

ANNUAL REVIEW¹

OF CITY OF PARIS' CLIMATE BOND REPORTING 2020

V.E is of the opinion that the Climate Bond issued in 2015 by Ville de Paris remains aligned with ICMA's GBP 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 benefits, in line with its initial commitments:
 - We express a reasonable assurance on the Issuer's capacity to report on environmental benefits at bond level. However, it appears that one commitment is not respected in the Report 2020: 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 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 that the projects results are overall good. We consider that the projects results in terms of environmental benefits range from limited (two projects), good (five projects) to advanced (two 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 Climate Bond Report 2020 (the “Report 2020”), which covers the 2019 period.

In 2017, V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Climate Bond (“Bond”) issued by City of Paris (the “Issuer” or the “City”). We delivered our final SPO on September 30th, 2015.

Our Review is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the ICMA’s Green Bond Principles (“GBP”) 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 17th 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.

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DETAILED RESULTS

The 2015 Climate Bond issuance has been assessed based on the existence and completeness of the reporting, according to the Issuer's initial commitments made in its 2015 Framework.

Use of Proceeds

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

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

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

CITY OF PARIS' 2015 FRAMEWORK		V.E's ANALYSIS
ELIGIBLE CATEGORIES	REPORTED FINANCED PROJECTS IN THE REPORT 2020	
<p><u>Reduction of GHG emissions</u></p> <p>Projects aiming at developing low-carbon energy transport (bicycle, electric vehicles, etc.) and public transport.</p> <p>Sub-categories and examples of projects:</p> <ul style="list-style-type: none"> - Public transport : High Quality Transit Line, tramway line extension - 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 	<p><u>Public transport</u></p> <p>Extension of tram line (T3 Chapelle-Asnières)</p> <p>Conversion of the fleet of sanitation vehicles from diesel or gasoline to cleaner energy</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Reduction of GHG emissions" and sub-category "Public transport".</p>
	<p><u>Electric vehicles</u></p> <p>Conversion of the fleet of sanitation vehicles from diesel</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Environmental Eligible Project Category "Reduction of GHG Emissions" under the eligible sub-category "Electric vehicles: Conversion of the fleet of sanitation vehicles from diesel", defined in the Issuer's Framework.</p>
	<p><u>Alternative transport</u></p> <p>Cycle paths</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Reduction of GHG emissions" and sub-category "Alternative transport".</p>
	<p><u>Electric vehicles</u></p> <p>Installation of Belib' charging stations</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Reduction of GHG emissions" and sub-category "Electric vehicles".</p>

CITY OF PARIS' 2015 FRAMEWORK		V.E's ANALYSIS
ELIGIBLE CATEGORIES	REPORTED FINANCED PROJECTS IN THE REPORT 2020	
<p><u>Energy efficiency</u></p> <p>Projects aiming at reducing the energy consumption of buildings and public lighting, while maintaining equivalent level of service (existing situation or vs. standard), with performance goals and energy poverty focus</p> <p>Sub-categories and examples of projects</p> <ul style="list-style-type: none"> - Buildings: construction of energy efficient buildings, thermal insulation for buildings (schools, social housing, nursing homes, etc.) - Public lighting and signals: replacement of energy consuming appliances - Renovation of heating systems 	<p><u>Buildings</u></p> <p>Sustainable social housing (HEQ construction, thermal insulation)</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Energy efficiency" and sub-category "Buildings".</p>
	<p><u>Public lighting and signals</u></p> <p>Energy performance contract concerning high performance public lighting</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Energy efficiency" and sub-category "Public lighting and signals".</p>
<p><u>Renewable energy</u></p> <p>Projects aiming at developing local renewable energy production and/or energy recovery.</p> <p>Sub-categories and examples of projects</p> <ul style="list-style-type: none"> - Renewable energy power plants (solar panels) - Geothermal energy - Energy recovery (from wastewater networks, data centers, etc.) <p>STEGC's Heating network</p>	<p><u>Renewable energy power plants</u></p> <p>Photovoltaic solar panels</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Renewable energy" and sub-category "Renewable energy power plants".</p>
<p><u>Adaptation to climate change</u></p> <p>Projects aiming at reducing the impacts of climate change, especially the heat island effect, through the expansion of green area surfaces in Paris.</p> <p>Sub-categories and examples of projects</p> <ul style="list-style-type: none"> - New green areas: areas opened to the public, green roofs, facades and walls - Tree planting programmes 	<p><u>New green areas</u></p> <p>30 new hectares of green areas</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Adaptation to climate change" and sub-category "New green areas".</p>
	<p><u>Tree planting programmes</u></p> <p>20,000 trees</p>	<p><u>Eligibility and selection criteria:</u></p> <p>This project corresponds to the Eligible Project Category "Adaptation to climate change" and sub-category "Tree planting programme".</p>

Report on Fund Allocation

We express 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 express 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 environmental benefits at projects level, in accordance with its initial commitments for all the projects.

The full allocation (MEUR 300) being already attained for the Climate bond, five projects have been financed under the Sustainability Bond and reported in the Sustainability Bond Reporting 2020. Only one project received proceeds under the Climate bond in 2019 namely: "Extension of tram line (T3 Chapelle-Asnières)".

Our assurance is:

- Reasonable for all nine financed projects (representing 100% of the allocated proceeds), namely:
 - "Extension of tram line (T3 Chapelle-Asnières)": The selected indicators on both environmental are disclosed: the number of passengers per day estimated at 210,000 passengers/day after 5 months, 94,401,775 of travellers.km/year, 4.3 km of line created and the GHG emissions reduction is estimated at 8,713 tCO_{2e} avoided per year. In addition, the Issuer has disclosed an additional indicator on social benefits: 47,369 hours of integration work were provided as of 31/12/2019.
 - "Conversion of the fleet of sanitation vehicles from diesel": The selected indicators on environmental benefits are disclosed: 70 electric vehicles, 2 hybrid vehicles, and 34 NGV vehicles, and 375 tCO_{2e} avoided per year. No proceeds were allocated in 2019.
 - "Cycle paths": The selected indicators on environmental benefits are disclosed: 148.5 km of cycle path 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 selected indicators on environmental benefits are disclosed: 148.5 km of cycle path since 2015 (91,5 km in 2018) and 14,850 t.CO₂ avoided per year (9,150 t.CO₂ due to 2018's delivery). In addition, the Issuer has disclosed an additional indicator on social benefits: 36,445 hours of integration work were provided as of 31/12/2018. *MEUR 38.92 have been allocated to this project in 2019 under the Sustainability Bond in the "Clean transportation" category with 120 km added in 2019 and 12,000 t.CO₂ avoided due to 2019's delivery and 9,100 hours of integration work.*
 - "Installation of Belib' charging stations": The selected indicators on environmental benefits are disclosed: 88 stations financed since 2015 (28 in 2018) which is equivalent to 264 terminals, 920 tCO_{2e} avoided per year due to 2018 delivery. *MEUR 0.36 have been allocated to this project in 2019*

under the Sustainability Bond in the “Clean transportation” category with 2 stations financed in 2019 and 66 tCO₂e avoided per year.

- “Sustainable social housing (HEQ constructions, thermal insulation)”: The selected indicators on environmental benefits are disclosed: 45,787 units renovated since 2015 (4,656 in 2018), 77,375 MWh/year equivalent to 12,760 tCO₂e avoided per year. In addition, the Issuer has disclosed additional indicators on environmental benefits: 6,585 m² new organic surfaces created in 2018 and 57% average improvement in energy consumption (i.e 191 kWh/m²/year).
- “Energy Performance contract (MPE)”: The selected indicators on environmental benefits are disclosed: 4,261 MWh saved in 2018, 274 tCO₂e avoided in 2018. In addition, the Issuer has disclosed an additional indicator on environmental benefits: 404 tonnes of waste recycled. In addition, the Issuer has disclosed an additional indicator on social benefits: 29,293 hours of integration work were provided as of 31/12/2018. *MEUR 8.92 have been allocated to this project in 2019 under the Sustainability Bond in the “Energy Efficiency” category with 3,260 MWh saved in 2019 and 210 tCO₂e avoided and 29,474 hours of integration work.*
- “Solar energy: Photovoltaic solar”: The selected indicators on environmental benefits are disclosed: 5,000 m² of panels installed since 2015, 514 MWh produced per year equivalent to 5 tCO₂e avoided per year.
- “30 new hectares of green spaces”: The selected indicators on environmental benefits are disclosed: 10,93 ha of new green spaces have been delivered since 2015 (0,7 ha in 2018). In addition, the Issuer has disclosed an additional indicator on environmental benefits: 108,01 tCO₂e avoided during the period (40,88 tCO₂e in 2018). *MEUR 23.71 have been allocated to this project in 2019 under the Sustainability Bond in the “Adaptation to climate change” category. Additional 7.84 have been delivered in 2019 with 29.32 tCO₂e avoided.*
- “20,000 trees”: The selected indicators on environmental benefits are disclosed: 11,690 trees have been planted since 2015 (3,343 in 2018). In addition, the Issuer has disclosed additional indicators on environmental benefits: 8,530 tCO₂e will be avoided during the lifespan of the already planted trees (2,440 tCO₂ due to 2018 new trees). In addition, the Issuer has disclosed an additional indicator on social benefits: 425 hours of integration work were provided as of 31/12/2018. *MEUR 1.22 have been allocated to this project in 2019 under the Sustainability Bond in the “Adaptation to climate change” category with 3040 trees in 2019 and 2,219 tCO₂e avoided and 228 hours of integration work.*

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 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.

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 seven financed projects (representing 96.2% of allocated proceeds), namely:
 - "Extension of tram line (T3 Chapelle-Asnières)": 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.
 - "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.
 - "Sustainable social housing (HEQ constructions, thermal insulation)": 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 circular economy and low carbon sites.
 - "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.
- Moderate for two financed projects (representing 3.8% of allocated proceeds), namely:
 - "Conversion of the fleet of sanitation vehicles from diesel": The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering energy consumption, air quality, responsible procurement and social cohesion. No information is disclosed considering waste management, and sustainable local development of territories.
 - "Solar energy: Photovoltaic solar": The Issuer has disclosed the selected indicators to evaluate the project performance on ESG management covering air quality, eco-design, biodiversity, waste management and social cohesion. No information is disclosed considering responsible procurement and sourcing.

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 benefits are considered limited (two projects), good (five projects) to advanced (two projects).

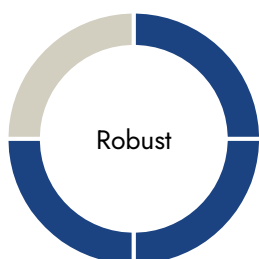
In particular, we consider the projects' results to be:

- advanced for two projects (representing 37% of allocated proceeds), namely:
 - "Installation of Belib' charging stations": The Issuer has set the following targets: 264 terminals financed by July 2018 and 2,960 tCO_{2e} avoided per year. The initial forecast was 270 stations, *it has been met in 2019 under the Sustainability Bond with additional 6 terminals installed.*
 - "Sustainable social housing (HEQ constructions, thermal insulation)": The Issuer has set the following targets: 4,500 social housing units renovated per year and improve average energy efficiency by 60%. 4,656 social housing units have been renovated in 2018 and 57% average improvement in energy consumption.
- good for five financed projects (representing 59.2% of allocated proceeds), namely:
 - "Extension of tram line (T3 Chapelle-Asnières)": The Issuer has set the following targets: length of created transport ways is disclosed (4,3 km), the ex-ante estimation of annual GHG emissions reduction of 8,700 tCO_{2e} and of 210,000 passengers per day. Based on the the Observatoire de la mobilité en Île-de-France (OMNIL) estimations the Issuer has reported achieving 94,401,775 of travellers.km/year and the GHG emissions reduction is estimated at 8,713 tCO_{2e} avoided per year.
 - "Energy Performance contract (MPE)": The Issuer has set the following target: annual saving of 4,617 MWh. 4,261 MWh have been saved in 2018 and *3,260 MWh saved in 2019.*
 - "Cycle paths": The Issuer has set the following targets: ex-ante estimation of the annual GHG emissions reduction of 27,000tCO_{2e}/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). *Additional 120 km have been added in 2019.*
 - "30 new hectares of green spaces": The Issuer has set the following target: 30 ha of new green spaces by 2020. 10.93 ha have been created since 2015 which is slightly below the initial expectations. *Additional 7.84 have been delivered in 2019 with 29.32 tCO_{2e} avoided.*
 - "20,000 trees": City of Paris has committed to deliver 20,000 trees from 2014 to 2020. 11,690 trees have been planted since 2015 which is slightly below the initial expectations. *3,040 trees have been delivered in 2019 under the Sustainability Bond.*
- limited for two financed projects (representing 3.8% of allocated proceeds), namely:
 - "Conversion of the fleet of sanitation vehicles from diesel": The project was firstly initiated with air emissions targets, the GHG emissions reduction is considered a co-benefit. Therefore, the Issuer has not quantified ex ante-benefits for GHG emissions. An area for improvement consists in providing ex-ante estimations of annual GHG emissions reduction.
 - "Solar energy: Photovoltaic solar": The Issuer has not quantified ex-ante benefits. An area for improvement consists in providing ex-ante estimations of annual GHG emissions reduction and installed capacity (MW).

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 climate benefits
01 – “T3 tram line - Chapelle-Asnières Extension”	Reasonable	Reasonable	Reasonable	Reasonable	Good
02 – “Conversion of the fleet of sanitation vehicles from diesel”	Reasonable	Reasonable	Reasonable	Moderate	Limited
03 – “Cycle paths”	Reasonable	Reasonable	Reasonable	Reasonable	Good
04 – “Installation of Belib' charging stations”	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
05 – “Sustainable social housing (HEQ constructions, thermal insulation)”	Reasonable	Reasonable	Reasonable	Reasonable	Advanced
06 – “Energy Performance contract (MPE)”	Reasonable	Reasonable	Reasonable	Reasonable	Good
07 – “Solar energy: Photovoltaic solar”	Reasonable	Reasonable	Reasonable	Moderate	Limited
08 – “30 new hectares of green spaces”	Reasonable	Reasonable	Reasonable	Reasonable	Good
09 – “20,000 trees”	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 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.</p>	Advanced
		Robust
		Limited
		Weak

DOMAIN	COMMENTS	OPINION
Governance	<p>City of Paris' performance in the Governance pillar is considered <u>limited</u>.</p> <p>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.</p>	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	
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 benefits and the ESG management of the projects	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 an advance to robust level of assurance of E&S risk

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.



			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	<p>Limited results; the results are slightly below or below the forecasted objectives.</p> <p>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.</p>
		Weak	<p>Weak results; the results are below the forecasted objectives.</p> <p>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.</p>

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