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</table>
Executive summary

- **Région wallonne** is seeking to constantly improve the environmental and socio-economic well-being of its population by creating a vision, adopting a strategic sustainable development plan, defining ambitious objectives and implementing concrete measures in all its regional domains of competence (see details in appendix).

- As part of the Belgian Federal State, **Région wallonne** is partaking in the Belgian climate plan, in-line with the shared European ambitions.

- In its 2019 regional policy statement, **Région wallonne** is committed to environmental, social and economic transitions to translate its 2050 long term vision, i.e. achieve carbon neutrality in its energy system by reducing its greenhouse gas emission by 95%. This strategy aims to draw up guidelines for all the sectors concerned (including agriculture, transport, industry, building) within the framework of the Governance Regulations by the EU for Energy.

- Following its **inaugural issuance of April 2019**, **Région wallonne** is looking forward to issuing a new sustainability bond in H1 2020.

- The reporting of allocations and of the relevant impact metrics for the initial issuance (SB 2019) is planned to be released in September 2020, in-line with the governance principles defined in the Sustainability Bond framework of **Région wallonne**.

- However, to illustrate the work in progress, **Région wallonne** presents on Chapter 6 a snapshot of its SB 2019 budget allocation report, illustrated by a set of 5 eligible expenses: 3 with environmental impact and 2 with social impact.
2. REGION WALLONNE AT A GLANCE
Région wallonne in a nutshell

**Population and territory**
- 3,633,795 inhabitants
- 16,901 km² (55.1% of Belgian territory)
- French, German
- 41 years median age

**Economy and infrastructures**
- €94,438m (€27,710 per inhab)
- 741km of waterways
- 81,207km of roads
- 2 airports (Charleroi, Liège)
- 1,605km of rail network

**GDP growth rate evolution 2015-2020F**

(Source: IWEPS)

**Région wallonne in Europe**

(Source: IWEPS)
More than 50% of the region’s exports are generated from 3 countries: France, Germany and the US.

Exports to the US have spiked by +53.1% in 2018 as a result of strong customer spending, notably in pharmaceuticals (+73.9%) and Food & Beverages (+47.9%), representing 90% of the region’s US shipments.

Notice: the concept of export covers only international trade and therefore does not cover trade between Belgian regions. In this case, we speak of inter-regional flows rather than exports.
The Sixth State Reform enhances the fiscal autonomy of the federated entities and transfers the majority of powers from the federal level to the regional / community levels.

- **Increased fiscal autonomy**: regional personal income tax (IPP regional) and fiscal expenses (ex: mortgage credits).
- **List of new transferred powers**: family benefits, healthcare, labour market, road safety, tenancy regulation, driving education, technical inspection, houses of justice ...

**Article 49** of the *Special Finance Act* organizes and supervises the delegation of debt management in the federated entities. For example, the role of the CSF (Conseil Supérieur des Finances) is to evaluate the financial plans of the federated entities, to formulate recommendations and in some cases to decide to cap the entity’s lending capacity.

**Article 54 §2** of the *Special Finance Act* specifies that in case of an insufficient payment or in the event of delay in the payment of the amounts due by the federal state, **the Communities and the Regions can contract a loan guaranteed by the Federal State** and interest costs are taken on by the Federal State.
Région wallonne – Scope of competencies

**Equipment and Transport**
- Mobility - Waterways - Sport Facilities - Heritage

**Natural Resources**
- Environment - Water - Conservation of Nature - Agriculture

**Local authorities**
- Municipalities - Provinces - Public Center for Social Assistance - School Buildings

**Quality of life**

**Economic activities**
- Economy - Employment - Professional Training - Foreign Trade - International Relationships - Development Cooperation - Research - Technologies - Tourism - Taxation - EU Structural Funds
The legislative assembly of Région wallonne is composed of 75 members who are directly elected by universal suffrage for a five years term. They sit in plenary sessions and in committees with the aim to:

- **Adopt decrees** (**regional laws**);
- **Express positions** (**resolutions**) on social issues;
- **Exercise supervision** over the Government (through questions).

In order to execute its missions, the Government delegates the operational activities to:

- **SPW** (Service Public de Wallonie) - the regional administration
- **UAP** (Unités d’Administration Publiques wallonne) - a number of Public Administration Units

Logo’s of Public Administration Units are placed in their areas of competence.
3. FINANCIAL SNAPSHOT
The 2020 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of November 2019: growth rate of 1.1% (GDP) and inflation rate of 1.4%.

Numbers for 2021 up until 2024 were forecasted by the Walloon Government in 2019.

In order to start reducing its recurrent deficit, Région wallonne has launched a unique exercise to assess and justify all current / new budget expenditures. This exercise, called zero based budgeting, started in January 2020 and is expected to produce incremental results, starting mid 2021 (see definition slide 14).

Remark: since 2019, regional expenses & revenues are impacted by the implementation of the 6th State Reform, empowering the Regions for part of Belgian Social Security budget (Health & Family Allowances).
The 2020 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of November 2019: GDP growth rate of 1.1% and inflation rate of 1.4%.

For revenues 2020 and forecasts 2021 up until 2024, same remark as for expenditures.

