



Supporting your Sustainable / Green Bond

Bridging the gap between
sustainable performance and finance

January 2017





Independence and transparency of certified methodologies (ARISTA)

Worldwide network

- ▶ 200 experts
- ▶ Presence on every continent

- ▶ International and multistakeholder shareholder structure
- ▶ Exclusive methodology reviewed by an independent Scientific Committee
- ▶ Strict separation between rating activities and consulting missions



Empowering Responsible Investment

Large range of products and services (analysis, opinion, rating and ranking, risks review, portfolios review,...) for investors and asset managers willing to integrate social responsibility factors into their operations:

- ▶ More than **4,000 issuers** covered (corporates, regions, states)
- ▶ More than **300 partners worldwide**: investors and asset managers, civil society organisations and international institutions and universities



Empowering Responsible Management

Audit and **ESG integration** missions for companies from all sectors, local authorities and NGOs, in order to help them assess and develop their social responsibility policies:

- ▶ Second Party Opinion for Green and Sustainable Bonds issuances (CBI verifier)
- ▶ Independent third-party for **social responsibility labels and certifications**: LUCIE, CGEM, Diversity,...
- ▶ More than **600 projects** in **41 countries** since 2002

▶ Sustainable Bonds, what are we talking about	
– The market	
– Key components	03
– Principle and benefits	

▶ Vigeo Eiris, building solutions to make it happen	
– Why Vigeo Eiris?	
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What are we talking about

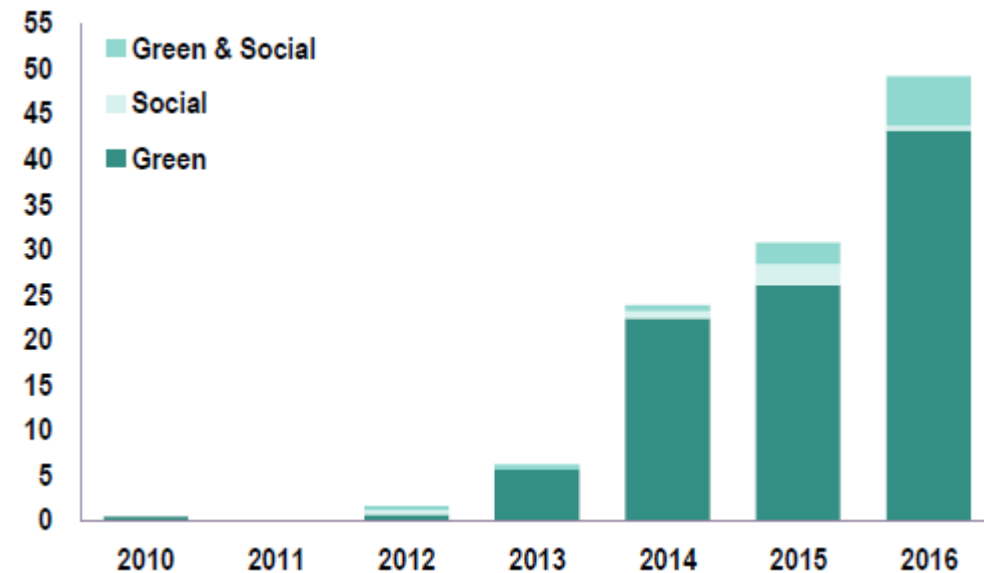
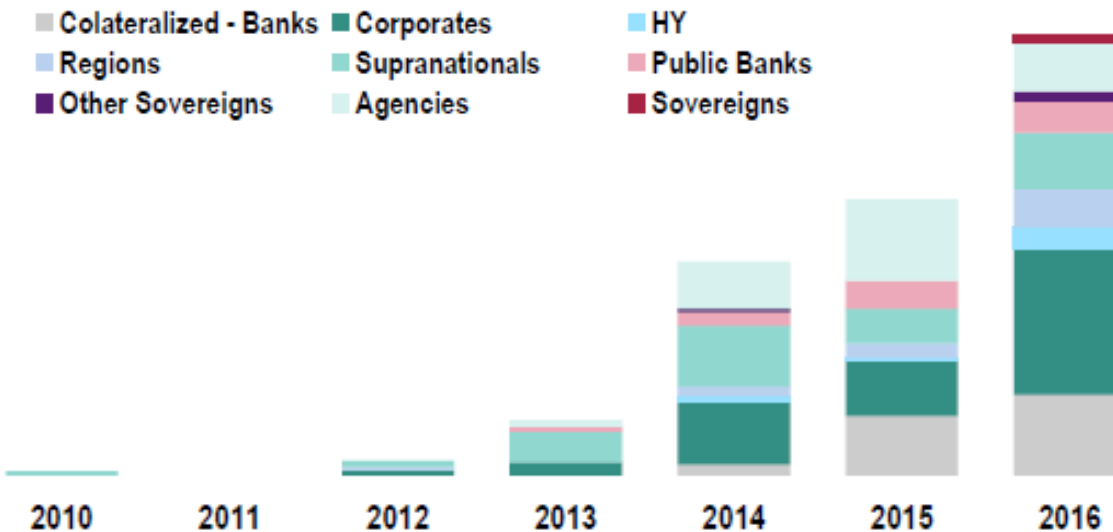
The Market

