Green, Social and Sustainability Bond Framework of the Auvergne-Rhône-Alpes Region

Conseil Régional AUVERGNE-RHONE-ALPES

LYON
1, esplanade François Mitterrand
CS 20033
69269 Lyon Cedex 02 – France
Téléphone : + 33 4 26 73 40 00

CLERMONT-FERRAND
59, boulevard Léon Jouhaux
CS 90706
63050 Clermont-Ferrand cedex 2 – France
Téléphone : + 33 4 73 31 85 85
# Table of Contents

**Part I. The Auvergne-Rhône-Alpes Region and its sustainable development strategy** ........................................ 1

1. Presentation of the Auvergne-Rhône-Alpes Region ......................................................................................... 1

2. Presentation of the sustainable development strategy ....................................................................................... 1

**Part II. Green, Social and Sustainability Bond Framework** ............................................................................... 2

1. Use of proceeds ......................................................................................................................................................... 2

2. Project selection and evaluation process ............................................................................................................... 7

3. Management of proceeds ....................................................................................................................................... 8

4. Reporting ................................................................................................................................................................. 9

5. External review ...................................................................................................................................................... 10

**Appendix – Medical Deserts** .......................................................................................................................... 11
Part I. The Auvergne-Rhône-Alpes Region and its sustainable development strategy

1. Presentation of the Auvergne-Rhône-Alpes Region

Resulting from the reform of January 1, 2016, the Auvergne-Rhône-Alpes Region unites the former Auvergne and Rhône-Alpes Regions and is ranked as the third largest region in metropolitan France (13% of the metropolitan territory) with an area of 69,711 km². The Region includes 12 departments, 168 inter-municipalities and 4,049 municipalities.

With 80% of its territory located in mountains, the Auvergne-Rhône-Alpes Region is the largest mountainous region in Europe. The Massif Central extends over the western half of the Region as far as the Saône and Rhône valleys. It is characterized by a succession of plateaus and mountainous massifs of average altitude and its volcanic relief. The central part of the regional territory is marked by the Rhône River and its valley. To the east, the Region extends over the Alps, with its high mountains dominating deep valleys. The Mont Blanc, the roof of Western Europe, rises to an altitude of 4,809 meters. The Region also has large lakes including Lake Bourget (the largest in France), Lake Annecy and Lake Geneva.

With an estimated population of 8,032,377 inhabitants as of January 1, 2020, the Auvergne-Rhône-Alpes Region accounts for 12% of the French population and ranks second among French regions in terms of population.

2. Presentation of the sustainable development strategy

With this new enlarged territory, the Region has seized the opportunity to launch an ambitious plan for a forward looking, supportive and sustainable region that works to improve the daily lives of its citizens.

The competencies of the regions in terms of ecological and energy transition have recently been strengthened by the laws of August 7, 2015 on the New Territorial Organization of the Republic (NOTRé) and August 17, 2015 on the Energy Transition for Green Growth (LTECV). The Region is now an essential component of the deployment of policies relating to energy, air and climate, in partnership with the State.

To this end, the Region is committed to reducing its reliance on fossil fuels and focussing on waste management and air quality, through the following objectives:

- Investing in clean energy
- Making the Region an example in waste prevention and management
- Supporting dense areas, supporting observation and promoting low-carbon mobility throughout the Region for air quality

The Region is also committed to developing the energies of tomorrow in transportation by setting itself the objective of investing in new technologies and in the energy transition.

