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**GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK  
OF THE PAYS DE LA LOIRE REGION**

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## I- The Pays de la Loire Region, acting for sustainable and responsible development of the territory

### 1- The legal legitimacy of the region's action

French Regions, which became local authorities in 1982, have seen the scope of their responsibilities expand with the passing of decentralization laws. Today they mainly cover economic development, professional training, management of secondary schools, transport, town and country planning, and digital development.

The Pays de la Loire Region, as a result of its aforementioned new responsibilities, is now at the core of the social and environmental development of the territory. The law, adopted on January 27<sup>th</sup> 2014, on the modernization of territorial public action and the affirmation of metropolises (known as the "MAPTAM law") confers the role of leader on the Region in terms of sustainable development and planning of the territory, protection of biodiversity, climate, air quality and energy.

On the 7<sup>th</sup> of August 2015, a new law came into effect. This law regarding a new territorial organization of the Republic (Loi NOTRe) tends to strengthen the responsibilities of the Regions. The law specifies that *"the Regional Council is competent to promote the economic, social, health, cultural and scientific development of the region, to support housing inclusion and improvement, city policy and urban renewal ; to promote education policies and the development and equality of its territories, as well as to ensure the preservation of its identity including the promotion of regional languages, while respecting the integrity, autonomy and attributions of the departments and municipalities."*

The Pays de la Loire Region has taken the initiative to set up a development strategy in these different areas in light of the contextual information mentioned above.

### 2- The Region's strategic planning: a tool for efficiency in the service of green, sustainable and responsible development of the territory.

The Pays de la Loire Region's commitment to environmental transition and the protection of the most vulnerable citizens is not new, as the Region has been able to build on the powers conferred by the law to fuel its ambition to become a leader on these issues.

This commitment translates into a set of plans, schemes and mechanisms that guarantee a coherent and effective response to the challenges of green, sustainable and responsible development in the Pays de la Loire Region.

Thus, the **Regional Plan for Country Planning, Sustainable Development and Equality of Territories (SRADDET)** creates the framework in which the policies for organizing the territory must be included. It is a result of the consultation between the various local players (which was coordinated by the Region). This made it possible to ensure its legitimacy and to actively integrate all the public agents who were responsible for all sustainable development of the Region, to better manage of resources and reduce territorial inequalities. SRADDET aims to draw up the Region's medium- and long-term country planning decisions in many fields such as: attractiveness and balance of the territories,

sustainable mobility, preservation of natural resources and biodiversity, adaptation to climate change, energy transition

The Region has provided answers to the management of resources issue since 2017 in its **Regional Roadmap on Energy Transition 2017-2021**. It was then completed and reinforced in 2018 with a **Regional Roadmap on the ecological transition**. The Region's strategy is organized around five pillars: the development of renewable energy use, the improvement of the energy efficiency of buildings, the implementation of sustainable mobility, innovative energy storage solutions, and the development of smart electricity networks. As of 2018, these roadmaps have been the subject of strategic plans in order to cement the will of the Pays de la Loire Region in three areas in particular:

- **The Regional Biodiversity strategy**, a €6 million program aimed at protecting biodiversity for its intrinsic value and for the Region's attractiveness and economy.

- **The Regional waste prevention and management plan**; designed with the objective of anticipating and forecasting tomorrow's waste quantities in order to set up today the most suitable channels for recycling and recovery. This strategic plan goes hand in hand with **the Social and solidarity economy Action Plan**, which aims at uniting all the players around the same project, i.e. the emergence of a new economic model (a model that aims to optimize the use of resources, thus giving rise to new innovative sectors and creating new jobs in the region).

Transportation is one of the Region's main budget sectors and is a major issue for the ecological transition. In March 2021, the Regional Council of Pays de la Loire voted for the **Regional Mobility Strategy 2030**. Through the 4 main levers for action, which are: the reinforcement of the transportation offered, access to means of transportation for all, modernization of transportation infrastructure, and the coordination of all the transportation players within the territory, the plan aims to reorganize the means and modes of travelling throughout the Region. Transportation plays an ever-increasing role in the economic and social balance of the region and contributes to the opening up of rural areas and the attractiveness of the Pays de la Loire. On this occasion, the Pays de la Loire Region also adopted an Accessibility Charter, through which it undertakes to ensure that all regional transportation (TER and buses) is accessible to all disabled people, irrespective of their disability.

This regional mobility strategy is also an opportunity to promote sustainable and minimalist transportation. For example, **the Bicycle Plan** aimed at developing dedicated and secure infrastructures, to promote the railways, and prepare for the future by anticipating infrastructure and equipment for future developments compatible with hydrogen technologies.

The region's wealth lies also within the diversity of its territories. In order to guarantee the balanced development of its territories, the Pays de la Loire Region has taken action through its **Pact for Rurality**. The Pact is the result of consultation with local communities - it aims to support rural areas by fostering access to jobs and transportation for the inhabitants, reducing the digital gap and strengthening the health service. On this last point, which proved to be crucial during the health crisis of 2020 and considering the shortcomings of the health system that it revealed, the Region has chosen to act through a **Health Access Plan**. The plan involves the implementation of a regional fund to support local health projects, investment into new multi-professional health centers (in order to provide a better network of health care services in the region) as well as support health care professionals both with their installation in low-coverage areas, and in their current or future projects.

The attractiveness of the Pays de la Loire Region leads to upward demographic pressure - an increase in the number of high school students means that reality exceeds the INSEE's forecasts and the Pays de la Loire Region must respond to the educational and reception needs of an ever growing population.

Given this information, the Regional Council has passed **the High School Investment Strategy**, representing 780 million euros invested over the 2018-2024 period around the 4 main priorities: building new high schools, improving the energy performance of the entire building stock, creating a better working environment for high school agents and supporting the emergence of innovative educational formats.

On this last point in particular, the Region's **Lycée 4.0 digital plan** aims to bring high schools into the digital era through investing in digital equipment and infrastructure within the schools themselves, but also to equip all new high school students and first-year CAP students with a personal computer to ensure equality for all in terms of education. The access to digital technology is more than ever, in a health crisis, a guarantee of educational continuity.

With this green, sustainable and responsible bond, the Pays de la Loire Region has chosen to align its financing levers with its political priorities.

## The Green, Social or Sustainable Bond of the Pays de la Loire Region, at the service of the regional Recovery Plan

At the height of the health crisis, an exceptional mobilization of state services, local authorities, the voluntary sector, civil society and wider economic efforts enabled a response of remarkable and effective local initiatives. It is within this framework that, as of March 2020, the Pays de la Loire Region, through its Emergency Plan, has sought to be useful by acting quickly to implement concrete and concerted actions that meet the needs identified by health and social, economic, educational or associative players.

Regional response to a health emergency alone is no longer sufficient – the challenge now is to make sure the response is collective. If this criteria is not met, the Region's economic recovery cannot be sustained. A broad consultation of economic and social players, institutions and associations, led to the creation and vote of the Pays de la Loire Recovery Plan in July 2020. New measures were adopted in October and December 2020.

This Recovery Plan is based on 3 main objectives: **Protect, Support, Accelerate.**

1. **Protecting** the people of the region, especially the youngest and most vulnerable
2. **Supporting** the local economy to resist, rebound and recover
3. **Accelerating** efforts in two areas: health and green growth

These three objectives are combined in six priorities: employment, economic growth, solidarity, youth, green growth and health, and represent a total mobilization of nearly €500 million. Therefore, it is a massive financial effort on the part of the Region, commensurate with the challenges of reviving the regional economy and the weight of the budget of the Regional Council of Pays de la Loire.

