



EDF Green Bond

First anniversary of the issuance

December 2014



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Over €1bn allocated to finance 13 renewable projects built by EDF Energies Nouvelles

November 2013

- **€1.4bn raised** through the issuance of EDF's inaugural green bond

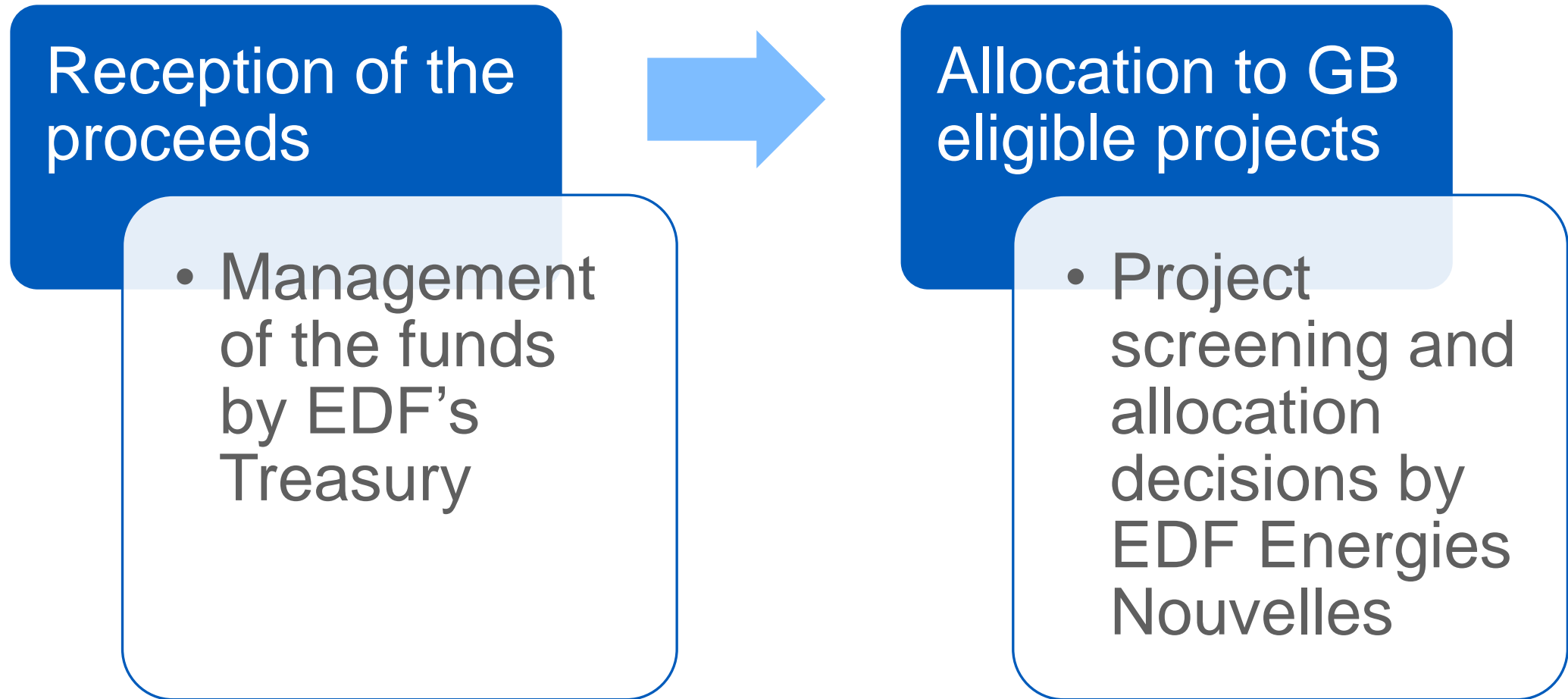
November 2014

- **Over €1bn allocated to 13 new renewable projects**
 - 3 countries: Canada, France, USA
 - 3 technologies: onshore wind (96% of the capacity), PV, biogas
- Total capacity: **1.8GW**
- Annual renewable output: ca. **7,000GWh**



- **Management and allocation of the funds**
- Focus on projects financed with the GB
- Reporting and assurance
- Looking forward

