



Assessing and financing railways sustainability

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November 12th 2018



Vigeo Eiris' Global Network

Presence in **16**
countries,
including **7**
exclusive partners

240-strong team
of **28** different
nationalities

15+ years'
experience in ESG
research



Solutions for Investors:

Decision-making support covering all sustainable and ethical investment approaches, across multiple asset classes and regions:

- ▶ Ratings, databases, sector analyses, portfolio analyses, structured products, indices and more
- ▶ ESG, Controversies, Climate, Sustainable Development Goals and more
- ▶ Up to 7,000 issuers covered: companies, local authorities, states
- ▶ More than 300 clients and partners worldwide: institutional investors, asset managers, civil society organisations



Solutions for Companies & Organisations:

Supporting the integration of ESG criteria into business functions and strategic operations:

- ▶ Second Party Opinion for sustainable, green and social bonds / loans
- ▶ Supporting implementation of ESG-linked revolving credit facilities
- ▶ Services for rated companies, including communication tools and benchmarks
- ▶ Company solicited sustainability ratings
- ▶ CSR evaluations and labels
- ▶ More than 700 projects completed in 41 countries since 2002

- ▶ Comprehensive and **proprietary methodology** based on international standards, reviewed by an independent **Scientific Committee**
- ▶ Research and analysis processes adhere to the highest **quality standards**

Sustainability rating

Assessing Environmental, Social and Governance (ESG) performance

Integration of ESG risks in Investment

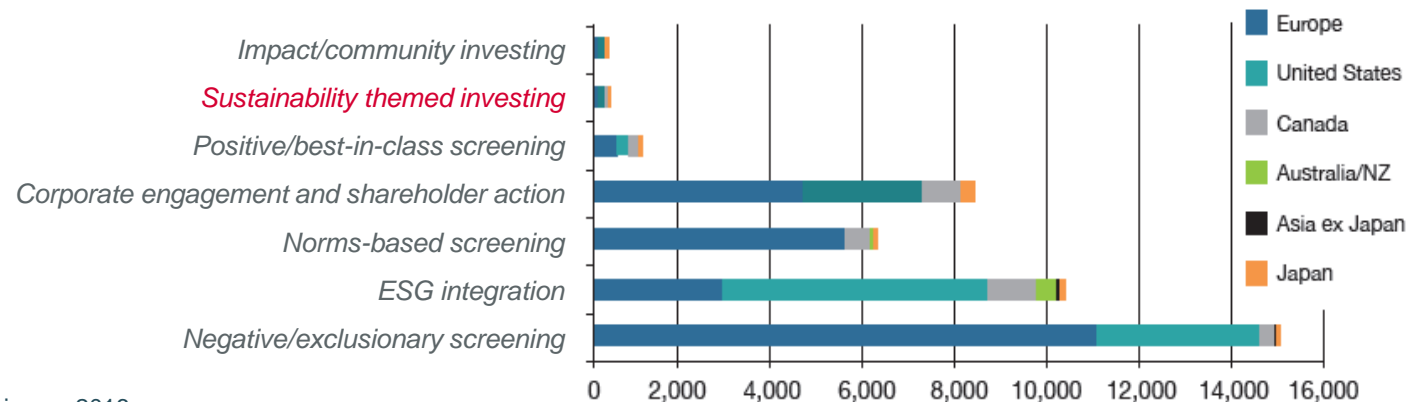
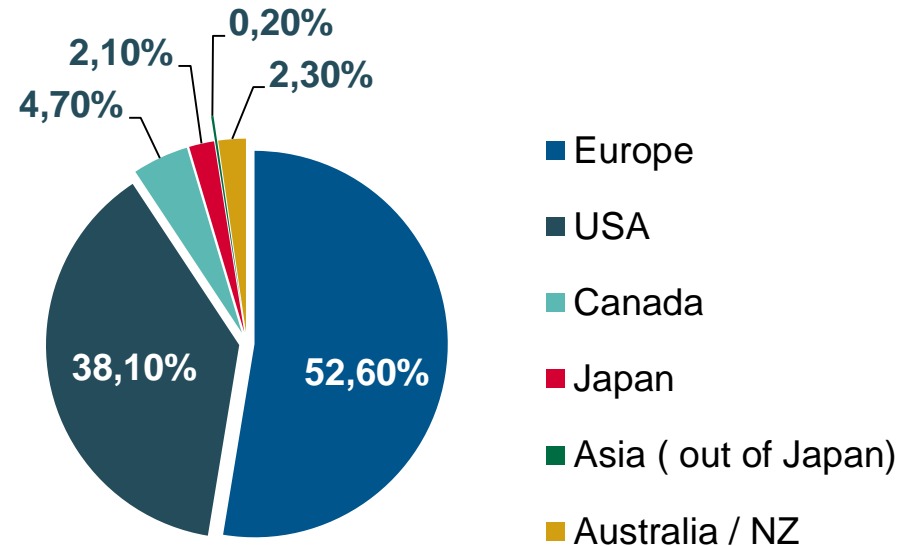
A global impulsion:

