

SECOND PARTY OPINION

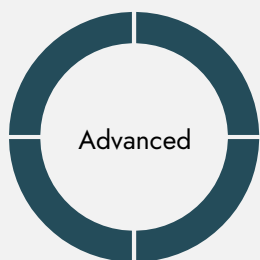
on the sustainability of RTE’s Green Financing Framework

V.E considers that RTE’s Green Financing Framework is aligned with the four core components of the ICMA’s Green Bond Principles 2021 (“GBP”) and LMA’s Green Loan Principles 2021 (“GLP”).

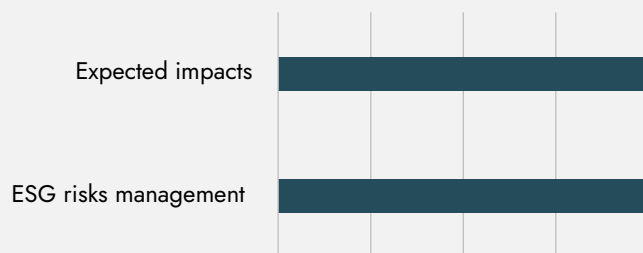


Framework

Contribution to Sustainability :



- Advanced
- Limited
- Robust
- Weak



SDG Mapping



Follows the key recommendations of the EU Taxonomy Climate Delegated Act (June 2021)

Characteristics of the Framework

Green Project Categories	⇒ Transmission and distribution of electricity
Project locations	France, United Kingdom and European Union
Existence of framework	Yes
Share of refinancing	No information
Look back period	3 calendar years for bonds only

Issuer

Controversial Activities

The Issuer appears to have one minor involvement in one of the 17 controversial activities screened under our methodology:

- Alcohol
- Animal welfare
- Cannabis
- Chemicals of concern
- Fossil fuels industry
- Coal
- Gambling
- Genetic engineering
- High interest rate lending
- Human embryonic stem cells
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco
- Unconventional oil and gas

ESG Controversies

Number of controversies	None
Frequency	N/A
Severity	N/A
Responsiveness	N/A

Coherence

- Coherent
- Partially coherent
- Not coherent

V.E considers that the contemplated Framework is coherent with RTE’s strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer’s sustainability commitments.

Key findings

V.E considers that RTE's Framework is aligned with the four core components of the GBP and GLP and that it follows the key recommendations of the EU Taxonomy Climate Delegated Act (June 2021).

Use of Proceeds - aligned with GBP and GLP

- The Eligible Projects are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.
- The Environmental Objective is clearly defined, it is considered relevant and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for the eligible category in the reporting.
- The Issuer has not disclosed information on the share of financing vs. refinancing. For Bonds, the look-back period for refinanced eligible projects will be equal or less than 3 calendar years from the issuance dates. For other Instruments, the Issuer has not provided information on the look-back period for refinanced eligible projects.

Evaluation and Selection - aligned with GBP and GLP and best practices identified by VE

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of eligible projects). The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework and the herewith SPO.
- Eligibility criteria (selection) for project selection have been clearly defined and detailed by the Issuer for all of the Eligible Projects.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed in the herewith SPO. The Process is considered advanced: it combines monitoring, identification, and corrective and preventive measures. (see detailed analysis on pages 15 - 17).

Management of Proceeds - aligned with GBP and GLP and best practices identified by VE

- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework and herewith SPO.
- The allocation period will be 24 months or less.
- Net proceeds of the Instrument will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Instrument is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement, and it has committed to reallocate divested proceeds to projects that are compliant with the Framework.

Reporting - aligned with GBP and GLP

- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be publicly available until Instrument maturity.



- The reporting will cover relevant information related to the allocation of Instrument proceeds and to the expected sustainable benefits of the projects.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible projects will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Projects until full allocation and in case of material changes. An external auditor will verify the indicators used to report on environmental benefits of the Eligible Projects until full allocation and in case of material changes.

