

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Asset Pool

Société Nationale SNCF S.A.
25 January 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Bonds
Relevant standards	<ul style="list-style-type: none">• ICMA Green Bond Principles
Scope of verification	<ul style="list-style-type: none">• SNCF S.A. Green Bond Framework 2020/2021 (as of 15.01.2021)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• For a single issuance after SPO publication

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SCOPE OF WORK

Société Nationale SNCF S.A. (“SNCF” or “the issuer”) commissioned ISS ESG to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. SNCF’s sustainability performance, according to the ISS ESG Corporate Rating.
2. SNCF’s Green Bond Framework 2020/2021 (15.01.2021 version)– benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs).
3. The Eligible Green Projects – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Issuer sustainability performance	The issuer is rated 24 th out of 175 companies within its sector as of 25.01.2021. This equates to a high relative performance, with a Decile Rank ² of 2.	Status: <i>Not Prime</i> Decile Rank: 2
Part 2: Alignment with Green Bond Principles	The issuer has defined a formal concept for its Green Bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA Green Bond Principles.	Positive
Part 3: Sustainability quality of the Eligible Green Projects	The overall sustainability quality of the green bond asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The Green Bond will (re-)finance the following eligible project and types of investments: maintenance, upgrade and energy efficiency of rail systems; new rail lines and lines extension; other investment linked to climate change challenges, protection of biodiversity and natural resources; zero-direct emissions train fleet purchase, renovation and maintenance. Those use of proceed categories have a limited contribution to SDGs 7 ‘Affordable and clean energy’ and 13 ‘Climate action’. The environmental and social risks associated with those green projects have been well managed.	Positive

¹ ISS ESG’s evaluation is based on the SNCF’s Green Bond Framework (15.01.2021 version), on the analysed Eligible Project categories as received in November 2020, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 11.05.2020). As at the time of publication of this SPO, the ESG Corporate Rating does not reflect certain recent development.

² Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

ISS ESG SPO ASSESSMENT

PART I: ASSESSMENT OF SNCF SA'S CURRENT ESG PERFORMANCE

Methodological note: To introduce the assessment of the sustainability quality of this Green Bond, ISS ESG wants to emphasize the current ESG strategy of the issuer. Please note that this section of the SPO is extracted from the ISS ESG Corporate Rating of SNCF. As at the time of publication of this SPO, the ESG Corporate Rating does not reflect certain recent development, the assessment below has been partly amended.

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments. The overall analysis is graded on a twelve-point scale from A+ (the company shows excellent performance) to D- (the company shows poor performance or fails to demonstrate any commitment to appropriately address the topic). "Prime" status is granted to industry leaders who fulfill demanding performance expectations. Industry leaders are considered the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

COMPANY	DECILE RANK	TRANSPARENCY LEVEL
SNCF SA	2	VERY HIGH

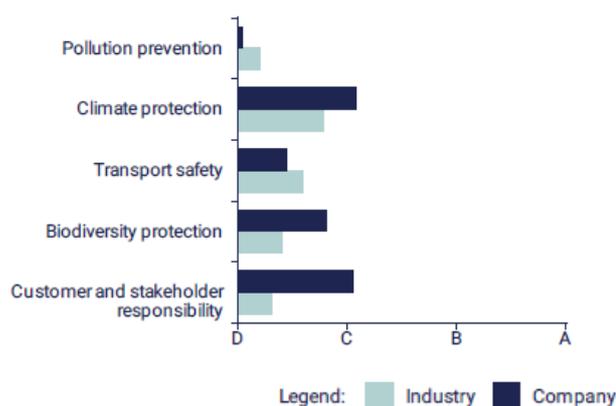
This means that the company sustainability performance is high compared against industry peers according to ISS ESG.

