation and Environmentally sustainable management of living natural resources and land use. We consider that the Eligible Categories are clearly defined through technical eligibility criteria. Some areas for improvement have been identified in Table 1 (p. 9).
- ▶ The Eligible Categories are intended to contribute to two main environmental objectives (climate change mitigation and biodiversity protection). These objectives are formalized in the Framework and considered clear and relevant.
- ▶ The Eligible Categories are considered to provide clear environmental benefits. The Issuer has committed to assess and, where feasible, quantify most of the expected environmental benefits of the Bond. An area for improvement consists in defining ex-ante quantified environmental or social targets, for each Eligible Category.
- ▶ The Eligible Categories are likely to contribute to five of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 7. Affordable and Clean energy, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities, Goal 13. Climate Action, Goal 15. Life on Land.
- ▶ The Issuer has transparently communicated that the share of refinancing will not exceed 75% of the net proceeds. In addition, the Issuer may include liability management operations to buyback Green Financing Instruments, as considered by the Green Bond Principles⁶, and will transparently communicate on this to investors. In the event of such operations, proceeds will be earmarked to Eligible Green Projects as defined in the Framework.
- ▶ The Issuer has committed that, in case of re-financing and in line with the EU Green Bond Standard, a look-back period of maximum 36 months from the Bonds' issuance date will be applied for operational expenditures (OPEX) and no maximum look-back period will be applied for capital expenditures (CAPEX). An area for improvement includes to apply a look-back period of maximum 36 months for capital expenditures, in line with market practices.

Process for Projects Evaluation and Selection

- ▶ The governance and process for the evaluation and selection of the Eligible Green Projects are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process relies on explicit and relevant technical eligibility criteria (selection and exclusion), including ESG selection criteria applied within the process to most of the Eligible Green Projects.
- ▶ The identification and management of the environmental and social risks associated with the Eligible Projects are considered good.

⁵ <https://www.engie.com/en/news/csr>

⁶ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Guidance-Handbook-March-2020-120320.pdf> (Q. 3.1.3. p 10)

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and the allocation of proceeds will be externally verified. We consider that the rules would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments are good. The selected reporting indicators related to the fund's allocation and to environmental benefits are considered clear and relevant.

ENGIE has committed that the Bond issuance will be supported by external reviews, provided by:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website, at the date of issuance.
- An annual verification: an external verification performed by a third-party auditor, covering the allocation of funds, the compliance in all material aspects, of the actual allocation of proceeds to the Eligible Green Projects and their alignment with the technical eligibility criteria, annually and until the Bond's full allocation and in case of any material change.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP voluntary guidelines (June 2018). ENGIE acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, March 15th, 2020

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed previous audit missions for ENGIE (Second Party Opinions deliveries), but no consultancy services.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

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DETAILED RESULTS

Part I. ISSUER

ENGIE is engaged in power, natural gas, and energy services businesses and operates internationally. The Company is notably involved in the generation and sale of power through nuclear, thermal, and biomass resources. Engie also provides energy sales and services for local authorities, infrastructures and individual and professional customers. The Company operates natural gas transportation, storage, and distribution networks and facilities.

Level of ENGIE's ESG performance

As of April 2019, ENGIE's overall ESG performance is considered as advanced and is in line with the previous review (November 2018). Additional policies and quantitative targets have been implemented since the last review, these are reflected in the *Coherence between the Issuance and the Issuer* section (page 6).

