

# Second-Party Opinion Green Financing Framework PSA Banque France



## Evaluation Summary

### Use of Proceeds Instruments

#### Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics is of the opinion that the Green Financing Framework PSA Banque France is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021 (the "Use of Proceeds Principles"). The eligible category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Use of Proceeds Principles and is expected to deliver positive environmental impact.

#### Green Deposits

The Green Financing Framework PSA Banque France includes green retail term deposits as an eligible financial product. Sustainalytics is of the opinion that the principles of impact and transparency that underlie the sustainable investment industry, as well as many of its norms and standards, are applicable to green deposits and that PSA Banque France's internal processes and the use of funds align with those principles.

<b>Evaluation Date</b>	December 22, 2022
<b>Issuer/Borrower Location</b>	Poissy, France

The UoP is expected to contribute to the following SDG:



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## Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>1</sup> opinion on the alignment of the PSA Banque France Green Financing Framework (the "Framework") with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021 and Green Loan Principles 2021;<sup>2</sup>
- The issuer's sustainability strategy, performance and sustainability risk management.

As part of this engagement, Sustainalytics held conversations with various members of PSA Banque France's management team to understand the sustainability impact of their business processes and the core components of the Framework. PSA Banque France's representatives have confirmed that:

- (1) They understand it is the sole responsibility of PSA Banque France to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and PSA Banque France.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Regarding the portion of the Second-Party Opinion which assesses:

- Use of proceeds categories, PSA Banque France is encouraged to update the associated section(s) within the Framework upon 24 (twenty-four) months following the evaluation date set stated herein, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.
- Green deposits, the Second-Party Opinion is valid for issuances aligned with the Framework for a period of 12 (twelve) months.

For use of proceeds instruments, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics' expertise as an ESG research provider. The Second-Party Opinion:

- Addresses the anticipated impacts of eligible projects expected to be financed with eligible instruments but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.
- Opines on the potential allocation of proceeds but does not guarantee the realized allocation of the eligible instruments towards eligible activities

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that PSA Banque France has made available to Sustainalytics for the purpose of this Second-Party Opinion.

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<sup>1</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

<sup>2</sup> The Green Bond Principles, Guidelines and Handbooks are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

## Introduction

PSA Banque France SA (“PSA Banque France” or the “Bank”) is a credit institution that offers automotive finance credit and leasing products for new and used vehicles to private and institutional clients through Peugeot, Citroën and DS dealership networks.<sup>3</sup> Established in 1919, the Bank has more than 800 employees as of October 2022 and provided financing for approximately 290,000 vehicles in 2021.<sup>4</sup>

PSA Banque France has developed the Green Financing Framework PSA Banque France (the “Framework”) under which it intends to issue bonds, negotiable European commercial papers, negotiable European medium-term notes, loans and green retail term deposits (collectively referred to as the “Green Financing Instruments”). PSA Banque France engaged Sustainalytics to review the Framework, dated December 2022, and provide a Second-Party Opinion on the Framework’s alignment with current market standards, including the Green Bond Principles 2021 and Green Loan Principles 2021.<sup>5,6</sup> The Framework has been published in a separate document.<sup>7</sup>

The Bank will use the proceeds to finance and refinance, in whole or in part, existing or future assets that are expected to contribute to reducing greenhouse gas emissions of France’s road transportation sector. The Framework defines eligibility criteria in one green category:

1. Clean Transportation

<sup>3</sup> PSA Banque France, “Automotive Finance Insurance and Services”, at: <https://www.psa-banque-france.com/en>

<sup>4</sup> PSA Banque France, “2021 Annual Report”, at: [https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021 Annual report.pdf](https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021%20Annual%20report.pdf)

<sup>5</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>6</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

<sup>7</sup> The Green Financing Framework PSA Banque France is available on PSA Banque France SA’s website at: <https://www.psa-banque-france.com/en/financial-information/financial-documentation>

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards

#### Alignment of Bonds and Loans with Use of Proceeds Principles

Sustainalytics is of the opinion that the Green Financing Framework PSA Banque France is credible, impactful and aligns with the Use of Proceeds Principles. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form. Sustainalytics highlights the following elements of the Framework:



#### Use of Proceeds

##### Overall Assessment of Use of Proceeds

Under the Framework, PSA Banque France intends to finance or refinance vehicle loan and leasing contracts in France. PSA Banque France has confirmed that the Green Financing Instruments issued under the Framework will have a maturity between one year (for negotiable European commercial paper) and five years (for negotiable European medium-term notes, bonds and loans)<sup>8</sup> and that assets will be replenished within 12 months of the maturity of eligible loans and leases. In addition, during the 12-month replenishment period, the Bank will integrate funds into the treasury's liquidity reserve, composed of cash and European sovereign debt securities with an original term of one year or less.