ESG performance

As of 06.01.2021., this Rating places SNCF 24th out of 175 companies rated by ISS ESG in the Transport and Logistics sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

SNCF engages in train operation business, passenger and freight transport. Besides long-distance, regional and public (in the Paris region) rail transport, the company's business unit Keolis offers transport by e.g. buses and coaches, subway systems, light rail, trains, ferries and river shuttles in several countries. Through its Geodis segment, SNCF conducts road transport (via its own and

subcontracted fleet), as well as air and ocean freight forwarding via contractors. Through its SNCF Réseau segment, the company is also responsible for maintaining the French rail network as well as station management and development. Through its low carbon-intensive transport services, the company promotes sustainable development and the objective of fighting climate change. Several efforts have been taken to promote intermodal transport services (covering passenger and freight transport), including e.g. intermodal door-to-door itineraries including coaches, buses, bike rental, trams and railway as well as an app that allows users to combine modes of transport. For freight transport, the offerings combine rail, road, air, and sea, with a focus on rail-road services development of multimodal exchange hubs, as well as door-to-door solutions for freight transport. The company also contributes to global sustainability challenges by improving access to basic transport services for all persons (including those with special needs such as disabilities, the elderly, and those in need of step-free access) through e.g. door-to-door services for people with reduced mobility and other specific accessibility measures.

Sustainability Risks

Transport safety is considered as the main social risk for SNCF. The company reports elements of a transport safety management system which are supposed to ensure the safety of passengers and drivers. Some measures including guidelines, trainings and technical systems for the company's road transport and the use of security personnel for rail transport do exist. There is no evidence of comparable standards for its transport contractors (for road, rail, air and ocean). In the environmental sphere, SNCF has set a science-based target in line with the emission reductions required to limit the global temperature increase to 2°C compared to pre-industrial levels and has established some measures to reduce fuel/energy consumption of road and rail transport. GHG emission intensities show a mixed picture. While specific emissions of freight and passenger transport have decreased in recent years, the emission intensity has increased for two subsidiaries of SNCF, Geodis and Keolis. However, those two subsidiaries are not benefitting from the proceeds of this issuance. While the company has policies in place to minimise other relevant fleet emissions and some further environmental aspects (e.g. noise emissions), SNCF does not publicly provide normalized performance data with regard to those aspects and to its ocean segment. Contractor standards on fuel efficiency and emissions are not reported.

Governance opinion

The State of France is the sole shareholder of SNCF (as at December 31, 2019). Nevertheless, a majority of board directors seem to be independent. However, the chairman of the board is also the CEO and thus not independent (as at December 31, 2019). The company discloses its remuneration policy for executives but not on an individual basis. Yet, it remains unclear whether the company's policy includes important elements for sustainable value creation such as long-term incentive components. The sustainability committee does not belong to the board but submits its CSR reporting annually to the board. It remains unclear if sustainability targets are a determining factor of the executive remuneration. SNCF's code of conduct covers almost all relevant issues (including conflicts of interest, corruption and bribery, anti-competitive practices, insider dealings, and gifts and entertainment) and several compliance measures (e.g. trainings, third party anticorruption due diligence and anonymous reporting channels) are in place.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the SNCF current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along the SNCF's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Public transport services (rail, metro, bus)	55%	CONTRIBUTION	
Electric rail/metro transport, rail infrastructure, bicycle transport, transport powered by renewable/alternative fuels/propulsion systems	71%	CONTRIBUTION	 
Road transport, air transport	20%	OBSTRUCTION	 
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any severe controversy.

PART II: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

0. Rationale for issuance

Railway transport is a key contributor in the fight to reduce Greenhouse Gases emissions as it emits less than 1% of total CO₂ emissions in France in the transportation system, while transporting 10% of passengers and freight. As a consequence, rail transportation is by far the most efficient and environmentally-friendly mode of transportation. For example, travelling 1 km by train generates 8.4 g of CO₂e, versus 213 g for a private automobile.

A comprehensive rail system is the only form of mass transport that can significantly reduce the environmental impact of travel in Europe

1. Use of Proceeds

An amount equal to the net proceeds of SNCF Green Finance Instruments will be earmarked to the (re)financing, in whole or in part, of existing or future Eligible Green Projects.

