

SCOPE

Vigeo was commissioned to provide an independent opinion on the sustainable credentials of the "Climate Bond" to be issued by City of Paris (i.e. Mairie de Paris), according to the Vigeo Environmental, Social and Governance (ESG) assessment methodology. The opinion is based on the review of the three components of a sustainable climate bond, in line with the guidelines issued by the Green Bond Principles :

- Issuer: Analysis of the issuer ESG performance, controversies and allegations on ESG issues.
- Project framework: Identification of the eligible project categories and benefits and evaluation of the process for project evaluation and selection and the ESG integration.
- Reporting framework: Assessment of reporting capacity and commitments for project fund allocation, environmental benefits and ESG project management.

Vigeo's sources of information are gathered from the issuer, press content providers and stakeholders. Vigeo have reviewed documents supplied by the issuer and conducted interviews with people from across different City of Paris Services.

VIGEO OPINION

Vigeo confirms that the bond to be issued by City of Paris is a "Climate Bond", aligned with the Green Bond Principles and our level of assurance on sustainability of the bond is reasonable²:

- The issuer displays an overall advanced² ESG performance (see Part I.).
- The net proceeds of the issuance will be used to finance Energy-Climate Projects categories which contribute to fight against climate change and energy transition, i.e. reduction of GHG emissions (due to low-carbon transport), energy efficiency and energy savings, production of renewable energy, and adaptation of Paris to climate change, in line with the European Energy and Climate Plan and Paris "Climate & energy Plan 3x25 for 2020".

In addition, eligible projects will meet a set of Environmental, Social and Governance (ESG) criteria to attest the sustainable value of these projects (see Part II.).
- The reporting commitments cover the selection of eligible projects, the estimation of climate benefits and the responsible management of projects, showing a consistent level of transparency and a capacity to assess and report on all ESG issues (see Part III.).

Part I. ISSUER

Level of the issuer's CSR performance:

As of November 2014, City of Paris displays an overall advanced² ESG performance, above average scores in all domains, and leads the sector out of 29 in the "Local authorities" Vigeo sector. City of Paris achieves advanced² performance in the Social and Environmental pillars, while in the Governance pillar, its score is robust².

Stakeholder-related ESG controversies and disputable activities:

As of May 31st 2015, City of Paris faced frequent controversies related to most domains covered by Vigeo assessment, where severity is considered critical. The City is reactive and announced remedial actions for impacted stakeholders in response to these controversies. City of Paris is not involved in any of the 9 disputable activities³ analysed by Vigeo.

Part II. PROJECT FRAMEWORK

Use of proceeds:

According to City of Paris' sustainability commitments, the issuer will finance Energy-Climate Projects categories, in line with the European Energy and Climate Plan and the Paris' "climate & energy Plan 3x25 for 2020"⁴, and which are clearly defined as:

- **Reduction of GHG emissions:** Projects aiming at developing low-carbon energy transport (bicycle, electric vehicles, etc.) and public transport.
- **Energy Efficiency:** projects aiming at reducing the energy consumption of buildings and public lighting, while maintaining equivalent level of service, with performance goals and energy poverty focus (buildings, public lighting and signals, heating system renovation).
- **Renewable energy:** Projects aiming at developing local renewable energy production and/or energy recovery (solar, geothermy, enery recovery,...).
- **Adaptation of climate change:** Projects aiming at reducing the impacts of climate change, especially the heat island effect, through the expansion of green area surfaces in Paris.

This project framework is positive from a sustainability perspective, due to climate benefits of these green projects categories which have been described and will be annually ex-ante estimated:

- Reduction and/or avoidance of GHG emissions
- Energy savings
- Development of green areas

Process for project evaluation and selection:

The evaluation and selection process of eligible projects to be finance is defined as: use of proceeds requirements and 12 exhaustive sustainability criteria, regarding key Environmental, Social and Governance (ESG) issues of eligible projects' sectors, and organized in 3 domains aligned with City of Paris' Sustainability Policy:

- **Environment:** Environmental management, Protection of Biodiversity, Energy and Air Quality Management, Waste management, and environmental management of project disposal.
- **Society:** Social insertion, Social cohesion and improved living conditions and Sustainable local development and territory interactions.
- **Responsible development:** Social responsibility to workers and respect of human rights, Responsible procurement and relation with operators, Business Ethics, Monitoring & Internal control.

