



Wallonie

La Région wallonne

Sustainability Bond Framework

April 2019

Introduction

La Région wallonne is committed to transitioning towards a low carbon, environmentally friendly and socially responsible economy. In spirit of the Paris Agreement, la Région wallonne contributes to the 2 degrees initiative whilst also alleviating social challenges in the Region through sustainable investments.

La Région wallonne has decided to commit to the Sustainable Capital Markets as a way of financing Green and Social projects, and has created a Sustainability Bond Framework (the “Framework”). The Framework has been designed using the Green Bond Principles and Social Bond Principles, 2018 version, published by the International Capital Markets Association (ICMA), as a way of further highlighting the Region’s pledge to combat environmental and social challenges whilst contributing to setting standards in the Sustainable Bond market. This Framework has been created to facilitate transparency, disclosure, and integrity of la Région wallonne’s Sustainable Bond issuances.

To emphasize the Region’s commitment to a more sustainable future, the 2nd Walloon Sustainable Development Strategy (WSDS) was adopted as early as July 2016. The strategy is designed as, *“a guidance and actions document to promote the initiative and consistency for sustainable development in the public policies of la Région wallonne”*. This strategy is fully in line with the 2030 Agenda for Sustainable development adopted by the United Nations (UN).

Immediate to medium term goals match those of the UN’s Sustainable Development Goals. These targets are tackled in political declarations of the Walloon Government.

La Région wallonne realises that long term visions must also be set to achieve the desired outcome of a more sustainable future, they will mobilize and foster closer cooperation among all actors in society to reach the shared 2050 vision. The vision is based on the principle of distributional justice, central to the Brundtland and WSDS decree definition of sustainable development and entails 3 dimensions: living in Wallonia in 2050, living in the world in 2050 and living after 2050.

For the coming 5 years (2019-2024), La Région wallonne has set up an investment plan to translate its 2050 vision into reality.

The Walloon Investment Plan (in French PWI – Plan Wallon d’Investissement) entails an investment budget of over € 5 000 millions in 5 years, with a clear ambition to channel investments on socially and environmentally friendly assets across a number of key pillar sectors supporting its 2050 vision.

Amongst others, the aim of the Sustainable Bond is to help La Région wallonne to achieve its objectives in the following sectors:

- Energy efficiency and low carbon buildings
- Sustainable mobility
- Resources and land use
- Affordable housing

The forthcoming Sustainability Bonds of la Région wallonne will participate to the growth of the sustainable capital market while providing to investors with all the conventions of standard bonds (liquidity, size and ranking *Pari Passu*), with the added features of net proceeds used to finance Eligible Green and Social Expenditures. The transparency of issuances under the Framework of la Région wallonne will be complemented by a Second Party Opinion and the investor report audited by a third party.

The Framework may be updated from time to time in line with revisions by ICMA to the Green Bond Principles and Social Bond Principles, as well as market best practices.

1. Use of Proceeds

An amount equal to the net proceeds of the issuance of each Sustainability Bond issued by la Région wallonne will be used to finance and/or refinance, in whole or in part, new and/or existing Eligible Green and Social Expenditures falling within one of the eligible categories.

Eligible Green Categories

- Renewable energy
- Energy efficiency & low carbon building
- Sustainable mobility
- Pollution prevention & control
- Sustainable food and consumption
- Protection of resources, land, biodiversity incl. sustainable water management, soil decontamination & climate change adaptation

Eligible Social Categories

- Education & employment promotion
- Socio-economic advancement & empowerment
- Affordable housing
- Access to essential public services & basic public infrastructure

Eligible Green and Social Expenditures may include tax expenditures, investment expenditures, operating expenditures and R&D, as any of such expenditures can be deployed to meet the Region's mission (subsidies, contribution to agencies and/or companies, endowment, premiums).

Eligible Green and Social Expenditures can be directed towards public entities, companies, communities, and households/individuals.

Any expenditure contributing explicitly to green or social areas and associated benefits as defined in the tables below is eligible, including expenditures contributing to several green and or social categories.

