

# ANNUAL REVIEW

## Of the Second Party Opinion on the sustainability of France's Green OAT

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Moody's ESG Solutions expresses a reasonable level of assurance on the green credentials of the Green Expenditures associated with all the issuances made in 2021.

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### Key findings

#### Contextualization

*In January 2017, the French Republic issued the first French sovereign green bond (green OAT 1.75% 25 June 2039) (hereafter referred to as the "Green OAT"), dedicated to finance expenditures in line with the commitments that France made for the implementation of the Paris Climate Agreement under the terms of the Energy Transition and Green Growth Act. Agence France Trésor (AFT), tasked with managing the government's debt and cash positions, had mandated Moody's ESG Solutions as an independent expert to deliver a Second Party Opinion on the Green OAT Framework.<sup>1</sup>*

*On March 16 2021, France issued a second sovereign green bond (green OAT 0.50% 25 June 2044) for an initial amount of €7bn, governed by the same Framework. Moreover, to maintain the liquidity of this Green OAT through tap issues after the initial issuance, as for conventional benchmark OATs, the AFT has carried out several reissuances, bringing the total outstanding Green OAT debt outstanding as of February 9 2022 to €30.9bn under the first bond issue, and €14.2 under the second, for a total of €44.1bn. Of note, France is also considering one or several issuances of inflation-linked green OAT. The Issuer has formalised in an annex to the Framework the principles of allocation of Green Eligible Expenditures for inflation-linked green OAT.*

*The AFT proceeded to set up the Green OAT Evaluation Council, which met for the first time on December 11<sup>th</sup>, 2017. In 2022, the AFT plans to publish an allocation and performance report, and the Council continues its work on impact reporting, and will continue to publish reports on eligible green expenditure categories in the coming months.*

We express a reasonable level of assurance on the green credentials of the Green Expenditures associated with all the issuances made in 2021 and on the compliance with the commitments made at the time of the issuance concerning these tap issues.

#### Use of proceeds

- ▶ To date, selected expenditures appear consistent with the six Green Sectors initially defined by the issuer in the "Framework for the Green OAT". We express a reasonable level of assurance on the Issuer's capacity to use the Green OAT proceeds for projects contributing to climate change mitigation and adaptation, protection of natural resources and reduction of ecosystems degradation, in line with seven UN SDGs, and in accordance with its initial commitments.

#### Evaluation and selection

- ▶ We consider that the overall level of implementation of the issuer's commitments is advanced, with regards to the process for project evaluation and selection, the application of eligibility criteria and allocation of proceeds from the OAT.

#### Reporting

- ▶ We express a reasonable level of assurance on the Issuer's capacity to report on the funds allocation and on the environmental performance of Green Expenditures.

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<sup>1</sup> <https://www.aft.gouv.fr/fr/oat-verte>

ASSURANCE & PERFORMANCE EVALUATION LEVELS				
USE OF PROCEEDS	Weak	Moderate	Reasonable	
EVALUATION AND SELECTION	Weak	Limited	Robust	Advanced
REPORTING	Weak	Moderate	Reasonable	

# SCOPE

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Moody's ESG Solutions was commissioned to update its opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green OATs issued by the French Republic (the "Issuer" or "France") in January 2017 and in March 2021, in compliance with the Green OAT Framework (the "Framework") created to govern their issuance.

Our opinion is established according to Moody's ESG Solutions' exclusive social responsibility performance and risk assessment methodology (Environmental, Social and Governance Factors - ESG) of sovereign issuers and in accordance with the latest version of the ICMA's Green Bond Principles ("GBP") – last updated in June 2021.

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

- Green Expenditures 2021: verification of the existence of environmental benefits from the Green Expenditures that have been financed over the year 2021.
  - ▶ Use of proceeds: document-based review of the correspondence of these Green Expenditures 2021 with the six eligible Green Sectors defined in the Framework.
  - ▶ Process for the evaluation and selection of expenditures: review of the transparency and implementation of Agence France Trésor's (AFT) commitments regarding the evaluation and selection of Green Expenditures and the application of the eligibility criteria initially defined by AFT.
  - ▶ Reporting: assessment of AFT's ability to report on the allocation, performance and impact of Green Expenditures 2021, and the compliance of the processes put in place and AFT's reporting with the commitments made at the time of the inaugural issuance.
- Issuer : evaluation of the issuer's sustainability performance with regards to its contribution to the Sustainable Development Goals.
  - ▶ Comparative analysis, as of November 2021 (date of the last rating cycle), of the level at which the Issuer commits to integrate into its legislative and regulatory framework and into its public policies the sustainable development principles and goals as they are broadly defined by international public law conventions, as well as by the guidelines and recommendations formulated by public international organisations.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Moody's ESG Solutions' exclusive ESG rating database, and (iii) information provided from the Issuer, through documents.

