



AGENCE
FRANCE TRÉSOR

Green OAT

the Best of Both Worlds

Overview of the
2017 allocation and
performance report

June 2018



MINISTÈRE DE L'ÉCONOMIE
ET DES FINANCES



Allocation of the Green OAT issued in 2017 and performance indicators

Appendices



2016

2017

2018

Vigéo-Eiris
*Second
Opinion*

Launch of the
Green OAT
Evaluation
Council

Publication of the first
ex-post impact
assessment by the
Green OAT Evaluation
Council

Inter-
Ministerial
Working Group

Syndication

Tap

Tap

2017 Budget
Review Act

Identification of
Eligible Green
Expenditures

€ 7bn

€ 1.6bn

€ 1.1bn

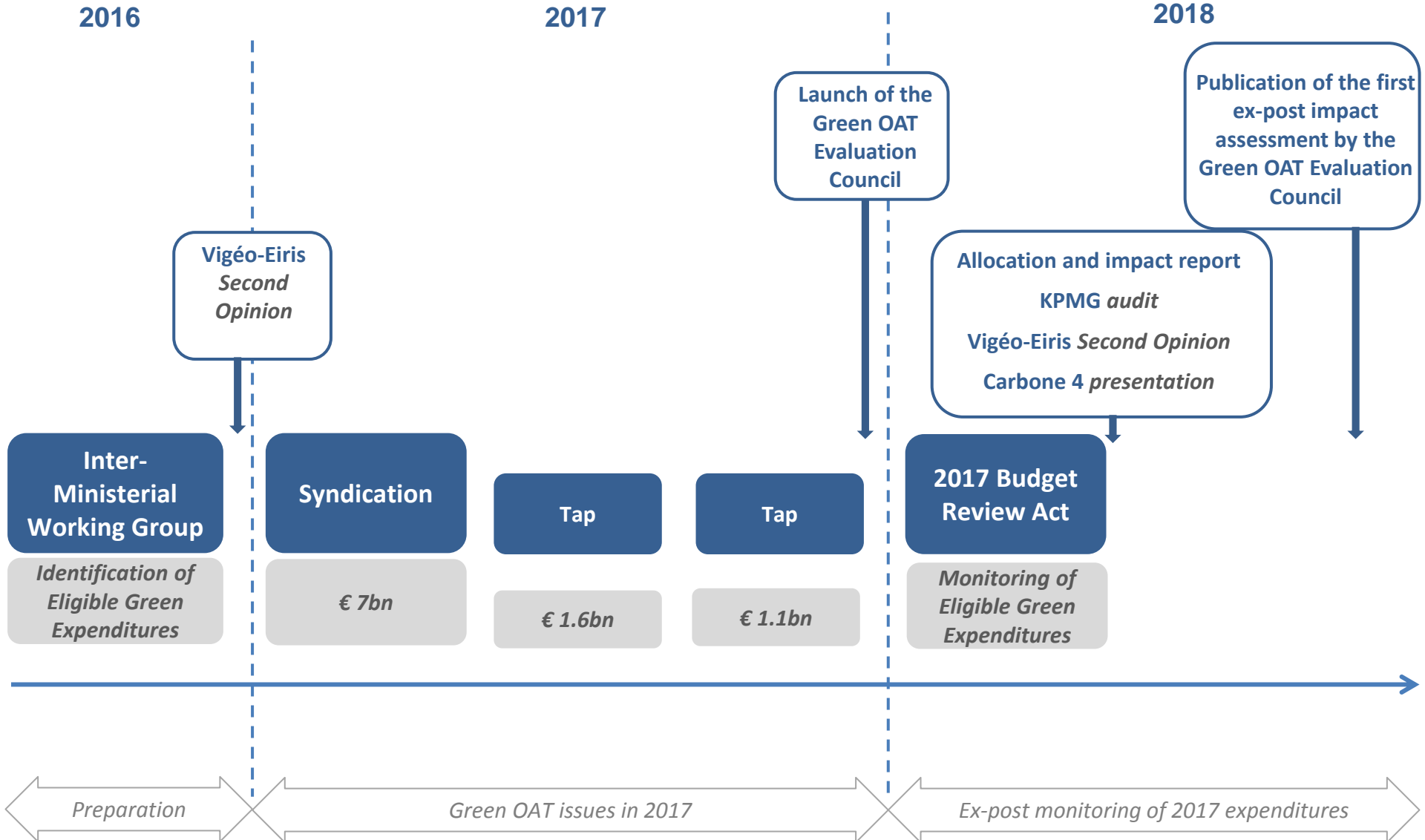
Monitoring of
Eligible Green
Expenditures

Allocation and impact report
KPMG audit
Vigéo-Eiris *Second Opinion*
Carbone 4 presentation

Preparation

Green OAT issues in 2017

Ex-post monitoring of 2017 expenditures

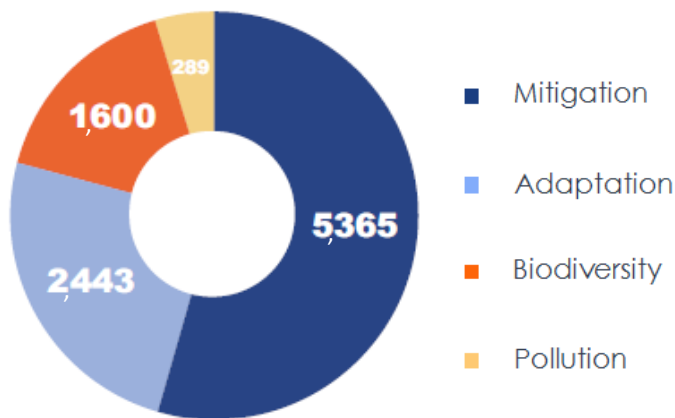


- On the occasion of the first issue, Agence France Trésor committed itself to reporting on the expenditure actually financed by the Green OAT and the related performance indicators.
- The reports are based for 2017 on data available in the 2016 and 2017 Budget Review Acts, the budget legislation that sets the definitive amounts of central government expenditure and revenue at the end of the fiscal year and the resulting fiscal balance.
- In line with the legislative calendar as set by the dedicated organic law (*Loi organique relative aux lois de finances*), the draft 2017 Budget Review Act was presented to the government on May 23, 2018. The same day, it was handed to the Parliament, in view of its ratification during the month of June 2018, and made public.
- Documents published in annex of the draft 2017 Budget Review Act include the certification report of the Court of Auditors and the budget tracking data. Budget data are not subject to changes any more.
- The allocation report and the output report for 2017 was reviewed by an external audit firm.

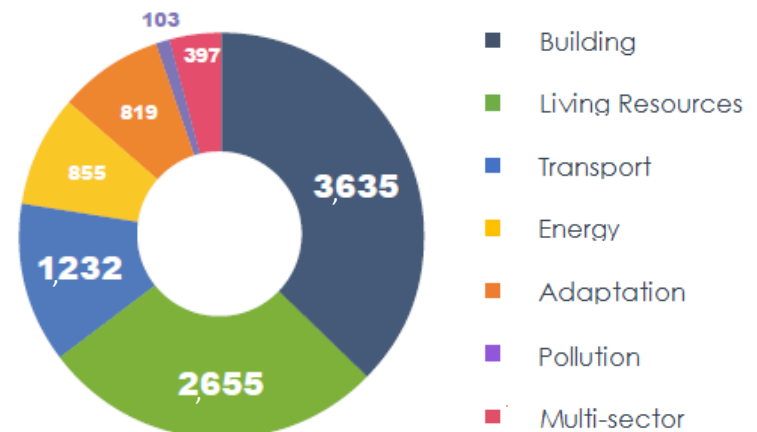


- € 10.075bn of Eligible Green Expenditures have been selected for 2016 and 2017, coming from the budget execution.
- The final scope of Eligible Green Expenditures is very close to the one presented by AFT during the Green OAT roadshow in January 2017 (€ 5.5bn annually). PIA expenditures for the coming years (2018-2020) were not used for Green OAT issued in 2017.
- Only two additional Eligible Green Expenditures have been added: the promotion of renewable energies in non-interconnected territories (€ 20m annually), and the financing of Fonds Avenir Bio (dedicated to organic farming) (€ 4m annually).
- These two additional expenditures have been identified by AFT throughout 2017, and assessed by the Inter-Ministerial Working Group.
- The stability of Eligible Green Expenditures demonstrates the robustness of the identification and selection process conducted annually. Ex-ante identified amounts have been effectively disbursed and the monitoring showed that identified amounts were respected.

