

## ASSESSMENT

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# Renault S.A.

## Second Party Opinion – Sustainable Bond Framework Assigned SQS2 Sustainability Quality Score

### Summary

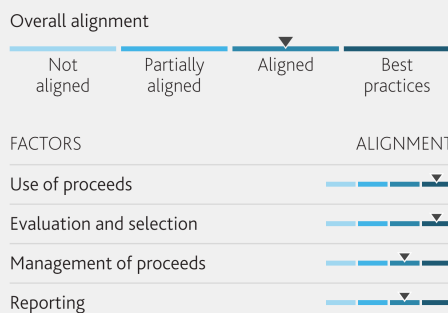
We have assigned an SQS2 Sustainability Quality Score (very good) to Renault S.A.'s (Renault) Sustainable Bond Framework dated 28 February 2023. The company has established its use-of-proceeds framework to finance projects across eight eligible categories, of which five are green: clean transportation, renewable energy, energy efficiency, circular economy, and water and wastewater management; and three are social: fair transition, inclusive and solidary mobility, and advanced safety. Renault has described the main characteristics of the sustainable financing instruments within a formalised financing framework that is aligned with the International Capital Market Association's (ICMA) Green Bond Principles 2021 (including June 2022, Appendix 1), Social Bond Principles 2021 (including June 2022, Appendix 1) and Sustainability Bond Guidelines 2021. The framework also demonstrates a significant contribution to sustainability.

### Sustainability quality score

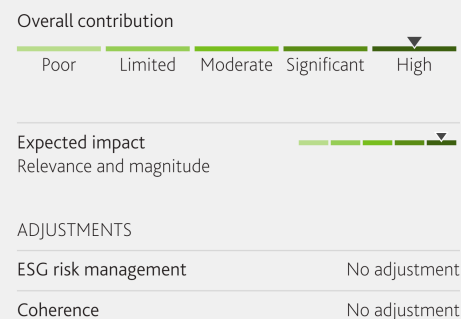
**SQS2**



### Alignment with principles USE OF PROCEEDS



### Contribution to sustainability



## Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of Renault's sustainable bond framework, including the framework's alignment with the ICMA's Green Bond Principles 2021 (including June 2022, Appendix 1), Social Bond Principles 2021 (including June 2022, Appendix 1) and Sustainability Bond Guidelines 2021. Under its framework, Renault plans to issue use-of-proceeds green, social, or sustainability bonds to finance projects across five green categories and three social categories, as outlined in Appendix 2 of this report.

Our assessment is based on Renault's Framework dated 28 February 2023, and our opinion reflects our point-in-time assessment of the details contained in this version of the framework, and other public and nonpublic information provided by the company.

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

## Issuer profile

Headquartered in Boulogne-Billancourt, France, Renault S.A. (Renault) is Europe's third-largest car manufacturer by unit sales. In addition to the Renault brand, the company manufactures cars under the Dacia, Renault Korea Motors, Alpine, Mobilize and Eveysy brands. Moreover, Renault provides financing to dealers and end customers through its wholly owned finance company, RCI Banque. In 2022, the company sold close to 2.1 million vehicles and reported total revenue of €46.4 billion. Renault currently holds a 43.4% equity stake in Nissan Motor Co., Ltd. As of 31 December 2022, Renault's largest shareholders were the Government of France and Nissan, which owned 15.01% and 15.0% of its total share capital, respectively, while Nissan does not hold any voting rights. Renault's sustainability strategy, "Renaulution," aims to make it a leading player in electric vehicles (EV) and software, notably through its newly established Ampere subsidiary, while retaining its finance company, and also make it a leading circular economy company within the automotive industry. The company, however, still expects to continue to develop new internal combustion engine (ICE) and hybrid vehicles, notably under the Renault, Dacia and Renault LCV brands.

## Strengths

- » Four green project categories (Clean Transportation, Renewable Energy, Energy Efficiency, Circular Economy) will follow the substantial contribution criteria of the EU Taxonomy Climate Delegated Act for climate change mitigation, and the "Circular Economy" category will follow the draft substantial contribution to circular economy criteria of the Platform on Sustainable Finance March 2022 Report
- » Fair transition category, which addresses the sectorwide structural shift for the automotive sector from internal combustion to electric vehicles
- » Relevant and measurable environmental and social benefits for all categories
- » The majority of the proceeds are estimated to be allocated to the categories with the highest expected contribution, considered as the most relevant for Renault and with the highest magnitude

## Challenges

- » The environmental and social indicators in the impact reporting will not undergo an external review

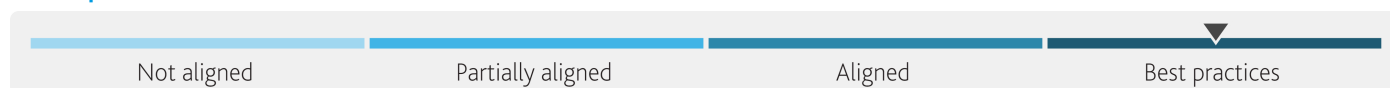
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## Alignment with principles

Renault's Sustainable Bond Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 (including June 2022 Appendix 1), Social Bond Principles 2021 (including June 2022 Appendix 1), and Sustainability Bond Guidelines:

- Green Bond Principles (GBP)
- Social Bond Principles (SBP)
- Green Loan Principles (GLP)
- Social Loan Principles (SLP)
- Sustainability-Linked Bond Principles (SLBP)
- Sustainability Linked Loan Principles (SLLP)