Green Bonds in 2016
\$94bn (x10 since 2013)

→ more structured framework: emerging standards, high commitment from issuers

Breakdown by main purpose of green bond issues of \$200m and above:

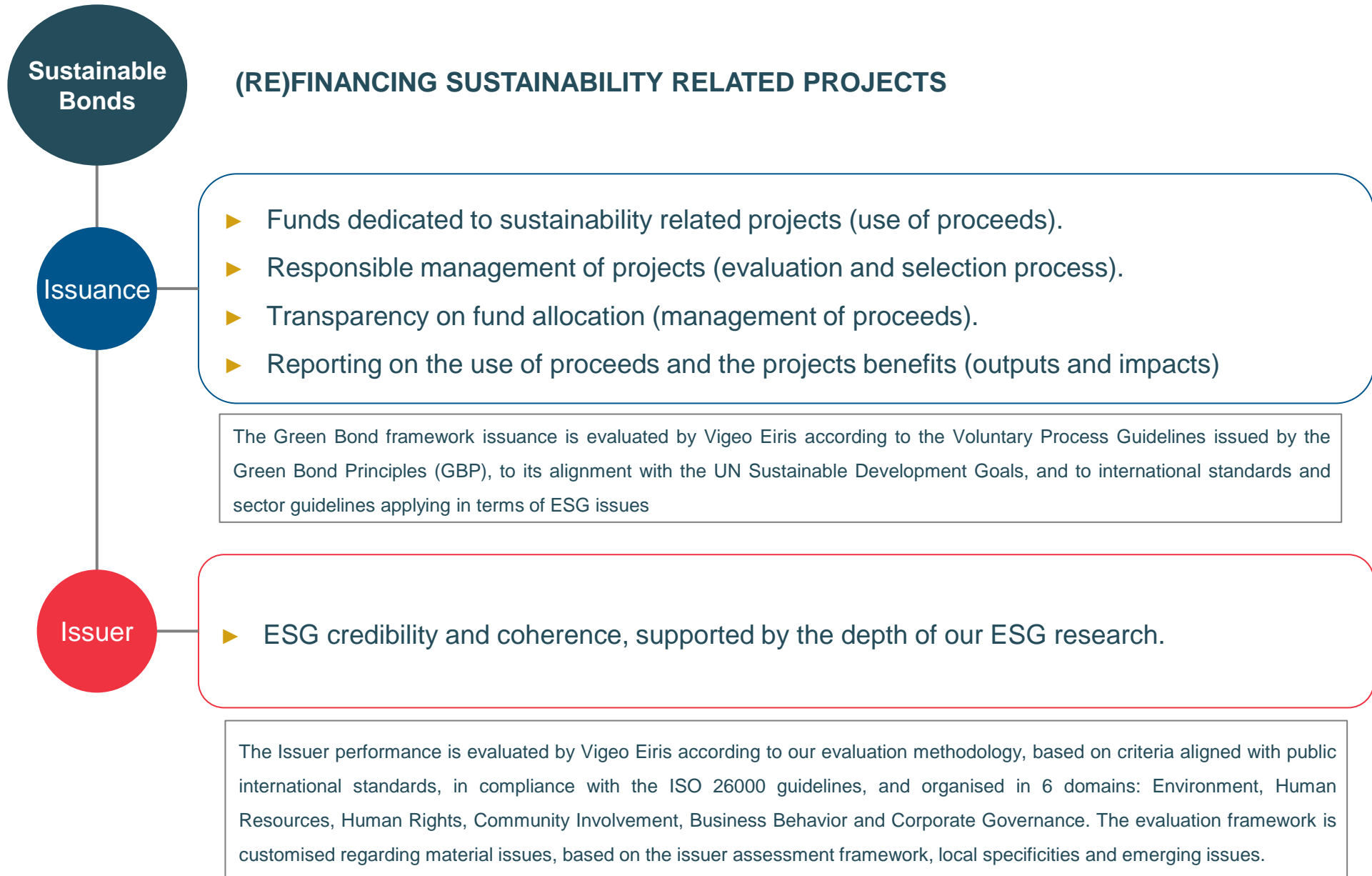
Type of issuers:



Sources : Market update & perspectives January 2017 – Natixis / Bloomberg / Vigeo

What are we talking about

Key components



What are we talking about

Examples of sustainable bonds issuances

Utilities



EDF – €1,75bn – October 2016

- ▶ Largest overall corporate green bonds since 2013.
- ▶ Aimed at financing renewable energy projects.