Nuclear and armament activities will all be excluded, without any exception. Eligible expenditures will also exclude any Region expenditure financed by an external dedicated resource (e.g. E.U. funds) and by an internal dedicated resource (e.g. dedicated taxes).

In such a case that La Région wallonne would face a major controversy for any reason on eligible expenditures, the Sustainability Committee will reallocate the net proceeds to other eligible projects which meet the eligibility criteria of the framework within 12 months following the decision of reallocation. Such reallocation would be disclosed in the following annual report.

A. Eligible Green Categories

Eligible Category	Scope and definition for Eligible Green Expenditure	Expected Environmental benefits	Examples of Projects
Renewable Energy	Projects aiming at developing the production and use of renewable energy	Climate Change Mitigation GHG emissions avoidance	<ul style="list-style-type: none"> • Support to corporates & individuals investing in solar energy, on-shore wind energy, geothermal • R&D subsidies dedicated to renewable energy development in public or private entities
Energy Efficiency & Low Carbon Buildings	<p>Projects aiming at reducing the energy consumption of:</p> <ul style="list-style-type: none"> • Public lighting and street signals • Renovation of heating systems • Existing & new facilities / buildings (public, residential, commercial) 	Climate Change Mitigation <ul style="list-style-type: none"> • GHG emissions reduction • Energy savings 	<ul style="list-style-type: none"> • Public sector investments and Premiums & actions for private individuals as UREBA. • Ecopack program for individualsⁱ • PIVERT Plan for social housing – see Attachment 1 • Subsidies for corporates: energy audit and feasibility studies for industries (AMUR)ⁱⁱ • All projects to support LED lighting, replacement of energy consuming appliances, high efficiency boilers, smart metering, roof / wall / floor thermal insulation. • PEB Certification in Belgiumⁱⁱⁱ for new buildings and/or with at least one of the following certifications: LEED Gold or above; BREEAM very Good or above • Led lighting investments in public areas (excluding PPP) • Tax credits for individuals investing in energy efficiency matters^{iv}
Sustainable Mobility	Projects aiming at improving and developing public transport services (passengers)	Climate Change Mitigation GHG emissions reduction	<ul style="list-style-type: none"> • Public transportation conception, development, construction, acquisition and maintenance of transport equipment, infrastructure and network (metro, tramway, other transport in own site, such as electric or hydrogen bus1) • Multi-modal transportation infrastructure for passengers (combining railway, metro, tramway, electric bus, micro-mobility equipments, bicycle, pedestrians)

¹ Sustainability Bond and/or Green Bond of La Region wallonne will not be used to finance existing or future investment projects in fossil fuels and/or hybrid buses.

Sustainable Mobility	Projects of modal shift for freight transport	Climate Change Mitigation GHG emissions reduction	<ul style="list-style-type: none"> • Inter-modal transportation conception, development, construction, acquisition and maintenance of transport equipment, infrastructure and network for freight (river/waterway transport, railway)
	Projects aiming at developing soft transport modes and low-carbon energy transport, and associated public infrastructure		<ul style="list-style-type: none"> • Support to new low carbon vehicles (excluding fossil fuels motorization) and vehicle investments shift to environmental standards (cf “Circulaire sur le verdissement de la flotte de véhicule de La Région” on page 3 for the criteria) • Ride-sharing programs, smart mobility system • Extension of bicycle routes network and pedestrian walkways • Charging Infrastructure (electrical terminals)
Sustainable Food & Consumption	<p>Projects aiming at reducing impacts from food production and consumption, including:</p> <ul style="list-style-type: none"> • Development of short circuits/local food systems • Development of sustainable/organic agriculture • Environmentally friendly products 	<p>Climate Change Mitigation GHG emissions reduction</p> <p>Natural resources protection</p> <ul style="list-style-type: none"> • Eco-efficient product development • Better soil quality 	<ul style="list-style-type: none"> • Environmentally friendly products (“Eco Label”): Promotion of eco-label or environmental certification, resources efficient packaging (including zero packaging) • “Halls Relais” : local shops for Direct sales from farmers to customers • “Diversifermes” : local food processing
Pollution Prevention and Control	Projects of waste prevention, reduction, collect, recycling and sustainable treatment	<p>Climate Change Mitigation</p> <ul style="list-style-type: none"> • GHG emissions reduction <p>Pollution prevention and control</p> <ul style="list-style-type: none"> • Waste reduction and recycling 	<ul style="list-style-type: none"> • Regional Plan for Waste management (“Plan wallon des déchets-ressources”) covering the whole waste value chain (collection, sorting, recycling, reuse, etc) • Supporting waste value added products from waste • R&D subsidies dedicated to sustainable waste treatment (recycling channels, treatment and control systems, etc) <ul style="list-style-type: none"> Reduction of agricultural waste (biowaste transformation into energy) Support measures for the recovery of household and non-household waste
Protection of Ressources, Land & Biodiversity	<p>Sustainable water management</p> <p>Projects of sustainable</p>	<p>Natural resources protection</p> <ul style="list-style-type: none"> • Water savings • Protection of the water ecosystems 	<ul style="list-style-type: none"> • <i>Schéma Directeur</i> of Security of Water Supply