Use of Proceeds	Activity	Classification	Sustainalytics' Assessment
Clean Transportation	Light commercial and passenger vehicles with zero specific CO <sub>2</sub> emissions and quadricycles with zero-tailpipe CO <sub>2</sub> emissions <sup>9</sup>	Green	- Electric vehicles (EVs), such as battery EVs and fuel cell EVs. - Sustainalytics notes the exclusion of vehicles powered by fossil fuels. <sup>10</sup> - This is aligned with market practice.
	Ancillary transport infrastructure <sup>11</sup>		- Infrastructure is limited to charging points for eligible vehicles. <sup>12</sup> - This is aligned with market practice.



#### Project Evaluation and Selection

- PSA Banque France's Green Funding Steering Group (the "Steering Group") is responsible for evaluating and selecting eligible assets. The Steering Group consists of senior directors and managers from the Finance (Treasury and Refinancing), Credit Risk, Business, Operations and Legal departments.

<sup>8</sup> The Bank has confirmed that the maturity of the current portfolio of loans and leases stands at approximately four years.

<sup>9</sup> Sustainalytics notes that vehicles are limited to those within category M1, N1 and L. This is in line with part a-ii of the Technical Screening Criteria of Annex I of the Climate Delegated Act Activity 6.5. Transport by motorbikes, passenger cars and light commercial vehicles.

<sup>10</sup> Sustainalytics notes that PSA Banque France has established exclusionary criteria and therefore the Bank excludes financing the following vehicles: i) conventional internal combustion engine; ii) hybrid electric, including plug-in hybrid electric; iii) liquefied petroleum gas; iv) compressed natural gas; v) biofuel vehicles; and vi) ethanol vehicles.

<sup>11</sup> This is in line with the Technical Screening Criteria of Annex I of the Climate Delegated Act Activity 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings.

<sup>12</sup> Sustainalytics notes that financing is limited to the purchase and implementation.

- The Bank has in place environmental and social risk management processes that are applicable to all allocation decisions made under the Framework. Sustainalytics notes that although the Bank plays a limited role in the development and manufacturing of the underlying vehicles of the loans and leases being financed, it remains exposed to risks associated with offering lending and financial services. For additional details, refer to Section 2.
- Based on the cross-functional oversight for the evaluation and selection process and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.



### Management of Proceeds

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- PSA Banque France's Steering Group will be responsible for the management and allocation of proceeds. The proceeds will be tracked through a portfolio approach using a register which is a subset of the Bank's total eligible asset portfolio.
- The Bank intends to achieve, on a best-effort basis, full allocation of net proceeds to eligible assets within 36 months of the respective issuance date.
- Pending allocation, net proceeds will be temporarily held in the treasury's liquidity reserve, composed of cash and European sovereign debt securities with an original term of one year or less.
- In case of divestment of any eligible asset, assets no longer meet the eligibility criteria or an early repayment is made, the Steering Group will replenish its pool of assets as soon as reasonably practicable, ideally not exceeding 12 months.
- Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.



### Reporting

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- PSA Banque France intends to report on the allocation and impact of the assets on its website on an annual basis until full allocation and in case of material changes.
- Allocation reporting will include information on the total eligible asset pool prior to allocation and respective amounts collected from green term deposits and raised through other Green Financing Instruments. Additionally, PSA Banque France will disclose information on a list of outstanding Green Financing Instruments, the remaining balance of unallocated proceeds (if any) and the share of new financing versus refinancing.
- Impact reporting will include a qualitative description of the portfolio of eligible assets allocated to the relevant Green Financing Instrument, as well as the impact of the relevant portfolio of eligible assets with a description of the chosen key performance indicators. KPIs may include the number and type of vehicles and charging points financed as well as annual GHG emissions reduced or avoided (in tCO<sub>2</sub>e).
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

## Alignment of Green Deposits with Market Expectations

Sustainalytics is of the opinion that the Green Financing Framework PSA Banque France is credible and that the green retail term deposits<sup>13</sup> will fund overall environmentally impactful assets. Sustainalytics further notes the alignment of the Framework with the concepts underpinning the sustainable finance market, namely those of impact and transparency.



### Impact

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The Framework will advance the sustainability objectives of the Bank by investing in eligible assets with positive environmental impact under the Clean Transportation category. Refer to the “Use of Proceeds” component under Section 1 for Sustainalytics’ opinion on the alignment of eligible assets with market expectations.



### Transparency

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Transparency is recognized as a key principle with regards to sustainable finance, as it provides assurance that investments are delivering positive impact. Sustainalytics highlights the following elements of the Green Financing Framework PSA Banque France that facilitate transparency to clients:

#### Disclosures regarding management of proceeds

- The Bank has confirmed that it will allocate eligible assets to green deposits at the end of each deposit’s subscription period. Such green deposits will be treated separately from other deposits and PSA Banque France will utilize an internal register within its database where all green assets are tagged to avoid double counting.
- PSA Banque France’s Treasury and Refinancing departments will be responsible for ensuring that every deposit has an associated maximum size assigned ahead of the subscription period so that the aggregated size of green term deposits and other Green Financing Instruments does not exceed the size of eligible assets at any time.
- Sustainalytics considers this level of disclosure to investors as sufficient to ensure the credibility of the proceeds management process.

#### Reporting

- PSA Banque France will report on the allocation and impact of proceeds of the green deposits in conjunction with other outstanding green financing instruments on an annual basis until full allocation and in case of any material changes. Amounts collected from green term deposits will be reported separately from proceeds raised from other Green Financing Instruments.
- The Bank commits to reporting on the same allocation and impact disclosure components for green deposits<sup>14</sup> as the other Green Financing Instruments. For details on the level of allocation and impact reporting, refer to the Reporting component under the “Alignment of Bonds and Loans with Use of Proceeds Principles” section.
- Based on the allocation and impact reporting practices and a commitment to ensuring no double accounting, Sustainalytics considers this process to be in line with market expectations for such financial products.

<sup>13</sup> Sustainalytics notes the Framework allows for green retail term deposits which are capped at a maximum deposit size. The deposit scheme has a limited subscription period during which funds can be deposited. After this period no further account inflows are allowed and assets will be assigned and allocated. PSA Banque France has informed Sustainalytics that the term of the deposit usually varies between one and three years.

<sup>14</sup> Displayed within the same table which will list all Green Financing Instruments by instrument type and respective total proceeds.

## Section 2: Assessment of PSA Banque France's Sustainability Strategy

### Contribution to PSA Banque France's sustainability performance

PSA Banque France demonstrates a commitment to sustainability by incorporating environmental factors into its financing activities. The Bank focuses on supporting customers in their energy transition by offering them financing solutions for electric and hybrid vehicles. PSA Banque France also has a CSR strategy in place that considers environmental challenges related to the Bank's lending.<sup>15</sup> Sustainalytics highlights the points of PSA Banque France's initiatives which are most relevant to the eligible assets that will be financed under the Framework.

The Bank provided financing of EUR 1.1 billion for electric and hybrid vehicles, representing 7.5% of the total assets financed in 2021 with an 84% penetration rate for new electric vehicle financing to individuals as of 2021. The Bank aims to reach 90% during the initial uptake in numbers of electric cars in France.<sup>16</sup> Further, PSA Banque France actively supports the electrification strategy of the Stellantis brands – Peugeot, Citroën and DS – through specific financing and mobility service offers as well as with proactive fleet management of long-term lease agreements. An example is the option that comes with financing agreements for electric vehicles to sign up to an allowance for alternative vehicle rental for cars with a longer range than the electric vehicles for long trips. Scheme participants may also be eligible for a reduction in the cost of the lease. This service is called Mobility pass in the case of Peugeot. In addition, "Connected Insurance" enables reductions in vehicle insurance premiums if vehicles are fitted with an Advanced Driver-Assistance System and driving is categorized as less fuel or electricity-consuming.<sup>17</sup> Under the Stellantis' mobility offer Free2Move, clients are provided with advice and solutions to progressively convert their fleets to electrified mobility. PSA Banque France also trains employees in the specificities of battery electric vehicles and plug-in hybrid vehicle technologies, customer benefits, the electrified vehicle ecosystem and brand strategy.<sup>18</sup>

Sustainalytics recognizes the importance of the above commitments and encourages PSA Banque France to develop time-bound quantitative targets for its sustainability strategy. Sustainalytics is of the opinion that the Framework is aligned with PSA Banque France's overall sustainability efforts and initiatives and will further its action on key environmental priorities.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the Framework will be directed towards eligible assets that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics notes that PSA Banque France by nature has limited involvement in the execution and development of the specific assets financed. Hence, key risks possibly associated with financing eligible assets under this Framework may include issues related to responsible lending and business ethics.

Sustainalytics is of the opinion that PSA Banque France is able to manage or mitigate potential risks through implementation of the following:

- To ensure responsible lending practices, PSA Banque France engages in a set of actions to create customer satisfaction and protection. The Bank has a process in place to identify customers who are financially vulnerable, to prevent their financial situation from worsening and to avoid their over-indebtedness. The Bank adheres to the Agreement on amicable consumer credit debt recovery signed by the Association of French Financial Companies and consumer organizations, which aims to provide customers with amicable debt rescheduling in the event of unpaid overdue amounts.<sup>19</sup>
- Regarding business ethics, PSA Banque France has implemented an internal Compliance and Business Ethics Charter which establishes procedures to help manage risks related to regulatory compliance, money laundering, combating the financing of terrorism, internal and external fraud and whistleblowing, among other issues. In addition, the Bank has in place the "Programme for fighting money laundering and the financing of terrorism including Politically Exposed Persons", which aims to prevent employees from being involuntarily involved in illicit activities, money laundering or the financing of terrorism. The programme includes classifying the risks related to money laundering and terrorism financing, undertaking vigilance measures, monitoring suspicious and unusual transactions, and screenings of portfolios and at the start of a business relationship.<sup>20,21</sup> PSA Banque France also has a Code of Ethics for internal policies, contracts, employees, operations and transactions, based on a set of principles which imply respect for the law, respect for people

<sup>15</sup> PSA Banque France, "2021 Annual Report", at: [https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021\\_Annual\\_report.pdf](https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021_Annual_report.pdf)

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> PSA Banque France, "Procédure de lutte contre le blanchiment et financement du terrorisme", (2020). The Bank has shared the document with Sustainalytics on a confidential basis.

and the environment, respect for customers and their needs, and respect for the PSA Banque France Group and its shareholders. Additionally, the Bank has a Code of Conduct that addresses bribery, gifts, commissions, financial advantages, conflict of interest, corruption, relations with suppliers and public authorities, donations, political and charitable grants.<sup>22</sup>

- PSA Banque France has its operations in France, which is recognized as a Designated Country under the Equator Principles, indicating the presence of strong environmental and social governance systems.<sup>23</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that PSA Banque France has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

## Section 3: Impact of the Use of Proceeds Categories Selected

### Importance of clean transport in France

Transport is responsible for nearly 25% of GHG emissions in the European Union and is the main cause of air pollution in cities.<sup>24</sup> Under the European Green Deal, the EU aims to achieve a 90% reduction in GHG emissions from transport by 2050, compared with 1990 levels.<sup>25,26</sup> In 2020, transport was France's top emitting sector, responsible for approximately 29% of total GHG emissions<sup>27</sup> and 43% of total CO<sub>2</sub> emissions,<sup>28</sup> and represented 32% of France's energy consumption.<sup>29</sup> The country established the National Low-Carbon Strategy in 2015, outlining a plan to reduce GHG emissions and transition to a net zero economy by 2050.<sup>30</sup> So far, the emissions from transport and other key sectors have not declined in line with France's national targets, and strong medium-term actions are therefore required to increase the rate of emission reduction in these sectors.<sup>31,32</sup>

In order to reduce its GHG emissions, the French government has been taking various steps, such as the Bonus-Malus incentive system and France's Recovery Plan,<sup>33,34</sup> to accelerate the electrification of the country's transport system, including the expansion of the electric charging network, the procurement of electric vehicles for the public fleet, and aligning with the European Commission's agreement to stop the sale of new light-duty vehicles using fossil fuels by 2035.<sup>35,36</sup> As a means for economic recovery from the COVID-19 pandemic, France's Recovery Plan aims to invest EUR 11.5 billion in accelerating the transport sector's decarbonization.<sup>37</sup> Specifically, the government will invest EUR 1.9 billion for promoting the deployment of low- and very-low-emission vehicles through bonus schemes; EUR 2.6 billion for R&D of green technology in the aeronautical and automotive sectors and to ensure companies' capacity to produce hybrid, electric and hydrogen vehicles, and EUR 7 billion for green hydrogen production technologies.<sup>38</sup>

<sup>22</sup> PSA Banque France, "2021 Annual Report", at: [https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021 Annual report.pdf](https://www.psa-banque-france.com/sites/psabf/files/psa-files/Finance/2021%20Annual%20report.pdf)

<sup>23</sup> Equator Principles, "Designated & Non-Designated Countries", at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

<sup>24</sup> European Commission, "Transport emissions", at: [https://climate.ec.europa.eu/eu-action/transport-emissions\\_en](https://climate.ec.europa.eu/eu-action/transport-emissions_en)

<sup>25</sup> European Commission, "A European Green Deal", at: [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

<sup>26</sup> European Commission, "Transport and the Green Deal", at: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/transport-and-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/transport-and-green-deal_en)

<sup>27</sup> Citepa, "Gaz à effet de serre et polluants atmosphériques – Bilan des émissions en France de 1990 à 2021", (2022), at: [https://www.citepa.org/wp-content/uploads/Citepa\\_Rapport-Secten-2022\\_Rapport-complet\\_v1.8.pdf](https://www.citepa.org/wp-content/uploads/Citepa_Rapport-Secten-2022_Rapport-complet_v1.8.pdf)

<sup>28</sup> IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2021), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

<sup>29</sup> IEA, "France 2021: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

<sup>30</sup> Government of France, "Stratégie Nationale Bas-Carbone", at: [https://www.ecologie.gouv.fr/sites/default/files/SNBC\\_SPM\\_Eng\\_Final.pdf](https://www.ecologie.gouv.fr/sites/default/files/SNBC_SPM_Eng_Final.pdf)

<sup>31</sup> Ibid.

<sup>32</sup> IEA, "France 2021: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

<sup>33</sup> United Nations, "Reward-Penalty Scheme for Personal Cars", at:

<https://sustainabledevelopment.un.org/index.php?page=view&type=99&nr=48&menu=1449>

<sup>34</sup> Government of France, "Les trois volets du plan France Relance", at: <https://www.economie.gouv.fr/plan-de-relance>

<sup>35</sup> IEA, "France 2021: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

<sup>36</sup> European Commission, "Zero emission vehicles: first 'Fit for 55' deal will end the sale of new CO<sub>2</sub> emitting cars in Europe by 2035", (2022), at: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_6462](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6462)

<sup>37</sup> Transport Decarbonisation Alliance, "France's green recovery plan on decarbonising transport", (2020), at: <https://tda-mobility.org/french-green-recovery-plan-on-decarbonising-transport-%EF%BB%BF/>

<sup>38</sup> Ibid.

In addition, the government has created the France 2030 investment plan with a total budget of EUR 34 billion, which includes EUR 2.5 billion to support the production of 2 million electric and hybrid vehicles.<sup>39</sup> The French government’s strategy to improve energy efficiency in the transport sector also relies on fiscal measures and recommends adopting low-emission and electric vehicles, strengthening related infrastructure, promoting clean mobility with the use of two- and three-wheeled vehicles, and supporting public transport, carpooling and bicycle infrastructure.<sup>40</sup>

Based on the above, Sustainalytics is of the opinion that PSA Banque France’s financing of vehicles with zero specific CO<sub>2</sub> emissions is expected to support France’s transition to a low-carbon economy by decarbonizing its transport sector.

**Contribution to SDGs**

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The Green Financing Framework PSA Banque France is expected to help advance the following SDG and target:

Use of Proceeds	SDG	SDG Target
Clean Transportation	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

**Conclusion**

PSA Banque France has developed the Green Financing Framework PSA Banque France under which it may issue bonds, negotiable European commercial papers, negotiable European medium-term notes, loans and green retail term deposits to finance or refinance assets that are expected to reduce greenhouse gas emissions of France’s road transportation sector. The Framework outlines a process to track, allocate and manage the proceeds and makes commitments to report on the allocation and impact of proceeds.

Based on the above, Sustainalytics is confident that PSA Banque France is well positioned to: i) issue or originate the eligible instruments in alignment with the Green Bond Principles 2021 and Green Loan Principles 2021; and ii) launch green retail term deposits. The Framework also outlines criteria for eligible investments for the green retail term deposits and the supporting processes for project evaluation, selection and reporting, which, in Sustainalytics’ opinion, are sufficient. In this context, Sustainalytics is of the opinion that the Framework is credible and is expected to deliver overall positive environmental impact.

<sup>39</sup> IEA, “France 2030 Investment Plan”, (2022), at: <https://www.iea.org/policies/14279-france-2030-investment-plan>

<sup>40</sup> IEA, “France 2021: Energy Policy Review”, at: <https://iea.blob.core.windows.net/assets/7b3b4b9d-6db3-4dcf-a0a5-a9993d7dd1d6/France2021.pdf>

## Appendix 1 Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	PSA Banque France SA
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Green Financing Framework PSA Banque France
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	December 22, 2022
<b>Publication date of review publication:</b>	
<b>Original publication date [please fill this out for updates]:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

Sustainalytics is of the opinion that the Green Financing Framework PSA Banque France is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021 (the "Use of Proceeds Principles"). The eligible category for the use of proceeds, Clean Transportation, is aligned with those recognized by the Use of Proceeds Principles and is expected to deliver positive environmental impact.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

If applicable please specify the environmental taxonomy, if other than GBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

PSA Banque France's Green Funding Steering Group (the "Steering Group") is responsible for evaluating and selecting eligible assets. The Steering Group consists of senior directors and managers from Finance (Treasury and Refinancing), Credit Risk, Business, Operations and Legal departments. The Bank has in place environmental and social risk management process applicable to all allocation decisions made under the Framework. Sustainalytics notes that although the Issuer plays a limited role in the development and manufacturing of the underlying vehicles of the loans and leases being financed, it remains exposed to risks associated with offering lending and financial services. For additional details, refer to Section 2. Based on the cross-functional oversight for the evaluation and selection process and presence of a risk management system, Sustainalytics considers this process to be in line with market practice.

**Evaluation and selection**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Information on Responsibilities and Accountability**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section (*if applicable*):

PSA Banque France's Steering Group will be responsible for the management and allocation of proceeds. The proceeds will be tracked using a register which is a subset of the Bank's total eligible asset portfolio applying a portfolio approach. The Bank intends to achieve, on a best effort basis, full allocation of net proceeds to eligible assets within 36 months of the respective issuance date. Pending allocation, net proceeds will be temporarily held in the treasury's liquidity reserve, composed of cash and European sovereign debt securities with an original term of one year or less. In case of divestment of any eligible asset, assets no longer meet the eligibility criteria or an early repayment is made, then the Steering Group will replenish its pool of assets as soon as reasonably practicable which ideally does not exceed 12 months. Based on the use of an internal tracking system and disclosure around the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.

**Tracking of proceeds:**

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Additional disclosure:**

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |

- Disclosure of portfolio balance of unallocated proceeds  Other (*please specify*):

#### 4. REPORTING

Overall comment on section (if applicable):

PSA Banque France intends to report on allocation and impact of the assets on its website, on an annual basis until full allocation and in case of material changes. Allocation reporting will include information on the total eligible asset pool prior to allocation and respective amounts allocated to green deposits and other Green Financing Instruments. Additionally, PSA Banque France will disclose information on a list of outstanding green financing instruments, the remaining balance of unallocated proceeds (if any) and the share of new financing versus refinancing will be disclosed. Impact reporting will include a qualitative description of the portfolio of eligible assets allocated to the relevant green financing instrument and the impact of the relevant portfolio of eligible assets with a description of the chosen key performance indicators. Key performance indicators may include number and type of vehicles financed and charging points as well as annual GHG emissions reduced/avoided (in tCO<sub>2e</sub>). Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### Use of proceeds reporting:

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (*please specify*):

#### Information reported:

- Allocated amounts  Green Bond financed share of total investment
- Other (*please specify*): Total amount of eligible assets; outstanding green financing instruments; the remaining balance of unallocated proceeds (if any); the share of new financing versus refinancing

#### Frequency:

- Annual  Semi-annual
- Other (*please specify*): Annual until full allocation

#### Impact reporting:

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (*please specify*):

**Information reported (expected or ex-post):**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Number and type of vehicles financed and charging points (where possible) |

**Frequency**

- |  |                                      |
|--|--------------------------------------|
| <input type="checkbox"/> Annual  | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify): Annual until full allocation |                                      |

**Means of Disclosure**

- |  |  |
|--|--|
| <input type="checkbox"/> Information published in financial report   | <input type="checkbox"/> Information published in sustainability report  |
| <input type="checkbox"/> Information published in ad hoc documents   | <input checked="" type="checkbox"/> Other (please specify): In an annual report until full allocation on website |
| <input checked="" type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Full report (allocation and impact reporting) |  |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.psa-banque-france.com/en/financial-information/financial-documentation>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                     |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification

and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Disclaimer

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## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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