

Luxembourg, 04.09.2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>SNCF SA GREEN BOND</i>
Project Number:	<i>2023-0273</i>
Country:	<i>France</i>
Project Description:	<i>Financing SNCF SA green investments in its green bond framework.</i>
EIA required:	<i>Multi-scheme projects; requirements may vary</i>
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The EIB's participation consists of the purchase of publicly offered bonds issued by Société Nationale SNCF SA ("SNCF", "the Promoter") on behalf of different entities of SNCF S.A. Group ("SNCF Group" or "Group"). SNCF SA is a fully state-owned limited company and Group parent entity, which ensures the Group's long-term strategic and financial management. SNCF Group is an integrated player in the mobility business. The company operates throughout the mobility value chain with its main subsidiaries in the rail segment: SNCF Réseau, the railway infrastructure manager, which owns and operates the national railway network in France, SNCF Gares & Connexions, subsidiary of SNCF Réseau, which manages and operates French train stations, SNCF Fret and SNCF Voyageurs, which encompasses all the group's rail companies dedicated to transporting passengers in France and abroad. SNCF Group accounts for hundreds of big and smaller affiliates.

The investments to be financed under this green bond are expected to be railway infrastructure renewal and development projects on the main lines of the railway network and/or the purchase, modernisation and mid-life renovation of high-speed rolling stock and the associated facilities (such as maintenance centre) used by SNCF SA affiliates.

The proceeds of the green bonds will be used to finance investments in France contributing to the Bank's "Climate Action" and/or "Environmental Sustainability" objectives (CA&ES). In this specific operation, the bonds will be issued under the SNCF SA's "Green Finance Framework" (GFF), which sets out the applicable eligibility criteria, selection of use of proceeds projects, and reporting processes. The SNCF Green Finance Framework² is subject to compliance verification by an external Second Opinion Provider (SOP) on an annual basis. The SOP confirmed the alignment of SNCF GFF with the International Capital Market Association's (ICMA) Green Bond Principles criteria (2022) and, post-allocation and the correct allocation of proceeds to CAPEX compatible with the Green Bond Principles criteria and the Low Carbon Transport criteria of the Climate Bonds Initiative. The group's impact reporting is also reviewed by an external auditor to verify the integrity and seriousness of the information presented.

The operation supports overall EU sustainable mobility objectives by meeting national commitments with respect to greenhouse gas emission reduction.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

² https://medias.sncf.com/sncfcom/finances/Investisseurs/2021_Green_CP_Framework.pdf



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The EIB environmental and social due diligence focused on the promoter's capacity to implement the programme in line with the EIB Environmental and Social Standards and requirements as applied to capital market transactions.

All projects under this operation are expected to be in line with EIB Climate Action and Environmental Sustainability (CA&ES) requirements, and with limited negative environmental impacts, when properly mitigated.

The Environmental Impact Assessment (EIA) requirements for the schemes included in the project may vary.

- The need for an Environmental Impact Assessment (EIA) may vary depending on the characteristics of the railway infrastructure schemes and the associated facilities, including potential modifications of existing depots. The acquisition, the upgrade or overhaul of rolling stock do not fall within the scope of the EIA Directive 2011/92/EC amended by Directive 2014/52/EU. Therefore, no EIA will be required for these types of schemes.
- Some of the schemes may fall under Annex I or Annex II of the Environmental Impact Assessment ("EIA") Directive 2011/92/EU as amended by Directive 2014/52/EU. For schemes that require an EIA, the Bank will require the promoter, prior to allocation of any funds, to store and keep updated any documents that may be relevant for the scheme (including EIA, screening decisions, environmental studies, environmental monitoring reports or equivalent documents) supporting the compliance with the EIA Directive and national environmental regulations and retain appropriate records evidencing the fact that the schemes are in line with the Bank's environmental and social requirements and EU legislation.

SNCF SA shall, upon request from the Bank, promptly deliver such documents to the Bank and/or officially publish the website link of the location where the EIA is published. In all cases where an EIA is required, the French competent authorities usually ensure that the EIA reports are electronically accessible to the public.

The infrastructure manager, SNCF Réseau, has extensive experience in implementing railway infrastructure schemes. It integrates environmental management as part of its broad management systems and methodically applies environmental management tools in order to ensure comprehensive supervision of the environmental aspects during preparation, implementation and operation of this kind of schemes.

The railway infrastructure upgrade schemes will be implemented mostly within the existing right of way with a priori no additional land take. However, new railway infrastructure lines (if financed under this operation) will require land acquisition which, in turn, often requires physical relocation of people and/or business. The construction of new railway infrastructure will be implemented in accordance with the relevant provisions of the EU and national legislation. The procedures for resettlement and compensation of people and/or businesses will be carried out in compliance with the national legislation. The EIA procedures and potential negative impacts on protected areas included in the Natura 2000 network according to the Habitats Directive (Directive 92/43/EEC) and the Birds Directive (Directive 2009/147/EC) will be analysed on a case by case basis. For the schemes that may fall under the EIA Directive or require an assessment according to Article 6(3) of the Habitats Directive, the Promoter will collect and submit to the Bank the relevant documents providing evidence of compliance by SNCF subsidiaries with these directives.

The main project negative impacts of the railway infrastructure schemes will be those related to the construction phase, such as dust, noise and vibration, nuisance to passengers and track-side dwellers. The design project for every scheme will include the necessary mitigation measures, whose implementation and effectiveness will be monitored by SNCF Réseau throughout the execution of the schemes.

Overall, the project will contribute to an increase of the rail infrastructure capacity allowing an increase in the number of railway services, and thus to the modal shift from road and aviation



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to rail with the consequent reduction of energy consumption, noise, and emissions of pollutants and CO₂. The project will enable GHG savings due to modal shift from road and air to the French rail network. The corresponding GHG emissions and savings will be reported in line with SNCF methodology in the annual SNCF Green bonds report.

In relation to the project's climate change vulnerability, the schemes are likely to be vulnerable to climate change. However, this needs to be assessed in detail for each scheme, either via their respective EIAs which, in line with the requirements of the Bank's ESSF, may be required to include climate risk vulnerability assessments (CRVA), or separately. The impacts that climate change may have on the schemes themselves and the extent to which the project will be able to adapt to possible changes in the climate over the course of its lifetime will be addressed as part of the EIA studies to be conducted to the satisfaction of the relevant environmental authority. For the schemes that do not require an EIA, if the risk assessment concludes that there are significant climate risks to the project, the risks must be managed and reduced to an acceptable level by integrating suitable adaptation measures³ into project design.

The project has been assessed by the Bank's services for Paris alignment in accordance with the policies set out in the Climate Bank Roadmap. The envisaged schemes under this operation meet the Substantial Contribution criteria under the EU Taxonomy and therefore, it is considered to be aligned with the low carbon goal. The climate risk of the project is assessed as low and, therefore, it is considered to be aligned with the resilience goal.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty (REC, the Promoter's Head of Group) is in scope and screened out of the PATH framework, because it is not considered high emitting.

Social Assessment, where applicable

Most of the potential infrastructure construction activities are expected to be carried out within the existing right-of-way and facilities owned by SNCF or its subsidiaries, therefore no expropriation or resettlement is likely within the project. In the case of construction of new infrastructure which requires expropriation and/or resettlement, it is expected that the promoter will follow procedures which are compliant with the national legislation in the domain of land acquisition.

The rolling stock will be in conformity with the requirements concerning accessibility for persons with disabilities and persons with reduced mobility. Thus the accessibility of the rail services will be improved.

SNCF is a leading company in relation to mainstreaming gender equality and diversity in the male dominated rail sector. Since 2012, SNCF Group has been fully committed to its policy of professional equality, setting out objectives and measures to achieve it, such as: implementing career development modules and mentorship program for female employees, increasing female representation across all levels of employment (with the objective of recruiting 25% of women in 2024 and 30% by 2030), etc. SNCF is also actively promoting employment of women, including into technical (train drivers, rolling stock maintenance) and management positions where women are less represented.

Furthermore, in 2021, SNCF has launched the Optimixte project with the objective to diagnose work environments to identify any work conditions unsuitable for women and invest in adapting them to female staff. In February 2021, SNCF Réseau was awarded the "Gender Equality & Diversity for European & International Standard" label (4 years award) and in 2022 SNCF Group

³ For further details on the approach to adaptation options, appraisal and integration of adaptation measures into the project, see e.g. Sections 2.3.5 to 2.3.7 of the Non-paper – Guidelines for Project Managers: Making vulnerable investments climate resilient
https://ec.europa.eu/clima/sites/clima/files/adaptation/what/docs/non_paper_guidelines_project_managers_en.pdf.



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was awarded the Women in Rail Award in the “Best improvement in inclusion in the workplace” category by the European Commission.

SNCF has also created a Diversity Department, whose six staff members develop measures to fight all types of discrimination. SNCF has been recognized for four consecutive years as a Diversity Leader⁴ since 2018 and ranked as one of the top European companies for workplace diversity and equality, with several collective company agreements in favour of professional equality and gender diversity signed with the social partners since 2006.

SNCF has pledged to bring all of their financial products into line with sustainable investment criteria by 2025 and their externally reviewed and audited Green Bonds Report captures their significant achievements on gender equality scores already gained. In 2021, this included the appointment of more women to the executive committees of SNCF Group subsidiaries (38%).

As the company is a leader in terms of promoting gender equality, diversity and inclusion in the rail sector, it is expected that the project (including any investment to be financed by the Green Bonds) will be implemented in line with best practice in relation to gender mainstreaming, in particular in relation to employment impacts, and will have positive impact on gender equality.

Gender tag: Significant

Public Consultation and Stakeholder Engagement

For schemes subject to an environmental impact assessment as defined by national legislation, the Promoter shall ensure that an E&S assessment is carried out and that public consultation is undertaken in accordance with national legislation and the EIA Directive. For the schemes that are screened out, consultation of the relevant stakeholders is carried out as part of the screening procedure. The Promoter will further appraise it with the relevant affiliates prior to allocation of the EIB funds to particular schemes.

Other Environmental and Social Aspects

For the 5 companies that make up SNCF’s core rail business, procurement accounts⁵ for 80% of their greenhouse gas emissions, which is the single largest source of SNCF’s greenhouse gas emissions. To be able to meet SNCF’s decarbonization goals, SNCF is laying down the foundations within the next two years of an ambitious plan to decarbonize their supply chain. Over the next 2 years, SNCF will gradually include fair, transparent, accessible carbon-based rating criteria to all calls for tender, using SNCF’s current internal carbon price of at least €100 per metric tonne of CO₂ emitted.

SNCF Réseau has issued a formalised commitment to environmental protection, in its Ethical Charter, and sets specific targets to reduce its GHG emissions and its energy consumption as well as noise issues. The company is a signatory of the Global Compact and communicates on this principle. The commitment applies throughout the company and is supported by senior management. In addition, the Environment and Sustainability Department in charge of defining the strategic orientations of the company in terms of sustainability (including environment), moreover the company joined the Science Based Targets and is being accompanied by WWF France. The company is also in partnership with "France nature environnement" and "Ligue de protection des oiseaux". Further information is provided in the Annual Environmental Report published on the company’s website.

SNCF Réseau has an established environmental policy and operates an Environmental Management System (EMS) in accordance with ISO 14001 for its own industrial sites (being

⁴ This annual award by the Financial Times recognises the commitment of European companies which, through their actions, promote diversity and inclusion among their employees.

⁵ The procurement at SNCF accounted for €13bn from over 20,000 suppliers in 2022.



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certified ISO 14001 since 2019). SNCF Réseau is in the process of setting up an adapted Environmental Management System (EMS) for its other entities.

The company adopted the ISO 14001 environmental management system and International Energy Efficiency Certificate (IEEC) in 2019 which are based on conducting Internal audits to assess the effectiveness of the EMS and Environmental manual specifying procedures and responsibilities. The EMS comprises all the activities performed in all its facilities and work centres to assess primarily environmental interactions, but takes into account the impact on social, economic, and ethical dimensions more widely. The senior executive management reviews the EMS that are in place in the company and evaluates the environmental performance and measures the associated environmental KPIs against the company's targets. Moreover, operational management reviews are carried out at the level of the directors of local/regional industrial sites.

SNCF Réseau has also carried out a climate risk and opportunities assessment lead by its Sustainability Department. The Promoter also prepares and makes publicly available its Sustainability Report in accordance with the GRI (Global Reporting Initiative) standards.

SNCF voyageurs is also actively accelerating its energy transition. SNCF Voyageurs has committed to achieve 40 to 50% renewable energy sources - including 20% from Corporate PPAs - in its electricity consumption mix for train traction by 2026. The Group also announced in July 2023 its intention to set up a new 100% SNCF-owned subsidiary, SNCF Renouvelables, dedicated to the production of renewable electricity on SNCF affiliates equipment.

Conclusions and Recommendations

The Bank has reviewed the E&S risks associated with the operation as well as the E&S capacity of the Promoter and its subsidiaries. SNCF SA main affiliates respective E&S policies and management and the capacity of SNCF Réseau and SNCF Voyageurs to comply with the EIB's Environmental and Social Standards have been assessed and found to be adequate and commensurate with the E&S risk of the underlying projects.

The project is expected to include schemes that provide the necessary infrastructure basis for the achievement of common transport policy objectives required to match the EU 'fit for 55' package objectives and EU and national decarbonisation agendas. EIA requirements for the different schemes may vary. Several schemes could be within the scope of the EIA Directive.

SNCF SA affiliates are experienced Promoters. They integrate environmental management as part of their broader management systems, and methodically apply environmental management tools, in order to ensure comprehensive supervision of the environmental aspects during preparation, implementation and operation of investments. The residual negative impacts of the project during the construction and operation are limited and partly offset by the increase of capacity for provision of railway services and the consequent contribution to a modal shift from aviation and road to rail.

For all schemes to be financed by the EIB, the Promoter will be required to ensure compliance with relevant EU and national legislation and to implement the schemes in line with EIB Group Environmental and Social Sustainability Framework (ESSF⁶).

The operation is considered acceptable for Bank financing from a social and environmental point of view, with the following conditions:

⁶ European Investment Bank Environmental and Social Standards (eib.org)



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- In cases where land acquisition and/or resettlements are needed for some of the schemes, the promoter will comply with the national legislation applicable to land acquisition procedures.
- Whenever applicable, the Promoter undertakes to fulfil the requirements of the environmental impact studies (EIA studies or/and others) and Environmental Permits.
- For schemes that may have an impact on a nature conservation site (Natura 2000 network), the promoter shall obtain confirmation from the competent nature conservation authority, or an equivalent confirmation, that the scheme does not have a significant negative impact on any such site. The Promoter shall not use the proceeds of the bond to finance projects with significant negative impacts on a nature conservation site.
- For all schemes financed with the EIB proceedings of the bonds that require an EIA, the Promoter shall ensure that the relevant environmental consent process, if applicable, has been completed and that the scheme complies with the requirements of the Habitats Directive concerning the potential impacts on nature conservation sites. The promoter will include a link on its web page to the competent authorities' websites where EIA studies are electronically accessible to the public. The Promoter shall store and keep updated the relevant documents concerning the compliance with the environmental legislation. In the case the EIB requires such documentation for any of the schemes included in this operation, the Promoter shall promptly provide all documents requested.
- For all schemes to be financed by EIB proceedings, the Promoter undertakes to conduct climate change risk vulnerability assessment, prepared in line with the Bank's ESSF, if applicable and if not already assessed via their respective EIAs.
- All projects financed by the Bond will be in line with EIB Climate Action and Environmental Sustainability eligibility criteria⁷.

With these conditions in place, the project is acceptable for EIB financing in environmental and social terms.

⁷ Cf. European Investment Bank Climate Action and Environmental Sustainability - List of eligible sectors and eligibility criteria: https://www.eib.org/attachments/publications/climate_action_lending_eligibility_list_en.pdf