Since the beginning of this crisis and the foreseeable future, the Region's action has been and will continue to be guided by 4 major principles:

- **Reactivity and agility:** Faced with an unprecedented crisis, the ability to act quickly and strongly is essential; this is why the Region, after adopting its emergency plan at the beginning of the lockdown period, wished to adopt a first set of measures without delay before the summer of 2020 - thus enabling the tools to be fully operational by the start of the school year in September 2020.

- **Progressiveness:** However, everyone is well aware that the various responses to the crisis must take place within appropriate time frames. Some responses called for immediate measures, others required more in-depth consultations. Others, which are more structural, will take more time to be implemented and produce their results (actions to relocate strategic activities, etc.)

- **Pragmatism and humility:** In line with what it has been doing since the beginning of the crisis, the Region wished to act pragmatically. It will continue to adapt, modify and correct its public policy tools if necessary.

- **Cooperation:** As illustrated by its pro-activeness during the COVID-19 pandemic, the Region intends to act jointly with all regional players: the state, local authorities and the Region's dynamic forces. Faced with the scale of the challenges to be met, it is necessary for all public and private players to take complementary action and to encourage inter-regional cooperation on the scale of the Grand Ouest. This is the principle driving the Regional Council.

## II- A Framework aligned with the International Capital Market Association's guidelines

The issuance framework is consistent with the *International Capital Market Association (ICMA)* principles, namely, the *Green Bond Principles 2021*<sup>1</sup>, the *Social Bond Principles 2021*<sup>2</sup> and the *Sustainability Bond Guidelines 2021*<sup>3</sup>.

The issuance is based on ICMA's key principles: Use of Proceeds, Project Selection and Evaluation, Management of Proceeds, Reporting and External Review.

This framework has also been defined, where relevant and possible, in accordance with the publication requirements set out in the European Union Technical Expert Group Report for a draft European Green Bond Standard and its User Guide published in March 2020. In particular, the categories of regional green projects are classified according to the environmental objectives as defined by the European Union in the Taxonomy Regulation (*Regulation (EU) 2020/852*, article 9), further detailed in the Delegated Act published on 21 April 2021.

Regional bond issuances pursue one or more of the sustainable development objectives defined in the regional strategy, the United Nations Sustainable Development Goals and the environmental objectives defined by the European Union.

### 1- Use of proceeds

The net proceeds of the bond issue will be used to finance or refinance all or part of the Pays de la Loire Region's capital expenditure on "green and social" projects grouped into 4 categories.

Projects funded through the proceeds of the Green, Social or Sustainability Bond will be expected to contribute to the following UN SDGs:



#### A- Eligible green project categories

<sup>1</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>2</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

<sup>3</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

The eligible green projects financed by the Green, Social and Sustainability Bonds of the Region of Pays de la Loire are the following:

CATEGORIES OF PROJECTS	SUB-CATEGORIES ICMA GBP	DESCRIPTION	REGIONAL ELIGIBILITY CRITERIA	ENVIRONMENTAL OBJECTIVE OF THE EUROPEAN UNION TAXONOMY REGULATION	SAMPLE PROJECTS
Green growth	Green buildings	Construction and/or renovation of buildings according to a sustainable development approach aimed at mitigating climate change and saving energy	<ul style="list-style-type: none"> <li>- Construction projects for new low-energy buildings, required energy consumption level &lt; RT 2012 with Effenergie + label and E2C1 level</li> <li>- Energy renovation of existing buildings (insulation and installation of renewable energy systems) for major restructuring/rehabilitation projects of more than 1,000 m<sup>2</sup>, the work must lead to a minimum reduction in primary energy consumption (Cep) of at least 30% (Cep project ≤ initial Cep - 30%; i.e. the level required by the Global Thermal Regulations).</li> </ul>	Climate change mitigation	<ul style="list-style-type: none"> <li>- Construction of new high schools (e.g. Aizenay, St Philibert de Grand Lieu)</li> <li>-Energy renovation of existing high schools (e.g. Le Mans, Laval)</li> <li>-Rehabilitation and adaptation of buildings for all (asbestos removal, PMR access )</li> </ul>
	Renewable energy	Projects contributing to the development of local renewable energy and energy efficiency	<ul style="list-style-type: none"> <li>- Renewable energy production, transmission, energy recovery, research and innovation in renewable energies.</li> <li>- To be eligible, projects must concern the following energies: wind, solar, marine energy, photovoltaic, wood and biomass produced from sustainable raw materials (compliance with the criteria of the EU 2018/2001 directive), geothermal whose life cycle GHG emissions are less than 100 gCO<sub>2</sub>e/kWh, biogas whose production complies with the criteria of the EU 2018/2001 directive and whose lifecycle GHG emissions are less than 100 gCO<sub>2</sub>e/kWh, hydrogen from electrolysis whose lifecycle GHG emissions from the hydrogen source used are less than 3tCO<sub>2</sub>e/tH<sub>2</sub></li> <li>- Geothermal projects requiring rock fracturing are excluded</li> </ul>	Climate change mitigation GHG emissions reduction	Development of photovoltaic installations
	Clean Transportation	Construction and development of low carbon road transport infrastructure	<ul style="list-style-type: none"> <li>- Projects promoting soft mobility, including hybrid electric cars: CO<sub>2</sub> emissions below 50gCO<sub>2</sub>/km until 2025, 0gCO<sub>2</sub>/km from 2026 onwards, cycling, passenger rail transport, bicycle infrastructures</li> </ul>	Climate change mitigation	<ul style="list-style-type: none"> <li>- Construction of a passenger railway line</li> <li>- Replacement of railway rolling stock</li> <li>-Creation of secured bicycle shelters</li> </ul>



## B- Eligible social project categories

The eligible social projects financed by Green, Social and Sustainability Bonds of the Region of Pays de la Loire are the following:

CATEGORIES OF PROJECTS	SUB-CATEGORIES ICMA GBP	DESCRIPTION	REGIONAL ELIGIBILITY CRITERIA	TARGET POPULATION	SAMPLE PROJECTS
Social and solidarity economy	Support for job creation, prevention & fight against crisis-related unemployment	To provide a response to the economic difficulties of the social and solidarity economy enterprises affected by the health crisis and meeting the following criteria: - Significant drop in monthly turnover -Enterprise in operation for more than a year -Minimum of 10 employees -No difficulty prior to the health crisis has jeopardized the sustainability of the company	-Preservation of small businesses throughout the territory -Saving jobs	Social and solidarity economy companies	"Relève solidaire" loan fund for companies in the Social and solidarity economy
Youth	Access to essential services: education	Strengthening the conditions of access to education	-Projects contributing to improving access to education	Pupils and students of the territory	Generalized distribution of laptops to students entering in the Lycée cycle or in first year of Certificate of professional competence (CAP)
Health	Access to essential services : health	- Projects contributing to the development of health infrastructures and the purchase of health equipment in order to encourage the setting up of new health professionals and to improve the patients' health pathways -Develop the offer of health and social training throughout the territory	-Projects promoting access to care and health for all	The entire population of the territory	-Creation of multidisciplinary health centers in rural areas -Construction and renovation of health and social training establishments (e.g.: construction of the health and social training center in Angers, extension of the health and social training center in Laval)

## C- Exclusions

Expenditure in the following sectors is excluded from the Pays de la Loire Region's Green, Social and Sustainability obligations:

- Nuclear power generation
- Fossil fuel production and electricity generation from fossil fuels
- Production or trading of weapons and ammunition
- Production or trading of alcoholic beverages
- Production or trading of tobacco
- Production or trading of any product or activity deemed illegal under conventions and agreements, or subject to international prohibitions

## 2- Project selection and evaluation process

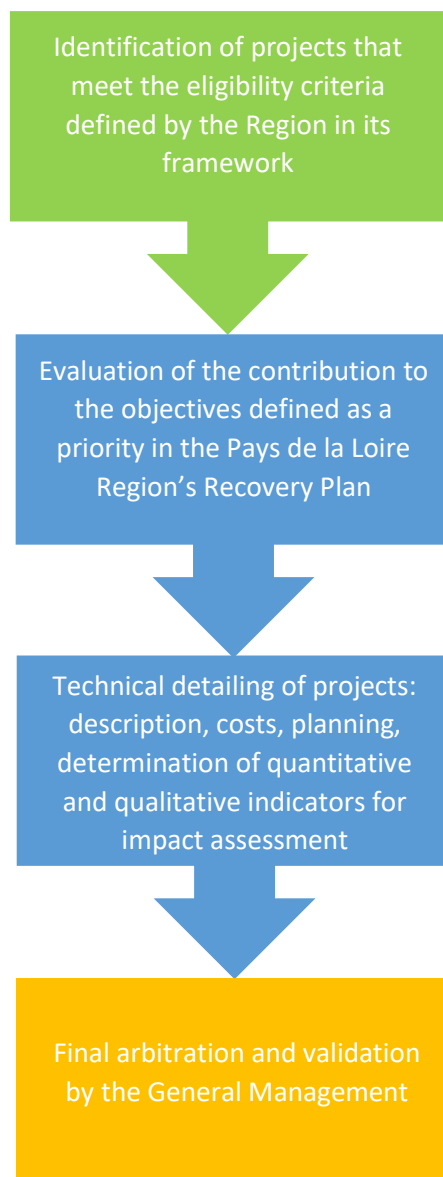
The selection and evaluation process is intended to ensure that the funds obtained from the Region's Green, Social or Sustainability Bond are allocated exclusively to financing the Issuer's general investment budget for eligible environmental and/or social projects. It stems from the cooperation between the Finance and Public Procurement Department and the Operational Departments in charge of implementing the various projects.

To this end, a sustainable finance committee was set up, made up of managers from the Finance and Public Procurement Department and the main Operational Departments concerned by sustainable projects. This committee is chaired by the Region's Director of Finance.

This committee shall meet as soon as necessary to:

- Propose changes to the emissions framework so that it best reflects regional strategy, legislative and technological developments and market practices
- Validate the selection of projects to be included in the allocation and impact report to be communicated to investors
- Verify that the selected projects comply with the eligibility criteria defined in the use of funds section

Projects are selected and evaluated according to the following process:



The list of potentially eligible projects will be subject to arbitration by the General Management, which will validate the compliance of these projects with the strategic planning of the Region's actions, as well as with the aforementioned Recovery Plan, in order to guarantee even greater coherence in the actions of the Pays de la Loire.

### 3- Management of proceeds

The net proceeds of the Green, Social or Sustainability Bond for the Pays de la Loire Region will be monitored within the regulatory framework applicable to French local authorities, which requires them to deposit their funds in a single account with the Public Treasury (Article 26 of the Organic Law on Finance Laws of the 1<sup>st</sup> of August, 2001).

Considering the monitoring and reporting on projects, regular consultations will be held between the Finance and Public Procurement Department and the departments concerned. Thus, the financial referents of the Operational Departments will be made aware that the financing of the selected projects is a particular point of attention, in particular to avoid any "double earmarking" of a financing.

In the event that a selected project is affected by a major controversy, becomes ineligible, is cancelled or postponed, the Pays de la Loire Region commits to reallocate the corresponding share of the funds allocated from the Green, Social or Sustainable Bond to another eligible project within 24 months.

The allocation of funds to the selected projects will then be confirmed at a first level, thanks to the Region's financial tool, which links any expenditure to the program authorization concerned through the legal commitments attached to it, and at a second level, by the control of the Direction Régionale des Finances Publiques (DRFiP), which verifies that the payment request matches with an expenditure that has been duly committed, liquidated and authorized. This monitoring will be carried out until the total amount of net proceeds equals the total amount of the projects and/or until the due date of the obligation.

The majority of the financing will be for the year of the issue and the following year, while refinancing will be limited to the year preceding the bond issue.

### 4- Reporting

On an annual basis, on the anniversary date of the issue and until the total amount of Eligible Projects equals the amount of the bond issue or until the maturity date if this date is earlier, the Region will publish, on its website, a report intended to present the state of progress of the projects financed by the Green, Social and Sustainability Bond of Pays de la Loire. This report will be drafted and published with a double objective:

**i. To present the follow-up of the allocation of funds invested in the Eligible Projects**

Investors will thus receive the following information:

- The list and description of eligible projects and the amount allocated to each project

- For each project, the proportion financed by the bond, in relation to the total cost of the project
- The total amount of unallocated funds
- The percentage of project refinancing in relation to new financing. For information, the refinancing rate may not exceed 30% of the amount of the issues and may not concern expenditure prior to 2020

**ii. To present the impact of each project on the environment or the development of the territory, through project sheets based on the following performance indicators, the calculation methodologies and assumptions of which will be set out in the annual reporting:**

The Region may select alternative or complementary indicators to those identified, whether quantitative or qualitative, that the Region deems appropriate for reporting on the performance and impact of the projects financed.

PROJECTS CATEGORIES	SUB-CATEGORIES	POTENTIAL INDICATORS
Green Growth	Sustainable buildings	<ul style="list-style-type: none"> <li>- Surface built (in m<sup>2</sup>)</li> <li>- Number of beneficiaries</li> <li>- Ex-ante estimate of the amount of GHG emissions avoided (KGeqCO<sub>2</sub>/m<sup>2</sup>)</li> <li>- Expected energy savings (kWh/m<sup>2</sup>)</li> <li>- Airtightness performance of the envelope (m<sup>3</sup>/h.m<sup>2</sup>)</li> <li>- Amount of biosourced materials used</li> </ul>
	Renewable energy	<ul style="list-style-type: none"> <li>- Number of supported projects</li> <li>- Ex-ante installed capacity</li> <li>- Estimated annual renewable energy produced</li> <li>- Ex-ante estimate of annual greenhouse gas emissions reduced</li> </ul>
	Sustainable Mobility	<ul style="list-style-type: none"> <li>- Passenger kilometers (cumulative distance traveled by passengers, in km)</li> <li>- Modal shift (number of additional passengers per day)</li> <li>- Ex-ante estimate of annual reduction of greenhouse gas emissions</li> </ul>
Social and solidarity economy	Support to job creation, prevention and fight against crisis-related unemployment	<ul style="list-style-type: none"> <li>- Number of jobs created</li> <li>- Number of companies benefiting from the project</li> <li>- Sector of activity</li> <li>- Type of company</li> </ul>
Youth	Access to essential services: education	<ul style="list-style-type: none"> <li>- Number of students involved</li> <li>- Territorial distribution of aid</li> </ul>
Health	Access to essential services: health	<ul style="list-style-type: none"> <li>- Number of projects created</li> <li>- Number of health professionals installed</li> <li>- New capacity created for health and social training</li> <li>- Territorial distribution of aid</li> </ul>

## 5- External review

### I- **Second Party Opinion**

This Green, Social and Sustainability Bond Framework document was externally verified prior to the inaugural issue carried out under its aegis. Indeed, the Pays de la Loire Region commissioned Vigeo Eiris to provide a second party opinion on this document.

This second party opinion is available on the Region's website at the following address:

<https://www.paysdelaloire.fr/mon-conseil-regional/linstitution/financements-directs-et-notation-financiere>

### II- **External audit of allocation reports**

The Direction Régionale des Finances Publiques (DRFiP) checks the regularity of the expenditure authorized by the Region and makes the payment. In his capacity as the assigning accountant for the Pays de la Loire Region, the Regional Director of Public Finances for the Pays de la Loire Region certifies that the expenditure listed on the statement produced has been paid.

### III- **Amendment**

In the event of an update to its framework document, the Region undertakes to obtain a new second party opinion.