



NEOEN

GREEN BOND
FRAMEWORK

MAY 2020

1. STRATEGY AND RATIONALE

Strategic and organizational approach to sustainability

Sustainable development is at the heart of Neoen's business and an integral part of its business model.

Neoen is an independent producer of renewable energies which has made the choice of focusing on mature carbon-free technologies (solar power, wind power and storage), with a mission to produce the most competitive renewable electricity, sustainably and on a large scale.

Conscious of the special role it has to play in promoting sustainable development and of its responsibility to "set the example", Neoen develops, finances, builds and operates its facilities in accordance with the best performance standards.

Neoen deploys infrastructure that is built to last. Dimensioned to produce electricity achieving or bettering grid parity yet free from pollution, its infrastructure is generally very well accepted locally.

Neoen has long-term vision. The Group is most often the majority or sole shareholder of its infrastructure and aims to optimize its installations' yield throughout their lifetime. It is therefore well placed to take the best decisions for maintenance of its installations.

Neoen gives preference to the production of green energy from renewable sources such as solar and wind power. In parallel, energy storage has an important place within the Group alongside the expansion of its solar and wind power activities, both complementing its existing installations as a means of facilitating their grid integration and providing a basis for the provision of additional services generating independent revenues.

ASPECT 1: ENVIRONMENTAL COMMITMENTS

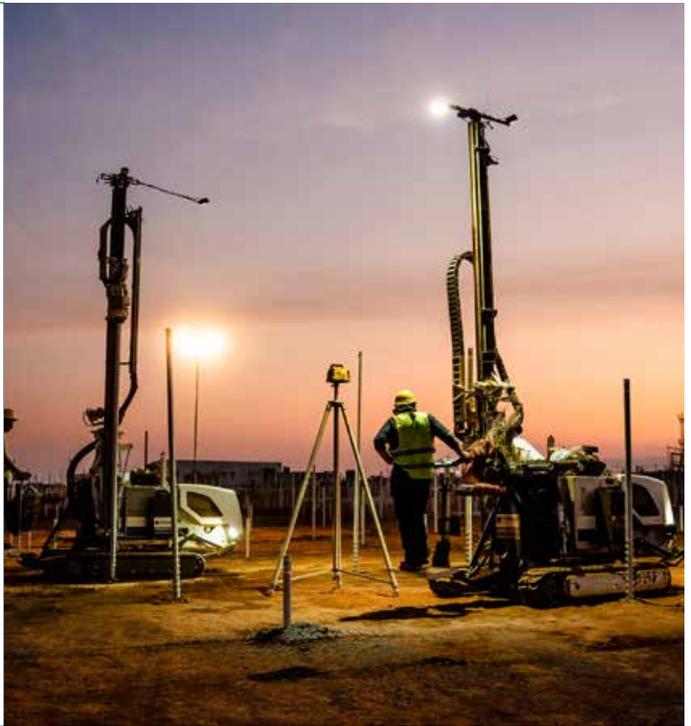
As a responsible player in the field of renewable energies, by the very nature of its activity Neoen participates actively in the global combat against greenhouse gas emissions and climate change. During the fiscal years ended December 31, 2018 and 2019 the Group thus avoided the emission of respectively 1,494,678 and 1,299,723 tons of CO₂ according to its own calculations based strictly on the methodology proposed by the European Investment Bank (EIB).

During the phases of construction and operation of its assets, Neoen is particularly aware of environmental protection challenges, and of the way its activities and those of its subcontractors can relate to these. The Group's demanding approach involves systematic environmental impact studies for all of its projects, and the implementation of specific measures which go beyond regulations, when the Group deems it necessary. The Group uses innovative technologies which are respectful of the environment, so as to limit its potential impact on the latter. The Group's commitment to the environment is also reflected in its policy to protect biodiversity and the species present on its various sites.



ASPECT 2: SOCIAL COMMITMENTS

The Group is attentive, all along its value chain, to its compliance, and that of the persons for whom it is responsible, with the environmental and social principles which it has set itself or to which it is subject. All Neoen employees and partners are committed to complying with the highest standards in terms of business ethics and social matters. Neoen pays particular attention to labour law, and hygiene and safety conditions: HSE issues are taken into account upstream of signing contracts since the selection of subcontractors is notably conditioned by their effective capacity to deliver equipment and service of quality in line with the Group's values. The identification of the risks potentially engendered by the Group's activity has enabled the implementation of strict processes for control and monitoring subject to quarterly review.



ASPECT 3: SOCIETAL AND CULTURAL COMMITMENTS

Neoen's electricity generation business helps provide clean and sustainable energy. It gives local populations the benefit of the positive economic impacts of its facilities via taxes, land leases and job creation. The Group is committed to supporting the development of the territories it invests in and helps achieve projects benefiting local communities by supporting projects in the area of the social and solidarity economy, promoting renewable energies and facilitating access to electricity.

By the very nature of its activity, Neoen is a local player. The Group has committed to an approach of concertation with other local players which extends beyond merely responding to its regulatory obligations. In every country, the decision to locate a facility is taken in concertation with the local authorities and communities. In addition to meeting its regulatory requirements, Neoen undertakes to engage in preliminary discussion with local elected representatives and communities to ensure each project's compatibility with the policy orientations of the applicable territories.



Rationale of issuing a green bond

The publication of the draft EU Green Bond Standards and the draft EU Taxonomy has created an opportunity for Neoen to further reinforce its sector leadership on sustainable matters by issuing green bond financing projects aligned with the Taxonomy's ambitious emissions thresholds for green projects and, in line with our overall strategy and approach to sustainability. We believe that

green bonds financing our activities will highlight our sustainability objectives very effectively and provide fixed income investors with a further tool to assess our progress in contributing to climate change mitigation as well as benefitting society. Neoen Green Projects contribute particularly to the objectives of Climate Change Mitigation and Climate Change Adaptation.

