

September 17th, 2018

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Positive Impact Bond (the "Bond") proposed to be issued by ALD Automotive (the "issuer") to finance or refinance the purchase of electric vehicles, hybrid electric vehicles and plug-in hybrid vehicles. Our opinion is established according to our Environmental, Social and Governance ("ESG") exclusive assessment methodology, the International Capital Market Association's Green Bond Principles ("GBP") and the Principles for Positive Impact Finance of United Nations Environment Program's Finance Initiative ("UNEP FI")³.

The opinion is based on the review of the two following components:

- 1) **Issuer:** evaluation of the sustainability profile of ALD Automotive, including the issuer's ESG strategy and involvement in potential ESG controversies' and controversial activities.
- 2) **Issuance:** assessment of the coherence between the Bond and the issuer's sustainability commitments and evaluation of the Bond's alignment with the GBP and the Principles for Positive Impact Finance UNEP FI.

Our sources of information are multichannel, combining data from our general rating database, information provided by ALD Automotive, press content providers and stakeholders; complemented by interviews with involved departments and managers held at the issuer's headquarters in Rueil-Malmaison (France). Vigeo Eiris has carried out its due diligence from June 28th to August 3rd, 2018.

We could access all the appropriate documents and people we solicited. We consider that the provided information enables us to establish our opinions with a reasonable level of assurance on their relevance, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Positive Impact Bond considered by ALD Automotive is aligned with the Green Bond Principles and with the Principles for Positive Impact Finance.

We express a reasonable assurance⁴ (our highest level of assurance) on the issuer's commitments and the Bond's contribution to sustainability, likely to contribute to four United Nations' Sustainable Development Goals, namely Goal 13 – "Climate Action", Goal 9 – "Industry, innovation and infrastructure", Goal 11 – "Sustainable Cities and Communities" and Goal 3 – "Good Health and Well-being".

- 1) **Issuer:** ALD Automotive displays a good⁴ ESG strategy (see Part I).
 - ▶ Vigeo Eiris reaches a reasonable assurance on the capacity of the issuer to integrate Environmental, Social and Governance factors in its strategy. ALD Automotive ESG commitments are formalized in publicly disclosed documents which cover the main ESG issues of the sector. The commitments apply throughout the company supported by senior management.
 - ▶ As of today, no controversy was identified for ALD Automotive related to ESG factors.
 - ▶ ALD Automotive is not involved in any of the 15 controversial activities screened under our methodology: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering (OGM), High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.
- 2) **Issuance:** ALD Automotive has formalized the main characteristics of its first Bond through a Positive Impact Bond Framework (the "Framework"). The issuer has committed to make the Framework and this Second Party Opinion publicly available in its website⁵, in line with good market practices.

We are of the opinion that the contemplated Bond is coherent with ALD Automotive's main sustainability priorities and sectorial issues, and contributes to achieve the issuer's CSR commitments. (see Part II).

¹ This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (www.icmagroup.org).

² The "Positive Impact Bond" is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

³ The Principles for Positive Impact Finance are a high-level, inclusive, framework for holistic impact management by financial institutions at the heart of their business operations. <http://www.unepfi.org/positive-impact/principles-for-positive-impact-finance/>

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

Level of Evaluation: Advanced, Good, Limited, Weak.

Level of Assurance: Reasonable, Moderate, Weak.

⁵ www.aldautomotive.com

Alignment with the Green Bond Principles

- ▶ The net proceeds of the Positive Impact Bond will be used to finance or refinance, in whole or in part, clearly defined Eligible Vehicles categories which will contribute to one environmental objective, namely climate change mitigation, and two other sustainability objectives, namely air quality improvement and environmental health.

The environmental objective is precise, measurable and relevant. The issuer should have defined more precisely the other sustainability objectives in its Framework.

ALD Automotive will assess and quantify the expected benefits related to climate change mitigation, and will assess and, when feasible, quantify the other sustainability benefits.