Contact

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SCOPE

V.E was commissioned to provide an independent Second Party Opinion (“SPO”) on the sustainability credentials and management of the Green Financing Instruments¹ (the “Instruments”) to be issued by RTE (the “Issuer”) in compliance with the Green Financing Framework (the “Framework”) created to govern their issuance(s).

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the voluntary guidelines of ICMA’s Green Bond Principles (“GBP”) - edited in June 2021 – and LMA’s Green Loan Principles (“GLP”) - edited in February 2021 (referred together as the “GBP & GLP”).

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

- Framework: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Instrument’s potential contribution to sustainability and its alignment with the four core components of the GBP & GLP 2021.
- Issuer²: we assessed the Issuer’s management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.

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

We carried out our due diligence assessment from October 4th to November 9th, 2021. We consider that we were provided access to all documents we solicited. To this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input checked="" type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Green Financing Instruments” are to be considered as the debt instruments to be potentially issued, subject to the discretion of the Issuer. The name “Green Financing Instruments” have been decided by the Issuer: it does not imply any opinion from V.E.

² The Issuer is not part of our ESG performance rating universe.

³ The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

V.E considers that the contemplated Framework is coherent with RTE's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

The Electric & Gas Utilities sector has a major role to play with regard to climate change and energy efficiency through the promotion of renewable energy sources. These companies' main challenges are the protection of biodiversity, health and safety protection and the promotion of sustainable relations with the communities where they operate. Energy companies can contribute to climate change mitigation and energy transition by increasing the development of renewable energy production and reduction of their greenhouse gas (GHG) emissions. Companies are expected to increase their efforts to reduce the energy consumption of their networks as well as fugitive air emissions. In addition, the operation of such linear infrastructures (high-voltage lines, etc.) adds responsibility for the company to protect biodiversity through the entire lifecycle of its activities.

RTE is the France's transmission system operator for high and extra-high voltage electricity.

RTE has formalised an Environmental Policy that summarizes its main commitments towards among others: the fight against climate change; the protection of terrestrial and marine biodiversity; the investment in eco-design and the dialogue with its stakeholders.

The Issuer is ISO 14001 certified for the development and engineering, operation and maintenance of the electricity supply network. In addition, RTE is aligned with the France's transition towards a low-carbon economy through the use, since 2018 of an internal carbon pricing system for its grid-development decisions. RTE is also committed to reduce its own industrial footprint by tackling its main greenhouse-gas-emitting substations (SF₆ gas used as an insulator within the electricity sector, power losses, workforce mobility, etc.). These measures contributed to reducing the company's emissions by 20% over the period of 2014 to 2018.

RTE's vision regarding climate change issues is structured under two main actions: the corporate Impulsion & Vision project⁴ that addresses the future industrial challenges facing the company by 2025 and the European R&D programme for tomorrow's grid⁵ exploring among others the potential scenarios for achieving carbon neutrality by 2050.

To be noted also that the company has made a commitment toward the protection of biodiversity and landscapes within its environmental policy (90% of its facilities surrounded by nature) by laying out green corridors under its power lines, protecting wildlife and birdlife in the vicinity of its structures and minimising the impact of future offshore wind-farm connections on submarine fauna and flora, etc.

In addition, RTE has developed an investment plan in order to double France's interconnection capacity in fifteen years, from around 15 GW currently to around 30 GW by 2035. This target is coherent with European Union and French policy priorities. In order to achieve this target, the Issuer has identified fifteen projects to develop and reinforce interconnections.

⁴ <https://www.rte-france.com/en/rte-in-a-nutshell/corporate-impulsion-vision-project>

⁵ <https://www.rte-france.com/en/rte-major-player-within-europes-power-system/european-rd-programme-tomorrows-grid>

FRAMEWORK

RTE has described the main characteristics of the Instruments within a formalised Green Financing Framework that covers the four core components of the GBP & GLP 2021 (the last updated version was provided to V.E on November 4th, 2021). The Issuer has committed to make this document publicly accessible on RTE's website⁶, in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Instruments will exclusively finance or refinance, in part or in full, projects falling under one Green Project Category ("Eligible Category"), as indicated in Table 1.