## Use of proceeds



### Clarity of the eligible categories – BEST PRACTICES

Renault has clearly communicated the nature of the expenditures, and detailed eligibility criteria for all categories. The location of projects has been broadly defined as anywhere Renault Group has operations (across 130 countries), although at least one category, Inclusive and solidary mobility, is focused on France. The target population for the social categories have been clearly defined. The framework includes descriptions of the eligible projects to be financed, and additionally, the company has specified that the green projects in the clean transportation, renewable energy, energy efficiency and circular economy categories will comply with the substantial contribution criteria contained in the EU Taxonomy Climate Delegated Act, thus constituting a reference to stringent, internationally recognised technical thresholds. In addition, the green projects in the circular economy category follow the Platform on Sustainable Finance's recommendations on technical screening criteria for the "circular economy" environmental objective. The issuer has included relevant exclusion criteria for the clean transportation and circular economy categories, excluding all expenditures towards internal combustion engines vehicles' (including hybrid vehicles) production or life extension, which is coherent with the environmental objective of climate change mitigation.

### Clarity of the environmental or social objectives – BEST PRACTICES

Renault has clearly outlined the environmental and social objectives associated with its eight eligible categories. These objectives include climate change mitigation, transition to a circular economy, and pollution prevention and control for green categories, and maintaining and promoting employment generation, socioeconomic empowerment, and improved road safety for social categories. All eligible categories are relevant in relation to the respective environmental or social objectives they aim to contribute to. The framework has referenced relevant UN Sustainable Development Goals (SDGs) and associated targets, environmental objectives in the EU Taxonomy, and social objectives defined in the final report on the EU Social Taxonomy, in its articulation of eligible category objectives.

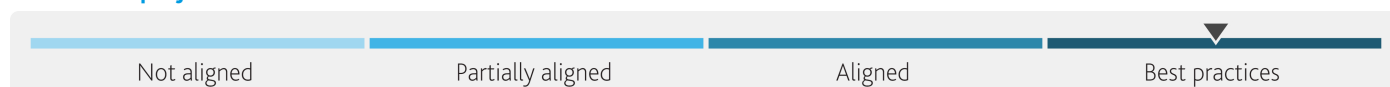
### Clarity of expected benefits – BEST PRACTICES

Renault has clearly identified expected environmental and social benefits for all eight eligible categories. The benefits appear measurable for all project categories. Moreover, in cases of joint investments or ventures, Renault has committed to count only the prorated share of its investment in an eligible green or social project towards the reported expected benefits. Renault has committed to keep the lookback period for refinanced projects limited to the preceding two calendar years from the date of settlement of the financing, and has committed to disclose the estimated share of refinancing prior to each bond issuance.

### Best practices identified

- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are identified for all project categories
- » Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting
- » Commitment to transparently disclose the share of proceeds used for refinancing where feasible
- » Commitment to transparently communicate the associated lookback period(s) where feasible

### Process for project evaluation and selection



#### Transparency and quality of process for defining eligible projects – BEST PRACTICES

Renault has established a clear process for verifying the selection of, approving allocations for, and monitoring eligible projects, formalised in its publicly available framework. The verification, approval and monitoring process relies on relevant internal expertise and more precisely on the existence of a Sustainable Finance Committee (SFC) co-chaired by representatives from the Treasury and Sustainability departments, and also to include permanent representatives from the Strategy & Business Development, Controlling, Accounting & Investor Relations, and Engineering departments. The SFC will meet at least biannually, and will also review the annual allocation and impact reporting. The SFC will remove projects from the eligible asset pool that no longer meet the eligibility criteria or have been subject to a significant controversy. While the process and expertise involved are clear for validation and monitoring of the eligible expenditures, the Framework does not specify the steps for project proposal and selection before reaching the SFC.

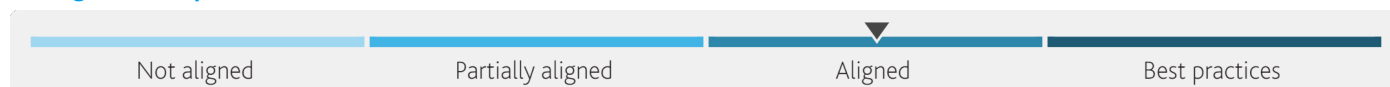
#### Environmental and social risk mitigation process – BEST PRACTICES

The environmental and social risk mitigation process is disclosed in Renault's framework. The management of such risks includes initial assessments and screenings (that is, preventive measures) as well as corrective measures. Material environmental and social risks are assessed across eligible categories against various international standards and agreements, including the Paris Agreement on climate, ISO certifications including ISO 9001 (the standard according to which all the company's production sites are certified), and various internal policies such as Renault's Health and Safety policy, the Renault Group Green Purchasing Guidelines, and Renault Group's material-specific policies. Any potential environmental, social and governance (ESG) controversies linked to an eligible project are monitored by the SFC.

### Best practices identified

- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

## Management of proceeds



### Allocation and tracking of proceeds – BEST PRACTICES

The proceeds will be placed in the company's general treasury and managed by its treasury department. They will be earmarked for allocation to eligible green or social projects, to be validated by the SFC in accordance with the Sustainable Bond Framework. The balance of eligible proceeds will be adjusted at least biannually by the SFC. Renault commits to allocating net proceeds within two calendar years of each issuance.

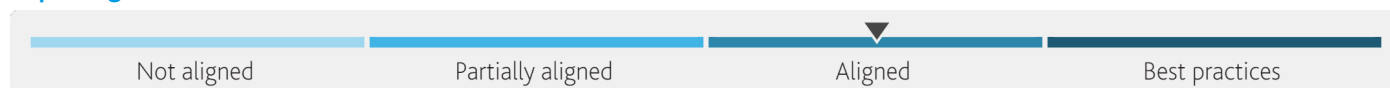
### Management of unallocated proceeds – ALIGNED

Any temporary unallocated proceeds will be invested in cash, cash equivalents, or other short-term and liquid instruments. Renault reports that it will substitute any eligible projects that no longer qualify "as soon as reasonably practicable." With regard to temporary unallocated proceeds, the company has made no specific commitments on the exclusion criteria for environmentally or socially harmful activities.

