

# CITY OF PARIS



## City of Paris Sustainability Bond Framework

[February 2024]

# 1. Introduction

## 1.1 Background

Paris is the capital and most populous city of France, with an estimated population of 2,162,000 residents in 2023 spread over an area of over 105 km<sup>2</sup> (41 sq mi), making it the fourth-most populated city in the European Union as well as the 30th most densely populated city in the world in 2022<sup>1</sup>. Since the 17th century, Paris has been one of the world's major centres of finance, diplomacy, commerce, fashion, gastronomy, and science.

Paris is host to several United Nations organisations including UNESCO, and other international organisations such as the OECD, the OECD Development Centre, the International Bureau of Weights and Measures, the International Energy Agency, the International Federation for Human Rights, along with European bodies such as the European Space Agency, the European Banking Authority or the European Securities and Markets Authority.

The economy of the City of Paris is based largely on services and commerce; of the 521 280<sup>2</sup> in 2020 enterprises in the city, 80.6 percent are engaged in commerce, transportation, and diverse services, 6.5 percent in construction, and just 3.8 percent in industry<sup>3</sup>.

## 1.2 City of Paris Approach to Sustainability

### 1.2.1 City of Paris Climate Plans

Climate change is one of the most serious challenges mankind has ever experienced. However, it is also a formidable opportunity to completely revolutionize the way we live, produce, travel, and consume.

In view of this, cities clearly stand out as key players in building a greener and more supportive world, as they have a tangible ability to directly impact the daily lives of their citizens<sup>4</sup>.

---

<sup>1</sup> <https://www.worldatlas.com/articles/the-world-s-most-densely-populated-cities.html>

<sup>2</sup> <https://ville-data.com/entreprise/paris-75-75D>

<sup>3</sup> [http://www.insee.fr/themes/dossier\\_complet.asp?codgeo=COM-75056](http://www.insee.fr/themes/dossier_complet.asp?codgeo=COM-75056)

<sup>4</sup> <https://cdn.paris.fr/paris/2020/11/23/257b26474ba3ba08ee02baa096f9c5dd.pdf>

Carbon neutrality is one of the fundamental objectives of the Paris Agreement which is focused on achieving zero net emissions of greenhouse gases (GHGs). It is therefore a matter of achieving a balance by 2050 between the ecosystem's natural absorption capacity of GHGs and the irreducible emissions caused by human activity.

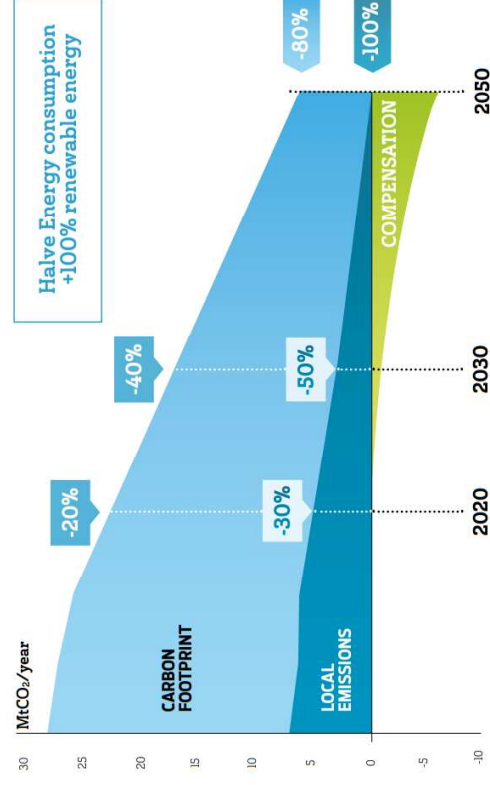
To achieve this, the involvement of all territorial stakeholders - public and private entities, associations and citizens - is critical.

In 2007, the City of Paris adopted a proactive and ambitious Climate Action Plan ("Plan Climat"). As a result, the city's carbon footprint decreased by 20% between 2004 and 2018 and local GHG emissions were cut by 25%.

The third Paris Climate Plan (2018) defined an operational action plan for 2020-2030 in terms of the reduction of emissions and energy consumption, the development of renewable energy, adaptation to climate change and the implementation of carbon offsetting and sequestration tools to accelerate the local transition<sup>5</sup>.