- The Eligible Projects are clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects.
- The Environmental Objective is clearly defined, it is considered relevant and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for the eligible category in the reporting.
- The Issuer has not disclosed information on the share of financing vs. refinancing. The Issuer has not disclosed information on the share of financing vs. refinancing. For Bonds, the look-back period for refinanced eligible projects will be equal or less than 3 calendar years from the issuance dates. For other Instruments, the Issuer has not provided information on the look-back period for refinanced eligible projects.

Areas for improvement would be to provide the share of refinancing at Instrument level and to limit the lookback period to a maximum of 36 months to be in line with market practices.

We consider the Eligible Category follows the Technical Screening Criteria specified by the EU Taxonomy Climate Delegated Act adopted on June 4th, 2021.

BEST PRACTICES

- ⇒ The definition and eligibility criteria (selection) are clear and in line with international standards.
- ⇒ Relevant environmental benefits are identified and measurable.

⁶ <https://www.rte-france.com/>

Table 1. V.E' analysis of Eligible Category, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework.

- Nature of expenditures: Capital expenditures and maintenance costs.
- Location of Eligible Projects: France, United Kingdom and Europe.




ELIGIBLE CATEGORY	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Transmission and distribution of electricity	<ol style="list-style-type: none"> 1- Developing the interconnected European system; 2- Developing the transmission and distribution infrastructure and equipment when the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO_{2e}/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period⁷; 3- Developing infrastructure dedicated to creating direct connection or expanding existing direct connection to renewable energy generation facilities; 4- Optimizing the electricity network, which includes: <ul style="list-style-type: none"> - the installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, such as (i) sensors and measurement tools (including meteorological sensors for forecasting renewable production); and (ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralized renewable infeed); - Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation in France; - Installation of transmission and distribution transformers⁸. 	<p><u>Climate change mitigation</u></p> <p>Reducing GHG emissions</p> <p>Promoting grid flexibility</p> <p>Development of renewable sources electricity</p>	<p>The Eligible Category is clear. The Issuer has communicated the nature of the expenditure, the eligibility criteria and location of the assets at regional level.</p> <p>The eligibility criteria are in line with the technical screening criteria defined by the EU Taxonomy Climate Delegated Act for the "Transmission and distribution of electricity" category.</p> <p>The Environmental Objective is clearly defined, it is considered relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear and precise, they are considered relevant and measurable and will be quantified in the reporting.</p>

⁷ The rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available

⁸ That comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014 and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AAA0 level requirements on no-load losses set out in standard EN 50588-1

SDG Contribution

The Eligible Category is likely to contribute to three of the United Nations’ Sustainable Development Goals (“SDGs”), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Transmission and distribution of electricity		7.2 Increase substantially the share of renewable energy in the global energy mix and the promotion of investment in energy infrastructure and clean energy technology.
		9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
		Take urgent action to combat climate change and its impacts.

Evaluation and Selection of Eligible Projects



- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of eligible projects). The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework and the herewith SPO.
- Eligibility criteria (selection) for project selection have been clearly defined and detailed by the Issuer for all of the Eligible Projects.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed in the herewith SPO. The Process is considered advanced: it combines monitoring, identification, and corrective and preventive measures (see detailed analysis on pages 15 - 17).