In order to be earmarked as eligible the Projects must align with all the following criteria

i. Eligible projects

Eligible Green Projects are self-funded projects supporting zero-emissions transportation as they support an optimum use of the rail transport.

More precisely, to be eligible, a potential project needs to meet the following criteria:

ON SNCF RESEAU PERIMETER	ON SNCF VOYAGEURS PERIMETER
High speed lines, which were brought into service in 1981	Zero-direct emission train fleet
Standard electrified lines grouped 1 to 6 using the UIC classification	Maintenance facilities related to zero-direct emission train fleet
Electrification investments on non-already electrified lines grouped 1 to 6 using the UIC classification,	

ii. Eligible types of investments

Thus, “Eligible Green Projects” include the following capital expenditures:

ON SNCF RESEAU PERIMETER	ON SNCF VOYAGEURS PERIMETER
Investments (OPEX qualified as CAPEX) related to maintenance, upgrades and energy of the rail system	Investments (OPEX qualified as CAPEX) related to 0-direct emissions train fleet purchase
Investments (OPEX qualified as CAPEX) related to new rail lines and rail lines extensions which ensure access to the network and the efficient movement of people and freight	Investments (OPEX qualified as CAPEX) related to 0-direct emissions train fleet renovation and maintenance (operation mi-vie)

Other Investments (OPEX qualified as CAPEX) linked to the global climate change challenges, the protection of biodiversity and natural resources

Investments (OPEX qualified as CAPEX) related to maintenance facilities overhaul in relation with 0-direct emissions train fleet

iii. Financing mechanism

In the wake of the railway reform, SNCF has become the sole issuer of debt in the bond market. As a consequence, all Green Bonds will first be raised from SNCF before being reallocated to the corresponding subsidiaries via inter-company loans.

iv. Lookback / Look-forward period

Eligible Green Projects include new and ongoing projects with disbursements within the past two years (look-back period). Eligible Green Project also include future project with disbursement occurring in the next two years (look-forward period).

Opinion: ISS ESG considers the Use of Proceeds description provided by SNCF SA's Green Bond Framework is aligned with the Green Bond Principles and with the sustainability strategy of the issuer. Environmental and social benefits associated with those project categories are clearly described.

2. Process for Project Evaluation and Selection

SNCF's Treasury and Funding Department in coordination with group's Accounting & Management Control and Sustainable Development Departments will review the allocation of the projects annually.

Projects that are aligned with the Use of Proceeds identified in section part 1, section 1 above will be considered for eligible green bond proceeds allocation

If projects are considered eligible, they will be recorded in the SNCF's Green Bond Register and tracked for the life of the involvement in the Green Bond.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by SNCF's Green Bond Framework as aligned with the Green Bond Principles. Eligibility criteria are defined as per sub-section 1 of this part and made publicly available. Responsibilities and accountability in this process are clearly defined.

3. Management of Proceeds

Pending allocation of an amount equal to the net proceeds from the sales of the Notes to Eligible Green Projects, the proceeds from the Green Bond will be placed into SNCF's treasury accounts.

SNCF's treasury will allocate, via intercompany loan, the bond proceeds from the treasury to projects recorded in the Green Bond register. The register will include a full list of eligible projects (as approved in the Process for Project Selection and Evaluation section), and the amount of allocation made. Whilst any bond proceeds remain unallocated, they will be invested in accordance

with SNCF's liquidity management policies and guidelines in money market products, such as cash and/or cash equivalents and/or bank deposits.

Payment of principal and interest of the Notes will be made from our general funds and will not be directly linked to the performance of the Eligible Green Projects.

With respect to above-mentioned use of proceeds section (2.1), all the net proceeds will ultimately be allocated to the identified eligible Green Projects and so long as the Green Bonds are outstanding, the balance of the tracked net proceeds will be periodically adjusted to match allocations to the eligible Green Projects.

Use and management of proceeds will be verified, ex post, by an auditing company (currently KPMG France).