- ▶ The governance and the process for the evaluation and selection of Eligible Vehicles appear to be documented and relevant. The process relies on explicit eligibility criteria (selection and exclusion).

The identification and management of environmental and social risks associated with the selected Eligible Vehicles is considered overall good.

- ▶ The rules for the management of proceeds are clearly defined.
- ▶ The reporting process and commitments are good, covering both funds allocation and climate change mitigation benefits of the Bond. The issuer has committed to endeavour reporting on other key sustainability benefits, namely air quality improvement and environmental health.

Alignment with the Principles for Positive Impact Finance

- ▶ Eligible Vehicles deliver a positive contribution to one of the three pillars of sustainable development, based on their evaluation of both potential positive and negative impacts.

- ▶ The issuer has established adequate processes, eligibility criteria, methodologies and tools (Life Cycle Analysis (LCA), including the production, operation and end-of-life assessment) to identify and monitor the positive impact of the vehicles to be (re)financed by the Bond.

- ▶ ALD Automotive has transparently disclosed the type of vehicles to be (re)financed by the Bond, the associated intended positive impacts; the processes, methodologies and KPIs to monitor and verify impacts; and the impacts achieved by the vehicles. ALD Automotive will annually, and until the Bond's maturity, report on the Positive Impact Bond via a post-issuance impact reporting that will be publicly available in its website.

- ▶ The assessment of the positive impact of the Bond is based on ex-post estimates, namely the contractual distance (km) of vehicles (re)financed by the Bond. We have recommended using real distance (km) to better reflect the actual impact achieved.

EXTERNAL REVIEW

ALD Automotive's Positive Impact Bond issuance is supported by external reviews:

- A pre-issuance consultant review: A Second Party Opinion on the sustainability credentials of the Bond, covering all the features of the Bond.
- Certification: Climate Bonds Initiative (CBI) certification relying on a pre-issuance verification based on Climate Bonds Standard V.2.1 (Limited Assurance Procedure). A post-issuance verification will be performed within the first year of the issuance.
- An annual verification: performed by a third-party auditor, covering the allocation of funds, the compliance in all material aspects, of (i) the actual allocation of proceeds to Eligible Vehicles and their alignment with the eligibility criteria and (ii) the pending cash allocation and (iii) the impact reporting, annually and until the Bond's maturity date.


This Opinion is valid as of the date of issuance and limited to ALD Automotive's first Positive Impact Bond to be issued in 2018.

Paris, September 17th, 2018



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DETAILED RESULTS

Part I. ISSUER

ALD Automotive's ESG strategy

Vigeo Eiris reaches a reasonable assurance on the capacity of the issuer to integrate Environmental, Social and Governance factors in its strategy.

Domain	Comments	Opinion
Environment	We reach a reasonable assurance on the issuer's capacity to integrate Environmental issues in its strategy.	Reasonable
	ALD Automotive has formalised a good environmental protection commitment in its General Environmental and Sustainable Development Policy, covering all the countries where it operates. The company has set specific targets in this regard, namely to reduce its CO2 emissions by 25%, including the transport of its personnel, by 2020 compared to 2014 (baseline at 1,89t/CO2e). Regarding its contribution to the transition to low-carbon transports and climate change mitigation, ALD Automotive has committed to reduce the average CO2 emissions coefficient of its fleet to below 110 grams of CO2/km by 2020.	Moderate
	The commitment of the company to develop car sharing solutions is reportedly initiated. The company offers a diversity of innovative sustainable mobility solutions, namely car sharing, train-lease, vehicle-moto lease and vehicle-bike lease. In addition, ALD Automotive has been working in developing new information technologies to promote eco-drive and to provide consultant services to clients in the construction of their "Car Policies" to support the transition to low environmental impact vehicles.	Weak
Social	We reach a reasonable assurance on the issuer's capacity to integrate Social responsibility issues in its strategy.	Reasonable
	ALD Automotive has made advanced commitments in the Human Rights and Human Resources domains. The company fully aligns to the Group's policies, who has formalised its commitment to freedom of association, the right to collective bargaining and to non-discrimination in its Code of Conduct. In June 2015, Société Générale signed an adequate worldwide agreement on fundamental human rights, trade union rights and non-discrimination with the global union federation UNI Global Union. The Group commits to minimising the number of lay-offs and redundancies by anticipating and planning reorganisations and has made a formal statement to promote career management and training, and to health and safety conditions in its Code of Conduct and Human Resources policy.	Moderate
	ALD Automotive describes relevant initiatives in terms of Community Involvement. The company is currently constructing a strategy, to be implemented from 2019, to address contribution to general interest causes by providing mobility solutions to disadvantaged people. ALD Automotive has made good commitments in terms of information to customers, customer responsible relations and product safety by fully aligning to the Group's policies, who has issued formalised relevant commitments in its Code of Conduct, Registration Document and Customer privacy policy.	Weak
Governance	We reach a reasonable assurance on the issuer's capacity to integrate CSR issues in its Governance.	Reasonable
	ALD Automotive has a good governance system in place. The Board of Directors is 40% independent, in line with the principles set by the AFEP-MEDEF Code and 40% of the board members are women. Board members have demonstrated professional experience in the company's sector of activities. Board meetings are regularly celebrated (four per year approximately), the average attendance rate is 85% and most of the relevant CSR issues for the company are discussed at Board level.	Moderate
	There is an Audit, Internal Control and Risk Committee and a Nominations and Compensation Committee in place, both committees composed by a majority of independent members and non-executive directors. The Audit Committee is integrated by one member with experience in CSR. We recommend establishing dedicated processes to manage CSR risks.	
	The one share-one vote rule is respected and shareholders vote the appointment of Board members and directors. We recommend providing transparency regarding the existing safeguards to monitor the transactions between major shareholders and the company. In terms of executive remuneration, short-term and long-term remunerations are linked to predetermined and disclosed relevant performance indicators, including qualitative CSR indicators. We recommend disclosing the quantified targets for short and long-term remuneration and the results of the voting of Board of Directors.	Weak
	ALD Automotive has issued formalized and advanced commitments to prevent corruption and money laundering in its code on the fight against corruption and influence peddling, and the Group is a signatory of the Wolfsberg AML Principles and the Wolfsberg Group. The company has issued a formalized and accessible commitment to ensuring transparency and integrity of lobbying practices in its 'Charter for responsible advocacy with public authorities and representative institutions'.	

Part II. ISSUANCE

Coherence of the issuance

We are of opinion that the contemplated Bond is coherent with ALD Automotive's main sustainability priorities and sectorial issues, and contributes to achieve the issuer's CSR commitments.

The transportation sector is responsible for around one quarter of global greenhouse gas (GHG) emissions⁶ and accounting 25.8% GHG in Europe in 2015. In addition, the transport sector is one of the main causes of air pollution in cities.⁷ The International Energy Agency places the transport sector as the second-largest contributor to emissions savings in both its New Policies and Sustainable Development Scenarios, with direct measures taken. The Agency also states that as the power sector is now decarbonising, the transport sector is becoming the main driver of GHG emissions; hence the importance of the sector to shift towards low-carbon technologies through the electrification of vehicles.

ALD Automotive, a subsidiary of the bank Société Générale that offers fleet management and long-term vehicle leasing solutions to large companies, SMEs, professionals and individuals in 43 countries, is willing to play its role to contribute to the achievement of the Paris Agreement and has set relevant objectives to support the shifting of the transport sector towards low-carbon technologies and development of services related to sustainable mobility solutions, namely the company has committed to reduce the average coefficient of its fleet to under 110 grams of CO₂ per kilometre by 2020.

In addition, the company's CSR strategy is structured in four pillars:

- "Shape the future for sustainable mobility" by transitioning to a low emissions fleet and developing new types of usage.
- "Great place to Work", by promoting gender equality, diversity, professional development and social commitment in its operations.
- "Responsible business culture and practices", by promoting business ethics, responsible purchasing, customer satisfaction and internal CSR community.
- "Towards carbon neutrality", by establishing GHG emissions reductions targets in their operations (25% reduction by 2020 compared to a 2014 baseline).

By issuing a Positive Impact Bond to finance or refinance the electric vehicles, hybrid vehicles and plug-in hybrid vehicles, ALD Automotive coherently responds to its commitment to facilitate the transition to low-carbon transport and to the fight against climate change, as well as it aligns to the main issues of the sector in terms of environmental responsibility.

Alignment with the Green Bond Principles

Use of proceeds

The net proceeds of the Positive Impact Bond will be used to finance or refinance, in whole or in part, clearly defined Eligible Vehicles categories which will contribute to one environmental objective, namely climate change mitigation, and two other sustainability objectives, namely air quality improvement and environmental health.

The environmental objective is precise, measurable and relevant. The issuer should have defined more precisely the other sustainability objectives in its Framework.

ALD Automotive will assess and quantify the expected benefits related to climate change mitigation, and will assess and, when feasible, quantify the other sustainability benefits.

The issuer has developed an internal methodology and tool with and external consultant to identify and manage the positive and negative impacts of potential Eligible Vehicles relying on LCA (Life Cycle Analysis, including the production, operation and end-of-life assessments). The methodology relies on multicriteria, but particularly focuses on three main indicators: climate change (kg CO₂-eq), particulate matter emissions (kg PM) and NOx emissions (kg NOx). The issuer mainly focuses on the climate change mitigation objective, leading to limiting the eligibility criteria to direct GHG emissions (Scope 1), while using NOx emissions as a secondary filter and adopting a best-in-class approach by considering GHG avoided emissions (Scope 3) in the portfolio selection. Of note, the issuer states that atmospheric emissions (i.e. NOx and PM) have not been defined as eligibility criteria due to limited availability of reliable and relevant data.

We have recommended formalizing in the Framework the issuer's adoption of a best-in-class approach by adding a GHG avoided emissions threshold (Scope 3) as eligibility criteria for the use of proceeds to formally consider the whole project lifecycle (production, use, end-of-life) and better reflect the contribution to climate change mitigation. We have also recommended to formalize more precisely the other sustainability objectives.

⁶ International Energy Agency.

⁷ European Commission

For the first issuance of a Positive Impact Bond, the issuer states that the refinancing share will be equal to 100%. Of note, 9% of the Eligible Vehicles in the Bond's selected portfolio have a purchase date prior to 01/01/2016. Given the nature of ALD Automotive's business activity (average contract duration is around 42 months), these vehicles will rapidly leave the issuer's fleet and hence will be replaced in the portfolio at the next reporting deadline.

The Eligible Vehicles of the selected portfolio are located in 13 of the 43 countries in which ALD Automotive operates: Australia, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden.

In addition, we consider that the defined Eligible Vehicles are likely to contribute to four United Nations' Sustainable Development Goals, namely Goal 13 – "Climate Action", Goal 9 – "Industry, innovation and infrastructure", Goal 11 – "Sustainable Cities and Communities" and Goal 3 – "Good Health and Well-being".



UN SDG 13. Climate action

UN SDG 13 consists in taking urgent action to combat climate change and its impacts. The fleet management and long-term vehicle leasing sector can contribute to this goal by investing in the reduction of GHG emissions from transport operations with abatement levers such as modal shift to lower carbon modalities.

By using the Bond proceeds to finance and refinance Eligible Vehicles, ALD Automotive is contributing to the UN SDG 13, with regards to the above-mentioned contribution.



UN SDG 9. Industry, innovation and infrastructure

UN SDG 9 consists in building resilient infrastructure, promoting sustainable industrialization and fostering innovation. More precisely, SDG 9 targets by 2030 include:

- 9.4 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.

By using the Bond proceeds to finance and refinance Eligible Vehicles, ALD Automotive is contributing to the UN SDG 9, with regards to the above-mentioned target.



UN SDG 11. Sustainable Cities and Communities

UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable. More precisely, SDG 11 targets by 2030 include:

- 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

By using the Bond proceeds to finance and refinance Eligible Vehicles, ALD Automotive is contributing to the UN SDG 11, with regards to the above-mentioned target.



UN SDG 3. Good Health and Well-being

UN SDG 3 consists in ensuring healthy lives and promoting well-being for all at all ages. More precisely, SDG 3 targets by 2030 include:

- 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

By using the Bond proceeds to finance and refinance Eligible Vehicles, ALD Automotive is contributing to the UN SDG 3, with regards to the above-mentioned target.

Process for asset evaluation and selection

The governance and the process for the evaluation and selection of Eligible Vehicles appear to be documented and relevant.

The process for evaluation and selection of Eligible Vehicles is clearly defined and formalized in ALD Automotive's Positive Impact Bond Framework.

The evaluation and selection of Eligible Vehicles is based on relevant internal and external expertise with well-defined roles and responsibilities:

- ALD Automotive has created a Positive Impact Committee integrated by senior representatives, covering relevant multi-disciplinary expertise, namely in CSR, finance and investors relations.
- The Committee's responsibility is to ensure the respect of the Framework, oversee the entire issuance process and managing the potential future updates of the Framework.
- ALD Automotive has collaborated with an external consultant with proven expertise in Life Cycle Analysis to help them define the impact assessment methodology applied to the Bond.

The evaluation and selection process is reasonably structured:

- The Finance Department is responsible for defining and monitoring the financial eligibility of the Eligible Vehicles.
- The CSR Department is responsible for evaluating the alignment to the established eligibility criteria and selecting the portfolio of Eligible Vehicles.
- The Positive Impact Committee will validate the portfolio Eligible Vehicles to be financed by the Bond.

The verification and traceability is ensured throughout the process:

- The Positive Impact Committee will annually verify if all projects continue to comply with the eligibility criteria, and meeting minutes of each meeting will be created to ensure decision traceability.
- An independent party will verify the compliance with the selection process and criteria.

The process relies on explicit eligibility criteria (selection and exclusion), with regards to the environmental and sustainability objectives.

- The eligibility requirements are based on clear definitions of the Eligible Vehicles categories.
- The issuer has formalized and disclosed (Methodological Report added as Annex to the Framework) all the criteria considered in the impact assessment methodology and tool used for the project evaluation and selection, as well as the baseline and model assumptions used in the LCA methodology.
- The issuer has defined explicit exclusion criteria, namely:
 - Financial exclusion criteria to avoid double counting, i.e. vehicles already pledged or benefiting from a specific funding program are excluded, and to facilitate the tracking, i.e. vehicles from ALD's subsidiaries that are not benefitting from a direct funding through the company's treasury centre.
 - Technical exclusion criteria related to activities with potential negative impacts:
 - Conventional internal combustion engine (ICE) vehicles
 - Liquefied petroleum gas vehicles
 - Biofuel vehicles
 - Natural gas vehicles

In addition, the issuer will follow-up potential technological evolution or disruption that would impact the environmental performance of the (re)financed Eligible Vehicles and that could undermine the environmental objectives targeted by the Bond in order to enable the issuer to take appropriate corrective measures.

The identification and management of environmental and social risks associated with the selected Eligible Vehicles is considered overall good.

