



GREEN AND SOCIAL BOND

Région Occitanie's Green and Social Bond Framework

REGION OCCITANIE

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I – Background for Région Occitanie’s Green and Social Bond

As a result of the January 1st, 2016 reform, Région Occitanie was created as a merger of the former Languedoc Roussillon and Midi Pyrénées Regions, and has become the second largest Region of metropolitan France (13.2% of metropolitan territory). The region comprises 13 departments and more than 4 500 municipalities. The territory is rich in varied landscapes and climates, with 2 mountain chains and more than 220 kilometres of Mediterranean coasts. With nearly 5.8 million inhabitants, the Region is the 5th most populated region in France and its attractiveness results in one of the most demographically dynamic regions in the country. 2 of the 13 departments have a population above 1 million inhabitants: Haute Garonne (1.356 million) and Hérault (1.137million), with 2 metropolises Toulouse and Montpellier.

On the strength of this new expanded territory, Région Occitanie has seized the opportunity to redefine its policies, and to embed sustainable development, improvement of quality of life of its inhabitants and job creations into the core of its priorities. As an example, the multi-annual 2016-2021 investment plan for Lycées¹ amounts to EUR 1 billion and will be dedicated to the energetic rehabilitation of the 225 existing High Schools located on the regional territory, and to the construction of new energy-positive High Schools.

Furthermore Région Occitanie has affirmed an ambition to become the first energy-positive region in Europe, and to engage resolutely in an energy transition in many fields including territorial development, **mobility, transports, construction and renovation of buildings and housings, renewable energies and information and mobilisation of citizens.**

Beyond these projects, the functioning of the Region places great emphasis on to participatory democracy at the service of regional development as well as the construction of a common identity. Citizen’s consultation can be illustrated by the Etats généraux du rail et de l’intermodalité² (open floor for rail transport users to define priority projects), the constitution of a Parlement de la Montagne on the model³ of the existing Parlement de la Mer (forums for local stakeholders), the establishment of a Conseil régional des jeunes⁴ (emergence of projects on the initiative of High School students), the establishment of an assembly of territories (consultations, exchange of experiences and experiments), implementation of participatory budgets, etc... In a similar vein, Région Occitanie has launched in 2018 a large consultation of citizens on food, identified as a major regional cause.

The regions’ competencies on ecological and energy transition have been recently reinforced with the laws voted on August 7th, 2015 (Loi sur la Nouvelle Organisation Territoriale de la République – NOTRé -), and on August 17th, 2015 (Loi sur la Transition Énergétique pour la Croissance Verte – LTECV -). French regions are now key players for the implementation of policies on energy, air quality and climate, alongside the State.

¹ High Schools

² General States of Rail and Intermodality

³ Parliament for the Mountain

⁴ Youth Regional Council

Strengthening solidarities and social links is also at the heart of Région Occitanie's priorities.

In order to address these challenges, the Region has set the following goals :

- Ensure an **equal access to resources, to employment, to healthcare services, to culture, to local services, to local democracy...**,
- Foster **the development of social ties / promote the creation of social ties, exchanges and intercultural solidarities between generations and territories,**
- **Fight against any type of discrimination,**
- **Revitalise rural areas and underprivileged neighbourhoods,** etc.

The issuance of Green and Social Bonds is a mean to match the funding of Région Occitanie with its ambitions of sustainable development, as well as to communicate to the general public and institutional investors on its commitments.

II – A Green and Social Bond Framework in line with the « Green Bond Principles »

Région Occitanie's Green and Social Bond Framework is in line with the 4 pillars of the "Green Bond Principles" 2018⁵, of the "Social Bond Principles" 2018⁶, and of "the Sustainability Bond Guidelines" 2018⁷ :

1. Use of proceeds

The net proceeds of the Green and Social or Bond will be used to finance or refinance, in whole or in part, Région Occitanie's investments expenses in "Eligible Green and Social projects" grouped in the following 4 categories :

- Ecological and energy Transition Natural Resources Protection,
- Social Action,
- Education and culture.

All eligible projects are located in Région Occitanie (France).

Funds will mainly be allocated to the financing of investment expenditures corresponding to the current and following fiscal year of the Green, Social or Sustainability Bond issuance. Refinancing will be limited to investment expenses of the fiscal year preceding the bond issuance.

The "Eligible Green Projects" financed by Région Occitanie's Green and Social Bond are the following :

⁵ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁶ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

⁷ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

Eligible Categories	Sub categories	Environmental Benefits	Projects Examples
Ecological and energy Transition	Building energy efficiency : <ul style="list-style-type: none"> • Construction of energy-saving new buildings • Energy renovation/retrofit of existing buildings (insulation and installation of renewable energy power production systems of) 	Climate change mitigation <ul style="list-style-type: none"> • Reduction of greenhouse gas emissions • Energy savings 	<ul style="list-style-type: none"> • Construction of positive energy High School buildings⁸ • Energy renovation / retrofit of existing High School buildings⁹ • « Eco-chèques » program for the energy renovation of housing
	Renewable energies : <ul style="list-style-type: none"> • Wind • Photovoltaic • Biomass • Hydro-electricity¹⁰ 	Climate change mitigation <ul style="list-style-type: none"> • Reduction of greenhouse gas emission • 	<ul style="list-style-type: none"> • Investments grants for the installation of renewable energy power generation capacities. • Financing of the Regional Agency for Energy and Climate
	Public Transport and Sustainable Mobility : <ul style="list-style-type: none"> • Rail infrastructure (construction, renovation and modal shift development) • Acquisition of new electric rolling stock. 	Climate change mitigation <ul style="list-style-type: none"> • Reduction of greenhouse gas emission • Energy savings 	<ul style="list-style-type: none"> • Investments in the regional rail network • Acquisition of new electric rolling stock
Natural Resources Protection	Sustainable water management : <ul style="list-style-type: none"> • Water distribution infrastructures • Flooding risk prevention infrastructures 	Climate change adaptation <ul style="list-style-type: none"> • Securing sustainable access to water • Flood prevention 	<ul style="list-style-type: none"> • Aqua Domitia : extension of regional hydraulic network • Plan Rhône for the flood prevention

⁸ With geothermal heating systems. For national and international standards applied, see appendix 1.

⁹ By promoting the installation of wood-fired boilers fuelled with locally produced wood (short supply chain).

¹⁰ As part of the Energy Program, which only provides maintenance and renovation of already existing capacities.

The “Eligible Social Projects” financed by Région Occitanie’s Green and Social Bond are the following :

Eligible Categories	Sub categories	Social Benefits	Projects Examples
Social Action	<p>Health</p> <ul style="list-style-type: none"> • Equal access to healthcare services on the territory <p><u>Targeted population</u> : Inhabitants of territories subject to medical desertification risk</p>	<p>Access to healthcare services for everyone</p> <ul style="list-style-type: none"> • Fight against medical desertification 	<ul style="list-style-type: none"> • Care Homes, Care Centers.
	<p>Health and social training</p> <ul style="list-style-type: none"> • Construction and renovation of health and social training facilities' buildings <p><u>Targeted population</u> : Students in health and social training programs</p>	<p>Access to healthcare and social welfare trainings for everyone</p> <ul style="list-style-type: none"> • Development of training offer on the territory • Healthcare staff training 	<ul style="list-style-type: none"> • Construction and renovation of health and social training schools facilities(ex : IFSI/IFAS¹¹ in Montauban)
	<p>Accessibility to public buildings and infrastructures</p> <ul style="list-style-type: none"> • Adapting the of access to public buildings and infrastructures <p><u>Targeted population</u> : Persons with disabilities</p>	<p>Access to public buildings and infrastructures</p> <ul style="list-style-type: none"> • Access to public buildings • Access to public transport 	<ul style="list-style-type: none"> • High Schools premises adaptation (<i>access ramps, signage, elevators...</i>) • Transport infrastructure adaptation (Railway stations, rolling stock and buses) (<i>access ramps, signage, elevators...</i>)

¹¹ Relocation of IFSI/IFAS on the campus.
IFSI/IFAS : Institut de Formation en Soins Infirmiers et Institut de Formation Aide-soignant

Eligible Categories	Sub categories	Social Benefits	Projects Examples
Social Action	<p>Student / Social housing</p> <ul style="list-style-type: none"> Support the increase of social housing supply <p><u>Targeted population</u> : Low income population¹²</p> <ul style="list-style-type: none"> Support the increase of the offer of student housing <p><u>Targeted population</u> : Students¹³</p>	<p>Access to housing for everyone</p> <ul style="list-style-type: none"> Development of the social housing supply Development of the student housing supply 	<ul style="list-style-type: none"> Aid for the construction of new social housings Aid for the construction of new student housings Aid for the energy renovation of the existing social/student housings
	<p>Investments in small sport clubs¹⁴</p> <ul style="list-style-type: none"> Equipment financing for small sports clubs <p><u>Targeted population</u> : All audiences</p>	<p>Access to sport facilities for everyone</p> <ul style="list-style-type: none"> Preservation and consolidation of the social and territorial link 	<ul style="list-style-type: none"> Aid for the acquisition of small sport equipment
Education and culture	<p>Support services for youth and students :</p> <ul style="list-style-type: none"> School books <p><u>Targeted population</u> : High school pupils</p> <ul style="list-style-type: none"> Laptops <p><u>Targeted population</u> : High school students and apprentices / with income criteria</p>	<p>Access to education for everyone</p> <ul style="list-style-type: none"> Knowledge promotion 	<ul style="list-style-type: none"> Grant for school books and laptops purchase

¹² As per income criteria applied by social landlords, according to the Order of July 29th, 1987 regarding the ceiling of resources of the beneficiaries of the legislation on council houses and on state aids.

¹³ Income criteria applied by CROUS (Centres Régionaux des Œuvres Universitaires et Scolaires), according to the Order of July 21st, 2017 fixing the ceilings of resources regarding the scholarships of the Ministry of the higher education, research and innovation, for the academic year 2017-2018.

¹⁴ Sport clubs with at least 20 under-21 license-holders, and without specific regional or national reputation

2. Process for Project Evaluation and Selection

The process of selection and evaluation of “Eligible Green and Social Projects” is coordinated by the **Department of Budget and Financial Affairs** and by the **Direction of Strategic Valuation of Information** (in charge of the evaluation of public policies), in cooperation with the relevant technical Departments for the considered eligible category.

As for any financing or grant provided by the Région, the Eligible Green and Social Projects must comply with eco-conditionality principles. Indeed, the Region has established a framework allowing the integration of economic, social and environmental criteria into its interventions in favor of both Corporates or Local Authorities¹⁵. These principles are as follows:

- Reduction of the environmental footprint and development of energy sobriety,
- Improvement of working conditions: professional development and respect of social rights,
- Fight against discriminations,
- Financial ethics.

The selection of “Eligible Green and Social Projects” is carried out by the Green and Social Bond Technical Committee composed by :

General Coordination :

- La Direction des Affaires financières et du Budget¹⁶,
- La Direction de la Valorisation Stratégique de l'Information¹⁷ (in charge of the evaluation of public policies as well as the elaboration of the Region's annual activity and sustainable development report).

As technical support, (when relevant):

- La Direction Technique de la transition écologique et énergétique¹⁸,
- La Direction Technique des infrastructures, des transports et des mobilités¹⁹,
- La Direction Technique Maîtrise d'ouvrage éducative²⁰,
- La Direction Technique des Solidarités et de l'égalité²¹,
- La Direction Technique Education et Jeunesse²².

¹⁵ Cf. « Règlement de gestion des financements régionaux et éco-conditionnalité des aides ». Report N°2017/AP-JUIN/06. Plenary session of June 30th, 2017.

¹⁶ The Department of Budget and Financial Affairs

¹⁷ The Direction of Strategic Valuation of information

¹⁸ The Technical Direction for the energy and ecological transition

¹⁹ The Technical Direction for Infrastructures, Transport and Mobility

²⁰ The Technical Direction for Supervision of works on education buildings

²¹ The Technical Direction for Solidarity and Equality

²² The Technical Direction for Education and Youth

Both Department of Budget and Financial Affairs and Direction of Strategic Valuation of Information serve as the secretariat for the Technical Committee and the Technical Departments are in charge of validating the alignment of “Eligible Green and Social Projects” with the Green and Social Bond Framework.

The Technical Committee meets on an annual basis, at the request of the Department of Budget and Financial Affairs. Each meeting will be documented with a report and a record of decision.

The list of “Eligible Green and Social Projects” is submitted to the Steering Committee for final arbitration and decision. The Steering committee is composed of :

- **Madame La Présidente de la Région,**
- The relevant **Presidents of Commissions,** and
- The **General Direction of the Regional Administration.**

The Steering Committee validates the final list of Green and Social Projects eligible for a financing or a refinancing with Région Occitanie Green and Social Bond proceeds.

3. Management of Proceeds

The monitoring of the net proceeds of Région Occitanie Green and Social Bond is carried out within the statutory framework applicable to the French local authorities which requires the deposit of available funds on a unique account open with le Trésor Public^{23/24}.

The net proceeds of the Green and Social Bond are allocated, according to the principle of nominal equivalence, to investment expenses related to Eligible Green and Social Projects.

The Department of Budget and Financial Affairs is in charge of the monitoring of the net proceeds allocation process.

The allocation of proceeds to Eligible Projects will be confirmed at 2 different levels:

- In the Region’s payment system, which has to match every expense with a corresponding payment authorization,
- At the DRFiP’s level (Public Finance Regional Direction), which verifies that each requested payment is consistent with a regularly committed, liquidated and authorised expense.

4. Reporting

Région Occitanie commits to publish a reporting on the Green and Social Bond on an annual basis, until the full allocation of the net proceeds of the Green and Social Bond. The Direction of Strategic Valuation of Information will be in charge of the reporting publication.

It will be based on green and social impact indicators, and, if necessary, on specific more-in-depth studies conducted in the context of evaluations planned in the Internal Rules of the Region (internally or with the use of contractors).

²³ The Treasury Department

²⁴ As per art 26 of the Organic Law related to the Finance Laws of August 1st, 2001.

This *reporting* will be published during the debate on the region's budgetary orientations (October/November) and will present :

- The allocated amount to date,
 - The split between financing and refinancing.
- For each category of Eligible Green and Social Projects :
- The number of financed eligible projects,
 - The total invested amount,
 - The split between financing and refinancing,
 - The list of eligible projects financed ²⁵.

²⁵ Or list of aggregated projects, when justified by confidentiality matters or a large number of underlying projects (which would not allow the producing of sufficiently detailed information).

The following table presents examples of reporting indicators classified by Eligible Categories :

Eligible Categories	Sub-categories of projects	Examples of Impact Indicators
Green Projects	Building Energy Efficiency	<ul style="list-style-type: none"> - energy savings (Mwh) - emissions of greenhouse gas avoided (t eq.CO₂) - number of renovated housings - number of beneficiaries
	Renewable energies	<ul style="list-style-type: none"> - energy production (Mwh) - emissions of greenhouse gas avoided (t eq.CO₂)
	Public Transport and Sustainable Mobility	<ul style="list-style-type: none"> - modal shift (number of additional public transport users) - emissions of greenhouse gas avoided (t eq.CO₂)
	Water	<ul style="list-style-type: none"> - m³ distributed - m³ substituted to local supply - perimeter of areas protected against flooding - Dikes length
Social Projects	Equal access to healthcare services on the regional territory	<ul style="list-style-type: none"> - number of supported projects - perimeter of concerned area, and number of concerned inhabitants
	Healthcare and social welfare trainings	<ul style="list-style-type: none"> - number of news projects executed - number of beneficiaries
	Access to public buildings and infrastructures	<ul style="list-style-type: none"> - number of adaptation realised
	Social Housing / Student Housing	<ul style="list-style-type: none"> - number of beneficiaries - number of housings
	Investment in small size sport clubs	<ul style="list-style-type: none"> - number of supported sport clubs
	Support services for youth and students	<ul style="list-style-type: none"> - number of beneficiaries

III – Second Party Opinion

Région Occitanie mandated Vigéo-Eiris to provide a Second Party Opinion on this Green and Social Bond Framework.

This Second Party Opinion will be made available on Région Occitanie's website : <https://www.laregion.fr>

Appendix 1

Additional information on the energy efficiency standards applied for the construction of new High Schools:

Région Occitanie's referential (technical and environmental quality).

Energy Performance: Level 4 BEPOS of ENERGIE CARBONE reference = positive energy building. To ensure the lowest energy consumption possible:

- Bioclimatic strategy design,
- Energy recovery (bidirectional ventilation, recovery on grey water, ...),
- Use of renewable energies (Thermal solar energy when justified, use of biomass...),
- Use of performing equipment,
- Fine-tuned use of energy consuming devices (presence detection, air quality sensor, light sensor ...).

Carbon : Level Carbon 1 of the ENERGIE CARBONE reference.

Support for the development of biobased materials: buildings will have to reach the level 2 of the "Bâtiment Biosourcé" label as defined by the Decree of December 19th, 2012 regarding the contents and conditions of allocation of the " Bâtiment Biosourcé " label : the rate of incorporation of biobased material will be $> 24 \text{ kg / m}^2$ of floor surface.

Bioclimatic architectural conception

Building conception will have to meet the following minimum requirements: Bbio project \leq Bbio effinergie +, which is equivalent to Bbio project \leq Bbio RT2012 -20%.