\$22 890 bn (2016)

2014-2016: **+7%**

26% of world AUM

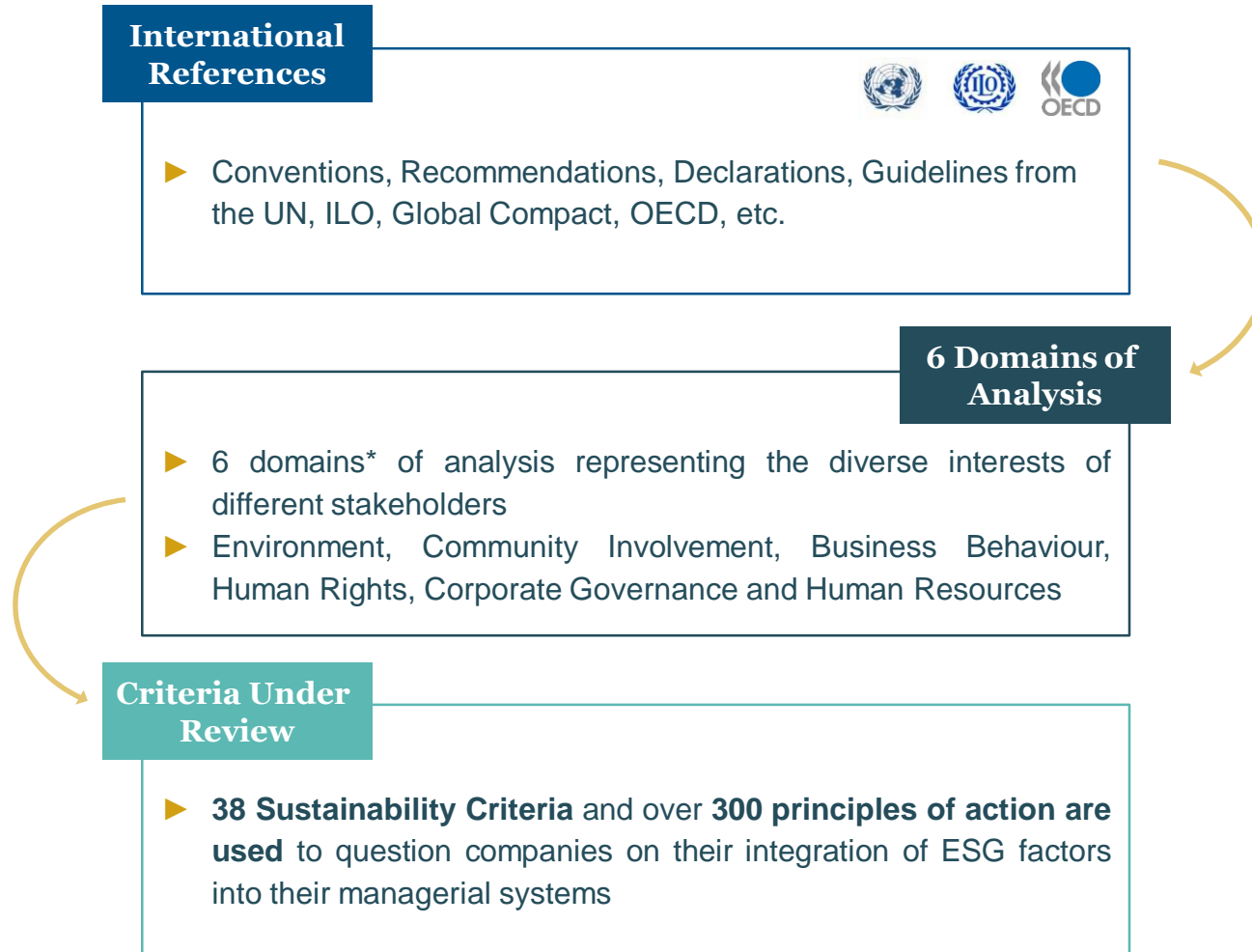
1862 PRI signatories
(AO, AM and Services providers)