Unibail Rodamco – €1bn – April 2015

- ▶ 1st green bond in the Real Estate sector
- ▶ Aimed at financing green building (construction and operation).



Lending



ICO– \$1bn – Jan 2015

- ▶ Social bond, aimed at maintaining or creating employment in the most economically depressed regions in Spain, through financing of SMEs

DC Water – €2,5bn – September 2015

- ▶ Aimed at financing the DC Clean Rivers Project.



Social Housing



Region IDF – €650m – April 2016

- ▶ Aimed at financing environmental and social projects (social housing, social action, SMEs, energy,...).

Elazig PPP Hospital –€288m– November 2016

- ▶ Green & Social Bond, aimed at financing a new Turkish Hospital, with both environmental and social objectives



What are we talking about

Principles and Benefits

A sustainable bond is a bond aimed at (re)financing sustainability related projects.

It is an innovative financial instrument that :



▶ Fosters **diversification** of the **investor** basis.



▶ **Boosts** innovative sustainable projects.



▶ Offers an impactful **communication opportunity**.

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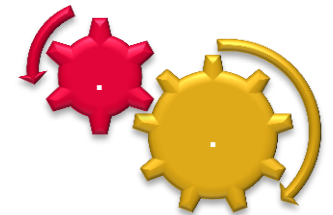
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Vigeo Eiris, building solutions to make it happen

Why Vigeo Eiris ?

Diversified and flexible offer with 360 degree approach

- ▶ Intertwined and complementary **Environmental, Social and Governance** factors
- ▶ Customised evaluation framework based on our 41 sector sub-frameworks, selecting and weighting the most **relevant objectives for long-term impacts**
- ▶ Capitalization on **Vigeo Eiris Research**, including rated profiles, indicators, controversy database and controversial activities screening
- ▶ **Coherence of the issuance**, assessing the alignment between the sustainable bond issuance and the issuer's strategy and commitments, including analysis of **stakeholders feedback**



Vigeo Eiris, building solutions to make it happen

Why Vigeo Eiris ?



Leadership and credentials

- ▶ Numerous **Sustainable Bonds** track records (21% of market shares in 2016), allowing us to develop **expertise and flexibility** on that market
- ▶ Pioneer and active participation to market and standards development, especially the **Green Bonds Principles**
- ▶ **Internationally recognized** promoter of sustainable performance
- ▶ Vigeo Eiris is an approved verifier for the **Climate Bond Initiative**