The Sixth State reform has provided greater tax autonomy to Région wallonne. Indeed, the reform grants the regional government increased flexibility to modify the rates applied to a portion of personal income tax, allowing them to manage, within certain limits, the taxation levels. The flexibility of the new institutional structure gives the opportunity to the Region to mitigate any budget shortfall by adjusting the level of taxes.
# Zero based budgeting

## What is the zero based budgeting exercise?

- Expenditures will be 100% screened: 15 billion expenditures to be analyzed within the next 18-24 months.
- All tax cuts will be screened: 1.8 billion tax deductions
- Every service within the Region (SPW – UAP) will be involved in the exercise.

## Main goals with zero based budgeting

- Improve the quality of public expenditures.
- Check every expenditure in terms of timely spending.
- Devote more resources to sustainable investments
- Break away from the method of budgeting with credits based on previous year's spending.
- Be in a position to make choices and improve the budgetary balance

## First decision taken following the elaboration of budget 2020

- Methodology put in place with help of external consultants
- Implementation to start at the latest in September 2020
- Referring to the structural reform support program, the European Commission is advising the Region on the added value of completing a spending review
- Impact not yet included in the forecasted figures (2020-2024)
### Région wallonne debt overview

<table>
<thead>
<tr>
<th>In €m</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Debt (1)</td>
<td>8,962</td>
<td>10,271</td>
<td>11,719</td>
</tr>
<tr>
<td>% of LT Regional Debt</td>
<td>86%</td>
<td>89%</td>
<td>91%</td>
</tr>
<tr>
<td>Indirect Debt (SPABS + SWDE + FADELS)(\ast) (2)</td>
<td>1,426</td>
<td>1,266</td>
<td>1,106</td>
</tr>
<tr>
<td>% of LT Regional Debt</td>
<td>14%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Long Term Regional Debt</strong> (3) = (1) + (2)</td>
<td>10,388</td>
<td>11,537</td>
<td>12,825</td>
</tr>
<tr>
<td>Debit balance on the current account (4)</td>
<td>377</td>
<td>1,008</td>
<td>937</td>
</tr>
<tr>
<td>Contribution of the Public Administration Units (Cash pooling) (5)</td>
<td>845</td>
<td>1,288</td>
<td>1,807</td>
</tr>
<tr>
<td><strong>Short Term Regional Debt</strong> (6) = (4) – (5)</td>
<td>(468)</td>
<td>(280)</td>
<td>(871)</td>
</tr>
<tr>
<td><strong>Total Regional Debt</strong> (7) = (3) + (6)</td>
<td>9,920</td>
<td>11,257</td>
<td>11,954</td>
</tr>
<tr>
<td><strong>Total Regional Consolidated Debt</strong></td>
<td>21,287</td>
<td>21,635</td>
<td>23,190 (***)</td>
</tr>
</tbody>
</table>


**Long-term regional debt evolution**

- **31.12.2017**: €10,388m
  - 30% Medium Term Notes
  - 24% Bank Loans
  - 23% Stand Alone
  - 8% BT Swapped
  - 8% Schuldchein
  - 11% Euro Medium Term Notes

- **31.12.2018**: €11,537m
  - 21% Medium Term Notes
  - 24% Bank Loans
  - 23% Stand Alone
  - 6% BT Swapped
  - 6% Schuldchein
  - 9% Euro Medium Term Notes

- **31.12.2019**: €12,825m
  - 47% Medium Term Notes
  - 14% Bank Loans
  - 8% Stand Alone
  - 8% BT Swapped
  - 3% Schuldchein
  - 3% Euro Medium Term Notes

- Région wallonne has sought to diversify its funding sources over the years to increase the number of counterparties and mitigates at all times its liquidity positions.

- Région wallonne has established secured and committed facilities that allow fast and continuous access to capital markets through:
  - One European medium-term notes program (EMTN);
  - Two Medium-term notes programs (MTN).

- To further enhance the professional management of its debt and treasury positions, Région wallonne relies since June 2019 on a dedicated organization (the Debt Cell) inside public administration (SPW).

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Robust liquidity position underpinned by strong debt and treasury management
In order to assess the credit profile of Région wallonne as a borrower, the credit rating agencies (such as Moody’s) do have a look at the so-called consolidated debt (Maastricht concept), by adding to the regional direct debt the regional indirect debts (SEC 2010), made of *guaranteed debt of the consolidated organic companies, debt from alternative financing mechanism* and *financial leasing*.
Région wallonne ranks 4th out of 30 among European Local Authorities sector

Région wallonne demonstrates a consistent performance, with scores above the sector average in all six assessed domains:

- The local authority’s performance is ranked advanced in Community Development and good in four other domains: Environment, Human Resources, Human Rights and Governance

The performance in Procurement and Services is only limited.
4. FUNDING MANAGEMENT
Focus on Région wallonne’s funding gap

Funding gap evolution over 2018-2020

<table>
<thead>
<tr>
<th>In €m</th>
<th>2018 (1)</th>
<th>2019 (2)</th>
<th>2020 (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (excl. proceeds from borrowings)</td>
<td>8,063.93</td>
<td>11,313.44</td>
<td>12,836.89</td>
</tr>
<tr>
<td>Expenditures (incl. amortizations)</td>
<td>9,447.63</td>
<td>13,589.39</td>
<td>15,628.72</td>
</tr>
<tr>
<td>Funding needs</td>
<td>-1,383.70</td>
<td>-2,275.95</td>
<td>-2,791.83</td>
</tr>
</tbody>
</table>

(1) 2018 figures are confirmed (executed)
(2) 2019 figures are still provisional (to be confirmed)
(3) 2020 figures are budgetary-based, with significant buffer in expenditures and before zero-based budgeting exercise (definition slide 12).

Funding Plan (2019 realized)

<table>
<thead>
<tr>
<th>In €m</th>
<th>2019</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding gap</td>
<td>-1,333.25</td>
<td></td>
</tr>
<tr>
<td>Amortization of matured debts</td>
<td>-942.70</td>
<td></td>
</tr>
<tr>
<td>Funding needs</td>
<td>-2,275.95</td>
<td></td>
</tr>
<tr>
<td>Pre-financing in 2018</td>
<td>217.10</td>
<td></td>
</tr>
<tr>
<td>Realizations</td>
<td>2,209.00</td>
<td></td>
</tr>
<tr>
<td>EMTN private placements</td>
<td>(953)</td>
<td>43.14%</td>
</tr>
<tr>
<td>EMTN Benchmark</td>
<td>(1,000)</td>
<td>45.27%</td>
</tr>
<tr>
<td>Schulschein</td>
<td>(72)</td>
<td>3.26%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>(184)</td>
<td>8.33%</td>
</tr>
<tr>
<td>Pre-financing in 2019</td>
<td>150.15</td>
<td></td>
</tr>
</tbody>
</table>

Funding Needs 2020 (initial)

<table>
<thead>
<tr>
<th>(€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding gap (*)</td>
</tr>
<tr>
<td>Amortization of matured debts</td>
</tr>
<tr>
<td>Funding needs</td>
</tr>
<tr>
<td>Budget buffer 2020 (initial)</td>
</tr>
<tr>
<td>Pre-financing in 2019</td>
</tr>
<tr>
<td>Realizations in 2020</td>
</tr>
<tr>
<td>Residual funding needs</td>
</tr>
</tbody>
</table>

(*) including € millions 350.00 for Transition Investment Plan

- Significant increase of expenditures in 2019 versus 2018, due to the impact of the 6th reform (transfer of competences in health sector and family allowances), preventing a planned return to the equilibrium for the ESA 2010 budget balance.
- Significant reduction of forecast revenues planned for 2020 due to non-compensated impact of the tax shift measures implemented at Federal State level.
# Outstanding debt key figures

## Regional direct debt key ratios as of 31/12/2019

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional direct debt value (€ million)</td>
<td>11,719</td>
</tr>
<tr>
<td>Implicit rate (all-in)</td>
<td>2.15%</td>
</tr>
<tr>
<td>Average lifespan (years)</td>
<td>13.58</td>
</tr>
<tr>
<td>Duration – (years)</td>
<td>10.94</td>
</tr>
<tr>
<td>Fixed rate ratio</td>
<td>87.48%</td>
</tr>
<tr>
<td>Number of banking counterparties</td>
<td>34</td>
</tr>
</tbody>
</table>

## Ratios about operations concluded in 2019

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total borrowed amount (€ million)</td>
<td>2,209</td>
</tr>
<tr>
<td>Number of deals</td>
<td>31</td>
</tr>
<tr>
<td>Weighted average rate (all-in)</td>
<td>1.05%</td>
</tr>
<tr>
<td>Average lifespan (years)</td>
<td>19.96</td>
</tr>
<tr>
<td>Weighted average spread vs OLO (all-in)</td>
<td>33.11</td>
</tr>
<tr>
<td>Fixed rate ratio</td>
<td>99.09%</td>
</tr>
<tr>
<td>Number of banking counterparties</td>
<td>17</td>
</tr>
</tbody>
</table>
The Debt Cell implemented a **dynamic and proactive approach** to manage the redemption profile of the long term debt of Région wallonne, following a set of rules approved by the Regional Treasury Council:

- Define and respect a **maximum annual amount of matured debts to be amortized** (around € 900 million per year);
- Smoothen the debt curve through use of **diversified financial instruments** (Private Placements, Schuldschein, Banks Loans, Benchmark size Issues);
- Evaluate each reverse enquiry interest taking into consideration the existing curve with regards to the proposed maturity and size;
- Manage the curve taking into account the willingness of Région wallonne to be recurrent in issuing benchmark size issues.
5. REGION WALLONNE SUSTAINABILITY
BOND FRAMEWORK
Région wallonne – Sustainable milestones

- As part of the Belgian Federal State, Région wallonne is partaking in the Belgian climate plan, in-line with the shared European ambitions. In its 2019 regional policy statement, Région wallonne is committed to environmental, social and economic transitions to translate its 2050 long term vision, i.e. achieve carbon neutrality in its energy system by reducing its greenhouse gas emission by 95% (see appendix).

