



# Société du Grand Paris

## PROGRAMMATIC POST-ISSUANCE VERIFICATION LETTER

### LOW CARBON TRANSPORTATION CRITERIA OF THE CLIMATE BONDS STANDARD

**Type of engagement:** Assurance Engagement

**Period engagement was carried out:** 08 August 2024

**Approved verifier:** Sustainalytics

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### Scope and Objectives

In March 2021, Société du Grand Paris (“SGP”) published the Green EMTN Programme Framework (the “Framework”)<sup>1,2</sup> under which it issues Certified Climate Bonds (the “Green Bonds”) aimed at financing the construction and development of new lines, stations and technical centres to enable low-carbon land transportation. In 2024, SGP engaged Sustainalytics to review the projects financed between October 2018 and December 2022 with proceeds from the Green Bonds (the “Nominated Projects”) and provide an assessment as to whether the Nominated Projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0.<sup>3</sup>

The Nominated Projects include:

1. Construction of new lines and line extensions: almost 200 km of new automatic metro lines supplementing the 400 km of existing lines in the Île-de-France region.
2. Construction and development of new stations and technical centres: 68 stations and seven technical centres planned.

Schedule 1 provides details of the Nominated Projects and disbursement of proceeds.

### Post-Issuance Evaluation Criteria

Post-issuance Requirements of the Climate Bonds Standard Version 4.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria<sup>4</sup>
  - Low Carbon Transportation
- Management of Proceeds
- Reporting

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<sup>1</sup> The 2021 Green EMTN Programme Framework is an update of the original 2018 Framework.

<sup>2</sup> Société du Grand Paris, “The Green EMTN Programme Framework”, (2021), at: [https://media-mediatheque.sgp.fr/pm\\_12814\\_140\\_140543-mio7ddcicn.pdf](https://media-mediatheque.sgp.fr/pm_12814_140_140543-mio7ddcicn.pdf)

<sup>3</sup> Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: [https://www.climatebonds.net/files/files/CBI\\_Standard\\_V4.pdf](https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf)

<sup>4</sup> Climate Bonds Initiative, Low Carbon Transport Criteria Version 2, at: <https://www.climatebonds.net/standard/transport>

**Issuing Entity's Responsibility**

SGP is responsible for providing accurate information and documentation relating to the details of the Nominated projects, including description, total development cost of each project and disbursed amounts.

**Independence and Quality Control**

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the Green Bonds to provide an independent opinion on its conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by SGP with respect to the Nominated Projects. Sustainalytics is not responsible nor shall be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by SGP.

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 this assessment.

**Verifier's Responsibility**

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 4.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant SGP employees and review of relevant documentation to assess conformance of the Green Bonds with the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0.

**Exceptions**

No exceptions were identified. All projects meet the Post-Issuance Requirements of the Climate Bonds Standard Version 4.0 and the Low Carbon Transportation criteria.

**Conclusion**

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the allocation of EUR 12,598,528,661 from the Green Bonds is not in conformance with the Post-Issuance Requirements of the Climate Bonds Standard.

## Schedule 1: Detailed Overview of Nominated Projects

Use of Proceeds Category	Number of stations		Length of rail (automated metro lines)	Daily passenger journeys forecast and beneficiaries	Number of municipalities covered
Clean Transportation	Line 14 South	7 stations 5 connected to the Île-de-France transport network	14 km	300,000	13
	Line 15 West	11 stations 9 connected to the Île-de-France transport network	20 km	600,000	14
	Line 15 South	16 stations All connected to the Île-de-France transport network	33 km	300,000	22
	Line 15 East	12 stations All connected to the RER regional express, metro or light rail networks	23 km	300,000	13
	Line 16	10 stations 8 connected to the Île-de-France transport network	29 km	200,000	16
	Line 17	9 stations 4 connected to the Île-de-France transport network	27 km (incl. 6 km overhead)	130,000 to 160,000 (40 to 50 million annual forecast)	13
	Line 18	10 stations 3 connected to the Île-de-France transport network	35 km (incl. 16 km elevated)	110,000	13

