



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Bpifrance SA
20 March 2023

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, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)Proposed European Green Bond Standard (as of July 2021)EU Taxonomy Climate Delegated Act (as of June 2021)
Scope of verification	<ul style="list-style-type: none">Bpifrance SA Green Bond Framework (as of March 19, 2023)Bpifrance SA Eligibility Criteria (as of March 19, 2023)
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

Bpifrance SA (“the Issuer” or “Bpifrance”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Bond Framework by assessing four core elements to determine the sustainability quality of the instruments:

1. Bpifrance’s Green Bond Framework (March 19 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and the alignment of the “Eligible Renewable Energy Loans” and the EU Taxonomy-aligned portion of “Eligible Green Buildings Loans” project categories against the proposed European Green Bond Standards (EU GBS) on a “best effort” basis ¹.
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment of the “Eligible Renewable Energy Loans” and a portion of “Eligible Green Buildings Loans” with the EU Taxonomy on a best effort basis² – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021)³.
4. Linking the transaction to Bpifrance’s overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

BPIFRANCE BUSINESS OVERVIEW

Bpifrance provides assistance and financial support to small and medium companies. Its solutions include loans, insurance, warranties, and equity investments. The company was founded December 31, 2012 and headquartered in Maisons-Alfort, France. It is classified as a development bank, as per ISS ESG’s sector classification.

¹ “Best effort” basis is due to the fact that the European GBS is currently a legislative proposal.

² Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a “best efforts basis”.

³ European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part 1: Alignment with ICMA GBP	The Issuer has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is aligned with the ICMA GBP.	Aligned with ICMA GBP
Alignment with the proposal of the EU GBS, on best effort basis	The “Eligible Renewable Energy” and the EU Taxonomy-aligned portion of “Eligible Green Buildings” project categories are aligned with the proposal of the EU GBS, on best effort basis.	Aligned with the proposal of the EU GBS, on best effort basis
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Green Bonds will (re-)finance eligible project categories which include Renewable Energy, Green Buildings and Greentech.</p> <p>Renewable Energy use of proceeds project category has a significant contribution to SDGs 7 ‘Affordable and clean energy’ and 13 ‘Climate action’.</p> <p>Green Buildings use of proceeds project category has a significant contribution to SDGs 7 ‘Affordable and clean energy’, 11 ‘Sustainable cities and communities’ and 13 ‘Climate action’.</p> <p>Greentech use of proceeds project category has significant contribution to SDGs 2 ‘Zero hunger’, 7 ‘Affordable and clean energy’, 12 ‘Responsible consumption and production’, 13 ‘Climate action’, 14 ‘Life below water’, 15 ‘Life on land’ and limited contribution to SDGs 3 ‘Good health and well-being’ and 6 ‘Clean water and sanitation’.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Positive⁵
Part 3: Alignment with EU Taxonomy	The alignment of Bpifrance’s ‘Eligible Renewable Energy’ and a portion of ‘Eligible Green Buildings’ project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated	

⁴ The evaluation is based on the Bpifrance’s Green Bond Framework (March 2023 version), on the analysed Eligibility Criteria as received on March 19, 2023, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on February 12, 2022).

⁵ Please note that the overall sustainability quality of the eligibility criteria depends on (i) the SDG assessment and (ii) the evaluation of the Environmental and Social (E&S) risk management. It can be assessed as negative, moderate or positive. To the extent that (i) all Bpifrance eligibility criteria are assessed with a contribution to the SDGs, that (ii) none are assessed as obstructing SDGs, and that (iii) the E&S risks associated with those project categories are well managed, we assess the overall sustainability quality of the eligibility criteria as ‘positive’.

	<p>Act of June 2021), on a best effort basis⁶. These project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation Criteria ▪ Aligned with the Do No Significant Harm Criteria ▪ Aligned with the Minimum Social Safeguards requirements 	
<p>Part 4: Green Bonds link to Issuer’s sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. All project categories financed are in line with the sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

⁶ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES AND PROPOSED EUROPEAN GREEN BOND STANDARDS

A. ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES

The table below evaluates the alignment of Bpifrance's Green Bond Framework (as of March 19, 2023) with ICMA Green Bond Principles (GBP).

ICMA GREEN BOND PRINCIPLES	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Bpifrance's Green Bond Framework is aligned with the ICMA Green Bond Principles.</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. The Issuer confirms that it will only finance Greentech companies that have the entirety of their operations in line with the eligibility criteria on Greentech project category stated in its Green Bond Framework. Disclosure of distribution of proceeds by project category will be shared to investors as soon as possible or at the latest one year after the date of issuance in its allocation report. Environmental benefits are described. The Issuer defines exclusion criteria for harmful projects categories.</p> <p>The Issuer defines a 3-year maximum look-back period, with a best effort basis on a 2-year look-back period.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Bpifrance's Green Bond Framework is aligned with the ICMA GBP.</p> <p>The project selection process is defined. Governance processes and mechanisms for identification and management of ESG risks associated with the project categories are set in place.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by Bpifrance's Green Bond Framework is aligned with the ICMA GBP.</p>

		<p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p> <p>Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and commits to disclosing the portfolio balance of unallocated proceeds in its allocation report. In addition, the Issuer discloses that unallocated proceeds will not be invested in GHG intensive activities (which are defined in the Framework as activities including manufacture of gas; distribution of gaseous fuels through mains; wholesale on a fee or contract basis for agents involved in the sale of fuels, ores, metals and industrial chemicals; manufacture of coke and refined petroleum products; processing of nuclear fuel) and activities listed in the exclusion list stated in section 2.1 of the Green Bond Framework.</p> <p>The Issuer has defined a full allocation to take place at the end of the first calendar year after each new issuance of Green Bonds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Bpifrance’s Green Bond Framework is aligned with ICMA GBP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report annually until the bond matures in line with the ICMA GBP. The reporting will be publicly available on the Issuer’s website.</p> <p>In addition, the Issuer is transparent on the level of impact reporting, in line with best market practice as per ICMA GBP.</p>

B. ALIGNMENT OF “ELIGIBLE RENEWABLE ENERGY” AND THE EU TAXONOMY-ALIGNED PORTION OF “ELIGIBLE GREEN BUILDINGS” PROJECT CATEGORIES WITH THE PROPOSAL OF THE EU GBS⁷

The table below evaluates the alignment of “Eligible Renewable Energy” and the EU Taxonomy-aligned portion of “Eligible Green Buildings” project categories with the proposal of European Green Bond Standards (EU GBS) on “best effort” basis.