City of Paris' existing related commitments are visible, precise, measurable and relevant regarding ESG issues of these criteria. The process is based on a framework publicly available on City of Paris' website, aiming at a responsible management of projects. The evaluation and selection of eligible projects, based on that framework will use internal expertise (finance and urban ecology agency).

Vigeo considers that the evaluation and selection process is clearly defined and that the integration of ESG issues in the issuer's commitments is robust².

Part III. REPORTING FRAMEWORK

City of Paris is committed to report on:

- **Selected eligible projects:** the City will monitor invested amounts in eligible projects and will provide detailed information on each selected project financed by the Climate Bond and on its progress.
- **Climate benefits:** based on ex-ante estimates on the expected annual climate benefits of the projects, i.e. reduction of GHG emissions, energy savings and extension of green areas, reported at project level and aggregated at bond level.
- **Responsible management (integration of ESG):** ESG management is monitored at project level.

Monitoring conditions are clearly defined and selected reporting indicators are exhaustive, both on benefits and responsible management, and relevant regarding GHG accounting and major ESG issues, showing a consistent level of transparency and a capacity to assess and report on all ESG issues.

Vigeo's level of assurance on City of Paris' reporting commitments is reasonable².

INDEPENDENT ASSURANCE

City of Paris' Climate Bond issuance is supported by numerous independent assurance provided by:

- **ESG auditor:** the hereby Second party opinion provider on sustainable credentials of the bond, before the issuance and covering all the bond dimensions, i.e. issuer commitments, project (use of proceeds and ESG integration) and reporting (purpose of this mission).
- **Public Accountant:** annual verification of invested amounts in selected eligible projects and use of proceeds until the bond maturity.
- **ESG auditor:** the Second party opinion provider will annually update the opinion and evaluate the reporting framework of the Climate Bond.

More detailed results are provided in the next pages for each component.

This opinion is valid only for the issuance of the climate bond issued through the described framework.

Paris, September 30th 2015

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Disclaimer

Avoidance of Conflict of Interest: Vigeo has never executed any consultancy activity for City of Paris until so far and no established relationship (financial or others) exists between Vigeo and City of Paris.

This opinion aims to explain for investors why the Climate Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo and which has been analyzed by Vigeo. Providing this opinion does not mean that Vigeo certifies the materiality, the excellence or the irreversibility of the projects financed by the Climate Bond. City of Paris is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo neither focuses on financial performance of the Climate Bond, nor on the effective allocation of funds' use of proceeds. Vigeo is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of City of Paris or its financial obligations.

¹ **Second Party Opinion – Green Bond Principles:** This opinion is to be considered as the "Second Party Opinion" described in the Voluntary Process Guidelines for Issuing Green Bonds, issued by Green Bond Principles, March 27th 2015.

² **Vigeo's scales** are defined as page 11.

³ **Disputable activities analyzed by Vigeo:** Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco.

⁴ **Paris' "climate & energy Plan 3x25 for 2020"**: more information on <http://api-site-cdn.paris.fr/images/70923>

DETAILED RESULTS

Part I. ISSUER

Level of the issuer's CSR performance:

As of November 2014, City of Paris displays an overall advanced ESG performance.

Domain	Comments	Opinion assessment level
Environment	<p>City of Paris' performance in the Environment domain is advanced and stable. Paris is the sector leader and its environmental strategy continues to be wide-ranging, with targets and annual quantitative reporting on achievements. Paris' main strength lies in its efforts to protect biodiversity and limit negative environmental impacts linked to energy use, transportation, waste generation and local nuisances. On all these issues the City appears to have wide ranging policies and adequate means in place, with positive trends in performance indicators.</p> <p>Despite its robust performance, the integration of environmental factors in the supply chain can still be improved. Controversies have been raised against the City on local nuisance related to maximum exposure thresholds from mobile phone antennas and air pollution, on which it provided transparent report and answers.</p>	Advanced
Social	<p>City of Paris' performance in the Human Resources domain continues to be advanced. Paris is the sector leader and developed advanced policies for the promotion of social dialogue with trade Unions, of labour relations, career management planning, training, and health & safety. The City faces frequent social conflicts and some allegations or condemnations, but cooperates with related stakeholders and is proactive in promoting labour relations through consultation with trade-unions.</p> <p>Performance in the Human Rights domain is similar to Vigeo's last review, and continues to be advanced. The City is the sector leader.</p> <p>The Community Development domain continues to be advanced, ensuring: economic development, employment, vocational and the promotion of sustainable territorial planning, and 'Social cohesion and fair development'. The City shows evidences of being a socially and economically attractive and active territory. The City also shows some positive results in terms of ensuring social cohesion via its efforts to promote access to: school and childcare services, healthcare systems, housing facilities, public transport, water, ITCs, energy, cultural and sportive equipment, patrimony and lines of micro-credit for socially and economically disadvantaged people and for people with disabilities.</p> <p>The City continues to display comprehensive policies to develop responsible relations with users.</p> <p>Despite its robust performance, the integration of social factors in the supply chain can still be improved.</p>	Advanced
Governance	<p>The City of Paris' performance in the Governance domain is advanced. Participative democracy is the City's main strength together with its convincing internal controls system, the City is transparent on both of these issues. Participative instances have been created and the population's participation is regularly and innovatively solicited, on a wide range of issues.</p> <p>Regarding Business behaviour domain, Paris continues to display comprehensive policies to ensure the respect of suppliers in procurements. 100% of the Finance and Procurement teams have received formal training against corruption and signed the City of Paris' Deontology Code. Despite this robust performance, the prevention of corruption can still be improved as the City faces several allegations on equity in procurements, and corruption. On a positive note, the City is fully transparent on these cases and clear on its related positions and actions.</p>	Robust

Stakeholder-related ESG controversies and disputable activities:

- ESG Controversies

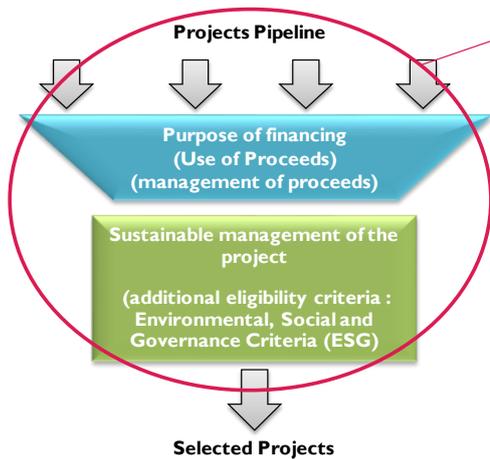
- **Frequency:** as of May 31st 2015, City of Paris faces frequent allegations: the company is currently involved in multiple stakeholder-related ESG controversies.
- **Severity:** The level of severity ranges from minor to critical (28% minor, 35% significant, 32% high and 5% critical).
- **Responsiveness:** City of Paris is overall reactive: the city reports transparently on most of the cases, and some remedial actions have been taken in most cases.

Vigeo considers that City of Paris' ability to mitigate ESG controversy risk is robust on assessment of severity, responsiveness and frequency. (sources: Factiva research and Company's sources)

- Involvement in disputable activities

City of Paris is not involved in any of the 9 disputable activities analyzed by Vigeo: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco.

Part II. PROJECT FRAMEWORK



Project Selection Framework

1. Ensure the Climate Bond proceed will finance **projects** with the purpose of reducing the overall environmental impact of Ville de Paris:
 - Reduction of GHG emission
 - Energy Efficiency
 - Renewable Energy
 - Adaptation to Climate Change
2. Attest the **sustainable value of these projects**, through Environmental, Social and Governance (ESG) commitments, in line with Paris' ESG drivers :
 - Environment : Manage environmental impacts and fight against climate change
 - Society : Promote fair development of the territory towards users and communities
 - Responsible development : Contribute to responsible working conditions and business ethics towards agents and supply chain

The evaluation and selection of projects will use internal expertise : a list of pre-selected eligible projects will be proposed by a dedicated Selection Committee, gathering representatives from the Direction des Finances et des Achats and from the Agence d'Ecologie Urbaine. Based on that list, elected members of the Paris Municipal Council will decide the selection of eligible projects to be financed by the proceeds of the Climate Bond. The list of eligible projects will be updated on a semi-annual basis, and on request by the Selection Committee.

Use of proceeds and management of proceeds - Eligible projects and project benefits

- Use of proceeds

“**Eligible Projects**” include eligible Energy-Climate Projects categories which contribute to fight against climate change and energy transition, in line with the European Energy and Climate Plan and Paris’ “climate & energy Plan 3x25 for 2020” . Eligible projects will meet a set of environmental, social and governance (ESG) criteria approved by Vigeo, and available on the Issuer website in the EMTN Programme section.

Eligible projects have to correspond to one of the following Energy-Climate Projects categories:

Project Categories	Definition	Sub-categories (examples of projects)	Climate benefits
Reduction of GHG emission	Projects aiming at developing low-carbon energy transport (bicycle, electric vehicles, etc.) and public transport	<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 	Reduction of GHG emissions, due to low-carbon transport
Energy efficiency and savings	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	<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 	Energy savings

Production of Renewable energy	Projects aiming at developing local renewable energy production and/or energy recovery	<ul style="list-style-type: none"> - Renewable energy power plants (solar panels) - Geothermal energy - Energy recovery (from wastewater networks, data centers, etc.) - STEGC's Heating network 	<p>Increased production of renewable energy</p> <p>Reduction of GHG emission, due to low-carbon energy use and/or energy recovery</p>
Adaptation to climate change	Projects aiming at reducing the impacts of climate change, especially the heat island effect, through the expansion of green area surfaces in Paris	<ul style="list-style-type: none"> - New green areas: areas opened to the public, green roofs, facades and walls - Tree planting programmes 	Increased green areas and biodiversity in Paris

Climate benefits of these Energy-Climate Projects have been described and will be annually estimated by internal expertise as contributing to fight against climate change, using detailed methodologies (see Part III.).

- Management of proceeds

The net proceeds of the Climate Bond issuance will be managed within City of Paris' treasury liquidity portfolio, in cash or other liquidity instruments, until the total amount of the net proceeds equals the total amount of selected eligible projects and/or until the maturity date of the Climate Bond.

The Issuer 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 only used to finance current and future projects.

In case of project divestment, the Issuer will use the net proceeds to finance other Eligible Projects which are compliant with the current Use of Proceeds.

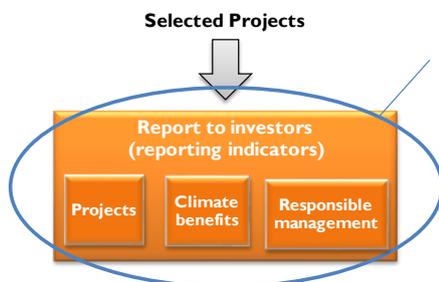
Process for project evaluation and selection - Environmental, Social and Governance (ESG) criteria

City of Paris has made ESG commitments to attest the sustainable value of the financed project through ESG criteria, approved by Vigeo, in line with City of Paris Sustainability Policy and practices in place, and defined in 3 domains related to the ESG issues: Environment, Society and Responsible development.