Domain	Comments	Rating
Environment	ENGIE's performance in the Environment domain is considered good. The Issuer has set up quantitative targets to reduce its footprint (including a 20% reduction in ratio of CO2 emissions to electricity generation between 2012 and 2020), with performance indicators on main issues. The share of revenues covered by an environmental management system is significant. The Company's carbon factor stands below the sector average, in the second quartile of the sector, and has been reduced by 18.7% from 2015 to 2017.	Advanced
	ENGIE has set quantified targets in terms of developing renewable energy, with 25% share of renewable energy in the generating capacity mix in 2020 and more than 90% of low-carbon activities in Group EBITDA in 2018. In 2017, the installed capacity of renewable sources (15,930 MW) represented 27% of total installed capacity, above the sector average, and the share of energy generation from renewable sources stood at 18%, in line with the sector average.	Good
	The Issuer has committed to developed technologies to reduce air emissions (SOx, NOx, Particulates, Mercury). ENGIE's SO2 and NOx emissions normalised to production, decreased but not continuously between 2015 and 2017. ENGIE's particles emissions linked to thermal energy production decreased continuously between 2015 and 2017 and by 19%. A dedicated 2016-2018 action plan has been launched following the decision to build no further coal-fired power plants and progressively divest in/close existing plants.	Limited
	The GHG emission intensity of gas transmission has continuously increased since 2012, despite significant means implemented to improve the network energy efficiency. The GHG emission intensity of gas distribution has continuously decreased since 2012. These trends are confirmed for the 2016-2017 period.	Weak
Social	ENGIE's performance on the Social pillar is considered advanced. Regarding Human Resources, ENGIE displays an advanced performance and remains the sector leader. The Global Framework Agreement covers all HR sector issues and means in place appear to be efficient. The Company has set quantitative targets on employee development, although the number of training hours per employee has decreased while the turnover has increased.	Advanced
	Regarding the Human Rights domain, ENGIE's performance is advanced. The Global Framework Agreement covers all sector issues at stake. Quantified targets have been set to promote gender equality and adequate means have been implemented to ensure the respect for human rights in the Group's in-house operations, to ensure the respect for freedom of association and to prevent discrimination.	Good
	ENGIE's Community Involvement performance is still advanced. The Company reports on fuel poverty prevention and access to energy in developing countries and displays improving trend of related KPIs. The Company is transparent on both instances and has taken corrective measures on the lawsuit.	Limited
	Finally, in terms of Responsible Customer Relations and Integration of social factors in the supply chain, ENGIE's performances are advanced.	Weak
Governance	ENGIE's performance in the Governance pillar is considered advanced. CEO and Chairman roles are separated, and the Board is 47% independent. Sound corporate governance practices also include the presence of an Ethics, Environment and Sustainable Development Committee at Board level and the disclosure of fair value estimates of individual grants under the Long-Term Incentive Programme.	Advanced
	ENGIE's Business Ethics performance is good. The Environmental and Societal Responsibility policy lays down provisions on all sector issues at stake including prevention of corruption and anti-competitive practices. The Issuer has issued a formalised and accessible commitment to ensuring transparency and integrity of lobbying practices and publishes detailed information on lobbying activities.	Good
		Limited
		Weak

Management of stakeholder-related ESG controversies

As of today, ENGIE is facing 12 stakeholder-related ESG controversies, linked to four of the six domains we analyse:

- Environment, in the criterion of “Industrial accidents and pollution”;
- Human Resources, in the criterion of “Health and safety”;
- Community Involvement, in the criterion of “Social and Economic Development”;
- Business Behaviour, in the criteria of “Information to customers”, “Responsible Customer relations”, “Sustainable Relationships with suppliers” and “Anti-competitive practices”.

Frequency: On average, the controversies are considered frequent.

Severity: The level of severity ranges from minor to high based on the analysis of their impact on the Company and its stakeholders. ENGIE faces two cases of minor severity, six cases of significant severity and four cases of high severity. For the cases of high severity, one relates to Anti-competitive practices only, one relates to Anti-competitive practices and Social and Economic Development, one relates to Anti-competitive practices and Customer relations and one final relates to Industrial accidents and pollution, Social and Economic Development and Health and safety. The Company does not face any critical cases.

Responsiveness: ENGIE is overall reactive, in line with the sector: The Company is proactive in one case (of high severity), it is reactive to five cases and is not communicative on six cases (including one with a high level of severity).

Involvement in controversial activities

The Issuer is involved in 4 of the 17 controversial activities screened under our methodology namely:

- Major involvement in Fossil Fuels industry: based on ENGIE's data, Vigeo Eiris estimates that the company's turnover from fossil fuels is between 10% and 20% of total turnover in 2019. This is derived from the generation of electricity from fossil fuels plants owned by the company, as well as gas storage and transmission operations. Of note, the revenues from the sale of purchased electricity are not included in the calculations. The Issuer maintains a small investment in gas upstream operations.
- Major involvement in Coal: ENGIE reported having an estimated turnover from coal which is less than 5% of total turnover. This turnover is derived from the generation of electricity from coal.
- Major involvement in Nuclear power: ENGIE has an estimated turnover from involvement in nuclear power which is between 5% and 10% of total turnover. This turnover is derived from the generation electricity from nuclear power and the production and sale of major nuclear parts and services. Some are considered as major (nuclear fuel cycle management, provision of nuclear engineering services, nuclear decontamination and dismantling, provision of services along the entire value chain) and some as minor (provision of inspection, testing and audit services of nuclear power plants, nuclear maintenance, supply of equipment for nuclear power facilities).
- Minor involvement in Military: ENGIE has a turnover from military sales, which is below 5% of total turnover. This turnover is derived from the construction and maintenance of military vessels and the provision of communications networks for military users.

ENGIE is not involved in any of the 13 other controversial activities screened under our methodology: namely: Alcohol, Animal Welfare, Cannabis, Chemicals of Concern, Civilian Firearms, Unconventional Oil and Gas, Gambling, Genetic Engineering, Human Embryonic Stem Cells, High Interest Rate Lending, Pornography, Reproductive Medicine, and Tobacco

The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence between the Issuance and the Issuer

Context note: The Electric & Gas Utilities sector has a major role to play in the fight against climate change and the protection of the environment. Companies are expected to increase their efforts to improve energy efficiency throughout their operation. In addition, the complexity and specificities of impacts related to their activities call for specific measures to ensure the appropriate management of social and environmental related risks, namely biodiversity protection, environmental management systems, health and safety and the promotion of responsible relations with the communities where they operate.