PROPOSAL OF EU GBS	ALIGNMENT	OPINION
0. Strategy and rationale	✓	<p>The strategy and rationale description provided by Bpifrance Green Bond Framework, under which “Eligible Renewable Energy” and the EU Taxonomy (EUT)-aligned portion of “Eligible Green Buildings” project categories are included, is aligned with the EU GBS on best effort basis.</p> <p>The rationale for issuance is clearly stated and linked to the financial institution’s overall strategy, which prioritizes climate transition in France as part of Bpifrance Climate Plan (more details on this found in Part IV). The Issuer explains how the issuance contributes to specific EU Taxonomy environmental objectives as required by EU GBS.</p>
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided for “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories is aligned with EU GBS on best effort basis.</p> <p>The Issuer specifies that “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories will be located in France, as per EU GBS requirements, and the Issuer provides a statement showing that it voluntarily adheres to the requirements of the regulation proposal for “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories.</p> <p>The information provided by the Issuer is at the project category level rather than the project level. The Issuer provides an explanation on why project-level information is not given: due to the large number of underlying qualifying projects.</p> <p>The proceeds of Green Bonds will be exclusively allocated to loans, in line with the EU GBS requirements.</p>

⁷ On “best effort” basis

<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Bpifrance’s Green Bond Framework for “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories is aligned with EU GBS on best effort basis.</p> <p>The project selection process is defined. Governance processes and mechanisms for the identification and management of ESG risks associated with the project categories are set in place. The Issuer commits to having a governance process to determine that the “Eligible Renewable Energy Loans” and the EUT-aligned portion of “Eligible Green Building Loans” project categories are indeed aligned with the EU Taxonomy and provides a description of these processes, as required by the EU GBS proposal.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Bpifrance’s Green Bond Framework on “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories is aligned with EU GBS on best effort basis.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach).</p> <p>Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and commits to disclosing the portfolio balance of unallocated proceeds in its allocation report. In addition, the Issuer discloses that unallocated proceeds will not be invested in GHG-intensive activities (which are defined in the Framework as activities including the manufacture of gas; distribution of gaseous fuels through mains; wholesale on a fee or contract basis for agents involved in the sale of fuels, ores, metals and industrial chemicals; manufacture of coke and refined petroleum products; the processing of nuclear fuel) and activities listed in the exclusion list stated in section 2.1 of the Green Bond Framework.</p> <p>The Issuer has defined a full allocation to take place at the end of the first calendar year after each new issuance of Green Bonds.</p>

<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting description provided by Bpifrance’s Green Bond Framework for “Eligible Renewable Energy” and the EUT-aligned portion of “Eligible Green Buildings” project categories is aligned with EU GBS on best effort basis.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report annually until the bond matures, in line with the EU GBS proposal requirements. The reporting will be publicly available on the Issuer’s website.</p> <p>The Issuer commits to including in the allocation reports project-by-project information on amounts disbursed and the expected positive and negative environmental impacts. In addition, the Issuer commits to reporting on the split of Eligible Green Loans aligned with the EU Taxonomy.</p> <p>The information that the Issuer commits to provide on the external review pre-issuance and post-issuance is in line with the requirements of the EU GBS proposal.</p>
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PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs⁸

Financial Institutions can contribute to the achievement of the SDGs by financing specific services/products which help address global sustainability challenges, and by being responsible financial institutions, working to minimize negative externalities in their financing along the entire value chain.



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 the Financial Institution's borrower'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' Use of Proceeds categories⁹ has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p><i>Loans for the construction and operation of electricity generation facilities dedicated to onshore and offshore wind and PV solar power projects</i></p>	Significant contribution	
<p>Green Buildings</p> <p><i>Loans to finance the construction of new non-residential buildings or the acquisition and ownership of buildings which meet the following criteria:</i></p> <p><i>The non-residential buildings were built under the French Thermal Regulation 2012 (RT2012) which corresponds to the Nearly-Zero-Energy Building regulation applicable to non-residential buildings</i></p>	Limited Contribution	

⁸ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁹ Please note that the assessment conducted on Greentech project categories is based on confirmation from Bpifrance that Greentech firms financed under these project categories will have the entirety of their operations in line with the eligibility criteria defined in the Green Bond Framework

for which the building permit was submitted from 1 January 2013.

Green Buildings

Loans to finance non-residential buildings which have achieved or should soon achieve one of the following certifications: HQE: [≥ "Excellent"]; LEED: [≥ "Gold"]; BREEAM: [≥ "Very Good"]

Significant Contribution



Green Buildings

Loans to finance non-residential buildings which have achieved or should soon achieve one of the following certifications: BBC Effinergie+; BBCA (Bâtiments Bas Carbone); BePOS effinergie 2017 and BePOS+ effinergie 2017; E+/C-; HPE [RT 2012 -10%]; THPE [RT 2012 -20%]

Limited Contribution



Green Buildings

Loans to finance the construction of new non-residential buildings which meet the following criteria:

The Primary Energy Demand (PED)¹⁰, defining the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the Nearly Zero-Energy Building (NZEB) requirement in France.