Expenditure by objective (€m)



Expenditure by sector (€m)



List of Eligible Green Expenditures funded by the Green OAT issued in 2017

Green sector	Expenditure	Objective	Bud. Prog.	Amount (€m)				Performance indicator
				Eligible			Allocated	
				2016	2017	Total	Total	
Building	Energy transition tax credit (CITE)	Mitigation	P174	1 678.5	1 686.4	3 364.9	3 237.8	Number of households receiving CITE: 1,201,316 in 2016 and 1,245,754 in 2017
	Interest-free eco-loan	Mitigation	P135	77.0	53.5	130.5	125.5	Number of banks approved to grant interest-free eco loans: 538 in 2016, 537 in 2017
	Property tax rebate for social housing (HLM and SEM)	Mitigation	P174	80.2	52.2	132.4	127.4	Number of social housing entities (HLM & SEM) receiving the rebate: 6,128 in 2016 and 6,446 in 2017
	Thermal renovation of housing (ANAH)	Mitigation	PIA 1	86.1	64.0	150.1	144.4	230,648 homes renovated since launch in Q4 2017
Living Resources	Sustainable development and management of forest resources	Adaptation & Biodiversity	P149	244.9	241.2	486.1	467.7	Area of sustainably developed public forests: 2016: 99.9% of forests in mainland France & 94.8% of local authority forests 2017: 99.1% of forests in mainland France & 95.2% of local authority forests
	Tax credit for organic farmers	Adaptation, Biodiversity & Pollution	P154	28.9	33.3	62.1	59.8	Number of agricultural businesses receiving tax credits: 12,124 in 2016 and 13,531 in 2017
	Organic Future Fund (Fonds Avenir Bio)	Adaptation, Biodiversity & Pollution	P154	5.4	5.4	10.8	10.4	Share of organic farming areas in the total utilized agricultural area: 5.8% in 2016 and 6.5% in 2017
	Conservation of landscapes, protection of biodiversity & water policy	Adaptation & Biodiversity	P113	208.1	220.6	428.7	412.5	Protection of natural areas in France (21% of land area, 22% of sea area)

List of Eligible Green Expenditures funded by the Green OAT issued in 2017

Green sector	Expenditure	Objective	Bud. Prog.	Amount (€m)				Performance indicator
				Eligible			Allocated	
				2016	2017	Total	Total	
Transport	Financing maintenance of France's waterway network (VNF)	Mitigation, Adaptation & Biodiversity	P203	244.0	244.6	488.6	470.1	Availability rate of waterway network: 97.9% in 2016, 98.2% in 2017
	Funding combined transport (rail, sea & waterway)	Mitigation	P203	14.9	16.8	31.7	30.5	Modal share (2016/2017): public passenger transport (19.2%/20%), inland freight transport (10.4%/9,7%) waterway freight transport (2%/2%)
	Reduced rate of TICFE on electricity consumption used for rail transport, cable transport and electric or hybrid buses	Mitigation	P203	186.2	186.2	372.4	358.4	Electricity consumption volumes affected by the reduced TICPE rate: 8.46 TWh in 2016 et 8.87 TWh in 2017
	Financing the French Agency for Sustainable Regional Development (CEREMA)	Mitigation & Adaptation	P159 – P217	99.5	96.6	196.1	188.6	Number of publications intended for public bodies per CEREMA employee: 0.50 in 2016
	Vehicle of the future	Mitigation	PIA 1 + 2	85.6	71.4	157.0	151.1	226 projects under contract at end of 2016
	Financing applied research by the French Institute of Science and Technology for Transport Networks (IFSTTAR)	Mitigation & Adaptation	P190	17.5	17.4	34.9	33.6	Scientific production of the programme's research institutes: 0.84 publications per researcher in 2016, 0.98 in 2017

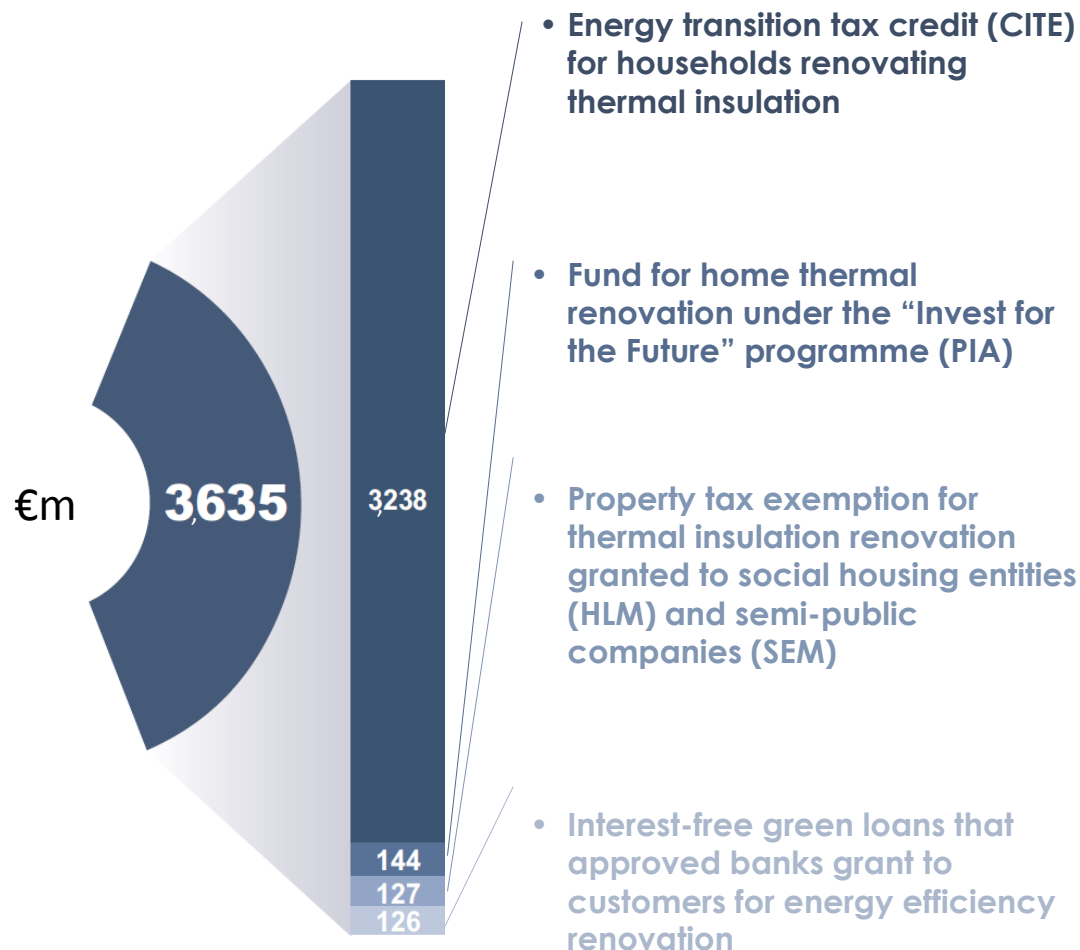
List of Eligible Green Expenditures funded by the Green OAT issued in 2017

Green sector	Expenditure	Objective	Bud. Prog.	Amount (€m)				Performance indicator
				Eligible			Allocated	
				2016	2017	Total	Total	
Adaptation	Financing the French Weather Research Centre (Météo France)	Adaptation	P159 – P170	70.3	22.5	92.8	89.3	Number of international scientific publications, reviewed by an editorial committee, per researcher: 1.5 in 2016, 1.77 in 2017
	Development of space technology for Earth observation	Adaptation	P193	335.0	365.9	700.9	674.4	Scientific production by programme research institutes: 15.2% (2016) / 14.7% (2017) at European level
Pollution	Financing agencies involved in fight against air pollution (CITEPA, LCSQA ...)	Pollution	P174	24.9	24.6	49.5	47.6	NOx: 842 kt (2016) / 829 kt (2017) NH3: 630 kt (2016) / 631 kt (2017) NMVOC: 608 kt (2016) / 616 kt (2017) PM2.5: 170 kt (2016) / 172 kt (2017)
Energy	Promoting renewable energy in areas not connected to the national grid	Mitigation	P345	11.6	20.1	31.7	30.5	
	New energy technology research by CEA	Mitigation	P190	51.8	50.4	102.2	98.3	In 2016: 266 patents issued, € 40.5m of value In 2017: 259 patents issued, € 41.1m of value
	Smart Grids	Mitigation	PIA 1	9.5	18.0	27.5	26.5	28 active projects at Q4 2017
	Institute for Energy Transition	Mitigation	PIA 1	39.7	45.0	84.7	81.5	13 active projects at Q4 2017
	Innovative pilot projects in energy transition	Mitigation	PIA 1 + PIA 2	114.8	86.1	200.9	193.3	292 projects under contract at end of 2016

List of Eligible Green Expenditures funded by the Green OAT issued in 2017

Green sector	Expenditure	Objective	Bud. Prog.	Amount (€m)				Performance indicator
				Eligible			Allocated	
				2016	2017	Total	Total	
Multi-sectors	Multisectoral programmes and plans with a territorial scope	M/A/B/P	P174		225.9	225.9	217.4	
	City of tomorrow	M/A/B/P	PIA 1	89.7	56.5	146.2	140.7	491 active projects at Q4 2017
	Eco-technology funds	M/A/B/P	PIA 1	20.1	20.1	40.2	38.7	20 active projects at Q4 2017
	Government environmental research agencies	M/A/B/P	P172	1 131.9	1 197.2	2 329.1	2 241.4	Scientific production by programme research institutes: 6.2% (2016) / 6.1% (2017) at European level
			Total	4,956	5,122	10,078	9,697	

- Buildings account for 45% of final energy consumption in France. They also produce 25% of the country's greenhouse gas emissions, both directly (from heating, hot water, cooking and fluorocarbons) and indirectly (from power and heating grids).