Allocation of the proceeds (EUR)					
Project Details	Total Allocation				
	2018	2019	2020	2021	2022
Eligible non-distributable expenses <sup>5</sup>	-	-	-	573,033,850	330,736,837
Pont de Sèvres / Noisy-Champs (Line 15 South)	691,721,187	1,165,734,416	1,041,958,064	-	342,310,349
Noisy-Champs / Le Bourget RER / Saint-Denis Pleyel / Mairie de Saint-Ouen (Line 14 North, <sup>6</sup> Line 16 and Line 17)	444,747,532	645,939,389	662,290,638	727,577,428	832,575,088
Le Bourget / Le Mesnil-Amelot (Line 17 North)	48,863,198	75,713,539	104,989,163	114,696,620	200,764,881
Pont de Sèvres / Saint-Denis (Line 15 West)	63,847,319	32,757,873	16,233,347	46,228,168	48,728,012
Orly / Versailles (Line 18)	78,816,530	53,020,419	168,896,748	307,091,199	524,290,077
Saint-Denis Pleyel /Champigny (Line 15 East)	50,279,559	32,567,444	19,518,107	30,470,304	86,511,756
Olympiade Orly (Line 14 South)	47,592,334	597,128,012	446,745,209	522,421,706	374,836,225
Land Management	344,132,341	197,520,777	110,986,292	222,880,181	171,376,545
<b>Total Proceeds Raised from Green Bonds per Year</b>	<b>1,770,000,000</b>	<b>3,225,000,000</b>	<b>11,000,000,000</b>	<b>6,500,000,000</b>	<b>1,750,000,000</b>
<b>Total Proceeds Allocated per Year<sup>7</sup></b>	<b>1,770,000,000</b>	<b>2,800,381,869</b>	<b>2,571,617,569</b>	<b>2,544,399,455</b>	<b>2,912,129,7688</b>
<b>Total Unallocated Proceeds per Year</b>	<b>-</b>	<b>424,618,131</b>	<b>8,428,382,431</b>	<b>3,955,600,545</b>	<b>-</b>
<b>Cumulative Proceeds Raised from Green Bonds from 2018 to 2022 (A)</b>					<b>24,245,000,000</b>
<b>Cumulative Proceeds Allocated from 2018 to 2022 (B)</b>					<b>12,598,528,661</b>
<b>Cumulative Unallocated Proceeds from 2018 to 2022 (A-B)</b>					<b>11,646,471,339</b>

<sup>5</sup> SGP has communicated to Sustainalytics that eligible non-distributable expenses relate to financials expenses such as interests, fees and capex that is not directly linked to a specific metro line which may include software licences, hardware, office space maintenance. In 2022, EUR 209 million were spent towards interest, fees, EUR 110 million towards salaries of SGP's employees and EUR 10 million towards capex.

<sup>6</sup> SGP has communicated to Sustainalytics that the extension of line 14 from Maire de Saint Ouen to Saint-Denis Pleyel (north end) is being co-financed by Société du Grand Paris, Île-de-France Mobilités (IDFM) and Régie Autonome des Transports Parisiens (RATP). This section of Line 14 does not qualify as an eligible expenditure under SGP's Green EMTN Programme Framework, except for the tunnel that connects line 14 with the Grand Paris Express network, in particular with lines 16 and 17. The financing of this last section is eligible under the Green Bond framework and the expenses related to it are included in the construction of both line 16 and 17.

<sup>7</sup> SGP updated its Green EMTN Programme Framework in March 2021 to expand the eligibility criteria for expenditures and include the financing of opex, such as wages, financial charges, support and ancillary costs, impact studies, audit and consulting services that directly and indirectly support the development of the Grand Paris Express project. These expenditures are noted as distributable expenses.

<sup>8</sup> SGP has communicated to Sustainalytics that the over allocation in 2022 was due to utilization of unallocated proceeds from previous issuances.

## Schedule 2: Conformance to the Post-Issuance Requirements of the Climate Bonds Standard<sup>9, 10</sup>

Requirement	Factual Findings	Error or Exceptions Identified
A.3.1. Use of Proceeds	<p>3.1.1 A list of Nominated Projects is provided in Schedule 1.</p> <p>3.1.2 The Nominated Projects meet the documented objectives of the debt instrument and are in conformance with the Sector Criteria requirements of the Climate Bonds Standard.</p> <p>3.1.3 The net proceeds for projects financed between October 2018 and December 2022 with proceeds from the Green Bonds will be allocated by year 2028 and 2032. SGP has confirmed that all the proceeds of the Green Bonds issued before 2020 are allocated as of 2023. In addition, SGP has confirmed that it intends to allocate all proceeds by 2031.</p> <p>3.1.4 See 3.1.9 below.</p> <p>3.1.5 SGP confirms that the Nominated Projects have not been nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds).</p> <p>3.1.6 SGP confirms that it has tracked the share of the net proceeds used for financing and refinancing.</p> <p>3.1.7 SGP's documents that the net proceeds are tracked following a formal internal process.</p> <p>3.1.8 SGP has confirmed that the net proceeds raised are no greater than the total investment exposure or debt obligation to the Nominated projects or the relevant proportion of the total Market Value of the Nominated projects which are owned or financed by the issuer.</p> <p>3.1.9 N/A</p>	None
A.3.2. Process for Evaluation and Selection of Projects and Assets	<p>3.2.1 SGP established a decision-making process which it uses to determine the continuing eligibility of the Nominated Projects. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>i. A statement on the climate-related objectives of the debt instrument;</li> <li>ii. How the climate-related objectives of the debt instrument are positioned within the context of the SGP's overarching goals, strategy, policy and/or processes relating to environmental sustainability;</li> <li>iii. SGP's rationale for issuing the debt instrument;</li> </ul>	None

<sup>9</sup> Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: [https://www.climatebonds.net/files/files/CBI\\_Standard\\_V4.pdf](https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf)

<sup>10</sup> For ease of reference, the numbering in this section follows the numbering of the Climate Bonds Standard Version 4.0.

	<ul style="list-style-type: none"> <li>iv. A process to determine whether the Nominated Projects meet the eligibility requirements specified in the Climate Bonds Standard;</li> <li>v. Other information provided by SGP as described in Clause A.2.2.</li> </ul>	
A.3.3. Management of Proceeds	<p>3.3.1 SGP confirmed that net proceeds of the debt instrument were credited to a sub-account, moved to a sub-portfolio or otherwise identified by SGP in an appropriate manner and documented.</p> <p>3.3.2 SGP confirmed that it maintained an earmarking process to manage and account for allocation of net proceeds to the Nominated Projects.</p> <p>3.3.3 SGP has confirmed that while the financing remained outstanding, the balance of the tracked net proceeds were reduced by amounts allocated to Nominated Projects. Pending allocation, the net proceeds were held with the French Treasury in deposits.</p>	None
A.3.4. Reporting – Post-issuance	<p>3.4.1 SGP is committed to preparing an update report at least annually while the financing remains outstanding.</p> <p>3.4.2 SGP is committed to providing an update report on a timely basis in case of material developments.</p> <p>3.4.3 The update report will be made available through existing debt market reporting channels and to the Climate Bonds Standard Board.</p> <p>3.4.4 SGP is committed to include allocation reporting, eligibility reporting, and impact reporting in its update report.</p> <p>3.4.5 SGP will provide update reports annually to bondholders, lenders or other stakeholders, or make the reports available to the public, for as long as the debt instrument remains outstanding.</p>	None

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