

SECOND PARTY OPINION

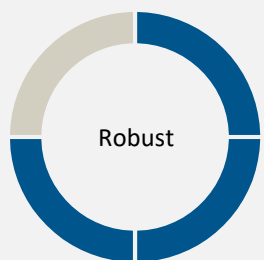
on the sustainability of Région Île-de-France's Green, Social and Sustainable Bond Framework

V.E is of the opinion that Région Île-de-France's Bond Framework is aligned with the four core components of the Green Bond Principles 2018 ("GBP") and Social Bond Principles 2020 ("SBP").



Framework

Contribution to Sustainability:



○ Advanced ○ Limited
○ Robust ○ Weak

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping



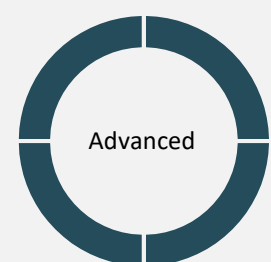
Characteristics of the Framework

Green and Social Project Categories	⇒ Four Green Categories ⇒ Six Social Categories
Project locations	Île-de-France Region
Existence of framework	Yes
Share of refinancing	Not applicable
Look back period	Not applicable

Most Green Eligible Categories follow the technical screening criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020).

Issuer

ESG Performance as of December 2020



○ Advanced ○ Limited
○ Robust ○ Weak

	Weak	Limited	Robust	Advanced
Environment				
Social				
Governance				

Controversies

Number of controversies	2
Frequency	Isolated
Severity	Significant
Responsiveness	Reactive

Coherence

Coherent

Partially coherent

Not coherent

We are of the opinion that the contemplated Framework is coherent with Région Île-de-France's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Key findings

V.E is of the opinion that Région Île-de-France's Bond Framework is aligned with the four core components of the GBP and SBP.

Use of Proceeds - aligned with GBP and SBP and best practices identified by VE

- Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects, as well as the target populations for social Eligible Categories.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for all the Eligible Categories in the reporting.
- The Issuer transparently communicated that there will be no refinancing nor look back period as the Bonds will only finance Eligible Projects in the investment budget of the year of issuance.

Evaluation and Selection - aligned with GBP and SBP and best practices identified by VE

- The Process for Project Evaluation and Selection has been clearly defined by the Issuer, it is considered structured. The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined and detailed by the Issuer for all of the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered robust: it combines monitoring, identification and corrective measures for all projects.

Management of Proceeds - aligned with GBP and SBP and best practices identified by VE

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 12 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- Proceeds are allocated to Eligible Projects, for which funds have been disbursed, at the end of each year.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 24 months.

Reporting - aligned with GBP and SBP

- The Issuer has committed to report on the Use of Proceeds only once one year after issuance which corresponds to the full allocation of funds and on a timely basis in case of material developments. The report will be made publicly available.
- The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible categories will be publicly disclosed.

- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. Indicators used to report on environmental and social benefits of the eligible categories will be verified internally by the Issuer.

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the sustainability credentials and management of the Green, Social and Sustainable Bonds¹ (“Bonds”) to be issued by Région Île-de-France (the “Issuer”) in compliance with the Framework (the “Framework”) created to govern their issuance.

Our opinion is established according to V.E’s Environmental, Social and Governance (“ESG”) exclusive assessment methodology and to the latest version of the ICMA’s Green Bond Principles (“GBP”) - edited in June 2018 - and Social Bond Principles (“SBP”) - edited in June 2020 - voluntary guidelines (referred together as the “GBP & SBP”).

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

- Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer’s environmental commitments, the Bond’s potential contribution to sustainability and its alignment with the four core components of the GBP & SBP and the alignment of the Eligible Green Categories with the Draft "Delegated Acts under the Taxonomy Regulation" (November 2020).
- Issuer: we assessed the Issuer’s ESG performance, and its management of potential stakeholder related ESG controversies.

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

We carried out our due diligence assessment from February 11th to March 19th, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. Reasonable efforts have been made to verify data accuracy.

Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

¹ The “Green, Social and Sustainable Bonds” are to be considered as the bonds to be potentially issued, subject to the discretion of the Issuer. The name “Green, Social and Sustainable Bonds” has been decided by the Issuer: it does not imply any opinion from V.E.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Framework is coherent with Région Île-de-France's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Local authorities play a crucial role in the promotion of sustainable development. Public institutions are often at the core of project financing for the development of the jurisdictions under their control. Through public tenders and contracts, local authorities can set the basic requirements to be followed in terms of social and environmental practices. These institutions are called to develop solutions for its population while promoting the sound use of environmental resources. Local authorities should also play a crucial role in promoting socio-economic development, including through the development of affordable housing and financial services adapted to vulnerable populations, with the aim to facilitating social access to property, access to affordable housing and redeveloping marginalized urban areas. By implementing actions targeting, among others, sustainable mobility, green buildings, affordable housing, access to essential services and energy efficiency, local authorities could effectively support the attainment of the sustainable goals of the 2030 Agenda for Sustainable Development and drive meaningful, measurable and sustainable action on climate change.

Région Île-de-France appears to acknowledge its role in promoting sustainable development by tackling its key environmental and social challenges.

The Region has developed the SDRIF ("Schéma Directeur de la Region IDF"), the regional development and urban planning document for 2007-2030, tackling among other issues, transportation, housing, and social and territorial equity. The Region has identified five objectives for its intervention strategy:

- Combating climate change and protecting the atmosphere.
- Preserving biodiversity and protect the environmental and natural resources.
- Enable all human beings to flourish.
- Ensure social cohesion and solidarity between territories and generations.
- Build development dynamics on responsible production and consumption.

Concerning the environmental development of the Region, a Mobilisation Plan has been implemented for the ecological transformation of Île-de-France by 2024, which sets out a roadmap for the future to accelerate the ecological transformation of the territory in the next five years. Over the period 2020-2024, investments in favour of ecology will thus be increased to 10 billion euros. Regional environmental policy has two main aims: to eliminate or reduce the sources of environmental damage and to prepare for the future by investing in new ecological solutions.

Since 2016, almost 100% of the Region's financing needs have been covered by green and responsible borrowing, thereby raising the profile of the Region's public policies for sustainable investment with the international financial community. Between 2012 and 2020, the Region has mobilised a total of more than €4.3 billion in green and responsible bonds and loans.

By creating a Framework to finance eligible green or social activities and assets related to Green Buildings, Clean Transportation, Renewable Energy, Terrestrial and Aquatic Biodiversity Conservation, Access to essential services: education, health, and social inclusion, Affordable housing, Affordable basic infrastructures and Support for employment creation, prevention & fight against unemployment related to crisis, the Issuer coherently aligns with its sustainability strategy and commitments and addresses important sustainability issues of the sector.

ISSUANCE

The Issuer has described the main characteristics of the Bonds within a formalized Green, Social and Sustainable Bond Framework which covers the four core components of the GBP 2018 and SBP 2020 (the last updated version was provided to V.E on March 18th, 2021). The Issuer has committed to make this document publicly accessible on Région Île-de-France's website, in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Bonds will exclusively finance, in part or in full, projects falling under four Green Project Categories and Six Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- Eligible Categories are clearly defined, the Issuer has communicated the nature of the expenditures, the eligibility criteria, and the location of Eligible Projects, as well as the target populations for social Eligible Categories.
- The Environmental and Social Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental and Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified for all the Eligible Categories in the reporting.
- The Issuer transparently communicated that there will be no refinancing nor look back period as the Bonds will only finance Eligible Projects in the investment budget of the year of issuance.

Green Eligible Categories are considered clearly defined and most Green Eligible Categories follow the technical screening criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020) (see Table 1.).

BEST PRACTICES

- ⇒ Content, eligibility, and exclusion criteria are clear and in line with international standards for all categories.
- ⇒ Relevant environmental and social benefits are identified and measurable for all categories.

Table 1. V.E's analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: CAPEX (direct expenditures or subsidies).
- Location of Eligible Projects/Assets: Île-de-France Region.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Green Buildings	Construction of buildings following a sustainable development approach and contributing to respect for the environment	<p>Public buildings (high schools and annex buildings, higher education buildings, medico-educational institutes):</p> <ul style="list-style-type: none"> - All high schools from 2017 onwards: required energy consumption level < -40% compared to "RT 2012" (Label E+C- at level E3C1). - All higher education buildings: required energy consumption level < -20% compared to RT 2012 (Labels Effinergie +). - Medico-educational institutes: Required level of energy consumption < RT 2012. <p>Residential:</p> <ul style="list-style-type: none"> - Required level of energy consumption < RT 2012. 	<p><u>Climate change mitigation</u></p> <p>GHG emission avoidance and reduction</p>	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature, the eligibility criteria, and location of Eligible Expenditures.</p> <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, they are considered relevant, measurable, and will be quantified in the reporting.</p> <p>We consider the Eligible Category follows the Technical Screening Criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020).</p>
	Renovating buildings following a sustainable development approach and contributing to respect for the environment	<p>Secondary schools and higher education buildings:</p> <ul style="list-style-type: none"> - for major restructurings / rehabilitations of more than 1000 m², the renovation must lead to a reduction in primary energy consumption ("Cep") of at least 30% (Cep projet ≤ Cep initial - 30%; i.e. the level required by the Global Thermal Regulation). 		

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Clean Transportation	Construction of rail transit infrastructure	Construction of rail transport infrastructure meeting the following criterion: - ground electrified infrastructure and associated subsystems (infrastructure, energy, on-board control-command and signalling and ground control-command and signalling subsystems)	<u>Climate change mitigation</u> GHG emission avoidance	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature, the eligibility criteria, and location for most Eligible Expenditures.</p> <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, they are considered relevant, measurable, and will be quantified in the reporting.</p> <p>We consider the Eligible Category follows the Technical Screening Criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020).</p>
	Construction of low carbon road transport infrastructure dedicated to public passenger transport	Construction of low carbon road transport infrastructure dedicated to public passenger transport. The infrastructures will be solely dedicated to public passenger transport (e.g. dedicated bus lanes, supporting infrastructures, pavements etc.).		
Renewable Energy	Projects contributing to the development of local renewable energies and energy efficiency	<ul style="list-style-type: none"> - Production of electricity from photovoltaic solar energy; - Cogeneration of heat/cold and electricity from solar energy; - Geothermal heat/cold production; - Production of heat/cold using waste heat; - Manufacture of equipment for the production of hydrogen (electrolysis only) - Hydrogen storage. 	<u>Climate change mitigation</u> GHG emission avoidance	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature, the eligibility criteria, and location of Eligible Expenditures.</p> <p>An area for improvement consists in setting a maximum carbon intensity threshold for geothermal assets.</p> <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected Environmental Benefits are clear, they are considered relevant, measurable, and will be quantified in the reporting.</p> <p>We consider the Eligible Category follows the Technical Screening Criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020) except for geothermal assets.</p>
Terrestrial and Aquatic Biodiversity Conservation	Restoration and rehabilitation of ecosystems (e.g. renaturation of riverbanks, reopening of urban rivers, planting of hedges); Sustainable forest management (e.g. adaptation of tree species to climate change, safeguarding state forests);	<ul style="list-style-type: none"> - Afforestation (PEFC label) - Forest rehabilitation and restoration (PEFC label) - Reforestation (PEFC label) - Sustainable forest management (PEFC label) - Forest conservation (PEFC label) - Wetland restoration 	<u>Climate change mitigation</u> GHG emission avoidance	<p>The Eligible Category is clearly defined, the Issuer has communicated the nature, the eligibility criteria, and location of Eligible Expenditures.</p> <p>The Environmental Objective is clearly defined, it is relevant and set in coherence with sustainability objectives defined in international standards.</p>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	Investment in protected areas			<p>The expected Environmental Benefits are clear, they are considered relevant, measurable, and will be quantified in the reporting.</p> <p>We consider the Eligible Category follows the Technical Screening Criteria specified by the Draft Delegated Act under EU Taxonomy Regulation (Nov 2020) for all Forestry expenses. For Wetland restoration, a case-by-case analysis have to be conducted.</p>
Access to essential services: education	<p>Provide access to quality education infrastructure (public secondary education and public higher education).</p> <p><u>Target Population:</u> general population, geographical screening²</p>	<ul style="list-style-type: none"> - Increasing educational capacity through the construction or extension of infrastructure for secondary and higher education. - Improving the quality of existing infrastructure and equipment for public secondary and higher education. 	<p><u>Access to essential services</u></p> <p>Improving access to education</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
Access to essential services: health	<ul style="list-style-type: none"> - Projects contributing to the development of health infrastructures and the purchase of sanitary equipment - Projects related to Research and Development in the field of health - Projects relating to the setting up of any emergency infrastructure required in the context of an exceptional crisis (health crisis, natural disaster, etc.). <p><u>Target Population:</u> general population</p>	<ul style="list-style-type: none"> - Increasing health care capacity through the construction or extension of health infrastructures. - Improving the quality of existing health infrastructures and sanitary facilities. - Development of medical research. - Provision of infrastructure, equipment and emergency materials needed in the event of an exceptional crisis (health crisis, natural disaster, etc.). 	<p><u>Access to essential services</u></p> <p>Improving access to health services</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>

² For high schools the priority territories are defined according to a criterion of demographic tension based on demographic forecasts provided by the Paris Region Institute. For higher education, vulnerable priority territories are mainly located in the Priority Districts ("Quartiers Prioritaires") and rural areas.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Access to essential services: social inclusion	<ul style="list-style-type: none"> - Development of accommodation capacity for vulnerable populations, of medico-educational centres. - Projects to improve the accessibility of buildings and infrastructures (transport, education, etc.). <p><u>Target Population:</u> Vulnerable populations including, in particular but not exclusively, people with reduced mobility, the elderly, people in precarious situations or vulnerable groups (situations of insecurity, exclusion, disability, homelessness, etc.).</p>	<ul style="list-style-type: none"> - Increase in reception and accommodation capacities for vulnerable populations. - Work to make buildings and infrastructure (transport, education, etc.) accessible to people with reduced mobility. - For transport: carrying out accessibility work in 209 regional stations for people with reduced mobility. 	<p><u>Access to essential services</u></p> <p>Improving access to transport, health and education services</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
Affordable housing	<ul style="list-style-type: none"> - Projects to develop and renovate the social housing stock to meet environmental and social requirements, contributing to access to housing and improving comfort. <p><u>Target Population:</u> Population meeting social criteria³, students and young working people</p>	<ul style="list-style-type: none"> - Increasing the capacity of the social housing stock through the construction of new dwellings or the conversion of existing buildings. - Improving the quality and comfort of the existing social housing stock through thermal renovation works. 	<p><u>Access to housing</u></p> <p>Improving social housing offer</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>
Affordable basic infrastructures (transport, energy, green spaces and sport infrastructures)	<ul style="list-style-type: none"> - Construction of public transport infrastructure for better access to the entire territory, - Projects to improve the comfort and safety of transport users and those living near the infrastructure, - Development of basic infrastructure for local renewable energy and energy efficiency, green spaces, preservation of natural environments and biodiversity, and sports infrastructure. 	<ul style="list-style-type: none"> - Construction of public transport infrastructure for better access to the entire territory. - Projects to improve the comfort and safety of transport users and infrastructure residents: refurbishment of platforms and stations in order to adapt them to changes and modernisation of rolling stock. - Construction of basic infrastructures for the supply of renewable energy, heating and cooling networks. - Works to develop and extend sports infrastructures, green spaces, preservation of natural environments and biodiversity. 	<p><u>Access to public services</u></p> <p>Improving access to transport, energy and other public services</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>

³ Defined under the Article R441-1 under the French Building and Housing Code.







ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	<u>Target Population</u> : General population	This category follows the eligibility criteria set in the category Clean transportation.		
Support for employment creation, prevention & fight against unemployment related to crisis ⁴ (including through SMEs & microenterprises financing measures)	<p>- Projects contributing to the creation or maintenance of local employment, via support for SMEs in the territory and for social and solidarity economy projects,</p> <p>- Support for SME research and innovation and the development of the attractiveness of the territory.</p> <p><u>Target Population</u>: Small and Medium-sized Enterprises (SMEs)⁵ and Microenterprises (MICs), SMEs & MICs impacted by the occurrence of exceptional crises.</p>	<p>Expenditure to support job creation and socio-economic development such as:</p> <p>- Projects contributing to the creation or maintenance of local employment, via support for SMEs & microenterprises in the territory and social and solidarity economy projects.</p> <p>- Support for research and innovation by SMEs & microenterprises and for the development of the attractiveness of the territory.</p> <p>- In the event of exceptional crises (health crisis, natural disaster, etc.), support for SMEs & microenterprises impacted by the consequences of the crisis.</p>	<p><u>Access to finance and employment generation</u></p> <p>--</p> <p>Support to SMEs and micro enterprises</p> <p>Support to job creation</p>	<p>The definition of this category is clear and detailed, including the description and eligibility criteria. The target population has been clearly identified.</p> <p>The intended social objective is relevant and set in coherence with sustainability objectives defined in international standards.</p> <p>The expected benefits are clear, relevant, measurable, and will be quantified in the reporting.</p>

⁴ An analysis of the company's financial situation and strategy is carried out to measure the impact of the crisis, both on turnover and on the company's cash flow and balance sheet structure. There are no pre-established financial criteria.

⁵ As per the EU definition: https://ec.europa.eu/growth/smes/sme-definition_en

SDG Contribution

The Eligible Categories are likely to contribute to ten of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Affordable Housing	 1 No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
Access to essential services: health	 3 Good Health and Well-Being	3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines.
Access to essential services: education	 4 Quality Education	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> <p>4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.</p>
Biodiversity	 6 Clean Water and Sanitation	6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
Renewable Energy	 7 Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Green Buildings		7.3 By 2030, double the global rate of improvement in energy efficiency.
Support for employment creation, prevention & fight against unemployment related to crisis (including through SMEs & microenterprises financing measures)	 8 Decent Work and Economic Growth	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>
Access to essential services: education		8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Clean Transportation	 9 Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
Access to essential services: social inclusion	 10 Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Affordable housing		11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Clean Transportation Access to essential services: social inclusion Access to affordable basic infrastructures (transport, energy, green spaces and sport infrastructures)	 11 Industry, Innovation and Infrastructure	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Green Buildings		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Access to affordable basic infrastructures (transport, energy, green spaces and sport infrastructures)		11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
Green Buildings Renewable Energy Clean Transportation	 13 Climate Action	UN SDG 13 consists of taking urgent action to combat climate change and its impacts. States can contribute to this goal by investing in renewable energy; improving energy efficiency; reducing GHG emissions from transport through the transition towards electric vehicles; and through research addressing climate change mitigation and adaptation.
Biodiversity	 15 Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

Evaluation and Selection of Eligible Categories



- The Process for Project Evaluation and Selection has been clearly defined by the Issuer, it is considered structured. The roles and responsibilities are clear and include relevant internal expertise. The Process will be publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for project selection have been clearly defined and detailed by the Issuer for all of the Eligible Categories.
- The process applied to identify and manage potentially material E&S risks associated with the projects is publicly disclosed (in the herewith SPO). The Process is considered robust: it combines monitoring, identification and corrective measures for all projects (see detailed analysis on pages 22 - 24).

Process for Project Evaluation and Selection

- For the purpose of the Bonds, a Sustainable Finance Committee ("the Committee") has been created. This Committee is headed by the Deputy Managing Director of the Region's Finance Directorate and is composed of representatives of:
 - The Finances Directorate (Finance Department, Management Control, Budget);
 - The Territorial Cohesion Directorate which is responsible for regional environmental policies;
 - The Operational Departments concerned with sustainable projects and the "Institut Paris Region".
- The Committee is responsible for:
 - Proposing changes to the framework for regional issues so that it continuously reflects regional strategy, legislative and technological developments and market practices, including concerning:
 - o the categories of eligible green and social projects and the eligibility criteria relating to these categories on the one hand;
 - o impact indicators and their calculation methodology.
 - Validating the selection of projects presented in the allocation and impact report to investors.
- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
 - The Region takes charge of the operation of high schools, they are monitored after delivery. For other projects, the Region does not carry out ex-post monitoring of projects once they have been delivered and financed.
 - In the event of major controversies of which the operational departments or elected representatives have been informed, the operational departments will inform the Finance Directorate and the Finance Committee, and the Region commits to replace Eligible Projects that are subject to material ESG controversies that would substantially harm the environmental and/or social benefit initially intended by the project. Currently, no specific measures are in place to monitor controversies, however the Region is in the process of formalising internal procedures to monitor and respond to controversies. A procedure for addressing controversies related to projects financed by the Region is currently being drafted by the Directorate General of Services.
 - Detailed decisions of the Committee are reported in an excel file; meeting minutes will be made publicly available on the Issuer's website.

Eligibility Criteria

The process relies on explicit eligibility criteria, relevant to the environmental and social objectives defined for the Eligible Categories.