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2012</td>
<td>✓ Creation of a Sustainable Development Department by the Walloon Government</td>
</tr>
<tr>
<td>April 2018</td>
<td>✓ Vigeo attributes the score of 55/100 to Région wallonne, ranking the region in the 4th position (out of 30) among European local authorities</td>
</tr>
<tr>
<td>April 2019</td>
<td>✓ Publication of Sustainability Bond framework, validated by the Second Party Opinion (SPO) provided by Vigeo Eiris, and fully compliant with ICMA green bond principles, social bond principles and sustainability bond guidelines</td>
</tr>
<tr>
<td>H1 2020</td>
<td>✓ Inaugural Sustainability Bond Issuance</td>
</tr>
<tr>
<td>2020 onwards</td>
<td>✓ Second Sustainability Bond Transaction for Région wallonne</td>
</tr>
<tr>
<td>2020 onwards</td>
<td>✓ Finetuning of current framework to accommodate new EU Taxonomy and EU Green Bond Standards</td>
</tr>
<tr>
<td>2020 onwards</td>
<td>✓ Publication of allocation and impact reports for 2019 Sustainability Bond (Sept 2020)</td>
</tr>
<tr>
<td>2030</td>
<td>✓ Région wallonne (in its contribution to objectives approved by the Federal State of Belgium) to comply with the United Nations’ 2030 Agenda for Sustainable Development that has been adopted in Sept 2015 – also new EU objectives (Green Deal)</td>
</tr>
<tr>
<td>2050</td>
<td>✓ Achievement of carbon neutrality in energy system as part of the 2019 regional policy statement</td>
</tr>
</tbody>
</table>
Translate the 5 global challenges of Région wallonne to support its key environmental and social policies. Planned update to align with EU standards and support Région wallonne in financing its environmental and social objectives.

**KEY CONTRIBUTOR IN BELGIUM**
by adopting a proactive approach to push forward 2050 climate long term vision at Federal State level and to implementing a realistic transition plan to a low carbon and climate resilient economy

**PROGRAMMATIC APPROACH**
to provide investors, relationship banks and stakeholders with clarity, transparency and certainty on investments of Région wallonne and related alignment with defined sustainability goals

**RELIABLE & RECURRENT ISSUER**
to diversify and increase Region Wallonne’s investor base and its granularity with a focus on SRI investors, with the aim to build a WALLOO curve through recurrent bond issuances

**SUSTAINABILITY FRAMEWORK**

<table>
<thead>
<tr>
<th>IDENTIFIED CHALLENGES</th>
<th>ELIGIBLE CATEGORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD</td>
<td>SUSTAINABLE FOOD &amp; CONSUMPTION</td>
</tr>
<tr>
<td>ENERGY</td>
<td>RENEWABLE ENERGIES</td>
</tr>
<tr>
<td>PRESERVATION OF RESOURCES &amp; BIODIVERSITY</td>
<td>POLLUTION, PREVENTION AND CONTROL</td>
</tr>
<tr>
<td>MOBILITY</td>
<td>PROTECTION OF RESOURCES, LAND &amp; BIODIVERSITY</td>
</tr>
<tr>
<td>LIVE TOGETHER &amp; FIGHT AGAINST POVERTY</td>
<td>SUSTAINABLE MOBILITY</td>
</tr>
</tbody>
</table>

**OUTSIDE COMMUNICATION**
Audited allocation and management of funds to achieve annual publication on website of Région wallonne’s report for budget allocation and impact analysis

**INSIDE COMMUNICATION**
Sustainability framework used as a reference instrument to track and measure effectiveness of key sustainability investments in Région wallonne
## Sustainability bond framework overview

- The framework has been built in line with the **Green Bond Principles** and **Social Bond Principles (2018)**
- The framework has been **reviewed by Vigeo eiris**
- The framework and Second Party Opinion are available on the Région wallonne website

### Use of Proceeds
- Eligible Green and Social Expenditures related to a large number of assets, in line with the role of the Region, and targeting different beneficiaries: public entities, companies, communities, households and individuals
- Four Eligible Social Categories: Education and Employment Promotion, Socioeconomic Advancement and Empowerment, Affordable Housing and Access to Essential Services and Basic Public Infrastructure
- Investment expenditures, operating expenditures, tax expenditures and R&D are eligible
- Nuclear and armament activities will all be excluded, without any exception.

### Process for Project Evaluation and Selection
- The selection of Eligible Green and Social Expenditures is annually managed and approved by the Sustainability Bond Committee (Comité Obligatoire Durable)
- Each time required, the Committee will request expertise support from Walloon administration (SPW) and public agencies (UAP) in charge of key environmental and/or social expenditures
- The Committee is responsible for i) selecting and reviewing the pool of Eligible Green & Social Expenditures, ii) validating the effective disbursed amounts of Eligible Expenditures at the end of each fiscal year, iii) updating the framework (when necessary) & iv) deciding for new issuances under the framework

### Management of Proceeds
- Tracking the allocation of the bond proceeds will be done by an operational team reporting to the Sustainability Bond Committee.
- Eligible Green and Social Expenditures are related to the current year (Current Expenditures) and the previous year (Recent Expenditures)
- In order to avoid any possible double counting, the Committee will make sure that only expenditures net of any EU programs, Belgian Federal State grants, or other revenues earmarked for specific purposes, are eligible

### Reporting
- Budget allocation and impact report
- Annually until full allocation
- **An independent auditor will be appointed by Région Wallonne to ensure that the (re)allocation of net proceeds, the unallocated amount and the reporting commitments are compliant with the framework and avoid any double accounting in this programmatic approach across the various issuances and budget exercises**
“Vigeo Eiris is of the opinion that the Bond considered to be issued by the Walloon Region is overall aligned with the Sustainable Bond Principles guidelines…

We express a reasonable assurance (our highest level of assurance) on the Issuer’s commitments and on the Bond’s contribution to sustainability…

…We are of the opinion that the contemplated Bond is coherent with the Walloon Region’s main sustainability priorities and with its main sectorial sustainability issues. It contributes to achieve the Issuer’s corporate environmental and social commitments and targets…”

« …The Walloon Region has committed to support its Sustainable Bond Issuance by external reviews:

• A pre-issuance consultant review: a Second Party Opinion delivered by Vigeo Eiris, on the sustainability credentials of the Bond, covering all the features of the Bond.

• A post-issuance consultant review: a review of the Second Party Opinion, including all the features of the Bond and its alignment with the SBPs after one year from the date of issuance.

• An annual verification: performed by an independent third-party, covering the allocation of the net proceeds to Eligible Projects, as well as the environmental metrics reported through the Sustainable Bond reports…”

“This Opinion is valid 12 months (from April 5, 2019 to March 31, 2020) and limited to the Bonds to be issued under the Walloon Region’s Framework as presented to Vigeo Eiris.”
## Eligible Green categories

<table>
<thead>
<tr>
<th>Related SDGs</th>
<th>Scope &amp; Definition for Eligible Green expenditure</th>
<th>Environmental Benefits</th>
<th>Identified Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>- Projects aiming at developing the production and use of renewable energy</td>
<td>Climate Change Mitigation</td>
<td>GHG emissions avoidance</td>
</tr>
</tbody>
</table>
| Energy Efficiency and Low Carbon Buildings | - Projects aiming at reducing the energy consumption of:  
  - Public lighting and street signals  
  - Heating systems through renovation  
  - Existing and New facilities / buildings | Climate Change Mitigation | GHG emissions reduction  
  Energy savings |
| Sustainable mobility | - Projects aiming at improving and developing public transport services:  
  - Projects of modal shift for freight transport  
  - Projects aiming at developing soft transport modes and low-carbon energy transport, and associated public infrastructure | Climate Change Mitigation | GHG emissions avoidance  
  GHG emissions reduction |
| Sustainable Food and Consumption | - Projects aiming at reducing impacts from food production and consumption:  
  - Development of short circuits/local food systems  
  - Development of sustainable/organic agriculture  
  - Environmentally friendly products | Climate Change Mitigation | GHG emissions reduction |
| Pollution Prevention and Control | - Projects of waste prevention, reduction, collect, recycling and sustainable treatment | Climate Change Mitigation | GHG emissions reduction |
| Protection of Resources, Land & Biodiversity | - Sustainable water management: Projects of sustainable infrastructure for clean and/or drinking water and of wastewater treatment  
  - Land and biodiversity conservation: Projects of protection, conservation and rehabilitation of natural environment of Région Wallonie  
  - Soil decontamination: Restoration, rehabilitation of brownfields areas  
  - Climate change: Projects aiming at reducing the impacts of climate change, | Natural resources protection | Water savings  
  Protection of the water ecosystems |
| | | Biodiversity and Natural resources protection | Development/Maintenance of natural and public spaces  
  Water resources protection |
<p>| | | Pollution prevention and control | Better soil quality land use management |
| | | Adaptation to climate change | Resilient infrastructure development |</p>
<table>
<thead>
<tr>
<th>Eligible Social categories</th>
<th>Related SDGs</th>
<th>Scope &amp; Definition for Eligible Social expenditure</th>
<th>Social Benefits</th>
<th>Identified Challenges</th>
</tr>
</thead>
</table>
| **Education and employment promotion** | ⁴  ⁵  ⁸ | ▪ Dedicated education and vocational training programs, initiatives and institutions.  
▪ Programs, initiatives and institutions dedicated to promotion of job creations, return to employment and labour market entry opportunities.  
Target populations: Unemployed people, Young people | Access to education for all  
▪ Knowledge promotion and support  
▪ Equal opportunity and vocational insertion | Socioeconomic empowerment  
▪ Promotion of jobs in short supply  
Employment promotion and advancement  
▪ Equal opportunity and vocation insertion  
▪ Job promotion for all |
| **Socio-economic advancement and empowerment** | ¹  ¹⁰ ¹³ | ▪ 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  
Target populations: Low-income people, indebted people, elderly people, young people, homeless people, people with disabilities, single-parent families | Reduced inequalities and social exclusion  
▪ Purchasing power improvement  
▪ Improved integration in society  
▪ Support to vulnerable population groups  
▪ Equal opportunity  
Socioeconomic empowerment  
▪ Financial assistance and support (services, facilities) of local communities | |
| **Access to Social Housing** | ¹¹  | ▪ Direct financing to dedicated social housing agencies  
Target populations: Low-income people  
▪ 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)  
Target populations: Low-income people (including, but not limited to, people with no or limited access to bank loans) | Access to housing for all  
▪ Development of affordable housing  
▪ Financial assistance and support for housing purpose | |
| **Access to Essential Services and Basic Public Infrastructure** | ³ | ▪ Direct financing to dedicated social housing agencies  
Target populations: Low-income people  
▪ 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)  
Target populations: Low-income people (including, but not limited to, people with no or limited access to bank loans) | Access to health services for all  
▪ Health infrastructure development and improvement  
▪ Broader access to health services  
▪ Improved access and services for people with disabilities | |
6. 2019 SUSTAINABILITY BOND REPORTING
Inaugural Sustainability Bond features

Inaugural Sustainability Bond overview (April 2019)

<table>
<thead>
<tr>
<th></th>
<th>2026 Bond (7y)</th>
<th>2034 Bond (15y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Amount</td>
<td>EUR 500 million</td>
<td>EUR 500 million</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>3 May 2026</td>
<td>3 May 2034</td>
</tr>
<tr>
<td>Coupon</td>
<td>0.25 %</td>
<td>1.25%</td>
</tr>
<tr>
<td>Margin against OLO</td>
<td>BGB 0.8 06/22/25 + 30bps</td>
<td>BGB 1¼ 04/22/33 + 36bps</td>
</tr>
</tbody>
</table>

**Subscription successfully spread between 131 Investors from 17 different countries**

Sustainability bond proceeds are used to finance and refinance new and ongoing eligible green and/or social projects, with disbursements up to 1 year prior to the notes issuance and up to year end of launching date.

### Green projects (39%)

- **2018 (15%)**
  - Sustainable mobility: 40%
  - Renewable energy: 1%
  - Energy efficiency & low carbon buildings: 55%

- **2019 (23%)**
  - Sustainable mobility: 54%
  - Renewable energy: 1%
  - Energy efficiency & low carbon buildings: 41%
  - Protection of resources, land, biodiversity, soil decontamination & climate change adaptation: 4%

### Social projects (61%)

- **2018 (28%)**
  - Affordable housing: 49%
  - Access to essential services & basic public infra: 1%
  - Education & employment generation: 48%
  - Socio-economic advancement & empowerment: 1%

- **2019 (33%)**
  - Affordable housing: 52%
  - Access to essential services & basic public infra: 2%
  - Education & employment generation: 45%
  - Socio-economic advancement & empowerment: 1%
## Inaugural Sustainability Bond – Portfolio of eligible expenses by category

### Green Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Energy Efficiency &amp; low carbon buildings</td>
<td>88</td>
<td>99</td>
<td>187</td>
</tr>
<tr>
<td>Sustainable Mobility</td>
<td>64</td>
<td>131</td>
<td>195</td>
</tr>
<tr>
<td>Protection of Resources, Land, Biodiversity, Soil Decontamination &amp;</td>
<td>7</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Climate Change Adaptation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>161</td>
<td>243</td>
<td>404</td>
</tr>
</tbody>
</table>

### Social Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; Employment Generation</td>
<td>141</td>
<td>155</td>
<td>296</td>
</tr>
<tr>
<td>Socio-Economic Advancement &amp; Empowerment</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>144</td>
<td>179</td>
<td>323</td>
</tr>
<tr>
<td>Access to Essential Services &amp; Basic Public Infrastructure</td>
<td>4</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>291</td>
<td>346</td>
<td>637</td>
</tr>
</tbody>
</table>
SB 2019 – 3 projects weighing 15% of total Green Portfolio

**Sustainable Mobility**
(Modal Shift: road to waterways to reduce CO2 emission)

**Program**: Wallonia contribution to Trans-European Transport Network (TEN-T)

**Purpose**: improve navigation on the Lys / Escaut / Sambre / Meuse basins to contribute to transfer road traffic to waterways

**Project**: invest in waterways Lys / Escaut / Meuse basins.

**Result indicator**: grow yearly traffic from 13.4 Mtons today to 33.9 Mtons in 2050

**Impact indicator**: reduce CO2 emission by 323,920 tons equivalent / year, corresponding to 0.63 kg CO2 by EUR invested.

**Total investment**: € 515 million (2007-2027)

**Funding**: EU 40% / RW 60% (€ 310 million)

**Eligible amount SB 2019**: € 59.8 million

**Preliminary alloc.**: € 43.2 million (72%)

**Adaptation to Climate Change**
(Protect populations from rising waters)

**Program**: anticipate climate change by preventing populations from rising waters

**Purpose**: renovate old dam of Monsin, built after majors floods of 1926 in Liège (35,000 flooded houses – 150,000 victims)

**Project**: renovate centennial dam of Monsin / Liege on Meuse

**Result indicator**: number of inhabitants at risk

**Impact indicator**: analysis still in progress

**Total investment**: € 32.8 million (2018-2023)

**Funding**: RW 100%

**Eligible amount SB 2019**: € 9.6 million

**Preliminary alloc.**: € 9.6 million (100%)

**Biodiversity Protection**
(fish ladders to restore ecological continuity)

**Program**: international cooperation on basin level (France – Netherlands) in line with EU Water Framework Directive (WFD)

