



INVESTOR PRESENTATION

APRIL 2019

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4. **Sustainability development policy**
5. **Green and social transaction framework**
6. **Green and social bond transaction summary**

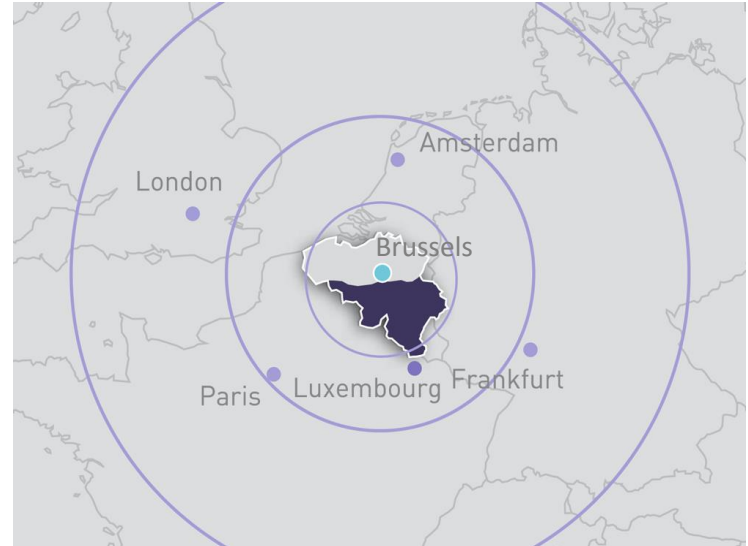


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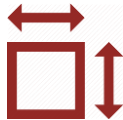
Wallonia



Overview of La Région wallonne



- **3 624 377 inhabitants**
(32% of Belgian population) including
77,185 inhabitants from the German-speaking community



- **16,844.3 Km²**
(55.2% of Belgian territory)



- **French**
- **German**



- **€92,1 billion** (23.2% of Belgian GDP)
- **€27,709.96** per inhab.



- **741km** of waterways



- **81,207 km** of roads



- **2 airports:**
Brussels South
Charleroi, Liege



- **1,605 km** of rail network

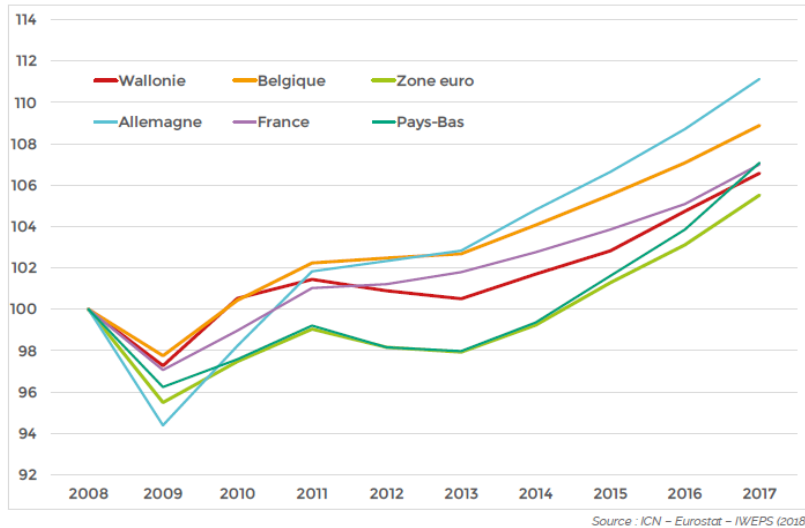


- **Compensated unemployment rate going down 28%** between 2015 (12%) and 2018 (8.6%)*

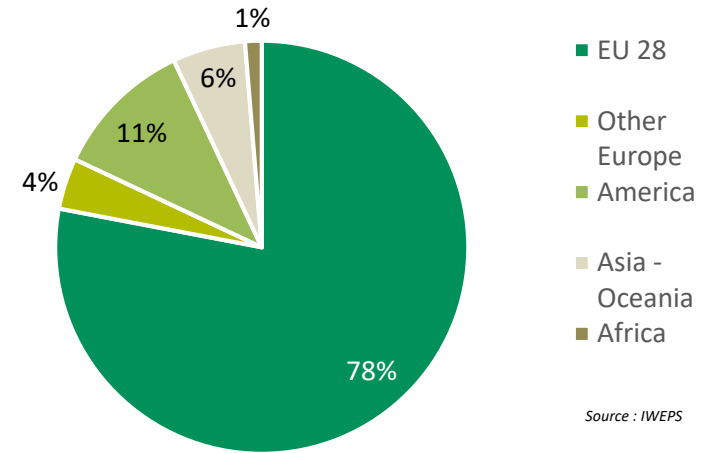
*Statbel - 2018

Overview of La Région wallonne

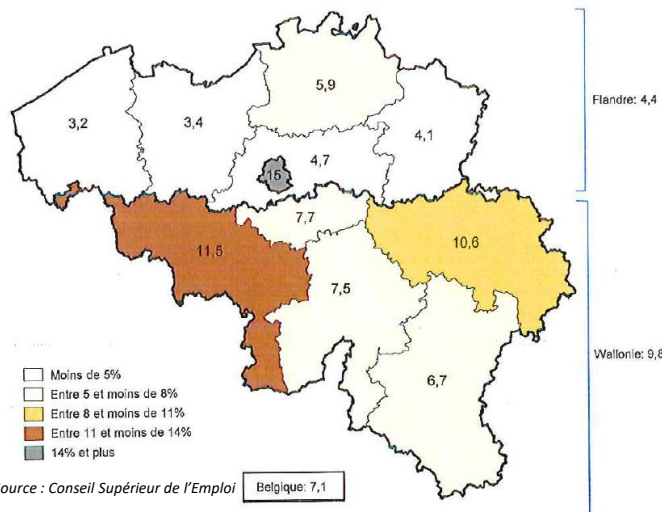
GDP evolution in volume (2008 = indice 100)



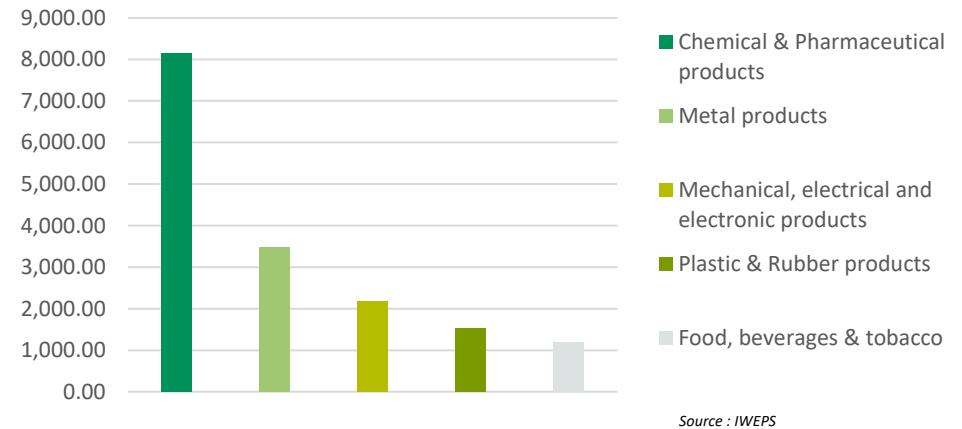
Total export in Q1 and Q2 2018 (€ 22,635 million)



Unemployment rate by Province - 2017

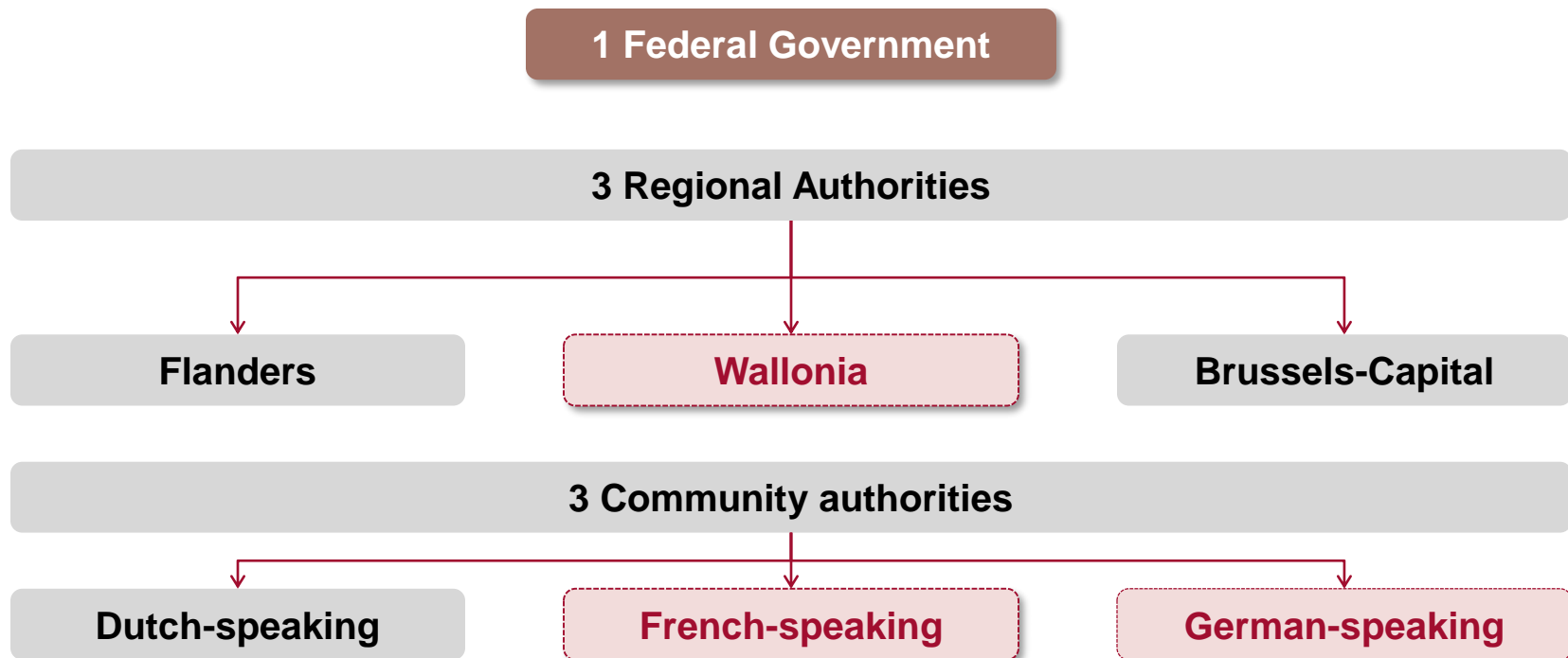


5 Key export sectors representing 73% of total amount



Overview of the Belgian State

Belgium is a federal state composed of Communities and Regions



6th State Reform and support of Belgian Federal State

The 6th of June 2014

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.