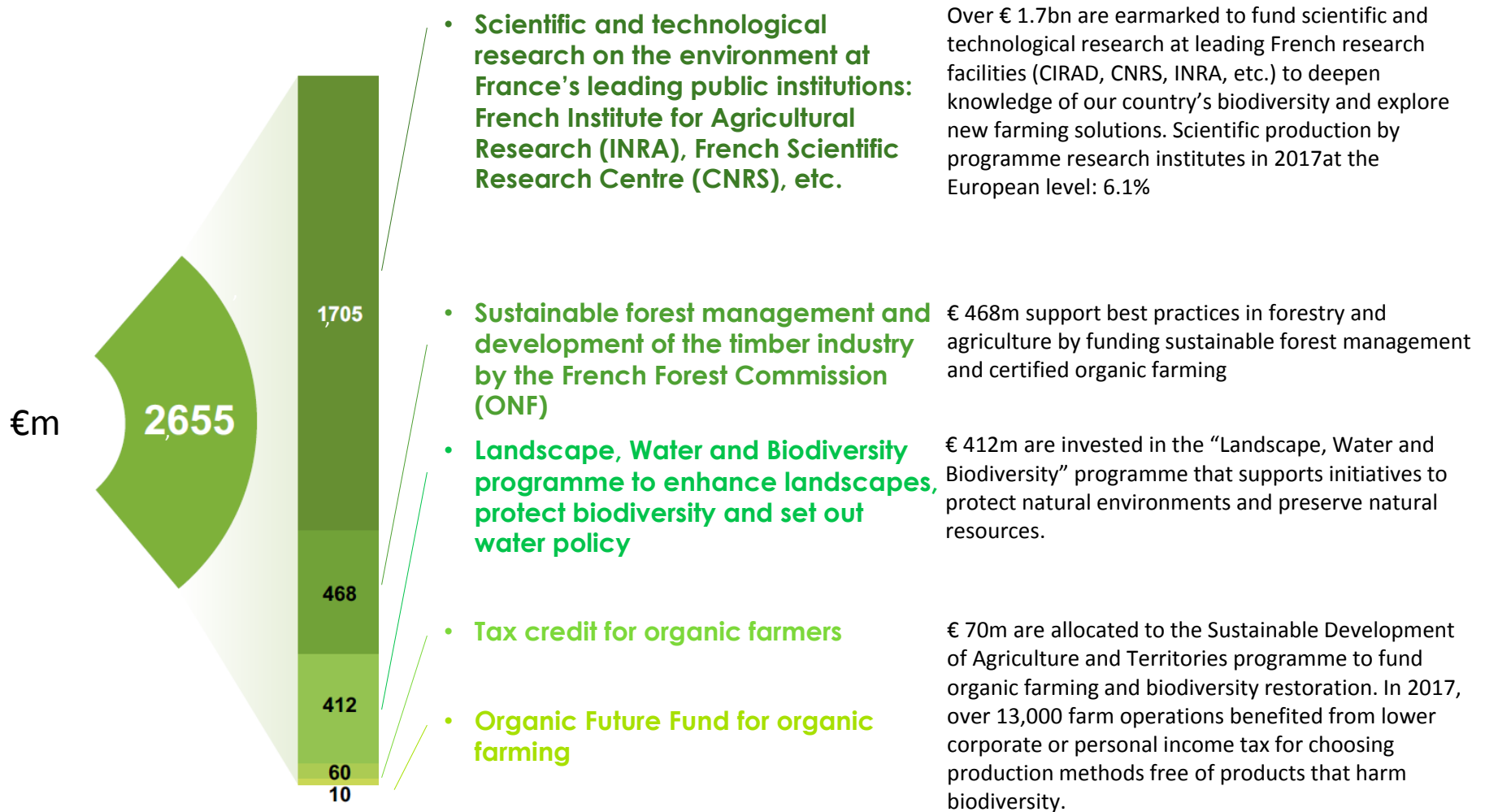
In 2017 the tax credit amounted to 30% of the renovation invoices. That same year, more than 1.2 million households benefited from the CITE tax credit for their contribution to France's energy renovation of buildings.

This initiative in turn funds the Better Living "*Habiter mieux*" programme to fight energy poverty. Since its inception, it has subsidised energy efficiency renovation in over 230,000 disadvantaged condominiums in small and mid-sized cities in rural areas, or in derelict condominiums in low-income neighbourhoods on the outskirts of major cities.

Under the scheme, up to 25% of energy-saving renovation expenditure was deducted from property tax on buildings. Over 6,000 HLM agencies and semi-public companies benefited from the relief.

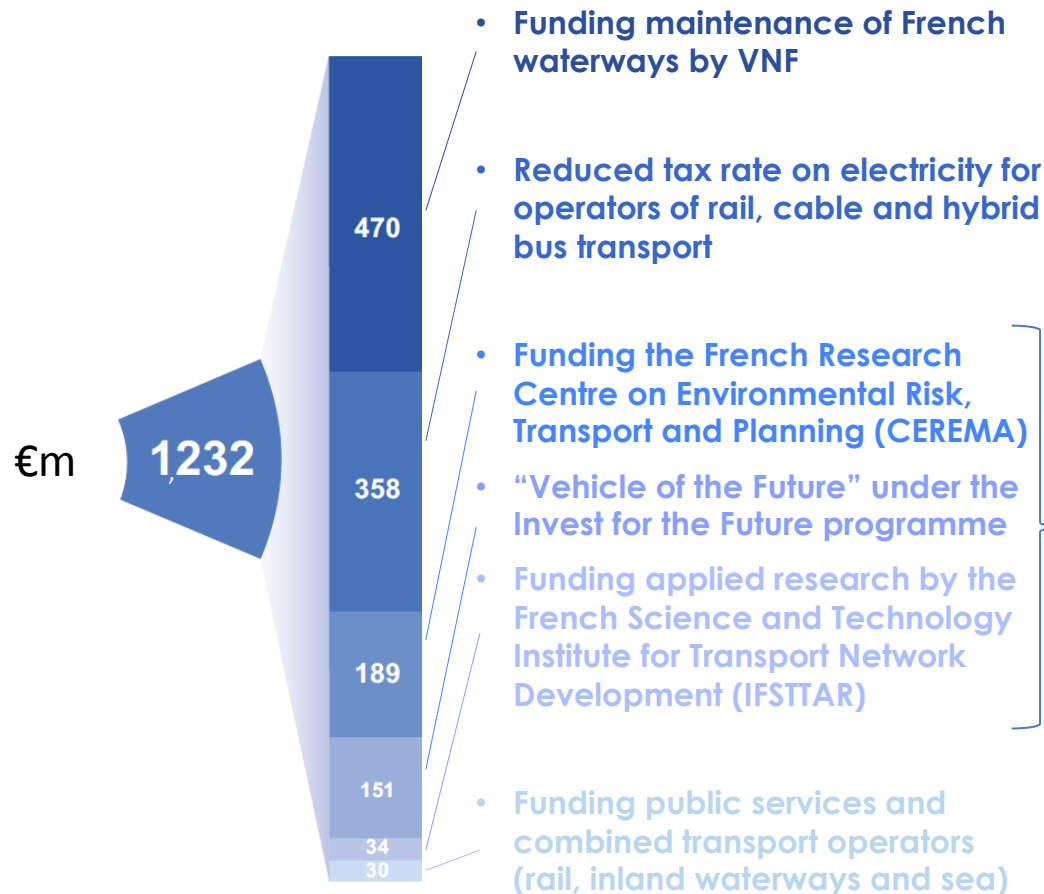
Interest-free green loans provide up to €30,000 to fund renovation that improves energy efficiency in buildings built before 1990. In 2017, 537 credit institutions were able to set up interest-free green loans for their customers' home renovations.

- Living resources include the territory's biodiversity, from well-known animals and plants to everyday species involved in agriculture and forestry. They also embrace natural environments such as the ecosystems that provide us manifold services: insects pollinate, earthworms enrich the soil, plants naturally purify water and prevent erosion and flooding, and bogs store carbon.



- Transport is responsible for 29% of France’s GHG emissions (in 2015), making it the country’s most GHG-emitting sector. The French National Low-Carbon Strategy (SNBC) is focused on three areas to reduce sector energy consumption, greenhouse gas emissions and dependency on petroleum products:

- Energy efficiency of vehicles;
- Carbon intensity of fuels;
- Modal shift.



