

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

SNCF

12 July 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (GBP) administrated by International Capital Market Association (ICMA) (06.2021)
Scope of verification	<ul style="list-style-type: none">• SNCF Green Bond Framework (as of 16.05.2022)• SNCF Selection Criteria (as of 16.05.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK

SNCF (“the Issuer”) commissioned ISS ESG to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. SNCF’s Green Bond Framework (16.05.2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Selection Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
3. Green Bond link to SNCF’s sustainability strategy – drawing on SNCF’s overall sustainability profile and issuance-specific Use of Proceeds categories.

SNCF BUSINESS OVERVIEW

SNCF SA engages in the management and operation of the French railway system and infrastructure. It provides solutions in train path allocation, train movement management, rail system training, and power supplies. The company was founded on May 15, 1997 and is headquartered in La Plaine Saint-Denis, France.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Alignment with GBP	The issuer has defined a formal concept for its Green Bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.	Aligned
Part 2: Sustainability quality of the Selection Criteria	<p>The Green Bonds will (re-)finance eligible asset categories which include: electric rail network and high-speed electric rolling stock</p> <p>Development of electric rail network and high-speed electric rolling stock use of proceeds categories have a limited contribution to SDGs 7 'Affordable and clean energy' and 13 'Climate action'.</p> <p>Maintenance, renewal, energy efficiency on the electric rail network, and renovation of the high-speed electric rolling stock fleet use of proceed categories improve the company's operations impacts and mitigate potential negative externalities of the issuer's sector on SDGs 7 'Affordable and clean energy' and SDG 13 'Climate action'.</p> <p>The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive
Part 3: Green Bond link to issuer's sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 12.02.2022, the issuer shows a high sustainability performance.</p> <p>The Use of Proceeds financed through this Green Bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bond is clearly described by the issuer.</p>	Consistent

¹ ISS ESG's evaluation is based on the SNCF's Green Bond Framework (16.05.2022 version), and on the ISS ESG Corporate Rating updated on the 12.02.2022 and applicable at the SPO delivery date.

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES

This section describes ISS ESG's assessment² of the alignment of the SNCF's Green Bond Framework (dated 16.05.2022) with the ICMA Green Bond Principles (June 2021).

ICMA GREEN BOND PRINCIPLES (JUNE 2021)	ALIGNMENT	ISS ESG'S OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>ISS ESG considers the Use of Proceeds description provided by SNCF's Green Bond Framework as aligned with the ICMA Green Bond Principles (June 2021).</p> <p>The Issuer's green categories align with the project categories as proposed by the ICMA Green Bond Principles. Criteria are defined in a clear and transparent manner. Environmental benefits are described and quantified.</p> <p>The Issuer commits to a look-back period of two years.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>ISS ESG considers the Process for Project Evaluation and Selection description provided by SNCF's Green Bond Framework as aligned with the ICMA Green Bond Principles (June 2021).</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The issuer involves various parties in the process for project evaluation and selection and have transparently and clearly defined their responsibilities. More specifically, the issuer has specified that the Finance and Treasury division in coordination with group's Accounting & Management Control divisions and Sustainable Development divisions will review the allocation of the projects annually.</p>

² Verification reports relevant for the CBI certification of SNCF's green bond issuance program are produced separately from this assessment.

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>ISS ESG finds that the Management of Proceeds proposed by SNCF's Green Bond Framework as aligned with the ICMA Green Bond Principles (June 2021).</p> <p>The bonds will be issued by the issuer, and equivalent amounts allocated to the relevant group subsidiaries in the form of loans between the parent and the subsidiary holding the assets. Therefore the proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. Unallocated proceeds will only be held in the issuer's treasury accounts. Moreover, the issuer prohibits the allocation, even temporarily, of proceeds to non-eligible projects.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>ISS ESG finds that the allocation and impact reporting proposed by SNCF's Green Bond Framework as aligned with the ICMA Green Bond Principles (June 2021).</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and annually until the proceeds are fully allocated. SNCF explains the level of expected reporting and the type of information that will be reported.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Development of electric rail network	Limited contribution	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #e61e00; color: white; padding: 5px; text-align: center;"> <small>7 AFFORDABLE AND CLEAN ENERGY</small>  </div> <div style="background-color: #429c42; color: white; padding: 5px; text-align: center;"> <small>13 CLIMATE ACTION</small>  </div> </div>
High-speed electric rolling stock	Limited contribution	<div style="display: flex; justify-content: space-around;"> <div style="background-color: #e61e00; color: white; padding: 5px; text-align: center;"> <small>7 AFFORDABLE AND CLEAN ENERGY</small>  </div> <div style="background-color: #429c42; color: white; padding: 5px; text-align: center;"> <small>13 CLIMATE ACTION</small>  </div> </div>

2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities³ in the Transportation Infrastructure (to which SNCF belongs) are the following:



USE OF PROCEEDS (Processes)	OPERATIONAL IMPACT IMPROVEMENT ⁴	SUSTAINABLE DEVELOPMENT GOALS
Maintenance, renewal, energy efficiency on the electric rail network	✓	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Renovation (mid-life operation) of the high-speed electric rolling stock fleet	✓	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION

The table above aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

³ Please, note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 1 of the SPO.

⁴ Limited information is available on the scale of the improvement as no threshold is provided. ISS ESG only displays the direction of change.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

The table below presents the findings of an ISS ESG assessment of the Selection Criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

KPIs relevant for all Use of Proceeds categories

Labour, Health and Safety

- ✓ The Issuer finances assets in France, a country that ratified all the ILO Core Conventions and has high health and safety standards in place. Moreover, the company is publicly committed to uphold and fully integrate the ten principles of the UN Global Compact.

KPIs relevant for rolling stocks & trains

Environment

- ✓ The Issuer has policy in place for circular economy. The Issuer commits to a zero unrecycled waste pathway by 2030 for products central to the railway business as well as in cross-cutting areas by promoting reuse and all methods of recovery. The Issuer has policy in place to limit the consumption of resources, reducing waste in all its operating processes, and recovering products at the end of their life cycle.
- ✓ The Issuer confirms all activities within the company has environmental management systems in place. Moreover, the Issuer confirms that the EMS can be certified by ISO 14001, HQE Exploitation, BREEAM and Integrated Management System (IMS).

Labour, Health and Safety

- ✓ The Issuer commits to ensure the safety of customers, staff, and subcontractors. The Issuer confirms the following programmes are in place, e.g. PRISME programme aims to strengthen the safety culture within the Group's various entities, comprehensive integrated security policy, the Surveillance Générale, an internal security service to intervene on behalf of all railway system players, the Ad'AP scheme to make platforms and passenger buildings accessible.

KPIs relevant for transport infrastructures

Environment and social

- ✓ The Issuer confirms to have noise policy in place controlling the noise pollution generated by traffic and railway works. The Issuer confirms to integrate the acoustic dimension into all its development projects, include preventive actions in the design, construction, and operation phases, reduce noise black spots by acoustic insulation etc.

Biodiversity

- ✓ The issuer ensures suitable environmental impact assessments are conducted at the planning stage by compliance with EU EIA Directive. The issuer confirms to comply with French national legislation regarding protection of local biodiversity. Moreover the Issuer has conducted a first assessment in 2020 and commits to Act4Nature International to promote biodiversity by mitigating pressure.
- ✓ The Issuer commits to gives priority to avoiding impacts on the most sensitive natural environments through the Avoid-Reduce-Compensate (ERC) approach in the design of its project.

Community dialogue

- ✓ The Issuer confirms to have measures in place ensuring that assets financed under this framework feature community dialogue as an integral part of the planning process. The Stakeholder Committee (SC) is formed by external individuals, including customer, elected representatives, transport authorities, representative associations and experts from the academic world to strengthen the dialogue between SNCF and the representatives.

PART III: GREEN BOND LINK TO SNCF'S SUSTAINABILITY STRATEGY

A. SNCF'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Reduction of air emissions
Worker health and safety and product safety
Responsible land use and biodiversity management
Business ethics and government
Stakeholder responsibility

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating methodology, ISS ESG assessed the current sustainability performance of the issuer to be high. Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ⁵	DIRECTION OF IMPACT	UN SDGS
Rail infrastructure	100%	CONTRIBUTION	 

⁵ Percentages presented in this table are not cumulative.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Transportation Infrastructure industry are as follows: Failure to respect the right to just and favourable conditions of work, Failure to assess environmental impacts and Failure to respect the right to safe and healthy working conditions.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF GREEN BOND WITH SNCF'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

The issuer's sustainability objectives and priorities focus on three key areas:

- **Climate change:** The transport sector accounts for 30% of French greenhouse gas (GHG) emissions, of which 0.6% is attributable to rail. As a rail infrastructure company, SNCF Group has identified CO₂e emission reduction as a sustainability priority. SNCF Group aims to reduce transport and building CO₂e emissions by 30% and 50%, respectively, by 2030 compared to 2015. SNCF Group also has a commitment to preserve natural resources and biodiversity.
- **Regional development:** SNCF Group has 11 regional coordinators whose role is to strengthen local ties with regional players to support regional development changes, including that of metropolization and globalization, regional deindustrialization, ageing population, and reduction of their energy footprint. SNCF Group contributes to supporting these changes by: support the development of mass transit by revitalizing minor historical regional routes, boosting the capacities of major train stations while maintaining a maximum open in suitable conditions, assist all regions in developing mobility services tailored to their demographic, environmental and financial challenges.
- **Social commitment:** Social responsibilities of the SNCF Group include:
 - As an employer, SNCF Group has a workforce of 270,000 employees worldwide (including close to 210,000 in France). It is committed to provide each employee with the means to develop professionally, and provide a protective social framework and a reassuring environment.
 - As a purchaser, SNCF Group is a major player in the rail sector and the national and European economy, and has social commitment to its supply chain players.
 - As a mobility solution provider, SNCF Group has social commitment to all users of its services.
 - As a public company in France, SNCF has a social commitment to the French population.

In addition, since 2003, SNCF has adhered to the 10 principles of the United Nations Global Compact on human rights, anticorruption, labour rights and environmental protection.

Rationale for issuance

SNCF Group is issuing Green Bond to finance environmentally friendly rail network and rail rolling stocks and other projects that contribute towards its ESG objectives. Its green finance strategy has so far achieved positive impact. Between 2016 and 2020, it issued Green Bond to fund rail network renewal or development, and these projects generated a saving of 33.5 million tonnes of CO₂e (avoided emissions*), which corresponds to the carbon footprint of almost 70,000 French people over 40 years. Overall, for every €1 billion invested in the rail network, 3.7 million tonnes of CO₂e are avoided over 40 years.

It has a strategy to convert, by 2025, all its financial products (except derivatives) to the criteria of responsible investment, in a 100% green finance strategy, including:

- Green Bonds for medium and long-term financing
- Green Commercial Paper (CP) for short-term financing

- Investments in media that integrate environmental, social and governance (ESG) criteria for cash.

The issuances of Green Bond outlined in this framework contribute towards these objectives outlined above.

Contribution of Use of Proceeds categories to sustainability objectives and key ESG industry challenges

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Transportation Infrastructure industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings industry. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Investments in maintenance, renewal, energy efficiency on the electric rail network, for the most circulated sections (UIC 1 to 6 and HSL)	✓	✓	Contribution to a material objective
Investments in the development of the electric rail network, for the most circulated sections (UIC 1 to 6 and HSL)	✓	✓	Contribution to a material objective
Purchase of high-speed electric rolling stock	✓	✓	Contribution to a material objective
Renovation investments (mid-life operation) of the high-speed electric rolling stock fleet	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds is clearly described by the issuer.

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of SNCF's Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by SNCF (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which SNCF's Green Bond contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

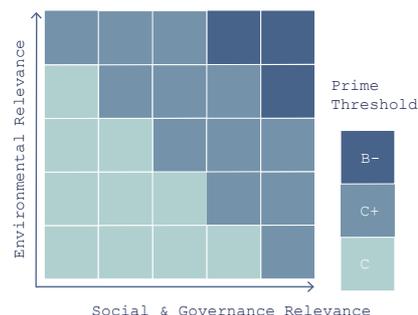
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

SNCF commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA's Green Bond Principles and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's Green Bond Principles
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

SNCF's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by SNCF based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with SNCF took place from February to July 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

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