- ⇒ **Increase fiscal autonomy** : regional personal income tax (IPP régional) 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 ...



Federated entities financial autonomy and support from the Belgian Federal State

- Article 49 of the LSF 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 LSF 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.

How La Région wallonne operates

Parliament of Wallonia



The legislative assembly of La Région wallonne.
 Composed with 75 deputies, who sit in plenary sessions and in committees with the aim of

- Adopting decrees (regional laws),
- Controlling the government (questions and questions) and
- Expressing positions on social issues (resolutions)

Government of Wallonia



The Government is led by the Minister-President , currently supported by 6 ministers, each in charge of several domains of activity.
 In order to execute its missions, the Government delegates the operational activities to

- the regional administration (SPW - Service Public de Wallonie)
- A number of Public Administration Units (UAP)



A large scope of competences



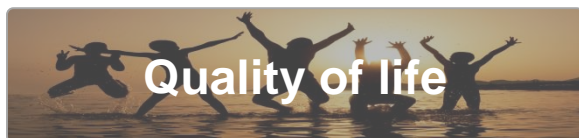
- Mobility, waterways, sport facilities, heritage



- Environment, water, conservation of nature, rural renovation, waste, agriculture



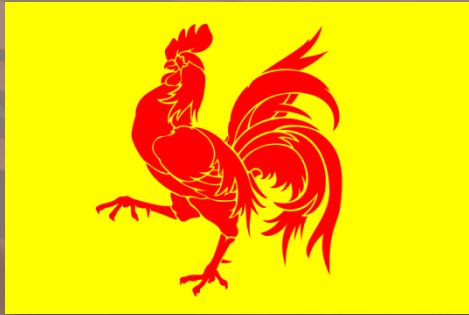
- Municipalities, provinces, public center of social assistance, school buildings



- Town and country planning, housing, integration of the disabled people, social action and health, energy



- Economy, employment, professional training, foreign trade, international relationships, development cooperation, research, technologies, tourism, taxation, EU structural funds



02

Finance

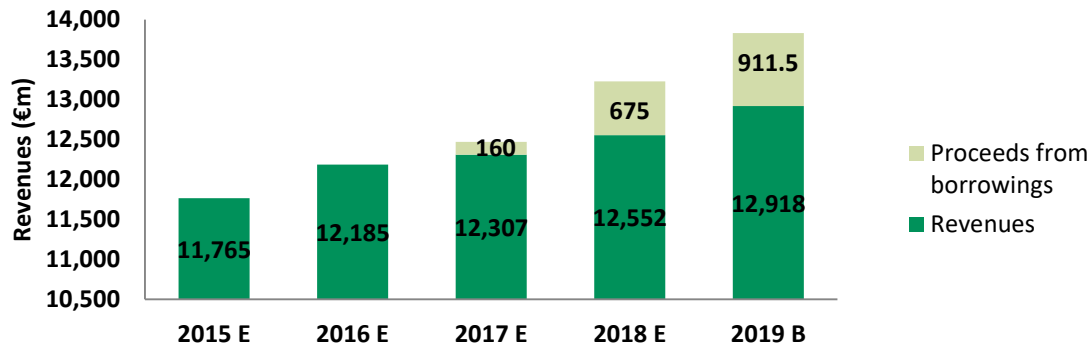
The laptop screen shows a trading interface. At the top, there is a table of stock data with columns for stock symbols, quantities, and prices. Below the table is a bar chart with two bars, one green and one blue, with values 18 and 20. At the bottom of the screen, there is a form with fields for 'Price', 'Volume', 'Matched', 'Balance', 'Cancelled', 'Status', 'Queuing', and 'Pin'. There are also buttons for 'SUBMIT' and 'CLEAR', and indicators for 'Credit: 0' and 'Cash: 0'.

Symbol	Quantity	Price
SA5009710	17,000	6.87
SA5009730	1,200	0.20
SA5009750	1,700	10.40
NATU	2,500	24.55
ECK	600	26.11
CAVA	35,000	102.00
IGTECH	2,000	0.69
S10UH0	3,200	21.05
S10UH0	300	713.60
S10UH0	300	11.44
S10UH0A	300	11.44
S10UH0A	2,000	11.44
S10UH0A	2,000	27.09
S10UH0A	2,000	27.09

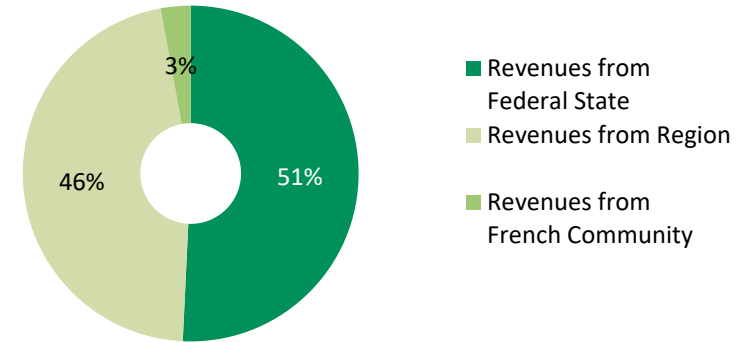
Focus on the Region's revenues

Revenues evolution

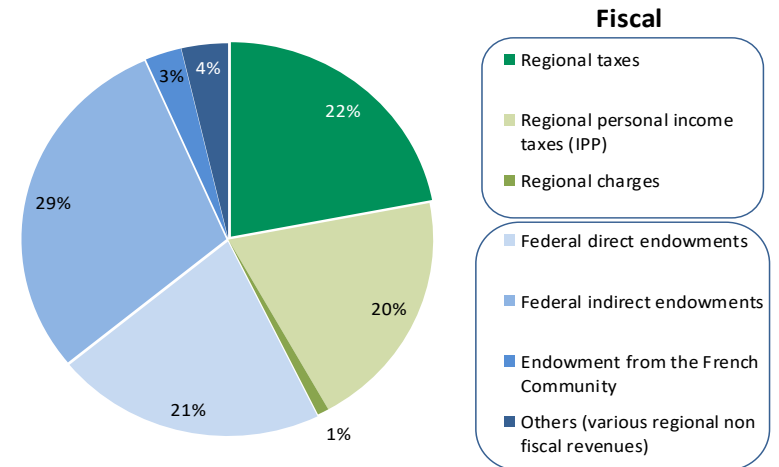
Evolution of the revenues



Breakdown of the revenues



Fiscal & Non Fiscal Revenues



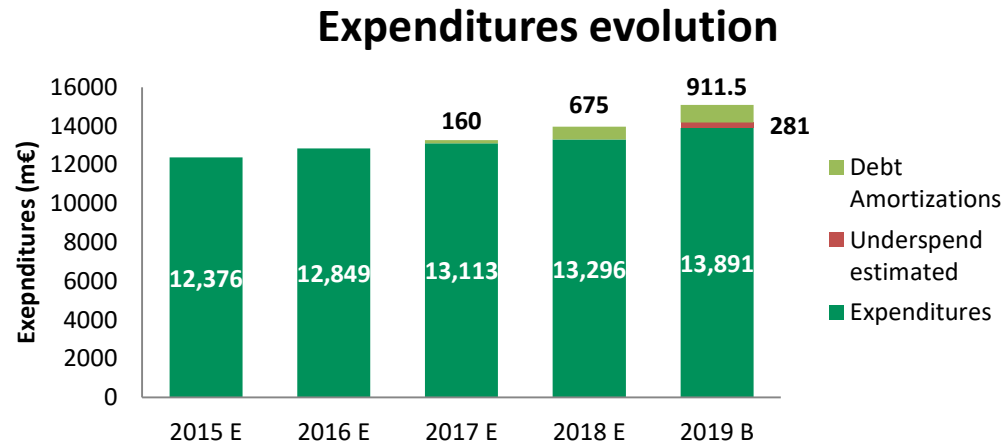
Key comments:

- ✓ The 2019 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of September 2018 (growth rate 1.5%, Inflation rate 1.9% and health index 1.8%)
- ✓ The revenue from hospitals and the negative transition mechanism are included in the Sainte-Emilie allocation from 2019.*
- ✓ The proceeds from borrowings for the debt repayments are registered in the revenue as advised by the Court of Audit.

* Till 2018, the net amount was included in the expenditures.

Focus on the Region's expenditures

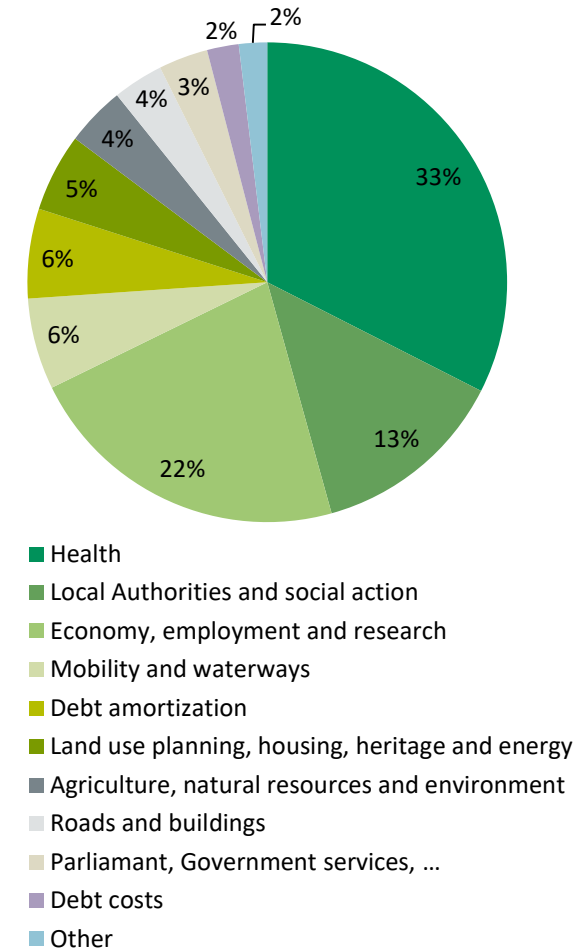
Expenditures evolution



Key comments:

- ✓ The 2019 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of September 2018 (growth rate 1.5%, Inflation rate 1.9% and health index 1.8%)
- ✓ The amount of expenditures for health represents 4.9 billion €
- ✓ The debt amortizations are registered in the expenditures as advised by the Court of Audit from 2018. In 2017, only repayment of the debt amortization fund for social housing was recorded...

Breakdown of the Expenditure



Focus on the Region's funding Gap

Expenditures evolution

in € million	2017	2018	2019 (est.)
Revenues	12,307	12,552	12,918
<i>Growth YoY</i>	1%	2%	3%
Expenditures	13,113	13,296	14,172
<i>Growth YoY</i>	2%	1%	7%
Funding gap	-806	-744	-1,254
<i>% of Revenues</i>	7%	6%	10%

ESA (European System of Accounts) corrections
+ Exceptional expenses (radicalism/security)

Information to be
provided shortly
by the ICN

1,254

ESA 2010 Budget balance	(251)	0
ESA 2010 Budget balance targeted	(300)	(217)
		0

Breakdown of ESA corrections

in € million	2019 (est.)
Balance of the economic grouping	373
Amortizations	10
Underspend	281
Credit granting and equity investments (OCPN nets - codes 8)	453
SWAP operation	75
Others	62
Total ESA Corrections	1,254

Key comments:

- ✓ The forecast of the funding gap without underspending for 2019 is 973 million € . With this figure, the percentage of revenues is 7.5%
- ✓ In 2019, there would be a return to the equilibrium for the ESA 2010 budget balance.
- ✓ ESA Corrections are the figures published in the notification of ICN on 2nd April 2019

Rating Agencies views

MOODY'S

Long Term Rating: A2 – Stable Outlook
Prime-1 short-term rating of its Treasury notes

Credit strengths

- ▲ Positive impact of the sixth state reform on leverage and tax autonomy
- ▲ Robust liquidity position resulting from strong debt and treasury management

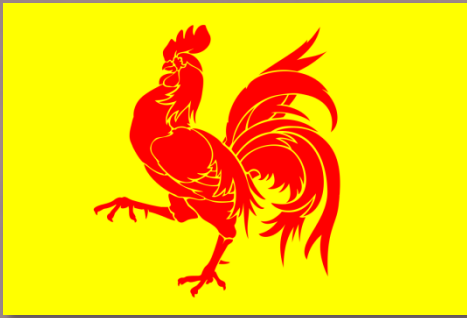
Credit Challenges

- ▼ Relatively large cumulated financing deficit, although on the path to fiscal consolidation
- ▼ Fragile economy compared with that of Belgium

vigeo eiris

As of April 2018, Wallonia's overall Environmental, Social and Governance performance is good (score of 55/100)

- ✓ Wallonia ranks 4th out of 30 in the European Local Authorities sector
- ✓ Wallonia demonstrates a consistent performance, with scores above the sector average in all six assessed domains
- ✓ The local authority's performance is 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



03

Finance strategy
and debt
management



Management principles

Conservative risk management:

- ✓ Appropriate use of derivative financial instruments
- ✓ Optimal distribution between fixed rate and floating rate
- ✓ Principles of prudence, competitive procedure and efficiency of the decision making process

Responsiveness, flexibility, transparency and communication

Levelling of the debt amortisation schedule

Access to funding via a wide range of products (EMTN, SSD, Banking facilities, etc.)

Key figures

Implicit rate: 2.45% as of 31/12/2018

Average life span: 12.42 years as of 31/12/2018

85.09% of the direct debt is at fixed rate as of 31/12/2018

Debit on current account terms: €3,250 million

EMTN Program: €6,000 million as of 31/02/2018

MTN Programs: €3,750 million as of 31/12/2018

Guaranteed Debt (senior): €5,830.80 million as of 31/12/2018

Maastricht Debt Contribution on the 31 December 2017 - expanded perimeter (October 2018 notification): €21,337 million

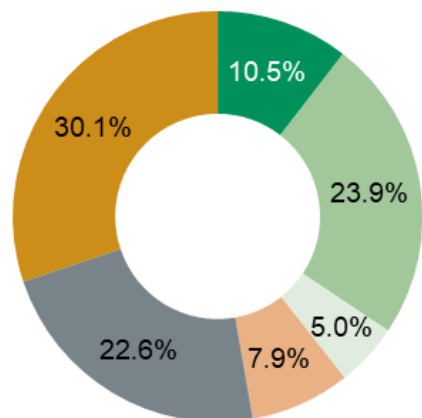
Guaranteed DEBT (Senior) € 5,830.8 million

Entities	Situation 31.12.2017	Situation 31.12.2018
CIW	81.6	81.6
CRAC	144.9	140.9
Ecetia	216.0	0.0
FIWAPAC	645.0	0.0
FLFNW	932.2	964.5
Hôpital psychiatrique Les Marronniers	4.8	4.4
Le Circuit de Spa Francorchamps	18.2	17.3
SOFICO	569.6	606.4
SOWAER	199.1	140.3
OTW (SRWT)	256.0	261.3
SWCS	2,271.5	2,398.9
SWDE	0.0	0.0
SWL	1,231.3	1,215.3
TOTAL	6,570.2	5,830.8

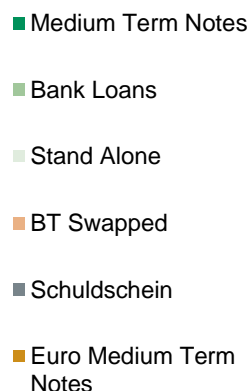
Diversified sources of debt

	31/12/2016	31/12/2017	31/12/2018
Direct Debt (1)	8 402	8 962	10 271
Indirect Debt (SPABS+SWDE+FADELS) (2)	1 586	1 426	1 266
Long Term Regional Debt (3) = (1) + (2)	9 988	10 388	11 537
Debit balance on the current account (4)	280	377	1 008
Contribution of the Public Administration Units (cash pooling) (5)	1 446	845	1 288
Short Term Regional Debt (6) = (4) - (5)	(1 166)	(468)	(280)
Total Regional Debt (7) = (3) + (6)	8 822	9 920	11 257

Long-term Regional Debt – 31/12/2017



Long-term Regional Debt – 31/12/2018



Funding Plan 2017-2019

€ Million	2017	2018	2019 (est.)
Funding gap	806 ¹	744 ¹	1,254 ³
Amortisations	613	678 ²	1,028 ⁴
FUNDING NEEDS	1,419	1,422	2,282
Prefinancing	-984	-578	-210
REALIZATIONS	1,013	1,054	449
EMTN Issues	458	838	290
* Private placement	458	838	290
* Benchmark	0	0	0
MTN Issues	75	26	0
* Private placement	75	26	0
* Commercial Paper			87
Schuldschein	280	115	72
Bank loans	200	75	0

Key comments:

(1) Executed

(2) Including € 25.6 million for the indirect debt (SPABS: Patrimonial companies of administration of the school buildings), € 160 million, for the Fadels (Debt amortization fund for social housing) and € 87.5 million for ECETIA

(3) Underspend estimated: € 281 million and included in the funding gap presented

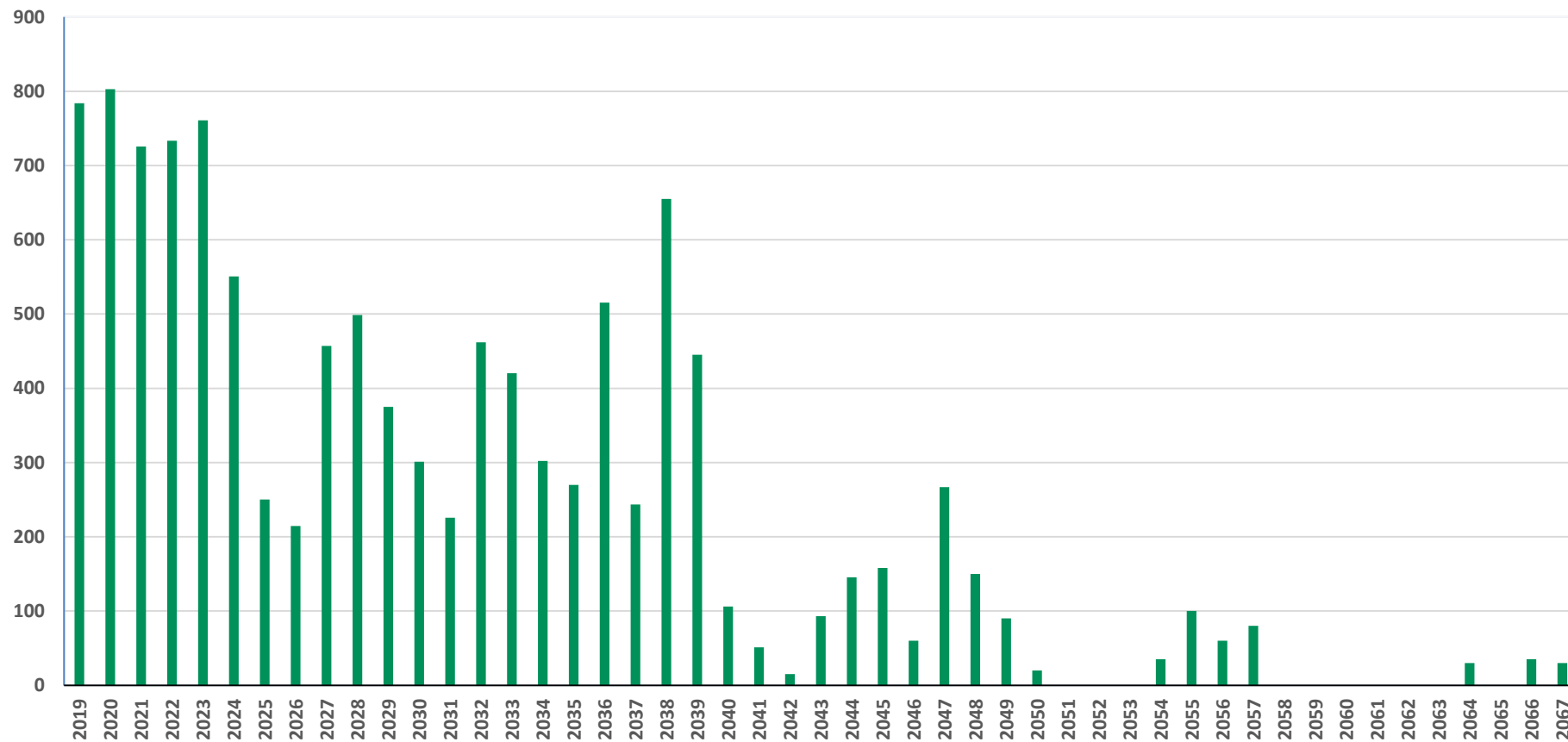
(4) Including € 160 million for the Fadels (Debt amortization fund for social housing) and € 133.8 million for ECETIA

Expected Residual Funding Needs for 2019 :

€1,256.5m

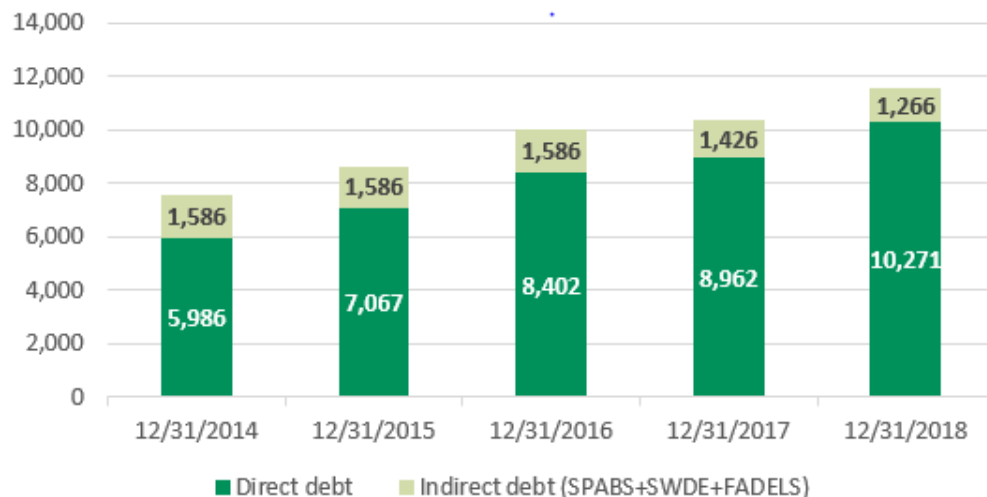
Redemption profile of the direct debt

Annual redemption of the LT-debt in €/million



Additional information on the debt

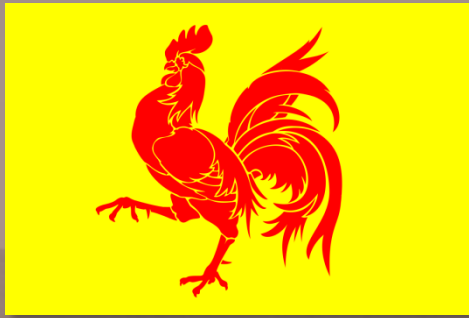
Composition of the direct/indirect debt in € million



La Région wallonne has currently more than 30 banking counterparties in the market to raise its financing.

Outstanding amount in the various programs

Type	Bank	Amount (m€)	Amount Used (m€) as of 31-12-18	Balance (m€)	Conditions
EMTN Program	BNPP, ING, Bar, Belfius, CBC, GS, HSBC, KBC	6,000.0	3,743.0	2,257.0	
Commercial Paper	BNP Paribas Fortis Belfius	3,750.0	1,675.0	2,075.0	Short term Medium and Long term
Schuldschein		2,282.5			
Cashier	Belfius	3,250.0			
TOTAL (in notional)		15,282.5	5,418.0	4,332.0	



04

**Sustainability
development policy**

Scope of Competences (Environmental Responsibilities)

The Belgium federal state and the regions exercise complementary environmental and social responsibilities

	Clean Transport	Energy Efficiency	Renewable Energy	Circular Economy	Living Resources and Land Use
Federal State	Infrastructure investments (national railways, federal buildings)		Supply and storage infrastructures	Product standards (Eco-design, Eco-labelling)	Investments for conservation of marine environment and for protection of endangered wild species due to international trade
	Rail operator financing	Product standards (Eco-design, Eco-labelling)	Off-shore wind financing	Studies and support for pilot projects	
	Fiscal policies				
Regions	ECMM¹	CONCERE/ENOVER², CCPIE/CCIM³, CNC/NKC⁴			
	Waterways, port infrastructure	Investments in public building retrofitting	Investments in renewable energy production	Investments for production and distribution of water	Investments for protection of air and soil, and protection and conservation of nature,
	Public transport and school transport	Support to households investments in energy efficiency	Distribution and location transmission of electricity	Infrastructure for waste management and recycling	
	Taxation on vehicles		Electricity distribution prices		
	Air pollution management and control				

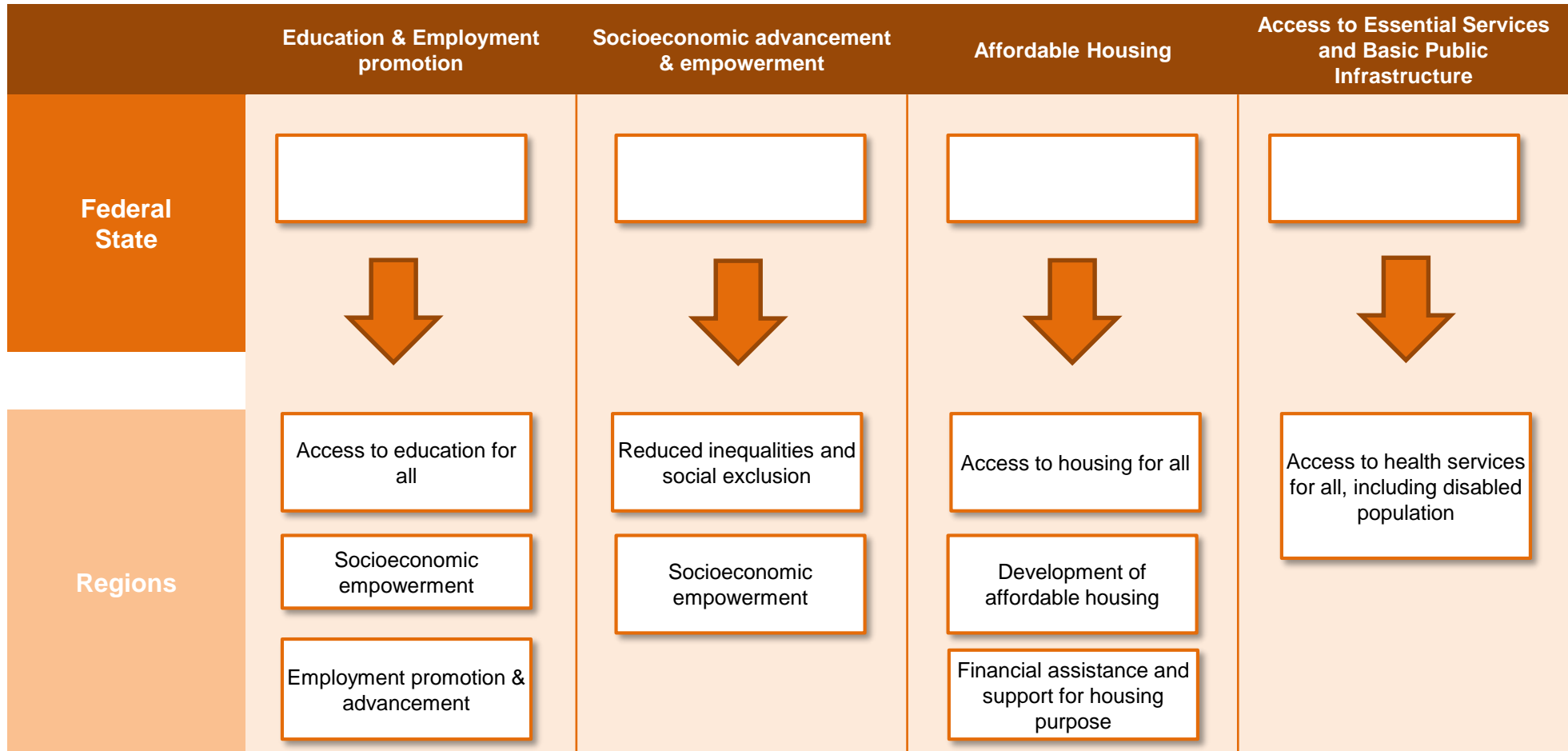
1. Executive Committee of the Ministers in charge of Mobility