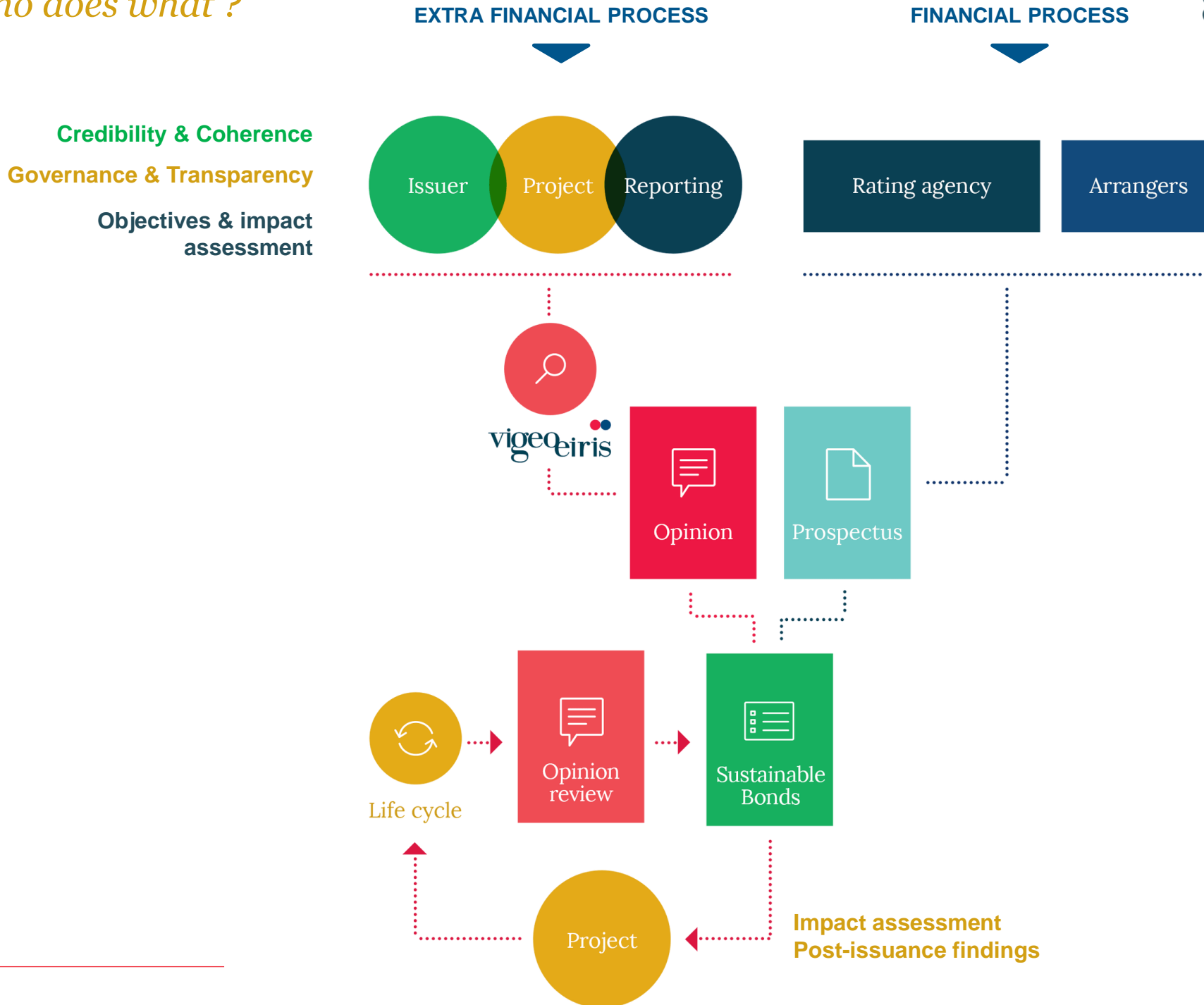
Dual expertise for the benefit of issuers

- ▶ **Combining both expertise:** Vigeo Eiris Rating unique expertise in the SRI market and Vigeo Eiris Enterprise sustainability consulting business
- ▶ Tailored approach and on-site consultancy (not desk based only), Vigeo Eiris Enterprise, our **independent audit division**, is the right company structure to deliver the services.
- ▶ Mobilization of all Vigeo Eiris's internal resources as appropriate, while following **clear separation of activities**
- ▶ **Independence, quality and confidentiality**
 - Mapping of **potential risks** throughout the workflow: conflict of interest, violation of confidentiality and lack of independence
 - **Prevention measures** in place: internal commercial and production rules and processes, limited number of involved people identified as "Insiders", quality control and validation process, transparency on relations between Vigeo Eiris and the Issuer in the SPO disclaimer.



Vigeo Eiris, building solutions to make it happen

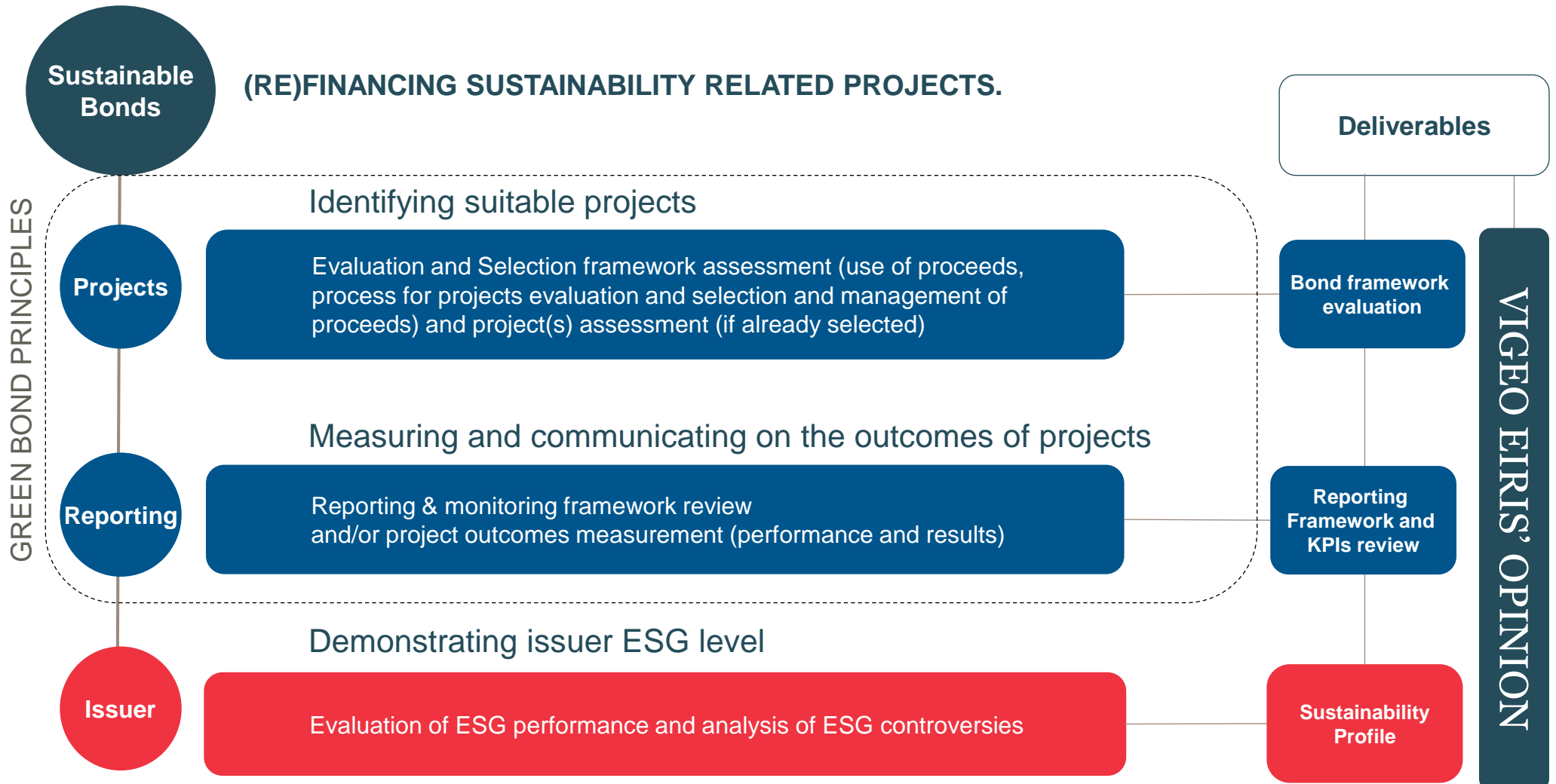
Who does what ?



How to succeed ?

Vigeo Eiris' solutions - Overview

Vigeo proposed services are formed through distinct steps which form a **cohesive set of deliverables**, to manage the issuance process and the **targeted projects efficiently**, and ensure an **impactful communication**



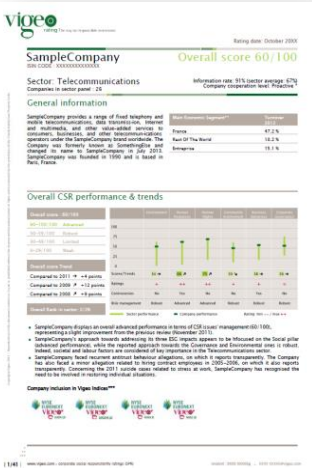
How to succeed ?

Vigeo's solutions - deliverables

3 deliverables to manage the issuance process and the targeted projects efficiently, and ensure an impactful communication.



Issuer CSR Profile



Internal report on the Green Bond Framework

Introduction Green Bond framework

Based on the ICGN2000 guidelines and on ddc's Sustainability policy and internal interviews concerning its activities and practices in place, the process for sustainable bond framework is composed of 3 steps, as presented in the following process:

Project Evaluation and Selection Framework

- Ensure the Green Bond proceeds will finance Eligible Projects with the purpose of financing renewable energy projects:
 - Wind farm project de San ddd
 - Solar project del Romero
- Attest the Sustainable Value and responsible management of these projects, through Environmental, Social and Governance (ESG) selection criteria evaluated at project level, in line with Acciona commitments and ESG relevant drivers.
- Reporting

Indicators on fund allocation

Criteria	Reporting indicators
At project level	Description of the two projects financed by the green bond proceeds
Factual data and proceeds allocation	Allocation amount (in M€), total cost of the project, share of refinancing projects
At bond level	Total allocated amount vs. total amount of proceeds (in %)
Balance of unsubscribed proceeds	Invested in Capital or money Markets instruments
Overall refunding vs. new funding	(in % of allocated amount, and in % of total amount)



Indicators on Project selection

Evaluation and selection process
ESG Eligibility criteria

Environmental criteria

Criteria	Overall comment
Climate change mitigation	Supporting elements / Implemented measures at project level
Pollution prevention and control throughout the project lifecycle	Biodiversity risk assessment, or impact assessment, or evaluation of direct services
Protection of biodiversity and water resources	Biodiversity risk assessment in RCA
Energy management and climate change	Climate change transition (low carbon model)



Project selection

Use of proceeds

Ensure the financing of Sustainable Projects

The Use of Proceeds aims at defining the use of the funds in which the bond will be invested. These projects should have clear environmental and/or social benefits that can be described and, where feasible, quantified and/or assessed (indicators).

The overall framework of the Green Schuldschein includes the definition of eligible projects, as defined below:

Eligible projects include under-construction Renewable Energy Projects (defined below which contribute to climate change mitigation and energy transition, in line with Acciona Sustainability Policy. Eligible projects will meet a set of additional Environmental, Social and Governance (ESG) selection criteria evaluated by Vigeo.

Eligible categories	Definition	Projects financed by the Green Schuldschein	"Green" / "Sustainability" benefits
Renewable energy	Financing of, or investments in development, construction, installation and maintenance of renewable energy production units, i.e. energy produced from renewable non-fossil sources, more specifically from solar and wind power (onshore and offshore)	San Cabriel wind farm, an under-construction wind farm project, located in the Region of Asturias, provincia de Melillo - 201.2 MW average annual production XXX GWh expected El Romero - an under-construction solar PV project (planned until 2017), located in the Region of Asturias, provincia de Oviedo - 116 MW expected annual production 482 GWh	Climate change mitigation & Energy transition Energy savings and GHG emissions reduction / avoidance Contribution to sustainability - positive

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



Opinion

Second Party Opinion ON THE SUSTAINABILITY OF THE COMPANY'S GREEN BOND

Issued in January 2017

SCOPE

Vigeo ERM was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond that Vigeo managed to the French market represented by the Agency Française pour l'Expertise Environnementale, Sociale et Gouvernance (AFEE). The opinion is based on the review of the following components:

- Issuer: Information-based evaluation on the level of integration of sustainable development strategies and objectives in the issuer's business systems and public policies, and capacity to mitigate sustainability risks.
- Assurance: Assessment of compliance between the Bond Framework and the issuer's strategy and commitments.
- Document-based evaluation of France's Green Bond Framework, in line with the Green Bond Principles.
- Analysis of the process for categorization and selection of opportunities eligible to the use of proceeds, and the process of evaluation of their environmental and social risks and impacts.
- Assessment of reporting systems, including its transparency, accuracy and control related to fund allocation.

Vigeo ERM's review of information is performed from our existing database of coverage reports covering ESG activities and including ESG project indicators and ESG Criteria, and from the information provided by the issuer. The report was prepared on 20th of November 2016, complemented by findings with relevant French legislation that are in force in the country and France's market practices.

VIGEo ERM's OPINION

Vigeo ERM confirms that the Bond issued by the French Republic (represented by the Agency Française pour l'Expertise Environnementale, Sociale et Gouvernance) is aligned with the Green Bond Principles.

Vigeo ERM deems a "reasonable level of assurance on the sustainability of the bond":

- France's overall sustainability performance is assessed as "satisfactory" on the Environmental, Social and Governance (ESG) criteria.
- France's Green Bond Framework is consistent with France's own Environmental Policy and is compliant to the Green Bond Principles.
- The set of proceeds of the issuance will be used to finance and refinance Green Eligible Expenditures, which will contribute to climate change mitigation and sustainable transition of the economy.
- The assessment for categorization, selection and evaluation of Green Eligible Expenditures is clear, defined and robust, and should be documented and transparent throughout the life of the bond.
- The issuer's reporting commitments and process are robust, covering the fund allocation and environmental benefits of selected expenditures, and including ESG project indicators and ESG Criteria, and the issuer's reporting commitments and process are robust, covering the fund allocation and environmental benefits of selected expenditures, and including ESG project indicators and ESG Criteria, and the issuer's reporting commitments and process are robust, covering the fund allocation and environmental benefits of selected expenditures, and including ESG project indicators and ESG Criteria.

How it works

Process and approximated time needed

Proposed planning: each second party opinion can be provided in an **around 5-6 weeks** time frame

Week	Planning						
	1	2	3	4	5	6	...
Issuer							
ESG performance and controversies (issuer rated)	Kick-off						
Issuance							
Information processing (list of required information provided)							
Interviews with CSR teams project managers							
Analysis and results presentation							
Communication & Opinion							
Communication and Opinion							
<i>Annual opinion (optional)</i>						Opinion delivery	

← 5-6 Weeks →

Time



Interviews



Workshop or collaborative meeting

Review on the bond maturity: Frequency of the opinion review is determined with the issuer.

How it works

Team and project management

From Vigeo Eiris

- ▶ **A team of 3 people**
 - A senior consultant, with expertise in Environmental Engineering and sustainable bonds : **project manager** to ensure successful production of the deliverables and in charge of client relations
 - A **consultant** with expertise in CSR Company evaluation, environmental issues and green bonds, in charge of conducting the mission.
 - A director of mission, supervisor in charge of the overall **quality control**
- ▶ **Our full team expertise, tools and resources available for you**
 - The project team will mobilize Vigeo Eiris's internal resources as appropriate (sector lead, thematic experts, databases of research, monitoring tools,...) to support the project.

From the issuer

- ▶ **Liaison**
 - The issuer designates a person who will be the central contact for Vigeo Eiris throughout the mission (e.g. Group's sustainability officer or member of the bond working team).
- ▶ **Interview Panel**
 - Around 3 interviewees designated by the issuer with guidance from Vigeo Eiris. Interviewee preparation is not required. Interview time: around 1 hour per interview. (Suggested interviewees include Project managers, Finance, Sustainability) *(to be defined)*
- ▶ **Working group**
 - Group composed of people chosen by the issuer with guidance from Vigeo Eiris. Participants to contribute in 2 meetings (kick-off and workshop) as part of the bond structuration process and collaboration. If necessary, additional meeting could be organized.

How it works

Proposed process and required data from the issuer

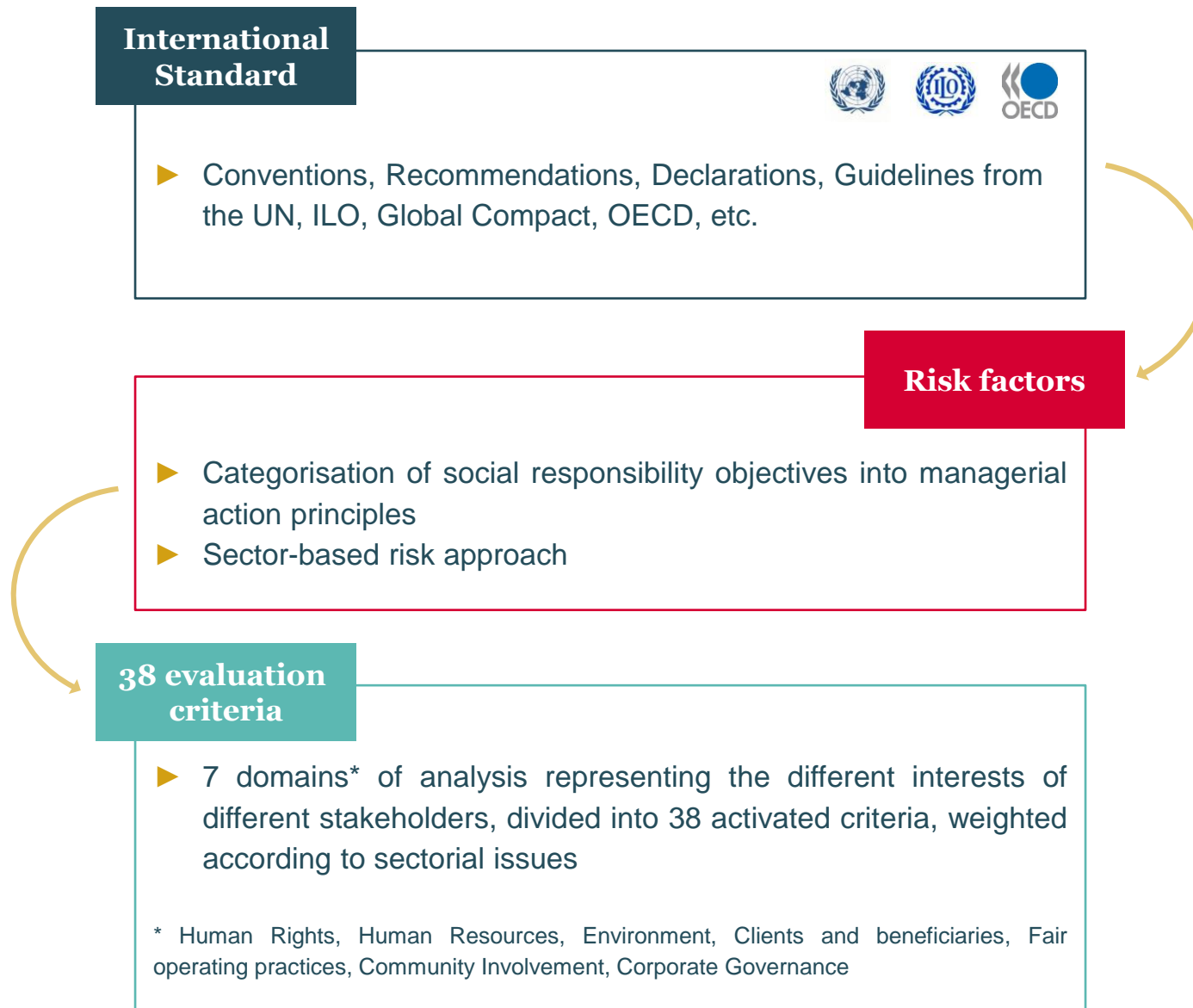
Step	Inputs	Outputs
Issuer	<ul style="list-style-type: none"> ESG policies, guidelines and practices in place at issuer level (common for all projects) covering all domains assessed: Environment, Human resources, Human rights, Community Involvement, Business behavior and Governance Response on potential ESG controversies 	<ul style="list-style-type: none"> Issuer ESG evaluation Controversy analysis
Project	<ul style="list-style-type: none"> Project categories and list of eligible projects: description, type of potential projects, location, progress, timing,... Evaluation and selection process for eligible projects Environmental management of projects: impact assessment, action plan, biodiversity study, certifications, green procurement, environmental specifications/eco-design of projects... Social management of the project (especially during the construction phase): health & safety management and rights of workers, employment conditions, social impact assessment, community involvement and territorial integration, access to energy... Governance of the project: sustainability / ESG risk-management in place at project level, project organization and management, business ethics... 	<ul style="list-style-type: none"> Sector analysis and information review Interviews and collaborative meetings Evaluation of green bond framework
Management of proceeds	<ul style="list-style-type: none"> Segregated account, tracking of proceeds, fund allocation process, estimated share of refinanced projects... 	<ul style="list-style-type: none"> Rules for management of proceeds
Reporting	<ul style="list-style-type: none"> Available ESG KPI / Indicators on environmental performance of projects (production of energy, avoided emissions,...), assumptions and methodology Reporting commitments : frequency, format (CSR report or dedicated report ?), visibility (public ?), external verification 	<ul style="list-style-type: none"> Indicators of Environmental & Social performance and ESG management Environmental & Social outcomes indicators OR measurement Rules for reporting
Communication to investors	<ul style="list-style-type: none"> Communication materials 	<ul style="list-style-type: none"> Delivery of Vigeo Second Party Opinion Review, guidance & proof reading of communication materials and Use of Proceeds