We are of the opinion that the contemplated Bond is coherent with ENGIE's main sustainability priorities and sectorial issues and contributes to achieve its sustainability commitments.

ENGIE is a global player with presence in 70 countries. The Group's model is based on responsible growth to take on the major challenges of energy's transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation, security of supply and responsible use of resources.

In 2019, ENGIE launched its new 3-year strategic plan to become the world leader in the carbon neutrality transition which focuses on: decarbonisation, decentralisation and digitalisation. In particular, three of its activities are being deeply transformed: renewable energy, gas electricity networks and energy efficiency.

ENGIE's low-carbon model is visible throughout its value chain: strategy, design, engineering, energy-efficient asset construction, digital platforms, operations management, financing syndication and outcome assurance. In 2019, ENGIE simplified its organization in 4 Global Business Lines:

- Renewables: hydropower, photovoltaic solar power, onshore wind power, offshore wind power, biomass, biogas;
- Networks: gas and electricity infrastructure;
- Client Solutions: B to B and B to T solutions based on assets, which are becoming a priority compared to less capital-intensive services;
- Thermal: Generation assets.

In 2019, after the Task Force on Climate-related Financial Disclosures (TCFD) issued recommendations on its climate reporting, ENGIE adapted a Group governance policy and presentation dedicated to climate change risks under the supervision of a member of the Executive Committee. These tasks include:

- Identifying the specific vulnerability to climate change of each type of assets owned by the Group;
- Assessing at a regional level the physical consequences of climate, in partnership with the Institut Pierre Simon Laplace (IPSL);

Measuring the potential impacts of climate on ENGIE's assets with the aim for industrial sites to have the ability to elaborate adaptation plans. ENGIE disclosed decarbonising targets (all of the targets have been certified 2°C aligned with the Science Based Targets Initiative in February 2020). These targets are:

- Reduce the intensity of emissions of its power generation activities by 52% by 2030 (with a 2017 baseline);
- Reduce scope 3 emissions on used products by 34% by 2030 (with a 2017 baseline);
- 100% of its preferred suppliers (except energy purchase) will be SBT certified by 2030;
- Achieve net zero emissions on ENGIE's ways of working by 2030;
- 100% of its offers will have an alternative that contributes to decarbonation by 2030. On this topic, ENGIE is working on the definition of a methodology allowing the quantification of reduced and avoided emissions among its customers, in order to define a quantitative target.

In order to meet these targets to reach carbon neutrality, ENGIE has identified four main axes with specific targets on each regard:

1. **Complete the coal phase out:** The Group is reducing its exposure to fossil fuels by gradually withdrawing from activities associated with coal. The CO₂ emissions related to electricity production should reach 43 Mt by 2030 (vs. 149 Mt in 2016 and 80 Mt in 2019).
2. **Expand the ambitious renewable energy strategy:** By 2030, the Group expects the share of renewables in its electricity production mix to reach 58% (vs. 20% in 2016 and 28% in 2019). The group will accelerate its development in second generation renewables such as geothermal or advanced offshore wind.
3. **Energy efficiency:** ENGIE designs, implements and operates solutions that allow its customers to reduce their energy consumption (including buildings), their costs and their environmental footprint. Additionally, it supports its customers in choosing solutions suited to their needs and provides them with access to financing services for green solutions or facilities maintenance. Increasing decentralized power generation allows ENGIE to offer its customers innovative electricity storage solutions.
4. **Development of Green Gas & Clean Transportation:** ENGIE is also enhancing its expertise in new energy sources such as green gas biomethane and gas from biomass pyro-gasification and hydrogen, which are increasingly needed to replace natural gas extracted from underground. ENGIE plans to totally decarbonise its gas supply in France by 2050.

By issuing a Bond, in line with its Green Bond Framework, to finance and refinance renewable energy production, energy storage, transmission and distribution infrastructure, energy efficiency, green buildings, clean transportation and environmentally sustainable management of living natural resources and land use projects, ENGIE coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under seven Green Project Categories (“Eligible Categories”), namely: Renewable Energy Production, Energy Storage, Transmission and Distribution Infrastructure, Energy Efficiency, Green Building, Clean Transportation and Environmentally sustainable management of living natural resources and land use. We consider that the Eligible Categories are clearly defined through technical eligibility criteria. Some areas for improvement have been identified in Table 1 (p.9).

The Eligible Categories are intended to contribute to two main environmental objectives (climate change mitigation, and biodiversity protection). These objectives are formalized in the Framework and considered clear and relevant.