In France and for new buildings for which the building permit was submitted from 1 January 2022 and subject to the RE2020 regulation, compliance with the requirements of the RE2020 regulation automatically leads to compliance with the NZEB – 10% energy performance level¹¹

For buildings larger than 5,000 m²:

- demonstration that robust and traceable quality control processes were in place during the construction process
- life cycle Global Warming Potential (GWP) calculated for each stage in the life cycle¹² and disclosed to investors and clients on demand

Significant Contribution¹³



Limited Contribution



¹⁰ PED is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC)

¹¹ Ministère de la Transition écologique, Eléments d'interprétation du règlement délégué (UE) 2021/2139 du 4 juin 2021 relatifs au secteur du bâtiment, communication-taxonomie.batiments.vf-2.pdf (rt-batiment.fr)

¹² Green buildings under this eligibility criteria are subject to requirements of the French regulation RE2020, which sets out a calculation method on greenhouse gas emissions over entire life cycle of a building. According to EUT TSC 7.1, where a national calculation tool exists or is required for making disclosures or for obtaining buildings permits, the respective tool may be used to provide the required disclosure.

¹³ For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO.

Green Buildings

Loans to finance the acquisition and ownership of buildings which meet the following criteria:

- For buildings built before 31 December 2020 the building has at least an Energy Performance Certificate (class A). As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED)¹⁴.
- For buildings built after 31 December 2020 the building meets the EU Taxonomy technical screening criteria applicable to the construction of new non-residential buildings and which are relevant at the time of the acquisition.
- Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment¹⁵.

Significant Contribution¹⁶



Limited Contribution



Green Buildings

Loans to finance the renovation of existing buildings which meet the following criteria:

- Improved energy efficiency from renovation(s) resulting in a reduction of primary energy demand (PED)¹⁷ of at least 30% within a maximum of 3 years in comparison to the energy performance of the building before the renovation(s).
- Alternatively, the building renovation complies with the applicable requirements for

Significant Contribution¹⁹



Limited Contribution












¹⁴ PED is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

¹⁵ In France, Building Automation & Control Systems decree has come into effect on July 22, 2020, in accordance with EU Energy Performance of Buildings Directive (EPBD).











¹⁶ For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested.

¹⁷ PED is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC)

¹⁹ For the projects to be financed under Use of Proceeds categories that are based on with the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested.

<p><i>major renovations of the Energy Performance of Buildings Directive¹⁸.</i></p>		
<p>Greentech – New Energy <i>Financing R&D firms specialized in the hydrogen sector exclusively sourced from renewable sources</i></p>	<p>Significant Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in the generation of energy from renewable sources: solar, wind, geothermal, and ocean energy sources</i></p>	<p>Significant Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in the generation of energy from small-scale hydropower (<10MW)</i></p>	<p>Significant Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in the generation of energy from medium to large-scale hydropower (>10 MW to <1000MW)</i></p>	<p>Limited Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in methanation</i></p>	<p>Limited Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in installing and distributing smart grids sourced from renewable energy</i></p>	<p>Significant Contribution</p>	
<p>Greentech – New Energy <i>Financing R&D firms specialized in enhancing renewable energy storage</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Green Industry <i>Financing firms specialized in the industrialization process of bio-based fertilizers</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Green Industry <i>Financing firms which develop products made from 100% recycled materials</i></p>	<p>Limited Contribution</p>	

¹⁸ As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

<p>Greentech – Green Industry <i>Financing firms specialized in waste management focused on providing reusable packaging solutions</i></p>	<p>Significant Contribution</p>	
<p>Greentech - Agriculture and Food Industry <i>Financing firms specialized in biocontrol and green manure solutions</i></p>	<p>Significant Contribution</p>	
<p>Greentech - Agriculture and Food Industry <i>Financing firms specialized in enhancing solutions for transformation and production for agriculture²⁰: specialized in designing and installing equipment of different sizes to grow plants in hydroponics in a controlled environment</i></p>	<p>Limited Contribution</p>	
<p>Greentech - Environmental Transition <i>Financing firms specialized in creating and supporting carbon capture solution²¹</i></p>	<p>Limited Contribution</p>	
<p>Greentech – Clean Mobility <i>Financing firms specialized in battery technology that allows improvements in the field of renewable energy storage</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Clean Mobility <i>Financing firms specialized in enhancing biofuel solutions²²: road freight solution using hydrogen fuel cells</i></p>	<p>Limited Contribution</p>	
<p>Greentech – Green Building <i>Financing firms specialized in developing technologies for smart buildings²³: smart meters and building energy management systems</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Green Building <i>Financing firms specialized in supporting waste management solutions on construction sites: waste collection and depositing</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Protection of ecosystems <i>Financing firms specialized in marine ecosystem conservation</i></p>	<p>Significant Contribution</p>	
<p>Greentech – Protection of ecosystems <i>Financing firms specialized in drinking water filtration/ purification solutions</i></p>	<p>Limited Contribution</p>	

²⁰ The assessment is limited to the examples of projects spelled out in the Framework

²¹ CO₂ is permanently and safely stored and the carbon capture solution process is climate neutral (including the energy needed for the capture process)

²² The assessment is limited to the examples of projects spelled out in the Framework

²³ The assessment is limited to the examples of projects spelled out in the Framework

Greentech – Protection of ecosystems
Financing firms specialized in soil remediation and improvement services

**Limited
Contribution**



Greentech – Protection of ecosystems
Financing firms specialized in air pollution control technology

**Limited
Contribution**



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The entirety of the assets to be financed under this framework are and will be located in France.

ASSESSMENT AGAINST KPIs

ESG guidelines into the financing process

Bpifrance requires all applications for credit to be accompanied by an environmental and social assessment, with a view to simplifying the process in the operational phase by evaluating the company's consideration of the ESG issues on a scale of 1 to 4 in order to complete the information required for decision-making. This integration makes it possible to clarify the awareness of company practices on environmental, social and governance issues, if necessary, and to enrich the offer to better meet the identified needs. The information is sourced directly from the company.

All Eligible Green Loans are then submitted to Bpifrance's regular underwriting process. As a credit establishment approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR), Bpifrance is subjected to the provisions of the French Code Monétaire et Financier and the decree of 3 November 2014, relating to the internal control of banking sector companies, of the Consultative Committee on Legislation and Financial Regulation regarding internal control. All financings are granted following a strict approval process through its support decision tool ("Outil d'Aide à la Décision") which:

- i. Centralizes in a single tool the studies of all the financing projects submitted to Bpifrance;
- ii. Determines the risk profile of the credit files based on the project and the counterparty; and
- iii. Provides an audit trail of the decision-making process.

