

Société du Grand Paris

PRE-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: September 2018

Approved verifier: Sustainalytics

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Scope and Objectives

Société du Grand Paris (“SGP”) has engaged Sustainalytics to review and verify that SGP’s green bond meets the requirements under the Low Carbon Transport criteria of the Climate Bonds Standard.

Société du Grand Paris is a French state-owned company providing transportation and infrastructure construction services in the Paris Metropolitan Area. SGP is tasked with designing and developing infrastructure projects for the public transport network of the Paris Metropolitan Area, with the aim to promote a sustainable, inclusive and job creating environment. Société du Grand Paris confirmed its adherence to the climate strategy of the French government, namely the Climate Plan,¹ which outlines France’s goal to become carbon neutral by 2050. A major area of focus in the Climate Plan is the goal of “making clean transport accessible to all, and developing innovation.”

In line with the French Government’s sustainability goals, Société du Grand Paris received the mission to design and implement the Grand Paris Express², a cluster of new rapid transit lines in the Ile-de-France region and the Paris Metropolitan Area, with the purpose to ensure better commuter service, stimulate regional development and innovation.

Société du Grand Paris is intending to issue green bonds in order to finance or refinance, in whole or in part, existing and future projects that improve mobility services and related-infrastructure, namely the:

- (i) Construction of new lines and line extensions: almost 200 km of new automatic metro lines supplementing the 400 km of existing lines in the Ile-de-France region
- (ii) Construction and development of new stations and technical centres: 68 stations and 7 technical centres planned

Société du Grand Paris confirmed to Sustainalytics that all its Eligible Assets (metros, metro lines and the supporting infrastructure such as the stations and technical centres) are fully electrified and support electric assets uniquely.

In line with the stated goal of the Grand Paris Express to support the economic and urban transformation of the Paris Metropolitan Area, Société du Grand Paris will allocate the green bond proceeds with the aim to support the urban densification of the Capital region around the cluster of electrified metro lines and thus help contribute to lower the carbon footprint of the region.

¹ France’s Climate Plan available at:

<https://www.gouvernement.fr/en/climate-plan>

² More information the Grand Paris Express project available at: <https://www.societedugrandparis.fr/info/grand-paris-express-largest-transport-project-europe-1061>

Climate Bonds Standards Criteria

Pre-issuance requirements under Climate Bond Standards Version 2.1:³

- Low Carbon Transport Criteria⁴

Issuing Entity's Responsibility

Société du Grand Paris was responsible for providing information and documents relating to:

- The details concerning the selection process for the Eligible Assets
- The details of the Eligible Assets
- The management systems for internal processes and controls for the Eligible Assets, including: tracking of proceeds, managing unallocated proceeds and Earmarking funds to Eligible Assets
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of SGP's green bond issued to finance Eligible Assets, and provided an independent opinion informing Société du Grand Paris as to the conformance of the green bond with the Pre-Issuance requirements of the Low Carbon Transport criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by Société du Grand Paris. Sustainalytics is not responsible if any aspect of the Eligible Assets referred to in this opinion including estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by Société du Grand Paris' management and used as a basis for this assessment were not correct or complete.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant Société du Grand Paris employees and review of relevant documentation to confirm the green bond's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of the Société du Grand Paris green bond with the Climate Bonds Standard Version 2.1;
- Conformance with the Technical Criteria on Low Carbon Transport
- Conformance with the Internal Processes & Controls requirements
- Conformance with Reporting Prior to Issuance requirements

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.1 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

³ Pre-issuance requirements under Climate Bond Standards Version 2.1 are available at: https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017%281%29.pdf

⁴ The Low Carbon Transport Criteria of the Climate Bond Standard are available at: <https://www.climatebonds.net/standard/transport>

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give reasonable assurance that SGP’s green bond meets the requirements of the Climate Bond Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that Société du Grand Paris will ensure compliance with Climate Bond Standard requirements.

Conclusion

SGP’s green bond will finance and refinance Eligible Assets related to (i) the construction of new electric metro lines and line extensions, and (ii) the construction and development of new stations and technical centres for electric metros.

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material aspects, SGP’s inaugural bond is not in conformance with the Low Carbon Transport criteria of the Climate Bond Standard Pre-Issuance Requirements.

Schedule 2A: Pre-Issuance General Requirements

<p>Selection of Nominated Projects and Assets:</p>	<p>1.1 Statement on the environmental objectives of the bond</p> <p>1.2 Confirmation that Nominated Projects and Assets meet the Climate Bonds criteria</p> <p>1.3 Document a list of Nominated Projects and Assets</p> <p>1.4 Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> <p>1.5 Confirmation that Net Proceeds of the Green Bond shall not be greater than the value of the Nominated Projects and Assets</p>
<p>Internal Processes and Controls</p>	<p>2.1.1 Tracking of proceeds</p> <p>2.1.2 Managing of unallocated proceeds</p> <p>2.1.3 Earmarking funds to Nominated Projects and Assets</p>
<p>Reporting Prior to Issuance</p>	<p>3.1.1 Investment area of Nominated Projects and Assets</p> <p>3.1.2 Intended types of temporary investments for the management of unallocated proceeds</p> <p>3.1.3 Approach of Verifier</p> <p>3.1.4 Whether periodic Assurance Engagement will be undertaken, and the expected frequency of any periodic Assurance Engagements</p>

Schedule 2B: Conformance to the Pre-Issuance Requirements

Procedure Performed	Factual Findings	Error or Exceptions Identified
<p>Verification of requirements specified under Selection of Nominated Projects and Assets</p>	<p>1.1 The objective of the bond is to primarily use proceeds to finance or refinance Eligible Assets related to (i) the construction of new electric metro lines and line extensions, and (ii) the construction and development of new stations and technical centres for electric metros.</p> <p>1.2 The Nominated Projects and Assets meet the Low Carbon Transport criteria of the Climate Bond Standard.</p> <p>1.3 The Nominated Projects and Assets include:</p> <ul style="list-style-type: none"> • Eligible Assets relating to (i) the construction of new electric metro lines and line extensions, and (ii) the construction and development of new stations and technical centres for electric metros <p>1.4 Société du Grand Paris' management confirms that the projects shall not be nominated to other Climate Bonds.</p> <p>1.5 Société du Grand Paris management confirms that the net proceeds of the bond shall not be greater than the value of the projects.</p>	<p>None</p>
<p>Verification of requirements specified under Internal Processes and Controls</p>	<p>2.1.1 Société du Grand Paris' management confirms that proceeds will be segregated and tracked in a systematic manner and will be exclusively used to finance Nominated Projects.</p> <p>2.1.2 Société du Grand Paris' management confirms that the unallocated green bond proceeds will be deposited with the French Treasury and invested in accordance with its policies and guidelines.</p> <p>2.1.3 Société du Grand Paris' management has confirmed that the proceeds from the bond will be tracked by SGP's Finance Department through its internal information systems and databases</p>	<p>None</p>
<p>Verification of requirements specified under Reporting Prior to Issuance</p>	<p>3.1.1 Société du Grand Paris management confirms that the proceeds of the transaction will primarily be used to finance or refinance Eligible Assets relating to (i) the construction of new electric metro lines and line extensions, and (ii) the construction and development of new stations and technical centres for electric metros.</p> <p>3.1.2 Société du Grand Paris' management confirms that unallocated proceeds shall be deposited</p>	<p>None</p>

	<p>with the French Treasury and invested in accordance with its policies and guidelines.</p> <p>3.1.3 The bond's offer letter confirms that an approved third-party verifier has been appointed to confirm the bond's conformance with pre-issuance requirements of the Low Carbon Transport criteria of the Climate Bonds Standard.</p> <p>3.1.4 The bond's offer letter confirms that an approved third-party verifier will conduct post-issuance assurance exercise within a year's time to reaffirm conformance of the bond with the Low Carbon Transport criteria of the Climate Bonds Standard.</p>	
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The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. Global Capital named Sustainalytics the "Most Impressive Second Party Opinion Provider in 2017". In 2018, the firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit www.sustainalytics.com

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