	infrastructure for clean and/or drinking water and of wastewater treatment	<ul style="list-style-type: none"> Water quality improvement 	
	<p>Land and biodiversity conservation</p> <p>Projects of protection, conservation and rehabilitation of natural environment of la Région wallonne</p>	<p>Biodiversity and Natural resources protection</p> <ul style="list-style-type: none"> Development/ Maintenance of natural and public spaces <p>Water resources protection</p>	<ul style="list-style-type: none"> Natural parks & “green areas”, “Natura 2000”) Water (“Les contrats de rivières” Ruissellement & Erosion”) Subsidies to protect natural and rural places
	<p>Soil decontamination</p> <p>Restoration, rehabilitation of brownfield areas</p>	<p>Pollution prevention and control</p> <ul style="list-style-type: none"> Better soil quality <p>Land use management</p>	<ul style="list-style-type: none"> Environmental rehabilitation of industrial brownfield areas <p>Decontamination actions</p>
	<p>Climate change</p> <p>Projects aiming at reducing the impacts of climate change, including in developing countries</p>	<p>Adaptation to climate change</p> <ul style="list-style-type: none"> Resilient infrastructure development 	<ul style="list-style-type: none"> Infrastructure and technologies for flood management R&D subsidies dedicated to climate change adaptation technologies and infrastructure Investment in sustainability programs for climate change mitigation and adaptation in developing countries

B. Eligible Social Categories

Social Category	Scope and definition for Eligible Social Expenditures	Expected Social benefits	Examples of Projects
Education & Employment Promotion	<p>Dedicated education and vocational training programs, initiatives and institutions</p> <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Unemployed people • Young people 	<p>Access to education for all</p> <ul style="list-style-type: none"> • Knowledge promotion and support • Equal opportunity and vocational insertion <p>Socioeconomic empowerment</p> <ul style="list-style-type: none"> • Promotion of jobs in short supply 	<ul style="list-style-type: none"> • FOREM² Professional transition programs : CEP – PFI • IFAPME : alternating training (students), training for jobs in short supply (1/3 of all training sessions)
	<p>Programs, initiatives and institutions dedicated to promotion of job creations, return to employment and labour market entry opportunities</p> <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Unemployed people 	<p>Employment promotion and advancement</p> <ul style="list-style-type: none"> • Equal opportunity and vocational insertion • Job promotion for all 	<ul style="list-style-type: none"> • FOREM : SESAM, PTP, SINE, AirBag, CISP, MIRE
Socioeconomic Advancement and Empowerment	<p>Programs, initiatives and projects aiming at acting against poverty and exclusion and reducing inequalities, as part of the Region's Social Cohesion and Fight Against Poverty Plan</p> <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Low-income people • Indebted people • Elderly people • Young people • Homeless people • People with disabilities • Single-parent families 	<p>Reduced inequalities and social exclusion</p> <ul style="list-style-type: none"> • Purchasing power improvement • Improved integration in society • Support to vulnerable population groups • Equal opportunity <p>Socioeconomic empowerment</p> <ul style="list-style-type: none"> • Financial assistance and support (services, facilities) of local communities 	<ul style="list-style-type: none"> • ADL (Local Development Actions) • Walloon Social Credit Agency • RWLP actions (network actions of la Région wallonne against poverty) • CPAS - action Supporting people with disabilities, the elderly, homeless people • Supporting indebted people (ASBL) providing financial assistance • Incentives for low income people (energy policy - MEBAR II)^v • Support to social insertion programs
Affordable Housing	<p>Direct financing to dedicated social housing agencies</p>	<p>Access to housing for all</p> <ul style="list-style-type: none"> • Development of affordable housing • Financial assistance and support 	<ul style="list-style-type: none"> • Support social housing landlords FLW^{vi}, SWCS^{vii}, SWL