The Eligible Categories are considered to provide clear environmental benefits. The Issuer has committed to assess and, where feasible, quantify most of the expected environmental benefits of the Bond. An area for improvement consists in defining ex-ante quantified environmental or social targets, for each Eligible Category.

The Issuer has transparently communicated that the share of refinancing will not exceed 75% of the net proceeds. In addition, the Issuer may include liability management operations to buyback Green Financing Instruments as considered by the Green Bond Principles⁷ and will transparently communicate on this to investors. In the event of such operations, proceeds will be earmarked to Eligible Green Projects as defined in the Framework.

The Issuer has committed that, in case of re-financing and in line with the EU Green Bond Standard, a look-back period of maximum 36 months from the Bonds’ issuance date will be applied for operational expenditures (OPEX) and no maximum look-back period will be applied for capital expenditures (CAPEX). An area for improvement includes to apply a look-back period of maximum 36 months for capital expenditures, in line with market practices.

⁷ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Guidance-Handbook-March-2020-120320.pdf> (Q. 3.1.3. p 10)

Table 1. Vigeo Eiris analysis of the Eligible Green Projects formalized in the Issuer's Framework.

ENGIE's Framework				Vigeo Eiris' Analysis
Eligible Category	Sub-Category	Definition and Eligibility Criteria	Objectives and benefits	
Renewable Energy production	Hydropower	(i) Development, construction, installation and maintenance of Small hydroelectricity production facilities defined by IEA ⁸ (ii) Development, construction, installation and maintenance of Large hydroelectricity production facilities, as defined by IEA, subject to the compliance with a recognized international standard, including inter alia Climate Bonds Initiative, UNFCCC Clean Development Mechanism, IFC Reference Standards for hydro projects or equivalent. ⁹	Climate change mitigation -- Avoidance / reduction of GHG emissions	The definition of this category is clear. Areas for improvement for the low carbon hydrogen projects are setting the following thresholds (in line with TEG final report on the EU taxonomy): - Direct CO₂ emissions from manufacturing of hydrogen inferior to 0.95 tCO₂e/t - Electricity use for hydrogen produced by electrolysis is at or lower than 50MWh/t Hydrogen - Average carbon intensity of the electricity produced that is used for hydrogen manufacturing is at or below 100 gCO₂e/kWh The environmental objectives are clear and relevant. The environmental benefits are defined.
	Geothermal Power	(iii) Development, construction, installation and maintenance of Geothermal facilities		
	Wind Power	(i) Development, construction, installation and maintenance of Wind Facilities (such as Onshore and Offshore projects including floating wind turbines)		
	Solar Power	(i) Development, construction, installation and maintenance of Solar Facilities (such as Photovoltaic or Thermodynamic plants)		
	Bioenergy	(i) Development, construction, installation and maintenance of Biomass and biogas facilities and related infrastructures that are subject to additional eligibility criteria (Sourcing of sustainable raw material and sustainable sourcing process, including transport and land use & avoidance of conflicting utilization of the resources)		
	Low Carbon Hydrogen	(i) Development, construction, installation and maintenance of low carbon Hydrogen production capacity including investments in production processes aiming at promoting electrolysis efficiency with low carbon energy sources		

⁸ AHEC-IITR, "1.1-General: Small Hydropower Definitions and Glossary of Terms, List and Scope of Different Indian and International Standards/Guidelines/Manuals", standard/manual/guideline with support from Ministry of New and Renewable Energy, Roorkee, September 2013.

⁹ The Hydropower Criteria for the Climate Bonds Standard and Certification Scheme set out in the June 2019 version are: a facility is eligible if it has either a power density i.e. the nameplate capacity of the facility divided by the surface area of the reservoir > 5W/m² or GHG emissions intensity < 100g CO₂e/kWh using the G-res tool (developed by the International Hydropower Association and the UNESCO Chair for Global Environmental Change), or a site-specific assessment in line with the IEA Hydro Framework.

ENGIE's Framework				Vigeo Eiris' Analysis
Eligible Category	Sub-Category	Definition and Eligibility Criteria	Objectives and benefits	
Energy Storage	Storage of electricity	(i) Development, construction, installation and maintenance of Energy Storage Facilities (aiming at promoting the development of Renewable energies and/or replacing peak electricity produced by less environmentally friendly units ¹⁰).	Climate change mitigation -- <i>Avoidance / reduction of GHG emissions</i>	The definition of this category is clear. The environmental objectives are clear and relevant. The environmental benefits are clearly defined.
Transmission and distribution infrastructure	Electricity Transmission and distribution infrastructure	(ii) Development, construction, installation and maintenance of Transmission and Distribution projects when at least one of the following criteria is met: (iii) Infrastructure or equipment in systems which are on a trajectory to full decarbonization ¹¹ (iv) T&D infrastructure having the purpose of, or the ambition to, connecting renewable energy production units (v) Equipment and infrastructure where the main objectives are an increase of the generation or use of renewable electricity generation (vi) Projects related to EV charging stations and electric infrastructure for public transport (vii) Installation of T&D transformers that are eco-designed and align with requirements on no-load losses (viii) Equipment to increase the controllability and observability of the electrical power system and enable the development and integration of renewable energy sources including: - Sensors and measurement tools (including meteorological sensors for forecasting renewable production) - Communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed)	Climate change mitigation -- <i>Avoidance / reduction of GHG emissions</i>	The definition of this category is clear. The environmental objectives are clear and relevant. The environmental benefits are clearly defined.