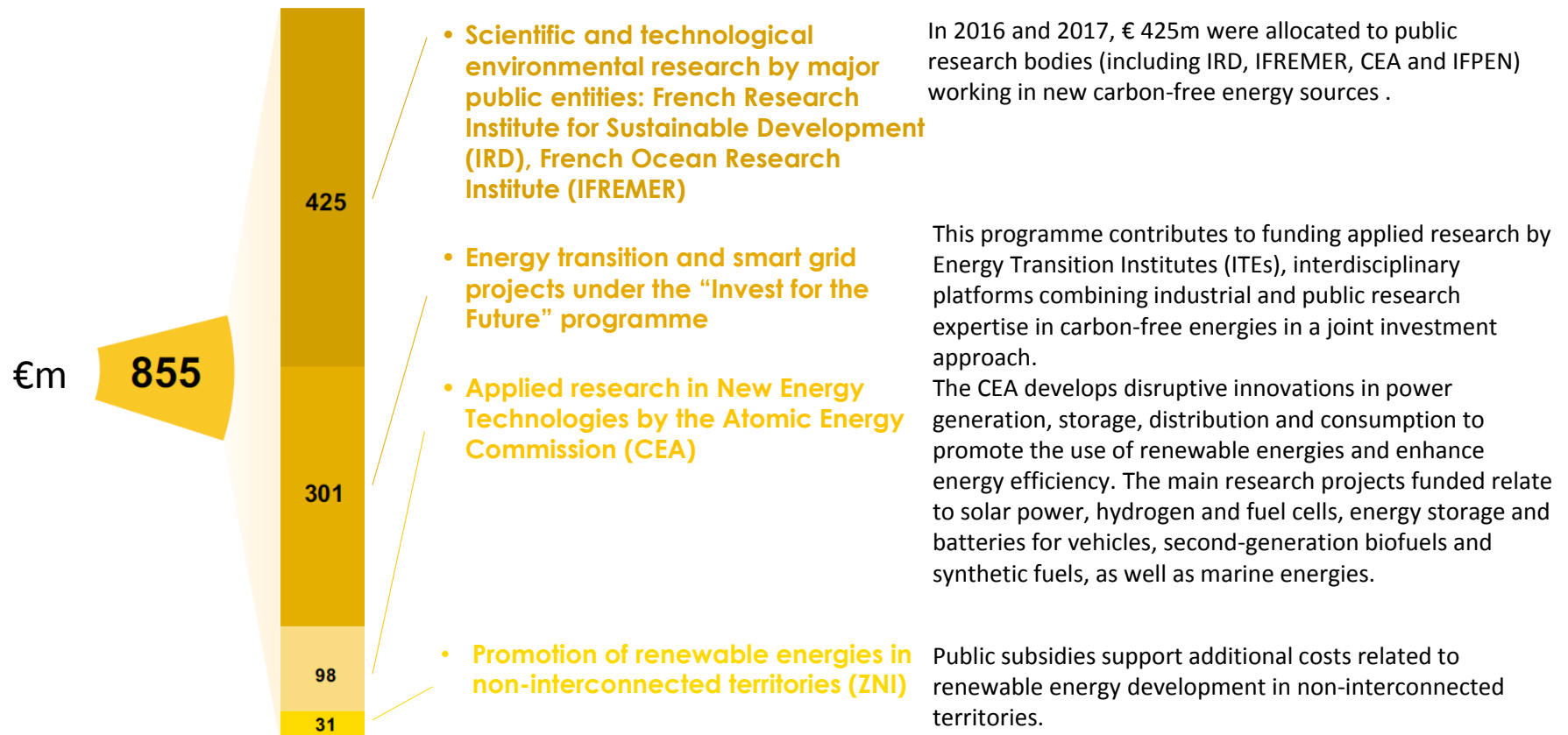
€ 470m allocated to French Waterways (VNF) from Sovereign Green Bond proceeds in 2016 and 2017 is aimed at supporting VNF’s policy to enhance the reliability of waterways. Availability rate of waterway network: 98.2% in 2017

The reduced tax (TICFE) on electricity for operators of rail or cable transport and electric or hybrid buses contributes to the modal shift. The reduced rate helps reduce electricity costs for electric transport operators

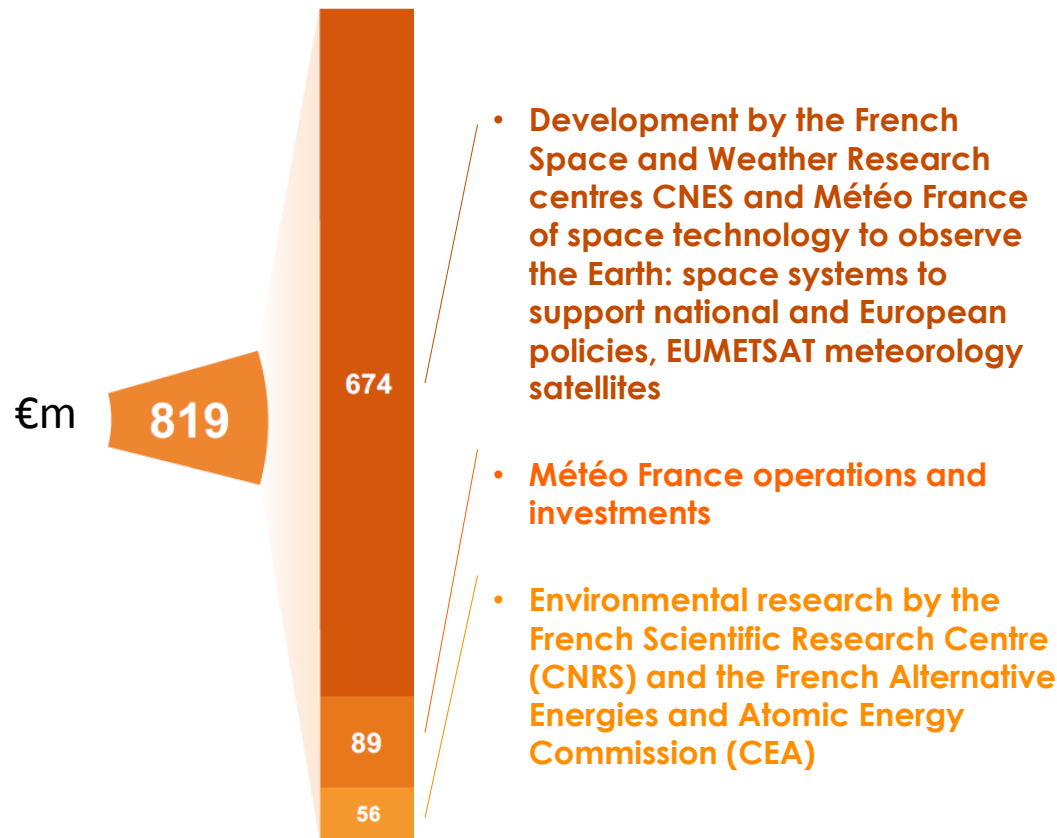
Improving energy efficiency of vehicles and reducing carbon intensity of fuels require investment in research and development to find more effective means of transport, which can be deployed in the near future on a large scale.

Grants funded by the Green OAT assist public services and infrastructure operators of combined transport (ports, train stations, multi-modal transport platforms) and those experiencing economic difficulties.

- Energy consumption is one of the main challenges to combat climate change. Electricity can significantly help us reduce our carbon footprint as we now have the technology to produce it without emitting excessive amounts of carbon dioxide. Although the electricity mix in France is low-carbon, fossil energy sources comprise more than 47% of the primary energy mix.



- GHG emission reduction may minimise the future impact of climate change, but climate inertia and the intensity of GHG emissions over the last centuries have made certain major changes inevitable. These changes will profoundly impact numerous sectors, including agriculture, forestry, tourism, fisheries, land and urban planning, building and infrastructure, and population protection.



- Development by the French Space and Weather Research centres CNES and Météo France of space technology to observe the Earth: space systems to support national and European policies, EUMETSAT meteorology satellites**

€ 674m were allocated to the French Space Research Centre's (CNES) "Space research" programme. The purpose of the programme is to ensure that both France and Europe master the technologies and space systems needed to meet the research, security, economic development, land and urban planning and environmental challenges facing them.

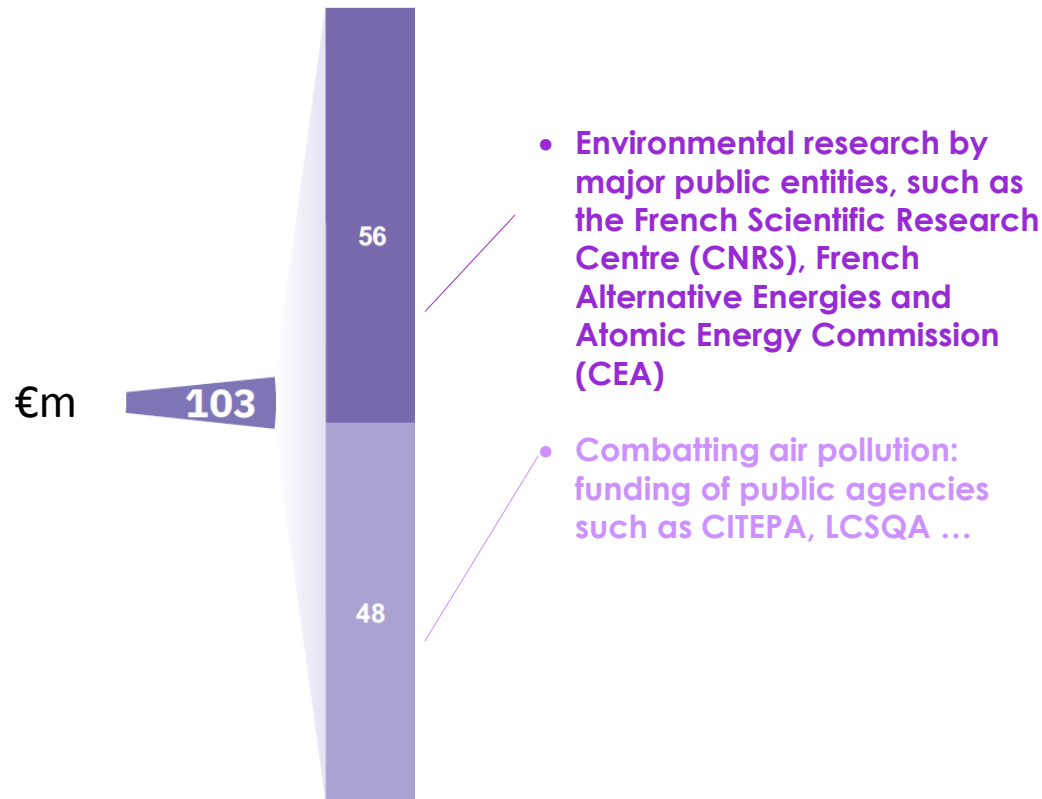
- Météo France operations and investments**

The "Expertise, geographic information and meteorology" programme enables Météo France to maintain a high level of scientific production and weather forecasting.

- Environmental research by the French Scientific Research Centre (CNRS) and the French Alternative Energies and Atomic Energy Commission (CEA)**

Public research programmes are essential to obtain the best understanding possible of phenomena relating to the Earth's atmosphere and climate in order to predict future changes and adopt the most efficient adaptive responses.

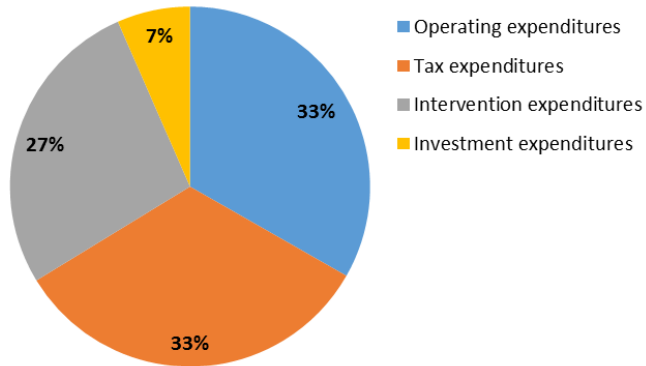
- The deterioration in the quality of air, water and soil resulting from human activity is an issue that our society has understood far longer than the effects of global warming due to greenhouse gas (GHG) emissions. Despite efforts made over several decades, pollution remains a persistent issue.



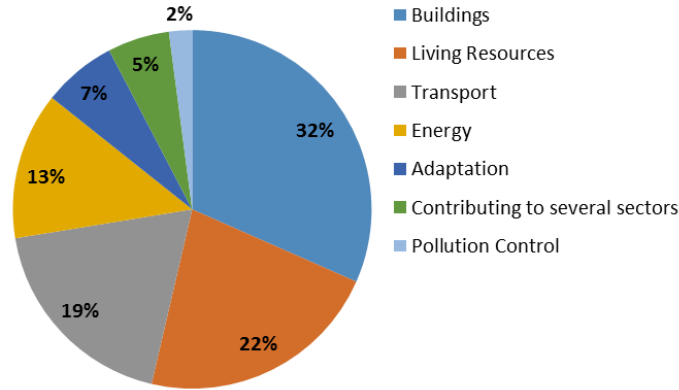
€ 56m are allocated to the sector to reduce pollution were earmarked for public research entities involved in developing innovative environmental solutions, spanning all six Sovereign Green Bond sectors.

In 2016 and 2017, almost €48 million of Sovereign Green Bond proceeds were used to fund the public agencies involved in combatting air pollution, such as the CITEPA, which prepares and distributes an impartial report on France's air pollutant and greenhouse gas emissions.

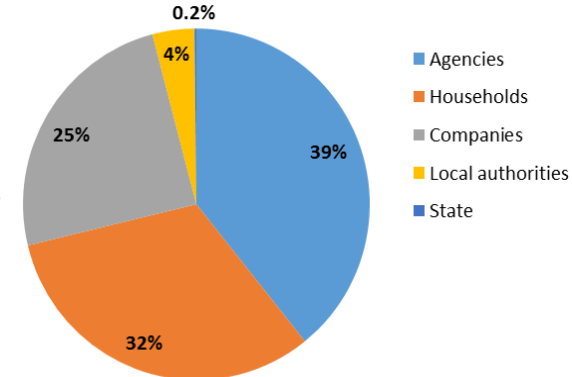
By type of expenditures



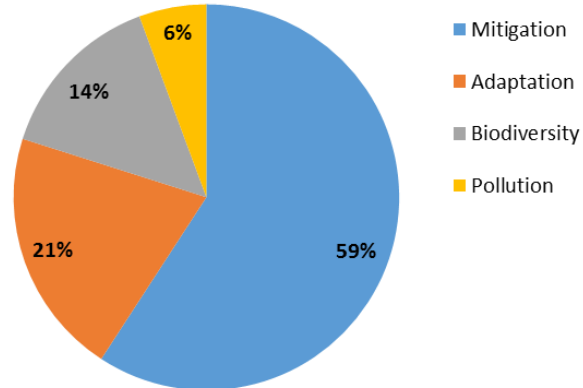
By Green Sector



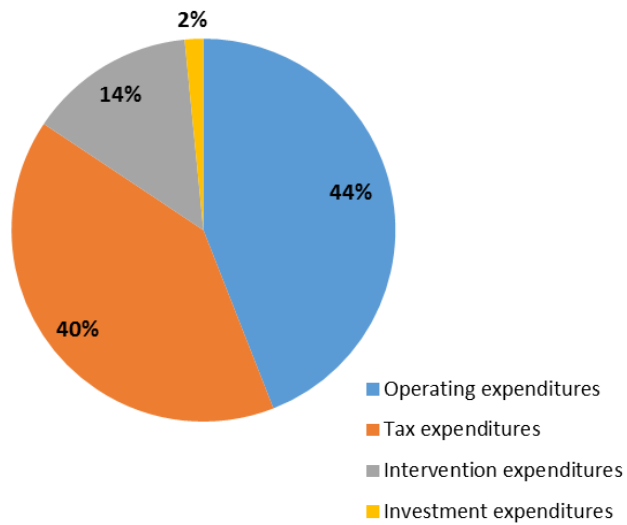
By type of operators



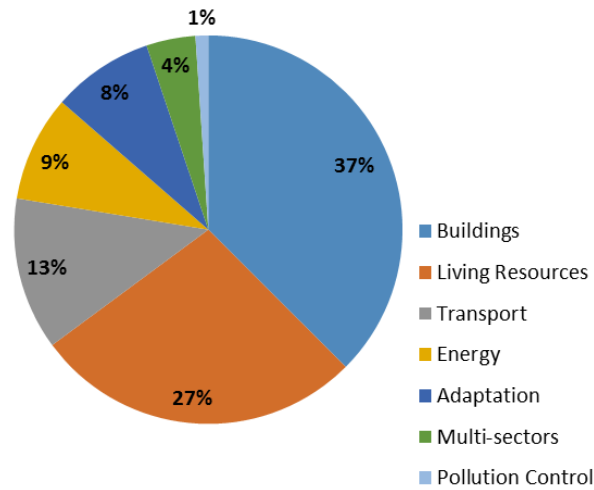
By Objectives



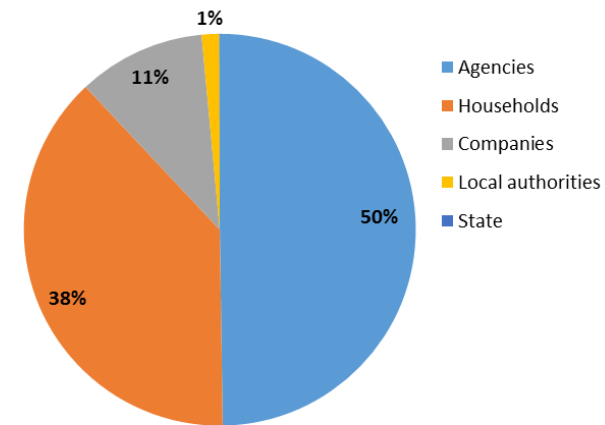
By type of expenditures



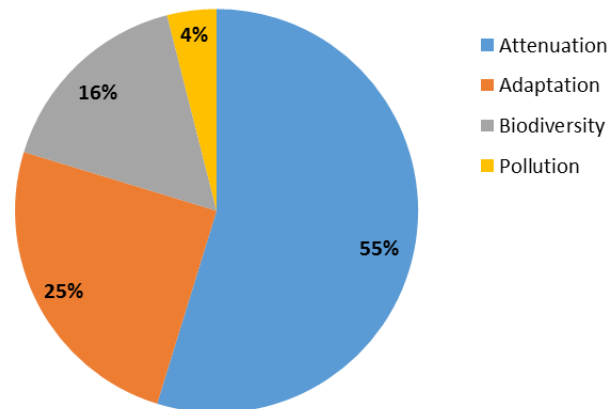
By Green Sector



By type of operators



By Objectives



- **Limited Assurance Report on the allocation at 31 December 2017 of proceeds from the Sovereign Green Bond issued by Agence France Trésor**

Scope of work

- assess the appropriateness of the Guidelines in terms of relevance, completeness, reliability, neutrality and understandability;
- verify the implementation of a process to collect, compile, process and control data to ensure completeness and consistency of the Verified Information and gain an understanding of the internal control and risk management procedures used to prepare the Verified Information;
- verify that procedures were properly applied and performing tests of details, using sampling techniques, in order to verify the calculations and reconcile data with the supporting documents, including:
 - annual performance reports appended to the French Budget Settlement Act,
 - statements of roles and responsibilities extracted from the tax expenditure tools used by the French Ministry for the Economy and Finance,
 - extracts of funding per project from the information systems of the Secretariat General for Investment for the years ended 31 December 2016 and 31 December 2017 under the “Invest for the Future” programme.
- ensure that the Verified Information is consistent with other publications, including the Budget Settlement Acts and reports by the National Audit Office;
- perform analytical review procedures on the Verified Information and checking its consistency with the information provided in the statement on Performance and Use of Proceeds.

