EDF Green Financing Framework

July 12, 2022

THE RAISON D'ETRE OF EDF

To build a net zero energy future with electricity and innovative solutions to help save the planet and drive wellbeing and economic development

Introduction

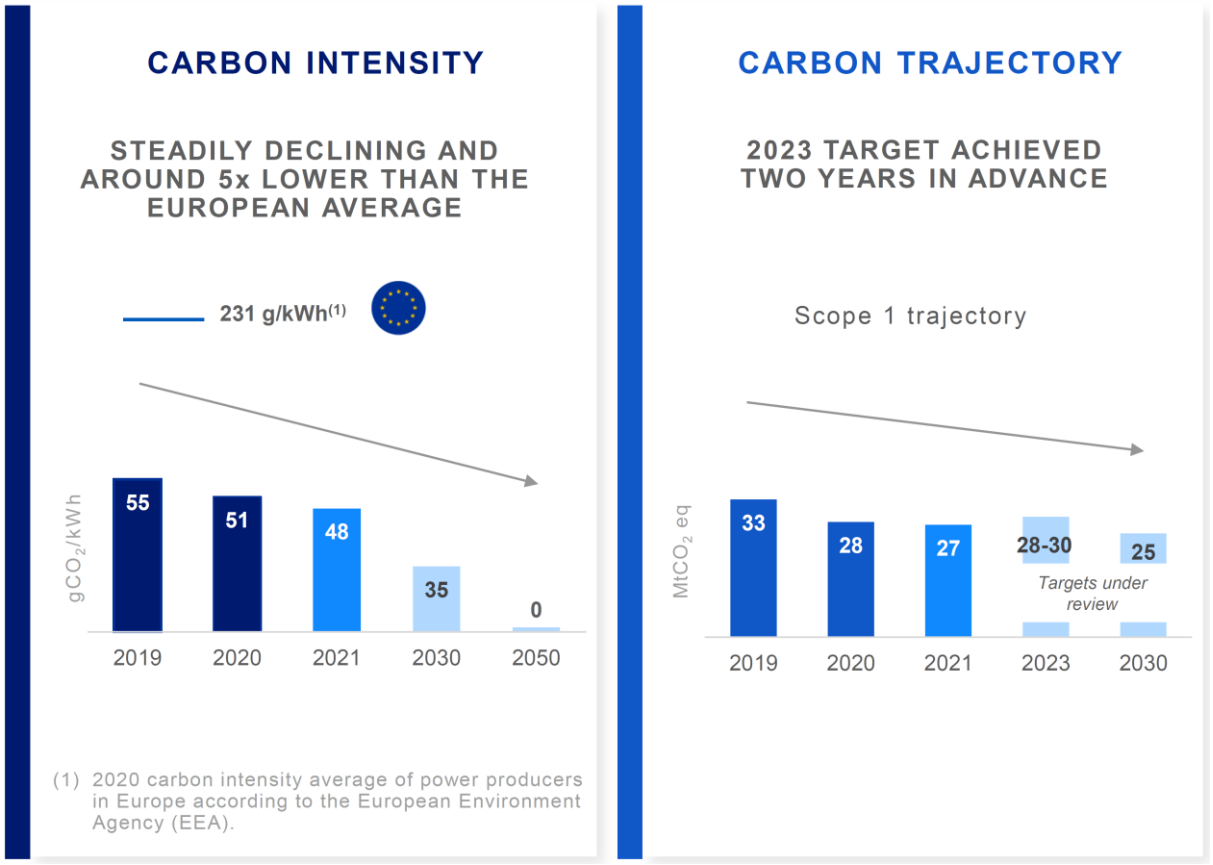
EDF's strategy

EDF's raison d'être is

> **"To build a net zero energy future with electricity and innovative solutions and services, to help save the planet and drive well-being and economic development".**

The EDF group produces **some of the least carbon-intensive electricity in the world**. In 2020 EDF made new greenhouse gas reduction commitments by 2030; these have been validated by the Science Based Targets Initiatives organization as being ahead of the COP21 2°C ambition.

For the first time, in 2021 the EDF group has set targets that cover not only its direct emissions but also its indirect emissions. The aim is to adopt a trajectory whereby the Group contributes to achieving carbon neutrality for its entire carbon footprint by 2050. By 2030, EDF aims to reduce its direct and indirect emissions by 50% compared to the 2017 level of emissions and to reduce its scope 3 emissions by 28% compared to the 2019 level.



The fight against climate change is based on energy decarbonization and reducing the carbon intensity of consumption as well as energy efficiency. This green financing framework is targeted at financing EDF's low carbon ambitions, in line with the EU taxonomy.

EDF's CAP 2030 strategy reflects EDF's raison d'être, structured around three strategic axes with specific goals.

A creator of services and solutions to support customers and territories shifting towards carbon neutrality

- >15MtCO$_2$ AVOIDED EMISSIONS (1)
- €10bn revenues IN SERVICES (2)
- >1.5 CONTRACTS/CUSTOMER (3)

A global leader in CO$_2$-neutral electricity generation

- ↘ 50% CO_2eq DIRECT EMISSIONS vs 2017
- 60GW NET
  >x2 NEW RENEWABLES CAPACITIES (INCL.HYDRO) VS. 2015
- INITIATING NEW EPRs & 1 SMR

An international key player in the energy transition

- EXIT COAL
- 1.5-2GW NET
  HYDRO INSTALLED CAPACITIES (4)
- 1 MILLION
  OFF GRID KITS

This strategy is supported by 16 Corporate Social Responsibility (CSR) commitments, that cover 4 issues, which are linked to the Group's materiality matrix and which cover all major issues of the Group's CSR policy and establishes a direct link to the relevant UN SDG goals.

EDF has one of the largest power generation fleets in the world, with some of the lowest CO2 emissions, thanks to the share of nuclear and renewable energy in its energy mix[1].

- **523.7TWh** ELECTRICITY GENERATION
- **117.3GW** CONSOLIDATED INSTALLED CAPACITY
- **34.8GW** NET RENEWABLE CAPACITY
- **91%** SHARE OF DECARBONISED GENERATION *