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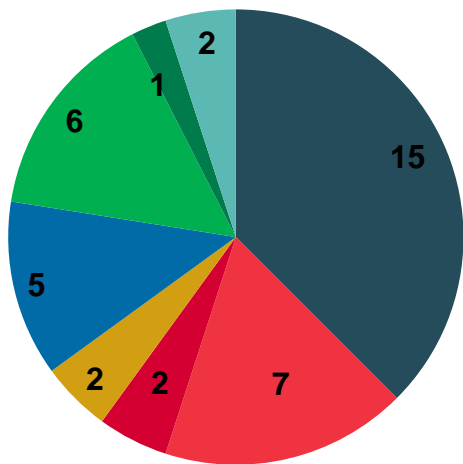
Opposable framework



More about Vigeo Eiris

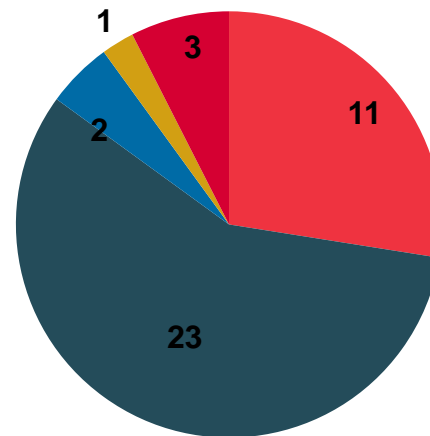
Track records

Use of proceeds
Multi-sector expertise



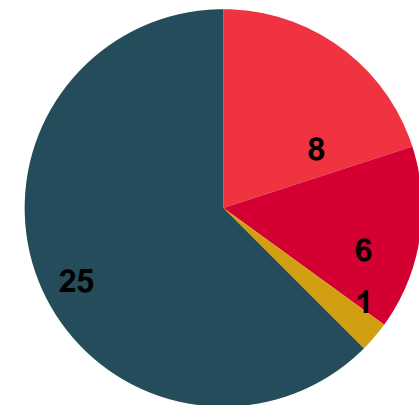
- Energy
- Social Bond
- Green Building
- Waste
- Green & Social
- Water
- Climate Change
- Green

Location of issuers
Multi-area experience



- Europe
- France
- NAM/LA
- AP
- MEAF

Types of actors
Issuer's model adaptation



- Local Authority
- Bank
- Sovereign
- Corporate

More about Vigeo Eiris

Track records



- Around 40 issuances
- More than 20 issuers

And additional confidential missions in progress

vigeo eiris

Enterprise

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