

SCOPE

The Energy and Ecological Transition for the Climate (TEEC) Label was established by the French State in order to ensure that investment funds contribute to financing energy and ecological transition. It is awarded on the basis of stringent specifications and represents a benchmark for investors wishing to participate in financing the green economy.

Vigeo Eiris was commissioned to provide an independent opinion on NEOEN's eligibility to integrate TEEC-labelled funds, based on TEEC label criteria guidelines dated May 2018.

NEOEN is a France-headquartered electricity generation company created in 2008, involved in the financing, development and operation of power plants. These power plants generate energy from three renewable sources (namely wind, solar and biomass), representing a total capacity of 1,996 MW installed or under construction. The company finances and monitors projects while construction, maintenance and operations are subcontracted. NEOEN is considering an IPO during the 4th quarter of 2018.

Our review is based on the analysis of NEOEN's activity regarding the two following components of the TEEC Label:

- ▶ The classification (categories of activities in which NEOEN is included),
- ▶ Strict and partial exclusions,
- ▶ Analysis of controversies on ESG (Environmental, Social and Governance) issues, based on its frequency and severity,
- ▶ Indicators of impacts that benefit the energy and ecological transition.

The information sources are gathered from public information and documents provided by the issuer. We undertook our due diligence assessment from June 8th to September 18th, 2018.

Vigeo Eiris could access all appropriate documents. Vigeo Eiris considers that the information provided allows the delivery of an opinion with a reasonable level of assurance on its completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris expresses a reasonable assurance (our highest level) that NEOEN meets the eligibility criteria set out for the TEEC Label by the French Ministry for an Ecological and Solidary Transition and that NEOEN is eligible to qualify for TEEC labelled funds. Our main findings are that:

- NEOEN's activities fit in three eligible categories (all included in "1. Energy") according to the Criteria Guidelines of May 2018, directly or indirectly contributing to "green growth" through the development of renewable energies.
- NEOEN is not involved in any activity that would result in a strict or partial exclusion from the TEEC label.
- NEOEN does not face any environmental, social and governance controversies.
- NEOEN commits and is in capacity to collect relevant indicators for the labelled-funds to account of its effective contribution to energy and ecological transition.

¹ « TEEC » Label is a public label created by the French Ministry for an Ecological and Solidary Transition: https://www.ecologique-solidaire.gouv.fr/sites/default/files/Label_TEEC_labellisation_r%C3%A9f%C3%A9rentiel_0.pdf - Last version translated in English: https://www.novethic.com/fileadmin/user_upload/divers/labels/1605-LabelTEEC_Referentiel-ENG.pdf

DETAILED RESULTS

Identification of NEOEN's eligible activities regarding the classification

The label framework lists categories of activities falling within the scope of energy and ecological transition and the fight against climate change that are eligible for labelled funds.

We consider that NEOEN's activities fit significantly in two eligible categories (Solar energy and Wind energy) and marginally in one category (Energy storage), all included in the part "1. Energy" of the classification from the Criteria Guidelines of May 2018, directly or indirectly contributing to "green growth" through the development of renewable energies.

Classification within the TEEC label			Vigeo Eiris' analysis
Area	Specific category and activity	Description	
Solar energy	Infrastructure and manufacturing	Operational production or production infrastructure entirely dedicated to the development of solar energy	<ul style="list-style-type: none"> - NEOEN owns several production infrastructure dedicated to solar energy (in France, Portugal, Australia and Salvador), for a total installed capacity of more than 665MW - In 2017, 48% of NEOEN's turnover from energy selling came from the sales of solar energy generated by these plants
Wind energy	Infrastructure and manufacturing	Operational production or manufacturing facilities fully dedicated to the development of wind energy	<ul style="list-style-type: none"> - NEOEN owns several wind farms (in France and Australia), for a total installed capacity of 489MW - In 2017, 45% of NEOEN's turnover from energy selling came from the sales of wind energy issued by these plants
Energy storage	New technologies	Technologies which increase energy storage options	<ul style="list-style-type: none"> - NEOEN owns several energy storage plants (in Australia), for a total installed capacity of more than 100MW - In 2017, 0,4% of NEOEN's turnover from energy selling came from the sale of stored electricity

Analysis of NEOEN's activities regarding strict and partial exclusions of the TEEC label

The TEEC label framework excludes economic activities that conflict with energy and ecological transition, or that are currently controversial, from the scope of potentially labelled investment funds.