Process for Project Evaluation and Selection

- For the purpose of the Instruments, a Sustainable working group (“the Working Group”) has been created. This Group is composed of representatives of:
 - The Treasury department;
 - The CSR department;
 - And when necessary, from operations departments, including:
 - o The Maritime Affairs Management;
 - o The Environment consultation department;
 - o The Power systems economics Direction.
- The Working Group is responsible for:
 - Selecting the Eligible Projects to be included in the Green Instruments and ensuring the compliance of the selected pool of Eligible Projects with the eligibility criteria defined by this Framework. The final decision on allocation is given by the RTE’s CFO;
 - Monitoring the Eligible Projects portfolio during the lifetime of the Instruments. The Working Group will be responsible for replacing an Eligible Green Project if it no longer meets the eligibility criteria associated with one Eligible Green Project;
 - Upgrading the Green Financing Framework and reviewing the legislation’s evolutions.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
 - The Issuer will ensure traceability of decisions made in the selection of Eligible Projects through meeting minutes.
 - The Working Group will meet at least annually and will monitor the compliance of the projects with eligibility criteria. If a project no longer meets the eligibility criteria set forth in the Framework, the Working Group will evaluate and select another Eligible Project as a replacement.

- In case of E&S controversies concerning a project financed, the Working Group has committed to substitute such project as soon as practical, once an appropriate Eligible Green Project for substitution has been identified by the Working Group.

Eligibility Criteria

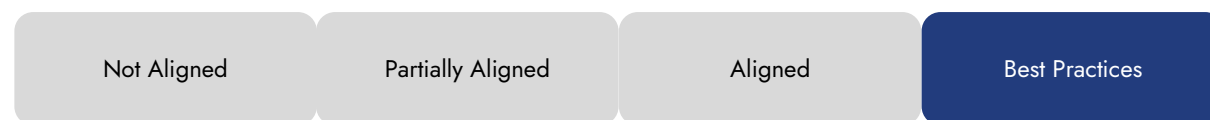
The process relies on explicit eligibility criteria (selection), relevant to the Environmental Objective defined for the Eligible Projects.

- The selection criteria are based on the definitions defined Table 1 in the Use of Proceeds section.

BEST PRACTICES

- ⇒ Eligibility criteria for project selection are clearly defined and detailed for all the projects.
- ⇒ The Issuer reports that it will monitor compliance of selected projects with eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on content/frequency/duration and on procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the projects throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on a project.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework and herewith SPO.
- The allocation period will be 24 months or less.
- Net proceeds of the Instrument will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer has committed that as long as the Instrument is outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Projects made during that period.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement, and it has committed to reallocate divested proceeds to projects that are compliant with the Framework.

Management Process

- The net proceeds of the Instruments will be credited to the Issuer's general treasury liquidity portfolio and will be managed in cash, deposits and money market SRI funds, at its discretion.
- The Treasury will ensure that the funds issued by the aggregated amount of Green financings is lower than the outstanding amount of the Eligible Green Project portfolio. The Treasury will establish a Sustainable Register, that will be reviewed annually by the Working Group. It will contain information of the use of proceeds of each green financing, including the amount of allocation per Eligible Project.
- The unallocated proceeds would be held within RTE's treasury in accordance with RTE's investment guidelines in cash, deposits and money market SRI funds, at its discretion.
- In case of projects postponement, cancelation, divestment or ineligibility, or in case an Eligible Project has matured, the Issuer has committed to replace the no longer Eligible Project by a new Eligible Project.

BEST PRACTICES

- ⇒ The allocation period is 24 months or less.
- ⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement, and it has committed to reallocate divested proceeds to projects that are compliant with the framework.

Monitoring & Reporting



- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be publicly available until instrument maturity.
- The reporting will cover relevant information related to the allocation of Instrument proceeds and to the expected sustainable benefits of the projects.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible Projects will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Projects until full allocation and in case of material changes. An external auditor will verify the indicators used to report on environmental benefits of the Eligible Projects until full allocation and in case of material changes.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive.

REPORTING INDICATORS

- ⇒ The list of outstanding green financing instruments;
- ⇒ The total amount of proceeds allocated per Eligible Green Projects category;
- ⇒ The share of financing vs refinancing (%);
- ⇒ The share of co-financing;
- ⇒ The amount and use of unallocated proceeds (if any) with information on the types of temporary investments.

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear, relevant and exhaustive.

ELIGIBLE CATEGORY	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Transmission and distribution of electricity	Annual output (GWh/y and % of increase) Interconnections achieved (in GW) Increase of interconnection capacity (%) Capacity of renewable energy plant(s) to be served by transmission systems (MW) Renewable energy power connected to the network (in MW and % of increase) Energy savings achieved (MWh saved)	Estimated annual avoided GHG emissions (in tCO _{2e})

BEST PRACTICES

- ⇒ The Issuer report will be publicly available.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Projects.
- ⇒ The reporting methodology and assumptions used to report on environmental benefits of the Eligible projects will be disclosed publicly.
- ⇒ Environmental benefits and impacts will be externally verified, until full allocation and in case of material changes.

Contribution to sustainability

Expected Impacts

The potential positive impact of the Eligible Projects on environmental objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Transmission and distribution of electricity	ADVANCED	<p>According to the European Environment Agency⁹, the European Union average emission intensity of total electricity generation in the EU-27 stands at 253 gCO₂/kWh in 2019, with important disparities between countries, highlighting the need for further decarbonation of the electricity mix. The development of transmission and distribution assets together monitoring tools are crucial to support the implementation of intermittent, grid-following, renewable energy to the grid and to reduce the consequences of local variations¹⁰.</p> <p>These investments will be made in order to improve the meshing of the grid to improve interconnections between bidding zones as well as to allow the penetration of additional intermittent renewable energy capacities, with the exclusion of connection of new fossil-fuel powered capacities, the category does not entail lock-in effects.</p> <p>By following the Delegated Act screening criteria, the category follows the best available standards to contribute to the claimed objective in the European context.</p>

⁹ <https://www.eea.europa.eu/data-and-maps/indicators/overview-of-the-electricity-production-4/assessment>

¹⁰ International Energy Agency, RTE, Conditions and Requirements for the Technical Feasibility of a Power System with a High Share of Renewables in France Towards 2050

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered advanced¹¹.

RTE has confirmed that its activities and projects are compliant with the French regulations, which ensures coverage of the minimum social safeguards. Additionally, the Issuer has stated that the Eligible Green Projects defined under the Framework are therefore evaluated and selected based on compliance with the applicable “Do No Significant Harm” (DNSH) criteria.

Environmental Management System

RTE has formalised and follows an Environmental Policy¹² defining its ambitions, and an Environmental Management System called the “Environmental Management Programme” that set a framework to its actions towards the reduction of GHG emissions, the increase of protected areas to promote biodiversity, and the reduction of the volume of materials extracted. RTE is ISO 14001¹³ certified for all its industrial activities. The Issuer stated that it has carried out impact studies for each Eligible Project (that verify the compliance with the provisions of Article R122-5 of the Code of Environment) and acquired an administrative authorization that confirms that the project is in line with the law’s requirements. In addition, RTE raises awareness of its employees towards the environmental stake by offering specific trainings on the company’s environmental issues: understanding the impacts, waste management, safety, biodiversity, etc.

Eco design

RTE applies an eco-design approach to all its activities, whether they are infrastructure, management and services of the electricity system or company support services (environmental assessments in framework contracts, cycle analysis life of underground connections, cable drums, etc.). RTE is committed to recycle the waste produced and to recover it. RTE has set up measures to improve the traceability of its consumption of raw materials. For metals, the company implemented an experimental Raw Materials Pass accreditation system to collect information from upstream value chains about the geographical origin, recyclability, types and volumes of raw materials used; and commits to construct a prospective view of raw material consumption incorporated into the environmental analysis section of the generation adequacy report for 2050; for IT, telecommunications, and paper consumption, RTE set up an eco-designed hardware, extending the operating life of equipment, sharing resources, dematerialisation, virtualisation, and reconditioning of unused equipment; works to raise employees’ awareness of environmentally-friendly practices and favours virtuous use consumables and finally, for software equipment, the Issuer improves Open-source development. In 2020, RTE renewed its monitoring and management system for waste produced at its premises and on its worksites by contractors. In 2020, almost 90% of RTE’s waste was recycled. RTE is ISO 14001 certified for all its projects, which ensures that measures to reduce waste and overall environmental impacts are set in line with the DNSH criteria “Transition to a circular economy”.