Funds managed and tracked under a dedicated process, implemented specifically for the Green Bond



A strict ring fencing of the funds in treasury

Management principles

- Upon reception, funds allocated to specific treasury assets
- Disbursement only to projects deemed eligible to GB financing by EDF EN
 - Under loan agreements b/w EDF and EDF EN

What happened since Nov 2013

- Funds allocated to money market funds
 - With a view to initially maximise the share of SRI funds
- Managed and tracked in a sub-portfolio
- Over €1.1bn transferred to EDF EN funding

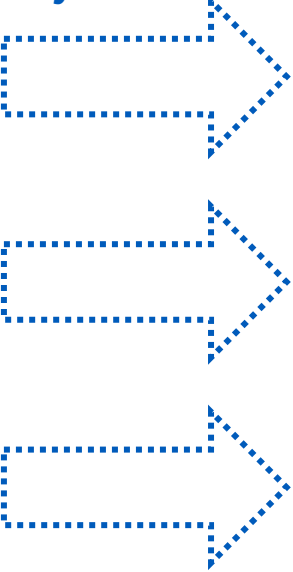
Challenges

- Cost of ring fencing the funds
- Depth and performance of the SRI money market funds

Screening of project eligibility against Vigeo criteria, as a basis for fund allocation

Green bond-dedicated processes developed and implemented by EDF EN, verified by Deloitte as a basis of their assurance statement

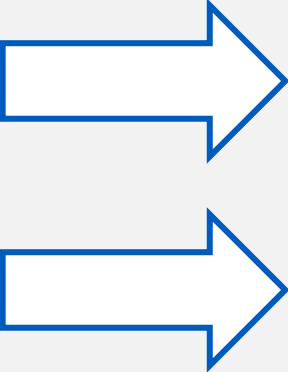
Renewable construction projects



Project screening

- Country HR and governance
- Environmental impacts
- Health & Safety
- Suppliers relationship
- Local stakeholders

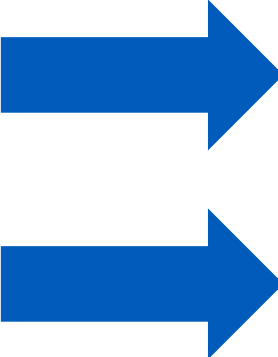
GB-eligible projects



GB fund allocation



GB-funded projects



- Management and allocation of the funds
- **Focus on projects financed with the GB**
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Ensemble Eolien Catalan Wind – Pyrénées-Orientales, France

Project description

- Construction of 96 MW
- Vestas V90 turbines – 3MW (26 units) / Vestas V80 turbines – 2MW (9 units)
- Beneficiary of CODOA
- Turbines will be equipped by Stealth Solution

Key expected milestones

- | | |
|----------------------------|---------|
| ▪ Feed-in tariff agreement | Q4 2013 |
| ▪ Construction start | Q2 2014 |
| ▪ Expected commissioning | Q3 2015 |



Spinning Spur 3

Wind – Texas, United States

Project description

- Construction of 194 MW
- Vestas V100 turbines – 2 MW (97 units)
- 20 year Power Purchase Agreements (PPAs)
 - With City of Garland (50 MW)
 - City of Georgetown (144 MW)

Key expected milestones

- | | |
|--------------------------|---------|
| ▪ PPAs | Q4 2013 |
| ▪ Construction start | Q3 2014 |
| ▪ Expected commissioning | Q3 2015 |



Rivière-du-Moulin Wind – Québec, Canada

Project description

- Construction of 350 MW
- Senvion MM82/MM92 turbines – 2 MW (175 units)
- 20 year PPA with Hydro-Quebec Distribution

Key expected milestones

- | | |
|--------------------------------|---------|
| ▪ PPA | Q2 2008 |
| ▪ Commissioning phase 1 | Q4 2014 |
| ▪ Expected commissioning ph. 2 | Q4 2015 |



CID Solar / Cottonwood Solar PV – California, United States

Project description		CID Solar	Cottonwood
	Capacity	20 MWp	25 MWp
	Technology	First Solar Series 3 90w solar panel	
	PPA	20 years, with Pacific Gas & Electric	25 years, with Marin Energy Authority