Vigeo Eiris considers that NEOEN doesn't appear to be involved in any activity that would result in a strict or partial exclusion from the TEEC label.

Exclusions of the TEEC label	Vigeo Eiris' analysis
A. Companies having activities pertaining to exploration-production and exploitation of fossil fuels are excluded	NEOEN does not appear to be involved in any of these activities.
B. Companies having activities pertaining to the entire nuclear sector are excluded	NEOEN does not appear to be involved in any activity from this sector.
C. Service companies and companies involved in the distribution / transportation and the production of equipment and services are excluded, in so far as 33% [inclusive] or more of their turnover comes from clients from A and/or B	NEOEN does not appear to be involved in any activity from the distribution, transportation or production of equipment and services.
D. Companies making 33% [inclusive] or more of their turnover from one of the following activities are excluded: <ul style="list-style-type: none"> - Storage and landfill centres without GHG capture; - Incineration without energy recovery; - Energy efficiency for non-renewable energy sources and energy savings linked to optimising the extraction, transportation and production of electricity from fossil fuels; - Logging, unless managed in a sustainable fashion as defined in the Label, and peatland agriculture 	NEOEN does not appear to be involved in any of these activities.

Absence of any proven, serious and repeated controversies

Labelled funds must actively monitor controversies in environmental, social and governance matters.

As of our due diligence assessment date, we are in the opinion that NEOEN does not face any environmental, social and governance controversies.

Indicators of impacts that benefit the energy and ecological transition

The labelled fund should measure the effective contribution of its investments to energy and ecological transition within at least one of the four following fields: climate change; water; natural resources; and biodiversity.

NEOEN will be able to collect the following indicators for its activities:

- CO2 emissions avoided (in tons/year)
- Share of renewable energy sources in the energy mix

Therefore, NEOEN will be able to collect relevant indicators for the labelled-funds to demonstrate their effective contribution to energy and ecological transition, as listed p.30 of the Criteria Guidelines.

Paris, September 17th 2018



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Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision-making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more)
- ▶ **For issuers & organisations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

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The Vigeo Eiris Global Network, comprising 7 exclusive research partners, is present in Australia, Brazil, Germany, Israel, Japan, Spain and Mexico.

For more information: www.vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and NEOEN: Vigeo Eiris has executed 3 audit missions for NEOEN (two Second Party Opinion deliveries on green bonds in October 2015 and December 2017, and one Solicited Sustainability Rating in June 2018) and no established relationship (financial or others) exists between Vigeo Eiris and NEOEN.

This opinion is an independent opinion delivered to NEOEN, on its request, and for its investors and/or other stakeholder' attention. It aims to report on the eligibility assessment of NEOEN for its inclusion in labelled funds « Energy and Ecological Transition for the Climate » of the French Ministry for the Ecological and Inclusive Transition. It has been established on the basis of the information, documents and clarifications, provided during the diligences - on the assumption that the information has been provided in good faith - and that we have analysed applying our methodology and our internal quality assurance rules. Vigeo Eiris did not interview stakeholders, or make any other test about the materiality, accuracy or the temporality of the information provided by NEOEN, and cannot be held accountable for the exhaustiveness or the reliability of NEOEN's data and statement. The company is solely responsible of the effectiveness of its commitments as set out in its policies, implementation and monitoring. The opinion provided by Vigeo Eiris does not concern neither the financial performance of the company. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make financial decisions or to make any kind of business transaction. The opinion provided by Vigeo Eiris does not concern neither NEOEN's solvency nor its financial obligations and cannot under no circumstances be pleaded or used within the framework of a dispute or a dispute settlement mechanism of a commercial dispute.

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In providing this opinion to NEOEN, Vigeo Eiris recognises only an obligation of means and in no case an obligation of result, it being understood that the integration of NEOEN into an investment fund remains the exclusive responsibility of the fund in question.