REGION
ILE-DE-FRANCE
Investor presentation
December 2019
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➤ OPERATIONS AND RESPONSIBILITIES
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➤ A MAJOR PLAYER IN SUSTAINABLE DEVELOPMENT
➤ GREEN AND SUSTAINABILITY FUNDING STRATEGY
➤ APPENDICES
Region Ile-de-France, a leading local authority in Europe
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 Km²)

- Over one child in every five is born in Ile-de-France
- Almost 55% of the Ile de France population is aged under 40
- 23% of France’s total workforce
- 2.4% of Europe’s working-age population
The leading economic region in France

- The wealthiest region in France
  - €669 billion GDP in 2015
  - 31% of France’s GDP
  - 4.5% of EU-28’s GDP

- One of the highest GDP per capita in Europe (€58,300 in 2017)

One of the main economic hubs in Europe, and amongst the largest in the world:
- greatest concentration in Europe of the world 500 largest companies’ subsidiaries
- largest stock of commercial real estate in Europe (53 millions m²)
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 world’s most developed:**
  - 206 km of subway lines
  - 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**

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**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.

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A multifaceted territory

- Agriculture land: 47%
- Forestry and natural areas: 29%
- Urban area: 21%
- Wetlands: 3%
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. Last elections took place in December 2015.

- The Regional Council governs the affairs of Ile-de-France through its resolutions.

**The Chairman of the Regional Council:**

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

Future Regional Council, under construction - Saint-Ouen
Transportation

Secondary education (investing in and running 472 high schools, 500,000 high-school students)

Professional training, apprenticeship, 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 investment** 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 territory

- Improving **environment and the quality of life**: « *Every region’s decision 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 expenditure (e.g. implementation of measures to reduce costs in the regional administration) to boost investment. Over the last 5 years, operating and investment expenses will have reduced by 20% and increased by 41% respectively.
A Budget forecast of €4.99 billion in 2020

- Strong focus on investments since 2016. For the 2020 budget forecast, investment expenditures amount to 43% of total budget expenses (exc. debt) vs 39% in 2014-2015.

- Operating expenditures significantly decreased, thanks to strong efforts put in place on the regional administration costs (including associated bodies)
  - Non-replacement of one over two vacancies
  - Rationalization of the ressources of associated bodies
  - Focus on key regional responsibilities
  - Purchasing optimization

- Decreasing operating expenditures was underlined in 2019 by the French national Court of Auditors

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Confirmation of trend inversion: on a multi-annual basis, investment largely exceeds operating budget

Multi-annual operating expenses represent **46%** of total expenses in 2020, compared to **60%** in 2015. In 4 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. Programme. Program Authorities figures.
Since 2016, the Region achieved €1.5 bn 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 forecast – Expenditures (€ 4.99 bn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure (€ Mn)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transports</td>
<td>€ 1,430</td>
<td>29%</td>
</tr>
<tr>
<td>Secondary schools</td>
<td>€ 840</td>
<td>17%</td>
</tr>
<tr>
<td>Regional administration</td>
<td>€ 555</td>
<td>17%</td>
</tr>
<tr>
<td>Economy, employment and training</td>
<td>€ 782</td>
<td>16%</td>
</tr>
<tr>
<td>Debt service costs</td>
<td>€ 574</td>
<td>12%</td>
</tr>
<tr>
<td>Environment and living environment</td>
<td>€ 524</td>
<td>10%</td>
</tr>
<tr>
<td>Social and territorial equality</td>
<td>€ 212</td>
<td>4%</td>
</tr>
<tr>
<td>Regional administration</td>
<td>€ 555</td>
<td>17%</td>
</tr>
<tr>
<td>International Europe</td>
<td>€ 75</td>
<td>1%</td>
</tr>
<tr>
<td>Debt service costs</td>
<td>€ 574</td>
<td>12%</td>
</tr>
</tbody>
</table>

⇒ 43% of 2020 budget expenditures (exc. debt) devoted to investments (€ 1,89 bn)
Income is composed of revenues 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).

- **National State grants**: €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...

### Evolution of the Region's revenues since 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (tax &amp; others)</th>
<th>Borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.82</td>
<td>0.62</td>
</tr>
<tr>
<td>2011</td>
<td>3.84</td>
<td>0.73</td>
</tr>
<tr>
<td>2012</td>
<td>3.96</td>
<td>0.65</td>
</tr>
<tr>
<td>2013</td>
<td>4.07</td>
<td>0.71</td>
</tr>
<tr>
<td>2014</td>
<td>4.01</td>
<td>0.73</td>
</tr>
<tr>
<td>2015</td>
<td>4.21</td>
<td>0.65</td>
</tr>
<tr>
<td>2016</td>
<td>4.21</td>
<td>0.53</td>
</tr>
<tr>
<td>2017</td>
<td>4.17</td>
<td>0.60</td>
</tr>
<tr>
<td>2018</td>
<td>4.37</td>
<td>0.20</td>
</tr>
<tr>
<td>2019 (CA prev.)</td>
<td>4.78</td>
<td>0.64</td>
</tr>
<tr>
<td>2020 (Budget project)</td>
<td>4.35</td>
<td>0.53</td>
</tr>
</tbody>
</table>

### Other Revenues
- **TICPE**: €1074.5 M (22%)
- **Direct Regional Taxation (CVAE)**: €1038.3 M (21%)
- **Borrowings**: €641.5 M (13%)
- **State Grants**: €162.7 M (3%)
- **Other Revenues**: €569.7 M (11%)
- **Other Tax Income (excl. TICPE)**: €1508.0 M (30%)
Financial Ratings

Moody’s

«Aa2»
Positive Outlook

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

Fitch Ratings

«AA»
Stable Outlook

- «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»

Since April 2019, a new methodology by Fitch Ratings gives sub-sovereign issuers a «stand alone credit profile». Region Ile-de-France’s is the only one French region government rated «aa+», above France’s rating «AA».

Rated by Fitch and S&P between 2011 and 2017, and currently by Fitch and Moody’s since the autumn 2017 following the renewed European public tender on Ile-de-France’s financial ratings.
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
A protective legal framework

- **Budget balance golden rule** (art. L1612-4 of the Code Général des Collectivités Territoriales – CGCT; see appendix slide 40):
  - The operating section must be voted in balance
  - The investment section must also be voted in balance

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

  - The gross operating savings 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 Île-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 40)
Financial ratios: a strong financial situation

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross operating balance (M€)</td>
<td>717</td>
<td>772</td>
<td>872</td>
<td>991</td>
<td>1 212</td>
<td>834</td>
</tr>
<tr>
<td>Current margin rate (%)</td>
<td>20,5</td>
<td>22,4</td>
<td>23,9</td>
<td>28</td>
<td>32,1</td>
<td>23,9</td>
</tr>
<tr>
<td>Debt payback ratio 1 (yrs)</td>
<td>7,5</td>
<td>7,2</td>
<td>6,4</td>
<td>5,7</td>
<td>4,4</td>
<td>6,7</td>
</tr>
<tr>
<td>Self-financing capacity 2 (%)</td>
<td>57,7</td>
<td>67,5</td>
<td>62,1</td>
<td>77,4</td>
<td>90,2</td>
<td>56 3</td>
</tr>
</tbody>
</table>

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

Calculations exclude positive net results from previous years (+ € 1.0 M in 2015 ; + € 4.2 M in 2016 ; +€141.7 M in 2017 ; +€ 60,6 M in 2018, + € 305,7 M in 2019 and + € 352 M estimated for 2020)

1 Outstanding debt to gross savings
2 Self-financing to capital expenditures excluding debt
3 Not restated for 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 million outstanding amount, redemption date: 17 June 2020

- **A revolving facility of € 587 million on the period 2017-2022 that can be used for treasury purposes and for longer term borrowings:**
  - Drawing request for T+1
  - Exceptional rates conditions (established in 2007)
  - No outstanding amount at the end 2019

- **Moreover, multiannual credit lines with EIB - in the process of being negotiated – should be active in 2020**
Diversified financing strategy

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

- **Bonds issued off its EMTN program**
  - €7bn ceiling, and € 4.75 bn outstanding by end-2019
  - 1st 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...)
  - Potential drawing maturities from 3 to 15 years, amortizable or in fine
  - Outstanding debt mobilized in July 2019: € 200 million
  - New lines being negotiated for 2020 and beyond

- **A revolving facility of €587 million on the 2016-2022 period, fully available at the end of 2019**

- **Opportunistic use of bank loans**

  ➤ Outstanding debt by end of 2019: €5,384 bn
Issuance of bonds as the main financing tool

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

Outstanding debt by the end of 2019:
€5,384 bn
Average lifetime: 5,97 years
Average rate: 1.94%

87,4% of bonds
(Public issues and private placements)

12,6% of banks & institutional loans financing and Schuldschein

Data as of 31/12/2019
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 as « less risky » or « A1 » according to the French State classification
Debt amortization profile at the end of 2019

- Green and sustainability bonds
- Regular bonds
- Revolving
- Other bank end EIB loans
- CDC loans

M€
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 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

- An ambitious and holistic roadmap focused on territories: In its investment policy, €1.1 bn of new multi-annual expenditure adopted in 2019 includes the Region’s environmental concern, i.e. 55% of the total amount voted.

- Transports: Environmental objective to reduce carbon emissions related to transport and mobility.

- New regional strategy for economic development, innovation and internalisation adopted in 2016: The new strategy includes the environmental issues in order to meet a dual objective of identifying potential economic activities, employment and innovation as well as improving the well being of the population.

- High environmental requirements on construction and renovation projects: (High schools, higher education institutions, apprentice training centres ‘CFA’, leisure centres ‘îles de loisirs’); Launch in 2016 of a sustainable approach in Region Ile de France ‘Bâtiment Durable Francilien’, with the aim of training project managers with regard to land use planning.

- As of 2017, inclusion of an environmental bonus in social housing subsidies for the most efficient programs (eco-materials, Positive energy building ‘BEPOS’).

- Creation in 2017 of the 1st Regional Agency for Biodiversity.

- A new scheme named ‘One hundred innovative and ecological neighbourhoods’ was launched in 2016 to promote environmental innovation for local authorities development projects.

- New policy on energy and climate elaborated during 2018.

- 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).

- In 2018: Launch of a Green Plan to support green area creation in specific deficient area.
A solid extra-financial performance

- Rated by Vigeo since 2009
- Global score of **63/100** (Vigeo – Eiris ; December 2018)
- Overall « Advanced » level
- A leader of the European local authority panel assessed by the extra-financial agency (panel consisting of a set of 30s large local authorities in Europe)

Red horizontal : rating of Region Ile-de-France on each field analysed
Green vertical line : rating universe of local authorities evaluated by the agency
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: “*... 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**

- 2012: 54%
- 2013: 82%
- 2014: 88%
- 2015: 100%
- 2016: 94%
- 2017: 100%
- 2018: 100%
- 2019: 100%

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

- 2012: 8%
- 2013: 7%
- 2014: 19%
- 2015: 29%
- 2016: 40%
- 2017: 49%
- 2018: 59%
- 2019: 65%
### History of green and sustainability bonds completed by the Region and of commitments made

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Issued (Year-End)</th>
<th>Compliance with Green Bond Principles</th>
<th>Commitment to report on the use of funds</th>
<th>Second opinion on the selection criteria</th>
<th>External and independent certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>€350 million (2012-2014)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2014</td>
<td>€600 million (2014-2016)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>Yes</td>
<td>—</td>
</tr>
<tr>
<td>2015</td>
<td>€625 million (2015-2017)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>Yes</td>
<td>Deloitte</td>
</tr>
<tr>
<td>2016</td>
<td>€650 million (2016-2018)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>Yes</td>
<td>Vigeo</td>
</tr>
<tr>
<td>2017</td>
<td>€500 million (2017-2019)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>Yes</td>
<td>Vigeo</td>
</tr>
<tr>
<td>2018</td>
<td>€500 million (2018-2020)</td>
<td>Yes</td>
<td>Published on the anniversary date</td>
<td>No, criteria similar to 2016</td>
<td>No</td>
</tr>
</tbody>
</table>

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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
- Second opinion delivered by Vigeo in 2014 and updated in 2016
- 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

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Reporting on projects financed by the proceeds

- 5 reporting published since 2014, at anniversary date of each 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 (CO₂ 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
- **62% of projects** reconducted
- **8.5 ‘SDG’ goals on average by project**

Examples of projects financed by the 2018 green and sustainability bond:
- Electrification of the P railway between Paris and Troyes
- New high school in Courbevoie
- Construction of campus Condorcet, high-end research centre in humanities and social sciences

**Allocation 2018**

- Buildings and facilities for education and leisure: €87.8 million (17.6%)
- Public transport and sustainable transportation: €254.4 million (50.9%)
- Social housing: €80.0 million (16.0%)
- Economic and socially inclusive development: €17.8 million (3.6%)
- Biodiversity: €21.3 million (4.3%)
- Social initiatives aimed at helping vulnerable population groups: €24.0 million (4.8%)
- Renewable energy and energy-efficiency: €14.7 million (2.9%)

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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:
  - 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
A visit with investors of one project financed by green and sustainability bond

- 3 visits since 2015:
  - Tramway T6 – Chatillon Montrouge to Viroflay
  - Campus Jourdan; host of Paris School of Economics and ENS – Paris 14ème
  - Extension of subway line 14 at Mairie de Saint-Ouen – Pont Cardinet
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 10,370 m² 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 13,900 m² 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).
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 (positive) Moody’s / AA (stable) 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 (Vigeo-Eiris 63/100)
- A leader in the European Local Authorities sector
- 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

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APPENDICES
French territorial organisation

- **Composed of:**
  - 13 regions
  - 101 départements
  - 36,681 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 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.
<table>
<thead>
<tr>
<th><strong>île de France</strong></th>
<th><strong>Société du Grand Paris</strong></th>
<th><strong>île de France Mobilités</strong></th>
<th><strong>SNCF</strong></th>
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<tbody>
<tr>
<td><strong>Legal body governed public law</strong>&lt;br&gt;Regional authority, autonomous&lt;br&gt;-regional assembly composed of 209 elected members,&lt;br&gt;- chaired by Valérie PECRESSE.</td>
<td><strong>Public industrial and commercial undertaking (“EPIC”)</strong>&lt;br&gt;100% owned by the state&lt;br&gt;- Supervisory Board (representatives of the State and local authorities, 21 members).</td>
<td><strong>Public administrative institution « EPA »</strong>&lt;br&gt;- Council composed of 29 members, representing « départements », Ile-de-France Region and the French State,&lt;br&gt;- chaired by Valérie PECRESSE.</td>
<td><strong>Public industrial and commercial undertaking (“EPIC”)</strong>&lt;br&gt;100% owned by the state&lt;br&gt;About EPIC SNCF, 3 have been created since 2015: EPIC SNCF ; EPIC SNCF réseau ; EPIC SNCF Mobilités).</td>
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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 networks in Region Ile-de-France<br>-SNCF Réseau: managing, maintaining and developing the railway network,<br>-SNCF Mobilités: service operation.

87 % of incomes are permanent revenues (73 % tax revenues), and 13% are borrowings (2020 Budget).

A global financing model based on dedicated fiscal resources directly allocated by the French State to the SGP, completed :<br>-during construction, by subsidies (EU...),<br>-during operation, by owned resources (track access charges, revenues from assets...).

72 % of incomes are paid by the enterprises of the region (« versement transport tax » and from public subsidies) ; 28 % are tariff revenues.

-RATP : tariff revenues + subsidies from Ile-de-France Mobilités,<br>-SNCF Réseau : fees,<br>-SNCF Mobilités : tariff revenues.
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)
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

- **SRCE**
  - Regional Roadmap for Ecological Consistency

Drawn up in consultation with public entities on the territory

Driving policies

- **SDRIF**
  - Master Plan of Region Ile-de-France
  - Regional Scheme
  - Economic development
  - Innovation and internationalisation

- **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 procurement
- Responsible financial strategy
- Key environmental issues that are inscribed in regional policies

An exemplary issuer

- **Financial rating**
  - Fitch: AA
  - Moody’s: AA2

- **Extra-financial rating**
  - Vigeo-Eiris: 63/100
  - A leader in the local authority panel

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Ambitious strategic axes carried by a pragmatic approach

The Region ...

- Locates sustainable development at the heart of its strategies and policies
- Is committed to reportings and assessment of 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

- 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
Eligibility criteria

- 9 criteria covering the purpose and the responsible management of the projects
- Precisions and details on the criteria have been prepared during the elaboration of the 2015 reporting, with the objective to help each directorate and formalize expectations:
  - Additional definitions to further specify some criteria
  - Possible illustrations defined for each criteria
- 2nd opinion delivered by Vigeo in 2014, and updated in 2016

- The projects’ environmental responsibility
  - Environmental management and eco-design of the projects
  - Combating climate change and promoting the Region’s environmental transition

- The projects’ social and societal responsibility
  - Sustainable regional planning and improving quality of life
  - Socially inclusive development, combating inequality, and promoting the safety of individuals
  - Respect for fundamental rights

- The projects’ economic responsibility
  - Responsible regional development
  - Regional economic development
  - Fair practices, responsible purchasing and responsible supplier relations

- Governance
  - Consultation with stakeholders

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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 an investment budget of €1.7 bn
   - 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

- Attestation from Deloitte on the 2015 reporting: on the amounts allocated, on the conformity of projects financed with the eligibility criteria, on the suitability of impact indicators.
Use of Proceeds 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 initiatives aimed at assisting vulnerable 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 new projects that will benefit from the proceeds raised in 2017 and 2018

Electrification of the P railway between Paris and Troyes

- 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 CO₂ 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 128 km of railway between Gretz-Armainvilliers and Troyes as well as 7 km 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 CO₂ than a diesel-powered Corail train;
- Increase energy efficiency: the new trains use more efficiently the energy supplied.

Project amount: €320m
Regional share: €70m
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

http://www.electrificationparistroyes.fr

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