

SECOND PARTY OPINION¹

ON THE SUSTAINABILITY OF THE SYCTOM'S GREEN BOND FRAMEWORK²

March 2020

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green Bonds² (the "Bonds") to be issued by the Sycdom (the "Issuer") in compliance with the Green Bond Framework (the "Framework") created to govern their issuance.

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the ICMA's Green Bond Principles ("GBP") voluntary guidelines.

Our opinion is built on the review of the following components:

- 1) **Issuer:** we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities³.
- 2) **Issuance:** we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the Bonds' potential contribution to sustainability and its alignment with the four core components of the GBP 2018.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from Vigeo Eiris' exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer's managers involved in the Bonds issuance, held at their headquarters and *via* a telecommunications system.

We carried out our due diligence assessment between January 20th and March 13th, 2020. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Green Bond Framework of the Sycdom is aligned with the four core components of the Green Bond Principles 2018.

We express a reasonable assurance⁴ (our highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainability.

1) Issuer (see Part I):

- ▶ As of today, the review conducted by Vigeo Eiris did not reveal any controversy against the Sycdom over the last 3 years.
- ▶ The Issuer appears to not be involved in any of the 17 controversial activities screened under our methodology.

2) Issuance (see Part II):

The Issuer has described the main characteristics of the Bonds within a formalised Green Bond Framework which covers the four core components of the GBP 2018 (the last updated version was provided to Vigeo Eiris on March 13th, 2020). The Issuer has committed to make this document publicly accessible on the Sycdom's website⁵ before the Bonds' issuance date, in line with good market practices.

We are of the opinion that the Green Bond Framework is coherent with the Issuer's main sector sustainability issues, with its publicly disclosed strategic sustainable development priorities, and that it contributes to achieve its sustainable development commitments and targets.

¹ This opinion is to be considered as the "Second Party Opinion" described in the GBP voluntary guidelines (June 2018 Edition) edited by the International Capital Market Association (www.icmagroup.org).

² The "Green Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion from Vigeo Eiris.

³ The 17 controversial activities screened by Vigeo Eiris are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Gambling, Genetic engineering, High interest rate lending, Human Embryonic Stem Cells, Military, Nuclear power, Pornography, Reproductive medicine, Tar sands and oil shale, and Tobacco.

⁴ Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section):

- Level of Evaluation: Advanced, Good, Limited, Weak.
- Level of Assurance: Reasonable, Moderate, Weak.

⁵ <https://www.sycdom-paris.fr/>

Use of proceeds

- ▶ The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under two Green Project Categories (“Eligible Categories”), namely: Waste collection, management and treatment and Waste-to-energy. We consider the Eligible Categories to be clearly defined.
- ▶ The Eligible Categories are intended to contribute to two main environmental objectives (climate change mitigation and pollution prevention and control). These objectives are formalised in the Framework and considered defined and relevant.
- ▶ The Eligible Categories are considered to provide clear environmental benefits. The Issuer has committed to assess and, where feasible, quantify the expected environmental benefits of the Bond. An area for improvement consists in defining ex-ante quantified environmental targets, for each Eligible Category.
- ▶ The Eligible Categories selected are likely to contribute to three United Nations Sustainable Development Goals (SDGs): Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities and Goal 12. Sustainable consumption and production.
- ▶ The Issuer has committed to communicate to investors the estimated share of refinancing prior to each issuance. The Issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bonds’ issuance date will be applied, in line with market practices.

Process for Project Evaluation and Selection

- ▶ The governance and process for the evaluation and selection of the Eligible Projects are formalised in the Framework. We consider that the process is reasonably structured, transparent and relevant.
- ▶ The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental objectives defined for the Eligible categories.
- ▶ The identification and management of the environmental and social risks associated with the Eligible Projects are considered good.

Management of proceeds

- ▶ The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

Reporting

- ▶ The reporting process and commitments are good. The selected reporting indicators related to the fund’s allocation and environmental benefits are considered clear and relevant.

The Sycotm has committed that the Bonds’ issuance will be supported by an external review, provided by:

- A pre-issuance consultant review: the hereby Second Party Opinion delivered by Vigeo Eiris, covering all the features of the Bonds, based on pre-issuance assessment and commitments, to be made publicly available by the Issuer on its website, at the date of issuance.

This Second Party Opinion is based on the review of the information provided by the Issuer, according to our exclusive assessment methodology and to the GBP voluntary guidelines (June 2018). The Sycotm acknowledges that in case of changes of such standards and market practices and expectations, VIGEO EIRIS shall exclude any liability regarding the use of the concerned Second Party Opinion and its compliance with then-current standards and market practices and expectations.

Paris, March 13th, 2020

Project team

Noémie WAPLER
Sustainability Consultant
Project Manager

Tom COLLET
Sustainability Consultant

Maria Juliana ORTIZ
Sustainability Consultant

Emilie BERAL
Executive Director - Issuer Business Unit
Supervisor

For more information, contact:

Sustainable Finance Team
VESustainablefinance@vigeo-eiris.com

Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has executed one audit mission for the Sycdom in January 2019. No established relation (financial or commercial) exists between Vigeo Eiris and the Issuer.

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer 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 Eiris neither focuses on the financial performance of the Bond, nor on the effective allocation of its proceeds. Vigeo Eiris 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.

Restriction on distribution and use of this opinion: The deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

DETAILED RESULTS

Part I. ISSUER

The "Syndicat mixte central de traitement des ordures ménagères de l'agglomération parisienne" (the Sycotom) was created in 1984. The Sycotom is responsible for the treatment of household and similar waste collected by its member local authorities and is in charge of their recovery in the form of both materials and energy.

Management of stakeholder-related ESG controversies

As of today, the review conducted by Vigeo Eiris did not reveal any controversy against the Sycotom over the last 3 years.

Involvement in controversial activities

The Issuer appears not to be involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional Oil and Gas, Gambling, Genetic engineering, Human Embryonic Stem Cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

Part II. ISSUANCE

Coherence between the Issuance and the Issuer

Context note: Waste treatment industry players have a major role to play in the fight against climate change by reducing greenhouse gas (GHG) emissions from landfilling, incineration and energy consumption. Companies in this sector must implement energy-efficient processes and integrate them into their waste treatment chain (end-of-pipe technologies, energy-saving processes, waste recovery, etc.). World population growth projections require an increase in waste management capacity and the efficiency of current treatment mechanisms to promote recovery and energy production.

The management of by-products from waste treatment is crucial for these actors to avoid fires, floods, accidental pollution or soil and air contamination. The activities of waste treatment companies and their facilities must be carefully managed to avoid negative impacts on local communities through dust, noise or odours, as well as on biodiversity.

We are of the opinion that the Framework is coherent with the Sycptom's main sustainability priorities and sectorial issues and contributes to achieve its sustainability commitments.

In France, the Energy Transition Law for Green Growth (LTE-CV) plans the sorting-at-source by 2025 for all (households and businesses) and sorting of individual bio-waste. The law also prescribes the reduction of non-hazardous waste landfill by 30% in 2020 and by 50% in 2025 compared to 2010 level.

The Sycptom intends to adapt and transform in order to enable an ecological and energy transition to contribute to the efficient functioning of the waste and energy management market on its territory. The Sycptom has launched a long-term strategy for its activities to be developed in a sustainable perspective:

- By 2031, the Sycptom has committed to develop a metropolitan waste prevention plan to consider regulatory and technological developments in the sector, notably by developing a new sorting centre and adapting existing centres.
- The Issuer plans for a more integrated collection and treatment improvement programme. In 2015, the Sycptom was selected in the Ministry of the Environment's call for projects called "territoires zéro déchet, zéro gaspillage", aimed at identifying and supporting local authorities that are committed to implement a process of prevention, reuse and recycling of their waste.
- The Sycptom aims to stop the landfilling of raw household waste produced on its territory by 2025, in line with the requirements of the LTE-CV.
- The Issuer is re-directing the refusals resulting from the sorting of selective collections towards energy recovery. The Sycptom estimates that 55% of the total waste refused will be classify as incinerable and intends to direct around 44,000 tonnes (2025) and 40,000 tonnes (2031) of these towards energy recovery.
- A project was launched in 2018 to renew the operating contract for the Isséane waste-to-energy plant, which is responsible for converting 510,000 tonnes of waste into green energy each year over the period 2019-2027.

By creating a Framework to issue Green Bonds intended to finance or refinance projects related to Waste collection, management and treatment and Waste-to-energy, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main issues of the sector in terms of sustainable development.

Use of proceeds

The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under two Green Project Categories (“Eligible Categories”), namely: Waste collection, management and treatment and Waste-to-energy. We consider the Eligible Categories to be clearly defined.

The Eligible Categories are intended to contribute to two main environmental objectives (climate change mitigation and pollution prevention and control). These objectives are formalised in the Framework and considered defined and relevant.

The Eligible Categories are considered to provide clear environmental benefits. The Issuer has committed to assess and, where feasible, quantify the expected environmental benefits of the Bond. An area for improvement consists in defining ex-ante quantified environmental targets, for each Eligible Category.

The Issuer has committed to communicate to investors the estimated share of refinancing prior to each issuance. The Issuer has committed that, in case of re-financing, a look-back period of maximum 36 months from the Bonds’ issuance date will be applied, in line with market practices.

The allocation of funds for each bond issue will be as follows:

- 99.7% of the bond will be allocated to projects;
- 0.3% of the bond will be allocated to financial costs.

The Issuer has indicated during our evaluation the list of projects or types of projects that will be financed by the successive bonds, all of which are located in the Île-de-France region.

The Sycotom Framework and internal documentation				
Eligible Categories	Definition	Eligible Categories	Environmental objectives and benefits	Vigeo Eiris' Analysis
Waste collection, management and treatment	<p>Recycling and waste diversion programmes</p> <p>Processing waste in a sustainable way, avoiding landfill</p>	<p>Technical adaptations of the Sycotom's selective sorting centres to allow wider sorting.</p> <p>Technical feasibility studies as well as design and execution studies for selective sorting centres.</p>	<p>Pollution prevention and control</p> <p>--</p> <p>Increase in sorted waste</p>	<p>We consider the category to be clearly defined.</p> <p>The environmental objectives are considered to be clearly defined and relevant.</p> <p>The expected environmental benefits are defined.</p> <p>An area for improvement is to define and quantify ex-ante the expected environmental benefits of the projects.</p>
Waste-to-energy projects	<p>Generation of "green" energy from waste</p>	<p><u>Ivry Paris 13:</u></p> <p>Construction of a waste-to-energy unit that will cover the heating and hot water needs of 65,600 households and ensure the plant's own electricity consumption, with the surplus electricity to be sold to the public electricity transmission network. The unit will have an R1 energy performance of 0.91.</p> <p>Adaptation of the Household Waste Incineration Unit with the objective of halving the incineration capacity (730,000 t > 350,000 t).</p> <p>A forecasted carbon balance was carried out and estimated a reduction in GHG emissions of 237,000 tCO2e per year.</p> <p><u>Saint-Ouen (L'Étoile Verte):</u></p> <p>Urban integration (modernization/architectural adaptations) of the waste-to-energy unit for a better integration in its environment (objective of reducing traffic, noise, odours and better visual integration).</p> <p>Requalification/rehabilitation and energy optimization of the Saint-Ouen plant's fumes treatment system through dry treatment in compliance with regulatory thresholds.</p>	<p>Climate change mitigation</p> <p>--</p> <p>Avoided GHG emissions</p>	<p>We consider the category to be clearly defined.</p> <p>The environmental objectives are considered to be clearly defined and relevant.</p> <p>The expected environmental benefits are clearly defined.</p> <p>Areas for improvement consist in:</p> <ul style="list-style-type: none"> - Defining and quantifying ex-ante the expected environmental benefits for the Saint-Ouen project; - Defining an environmental benefit related to industrial effluents (e.g. quality of effluents discharged into the sewerage system).Set a maximum emission threshold per tonne of waste recovered (100gCO2/kWh).

		<p>Replacement of the industrial effluent treatment system (effluent containing solid particles and dissolved elements, including metals such as lead, copper, etc.) that must be eliminated, to allow their discharge into the sewerage system in compliance with regulatory thresholds.</p>		
--	--	---	--	--

In addition, the Eligible Categories selected are likely to contribute to three United Nations Sustainable Development Goals (SDGs): Goal 9. Industry, Innovation and Infrastructure, Goal 11. Sustainable Cities and Communities and Goal 12. Sustainable consumption and production.

Eligible Categories	UN SDGs identified
<p>Waste collection, management and treatment</p> <p>and</p> <p>Waste-to-energy</p>	<p>Goal 9. Industry, Innovation and Infrastructure</p>  <ul style="list-style-type: none"> - 9.4. By 2030, modernise infrastructure and adapt industries to make them sustainable, through more rational use of resources and increased use of clean and environmentally friendly technologies and industrial processes, each country acting within its means.
	<p>Goal 11. Sustainable Cities and Communities</p>  <ul style="list-style-type: none"> - 11.6. By 2030, reduce the negative environmental impact of cities on a per capita basis, including by paying particular attention to air quality and waste management, including municipal waste management.
	<p>Goal 12. Sustainable consumption and production</p>  <ul style="list-style-type: none"> - 12.4. 2020, achieve environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with internationally agreed guiding principles, and significantly reduce their release into air, water and land, in order to minimize adverse effects on human health and the environment. - 12.5. By 2030, significantly reduce the generation of waste through prevention, reduction, recycling and reuse.

Process for Project Evaluation and Selection

The governance and process for the evaluation and selection of the Eligible Projects are formalised in the Framework. We consider that the process is reasonably structured, transparent and relevant.

The process for evaluation and selection of Eligible Green Projects is clearly defined.

The evaluation and selection of Eligible Green Projects are based on relevant internal expertise, with well-defined roles and responsibilities:

- A project steering Committee (the "Committee") has been set up to select the projects and validate their compliance with the eligibility criteria and is composed of the following members:
 - Director General of Services
 - Director of Operations and Waste Reuse
 - Director of Resources and Means
 - Technical Services Director with financial, environmental and social expertise.
- The Committee will assess the compliance of projects with the eligibility criteria in order to approve their allocation.
- A Responsible Financing Committee, composed of the same members, meets weekly to review the status of all green financings.
- The traceability and verification of the selection and evaluation of the projects are ensured:
 - The Committee will review annually the allocation of funds to projects and determine whether changes are necessary;
 - Presentations and decision records ensure the traceability of the process.

An area for improvement consists in commissioning an external auditor to verify the compliance of the selected project portfolio with the eligibility criteria and process defined in the Framework.

The process relies on explicit and relevant technical eligibility criteria (selection and exclusion).

- The selection is based on eligible categories defined in the Use of proceeds part of the Framework.
- The Issuer has defined the following exclusion criteria:
 - Landfills
 - WtE facilities with an R1 value of energy efficiency < 0.65 ⁶
 - Waste-to-energy (WtE) facilities that incinerate recyclable materials (included WtE projects only treat rejections of treatment facilities and / or non-recyclable materials from the selective waste collection)

The identification and management of the environmental and social risks associated with the Eligible Projects are considered good.

The Issuer has formalised a risk management policy covering most of the environmental and social risks associated with eligible projects.

Environmental risks

Environmental Management System: ISO 14001 and ISO 50001 certifications are systematically required for all operators. A "Green Site Charter" has been adopted by the Sycotm, framing the activities and the environmental requirements of the building constructor and operators for the waste-to-energy units. Impact studies regulated by French law covering all risks relating to the environment are to be conducted for all installations (of the two eligible categories). Compensation measures are disclosed in the environmental quality charter detailing the roles, responsibilities and monitoring processes governing environmental risk management. A "Green Site Charter" is systematically implemented to limit the environmental impacts of the construction phase.

⁶ Defined in the directive (EU) n° 2008/98/CE du 19/11/08 - Annex 2

Eco-design and decommissioning: Some sorting centres and waste-to-energy units follow a process that includes "greening" the roofs or installing photovoltaic panels to ensure energy self-sufficiency. With regard to the environmental impacts of the end of life and dismantling of equipment and buildings, the Issuer reports that there are mandatory dismantling requirements imposed by the City Council depending on the projects. In addition, regulations on the management of polluted land are in place.

Biodiversity: As the sites were built and developed on already urbanized land, there is no competition with potential arable land. Environmental impact studies cover potential impacts on flora and fauna. The Issuer has announced that waste management is strictly local (located in Île de France), none of the waste is shipped abroad.

Energy efficiency: Sorting centre equipment is selected in advance based on its energy efficiency in the Cahier des Garanties Souscrites⁷, a document established for each sorting centre and reviewed every six years. The waste-to-energy units are ISO 50001 certified and are subject to energy performance audits to ensure compliance with the ratio $R1 > 0.65$ required by the Directive (EU) No. 2008/98/EC of 19/11/08.

Pollution prevention and control

- Water pollution at the Saint Ouen site: Processes have been set up in the Environmental Charter: a dry process for the treatment of fumes, filter for washing water, drain water and non-chemical effluents from water pre-treatment are collected and treated. The Issuer has set the objective of eliminating discharges into the Seine. Water controls are carried out by the operator and unannounced audits are carried out by the departmental agency (e.g. Water Agency). In the event of overruns due to malfunctions, corrective actions are implemented.
- Air Pollution: The procedures have been detailed in the Sycotom Environmental Charter. With regard to waste-to-energy units, discharge limit values are provided by prefectural orders at the chimney level to ensure compliance with emission limits. Chimney outputs are monitored continuously. In addition, spot checks are carried out (twice a year for Ivry and Saint Ouen and four times a year for the future unit in Ivry and Isséane) and two additional checks are mandated by the Sycotom.
- Soil Pollution: All of the Sycotom sites' soils are in concrete and equipped with a rainwater collection network. Discharge water is pre-treated to comply with the regulatory values set by prefectural authorization order and/or discharge order issued by the Department.

Local Nuisances: Emission limit values for each type of pollutant have been set by the operating permit decrees concerning urban nuisances and pollution. Waste-to-energy units have been designed to capture at source, compartmentalise and then treat odours in installations: they are designed to be "airtight" (mainly made out of concrete). Areas with odorous emissions are confined and put under vacuum. During the operation phase, odours are monitored at various levels to check the effectiveness of the measures adopted concerning the discharge of ducted air. The Issuer has formalised an objective of reducing annual dust flows by a factor of 10 for the Ivry and Saint-Ouen sites. Measures to reduce local nuisances (noise, odours) have also been implemented for the sorting centres.

Environmental impacts of waste transport: Waste collection does not fall under the Issuer's scope of action. Collection is carried out by the users, with collection being unloaded at the Issuer's facilities by operators under contract with the local authorities. In the event of a surplus, the Sycotom is responsible for redirecting the waste to their other treatment sites or to external treatment sites. These exceptional convoys are scheduled outside peak traffic times to avoid urban congestion.

By-products: Products from the sorting centres are systematically sent to recyclers. Non-recyclable products are incinerated. Concerning waste-to-energy units, the bottom ash is redistributed and 100% reused in public works in under-layer roadways; the fumes residues are treated thanks to a wet treatment process and the hazardous products are sent to storage (they correspond to less than 2% of the incoming tonnage). For sodium bicarbonates, the transporters bring back the residues, 80% of which are then recycled in Solvay's bicarbonate production line in Moselle.

⁷ The document provided to Vigeo Eiris covers the Nanterre sorting centre.

Social risks

Health and Safety

Construction phase: The Sycotom relies on a Health and Safety Coordinator, whose mandate is to be present on site on a daily basis. The creation of a Health, Safety and Working Conditions Commission (CSSCT) is mandatory for each of the Sycotom's sites - for work carried out on closed and independent sites (decree of 1994). OHSAS 18001 certification is required in the operators' bill of specifications and is part of the selection criteria for contractors.

Operation phase: For the Ivry and Saint-Ouen sites, a risk management plan has been put in place. At the other sites, compliance with fire, health and accident risk standards is ensured by the operators' internal procedures in accordance with ISO 9001 requirements. Impact studies during construction are carried out to ensure efficient and safe operations, particularly with regard to maintenance procedures. Concerning waste sorting centres: studies on air quality, to ensure low exposure to dust, pathogens and musculoskeletal disorders have been carried out and have resulted in the implementation of adjustable workstations to ensure better ergonomics. In addition, fire safety is guaranteed throughout the logistics chain, formalised in impact and hazard notices, from the upstream storage area, equipped with a fire detection and protection system, to the downstream storage area. It was the subject of a COPIL meeting in December 2019.

Dialogue with local communities: The Sycotom has committed to systematically contact the populations living near its infrastructures through a communication tool (public consultations, support from an association, etc.) chosen by the municipality where the project is located. Concerning waste-to-energy units, a monitoring commission, chaired by the Prefect, meets annually. The Sycotom has set up websites for each project which serve as a means of communication and for Saint Ouen as a mechanism for complaints about odours. In addition, a contact form is accessible on the Sycotom website and serves as a mechanism for centralising complaints. These subjects are managed by the Sycotom Communication Department.

Local social & economic development: Clauses for the integration of people in professional difficulty are systematically included in contracts with the builder and operator of projects.

Management of proceeds

The rules for the management of proceeds are clearly defined and will be verified. We consider that they would enable a documented and transparent allocation process.

The allocation and management of the proceeds are clearly defined:

- The net proceeds of the Bonds will be managed under the Issuer's treasury (Regional Direction of Public Finance) in cash or cash equivalents. The proceeds of each the Sycotom Green Bond will be earmarked against the pool of eligible projects and expenditures identified in the Green Financing Register.
- The Sycotom has committed to allocate all the proceeds within 24 months after the issuance. The Issuer has committed that no temporary investment will be made under this period.
- In case of delay of an Eligible Project, the Issuer ensures that the proceeds allocated will be immediately reallocated to the financing of the other Eligible Projects in the portfolio.

Traceability and verification of the tracking and allocation of the proceeds are ensured throughout the process:

- The finance department will be responsible for monitoring and allocating proceeds.
- The Committee will meet at least once a year to verify the correct allocation of proceeds via the "Green Finance Register". The date of allocation of proceeds will also be indicated.

An area for improvement consists in commissioning an external auditor to carry out an annual audit of the allocation of proceeds.

Monitoring & Reporting

The reporting process and commitments appear to be good, covering both the funds allocation and the environmental benefits of the Eligible Projects.

The processes for monitoring, data collection, consolidation, validation and reporting are clearly defined by the Issuer in its Framework and internal documentation.

The process is structured and based on relevant internal expertise:

- The process of data collection, validation and consolidation, including environmental impact indicators, is established at the level of each plant directly by the operators. They are then reported to the General Direction of Technical Services and Operations.
- The Responsible Finance Committee is in charge of the internal audit of financial and environmental data.
- A dedicated report on these indicators is made annually at the meeting of the Responsible Financing Committee in the presence of the Director of Services, Director of Resources and the Director of Prevention.

The Issuer has committed to report annually on financial indicators and on performance and environmental impact indicators at Project level - starting one year after the issuance and until the full allocation of funds. The annual report will be made publicly available on its website.⁸

- Allocation of proceeds: the selected reporting indicators appear to be relevant.

Reporting indicators
- List of eligible projects funded, including amounts allocated
- The amount allocated compared to the total amount per project category
- Balance of unallocated funds
- Percentage of allocated vs unallocated funds
- Percentage of refinancing by eligible category
- Percentage of co-financing by eligible category

⁸ <https://www.sycotom-paris.fr>

- Environmental benefits: the selected reporting indicators appear to be relevant.

Eligible Projects	Outputs	Impact indicators
<p>Waste collection, management and treatment projects</p>	<ul style="list-style-type: none"> - Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes per year and in % of total waste) - Number of tons sorted per hour - Number of tons sorted per year - Percentage of selective collections: multi-materials, mono-materials, food waste compared to the total tonnage of waste treated per year (%) 	<ul style="list-style-type: none"> - Avoided CO2 emissions (in tons) via the reuse of material
<p>Waste-to-energy projects</p>	<ul style="list-style-type: none"> - Annual energy generation from waste to energy facilities in MWh/GWh (and GJ/TJ) - Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated per year - R1 value of energy efficiency 	<ul style="list-style-type: none"> - Avoided GHG emissions from waste-to-energy projects in tCO2e

The Issuer has committed to publicly disclose the key methodologies and assumptions used to calculate the benefits of Eligible Project in its annual report.

In case of a controversy⁹ related to an Eligible Project, the Sycotom will issue a press release describing the problem, its potential impact and the response provided.

An area for improvement consists in commissioning an external auditor to verify the impact reporting.

⁹ Defined by the Sycotom as: *the environmental, technical and/or financial questioning of a project or action by one of its local or national stakeholders.*

METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the process and commitments applying to the intended issuance.

Vigeo Eiris' methodology for the definition and assessment of the corporation's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and is organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behaviour and Corporate Governance. Our evaluation framework of the material ESG issues have been adapted, based on the specificities of the Issuer's business activity.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, and internal review by the audit department for second party opinions) complemented by a final review and validation by the Director of Methods. Our SPO are also subject to internal quality control at three levels (consultants in charge of the mission, Production Manager, and final review and validation by the Director of Sustainable Finance and/or the Director of Methods. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company, then the Director of Methods, and finally Vigeo Eiris' Scientific Council.

All employees are signatories of Vigeo Eiris' Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

Part I. ISSUER

NB: The Issuer has not been assessed following a complete process of rating and benchmarking developed by Vigeo Eiris.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is 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 based on unproven facts.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies 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).
- **Severity:** the more a controversy will relate to stakeholders' 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).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

Part II. ISSUANCE

The Framework has been evaluated by Vigeo Eiris according to the GBP 2018 and on our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and of their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds or Loans standards. Vigeo Eiris evaluates the definition of the Eligible Categories, as well as the definition and the relevance of the aimed sustainability objectives. We evaluate the definition of the expected benefits in terms of assessment and quantification. In addition, we evaluate the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris on its transparency, governance and relevance. The eligibility criteria have been assessed on their explicitness and relevance vs. the intended objectives of the Eligible Projects. The identification and management of the ESG risks associated with the Eligible Projects are analysed based Vigeo Eiris' ESG assessment methodology, international standards and sector guidelines applying in terms of ESG management and assessment.

Management of proceeds

The rules for the management of proceeds and the allocation process are evaluated by Vigeo Eiris on their transparency, coherence and efficiency.

Reporting

Monitoring process and commitments, Reporting commitments, reporting indicators and methodologies are defined by the Issuer to enable transparent reporting on the proceeds allocation and tracking, on the sustainable benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed. Vigeo Eiris has evaluated the reporting based on its transparency and relevance.

VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Good	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
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.		



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organizations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organizations.

Vigeo Eiris offers a wide range of services:

- ▶ **For investors:** decision making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more).
- ▶ **For companies & organizations:** supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris is committed to delivering client products and services with high added value: a result of research and analysis that adheres to the strictest quality standards. Our methodology is reviewed by an independent scientific council and all our production processes, from information collection to service delivery, are documented and audited. Vigeo Eiris has chosen to certify all its processes to the latest ISO 9001 standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, New York, Rabat and Santiago de Chile.

The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com