



SECOND PARTY OPINION¹ ON THE SUSTAINABILITY OF ACS SCE'S GREEN BOND²

March 2018

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (hereafter the “Bond”) proposed to be issued by ACS SCE (the “Issuer”), according to Vigeo Eiris’ Environmental, Social and Governance (“ESG”) assessment methodology, and on the alignment with the Green Bond Principles voluntary guidelines (the “GBP”).

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

- **Issuer:** document-based evaluation of the Issuer’s ESG controversies’ management and capacity to mitigate these risks, and the Issuer’s involvement in controversial activities.
- **Issuance:** analysis of the coherence between the Green Bond Framework and Issuer’s sustainability strategy and commitments, and document-based evaluation of the Green Bond Framework.

Vigeo Eiris’ sources of information are gathered from our rating database, ACS SCE, press content and stakeholders, complemented by interviews with the involved departments and managers, held at the Issuer’s head office in Madrid (Spain). Vigeo Eiris has carried out its due diligence from January 18th to March 16th, 2018.

We were able to access all appropriate documents and to speak to all solicited people. We consider that the provided information enables us to establish our opinions with a reasonable level of assurance of their completeness, precision and reliability.

VIGEO EIRIS’ OPINION

Vigeo Eiris confirms that the Bond considered by ACS SCE is a “Green Bond” with positive contribution to sustainable development, in line with the Green Bond Principles.

Vigeo Eiris reaches a reasonable³ level of assurance of the Bond’s contribution to sustainability.

- **Issuer:**
 - ▶ As of today, ACS SCE faces an isolated controversy regarding Environment and Community Involvement domains. The severity of this case is considered significant based on the analysis of their impact on the company and its stakeholders. The company is reactive, as ACS SCE reports in a detailed way on its position to the case.
 - ▶ Regarding the 15 controversial activities⁴ analysed by Vigeo Eiris, ACS SCE has a minor involvement in the Military sector.
- **Issuance:** The Issuer’s Green Bond Framework is coherent with ACS SCE’s main strategic priorities and is considered to be good. The Issuer is committed to make its Green Bond Framework and this Second Party Opinion publicly available in its website⁵ (see Part II).
 - ▶ The net proceeds of the Bond issuance will be used to refinance Eligible Projects, which contribute to climate change mitigation, energy efficiency and water resources protection; and are in line with three United Nations Sustainable Development Goals (the “UN SDGs”). The environmental objectives associated with the selected Eligible Projects are clearly defined, measurable, relevant, although partially precise. We have recommended quantifying these objectives. The Issuer will assess and, where feasible, quantify the environmental benefits.

¹ This opinion is to be considered as the “Second Party Opinion” described by the Green Bond Principles (‘External Review’ section). www.icmagroup.org

² The “Green Bond” is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

³ 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.

⁴ The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.

⁵ www.grupoacs.com

- ▶ The process for project categorisation, evaluation and selection is clearly defined, considered to be good in terms of transparency and governance, and relies on relevant eligibility criteria. The integration of environmental and social factors in the process is good, covering the main ESG risks associated with the Eligible Projects.
- ▶ The rules for the management of proceeds are clearly defined by the Issuer and would enable a transparent and good allocation process.
- ▶ The reporting process is partially defined, although reporting commitments are overall good, covering both the funds allocation and environmental benefits of the Eligible Projects (outputs and impacts), reaching an overall reasonable level of assurance of the Issuer's capacity to report on the Green Bond's use and impacts. We have recommended adding impact indicators for the Energy Transmission, Distribution and Management Projects and disclosing the underlying calculation methodologies and/or assumptions used in the quantitative determination.

EXTERNAL REVIEW

ACS SCE's Green Bond issuance is supported by external reviews:

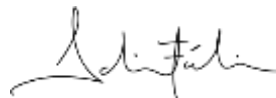
- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering the key features of the Green Bond, i.e. Issuer's sustainability profile and commitments related to the issuance.
- An external verification, i.e. an annual assurance report provided by a third party, confirming that an amount equal to the net proceeds of the bonds has been allocated in compliance with all material respects of the eligibility criteria, until all the full allocation and if necessary afterwards in the event of project replacement.