Our opinion and work have been carried out in good faith. Moody's ESG solutions has not performed any audit, site visit, inspection, nor other tests to establish the accuracy of the information provided by the Borrower. The Borrower is solely responsible for the correctness of the information it has provided and its compliance with, and implementation of, its commitments.

We carried out our due diligence assessment from July 5<sup>th</sup> to July 12<sup>th</sup>, 2022. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. Reasonable efforts have been made to verify data accuracy.

## Contact

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# ISSUANCE

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We express a reasonable level of assurance (our highest level of assurance) on the green credentials of Expenditures associated with all the issuances made in 2021, those of the inaugural issuance and the tap issues subsequent to it, and on the compliance with the commitments made at the time of the issuance concerning these tap issues.

## Use of proceeds

To date, selected expenditures are consistent with the six Green Sectors initially defined by the issuer in its Framework. We express a reasonable level of assurance on the Issuer's capacity to use the Green OAT proceeds for projects contributing to climate change mitigation and adaptation, protection of natural resources and reduction of ecosystems degradation, in line with seven UN SDGs.

To date, 59 expenditures have been financed by the issuances carried out in 2021, corresponding in their entirety to the six Green Sectors initially defined by the issuer in its Framework, namely:

- Buildings
- Transport
- Energy
- Living resources and biodiversity
- Adaptation
- Pollution control and Eco-efficiency

## Contribution to the Sustainable Development Goals

We express a reasonable level of assurance on the Issuer's capacity to use the OAT proceeds to finance projects contributing to climate change mitigation and adaptation, protection of natural resources and reduction of ecosystems degradation, in line with seven of the 17 United Nations' Sustainable Development Goals (UN SDGs).

We consider that the Green Sectors targeted by the Green OAT are likely to contribute to the following UN SDGs: Goal 7. Affordable and clean energy, Goal 9. Industry, innovation and infrastructure, Goal 11. Sustainable cities & communities, Goal 12. Sustainable consumption & production, Goal 13. Climate action, Goal 14. Life below water and Goal 15. Life on land.



7 Affordable and Clean Energy



9 Industry, Innovation and Infrastructure



11 Sustainable Cities and Communities



12 Responsible Production and Consumption



13 Climate Action



14 Life Below Water



15 Life on Land

## Evaluation and selection

We consider the overall level of implementation of the Issuer's commitments to be advanced, in terms of the project evaluation and selection process, the application of eligibility criteria and the allocation of proceeds from the OAT.

The process for projects evaluation and selection obeys to a structured and controlled process, in line with France's environmental policies.

- The selection and validation of Green Expenditures was ensured via an inter-ministerial working group, put in place by the Prime Minister's cabinet and involving the concerned ministries (Ministry of Ecological and Solidarity Transition, Ministry of Economy and Finance, Ministry of Public Accounts Action, Ministry of Higher Education, Research and Innovation, Ministry of Territorial Cohesion and Relations with Territorial Collectivities, Ministry of Agriculture and Food and Ministry of Europe and foreign affairs).
- All Eligible Expenditures were publicly documented, and a record of decisions was established for inter-ministerial working group meetings, enabling the traceability of selection decisions.
- Selection and exclusion criteria, notably based on the Greenfin label (previously named the "Energy and Ecological Transition for Climate" label), appear to have been appropriately applied during the evaluation and selection of Green Expenditures.

We note that the Expenditures selected as eligible for both 2021 and 2022 were presented and approved by the Evaluation Council, composed of international experts.

- As a general rule, when draft legislation is transmitted to Parliament, it is accompanied by an impact study covering their economic, financial and social implications. In addition, and more specifically, the environmental benefits of the Green OAT's Expenditures are the subject of specific studies supervised by the Green OAT Evaluation Council, including an analysis of mitigation measures for the associated risks. After publishing reports on the Energy Transition Tax Credit (CITE), on French navigable waterways, on the National Forestry Office, and on the Program for Future Investments (PIA), the Council intends to examine the various eligible expenditure categories one after the other.