The issuer has put in place appropriate measures to identify and manage the environmental risks:

- A Life Cycle Analysis (including production, operation and end-of-life) has been performed by a specialized external consultant for the entire fleet of Eligible Vehicles in order to assess some positive and negative environmental impacts and drive the selection decision of the portfolio of Eligible Vehicles to be (re)financed by the Bond.
- The issuer monitors the theoretical electricity/fuel consumption and CO₂ emissions of its fleet and the real electricity/fuel consumption. The measures taken to ensure vehicle maintenance are appropriate, including workflows and communication channels to make sure the drivers take care of regular and exceptional maintenance activities in due time. ALD Automotive is currently working in the implementation of an innovative program to offer consultancy services to clients for the construction of their Car Policies and support the transition to vehicles with low environmental impacts.
- The issuer has a good Sustainable Sourcing strategy including ESG criteria in tender specifications, Know Your Supplier process, CSR clause in supplier agreements and continuous assessment of strategic suppliers in collaboration of an external consultant.

The issuer has put in place appropriate measures to identify and manage the social risks:

- ALD Automotive explicitly mentions customer rights and responsibilities in Master Lease Agreements with its customers, a good complaints system and management process is in place, including annual customer satisfaction survey and monitoring of relevant KPIs: customer satisfaction and net promoter score. The issuer has an appropriate program, the "Global Customer Experience Program", to identify key improvement areas in the customers journey (i.e. delivery, accident, restitution of the car).
- ALD Automotive is in line with the Group's Sustainable Sourcing Charter which is considered good covering most of the relevant issues in the sector (i.e. commitment to pay invoices within 30 days, fairness in supplier selection, implement measures to detect, monitor and minimize mutual dependence, business ethics, environmental protection and respect of human and labour rights).

We have recommended reinforcing the measures to deploy the Group's Sustainable Sourcing Charter.

We have recommended formalizing and disclosing the measures that are in place to identify and manage the environmental and social risks associated to the Eligible Vehicles.

Management of proceeds

The rules for the management of proceeds are clearly defined.

The net proceeds of the Positive Impact Bond will be managed by ALD Automotive's Finance Department in the issuer's treasury. The proceeds will be appropriately earmarked and tracked using an internal accounting system. The issuer has committed to define and maintain at all times a portfolio of Eligible Vehicles large enough to equal the amount equivalent to the proceeds of the Bond.

In case of financing, ALD Automotive has committed to allocate all the proceeds to Eligible Vehicles at settlement or, within 24 months thereof, in line with good market practices.

Unallocated proceeds will be kept in regular cash management operations, also in line with good market practices.

In case of divestment or if an Eligible Vehicle fails to comply with the eligibility criteria, the issuer has committed to replace this vehicle with another vehicle respecting the eligibility criteria. The eventual changes in the Bond's portfolio will be made available to investors in the annual report.

In addition, an independent party will verify the tracking and allocation of funds once a year until the Bond's maturity.

Monitoring & Reporting

The reporting process and commitments are overall good, covering both funds allocation and climate change mitigation benefits of the Bond. The issuer has committed to endeavour reporting on other key sustainability benefits, namely air quality improvement and environmental health.

The process for monitoring, data collection, consolidation and reporting is clearly defined and formalized in the issuer's Framework.

The process is based on relevant internal expertise:

- The CSR Department will be responsible for collecting the funds allocation and environmental impact information from the relevant departments and subsidiaries through a well-structured process and KPIs internal system. In addition, the CSR Department will be responsible for creating the post-issuance Impact Report.

The Bond's Impact Report will be publicly available in ALD Automotive's website. The financial and environmental data included in the report will be annually verified by an external auditor.

The selected reporting indicators related to the funds allocation and environmental benefits are overall relevant to the Eligible Vehicles categories.

- The impact assessment methodology is publicly disclosed by the issuer in the form of annex to its Framework.
- The issuer commits to annually and transparently report on the Bond, until maturity date and later in the case of any material change, on:
 - Use of proceeds (including proceeds allocation, Eligible Vehicles categories and geographic breakdown, unallocated proceeds and financing vs. refinancing share)
 - Environmental benefits: ex-post estimates of benefits (impacts) at Bond level

We value the issuer's commitment to endeavour to report on other sustainability impacts generated by the Eligible Vehicles to demonstrate the contribution of the Bond to air quality improvement and environmental health.

