



## SECOND PARTY<sup>1</sup> OPINION ON THE SUSTAINABILITY OF EDF'S GREEN BOND<sup>2</sup>

Issued in September 2016

### SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainable credentials of the Green Bond considered by EDF according to the Vigeo Eiris Environmental, Social and Governance (ESG) assessment methodology. This opinion is based on the review of the three components of a sustainable Green Bond, in line with the Green Bond Principles:

- Issuer: analysis of EDF's ESG performance, controversies on ESG issues and capacity to mitigate the associated risks.
- Project: analysis of the eligible project categories and expected sustainability benefits (use of proceeds), the evaluation and selection process and the ESG integration.
- Reporting: assessment of the reporting commitments for projects fund allocation, sustainability benefits and ESG project management.

Vigeo Eiris' sources of information are gathered from the issuer, press content providers and stakeholders. Vigeo Eiris reviewed documents supplied by the issuer, especially EDF Green Bond framework dated September 2016.

### VIGEO EIRIS OPINION

Vigeo Eiris confirms that the bond considered by EDF is a "Green Bond", aligned in line with the Green Bond Principles and our level of assurance on the sustainability of this bond is reasonable<sup>3</sup>:

- EDF displays an overall robust<sup>3</sup> ESG performance (see Part I).
- The framework elaborated by EDF for this Green Bond is considered to be robust (see Part II):
  - The net proceeds of the issuance will be used to finance Renewable Energy Projects which contribute to climate change mitigation and adaptation and energy transition.
  - In addition, Eligible Projects will meet a set of ESG criteria which cover specific ESG risks for defined Eligible Projects attesting their sustainable value and responsible management.
- The reporting commitments cover the fund allocation and the environmental benefits, and partially the ESG project management with reporting at corporate level only, showing an overall reasonable level of transparency and capacity to report on the Green Bond (see Part III.).

#### **Part I. ISSUER**

##### Level of the issuer's ESG performance

As of October 2014, EDF's approach to managing its ESG performance is considered to be robust. EDF is ranked 10<sup>th</sup> out of 43 companies in the "Electric & Gas Utilities" Vigeo Eiris sector. All major ESG objectives have been integrated to the company's Corporate Social Responsibility strategy (CSR strategy). The company displays heterogeneous performances on the three ESG pillars, ranging from limited on the Governance pillar to advanced on the Environmental and Social pillars.

<sup>1</sup> Second Party Opinion – Green Bond Principles: This opinion is to be considered as the "Second Party Opinion" described in the Voluntary Process Guidelines for Issuing Green Bonds, issued by Green Bond Principles, 2016.

<http://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GBP-2016-Final-16-June-2016.pdf> "Consultant review"

<sup>2</sup> The "Green Bond" is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

<sup>3</sup> Vigeo Eiris' scales of assessment (detailed definitions are available on page 10):

Performance: Advanced, Robust, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

### ESG risk mitigation

Vigeo Eiris' level of assurance on EDF management of its risk factors ranges from reasonable regarding its reputation, human capital and operational efficiency risks, to moderate for its legal security risks.

### Stakeholder-related ESG controversies and disputable activities<sup>4</sup>

As of August 2016, EDF has faced frequent allegations regarding all sustainability domains under review. The severity ranges from minor to high based on the analysis of its impact on the company and its stakeholders. EDF is overall reactive: it reports transparently in most of the cases, and cooperates with interested parties or take corrective actions in some cases.

Regarding the 9 disputable activities analysed by Vigeo Eiris, EDF's involvement in nuclear energy is major.

## **Part II. PROJECT FRAMEWORK**

### Use of proceeds

The net proceeds of the Green Bond will be used to finance – in whole or in part – Eligible Projects consisting in new and/or existing renewable energy projects defined as:

1. Wind and solar projects developed by EDF Energies Nouvelles (EDF EN) located worldwide
2. Investment activities in hydropower facilities in mainland France:
  - a. Renovation and upgrade of existing hydropower facilities
  - b. Modernisation and automation of existing hydropower facilities' maintenance and operation
  - c. Hydropower development projects.