Alongside the ecological and energy transition, another central issue for the Auvergne-Rhône-Alpes Region consists in strengthening social cohesion and solidarity in order to reduce inequalities.
To address this, the Region is committed to ensuring **equal access to resources, employment, health, culture, local services, civic expression, etc.** The Region has thus set the following objectives:

- Harmonizing intercity and school bus transportation
- Rescuing "small lines" and modernizing the rail network in Auvergne-Rhône-Alpes
- Supporting student mobility
- Offering job seekers the European AUDACE+ program

The creation of **social ties, exchanges and intercultural solidarity** between generations and between territories is also a challenge for the Region which is committed to:

- Being involved in European cross-border cooperation and INTERREG programs
- Launching the "Léman Express" transport service, a link between the French and Swiss regions
- Supporting scientific and international university cooperation
- Internationalizing higher education and research

Finally, in order to strengthen social ties and solidarity, the Auvergne-Rhône-Alpes Region is also committed to **combating all forms of discrimination** and **revitalizing** rural areas and disadvantaged neighbourhoods.

The issuance of Green, Social and Sustainability Bonds is a way of aligning the financing of the Auvergne-Rhône-Alpes Region with its ambitions in terms of sustainable development, but also of communicating its commitments to the general public and institutional investors.

**Part II. Green, Social and Sustainability Bond Framework**

The Green, Social and Sustainability Bond Framework of the Auvergne-Rhône-Alpes Region follows the ICMA "Green Bond Principles", 2021 edition\(^1\), the ICMA "Social Bond Principles", 2021 edition\(^2\), and the ICMA "Sustainability Bond Guidelines", 2021 edition\(^3\), including the following four pillars:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

**1. Use of proceeds**

The net proceeds of the Green, Social and Sustainability Bonds will be used to finance or refinance, in whole or in part, the Auvergne-Rhône-Alpes Region's capital expenditures in "Eligible Green and Social Projects", grouped in the following categories:

- Green buildings & energy efficiency
- Renewable energy
- Clean transportation
- Pollution prevention and control

---


- Sustainable water and wastewater management
- Access to essential services
- Affordable housing
- Socioeconomic advancement and empowerment

Eligible projects are located in the Auvergne-Rhône-Alpes Region (France).

The majority of funding will be allocated to capital expenditures for the current and following years. Refinancing will be limited to capital expenditure in the 12 months prior the bond issuance.

Under this Framework, the Auvergne-Rhône-Alpes Region contributes to 10 of the 17 Sustainable Development Goals defined by the United Nations:

Following are the “Eligible Green Projects” financed by the Auvergne-Rhône-Alpes Region’s Green and Sustainability Bonds:

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Subcategories and eligibility criteria</th>
<th>Expected environmental benefits</th>
<th>Projects examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Buildings and Energy Efficiency</td>
<td>Energy efficiency of buildings:</td>
<td>Climate change mitigation</td>
<td>• Construction of HQE or positive energy high schools</td>
</tr>
<tr>
<td></td>
<td>• Construction of new low-energy buildings having received one of the following certifications: LEED (&gt;gold), BREEM (&gt;excellent), HQE (&gt;very good), BBCA, or any other equivalent certification</td>
<td>• Reduction of greenhouse gas emissions</td>
<td>• Energy renovation of existing high schools(^4)</td>
</tr>
<tr>
<td></td>
<td>• Energy retrofit of existing buildings (insulation and installation of renewable)</td>
<td>• Energy savings</td>
<td></td>
</tr>
</tbody>
</table>

\(^4\) By promoting the installation of wood boilers using locally sourced wood.
<table>
<thead>
<tr>
<th><strong>Renewable Energy</strong></th>
<th><strong>Renewable Energy</strong>: Investments allowing the development of renewable energies: wind, solar</th>
<th><strong>Climate change mitigation</strong>: Reduction of greenhouse gas emissions</th>
<th><strong>Exclusion Criteria</strong>: This category excludes expenditures to produce energy from high carbon stock land, high biodiversity value land, as well as forest and arable land conversion</th>
<th><strong>Investment support for the installation of renewable energy production capacities</strong></th>
<th><strong>Financing from the Regional Agency for Energy and Climate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clean Transportation</strong></td>
<td><strong>Public Transportation and Sustainable Mobility</strong>: Rail infrastructure (construction, renovation and inter-modal development) with the following eligibility criteria: Ground electrified infrastructure and associated subsystems: infrastructure, energy, on-board control and command and signalling subsystems, Acquisition of new electric/hydrogen rolling stock, Development of bicycle paths</td>
<td><strong>Climate change mitigation</strong>: Reduction of greenhouse gas emissions, Energy savings</td>
<td><strong>Investments in the regional rail network</strong></td>
<td><strong>Acquisition of railway rolling stock</strong></td>
<td><strong>Development of regional express transportation systems</strong></td>
</tr>
<tr>
<td><strong>Pollution Prevention and Control</strong></td>
<td><strong>Sustainable waste management</strong>: Expenditures to prevent, recycle and recover waste</td>
<td><strong>Transition to a circular economy &amp; Pollution prevention and control</strong></td>
<td><strong>Regional Plan for Waste Prevention and Management</strong></td>
<td><strong>Example of initiatives: improvement of the performance of the current selective waste collections, improvement of the sorting behaviour of tourists, development of communication programs towards inhabitants</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Water and Wastewater Management</strong></td>
<td><strong>Sustainable water management</strong>: Water distribution infrastructure, Flood risk prevention infrastructure</td>
<td><strong>Adaptation to climate change &amp; sustainable use and protection of hydrological and marine resources (Sustainable access to water, flood prevention)</strong></td>
<td><strong>The Region's action is in line with objective 4.3 of the Auvergne Rhône-Alpes Regional Plan for Sustainable Development and Equality of Territories (SRADDET)</strong>: &quot;To support local authorities in better preventing and adapting to the natural risks that are very present in the region. It aims, in a context of climate change**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5 The Region finances infrastructure such as equipment that improves the recovery rate: incinerators are not eligible; only sorting centers, professional waste reception centers, recycling companies, or recovery units for Solid Recovered Fuels are eligible.
characterized by uncertainty and the difficulty of anticipating the extent of future phenomena, to promote the development of risk management solutions based on nature, favouring so-called "no-regrets" strategies and increasing the adaptability or resilience of territories. The mobilization of Nature-based Solutions (NBS) allows an environmental added value.

Following are the “Eligible Social Projects” financed by the Auvergne-Rhône-Alpes Region’s Social and Sustainability Bonds:

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Subcategories and eligibility criteria</th>
<th>Expected social benefits</th>
<th>Project examples</th>
</tr>
</thead>
</table>
| Access to Essential Services: Health | Equal access to healthcare throughout the territory  
- An increase in public health capacities through the construction or extension of health infrastructures  
- Improvement of the quality of existing health infrastructures  
- Development of medical research  
**Targeted populations:** Inhabitants of the territories subject to medical desertification risk  
**Health and social training:**  
- Construction and renovation of health and social training institutes  
**Targeted populations:** Students following health and social curriculum | Access to community care for all  
- Fighting medical desertification  
Access to health and social training for all  
- Development of the training offer on all the territory  
- Training of health workers |  
- Nursing home  
- Energy renovation work |
| Access to Essential Services: Digital Inclusion | Acceleration of the digital coverage of the territory  
- Development of infrastructures/projects aimed at reducing digital deserts  
**Targeted populations:** Inhabitants, public services and companies located in digital deserts/rural areas  
6| Access to digital coverage for all territories |  
- Public developments of the optic fiber networks (Public Initiative Networks – PIN)  
- Development of 57 mobile sites to fight white spots  
- €1.5m subsidy program to find alternative solutions for THD access: Satellite,  
7 |

6 More details on medical deserts in the appendix  
7 Concerning rural areas, they are delimited by what remains of the territory once the urban areas, within the meaning of INSEE, have been removed.
(geographical areas where business and private premises do not have access to a connection rate of 30Mb/s and do not have a mobile coverage)

<table>
<thead>
<tr>
<th>Access to Essential Services: Social Inclusion</th>
<th>Accessibility of public buildings and infrastructures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve the accessibility of public buildings and infrastructures</td>
<td></td>
</tr>
<tr>
<td>Targeted populations: People with reduced mobility</td>
<td></td>
</tr>
<tr>
<td>Access to public transports</td>
<td></td>
</tr>
<tr>
<td>• Access to transport services for all, including in less densely populated areas</td>
<td></td>
</tr>
<tr>
<td>Targeted populations: People living in less densely populated areas</td>
<td></td>
</tr>
</tbody>
</table>

| Access to public buildings and infrastructures for all |
| • Access to public buildings |
| • Access to public transports |

<table>
<thead>
<tr>
<th>Access to Essential Services: Education and Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>• An increase in educational accommodation capacity through the construction or extension of infrastructure for public secondary and public higher education and for apprenticeship</td>
</tr>
<tr>
<td>• Improvement of the quality of existing infrastructure and equipment for public secondary and public higher education and for apprenticeship</td>
</tr>
<tr>
<td>Targeted population: Pupils and students of the territory</td>
</tr>
</tbody>
</table>

| Access to education and culture for all |
|• Blaise Pascal school campus (Clermont-Ferrand – 63): high school restructuring; |
|• Emmanuel Mounier High school (Grenoble – 38): high school reconstruction; |
|• Dauphiné High school (Romans-sur-Isère – 26): High school global restructuring and boarding school construction |
|• New high school in the Clermont-Ferrand area: new construction |

<table>
<thead>
<tr>
<th>Access to affordable housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Social Housing Stock Financing (HLM)</td>
</tr>
<tr>
<td>Targeted population: Households eligible for accessibility to HLMs</td>
</tr>
</tbody>
</table>

| Access to affordable housing for all |
|• Housings for Lyon-Turin project’s employees |

# Socioeconomic Advancement and Empowerment

- Projects contributing to the creation or maintenance of local employment, via support to SMEs & VSEs in the territory and to social and solidarity economy projects; Support for research and innovation of SMEs and VSEs and for the development of the territory’s attractiveness

Targeted population: SMEs & VSEs; unemployed people

## Access to employment

- TRESSES METALLIQUES FORISSIER in Saint-Chamond (42);
- XL Recycling;
- Black Star in Saint-Pierre de Bœuf (42);
- CREADD in Maillat (01);
- ENERSES in Bourgoin-Jallieu (38);
- SANISPEHERE in Nyons (26)

The Auvergne-Rhône-Alpes Region excludes from its Green, Social and Sustainability Bond Framework the expenditures in the following sectors:

- Nuclear energy production,
- Fossil fuel production and electricity generation from fossil fuels
- Production or trade of weapons and ammunition
- Production or trade of alcoholic beverages (excluding beer and wine),
- Tobacco production or trade,
- Production of or trade in any product or activity deemed illegal under conventions and agreements, or subject to international prohibitions.

## 2. Project selection and evaluation process

The « Eligible Green and Social Projects » evaluation and selection process is coordinated by the Finances Directorate of the Auvergne-Rhône-Alpes Region, in coordination with all the technical departments concerned by the Eligible Green and Social Projects categories.

Like every funding or every financial support of the Auvergne-Rhône-Alpes Region, the Eligible Green and Social Projects are subject to the eco-conditionality principles: The Region has established a framework allowing the integration of economic, social and environmental criteria in its actions in support of the beneficiaries, be it companies or public authorities. The eco-conditionality principles are the following:

- Reduction of environmental footprint and development of energy sobriety,
- Improving working condition, the professional development of employees and the respect of social clauses,
- Fighting discriminations,
- Financial ethics.

The selection of the Eligible Green and Social Projects is conducted by the Technical Committee for Monitoring the Green, Social and Sustainability Bonds. It includes:

**General coordination:**
- Services General Directorate;
- Finances Directorate

**Supported by:**
- Agriculture, Forest and Agri-food Directorate;
- Territory and Mountain Development Directorate;
- Environment and Energy Directorate;
- Mobility Directorate;
- Education and High school Directorate;
- Youth, Health, Sport and Disability Directorate;
- Training and Orientation Directorate;
- Tourism Directorate;
- Higher Education, Research and Innovation Directorate;
- Heritage and General Means Directorate.