** Direct output-related CO_2 emissions, excluding life-cycle analysis (LCA) of fuel and production means.*

[1] 2021 figures as reported in EDF's 2021 Universal Reference Document

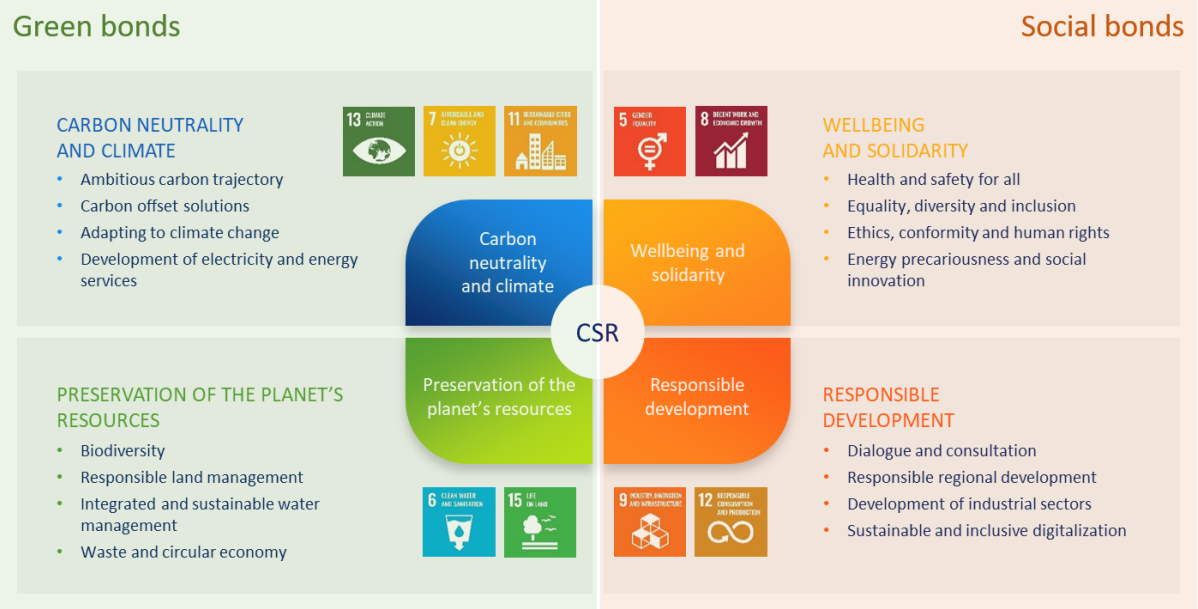
Renewable power projects 	Renewable energy is at the core of EDF's CAP 2030 strategy and EDF is a leading European renewables generator. In recent years EDF has made significant investments in renewables, including the development of new renewables capacity. EDF aims to accelerate this development of renewable energy in France and worldwide, with the goal of achieving 60GW net in 2030, and 10 GW of new storage capacity by 2035.
Hydropower generation 	Hydropower generation is the Group's most significant renewable energy source and is EDF's second largest source of low-carbon electricity generation after nuclear power. EDF is investing to anticipate needs arising from the expansion of other variable renewable energy (solar and wind power), and on increasing the flexibility of hydroelectric production resources and adaptation of power plant remote operation. The hydropower fleet is also a focus for biodiversity investments relating in particular to facilitating fish migration on sites with ecological implications and habitat restoration around production sites
Energy efficiency projects 	EDF through its subsidiary Dalkia offers customers expertise in developing, building and managing innovative, greener, more cost-effective energy solutions to enable the sustainable growth of cities and companies, with a specific expertise in energy efficiency. With close to 80 years' experience in managing heating and cooling networks, optimizing industrial utilities, enhancing the energy efficiency of buildings, and promoting alternative and renewable energy sources, Dalkia offers tailored solutions to reduce energy consumption and boost environmental and economic performance.
Distribution of electricity 	EDF's, through its subsidiary Enedis operates the largest distribution grid in Europe. To respond to ongoing growth of renewables and smart meter infrastructure, Enedis is drawing on new technologies that make it possible to fit networks with hundreds and thousands of sensors which allow for improved management of electricity flows and make the networks more resistant to climate hazards, as well as continued rollout of new smart meters.
Nuclear power generation 	EDF's nuclear generation fleet is the only one of its kind in the world and allows the vast majority of its electricity production to be free of direct CO2 emissions. The existing fleet in France is undergoing a major life extension and safety improvement program (Grand Carénage) and the related investments are designed to enable the plants in question to remain in operation beyond 40 years, guaranteeing nuclear safety, performance, and the protection of the environment. EDF is also active in the development of new nuclear around the world, notably Flamanville 3 in France and Hinkley Point C in the UK, as well as investing in new generation of EPR reactors and Small Modular Reactors (SMR).

Sustainable finance at EDF

EDF's sustainable finance strategy is directly linked to its raison d'être, strategy, and CSR policy.

To date, EDF has implemented a strict use of proceeds approach to its sustainable issuances, wherein financing is directed toward clearly identified green and/or social projects in accordance with ICMA's Green Bond and Social Bond Principles. EDF has demonstrated the success of this approach issuing bonds that are compliant with ICMA Principles since 2013.

EDF uses, on the one hand, green bonds to help finance its carbon neutrality and climate commitments as well as its natural resources protection commitments and, on the other hand, social bonds to help finance its commitments to wellbeing & solidarity and to responsible development.



Context and rationale for a new framework

EDF seeks to continue to expand the scope of its frameworks to finance its strategy. Moreover, recent regulatory developments, notably the EU taxonomy regulation and draft EU Green Bond Standard have both necessitated and allowed for modifications to go beyond best market practice and to further finance EDF's ambitions, as well as allowing EDF to anticipate further evolutions in the regulatory environment.

Use of proceeds

The scope of this Green Financing Framework includes Green Bonds as well as other products such as Green Commercial Paper and Green Repo. In all cases, the following Use of Proceeds applies.

Use of proceeds shall be limited exclusively to financing and refinancing the project categories listed below.

All such projects target the EU's environmental objective of climate change mitigation.

EDF will identify at issuance the project categories to be financed.

If a portion of the proceeds are to be used for refinancing, EDF shall provide a non-binding pre-issuance estimate of the amount to be refinanced.

EDF may choose to finance projects within a look-back period limited to three calendar years from the issuance year of the bond in question (e.g., January 2019 to December 2021 for a bond issued at any point in 2022).

Projects eligible for the EU taxonomy

The following investments shall align with the eligibility criteria of the EU regulation 2020/852 of 18 June 2020 (known as "Taxonomy regulation"), and the procedures defined by the "Article 8" Delegated Act, including the relevant technical screening criteria, "Do No Significant Harm" criteria, and minimum social safeguards.[2]

Activity	Eligible investments	EU taxonomy categories
Renewable power projects 	Investments in new projects including: • Onshore wind energy • Offshore wind energy[3] • Solar energy • Hydropower • Storage of electricity (batteries, hydrogen, pumped hydropower, etc) • Geothermal	• 4.1 Electricity generation using solar photovoltaic technology • 4.3 Electricity generation from wind power • 4.5 Electricity generation from hydropower • 4.10 Storage of electricity
Hydropower generation 	Investments in existing works including: • Replacing large electric and mechanical components, • Renovating electrical facilities and control systems,	• 4.5 Electricity generation from hydropower

[2] This selection methodology is described in detail in chapter 3.8.3 of the Group's 2021 Universal Registration Document, as may be updated from time to time.

[3] Offshore wind outside the European Union financed with green bonds will be subject to a gap analysis to confirm the degree of alignment with the EU Taxonomy criteria including DNSH.

	• Upgrading existing facilities in order to improve the generation efficiency • Environmental refurbishment of generation facilities including especially protection of biodiversity	
Energy efficiency projects 	Investments in new projects and existing works including: • Smart Lightning projects • District or private sector heating and cooling networks (production facilities and distribution networks)[4] • Production and cogeneration of heat/cool and power from bioenergy and waste heat,	• 4.15 District heating/cooling distribution • 4.20 Cogeneration of heat/cool and power from bioenergy • 4.24 Production of heat/cool from bioenergy • 4.25 Production of heat/cool using waste heat
Distribution of electricity 	Investments in new projects and existing works including: • Investments in the distribution network connected to the European system • Connections to renewable energy facilities • Allowing higher inflows of renewable energy into the grid • Infrastructure supporting the electrification of transport (including EV charging) • Smart metering	• 4.9 Transmission and distribution of electricity

Projects eligible for the EU taxonomy under complementary delegated acts

The following investments shall align with the criteria of the Complementary Delegated Act for nuclear and gas activities, i.e. the relevant technical screening criteria, "Do No Significant Harm" criteria, and minimum social safeguards. The Complementary Delegated Act for nuclear and gas activities has been adopted on 9 March 2022 by the European Commission and was not subject to a veto by 11 July 2022. It will be published in the Official Journal and will enter into force from 2023.

Activity	Eligible investments	EU taxonomy categories
Nuclear power generation 	Investments in new build projects and existing works including: • Research, development, demonstration, and deployment of innovative reactors that produce	• 4.26 Pre-commercial stages of advanced technologies with minimal waste from the fuel cycle

[4] District or private sector heating networks will not exceed 10% of the Use of Proceeds of a given issuance

	energy from nuclear processes with minimal waste from the fuel cycle • Projects authorized no later than 2045 by the competent authorities for the construction and safe operation of “best available technologies” nuclear • Projects authorized no later than 2040 by the competent authorities to extend the operating life of existing reactors	• 4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies • 4.28 Electricity generation from nuclear energy in existing installations

EDF shall identify at issuance if it intends to finance nuclear power generation with the proceeds of a given bond.

The use of proceeds does not include projects relating to the production of electricity from gas.

Project selection

All capex and opex related to one of the eligible Use of Proceeds categories in this Framework and validated by the following selection process shall be eligible for green bond financing.

Taxonomy eligibility

EDF currently verifies and reports Taxonomy eligible capex and opex according to the Taxonomy regulation and Taxonomy complementary delegated acts. As of 2021 EDF reports these amounts in its Universal Reference Document.

EDF's Environmental Management System and Human Rights guidelines are key elements of verifying compliance with the technical screening criteria, DNSH criteria and minimum social safeguards.[5]

Selection process and third-party verification

EDF entities receiving funds are responsible for identifying green bond eligible projects and verifying their eligibility. Entities shall appropriately document the project selection process according to the requirements of a third-party verification report, to be provided annually by one of EDF's statutory auditors.

EDF has also established an ad-hoc "Taxonomy Working Group" consisting of members of the sustainable development, regulatory affairs and finance teams which assists entities in verifying the eligibility of their activities in the context of the taxonomy regulation.