Source : GSIA Global Sustainable Investment Review - 2016

Our Rating Framework

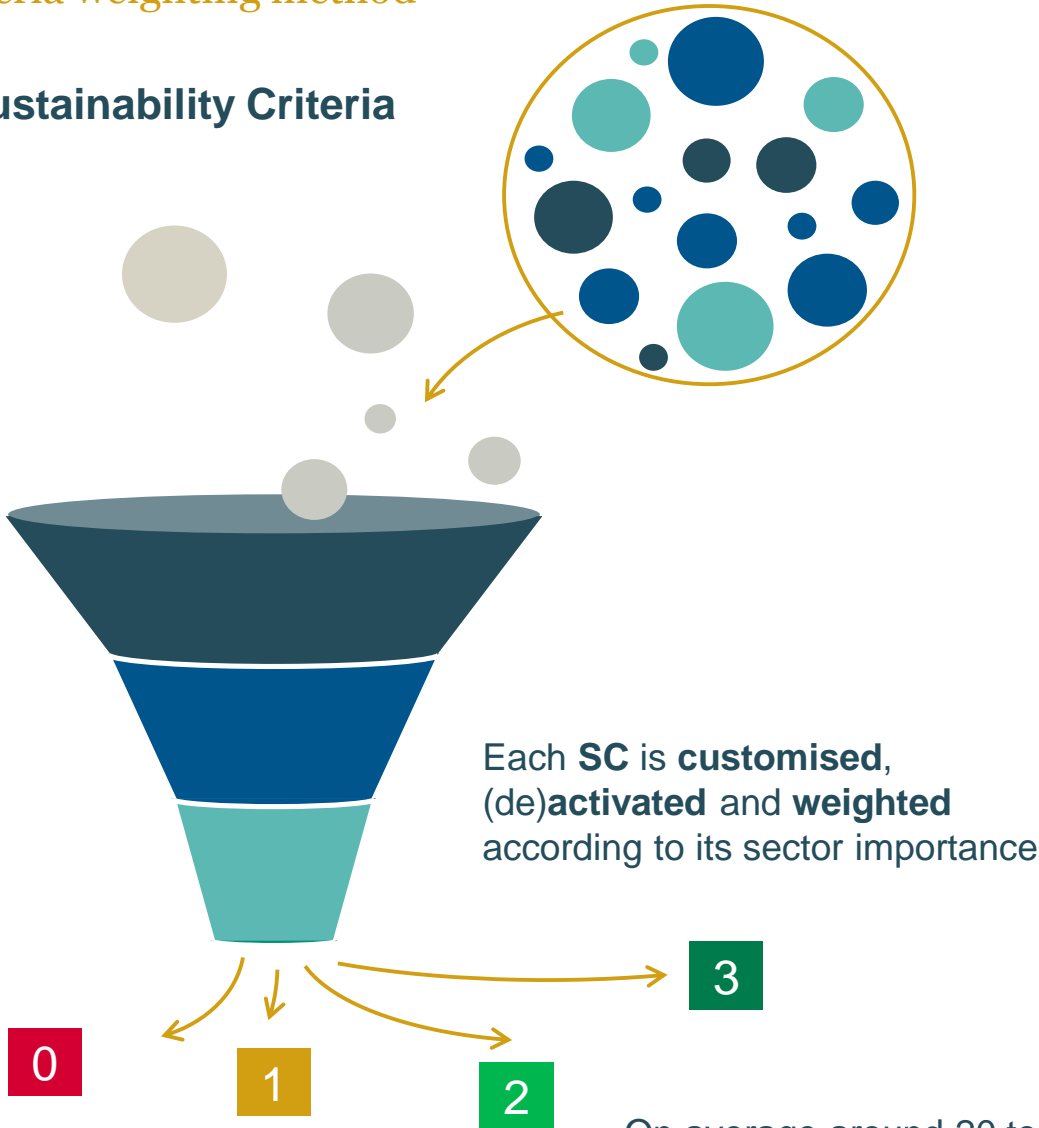
Based on international standards and reference texts