¹⁰ In line with the Climate Bond Initiative criteria set out in the June 2019 version.

¹¹ 67% of newly connected generation capacity in the System is from renewable sources over a rolling five-year period

ENGIE's Framework				Vigeo Eiris' Analysis
Eligible Category	Sub-Category	Definition and Eligibility Criteria	Objectives and benefits	
Energy Efficiency	Reduction of energy consumption per unit of output	(i) Heating and cooling network projects enabling it to be defined as efficient¹² (ii) Cogeneration with a minimum of 50% usage of renewable power (iii) Systems for energy management (such as smart grids, smart metering and demand side management systems) (iv) Efficient products or appliances (such as LED lighting)	Climate change mitigation -- <i>Energy savings and reduction of GHG emissions</i>	The definition of this category is clear, except for cogeneration projects (ii). An area for improvement is defining a weighted gCO₂eq/kWh threshold (in line with the TEG final report on the EU taxonomy¹³: 100 gCO₂eq/kWh for power generation and 30 gCO₂eq/kWh for heat generation). The environmental objectives are clear and relevant. The environmental benefits are clearly defined.
	Optimization of buildings and plant efficiency	(i) Major renovation or restructuring of existing buildings and plants (as per plants buildings performance) when at least one of the following criteria is met: - Demonstrating at least 30% of energy consumption savings post refurbishment (for buildings and plants) - Alignment level of energy performance of the building belongs to the top 15% of the national stock (for buildings only) (ii) Specific refurbishments to dedicated energy efficiency works such as but not limited to <i>HVAC systems renovation and improvement (excluding fossil-fuel based heating systems); Geothermal energy systems roll-out; Insulation retrofitting; LED roll-out; Solar panels installation; Heat Recovery Systems; Motion detectors roll-out...</i>		The definition of this category is clear. The environmental objectives are clear and relevant. The environmental benefits are clearly defined.

¹² i.e. using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat.

¹³ To be eligible under the TEG final report on the EU taxonomy, facilities must operate at life cycle emissions lower than the defined weighted threshold.

ENGIE's Framework				Vigeo Eiris' Analysis
Eligible Category	Sub-Category	Definition and Eligibility Criteria	Objectives and benefits	
Green Buildings	Development of new buildings or acquisition of existing buildings	(i) Development of new buildings or acquisition of existing buildings when at least one of the following criteria is met - The level of energy performance of the building belongs to the top 15% of the national stock - The building receives/targets a Design, Post-Construction or In-Use environmental certification such as LEED with a Minimum level of "Gold", BREEAM with a Minimum level of "Very Good", HQE with a Minimum level of "Excellent"	Climate change mitigation -- <i>Reduction of GHG emissions</i>	The definition of this category is clear. The environmental objectives are clear and relevant. The environmental benefits are clearly defined.
Clean Transportation	Projects that contribute to directly or indirectly to a reduction of CO ₂ , or energy consumption per km-passenger	(i) Individual or Public Transportation Vehicles including: - Light duty and heavy goods 100% Electric Vehicles and related infrastructures (mainly charging stations); - Biogas or Hydrogen vehicles and related charging stations (ii) Infrastructure for zero direct emissions transport (e.g. electrification of railway and/ or highways)	Climate change mitigation -- <i>Avoidance / reduction of GHG emissions</i>	The definition of this category is clear. According to ENGIE, biogas vehicles are vehicles running exclusively on gas from non-fossil resources, thereby excluding natural gas vehicles. The Issuer commits to perform a dedicated analysis at project level to ensure that the project meets sustainability standards in biogas production and contributes to a reduction of CO ₂ emissions. An area for improvement is: - Defining emissions thresholds for both individual and freight vehicles in line with the TEG final report on the EU taxonomy The environmental objectives are clear and relevant. The environmental benefits are clearly defined.
Environmentally sustainable management of living natural resources and land use	Preservation or restoration of natural landscapes	(i) Dedicated Investments/Projects promoting restoration of sites such as: - Terrestrial and aquatic biodiversity conservation; - Restoration of Natural landscapes (e.g. Rugeley coal asset decommissioning and repurposing) - Decontamination of grounds and basements for all types of sites	Biodiversity Preservation -- <i>Land rehabilitated</i>	The definition of this category is clear. The environmental objectives are clear and relevant. The environmental benefits are clearly defined.

In addition, the Eligible Categories are likely to contribute to five of the United Nations' Sustainable Development Goals ("SDGs"), namely: Goal 7. Affordable and Clean energy, Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities, Goal 13. Climate Action, Goal 15. Life on Land.



Eligible Green and Social Projects	UN SDGs identified	UN SDGs targets
Renewable Energy production	SDG 7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies can contribute to SDG 13 by reducing GHG emissions through renewable energy projects.
Energy Storage	SDG 7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies can contribute to SDG 13 by reducing GHG emissions through promoting renewable energy storage projects.
Transmission and distribution infrastructure	SDG 7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies can contribute to SDG 13 by reducing GHG emissions through renewable energy transmission and distribution projects.
Energy Efficiency	SDG 7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	SDG 9. Industry, 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
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies can contribute to SDG 13 by reducing GHG emissions through energy efficiency projects.
Green Buildings	SDG 7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies can contribute to reducing GHG emissions through green buildings projects.
Clean Transportation	SDG 9. Industry, 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
	SDG 11. Sustainable Cities and Communities	11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
	SDG 13. Climate Action	UN SDG 13 consists in taking urgent action to combat climate change and its impacts. Companies promoting clean transportation can contribute to reducing GHG emissions through these projects.
Environmentally sustainable management of living natural resources and land use	SDG 15. Life on land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems

Process for Project Evaluation and Selection

The governance and process for the evaluation and selection of the Eligible Green Projects are formalized in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible Green Projects is clearly defined.

The evaluation and selection of Eligible Green Projects is based on relevant internal expertise, with well-defined roles and responsibilities, involving concerned business units in charge of evaluating the selected projects according to selection criteria:

- The relevant Business Units, the Finance Department or the CSR department can propose a selection of investments eligible for Bond financing.
- The Finance and CSR departments are in charge of the responsible management of projects as described in the process for evaluation and selection of projects of ENGIE's Framework. They also review the compliance of selected Eligible Green Projects with the technical Eligibility Criteria before their validation by the Green Financing Committee and review the CSR criteria matrix for potential updates.
- A dedicated Green Financing Committee has been established. It is chaired by the Head of the CSR Department and composed of the Head of Corporate Finance (Vice Chair) and representatives of the Corporate Finance Department, the CSR Department, the Business Units developing Eligible Green Projects and other ENGIE Group qualified persons.
- The Green Financing Committee meets on average three times per year and is responsible for the following:
 - o Validating the Responsible Management of Eligible Green Projects as described in the process for evaluation and selection of projects of this Framework;
 - o Validating the compliance of selected Eligible Green Projects with the technical Eligibility Criteria excluding controversial projects;
 - o Validating the financial needs and amounts to be funded;
 - o Validating the proceeds allocation;
 - o Monitoring the Eligible Green Projects;
 - o Validating the annual reporting to investors;
 - o Monitoring the Auditors' annual missions;
 - o Reviewing the Framework to reflect any change with regards to the Group's sustainability strategy and initiatives, and any change in market standards and criteria selection.

The traceability and verification of the selection and evaluation of the projects is ensured:

- The compliance of the selected Projects with the technical eligibility criteria defined in the Use of Proceeds section will be internally validated by the Green Financing Committee and externally verified until the full allocation of proceeds and later in the case of material change in the list of Eligible Projects.

The process relies on explicit and relevant technical eligibility criteria (selection and exclusion), including ESG selection criteria applied within the process to most of the Eligible Green Projects.

- The eligibility requirements are based on the definitions of technical eligibility criteria for each Eligible Category.
- ENGIE applies a specific exclusion criterion on a case by case basis for each project in the context of any material issues linked to ESG factors at project level.
- The Issuer has defined the following exclusion criteria:
 - Projects linked to Nuclear activities (such as Nuclear Power Plants and related infrastructures);
 - Projects related to Acquisition, Development, Operation and maintenance of new or existing fossil-fuel based electricity generation capacity or heating systems (including, but not limited to, coal, oil or natural gas-powered assets)¹⁴;

¹⁴This exclusion is not applicable in the case of cogeneration assets meeting the Technical Eligibility Criteria.

- Projects related to Industrial and non-conventional waste (chemicals, nuclear, toxic waste);
- Projects related to the production of Hydrogen from non-renewable electricity sources;
- In the specific context of Transmission and distribution infrastructure: Projects for infrastructure dedicated to directly and solely connecting or expanding existing direct connection to production plants that are fossil-fuel based.
- In the specific context of Clean Transportation: Projects for infrastructure dedicated to the transport of fossil fuels or blended fossil fuels.

The identification and management of the environmental and social risks associated with the Eligible Projects are considered good.

ENGIE has created guidelines to be applied prior to any investment decision. These guidelines cover both environmental and social risks associated to Eligible Green Projects including risk identification, monitoring and mitigation measures. The Issuer has also established an internal controversy monitoring system to identify ESG controversies linked to Eligible Green Projects.

Environmental risks

- **Environmental Impact Assessment:** The Issuer has developed an environmental risk matrix used to identify climate change, water and biodiversity related issues. An Environmental and/or Social Impact Assessment (EIA or ESIA) is mandatory for each project. In addition, evidence of compliance with eligibility criteria is also required by ENGIE.
- **Accidental pollution (soil, air, water):** An industrial risk assessment must be provided for each project (e.g. HAZOP analysis). 80% of the Issuer's revenues are covered by an Environmental Management System (EMS). An area for improvement consists in implementing an ISO 14001 or equivalent EMS certifications covering all Eligible Green Projects, covering waste management, pollution prevention and mitigation plans and crisis management systems (including explosion, fire and leakage risks especially for hydrogen production and other generation activities).
- **Adaptation to climate change:** ENGIE conducts risk analysis via a data tool developed by the World Resource Institute that provides information on past events (extreme temperatures, flooding, draughts, storms) and ENGIE forecasts their evolution (severity and occurrence) considering climate evolutions. ENGIE also reports on examples of measures to manage these risks, including anti-flooding barriers, early warning systems and natural disasters resilient infrastructures.
- **Biodiversity:** Prior to the investment, the location of project is analysed to assess the biodiversity characteristics and find - if necessary - alternative locations. The Issuer has set a "mitigation hierarchy" scheme to anticipate, prevent, limit and compensate any negative impact, with particular attention on biodiversity rich areas and endangered species. Measures to limit impacts include wildlife crossing installations and collision avoidance beacons. Compensation measures include the restoration of ecosystems. Water stressed areas are identified via a data tool developed by the World Resource Institute and mitigation measures are implemented if necessary. Areas for improvement consist in integrating a lifecycle approach (eco-design, end-of-life and dismantling) for all projects.

Social risks

- **Health and Safety:** ENGIE requires each project to have a Health and Safety assessment with a risk analysis and a prevention plan. Each project includes safety design approaches (HAZOP, ATEX). ENGIE requires a Health and Safety Coordinator to be mandated for each project.
- **Human rights/labour rights:** ENGIE conducts assessments to verify the respect of international standards in terms of human and labour rights, in particular the respect of the Universal Declaration of Human Rights, its associated Covenants and Conventions of the International Labour Organization. These assessments are carried out at the project's design phase.
- **Dialogue with local communities:** ENGIE has set up a community engagement process framing the principles to be followed in order to grasp the social acceptability of a project. The process includes the identification of all the relevant stakeholders, the action plans to be implemented and continuous monitoring of the stakeholders' claims.
- **Business Ethics:** ENGIE has set up an anti-corruption process certified by ISO37001 for all its operations. The Issuer also includes Ethics and CSR clauses in procurement contracts to ensure responsible purchases both in environmental and social terms.

Management of proceeds

The rules for the management of proceeds are clearly defined and the allocation of proceeds will be externally verified. We consider that the rules would enable a documented and transparent allocation process.

The allocation and management of the proceeds are overall clearly defined:

- The net proceeds of each Green Financing instrument will be managed by ENGIE's treasury department and an amount equal to the net proceeds will be earmarked for allocation to Eligible Green Projects as validated by the Green Financing Committee;
- Pending the full allocation to Eligible Green Projects, ENGIE will hold the balance of unallocated proceeds within the treasury of the Group, invested in cash, cash equivalent and/or money market instruments. ENGIE treasury department could consider allocating the balance of unallocated proceeds in money market funds managed following a responsible investment approach on a best effort basis;
- The Issuer intends to allocate the proceeds of a given Green Bond issuance within a two-years' period from its issue date when its initial maturity is less than 10 years, and within a three-years' period when its initial maturity is 10 years or more;
- In the case that a material issue linked to ESG factors arises after the allocation of net proceeds to a specific Eligible Green Project, ENGIE commits to replace the project as soon as feasible.

An area for improvement is to commit that the temporary placements and instruments for unallocated proceeds do not finance GHG intensive activities, controversial activities, or activities facing material ESG issues.

Traceability and verification of both tracking method and allocation of the proceeds are ensured throughout the process:

- ENGIE's treasury department is responsible for the tracking and verification of the proceeds allocated to Eligible Green Projects. This tracking is integrated into the annual financial reporting process.
- When the Eligible Green Projects earmarked to net proceeds of a Green Financing Instrument are subject to joint investment or joint ventures, ENGIE will only consider the pro-rated share (%) of its own investment in the specific Eligible Green Projects;
- The management of proceeds and unallocated proceeds amounts will be reviewed annually by external auditor, until the full allocation of proceeds and later in the case of any material change in the list of Eligible Green Projects.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental benefits of the Eligible Projects.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in the Framework.

The process is structured and based on relevant internal expertise and involves relevant departments of the Issuer:

- Business unit representatives in charge of finance and environment oversee the data collection through internal tools;
- The consolidation and aggregation of indicators is made at projects and categories level by the CSR and Finance Departments.

The Issuer commits to report at Project level as regards to the allocation reporting and at Category level for the impact reporting until the net proceeds are fully allocated and later in the case of any material change in the list of Eligible Green Projects.

The reporting will be performed on an annual basis and made publicly available through a dedicated report released in the Registration Document and/or on the ENGIE's website¹⁵, on or about the same date of the publication of the Registration Document.

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: the selected reporting indicators are relevant.

Reporting indicators
- The list and description of Eligible Green Projects (re)financed earmarked to each Green Finance Instrument - The share of net proceeds allocated to selected Eligible Green Projects' categories (re)financed (%) - The share of allocated proceeds vs total proceeds (%) - The share of refinancing (%) at Bond level - The share of co-financing for the Eligible Projects (i.e. in case of joint investment or joint ventures).

In its Registration Document, the Issuer annually reports on the Group treasury policy and management, which is also applicable to the management of unallocated proceeds contained in the Group's treasury.

Area for improvement consist in reporting on the types and amounts of temporary money market instruments of unallocated funds.

- Environmental benefits: the selected reporting indicators are considered relevant for all the categories. The impact reporting will be aggregated at category level and per geographic area for all project's categories and per technology for Renewable Energy Projects.

Eligible categories	Environmental benefits indicators		Vigeo Eiris' opinion
	Outputs and outcomes	Impact Indicators	
Renewable Energy production	- Installed capacity in MW; - Annual renewable energy production in MWh (in full operational phase)	- Annual GHG emissions avoided in tons of CO₂ equivalent	The selected reporting indicators are relevant.
Renewable Energy storage	- Storage capacity in MW; - Annual renewable energy stored in MWh (in full operational phase)	- Annual GHG emissions avoided in tons of CO₂ equivalent	The selected reporting indicators are relevant.
Transmission and distribution infrastructure	- T&D lines length (total and attributable km) and increase of T&D capacity (total and attributable MW) - Amount of renewable generation capacity connected by the T&D asset (MW)	- Annual GHG emissions avoided by the renewable generation capacity connected by the T&D asset (tCO₂e per year) (in full operational phase)	The selected reporting indicators are relevant.
Energy Efficiency	- Annual reduction of energy consumption in % or in MWh (in full operational phase) - For cogeneration: share of renewables (%)	- Annual GHG emissions reduced in tons of CO₂ equivalent	The selected reporting indicators are relevant.
Green Buildings	- Annual Energy intensity (KWh) per sqm - Environmental Certification achieved or targeted with sublevel and year of obtention	- Annual reduced/avoided GHG emissions in tons of CO₂ equivalent	The selected reporting indicators are relevant.

Eligible categories	Environmental benefits indicators		Vigeo Eiris' opinion
	Outputs and outcomes	Impact Indicators	
Clean Transportation	- Number or type of vehicles - Charging capacity - Number/size of infrastructure for electrification	- Annual GHG emissions reduced in tons of CO₂ equivalent or gCO₂ per passenger-km (passengers' activities) or per t-km (freight activity) - Annual GHG emissions avoided in tons of CO₂ equivalent or gCO₂ per passenger-km (passengers' activities) or per t-km (freight activity)	The selected reporting indicators are relevant.
Environmentally sustainable management of living natural resources and land use	- Treatment types (Physical, Chemical, Biological, Thermal treatments)	- Annual land remediated / decontaminated / regenerated (in ha or m²)	The selected reporting indicators are relevant.

The Issuer has committed to publicly disclose the key methodologies and assumptions used to calculate the benefits of Eligible Projects in the Issuer's annual Registration Documents and/or on the Issuer's website¹⁵, for each annual report.

In case of major ESG controversy on an Eligible Green Project, the Issuer will provide investors with information on key issues at stake and actions put in place by ENGIE.

Beyond the GBP guidelines, the Issuer is committed to monitor and report on the responsible management (i.e. ESG indicators) of the project at corporate level only, apart from any potential litigation related to ESG matters observed at project level.

- Eligible Green Projects are fully integrated in each business unit, covered by the overall annual group reporting.
- All the main ESG issues are monitored at corporate level, disclosed in the annual Integrated Report and dedicated web pages, available on the Issuer website, and are verified by a third party.

An area for improvement consists in having an independent external reviewer verify the reported information on the environmental benefits measured.

¹⁵ <https://www.engie.com/analystes-rse/finance-durable/green-bond>

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on the specificities of the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by Vigeo Eiris.

Level of the Issuer's ESG performance

ENGIE's ESG performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris on their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, Reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed. Vigeo Eiris has evaluated the reporting based on its transparency and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com