**Purpose**: restore ecological continuity (upstream / downstream migration).

**Project**: build, maintain, renew fish ladders in the Meuse basin & the Escaut basin.

**Result indicator**: 17 on 60 obstacles already equipped with new ladders (28%)

**Impact indicator**: statistics on salmon population variations (work in progress)

**Total investment**: € 15 million (2017-2024)

**Funding**: RW 100%

**Eligible amount SB 2019**: € 3.1 million

**Preliminary alloc.**: € 2.3 million (74%)
**SB 2019 - 2 projects weighing 36% of total Social Portfolio**

**Social Housing (Premiums & lendings to low-income people)**

**Program**: long term program to help owners with low incomes to finance renovation work in their home.

**Purpose**: grant premium & 0% loans to low income owners for renovation of their existing house.

**Project**: Renopack allowance (premiums & 0% loans) granted by SWCS for people within 2 lowest on 5 categories of taxable incomes.

**Result indicator**: 4,050 beneficial owners of premiums & loans, representing 61% of total granted allowance.

**Impact indicator**: (analysis still in progress)

**Total investment**: recurrent (annual budget)

**Funding**: RW 100%

**Eligible amount SB 2019**: € 68.5 million

**Preliminary alloc.**: € 63 million (92%)

**Education & Employment Generation (CISP Program)**

**Program**: Socio-Professional Insertion Centers - 157 training centers – more than 15,000 trainees / year

**Purpose**: help people with low education and jobseekers to return to employment.

**Project**: finance CISP activities : vocational guidance, basic training (literacy, French as a foreign language) and trade training.

**Result indicator**: in 2018, 10,820 people placed on internship, with on average 322 hours/year by individual.

**Impact indicator**: 95% of people entered in qualifying training are back to work

**Total investment**: recurrent (annual budget)

**Funding**: RW 100%

**Eligible amount SB 2019**: € 160 million

**Preliminary alloc.**: € 159.43 million (99.6%)
7. H1 2020 NEW SUSTAINABILITY BOND
Sustainability Bond 2020 – Portfolio of Eligible Expenditures

- Région wallonne has qualified **above € 1 200 million** of GREEN & SOCIAL Eligible Expenditures

**Green projects (45%)**
- Sustainable food & consumption 3%
- Pollution prevention & control 16%
- Sustainable mobility 36%
- Renewable energy 2%
- Energy efficiency & low carbon buildings 23%
- Protection of Resources, Land, Biodiversity 20%

**Social projects (55%)**
- Affordable housing 58%
- Access to essential services & basic public infra 11%
- Socio-economic advancement & empowerment 3%
- Education & employment generation 28%

- For its **inaugural Sustainability Bond in 2019**, Région wallonne was looking to finance expenditures made in its key areas of responsibility, both in **social matters** (like Education & Employment or Social Housing) and in **environmental related matters** (like Mobility, Energy Efficiency, Climate Change Adaptation or Protection of land & biodiversity).

- With its **new Sustainability Bond in 2020**, Région wallonne keeps on financing ongoing investments already eligible in 2019 (2020 expenditures). In addition, Région wallonne will use available funds to finance new eligible expenditures, with the ambition to achieve its sustainability development goals (like Multimodal Transport Infrastructure, Pollution Prevention & Control, or Care Services for Elderly people).

- In line with Région wallonne’s expenditures breakdown by sources (see slide 12), the project portfolio for the SB 2020 is split between social projects (55%) and environmental projects (45%). See examples of ongoing and new expenditures in next 2 slides.
The objective is to keep on financing investments / expenditures made eligible in 2019 and still ongoing in 2020, both to sustain **GREEN** and **SOCIAL** objectives.

### 2019 green projects ongoing in 2020
- **Climate Change Adaptation**
  - *Dam renovation in Liège*
- **Protection of Resources, Land & Biodiversity**
  - *Fish ladders in Meuse basin*
- **Energy Efficiency**
  - *LED lighting investments in public areas*
- **Sustainable Mobility**
  - *Multimodal station in Namur*
- **Sustainable Mobility**
  - *Metro extension in Charleroi*
- **Sustainable Mobility**
  - *Layout of waterways in Tournai*

### 2019 social projects ongoing in 2020
- **Access to Social Housing**
  - *New social houses in Lièges*
- **Education & Employment Promotion**
  - *FOREM Training Center in Mons*
- **Access to essential services**
  - *Public transport access to disabled people*
Beside recurrent 2019 projects, new investments / expenditures have been validated by the Sustainability Bond Committee to complement 2020 portfolio of eligible GREEN and SOCIAL projects, like the one’s presented below.