To achieve the Climate Plan, the emissions profile of Paris must be well understood in order to achieve carbon neutrality. Paris' greenhouse gas emissions (22.7 million tonnes of CO<sub>2</sub> in 2018) break down into two major groups<sup>6</sup>:

#### Categories of greenhouse gas emissions in Paris



<sup>5</sup> <https://unfccc.int/climate-action/un-global-climate-action-awards/climate-leaders/city-of-paris>

<sup>6</sup> <https://www.paris.fr/pages/le-bilan-carbone-de-paris-2018-7479>

*Carbon footprint:* emissions in the territory related to energy consumption in the residential, tertiary, industrial and intramural transport sectors, as well as emissions associated with waste produced in Paris.

*Local emissions:* Carbon footprint + upstream emissions from energy consumption + emissions associated with the food, construction and extramural transportation sectors (including air travel).

## 1.2.2 City of Paris Social Plans

Since 2017, City of Paris has utilised Sustainable Bond Frameworks to widen the scope of funding that supports the City's global sustainability agenda by integrating social actions and projects.

The City has set itself ambitious social programs in order to demonstrate its inclusive role as a sustainable city:

- **Access to social housing** : in order to give all Parisians access to housing, City of Paris is committed to reach the ambitious goal set by SRU law<sup>7</sup> (Solidarity and Urban Renewal) and provide at least 25% of social housing by 2025.
- **Financial assistance:** for instance to provide fragile families in paying energy bills.
- **Fight against exclusion:** the second act of the "Parisian Pact against large-scale exclusion"<sup>8</sup> between 2022 and 2026, coordinates aid for the homeless. Its goal is to prevent the societal factors that lead to homelessness, and to help those who are homeless to escape their situation, through the deployment of reception centers and job-finding resources.
- **Action in favor of people with disabilities is also a priority for the City:** the Parisian strategy (Disability and universal accessibility 2022-2026)<sup>9</sup> is part of a renewed ambition to extend accessibility by preventing and reducing situations of disability encountered by people in urban environments. By 2024, all public buildings and facilities open to the public (ERP) will be fully accessible. In total, 2,957 public buildings will fall within the scope of this programme while 1,325 are already accessible<sup>9</sup>.
- **Action in favor of elderly people:** a similar policy exists for adapting housing to meet the needs of the elderly. The city's social action center promotes services allowing the elderly to remain comfortably in their homes. The City provides residences for vulnerable people (lower income, difficulties in accessing shops, feelings of isolation) and medically equipped residences for people suffering a loss of physical and/or psychological autonomy.
- **Social cohesion and development of the Social Solidarity Economy**, which promotes professional integration through nine cooperatives established to assist social entrepreneurs. They offer everyday products and services responding to their economic and social concerns.

<sup>7</sup> <https://www.paris.fr/pages/logement-solidarite-urgence-climatique-les-investissements-prioritaires-du-budget-2022-19967>

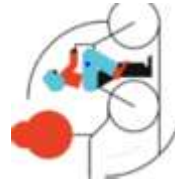
<sup>8</sup> <https://www.paris.fr/pages/lutte-contre-l-exclusion-2434>

<sup>9</sup> <https://www.paris.fr/pages/strategie-parisienne-handicap-inclusion-et-accessibilite-universelle-2021-4657>

Through these actions, the City of Paris has actively integrated sustainable development into all its development plans.

### 1.2.3 Future focus areas

A Climate Air Energy Plan 2024-2030 focusing on the points below is currently being finalised and is expected to be published by the end of 2023.



#### **1 – CLIMATE: ACCELERATING THE ECOLOGICAL REVOLUTION**

- Adapting the city to climate change
- Giving nature its rightful place
- Reducing the use of cars
- Developing renewable energies to strengthen our energy independence



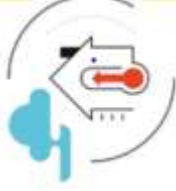
#### **2 – SOLIDARITY: PARIS, A SOCIAL AND SUPPORTIVE CITY THAT WELCOMES EVERYONE AND PROTECTS FUNDAMENTAL RIGHTS**

- Developing a housing offer accessible to all
- Fighting isolation and guaranteeing the right to age with dignity
- Making investments in working-class neighbourhoods a priority (25% of investments)



### **3 – CITY OF “LE QUART D’HEURE”: PROMOTING MORE HUMAN LOCAL PUBLIC ACTION**

- Always better meet the needs and concerns of Parisians through local public action (all services within a fifteen-minute walk or a five-minute bike ride from home)
- A public service that is clearer and more accessible to users, particularly through digital transformation