This Opinion is valid as of the date of issuance limited to ACS SCE's first Green Bond intended to be issued in April 2018.

Paris, March 21th, 2018



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Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not executed any audit mission or consultancy activity for ACS SCE until so far and no established relationship (financial or other) exists between Vigeo Eiris and ACS SCE.

This opinion aims to explain to investors why the Green Bond is considered 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 correctness, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Bond. ACS SCE 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 Green 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 ACS SCE 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.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.

DETAILED RESULTS

Part I. ISSUER

Stakeholder-related ESG controversies

ACS SCE is involved in one controversy related to a claim presented by a Latin American Environmental NGO to the UN Global Compact to stop a hydroelectric project in Guatemala carried by ACS SCE. This controversy impacts two domains analysed by Vigeo Eiris, namely the Environment and Community Involvement domains.

This controversy represents an isolated case of significant severity based on the analysis of its impact on both the company and its stakeholders. The Company's responsiveness is considered reactive as ACS SCE reports in a detailed way on its position to the case. The UN Global Compact has considered the matter closed under its integrity issues.

Involvement in controversial activities

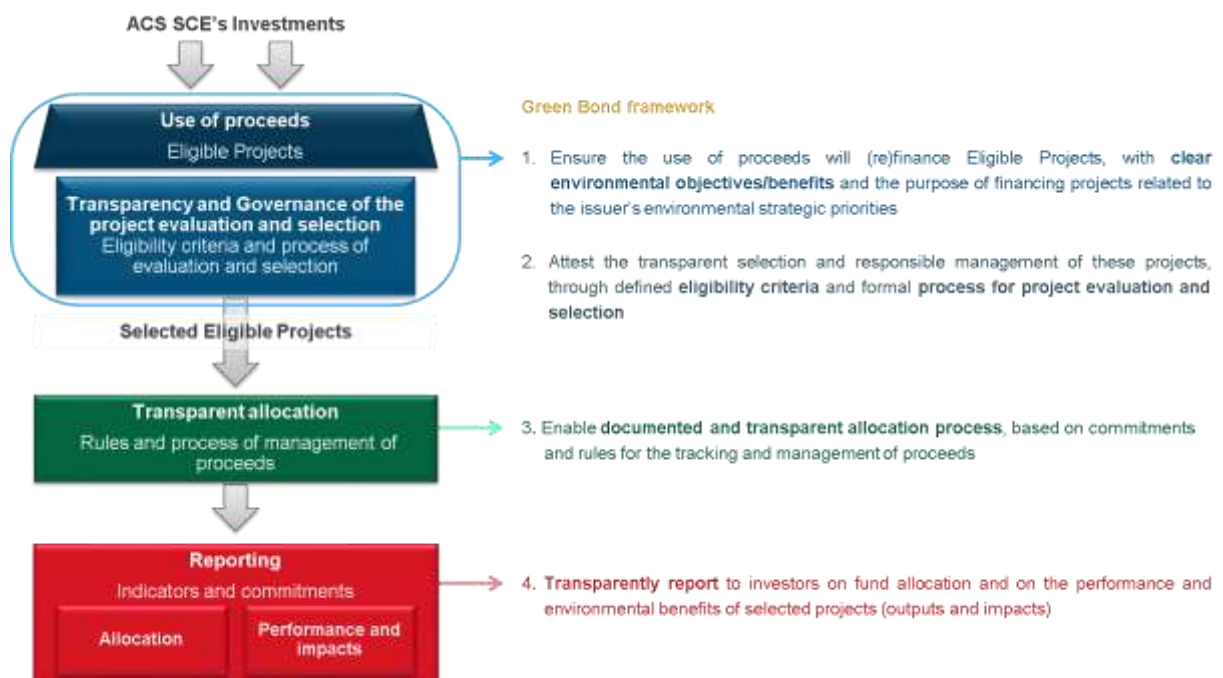
Regarding ACS SCE's involvement in the 15 controversial activities analysed by Vigeo Eiris, the Company has a minor involvement in the Military sector.

- Maessa Group, a company of ACS industrial services, works on military projects for the Naval Fleets of different countries. ACS SCE communicated to Vigeo Eiris that revenues from the military sales of Maessa Group in 2017 were around 0.03% of its total turnover.

ACS SCE has no involvement in any of the other 14 controversial activities analysed by Vigeo Eiris.

Part II. ISSUANCE

ACS SCE has established a Green Bond Framework for this first issuance. The Issuer is committed to make its Green Bond Framework and this Second Party Opinion publicly accessible on its website. The framework is composed of four sections, aligned with the GBP, as presented in the following process:



Coherence of the issuance

ACS SCE's Green Bond Framework is coherent with the Issuer's main sustainability priorities, and contributes to generally achieve its commitments.

Vigeo Eiris has a reasonable level of assurance on ACS SCE's capacity to integrate relevant issues in terms of environmental responsibility with its investments.

ACS SCE is one of the main global competitors in the field of applied industrial engineering, with projects in more than 50 countries. Its activity is focused on the development, construction, maintenance and operation of energy, industrial and mobility infrastructures through a large group of companies.

The Company is committed to include the protection of the environment in its business objectives. ACS SCE has made environmental commitments in four key focus areas: the fight against climate change, eco-efficiency promotion, water saving and the respect for biodiversity. In particular, the Company has outlined qualitative targets to move forward these commitments, including the increase the number of certified ISO 14001 environmental management systems of sales, to rationalize and efficiently use energy resources, to reduce waste generation in its sales and to monitor and report its GHG emissions.

By issuing a Green Bond to finance the defined Eligible Projects categories related to renewable energy, energy transmission, energy efficiency, and sustainable water and wastewater management, ACS SCE coherently responds to the above mentioned commitments. In addition, the defined Eligible Projects categories address the majority of the sector's environmental protection responsibilities, namely the development of renewable energy, the reduction of energy use, pollution prevention and control, and the protection of biodiversity.

We recommend to the Issuer to quantify the environmental objectives of the Bond, as well as the contribution of this Green Bond issuance to its corporate objectives.

Use of proceeds

Vigeo Eiris estimates that the definitions of the Eligible Projects categories are clearly defined.

The net proceeds will be used to mainly refinance Eligible Projects, which contribute to climate change mitigation, energy efficiency, and water resources protection.

The environmental objectives associated with the Eligible Projects are defined, measurable, relevant, although partially precise. We have recommended quantifying these objectives. The environmental benefits will be assessed and, where feasible, quantified by the Issuer.

The net proceeds of the Green Bond will be used to refinance (and finance), in whole or in part, the development, construction, installation, maintenance of new or existing projects, assets or activities that meet the eligibility requirements related to Eligible Projects corresponding to four Eligible Project Categories (see Table 1), namely:

- Renewable energy projects
- Energy transmission, distribution and management projects
- Sustainable water and waste water management projects
- Energy Efficiency projects

Eligible Projects are located in North America, South America, Europe, Asia and Africa, and include:

- "Existing" projects, meaning the projects which operation starting date was within 48 months before the issuance date.
- "New" projects, meaning projects to be in operation within 36 months after the issuance date.

We recommended limiting the refinancing period and the Eligible Projects pool to projects which operation date is within 36 months before the Bond issuance date. Of note, the Issuer has committed to dedicate a large percentage of the proceeds to projects with an operation date close to the Bond's issuance date.

The Issuer states that the refinancing share could be equal to 100%.

For its 2018 first Green Bond issuance, ACS SCE has already identified a list of Eligible Projects, which are managed by operating subsidiaries of ACS SCE (the Issuer will disclose its share in each selected Eligible Project), corresponding to the all defined categories. Some of these identified Eligible Projects have quantified targets.

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Eligible Projects will contribute to defined environmental objectives, have expected benefits and will meet a set of eligibility criteria defined by the Issuer.

- The Eligible Project Categories are clearly defined.
- The environmental objectives are defined, measurable, relevant, although partially precise. We recommended quantifying the environmental objectives of the Eligible Projects Categories.
- The chosen Eligible Project Categories are aligned with ACS SCE's Sustainability Strategy.

Eligible Project categories	Definitions	Environmental objectives	Environmental benefits
Renewable energy	Investments in the conception, development, construction, operation and maintenance of renewable electricity production units: <ul style="list-style-type: none"> - Wind (onshore and offshore). - Solar (photovoltaic and Concentrating Solar Power Plant). - Hydropower: small scale hydro power facilities (max 20MW of generation capacity) and repowering of existing large existing hydro system that increases the efficiency and energy yield from existing hydro-electric facilities. - This category may include other renewable energy sources included in the Climate Bond Taxonomy⁶. 	Develop renewable energy production in order to provide people with cleaner, reliable, sustainable energy worldwide	Climate change mitigation <i>GHG emissions avoidance (renewable electricity generation)</i>
Energy Transmission, Distribution and Management	Investments in the development, construction, equipment, operation and maintenance of: <ul style="list-style-type: none"> - Energy Transmission and Distribution networks (e.g. power lines, transport lines) required to connect or support integration of Renewable Energy inputs to national grids and systems. - Energy transmission and distribution infrastructures that contribute to improve the network efficiency in terms of demand-size management, energy efficiency decreasing losses and extending access to electricity. (E.g. retrofit of transmission lines and grid stability improvements). 	Connect and integrate renewable energy sources Improve the network energy efficiency, the demand-size management and electricity transport capacity	Climate change mitigation <i>GHG emissions reduction and avoidance</i> Energy Efficiency <i>Energy savings</i>
Sustainable Water and Wastewater Management	Investments in the development, operation and upgrade of: <ul style="list-style-type: none"> - Water infrastructure and distribution - Wastewater treatment plants - Water use minimization - Sea water desalination plants - Water-efficient irrigation technologies for agriculture 	Resolve water scarcity, waste minimization, or recycling to alleviate unsustainable waste generating	Protection of Water resources <i>Water savings, Wastewater treatment and avoidance</i> Climate change adaptation <i>Resilient infrastructure</i>
Energy Efficiency	Energy Efficiency technology projects/products that contribute to a reduction of energy consumption per unit of output, such as –for instance- heating and cooling network, co-generation, optimization of buildings or plant efficiency, systems for energy management (Smart Grid, Smart Metering), advanced efficient appliances and lighting (e.g. LED) and more generally energy and facility management solution development.	Contribute to the reduction of energy consumption per unit of output	Climate change mitigation <i>Energy savings and reduction of GHG emissions</i>

⁶ <https://www.climatebonds.net/standards/taxonomy>

Vigeo Eiris considers that the defined Eligible Projects categories are in line with three United Nations Sustainable Development Goals.



Contribution to UN SDG 6. Clean water and sanitation

The UN SDG 6 consists in ensuring availability and sustainable management of water and sanitation for all. In particular, 2030 targets include to:

- Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

By using the Green Bond proceeds to finance Sustainable Water and Wastewater Management projects, ACS SCE contributes to the UN SDG 6, with regards to the above-mentioned targets.



Contribution to UN SDG 7. Affordable and clean energy

The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy. More precisely, SDG 7 targets by 2030 include to:

- Substantially increase the share of renewable energy in the global energy mix and to promote investment in energy infrastructure and clean energy technology.
- Double the global rate of improvement in energy efficiency.

By using the Green Bond proceeds to finance Renewable Energy, Energy Transmission and Energy Efficiency projects, ACS SCE is contributing to the UN SDG 7, with regards to the above-mentioned targets.



Contribution to the UN SDG 13. Climate action

The UN SDG 13 consists in taking urgent action to combat climate change and its impacts. 2030 goals include strengthening resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

In addition, energy companies can contribute to this goal by supporting the transition to net-zero carbon energy, and develop and share scalable systems to improve the resource efficiency and sustainability of production across the value chain.