Criteria		Commitments
ENVIRONMENT		
1	Environmental management	<p>The project is implemented in accordance with eco-design guidelines and/or with an environmental management system</p> <p>Environmental impacts of the project have been assessed (Environmental Impact Assessment, or equivalent) and appropriate measures to limit, mitigate or compensate negative impacts are implemented</p>
2	Protection of biodiversity	The project contributes to preserve and improve the biodiversity in Paris, in compliance with Paris' "Green and Blue Corridors" guidelines (trame verte et bleue)
3	Energy and Air quality management	The project includes the promotion of efficient management and use of energy in Paris
		The project contributes to improve the air quality in Paris, in line with Paris' Transport and Air Quality Plan
4	Waste management	The project ensures the monitoring, management, separated collection and treatment of wastes throughout the project lifecycle
5	Environmental management of project disposal	The environmental impacts related to the disposal of end-of-life hazardous wastes is monitored, and these wastes are neutralized and eliminated (for buildings, vehicles, WEEE, vegetal wastes disposal)

SOCIETY		
6	Respect and promotion of human rights	The project promotes equal opportunities and fights against all discriminations (gender, disabled, ethnic, religious, social origins, opinion)
7	Social cohesion and improved living conditions	The project is accessible for people with limited mobility (disabled people and seniors), when relevant: public transport, green areas, buildings...
		The project is accessible for the low income users, when relevant: energy poverty, public transport, housing, green areas...
		The project promotes the satisfaction of users and/or that users' complaints and litigations are properly managed
		Quality of life and/or safety of the users criteria are integrated in the project conception and/or monitored at project level
8	Sustainable local development and territories interactions	Project users, City's agents and local stakeholders are informed and/or involved in the project, through dialogue and participation
		The project promotes innovation and new technologies and/or access to SME, through the process of tender analysis and selection
RESPONSIBLE DEVELOPMENT		
9	Social responsibility to workers	Efficient measures are taken in order to improve the safety and health of both the City agents and the suppliers employees
		« Social inclusion » clauses are included in procurement contracts
10	Responsible procurement and relation with operators	Both environmental and social factors are included in procurement process (selection and evaluation of bids, contractual clauses, and reporting system) or in contracts with operators and local semipublic companies (SEM)
		The timeline for payments is constantly monitored by the City (in line with legal requirement, <30 days)
11	Business ethics	The alert service against harassment, corruption and money laundering is accessible to all stakeholders of the project (agents, suppliers employees, customers)
12	Monitoring & internal control	A project manager is nominated for the project and is in charge of monitoring and reporting on ESG issues and results related to its project

Part III. REPORTING FRAMEWORK



Reporting Framework

3. Report to investors on **financed projects, climate benefits and responsible management**, via reporting indicators

Monitoring conditions are clearly defined and selected reporting indicators are exhaustive both on financed projects and environmental benefits in order to report on:

- **Selected eligible projects:** the City will monitor invested amounts in eligible projects and will provide detailed information on each selected project financed by the Climate Bond and on its progress, up to the total amount raised through the bond.

- **Climate benefits:** based on ex-ante estimates on the expected annual climate benefits of the projects, i.e. reduction of GHG emissions, energy savings and improvement of green areas, monitored at project level and aggregated at bond level, until the bond maturity. These benefits will be assessed and quantified by internal expertise from agents of the Agence d'Ecologie Urbaine of Paris accredited for Carbon Evaluation and/or by intervention of external carbon auditors.
- **Responsible management (integration of ESG) :** ESG management is monitored at project level and/or aggregated at bond level, until the bond maturity.

In order to report on the benefits or on the ESG issues of the projects, the Issuer could substitute any of the proposed indicators below when convenient and appropriate, keeping same criteria covered by the reporting, to facilitate the reporting on the performance and on the management of the use of proceeds in the selected projects.

In addition and until the maturity date of the bond, City of Paris will produce an annual report on the progress on the projects financed by the net proceeds of the Climate Bond issuance, on the compliance of the selected projects with the above process, and with environment and sustainability reporting indicators, to be included in a dedicated report available at least to the investors of the Climate Bond.

Selected eligible projects:

Criteria	Reporting indicators
Energy-Climate Projects financed by the Climate bond proceeds	- List of projects financed by the proceeds, including their description (date, location, category, progress) and the corresponding allocated amount (in €)
	- Allocated amount vs. total amount (in %)

Climate benefits:

Categories	Sub-categories	Reporting indicator ^{*†}	
Reduction of GHG emissions	Public transport	Passenger kilometers (i.e. cumulated distance traveled by passengers, in km), and length of created transport ways	Ex-ante estimation of annual Greenhouse Gas (GHG) emissions reduced (tCO ₂ e)
	Alternative transport	Length of created cycle paths (km)	
	Electric vehicles	Number of created electrical terminals	
Energy efficiency	Buildings	Number of renovated housing or schools	Ex-ante estimation of annual energy savings (MWh)
	Public lighting and signals	Energy consumption (MWh)	Ex-ante estimation of annual Greenhouse Gas (GHG) emissions reduced or avoided (tCO ₂ e)
	Renovation of heating systems	Num. of heating systems replaced, or area supplied by renovated heating system (in square meters)	
Renewable energy	Renewable energy (solar panels)	Ex-ante estimation of annual renewable energy produced (MWh), and Area covered by solar panels (sq. meters)	Ex-ante estimation of annual Greenhouse Gas (GHG) emissions avoided (tCO ₂ e)
	Energy recovery	Ex-ante estimation of annual renewable energy recovered (MWh), and Annual renewable energy produced (MWh)	
	Geothermal energy	Ex-ante estimation of capacity of renewable energy plant(s) constructed	
	Heating network	Delivered energy from heating network (MWh)	
Adaptation to climate change	New green areas	Total New surface of green areas opened to the public (in square meters) Total surface of new green areas on buildings : green roofs, facades, green walls (in square meters)	
	Tree planting programmes	Total number of planted trees within Paris <i>intra muros</i> area	

*Detailed methodologies and assumptions have been established by internal expertise from agents of the Agence d'Ecologie Urbaine of Paris accredited for Carbon Evaluation.

Responsible management :

Domain	Criteria	Performance Indicators, at PROJECT level	Performance Indicators, at BOND level
Environment	Environmental management	- Environmental Certification And/or - Environmental management system (action plan, EIA, ISO 14001,...) And/or - eco-design requirements (Yes/No)	Share of project with environmental management program (certification, action plan, eco-design,...)
	Energy and Air quality management	- Energy consumption And/or - Energy efficiency (actual or estimated) And/or - criteria related to energy integrated in this project (parks and garden)	
	Waste management	Segregated waste collection (Yes/No)	
	Environmental impacts of disposal	Segregation and treatment of hazardous wastes (Yes/No), at least for public lighting and signals projects	
Society	Social integration		- Total number of hours worked under social integration contracts (in hours/year) And/or - Share of procurements with social integration clauses (in % of projects) Data collected at Paris' Purchasing Division level
	Person with reduced mobility (PRM)	Project is accessible and/or contributes to improve the accessibility for PRM (Yes/No) – for transportation, parks and garden, social housing projects.	Share of projects which are accessible and/or contribute to improve the accessibility for PRM (in % of projects, or consolidated at bond level) – for transportation, parks and garden, social housing projects.
	Sustainable local development of territories	Project proposes systematic information and/or consultation of main users and neighbors, whenever they are impacted (Yes/No)	
Responsible development	Social responsibility toward labour rights & human rights	Health and safety requirements (e.g. safety coordinator controlling all workers on construction site, health & safety awareness for workers, product safety data sheets, ...)	Number of Health a Safety accidents consolidated at bond level
			Share of contracts with a environmental and/or social clauses (in % of projects), (data collected at Paris' Purchasing Division level)
	Business Ethics		Number of court convictions against Paris' City, related to business practices / ethics (e.g. corruption) Data collected at Paris' Purchasing Division level
	Monitoring & internal control	- Project manager has been appointed (Yes/No) AND - Project is audited at minimum on a yearly basis (Yes/No)	

METHODOLOGY

In Vigeo's view, environmental, social and governance factors are intertwined and complementary and cannot be separated when assessing the management of CSR in any organization or in any activity, including the issuance of bonds.

In this sense, we write an opinion on the issuer's corporate responsibility as an organization, and on the objectives, the management and the reporting of the project financed by this bond.

Vigeo's methodology to define and to assess corporate ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Local Authorities assessment framework and specificities inherent to the worldwide markets and emerging issues.

Part I. ISSUER

Level of the issuer's CSR performance:

City of Paris has been evaluated by Vigeo, during November 2014 on its social responsibility performance, based on 24 relevant ESG drivers organized in the 6 sustainability domains, according to the Local Authorities assessment framework. City of Paris' CSR performance have been assessed by Vigeo on the basis of three "items":

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

▪ *Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.*

Vigeo's review uses publicly available information from the company, 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 NGOs). Information gathered from these sources will be considered as long as they are public, documented and traceable.

Stakeholder-related ESG controversies and disputable activities:

A controversy is information, a flow of information, or contradictory opinions that are public, documented and traceable, allegation against an issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo provides an opinion on companies' controversies risk mitigation based on the analysis of three factors :

- Severity: the more a controversy will relate to stakeholder's fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the Company, the highest its severity. Severity assigned at 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);
- Frequency: reflects for each ESG challenge the number of controversies faced. At Corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

▪ *Scale for assessment of ability to mitigate stakeholder-related ESG controversies: Advanced, Robust, Limited, Weak.*

In addition, 9 disputable activities have been analysed following 30 parameters to verify if the company is involved in one of them: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco.

Part II. PROJECT FRAMEWORK

Use of proceeds and management of proceeds - Eligible projects and project benefits

The use-of-proceeds criteria are defined to ensure that the funds raised are used to finance an eligible project and are traceable within the issuing organization, and include the management of proceeds. Each project endorsed shall comply with one of the eligible project criteria in order to be eligible. The environmental purpose of the bond's associated eligible projects has been precisely defined, with regard to City of Paris' commitments, and assessed regarding described and estimated benefits of the eligible projects.

Process for project evaluation and selection - Environmental, social and governance (ESG) criteria

City of Paris' evaluation and selection process has been assessed by Vigeo regarding the exhaustiveness and relevance of ESG criteria and associated commitments integrated in the City of Paris Sustainability Policy. The analysis was conducted focusing on the most relevant drivers regarding projects issues - based on Vigeo methodology (17 relevant ESG drivers organized in the 6 sustainability domains), aligned with public international standards and derived from the issuer assessment framework.

- Scale for assessment of ESG integration in the selection process: *Advanced, Robust, Limited, Weak.*

Vigeo's review uses information provided by City of Paris (internal documentation and interviews with department managers and representatives.), 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 or local publications). Information gathered from these sources will be considered as long as they are public, documented and traceable. In total, Vigeo have reviewed around 40 documents (Climate and Energy Plan, Sustainable Development report, Responsible Procurement charter, project characteristics,...) and online information and conducted interviews with 13 people from across different City of Paris services.

Part III. REPORTING FRAMEWORK

Reporting indicators are selected from existing indicators in use by City of Paris to enable annual reporting on fund allocation, environmental benefits and on responsible management of the project financed by the Climate Bond proceeds, collected at project level and aggregated at bond level. Vigeo has evaluated the relevance of these indicators according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of level of assurance on reporting on the project: *Reasonable, Moderate, Weak*

VIGEO'S ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable degree of insurance for managing risks and using innovative methods to anticipate emerging risks.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of insurance for managing risks.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework