

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF THE CHU DE RENNES' SOCIAL NOTES²

March 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Social Notes (NSV under German law) (the "Notes") structured by BayernLB, for the CHU de Rennes (the "Issuer" or the "CHU").

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the ICMA's Social Bond Principles ("SBP") voluntary guidelines, edited in June 2018.

Our opinion is built on the review of the following components:

- 1) **Issuer:** we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.
- 2) **Issuance:** we assessed the Notes, including the coherence between the Notes and the Issuer's social commitments, the Notes' potential contribution to sustainability and their alignment with the four core components of the SBP 2018.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Vigeo Eiris' exclusive ESG rating database, and (iii) information provided by the CHU de Rennes and BayernLB, through documents and interviews conducted with stakeholders involved in the Notes' issuance.

We carried out our due diligence assessment from January 22nd to March 25th, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Notes structured by BayernLB for the CHU de Rennes are aligned with the four core components of the SBP 2018.

We express a reasonable assurance⁴ (our highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Notes to sustainability.

1) Issuer (see Part I):

- ▶ As of today, the CHU is facing one stakeholder-related ESG controversy, related to the domain Business Behaviour ("Responsible Customer Relations" criteria). The frequency of the controversy is considered isolated. The severity of its impact on both the company and its stakeholders is considered high. The CHU is considered non-communicative, as it has not publicly communicated on this controversy due to medical confidentiality. However, we consider that appropriate internal measures have been put in place.
- ▶ The Issuer appears to be involved in 1 of 17 controversial activities screened under our methodology.

¹ This opinion is to be considered as the "Second Party Opinion" described in the SBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Social Notes" are to be considered as the Notes to be potentially issued, subject to the discretion of the Issuer. The name "Social Notes" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

³ The 17 controversial activities screened by Vigeo Eiris are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

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

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Notes in its internal documentation.

We are of the opinion that the contemplated Notes are coherent with the Issuer's strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

Use of Proceeds

- ▶ The net proceeds of the Notes will exclusively finance, in part or in full, a single project (the "Selected Project"), which is: the construction of a Surgical and Interventional Centre (Centre Chirurgical et Interventionnel, or "CCI") at the CHU de Rennes. We consider that the Selected Project is clearly defined.
- ▶ The Selected Project is intended to contribute to two main social objectives (Access to and quality of essential health services, and Quality of working conditions). These objectives are formalized in internal documentation and considered to be clearly defined and relevant.
- ▶ The target populations that will benefit from the Selected Project have been clearly defined, namely: patients (residents of Rennes, residents of the region for referral care and vulnerable populations targeted by general interest missions), and the professionals of the CHU de Rennes.
- ▶ The Selected Project is considered to provide clear social benefits. The Issuer has committed to assess and, where feasible, quantify the expected social benefits of the Notes issued. An area for improvement consists in defining ex-ante quantified social targets for the Selected Project.
- ▶ The Selected Project is likely to contribute to two of the United Nations' Sustainable Development Goals ("SDGs"), namely Goal 3. Good Health and Well-being, and Goal 4. Quality Education.
- ▶ The Issuer has transparently communicated that the estimated share of refinancing will be equal to 0% (financing of new expenses only, i.e. after issuance).

Process for Projects Evaluation and Selection

- ▶ The governance and process for the evaluation and decision of the Selected Project are formalized in internal documentation. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process for selection relies on explicit eligibility criteria (selection), relevant to the social objectives defined for the Selected Project.
- ▶ The identification and management of the environmental and social risks associated with the Selected Project are considered good.

Management of Proceeds

- ▶ The rules for the management of proceeds are clearly defined and verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments appear to be good, covering both the funds allocation and the expected social benefits of the Selected Project.

The Issuer has committed that its Notes will be supported by external reviews:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Notes, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website⁵ upon reception.
- An annual verification: an external verification performed by a third-party auditor, covering (i) the management of funds (internal control methods and traceability of the allocation of proceeds) and (ii) the reporting on the Project's social impacts, annually and until the proceeds' full allocation.

This Second Party Opinion is based on the review of the information provided by the CHU de Rennes and by BayernLB, according to our exclusive assessment methodology and to the SBP voluntary guidelines (June 2018). The CHU de Rennes acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, March 25th, 2020

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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has carried out two audit missions for the CHU de Rennes (April 2016 and October 2017). No established relation (financial or commercial) exists between Vigeo Eiris and the Issuer.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Notes considered by the Issuer and BayernLB, 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. The Issuer 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 the financial performance of the Notes, 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.

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The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

⁵ <https://www.chu-rennes.fr/>

DETAILED RESULTS

Part I. ISSUER

The Rennes University Hospital Centre (CHU de Rennes) is a public health establishment with a capacity of 1,854 beds on four hospital sites spread over the Rennes agglomeration. The complex represents a real estate portfolio of approximately 315,000 m². The Rennes University Hospital is the largest employer in Brittany, with 9155 professionals. The CHU offers both the services of a local hospital, providing care for all, and a referral and reference hospital, through its research and teaching activities, with a regional and extra-regional vocation.

Level of ESG performance

The Issuer has the objective to engage in a process of evaluation of its ESG performance by Vigeo Eiris during the year 2020. In that case, it commits to communicate its results publicly.

Management of stakeholder-related ESG controversies

As of today, the CHU de Rennes is facing one stakeholder-related ESG controversy, linked to one of the six domains we analyse:

- Business Behaviour domain, in the criteria "Responsible Customer Relations".

Frequency: The controversy is considered isolated, in line with the sector average.

Severity: The severity of their impact on both the CHU and its stakeholders is considered high, in line with the sector average.

Responsiveness: The CHU is considered non-communicative, as it has not publicly communicated on this controversy due to medical confidentiality. However, we consider that appropriate internal measures have been put in place.

Involvement in controversial activities

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs, at the request of certain investors. The information does not suggest any approval or disapproval on their content from Vigeo Eiris and has no impact on this opinion.

The Issuer is involved in 1 of the 17 controversial activities analysed in our methodology:

- Major implication in Reproductive Medicine: the CHU provides with family planning services and has an abortion centre. Of note, this is a legal obligation for Public Health Establishments in France.

The Issuer appears to be not involved in any of the 16 other controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional Oil and Gas, Gambling, Genetic engineering, Human Embryonic Stem Cells, High interest rate lending, Military, Nuclear Power, Pornography, and Tobacco.

Part II. ISSUANCE

Coherence of the Notes

Context note: Health is an important sustainable development issue. Health care institutions have a key role to play in improving health services and can promote various initiatives to (i) improve accessibility to their services for vulnerable populations to ensure the right to health for all; (ii) work for the transfer of knowledge and know-how to develop local health systems (especially abroad); (iii) host medical research projects, research and development of new products or training of the next generation of health professionals.

Providing quality care and ensuring patient safety are fundamental issues for hospitals. In a sector facing a growing shortage of staff, ensuring good working conditions, and attracting, retaining and keeping talents up to date is crucial in order to preserve the quality and diversity of services offered by these institutions.

The integration of environmental issues into hospitals' activities is a key issue, for the reduction of energy consumption from buildings and their associated CO₂ emissions. A responsible environmental policy for healthcare establishments also implies a waste management strategy aimed at limiting their production and ensuring their sorting.

We are of the opinion that the contemplated Notes are coherent with the Issuer's strategic sustainability priorities and sector issues, and contribute to achieving the Issuer's sustainability commitments.

The CHU de Rennes seems to recognize its role in finding solutions to make the health sector more sustainable. The CHU has developed a strategy to improve its healthcare offer, the working conditions of its employees, the patient journey, as well as the environmental impact of its operations. In particular, it has implemented the following strategies and measures:

- The Multi-Year Investment Program (Programme Pluriannuel d'Investissement, PPI) for the period 2020-2024, mainly dedicated to the reconstruction project of the CHU de Rennes. It also includes an increased investment for biomedical equipment, to enable the acquisition of new equipment necessary for the development of new activities;
- The ISO 9001 certification obtained by the Research and Innovation Department of the CHU for its activities of research promotion and coordination;
- The reinforcement of the Quality of Life at Work Policy, which began in 2017. The Commission de Vie Hospitalière (Commission on Hospital Life, CVH) and the Commission Médicale d'Etablissement (Medical Commission of the Establishment, CME) are involved in the social policy and the improvement of quality of life at work.

The sustainable development strategy of the CHU de Rennes is reflected in the Pontchaillou site reconstruction project, through objectives such as:

- Regrouping the main activities and functions on one site, thus improving the patients' journey, reducing the transport time required for staff and materials, and allowing more collaboration between research units;
- Developing and implementing the medical and care project, in order to fulfil the CHU's mission of being a local hospital, a referral hospital and a regional and extra-regional reference hospital;
- Responding to research and innovation challenges, with for example integrated spaces and platforms shared with research and teaching centres (University of Rennes 1, the Ecole des Hautes Etudes en Santé Publique (EHESP) and the Villejean campus);
- An environmental and eco-responsible approach for the project of the future University Hospital, particularly for the construction stages of the buildings, in terms of energy efficiency, pollution control and waste management, among other things.

By issuing Social Notes intended to finance the construction of a new Surgical and Interventional Centre (Centre Chirurgical et Interventionnel, CCI) at the CHU, the Issuer coherently aligns with its sustainability strategy and commitments, and addresses the main issues of the sector in terms of sustainable development.

Use of proceeds

The net proceeds of the Notes will exclusively finance, in part or in full, a single project (the “Selected Project”), which is: the construction of a Surgical and Interventional Centre (Centre Chirurgical et Interventionnel, or “CCI”) at the CHU de Rennes. We consider that the Selected Project is clearly defined.

The Selected Project is intended to contribute to two main social objectives (Access to and quality of essential health services, and Quality of working conditions). These objectives are formalized in internal documentation and considered to be clearly defined and relevant.



The target populations that will benefit from the Selected Project have been clearly defined, namely: patients (residents of Rennes, residents of the region for referral care and vulnerable populations targeted by general interest missions), and the professionals of the CHU de Rennes.

The Selected Project is considered to provide clear social benefits. The Issuer has committed to assess and, where feasible, quantify the expected social benefits of the Notes issued. An area for improvement consists in defining ex-ante quantified social targets for the Selected Project.

The Issuer has transparently communicated that the estimated share of refinancing will be equal to 0% (financing of new expenses only, i.e. after issuance).

Selected Project	Definition	Main expected social objectives and benefits	Vigeo Eiris' Analysis
Construction of a Surgical and Interventional Centre (CCI) at the CHU de Rennes	<p>Reconstruction project on the Pontchaillou site:</p> <ul style="list-style-type: none"> Demolition of existing obsolete buildings. Construction of a Surgical and Interventional Centre (CCI), integrating the activities of operating theatres, critical care and surgical hospitalization. <p>Target populations:</p> <ul style="list-style-type: none"> Patients (residents of Rennes, residents of the region for referral care and vulnerable populations targeted by general interest missions). Professionals of the CHU de Rennes. 	<p>Access to and quality of essential health services</p> <p><i>Improvement of the quality of patient care</i></p> <p><i>Increase in the number of surgeries</i></p> <p><i>Improvement of patient and family satisfaction</i></p> <p><i>Rationalization of travel within the site</i></p> <p>Quality of working conditions</p> <p><i>Improvement of working conditions of the health professionals</i></p> <p><i>Creation of links between the CHU and nearby universities</i></p>	<p>The definition of the Project is clear.</p> <p>The social objectives are clearly defined and relevant.</p> <p>The expected social benefits are clearly defined and relevant.</p> <p>The target populations have been clearly defined.</p>

In addition, the Selected Project is likely to contribute to two of the United Nations' Sustainable Development Goals (“SDGs”), namely SDG 3. Good Health and Well-being, and SDG 4. Quality Education.

Selected Project	UN SDGs identified	UN SDG targets
Construction of a Surgical and Interventional Centre (CCI) at the CHU de Rennes	 <p>SDG 3. Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages.</p> <p>3 Good Health and Well-Being</p>	The Notes make a general contribution to SDG 3.
	 <p>SDG 4: Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <p>4 Quality Education</p>	The Notes make a general contribution to SDG 4.

Process for Project Evaluation and Selection

The governance and process for the evaluation and decision of the Selected Project are formalized in internal documentation. We consider that the process is reasonably structured, transparent and relevant.

Given the specificities of the funding framework, there is no evaluation and selection process for "Eligible Projects". Nevertheless, the decision process to fund the Selected Project was defined in internal documentation sent during our evaluation.

We consider the process to be structured and clearly defined.

The process is based on relevant internal and external expertise, with well-defined roles and responsibilities:

- The Selected Project, the construction of the Surgical and Interventional Centre (CCI), is the first operation of the reconstruction project of the CHU de Rennes. The Selected Project was the subject of a design-build contract organised in the form of a competitive dialogue, for which the procedure is detailed in the Special Administrative Clauses (Cahier des Clauses Administratives Particulières or CCAP). A jury decides on the outcome of this competitive dialogue. Its composition includes relevant internal and external expertise, both from the CHU de Rennes and external personalities. There is also a technical commission to steer the competitive dialogue and prepare the Jury sessions.
- The procedure for this competitive dialogue is defined by the CCI specifications. These specifications are the result of a Real Estate Master Plan (Schéma Directeur Immobilier or SDI)⁶, which defines the different stages of the reconstruction project of the CHU and the conditions for its implementation.

The SDI has been developed by:

- A Project Team: steered by a trinome (Deputy Director in charge of the mission, medical representative - head of division, representative of the Healthcare Department), who ensures the link with the various internal and external players concerned (clinical and medico-technical departments, functional departments, City / Metropolitan services, etc.).
- 7 multidisciplinary and multi-professional thematic working groups, formed on the basis of a call for applications from the CHU's professionals, to contribute to reflections on the organisation ("functional schemes") of the new CHU. The themes dealt with by these groups are: ambulatory functions, accommodation, technical platform, non-programmed circuit, medico-technical and hotel logistics, university hospital campus, hospital in the city.
- A joint committee representing the "users-professionals" of the CHU, set up since 2016 (20 professionals and 20 representatives of users or associations), to work on the environment theme and on the development of the hospital hotel. The CHU users' associations are represented within the hospital's governance.
- Presentations have been made to the hospital's internal bodies (Supervisory Board, Medical Committee, Technical Committee, and Nursing, Rehabilitation and Medico-Technical Care Committee) throughout the process of developing the SDI.
- A consultation committee was set up and consulted at each stage of the project integrating the various institutional partners interfacing with the CHU (partnerships, urban planning aspects, university aspects, etc.). A total of more than 500 people, stakeholders in the project, participated in the development of the SDI.

The traceability of decisions appears to be ensured throughout the process, through meeting minutes written for each step in the decision process.

The process for selection relies on explicit eligibility criteria (selection), relevant to the social objectives defined for the Selected Project.

- The selection criteria are based on the definition of the "Selected Project" as defined in the "Use of Proceeds" section of this SPO.

⁶ The SDI is a prospective tool that enables the integration of real estate issues into the CHU's strategy.

The identification and management of the environmental and social risks associated with the Selected Project are considered good.

The main environmental and social risks associated with the Selected Project are covered by the Environmental Pre-Programme, the Environmental Notice, the Green Worksite Charter, and the Environmental Impact Assessment.

The Environmental Impact Assessment (EIA) covers all environmental risks identified as material to the Project. In addition, in cases where the impact is considered negative, the EIA proposes reduction, avoidance, compensation or accompanying measures.

The Green Worksite Charter lists all foreseeable impacts (including the impacts mentioned below) and identifies actions and measures to manage and limit these impacts. The Charter defines the people involved in environmental quality: the Assistant to the Contracting Authority ("l'Assistant à Maîtrise d'Ouvrage" or "AMO"), the AMO Environmental Manager, the Principal Environmental Manager ("Responsable Environnement Principal", or "REP"), and the Corporate Environmental Referent ("Référént Environnement d'Entreprise" or "REE") (for each company involved in the operation). The REP is responsible for the implementation of environmental strategies related to construction, as well as corrective actions. In the event of non-compliance with the charter, corrective actions and penalties are detailed.

Environmental risks

- **Environmental management and eco-construction** (good): For the construction phase of the CCI and within the framework of the HQE⁷ approach "Health Establishments, version 2008" ("Etablissements de santé, version 2008"), a Responsible Management System (RMS) has been set up. The implementation of the RMS makes it possible to meet the environmental performance requirements set upstream by the Owner ("Maître d'Ouvrage") for this operation. It should be noted that although the CHU does not wish to engage in environmental certification procedures such as HQE, BREEAM, LEED etc., it relies on some of their criteria and objectives.
- **Protection of biodiversity** (advanced): the "Harmonious relationship of the building with its immediate environment" is a target of the Environmental Pre-Programme, with the criterion of reaching the "high performance" level according to the HQE standard. In addition, the issues related to the protection of biodiversity are identified and covered by the Environmental Impact Assessment conducted by the CHU as part of the reconstruction project. A study of the biodiversity onsite by an ecologist will be carried out as part of the Environmental Pre-Programme, and landscaping promoting the integration of biodiversity is planned as part of the urbanisation programme.
- **Energy consumption and energy efficiency** (advanced): The project is subject to the decree of the 10th of April 2017 on positive energy and high environmental performance buildings⁸. In this respect, the contractual requirements ("cahier des charges") sets an "energy level at 3"⁹ implying a consumption target of RT2012 -40%. The Environmental Pre-Programme thus covers energy management and targets the "high performance" level. The EIA also covers energy management with the identification of avoidance and reduction measures. The Green Worksite Charter defines measures to reduce energy consumption on the worksite, including a monthly assessment of consumption by the Principal Environmental Manager. A system for monitoring and controlling energy consumption related to the operation of the CCI is also provided for and integrated into the accounting and financial management of the CCI's healthcare activities, with notably dedicated meters for each of the activities.
- **Management and reduction of greenhouse gas emissions** (good): With regard to the carbon footprint, the above-mentioned decree sets the greenhouse gas emission thresholds to be respected (carbon level 1)¹⁰. The CHU wishes to go further and is aiming for a carbon level 2, with stricter greenhouse gas emission thresholds, as mentioned in the Environmental Pre-Programme. In addition, the contractual requirements specify that renewable energy should be used at the level of 40 kWh/m². The Project Manager ("maître d'œuvre") will produce a study on renewable energies presenting the advantages/disadvantages of the various solutions as well as the investment costs and the impact on greenhouse gas emissions. This topic is also addressed in the Green Worksite Charter, which requires monitoring of CO₂ emissions related to the worksite and to transport.

⁷ HQE stands for « Haute Qualité Environnementale » (High Environmental Quality), it is a certification for the environmental quality of buildings.

⁸ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000034438677&categorieLien=id>

⁹ The "Energy 3" level is an additional effort compared to the previous levels. Achieving it will require an effort in terms of the energy efficiency of buildings and systems and a significant use of renewable energies, whether heat or renewable electricity.

¹⁰ <http://www.batiment-energiecarbone.fr/IMG/pdf/referentiel-energie-carbone-niveau-de-performance-2016-10.pdf>

- **Waste management in the new building** (good): The management of waste from hospital activities is one of the targets of the Environmental Pre-Programme, with a "high performance" level to be achieved according to the HQE standard. Internal procedures for sorting at source and waste management already exist within the CHU and must be integrated by the designers of the CCI reconstruction project. Studies are expected by the CHU on the following subjects: diagram of waste management by type of waste, flow plans for the various types of waste, specific study on the treatment of biomedical waste. The CHU has also implemented a strategy and measures to reduce waste at source in the CCI, through the creation of a new logistic platform as part of the CHU's reconstruction plan to reduce the packaging of supplies, as well as an action plan presented to the Medical Commission of the Establishment ("Commission Médicale d'Établissement" or "CME").
- **Construction site waste management** (advanced): The phasing plan and methodology of the CHU's construction site specifies that a Waste Management Organization Scheme ("Schéma d'Organisation de Gestion des Déchets" or "SOGED") will be elaborated, including commitments in terms of waste management, and will be updated throughout construction. The Environmental Pre-programme also defines a strategy of at-source reduction of construction site waste. According to the "Green Building Worksite Charter", at least 60% of the total mass of waste generated must be recovered. The Worksite Environment Manager is in charge of follow-up and traceability of all the evacuated waste. The follow-up is also ensured by collecting waste tracking forms and keeping a waste register, in accordance with regulations. The cleaning and the cleanliness of the building site are monitored by the CHU de Rennes, with the possibility of calling upon an external service provider if necessary.
- **End-of-life management of infrastructures** (limited): The Environmental Pre-Programme mentions the importance of a Life Cycle Assessment (LCA) of buildings to consider the performance of the building over its entire life, including the deconstruction phase. A Life Cycle Assessment (LCA) study was conducted as part of the design-build contract. However, we have no visibility on how the analysis' results will be taken into consideration.
- **Prevention and control of local pollution (noise, vibrations, dust)** (advanced): Being a "low environmental impact worksite" is one of the targets of the Environmental Pre-Programme, aiming at the "high performance" level. The CHU has set up a contractual worksite charter, which specifies all the requirements: reduction of nuisances (noise, light, vibrations, traffic, etc.) and pollution (quality of air, water, soil, etc.). A "Low Nuisance Site Manager" or "Green Worksite Manager" will be present throughout the entire operation. There will also be a "Noise Manager" designated who can be reached during the opening hours of the site, and a "Traffic Man" responsible for rotation schedules and supplies, as a response to flow risks. In addition, the Bacteriology - Hospital Hygiene Department of the CHU is responsible for managing the nuisances and risks caused by the CHU's activities, in order to limit the impact of the activities on patients and local residents (water quality, effluents, noise, etc.).