By using the Green Bond proceeds to finance Sustainable Water and Wastewater Management, Renewable Energy, Energy Transmission and Energy Efficiency projects, ACS SCE is contributing to the UN SDG 13, with regards to the above-mentioned contributions.

Process for project evaluation and selection

Vigeo Eiris estimates that the process for project evaluation and selection is clearly defined. The process is good in terms of transparency and governance, and relies on relevant eligibility criteria.

As a result, the process is considered in line with the Green Bond Principles guidelines.

The process for evaluation and selection of Eligible Projects is clearly defined and formalized in ACS SCE's Green Bond Framework.

- The evaluation and selection of Eligible Projects is based on relevant internal expertise with well-defined roles and responsibilities:
 - ACS SCE has established a Green Bond Committee, integrated by relevant senior representatives from the departments of Finance, Project Management and Corporate Social Responsibility.
 - The Green Bond Committee is responsible for the review and validation of the Eligible Projects, as well as for ensuring its compliance with the Green Bond Framework.
 - The Company has business teams specialized in Energy and Water related projects at the concerned subsidiary level, responsible of providing overall guidance and monitoring the compliance of projects and/or operations with ACS SCE's Corporate Governance, Regulatory and Social Responsibility Policies.
 - ACS SCE also has project management teams in each region/country in which it operates, who are responsible for the implementation of environmental, social and project governance measures in the projects.

- ACS SCE's evaluation and selection process is reasonably structured:
 - The Green Bond Committee will gather a list of potential projects to create a portfolio of Eligible Projects that exceeds the total amount of the issuance, and that fit into the defined Eligible Projects categories.
 - The Green Bond Committee will demand the Energy and Water specialized teams and/or local project managers to provide all the data related to the environmental and social risks management of the potential projects to analyse their compliance with the eligibility criteria established in the Green Bond Framework.
 - The Green Bond Committee will evaluate and select the Eligible Projects to be financed by the Bond.
- The verification and traceability is ensured throughout the process:
 - The Committee will verify at least twice per year if all projects continue to comply with the eligibility criteria. In case a project fails to comply with the Framework, the Green Bond Committee will be in charge of replacing it for an alternative Eligible Project.
 - The decision traceability will be ensured by ACS SCE's Financial Area, who will create Green Bond's Committee's meeting minutes.
 - An independent party will verify the compliance with the selection process and criteria.

The process relies on relevant eligibility criteria. The identification and management of environmental and social risks associated with the selected Eligible Projects are considered to be good.

- The eligibility requirements are based on the definitions of the Eligible Projects categories
- The selected Eligible Projects have to be in accordance with corporate policies. If the Issuer does not control the major interest of the financed Projects, the Issuer commits to evaluate that the Eligible Projects comply with ACS SCE's Corporate Governance and Regulatory Policies, Social Responsibility Policies and Compliance Policies within 12 months after the allocation of funds.
- The selection criteria assesses and controls the main environmental and social risks associated with the Eligible Projects Categories:
 - Environment: environmental management of the projects, management of the projects' end-of-life, pollution prevention and control, and protection of biodiversity and natural resources. In particular, a dedicated energy management plan is implemented and a renewable energy feasibility study is performed for water projects. However, room for improvement remains, notably project eco-design (integration of environmental requirements in the project specifications), GHG emissions monitoring and climate change physical risk management at project level in all the selected Eligible Projects.
 - Social: respect of human and labour rights for all project workers, health & safety management systems covering all project workers, promotion of local development, social impact assessment of all the projects, stakeholders' dialogue and community involvement, and responsible procurement. One area of improvement includes the measures related to the respect, monitoring and audit of the rights of local communities in all the selected Eligible Projects.
 - Project Governance: business ethics and audit and internal control.
We recommend to reinforce ESG risk management control at project level and to implement measures to progress towards the identified areas of improvement mentioned above.
- Exclusion criteria has been defined to exclude nuclear and fossil fuels related projects, energy efficiency upgrades to GHG intensive power sources (including anything that helps to extend the life of fossil fuel usage), and projects facing litigations that end up in material regulatory sanctions or fines related to environmental and social matters.

