

Press Release

London, 19th December 2014

Euro Corporate Green Bond Evaluation

London, 19th December 2014. Standard Ethics announces the first independent evaluation on Euro Corporate **Green Bonds**.

The results released by Standard Ethics show that only 65% of the green bonds are above adequate levels of international compliance and no issuance has received the highest ratings. However, Standard Ethics believes that a growing market of these bonds will require issuers to further increase their standards and apply for independent evaluations.

The Rating is an opinion on the level of compliance with sustainability and corporate social responsibility (CSR) on the basis of documents and guidelines published by: the European Union (EU); the Organisation for Economic Cooperation and Development (OECD); the United Nations (UN).

Standard Ethics, to better formulate a **second opinion on Green Bonds**, has decided to integrate its proprietary rating and ESG model with the guidelines recommended by the **ICMA's Green Bonds Principle** (*International Capital Market Association*).

The evaluation scheme is based on **five main elements** of analysis concerning the consistency of the project to "green policies": Use of proceeds; Management of proceeds; Assurance and quality of the second opinion; Quality of the Corporate Bond issue; Investor reporting and auditing.

Table – List of Green Bond Ratings

Issuer	Ticker	ID_ISIN	SECURITY_DES	Rating
ABENGOA GREENFIELD S.A	EK508199 Corp	XS1113021031	ABGSM 5 1/2 10/01/19	EE
ABENGOA GREENFIELD S.A	EK516039 Corp	XS1113024563	ABGSM 5 1/2 10/01/19	E+
ELECTRICITE DE FRANCE SA	EJ933029 Corp	FR0011637586	EDF 2 1/4 04/27/21	EE
EUROPEAN INVESTMENT BANK	EK471087 Corp	XS1107718279	EIB 1 1/4 11/13/26	EE+
EUROPEAN INVESTMENT BANK	EJ752586 Corp	LU0953782009	EIB 1 3/8 11/15/19	EE+
GDF SUEZ	EK251523 Corp	FR0011911239	GSZFP 1 3/8 05/19/20	EE
GDF SUEZ	EK270099 Corp	FR0011911247	GSZFP 2 3/8 05/19/26	EE
HERA SPA	EK344492 Corp	XS1084043451	HERIM 2 3/8 07/04/24	EE
IBERDROLA INTL BV	EK170723 Corp	XS1057055060	IBESM 2 1/2 10/24/22	EE-
INTL BK RECON & DEVELOP	EK127930 Corp	XS1047440448	IBRD 0 1/4 03/20/17	EE-
INTL BK RECON & DEVELOP	EK415339 Corp	XS1092466033	IBRD 0 08/07/24	E+
INTL BK RECON & DEVELOP	EI736802 Corp	XS0647664142	IBRD 2 1/4 07/13/16	E+
INTL BK RECON & DEVELOP	EI169204 Corp	XS0492037725	IBRD 2 1/2 05/19/17	E+
KFW	EK373931 Corp	XS1087815483	KFW 0 3/8 07/22/19	EE+
LANDWIRTSCH. RENTENBANK	EJ789714 Corp	XS0963399257	RENTEN 1.455 08/20/20	E-
NEDER FINANCIERINGS-MAAT	EJ921595 Corp	XS0993154748	NEDFIN 1 1/4 11/13/18	E+
NEDER WATERSCHAPSBANK	EK356937 Corp	XS1083955911	NEDWBK 0 5/8 07/03/19	EE
NORDIC INVESTMENT BANK	EK061892 Corp	XS1031495929	NIB 0 02/11/19	EE-
NRW.BANK	EJ947826 Corp	DE000NWB0AA4	NRWBK 0 3/4 11/28/17	EE-
UNIBAIL-RODAMCO SE	EK081094 Corp	XS1038708522	ULFP 2 1/2 02/26/24	E+

Visit www.greenbondrating.eu for more details on each issuance.

**** SEE METHODOLOGICAL NOTE BELOW ****

**** NOTE****

Standard Ethics is an independent Sustainability rating agency.

Standard Ethics aims to promote sustainability and governance standard principles emanating from the European Union, the OECD and the United Nations and introduce an institutional approach to CSR that is «norm-based». As a brand, Standard Ethics has been known since 2001 in the world of Sustainable Finance and ESG (Environmental, Social and Governance) studies.

STANDARD ETHICS RATING © solicited and unsolicited

The STANDARD ETHICS RATING (SER) is a Sustainability rating that has been put to the test over the last 12 years. The only Sustainability rating in Europe that distinguishes itself because at the same time is: Solicited (it is assigned on a client's request through a direct and regulated bilateral relationship); Standard (its algorithm is aligned to the guidelines and recommendations on governance, sustainability and CSR issued by the European Union, the OECD and the United Nations); Independent (its assignment is incompatible with the supply of other services, research activities related to data that have been collected, links based on ownership of shares and stocks, or other financial links between Standard Ethics and Applicants). Unsolicited Rating are issued through official press releases only and for statistical or scientific purposes. Currently, to update Indices (like the annual ranking of the 40 largest Italian companies, published since March 2002) as well as OECD countries ranking (including Brazil, China, Russia, India, South Africa, Egypt, Romania, Argentina, Bulgaria and Vatican City).

STANDARD ETHICS RATING (SER) © classes

The final evaluations by Standard Ethics on the level of conformity of companies and nations to the baseline ethical values are expressed with nine different STANDARD ETHICS RATING classes : **EEE; EEE-; EE+; EE; EE-; E+; E; E-; F**. "EE-" level or above, indicates a good compliance. Any single Rating class could have a positive or negative **Outlook**. Those nations and companies which do not comply with the values expressed by the United Nations, OECD and EU, or that do not release enough information, or are facing major changes, do not receive ratings and are included amongst the "pending" issuers.

Vulnerability and Risk Analysis

A STANDARD ETHICS RATING is not a forecasting rating nor is it a probabilistic model. Nevertheless, as the economist Irving Fisher used to say: "The future casts its shadow on the present". Therefore, the analyses on policies and governance highlight levels of implicit vulnerability vis-à-vis the future. Vulnerability can come from economic, operational and reputational risks. The latter ones, unlike the most common practices, have been classified by Standard Ethics since 2011 as primary and secondary risks where primary reputational risks are standalone risks not deriving from operational risks. This classification introduces original elements in vulnerability analysis and leads to believe that companies with at least a "double E" are structurally better positioned to withstand seriously negative events (either economic, operational or reputational) and capable of reducing their potential frequency.

Standards for Listed Companies

In principle Standard Ethics hopes that in their Articles of Association companies formally refer to the Universal Declaration of Human Rights approved by the United Nations on 10 December 1948. Standard Ethics also hopes that, in general terms, companies have adapted their structures according to UN, OECD and EU regulations on Corporate Social Responsibility (with particular reference to corporate governance). The basic conditions that listed companies have to meet are as follows: to hold a competitive position and not a monopolistic one and not being linked to cartels; to make sure that their shares are listed and can be bought without restrictions and that they enjoy substantive rights (voting trusts, for instance, are not acceptable); to have widespread ownership of the capital or no conflict of interest; all Board members must be independent of capital ownership and must abide by a Code of Conduct that ensures transparency; to have procedures to check observance of the latest internationally recognised social and environmental standards (according to the UN, OECD and EU guidelines). Further positive elements are: transparent staff selection (including managers); an independent internal monitoring body (liaising with the Shareholders' Meeting and working at Board level) to check that the Board works in line with the latest UN, OECD and EU standards and principles on conflicts of interest and Corporate Governance; an independent internal monitoring body (e.g. the Audit Committee) which is accountable to shareholders and monitors that the Board works in line with the latest UN, OECD and EU standards and principles on extraordinary accounting and finance; an internal body which reports and facilitates the company's adherence to the latest international social and environmental standards and principles; an external relations and communications department which works in line with the latest standards and principles on CSR and transparency and applies with due independence the "comply or explain" principle whereby failure to comply with international guidelines on CSR has to be duly motivated.

Assessments of Negative Events

The assessments carried out by Standard Ethics are not predictive and, therefore, do not primarily focus on the analysis of negative events and their future effects but on the adequacy of organisational adjustments made by companies to reduce the risk of a similar event taking place again. If, over a reasonable period of time, suggested solutions appear to be inadequate for the rating assigned to a company, a new rating will be proportionally assigned so that the most suitable level is reached. If the new factor is a change in company policies or governance, the class of the STANDARD ETHICS RATING can be immediately adjusted.



Sustainability in Governance & Policy

Standard Ethics Indices

Publication of SERs grants access to one or more Standard Ethics indices according to company type and size.

For Italy, Standard Ethics has created the following Indices:

- ITALIAN INDEX (operational since January 2014) – It consists of the 40 largest Italian listed companies.
- ITALIAN BANKS INDEX (operational since July 2013) – This is a governance Index with banks listed in the Italian Stock Exchange.
- ITALIAN MID INDEX (operational by 2015) – It is going to be composed of Italian Mid Cap companies.
- ITALIAN SMALL INDEX (operational by 2015) – It is going to be composed of Italian Small Cap companies.

The way Standard Ethics reports on its indices is unique in Europe because it is based on full disclosure.

For further information visit the dedicate website: www.standardethicsindices.eu

Nations

When evaluating states, Standard Ethics favours those nations that the main parameters are governed by regimes with proven democracy and meet the highest requirements in terms of human rights, environmental legislation and policies, relations with developing countries, sustainability of economic structures, substantial and formal level of democracy, and security policy. These aspects are evaluated according to guidelines and principles by European Union, United Nation, OECD and International Labour Organization.

Guidelines

The work to be carried out by Standard Ethics does not require Applicants to fill out forms and questionnaires or draft other documentation in addition to the existing one. It will be up to Standard Ethics analysts to gather data. Guidelines used by Standard Ethics analysts will be given to Clients requiring SERs. The objectives of these guidelines are two-fold: Guiding data collection and observations by Standard Ethics' analysts; Sharing assessments with Clients and helping them to become aware of their potential (or gaps), thus offering Gap Analysis. Once they have been drafted with observations and notes by Standard Ethics analysts, guidelines will offer Clients excellent technical support to:

- Improve corporate governance;
- Make communication with interested parties more efficient;
- Protect corporate assets, particularly corporate reputation.

The Company

Standard Ethics is based in Hanover Street, London, UK.

The company managers are its shareholders. This maximises independence from the market and clients.

Standard Ethics has a governance model that has been designed to: a) Be suited to a modern ratings agency; b) avoid conflicts of interest; c) be in line with recent European Parliament requirements; and d) ensure incompatibility between ratings and other activities.

Its structure is supervised by a Compliance Officer who has no limits in terms of number of inspections that can be carried out and is authorised to take part in any meeting, including Board meetings. Data collection and quotations for assigning Standard Ethics Ratings are supervised by its Rating Committee. For any information on Standard Ethics and its governance, please visit the Standard Ethics Virtual Building on www.standardethics.eu

Legal Disclaimer

The Standard Ethics Rating is the result of statistical and scientific work carried out in the last 12 years to take a snapshot of the economic world in relation to ethical principles promoted by the large international organisations. Under no circumstances, therefore, does Standard Ethics, through publishing Ratings, intend to solicit the purchase or sale of securities by any issuer.

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