#### Best practices identified

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Commitment to reallocate proceeds to projects that are compliant with the framework

## Reporting



### Transparency of reporting – ALIGNED

Renault will report the use of proceeds of bonds issued under its framework annually and this reporting will be made publicly available on its website. Reporting will occur until full allocation of funds and in case of any material developments. The company has stated that reporting will include a list of outstanding bonds, the amount of unallocated proceeds, the amount of proceeds allocated at the eligible category level, material developments including ESG controversies, as well as the expected sustainable benefits of the projects, measured as both environmental and social impact indicators.

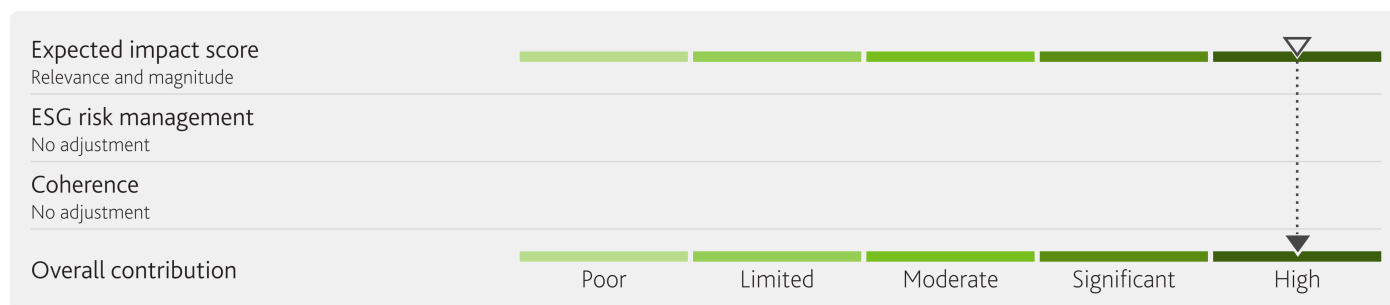
The company has identified relevant environmental and social reporting indicators for each eligible category and has clearly disclosed these indicators in its framework. The calculation methodologies and assumptions used for the environmental and social indicators will be published at the time of reporting. The company will employ an independent external auditor to verify the tracking and allocation of funds to eligible projects or categories, at least until full allocation of proceeds and in case of material changes. There will not be, however, an independent impact assessment of the environmental and social benefits and externalities associated with the financed projects.

### Best practices identified

- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits done at least at eligible category level
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- » Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- » Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes

## Contribution to sustainability

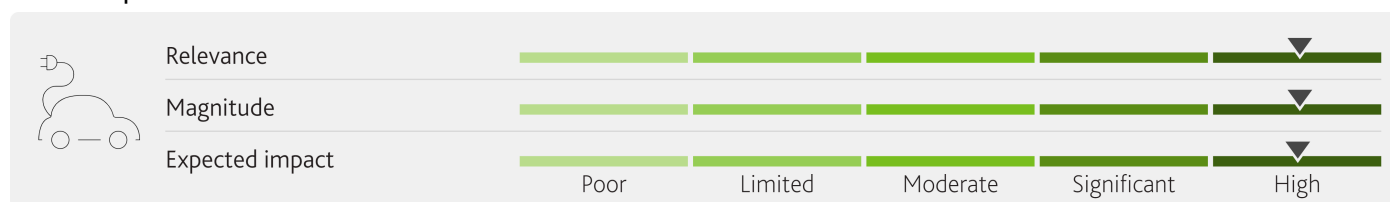
The framework demonstrates a high expected contribution to sustainability.



### Expected impact

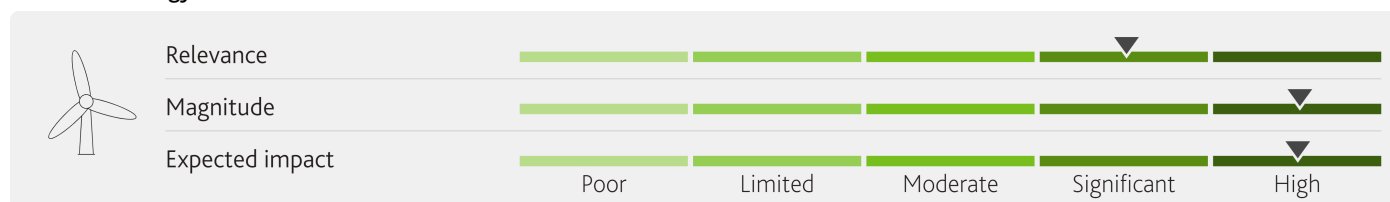
The expected impact of the eligible projects on environmental and social objectives is high. The company has communicated that a majority of the proceeds will be allocated to green projects, with clean transportation and circular economy receiving the largest allocations. We have therefore assigned a heavier weight to the clean transportation and circular economy categories in our contribution to sustainability evaluation. Detailed assessment by eligible category is provided below.

#### Clean transportation



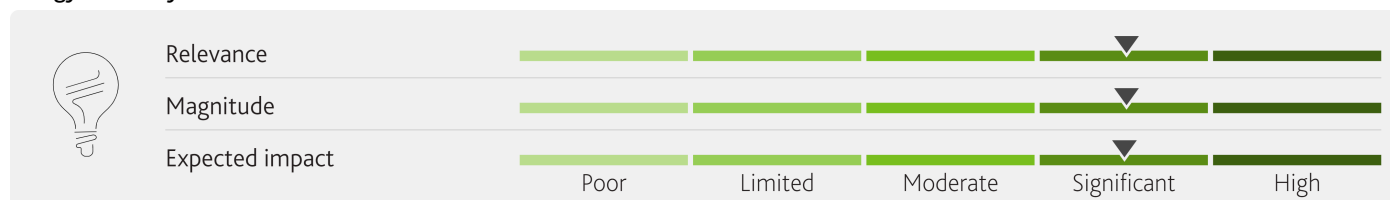
This category includes zero-tailpipe emission vehicles, such as battery electric vehicles (BEV) and fuel-cell electric vehicles (FCEV), as well as facilities and components needed to manufacture these. Both the facilities and components to be financed are exclusively for zero-tailpipe emission vehicles, and not to be used for vehicles with internal combustion engines (ICE). According to global data from the International Energy Agency (IEA), transport emissions have risen faster than any other end-use sector over the last 30 years<sup>1</sup>. To get on track with the Net Zero Emissions by 2050 Scenario, carbon dioxide (CO<sub>2</sub>) emissions from the sector must fall by about 3% per year to 2030<sup>2</sup>. Therefore, activities related to decarbonizing the vehicle fleet through zero-emission vehicles play an important role in ensuring a sustainable low-carbon transition for the transport sector. The projects are of high relevance and respond to the most important sustainability challenge of the automotive sector. We consider the magnitude of this category to be "high" because of the absence of significant negative lock-in effects and the use of the best available technology (zero-tailpipe emission vehicles), following EU Taxonomy Climate Delegated Act substantial contribution criteria.

### Renewable energy



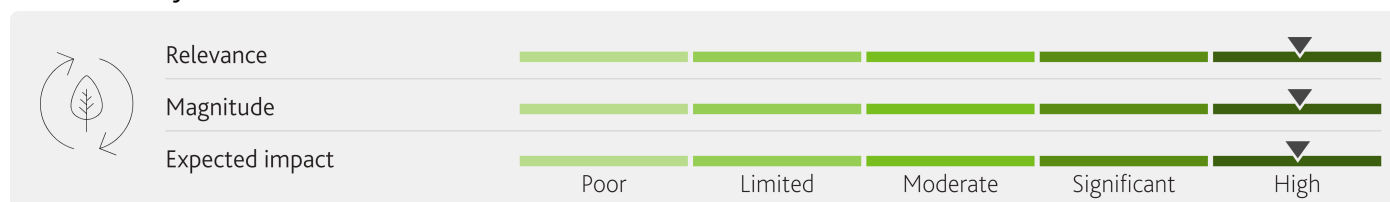
This category comprises renewable energy projects using wind, solar (photovoltaic [PV] panels only), geothermal, and waste biomass, with the issuer specifying that most investments are likely to be for solar PV. The company has further specified that this category mainly concerns on-site installations at vehicle manufacturing plants to provide electricity for the site. We consider this category to be of "significant" relevance because although decarbonizing energy is a sustainability challenge, it is not the most important climate change mitigation challenge for the automotive sector, and focuses on reducing the environmental risks related to the energy use of its activities. While the primary objective of this category is to use renewable energy generation for its own activities, excess electricity production will be connected to the grid, thus having a positive environmental impact beyond Renault's own activities. The projects are expected to be located in countries where Renault has operations, which includes countries with a relatively high proportion of zero-carbon energy in the grid. The specific solar, wind, geothermal, and waste biomass projects use the most advanced technologies and stringent thresholds concerning clean energy and avoid any potential negative lock-in effects, supporting a "high" magnitude with structurally positive long-term impact. By following the EU Climate Delegated Act substantial contribution criteria for climate change mitigation, the category demonstrates adherence to stringent standards.

### Energy efficiency



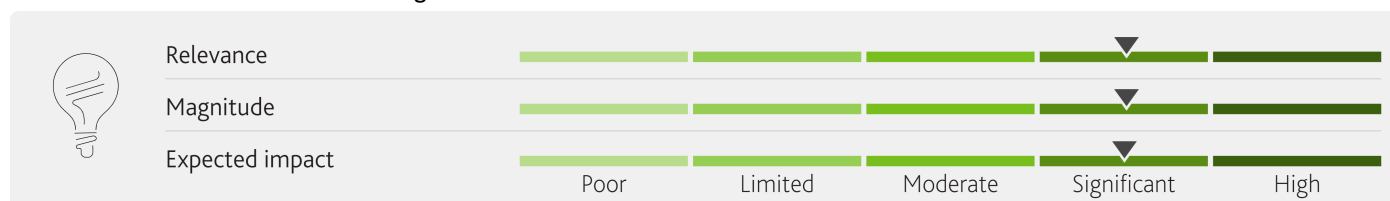
Under this category, the company plans to finance projects related to the installation of energy-efficient lighting, heating, ventilation, air conditioning, and improved production processes such as welding; the category also includes building renovation. Improving energy efficiency at production facilities is relevant for any industrial sector with energy-intensive processes, including the automotive sector, and is aligned with Renault's materiality matrix, where reducing the company's total carbon footprint is identified as the most material issue. We consider this category to be of "significant" rather than "high" relevance because the challenge of energy efficiency is not the most material for decarbonizing the automotive sector, as it does not represent the majority of the company's carbon footprint. As for expected impact reflected in the magnitude score, Renault aims to contribute to the claimed objectives by adopting the EU Taxonomy Climate Delegated Act substantial contribution criteria thresholds, such as a 30% minimum improvement threshold for reduction in the primary energy demand of a building per square meter and opting for "highly efficient" technologies. In addition, Renault specified that only the expenditures related to renovation or enhancements that delivered energy efficiency will be included, rather than the entire asset value of the renovated facilities, which increases the impact of the proceeds allocated to this activity. However, according to the International Energy Agency Building sectoral review, energy consumed per square meter in 2030 must be at least 35% less than in 2021 to be on track with the Net Zero Scenario. In addition, although eligible renovation of buildings will lead to a reduction of Primary Energy Demand of 30%, and the issuer will include reporting indicators on the energy performance of the resulting buildings, there are no criteria on minimum performance for the building after renovations.

### Circular economy



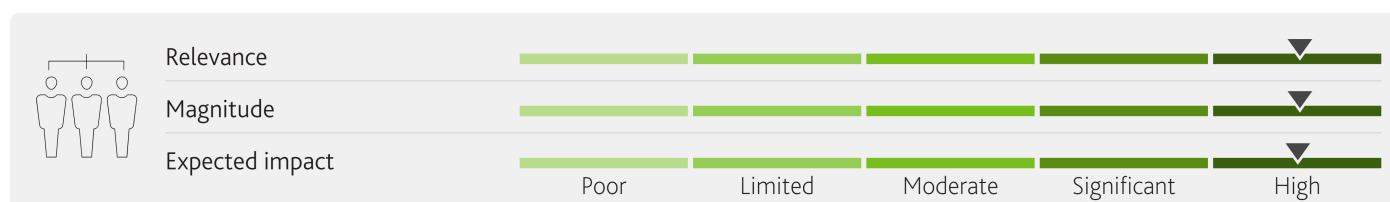
Under circular economy, the company has a number of projects ranging from setting up a “circular economy hub,” implementing waste reduction, recycling and recovery (for example, for plastics and metals), to establishing processes for the reuse, repurposing and recycling of batteries. In a sector that uses a variety of materials whose production is energy- and emission-intensive (such as steel), and especially with concerns about the sufficient availability of battery metals (for example, lithium) for mass electrification, investing in circular economy projects is of high relevance. While the category is likely to have a high positive impact as a whole, for example, through the repair and refurbishment of batteries, without large negative lock-in effects, the research and development spending that is incurred is for all new vehicles, including potentially ICE or hybrid vehicles. However, production and life extension of ICE vehicles are excluded from this category, therefore limiting the potential negative impact. Through this category, Renault focuses on reducing waste (prevention), repairing for re-use (through targets of using more recycled materials in the production process) and recycling, in line with the European waste hierarchy. Renault has clarified that waste-to-energy projects are excluded under waste recycling and recovery. While there are no quantified thresholds included as eligibility criteria, Renault has set corporate targets for incorporation of recycled materials in new vehicles, and follows the criteria for substantial contribution to a circular economy from the Platform on Sustainable Finance's March 2022 draft report.

### Sustainable water and wastewater management



This category is focused both on reducing water use and reducing the contamination of wastewater, especially from toxic metals (zinc, nickel) that results from the current manufacturing process, including car painting. Investments in mitigating these negative externalities are considered important and of significant relevance, and limiting the impact on resources is identified as having a high impact in Renault's 2021 materiality matrix. However, water usage and pollution is not considered to be the most material environmental challenge for the automotive sector. The projects eligible under this category are likely to have a structurally positive and sustainable impact, with no major negative lock-in effects, although with continued modest negative externalities. While the company has corporate quantitative targets to lower the amount of toxic metals in its wastewater to very low, but still nonzero levels, these are not included as eligibility criteria in the Framework, and there are no target water efficiency or recycling criteria, although this information will be covered in the reporting. While the company has stated that the measures taken will reduce energy consumption, there are no criteria or reporting indicators related to the energy efficiency and consumption of the eligible investments.

### Fair transition



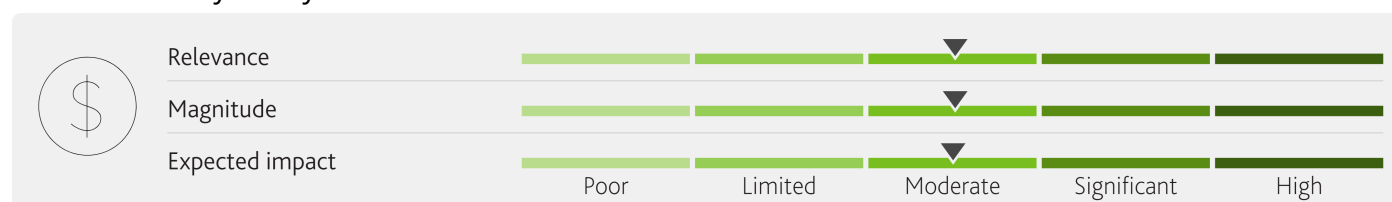
Projects aimed at providing employees with training relating to EVs, circular economy issues and digital technologies, will address an important social issue in the sector, namely the need for reskilling, retraining, and upskilling in response to the rapid sector transition from ICEs to EVs, contributing to a just transition. Regulatory requirements, notably the phaseout of ICEs by 2035 in the EU, and changes in vehicle and mobility technologies required to meet environmental objectives, are likely to lead to a tapering off in ICE



vehicle production and a large increase in EV production. EVs, especially models with integrated digital and autonomous driving technologies, require significantly different skills to design and assemble as compared to ICEs, and this could lead to challenges in finding employment for skilled workers with specialized knowledge focused on ICE vehicle manufacturing. Reskilling in the automotive sector is highly relevant both from the social standpoint of ensuring continued employment and from the environmental standpoint of ensuring the availability of a specialized and skilled workforce capable of ensuring a mass rollout of EVs and implementing new technologies. In addition, the training programs also cover circular economy issues, a highly relevant industry challenge.

The projects are expected to have high positive long term impact and are directed towards a relevant target population. While most of the likely beneficiaries are direct employees of Renault, the programme also extends to students and external partners such as suppliers. Renault has specified that the skills being taught are applicable to the wider sector, notably electric mobility and automotive cybersecurity, and have been co-designed with various external industrial and academic partners. The impact is expected to be both broad, with 15,000 employees trained by 2025 (more than 10,000 people have been already trained), and deep, with the program including shorter and longer term training, up to and including educational qualifications, such as a Bac+1 vocational training scheme. With regards to ensuring employability, the issuer has communicated that upskilling and reskilling has resulted in no reduction of headcount at the industrial sites impacted by the introduction of new EV technologies. As the described training will equip the relevant target population with the necessary knowledge and tools to address the underlying factor for employability in the sector, the magnitude is assessed as high.

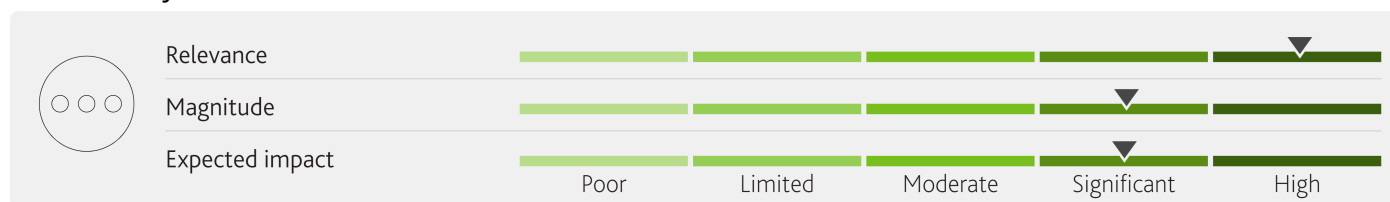
#### Inclusive and solidary mobility



This category provides affordable access to vehicles through subsidized leasing with an associated credit, as well as access to subsidized vehicle repairs to those who are unemployed or have low incomes in France. Providing access to mobility for a vulnerable population, while a generally relevant issue, is not considered to be a very material social issue for the automotive manufacturing sector. In addition, while Renault intends to expand the "Caremakers" program to cover additional products and services, the core activity is currently providing access to new private vehicles. According to the French Ministry of Ecological Transition, the three types of actions most relevant for achieving inclusive and solidary mobility include improving the inclusiveness of public transport, developing specific services like socially focused transport, and providing solutions for the public such as advice and platforms for mobility.<sup>3</sup> The ministry goes on to highlight examples such as ride-sharing services, social transport offered by local associations to those most in need, or measures to incentivize the take-up of bicycles. Given the CareMakers program focuses on private vehicles, it is not considered as the most relevant solution for providing mobility to the identified target population.

As for the category's magnitude, the target population is clearly defined as those seeking employment or low-income individuals, and the income threshold communicated by Renault highlights the vulnerability of the target population. The Issuer has shared information on the positive social impact of CareMakers, notably through a decrease in unemployment and an increase in permanent contracts for those subscribing to the program. In addition, the category includes repairs, making the mobility solution more complete. Renault has expressed that they wish to expand the CareMakers program to cover vehicle adaptations for disabled persons, second hand vehicles, car sharing, among others, and to implement the program in additional countries, thus increasing availability and accessibility of the different solutions. However, the program is currently mainly focused on new cars, and although a fully electric car is part of the vehicles offered, the program also includes ICE cars, meaning that it leads to a significant negative environmental lock-in effect by adding more ICE vehicles to the current stock. The social benefit for the target population is considered higher than the benefit attributable to Renault alone, due to the participation of various parties in realizing this program. Indeed, Renault is the initiator of the program, responsible for program management, marketing and communication, and the website, and is currently the only carmaker in collaboration with Pole Emploi, the French public job agency. However, while Renault makes existing government subsidies more accessible to those eligible for the program, it currently does not bear the credit risk of the program. The magnitude is therefore assessed as moderate.

### Advanced safety



Safety for cars is considered to be a key issue for the automotive sector. Injuries and fatalities resulting from road accidents continue to be a serious issue worldwide, although with a disproportionately high impact on less-developed countries, with 90% of road traffic deaths occurring in low- and middle-income countries, according to the World Health Organization (WHO). For context, according to the latest (2018) WHO data, road fatalities per 100,000 residents range from 2.7 in Sweden, to 5.5 in France (among Europe's highest), to 32.7 in Thailand and 35.9 in Liberia<sup>4</sup>. This is the case even though safety features have made driving safer than it once was, largely because of regulatory mandates.

The projects in this category relate to developing and implementing advanced safety technologies, including through accidentology studies, research and development, and advanced training. The projects are assessed as being of significant magnitude. Renault is based in France and in the EU, which have especially high minimum safety standards by law and a low road accident fatality rate. We note that there does not appear to be a geographical target on areas where the need is particularly important and where regulatory requirements are not necessarily as stringent, though the company does take local issues into account when assessing the root causes of accidents. The target population of this category is broad but adequately defined: while it encompasses all drivers, the focus is on populations that could be more vulnerable in case of accidents, such as young people or the elderly, however it is not clear through the description of the category how the projects will contribute specifically to the most vulnerable population. The category is meant to address all accidents involving at least one vehicle, even though not all accidents have the same materiality or negative social impact (such as causing injury or death). Due to the nature of the category, medium to long term benefits are hard to quantify. Based on crash test data from Euro NCAP for 2020-22 for 42 EV's, only two tested vehicles received less than four stars (out of five); the Renault Zoe (zero stars in 2021) and the Dacia Spring (one star in 2021). However, the Renault Megane E-Tech received five stars in 2022. Of note, Renault has defined a new safety policy since these crash tests. Renault's safety strategy appears to address the root cause by including accident prevention measures, both technical and behavioural, as well as features to facilitate response in case of accident, for example by making it easier to access batteries to put out fires. In addition, the company has committed to implementing these measures across Renault models (both entry-level and high-end), thus ensuring accessibility and affordability of the resulting benefits.

### ESG risk management

We have not applied a negative adjustment for ESG risk management to the expected impact score. The company has a robust ESG risk management system in place, following international standards such as the Global Compact, International Labour Organisation Standards, and OECD Guidelines for Multinational Enterprises. It has provided details on its ESG risk management in its framework, further complemented by its public Universal Registration Document (URD), notably on issues of health and safety, responsible purchasing policies, ethics and governance. Renault has relevant ISO certifications regarding environmental management systems, life cycle assessments, and quality management: it is certified according to ISO 14001 and 26000, and all of its manufacturing sites are certified according to ISO 9001.

### Coherence

We have not applied a negative adjustment for coherence to the expected impact score. Projects financed under the Sustainable Bond Framework are in line with Renault's sustainability strategy detailed in the first part of the framework and in its corporate reporting such as its URD. Not only is the planned use of proceeds generally consistent with the company's strategy, but many of the categories directly match corporate-level sustainability targets. For instance, regarding greenhouse gas emission reduction, which is relevant for clean transportation and renewable energy, the company targets a 65% reduction in Europe of "well to wheel" emissions (largely Scope 3) per vehicle. Regarding circular economy, Renault has a corporate target to include 33% of recycled materials in its new vehicles in Europe by 2025, and globally by 2030, a goal to reduce nonhazardous waste by 23% by 2023, and a short-term goal to refurbish 30,000 second-hand vehicles at the Flins circular economy site in 2022. In terms of wastewater management, the company targets a reduction in the discharge of zinc and nickel by 35% by 2023, compared with the 2013 level. In terms of fair transition,

after launching the ReKnow University platform in 2021, the company has trained 7,659 people in 2022. Some of these targets are considered sufficiently strategic by the company to be linked to executive compensation (for example, the targets for car refurbishment at Flins or the number of trained employees through ReKnow University)<sup>5</sup>.

## Appendix 1 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The eight eligible categories included in Renault's framework are likely to contribute to nine of the United Nations' (UN) Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 3: Good Health and Well-being	Advanced Safety	3.6: Halve the number of global deaths and injuries from road traffic accidents
	Clean Transportation	3.9: Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution
GOAL 4: Quality Education	Fair transition	4.4: Increase the number of youth and adults with technical and vocational skills for employment and entrepreneurship
		4.7: Ensure all learners acquire the knowledge and skills needed to promote sustainable development
GOAL 6: Clean Water and Sanitation	Sustainable Water and Wastewater Management	6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing hazardous chemicals and materials
		6.4: Increase water-use efficiency across all sectors and ensure sustainable supply of freshwater to reduce water scarcity
GOAL 7: Affordable and Clean Energy	Renewable Energy	7.1: Ensure universal access to affordable, reliable and modern energy services
	Energy Efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	Fair transition	8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
	Circular economy	8.4: Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation
GOAL 9: Industry, Innovation and Infrastructure	Clean Transportation Circular economy	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 11: Sustainable Cities and Communities	Advanced Safety Inclusive and solidary mobility	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
GOAL 12: Responsible Consumption and Production	Circular economy	12.2: Achieve the sustainable management and efficient use of natural resources
	Sustainable Water and Wastewater Management	12.4: Achieve environmental management of chemicals and all wastes, and reduce their release to air, water and soil
	Circular economy	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	Clean Transportation, Energy Efficiency	13.3: Improve awareness and human and institutional capacity on climate change mitigation, adaptation and impact reduction

The UN's SDGs mapped in this SPO consider the eligible project categories (or key performance indicators) and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

## Appendix 2 - Summary of eligible categories in Renault's framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Clean transportation	<p>Projects related to the design, development and manufacturing of zero tailpipe emissions vehicles (such as Battery Electric vehicles (BEV), Fuel-Cell Electric vehicles (FCEV) and Hydrogen powered vehicles) and related components including but not limited to:</p> <ul style="list-style-type: none"> <li>- Testing, development of facilities, tooling and manufacturing of zero tailpipe emissions vehicles</li> <li>- Manufacturing facilities to produce zero tailpipe emission vehicles</li> <li>- Manufacturing of components for BEVs, FCEVs and Hydrogen powered vehicles such as batteries and powertrains</li> </ul> <p>Projects related to the development and installation of charging points for BEVs</p>	Climate Change Mitigation	<p>CO2 tailpipe emissions avoided (tonnes per vehicle)</p> <p>Estimated reduction in Scope 3 GHG emissions (tonnes per vehicle)</p> <p>New zero tailpipe emission vehicles production capacity (amounts)</p> <p>Number of zero tailpipe emission vehicles financed / sold (amounts)</p> <p>Percentage of zero tailpipe emission vehicles sold in the overall fleet mix (%)</p> <p>Number of EV charging points installed (amounts)</p>
Renewable energy	Projects related to construction, development, acquisition, maintenance and operation of renewable energy projects	Climate Change Mitigation	<p>Installed renewable energy capacity (MW)</p> <p>Annual renewable energy generated (MWh)</p> <p>Estimate of annual GHG emissions avoided/reduced during use (metric tons)</p> <p>Renewable energy procured (MW) through HPA and PPA</p>
Energy efficiency	<p>Projects related to the installation, maintenance and repair of energy efficiency industrial equipment and processes at Renault Group sites</p> <ul style="list-style-type: none"> <li>- Building insulation, energy efficient lighting, production processes e.g. welding, as well as in lighting, ventilation and heating/cooling with highly efficient technologies</li> </ul> <p>Projects related to the renovation of buildings leading to a reduction of the Primary Energy Demand of at least 30% in comparison to the energy performance of the building before the renovation</p>	Climate Change Mitigation	<p>Annual energy savings (MWh)</p> <p>For renovation of buildings: Average energy performance level of the resulting building</p>
Circular economy	<p>Projects related to the development and implementation of facilities, infrastructure and equipment to prevent the generation of waste and enhance the re-use and recovery of materials, including but not limited to:</p> <ul style="list-style-type: none"> <li>- Remanufacturing and/or recycling of batteries</li> <li>- The transformation of the Flins site into a circular economy hub</li> <li>- R&amp;D expenditures related to the use of recycled raw materials for design and production of all vehicles and batteries</li> </ul> <p>Projects related to the installation and maintenance of industrial equipment, infrastructure and processes at Renault Group sites dedicated to waste management:</p> <ul style="list-style-type: none"> <li>- Reduction of waste generation</li> <li>- Waste recycling and recovery</li> </ul>	Climate Change Mitigation Transition to a Circular Economy	<p>Number of batteries recycled (amounts)</p> <p>Share of recycled or renewable content expressed (in amounts or in percentage)</p> <p>Percentage of recycled polymers per car (%)</p> <p>Waste recycled or diverted from landfill (kg per vehicle)</p> <p>Reduction of waste generated (kg per vehicle)</p>
Sustainable water and wastewater management	<p>Projects related to water efficiency and improved water quality in production, and sustainable water management in industrial processes, including but not limited to:</p> <ul style="list-style-type: none"> <li>- Reduction of the discharge of heavy metals (nickel and zinc) in plant wastewater</li> <li>- Reduction of external water supply and discharges of water for industrial use</li> <li>- Recycling of water for industrial use in plants located in water-stress areas</li> </ul>	Pollution Prevention and Control	<p>Water supply per vehicle produced (in m3 / vehicle)</p> <p>Releases to water of chemical oxygen demand (COD) (in m3 / vehicle)</p> <p>Releases to water of zinc and nickel (in m3 / vehicle)</p>

Source: Renault's Framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Fair transition	<p>Expenditures and investments in workforce upskilling and reskilling programs for Renault Group and more broadly sector employees</p> <p>Examples of projects:</p> <ul style="list-style-type: none"> <li>- ReKnow University, supporting the transformation of mobility profession by pooling and developing all the upskilling and reskilling opportunities focused on circular economy, electric mobility and new digital technologies for Renault Group and more broadly for sector employees</li> </ul> <p>Target population: Renault Group employees and industrial partners; Automotive sector employees with trainings needs</p>	Maintain and protect employability	<p>Number of people having obtained a training - total and per program type (upskilling vs. reskilling)</p> <p>Number of people certified - total and per program type (upskilling vs. reskilling) and description of the certifications granted</p>
Inclusive and solidary mobility	<p>Expenditures and investments in CareMakers mobility program, which includes:</p> <ul style="list-style-type: none"> <li>- Solidarity garages: vehicles maintenance and repair in Renault Group solidarity garages network</li> <li>- Access to new and second hand vehicles: through social leasing and/or access to microcredit</li> <li>- Car sharing solution for rural area without public transportation solution</li> </ul> <p>Target population: People with a professional insertion project (excluding students and retirees); Low-income people with difficult access to credit and to mobility</p>	Affordable access to mobility Socioeconomic empowerment	<p>Employment rate of the beneficiaries</p> <p>Number of permanent jobs obtained thanks to CareMakers initiative</p> <p>Personal situation improvement ratio</p>
Advanced safety	<p>Expenditures and investments in advanced safety technologies</p> <p>Examples of projects:</p> <ul style="list-style-type: none"> <li>- Accidentology studies, including behavioral analysis</li> <li>- Car safety R&amp;D, including proofs of concepts and prototypes</li> <li>- Design and delivery of advanced training services, including demo cars and AR/VR tools</li> <li>- Data science R&amp;D</li> </ul> <p>Target population: All drivers, with specific attention to population that could be more vulnerable in case of accidents, young people, and aging drivers; Rescuers ; Municipalities</p>	Improved access to road safety	<p>Number and description of advanced safety R&amp;D programs</p> <p>Expected (and realised once available) impact on safety improvement</p> <p>Expected (and realised once available) impact on CO2 emissions savings</p>

Source: Renault's Framework

## Moody's related publications

### Second Party Opinion analytical framework:

» [Framework to Provide Second Party Opinions on Sustainable Debt](#), October 2022

### Topic page:

» [ESG Credit and Sustainable Finance](#)

## Endnotes

<sup>1</sup> International Energy Agency, [Transport](#), September 2022.

<sup>2</sup> International Energy Agency, [Transport](#), September 2022.

<sup>3</sup> Ministry of Ecological Transition and Cohesion of Territories, France Mobilités, "[Les solutions de mobilité pour tous](#)"

<sup>4</sup> World Health Organization, "[Global status report on road safety 2018](#)"

<sup>5</sup> Renault [Universal Registration Document](#), 2021

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