## Reporting

We express a reasonable level of assurance on the issuer's capacity to report on the funds allocation and on the environmental performance of Green Expenditures.

The Issuer produces a report combining allocation reporting and performance reporting. This report will be supplemented by the publication of an ex-post evaluation report, carried out under the supervision of the Green OAT Evaluation Council.

### Issuer's capacity to report

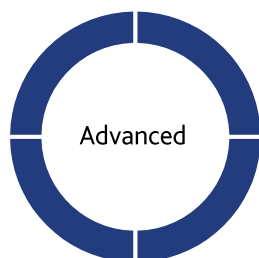
Indicators on funds allocation are reported. In addition, the issuer provides information on the environmental performance of the Green Expenditures. These are based solely on existing State's expenditures indicators and mainly on performance indicators identified in existing government budget documentation, specifying calculation methodologies. The AFT has selected 45 performance indicators, whose relevance was assessed by an independent third party.

### External reviews

In addition to the audits carried out by the Court of Auditors, France has committed to have its report on the funds allocation reviewed by an independent auditor, covering:

- All operational processes leading to the allocation of eligible Green Expenditures backed by OAT issuances in 2021.
- The proper implementation of eligible Green Expenditures.

# ISSUER



## Level of the Issuer's sustainability performance

According to the *Sovereign Sustainability Rating* © last updated by Moody's ESG Solutions (MESG) in November 2021, France received a rating of 82/100 which indicates an overall advanced sustainability performance. France ranks 4th out of 178 countries rated in our global sovereign sustainability index, and also 4th out of 37 OECD countries<sup>2</sup> rated by MESG.<sup>3</sup>

MESG's assessment of the Issuer's sustainability performance is based on publicly available information and statistics derived from sources that have been agreed for use in the data collection and rating methodologies for the *Sovereign Sustainability Rating*.

France has an advanced performance across all three pillars: Environmental Responsibility (75/100), Social Responsibility (81/100), and Governance Responsibility (89/100).

PILLAR	COMMENTS	PERFORMANCE LEVEL
Environmental Responsibility	<p>France has an advanced performance in the Environmental Responsibility pillar, however its score of 74/100 is the lowest across the three pillars of sustainability. The country ranks in the top quartile in MESG's rated sovereign universe (10<sup>th</sup> out of 178) and ninth in the OECD group.</p> <p>France has ratified all the international environmental conventions included in our rating framework, including the Paris Agreement, the Convention on Biological Diversity, the United Nations Framework Convention to Combat Desertification, the Stockholm Convention on persistent organic pollutants and the Aarhus Convention on access to environmental justice.</p> <p>As a member of the European Union (EU), in December 2020, France committed, jointly with the EU member countries, to an updated and enhanced target of a net domestic reduction of at least 55% in GHG emissions by 2030, compared to 1990 levels.<sup>4</sup> France has the fifth lowest carbon intensity per unit of economic output (0.10 kg per PPP USD of GDP<sup>5</sup>) in the OECD group. However, the country needs to strengthen its efforts to reduce consumption-based and transport emissions.</p>	Advanced
	<p>France performs well in most indicators that measure air pollution. The country's urban pollution levels fare below the OECD average – e.g. the annual mean levels of fine particulate matter (PM2.5) in cities (population weighted) was 12.2 microgram/m<sup>3</sup> in 2016.<sup>6</sup> Air emissions per capita, including emissions of sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and volatile organic compounds (VOC), are below the OECD average, however CO and VOC emissions have the highest levels of the four.<sup>7</sup> Energy efficiency and transition to renewable energy are areas that need improvement. The country has the seventeenth highest energy intensity (3,692 kg of oil eq./capita<sup>8</sup>) and the eight lowest production of electricity from renewable sources excluding hydropower (6.2%<sup>9</sup>) in the OECD group. Areas related to biodiversity protection, green growth and the transition to a circular economy also need improvement.</p> <p>Regarding biodiversity, France has a mixed performance on ecosystem management. The country has developed a reasonable coverage of protected areas aimed to</p>	Robust

<sup>2</sup>There are 37 countries that are members of the Organization for Economic Cooperation and Development (OECD): Australia, Austria, Belgium, Canada, Chile, Colombia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. Source: <https://www.oecd.org/about/members-and-partners/>. All these countries are covered by MESG in the Sovereign Sustainability Rating.

<sup>3</sup>Note: The Issuer has not been subject to a review of its ability to mitigate sustainability risks based on the review of stakeholder opinion.

<sup>4</sup>EU's First NDC (Updated Submission), 2020

<sup>5</sup>Source: [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/France%20First/EU\\_NDC\\_Submission\\_December%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/France%20First/EU_NDC_Submission_December%202020.pdf)

<sup>6</sup>Source: <https://data.worldbank.org/indicator/EN.ATM.CO2E.PP.GD>

<sup>7</sup>Adjusted value for 2016, the latest year available at the source. Source: <http://unstats.un.org/sdgs/indicators/database/?indicator=11.6.2>

<sup>8</sup>Based on MESG's analysis of air emissions data published by OECD. Source: <https://data.oecd.org/air/air-and-ghg-emissions.htm>

<sup>9</sup>Source: <https://data.worldbank.org/indicator/EG.USE.PCAP.KG.OE>

<sup>9</sup>Source: <https://data.worldbank.org/indicator/EG.ELC.RNWX.ZS>

	<p>safeguard its rich terrestrial and marine biodiversity. Compared to its OECD peers, France has an overall high proportion of sites that are important for terrestrial biodiversity which are covered by protected areas (81% in 2020<sup>10</sup>). However, the country's Red List Index has recorded a deteriorating trend over time (0.84 in 2021 from 0.93 in 2000), which indicates that the rate of biodiversity loss is increasing.</p> <p>Focused efforts are also needed in areas related to the transition towards green growth, notably in terms of the nuclear waste production and management, fertilizer consumption and the allocation of public funds for environmentally related R&amp;D.</p> <p>As a major nuclear energy producer,<sup>11</sup> France is required to intensify its focus on developing safety and security improvements to current nuclear waste storage and disposal sites that will ensure the long term safe disposal of nuclear waste within its territory.<sup>12</sup></p> <p>The use of fertilizers remains relatively high (172.68 kg per hectare of arable land in 2018) compared to the country's relatively moderate proportion of agricultural land that is covered by organic or sustainable agricultural practices (7.8% in 2019).<sup>13</sup></p> <p>Overall, France has allocated less environmentally related R&amp;D funding (e.g. 1.76% % total government R&amp;D in 2018), compared to its OECD peers.</p>	<p>Limited</p> <p>Weak</p>
<p>Social Responsibility</p>	<p>France has an advanced performance in the Social Responsibility pillar with a score of 80/100. The country ranks in the top quartile in MESH's rated sovereign universe (10<sup>th</sup> out of 178) and ninth in the OECD group.</p> <p>Like most OECD peers, France has high enrolment rates for both primary and secondary education. The government spending on education, which amounted to 5.4% of GDP (2018), is the eleventh highest in the OECD group.<sup>14</sup> Income inequality is relatively lower than the OECD average, with a Gini coefficient of 0.3 (2018).<sup>15</sup> Unemployment is high, in particular youth unemployment, which amounted to 19.54% in 2019 and 2020, well above the OECD average.<sup>16</sup> Poverty levels are below the OECD average and remained stable over the last ten years (e.g. poverty ratio was 0.09 in 2019).<sup>17</sup> The working population enjoy fundamental rights such as freedom of association and collective bargaining. However, according to International Trade Union Confederation (ITUC), France has faced repeated violations of workers' rights in 2019 and 2020, notably with regard to the right to privacy.<sup>18</sup></p> <p>France fares above the OECD average in areas such as accessibility of healthcare and gender equality. With 11.5 nurses &amp; midwives and 3.3 physicians per 1,000 people (2018),<sup>19</sup> the density of medical staff in France is well above the WHO estimates of</p>	<p>Advanced</p> <p>Robust</p>

<sup>10</sup> Source: <https://unstats.un.org/sdgs/indicators/database/>

<sup>11</sup> Moody's ESG Solutions (MESG) calculates the share of nuclear energy supply in total energy supply base don latest available data from IEA. – France's share of nuclear energy supply was 42.3% in 2020. Source : <https://www.iea.org/data-and-statistics/data-browser?country=FRANCE&fuel=Energy%20supply&indicator=TESbySource>

<sup>12</sup> Source: [7da075b-18.11.gp-report-global-crisis-of-nuclear-waste.pdf](https://www.greenpeace.org/fr/rapports/7da075b-18.11.gp-report-global-crisis-of-nuclear-waste.pdf) (greenpeace.org)

<sup>13</sup> Country agri-environmental / land use indicators. Source: <http://www.fao.org/faostat/en/#data/EL>