Social Risks

- **Respect for fundamental human rights and labour rights** (good): The Selected Project is subject to a design-build contract (subject to French law) and is subject to respect fundamental human rights and associated labour rights. The contract was signed within the framework of the Public Procurement Code ("Code de la commande publique"). The CCAP (Administrative Clauses) brings together all the administrative provisions of the public procurement contract, and is subject to compliance with the provisions of French labour law.
- **Improving the health and safety of workers** (good): The CHU calls on the services of a Health and Safety Protection Coordinator ("Coordinateur Sécurité et Protection de la Santé" or "CSPS"), an external service provider who will ensure that the health and safety rules are respected by all parties involved. The CCAP specifies the penalties for non-compliance. The safety prevention and production policy is detailed in the Site Methodology Note, which includes a continuous improvement approach through feedback from the field.
- **Health and safety of users and third parties** (good): Safety measures targeting local residents and users during the construction phase are detailed in the Green Worksite Charter. In addition, the Environmental Pre-Programme proposes the support of an AMO Environmental Manager, notably responsible for the control and respect of the regulations in force and the prefectural decrees related to the operation, by the companies awarded the works contracts.
- **Commitments in favour of information and consultation of stakeholders** (good): In accordance with the provisions of the Environment Code and the Town Planning Code, the CHU de Rennes is setting up a public consultation phase from the 16th of March to the 13th of April 2020, within the framework set by the National Committee for Public Debate (CNDP). Within the Quality and User Relations Department of the CHU, complaints and grievances from users and local residents can be referred to the Users' Commission, including the possibility of mediation, and as a last resort, the possibility of turning to the administrative court.

Management of proceeds

The rules for the management of proceeds are clearly defined and verified. We consider that they would enable a documented and transparent allocation process.

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Notes will be credited to the CHU's unique account, managed by the Public Treasury, in compliance with the rules of public accounting.
- Disbursements made by the Public Treasury for the CHU's expenses are made on invoice and according to the progress of the construction work.
- The maximum duration of the construction work is 36 months, therefore the Issuer commits to allocate the funds to the Selected Project within a maximum period of 36 months.
- Unallocated funds will be held by the Public Treasury in accordance with its usual cash investment strategy.
- In the event of any delay or postponement of the project or expenditure, the Issuer commits to reallocate the funds within 24 months, in line with good market practice. In the event of exceptional circumstances that would result in the project being halted, the funds would be reallocated to a project presenting strictly the same criteria as validated by the COPERMO¹¹.

Traceability and verification of both the tracking method and allocation of the proceeds are ensured throughout the process:

- The CHU's Construction Works Department and the Finance Department are responsible for monitoring expenditures and the allocation of funds. In the event of discrepancies, a blocking system is put in place.
- The internal verification of the allocation of funds is ensured by two levels of control, in compliance with the rules on public finance and the separation between authorising officer and accountant:
 - The authorising officer (the CHU's Finance Department) carries out a first level of control of the allocation of funds;
 - The Public Treasury carries out a second level of control for the corresponding disbursement.
- The external verification of the allocation of funds will be ensured within the framework of the COPERMO's review of the investment project, as well as within the framework of the control programme of the Regional Chamber of Accounts.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the expected social benefits of the Selected Project.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in internal documentation.

The process is structured and based on relevant internal expertise:

- The Management Control team and the Operations Manager are in charge of collecting and consolidating data on the monitoring of construction work, expenditures and allocation of funds;
- The CHU's Finance Department coordinates and centralizes the collection of data related to social benefits from the various CHU departments;
- The Finance Department is in charge of aggregating and validating financial and extra-financial data (such as data on social impacts) and publishing reports in collaboration with the Communication Department.