² <https://www.leforem.be/particuliers/inscription-demandeur-emploi.html>

	<p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Low-income people <p>Financial assistance (social loans and low-cost rental housing) to low-income families and individuals for housing purpose (access to property, rental offering, renovation/energy efficiency)</p> <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Low-income people (including, but not limited to, people with no or limited access to bank loans) 	<p>for housing purpose</p>	<ul style="list-style-type: none"> • Social housing subsidies for Walloon large families (FLW) (> 2 children) : social loans and access to social housing rents • “Plan Habitat Permanent” • SWCS: Renopack, Accesspack with ad-hoc criteria for house owners – see attachment 2 • SWL : acquiring & maintaining social housing for rental offerings • Tax credits for expenditures made by individuals in renovation of private housing proposed at moderate rent
<p>Access to Essential Services and Basic Public Infrastructure</p>	<p>Programs, initiatives and projects aiming at developing and/or modernizing public health infrastructure, medical equipment and healthcare services (including, but not limited to services to people with disabilities)</p> <p><u>Target populations :</u></p> <ul style="list-style-type: none"> • General citizens of la Région wallonne • People with disabilities 	<p>Access to health services for all</p> <ul style="list-style-type: none"> • Health infrastructure development and improvement • Broader access to health services • Improved access and services for people with disabilities 	<p>Support to AViQ to finance</p> <ul style="list-style-type: none"> • Health programs • Health-Environment subsidies • “Centres médicaux ruraux” (local health services) • Home Health Services (aides à domicile) • Since 2019 (6th Reform of the State): funding of Health Facilities (Maison de repos, Maisons des Soins Psychiatriques, financement des Soins à domicile etc). • R&D subsidies dedicated to healthcare projects • Construction of rural centers • Home services for elderly people / disable people • Psychiatric Care Centers • Dedicated public transport and/or access facilities for people with disabilities

C. Contribution to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) will require a significant resource mobilization worldwide from both public and private sectors³. Sustainable debt instruments can contribute to channelling and scaling-up necessary investments and the green bond market has begun to adapt in response to the SDGs.

In accordance with the “*High-Level Mapping to the Sustainable Development Goals*” published by the International Capital Market Association (ICMA) in June 2018⁴, la Région wallonne presents hereunder the correspondence between the eligible categories chosen to be included in this Sustainability Bond Framework and the targeted Sustainable Development Goals:

Project Categories	Core SDGs (and some relevant UN SDG official targets)	Secondary SDG (interlinkages and indirect Impact)
Renewable Energy	<p>7 - Clean and affordable Energy</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> 	<p>13 – Climate Action</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>  <p>12 – Responsible Consumption and production</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>  <p>11 – Sustainable cities and communities</p> <p>11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement</p> 

³ Worldwide investment needs to achieve the SDGs have been assessed by the UNEP-Fi (2018, “rethinking impact to finance the SDGs”), and stand at \$6tn per year on average until 2030.