If a material ESG Risk is identified on a project, the transaction score will decrease and could lead to a refusal of the loan disbursement. The decision to refuse a loan disbursement is subject to at least 2 levels of validation: an analyst in charge of studying the project, and an 'approver' who is the ultimate decision-maker. After the study of the project is completed (including the aforementioned ESG analysis) the decision maker can dismiss the credit application on a qualitative basis. Additionally, controversies on a project or on a counterparty mean that the risk profile is updated, while a low counterparty score does not systematically entail a refusal, it leads to a further analysis which can lead to the withdrawal of Bpifrance.

Labour, Health and Safety

As all assets financed will be located in France, high health & safety and labour standards are ensured by the relevant national legislation and the European Union's mandatory social standards.



Furthermore, during the ESG assessment put in place before disbursement (which takes place in the form of a questionnaire), there is a specific analysis on Health & Safety at work, ranked from 1 to 4: 1 is the lowest grade (lack of equipment for workers, no protection, high rate of incidents, high

absenteeism); 4 is the highest (presence on indicators to monitor health and safety; the presence of specific measures put in place by the company; proof of dedicated investment, sensibilization campaign). Except for cases where the sector exclusion is applied, this is only analyzed as a checkup of the company's ESG maturity (i.e., negative performance would not trigger further consequences)

Likewise, one of the ESG assessment questions takes into account the respect of labour standards. According to Bpifrance, respect for human rights is examined as part of a normal financing review when the issues are relevant.

Biodiversity



The country of operation of borrowers is located in France, where the Environmental Impact Assessment is performed following the relevant European Directive, transposed in national law in decree n 2016-1110 from August 11, 2016 on amending the rules applicable to the environmental assessment of projects.²⁴

Responsible treatment for customers with debt repayment problems



Bpifrance has measures in place in terms of debt counselling and restructuring to support clients with debt repayment problems, notably through its delinquency management program. Unpaid debt is initially handled through direct client contact, by all means, to identify the type of late payments and agree on its regularization. In case of repayment difficulties, late payments can be regularized by the implementation of unpaid debt rescheduling, moratoriums (without amendment of the original contract), or contract restructuring subject to agreement.

Additionally, pre-emptive actions to limit indebtedness are also taken according to the Issuer. Indebtedness is a variable determining the internal rating and is an underwriting criterion. More generally, under the framework of pre-insolvency proceedings, French law encourages creditors to have in place preventative measures to limit insolvency cases.

Community Dialogue



The country of operation of borrowers is located in France, which is an Equator Principles Designated Country. As such, for infrastructure projects, community dialogues is ensured through relevant Environmental Impact Assessment regulations, as well as through the country's building permit system. Bpifrance also has 50 regional implementations along with a grievance mechanism which enables French citizens to raise concerns about controversies or ESG risks with Bpifrance if necessary.

²⁴ European Union, 2017, National transposition measures communicated by the Member States concerning Directive 2014/52/EU <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32014L0052>

Exclusion criteria

Bpifrance has an exclusion policy²⁵ in place, meaning the following sectors will not be financed and/or refinanced by the issuance of Bpifrance's Green Bonds:

- Mining and quarrying
- Distilling, rectifying and blending of spirits
- Manufacture of tobacco products
- Manufacture of gas; distribution of gaseous fuels through mains
- Wholesale on a fee or contract basis for agents involved in the sale of fuels, ores, metals and industrial chemicals Manufacture of coke and refined petroleum products
- Processing of nuclear fuel
- Manufacture of weapons and ammunition
- Manufacture of military fighting vehicles
- Gambling and betting activities
- Defense activities

²⁵ Bpifrance, 2021, Universal Registration Document, p. 87

PART III: ALIGNMENT OF THE GREEN BOND WITH THE EU TAXONOMY CLIMATE DELEGATED ACTS

The alignment of Bpifrance’s project characteristics, due diligence processes and policies for “Eligible Renewable Energy” and the portion of “Eligible Green Buildings” project categories aligned with the EU Taxonomy have been assessed with the relevant Climate Change Mitigation, Do No Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act²⁶ (June 2021), based on information provided by Bpifrance. Where Bpifrance’s project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

In order to avoid repetition, the evaluation of the alignment of Bpifrance’s project categories to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section f). Similarly, the evaluation of the alignment to the DNSH to the Protection and Restoration of Biodiversity and Ecosystems is given in Section g). They are applicable to all of the relevant activities.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

Bpifrance has not yet identified all projects under categories 4.1, 4.3, 7.1, 7.2 & 7.7 but the company commits to including these criteria in their project selection process. Bpifrance’s project selection criteria overlap with the following economic activity/ies in the EU Taxonomy:

a) 4.1 - Electricity generation using solar photovoltaic technology

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²⁷	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
Solar PV projects automatically meet the Mitigation criteria.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See f)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no DNSH TSC on this objective for this activity	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
As part of its due diligence process, Bpifrance systematically asks for a technical audit, in turn verified by an independent expert. Its scope has to include an assessment of the adequacy of the project’s expected lifetime with the lifetime of the equipment – i.e., sufficient durability. In addition, according to the French Environmental Code	✓

²⁶https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

²⁷ This column is based on input provided by the Issuer.