### **4 – COMMITMENT: PROMOTING AN ALTERNATIVE ECONOMIC MODEL**

- Supporting changes in habits to produce and consume in a sustainable way
- Encouraging local shops and creating a network covering the whole territory of Paris
- Paris, capital of the social and solidarity economy

In implementing the climate plan, it is a priority for Paris to showcase and share its progress regionally and globally. As a municipality that is heavily involved in international cooperation, Paris intends to actively participate in city diplomacy and strengthen the role of non-state actors in implementing the Paris Agreement.

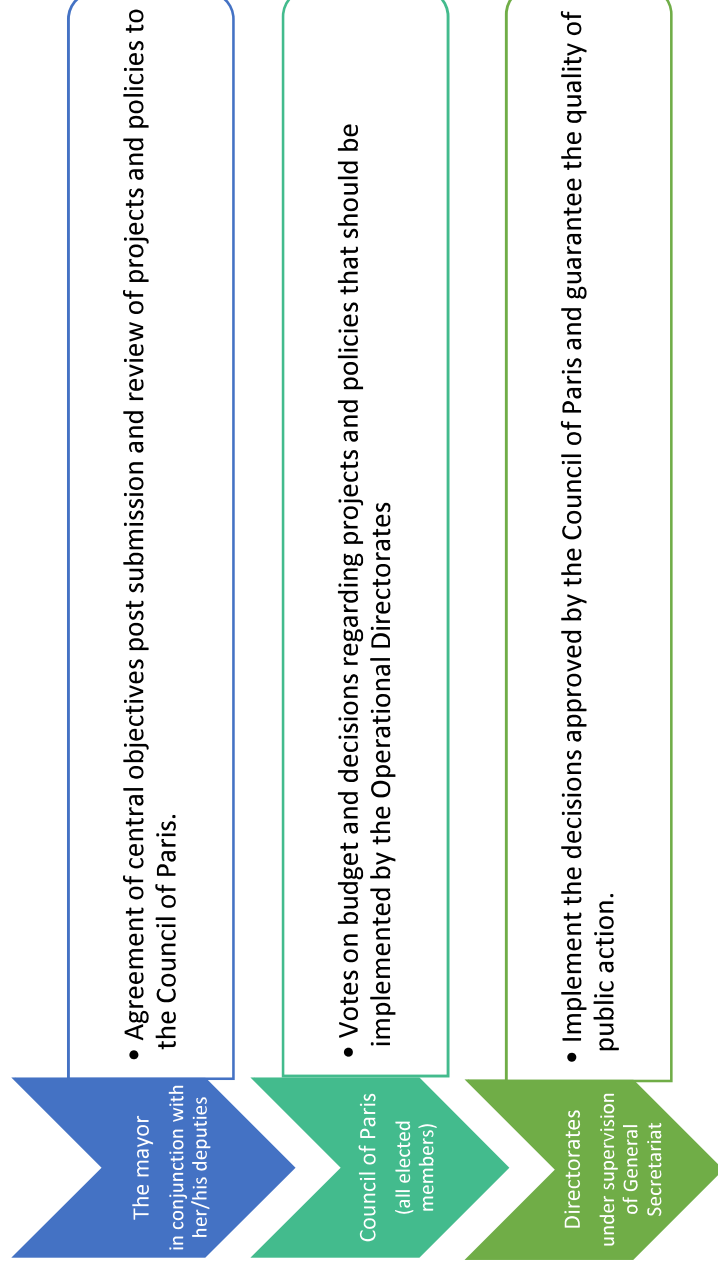
As one of the leaders of the C40, the City of Paris will help local governments develop long-term plans for 2050 that are in line with commitments under the Paris Agreement, modelled on the current Climate Plan.<sup>10</sup>

It will also support the “2050 Pathways Platform”, an alliance of countries, cities, and companies committed to achieving carbon neutrality by 2050, and it will continue to participate in various networks, such as Energy Cities, Global Covenant of Mayors and the C40, to improve recognition of the role cities play in climate action.

<sup>10</sup> <https://unfccc.int/climate-action/un-global-climate-action-awards/climate-leaders/city-of-paris>

### 1.3 City of Paris Sustainability Governance

Within the City, all public policies are implemented in three stages:



For addressing sustainability issues specifically, the City of Paris has created a dedicated directorate (DTEC). The DTEC (Direction de la Transition Écologique et du Climat) is the main steering body within the City focusing on the evaluation and implementation of all strategic actions and policies related to the adaptation to climate change and sustainability development.

DTEC is at the core of the practical implementation and oversight of Paris' Climate Plan and Paris' Air Climate and Energy Plan.

DTEC also supports other Departments in their actions which pertain to energy, air, water or climate requirements.

## 1.4 Rationale for the City of Paris Sustainability Bond Framework

The City of Paris is committed to the wellbeing of its population and the scope of the City's responsibilities cover social services and healthcare; urban planning; primary and secondary schools; culture; environment; economic development; and water management, waste collection and recycling<sup>11</sup>.

As per the French constitution, the City of Paris maintains financial and administrative autonomy to fund and approve local development projects from its local budget.

To support its broad range of actions, the City of Paris has decided to update its Sustainability Bond Framework (first established in 2017) in order to have a flexible platform from which to issue Green, Social or Sustainability Bonds going forward that aligns with relevant market standards and best practice. In doing so, the City of Paris has aligned its debt strategy with its ESG strategy and goals.

Additionally, the City of Paris aims to use the issuance of ESG-labelled instruments under this Sustainability Bond Framework as an important element to provide domestic and international investors with greater transparency over the use of proceeds and environmental/social impacts of the projects financed.

## 2. City of Paris Sustainability Bond Framework

The City of Paris Sustainability Bond Framework has been developed with reference to the following guidelines and principles: The International Capital Market Association (**ICMA**) Green Bond Principles (**GBP**) 2021 (with June 2022 Appendix I)<sup>12</sup>, ICMA Social Bond Principles (**SBP**) 2021 (with June 2022 Appendix I)<sup>13</sup>, ICMA Sustainability Bond Guidelines (**SBG**) 2021<sup>14</sup>.

<sup>11</sup> <https://www.paris.fr/pages/paris-pour-le-climat-2148>

<sup>12</sup> ICMA Green Bond Principles (2021) (with June 2022 Appendix I): [https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles\\_June-2022-280622.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf)

<sup>13</sup> ICMA Social Bond Principles (2021) (with June 2022 Appendix I): [https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles\\_June-2022v3-020822.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles_June-2022v3-020822.pdf)

<sup>14</sup> ICMA Sustainability Bond Guidelines (June 2021): <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

Under this Sustainability Bond Framework, the City of Paris may issue:

- Green Bond(s) - where proceeds are used to finance/refinance projects defined under 'Eligible Green Project Categories'
- Social Bond(s) - where proceeds are used to finance/refinance projects defined under 'Eligible Social Project Categories'
- Sustainability Bond(s) - where proceeds are used to finance/refinance projects defined under 'Eligible Green Project Categories' and 'Eligible Social Project Categories'

In aligning with the above relevant Sustainable Finance Principles and Guidelines, this Sustainability Bond Framework is anchored around the following core components and key recommendations of the ICMA Principles:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

In addition, City of Paris has also taken into consideration the developing **EU Taxonomy** on a best efforts basis, with the intention of achieving full alignment when feasible in future. On a best efforts basis, the City will also include information within its reporting regarding the alignment with the taxonomy, on a category or project level as relevant.

The City of Paris acknowledges that this Framework may be amended in future to reflect key market/regulatory developments in the sustainable finance market with the aim of adapting to, and aligning with, best-in-class market practices.

## **2.1 Use of Proceeds**



City of Paris's Green, Social or Sustainability Bonds will be used to finance and/or re-finance, in whole or in part, new or existing projects from any of the Eligible Project Categories defined below.

Specifically, the Use of Proceeds of any bonds issued under the City of Paris's Sustainability Bond Framework will be applied to projects that fall under the following Eligible Project Categories and contribute to one or more of the following Environmental and/or Social objectives:

- 1) Reduction of Greenhouse Gas (GHG) emissions;
- 2) Reduction of energy consumption;
- 3) Increase the portion of renewable energies in the supply mix;
- 4) Adapt Paris to climate change and resource scarcity;
- 5) Enhance access to essential services including education, culture, sports, health for low-income and underserved populations including children, young and elderly people;
- 6) Increase the social and affordable housing supply to meet the needs of Parisians;
- 7) Increase education, culture, leisure and sports infrastructure capacity in under privileged areas;
- 8) Reduce social exclusions and inequalities;
- 9) Generate employment;
- 10) Support socio-economic advancement and empowerment



## Eligible Green Project Categories



Eligible green expenditures will finance and or refinance projects under one of the categories below that are aimed at promoting climate change mitigation and energy transition.

1. <u>Clean Transportation</u>			
Projects aimed at developing low-carbon energy transportation (bicycles, electric vehicles) and public transportation			
Objectives	Eligibility criteria	Example Projects	UN SDGs
1) Reduction of Greenhouse Gas (GHG) emissions	<p>Investments in constructions of low-carbon transport assets and infrastructure<sup>e15</sup> dedicated to public passenger transport or zero direct emission vehicles.</p> <p>Low-carbon vehicles for sanitation purposes.</p>	<ul style="list-style-type: none"> <li>- Creation, extension or renovation of tramway, bus and subway lines</li> <li>- Refurbishment of public spaces and urban paths dedicated to cyclists within cycle plans</li> <li>- Investments supporting the development of electric cars for residents, municipal officers and professionals</li> <li>- Extension of the fleet of clean vehicles within the City</li> <li>- Investments in the network of charging stations for electric vehicles</li> </ul>	 <p>SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>  <p>SDG 13.2: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p> <p>SDG 13.2: Integrate climate change measures into national policies, strategies and planning</p>

## 2. Energy efficiency and Green Buildings



Projects aimed at reducing the energy consumption of buildings or public lighting, while maintaining an equivalent level of service (existing situation or vs. standard)

Objectives	Eligibility criteria	Examples	UN SDGs
<p>1) Reduction of Greenhouse Gas (GHG) emissions ;</p> <p>2) Reduction of energy consumption</p>	<p>Investments in the construction, renovation or maintenance of buildings that are part of our sustainable development approach and that comply with the following standards and certifications (Climate, biodiversity, resilience strategy, circular economy plan) :</p> <ul style="list-style-type: none"> <li>- RE 2020</li> <li>- HQE <i>approach</i></li> <li>- BiodiverCity label</li> <li>- Bâtiment Durable Francilien <i>approach</i></li> <li>- FiBois Pact</li> </ul> <p>Specific approaches for construction of social housing buildings :</p> <ul style="list-style-type: none"> <li>- NF Habitat HQE Paris</li> <li>- BEE + Paris</li> <li>- Promotelec Habitat neuf Paris</li> <li>- Effinergie</li> </ul> <p>Specific approaches for renovation of social housing buildings :</p> <ul style="list-style-type: none"> <li>- NF Habitat Paris (with or without HQE depending on occupancy rate)</li> <li>- BEE Rénovation Paris</li> <li>- Promotelec Rénovation responsable Paris</li> <li>- Label Effinergie Basse</li> <li>- Consommation – Bas Carbone</li> <li>- Label HPE Rénovation or Rénovation 150</li> </ul> <p>Investments that reduce energy consumption, including:</p>	<ul style="list-style-type: none"> <li>- Construction or renovation of energy efficient buildings such as schools, social housing, nursing homes, swimming-pools</li> <li>- Replacement of energy consuming appliances</li> <li>- Maintenance and improvement program of existing swimming pools</li> </ul>	 <p>SDG 7.3: By 2030, double the global rate of improvement in energy efficiency</p>  <p>SDG 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>

	<ul style="list-style-type: none"> <li>- Energy-efficient and energy-saving heating, ventilation, insulation, lighting and electrical equipment/Projects that ensure that equipment/infrastructure remains energy efficient</li> <li>- Projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems</li> </ul>		
<b>3. <u>Renewable energy</u></b>			
Projects aimed at developing local renewable energy production and/or energy recovery			
<b>Objectives</b>	<b>Eligibility criteria</b>	<b>Examples</b>	<b>UN SDGs</b>
<ol style="list-style-type: none"> <li>1) Reduction of Greenhouse Gas (GHG) emissions;</li> <li>2) Reduction of energy consumption;</li> <li>3) Increase the portion of renewable energies in the supply mix</li> </ol>	Investments dedicated to generation, transmission and distribution of energy from renewable sources including solar	<ul style="list-style-type: none"> <li>- Installation of solar panels</li> </ul>	 <p>SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p>  <p>SDG 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>