The management of environmental and social risks of the Eligible Vehicles will be reported at corporate level, through the annual CSR Report, which is available in the issuer's website.

Alignment with the Principles for Positive Impact Finance

Definition

Eligible Vehicles deliver a positive contribution to one of the three pillars of sustainable development, based on their evaluation of both potential positive and negative impacts.

The Positive Impact Bond Committee has assessed and selected Eligible Vehicles that deliver a positive contribution to one of the three pillars of sustainable development. The Eligible Vehicles are likely to contribute to four United Nations Sustainable Development Goals, namely: 13. "Climate Action", 9. "Industry, innovation and infrastructure", 11. "Sustainable Cities and Communities" and 3. "Good Health and Well-being".

The issuer has decided to focus on the climate change mitigation objective, limiting the eligibility criteria to Scope 1 emissions, while using NOx emissions as a secondary filter and adopting a best-in-class approach by considering GHG avoided emissions (Scope 3) in the portfolio selection. Of note, the issuer states that atmospheric emissions (i.e. NOx and PM) have not been defined as eligibility criteria due to limited availability of reliable and relevant data.

We have recommended formalizing in the Framework the issuer's adoption of a best-in-class approach by adding a CO₂ avoided emissions threshold (Scope 3) as eligibility criteria for the use of proceeds to formally consider the whole project lifecycle (production, use, end-of-life) and better reflect the contribution to climate change mitigation.

Framework

The issuer has established adequate processes, eligibility criteria, methodologies and tools (Life Cycle Analysis (LCA), including the production, operation and end-of-life assessment) to identify and monitor the positive impact of the vehicles to be (re)financed by the Bond.

The issuer has developed a dedicated internal methodology and tool, in collaboration with an external consultant with proven experience in environmental assessment, to identify and manage the potential positive and negative impacts of Eligible Vehicles. The LCA assesses three indicators: climate change (kg CO₂-eq), particulate matter emission (kg PM) and NOx emissions (kg NOx).

In addition, the issuer has allocated and equipped staff with relevant mandates and skill sets to enforce the Positive Impact processes by establishing a Positive Impact Bond Committee, integrated by senior representatives with relevant multi-disciplinary expertise, namely in CSR, finance and investors relations, and by working with external parties (LCA expert, second party opinion and third-party assurance). The Committee is responsible for ensuring the respect of all the commitments established in the Framework, manage the eventual changes to the Framework and oversee the issuance process.

The net proceeds of the Bond will be adequately tracked by the issuer using an internal accounting system. The issuer has established explicit rules for the management of proceeds, in line with good market practices.

Transparency

ALD Automotive has transparently disclosed the type of vehicles to be (re)financed by the Bond, the associated intended positive impacts; the processes, methodologies and KPIs to monitor and verify impacts; and the impacts achieved by the vehicles. ALD Automotive will annually, and until the Bond's maturity, report on the Positive Impact Bond via a post-issuance impact reporting that will be publicly available in its website.

ALD Automotive's Positive Impact Bond Framework will be publicly available in the issuer's website. In addition, the issuer will annually, and until the Bond's maturity, report on the Positive Impact Bond via a post-issuance impact reporting that will be likewise publicly available in its website. The allocation and environmental metrics included in the report will be annually verified by an external auditor.

Assessment

The assessment of the positive impact of the Bond is based on ex-post estimates, namely the contractual distance (km) of vehicles (re)financed by the Bond. We have recommended using real distance (km) to better reflect the actual impact achieved.

The Positive Impact assessment will be processed internally, by the CSR Department, using the methodology and tool elaborated in collaboration with the LCA external consultant. The content of the Impact Report will be annually reviewed by qualified third parties.

The criteria used by ALD Automotive to assess the Positive Impact of the Bond are clearly defined, covering the climate change mitigation benefits of the Bond. We value the issuer's commitment to endeavour to report on other sustainability impacts generated by the Eligible Vehicles to demonstrate the contribution of the Bond to air quality improvement and environmental health.