(Article R543-176), all electrical and electronic equipment (including solar panels) must be designed and manufactured in such a way as to facilitate its reuse, recycling, dismantling and recovery.	
Furthermore, for investments in solar power, Bpifrance will demand a 40-year lifespan for power plants. The projects will provide means for decommissioning including land-retorsion. Bpifrance confirms that they will follow the “pyramid of waste” where the reuse of panels will be prioritized over the recycling of components.	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no DNSH TSC on this objective for this activity	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See g)	✓

b) 4.3 - Electricity generation from wind power

PROJECT CHARACTERISTICS AND SELECTION PROCESSES²⁸	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
Wind power projects automatically meet the Mitigation criteria.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See f)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
In the case of construction of offshore wind, the activity complies with the requirements of Directive 2008/56/EC of the European Parliament and the Council in relation to descriptor 11 (Noise/Energy) laid out in Annex I to that Directive, as well and Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor.	✓
Additionally, Bpifrance checks the project's water needs and sources, and other users of water.	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
As part of its due diligence process, Bpifrance systematically asks for a technical audit, in turn verified by an independent expert. Its scope has to include an assessment of the adequacy of the project’s expected lifetime with the lifetime of the equipment – i.e., sufficient durability. In addition, all projects are located in France, thus adhering to	✓

²⁸ This column is based on input provided by the Issuer.

the French Environmental Code, which includes targets for recycling or reuse of dismantled wind turbines and rotors (Article R515-106). Notable, it requires the recycling of at least 90% of the total mass of dismantled wind turbines, (foundations included) and a minimum of 35% of the rotors (including the blades). By 2025, these percentages should increase to 95% and 55% respectively.

5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

N/A: there is no EU Taxonomy criteria for the category

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

See g)



c) 7.1 - Construction of new buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES²⁹

ALIGNMENT WITH THE EU TAXONOMY

1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA

Bpifrance confirms that under this Framework, the construction of new buildings will meet these requirements:

1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC).
2. For buildings larger than 5000 m², a demonstration that robust and traceable quality control processes are in place during the construction process.
3. For buildings larger than 5000 m², the life-cycle Global Warming Potential (GWP) is calculated for each stage in the life cycle³⁰ and disclosed to investors and clients on demand



2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA

See f)



3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA

²⁹ This column is based on input provided by the Issuer.

³⁰ Green buildings under this eligibility criteria are subject to requirements of the French regulation RE2020, which sets out a calculation method on greenhouse gas emissions over entire life cycle of a building. According to EUT TSC 7.1, where a national calculation tool exists or is required for making disclosures or for obtaining buildings permits, the respective tool may be used to provide the required disclosure manual.

Bpifrance confirms that loans financing buildings under the portion of ‘Eligible Green Building Loans’ to be aligned with the EU Taxonomy will require that buildings obtain the latest version of the HQE-BD certification. According to a recent study by Certivea – the organization behind this certification, the requirements laid out by the 4th and final version of HQE-BD are concordant with all DNSH criteria, including this one³¹.

As such, water use for the following water appliances will be attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E of the taxonomy’s delegated act:

✓³²

- (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 liters per min;
- (b) showers have a maximum water flow of 8 liters/min;
- (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 liters and a maximum average flush volume of 3,5 liters;
- (d) urinals use a maximum of 2 liters/bowl/hour. Flushing urinals have a maximum full flush volume of 1 liter.

4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

Bpifrance confirms that loans to finance the construction of new buildings will comply with the relevant EU legislative requirement such as the Waste Framework Directive, which stipulates that by 2020, at least 70% by weight of the non-hazardous construction and demolition waste is prepared for reuse, recycling or other material recovery.

The dismantlability of buildings is indirectly motivated by local legislation on combating climate change and strengthening resilience to its effects. Bpifrance confirms that the buildings included in this framework comply with Article 224 of the French law n° 2021-1104 of August 22, 2021 from its application onward, which allows the extension of existing construction provided they are demountable.

✓

Lastly, Bpifrance confirms that the EU Construction and Demolition Waste Management Protocol and the ISO 20887 standards are & will be followed for all assets to be financed under this framework.


5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

Bpifrance confirms that loans contracted under this framework will finance the construction of new buildings located in France, and thus comply with relevant EU and national legislative requirements for hazardous chemicals and pollutants.




✓

³¹ CERTIVEA, 2022, Etude de CERTIVEA sur la Taxinomie verte appliquée à l’immobilier tertiaire. <https://certivea.fr/wp-content/uploads/2022/10/CP-CERTIVEA-Rapport-Taxinomie-octobre-2022-1.pdf>

³² Please note that an alignment with this DNSH criteria is provided on the basis that green buildings under ‘Eligible Green Building Loans’ aligned with the EU Taxonomy obtain the final version of HQE-BD certification.

<p>The same is valid concerning regulations about noise, dust and pollutant emissions during construction or maintenance works since the buildings financed under this Framework are compliant with article R1336-10 from the Code de la Santé Publique.</p> <p>Bpifrance also confirms that CEN/EN 165162 or ISO 16000-3:20112 and standard ISO 18400 are and will be directly followed for all assets to be financed under this framework.</p>	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>See g)</p>	

d) 7.2 - Renovation of existing buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³³	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>Bpifrance confirms that building renovations financed under this Framework will comply with the applicable requirements for major renovations³⁴.</p> <p>Alternatively, they will lead to a reduction of primary energy demand (PED) of at least 30%.³⁵</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>See f)</p>	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>Bpifrance confirms that loans financing buildings under the portion of ‘Eligible Green Building Loans’ to be aligned with the EU Taxonomy will require that buildings obtain the latest version of the HQE-BD certification. According to a recent study by Certivea – the organization behind this certification, the requirements laid out by the 4th and final version of HQE-BD are concordant with all DNSH criteria, including this one³⁶.</p>	 ³⁷

³³ This column is based on input provided by the Issuer.

³⁴ Bpifrance confirms that building renovations financed under this FW will comply with applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

³⁵ The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method, and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account), and can be achieved through a succession of measures within a maximum of three year

³⁶ CERTIVEA, 2022, Etude de CERTIVEA sur la Taxinomie verte appliquée à l’immobilier tertiaire. <https://certivea.fr/wp-content/uploads/2022/10/CP-CERTIVEA-Rapport-Taxinomie-octobre-2022-1.pdf>

³⁷ Please note that an alignment with this DNSH criteria is provided on the basis that green buildings under ‘Eligible Green Building Loans’ aligned with the EU Taxonomy obtain the final version of HQE-BD certification.