Key expected milestones		CID Solar	Cottonwood
	PPA	Q3 2012	Q2 2011
	EPC contract	Q4 2013	Q2 2013
	Expected COD	Q1 2015	Q2 2015



- Management and allocation of the funds
- Focus on some projects financed with the GB
- **Reporting and assurance**
- Looking forward

EDF provides periodic information on fund allocation and financed projects

Frequency	Information	Media
Quarterly (and on ad-hoc basis)	<ul style="list-style-type: none">□ Total amount disbursed□ Number of projects financed, total capacity, technology and location□ Total expected renewable power generation of the portfolio of financed projects	<ul style="list-style-type: none">□ Appendix to financial information presentations□ Dedicated page of the edf.com website
Annual	<ul style="list-style-type: none">□ Detailed list of financed projects□ Total amount disbursed□ Total expected renewable power generation of the portfolio of financed projects□ Statutory auditors' assurance statement	<ul style="list-style-type: none">□ Appendix to EDF's Reference Document

Third-party verification: providing investors with assurance on whether commitments are met

Scope of Deloitte's verification	What it means
Eligibility of projects that were allocated green bond funds	<ul style="list-style-type: none">□ Green Bond proceeds are allocated to new, renewable projects□ Projects meet all environmental and social conditions set with Vigeo
Correct segregation and exclusive allocation of the funds to eligible projects	<ul style="list-style-type: none">□ Funds are solely allocated to eligible projects□ Funds are not used for any other corporate purpose
Consistency between financial accounts and allocated amounts disclosed	<ul style="list-style-type: none">□ GB proceeds effectively allocated to eligible projects match what is reported in the Reference Document

- Management and allocation of the funds
- Focus on projects financed with the GB
- Reporting and assurance
- **Looking forward**

Full cooperation across corporate and operational divisions is essential

Finance Division

- Bond structure, based on EDF's financing needs and market expectations
- Management of proceeds
- Reporting to investors

Sustainable Development Division

- EDF Corporate Responsibility policy framework
- EDF vision of Renewables that need to be Sustainable
- EDF acting for the Energy Transition

EDF Energies Nouvelles

- Pipeline of eligible projects
- Strict fund allocation
- Project development and construction

- ⇒ Deploying the funds in the right projects within a reasonable timeframe
- ⇒ Reporting on investments financed with Green Bond proceeds
- ⇒ Preparing potential future issuances

Impact reporting: corporate issuers and investors need to work together to define market practices

What we have learnt over the year

- Impact reporting is a key driver for investors' interest in green bonds... but views diverge on what exactly corporate issuers should report
- Avoided CO₂ emissions is not always a relevant impact metric for RES
- Project-level information is sensitive
- Resources in operational units are limited

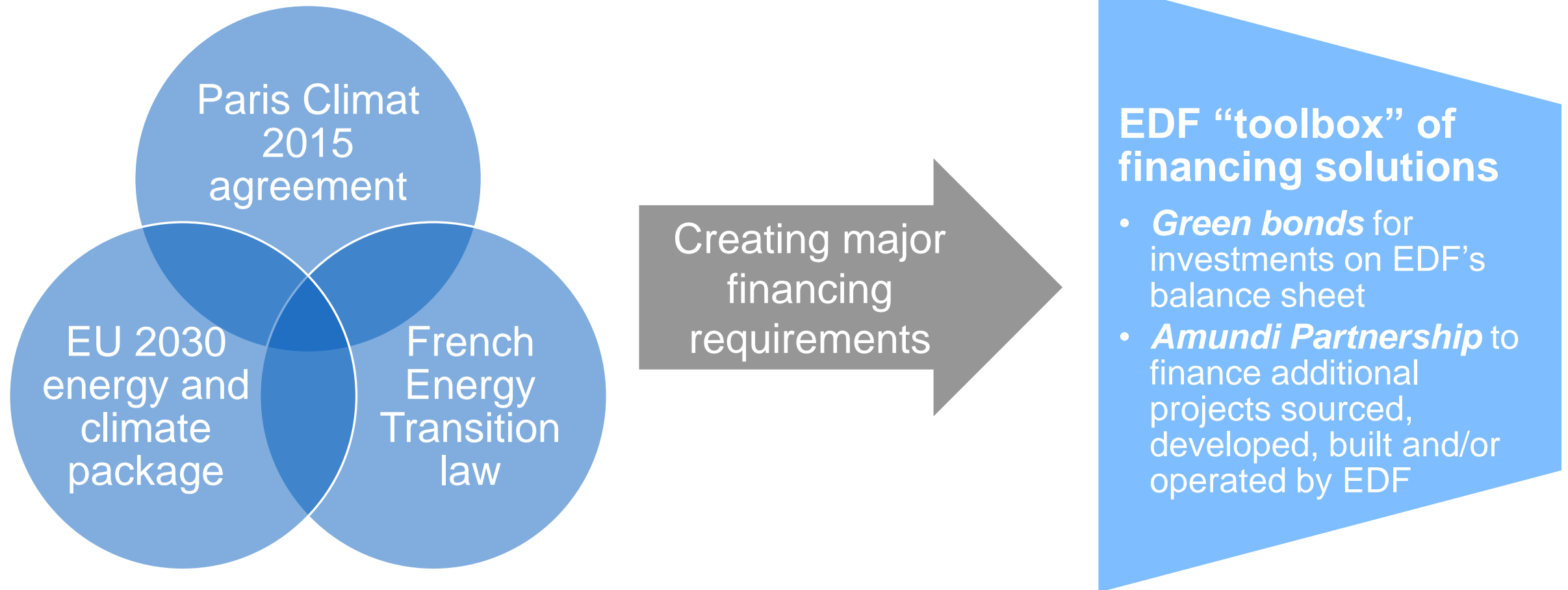
Several questions remain

- EDF Green Bond projects comply with “Vigeo criteria”
 - ⇒ Is that useful information to assess their ESG performance?
- EDF starts to report the expected renewable output from GB projects
 - ⇒ Is it a relevant indicator of the environmental benefits of RES projects?
- Some stakeholders call for social impact reporting under green bonds
 - ⇒ Is that really needed?

A number of issues to address when contemplating EDF's possible next green bond issuance

- EDF “use of proceeds” bond or project-bond?
- Which green investment categories?
 - Renewables (PV, onshore, offshore, small hydro, large hydro), Energy efficiency, Smart infrastructure, Adaptation, etc.
- Dealing with small, dispersed investment objects
 - Tracking of the funds, Reporting
- New projects, refinancing, acquisitions?
- Green bond ESG criteria and Second Opinion: what's really needed?
- Currency?
- Maturity?

EDF will continue to work on innovative solutions to address energy transition financing challenges





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Appendices



Key features of EDF's inaugural Green Bond

Features in line with a standard EDF bond

- Senior unsecured notes, issued through EMTN programme
- Size: €1.4bn – Annual coupon: 2.25%
- Maturity: 7.5 years (April 2021)

Unique attributes specified in the *Use of Proceeds* section of the Final Terms

- Proceeds allocated to eligible projects meeting stringent conditions
 - Renewable electricity projects, developed by EDF EN
 - Construction compliant with criteria vetted by Vigeo, based on ISO 26000 std
 - Refinancing of existing projects excluded
- Strict management and tracking of the funds
 - Net proceeds first allocated to a sub portfolio of specific liquidity instruments
 - Funds can then be allocated only to projects meeting the eligibility criteria (i.e. temporary use for general corporate purposes is excluded)
- Accountability on actual use of the funds
 - Eligibility of projects and allocated funds verified yearly by Deloitte
 - Public attestation report on the fulfillment by EDF of its commitments

EDF at the forefront of innovative financing through its partnership with Amundi

A complementary partnership

- A 50/50 asset management company⁽¹⁾ dedicated to the financing of the energy transition
- EDF will contribute its unique access to investment opportunities, and be responsible for project development, implementation and operation
- Amundi will provide its investment structuration skills as well as its fund-raising capabilities

3 thematic funds

- Renewable energy fund: additional wind and solar assets, in particular those identified by EDF Energies Nouvelles
- Small hydro power fund: small hydropower plants (<12MW) in a sector with strong local impact
- Energy efficiency fund: industrial and tertiary energy efficiency projects developed and built by EDF subsidiaries (including Dalkia)

Fund-raising goal set at €1.5 billion



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