Management of proceeds

Vigeo Eiris considers that ACS SCE's rules for management of proceeds are clearly defined and would enable a documented, transparent and good allocation process, aligned with the Green Bond Principles guidelines.

ACS SCE commits to directly allocate the proceeds firstly to refinance selected Eligible Projects.

In case proceeds cannot be allocated to the refinancing of existing projects, the Issuer commits to allocate the Bond's proceeds within 36 months after the issuance date. Unallocated proceeds will be kept in the form of cash or liquidity position such as revolving borrowings, time deposits with banks or other forms of available short-term liquid investments that do not involve GHG intensive activities nor controversial activities. These types of temporary placements align with the market practices (including Climate Bonds Initiative standard).

The allocation of funds to Eligible Projects will be tracked by the Green Bond Committee using an appropriate internal system. In case of joint ventures or co-financing, the Issuer will monitor that the Green Bond proceeds only finance ACS SCE legal share or relevant portion of the projects, avoiding risks of double counting.

The Issuer has committed to maintain a sufficiently large Eligible Projects pool that exceeds the expected amount of net proceeds of the Bond. The Issuer will be able to ensure a proper replacement in case of divestment or if a project fails to comply with the eligibility criteria within 12 months. An ad hoc report regarding eventual changes in the Green Bond portfolio will be made available to investors.

In addition, an independent party will verify the allocation of funds and the remaining unallocated funds from the Green Bond proceeds once a year until full allocation.

Monitoring & Reporting

Vigeo Eiris estimates that the reporting process is partially defined, although reporting commitments are good, covering both the funds allocation and environmental objectives and benefits of most of the selected projects, reaching an overall reasonable level of assurance of the Issuer's capacity to report on the Green Bond's use, outputs and impacts.

We have recommended adding impact indicators for the Energy Transmission, Distribution and Management Projects and disclosing the underlying calculation methodologies and/or assumptions used in the quantitative determination.

The process for ESG monitoring, data collection, consolidation and reporting is partially defined and formalized in the Issuer's Green Bond Framework.

The Green Bond Report will be publicly available in ACS SCE's website.

ACS SCE has selected a set of relevant indicators to report on annual basis and until the Bond's maturity date on fund allocation and the environmental benefits from the financed Projects.

- The selected reporting indicators related to the use of proceeds and the environmental outputs and impacts are overall relevant for the Eligible Projects
- We have recommended defining additional indicators to report on the environmental impacts of the Energy Transmission, Distribution and Management Projects.
- Regarding the underlying calculation methodologies and/or assumptions used in the quantitative determination, we also recommended including them in the framework and/or disclose them in the Green Bond Report.

Beyond the Green Bond Principles guidelines, the Issuer will monitor and report on the responsible management of the selected Projects at corporate level. Vigeo Eiris has recommended reinforcing the reporting on ESG management at project level, depending on the available information and ESG matters relevance.

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 projects to be (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate's 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 the Food assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed the Issuer's related documents and websites related to the bond evaluation (including but not limited to ACS SCE's Green Bond Framework, Corporate Social Responsibility Policy, Corporate Social Responsibility Report 2016, documents describing the selected Projects and detailed responses to Vigeo Eiris questionnaire), and interviewed members from several Issuer's businesses units.

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.

Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is 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 Green Bond framework has been evaluated by Vigeo Eiris according to the Green Bond Principles 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 an Eligible Projects and are traceable within the issuing organisation. Each Project endorsed shall comply with at least one of the Eligible Projects category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Projects has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

Process for project 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 selection criteria and associated supporting elements integrated in the Green Bond framework, 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 Projects financed by the Green Bond proceeds, collected at project level and potentially aggregated at Bond 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 of the 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 a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making.

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: www.vigeo-eiris.com