<sup>14</sup> Source: <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS>

<sup>15</sup> Where 0 is perfect inequality and 1 is perfect inequality. Source : <https://data.oecd.org/inequality/income-inequality.htm>

<sup>16</sup> Source: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

<sup>17</sup> Source: <https://data.oecd.org/inequality/poverty-rate.htm>

<sup>18</sup> Source: ITUC Global Rights Index 2020 <https://www.ituc-csi.org/ituc-global-rights-index-2020> and <https://www.globalrightsindex.org/en/2021>

<sup>19</sup> Source: Nurses & midwives per 1,000 people <https://data.worldbank.org/indicator/SH.MED.NUMW.P3>; Physicians per 1,000 people <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS>

	<p>2.5 medical staff per 1,000 people needed to provide adequate coverage with primary care interventions.<sup>20</sup> France has good rates of women in political life and in the labour force.<sup>21</sup> Increasing women's access to education and the labour market is identified as a determinant for change by the Sustainable Development Goals (SDGs) in tackling world poverty.</p> <p>France has an overall moderate performance in the promotion of healthy lives and access to balanced nutrition, for the areas where there is reported data available to assess performance. Moderate scores are recorded in areas linked to the reduction of infectious diseases and the harmful use of alcohol. There is inadequate data available for France to determine the country's efforts to prevent child malnutrition and stunting.</p>	Limited
		Weak
Governance Responsibility	<p>France's performance in the Governance Responsibility pillar is assessed as advanced with a score of 90/100. The country ranks in the top quartile in MESG's rated sovereign universe (12<sup>th</sup> out of 178), and is eleventh in the OECD group.</p> <p>France has ratified fundamental conventions relating to human rights, children's rights, and labour rights such as forced labour, freedom of association and collective bargaining. However, France has not endorsed international conventions related to occupational health and safety or the rights of migrant workers. The country abolished the death penalty for all crimes.<sup>22</sup></p> <p>France scores high in all the areas related to the promotion of rule of law, public governance, control of corruption and democratic accountability that are measured by the Worldwide Governance Indicators. However, the country's performance has recorded deteriorating trends over the last ten years in areas related to political stability, and voice and accountability.<sup>23</sup></p> <p>France ranked as the 55<sup>th</sup> most peaceful country in the 2021 Global Peace Index (GPI), up by 11 points compared to last year's ranking.<sup>24</sup> France shows robust resilience to market risks. According to Coface, France's political and economic governance environment posed a low moderate financial risk for domestic companies in 2021, as the economy and household consumption gradually rebounded following the lifting of most of the restrictions linked to the Covid-19 pandemic in the second half of the year.<sup>25</sup> Adjusted net savings, including damage from particulate emission pollution (as a % of GNI) – a measure of the change in the value of natural resources and social welfare in the country – have remained within stable levels of performance over the last two decades.<sup>26</sup></p>	Advanced
		Robust
		Limited
		Weak

<sup>20</sup> As per the definition of medical staff shortage in the 2006 World Health Report [https://www.who.int/whr/2006/whr06\\_en.pdf?ua=1](https://www.who.int/whr/2006/whr06_en.pdf?ua=1)

<sup>21</sup> Labor force participation rate, female <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>; Proportion of seats held by women in national parliaments (%) <https://data.worldbank.org/indicator/SG.GEN.PARL.ZS>

<sup>22</sup> Source: <https://www.amnesty.org/en/countries/europe-and-central-asia/france/>

<sup>23</sup> Source: Worldwide Governance Indicators (WGI) <https://info.worldbank.org/governance/wgi/>. M ESG calculates performance trends where underlying historical data is available at the source.

<sup>24</sup> The Global Peace Index (GPI) scores countries on a scale of 1-5, where 1 is most peaceful and 5 is least peaceful. Source: [https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI\\_2020\\_web.pdf](https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI_2020_web.pdf) (GPI 2020 rated 169 countries) and <https://www.visionofhumanity.org/wp-content/uploads/2021/06/GPI-2021-web-1.pdf> (GPI 2021 rated 163 countries).