#### 4. Climate Change Adaptation

Projects aimed at reducing the impacts of climate change (especially the heat island effect) and promoting the development of biodiversity through the expansion of green area surfaces in Paris

Objectives	Eligibility criteria	Examples	UN SDGs
<p>1) Adapt Paris to climate change and resource scarcity</p>	<p>Activities that increase the resilience of ecosystems, protect populations and fight against the heat island effect</p> <p>Measures supporting the protection and restoration of biodiversity and terrestrial ecosystems</p> <p>Activities or investments that contribute to GHG emissions segregation</p>	<ul style="list-style-type: none"> <li>- Development of green areas opened to the public, green roofs, facades and walls, urban forests</li> <li>- Creation of “Oasis” playground</li> <li>- Tree planting programs in the City</li> <li>- Development of freshness havens and solutions against heatwaves</li> </ul>	 <p><b>SDG 11.3:</b> By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p> <p><b>SDG 11.7:</b> By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities</p>  <p><b>SDG 13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>



## Social Eligible Projects Categories




Investments made to promote Social and Economic inclusion and support the City of Paris Sustainable Development goals.



### 5. Access to essential services

Projects aimed at providing access to essential services for vulnerable populations (access to mobility, healthcare, employment, security) and projects aiming at improving quality of life in “priority areas”, as defined by law and which present the highest economic and social difficulties

**Target populations:** Homeless people / low-income population / young people / elderly people / people with disabilities / single-parent families / Populations living in “Quartiers prioritaires de la Politique de la Ville”

Objectives	Eligibility criteria	Examples	UN SDGs
<p>1) Enhance access to essential services including education, culture, sports, health for low-income and underserved populations including children, young and elderly people;</p> <p>2) Increase education, culture, leisure and sports infrastructure capacity in under privileged areas;</p> <p>3) Reduce social exclusions and inequalities</p>	<p>Investments that enhance access to public, not-for-profit, free or subsidized essential services, including:</p> <ul style="list-style-type: none"> <li>- Infrastructure for healthcare, childcare and elder care centres</li> <li>- Infrastructure for the provision of child, youth or adult education and vocational training services</li> <li>- Accessibility to public buildings and infrastructures: fitting out access to buildings public and Infrastructure</li> </ul> <p>Strengthen social cohesion and solidarity between territories and between generations</p>	<ul style="list-style-type: none"> <li>- Development of homeless reception centres and job-finding resources</li> <li>- Development of centres for dependent elderly people</li> <li>- Support for single-parent families, childhood protection and health protection</li> <li>- Development works for accessibility in social housing, adapted housing and public buildings</li> </ul>	 <p><b>SDG 3.7:</b> By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes</p> <p><b>SDG 3.8:</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p><b>SDG 3.d:</b> Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p>  <p><b>SDG 8.5:</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p><b>SDG 8.6:</b> By 2020, substantially reduce the proportion of youth not in employment, education or training</p>

	<p>Projects aiming at improving quality of life in "priority areas", presenting the highest level of economic and social difficulties within the City :</p> <ul style="list-style-type: none"> <li>- Infrastructures for education, culture, leisure and sports</li> </ul>	<ul style="list-style-type: none"> <li>- Developing EHPAD (residential facilities for elderly people) structures in Paris</li> </ul> <p>Investment in infrastructures provided there is a "Quartier Prioritaire" in the influence area of the infrastructure :</p> <ul style="list-style-type: none"> <li>- Libraries</li> <li>- Cultural centers</li> <li>- Swimming-pools</li> </ul>	 <p><b>SDG 10.2:</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p><b>SDG 10.3:</b> Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p> <p><b>SDG 10.4:</b> Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>  <p><b>SDG 11.1:</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <p><b>SDG 11.3:</b> By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>
<p><b>6. Socioeconomic advancement and empowerment</b></p> <p>Projects aimed at providing support to employment generation and socio-economic advancement and empowerment</p> <p><b>Target population:</b> Unemployed people / SMEs &amp; MICs<sup>20</sup></p>			
<b>Objectives</b>	<b>Eligibility criteria</b>	<b>Examples</b>	<b>UN SDGs</b>
<ol style="list-style-type: none"> <li>1) Generate employment;</li> <li>2) Support socio-economic advancement and empowerment</li> </ol>	<p>Investments in projects supporting micro-, small- and medium- sized businesses<sup>17</sup></p>	<p>Projects supporting SMEs &amp; MICs financing, microfinance for social entrepreneurs ("entreprises solidaires"<sup>18</sup>, "structures d'insertion par l'activité économique"<sup>19</sup>)</p>	 <p><b>SDG 8.3:</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization</p>

		<p>and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>  <p>SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>	
<p><b>7. Affordable Housing</b></p> <p>Projects aimed at increasing the social and affordable housing supply to meet the demand of Parisians</p> <p><b>Target population:</b> low-income population<sup>21</sup> / Parisian students</p>			
Objectives	Eligibility criteria	Examples	UN SDGs
<p>1) Increase the social and affordable housing supply to meet the needs of Parisians</p>	<p>Investments in projects promoting access to housing for all</p>	<p>- Creation of new social housing in the City</p> <p>Upgrade of substandard housing</p>	 <p>SDG 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>

<sup>15</sup> Expenditure will only be for charging stations and the parking slot will be excluded

<sup>16</sup> exclusion list: [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/company-resources/ifcexclusionlist#2007](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist#2007)

<sup>17</sup> [https://single-market-economy.ec.europa.eu/smes/sme-definition\\_en](https://single-market-economy.ec.europa.eu/smes/sme-definition_en)

<sup>18</sup> <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&categorieLien=id>

<sup>19</sup> <http://www.portail-iae.org/>

<sup>20</sup> As defined by Institut national de la statistique et des études économiques <https://www.insee.fr/en/metadonnees/definition/c1079>

<sup>21</sup> Eligibility criteria for Social Housing are defined according to annual revenue <https://www.paris.fr/services-et-infos-pratiques/logement-social/demander-un-logement-social-37#qui-a-droit-a-un-logement-social>

## **2.2 Process for Project Selection and Evaluation**

The City of Paris has made environmental, social, and governance commitments to attest the sustainable value of the financed project through eligibility criteria as defined in this Framework and the City of Paris Sustainability policy and practices in place.

Most of the projects carried out in Paris are based on contracts awarded by the Department dedicated to Public Procurement (DFA). These contracts are part of the City's responsible purchasing approach described in the last version of the Parisian Responsible Public Procurement Scheme (SPASER) passed in December 2021. Strategic contracts are subject to an in-depth study of the main issues implied, including environmental and social issues, during a weekly dedicated meeting.

Given that all investment projects voted by the Paris Council must be aligned with the Paris Climate Plan, a separate Sustainable Finance Working Group has not been set up. However, the City has in place the following project selection and evaluation process to meet the requirements of the ICMA GBP.

A first selection of projects is established by DFA, based on the administrative account for the year of funds allocation by the City. To do so, the Finance Department, which steers the process, makes a first selection of projects. The Finance Department also checks that the projects all belong to one of the sub-categories defined in the Framework. This selection is performed after withdrawing expenses lower than a minimum amount of one million euros in order to prevent reporting on too many projects.

At the second stage, this pre-selection is presented to the operational directorates in charge of each specific project, which then withdraw or confirm the operations according to their ability to report all the information required by the framework (for instance GHG emissions).

The final step is validation of selected projects by the General Secretariat and the Mayor's office through an annual meeting.

City of Paris commits that where a project previously included on the eligible asset list no longer meets the eligibility criteria defined under this Framework, proceeds will be re-allocated to eligible projects as soon as practically possible, on a best effort basis. The overall responsibility for coordinating this process will lie with the DFA.

## **2.3 Management of Proceeds**

The net proceeds of any Green, Social and/or Sustainability Bond(s) will be managed within City of Paris' normal treasury liquidity account in accordance with the French regulatory Framework for Local Authorities, until full allocation to selected eligible projects.

City of Paris will take specific measures as part of the annual financial audit process to track the invested amounts used to finance the selected eligible projects.

The net proceeds of the issuance will be used to finance and refinance current and future projects. Refinancing will be exclusively referring to the budget year of the bond issuance.

In case of project divestment, City of Paris will use the net proceeds to finance other eligible projects which are compliant with the current Use of Proceeds, as described in the Project Evaluation and Selection section above.

## 2.4 Reporting

On an annual basis and at least until full allocation, City of Paris will provide the following reporting on any bonds issued under this Framework:

- Allocation reporting - City of Paris will report on :
  - The total amount of proceeds allocated to the Eligible Green and/or Social Projects
  - Breakdown of allocation by eligible project category
  - Allocation by geographic location
  - Refinancing versus new financing
  - The balance of unallocated proceeds
- Impact reporting: on a project level, when feasible, for each eligible project category, City of Paris will endeavor to report using the indicative reporting indicators mentioned in the tables below.
- ESG reporting: reporting on ESG management and the monitoring of the ESG criteria at the project or bond level, when possible and relevant.

Please also note:

City of Paris will align impact indicators, on a best efforts basis, with the ICMA Harmonized Frameworks for Green<sup>22</sup> and Social<sup>23</sup> Impact Reporting. For all eligible assets, City of Paris may integrate additional quantitative indicators, qualitative indicators and/or case studies.

## Impact reporting – Green benefits

Project Categories	Example of Indicators that could be reported
<u>Clean Transportation</u>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tCO<sub>2</sub>-e p.a.</li> <li>• Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)</li> <li>• Number of clean vehicles deployed (e.g. electric)</li> </ul>
<u>Energy Efficiency and Green Buildings</u>	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>• Number of LED or SSL lighting fixtures with lumen/watt (Lm/W)</li> </ul>
<u>Renewable energy</u>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent/a</li> <li>• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>• Annual Absolute (gross) GHG emissions from the project in tonnes of CO<sub>2</sub> equivalent</li> </ul>
<u>Climate Change Adaptation</u>	<ul style="list-style-type: none"> <li>• Increased number of urban residents with access to thermally safe conditions in buildings/transport systems</li> <li>• Increased number of households with access to resilient energy systems</li> <li>• Increased number of people/businesses/acres with secure water supply</li> <li>• Total New surface of green areas opened to the public (m<sup>2</sup>)</li> <li>• Total surface of new green areas on buildings : green roofs, facades and green walls, etc. (m<sup>2</sup>)</li> <li>• Total number of planted trees within Paris intra muros area</li> </ul>

<sup>22</sup> [https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds\\_June-2022-280622.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf)

<sup>23</sup> [https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds\\_June-2022-280622.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds_June-2022-280622.pdf)

## Impact reporting – Social benefits

<b>Project Categories</b>	<b>Example of Indicators that could be reported</b>
<b><u>Access to essential services</u></b>	<ul style="list-style-type: none"><li>• Number of hospital and other healthcare facilities built/upgraded</li><li>• Number of residents benefitting from healthcare which is otherwise not accessible</li><li>• Number of students supported</li><li>• Number of beneficiaries</li></ul>
<b><u>Socioeconomic advancement and empowerment</u></b>	<ul style="list-style-type: none"><li>• Number of jobs supported/created/retained</li><li>• Number of disabled people employed</li></ul>
<b><u>Affordable Housing</u></b>	<ul style="list-style-type: none"><li>• Number of beneficiaries</li><li>• Number of dwellings</li></ul>

Reporting on any bonds issued under the City of Paris's Green and Sustainability Bond Framework will be made available on the City of Paris website.

This Framework will also be made available on the City of Paris website ([paris.fr](http://paris.fr)).

## **3. External Review**

### **3.1 Second Opinion**

The City of Paris has appointed Moody's Investors Service, to provide a Second Party Opinion on this Sustainability Bond Framework.

This Second Party Opinion will be made available on City of Paris's website.

### **3.2 External Verification**

The City of Paris has in place the below robust external verification process, introducing multiple checks and balances, going above and beyond market norm.

An external verification of the tracking of the bond proceeds is implicitly done during the funds allocation process until complete allocation, both by the Public Accountant (DRFiP) which is under the control of the Ministry of Finance and by the Préfet, representing the French State.

In accordance with French regulation, DRFiP (“Direction Régionale des Finances Publiques”) checks all legal documentation related to contracts signed and transmitted by Paris administration departments prior to allowing any transfer of funds or payment. Moreover, when paying the expenditure on behalf of City of Paris, the accounting officer assigned from the DRFiP checks that funds are allocated to the relevant project, which is confirmed by its AP number (AP= Payment Authorization).

The Administrative Account reports all the amounts attributed to each AP, post which it is voted upon and affirmed annually by the Paris Town Council and then checked by the “Préfet”.

In addition to the verification by the DRFiP and since 2021, City of Paris introduced an external auditing process which is not compulsory for LRGs under the French regulatory framework, therefore, the financial statements are audited by external auditors as part of this certification process.