<table>
<thead>
<tr>
<th>2020 green &amp; social projects pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Mobility</strong></td>
</tr>
<tr>
<td><em>(Tramway in Liège)</em></td>
</tr>
<tr>
<td><strong>Pollution Prevention &amp; Control</strong></td>
</tr>
<tr>
<td><em>(Rehabilitation of polluted wasteland)</em></td>
</tr>
<tr>
<td><strong>Protection of Land &amp; Biodiversity</strong></td>
</tr>
<tr>
<td><em>(Natura 200 sites in Wallonia)</em></td>
</tr>
<tr>
<td><strong>Sustainable Mobility</strong></td>
</tr>
<tr>
<td><em>(Extension of RAVel network)</em></td>
</tr>
<tr>
<td><strong>Pollution Prevention &amp; Control</strong></td>
</tr>
<tr>
<td><em>(Recycpark in Pont-à-Celles)</em></td>
</tr>
<tr>
<td><strong>Access to Essential Services</strong></td>
</tr>
<tr>
<td><em>(New nursing &amp; care homes for elderly)</em></td>
</tr>
</tbody>
</table>
### 2020 Sustainability Bond key terms

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>Région wallonne</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rating</strong></td>
<td>A2, Stable outlook (Moody’s)</td>
</tr>
<tr>
<td><strong>Format</strong></td>
<td>Senior Unsecured, Dematerialized form</td>
</tr>
<tr>
<td><strong>Timing</strong></td>
<td>Expected March</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>Eur Benchmark</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Intermediate and/or long dated</td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
<td>[•]% annual</td>
</tr>
<tr>
<td><strong>Denominations</strong></td>
<td>100,000 Eur</td>
</tr>
<tr>
<td><strong>Documentation</strong></td>
<td>Eur 7 bn EMTN programme dated June 28th, 2019</td>
</tr>
</tbody>
</table>
| **Listing / Governing Law** | Euronext Brussels, Belgian Law |}

### Use of Proceeds
An amount equal to the net proceeds will be used to finance and/or refinance, in whole or in part, new and/or existing Eligible Green and Social Expenditures falling within the following categories: Renewable energy, energy efficiency & low carbon building, sustainable mobility, pollution prevention & control, sustainable food & consumption, protection of resources, land, biodiversity, education & employment promotion, socio economic advancement & empowerment, affordable housing, access to essential public services & basic public infrastructure.

### Target Market
Manufacturer target market (MIFID II product governance) is eligible counterparties, professional and retail clients (all distribution channels).

### Joint Bookrunners
Belfius, Deutsche Bank, HSBC, ING, Natixis
8. APPENDIX
Belgium is a Federal State made up of Communities and Regions

- Following the institutional reforms of 1970, 1980, 1988-89 and 1993, Belgium has become a fully Federal State, meaning that several bodies (the Federal State, the Regions and the Communities) which are equal in law, share the powers with no hierarchy between them.
- Each body has its own legislative and executive bodies and, within the limitations of their competencies and territorial scope, they can pass laws (at the Federal level) or decrees (for Regions and Communities, and ordinances in Brussels-Capital) which have the same legal force.

### Belgian Institutions Overview

#### Federal Level

**Federal Institutions**
The Chamber of Representatives, the Senate, the King

*Scope of competencies (1): foreign policy, national defense, justice system, army, monetary policy, management of national debt, social security*

#### Community Level

- **German speaking community**
- **The French community**
- **The Flemish community**

*Scope of competencies (1): cultural issues, education, health and social assistance*

#### Regional Level

- **Région wallonne**
- **The region of Brussels-Capital**
- **The Flemish region**

*Scope of competencies (1): environment, housing, regional economic policy, employment, public works, transport, agriculture, water*

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(1) This list is not exhaustive
Vision for 2050
Wallonia, a region in which citizens can meet their needs and benefit from a quality life without affecting the needs and quality of life of the inhabitants of other parts of the world and without mortgaging economic, human and natural resources to the future generations.

Diagnosis of achievements and challenges
The diagnosis analyzes around thirty indicators (state of health, eating habits, climate change, sorting of waste, etc.) to assess the progress already made by Wallonia in its transition to sustainable development.

Short and medium term goals
The intermediate objectives to be implemented by 2030 at the latest mark the way towards the long-term vision of sustainable development. These milestones are mainly based on the sustainable development goals adopted in September 2015 by leaders around the world.

Action plan
The action plan brings together about hundred actions aimed at making consumption and production patterns more sustainable in 3 priority areas: Food – Energy – Resources

A series of transversal support actions reinforce these 3 areas:
• Participatory dynamics on sustainable development
• Information and awareness
• Education and research
• Social responsibility of private and public organizations
• Sustainable public procurement
• Promotion of sustainable development internationally
Extension of bicycle routes network and pedestrian walkways in Wallonia (including RAVeL)

- **Bicycle usage in Wallonia is moving fast**: 1 on 2 new bicycles sold is electric
- **Bicycle Network**: grow from 3 500 km today (including RAVeL) to 10 000 km in 2030
- **Investment value by inhabitant**: grow to 15 € / year and reach 25 € / year in 2030 (same as The Netherlands)
In Wallonia, half of the 48,000 places available in nursing homes are medical. It's not enough, taking into account the ageing of the population.

**In 2020,** the Region has decided to invest over **€ 20 million** in public nursing homes and transform **2 266 "classic" rest home places** into medicalized places, in particular by hiring specialized personnel (physiotherapists, nurses, occupational therapists, etc …)

**In a first instance,** this transformation will affect **141 institutions out of the 602 approved in Wallonia.**
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