Regarding the scale of impacts, 100% of the Bond proceeds will be used to (re)finance a portfolio of Eligible Vehicles. The level of additionality is limited, considering the facility to access other sources of financing by this sector.

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 objectives, management and reporting of the assets to be (re)financed by this transaction.

Vigeo Eiris' methodology for the definition and assessment of corporates' 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 Behaviour and Corporate Governance. The evaluation framework has been customized regarding material issues, based on our generic Automobiles and Business Support Services sectors ESG assessment framework and specific issues considering the issuer's business activity.

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. We reviewed documents and websites of the issuer (including but not limited to ALD Automotive's Positive Impact Bond Framework, CSR Report 2017, Registration Document 2017, Rapport Financier Annuel 2017, ALD Green Vehicle Fleet for Green Bond Issuance – Methodological Report...) and interviewed members from several departments of the issuer.

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 Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

Part I. ISSUER

NB: The issuer's performance, i.e., commitments, processes, results of the issuer, related to ESG issues has not been assessed through a complete process of rating and benchmark developed by Vigeo Eiris. The assessment of ESG strategy has been conducted based on information provided by the Issuer, public information and stakeholders' views and opinion collected from public documentation. The assessment of ALD Automotive ESG strategy has focused only on the Leadership item from Vigeo Eiris' ESG rating methodology.

Level of the issuer's ESG performance

The issuer has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) strategy, based on 17 relevant ESG drivers organized in the 6 sustainability domains. ALD Automotive's strategy has been assessed by Vigeo Eiris based on its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Capacity to integrate main sector ESG issues in the issuer's strategy
- Applied scale: level of assurance (reasonable; moderate; weak)

Stakeholder-related ESG controversies and involvement in controversial activities

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 on unproven facts.

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

- 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).
- 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).

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, 15 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 precise nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Bond has been evaluated by Vigeo Eiris according to the Green Bond Principles, the Principles for Positive Impact Finance of UNEP FI and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The use of proceeds guidelines are defined to ensure that the funds raised are used to finance and/or refinance Eligible Vehicles and are traceable within the issuing organisation. Each vehicle endorsed shall comply with at least one of the Eligible Vehicles categories definitions in order to be considered as an Eligible Vehicle. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Positive Impact Bond related Eligible Vehicles has been precisely defined, with regard to the issuer's commitments, and assessed based on the described and estimated benefits of Eligible Vehicles. The contribution of Eligible Vehicles to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for asset evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of eligibility criteria and associated supporting elements integrated in the Positive Impact Bond issuance, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

Management of proceeds

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


Reporting

Reporting indicators, processes and methodologies are defined by the issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Vehicles financed by the Positive Impact Bond proceeds, collected at project level and potentially aggregated at Bond and/or Program level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Good, Advanced.
- Scale of level of assurance on issuer's capacity: Reasonable, Moderate, Weak.

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 organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

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 & organisations:** 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, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago and Stockholm.

The Vigeo Eiris Global Network, comprising 7 exclusive research partners, is present in Australia, Brazil, Germany, Israel, Japan, Spain and Mexico.

For more information: www.vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not executed any audit mission or consultancy activity for ALD Automotive until so far and no established relationship (financial or other) exists between Vigeo Eiris and ALD Automotive. Of note, Société Générale owns around 80% of ALD Automotive. Vigeo Eiris has carried out 5 audit missions and no consultancy for Société Générale over the last 5 years. No established relationship (financial or other) exists between Vigeo Eiris and Société Générale.

This opinion aims to explain for investors why the Positive Impact Bond is considered as sustainable and responsible, 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. Providing this opinion does not mean that Vigeo Eiris certifies the effectiveness, the excellence or the irreversibility of the vehicles financed by the Positive Impact Bond. ALD Automotive 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 financial performance of the Positive Impact 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.

The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of ALD Automotive or its financial obligations. We do not express an opinion as a score when controversial activities, products and services are not prohibited by international standards or treaties. 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.

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