



Verification Report for Pre-Issuance Certification of the Green Bond Programme to be launched by SNCF Réseau

18 October 2016

Scope

SNCF Réseau commissioned oekom research to compile a Verification Report for Pre-Issuance Certification of its Green Bond Programme by the Climate Bond Initiative (CBI). The Climate Bond Certification process includes verifying whether the provisions of the Climate Bond Standard issued by the CBI are met and obtaining evidence to support the verification.

Criteria

Relevant CBI Standards for this Climate Bond Certification:

- Climate Bond Standard (Climate Bond Standard Version 2.0; pre-issuance criteria; status 12/2015)
- Low Carbon Land Transport – Eligibility & Guidance Document (status 02/2016)

SNCF Réseau's Responsibility

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

- Selection of nominated projects & assets
- Internal processes & controls
- (Proposed) reporting

Independence and Quality Control

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Regular audits by an independent institution against the European voluntary quality standard for responsible investment ARISTA® attest oekom's extensive quality standards which are complemented by a comprehensive quality management system.

oekom's Responsibility as a Verifier

oekom research reviewed the information and documentation provided and developed by SNCF Réseau to assess the Green Bond Programme's alignment with the CBI requirements:

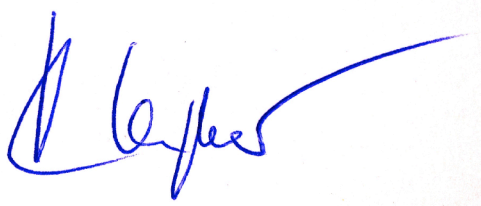
- Conformance with the selection of nominated projects & assets requirements
- Conformance with the internal processes & controls requirements
- Conformance with the reporting requirements

Restriction on Distribution and Use of Report

This Verification Report for Climate Bond Certification including all documentation provided alongside is intended for the use of SNCF Réseau and the Climate Bond Standard Board. The present document may be published by SNCF Réseau, CBI and oekom research. CBI and oekom research agree to publish the report with the consent of SNCF Réseau.

Opinion

Based on the limited assurance procedures conducted on SNCF Réseau's Green Bond Programme, oekom research found no evidence for non-conformance with the Climate Bond Standard's requirements (i.e. Climate Bond Standard Version 2.0/pre-issuance criteria, Low Carbon Land Transport).



oekom research AG

Munich, 18 October 2016

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About oekom research

oekom research is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. oekom research has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decisionmaking. oekom research's analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria. We verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

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Annex

- Annex 1: Detailed Findings

Annex 1: Detailed Findings

1. Selection of nominated projects & assets

	Requirement	Factual Findings	Analysis against Requirements
1.1.	Decision-making process to determine eligibility of nominated projects & assets	SNCF Réseau has defined a set of environmental objectives and has implemented processes to determine the eligibility of nominated projects.	✓
1.2.	Assessment of proposed nominated projects & assets	SNCF Réseau assesses all proposed projects against its self-defined eligibility criteria. These meet the bond's objectives and are compliant with the eligibility criteria under Part B of the Climate Bond Standard.	✓
1.3.	Documentation of eligibility of nominated projects & assets	SNCF Réseau has developed and established a selection process based on self-defined eligibility criteria. A list of nominated projects is documented internally.	✓
1.4.	No double nomination of projects & assets	By earmarking projects SNCF Réseau has designed a process to ensure that projects are not nominated twice.	✓
1.5.	Net proceeds in relation to issuer's debt obligation	SNCF Réseau seeks to (re-)finance low carbon rail transportation. The forecasted financing requirements are approx. EUR 2.8 billion for 2016 and thus above the expected net proceeds of EUR 0.5-1 billion.	✓

2. Internal Processes & Controls

	Requirement	Factual Findings	Analysis against Requirements
2.1.	Tracking of proceeds	SNCF Réseau confirms that it will track the proceeds using an internal IT system. Allocation will be reviewed annually.	✓
2.2.	Managing unallocated proceeds	SNCF Réseau states that temporarily unallocated proceeds will be invested in monetary funds managed following a responsible investment approach, bank deposits, cash, and/or cash equivalents.	✓
2.3.	Earmarking funds to nominated projects & assets	SNCF Réseau states that it has established an earmarking process to manage and account for the nominated projects.	✓

3. Reporting

	Requirement	Factual Findings	Analysis against Requirements
3.1.	Disclosure on investment areas	SNCF Réseau has ensured that prior to issuance it will disclose the CBI investment areas into which the selected projects fall.	✓
3.2.	Disclosure on intended types of temporary investment instruments	SNCF Réseau has ensured that it will disclose the intended types of temporary investment instruments prior to issuance.	✓

	Requirement	Factual Findings	Analysis against Requirements
3.3.	Disclosure regarding pre-issuance verification	SNCF Réseau has ensured that it will disclose prior to issuance its application for CBI verification.	✓
3.4.	Disclosure on periodic assurance engagements	SNCF Réseau plans periodic assurance engagements to reaffirm conformance with the Climate Bonds Standard and will report on this fact.	✓