As such, where installed as part of the renovation works, except for renovation works in residential building units, the specified water use for the following water appliances will be attested by product datasheets, a building certification, or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E of the taxonomy's delegated act:

- (a) wash hand basin taps and kitchen taps have a maximum water flow of 6 liters per min;
- (b) showers have a maximum water flow of 8 liters/min;
- (c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 liters and a maximum average flush volume of 3,5 liters;
- (d) urinals use a maximum of 2 liters/bowl/hour. Flushing urinals have a maximum full flush volume of 1 liter.

4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

Bpifrance confirms that building renovations financed under this FW will comply with the relevant EU legislative requirement such as the Waste Framework Directive, which stipulates that by 2020, at least 70% by weight of the non-hazardous construction and demolition waste is prepared for reuse, recycling or other material recovery.

The dismantlability of buildings is indirectly motivated by local legislation on combating climate change and strengthening resilience to its effects. Bpifrance confirms that the buildings included in this framework comply with Article 224 of the French law n° 2021-1104 of August 22, 2021 from its application onward, which allows the extension of existing construction provided they are demountable.

Lastly, Bpifrance confirms that the EU Construction and Demolition Waste Management Protocol and the ISO 20887 standards will be followed.



5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

Bpifrance confirms that building renovations financed under this FW will be located in France, and thus comply with relevant EU and national legislative requirements for hazardous chemicals and pollutants.

The same is valid concerning regulations about noise, dust and pollutant emissions during construction or maintenance works since the buildings financed under this Framework are compliant with article R1336-10 from the Code de la Santé Publique.



Bpifrance also confirms that CEN/EN 165162 or ISO 16000-3:20112 and standard ISO 18400 will be directly followed.



6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

N/A: there is no DNSH TSC on this objective for this activity

e) 7.7 - Acquisition and ownership of buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³⁸	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>Bpifrance confirms that under this Framework, the acquisition of new buildings will meet these requirements:</p> <ol style="list-style-type: none"> For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. <p>As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED)³⁹ and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.</p> <ol style="list-style-type: none"> For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of the Delegated Act Annex that are relevant at the time of the acquisition. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.⁴⁰ 	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See f)	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no DNSH TSC on this objective for this activity	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no DNSH TSC on this objective for this activity	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	

³⁸ This column is based on input provided by the Issuer.

³⁹ PED is expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC)


⁴⁰ In France, Building Automation & Control Systems decree has come into effect on July 22, 2020, in accordance with EU Energy Performance of Buildings Directive (EPBD).

N/A: there is no DNSH TSC on this objective for this activity

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

N/A: there is no DNSH TSC on this objective for this activity

f) Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴¹	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>Since 2021, Bpifrance has extended a climate risk management system to all of Bpifrance's businesses. The Climate Risk Committee has realized an assessment on several physical hazards: Aridity (for building), Heat waves, Damage due to flood, Fire incidents, Clay Soil. Each project or loan counterparty has been categorized for those physical hazards into 4 tranches of risk: Very High/at Risk/at Stake/Exposed.</p> <p>Four principles characterize Bpifrance's positioning regarding its acceptable or tolerable level of exposure and risk-taking relating to environmental and climate risks:</p> <ul style="list-style-type: none"> ▪ To provide a framework for the products and activities resulting from the Climate Plan; ▪ To supervise and assess the sensitivity of the portfolio to assets and counterparties sensitive to the transition to a low-carbon economy; ▪ To scenario the transition risk in order to understand and anticipate the sector rotation of the portfolio; ▪ To understand the physical risk associated with the group's activities. <p>The exposure of the Bpifrance portfolio to physical risk is assessed by:</p> <ul style="list-style-type: none"> ▪ A set of maps combining the location of relevant climatic hazards and the geolocation and sectorization of outstanding loans; ▪ A system of physical risk score of a geographical area with climatic hazards in a prospective dimension. <p>Furthermore, the assessment considers the 10- to 30-year climate projections scenarios and ensures that climate risk and vulnerability assessments are performed by taking into account the latest IPCC scenarios.</p> <p>Physical Risk assessment is taken into account by the Group Risk Department through:</p> <ul style="list-style-type: none"> ▪ The establishment of a Climate Risk Committee; ▪ Taking climate-related risks into account in the credit granting process and investment decisions; 	


⁴¹ Ibid.

- Strengthening the system for identifying and assessing climate risk factors and their impact on the Group's risk mapping

With regards to the implementation of climate change adaptation solutions, Bpifrance points out that French law requires renewable energy projects to demonstrate resilience to foreseeable natural risks for the projects to be approved under the Installation Classée pour la Protection de l'Environnement (ICPE) for wind project farms and ground-based solar farms and under building approval processes for roof-based solar farms. In addition, as part of its due-diligence process, Bpifrance requests a technical audit by an external verifier on the projects to ensure compliance with the national regulations mentioned above, especially with regards to the adequacy of project's expected lifetime and the lifetime of the equipment vis-à-vis their potential risks.

More generally, for renewable energy projects and green building projects, Bpifrance commits to requiring its borrowers to disclose technical solutions on short and medium term and asks the borrower to formalize a change management policy and a detailed process of the actions listed with regards to climate change adaptation. Bpifrance requires counterparties to set remediation measures should they spot any negative impact. In addition, Bpifrance has developed climate-related tools such as, "climatomètre", "diagecoflux" and "diagecoconception" which support clients on their environmental impact assessment and transformation processes which can be embedded in a climate adaptation plan. Should the client not develop any remediation plan, Bpifrance will not grant the loan to the borrower.

g) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems


PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴²	ALIGNMENT WITH EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>In accordance with current regulations (order of 3 August 2016 modifying the environmental code and Article R122-2 of the Environmental Code), Bpifrance's projects are subject, where applicable, to an Environmental Impact Assessment (EIA). This study measures the potential impacts on the fauna and flora of the real estate program and presents the mitigation and compensation measures of these impacts.</p> <p>Bpifrance also confirms that projects financed under this framework comply with French legislation which regulates construction in areas of wild fauna and flora, the lists of which are set by ministerial order. This notably includes an exclusion policy for:</p>	

⁴² Ibid.

arable land with medium to high soil fertility and subsoil biodiversity; Virgin lands with high biodiversity value (IUCN French red list); and forests.