Eligible Projects' contribution to sustainable development is positive, due to expected environmental benefits on climate change mitigation/adaptation and energy transition. The associated objectives and expected benefits are visible, precise, relevant and partially quantifiable.

### Process for project evaluation and selection

The process for evaluation and selection of eligible projects to be financed is clearly defined in EDF Green Bond framework. EDF has committed to attest the responsible management and sustainable value of the financed projects through Environmental, Social and Governance Selection Criteria which have been developed by EDF for each projects' category taking into account existing EDF's CSR strategy and evaluated by Vigeo Eiris.

Vigeo Eiris considers that specific ESG risks are covered for defined Eligible Projects categories.

The evaluation and selection of eligible projects will use internal expertise:

- EDF EN projects will be assessed against the EDF EN Project E&S Criteria by EDF EN's Finance department, based on elements provided by the EDF EN teams in charge of project development, procurement and sustainable development.
- French Hydro projects will be assessed against the French Hydro Project E&S Criteria by the Finance department of EDF's Hydro Division, based on elements provided by the Hydro Division's teams in charge of project development, procurement and sustainable development.

Vigeo Eiris considers that the evaluation and selection process is clearly defined and that the integration of ESG issues in the issuer's commitments is robust at project level, in line with EDF's CSR strategy.

### Management of proceeds

The rules for the management of proceeds are clearly defined in the EDF Green Bond framework.

The net proceeds of the Green Bond issuance will be managed through a dedicated process aiming to ensure full traceability of the proceeds in EDF SA's treasury and a use dedicated to financing Eligible Projects.

The net proceeds of the Bond issuance will be invested in priority in financial assets labelled as "Socially Responsible Investments" by external parties.

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<sup>4</sup> Disputable activities analysed by Vigeo: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco.

### Part III. REPORTING FRAMEWORK

EDF commits to report regularly – and at least annually – and until either the net proceeds are used in full or the maturity date of the Green Bond issue, whichever comes first, on:

- Use of the Green Bond proceeds: list of financed projects and hydro facilities, with related description, and regular updates on the allocation of the Green Bond proceeds consolidated at category level.
- Environmental benefits: annual estimates of climate benefits based on methodologies that are detailed in EDF Green Bond Framework, and are internationally recognised.
  - For EDF EN projects: quantitative indicators aggregated at category level.
  - For French Hydro projects: quantitative (category 2c) and qualitative (categories 2a and 2b) indicators aggregated at category level.

Such reporting will be made publically available on EDF's corporate website<sup>5</sup> as well as in its annual reports.

Selected reporting indicators are mostly exhaustive and relevant regarding use of proceeds and environmental outcomes in spite of the lack of quantitative impact reporting for some eligible projects (categories 2a and 2b). As a result, Vigeo Eiris considers that EDF shows a reasonable capacity to transparently report on fund allocation and project benefits.

Reporting indicators on ESG project management will be provided at corporate level only, without disclosure at project level, which is an area of improvement. Based on the integrated corporate reporting and the external verification of project compliance with the ESG selection criteria, the reporting on ESG management at project level is partial.

Vigeo Eiris provides a reasonable level of assurance on EDF's reporting commitments.

### EXTERNAL REVIEW

EDF's Green Bond issuance is supported by external review provided by:

- The hereby Vigeo Eiris' review ("Second Party opinion"), as CSR consultant, on sustainability credentials of the Green Bond, based on pre-issuance commitments and covering all the bond dimensions, i.e. issuer commitments, project (use of proceeds and ESG integration) and reporting (purpose of this mission).
- An external third party audit (on ESG and/or financial aspects) on the annual verification of the tracking bond proceeds, the compliance of the selected projects with the above eligibility process and the reporting metrics, during the fund allocation process, until the net proceeds are used in full or the maturity date of the Green Bond issue, whichever comes first.

More detailed results are provided in the next pages for each component.

