



# **REGION** **ILE-DE-FRANCE**

## **Investor presentation**

*June 2020*



# Important notice

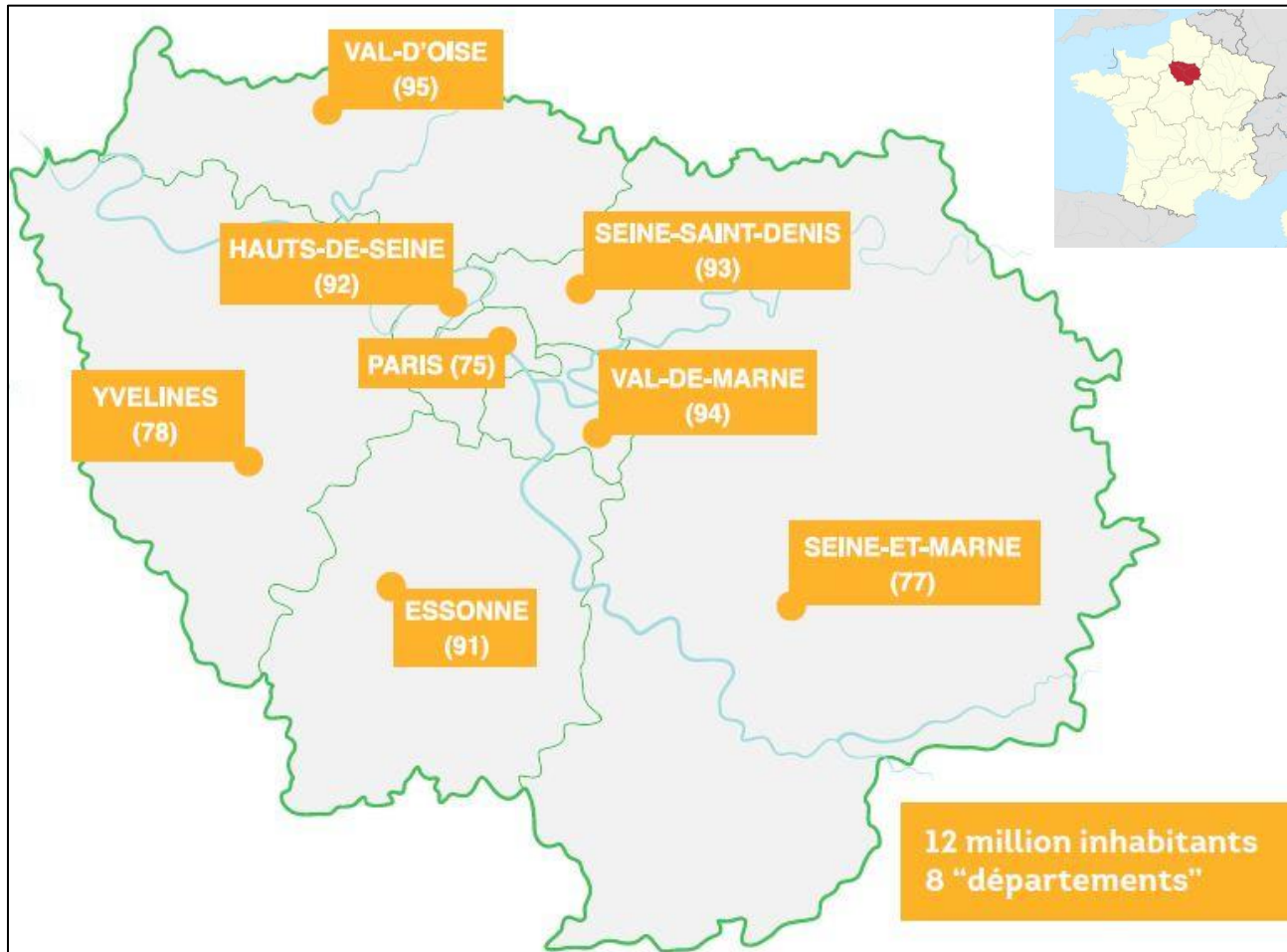
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# Region Ile-de-France, a leading local authority in Europe



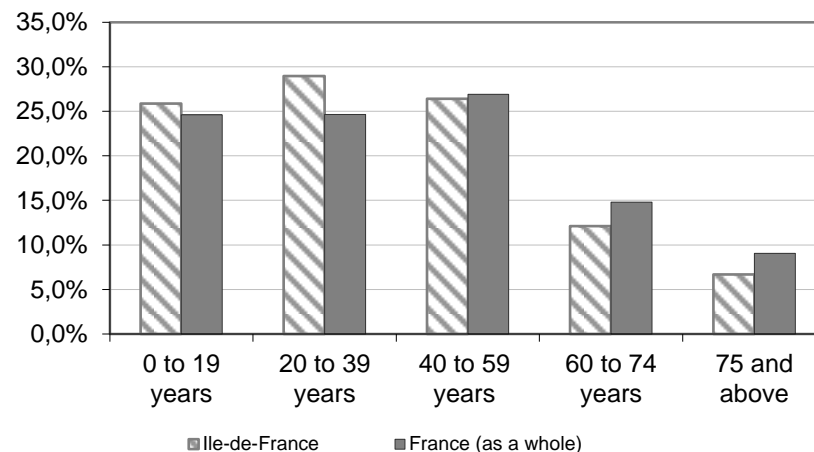
2018

# A dynamic population

- ❑ The most densely populated French region, with 12,2 million inhabitants (as of 1 January 2019)
- ❑ 19% of Mainland France's population in 2% of the country's territory (12,012 Km<sup>2</sup>)



Regional population distribution by age



- More than one child out of five is born in Ile-de-France
- Almost 55 % of Ile de France's population is aged under 40
- 23% of France's total workforce
- 2.4% of Europe's working-age population

Source : INSEE

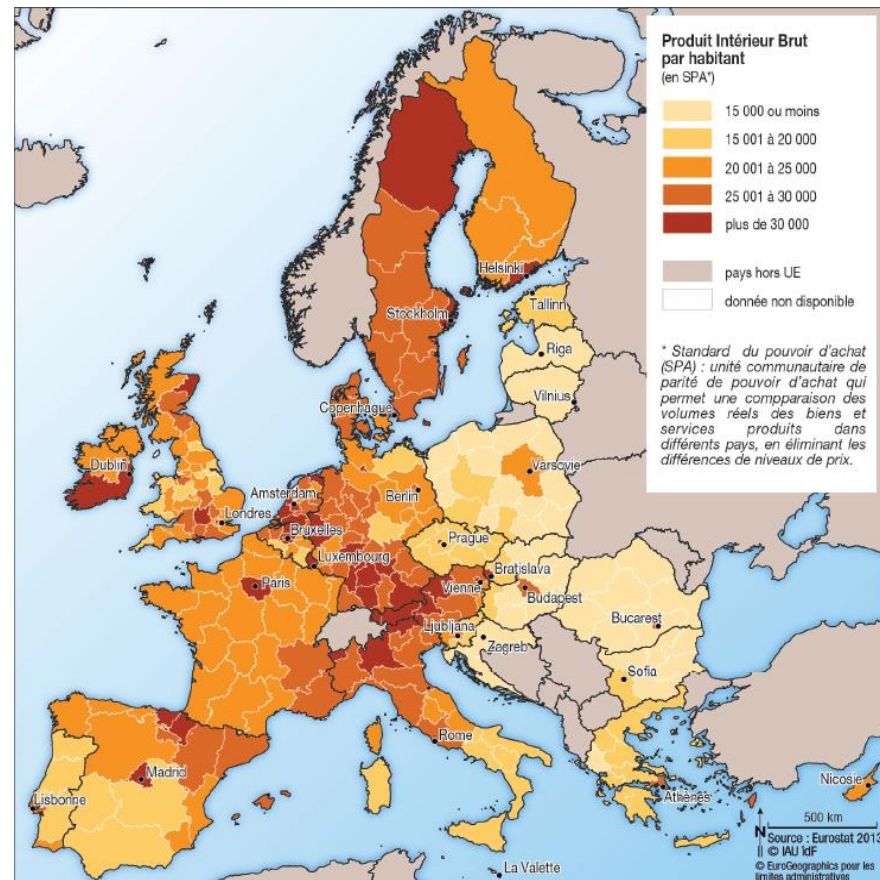


# The leading economic region in France

## ❑ The wealthiest region in France

- € 734 Bn GDP in 2018
- 31% of France's GDP
- 5.5% of EU-27's GDP

## ❑ One of the highest GDP per capita in Europe (€59,700 in 2018), representing 198% of European average.



Source : Eurostat

## One of the main economic hubs in Europe, and amongst the largest in the world :

- greatest concentration in Europe of large companies ranking in the world top 500,
- largest stock of commercial real estate in Europe (53 M Sq m)



# An extremely attractive region

- **A highly-qualified population:**
  - 33% of French executives
  - 38% of France's research staff in 2014 (including 155,842 paid researchers)
- 887,750 companies in sectors ranging from high-technology to traditional industrial businesses
- **A transportation network that ranks among the most developed ones in the world :**
  - 206 km of subway lines (which will double with the "Grand Paris Express")
  - 1,820 km of railways
  - 105 km of tramway tracks
- **Paris airport hub is the largest hub in Continental Europe**
- **The world's most visited destination**



**The Plateau de Saclay Campus:** one of the world's leading educational, scientific research, and research and development centres



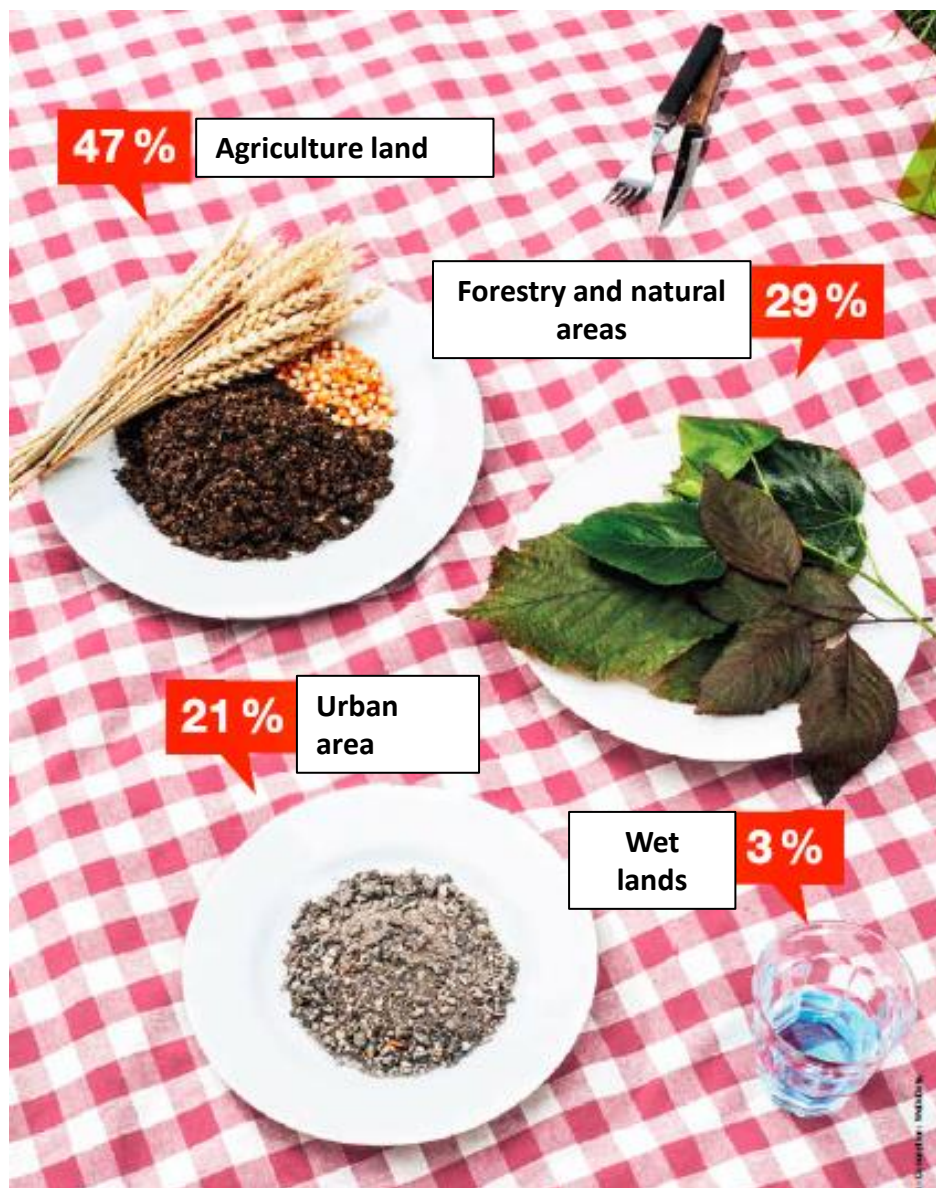
**The Upper Chevreuse Valley:** Ile de France's first regional natural park established in 1985, covers an area made of 21 municipalities and 25,000 ha, half of which consist of forests and green spaces







# A multifaceted territory



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# **OPERATIONS AND RESPONSIBILITIES**



# How the region operates

- **Ile-de-France Regional Council is composed of 209 members.** These members are elected using direct democracy for a 6 year mandate (2015-2021). Last elections took place in December 2015.
- The Regional Council governs the affairs of Ile-de-France through its resolutions.

- **The President of the Regional Council : Valérie Pécresse**

Elected by the councillors:

- she prepares and implements the decisions taken by the Regional Council
- she authorises expenditures and acts as the signatory power
- she manages the Region's assets
- she is head of the regional administration



Regional Council, in Saint-Ouen



# A large scope of responsibilities

- Transportation
- Secondary education (investing in and running 472 high schools, 500,000 high-school students)
- Professional training and employment
- Economic development, research, and higher education
- Environment, territorial development
- Social inclusion, housing, culture and sport





# **A STRONG FINANCIAL SITUATION**





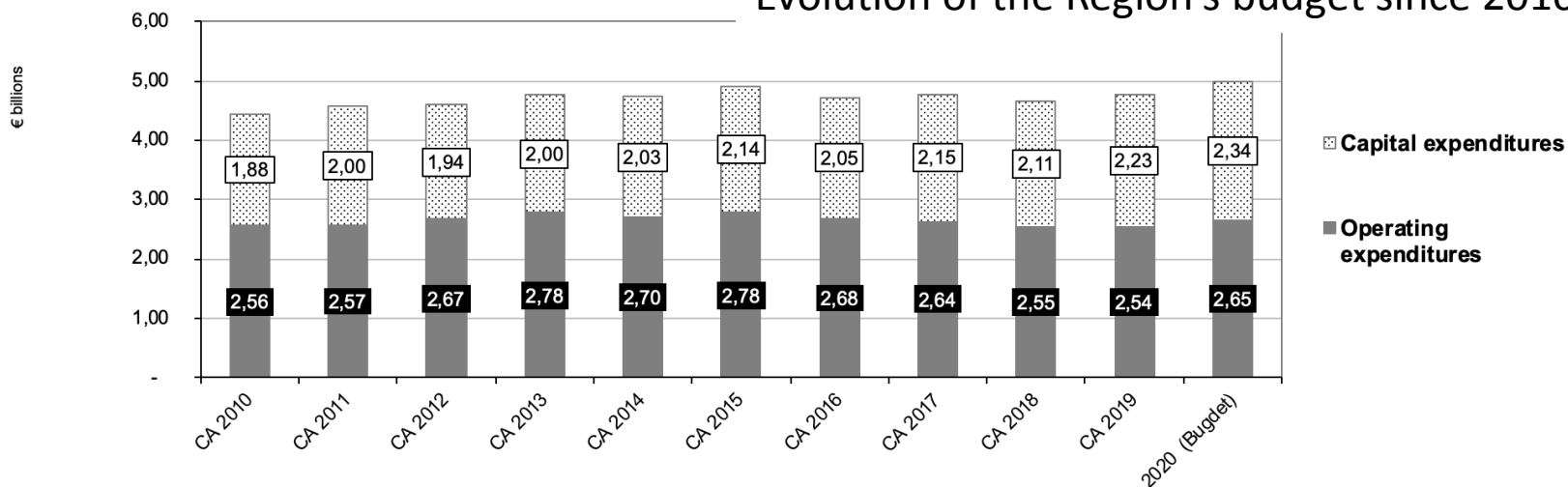
# The priorities of the management

- ❑ **Growth through investments** such as :
  - An ambitious development and modernisation plan for public transport
  - A multi-annual plan for high-school buildings
  - A supportive programme for higher education and research
- ❑ Promoting **economic development** across the whole territory
- ❑ **Improving environment and the quality of life** : « *Each decision taken by the Region must improve the environment and health of its inhabitants* » (combating air pollution, reducing energetic operating expenditures...). In 2020, over 50% of capital expenditures will contribute to the Region's ecological transition.
- ❑ **Tight control** over the operating expenditures (e.g. implementation of measures to reduce costs in the regional administration) to boost investment.



# A balanced and controlled budget

Evolution of the Region's budget since 2010

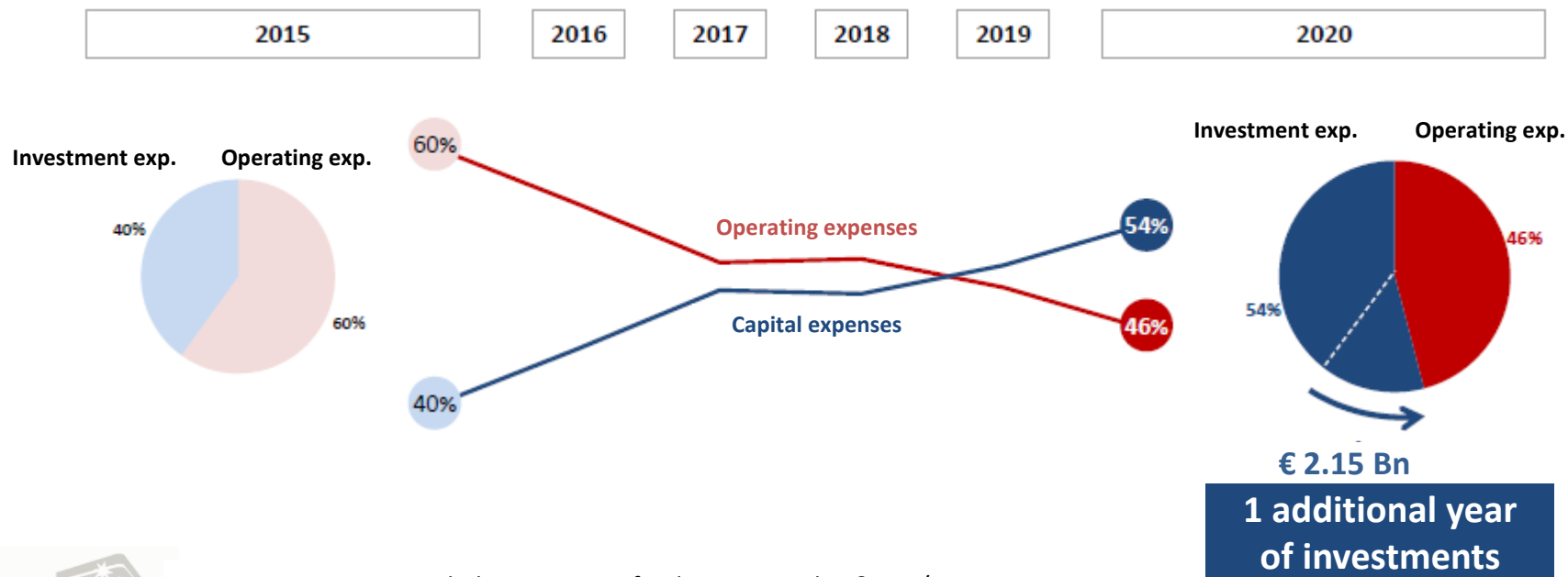


- ❑ **Strong focus on investments since 2016.**
- ❑ Operating expenditures significantly decreased, thanks to strong efforts put in place to reduce the regional administration costs (including associated bodies)
  - Non-replacement of one out of two vacancies
  - Rationalization of the resources of associated bodies
  - Focus on key regional responsibilities
  - Optimised purchase policy
- ❑ Efforts to decrease operating expenditures were [underlined in 2019 by the French national Court of Auditors](#)
- ❑ The operating expenditures decrease was also hailed by the Regional Court of Auditors in its 2020 report about Region's management for 2014 and following years. It underlined « an effort to control management expenditures (...), significant since 2016 » particularly with « decreasing operating expenditures since 2016 »



# Confirmation of trend inversion: during the current mandate, investment has largely exceeded operating budget

Multi-annual operating expenses represent **46%** of total expenses in 2020, compared to **60%** in 2015. In 5 years, investment expenses grew by **41%** representing **€ 2,15 Bn**. This is equivalent to an additional year of investments.

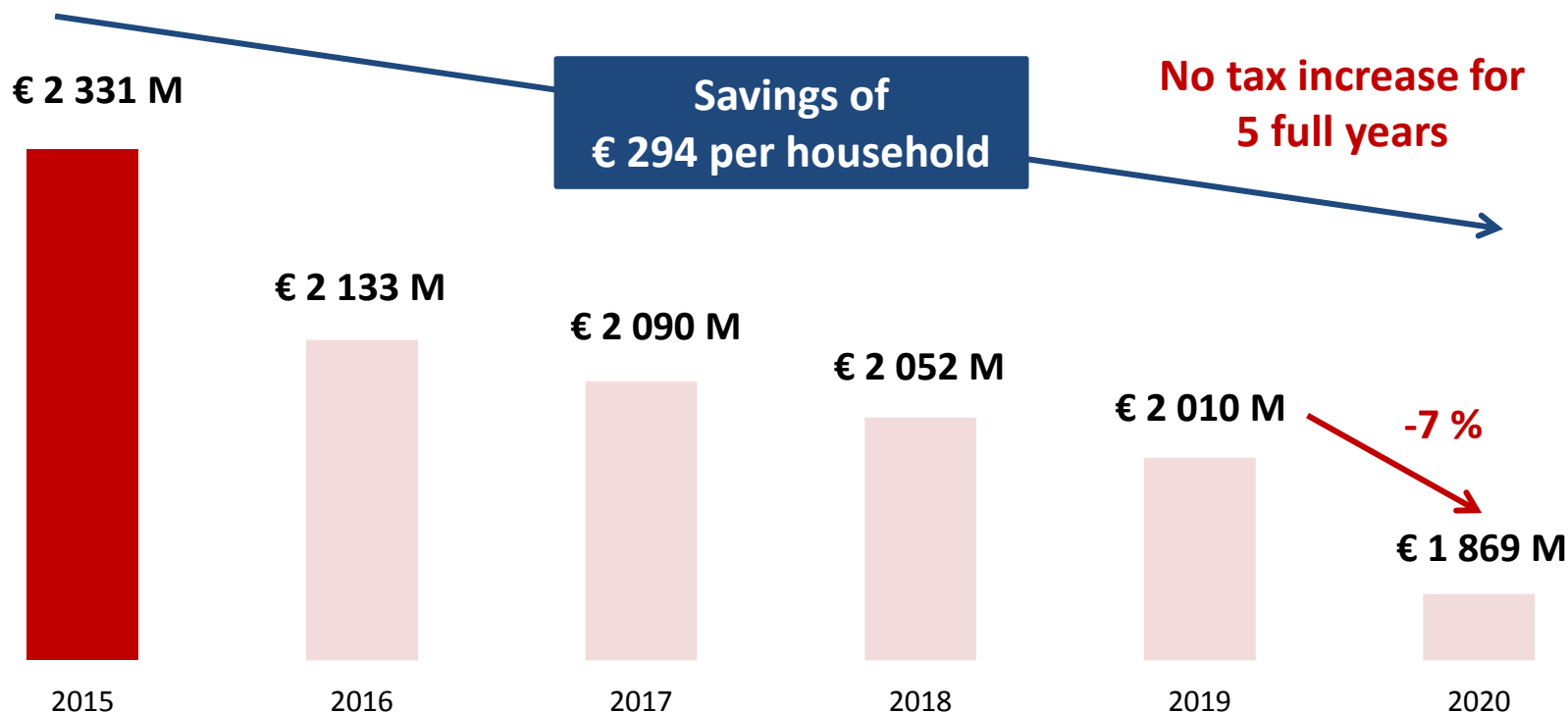


Operating expenses excluding European funds, 500 000 plan & PIC / PACTE.  
Multi-annual authorized expenses program



# Since 2016, the Region achieved €1,5bn of savings in operating expenses

In 5 years, operating expenses were reduced by a total of **€ 1,5 Bn** compared to 2015.  
this represents a savings of **€ 294 euros** per household



**According to the French national Court of Auditors, Ile-de-France is the only Region to have decreased operating expenses in 2018 and every year since 2016.**



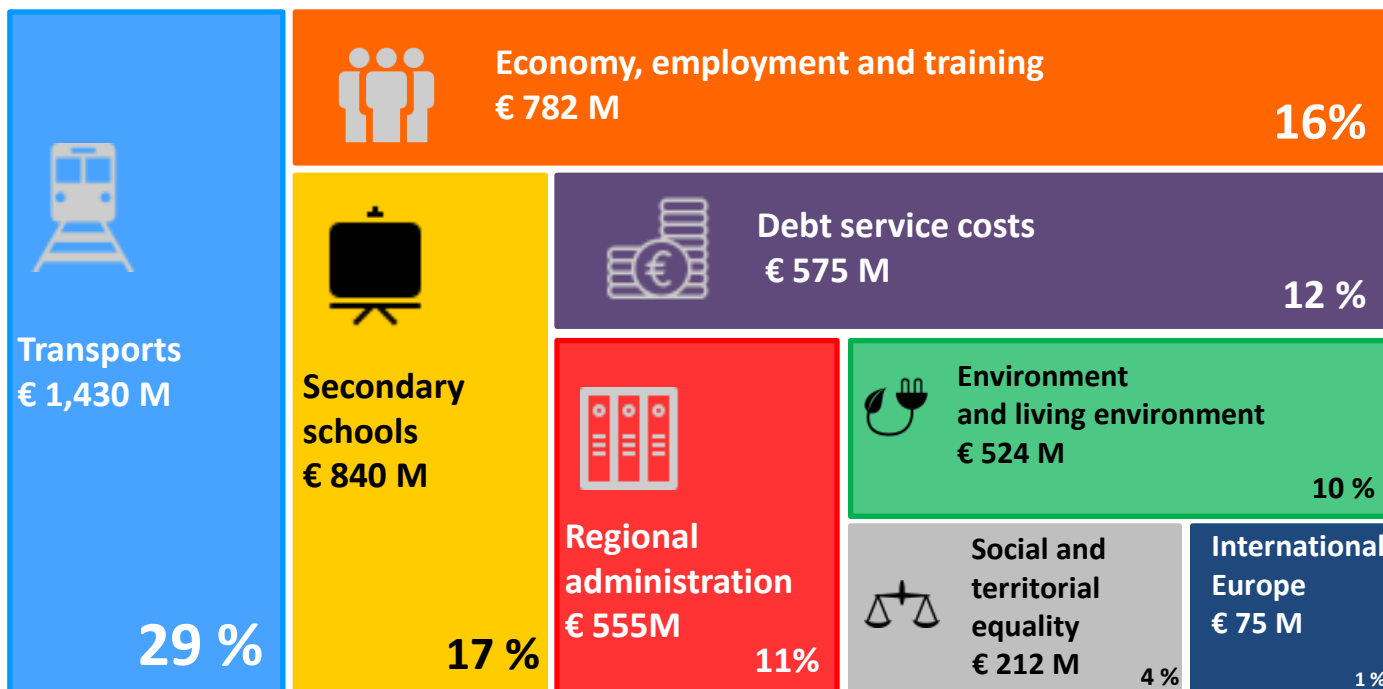
Operating expenses excluding European funds, 500 000 plan, PIC / PACTE.

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# 2020 budget– Expenditures (€ 4.99 bn)



➔ 43% of 2020 budget expenditures (exc. debt) dedicated to investments (€1,89 Bn)

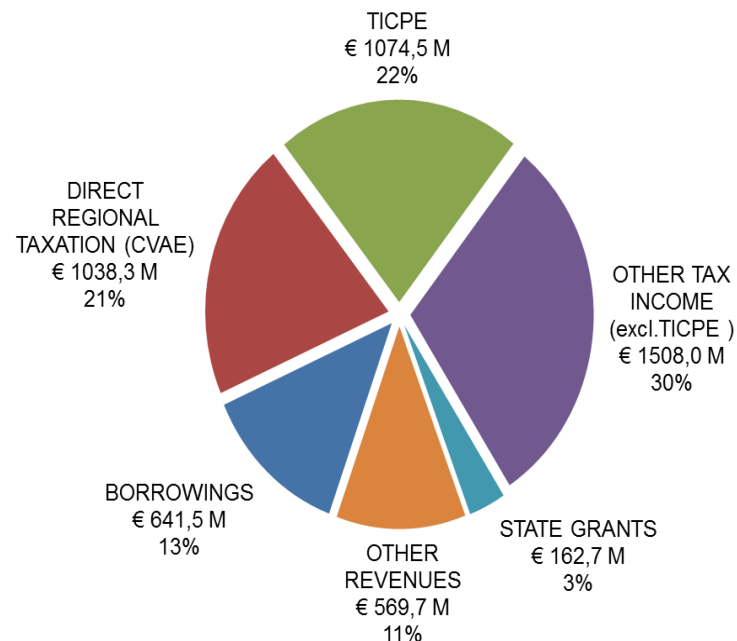


# 2020 budget - Revenues

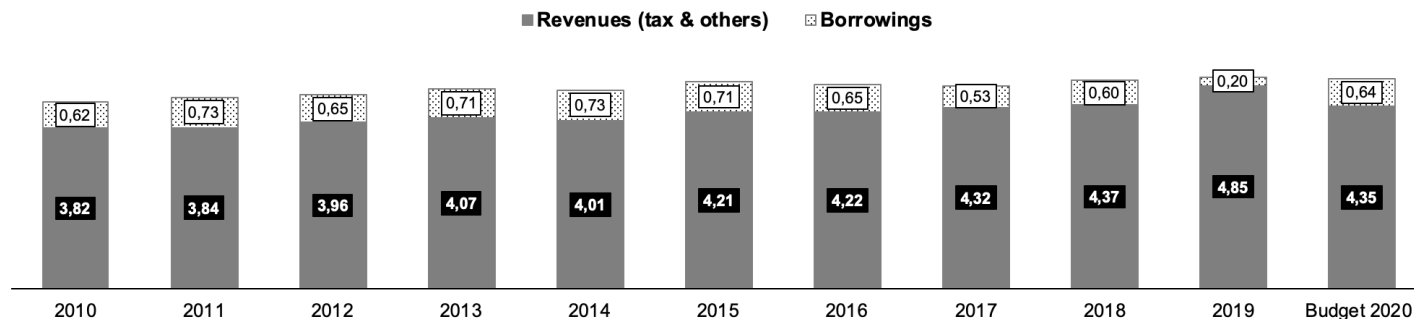
Region resources are composed of revenues (mainly tax related) for 87% and borrowings for 13%

- Tax revenues: € 3.6 Bn (73% of the 2020 Budget)
  - Including the Corporate Value-Added Contribution (CVAE),
  - a portion of the Domestic Tax on the Consumption of Energy Products (TICPE),
  - a dynamic share of the Value Added Tax (to replace general operating grant).
- Transfers from the French State: € 0.2 Bn (3% of the 2020 Budget)
- Miscellaneous revenues: € 0.6 Bn (11% of the 2020 Budget) such as European funds and police fines...

Revenues : €4.99 billion



Evolution of the Region's revenues since 2010



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# A supplementary budget to fight the crisis

Covid-19  
measures

- **Voted on June 11, 2020, the 2020 supplementary budget** integrated several significant changes since the vote on the 2020 initial budget (December 2019), namely the shockwave due to **the sanitary crisis related to the Covid-19**, and **the launch of the first step of the regional recovery plan** to support Ile-de-France's economy in this context.

For more details on the regional recovery plan to fight the crisis, please read the dedicated presentation on : [www.iledefrance.fr/financement-region](http://www.iledefrance.fr/financement-region)

**On top of the integration of the 2019 result (€ 276,28 M), the supplementary budget recorded :**

- **A decrease of regional revenues (excluding debt) of € 129,54 M** from the € 4,35 Bn initially voted in the 2020 initial budget.
- An increase of expenditures of € +474,92 M :
  - **€ +206,77 M in operating expenditures** (moving up the total amount of operating expenditures to € 2,86 Bn for the full year 2020)
  - **€ +268,15 M in capital expenditures** (with a total amount of € 2,61 Bn in 2020),
- An **adjusted borrowing ceiling amount at € 969,64 M** (vs € 641,47 M voted in the 2020 initial budget, showing an increase of € +328,17 M).



# A modified *framework* to take into account some measures of the recovery plan

The *framework* used by Région Ile-de-France for its green and sustainable bond issues has been slightly modified with the addition of a sub-category to **ensure the eligibility of the sanitary measures taken during the fight against the Covid19**. The existing *framework* already covered the projects in favor of employment, and the support measures for SMEs on the Region's territory.

Vigeo-Eiris updated its Second Party Opinion in June 2020, taking into account these slight modifications of the Framework.

## The 7 eligible categories in the *framework*

|   |
|---|
| Buildings and equipment for education and leisure |
| Public transport and sustainable mobility         |
| Renewable energies and energy efficiency          |
| Biodiversity                                      |
| Social and health actions in favor of populations |
| Social Housing                                    |
| Economic, social and inclusive development        |

Addition of a new sub-category:  
« Projects contributing to the improvement of health infrastructures  
to the purchase of health equipment,  
to Research and Development,  
to the establishment of any emergency infrastructure necessary in the context of an exceptional crisis (health crisis, natural disaster, ...) ».

➔ The 2020 SRI bond proceeds will therefore be used to finance some Covid-19 measures, which are fully in line with the Region's green and sustainable framework.





# Financial Ratings

## MOODY's

**«Aa2»**

Stable Outlook

Short-term credit rating : P-1

Date: February 2020\*

- *« good operating performance »*
- *« strong governance and debt management »*
- *« unquestioned market access »*
- *« sound & secured liquidity profile »*

## FitchRatings

**«AA»**

Negative Outlook

Short-term credit rating : F1+

Date : May 2020\*

- *« sound operating performance and strong governance »*
- *« strong capacity to self-finance sizeable capex »*
- *« conservative debt and liquidity management »*
- *« the region's financial management is sophisticated and prudent, particularly in terms of its forecasting ability, which allows Region IDF to control its annual budget and debt commitments »*
- *A « satisfactory deleveraging capacity »*

\*Agencies' ratings reports are available on the Region's website



# **THE REGION'S FINANCING STRATEGY AND DEBT MANAGEMENT**



# Main features

- ❖ A protective legal framework
- ❖ Strong financial position
- ❖ Large and diversified access to short-term liquidity
- ❖ Diversified financing strategy
- ❖ Issuance of bonds as main medium term / long term financing tool
- ❖ Conservative risk management
- ❖ Construction of a benchmark reference curve



# A protective legal framework

- ❑ **Budget balance golden rule** ( art. L1612-4 of the Code Général des Collectivités Territoriales – CGCT ; see appendix slide 46 ) :
    - The operating section must be voted in balance
    - The investment section must also be voted in balance

**=> Borrowings are investment revenues that can only finance investment expenditures**

  - The gross operating surplus and own investment earnings must at least cover debt amortization
- ❑ **Debt service (interest + capital) is a mandatory expense** (art. L4321 du CGCT)
- ❑ **State controls on local authorities :**
  - Legal control
  - Accounting operations control : separation between the authorizing payment officer – Région Ile-de-France - and the accountant ensuring the payment – the National State administration.
  - Regional accounts houses (Chambres Régionales des Comptes) controls
- ❑ **National State insurance (no explicit guarantees) :**
  - State ensures payments of tax proceeds and grants (In accordance with conditions set in the Finance Law)
  - Obligation to provide financial compensation for local authorities in the case of transfer of competencies or creation of new competencies (Art. 72-2 of the Constitution ; see appendix slide 46)







# Financial ratios: a strong financial situation

|  | 2015 | 2016 | 2017  | 2018  | 2019  | 2020<br>Budget  |
|--|------|------|-------|-------|-------|-----------------|
| Gross operating balance (M€)             | 718  | 776  | 1 014 | 1 052 | 1 574 | 834             |
| Current margin rate (%)                  | 20,5 | 22,5 | 27,8  | 29,2  | 38,2  | 23,9            |
| Debt payback ratio <sup>1</sup> (yrs)    | 7,5  | 7,2  | 5,5   | 5,4   | 3,4   | 6,7             |
| Self-financing capacity <sup>2</sup> (%) | 57,8 | 67,8 | 70,9  | 81,6  | 104   | 56 <sup>3</sup> |

*These ratios are presented without the exceptional items in 2020 (e.g. real estate divestiture gains for 189,3M€ in 2020)*

*Calculations include positive net results from previous years (+ € 1.0 M in 2015 ; + € 4.2 M in 2016 ; +€141.7 M in 2017 ; +€ 66,3 M in 2018, + € 306,9 M in 2019 and + € 276 M for 2020)*

<sup>1</sup> Outstanding debt to gross operating surplus

<sup>2</sup> Self-financing to capital expenditures excluding debt

<sup>3</sup> Including exceptional items, this ratio would be at 66%



# A diversified access to liquidity

## ❑ €1bn NEU-CP short term program in French law (2002)

- Rated Prime-1 ; F1+ / Moody's ; Fitch
- € 500 M outstanding amount on average

## ❑ A revolving facility of € 587 M on the period 2007-2022 that can be used for treasury purposes and for longer term borrowings:

- Drawing request for D+1
- Exceptional rates conditions (established in 2007)

## ❑ Moreover, multiannual credit lines with EIB – currently under negotiation – should be active in 2020



# Diversified financing strategy

**The Region can use several funding sources on the medium and long term :**

**❑ Bonds issued under its EMTN program**

- € 7 Bn ceiling, and € 4.75 Bn outstanding by end-2019
- 1<sup>st</sup> French local authority EMTN program (2001)
- Largest bond issues amongst French local authorities

**❑ A long term partnership with EIB**

- To finance sustainable investment projects (education, public transport, energy savings...)
- Outstanding debt mobilized in July 2019 : € 200 M
- New lines being negotiated for 2020 and beyond

**❑ A revolving facility of € 587 M on the 2007-2022 period**

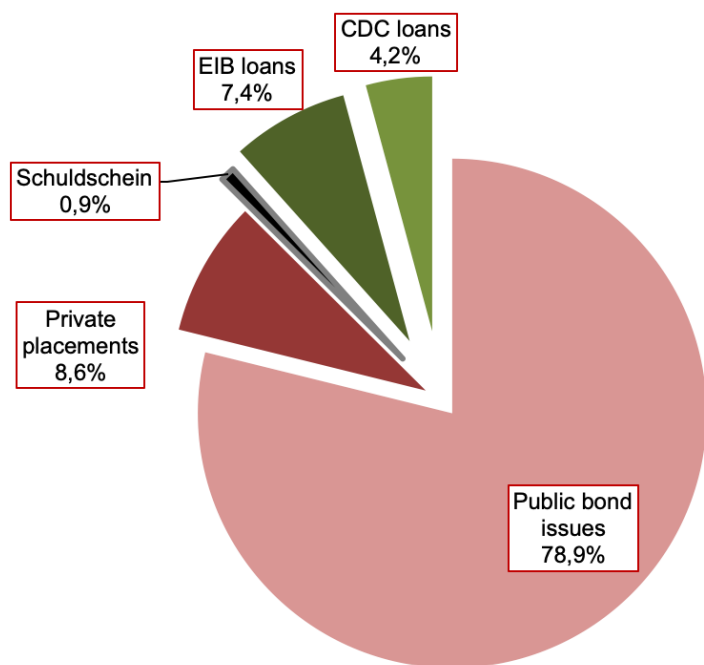
**❑ Opportunistic use of bank loans**

**➔ Outstanding debt by end of 2019 : €5.384 Bn,  
i.e. a stabilization compared to 2015**



# Issuance of bonds as the main financing tool

- In coherence with the financial surface of the Region
- Systematic assessment of the various financing alternatives



*Data as of 31/12/2019*

Outstanding debt by the end of 2019: **€ 5.384 Bn**  
Average lifetime: **5,97 years**  
Average rate: **2.16%**

**87,5% of bonds**  
(Public issues and private placements)

**12,5% of banks & institutional loans financing and Schuldschein**



# Conservative risk management

## Conservative interest rate risk management

- An indexation linked to fixed rates or simple floating rates (Euribor, Livret A) in the Euro zone
- Distribution fixed rate / floating rate adjusted depending on the long-term economic trends
- 95% of the outstanding debt at fixed rate at the end of 2019

## A complete hedging of the currency risk

- No currency risk incurred by the region
- Systematic hedging at the issuance via swaps in euros

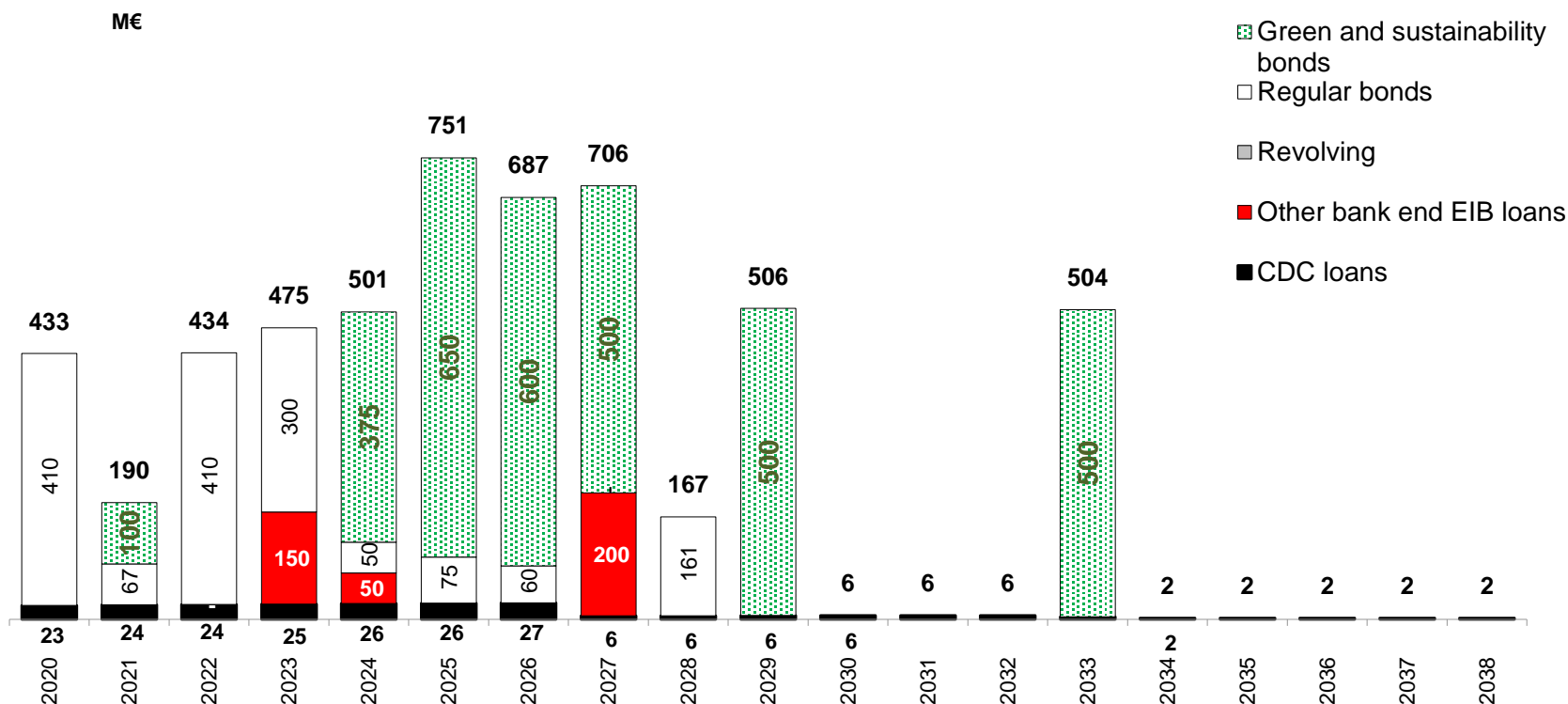
## A conservative approach on derivatives

- Possibility to subscribe to simple vanilla products
- No structured products
- 100% of the outstanding amounts after swap at the end of 2019 ranked in «the least risky category» or « A1 » according to the French State classification



# Debt amortization profile at the end of 2019

- A smoothed debt amortization profile on the long term
- 65% of the total debt is now made of green and sustainable bonds





# **REGION ILE-DE-FRANCE A MAJOR PLAYER IN SUSTAINABLE DEVELOPMENT**





# An holistic and integrated approach to sustainable development

- ❑ **The Region is committed to integrate sustainable development and social responsibility considerations in all its activities across the different fields**
  - Fight against climate change and preserve the quality of the air
  - Support biodiversity conservation and protection of resources and environment
  - Contribute to personal development of all human beings
  - Ensure social cohesion and solidarity between territories and generations
  - Create growth dynamics integrating responsible production and consumption patterns
  
- ❑ **The Region plays a key role to promote sustainable development initiatives on the territory :**
  - **Competent authority setting strategic guidelines of local public actions on the territory : territorial development, transports, economic development, climate and energy, biodiversity, waste management (cf. appendices)**
  - **The Region sets the example in terms of governance and policies implemented :**
    - Integration of sustainable development considerations into policies implemented
    - Responsible purchasing policy and public contracts
    - Development of technical guidelines by sector to improve sustainable building for new construction projects



# Environment is at the heart of regional policies

- Creation in 2017 of the 1<sup>st</sup> **Regional Agency for Biodiversity**
- Since 2017, inclusion of **an environmental bonus in social housing subsidies** for the most efficient programs (eco-materials, Positive energy building 'BEPOS')
- In 2018 : Launch of a Green Plan to support green area creation in specific deficient area
- Adoption of the "Plan Friche" (end of 2019) : the Region supports projects limiting urban sprawl and preserving valuable nature areas
- **New policy on energy and climate elaborated during 2018:** over € 20 million to support solar, biomethane and hydrogen energy
- **Repositioning of the support to the *Domaine d'Intérêt Majeur* 'DIM' label (key research sectors backed by the Region), targeting the main environment challenges : climate, energy and resources (ex: air quality)**
- **Generalisation of the most efficient energy labels**
- **Transports** : priority to the development of sustainable transports (bicycles, clean buses)
- **An ambitious and holistic roadmap focused on territories:** 1 euro in 2 of the budget devoted to environment



# A solid extra-financial performance



- Rated by Vigeo since 2009
- One of the leaders of the European local government authorities panel assessed by the extra-financial agency
- Second party opinion, June 2020 :
  - “(...) Région Île-de-France displays a good ESG performance, ranking 4th in our “Local authorities” sector which covers 29 local authorities.”
  - “We express a reasonable level of assurance (our highest level of assurance) on the sustainable credentials of the Green and Sustainable Expenditures identified by the Région Île-de-France for 2020.”

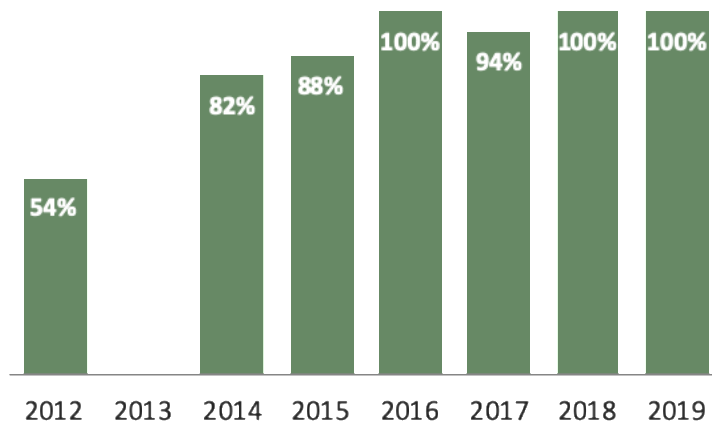


# **REGION ILE-DE-FRANCE'S GREEN AND SUSTAINABILITY FUNDING STRATEGY**

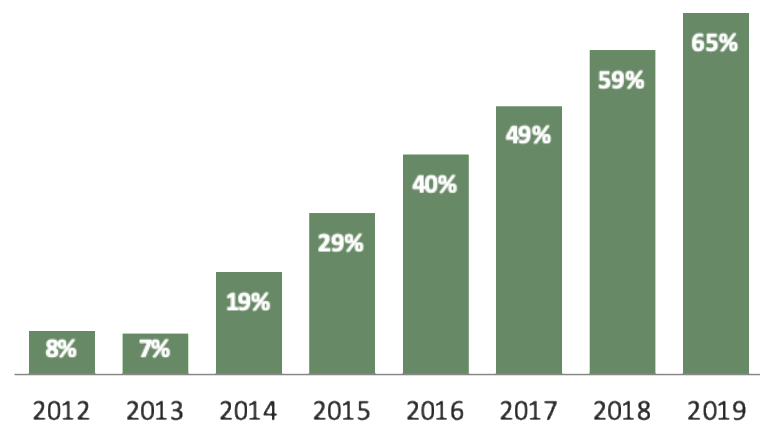
# A leading issuer in the green and sustainability bond market

- **Inaugural** green and sustainability bond ever launched by a local authority in 2012
- **8** green and sustainability bond issued since 2012, including **6 benchmark public issues**, for a total amount of **€ 3.2 Bn**
- Standard & Poor's 26 September 2017 : *"Ile-de-France has been especially active through its annual benchmark bonds"*
- Moody's 18 nov. 2019, Région Île-de-France : update to credit analysis : *"In 2012, it was one of the first regional and local governments in the world to issue labelled bonds ... Région Ile-de-France's status as a high-profile and important issuer of bonds on international capital markets"*

Part of the green & sustainability borrowing in the annual borrowings of the Region



Part of the green & sustainability borrowing in the outstanding total debt of the Region





# Commitments made by the Region on its previous Green and Sustainability Bonds

● Public issue

● Private placement

● Tap

2012

2014

2015

2016

2017

2018

€ 350  
million  
(2012-2024)

€ 600  
million  
(2014-2026)

€ 625  
million  
(2015-2027)

€ 650  
million  
(2016-2025)

€ 500  
million  
(2017-2029)

€ 500  
million  
(2018-2033)

Compliance with



YES

Predating the creation  
of the Green Bond  
principles

YES

YES

YES

YES

YES

Commitment to report  
on the use of funds



Published on the  
anniversary date



Published on the  
anniversary date



Published on the  
anniversary date



Published on the  
anniversary date



Published on the  
anniversary date



Published on the  
anniversary date

Second opinion on  
the selection criteria

—



Renewal  
of 2014 opinion



Renewal  
of 2016 opinion

Renewal  
of 2016 opinion

External and independant  
certificate

—

—

Deloitte.

—

—

—



# A framework aiming at following best practices

## ▪ Fully compliant with the Green Bond Principles & sustainability bond guidelines

### Use of proceeds

- Commitment on the use of the funds towards one or several categories of projects ahead of any bond issuance
- Flagship types of projects of the regional action
- Projects that meet both environmental and socially responsible performance criteria

### Project assessment and selection

- Definition of 9 eligibility criteria in relation to the purpose of the project and to its responsible management (detailed criteria in appendix, p52)
- Second opinion delivered by Vigeo in 2014 and updated in 2016 and in 2020
- Transparency of the project selection process

### Management of proceeds

- Borrowings can only finance investments of the year
- Funds allocated to each project are accounted in the related-year financial data
- In 2016, external certification from Deloitte on the concordance of the amount allocated with 2015 financial documentation

### Reporting on the financed projects

- A commitment to reporting on the use of proceeds on the issue's anniversary date
- Presentation of impact indicators and calculation methodologies used (audited by Deloitte in 2016)





# Reporting on projects financed by the proceeds

- 5 reporting published since 2014, at anniversary date of each bond issue
- Last reporting on 2018 green and sustainability bond issue was published in June 2019

## ☐ Reporting information contents :

- Summary tables of the fund allocation and of the impact indicators transversal to the projects (CO<sub>2</sub> avoided, FTE supported, number of beneficiaries)
- Description of the allocation and selection process
- Description and update on the life of the projects
- Description of the project and its timeline
- Summary grid illustrating how each project answers each criterion with convincing elements
- Insertion of a note presenting the methodology / sources used for each project and each indicator
- Impact indicators specific to each project if applicable

## ☐ A reporting putting forward sustainability and greenness of projects :

Example with the extension of Parisian subway line 14 (organisation of the worksite visit with investors in 2018) : a permanent concern in keeping contact with residents

## ☐ Completed with a reading of the funded projects from the point of view of UN Sustainable Development Goals



# Focus on the 2019 reporting

**28** projects presented

**10** new projects  
Easily tagged

NEW PROJECT

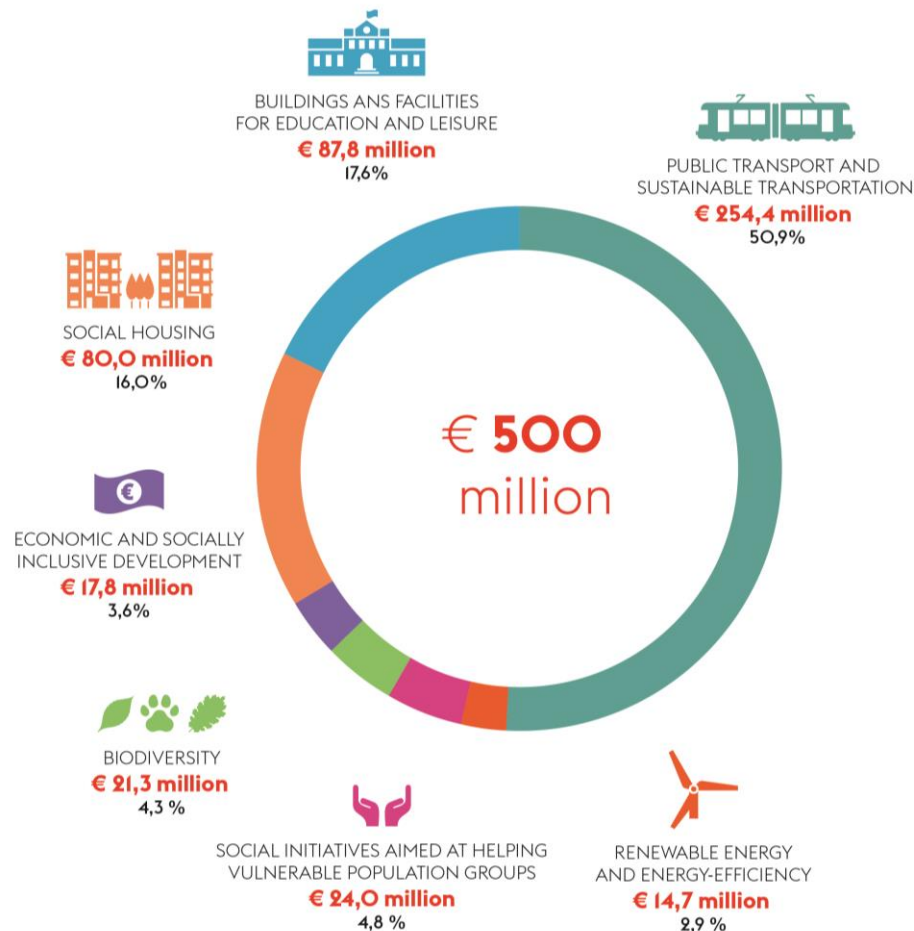
**62 %** of projects  
reconducted

**8.5** 'SDG' goals on average  
by project

Examples of projects financed by the 2018 green and sustainability bond (see appendices):

- Electrification of the P railway between Paris and Troyes
- New high school in Courbevoie

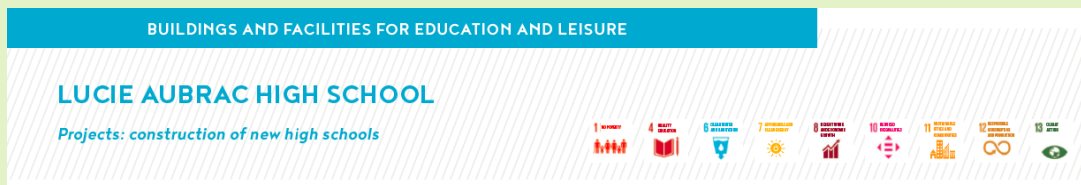
## Allocation 2018





# Projects financed by the 2018 green and sustainability bond have been analyzed according to their positive contribution to SDG

- Positive contribution of each project to SDG is presented



- p.14 & 15 of the [reporting about projects financed by the 2018 green and sustainability bond](#) :
  - an explanation of the methodology used to scrutinize each project under SDGs
  - summary table, with a special focus on the main SDG goal of each project

|   | 1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND | MAIN SDG'S IMPACT INDICATORS |         |
|---|--------------|------------------------------|---------------------|------------------------------|-------------------------------|-----------------------------------|---|-------------------------|---------------------------------------|---|-------------------|-----------------|------------------------------|---------|
| Boulogne-Billancourt high school  | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 18 |
| Lucie Aubrac high school - Courbevoie   | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 20 |
| Emily Brontë high school - Lognes   | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 22 |
| Alexandre Denis high school - Cerny   | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 24 |
| Ecole des Hautes Etudes en Sciences Sociales, Campus Condorcet - Aubervilliers  | •            |                              | ⊙                   |                              | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 26 |
| Grand Equipement Documentaire (library), Campus Condorcet - Aubervilliers       | •            |                              | ⊙                   |                              | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 28 |
| Bibliothèque de Documentation Internationale Contemporaine (library) - Nanterre | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 30 |
| Conservatoire National des Arts et Métiers (CNAM) - Landy 2 - Saint-Denis       | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 |                 | Number of beneficiaries      | page 32 |
| Leisure and sport centre - Vaires-Torcy   | •            |                              | ⊙                   | •                            | •                             | •                                 |   | •                       | •                                     | •   | •                 | •               | Number of beneficiaries      | page 34 |



# Visits of projects financed by green and sustainability bonds with investors

- 3 visits since 2015:
  - Tramway T6 – Chatillon Montrouge to Viroflay (2015)
  - Campus Jourdan ; host of Paris School of Economics and ENS – Paris 14<sup>e</sup> (2017)
  - Extension of subway line 14 at Mairie de Saint-Ouen – Pont Cardinet (2018)



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# Key elements on Region Ile-de-France's green and sustainability bonds

## Exposure to the Region credit quality (not to the projects)

- Financial Ratings: Aa2 (stable) Moody's / AA (negative) Fitch
- A protective legal framework

## Prudential weights

- Solvency II: 0%
- CRD IV: LCR 2A & credit risk 20%

## Assets eligible to the ECB purchase program under QE

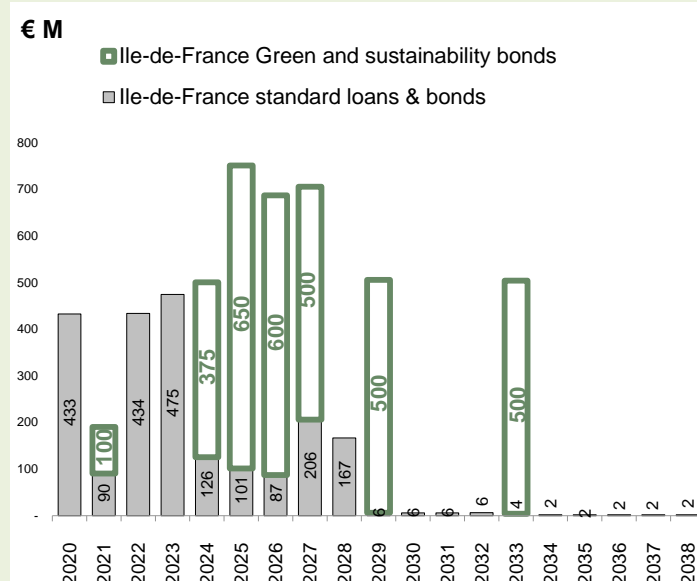
### An exemplary issuer

- Advanced and recognized ESG quality (Vigeo-Eiris), a leader in the European Local Authorities sector
- An adapted framework to integrate covid-related expenditures, and the confirmation of the SPO by Vigeo (June 2020)
- A long-term green and sustainability financing strategy

## Issue compliant with the Green Bond Principles and the Social Bond Principles

Green and sustainability bonds of Region Ile-de-France included in **Bloomberg – Barclays Global Green Bond index (ex. Barclays-MSCI)** and **S&P Green Bond index**. Also listed on **Euronext Green Bond**.

## Building a green and sustainable benchmark curve





# APPENDICES



# French territorial organisation

- **Composed of :**
  - 18 regions
  - 101 départements
  - 35 357 municipalities, of which 94.5% under 5,000 inhabitants
- **Principle of free administration** by elected councils, no local institution can exercise any authority on another
- **Income and competences** are defined by national law → A key role of the national State in the territorial organisation
- **Several characteristics :**
  - 1) Process of merging and combinations to optimise local public action :
    - Example with the « Loi NOTRe » : switch from 26 regions to 13 metropolitan regions, to improve efficiency and focus of Regions on investment policies
    - Merging at the muni level : 36 588 municipalities combined by end-2015
  - 2) Competences attributed to each level of local authorities based on the principle of subsidiarity, and withdrawal of the concept of *general competences in 2015* → Given their size and strategic positioning, Regions are investment authorities by essence, with a leadership role amongst local administrations in terms of economic development, environment, planning.





# A protective legal framework

## ■ Article 72-2 of the Constitution

Local authorities benefit from resources they can use freely in the conditions fixed by the law.

They can receive all or part of the proceeds issued from all kind of taxations. The law can authorize them to fix the scope and rate in the limit it determines.

Fiscal receipts and other own resources of local authorities represent, for each category of local authorities, a determining part of all their resources. The organic law fixes the conditions in which this rule is implemented.

Any transfer of competencies between the State and the local authorities comes along the allocation of equivalent resources to those that were dedicated to their exercise. Any creation or extension of competencies having an increase in expenditures of the local authorities as a consequence comes along resources fixed by the law.

The law plans devices for adjustment intended to favor equality between the local authorities.

## ■ Article L1612-4 of the General Local Authorities Code

The budget of the local authority is in real balance when the functioning and the investment sections are respectively voted in balance, incomes and expenditures having been evaluated in a sincere way, and when the debit on the incomes of the functioning section to the benefit of the investment section, added to the own receipts of this section, excluding the proceeds from borrowings, and eventually the endowments of amortizations and provisions accounts, provides enough resources to cover the capital repayments of the borrowings maturing in the course of the exercise.



# The competent authority to define the strategic orientations of the public action on the territory of Ile-de-France

## ☐ Authority in charge of organizing the territory planning :

- ❖ The Region defines the strategic orientations in terms of urban planning, with regard to the environmental stakes, employment hubs, needs for housing and transports (SDRIF). This reference framework is prescriptive and must be declined in the whole of the local plans for urban planning in Ile-de-France.
- ❖ The current plan will be evaluated in 2019 in view of an update. The Region is associated to each local document for urban planning, and pays a particular attention to the environmental topics.

## ☐ Authority in charge of organizing the transports in Ile-de-France with the STIF :

- ❖ The Region launched the transports revolution with the STIF since 2016, with the aim to renew all the rolling stocks (trains) and the implementation of the Greater Paris for Bus to service the territories of the greater Paris area.

## ☐ Lead manager of the economic development on the territory :

- ❖ The Region defined in December 2016 the regional strategy for economic development, innovation and internationalization, which integrates the environmental stake to adress a dual objective of identification of the possibilities in terms of economic activity, employment and innovation, and improve the living environment in Ile-de-France

## ☐ Lead manager, along with the State, of the territorial politics related to quality of air, energy and fight against climate changes

## ☐ Lead manager for biodiversity

## ☐ Role of planner in terms of waste management, with a zero waste objective adopted in September 2016

## ☐ The Region ensures also an asset management of the territory in order to value a balance with the green areas on the territory.

- ❖ It defines its property influence in voting the Regional Perimeters for property intervention (RPPI)





# Région Ile-de-France, Société du Grand Paris, Ile-de-France Mobilités, RATP et SNCF : 5 different entities



**Legal body governed by public law**  
**Regional authority, autonomous**  
 - regional assembly composed of 209 elected members,  
 - chaired by Valérie PECRESSE.

**Public industrial and commercial undertaking ("EPIC")**  
**100% owned by the state**  
 - Supervisory Board (representatives of the State and local authorities, 21 members).

**Public administrative institution « EPA »**  
 - Council composed of 29 members, representing « départements », Ile-de-France Region and the French State,  
 - chaired by Valérie PECRESSE.

**RATP : Public industrial and commercial undertaking ("EPIC")**  
**SNCF : Limited Company**  
**100% owned by the state**

The regional Council governs the affairs of Ile-de-France through its resolutions.  
 It has jurisdiction over subsidies and project management in the transport's sector.

Design, develop and finance the Grand Paris Express project (200 km of metro lines, 100 % automatic; 68 new stations).

Authority in charge of transportation in Ile-de-France Region.

-RATP : ensure, design and maintain transport networks in Region Ile-de-France  
 -SNCF : manage, maintain and develop the railway network + service operation.



# Sustainable development is at the heart of Region Ile-de-France's strategies and policies

## A key role in the definition of objectives on the territory

### SRCAE

Regional Roadmap  
for Climate, Air and  
Energy

### Plan for Climate

### SRCE

Regional Roadmap for  
Ecological Consistency

Drawn up in consultation with public  
entities on the territory

## Structuring policies

### Leading player of the economic development

Regional Scheme  
Economic development  
Innovation and  
internationalisation

### SDRIF

Master Plan of Region Ile-de-  
France

### PDUIF

Urban Mobility Plan of Ile-de-  
France

### Agenda 21 et 22

Drawn up in consultation with all  
concerned players on the territory



## Disseminating good practices

Responsible  
public purchase  
policy

Responsible  
financial  
strategy

Key environmental stakes that  
are inscribed in regional policies

## An exemplary issuer

### Financial rating

- Fitch: AA
- Moody's: Aa2

### Extra-financial rating

"sturdy" or  
"advanced" levels for  
ESG (Vigeo-Eiris)  
A leader in the local  
authority panel



# Ambitious strategic axes carried by a pragmatic approach

## The Region ...

- Locates sustainable development at the heart of its strategies and policies
- Is committed to report and assess the public spending
- Expresses its support to the development of green & sustainability bond market
- Aims to promote responsible and efficient finance to address the environmental, economic and social challenges

## It has implemented

- A selection of flagship projects of the regional action
- An improvement process internally and towards its partners, besides reporting tools that are continuously being improved
- The highest standards in the green & sustainable bond market, with evolutions and innovations each year, that also allows the Region to further widen its investor base



# Green and sustainability financing strategy

## ■ A multi-awarded strategy

Most impressive local government Green/SRI bond issuer, at the Sustainable and Responsible Capital Markets Forum (Euromoney GlobalCapital in September 2018, Amsterdam).



**Award 2016 :**  
**First Municipal Green Bond**



#1 Public Sector  
Green Bond Deal of  
the Year



#1 Public Sector Issuer  
of the Year



- **Unsolicited external evaluation** on previous sustainability bond issued by Oekom, and eligibility of previous issues to Bloomberg-Barclays Green Bond (ex MSCI-Barclays) and S&P Green Bond indices



rated by  
**oekom research**





# Eligibility criteria

- 9 criteria covering the purpose and the responsible management of the projects
- 2<sup>nd</sup> opinion delivered by Vigeo in 2014, and updated in 2016 and in 2020







# Projects selection process

**1** Each directorate of Region Ile-de-France is asked to identify the proper projects to be considered

- For an expected amount of spending
- Compliant with the eligibility criteria

**2** The most exemplary projects are selected by each directorate

- High environmental and social commitment on all the Region's area of intervention
- Selection based on the investment budget
- The major projects on transportation and eco-construction can be reconducted from a year to another

**3** Finance directorate

- Validates the breakdown between each category based on the projects presented
- Consolidates information communicated by each directorate



# Use and management of proceeds

- Borrowings can only finance investment expenditures of the year: principles of public accounting (unit-based, universal and annual)
- A strong guarantee: the proceeds of the Green and Sustainability bonds are used to fund the expenditures of the year related to the investment projects selected
  - It allows to fund the annual tranches of the selected projects
  - These projects have been decided by the Regional Council, sometimes several years ahead for the major transportation projects
  - When possible, the major projects eligible to Green and Sustainability bond issuances benefit from a share of allocation from one year to the next in order to favor a follow-up and a continuity in the reportings
- Management of proceeds:
  - Proceeds are immediately fungible within the Region's treasury
  - After the closing of the investment budget at the end of November each year:
    - The investment expenditures related to each selected project are extracted from the internal financial management tools
    - The Management Control and IT System department ensures the control of the expenditure amounts on each project



# Use of Proceeds, as specified in the Final Terms

« The net proceeds of the issue are aimed to finance environmental and social projects, defined as « Eligible Projects ».

*These « Eligible Projects » (i) will fall under one or several of the following categories:*

- *Buildings and facilities for education and leisure*
- *Public transport and sustainable transportation*
- *Renewable Energy and Energy-Efficiency*
- *Biodiversity*
- *Social and sanitary actions aimed at assisting population groups*
- *Social Housing*
- *Economic and socially inclusive development*

*and (ii) will be consistent with the Region Ile-de-France's selection criteria available on the Region's website.*

*Ile-de-France Region will monitor the use of funds invested in Eligible Projects and will publish on the issue's anniversary date reports until either:*

- *the amount invested in Eligible Projects reaches the bond amount issued, or*
- *the bond matures, whichever date comes first.»*



# Example of a project which will benefit from 2018's transaction proceeds



## New high school in Courbevoie (department Hauts-de-Seine)

Project amount : € 53.6 M

Region share : 100%

Expected due date : summer 2018

Projects in category **Buildings and equipments for education and leisure**

- Building of a new high school with a capacity of 1 500 students to address the strong demographic push in Western Paris area;
- Implementation at the heart of the city of Courbevoie, on a 10 370m<sup>2</sup> plot benefiting from good public transport services for the future users;
- Urban implementation of good quality according to the city's orientations (students access protected from road traffic, continuity with the existing buildings), multi purpose room available to external people;
- Realization of 13 900m<sup>2</sup> of buildings and landscaped remodeling of all outside areas (keeping the existing trees) completed with a majority of vegetated roofs.

### The works : progression and deadlines

- Preparation of field: summer 2016
- Start of work site: January 2017 (Eiffage general enterprise in charge of the construction market)
- Opening to students planned in September 2018, with a work agenda on 18 months particularly ambitious

### An exemplary high school :

- From an environmental standpoint: operation certified «NF Tertiary Building-Approach HQE» (environmental high quality) with energetic requirements but also in greening (vegetated roofs, landscaped knots, recovery rainwater), users comfort, waste management and green work site;
- From an economic standpoint: diversified training offer facing the job market evolutions (general education completed by a course on Management, by a preparatory class for entrance to the 'Grandes Ecoles', and by an international section);
- From a social standpoint: integration of a clause on insertion and assistance to employment in the works market

### Operation targeting the BEPOS label :

#### « Positive Energy Building »

- A sober building due to its compactness and its strengthened insulation;
- Performing technical systems with ventilations and a high efficiency boiler completed by a cogeneration;
- Production of photovoltaic electricity equivalent to the thermal regulation needs (heating, ventilation, hot water, lighting).



# Example of new projects that will benefit from the proceeds raised in 2017 and 2018



## Electrification of the P railway between Paris and Troyes

Project amount : € 320 M

Regional share : € 70 M

High numbers of co-funders : The French State, SNCF, Region Grand Est and 7 local players

Expected date of delivery : 2021

Category of the “Eligible Project” : **Public transport and sustainable transportation**

- The last diesel-powered railway line in Ile-de-France, despite the fact that the number of users has increased steadily on this line: +28% over the last 5 years with currently 104,000 passengers per day
- Signature of an agreement with the Region in September 2016 to ensure the launch of the project : the electrification of this railway will help replace current diesel-powered trains with electric trains to reduce air pollution and limit CO<sub>2</sub> emissions
- By 2021 the STIF will set up 24 new trains on the Provins branch of the P railway and will renovate 16 Z2N trains

### Works undertaken:

- Electrification of 128km of railway between Gretz-Armainvilliers and Troyes as well as 7km between Longueville and Provins
- Adjustment of 41 road bridges and one tunnel

### An exemplary project:

- Environmental : Limitation of the noise and discomfort for local residents as well as reduction of greenhouse gas emissions and air pollution
- Economic : Attractiveness of the territory
- Social : Comfort and reliability for travellers

### A purpose : Reduce the environmental footprint of this railway

- Reduce the use of hydrocarbons by replacing diesel-powered trains with electric trains ;
- Reduce greenhouse gas emission and air pollution: an electric train emits 30 times less CO<sub>2</sub> than a diesel-powered Corail train;
- Increase energy efficiency: the new trains use more efficiently the energy supplied.

<http://www.electrificationparistroyes.fr>



# Contacts and documentation

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Homepage :

<https://www.iledefrance.fr/financement-region>

In English :

<https://www.iledefrance.fr/region-funding>