⁴ ICMA (June 2018) Green and social bonds: a high-level mapping to the sustainable development goals. Available here: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Mapping-SDGs-to-Social-and-Sustainability-Bonds-Final-030818.pdf>

<p>Energy Efficiency & Low Carbon Buildings</p>	<p>7 - Clean and affordable Energy 7.3 By 2030, double the global rate of improvement in energy efficiency</p>  <p>9 – Industry, innovation and infrastructure 9.4 By 2030, upgrade infrastructure [...] to make [it] sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies</p> 	<p>13 – Climate Action 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>  <p>12 – Responsible Consumption and production 12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> 
<p>Sustainable mobility</p>	<p>11 – Sustainable cities and communities 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality</p> 	<p>13 – Climate Action 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> 
<p>Pollution Prevention and Control</p>	<p>11 – Sustainable cities and communities 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>12 – Responsible Consumption And Production 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, collect, recycling and reuse</p>  	<p>3 – Good Health and well-being 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> 

<p>Sustainable Food & Consumption</p>		<p>12 – Responsible Consumption and production</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p> 	<p>2 – No hunger</p> <p>2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> 
<p>Protection of Resources, Land & Biodiversity</p>	<p>Sustainable water management</p>	<p>6 – Clean water and sanitation</p> <p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> 	<p>12 – Responsible Consumption and production</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> 
	<p>Land and biodiversity Conservation</p>	<p>15 – Life on Land</p> <p>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</p>  <p>6 – Clean water and sanitation</p> <p>6.6 By 2020, protect and restore water-related ecosystems, including meadows, forests, wetlands, rivers, aquifers and lakes</p> 	<p>11 – Sustainable cities and communities</p> <p>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</p>
	<p>Soil decontamination</p>	<p>15 – Life on Land</p> <p>15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world</p> 	<p>11 – Sustainable cities and communities</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> 

	<p style="text-align: center;">Climate Change</p>	<p>13 – Climate Action</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> 	<p>11 – Sustainable cities and communities</p>  <p>11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations</p>
<p style="text-align: center;">Education and Employment Generation</p>	<p>4 – Quality Education</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>8 – Decent work and economic growth</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 gender equal pay for work of equal value</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</p> 	<p>10 – Reduce inequality within and among countries</p>  <p>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</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>	
<p style="text-align: center;">Socioeconomic Advancement and Empowerment</p>	<p>1 – No Poverty</p>  <p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>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</p> <p>1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions</p> 	<p>8 – Decent work and economic growth</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> <p>11 – Sustainable cities and communities</p>  <p>11.A Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning</p>	

	<p>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</p>	
<p>Affordable Housing</p>	<p>11 – Sustainable cities and communities 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> 	<p>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</p>  <p>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</p> 
<p>Access to Essential Public Services and Basic Public Infrastructure</p>	<p>3 – Good Health and well-being 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>  <p>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, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all</p>	<p>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</p> 

2. Process for Project Evaluation and Selection

La Région wallonne has created the “Sustainability Committee” to oversee its Sustainability Bond Framework.

The Sustainability Committee is chaired by the Ministry of Budget representing the Walloon Government, assisted by an operational team, made of members of the Walloon central administration (i.e. Division in charge of Financing and Treasury and Division in charge of Regional Sustainable Development Plan). Each time required, the Committee will request expertise support from Walloon public agencies in charge of key environmental and/or social expenditures, including but not limited to Health Services, Affordable Housing, Clean Transportation, Education and Employment Generation.

The role of the Sustainability Committee will be to:

- Select and review the pool of Eligible Green and Social Expenditures based on the Sustainability Bond Framework and the budget of la Région wallonne;
- Validate the effective disbursed amounts of Eligible Expenditures at the end of each fiscal year for annual reporting to the investors;
- Define and update the Sustainability Bond Framework – as and when necessary – according to market standards and best market practices to reflect any changes with regards to the sustainability strategies and initiatives of la Région wallonne.
- Decide for new issuances under the Framework

The Sustainability Committee will meet at least twice a year. Each meeting will be documented with a report and a record of decision.

3. Management of Proceeds

The tracking of Eligible Green and Social Expenditures will be done by the Sustainability Committee.

Within the Sustainability Committee, the operational team will be in charge of all consolidation matters, i.e. monitoring and reporting (internally & externally) on the Eligible Green and Social Expenditures, in accordance with the Region’s regulatory framework.

A register will be established to monitor the allocation of proceeds to the Eligible Expenditures on a notional basis, ensuring that the allocation of proceeds will not allow for listing of the same budget allocation twice.

Eligible Green and Social Expenditures include:

- Recent Expenditures: Green and Social Expenditures financed and/or refinanced in the year preceding the issuance (or tap) date.
- Current Expenditures: Green and Social Expenditures financed and/or refinanced in the same year as the issuance (or tap) date.

In case of project divestment or in the event that an expenditure became ineligible for any reason, the Sustainability Committee will reallocate the net proceeds to other eligible projects which meet the eligibility criteria of the framework within 12 months following the decision of reallocation. Such reallocation would be disclosed in the following annual report.

At any time during the lifetime of the bonds, the outstanding amount of the sustainability notes will not exceed the value of the identified Eligible Green and Social Expenditures.

Pending the full allocation of the net proceeds to the Green and Social Expenditures, within 12 months after bond issuance, the Sustainability Committee will keep record of the remaining balance of unallocated Sustainability Bonds proceeds and invest such unallocated amount in money market products (when possible with ESG criteria) as per La Région wallonne’s Treasury Policy.

In order to avoid any possible double counting, The Sustainable Committee will make sure that only expenditures net of any EU programs (ECB – EIB – FEDER), the Belgian Federal State grants, or other revenues earmarked for specific purposes (i.e. dedicated regional funds), or financed by any other mechanisms are eligible.

4. Reporting

La Région wallonne will annually report to investors within approximately one year from the date of the bond issuance, and annually thereafter until full allocation of the net proceeds. The annual report will reflect:

- i. The aggregated amount of (re)allocation of net proceeds to the Eligible Green and Social Expenditures for each of the eligible categories and sub-categories;
- ii. The relevant impact metrics;
- iii. The publication of an external third-party assurance on the satisfactory (re)allocation of the net proceeds according to the Framework.

This reporting will be published every year on La Région wallonne’s website.

A. Allocation report

La Région wallonne will report on a consolidated basis and aggregated for each eligible category on:

- the total net amount being allocated or reallocated, as the case may be
- the breakdown between financing and refinancing amount
- depending on confidentiality constraints, some illustrative examples of eligible projects being financed..

It will also report on total net amount being unallocated (if relevant) on a consolidated basis.

B. Impact Reporting

La Region wallonne will report every year on environmental and/or social benefits of the Eligible Green and Social Expenditures financed by the net proceeds of the sustainability bonds, subject to data availability, and when possible will include both output and impact indicators⁵.

For illustration, La Région may use the following reporting indicators:

Eligible Green Categories	Examples of output Indicators	Impact indicators
Renewable energy	<ul style="list-style-type: none"> • Renewable energy capacity installed in GW or MW • Annual renewable energy generated or expected in MWh 	

⁵ Methodologies used for calculation will be disclosed in the annual reporting

Energy efficiency & Low Carbon Buildings		<ul style="list-style-type: none"> • Number of newbuilds/renovated buildings • Number of beneficiaires 	<ul style="list-style-type: none"> • Estimated annual GHG emissions avoided (in tCO2e) • Energy savings (KWh saved/reduced)
Sustainable mobility		<ul style="list-style-type: none"> • Number of additional public transport users • Distance of additional multimodal transportation for passengers and for goods (km) 	
Sustainable Food		<ul style="list-style-type: none"> • Number of people benefiting from agricultural projects and local food initiatives • Number of agri-businesses established • Share of organic farming areas versus total agricultural areas (%) • Number of local shops & storage facilities (Hall Relais) 	
Pollution prevention and control		<ul style="list-style-type: none"> • Amount of recycled or composted waste (tonne) 	<ul style="list-style-type: none"> • Waste recycling rate (%)
Protection of Ressources	Sustainable water management	<ul style="list-style-type: none"> • Water savings (m3) • Volume of wastewater treated (m3) 	
	Land and biodiversity conservation	<ul style="list-style-type: none"> • Ha/Number of green areas or Protected Natural Park, being opened improved, replanted, reforested • Number or programs and/or initiatives related to biodiversity protection 	
	Soil decontamination	<ul style="list-style-type: none"> • Ha/Number of restored/decontaminated areas 	
	Climate change adaptation	<ul style="list-style-type: none"> • Number of people benefiting from resilient infrastructure 	

Eligible Social Categories	Examples of reporting indicators
Education and Employment Generation	<ul style="list-style-type: none"> • Number of beneficiaries enrolled in job training programmes • Number of education centres supported • Number of educational programmes financed • Number of jobs created or maintained
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Number of individuals or families benefiting from specific programmes
Affordable Housing	<ul style="list-style-type: none"> • Number of projects housing • Number & type of beneficiaries (based on annual taxable incomes thresholds) • Number of interest free loans • Number of mortgage provided and/or supported
Access to Essential Services	<ul style="list-style-type: none"> • Number of hospitals, patients or beds and/or population where hospitals projects are located • Number of nursing homes, patients or beds and/or number of elder • Number of supported projects • Number of local health service centers

5. External Review

A. Second Party Opinion Provider

As per the Green and Social Bond Principles, the Sustainability Bond Framework of la Région wallonne has been reviewed by Vigeo Eiris which confirmed this Framework is well aligned with the GBP & SBP. The Second Party Opinion is available at the following address: [<https://www.wallonie.be/sustainabilitybond2019>].

Any material change to this Framework will be submitted for review to the Second Party Opinion Provider.

B. External verification (annually)

An independent auditor will be appointed by La Région wallonne to ensure that

- the (re)allocation of net proceeds of the Sustainability bond(s) to the eligible categories;
- the unallocated amount and
- the reporting commitments

are compliant with the Framework.

Attachment 1 (PIVERT plan)



SWL - Sustainable & energy efficient housing in Wallonia

SWL (Société Wallonne du Logement) is the central body that manages and finances Walloon public housing. In practice, it coordinates the 64 Walloon public service housing companies (SLSP), all of which covering the Walloon territory and managing **101.513 out of 117.000 housing** Walloon public authorities, or approximately 7% of the total housing stock in Wallonia.

SWL through local SLSP allow about **220,000 people**, or 6% Walloon population, to realize their right to decent housing.

Social Redistribution

SWL manages Housing proposed to Walloon households with the most precarious incomes :

Walloon households have an average income equivalent to that of 25% of the most poor.

Nearly 4 out of 5 social tenants are inactive and have replacement income or social benefits ((pre-) pensioners , unemployed).

Women alone or with children represent more than 50% of households in social housing (33% in Wallonia).

The social vocation is therefore heart of SLSP missions.

For the rest, 20% of tenants are active people, of which 6 out of 10 are workers.

The average monthly rent of beneficiaries of public social housing is € 244.

Investment program financed by the Walloon Region

With the *Exceptional Investment Program* (PEI) and the *Green Investment Plan* (PIVERT) supported by Wallonia, more than **1.5 billion €** will have been spent on renovating public housing Walloon for 10 years, allowing total or partial renewal of **47,000 homes**.

In terms of energy renovation, the PIVERT program has invested in public housing for **400 million euros**. It is part of the Marshall Plan 2. Green.

Ecological complement of the PEI, the PIVERT is fundamentally focused on energy renovation.

Currently underway, the second installment of the program, PIVERT 2, targets the highest consumption dwellings. It focuses on innovative and sustainable renovation works.

The PIVERT 2 targets an overall energy performance of 90 kWh / year per m², ie a consumption of 9 liters of fuel oil / year / m² or 9 m³ of gas / year / m².

TARIFF APPLICABLE FROM 01.01.2019

1. Accesspack

1.1. Income conditions

To benefit from the Accesspack (i.e. mortgage for acquiring affordable / social housing), the overall taxable income (RIG) 2017 must be less than or equal to **€ 53,900⁶**.

1.2. Debit interest rate

Cat.	Rate	Taxable income globally	Annual rate fixed	Fixed monthly rate ⁷
Cat 1	T1	0 - 16.400,00 €	1.70%	0.1406%
	T2	16.400,01 - 19.700,00 €	1.90%	0.1570%
	T3	19.700.01 - 23,000.00 €	2.10%	0.1733%
Cat 2	T4	23,000.01 - 27,800.00 €	2.30%	0.1897%
	T5	27,800.01 - 32,700.00 €	2.50%	0.2060%
Cat 3	T6	32.700.01 - 43.200,00 €	2.70%	0.2223%
Cat 4	T7	43.200.01 - 53.900,00 €	2.90%	0.2385%

NB : for the scope of the current social bond, la Région wallonne decides to restrict its eligibility to allowances granted to the two lowest category of revenue, i.e. category 1 (up to € 23 000.00) and category 2 (up to € 32 700.00).

1.2. Tariff of expenses and allowances

- Booking fees: € 40
- Expertise fees: € 260
- Solidarity contribution: 0.20% of loan amount⁸ (excluding death insurance premium)
- Fees in case of modification of the current loan agreement: 20 € + expertise fees
- Redemption indemnity: compensation of 3 months of interest on the capital refunded anticipatively

1.3. Market value of housing and municipalities with high real estate pressure

To benefit from the Accesspack , the accommodation must have a market value of less than or equal to 223,000 € (after possible work).

If, however, the dwelling is in one of these towns, the market value of the house may reach 301,000 €:

Arlon, Assesse, Aubel, Beauvechain, Braine-l'Alleud, Braine-le-Chateau, Chastre, Chaumont-Gistoux, CourtSaint-Etienne , Gembloux, Genappe, Grez-Doiceau, Incourt, Ittre, Jalhay, Jodoigne, La Bruyere, La Hulpe, Lasne , Mont-Saint-Guibert, Nivelles, Ott ignies / Louvain-la-

⁶ The taxable income taken into account as a whole are those of the household reduced by € 5,000 per dependent

⁷ Fixed rate: single rate for the entire duration of the credit agreement

⁸Walloon Government Decree of April 30, 2009

Neuve, Perwez, Profondeville, Ramillies, Rixensart, Silly, Thimister- Clermont, Tubize, Villers-la-Ville, Walhain, Waterloo, Wavre

2. **Renopack**

2.1. **Income conditions**

To benefit from Renopack (renovation of existing housing), same conditions as for Accesspack.

NB : *for the scope of the current social bond, la Région wallonne decides to restrict its eligibility to allowances granted to the two lowest category of revenue, i.e. category 1 (up to € 23 000.00) and category 2 (up to € 32 700.00).*

2.2. **Debit interest rate**

The rate is 0%.

2.3. **Tariff of expenses and allowances**

During the constitution of the file, no fee is claimed.

ⁱ Energy premium as of 2019 January 1 - <https://energie.wallonie.be/fr/primes-energie-depuis-le-1er-mars-2018.html?IDC=8793>

ⁱⁱ Energy Audit - <https://energie.wallonie.be/fr/methode-d-audit-tertiaire-et-industrie.html?IDC=9571>

ⁱⁱⁱ PEB Certification - <https://energie.wallonie.be/fr/certificat-peb-quoi-quand-comment.html?IDC=8777>

^{iv} <https://energie.wallonie.be/fr/deductions-fiscales-basse-energie-passive-ou-zero-energie.html?IDC=8123>

^v MEBAR II - <https://energie.wallonie.be/fr/obtenir-une-aide-en-tant-que-menage-a-bas-revenus.html?IDC=6369>

^{vi} FLW - <https://energie.wallonie.be/fr/prest-du-fonds-du-logement-des-familles-nombreuses-de-wallonie.html?IDC=6438&IDD=12428>

^{vii} SWCS - <https://energie.wallonie.be/fr/le-credit-hypothecaire-social-wallon.html?IDC=6438&IDD=12426>