EDF shall exclude projects already financed by its social bond program.

[5] This selection methodology is described in detail in chapter 3.8.3 of the Group's 2021 Universal Registration Document, as may be updated from time to time.

Management of proceeds

The outstanding amount of proceeds of any green bond issuance under this Framework will be managed by the Treasury and Financing team of EDF S.A to ensure full traceability to eligible projects.

An amount equivalent to the net proceeds of the Green Bonds will be tracked by the Treasury and Financing team of EDF S.A until full allocation to Eligible Projects

Net proceeds of green bond issuances identifying nuclear power generation as an eligible project shall be managed in a portfolio separate from other issuances to ensure full traceability.

Prior Green Bond issuances by EDF will continue to be managed according to the process described by the EDF Green Bond Framework in place at the time of issuance.

Until full allocation of net proceeds the balance of the unallocated net proceeds will be invested in short-term financial assets, labelled as green or “Socially Responsible Investments” by external parties.

EDF shall use best efforts to allocate all eligible proceeds within 24 months after issuance.

Reporting

EDF will provide annual green bond reporting in its Universal Registration Document. EDF will continue to report until full allocation or the maturity date of a given Green Bond issue, whichever comes first.

EDF also provides details on its sustainable issuances on its Sustainable Finance Website: **https://www.edf.fr/en/the-edf-group/dedicated-sections/investors-shareholders/bonds/green-bonds**

Allocation reporting

EDF will provide the following information on the allocation of green bond proceeds.

All projects:	• Total amount of proceeds • Total amount of proceeds allocated to eligible projects • Total amount of refinancing • Total amount of unallocated proceeds • Allocations by eligible project category • Allocations by geographical distribution • Number of eligible projects • Commissioning date of new build projects

Impact reporting

EDF will provide information on the impact of green bond investments by project category. By way of example, such reporting may include the following indicators. If deemed necessary, reporting may be based on ex-ante estimates of expected impacts and may include other relevant indicators not included on this list. Methodological information shall be provided in the report.

Renewable power projects 	• Installed capacity in MW • Expected production in GWh per year • Expected avoided CO2 emissions in tons of CO2 per year
Hydropower generation 	• Installed capacity impacted by investments in MW • Expected electricity output in GWh per year • Expected avoided CO2 emissions in tons of CO2 per year • A qualitative description of environmental benefits • For biodiversity projects: qualitative impacts and, at EDF's discretion, quantitative impacts according to a suitable indicator
Energy efficiency projects 	• Expected avoided CO2 emissions in tons of CO2 per year

Distribution of electricity 	• New lines installed in kilometers • Number of new clients connected to the network • Installed renewable energy capacity connected to network in MW and in relative share of total capacity in % • Number of electric vehicle charging installations • Number of smart meter installations
Nuclear power generation 	• Installed capacity impacted by investments in MW • Expected production in GWh per year • Expected avoided CO2 emissions in tons of CO2 per year

CO2 Reporting

EDF will continue to report annually in its Universal Reference Document and on its website on its corporate CO2 emissions across all scopes and all activities, in line with its published carbon trajectory and milestones, certified in December 2020 by Science Based Targets Initiative (SBTi) as Well Below 2°.

External review

Second party opinion (pre-issuance)

EDF has appointed CICERO Shades of Green to issue an independent pre-issuance Second Party Opinion on its Green Financing Framework on the alignment of the Framework with the appropriate standards. CICERO Shades of Green applies its own methodology to carry out its assessment. The Second Party Opinion is available on EDF's Sustainable Finance Website and refers to this Framework and every bond issued thereunder.

Annual verification report (post-issuance)

One of EDF's statutory auditors shall be appointed to issue a post-issuance verification report of limited assurance on the internal tracking and allocation of net proceeds from an issuance to eligible projects. This report shall also include verification of compliance with the methodology for calculating avoided CO2 emissions, according to the EDF Group calculation applicable at the time. This report shall be issued annually until the proceeds are used in full or until the maturity date of the applicable bond, whichever comes first.

EDF Sustainable Finance Website:

https://www.edf.fr/en/the-edf-group/dedicated-sections/investors-shareholders/bonds/green-bonds