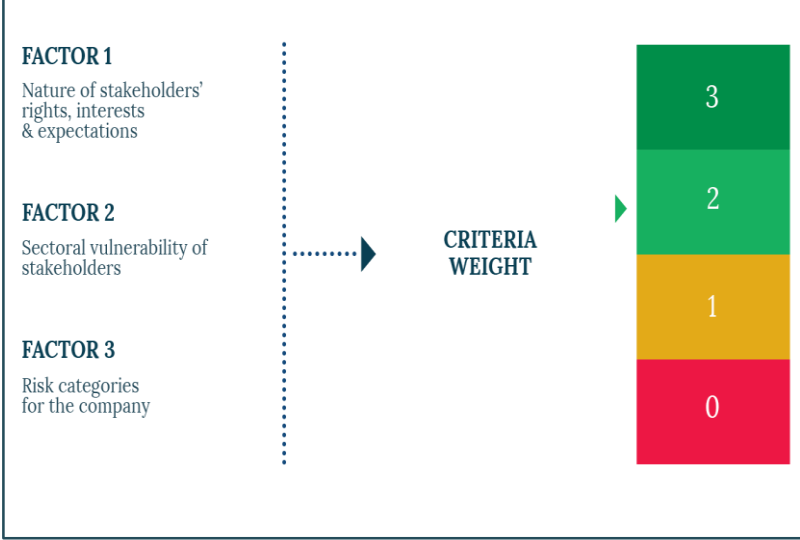
Sector customization

Criteria weighting method

38 Sustainability Criteria



On average around 20 to 25 are activated per sector



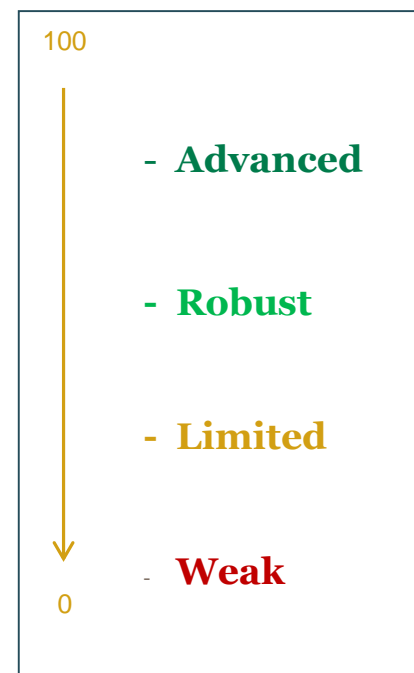
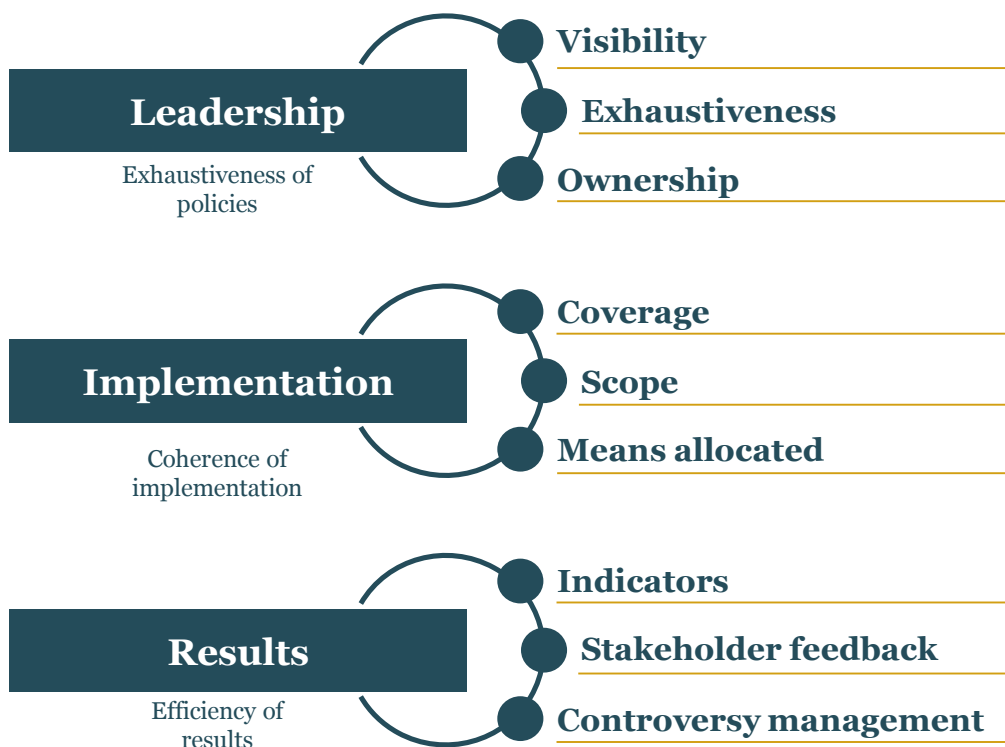
ESG performance

ESG rating method

3 items

9 angles of analysis

4 levels of performance



Overview of our Transport & Logistics sector



Key findings

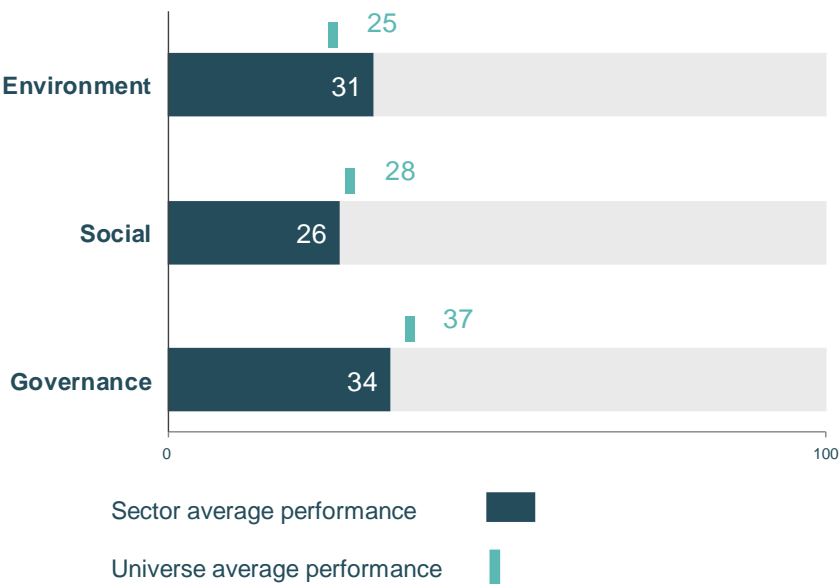
TOP PERFORMERS

Europe :	La Poste (72/100)
North America :	Canadian National Railway (44/100)
Asia Pacific :	Kawasaki Kisen Kaisha (47/100)
Emerging Market :	EcoRodovias Infraestrutura e Logistica (36/100)