All mentioned reports undergo an internal and external verification.

For the internal verification, the reporting is presented for validation to the governing bodies of the CHU, the Executive Board and the Supervisory Board.

¹¹ COPERMO is the French acronym for the Interministerial Committee for the Performance and Modernization of the Healthcare Offer. The criteria are: number of intervention rooms, number of conventional hospital beds, number of spots in the outpatient unit.

For the external verification:

- The project, its progress and its financing will be subject to an annual audit as part of the COPERMO's investment project review during the entire construction phase and as part of the control programme of the Regional Chamber of Accounts until the funds are fully allocated;
- Once the building begins to operate, the Regional Health Agency ("Agence Régionale de Santé") will conduct an annual review as part of the management dialogue with the CHU.

The Issuer commits to producing three types of reporting on the Selected Project:

- A monthly internal reporting for the Top Management, covering financial and social aspects, and the monitoring of construction work, until full allocation of funds;
- A semi-annual public reporting, covering the progress of the construction work and the allocation of funds, until the funds are fully allocated;
- An annual public reporting to the Noteholders on financial and social indicators, until the Notes' maturity.

The Issuer has committed to report on the following indicators:

- Allocation of proceeds: the selected reporting indicators appear to be relevant.

Reporting indicators
<ul style="list-style-type: none"> - A list of types of expenses financed by the Notes - The progress of the project - The percentage of allocated vs non-allocated funds - The type and amount of temporary placement of unallocated funds (if existing)

An area for improvement consists in communicating the share of co-financing with regards to the total cost of the Selected Project (i.e. the amount and share of funds other than the Notes', used to finance the total cost).

- Social benefits: the selected reporting indicators appear to be relevant.

Selected Project	Result indicators	Impact indicators
Construction of a Surgical and Interventional Centre (CCI) at the CHU de Rennes	<ul style="list-style-type: none"> - Number of surgeries performed at the CCI - Quality of care within the CCI (in connection with the certification from the Health High Authority¹²): measurement of block performance - utilization rate (%), compliance with programming windows, overflow rate (%) - Total number of people cared for in the new CCI (per year) - Travel avoided with the grouped services from the southern hospital (in km) 	<ul style="list-style-type: none"> - Annual evolution in market share (CCI rate in the CHU recruitment zone) (%) - Annual evolution of the number of patients cared for by the services within the CCI (%) - Annual evolution in patients' satisfaction (%) - Annual evolution of the quality of life at work of healthcare professionals' satisfaction (%) - Evolution in absenteeism rate of health professionals (%) - Evolution of outpatient care (%) (No. of day hospital stays / year for the CCI) - Annual evolution in the number of hospital interns per semester at the CHU in connection with the construction of the CCI (%)

¹² https://www.has-sante.fr/jcms/c_411173/fr/comprendre-la-certification-des-etablissements-de-sante

An area for improvement consists, in case of co-financing, to commit to report on social benefits pro rata to the Notes' contribution to the total cost of the CCI.

The Issuer has committed to publicly disclose the key methodologies and assumptions used to calculate the indicators on the Issuer's website.

An area for improvement consists in communicating, at least to investors, in case of material developments relating to the Notes and/or the Selected Project, including in case of ESG controversies project modification.

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 process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on the specificities of the Issuer's business activity.

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 Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer has the objective to engage in a process of evaluation of its ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues) through a complete process of rating and benchmarking developed by Vigeo Eiris, which will be published at a later date than this SPO. As a result, the Issuer's ESG performance is not evaluated in the scope of this SPO.

Management of stakeholder-related ESG controversies

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 based on unproven facts.

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 is considered as long as it is public, documented and traceable.

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

- **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).
- **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).

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.

Involvement in controversial activities

17 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 specific nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Notes have been evaluated by Vigeo Eiris according to the SBP 2018 and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Selected Project and of their sustainable objectives and benefits are a core element of Social Bonds standards. Vigeo Eiris evaluates the definition of the Selected Project, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of the Selected Project to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Selected Project. The identification and management of the ESG risks associated with the Selected Project are analysed based Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

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

Reporting

Monitoring process and commitments, reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Selected Project financed. Vigeo Eiris has evaluated the reporting based on its transparency and relevance.

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

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 & organizations:** 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, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com