*This opinion is valid as of the date of issuance limited to EDF's Green Bond*

Paris, September 6<sup>th</sup>, 2016



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#### Disclaimer

Transparency on the relation between Vigeo Eiris and the issuer: Vigeo Eiris has, to date, executed two previous audit missions for EDF (including the evaluation of green bond projects selection criteria in November 2013). No established relationship (financial or others) exists between Vigeo Eiris and EDF.

This opinion aims to explain to investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the assets financed by the Green Bond. EDF 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 focuses neither on financial performance of the Green Bond, nor on the effective allocation of 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. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of EDF or its financial obligations.

<sup>5</sup> EDF has established a specific section of its corporate website dedicated to providing information about its Green Bonds (<https://www.edf.fr/en/the-edf-group/dedicated-sections/finance/investors-analysts/bonds/green-bonds>)

## DETAILED RESULTS

### Part I. ISSUER

#### Level of EDF's ESG performance

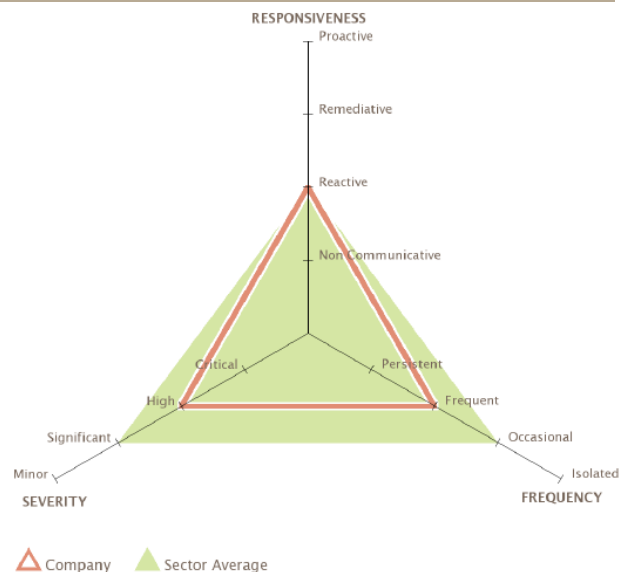
As of October 2014, EDF displays an overall robust ESG performance.

Domain	Comments	Opinion assessment level
Environment	EDF's environmental performance is advanced. The company demonstrates efforts to reduce its atmospheric emissions from generation activities, including in terms of ambitious targets set and a low carbon factor of thermal facilities compared to the sector average. The company's environmental strategy is particularly advanced and the overall carbon factor is low in a sector context (116.3kg CO <sub>2</sub> /MWh in 2013). Of note however, one nuclear incident has taken place yearly from 2002 to 2012 (level 2 on the INES).	Advanced
		Robust
		Limited
		Weak
Social	EDF's Human Resources performance is advanced, notably on account of its outstanding performance in the field of management of reorganisations with extensive means put in place and the absence of lay-offs. All the areas addressed in this domain are subject to formalised commitments laid down in the Group Corporate Social Responsibility Agreement signed in 2009 (renewed in 2014).  EDF's Human Rights performance is robust. The CSR Global Framework Agreement lays down formalised provisions on all issues analysed in this domain and means in place to prevent discrimination appear highly efficient.  EDF's Community Involvement performance is advanced. EDF displays highly relevant policies, with quantified targets, as well as highly efficient means to promote access to energy in developing countries and to prevent fuel poverty. Results appear mixed, with more beneficiaries of the primary need tariff over time and a decreasing number of beneficiaries of the housing fund. EDF displays a robust performance in terms of promoting local social and economic development mainly through educating local personnel, but its strategy to mitigate the impacts of its operations appears limited to community consultations.  EDF demonstrates an advanced management of social factors in the supply chain.	Advanced
		Robust
		Limited
		Weak
Governance	EDF's Corporate Governance performance is robust. The performance is characterised by an advanced respect for shareholders' rights, including in terms of submitting the Chairman/CEO's remuneration to shareholder approval. In addition, CSR issues are soundly integrated within the Board of Directors, including under the Audit Committee's supervision. Of note however, the roles of Chairman and CEO are combined, Board members are eligible for re-election following 5-year terms and the Company discloses executive remuneration for the Chairman/CEO only.  Regarding Business Behaviour, EDF makes references to prevent anti-competitive practices and a competition law training programme is in place. However, Vigeo Eiris expresses reserves on their relevance and efficiency given the high frequency of on-going judiciary processes in this matter. More positively, it worth mentioning that Sustainable Development experts supervise lobbying activities.	Advanced
		Robust
		Limited
		Weak