Opinion: *ISS ESG finds that the management of proceeds is in line with the GBPs. The proceeds are appropriately tracked, and the expected allocation period and temporary investments are disclosed and aligned with the market best practices.*

4. Reporting

Within the calendar year that follows the issuance, and until the full allocation of an amount equal to the net proceeds of the Green Bonds issued, SNCF will provide to investors:

- Annual updates on website (<https://www.sncf.com>) on the amounts allocated to the Eligible Green Projects,
- Relevant expected impact metrics and where feasible actual impact metrics related to the Eligible Green Projects where competition and confidentiality reasons allow.
- Auditors or any other third party appointed by SNCF, will issue an annual report on SNCF's compliance in all material respects with the Eligible Green Project criteria set forth in these documents.

Examples of relevant impact indicators for SNCF Réseau perimeter:

1. Investments related to maintenance, upgrades and energy efficiency of the rail system

- Total GHG emissions of the maintenance project called high-output track replacement units (tCO₂eq)
- Estimated FTE's creation on the maintenance site
- Age of the railway by type of railway
- Volume of wooden sleepers recycled for energy purposes (tons)
- Share of ballast re-used on the maintenance project (tons)
- Share of concrete sleepers recycled from the maintenance project (tons)
- Share of re-used rails from the maintenance project (tons of steel)

2. Investments related to new rail lines and rail lines extensions which ensure access to the network and the efficient movement of people and freight

- Total GHG emissions of the project (tCO₂eq)
- Modal shift: Number of passenger or goods transferred to the train
- Total GHG emissions avoided because of the project (tCO₂eq)
- Estimated FTE's creation on the construction site
- Estimated average time saving because of the project (min)

3. Other investments linked to the global climate change challenges, the protection of biodiversity and natural resources

Currently, most of the metrics are not yet available in this category and investments are too numerous and/or granular to be allocated yet. Examples of impact metrics are intended for illustrative purposes only and no assurances can be provided that these exact metrics will be provided. Relevant impact metrics will be provided and may/will differ depending on the type of project.

On SNCF Voyageurs perimeter, examples of relevant metrics could include:

- Total GHG emissions of the investments (tCO₂eq)
- Total GHG emissions avoided because of the investments (tCO₂eq)
- The net carbon footprint of the investments (tCO₂eq) and per millions of euros invested
- A few metrics related to train recyclability (to be defined)

Opinion: ISS ESG finds that the reporting is aligned with the GBPs and market best practices. A high level of transparency is provided on the level, information, frequency, scope and duration of reporting, both in terms of allocation and impact.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

Based on the assessment of the sustainability quality of the Eligible Green Projects and using a proprietary methodology, ISS ESG assessed the contribution of the SNCF's Green Bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Maintenance, upgrades and energy efficiency of rail infrastructures	Limited contribution	 
Zero-direct emissions train fleet for passenger public transport	Limited contribution	  
Maintenance facilities for zero-direct emissions train fleet for passenger public transport	Limited contribution	  

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE GREEN PROJECTS

Maintenance, upgrades and energy efficiency of rail infrastructures

As a Use of Proceeds category, maintenance, upgrades and energy efficiency of rail infrastructures has a limited contribution to the SDG 7 “Affordable and clean energy” and 13 “Climate action”. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

1. Consideration of environmental impacts at planning stage

- ✓ All relevant assets underwent environmental impact assessment at the planning stage. For every project, systematic carbon assessments were conducted.
- ✓ None of the assets are located in key biodiversity areas according to national legislation (e.g. Ramsar sites, UNESCO Natural World Heritage Sites).
- ✓ All assets meet high environmental standards during construction phase in compliance with national environmental legislation and certifications (e.g. ISO 14001, ISO 9001).

2. Community dialogue

- ✓ All relevant assets feature community dialogue as an integral part of the planning process in compliance with national legislation (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes.)

3. Working conditions during construction, operation and maintenance

- ✓ All the assets are located in France, where high labour and health and safety standards are in place for construction, operation and maintenance work (e.g. ILO core conventions).

4. Transport safety

- ✓ For all assets, a comprehensive transport safety management system is in place (including e.g. risk assessment, monitoring, training programs, emergency management).

5. Environmental aspects of public transport infrastructure

- ✓ All projects are located in France where maximum noise levels regarding train services are in place. Additionally, specific measures to reduce transport-related noise emissions are in place (e.g. collection of performance data and audits).
- ✓ For all projects, environmentally friendly disposal of components is ensured (e.g. removal of hazardous materials, recycling and re-using of waste).
- ✓ For all assets, high labour and health and safety standards are applied in the supply chain (e.g. ILO core conventions).

6. Social aspects in supply chain

- ✓ For all assets, high labour and health and safety standards are applied in the supply chain (e.g. ILO core conventions).

Controversy assessment

No controversy assessment at the asset level has been carried out due to the low controversy risk of maintenances and upgrades operations in France, where legislation provide for high environmental and social standards. At the company level, SNCF does not face any controversy.

Zero-direct emissions train fleet

As a Use of Proceeds category, zero-direct emissions train fleet for passenger public transport has a limited contribution to the SDGs 7 “Affordable and clean energy”, 11 “Sustainable cities and communities” and 13 “Climate action” when exclusively operated for passengers public transport. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

1. Environmental and social production standards

- ✓ For all assets, the manufacturer of the trains provides for a comprehensive environmental management system is in place for the manufacturer of the trains.
- ✓ For all assets, the manufacturer of the trains provides for high labour and health and safety standards at manufacturing sites (e.g. ILO Core Conventions).

2. Environmental aspects of train fleet

- ✓ According to the manufacturer of the trains’ sustainability policies, the assets underwent a comprehensive life-cycle assessment.
- ✓ For all assets, energy efficiency during operation is optimised (e.g. all trains are powered solely by electricity).

3. Social aspects of operations

- ✓ For all assets, passengers and operators health and safety is ensured by SNCF’s sustainability policies (e.g. minimisation of noise exposure, air quality, vigilance control, accessibility).

Controversy assessment

A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to SNCF or to the trains’ manufacturer.

Maintenance facilities for zero-direct emissions train fleet for passenger public transport

As a Use of Proceeds category, maintenance facilities for zero-direct emissions train fleet for passenger public transport has a limited contribution to the SDGs 7 “Affordable and clean energy”, 11 “Sustainable cities and communities” and 13 “Climate action” when train fleet is exclusively used for passenger public transport. The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

1. Environmental and social maintenance standards

- ✓ For all assets, maintenance facilities provide for a comprehensive environmental management system is in place for the manufacturer of the trains.
- ✓ For all assets, maintenance facilities provide for high labour and health and safety standards at manufacturing sites (e.g. ILO Core Conventions).
- No information is available on whether high standards regarding energy efficiency are in place for the maintenance facilities.

2. Environmental aspects of train fleet

- ✓ No assets handled by the maintenance facilities are powered by fossil fuels or coal.
- ✓ All assets handled by the maintenance facilities have went through a comprehensive life-cycle assessment.

3. Social aspects of train fleet

- ✓ All assets handled by the maintenance facilities ensure health and safety for passengers and operators.

Controversy assessment

No controversy assessment at the asset level has been carried out due to the low controversy risk of maintenances and upgrades operations in France, where legislation provide for high environmental and social standards. At the company level, SNCF does not face any controversy.

DISCLAIMER

1. Validity of the SPO: For SNCF SA's first issuance following the SPO release date.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from SNCF SA's 2021 ISS ESG Corporate Rating.

Société Nationale SNCF S.A.

Company Information

Country
France

ISIN
XS0488101527

Industry
Transport & Logistics

Key Results

Rating
C

Decile Rank
2

Transparency Level
Very High

Performance score
48.8

Status
Not Prime

Prime Threshold
C+

Absolute Rating

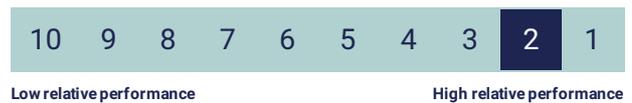


The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Transparency Level



Decile Rank

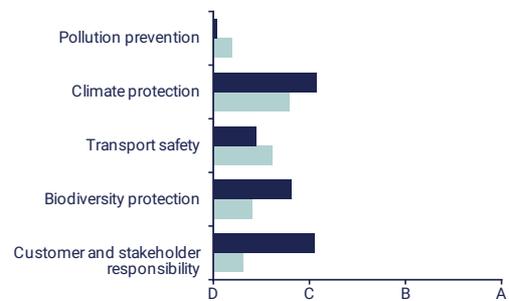


Industry Leaders

Company name (in alphabetical order)	Country	Grade
CSX Corp.	US	B-
Canadian National Railway Co.	CA	B-
Deutsche Bahn AG	DE	B-

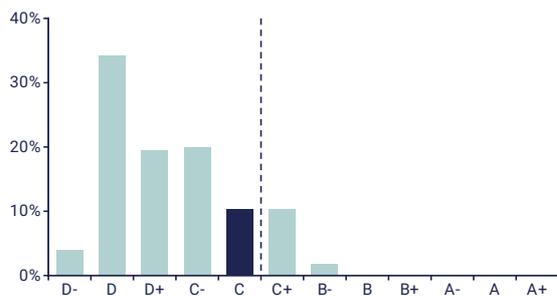
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

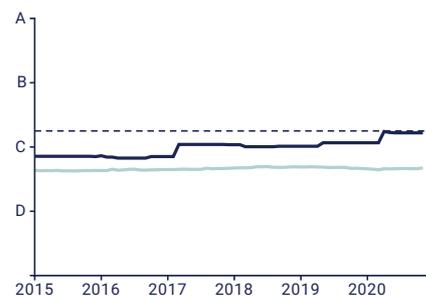


Distribution of Ratings

175 companies in the industry



Rating History



Société Nationale SNCF S.A.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
 - Degree of verification of allegations and claims
 - Severity of impact on people and the environment, and systematic or systemic nature of malpractices
- Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

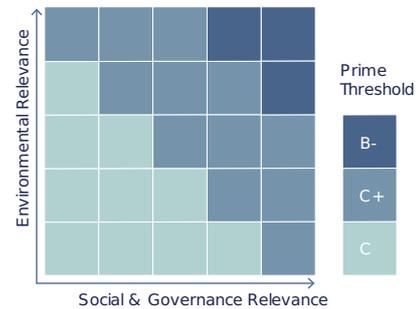
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Société Nationale SNCF S.A.

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of SNCF's Green Bond.

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.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

Asset evaluation methodology

ISS ESG 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 to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by SNCF (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 method, ISS ESG identifies the extent to which SNCF's Green Bond contributes to related SDGs.

ANNEX 3: Quality management processes

SCOPE

SNCF commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA Green Bond Principles and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG KPI set - Maintenance, upgrades and energy efficiency of rail infrastructures
- ISS ESG KPI set - Zero-direct emissions train fleet

ISSUER'S RESPONSIBILITY

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

- Green Bond Framework
- Sustainability policies applicable to the Eligible Green Projects

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.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by SNCF based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with SNCF took place from October to December 2020.

ISS ESG'S 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 behaviour 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 ISS ESG 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.

As part of our Sustainable (Green & Social) 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 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/>

For Information about SPO services, contact:

Federico Pezzolato

SPO Business Manager EMEA/APAC

Federico.Pezzolato@isscorporatesolutions.com

+44.20.3192.5760

Miguel Cunha

SPO Business Manager Americas

Miguel.Cunha@isscorporatesolutions.com

+1.917.689.8272

For Information about this Green Bond SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead

Melanie Comble
Associate
Head of SPO Operations

Project support

Damaso Zagaglia
Associate
ESG Consultant

Project supervision

Viola Lutz
Associate Director
Deputy Head of Climate Services