- The Region has confirmed that all its activities and projects are compliant with French national regulations, which ensures coverage of the European Union's Minimum Social Safeguards.
- The Finance Department asks each operational department in the Region to select a certain number of projects or investment schemes that comply with the selection criteria set in Table 1 in the Use of Proceeds section and with nine qualitative criteria relating to the management of the project in its environmental, social and societal, economic and governance responsibility dimensions detailed in page 13 of the Framework.
- The Issuer has started a preliminary work on the alignment of the categories with the Do Not Significant Harm (DNSH) principle as illustrated in the Appendix 2 of its Framework for the clean transportation category.
- The expenditures related to the following sectors are excluded from the Framework:
 - Nuclear energy production;
 - Fossil fuel production and electricity generation from fossil fuels;
 - Production or trade of arms and ammunition;
 - Production or trade of alcoholic beverages (excluding beer and wine);
 - Tobacco production or trade;
 - Production of or trade in any product or activity deemed illegal under conventions and agreements, or subject to international prohibitions.

BEST PRACTICES

⇒ Eligibility criteria (selection and exclusion) for project selection are clearly defined and detailed for all of the Eligible Categories.

Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 12 months or less.
- Net proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- Proceeds are allocated to Eligible Projects, for which funds have been disbursed, at the end of each year.
- The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 24 months.

Management Process

- The net proceeds of the Bonds will be credited to the regional treasury, as French local authorities are required to deposit their cash balance in a single account within the French Treasury.
- From a budgetary and accounting point of view, the net proceeds of the Bonds are recorded as investment income and cover the investment expenditure of the year of the issuance. Proceeds are only allocated to Eligible Projects, for which funds have been disbursed, at the end of the year, meaning that the net proceeds of the Bonds will be allocated within 12 months or less of the issuance date.
- The Region's financial information system records information relating to the amounts spent on the projects identified with the departments concerned, then the Finance Department finalizes the list of projects corresponding to the amount raised by the Bond.

BEST PRACTICES

- ⇒ The allocation period is 12 months or less.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project/asset divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 24 months.

Monitoring & Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices
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- The Issuer has committed to report on the Use of Proceeds only once one year after issuance which corresponds to the full allocation of funds and on a timely basis in case of material developments. The report will be made publicly available.
- The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until full allocation and in case of material changes. Indicators used to report on environmental and social benefits of the eligible categories will be verified internally by the Issuer.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are clear and relevant.

REPORTING INDICATORS
⇒ List of projects. ⇒ Amount allocated by eligible category. ⇒ A breakdown of the funds raised by Sustainable Development Objectives and for each of their Target(s). ⇒ If possible, a breakdown of the allocation of funds to green projects according to their contribution to the environmental objectives of the European Union. ⇒ Share of co-financing.

Of note, the net proceeds will be fully allocated within 12 months or less after the issuance date, and thus reporting on unallocated proceeds is not relevant.

The Issuer has committed to report only on the benefits attributable to the bond proceeds on a pro-rata basis.

- Environmental and social benefits: The indicators selected by the Issuer to report on the environmental and social benefits are clear and relevant.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Green Buildings	Number of new buildings financed and their respective certifications/performances Number of renovated buildings and their respective efficiency (in % improvement or kWh/m ²)	Annual GHG emissions avoided (in t.CO ₂ eq)
Clean Transportation	Number and type of assets financed	Annual GHG emissions avoided (in t.CO ₂ eq)

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy	Installed capacity (MW) Annual heat and electricity production (MWh) Number of electrolysis equipment and other hydrogen related assets	Annual GHG emissions avoided (in t.CO ₂ eq)
Terrestrial and Aquatic Biodiversity Conservation	Hectares financed (ha) by type of area, linear metres financed for some projects (hedges, bank renaturation etc.)	Annual GHG emissions avoided (in t.CO ₂ eq)
Access to essential services: education Access to essential services: health Access to essential services: social inclusion Affordable housing Affordable basic infrastructures (transport, energy, green spaces and sport infrastructures) Support for employment creation, prevention & fight against unemployment related to crisis (including through SMEs & microenterprises financing measures)	The number and types of beneficiaries (students, vulnerable population etc.) Qualitative and quantitative information on the projects financed (number of dwellings, SMEs, medical equipment etc.) Number of jobs supported by the projects in the construction phase and in the operational phase, including social integration jobs (in Full Time Equivalent).	

An area for improvement consists in committing to an external verification of the indicators used to report on environmental and social benefits of the Eligible Projects. Of note, the methodologies for selection and calculation of indicators have been externally verified once by Deloitte in 2015-2016. These calculation methodologies are present in the appendix of the Region's reports. In addition, the Region plans to test an external evaluation ex post, after a certain time has passed following the implementation of a project.

BEST PRACTICES

- ⇒ The issuer report will be publicly available.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Categories.
- ⇒ The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be disclosed publicly.

Contribution to sustainability

Expected Impacts

The potential positive Impact of the eligible projects on environmental and social objectives is considered to be robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Green Buildings	ADVANCED	Renovation and construction of energy efficient buildings are a key priority for local authorities. According to the French National Low-Carbon ⁶ Strategy, 370,000 buildings have to be fully renovated annually between 2015 and 2030 to and 700,000 annually between 2030 and 2050, against less than 300,000 currently. Construction however has an absolute effect on energy consumption and on land use and therefore has a less positive impact compared with renovation. Both renovation and construction projects are in line with best international standards for the sector.
Clean Transportation	ADVANCED	Local authorities have a key role in financing heavy infrastructures and public transportation. The category should entail positive impact locally and globally. Electric rail transport for freight and passenger as well as developing public transport-related infrastructures have a positive lock in effect. The category follows the best alternative available in the sector to contribute to the claimed objective of climate mitigation.
Renewable Energy	ROBUST	Heat accounts for almost 50% of the final energy consumed (including industrial, residential and offices) in France and currently relies heavily on fossil fuel, decarbonising heat production is therefore an important challenge in this context. Financing electrolysis equipment for hydrogen production is considered a key element for heavy transportation and industry decarbonisation. Solar panels are the most land requiring mean of producing electricity and can therefore compete with other land usages. Information on the sourcing of panels and if the majority will be installed on roof or on ground could be valuable for minimising negative impacts. No lock-in effect is expected for solar, electrolysis and waste heat recovery assets. Geothermal assets are using a technology that aims to contribute to the claimed objective, but there are more stringent thresholds available in the market.
Terrestrial and Aquatic Biodiversity Conservation	ADVANCED	Biodiversity protection measures, as any non-profitable activity, has to be supported heavily by public authorities. The category should entail positive impact for locally and globally. The types of biodiversity project have been defined precisely and so have the required certifications.
Access to essential services: education	ADVANCED	Access to education (including public secondary education, higher education) remains a major challenge in France. Région Île-de-France has confirmed that only public education institutions are eligible. The Region has set screening criteria based on geographical tension for high schools and has identified vulnerable priority territories for higher education mainly located in the Priority Districts ("Quartiers Prioritaires") and rural areas, to tackle areas most in need.
Access to essential services: health	ROBUST	Access to health services remains a challenge in France, especially as the Covid crisis has highlighted the crucial need for investments in health research and scalable health facilities. The target population has been set generally, however through the nature of the projects, the importance of the social benefit is to guarantee equal and universal access to health services. The category is likely to provide long term social improvement for the intended beneficiaries.
Access to essential services: social inclusion	ROBUST	It has been estimated in 2018 ⁷ that more than 700,000 French people have reduced mobility. The need to adapt the infrastructures is an important challenge in France for which local authorities have an important role to play. Adaption of infrastructures for vulnerable and

⁶ https://www.ecologie.gouv.fr/sites/default/files/2020-03-25_MTES_SNBC2.pdf

⁷ INSEE - Les chiffres clés de l'aide à l'autonomie 2018, CNSA.

		disabled provide long term social improvement for the intended beneficiaries.
Affordable housing	ADVANCED	Access to affordable housing remains a challenge in France and specifically in the Ile de France Region, with very high housing prices in and around Paris. The target population has been set at national level with extra social criteria: defined under the Article R441-1 under the French Building and Housing Code (including students and young workers) that should ensure to capture the population most in need and provide long term and empowerment social benefits.
Affordable basic infrastructures (transport, energy, green spaces and sport infrastructures)	LIMITED	Access to transport, energy, green spaces and sport infrastructures and sustainable infrastructure are a key issue in France, although the main benefits (environmental) of the category are tackled in the related environmental category. The target population has been set at region without further specifications.
Support for employment creation, prevention & fight against unemployment related to crisis ⁸ (including through SMEs & microenterprises financing measures)	ROBUST	Support employment is a key issue in France in which local authorities have an important role to play. Exclusion criteria have been set (see page 16) as well as financial criteria for companies affected by the Covid-19 crisis.
OVERALL ASSESSMENT	ROBUST	

⁸ An analysis of the company's financial situation and strategy is carried out to measure the impact of the crisis, both on turnover and on the company's cash flow and balance sheet structure. There are no pre-established financial criteria.

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Projects are considered robust. The Region has confirmed that all its activities and projects are compliant with national regulations, which ensures coverage of the European Union's Minimum Social Safeguards. In addition, the Issuer has started a preliminary work on the alignment of the categories with the Do Not Significant Harm (DNSH) as illustrated in the Appendix 2 of its Framework for the clean transportation category.

All Eligible Projects are located in the Ile-de-France Region, and as part of the Region's budget, are subject to French law and additional regional policies. As a Designated Country under the Equator Principles, France is deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. France follows the OECD Guidelines for Multinational Enterprises⁹.

Integration of environmental and social criteria in the selection of projects

The projects financed by the Region are selected based on a detailed project description and contractual specifications, to ensure conformity with the eligibility criteria of the Framework. The Region ensures monitoring of these eligibility criteria through the process of validating the service payment, for which the Operational Departments have to validate the conformity of the finished project to the pre-project description and contractual specifications.

The areas for improvement include: i) the integration of ESG factors in the evaluation and selection of the contractors/suppliers in charge of the construction and/or operation of the projects through minimum selection criteria; and ii) the monitoring and control of the performance of contractors/suppliers in these criteria throughout the life of the projects.

Environmental Impact Assessments

Environmental Impact Assessments are conducted for construction projects only over a certain size, however the construction permits, and project contractual documents include environmental clauses. An area for improvement consists in conducting environmental and social impact assessments for all eligible projects, in particular to conduct environmental impact assessment for all construction and infrastructure projects, in line with the DNSH principles.

Regarding clean transportation, projects follow the national Environmental Code, and must undergo environmental evaluations starting from project design, and ensure public information and participation.

Climate adaptation

France has developed a National Plan for Adaptation to Climate Change 2018-2022 (PNACC-2), taking into account the European Union's adaptation strategy, and with the aim of implementing the necessary actions to adapt metropolitan France and its overseas territories to expected regional climate change by 2050. The measures of the PNACC-2 cover the sectors listed in the Region's Framework (Building, Transport, Energy, and Biodiversity). The NCCAPP mentions the establishment of a coordination mechanism between the territorial and national levels, by developing and leading a network of regional adaptation committees within the framework of the elaboration or revision of regional guidelines for adaptation to climate change.

Sustainable use and protection of water and marine resources

For the construction and renovation of buildings, water management, and in particular the management of water consumption by interior equipment (building's water appliances) is considered by the operational departments. The Issuer has provided details on the water efficiency thresholds set by the region for high schools and higher education infrastructures; however, it is not clear for other infrastructures including green buildings, what measures are in place to ensure a sustainable use of water in the building's water appliances.

Eco-design, responsible sourcing and end of life

Article 79 of the Energy Transition Law for Green Growth (LTECV) sets for the State and local authorities a target of recovering at least 70% of the materials and waste produced on construction sites for which they are responsible (reuse, recycling or other material recovery) by 2020 in accordance with the 2008 European framework directive on waste. For the construction of buildings, eco-design and sourcing is integrated in the project definition, which sets performance targets to achieve regarding the prevention and management of waste (usage of recyclable materials, reversibility, adaptation to different uses,

⁹ <https://mneguidelines.oecd.org/France-NCP-Peer-Review-2018-EN.pdf>

separability of materials at the end of life), and responsible resource use (materials with low environmental impact throughout their life cycle, materials from controlled supply chains).

Regarding the solar panel installation programme, the Region has stated that responsible sourcing was not a criterion in choosing the panels already installed, which were produced in China. An area for improvement consists in committing to responsible sourcing of solar panels. However, their end of life was taken into consideration, as the solar panels already installed will be recycled by the organisation PV cycle.

Protection of biodiversity

Regarding impacts of construction on biodiversity, provisions to protect biodiversity and the natural environment are integrated. For transport infrastructure, all operations must follow the Environmental Code, applying the principle “avoid, reduce, compensate”. In the case that operations cannot avoid impacting protected zones, studies are conducted to minimise impacts and ensure compensation, which is validated by the Environmental Authority¹⁰. Regarding the construction of buildings, they must follow zoning and urbanisation laws that limit the impact on biodiversity and the natural environment.

Social Risks

France has an extensive legal Framework covering all fundamental social issues, notably fundamental human rights, fundamental labour rights, and business ethics, supportive by a judicial system ensuring their application. France has published a National Action Plan on Business and Human Rights¹¹. National legislation requires companies over a certain size to establish due diligence plans for fundamental human rights. Any violation of legislation regarding human rights, equality, health and safety, are considered a penal offence. Regarding labour rights, France has ratified all 8 ILO conventions, and is an active member of the ILO, promoting the protection of labour rights in the global supply chain in international forum such as the G20 and G7. Whistle-blowers on issues of corruption, public health, conflict of interest, tax evasion and large scale economic and financial fraud are protected by law.

In addition to these national Frameworks, the Ile-de-France region has implemented the following measures:

- The Region has adopted a scheme for the promotion of socially and ecologically responsible purchasing (schéma de promotion des achats socialement et écologiquement responsables, SPASER)
- Regarding gender equality, the Region has In 2017, the Region signed with five trade union organisations a framework agreement on professional equality between men and women.
- To promote labour union engagement, the Region has signed with five out of seven labour union organisations a Charter for the recognition of labour union participation in career evolution and professional development.
- Regarding quality of working conditions, the Region has committed to freedom in the organisation of work (flexible schedules, remote work) while defending the right to disconnect.

Concerning stakeholder engagement, the eligible projects undergo various levels of public consultation. For high impact projects¹², a public debate must be conducted¹³ on the project opportunity. During the project development a public survey¹⁴ must be conducted, in order to obtain a “public utility declaration”. Regarding Buildings, communication with the local population is systematic, whether through working meetings with local stakeholders, consultations, or information, among other mechanisms. In addition, In the event of a dispute following a decision taken by the Region's services, it is possible to refer the matter to the Ombudsman¹⁵.

¹⁰ <http://www.cgedd.developpement-durable.gouv.fr/l-autorite-environnementale-r145.html>

¹¹ <https://globalnaps.org/country/france/>

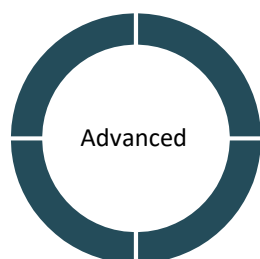
¹² The public debate takes place when the National Public Debate Committee has been seized and has decided, following this referral, to organise a public debate. A special public debate commission is then appointed by the CNDP to organise the debate, headed by a chairman.

¹³ <https://www.debatpublic.fr/>

¹⁴ <https://www.collectivites-locales.gouv.fr/enquetes-publiques>

¹⁵ <https://www.iledefrance.fr/saisir-le-mediateur-de-la-region-ile-de-france>

ISSUER



Created by law in 1976, the Région Île-de-France is the French name for the Paris Region, including the urban core and the commuting field around. It is one of the 13 Metropolitan French Regions. It accounts for 2% of the national territory with 12,012 square kilometres (80% of green areas). The Region has special competence in terms of transports and planning and is also competent in terms of education, employment, economic development, research & development, environmental protection, housing & urban renewal, social affairs, leisure & culture and European Affairs. The Region also physically manages leisure centres, high schools and some other Regional buildings. Its main activity consists of financing projects led by local authorities or other organisms.

Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmark.

As of December 2020, Région Île-de-France displays an overall advanced ESG performance, ranking 3rd in our "Local authorities" sector which covers 29 local authorities.

DOMAIN	COMMENTS	OPINION
Environment	<u>Région Île-de-France's performance in the Environment pillar is robust.</u>	Advanced
	The Region continues to disclose a comprehensive environmental strategy backed by significant measures and some quantitative targets on almost all issues. Environmental issues are included in the SDRIF ("Schéma Directeur de la Région IDF"), the regional development and urban planning document for 2007-2030. The Eco-design of buildings is part of the 6 priorities described in the Agenda 21. The Region also has drawn up a frame of reference for Eco-construction. In July 2018, the Region adopted the Climate, Air and Energy Strategy focusing on innovation and development of renewable energy and targets.	
	The Region refers to the National Grenelle objectives of a reduction of 50% of greenhouse gases emitted in buildings by 2030, compared to 2005. In its answers to V.E, the Region also confirmed their aim to reach the 4 Factor: decrease greenhouse gases emissions by 75% from 1990 to 2050.	Robust
	By 2030, the Region aims to reduce its total energy consumption by 20% and to multiply by 2 the quantity of renewable energy produced on its territory, and a threefold increase in the overall share of renewable energy in regional energy consumption, in comparison to 2015. By 2050, the Region aims to reduce its total energy consumption by 40% and to multiply by 4 the quantity of renewable energy produced on its territory in comparison to 2015.	
	The Region's system to manage the protection of biodiversity remains advanced. The Region addresses its main relevant impacts, and implements a number of measures, including protection of existing green areas and development of new protected areas, monitoring of species, analysis on vegetation projects in urbanised areas, and renaturation of wetlands and waterways, among others.	Limited
	The issues of Water, Waste and Transports management systems are addressed with policies and measures. Room for improvement remains in reporting regularly updated quantitative results indicators showing positive long-term evolutions in the management of these issues. To be noted: The region has invested 1 million euros to improve the air quality in the metro and the RER and set an action plan for waste management.	Weak

DOMAIN	COMMENTS	OPINION
Social	<p><u>Région Île-de-France's performance in the Social pillar is advanced.</u></p> <p>The Region's performance in the Human Rights domain is considered advanced. This is due to the disclosure of comprehensive measures to address fundamental human and labour rights, as well as relevant KPIs showing a positive trend. On non-discrimination, the Region continues to disclose a formalized commitment backed with quantitative targets and significant measures. Moreover, the gender balance has remained stable over the past three years.</p> <p>The Region's performance in the Human Resources domain is considered advanced. The Region continues to disclose commitments to address on the issues under review, namely promotion of labour relations, career management, the respect of working hours and remuneration, and health and safety, backed with some measures. It is worth to notice that the IDF Region's Training Plan for 2016-2018 was elaborated through consultation with trade unions.</p> <p>The Region's performance in the Community Development domain is advanced. The Region continues to disclose formalized commitments to address all the issues under review backed up with comprehensive regional strategies as well as extensive measures.</p> <p>The Region's performance in the Procurement and Services domain is considered advanced.</p> <p>The Region continues to disclose commitments to address all the issues under review. The Region reports now on comprehensive measures to address quality of relations with service recipients and quantitative targets to include environmental clauses in its public tenders.</p>	Advanced
		Robust
		Limited
		Weak
Governance	<p><u>Région Île-de-France's performance in the Governance pillar is considered limited.</u></p> <p>The Local Authority does not disclose much information on its audit and internal controls. Of note, a significant social reporting is published, with quantitative indicators, but this reporting is not audited/reviewed by a third party. It is worth noticing that the Region appears to favour participative democracy and to consult systematically the general public to get its opinion on the projects launched. There are measures to ensure the transparency and objectivity of nomination procedures, remuneration, and potential conflicts of interest of the main executives. The attendance at local council meetings is very high, at 98% in 2018.</p> <p>Significant measures have been taken to guarantee access to information and participation of opposition parties, as set in the General Code of Local Authorities. In addition to providing regular information to stakeholders, the local authority has set up formal mechanisms to interact with stakeholders, including press conferences, the Youth Regional Council ("Conseil Regional des Jeunes"), the Handicap Consultative Council ("Conseil Consultatif du Handicap") and the Regional Economic, Social and Environmental Council. Moreover, the Region publishes significant social and environmental reporting, with quantitative indicators.</p> <p>Regarding prevention of corruption, the Region has issued a formalised commitment to preventing corruption in its Ethics Charter, which addresses gifts and conflicts of interest.</p>	Advanced
		Robust
		Limited
		Weak

Management of ESG Controversies

As of today, Région Île-de-France is facing two stakeholders related ESG controversies, linked to two of the six domains we analyse:

- Community Development, in the criteria "Territorial development".
- Procurement and Services, in the criteria of "Corruption".

Frequency: Both controversies are considered isolated, better than the sector average.

Severity: The severity of the impact on both the company and its stakeholders for both controversies is considered significant, better than the sector average.

Responsiveness: Région Île-de-France is reactive for both, better than the sector average.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2018 ("GBP") and the Social Bond Principles - June 2020 ("SBP"), and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

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

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;¹⁶
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Issuer's ESG performance

Scale of assessment of ESG performance: Weak, Limited, Robust, Advanced

NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by V.E.

The Issuer's ESG performance has been assessed by V.E on the basis of its:

- **Leadership:** relevance of the commitments (content, visibility and ownership).
- **Implementation:** coherence of the implementation (process, means, control/reporting).
- **Results:** indicators, stakeholders' feedbacks and controversies.

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

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

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

¹⁶ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

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

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advanced expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

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