#### Stakeholder-related ESG controversies

- **Frequency:** As of August 2016, EDF faces frequent allegations: the company is involved in 31 stakeholder-related ESG controversies regarding all sustainability domains under review.
- **Severity:** The company faces 2 cases of high severity, 18 cases of significant severity and 11 cases of minor severity. The level of severity is high for cases related to fundamental human rights, social and economic development and audit & internal controls.
- **Responsiveness:** EDF is overall reactive: the company reports transparently in 17 cases, including the 2 cases with a high level of severity, and remedial actions have been taken for 2 cases.

Sources: Factiva research and Company's sources

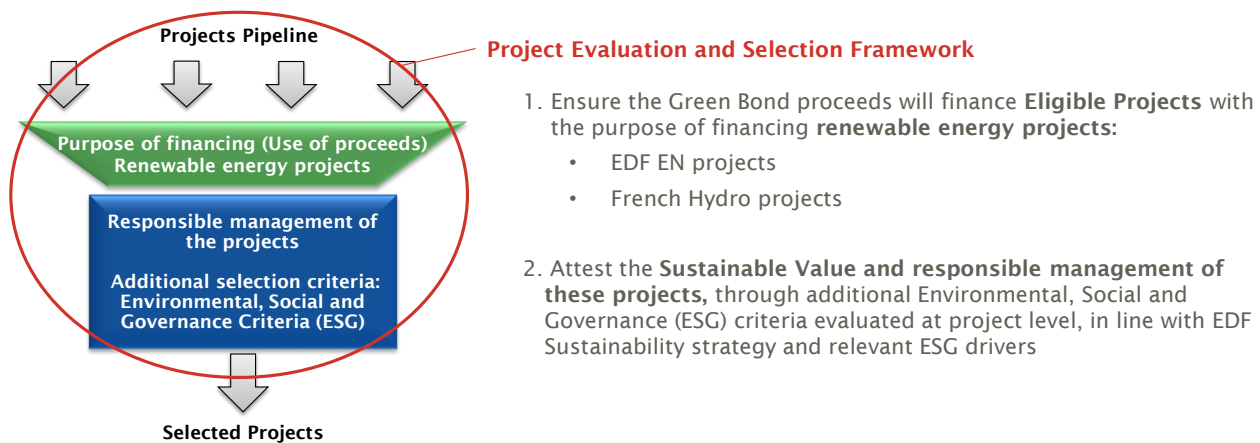


### Involvement in disputable activities

EDF's level of involvement in nuclear energy is major: Vigeo Eiris estimates that the company derives 50+% revenues from this disputable activity.

EDF is not involved in any of the 8 other disputable activities analysed by Vigeo Eiris.

## **Part II. PROJECT FRAMEWORK**



EDF's evaluation and selection framework is considered to be robust, based on the governance of the bond process, on the use of proceeds, and on the evaluation and selection process, as evaluated below.

### Governance of the process

The evaluation and selection of eligible projects, based on the following process will use internal expertise, and is clearly defined:

- EDF EN projects will be assessed against the EDF EN Project E&S Criteria by EDF EN's Finance department, based on elements provided by the EDF EN teams in charge of project development, procurement and sustainable development.
- French Hydro projects will be assessed against the French Hydro Project E&S Criteria by the Finance department of EDF's Hydro Division, based on elements provided by the Hydro Division's teams in charge of project development, procurement and sustainable development.

The Finance departments of EDF EN and EDF's Hydro Division committed to document the entire project assessment process in their respective scopes with a view to demonstrate to an independent auditor that funded projects meet the applicable eligibility criteria and contribute to the objectives.

### Use of proceeds

The net proceeds of the Green Bond issuance will be used to finance – in whole or in part – Eligible Projects, defined as Renewable Energy projects, which contribute to climate change mitigation/adaptation and energy transition. These projects consist in:

1. EDF EN projects: new and/or existing renewable power generation projects developed by EDF EN.
2. French Hydro projects: investment activities corresponding to (2a) renovation and upgrade of existing hydropower facilities in mainland France, (2b) modernization and automation of existing hydropower facilities' maintenance and operation in mainland France, and (2c) hydropower development projects in mainland France.

Use of proceeds criteria and expected environmental benefits have been defined in the table below:

Eligible Projects	Definition	Sustainability benefits
1. EDF EN projects	<ul style="list-style-type: none"> <li>- New renewable power generation projects developed by EDF EN</li> <li>- Existing renewable power generation projects developed by EDF EN which have not yet started or been externally financed at the issue date that EDF EN may develop or invest in after the issue date</li> </ul>	<p><b>Climate change mitigation and Energy transition</b> GHG emissions avoidance</p>
2. French Hydro projects	<ul style="list-style-type: none"> <li>- 2.a. Renovation and upgrade of existing hydropower facilities in mainland France: replacing large electric and mechanical components and renovating existing facilities</li> </ul>	<p><b>Climate change mitigation and Energy transition</b> GHG emissions avoidance</p> <ul style="list-style-type: none"> <li>- Improvement/maintenance of the generation efficiency</li> </ul> <p><b>Climate change adaptation</b></p> <ul style="list-style-type: none"> <li>- Improvement of facility resilience and adaptation to changing climate patterns and extreme events</li> </ul>
	<ul style="list-style-type: none"> <li>- 2.b. Modernization and automation of existing hydropower facilities' maintenance and operation in mainland France: renovating electrical facilities and control systems, and implementing e-operating and e-monitoring tools as well as computer-aided maintenance management.</li> </ul>	<p><b>Climate change mitigation and Energy transition</b> GHG emissions avoidance</p> <ul style="list-style-type: none"> <li>- Improvement of the flexibility and the operating performance of the hydropower fleet (generation efficiency and availability)</li> </ul>
	<ul style="list-style-type: none"> <li>- 2.c. Hydropower development projects in mainland France: develop or add new hydropower generation capacity or seek to significantly increase the performance of already existing facilities</li> </ul>	<p><b>Climate change mitigation and Energy transition</b> GHG emissions avoidance</p> <ul style="list-style-type: none"> <li>- Increase of hydropower generation output</li> </ul>

The Eligible Projects' contribution to sustainable development is positive, due to expected environmental benefits of these projects on climate change mitigation/adaptation and energy transition. The associated objectives are visible, precise and relevant. At least annually, the benefits will be described for all categories and quantified only for projects' categories 1 and 2c using impact reporting (see Part III.).

#### Process for project evaluation and selection

In its Green Bond framework – which is publicly available – EDF has committed to attest the responsible management and sustainable value of the financed projects through Environmental, Social and Governance Selection Criteria which have been developed by EDF for each projects' category taking into account existing EDF's CSR strategy and evaluated by Vigeo Eiris.

EDF's evaluation and selection process has been assessed by Vigeo Eiris regarding the exhaustiveness and relevance of ESG criteria and associated commitments implemented at project level. Vigeo Eiris considers that the ESG criteria used for the evaluation and selection of Eligible Projects are robust.

#### Management of proceeds

The rules for the management of proceeds and the allocation process are clearly defined in the EDF Green Bond framework.

The net proceeds of the Green Bond issuance will be managed by EDF SA's treasury through a dedicated process aiming to ensure full traceability of the proceeds in a dedicated sub-portfolio of treasury assets and a use dedicated to financing Eligible Projects.

Pending the allocation, proceeds will be invested in priority in financial assets labelled as "Socially Responsible Investments" by external parties. However, their involvement in GHG intensive activities and disputable activities is not disclosed. Complete allocation of the proceeds is expected within 24 months of the issue date.

As part of its business model, EDF EN may sell part of the new renewable generation capacity developed and built by its dedicated subsidiary. EDF will ensure that the net renewables generation capacity on its balance sheet is always higher than the net capacity for which the construction was financed with the proceeds of all outstanding Green Bonds (for renewables capacity excluding hydropower which falls under a different business model).

The share of refinancing is nil: proceeds are not meant to be used to refinance existing projects or to businesses or projects already in operations.

### Part III. REPORTING FRAMEWORK



EDF commits to report regularly – and at least annually – and until either the net proceeds are used in full or the maturity date of the Green Bond issue, whichever comes first, on:

- Use of the Green Bond proceeds: list of financed projects and hydro facilities, with related description, and regular updates on the allocation of the Green Bond proceeds consolidated at category level.
- Environmental benefits: annual estimates of climate benefits based on methodologies that are detailed in EDF Green Bond Framework, and are internationally recognised (e.g. the Environmental Protection Agency or the Intergovernmental Panel on Climate Change).
  - For EDF EN projects: quantitative indicators weighted and aggregated at category level, where weighting corresponds to the share of project investment amounts financed by the Green Bond
  - For French Hydro projects: quantitative (category 2c) and qualitative (categories 2a and 2b) indicators aggregated at category level.

In order to report on the impact measured, EDF could substitute any of the selected indicators when it considers that it is convenient and could integrate any other indicators when considered as appropriate to disclose the performance of such projects.

Selected reporting indicators are mostly exhaustive and relevant regarding use of proceeds and environmental outcomes in spite of the lack of quantitative impact reporting for some eligible projects (categories 2a and 2b). As a result, Vigeo Eiris considers that EDF shows a consistent capacity to transparently report on fund allocation and project benefits.

Information on ESG project management will be provided at corporate level only, without disclosure of ESG indicators at project level, which is an area of improvement. Based on the integrated corporate reporting, the information on ESG management at project level is partial.

Regarding information on ESG project management, the issuer will disclose the results of the external auditor verification on the compliance of selected projects with the eligibility process, including the ESG selection criteria. However, the reporting will be provided at corporate level only, without disclosure at project level, which is an area of improvement. Based on these considerations, the reporting on ESG management at project level is partial.

Such reporting will be made publically available on EDF's corporate website as well as in its annual reports. All the main ESG issues are measured by EDF, reported annually in its Reference Document and their GRI compliance is verified by a third party. An auditor's attestation will be delivered at least yearly till the maturity of the Bond on the amounts of eligible projects financed and environmental metrics.

## Fund allocation

Category	Aggregated at category level
Use of proceeds	<ul style="list-style-type: none"> <li>- List of financed projects and hydro facilities, with related description including the projects' name, technology, capacity (in MW), location and commissioning timeline</li> <li>- Total amount of proceeds allocated to selected Eligible Projects</li> <li>- Share of proceeds allocated versus total amount of proceeds</li> <li>- Balance of unallocated proceeds</li> <li>- Distribution of the total allocated amount between the different investment activities presented in the Use of Proceeds section</li> <li>- Geographical distribution</li> <li>- Number of projects having received Green Bond funding</li> </ul>

## Environmental benefits

Benefits	Reporting indicators
<b>I. EDF EN projects (reporting aggregated at category level)</b>	
Climate change mitigation	- Electricity generation capacity from renewable energy sources built under each project (in MW)
	- Expected electricity output of each project (in GWh)
	- Expected avoided CO <sub>2</sub> emissions from injecting this electricity output into power grids (in tons of CO <sub>2</sub> )
<b>2. French Hydro Projects (reporting aggregated at category level)</b>	
Climate change mitigation/adaptation	<b>2a. For investment activities in renovation and upgrade of hydropower facilities and 2b. For investment activities in modernisation and automation of hydropower facilities' maintenance and operation</b>
	- Qualitative description of the environmental benefits resulting from the investment activities
	- Electricity generation capacity impacted by investments (in MW)
Climate change mitigation	- Associated expected electricity output (in GWh)
	<b>2c. For investment activities in hydropower development projects</b>
	- Additional electricity generation capacity built (in MW)
	- Expected associated electricity output (in GWh)
	- Expected avoided CO <sub>2</sub> emissions from injecting this additional output into power grids (in tons of CO <sub>2</sub> )



## METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance factors are intertwined and complementary and cannot be separated when assessing the management of ESG in any organization or in any activity, including the issuance of bonds. In this sense, Vigeo Eiris writes an opinion on the issuer's corporate responsibility as an organization, and on the objectives, the management and the reporting of the projects financed by this bond.

Vigeo Eiris' methodology to define and to assess corporate ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The green bond framework has been customized regarding material issues, based on the Heavy Construction and Electric & Gaz Utilities assessment frameworks, project specificities and emerging issues.

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 will be considered as long as they are public, documented and traceable. In total, Vigeo Eiris has reviewed documents and websites of EDF related to the bond evaluation, in particular EDF Green Bond Framework dated September 2016.

### **Part I. ISSUER**

*NB : The issuer performance, i.e., commitments, processes, results of the issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating. Furthermore, this assessment has been completed based on additional information provided by the issuer to Vigeo Eiris Enterprise using the ESG assessment methodology developed by Vigeo Eiris.*

#### Level of the issuer's ESG performance:

EDF has been evaluated by Vigeo Eiris in October 2014 on its social responsibility performance, based on 25 relevant ESG drivers organized in the 6 sustainability domains. EDF's ESG performance has been assessed by Vigeo Eiris on the basis of three "items":

- Leadership: relevance of the commitments (content, visibility and ownership)
  - Implementation: coherence of the implementation (process, means, control/reporting)
  - Results: indicators, stakeholders feedbacks and controversies
- Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

#### Stakeholder-related ESG controversies and involvement in disputable activities:

A controversy is information, a flow of information, or contradictory opinions that are 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 on unproven facts.

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

- Severity: the more a controversy will relate to stakeholder's 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);
  - 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).
- Scale for assessment of ability to mitigate stakeholder-related ESG controversies: Advanced, Robust, Limited, Weak.

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.

In addition, 9 disputable activities have been analysed following 30 parameters to verify if the company is involved in one of them. The company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

## Part II. PROJECT FRAMEWORK

### Use of proceeds:

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Project and are traceable within the issuing organization, and include the management of proceeds. Each project endorsed shall comply with all of the Eligible Project criteria in order to be eligible. The sustainability purpose of the bond's associated Eligible Projects has been precisely defined, with regard to EDF's commitments, and assessed regarding described and estimated benefits of the Eligible Projects. The contribution of Eligible Projects to Sustainable Development is evaluated regarding the UN Sustainable Development Goals.

### Process for project evaluation and selection:

The evaluation and selection process has been assessed by Vigeo Eiris regarding the exhaustiveness and relevance of ESG selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process. The analysis was conducted focusing on the most relevant drivers regarding projects issues - based on 7 relevant ESG drivers, aligned with public international standards - and on the evaluation methodology.

- Scale for assessment of ESG integration in the selection process: Advanced, Robust, Limited, Weak.

## Part III. REPORTING FRAMEWORK

Reporting indicators are selected from existing indicators to enable annual reporting on fund allocation, environmental and social benefits and on responsible management of the project financed by the Green Bond proceeds, collected at project level and aggregated at bond level. Vigeo Eiris has evaluated the relevance of these indicators according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of level of assurance on reporting on the project: Reasonable, Moderate, Weak

## VIGEO EIRIS'S ASSESSMENT SCALES

Performance evaluation	
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.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
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	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.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework