


ANNUAL REVIEW¹

OF CITY OF PARIS' SUSTAINABILITY BOND REPORTING 2020

V.E is of the opinion that the Sustainability Bond issued in 2017 by Ville de Paris remains aligned with ICMA's GBP and 2017, as applicable at the moment of the issuance. 

Key Findings¹

- ▶ We express a reasonable² assurance on the Issuer's capacity to use the Bonds' proceeds to finance Eligible Projects, in line with its initial commitments.
- ▶ We express a reasonable assurance on the Issuer's capacity to implement the allocation process, in line with its initial commitments. The Issuer has reported the amounts of proceeds invested at bond level.
- ▶ We express a reasonable assurance on the Issuer's capacity to implement the reporting process on environmental and social benefits, in line with its initial commitments:
 - We express a reasonable assurance on the Issuer's capacity to report on environmental and social benefits at bond level. However, the reporting is not yet available on the Issuer's website.
 - We express a reasonable assurance on the Issuer's capacity to report on environmental and social benefits of the financed Eligible Projects at category level, in line with its initial commitments. The indicators used for the environmental benefits reporting are relevant and in line with market standards.
- ▶ We express a reasonable assurance on the Issuer's capacity to report on the ESG management of the financed projects, in line with its initial commitments.
- ▶ We consider the opinion that the projects results are overall good. We consider that the projects results in terms of environmental and social benefits range from limited (two projects), good (seven projects) to advanced (four projects).

SUMMARY: LEVEL OF ASSURANCE OF THE ISSUER'S CAPACITY TO REMAIN ALIGNED WITH ITS FRAMEWORK COMMITMENTS				
CAPACITY TO USE THE BOND'S PROCEEDS	CAPACITY TO REPORT ALLOCATION OF PROCEEDS	CAPACITY TO REPORT ON SUSTAINABILITY BENEFITS	CAPACITY TO REPORT ON ESG MANAGEMENT	PROJECT RESULTS
Reasonable	Reasonable	Reasonable	Reasonable	Advanced
Moderate	Moderate	Moderate	Moderate	Good
Weak	Weak	Weak	Weak	Limited
				Weak

¹ This Review is to be considered as the "Verification" described by the International Capital Market Association, focused on reviewing the alignment with initial commitments made by the Issuer: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Guidelines-for-GreenSocialSustainability-and-Sustainability-Linked-Bonds-External-Reviews-February-2021-170221.pdf>

² The detailed definition of V.E' scales of assessment can be found in the Methodology section.

SCOPE

V.E has been commissioned by City of Paris to provide an independent opinion (or “Review”) on its Sustainability Bond Report 2020 (the “Report 2020”), which covers the 2019 period.

In 2017, Vigeo Eiris was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Sustainability Bond (“Bond”) to be issued by City of Paris (the “Issuer” or the “City”). We delivered our final SPO on November 2nd, 2017.

Our Review is established according to Vigeo Eiris’ Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the ICMA’s Green Bond Principles (“GBP”) and Social Bond Principles (“SBP”) voluntary guidelines (referred together as the “GBP & SBP”) edited in June 2017 as applicable at the moment of the issuance.

Our opinion is built on the review of following components:

- Issuance:
 - Eligible Projects: evaluation of the Issuer’s capacity to use the Bond proceeds to finance projects with sustainability benefits, in line with its initial commitments, and to report on the projects results; analysis of the projects results.
 - Bond: evaluation of the Issuer’s capacity to implement the Bond processes, in line with its initial commitments (evaluation and selection process and allocation process) and to report on the Bond results; analysis of the aggregated Bond results.
- Issuer: we assessed the Issuer’s ESG performance, its management of potential stakeholder-related ESG controversies.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E’s exclusive ESG rating database, and (iii) information provided from the Issuer via documents.

We carried out our due diligence assessment from June 18th to July 27th, 2021. We consider that we were provided with access to all the appropriate documents we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Contact

Sustainable Finance Team | VEsustainablefinance@vigeo-eiris.com

DETAILED RESULTS

The 2017 Sustainability Bond issuance has been assessed based on the existence and completeness of the reporting, according to the Issuer's initial commitments made in its 2017 Framework.

Use of Proceeds

We express a reasonable assurance on the Issuer's capacity to use the Bonds' proceeds to finance the Eligible Projects with environmental and/or social benefits, in line with its initial commitments.

In its Report 2020, the Issuer reported on 13 financed projects, all of them corresponding to Eligible Categories and sub-categories as initially defined by City of Paris.

Table 1. V.E' Analysis on the coherence between the Framework's commitments and the selected projects.

ELIGIBLE CATEGORIES, IN ISSUER'S FRAMEWORK 2017	REPORTED FINANCED PROJECTS IN THE REPORT 2020	V.E' ANALYSIS
<u>Clean Transportation</u> <ul style="list-style-type: none"> - Public transport: High Quality Transit Line, tramway line extension, refurbishment of public spaces - Alternative transport: cycling Plan - Electric vehicles: support to the development of electric cars for residents and professionals, network of charging stations for electric and GNV vehicles 	Alternative transport: Cycle paths	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Clean Transportation" under the sub-category "Alternative transport".
<u>Energy Efficiency</u> <ul style="list-style-type: none"> - Buildings: construction of energy efficient, thermal insulation for buildings (schools, social housing, nursing homes, etc.) - Public lighting and signals: replacement of energy consuming appliances - Renovation of heating systems 	Electric vehicles: Installation of Belib' charging stations	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Clean Transportation" under the sub-category "Alternative transport".
	Building a HQE day nursery: Rue Pierre Bourdan 75012	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Energy Efficiency" under the sub-category "buildings".
	Nursery home: Justice Paris 20th arrondissement	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Energy Efficiency" under the sub-category "buildings".
	Maintenance and Improvement program of existing swimming pools	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Energy Efficiency". Despite renovation not being included literally in the framework, the project may might be under and the sub-category "buildings: thermal insulation for

ELIGIBLE CATEGORIES, IN ISSUER'S FRAMEWORK 2017	REPORTED FINANCED PROJECTS IN THE REPORT 2020	V.E' ANALYSIS
		buildings". In addition, some investments made under this project do not correspond to energy efficiency investments. We reach a <i>moderate assurance</i> on the Issuer's capacity to use the Bond proceeds to finance projects with environmental benefits, in line with its initial commitments.
	Renovation and maintenance of heating centers	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Energy efficiency" under the sub-category "renovation of heating systems".
	Public lighting and signals: Energy Performance contract (MPE)	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Energy efficiency" under the sub-category "Public lighting and signals".
<u>Adaptation to climate change</u> - New green areas: areas opened to the public, green roofs, facades and walls - Tree planting programmes	New green areas: 30 new hectares of green spaces	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Adaptation to climate change" under the sub-category "new green areas".
	20,000 trees	<u>Eligibility and selection criteria:</u> This project corresponds to the Environmental Eligible Project Category "Adaptation to climate change" under the sub-category "tree planting programmes".
<u>Access to essential services</u> - Projects linked to Parisian Pact against large-scale exclusion: homeless reception centres and job-finding resources, centres for dependent elderly people, support for single-parent families, childhood protection and prevention, health protection and prevention. - Accessibility to people with reduced mobility: investments linked with the City of Paris 2020 goal of having 40% of accessible social housing, and 3% of adapted housing - Projects linked to Parisian Senior program: such as public EHPAD structures	Subsidies to nursing homes for elderly dependent people ("EHPAD") <u>Target Population:</u> Elderly people (over 60 years old)	<u>Eligibility and selection criteria:</u> This project corresponds to the Social Eligible Project Category "Access to essential services".
<u>Quality of life improvement in unprivileged area</u> - Access to education, culture, leisure and sports: investment in infrastructures provided there is a	Construction of two nurseries <u>Target population:</u> people living in the « Quartiers Politique de la ville »	<u>Eligibility and selection criteria:</u> This project corresponds to the Social Eligible Project Category "Access to essential services".

ELIGIBLE CATEGORIES, IN ISSUER'S FRAMEWORK 2017	REPORTED FINANCED PROJECTS IN THE REPORT 2020	V.E.' ANALYSIS
"Quartier Prioritaire" in the influence area of the infrastructure.	Construction of a new HQE swimming pool in the 20th arrondissement <u>Target population:</u> people living in the « Quartiers Politique de la ville »	<u>Eligibility and selection criteria:</u> This project corresponds to the Social Eligible Project Category "Quality of life improvement in unprivileged area".
<u>Social and Affordable Housing</u> <ul style="list-style-type: none"> - Investments supporting the Parisian ambitious plan of 7,000 additional social housing units per year by 2020 - Investments in new housing offer for students 	Production Scheme of Social housing units <u>Target populations:</u> <ul style="list-style-type: none"> - Low-income populations - Students 	<u>Eligibility and selection criteria:</u> This project corresponds to the Social Eligible Project Category "Social and Affordable Housing".

Reporting on Fund Allocation

We reach a reasonable assurance on the Issuer's capacity to report on the allocation of the Bond's proceeds, in line with its initial commitments.

According to the Issuer's Report 2020, all relevant financial indicators per category are reported:

- List of projects financed by the proceeds, including their description (date, location, category, progress)
- Amounts invested (in m EUR)
- Allocated amount vs. total amount

The list of the financed projects includes their description and the corresponding allocated amount invested, if any, for the years 2015-18 and 2019, for all the projects.

The Issuer has reported the amounts of proceeds invested at bond level.

Reporting on Sustainability Benefits

We reach a reasonable assurance on the capacity of the Issuer to report on the environmental benefits of the financed projects, in line with its initial commitments.

The Issuer disclosed all the social/environmental benefits at category and/or projects level, in accordance with its initial commitments for all the projects.

Five projects previously included in the Climate bond have been financed under the Sustainability Bond and reported in the Sustainability Bond Report 2020.

Our assurance is:

- Reasonable for eleven financed projects (representing 90% of the allocated proceeds), namely:
 - “Cycle paths”: The selected indicators on environmental benefits are disclosed: 270 km of cycle path since 2015, 120km added in 2019 and 12,000 t.CO₂e avoided due to 2019’s delivery. In addition, the Issuer has disclosed an additional indicator on social benefits: 9,100 hours of integration work.
 - “Installation of Belib’ charging stations”: The selected indicators on environmental benefits are disclosed: 90 stations financed since 2015 which is equivalent to a total 270 terminals, 2 stations financed in 2019 and 66 tCO₂e avoided per year due to 2019 delivery.
 - “Building a HQE day nursery: Rue Pierre Bourdan 75012”: the selected indicators on environmental benefits (energy saving and GHG emissions reduction) are disclosed. Moreover, additional social indicators (number of nursery and beneficiaries) are disclosed.
 - “Maintenance and Improvement program of existing swimming pools”: the selected indicators on environmental benefits (GHG emissions reduction) are disclosed.
 - “Energy Performance contract (MPE)”: The selected indicators on environmental benefits are disclosed: 3,260 MWh saved in 2019, 210 tCO₂e avoided in 2019. In addition, the Issuer has disclosed an additional indicator on environmental benefits: 355 tonnes of waste recycled. In addition, the Issuer has disclosed an additional indicator on social benefits: 29,474 hours of integration work were provided in 2019.
 - “30 new hectares of green spaces”: The selected indicators on environmental benefits are disclosed: 18,77 ha of new green spaces have been delivered since 2015 and 7.84 ha in 2019. In addition, the Issuer has disclosed an additional indicator on environmental benefits: 29.32 tCO₂e avoided in 2019.
 - “20,000 trees”: The selected indicators on environmental benefits are disclosed: 14,730 trees have been planted between 2015 and 2019, including additional 3040 trees in 2019. In addition, the Issuer has disclosed additional indicators on environmental benefits: 2,219 tCO₂e will be avoided during the lifespan of 2019 new trees. In addition, the Issuer has disclosed an additional indicator on social benefits: 228 hours of integration work were provided in 2019.
 - “Subsidies to nursing homes for elderly dependent people (“EHPAD”)”: The funds are allocated through the Centre for Social Actions of the City of Paris (“CASVP”). The reporting is detailed for a specific nursing home for elderly dependent people based in Belleville. The selected social indicators (the number of beneficiaries for both projects, 94 beneficiaries in Belleville and 242 in Bondy) are disclosed. In addition, the Issuer has disclosed an additional indicator on social benefits: 3860 hours of integration work were provided in 2019.
 - “Construction of two nurseries in the « Quartiers Politique de la ville”: The selected indicators on social benefits are disclosed: the number of nurseries (two) and the associated reception capacity (totalling 116) are published. In addition, the Issuer has reported indicators for environmental benefits: the number of new green spaces, the compliance with the RT 2012 regulation.
 - “Construction of a new HQE swimming pool in the 20th arrondissement”: The selected indicators on social benefits are disclosed: the number of swimming pool (one), the maximum number of users of the equipment (625) and the expected number of square meters of swimming pool per 10,000 residents (102 sqm/10,000 residents) are published. In addition, the Issuer has reported on environmental benefits: expected energy consumption reduction (40% reduction compared to the average swimming pools in Paris, water consumption (50% reduction compared to the average swimming pools in Paris), air quality (chloramine in the air has been reduced to 0.2%) and 7,544 hours of integration work were provided in 2019.

- “Production Scheme of Social housing units”: The selected indicators on social benefits are disclosed: the number of social dwellings financed partly with the bond’s proceeds in 2017 (7,318) and in 2018 (6,257) by type of beneficiary, namely: families, students, young workers, and temporary residents. Of note, 68% of these benefit to low and very low-income populations.
- Moderate for two financed projects (representing 10% of allocated proceeds), namely:
 - “Renovation and maintenance of heating centers”: The following selected indicators on environmental benefits are disclosed: ex-ante energy savings are estimated at 25 GWh/year, 88 centers were renovated in 2016, 46 centers were renovated in 2017 and 46 centers were renovated in 2018. However, the following selected indicator is not disclosed: annual GHG emissions reduction/avoidance.
 - “Nursery home: Justice Paris 20th arrondissement”: the selected indicators on environmental benefits (energy saving and GHG emissions reduction) are not disclosed. However, the RT 2012 compliance has been externally certified and additional social indicators (number of nursery and beneficiaries) are disclosed.

The projects’ main sustainability benefits indicators are aggregated (e.g tCO₂e avoided per year) at bond level. Lastly, the key methodologies and assumptions are disclosed in the “note on methodology” section of the Report 2020 for all projects.

Reporting on ESG Management of the Projects

We reach a reasonable assurance on the Issuer’s capacity to report on the ESG management of the financed projects, in line with its initial commitments.

The Issuer has disclosed most of the selected indicators on ESG management at project level (qualitative and quantitative information is provided on the respect of human rights, responsible procurement, energy and air management etc.).

Our assurance is:

- Reasonable for eleven financed projects (representing 90% of allocated proceeds), namely:
 - “Cycle paths”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering energy consumption, air quality, eco-design, waste management, responsible procurement and social cohesion.
 - “Installation of Belib’ charging stations”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering air quality management, eco-design, energy consumption management, waste management, social cohesion, responsible procurement, and local development.
 - “Building a HQE day nursery: Rue Pierre Bourdan 75012”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: eco-conception, the protection of biodiversity, waste management, responsible procurement, and sustainable local development of territories.
 - “Nursery home: Justice Paris 20th arrondissement”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: eco-conception, the protection of biodiversity, waste management, responsible procurement, and sustainable local development of territories.

- “Energy Performance contract (MPE)”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering air quality management, biodiversity, eco-design, energy consumption management, waste management, social cohesion, responsible procurement, and fight against discrimination.
 - “30 new hectares of green spaces”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering air quality management, eco-design, biodiversity, waste management, social cohesion, responsible procurement and local development and interactions.
 - “20,000 trees”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering air quality management, eco-design, biodiversity, energy consumption management, waste management, social cohesion, responsible procurement.
 - “Subsidies to nursing homes for elderly dependent people (“EHPAD”)”: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: eco-conception, air quality management, the protection of biodiversity, energy management, waste management (HQE certification), responsible procurement, and sustainable local development of territories.
 - “Construction of two nurseries in the « Quartiers Politique de la ville””: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: responsible procurement and sustainable local development of territories (including access for person with reduced mobility), energy consumption, waste management.
 - “Construction of a new HQE swimming pool in the 20th arrondissement””: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: eco-conception, energy and air quality management, the protection of biodiversity, responsible procurement, waste management and sustainable local development of territories. Disclosure goes beyond the Issuer’s commitments, for instance when reporting on water management. However, the Responsible Procurement Charter was not communicated to Vigeo Eiris.
 - “Production Scheme of Social housing units””: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: eco-conception, energy management, waste management and responsible procurement. No explicit information is disclosed regarding sustainable local development of territories, however, taking into account the nature of the project, we assume the project to be favourable to a sustainable local development of territories.
- Moderate for two financed projects (representing 10% of allocated proceeds), namely:
- “Maintenance and Improvement program of existing swimming pools””: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: energy management and responsible procurement. No information (except for experiments) is disclosed regarding, air quality management, waste management, and sustainable local development of territories.
 - “Renovation and maintenance of heating centers””: The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering: energy consumption, air quality management and responsible procurement. However, no information is disclosed regarding the environmental impacts of disposal, and sustainable local development of territories.

The ESG management guidelines are disclosed at bond level.

Project Results

We consider that the projects results are overall good. The projects' results in terms of environmental and social benefits are considered are limited (two projects), good (seven projects), and advanced (four projects).

In particular, we consider the projects' results to be:

- advanced for four projects (representing 20% of allocated proceeds), namely:
 - "Installation of Belib' charging stations": The Issuer has set the following targets: 270 terminals financed by 2020 and 2,960 tCO₂e avoided per year. With 2 additional stations in 2019, this target has been reached.
 - "Cycle paths": The Issuer has set the following targets: ex-ante estimation of the annual GHG emissions reduction of 27,000tCO₂e/year, and adding 270 km of cycle path. 148.5 km of cycle path created since 2015 (91,5 km in 2018) and 14,850 t.CO₂ avoided per year (9,150 t.CO₂ due to 2018's delivery). The Issuer has forecasted to construct more than 120 km in 2019.
 - "30 new hectares of green spaces": The Issuer has set the following target: 30 ha of new green spaces from 2014 to 2020, during the mandate. 4 ha have been created in 2014 before the bond issuance, 18.77 have been created from 2015-2019 (including 7.84 delivered in 2019) and with an additional 7.98 ha in 2020 after the bond's full allocation.
 - "20,000 trees": City of Paris has committed to deliver 20,000 trees from 2014 to 2020. 4,269 trees have been planted 11,690 trees have been planted between 2015 and 2018, 3,040 in 2019 and 3,083 in 2020.
- good for seven financed projects (representing 68% of allocated proceeds), namely:
 - "Building a HQE day nursery: Rue Pierre Bourdan 75012": The Issuer has set the following targets: reaching an energy efficiency compliant with the RT 2012 regulation, the note on methodology discloses an expected performance of 74.1 kWhep/m², attested compliant to the RT 2012 regulation by an external expert.
 - "Nursery home: Justice Paris 20th arrondissement": The Issuer has set the following targets: reaching an energy efficiency compliant with the RT 2012 regulation, the note on methodology discloses an expected performance of 86.7 kWhep/m², attested compliant to the RT 2012 regulation by an external expert.
 - "Maintenance and Improvement program of existing swimming pools": The preliminary results appear to be in line with the forecasts provided by the Issuer.
 - "Subsidies to nursing homes for elderly dependent people ("EHPAD")": The preliminary results appear to be in line with the forecasts provided by the Issuer.
 - "Construction of two nurseries in the « Quartiers Politique de la ville": The preliminary results appear to be in line with the forecasts provided by the Issuer.
 - "Construction of a new HQE swimming pool in the 20th arrondissement": The project has been delivered in 2019 be in line with initial commitments, actual performance is yet to be measured.
 - "Production Scheme of Social housing units": City of Paris has committed to deliver at 7,000 new social housing units per year. 7,318 social housing projects have been financed in 2017 which is in line with the initial commitments while only 6,257 social housing projects have been financed in 2018 which is slightly below the initial commitments.



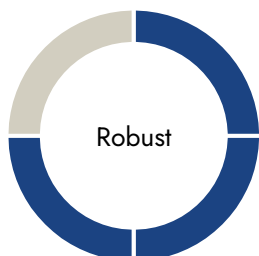
- limited for two financed projects (representing 12% of allocated proceeds), namely:
 - “Renovation and maintenance of heating centers”: Based on the indicators disclosed, Vigeo Eiris lacks visibility on the projects’ results.
 - “Energy Performance contract (MPE)”: The Issuer has set the following target: annual saving of 4,617 MWh and 3,260 MWh have been saved in 2019.

The projects results are aggregated at bond level.

Project	Level of assurance on the Issuer's capacity to use the proceeds for Eligible Projects	Level of assurance on the capacity of the Issuer to report on fund allocation	Level of assurance on the capacity of the Issuer to report on sustainability benefits	Level of assurance on the Issuer's capacity to report on the project ESG management	Project results in terms of sustainability benefits
<i>01 – Clean Transportation: "Alternative transport: Cycle paths"</i>	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
<i>02 – Clean Transportation: « Electric vehicles: Installation of Belib' charging stations »</i>	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
<i>03 – « Building a HQE day nursery: Rue Pierre Bourdan 75012»</i>	Reasonable	Reasonable	Reasonable	Reasonable	Good
<i>04 – Energy Efficiency: « Nursery home: Justice Paris 20th arrondissement »</i>	Reasonable	Reasonable	Moderate	Reasonable	Good
<i>05 – Energy Efficiency: « Maintenance and Improvement program of existing swimming pools »</i>	Moderate	Reasonable	Reasonable	Moderate	Good
<i>06 – « Renovation and maintenance of heating centers»</i>	Reasonable	Reasonable	Moderate	Moderate	Limited
<i>07 - Reducing energy consumption: "Public lighting and signals: Energy Performance contract (MPE) "</i>	Reasonable	Reasonable	Reasonable	Reasonable	Limited

Project	Level of assurance on the Issuer's capacity to use the proceeds for Eligible Projects	Level of assurance on the capacity of the Issuer to report on fund allocation	Level of assurance on the capacity of the Issuer to report on sustainability benefits	Level of assurance on the Issuer's capacity to report on the project ESG management	Project results in terms of sustainability benefits
<i>08 – Strategy for territorial adaptation: "New green areas: 30 new hectares of green spaces"</i>	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
<i>09 – Strategy for territorial adaptation: "Tree planting programmes 20,000 trees"</i>	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
<i>10 – « Subsidies to nursing homes for elderly dependent people ("EHPAD") »</i>	Reasonable	Reasonable	Reasonable	Reasonable	Good
<i>11 – « Construction of two nurseries in the « Quartiers Politique de la ville »</i>	Reasonable	Reasonable	Reasonable	Reasonable	Good
<i>12 – « Construction of a new HQE swimming pool in the 20th arrondissement »</i>	Reasonable	Reasonable	Reasonable	Reasonable	Good
<i>13 – « Production Scheme of Social housing units »</i>	Reasonable	Reasonable	Reasonable	Reasonable	Good

ISSUER



Paris is the administrative and economic capital of France. It is situated at the heart of the Ile-de-France Region. The City has a dual administrative status, it is a municipality and a "département", which is a situation unique in France. The City of Paris has an estimated population 2,148,300 as of January 1st, 2020, and it covers a total area of about 105 square kilometres.

ESG Performance

The Issuer’s ESG performance was assessed through a complete process of rating and benchmarking.

As of December 2020, City of Paris displays an advanced ESG performance, ranking 4th in our Local Authorities sector, which covers 29 authorities. The city is advanced in the Environmental pillar, and robust in the Social and Governance pillars.

DOMAIN	COMMENTS	OPINION
Environment	<p>City of Paris’ performance in the Environmental pillar is considered <u>advanced</u>.</p> <p>The City’s commitment covers all its environmental responsibilities backed up with some quantitative targets and measures. The City’s main strengths lie in its environmental strategy as well as in its efforts to protect biodiversity and limit negative environmental impacts linked to local nuisances. Moreover, the City reports on KPIs related to energy consumption, waste and CO₂ emissions showing positive trends between 2016 and 2018, as well as to its employees’ water consumption on a positive trend between 2016 and 2019.</p> <p>In its Charter on Responsible Purchasing, the City of Paris has issued a formalised commitment to including environmental and social factors in supply chain management and relevant measures seem to be implemented in this regard.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p>City of Paris’ performance in the Social pillar is considered <u>robust</u>.</p> <p>The City has disclosed commitments on all the issues under review and reports on measures allocated to career management and health and safety. The City’s main strengths lie in the respect and management of working hours, as well as in its remuneration systems.</p> <p>The City has disclosed a formalised commitment to addressing discrimination supported by comprehensive measures. The share of women in top management has increased between 2015 and 2019. Moreover, in 2019, the City obtained the Diversity and the Gender Professional Equality labels delivered by AFNOR. Additionally, the City’s commitment generally addresses freedom of association and the right to collective bargaining and reports on some permanent measures, such as ongoing monitoring. Finally, the City has issued a formalised commitment to respecting and promoting human rights in society in its Charter on CCTV Ethics, yet measures do not appear to be disclosed.</p> <p>The City has disclosed formalised commitments to addressing territorial planning and</p>	Advanced
		Robust
		Limited

DOMAIN	COMMENTS	OPINION
	sustainable development of the territory as well as social cohesion and fair development backed up with some measures. Moreover, disclosed KPIs show stable or improving trends between 2015 and 2019. However, the City is facing allegations linked to territorial development and social cohesion the City of Paris faced during the period under review, on which it appears to be non-communicative.	Weak
Governance	City of Paris' performance in the Governance pillar is considered <u>limited</u> . The City of Paris has put in place an internal controls system that continues to constitute a strength for the City. Moreover, participative instances have been created, and the population is regularly and innovatively solicited to give its opinion on a wide range of issues. In addition, the City is transparent on its efforts to ensure adequate representative democracy. However, there is a lack of disclosure of the attendance rate at local council meetings. Area for improvement remains in terms of increasing the transparency and objectivity of Executives/Directors nomination procedures, and the transparency on remuneration and potential conflicts of interests of the main executives. Finally, the participation rate at local elections is below 50% and has significantly decreased compared to the previous elections.	Advanced
		Robust
		Limited
		Weak

Management of ESG Controversies

As of today, City of Paris is facing 11 stakeholders related ESG controversies, linked to all of the six domains we analyse:

- Procurement and Services, in the criteria "Product safety", "Quality of service", and "Corruption".
- Human Rights, in the criterion "Non-discrimination and diversity".
- Environment, in the criteria "Environmental strategy", "Prevention and management of industrial risks and natural disasters" and "Local pollution".
- Community Development, in the criteria "Territorial development" and "Social cohesion".
- Governance, in the criteria "Democracy" and "Audit & internal controls".
- Human Resources, in the criterion "Social Dialogue" and "Health and safety".

And also in the domain:

- Additional Analysis, in the criterion "Working contracts".

Frequency: The controversies are considered frequent, below the sector average.

Severity: The severity of the impact on both the city and its stakeholders for controversies is considered high, in line with the sector average.

Responsiveness: City of Paris is considered to be reactive, in line with than the sector average.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council.

PROJECTS AND BOND REVIEW

Scale of assessment: Weak, Moderate, Reasonable

The annual report 2020 has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2017 ("GBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Projects Review

- Analysis of the conformance with initial commitments
 - Eligibility criteria based on the definition of eligible project categories (use of proceeds requirements)
- Analysis of the existence and completeness of reporting, according to initial commitments
 - Fund allocation
 - Sustainability benefits
 - ESG management
- Analysis of results at project level
 - Sustainability benefits

Bond Review

- Analysis of the existence and completeness of reporting, according to initial commitments
 - Fund allocation
 - Sustainability benefits aggregated at bond level

ISSUER

Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by V.E.

The Issuer's ESG performance has been assessed by V.E on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.



Management of stakeholder-related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable³ sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies’ controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders’ fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company’s reputation reduces with time, depending on the severity of the event and the company’s responsiveness to this event. Conventionally, V.E’s controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

NB: The involvement in controversial activities has not been assessed in this Annual Review, as Vigeo Eiris’ methodology on controversial activities does not cover local authorities.

V.E’S ASSESSMENT SCALES

Scale of assessment of Issuer’s capacity to use the bond’s proceeds and to report on the allocation of proceeds, the sustainability benefits and the ESG management of the projects.		Scale of assessment of the projects results and Issuer’s ESG performance	
Reasonable	Reasonable assurance, strong reporting abilities to report on allocation of proceeds, the sustainability benefits and the ESG management of the projects.	Advanced	Advanced results; the results are reaching or exceeding the forecasted objectives. Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.
Moderate	Moderate assurance; significant and consistent reporting abilities to report on allocation of proceeds, the sustainability	Robust	Robust results; the results are reaching or slightly below the forecasted objectives. Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with

³ ‘Reliable’ means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.



	benefits and the ESG management of the projects		an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.
Weak	Weak assurance; limited abilities to report on allocation of proceeds, the sustainability benefits and the ESG management of the projects	Limited	Limited results; the results are slightly below or below the forecasted objectives. Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advanced expected impact combined with a weak level of assurance of E&S risk management.
		Weak	Weak results; the results are below the forecasted objectives. Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.

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