VIGEO EIRIS' OPINION

- **Issuer** (see Part I.):
 - ▶ France overall sustainability performance, as a sovereign bond issuer, is advanced and stable: the issuer continues to demonstrate an advanced³ performance (best level on our rating scale), among the best at the European and global scale, with an advanced level of performance in the environmental domain.
 - ▶ Since our initial opinion, France has faced occasional allegations, mainly related to its institutional responsibility, as observed for its peers. France is considered as “remediative”: the country communicates in a transparent way on its cooperation with impacted parties and the corrective actions implemented.
- **Green Expenditures 2017:** we have a reasonable level of assurance on the green credentials of the Green Expenditures associated with all contributions made in 2017, 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 contributions (see Part II.).
 - ▶ To date, selected expenditures are consistent with the six Green Sectors initially defined by the issuer in the « Framework for the green OAT ». We maintain 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.
 - ▶ We consider that the overall level of implementation of issuer’s commitments is good in terms of evaluation and selection process, application of eligibility criteria and allocation of proceeds from the OAT.
 - ▶ We have a reasonable level of assurance on the issuer’s capacity to report on the funds allocation and on the environmental performance of Green Expenditures.



Allocation of the Green OAT issued in 2017 and performance indicators

Appendices



Budgetary programs	Ref.	Source
Landscape, water and biodiversity	P 113	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM113.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM113.htm
Urbanism, territories and habitat improvement	P 135	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM135.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM135.htm
Sustainable economy and development of farming, agribusiness and forestry companies	P 149	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM149.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM149.htm
Expertise, geography information and meteorology	P 159	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM159.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM159.htm
Multidisciplinary scientific and technological research	P 172	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM172.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM172.htm
Energy, climate and post-mines	P 174	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM174.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM174.htm
Research in energy, sustainable development and mobility	P 190	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM190.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM190.htm
Space research	P 193	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM193.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM193.htm
Transport infrastructures and services	P 203	2016 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2016/rap/pdf/DRGPGMPGM203.pdf 2017 : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2017/rap/html/DRGPGMJPEPGM203.htm
Investment for the Future Plan I and II	PIA 1 + 2	http://www.gouvernement.fr/sites/default/files/contenu/piece-jointe/2017/03/racgi_2015.pdf

	Allocations	Outputs	Impacts
Frequency	Annual until the complete allocation of bond proceeds	Annual until the complete allocation of bond proceeds	Adapted frequency depending on sector until the maturity of the Green OAT
Content	Reporting on the nature of expenditures	Output reporting based on the current performance assessment of public expenditures	An ex-post impact reporting
Examples	Allocation of Green OAT proceeds in terms of type of assets, type of sectors, type of expenditure, etc.	Number of households benefiting from tax credits for retrofitting its housing, Monitoring of air emission indices, etc.	Avoided GHG emissions, preserved land and water volumes with rich biodiversity, improvement of air quality, etc.
	<i>Verified by an audit firm</i>	<i>Available in public document</i>	<i>Under the oversight of the Evaluation Council</i>



The best of bond markets' liquidity

- The size of the inaugural Green OAT was the largest ever for a AFT syndication
- France will continue to ensure the liquidity of this OAT through regular taps based on investors' demand
- This transaction has provided more liquidity and depth to this market

The best of Green Bonds standards

- France follows Green Bond Principles and current best practices in the Green Bond market
- This OAT finances a wide array of Eligible Green Expenditures contributing to its four environmental objectives
- Ex-post impact report will be published



1 - Use of Proceeds

- Eligible expenditures related to a large number of assets, in line with the State's role, and targeting different beneficiaries: households, companies, local authorities, state agencies.
- Six sectors have been defined.
- Investments that other French agencies could refinance by Green Bond issues are excluded.
- French state investments financed by a dedicated resource (e.g., subsidies to renewable energies – CSPE € 5bn/year) are excluded.

2 – Process for Project Evaluation and Selection

- Inter-Ministerial Working Group undertakes Eligible Green Expenditure selection.
- Selection has been done with the TEEC label as a guiding reference.
- Each ministry is responsible for identifying Eligible Green Expenditure.
- An overlay in the selection process aimed at excluding selected activities (fossil fuel related, armament, nuclear; see page on selection process).

3 – Management of Proceeds

- Tracking of allocation will be done by the Ministry of Finance (cf. Appendix).
- Green Eligible Expenditures from the previous year, the current year and potentially future years are included. More than 50% allocated to current and future investments.

4 – Reporting

Three types of reporting:

- The allocation of bond proceeds, reviewed by an audit firm.
- The outputs of Eligible Green Expenditures, i.e., existing state performance indicators*.
- Ex-post environmental impacts of Eligible Green Expenditures, under the supervision of a high level Green Bond Evaluation Council.

* <http://www.performance-publique.budget.gouv.fr/>

Buildings

- Improve buildings' energy efficiency.

Transport

- Maintain, increase and promote public transportation and support multimodal transport solutions.
- Reduce use, improve energy efficiency and decrease carbon intensity of vehicles.

Energy (incl. Smart Grids)

- Develop renewable energies technologies and invest in assets (wind, solar, hydro, geothermal, marine), incl. their efficient integration in power systems (smart grids).

Living Resources

- Promote organic farming.
- Enhance biodiversity and land environmental protection.

Adaptation

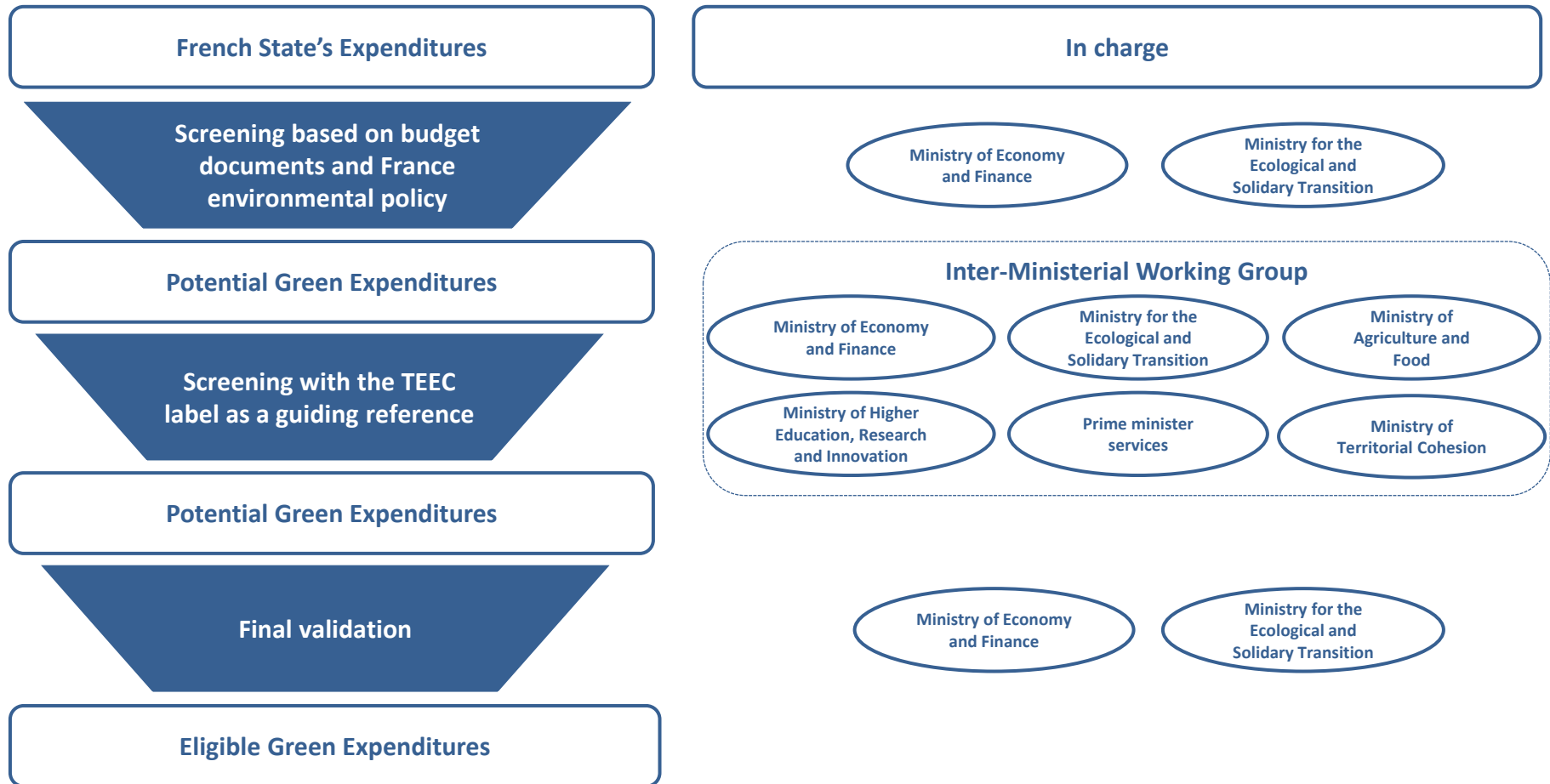
- Develop climate change and extreme weather events observation systems and support adaptation related research.
- Develop adaptation related infrastructure.

Pollution control and Eco-efficiency

- Develop pollution monitoring and control systems.
- Promote sustainable consumption and production modes (waste reduction and recycling, e.g. the circular economy).

- *Selection process aimed at excluding all nuclear activities, all armament sector, any expenditures mainly related to fossil fuel.*

- The selection of Eligible Green Expenditures is managed by a Inter-Ministerial Working Group, coordinated by the Ministry of Finance and the Ministry of Environment, under the supervision of the Prime Minister.
- Each ministry holds the responsibility for identifying and reporting on Eligible Green Expenditures within its programmes. Each ministry leverages on existing budgetary processes and relies on its services and agencies.



Definitions

- **Green Eligible Expenditures include:**
 - Recent Expenditures: Green Expenditures from the general budget and the PIAs made in the previous year.
 - Current Expenditures: Green Expenditures from the general budget and the PIAs to be made in the current year.
 - Future Expenditures: Green Expenditures of the PIAs to be made in the coming years.

Objectives

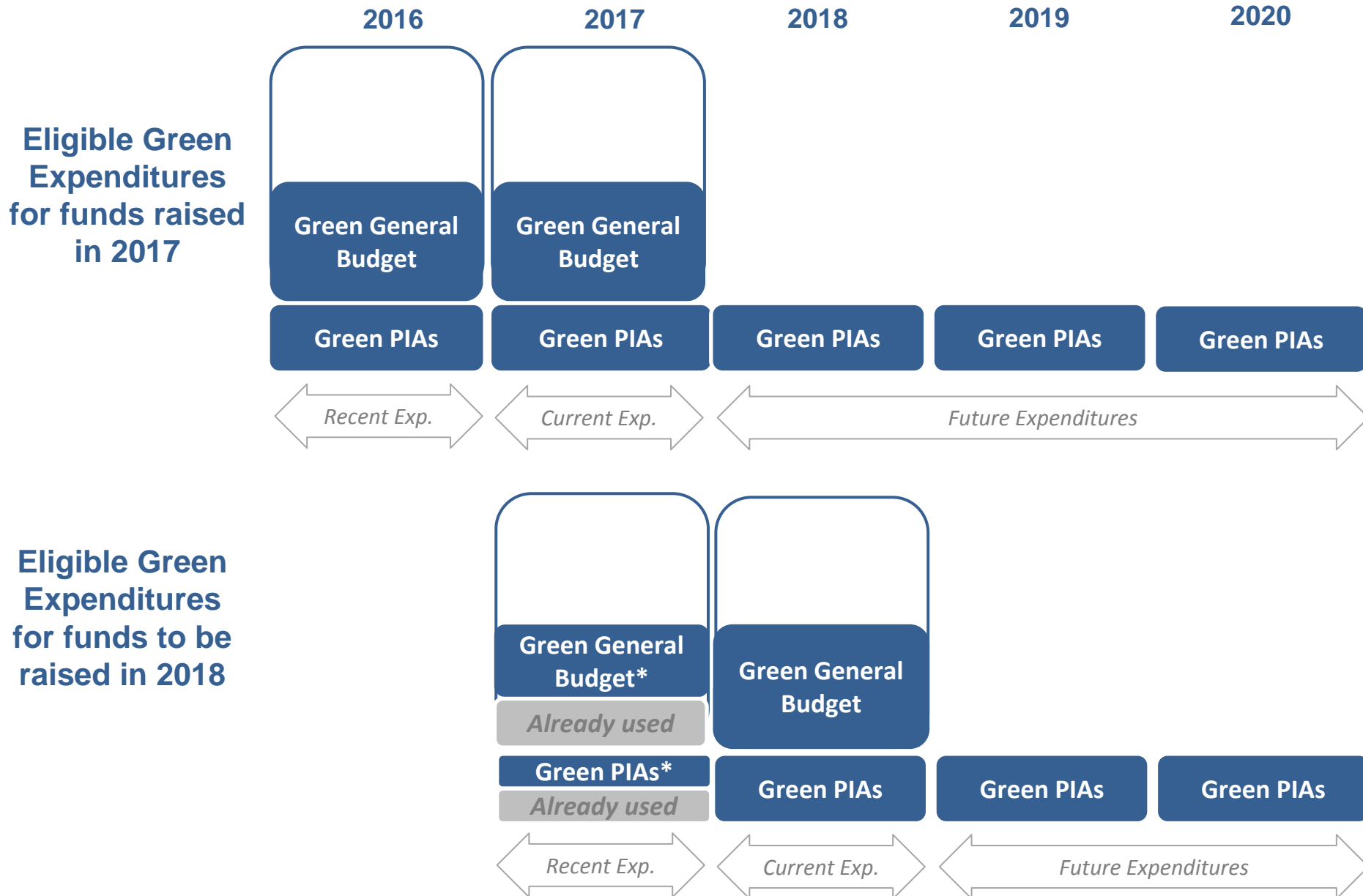
- **Allocate any Green OAT to Recent, Current & Future Green Expenditures.**
- **Minimize effect of uncertainties on Current & Future Green Expenditures on Green OAT issuance capacity.**
- **Insure that Current & Future Green Expenditures represent more than 50% of the allocation of the Green OAT.**
- **Provide full transparency to investors on the nature of allocations.**

Approach

- **Allocations are done in priority to Recent and Current Green Expenditures and then, if necessary, to Future Expenditures in chronological order.**
- **Tracking will be done by the Ministry of Finance.**

Communication

- **At the end of each year, AFT communicates on :**
 - The nature of allocations made during the given year, in terms of sector and nature of the expenditures (Current, Recent and Future) and,
 - The share of Current and Future Expenditures.



* For the non-used part

- Issuances under the green OAT account for a substantial part of AFT issuances, within the annual limit of Eligible Green Expenditures.

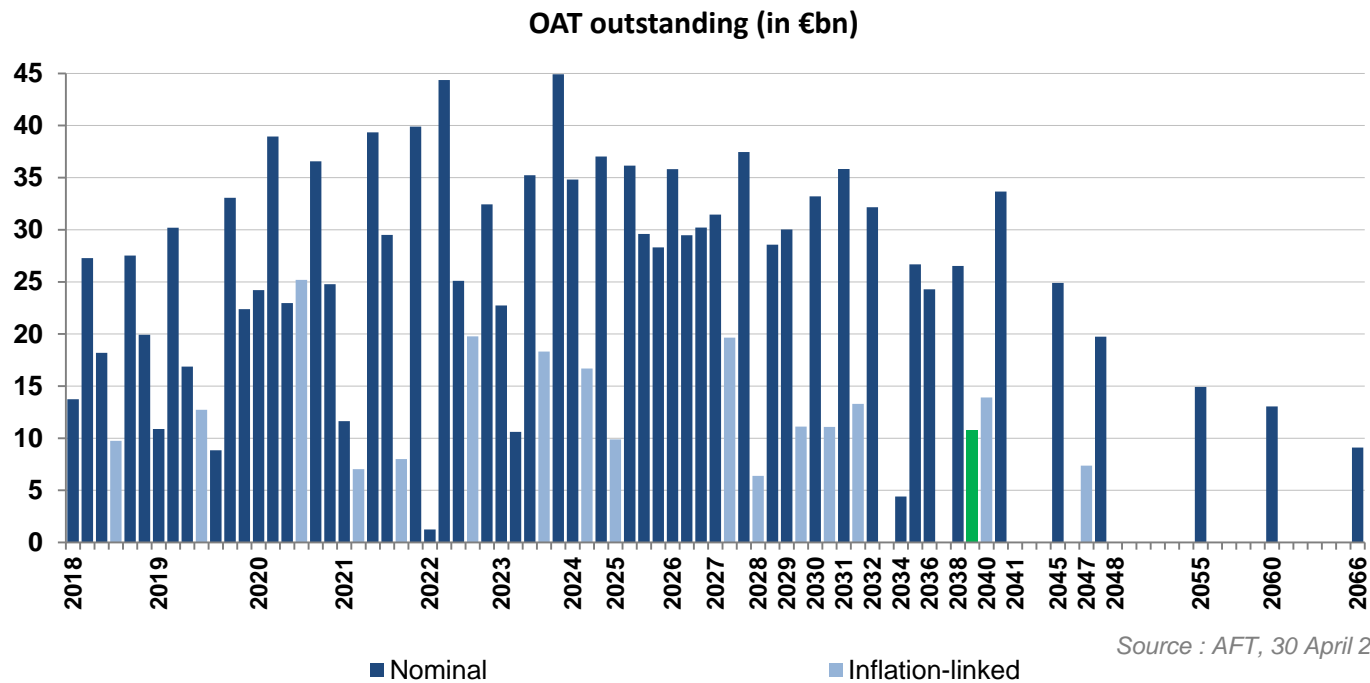
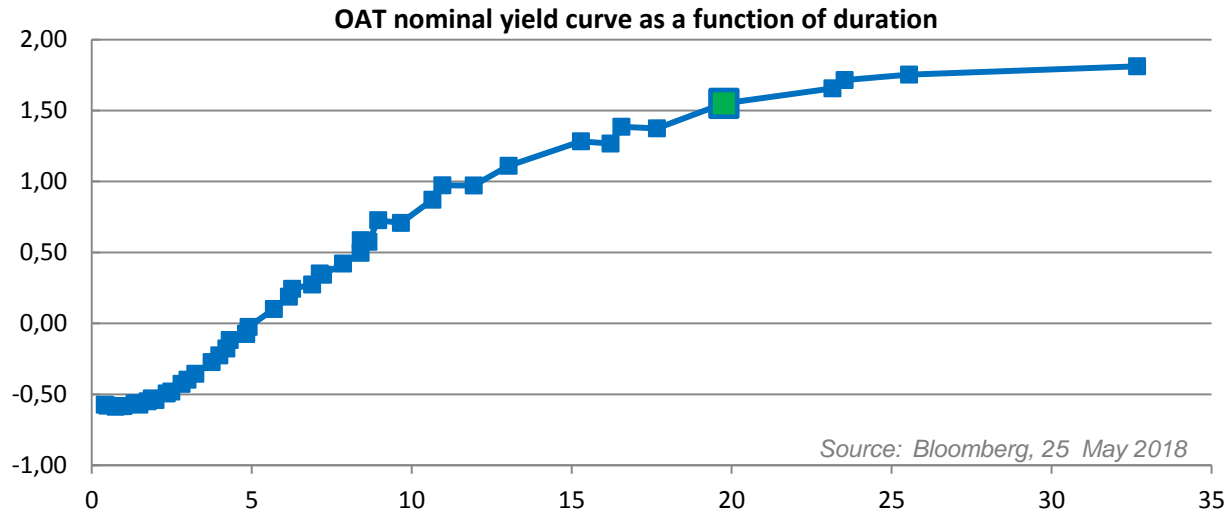
Total and green issuances (€bn)	2017	2018
Medium and Long Term issuances	185	195
Eligible Green Expenditures per year	13	8
Green OAT issuances	9.697	1.096 (so far)

Source: 2017 and 2018 Finance Law

- The residual amount of Eligible Green Expenditure defined for 2017 that was not matched to Green OAT issuance in 2017 and still complies with the Green OAT framework stands at € 3bn for Green OAT issuances in 2018.
- New Eligible Green Expenditures in 2018 that complies with the Green OAT framework stands at € 5bn.
- The green OAT is fully integrated in the AFT benchmarks issuance strategy: following inaugural syndicated issuance, regular taps of the bond ensure that market demand is met and liquidity of the bond is high

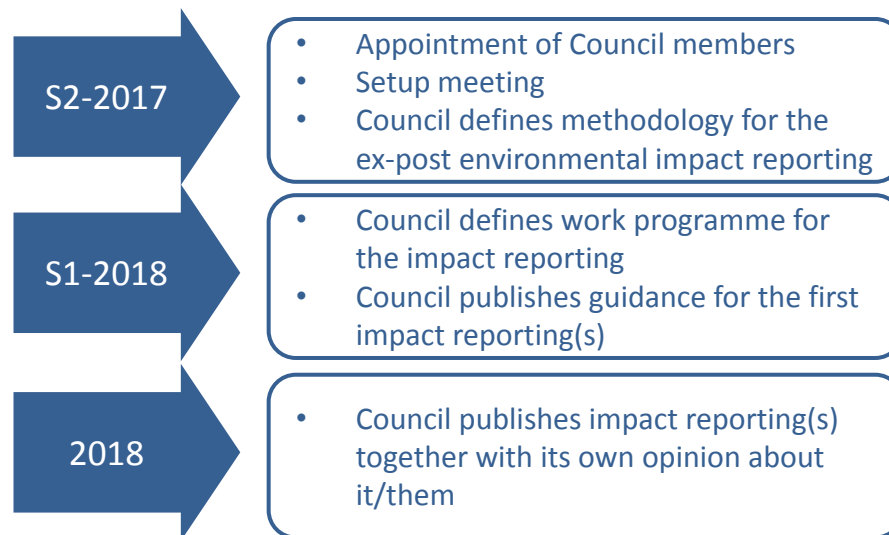
OAT 1.75% 25 June 2039	Issuance	Amount bid (in €bn)	Amount issued (in €bn)	Outstanding (in €bn)	Yield at issuance (%)
January 2017	Syndication	23.5	7.000	7.000	1.74
June 2017	Auction	2.758	1.632	8.632	1.51
December 2017	Auction	1.795	1.065	9.697	1.27
April 2018	Auction	2.366	1.096	10.793	1.34

Source: AFT



- **The Green OAT Evaluation Council is chaired by Manuel Pulgar-Vidal, former Minister for the Environment in Peru, president of UNFCCC* COP20 and WWF Global Climate and Energy Practice Leader, and its members are independent experts:**
 - **Mats Andersson, Vice-Chairman of the Global Challenges Foundation, Chairman of PDC and former CEO of AP4, Sweden's fourth national pension fund;**
 - **Nathalie Girouard, Head of the Environmental Performance and Information Division of the Environment Directorate at the OECD;**
 - **Ma Jun, Director of the Center for Finance and Development and Special Adviser to the Governor of the People's Bank of China;**
 - **Karin Kemper, Senior Director for the Environment and Natural Resources Global Practice at the World Bank;**
 - **Thomas Sterner, Professor of Environmental Economics at the University of Gothenburg;**
 - **Eric Usher, Head of the Secretariat of the United Nations Environment Program Finance Initiative.**
- **The Council also includes two observers:**
 - **Sean Kidney, co-founder and CEO of the Climate Bonds Initiative;**
 - **Nicolas Pfaff, Senior Director and Secretary to the Green Bond Principles, ICMA (International Capital Market Association).**
- **All of its work will be published on the Agence France Trésor website. The Secretariat of the Green OAT Evaluation Council is provided jointly by the General Commission for Sustainable Development and the Directorate General of the Treasury.**
- **During the meeting, the members of the Green OAT Evaluation Council defined their working methods and addressed the priorities for their schedule of evaluations.**
 - **The Council defines Terms of Reference and designates two Referees for each evaluation.**
- **The next meeting of the Green OAT Evaluation Council will be held in July 2018. The first evaluation reports on the impact of Eligible Green Expenditure, about the Energy Transition Tax Credit, should be published before end of 2018.**

- In order to strengthen the Green OAT ex-post impact reporting, especially given the long-term nature of underlying assets, France has created a Green Bond Evaluation Council (the “Council”).
 - The Council defines the guidelines and the frequency of the environmental impact reporting that will be most appropriate to the selected assets.
 - Evaluations are conducted independently.
 - The Council will assess the quality of the evaluation reports and ultimately the relevance of results. Its opinions will be published on Agence France Trésor web-site.
- **Key international agreements ratified by France, and especially the Climate Paris Agreement, will be used by the Council as reference texts.**
- **We have named high-level independent experts in green finance for 3 years.**
- **The Green OAT Evaluation Council held its setup meeting on December 11th in Paris.**



Dr Manuel Pulgar-Vidal, Chairman



Former Minister for the Environment in Peru,
President of UNFCCC COP20,
WWF Global Climate and Energy Practice Leader

Members

Mats Andersson



Global Challenges
Foundation,
Former CEO of AP4

Dr Karin Kemper



World Bank

Nathalie Girouard



OECD

Prof. Thomas Sterner



University of
Gothenburg

Dr Ma Jun



People's Bank
of China

Eric Usher



UNEP

Observer members

Nicholas Pfaff



ICMA / Green
Bond Principles

Sean Kidney



Climate Bonds
Initiative

The information contained in this document (the “Information”) does not constitute an offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any securities of The Republic of France. Neither this document, nor any part of it, shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This Information is solely for your information on a confidential basis and may not be reproduced, redistributed or sent, in whole or in part, to any other person, including by email or by any other means of electronic communication. The distribution of this Information in other jurisdictions may be restricted by law and accordingly, recipients of this Information represent that they are able to receive the Information without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business. There will be no sale of the securities described herein in any state or jurisdiction in which such offer, sale or solicitation would be unlawful.

The Information has not been verified by the primary dealers (spécialistes en valeurs du Trésor) or any of their affiliates, shareholders, or their respective directors, officers, advisers, agents, employees and representatives (collectively, the Managers”) or otherwise independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed upon, the fairness, accuracy, completeness or correctness of the Information or opinions and none of The Republic of France or the Managers accepts any responsibility or any liability (in negligence or otherwise) whatsoever for/or makes any representation or warranty, express or implied, as to the truth, fullness, accuracy or completeness of the Information (or whether any information has been omitted from the Information) or any other information relating to The Republic of France, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss or damages of any kind which may arise from any use of (or reliance upon) this document or its contents, by you or others, or otherwise in connection with the Information.

The Information includes only summary information and does not purport to be comprehensive. The Information and opinions are provided as at the date of this presentation and are subject to change. Neither The Republic of France nor the Managers undertakes to update this document. You should not rely on any representations or undertakings inconsistent with the above paragraphs. Your receipt and use of this document constitutes notice and acceptance of the foregoing.

Before purchasing any securities of The Republic of France you should take steps to ensure that you understand and have made an independent assessment of the suitability and appropriateness thereof, and the nature and extent of your exposure to risk of loss in light of your own objectives, financial and operational resources and other relevant circumstances. You should take such independent investigations and such professional advice as you consider necessary or appropriate for such purpose.

This document does not constitute an offer of securities for sale in the United States. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offering of the securities in the United States in connection with this transaction.

By accepting this information, you are deemed to have read, understood, agreed and accept to be bound by the statement contained hereto including the foregoing limitations of liabilities and conditions of use, without any need to provide formal approval or signature of this document and more generally without any need to confirm to us such approval of this document and the limitations of liability contained hereto.



 www.aft.gouv.fr

 Reuters: <TRESOR>

 Bloomberg: TREX <GO>