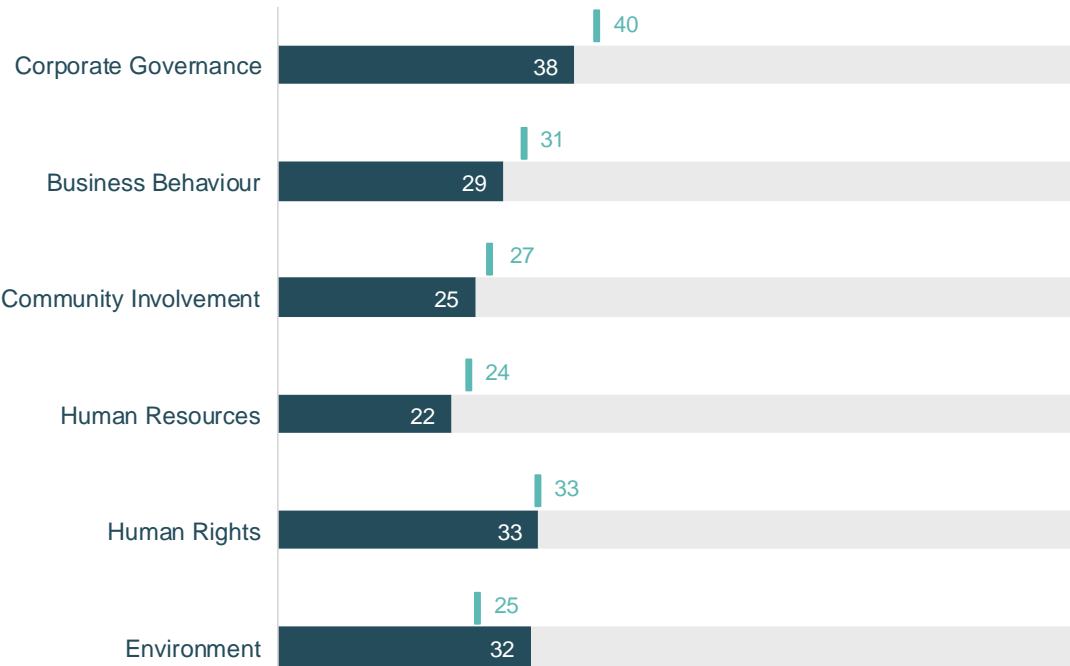
Sector universe:
124 companies, including:

- Europe: 44
- North America: 20
- Asia-Pacific: 33
- Emerging markets: 27

ESG PERFORMANCES



DOMAIN PERFORMANCES



Solicited ESG Rating

Requested by issuers to support their market operations (bonds, loans, IPO).

Provides:

- ❖ consolidated rating, delivering Vigeo Eiris' opinion on the issuer's profile and showing its ranking within Vigeo Eiris universe and against its peers from the same sector.
- ❖ support fund raising and financial operations

Information used:

- ❖ publicly available, documented, traceable, From identifiable & relevant sources, Multiple sources
- ❖ includes the additional face-to-face interviews with members of senior management team

Update:

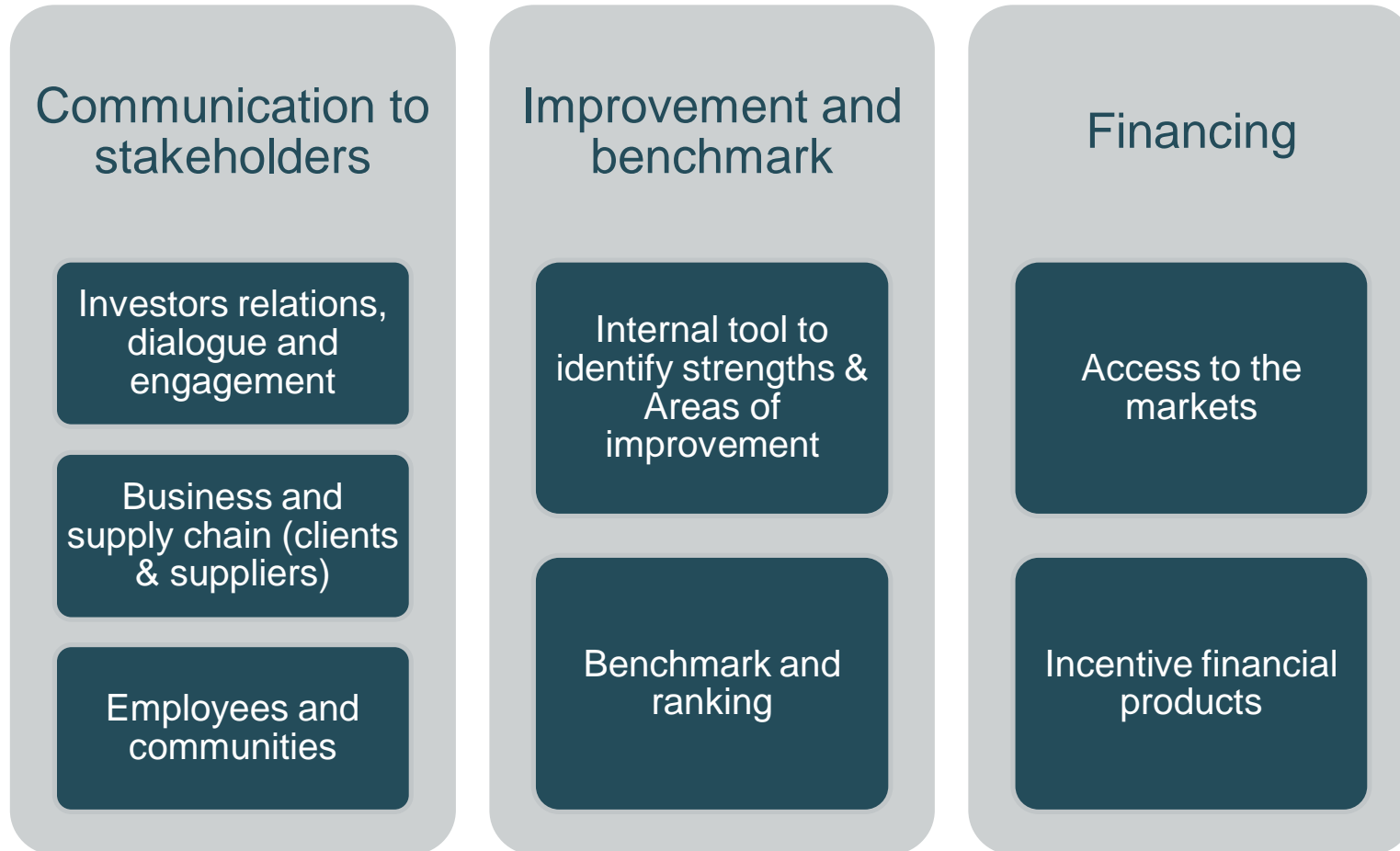
- ❖ annual update (defined schedule) and for every market operation

Not solicited Sustainability Rating

Requested by investors to support their investment in line with their SRI strategy

- ❖ take into account ESG factors and support investment decision-making process by investors.

- ❖ annual update (imposed schedule)



Sustainable finance solutions

Financing railways sustainability and environmental efficiency

Depending on the needs

Overview

FINANCING CORPORATES' NEEDS

Incentive Loan / RCF Linked to the ESG score or to specific KPI(s)

- ▶ A general purpose bank facility with a resettable price linked to the borrower's ESG performance or to KPI indicator(s) but without requirement on the use of proceeds

VIGEO EIRIS' ROLE AND SERVICES

ESG Profile of the borrower
(rating score)

Independent
Opinion on the integration
of sustainability factors

FINANCING SUSTAINABILITY RELATED PROJECTS

Green/Sustainability Bond (Re)Financing Projects on the bond market

- ▶ A specific purpose fixed income security where proceeds are invested in projects with environmental and/or social objectives, in accordance with the Green & Social Bond Principles

Green/Sustainability Loan (Re)Financing Projects by bank loan

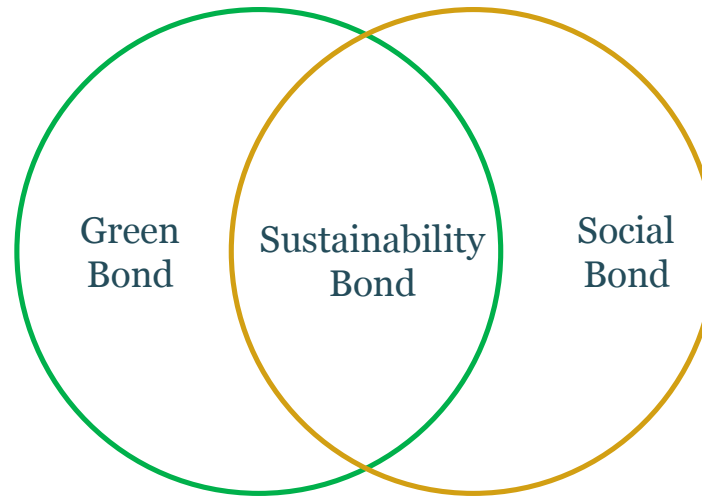
- ▶ A specific purpose bank loan where proceeds are invested in projects with environmental and/or social objectives, in accordance with the Green Loan Principles (closed to Green & Social Bond Principles except for level of disclosure)

Second Party Opinion





- ▶ The proceeds of Green Bonds are used exclusively to **finance or re-finance projects with environmental benefits**
- ▶ Examples of Green Bond projects include renewable energy, circular economy, biodiversity conservation, clean transportation and green buildings



The Sustainability Bond Guidelines

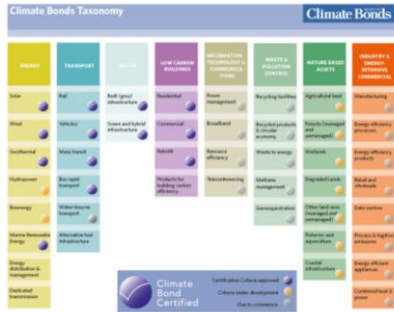
- ▶ The proceeds of Sustainability Bonds are used exclusively to **finance or re-finance a combination of Green and Social projects**



- ▶ Social Bonds are used to raise funds for new and existing **projects with positive social outcomes**
- ▶ Examples of Social Bond projects include food security, affordable basic infrastructure and access to essential services
- ▶ Target populations include people living below the poverty line, unemployed, elderly or disabled people etc.
- ▶ Other international standards, such as the **People's Bank of China's Green Bonds Guidelines**, also exist

Definition

Examples of existing sector standards, international conventions or agreements



Sector Criteria Available for Certification

- ▶ Geothermal Energy
- ▶ Marine Renewable Energy
- ▶ Solar Energy
- ▶ Wind Energy
- ▶ Low Carbon Transport
- ▶ Water Infrastructure
- ▶ Low Carbon Buildings



17 Goals and 169 targets

GREEN AND SOCIAL BONDS:
A HIGH-LEVEL MAPPING TO THE
SUSTAINABLE DEVELOPMENT GOALS



June 2018 Edition



Universal Declaration on Human Rights
International Covenant on Economic, Social
and Cultural Rights
Declaration on the Right to Development

GBP Mapping to the Sustainable Development Goals as a broad frame of reference by which issuers, investors and bond market participants can evaluate the financing objectives of a given Green, Social or Sustainability Bond/Bond Programme.



The first syndicated sustainability revolving credit facility (€800 million) in Spain

- Linked, not only to the credit profile of Red Eléctrica, but also to the performance of the company's environmental, social and good governance parameters
- The interest margin is adjusted depending on the performance of the company's ESG rating, based on Vigeo Eiris' annual scores.



The first syndicated sustainable revolving credit facility (€200 million) in Italy

- Bonus mechanism tied to specific environmental objectives and related KPI measures:
 - reductions in the carbon footprint (GHG emissions) from energy production
 - energy efficiency (energy savings)
 - improvements in sorted waste collection
- Vigeo Eiris formulated an independent opinion on the consistency of the selected indicators and on the level of ambition of the established variation for adjusting the margin, which will determine the success of the operation.



The Régie Autonome des Transports Parisiens (RATP) issued a first Green Bond in June 2017, in line with its CSR Strategy.

- The €500 million Green Bond will be used to finance and refinance, in whole or in part, Eligible Green Projects included in 4 categories:
 - Public transport infrastructure maintenance and renovation;
 - Public transport rolling stock renovation and renewal;
 - Public transport stations and spaces modernization;
 - Other public transport low-carbon vehicles.
- Vigeo Eiris provided Second Party Opinion (SPO) on the sustainability credentials and management of the Green Bond, including its alignment with the Green Bond Guidelines.



SNCF Réseau launched a Green Bond Programme and issued a first Bond in October 2016 followed by 2 others in March 2017 and July 2017.

- Use of Proceeds will be used to finance and refinance assets in the field of low carbon rail transportation covering three areas:
 - Investments in maintenance, upgrade and energy efficiency of the rail grid
 - Investments in the creation of new railway lines and the extension of existing ones
 - Investments in climate change adaptation and biodiversity protection projects and/or initiative (No eligible projects in this category for the first Bond)
- In line with the Green Bond Principles, the Programme have been externally reviewed : Second Party Opinion (SPO) provided by Oekom and Climate Bond Initiative certification.



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12 Offices & 7 Partners