Minimum Social Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation⁴³ have been assessed. In October 2022, guidance on application of Minimum Social Safeguards in relation to the Taxonomy Regulation was provided in Final Report on Minimum Safeguards from Platform on Sustainable Finance⁴⁴. To this end, the below assessment embeds the guidance from Platform on Sustainable Finance to assess Bpifrance’s application of policies, measures and procedures in line with the EU Taxonomy Minimum Social Safeguards. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴⁵	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>Bpifrance has implemented anti-bribery and anti-corruption policies and procedures under the responsibility of the Compliance and Permanent Control Department. Bpifrance’s ethics charter outlines its ethics framework for responsible conduct and establish guidelines to address money laundering and financing terrorism, corruption and fraud among other topics.</p> <p>Bpifrance monitors respect to human rights and fight against corruption within the activity that it carries out. Indeed, Bpifrance conducts Human Rights Due Diligence with its loan beneficiaries through an ESG questionnaire which amongst other things pertains to labour issues such as the quality of jobs, workplace health and safety, social dialogue, and human resource management and societal issues such as transparency and fair practices and regional integration. This due diligence process allows Bpifrance to check whether responsible business conduct is embedded into the policies and management systems of its counterparties.</p> <p>In the due diligence phase, the investment teams carry out an ESG ‘inventory’ of the entity to receive investment, based on a study of the case, with the help of an internal tool that identifies the priority ESG issues according to its business sector and size. This phase makes it possible to identify any ESG risks that are significant enough to prevent investment as well as any relevant issues with regard to the characteristics of the company concerned, then, on the basis of a shared diagnosis, to raise the awareness of</p>	

⁴³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

⁴⁴ Platform on Sustainable Finance, 2022, Final Report on Minimum Safeguards, https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

⁴⁵ This column is based on input provided by the Issuer.

the managers and to encourage a progress-driven approach, by determining actions for improvement in consultation with the entrepreneur.

Once these issues related to eligible assets are identified, Bpifrance will then create dialogues with shareholder and various other stakeholders and conduct operational monitoring of the identified areas for ESG improvement. This may include surveys or discussions with local associations in groups or bilaterally, etc. These exchanges will make it possible to monitor ESG issues related to eligible assets and may lead to the withdrawal of the eligible asset. The Green Bond Committee will be in charge of making this decision.

With regards to tracking of implementation of risk mitigation and remediation actions, Bpifrance confirms that its legal department gathers information on an annual basis. According to the company, it leverages on its ESG questionnaire and new internal measures, and tools developed in 2022 as part of its due-diligence process to follow up with companies on their announced commitments and encourages companies to publish their ESG policies including their responsible business conduct.

Bpifrance annually discloses the number of grievances and complaints filed against the entity regarding its environmental, social or human rights impacts. Juridical risk pertaining to these grievances and complaints are monitored on a quarterly basis and Executives & Board members are informed on any trigger breach to put in place remediation plans. Bpifrance discloses its efforts to ensure appropriate remediation mechanisms are implemented vis-à-vis these complaints. Generally speaking, Bpifrance communicates and will continue to communicate relevant information on their due-diligence processes to identify and address actual or potential adverse impacts.

It is important to note that laws in France specifically the Duty of Vigilance law, built upon the UNGPs, requires companies to annually publish and implement a “vigilance plan” on human rights, H&S and environment, and specifies processes a company must implement. It covers its own operations and business relationships, which include directly or indirectly controlled companies; subcontractors and suppliers with an “established commercial relationship”. While the requirements are closer to the requirements of the UNGPs, it only covers companies with more than 5,000 employees in France or 10,000 employees in France or abroad. Hence, although French legislation may cover minimum social safeguards requirements for large companies or subsidiaries of large companies (more than 5,000 employees in France or 10,000 employees in France or abroad), it does not ensure that this will be respected for smaller companies, notably SMEs, which make up most of Bpifrance’s customer base.

PART IV: LINKING THE TRANSACTION TO BPIFRANCE'S ESG PROFILE

A. CONSISTENCY OF GREEN BONDS WITH BPIFRANCE'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Together with La Banque des Territoires, Bpifrance launched a joint €40 billion Climate Plan for ecological transition on September 9, 2020. Bpifrance will focus on renewable energy, green buildings and SMEs and innovative start-ups of the Greentech sector while *La Banque des Territoires* will target energy renovation projects of social housing and thermal renovation of public buildings. Three main pillars have been defined by Bpifrance to advance on the ecological transition in France over a 2020-2024 period⁴⁶:

- Pillar 1 - Accelerate business transition towards sustainability for all companies:** With a €7.0Bn target by 2024, Bpifrance aims to deploy different tools (funding, investment, community support, trainings) to help businesses especially Small and medium-sized enterprises (SMEs) in their transition towards carbon neutrality. Examples of its action plan on this pillar are: "Diag Décarbon'Action": a 2-year support plan for companies to realize a carbon footprint assessment and to build a decarbonation plan; Bpifrance University offers 30 units of training dedicated to Ecological Transition (already 9,000 learners have joined), etc.
- Pillar 2 - Amplify Renewable Energy sector lending and investment capacities:** Bpifrance set a €8.6Bn target by 2024. The goal of this pillar is to contribute to renewable energy projects implementation on wind and solar and to reinforce the launch of complementary projects on biogas, geothermic, hydroelectricity.
- Pillar 3 - Support Greentech's creation and growth:** Bpifrance has a €4.2Bn target by 2024 to support technological innovation in the environmental transition in France. It does so by providing aids and loans to Greentech companies and investing in Greentech funds, which are identified as eligible according to Bpifrance's definition of Greentech companies: "an entity which can provide an innovative solution (by a service, a product, or a technology) who enhance or will enhance markedly and directly environmental impact of the solution's user on at least one of the EU Environmental Objectives. The targeted population could be a start-up where the company project is the development of a sustainable innovative and technological solution, or MSMEs which develop a Greentech solution to enhance impact on users".