Prevention and adaptation to the impacts of climate change

RTE launched a resilience project to assess the impact of climate change on its medium and long-term infrastructures based on 2050 climate scenarios developed with France’s national weather office Météo France. Adaptation actions have already been launched. RTE participates in crisis management exercises (e.g floods) in conjunction with the public authorities and other network managers. RTE has declared that these measures applied to all its projects fulfilled the EU delegated act’s Do Not Significant Harm (“DNSH”) “Climate Change Adaption” criteria requirements.

Pollution control

RTE is implementing Specific Environmental Requirements for each of its sites: actions against water and ground pollution by oil; actions against water and ground pollution by PCBs with the objective of treating all RTE equipment containing PCBs by the target date of 2025; actions to end the use of phytosanitary products at all its substations (“zero-phyto”

¹¹ The “X” indicates the E&S risks that have been activated for each Eligible Category.

¹² Politique environnementale RTE.pdf (rte-france.com)

¹³ CERTI F 0956 Certificat générique avec accréditations et annexes (rte-france.com)

objective). As of today, V.E could not consult the list of these Specific Environmental Requirements. Regarding the DNSH criteria on “Pollution prevention and control”, although the company overall is not aligned with the requirements in terms of use of PCBs as some equipment still contain these pollutants, all the projects financed under this Framework will not contain any.

Energy efficiency and fugitive emissions

The Issuer has stated that adjustment of operating losses is a point of constant attention by RTE’s operators, and their action reduce the annual volume of losses by around 1.5%. The target set by the CRE for electricity losses is 2.1% or less for each year until 2021. RTE has developed an internal CO₂ price to calculate electricity losses and re-dispatching costs in its network development decisions. The main types of RTE’s GHG emissions in 2018 were electricity losses from the network (53.5% of RTE’s total GHG emissions), emissions from industrial and office buildings (18.8% of the total), and SF₆ discharge (12.9% of the total). In 2020, RTE launched the “low-carbon trajectories” project which aims to set a target reduction for RTE’s emissions in the medium term. The Issuer commits to limit the impact of these emissions by bringing annual emissions below 4,5 tons by 2025 and maintain that level in the long term in order to control losses and reduce SF₆ emissions in Metal Envelope Substations, the Issuer has formalised specific policies, integrated to the SDDR¹⁴ (Schéma Décennal de Développement du Réseau). These policies have been validated by the CRE¹⁵ (Commission de Régulation de l’Energie), the Minister and endorsed by the environmental Authority.

Protection of biodiversity

In July 2018, as part of the act4nature initiative, RTE signed, alongside 64 other large French companies, ten common commitments towards biodiversity and joined in December 2019 the companies committed to nature - act4nature France system and submitted its action plan in favour of biodiversity 2020-2024 (actions for the preservation of natural environments, biodiversity and landscapes). In addition, RTE develops its projects in accordance with the ERC-S principle to protect the marine environment. The Issuer is conducting research with scientific partners to study and control the potential ecosystem impacts of underwater electricity cables (OASICE project, SPECIES project, coordinated by France Energies Marines, France’s national institute for research on renewable marine energies for the energy transition). The global business plan of RTE regarding the protection of biodiversity is built around the following actions: use of products and equipment that help limit the impact on biodiversity (pesticides, etc.); monitoring of indicators related to biodiversity; fight against deforestation and ecological continuity (ecological corridors under the power lines). Actions are also conducted by RTE internally, under the “Business for Biodiversity - Act4nature” initiative. As part of its actions to limit the impact of its facilities, RTE has formalised a bird protection policy that concerns development, engineering and maintenance worksites and funds the installation of markers and other devices. RTE has conducted Environmental and Social Impact Assessments for all its projects, in line with the DNSH criteria “Protection and restoration of biodiversity and ecosystems”.

Fundamental labour Human rights

RTE’s commitment to respect fundamental labour Human Rights is formalised and public. The Issuer follows the national applicable laws and ensure that its subcontractors follow the French law. A specific clause is integrated to the contracts. V.E has no evidence that this kind of risk is managed in other countries in Europe where the Issuer operates. In accordance with French law on the duty of vigilance of parent companies and contractors RTE has developed a vigilance plan that aims to identify and prevent serious violations of human rights and fundamental freedoms, health and safety, as well as the environment, resulting from the activities of RTE and its suppliers. In this regard, RTE has set up a warning mechanism on a specific platform hosted by an external contractor.

Health and safety at work

RTE follows the law’s requirements in terms of Health and Safety at work. The Issuer has formalised an HSE standard that integrates the applicable National Policy on Health, Safety and Quality of Life at Work for. RTE is commits to ensure the respect of Health and Safety conditions thought its value chain in its environmental policy. The Issuer stated that a specific

¹⁴ Le schéma décennal de développement du réseau | RTE (rte-france.com)

¹⁵ France’s independent energy market regulator whose main mission is to oversee the operation of the electricity and gas market and ensure there is no discrimination, cross-subsidy or anticompetitive practice

clause is integrated to the contracts with suppliers and sub-contractors. As of today, we did not have access to these documents.

Integration of ESG factors in the value chain

In the framework of its community involvement, RTE has set up a DPPI (Demandes Parties Prenantes Intéressées) device in order to collect any stakeholders' request. In 2016, the Issuer has formalised a Responsible Purchasing Charter to ensure that its suppliers respect and follow the company's commitments in this regard. In 2019 RTE obtained the "Responsible Supplier Relations and Purchasing" label which is a recognition by the public authorities toward companies that have demonstrated, in their practices, sustainable relationships with their suppliers. Every year, on-site safety audits are conducted with the main suppliers. In case of non-compliance with RTE's commitments, the company applies the penalties mentioned in the contract and up to the suspension of the construction site. In the Framework of its Diligence plan, the company conduct once a year, an assessment covering a scope that encompasses RTE, its contractors and suppliers. The main risks covered are related to health and safety of employees and contract personnel, environment and climate and human rights.

Prevention of corruption and business ethics

RTE has an anti-corruption code of conduct, a public document that presents the rules with which all RTE employees must comply in order to prevent the risks of corruption and influence peddling and sets out the behaviours to be prohibited (gifts, invitations, lobbying, etc.). The project's management conducted by RTE has been designed to comply with PMI standards. The management process is carried out through a risk management approach that includes environmental and societal risks. These risks are the responsibility of an External Relations, Consultation and Communication Manager.

EU taxonomy – DNSH screening

The identification and management of the environmental and social risks associated with the Eligible Projects cover the "Do-no-significant-harm" principle and minimum social safeguards recommended by the EU Taxonomy Climate Delegated Act.

	TRANSMISSION AND DISTRIBUTION OF ELECTRICITY
Mitigation	NA
Adaptation	X
Water	NA
Circular Economy	X
Pollution	X
Ecosystem	X
Overall DNSH	<input checked="" type="checkbox"/>

ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against RTE over the last four years.

Involvement in Controversial Activities

As of November 2021, the Issuer appears to be involved in one of the 17 controversial activities screened under our methodology, namely:

Minor involvement in Nuclear Power: The Company provides grid connection services to nuclear power generators in France. V.E classifies this involvement as 'Conventional parts and services' for the nuclear power industry.

The Issuer appears to be not involved in any of the other 16 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2021 ("GBP") and the LMA's Green Loan Principles - February 2021 ("GLP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;¹⁶
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable¹⁷ sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).

¹⁶ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

¹⁷ 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.

- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between V.E and the Issuer/Borrower: V.E has not carried out any audit mission or consultancy activity for RTE. No established relation (financial or commercial) exists between V.E and the RTE. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond/Loan, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer/Borrower's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.

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