<sup>25</sup> As per country risk analysis published by Coface to assess the country's business resilience to market risks. Source: <http://www.coface.com/Economic-Studies-and-Country-Risks>

<sup>26</sup> Adjusted Net Saving (ANS) was developed as an indicator to approximate the change in wealth—based on simple economic theory in which savings equals investment, and investment equals the change in wealth. ANS measures gross national savings, adjusted for gains (spending on education) and losses (consumption of fixed capital, depletion of subsoil assets and forests, pollution damages). Source: <https://data.worldbank.org/indicator/NY.ADJ.SVNG.GN.ZS>



# METHODOLOGY

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In our 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 organisation, activity or transaction. In this sense, we provide an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

## ISSUANCE

In the initial opinion, our analysis included:

### Use of proceeds:

The use of proceeds requirements is defined to ensure that the funds raised are used to finance and/or refinance an Eligible Project and are traceable within the issuing organisation. Each project endorsed shall comply with at least one of the Eligible Project Category definition in order to be considered as an Eligible Green Project. Moody's ESG Solutions evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green OAT's associated Eligible Green Expenditures 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 expenditure evaluation and selection:

The process for expenditure evaluation and selection has been reviewed by Moody's ESG Solutions regarding its transparency, responsible management and efficiency. The relevance and completeness of the selection criteria in addition to the process 'coherence have been analysed with regard to the projects 'challenges and Moody's ESG Solutions methodology.

We have updated our initial opinion on the Green Expenditures identified by the inter-ministerial working group and that would be financed by potential future tap issues over the year 2021.

The update concerns the transparency and implementation of AFT's commitments regarding the correspondence of these Green Expenditure 2021 with the six Green Sectors and the evaluation and selection process for Green Expenditure, as well as the application of the eligibility criteria initially defined by AFT in the "Framework for the Green OAT" dated 10 January 10, 2017.

## ISSUER

### Issuer's ESG Performance

Scale of assessment of ESG Performance: Weak, Limited, Robust, Advanced

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by Moody's ESG Solutions. The Issuer's ESG performance has been assessed by Moody's ESG Solutions on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

The analysis of the issuer's sustainability performance is derived from Moody's ESG Solutions' Sovereign Sustainability Rating, a proprietary rating framework which provides scores, data and information about the Environmental, Social and Governance (ESG) performance of countries. The rating framework is anchored in globally recognised standards and country statistics, and is organised within three equally weighted pillars, 17 factors (sub-domains), 56 criteria and 172 indicators, which are divided between:

- a) Engagement indicators that measure the level of commitment of a country towards sustainability norms and standards endorsed by globally recognised treaties and conventions (e.g. UN treaties, ILO conventions, OECD standards), and
- b) Results indicators that measure the actions undertaken, or the results achieved, by a country across a wide range of ESG factors.

The 172 indicators have been chosen due to their universal applicability and relevance in reflecting the country's level of sustainability in the areas they measure. For each indicator, we source country data and information from authoritative sources available in the public domain, which offer comparable data and statistics for a wide coverage of countries and have regular data updates (e.g. United Nations agencies, the World Bank, the OECD, the World Resources Institute, Coface, the Freedom House, Amnesty International and Transparency International).

The indicators included in our rating framework are also mapped against the Sustainable Development Goals (SDGs), the global blueprint set up in 2015 by the United Nations (UN) and agreed upon by the UN member states as part of the Agenda 2030 for a fairer, greener and more sustainable future. Moody's ESG Solutions' Sovereign Sustainability Rating ensures the use of proceeds described in the issuer's Sustainability, Green or Social Bond framework is aligned with the sustainable development needs identified for the issuing country.

**MOODY'S ESG SOLUTIONS'S ASSESMENT 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 use of innovative methods to anticipate emerging risks	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Robust	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		

**STATEMENT ON MOODY'S ESG SOLUTIONS' INDEPENDENCE AND CONFLICT-OF-INTEREST POLICY**

Transparency on the relation between MOODY'S ESG and the Issuer: MOODY'S ESG has carried out 5 audit missions or consultancy activities for the Republic of France. No established relation (financial or commercial) exists between MOODY'S ESG and the Republic of France. Independence, transparency, quality and integrity requirements are all formalised within our Moody's Code of Conduct.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bonds, based on the information which has been made available to MOODY'S ESG. MOODY'S ESG has not performed an on-site audit nor other tests 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 MOODY'S ESG neither focuses on the financial performance of the Bonds, nor on the effective allocation of its proceeds. MOODY'S ESG 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. Restriction on distribution and use of this opinion: The deliverables remain the property of MOODY'S ESG. MOODY'S ESG grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned issuance. The Issuer acknowledges and agrees that MOODY'S ESG reserves the right to publish the final version of the Second Party Opinion on MOODY'S ESG's website and on MOODY'S ESG's internal and external communication supporting documents.

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