2. Concertation sur l'énergie Etat-Régions / Energieoverleg tussen de staat en de gewesten

3. Comité de Concertation sur la Politique Internationale de l'Environnement / Coördinatiecomité Internationaal Milieubeleid

4. Commission Nationale Climat / Nationale Klimaatcommissie

Scope of Competences (Social Responsibilities)



Overview of the Sustainable Direction (SD)

A Sustainable Development Department was **set up in July 2012** by the Walloon Government, and transformed in a Sustainable Direction (SD) in September 2017. The SD undertakes several tasks in order to accelerate the transition of the region towards sustainable development

- ✓ Develop strategic approaches on sustainable development at the regional level and to represent Wallonia on sustainable development issues
- ✓ Enable various actors to integrate sustainable development in their missions and activities, with a focus on improving the sustainability of public services (in particular through the development and implementation of the 2nd Plan of sustainable development)
- ✓ Facilitate the transition of systems, such as food, construction, etc, towards sustainable development

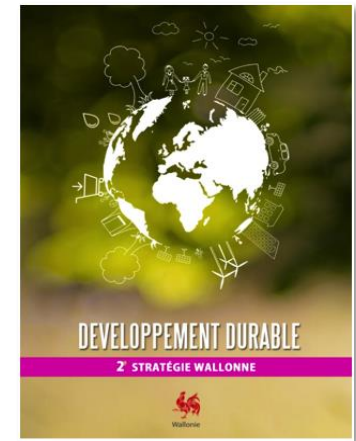
The direction mainly works through the following macro-policies:

- ✓ Walloon Sustainable Development Strategy
- ✓ Sustainable construction
- ✓ Sustainable food
- ✓ Sustainable public purchasing
- ✓ Corporate social responsibility and sustainable management








Overview of the 2nd Walloon Sustainable Development Strategy (WSDS)

- The 2nd Walloon Sustainable Development Strategy (WSDS) was adopted in July 2016. This strategy follows a 1st strategy adopted in October 2013
- The strategy is designed as “a guidance and actions document to promote initiative and consistency for sustainable development in the public policies of La Région wallonne” (art. 2, 2° of the decree)
- The vision of the WSDS is structured around 3 dimensions:
 - ✓ **Here – Living in Wallonia in 2050:** This dimension deals with the ability of the Walloon citizens to enjoy a certain quality of life. This dimension addresses aspects such as health, food, housing, education, employment, goods and services, inequalities
 - ✓ **Elsewhere – Living in the world in 2050:** This dimension focuses on the interdependencies between the Walloon development and the development of the rest of the world
 - ✓ **Later – Living after 2050:** This dimension uses a 3 capital approach to address human well-being and respect of the environment:
 - Natural Capital
 - Human & Social Capital
 - Financial Capital
- The strategy is fully in line with the 2030 Agenda for sustainable development and with the 17 Sustainable Development Goals (SDGs), adopted by the United Nations in September 2015
- Focusing on **People, Planet, Prosperity, Peace & Partnership** (5 Ps)



Environmental and Social Challenges

- La Région wallonne has identified 5 global environmental and social challenges that are at the heart of its environmental and social policies:

Identified Challenges	Eligible Categories of la Region wallonne's Framework
 <p>Food</p>	<ul style="list-style-type: none"> Sustainable Food and Consumption
 <p>Energy</p>	<ul style="list-style-type: none"> Renewable Energy Energy Efficiency and Low Carbon Buildings
 <p>Preservation of Resources and Biodiversity</p>	<ul style="list-style-type: none"> Pollution Prevention and Control Protection of Resources, Land & Biodiversity
 <p>Mobility</p>	<ul style="list-style-type: none"> Sustainable Mobility
 <p>Live together / Fight against Poverty</p>	<ul style="list-style-type: none"> Education and employment promotion Socioeconomic Advancement and Empowerment <ul style="list-style-type: none"> Affordable Housing Access to Essential Services and Basic Public Infrastructure

- Global environmental and social challenges require massive investments and state supports
- La Région wallonne has set a number of objectives and action plans (please see following slides) in order to address these challenges
- La Région wallonne's Green and Social Bond Framework will further support the region in its role of financing the required expenses to achieve its environmental and social mission

Food

The food system is showing more and more critical signals regarding its long-term non-viability. Globalization leads to more outsourcing of the supply process and leads to periodic crises.

- ✓ **Environmental challenge:** Overexploitation of natural resources, CO2 emission
- ✓ **Social challenge:** Malnutrition, junk food and obesity, chronic exposure to synthetic products and loss of biodiversity
- ✓ **Economical challenge:** decline in agricultural employment, indebtedness of producers



- Defining a reference system promoting **sustainable food**
 - ✓ La Région Wallonne has defined a reference system promoting sustainable food in the Strategy “Manger Demain”
 - ✓ Promoting sustainable canteens via a sustainable canteen label
- Supporting the transition to **sustainable production and consumption** patterns across the food chain
 - ✓ Promoting cooperative models
 - ✓ Financing short distribution channels
 - ✓ Supporting family farming through administrative simplification
 - ✓ Encouraging the multiplication of marketing routes for local products
 - ✓ Supporting the supervision of producers in the fight against food waste
- Developing **knowledge and skills** of all stakeholder across the food chain through R&D and professional trainings
- Implementing plans to be more **efficient with the public markets** demand to improve the transition to sustainable food in Wallonia
 - ✓ Setting progressive goals for incorporating sustainable food products into public procurement
- Establishing **food aid** for the most disadvantaged population, through food donation and promotion of local sustainable products in social grocery stores and associations

Supporting Plans

- Walloon program against food loss and waste
- Strategic plan for the development of organic agriculture towards 2020
- Rural Development Program 2014-2020



Energy

The increase in GHG emissions, which are mainly due to excessive consumption of fossil energy, is part of the negative externalities that are responsible for the climate change on the planet and in La Région wallonne. La Région wallonne has set up ambitious objectives in terms of renewable energy and energy efficiency:

- ✓ Wallonia is committed to fulfilling the same climate objectives set at the EU and Belgian Federal State level. 80 to 95% of greenhouse gas emission reduction by 2050 compared to 1990; 35% reduction in 2030 compared to 2005 (non-ETS)
- ✓ In terms of energy production from renewable sources, the Walloon Government is aligned with Belgium's targets (40% of electricity from renewables by 2030)
- ✓ La Région Wallonne encourages energy efficiency in homes and industry/services



La Région wallonne wants to develop and to extend its network in the field of renewable energies while ensuring that all Walloon residents have access to energy

- Promoting **energy savings** through better control and a gradual reduction of energy consumption, for both private and public operators
- Promoting **renewable energies**
 - ✓ Implementing the Territorial Development Code to facilitate the establishment of green energy production sites
 - ✓ Setting up on-shore wind farms in Wallonia
 - ✓ Facilitating the establishment of renewable energy production sites
 - ✓ Supporting the local communities in their actions to promote energy efficiency and renewable energy
 - ✓ Promoting innovative storage solutions, such as using water towers as energy storage units

Supporting Plans

- Plan Air Climat Energie 2030 (PACE 2023-2030)
- Plan national Energie Climat
- The 2016-2021 River Basins Management Plans
- The Biomass-Energy Strategy
- Plan Lumiere



Preservation of Resources and Biodiversity

The unsustainable use of resources has triggered critical scarcities of natural resources causing widespread environmental degradation. In the course of the last 50 years, biodiversity losses occurred more rapidly than during all previous periods of human history.

Aware of these challenges around natural resources and biodiversity, La Région Wallonne has set objectives, in line with the objectives set at the EU level:

- ✓ Target of 17% of continental protected areas by 2020
- ✓ 50% of paper / metal / plastic / glass recycled by 2020
- ✓ La Région Wallonne aims to compost 100% of organic waste by 2025



- Enhancing and facilitating the **use of local natural resources**:
 - ✓ Promoting local and participative projects to maintain, develop and restore biodiversity at the municipal level (maintenance and conservation of forest trails and canal walkways, spaces and habitat protection, natural reserves management,...)
 - ✓ Awareness campaigns
- Improving the **efficient use of resources**:
 - ✓ Supporting the traceability of waste
 - ✓ Implementing assessment tool for the environmental performance of building components
 - ✓ Supporting the use of biomass
- Encouraging **recycling** and **circular economy**
- Better managing of **water and wastewater**, setting up a new water quality improvement for inhabitants in Wallonia
- Protecting **biodiversity and landscape**:
 - ✓ Protection of the water ecosystem (such as Fish ladder in the Mosan Basin)
 - ✓ Promoting the creation of shared gardens and vegetable gardens / parks in public or public service structures

Supporting Plans

- Walloon Plan for Waste-Resources
- Forest Management Plans
- Regional Water Resources Scheme
- Regional scheme of water resources
- Management Plans by Hydrographic District 2016-2021
- The Municipal Plan for the Development of Nature



Mobility

Due to the globalization, mobility became of primary importance.

- ✓ Social challenges: reduce inequality and provide safe travel for all
- ✓ Economic challenges: traffic jam's cost for the society
- ✓ Environmental challenges: Premature deaths attributed to outdoor air pollution coming from the transport sector.



La Région wallonne aims at reducing traffic congestion and related environmental nuisances, while improving access to all, by developing multimodal units and clean transport infrastructures



- Promoting mobility through the development of **public transport**:
 - ✓ Carpooling
 - ✓ Cyclo-pedestrian infrastructures for daily use including Ravel
 - ✓ Public transport: new lines, adaptation of existing ones
 - ✓ Public transport: clean sites and greening of the fleet

- Improving the fluidity of people's exchanges through the development of **multimodal units**:
 - ✓ Buildings multimodal platforms to facilitate the inhabitant's mobility
 - ✓ Buildings and secure bus-car-bike parking areas
 - ✓ Arrangement (bus, bicycle and pedestrians) of roads to and from the platform
 - ✓ Shared car rental, bicycles
 - ✓ Services: wifi, coworking, snacks
 - ✓ Energy: post-diesel charging stations, photovoltaic production

- Gauging by dredging of **waterways**:
 - ✓ Promoting the freight transport by the waterways side
 - ✓ Reducing road freight transport in Walloon Region

- Encouraging the production of **biofuels**

Supporting Plans

- The Walloon F.A.S.T. 2030 Plan
- Investment Walloon Plan - PWI (2019 – 2024)
- Infrastructure Plan
- National Action Framework for the Development of the Alternative Fuels Market in the Transport Sector



People Transport Target		Freight Transport Target	
2017	2030	2017	2030
Walk 3%	Walk 5%	Railway 4%	Railway 7%
Bicycle 1%	Bicycle 5%	Water 14%	Water 18%
Bus 4%	Bus 10%	Road 82%	Road 75%
Train 9%	Train 15%		
Car 83%	Car 60%		
Carpooling	Carpooling		
Average load 1.3	Average load 1.8		

Live together / Fight against Poverty

La Région wallonne has seen social inequalities increase for several years. The Walloon authorities have defined 3 challenges that explain the increase in poverty.

- ✓ **Housing challenge:** The inequality of access to quality property, the increase of cost
- ✓ **Healthcare challenge:** 1/5 of the population has postponed or renounced health care services for financial reasons
- ✓ **Family policy challenge:** Child poverty risk and possible discrimination

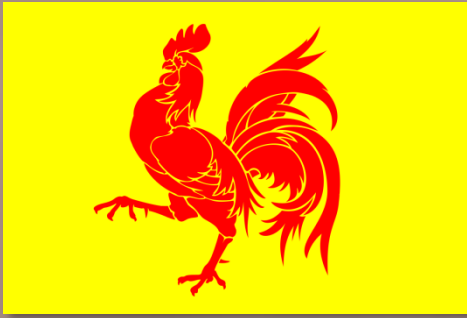
Supporting Plans

- The Walloon anti-poverty plan
- The Social Cohesion Plans

La Région wallonne aims at sharply reducing social inequality via concrete actions to fight against poverty.

- Promoting the fight against poverty by improving **housing** accessibility
 - ✓ Contributing to the improvement of living conditions
 - ✓ Promoting and supporting the concept of 'living together' through the development of New Neighborhoods / New Towns projects
 - ✓ Supporting the purchase and renovation of housing thanks to Public Administration Units, such as the FLW, SWCS and SWL
 - ✓ Supporting awareness campaigns promoting affordable housing
- Improving the access of disadvantaged people to **health services**
 - ✓ Supporting the installation of general practitioners in areas in shortage and socio-economically disadvantaged
 - ✓ Enhancing price transparency in nursing homes
 - ✓ Increasing the access of precarious publics to preventive medicine devices
- Setting up **family policies** to help people in difficulty:
 - ✓ Better distribution of family allowances
 - ✓ Inclusion of single-parent families in the future model of family allowances
 - ✓ Improving access to homemakers and sick-child-care services in order to relieve working parents
- Facilitating access to **education** for all through the creation of education and vocational training programs.
 - ✓ Developing of professional transition programs by FOREM institution
 - ✓ Developing alternating training for students by IFAPME institution
- Setting up programs, initiatives and projects to promote **socioeconomic advancement and empowerment** to reduce inequalities and social exclusion
 - ✓ Developing several services to fight against poverty (Local Development Actions, Walloon Social Credit Agency, RWLP actions...)
 - ✓ Supporting to social insertion programs





05

Green and social
framework



Sustainability Bond Framework Overview

➤ In line with the **Green Bond Principles** and **Social Bond Principles (2018)**







➤ Framework reviewed by **Vigeo eiris**






➤ The Framework and Second Party Opinion are available on the Region's website <https://www.wallonie.be/sustainabilitybond2019>

<p>1. Use of Proceeds</p>	<ul style="list-style-type: none"> ▪ 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 ▪ Eligible Green Categories: Renewable Energy, Energy Efficiency & Low Carbon Buildings, Sustainable Mobility, Pollution Prevention and Control, Sustainable Food & Consumption, Pollution Prevention and Control and Protection of Resources, Land and Biodiversity ▪ 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
<p>2. Process for Project Evaluation and Selection</p>	<ul style="list-style-type: none"> ▪ The selection of Eligible Green and Social Expenditures is annually managed by an Inter-Ministerial Working Group (the "Sustainability Committee") ▪ Each time required, the Committee will request expertise support from Walloon public agencies in charge of key environmental and/or social expenditures ▪ The Sustainability Committee is responsible to i) select and review the pool of Eligible Green & Social Expenditures, ii) validate the effective disbursed amounts of Eligible Expenditures at the end of each fiscal year, iii) update the Framework (when necessary) & iv) decide for new issuances under the Framework
<p>3. Management of Proceeds</p>	<ul style="list-style-type: none"> ▪ Tracking the allocation of the bond proceeds will be done by the Sustainability Committee ▪ Eligible Green and Social Expenditures from the current year (Current Expenditures) and the previous year (Recent Expenditures) ▪ In order to avoid any possible double counting, the Sustainability Committee will make sure that only expenditures net of any EU programs, the Belgian Federal State grants, or other revenues earmarked for specific purposes, are eligible
<p>4. Reporting</p>	<ul style="list-style-type: none"> ▪ Allocation and impact report ▪ Annually until full allocation ▪ An independent auditor will be appointed by La Region Wallonne to ensure that the (re)allocation of net proceeds, the unallocated amount and the reporting commitments are compliant with the Framework






Eligible Green Categories (1/3)

	Scope & definition for Eligible Green Expenditures	Examples of Projects	Environmental Benefits	RW's identified Challenges
<p>Renewable Energy</p> 	<ul style="list-style-type: none"> Projects aiming at developing the production and use of renewable energy 	<ul style="list-style-type: none"> Solar energy, on-shore wind energy, geothermal R&D subsidies dedicated to renewable energy development in public or private entities 	<p>Climate Change Mitigation</p>	
<p>Energy Efficiency and Low Carbon Buildings</p> 	<p>Projects aiming at reducing the energy consumption of:</p> <ul style="list-style-type: none"> Public lighting and street signals Heating systems through renovation Existing and New facilities / buildings 	<ul style="list-style-type: none"> Public sector investments and premiums & actions for private individuals as UREBA. Ecopacks Subsidies for companies: energy audit and feasibility studies for industries (AMUR) All projects to support LED lighting, replacement of energy consuming appliances, high efficiency boilers, smart metering, roof/wall/floor thermal insulation PEB certification LED-lighting in public areas (excl. PPP) Tax credits for individuals investing in energy efficiency matters 	<p>Climate Change Mitigation</p>	





Eligible Green Categories (2/3)

	Scope & definition for Eligible Green Expenditures	Examples of Projects	Environmental Benefits	RW's identified Challenges
<p>Sustainable Mobility</p> 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Public transportation (metro, tramway, electric or hydrogen bus) Multi-modal transportation for passengers -- Multi-modal transportation for goods (river/waterway transport, railway) -- Support to new low carbon vehicles and vehicles investments shift to environmental standards Ride-sharing programs, smart mobility system Extension of bicycle routes network and pedestrian walkways Charging infrastructure (electrical terminals) 	<p>Climate Change Mitigation</p>	
<p>Pollution Prevention and Control</p>  	<ul style="list-style-type: none"> Projects of waste prevention, reduction, collect, recycling and sustainable treatment 	<ul style="list-style-type: none"> Regional Plan for waste management, covering the whole waste value chain (collection, sorting, recycling, reuse,...) Supporting waste value added products from waste R&D subsidies dedicated to sustainable waste treatment (recycling channels, treatment and control systems,...) Reduction of agricultural waste (biowaste transformation into energy) Support measures for the recovery of household and non-household waste 	<p>Climate Change Mitigation</p> <p>Pollution prevention and control</p>	





Eligible Green Categories (3/3)

	Scope & definition for Eligible Green Expenditures	Examples of Projects	Environmental Benefits	RW's identified Challenges
<p>Sustainable Food and Consumption</p> 	<p>Projects aiming at reducing impacts from food production and consumption:</p> <ul style="list-style-type: none"> ▪ Development of short circuits/local food systems ▪ Development of sustainable / organic agriculture ▪ Environmentally friendly products 	<ul style="list-style-type: none"> ▪ Promotion of Environmentally friendly products (“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 	<p>Climate Change Mitigation</p> <p>Natural resources protection</p>	
<p>Protection of Resources, Land & Biodiversity</p>  	<ul style="list-style-type: none"> ▪ 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 la Région Wallonne -- ▪ Soil decontamination Restoration, rehabilitation of brownfields areas -- ▪ Climate change Projects aiming at reducing the impacts of climate change, 	<ul style="list-style-type: none"> ▪ Schéma Directeur of Security of Water Supply -- ▪ Natural parks & “green areas”, “Natura 2000” ▪ Water (“Les contrats de rivières” Ruissellement & Erosion”) ▪ Subsidies for awareness & protection of natural and rural places -- ▪ Environmental rehabilitation of industrial brownfield areas ▪ Decontamination actions -- ▪ 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 	<p>Natural resources protection</p> <p>Biodiversity and Natural resources protection</p> <p>Pollution prevention and control</p> <p>Adaptation to climate change</p>	

Eligible Social Categories (1/2)

	Scope & definition for Eligible Social Expenditures	Examples of Projects	Social Benefits	RW's identified Challenges
<p>Education and employment promotion</p> 	<ul style="list-style-type: none"> ▪ Dedicated education and vocational training programs, initiatives and institutions <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Unemployed people • Young people <p>--</p> <ul style="list-style-type: none"> ▪ Programs, initiatives and institutions dedicated to promotion of job creations, return to employment and labour market entry opportunities <p><u>Target populations:</u></p> <ul style="list-style-type: none"> • Unemployed people 	<ul style="list-style-type: none"> ▪ FOREM: Professional transition programs (CEP – PFI) ▪ IFAPME : alternating training (students), training for jobs in short supply (1/3 of all training sessions) <p>--</p> <ul style="list-style-type: none"> ▪ FOREM : SESAM, PTP, SINE, AirBag, CISP, MIRE 	<p>Access to education for all socioeconomic empowerment</p> <p>Employment promotion and advancement</p>	
<p>Socio-economic advancement and empowerment</p> 	<ul style="list-style-type: none"> ▪ 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><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 	<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 (MEBARII)) ▪ Support to insertion programs 	<p>Reduced inequalities and social exclusion</p> <p>Socioeconomic empowerment</p>	

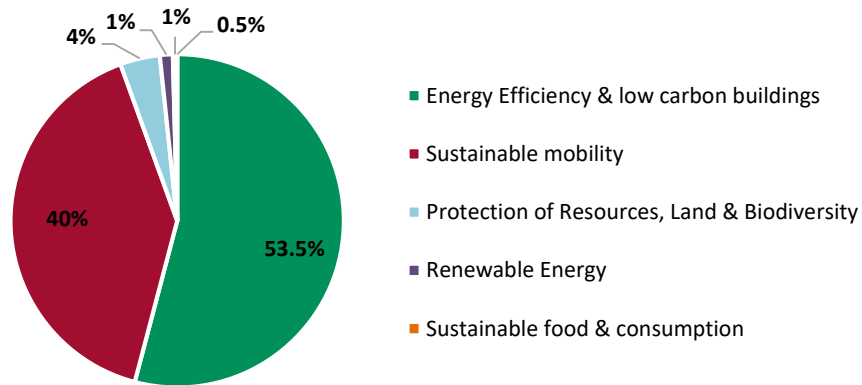
Eligible Social Categories (2/2)

	Scope & definition for Eligible Social Expenditures	Examples of Projects	Social Benefits	RW's identified Challenges
<p>Affordable housing</p> 	<ul style="list-style-type: none"> Direct financing to dedicated social housing agencies <p><u>Target populations:</u></p> <ul style="list-style-type: none"> Low-income people <p>--</p> <ul style="list-style-type: none"> 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><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) 	<ul style="list-style-type: none"> Support social housing landlords FLW, SWCS, SWL <p>--</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 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 housing for all</p>	
<p>Access to Essential Services and Basic Public Infrastructure</p> 	<ul style="list-style-type: none"> 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><u>Target populations:</u></p> <ul style="list-style-type: none"> General citizens of la Région wallonne 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 Services Funding of Health Facilities R&D subsidies dedicated to healthcare projects Construction of rural centers Psychiatric Care Centers Dedicated public transport and/or access facilities for people with disabilities 	<p>Access to health services for all</p>	

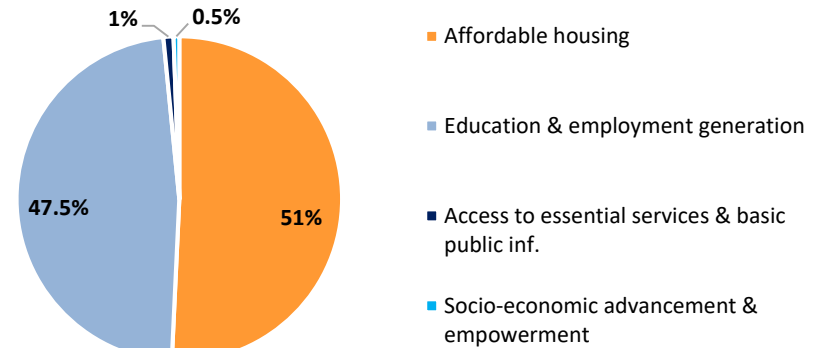
Portfolio of Eligible Expenditures

➤ EUR 1.3 bn of Green and Social Eligible Expenditures

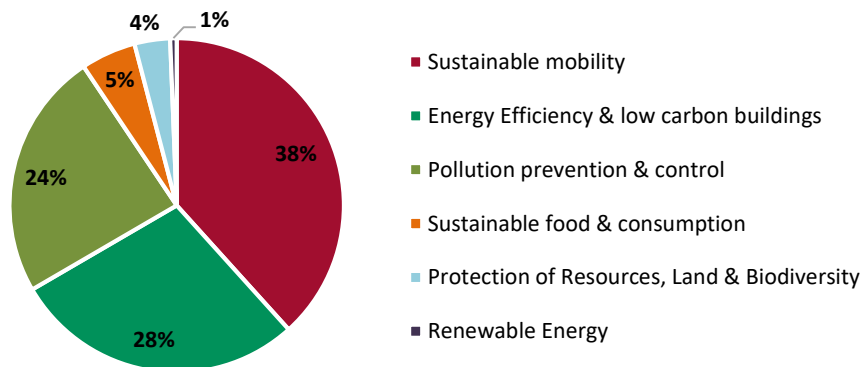
Breakdown by Eligible Green Category in 2018 (12%)



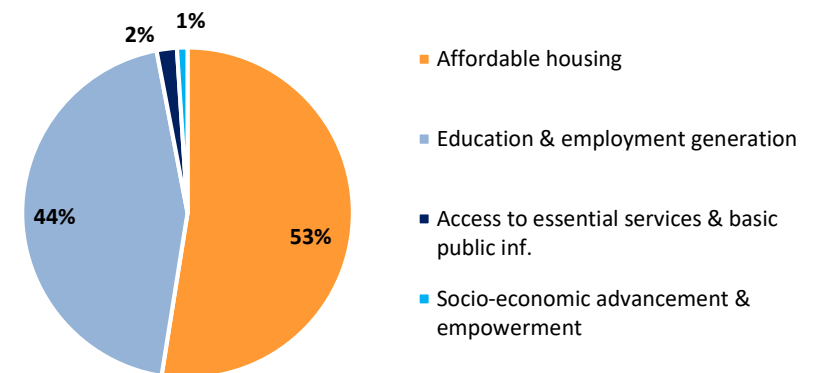
Breakdown by Eligible Social Category in 2018 (30%)



Breakdown by Eligible Green Category in 2019 (25%)



Breakdown by Eligible Social Category in 2019 (33%)



Examples of Eligible **Green** Expenditures



Project Name : Setting of the lock complex Ampsin - Neuville
Owner : SPW Mobility & Infrastructure (Waterways)
Location : River basin of the Meuse, between Namur and Liège
Amount : EUR 45 million (2018 – 2019)
Completion date : until 2023 (total budget of EUR 164 million)
Category: Sustainable Mobility

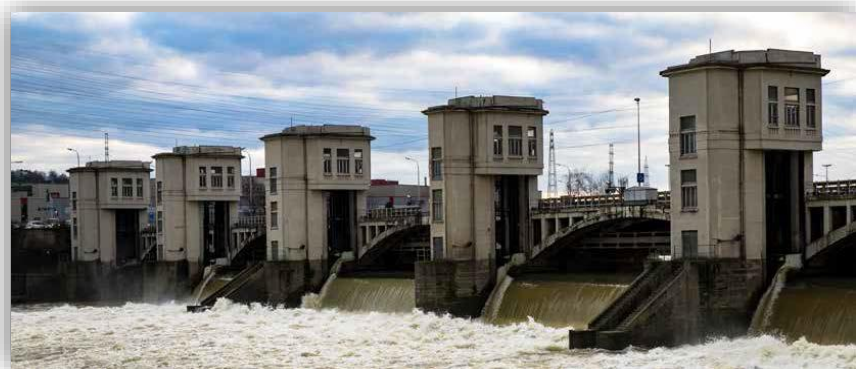
- Building 2 new locks on the Meuse (225m x 25m /class CEMT VIb) (225m x 12.5m /class CEMT Vb)
- Building a new fish ladder (artificial river) - Build a new cycling footbridge – Adapting left & right banks
 - ✓ Being the 3rd largest lock in Wallonia, the complex is part of the **Trans European Transport Network (TEN-T)**
 - ✓ Improving the navigation on the Middle Meuse towards Antwerps & Rotterdam ports, contributing to **transfer road traffic to waterways** (from 10 mn tons today to 25 mn tons in 2050)



Project Name : Fish ladders for salmon and eel
Owner : SPW Mobility & Infrastructure (Waterways)
Location : fish ladders in the River basin of the Meuse
Amount : EUR 3 million (only 2018 – 2019)
Completion date : until 2024 (over 15 million in total)
Category: Protection of Resources, Land & Biodiversity

- Restore ecological continuity (upstream / downstream migration). Restore habitat (spawning & nursery).
- Stock juvenile fishes. Monitor returns. Prevent illegal fishery.
- Walloon Region involved in international cooperation on basin level (France – Netherlands)
 - ✓ River Basin management of the Meuse in line with EU Water Framework Directive (WFD)

Examples of Eligible **Green** Expenditures



Project Name : Renovation of the centennial dam of Monsin
Owner : SPW Mobility & Infrastructure (Waterways)
Location : River basin of the Meuse in Liège
Amount : EUR 19.8 million (2018 – 2019)
Completion date : until 2021 (total budget EUR 45.8 million)
Category: Climate Change Adaptation

- Renewal of the 6 sluices, with a rhythm of 2 sluices a year to protect the dam efficiency during construction works
 - ✓ Maintaining the water level necessary for navigation on the Meuse and the Albert canal
 - ✓ Protect the city of Liège against floods in case of rising waters



Project Name : PIVERT – Green Investment Plan
Owner : SWL
Location : All over the Walloon territory
Amount : EUR 44.8 million (2018 – 2019)
Completion date : until all social housing have been 2021 (total budget of EUR 400 million)
Category: Energy Efficiency & Low Carbon Buildings



- SWL allows about **220,000 people** (6% of the Walloon population) to realize their right to decent housing.
- Managing **87% of social housing in Wallonia**, SWL has is using the PEI plan and PIVERT plan to renew totally or partially over 47 000 of its social housing.
 - ✓ Since 2017, the PIVERT 2 Plan targets the highest consumption dwellings and is fundamentally focussing on insulation works and energy renovation

Examples of Eligible **Social** Expenditures



Project Name : CISP – Socio-Professional Insertion Centers

Owner : FOREM (Office Wallon de la Formation Professionnelle et de l'Emploi)

Location : 157 accredited centres across Wallonia territory

Amount : EUR 160 million (2018 – 2019)

Completion date : long term renewable subsidies (at least 2024)

Category: Education & Employment Promotion



- Basic & professional training for trainees away from employment
- Key training areas: literacy, personal development, building, hospitality, green crafts, personal services, secretarial services and commerce.
 - ✓ CISP are screened by SPW in charge of Training & Employment, then accredited by the Ministry of Employment
 - ✓ CISP are working in close collaboration with the CPAS (local welfare agencies)

Targeted Population:

- Any person not subject to compulsory education, having at most a second-level secondary school certificate or equivalent qualification and enrolled in the Forem as unemployed jobseeker for at least 18 months during the 24 months preceding the date of entry into training (16,000 trainees in 2018 for 6 million training hours)
- Any person being recognized with at least 33% incapacity for work

Examples of Eligible **Social** Expenditures



Project Name : Renopack Plan

Owner : SWCS (Société Wallonne du Crédit Social)

Location : covering the Walloon territory

Amount : EUR 68.5 million (2018 – 2019)

Completion date : long term renovation subsidies (at least 2024)

Category: Affordable Housing



- Premium & 0% Loans granted to help owners renovate their existing housing
- To benefit from Renopack for social housing, the owner should comply with maximum yearly family taxable income (RIG).
 - ✓ Owner of a social housing, which should have been occupied since at least 10 years
 - ✓ CISP are working in close collaboration with the CPAS (local welfare agencies)

Targeted Population:

- For the the target of the Walloon inaugural bond, la Région wallonne has decided to fix an eligibility factor, i.e. Renopack allowances (loans & premium) will only be granted to beneficiaries proving that their effective family yearly taxable income will fall into the two lowest categories of revenue, i.e. category 1 (up to € 23,000.00) and category 2 (up to € 32,700.00).

Process for Project Evaluation and Selection

- La Région Wallonne has created the “Sustainability Committee” to oversee its Sustainability Bond Framework
- The role of the Sustainability Committee will be to:
 - ✓ Select and review the pool of Eligible Expenditures
 - ✓ 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 (when necessary)
 - ✓ Decide for new issuances under the Framework
- The Sustainable Committee will meet at least twice a year
- Each meeting will be documented with a report and a record of decision

Members of the Sustainability committee:

- The Ministry of Budget (Chaired)
- Division in charge of Financing and Treasury
- Division in charge of Regional Sustainable Development Plan

Management of Proceeds

- The tracking of Eligible Green and Social Expenditures will be done by the operational team within the Sustainability Committee
- **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
- A register will be established to monitor the allocation of proceeds to the Eligible Expenditures ensuring that the allocation of proceeds will not allow for listing of the same budget allocation twice
- Full allocation of the net proceeds to Eligible Green and Social Expenditures will be done within 12 months after bond issuance
- Pending the full allocation of the net proceeds, the Sustainability Committee will keep record of the remaining balance of unallocated Green and Social Bonds proceeds and will invest such unallocated amount in money market products (when possible with ESG criteria) as per La Région Wallonne's Treasury Policy
- Only expenditures net of any EU (CEB – BEI – FEDER) or Federal State grants, or any other revenues earmarked for specific purposes, are eligible.

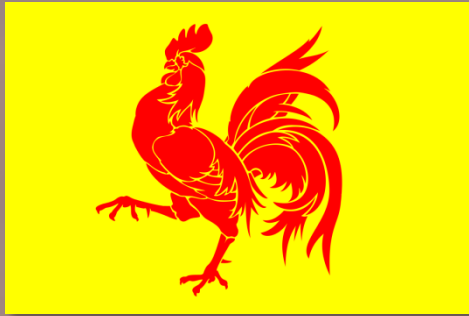
Reporting

- Annually (in line with the annual budgetary review)
- An independent auditor will be appointed by La Region wallonne to ensure that the (re)allocation of net proceeds, the unallocated amount and the reporting commitments are compliant with the Framework
- The **allocation report** will include:
 - ✓ The aggregated amount of (re)allocation by eligible category and sub-category
 - ✓ Brief list & description of some eligible projects
 - ✓ Balance of unallocated proceeds (if any)
 - ✓ Share of financing vs refinancing

▪ Impact report:

Eligible Green Categories	Examples of output Indicators	Impact indicators
Renewable energy	- Renewable energy capacity installed in GW or MW - annual renewable energy generated or expected in MWh	- Estimated annual GHG emissions avoided (in tCO2e) - Energy savings (KWh saved/reduced)
Energy efficiency & Low Carbon Buildings	- Number of newbuilts/renovated buildings - Number of beneficiaires	
Land and biodiversity conservation	- Ha/Number of green areas or Protected Natural Park, being opened improved, replanted, reforested - Number or programs and/or initiatives related to biodiversity protection	
Sustainable mobility	- Number of additional public transport users - Distance of additional multimodal transportation for passengers and for goods (km)	
Sustainable Food	- 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	- Amount of recycled or composted waste (tone) - Ha/Number of restored/decontaminated areas	- Waste recycling rate (%)
Sustainable water management	- Water savings (m3) - Volume of wastewater treated (m3)	
Climate change adaptation	- Number of people benefiting from resilient infrastructure	

Eligible Social Categories	Examples of reporting indicators
Education and Employment Generation	- 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	- Number of individuals or families benefiting from specific programmes
Affordable Housing	- Number of projects housings - 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	- 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 services centers



06

**Green and social
bond transaction
summary**



Key credit highlights



Transaction overview

Issuer	La Région wallonne
Rating	A2, Stable (Moody's)
Format	Dematerialized form
Timing	Expected April
Size	Eur Benchmark
Maturity	Intermediate and/or long dated
Coupon	[] %, annual
Denominations	100,000 Eur
Documentation	Eur 6 bn EMTN programme dated 28 June 2018
Listing / Governing Law	Luxembourg Stock Exchange, 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). No PRIIPs key information document (KID) has been prepared as this issuance is not considered to be a packaged retail investment product.
Sustainable Structuring Advisors	BNP Paribas & Natixis
Joint-Bookrunners	Belfius, BNP Paribas, HSBC, LBBW, Natixis