Rationale for issuance

Bpifrance has been working on establishing and implementing Frameworks linked to sustainable issuances. In 2021, Bpifrance issued its inaugural Green Bond Framework, with the aim to align with best market practices in the field.

This Framework is the first update of the previous Framework issued in 2021. The update has been prompted by the emergence of new regulation, notably the Delegated Acts of the EU Taxonomy and the proposal of the EU Green Bond Standard. Given the current evolution in sustainable finance expectations, Bpifrance wishes to align its strategy with up-to-date regulation in order to position itself as a pioneer player in the market.

⁴⁶ For more information on **Bpifrance** Climate Plan: <https://www.Bpifrance.fr/download/media-file/75716>

In accordance with French Law “Loi de Transition Énergétique pour la croissance verte”⁴⁷ the proportion of French electricity consumption generated from Renewable Energy projects should reach 32% in 2030. To help France accelerate its renewable energy capacity and replace the electricity generation from fossil fuels, Bpifrance includes renewable energy financing as one of the main pillars of Bpifrance’s Climate Plan. According to the company, renewable energy financed by Bpifrance may represent up to 25% of the global French renewable energy production projects by the end of its Climate Plan⁴⁸. By including renewable energy as an eligible project category under this Green Bond Framework, Bpifrance aims to advance on its commitment to finance the energy transition in France.

According to the French « Ministère de la transition écologique et de la cohésion et des territoires » and the « Ministère de la transition énergétique »⁴⁹, the building sector accounts for 44% of energy consumption and nearly 25% of GHG emissions in France in 2020. To help France on its environmental transition, Bpifrance is involved in the financing of new commercial buildings construction and thermal renovation (an annual target of €700Mn of loans disbursement has been set). As of December 2022, 2 million m² have been ecologically upgraded. Bpifrance is also committed to energy efficiency through the “Diag Eco Flux” followed by 1,250 companies (energy diagnostic to help companies to optimise their energy consumption). Through this Green Bonds issuance, Bpifrance aims to advance on its commitment to finance the ecological transition in France by increasing the volume of green and energy efficient buildings.

In the context of the requirement for ecological and energetic transition to decarbonise the French Economy, a large number of Greentech, innovative companies improving environmental impact, have emerged. The number of Greentech has significantly increased in France going from 800 in 2020 to 1,500 in 2021. Supporting Greentech’s creation and growth, constitutes one of the three main pillars of Bpifrance Climate Plan over the 2020-2024 period through investments, innovation aids or loans granted to companies specialized in new energy, agriculture & food industry, environment, clean mobility, green building and construction of ecosystem. As Bpifrance’s Green Bond framework has been established in concordance with Climate Plan, Bpifrance integrates Greentech loans as an eligible activity.

Bpifrance considers this Green Bond Framework as an opportunity to further develop sustainable finance market in France, especially for small and medium enterprises. Providing such sustainable financings to these companies will broaden their tools to mitigate environmental issues. Bpifrance aims to reinforce its commitment to sustainability as it believes that Green Bonds are key financial instruments to achieve a low carbon economy.

Opinion: *The key sustainability objectives and the rationale for issuing Green Bonds are clearly described by the Issuer. All project categories financed under this Framework are in line with the sustainability objectives of the Issuer.*

⁴⁷ Ministry of Ecological Transition “Ministère de la Transition écologique et de la Cohésion des territoires” and Ministry of Energy Transition “Ministère de la Transition énergétique”, Law n° 2015-992 of August 17, 2015 related to the Energy transition for green growth “Loi n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte”, <https://www.ecologie.gouv.fr/loi-transition-energetique-croissance-verte> (document in French)

⁴⁸ Nicolas Dufourcq, Bpifrance CEO, on BFM TV on 10 September 2020

⁴⁹ Ministry of Ecological Transition “Ministère de la Transition écologique et de la Cohésion des territoires” and Ministry of Energy Transition “Ministère de la Transition énergétique”, Environmental Regulation RE 2020 “Réglementation environnementale RE2020”, <https://www.ecologie.gouv.fr/reglementation-environnementale-re2020> (document in French)

B. BPIFRANCE’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

The Issuer is classified as development bank, as per ISS ESG’s sector classification. Key challenges faced by financial institutions 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
Labour standards and working conditions
Climate change and related risks
Goal-oriented promotion of sustainability issues
Sustainability standards for financial products and services


ESG performance of the Issuer

Leveraging ISS ESG’s Corporate Rating research, further information about the Issuer’s ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.



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, the contribution of the Issuer’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. 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 ⁵⁰	DIRECTION OF IMPACT	UN SDGS
Financing of underserved microbusinesses	5%	CONTRIBUTION	

⁵⁰ Percentages presented in this table are not cumulative.

<p>Financing of basic services such as infrastructure and transportation in high income countries</p>	<p>6%</p>	<p>CONTRIBUTION</p>	
<p>Financing of renewable energy and energy efficiency</p>	<p>1%</p>	<p>CONTRIBUTION</p>	

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

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 Development Banks industry are as follows: Failure to assess environmental impacts, Poor stakeholder engagement, Failure to mitigate climate change impacts.

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

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ANNEX 1: Methodology

Green Bond KPIs

The 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 Bpifrance’s Green Bonds.

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

The Environmental and social risks assessment 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 or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Bpifrance (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 methodology (please find more information [here](#)), the extent to which Bpifrance’s Green Bonds contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Bpifrance commissioned ICS to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA Green Bond Principles and proposed European Green Bond Standard and to assess the sustainability credentials of its Green Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- Proposed European Green Bond Standard
- EU Taxonomy Climate Delegated Act
- Key Performance Indicators relevant for Use of Proceeds categories selected by Bpifrance

ISSUER'S RESPONSIBILITY

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

- Green Bond Framework
- Eligibility criteria
- Documentation of ESG risks management at corporate 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.

This independent Second Party Opinion of the Green Bonds to be issued by Bpifrance has been conducted based on a proprietary methodology and in line with the ICMA Green Bond Principles and EU GBS on "best effort" basis.

The engagement with Bpifrance took place from December 2022 to March 2023.

ISS' 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 behavior 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 this 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.

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/>

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