2. PROCESS FOR SELECTION OF GREEN PROJECTS

Neoen is committed to high standards in environmental, social and ethical matters.

Neoen is committed to high standards in environmental, social and ethical matters. As such, all of Neoen's projects are subject to environmental assessment procedures and in line with EU environmental regulation and social safeguards. Before each potential asset investment, the Group examines the environmental and social risks. Social (for emerging countries) and environmental impact surveys are performed by independent specialist firms and may involve particular attention to environmental or other regulatory constraints. Any project must also meet requirements for landscaping and heritage integration, proximity to telecommunication networks, limitation of fire risks etc. Impact surveys help define compensatory measures and support for implementation during the phases of construction and operation.

A Green Bond Committee composed of members of the executive committee as well as the head of financing and a representative of the CSR function will be responsible for selecting Eligible Green Projects aligned with the EU Taxonomy and the highest standard of socially responsible projects as defined in this framework. An independent auditor or accredited verifier, once accreditation is available, will review the alignment of projects with the eligibility criteria and this framework.

SPECIFIC REQUIREMENTS AND INTERNAL GOVERNANCE PROCEDURE FOR GREEN PROJECTS



Substantial contribution to environmental objectives



Minimum social safeguards and compliance with all applicable local regulations



Meeting the technical screening criteria and thresholds as detailed in section 3

The internal policies, eligibility criteria and compliance with the EU environmental and social safeguards ensure, to feasible extent, the alignment of Neoen eligible projects with do-no-significant harm to environmental objectives principle.

3. GREEN PROJECTS

Proceeds of Neoen Green Bonds will be allocated to finance or re-finance renewable energy projects that meet the following Eligible Criteria:

Project categories	Description	Environmental benefit	Related SDG
 <p>Renewable energy¹</p>	<p>Energy production:</p> <p>Construction and operation of electricity generation facilities that produce electricity from:</p> <ul style="list-style-type: none"> • Solar PV • Wind Power <hr/> <p>Eligibility criteria:</p> <p>Facilities operating at life cycle emissions² lower than 100gCO₂e/kWh, declining to 0gCO₂e/kWh by 2050, are eligible:</p> <ul style="list-style-type: none"> • This threshold will be reduced every 5 years in line with a net-zero CO₂e in 2050 trajectory • Assets and activities must meet the threshold at the point in time when taxonomy approval is sought • For activities which go beyond 2050, it must be technically feasible to reach net-zero emissions 	<p>GHG emissions reduction</p>	  
 <p>Storage activities³</p>	<p>Construction and operation of facilities that store electricity and return it later in time, providing services to the network.</p>		

All proceeds will be allocated to the financing of or investment in the Eligible Green Project category as defined in this framework. Eligible Green Projects may include physical assets such as energy production sites and storage facilities, as well as CAPEX and OPEX related to those assets.

¹ EU Taxonomy classification: NACE sector D – Electricity, Gas, Steam and Air Conditioning Supply

² Following ADEME methodology at the time of the allocation

³ Storage activities ("Electricity storage") are defined according to article 2.59 of the recast Electricity Directive

4. TRACKING OF AMOUNTS OF USE-OF-PROCEEDS

Neoen will set up a register for Green Bonds and has put in place internal processes to track the allocation of outstanding Green Bond proceeds to projects identified as Eligible Green Projects.

Neoen will strive, over time, to achieve a level of allocation for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Projects will be added to the Issuer's Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Projects.

NET PROCEEDS OF GREEN BONDS ALLOCATION



Refinancing of operational projects that qualify as Eligible Green Projects with a look back period of 2 years



Investments into pipeline projects that qualify as Eligible Green Projects



Unallocated proceeds: investments in any form of cash, bank deposit or other form of available current financial assets

Neoen intends, to the best of its abilities, to fully allocate the proceeds within 24 months after the issuance date of each Green Bond and will strive to maintain full allocation until maturity by replacing any projects that may have been divested or are no longer eligible due to other circumstances.

5. REPORTING

For all issuances under this Framework, Neoen intends to produce an allocation report (the "Allocation Report") as well as an impact report (the "Impact Report") annually until full allocation of the Green Bond proceeds.

5.1 Allocation report

Neoen will publish the Allocation Report on Neoen's website within 12 months of issuance and then annually until full allocation of the proceeds of the relevant Green Bond. The report aims to provide transparent information on the allocation of proceeds towards eligible expenditures.

External verification will be provided for each annual allocation report.

5.2 Impact Report

Neoen Green Bonds will contribute to Climate Change Mitigation through generating renewable energy and contributing to a more efficient use of energy. The Impact Report will indicate how the taxonomy threshold criterion is fulfilled for each category of Eligible Green Projects.

INDICATORS INCLUDED IN THE GREEN BOND IMPACT REPORT



For solar and wind projects:

Annual GHG emissions avoided in tonnes of CO₂ equivalent

Annual renewable energy generation in MWh or GWh (electricity)

Capacity of renewable energy plant(s) financed or refinanced through Neoen Green Bonds in MW



For storage activities:

Capacity of energy storage financed or refinanced through Neoen Green Bonds in MW



6. EXTERNAL REVIEW

Neoen has engaged **Vigeo Eiris** to provide an External Review in the form of a Second Party Opinion on the Neoen Green Bond Framework and confirm alignment with the **GBP 2018**⁴ and the main provisions of the **EU GBS**.

The External Review has been made public on Neoen's website. Neoen's annual reporting will also be subject to External Review which will be accessible on Neoen's website.



⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>



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