The Finances Directorate and the Environment and Energy Directorate provide secretariat services to the Technical Committee and the technical departments are in charge of validating the alignment of potential Eligible Green and Social Projects with the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bond Framework. The Technical Committee meets on an annual basis, at the request of the Finances Directorate. The outcome of the meeting will be recorded and a decision statement will be produced.

Eventually, the list of Eligible Green and Social Projects is submitted to the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bonds Steering Committee for arbitration. The committee is composed of:
- The President of the Region,
- The Presidents of the concerned committees,
- The Services Directorate.

The Steering Committee validates the list of Eligible Green and Social Projects to finance or refinance with the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bonds.

### 3. Management of proceeds

The monitoring of the net proceeds of the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bonds is conducted in the regulatory framework applicable to French local authorities which requires to deposit free funds in a single account with the French Treasury.

An amount equivalent to the net proceeds of the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bonds is allocated to the investments expenditures related to Eligible Green and Social Projects.

From a budgetary and accounting point of view, the proceeds of the bonds are entered as investment income and cover the investment expenditure of the year. The principle of an annual budget offers a guarantee to investors that the funds raised by Green, Social and Sustainability Bonds will be used in the year of the mobilisation of the borrowings to finance the Region’s investment projects.

The monitoring of the Green, Social and Sustainability Bonds net proceeds allocation is ensured by the Auvergne-Rhône-Alpes Region’s Finances Directorate.

---

9 In accordance with article 26 of the Organic Law on Finance Laws of August 1, 2001
4. Reporting

The Auvergne-Rhône-Alpes Region commits to publishing an annual reporting on Green, Social and Sustainability Bonds, until the full allocation of the bond proceeds. This work will be led by the Finances Directorate. It will be based on environmental and social impact indicators and when needed on more developed studies conducted as part of the assessments provided for in the Region's internal regulations (internally or through the use of a specialist service provider).

Allocation report

This reporting is published when the debate on the Auvergne-Rhône-Alpes Region’s budget orientation occurs (October/November) and includes:
- The total amount allocated to date,
- By Eligible Green and Social Projects category:
  - Number of Eligible Projects financed,
  - Total amount invested,
  - List of Eligible Projects financed.

Impact report

The following table presents some examples of reporting indicators classified under Eligible Categories. The Region might use them as part of its impact reporting:

<table>
<thead>
<tr>
<th>Eligible Categories</th>
<th>Sub-categories projects</th>
<th>Impact indicators examples</th>
</tr>
</thead>
</table>
| Eligible Green Projects | Green buildings & Energy efficiency | • Energy savings (MWh)  
• Greenhouse Gas emissions avoided (t eq.CO₂)  
• Number of renovated housings  
• Number of beneficiaries |
| Renewable energies | • Energy production (MWh)  
• Greenhouse Gas emissions avoided (t eq.CO₂) |
| Pollution prevention and control | • Tons of waste avoided per year |
| Clean transportation | • Modal shift (number of additional passengers)  
• Greenhouse Gas emissions avoided (t eq.CO₂) |
| Sustainable management of water and wastewater | • m³ distributed  
• m³ substituted to local network  
• perimeter of areas protected from flooding  
• Dike length |
| Eligible Social Projects | Access to essential services: health | • Number of supported projects  
• Perimeter and number of concerned inhabitants |
| Access to essential services: digital inclusion | • Number of new projects achieved  
• Number of beneficiaries  
• Number of persons in training |
| | • Number of new accesses to optic fiber |

10 The reporting, as well as the Framework, will be made available on Auvergne-Rhône-Alpes Region’s website.
11 List of partially aggregated projects when confidentiality clauses, trade secrets or the multiplicity of underlying projects make it impossible to produce sufficiently detailed information.
5. **External review**

**Seconde Party Opinion**
The Auvergne-Rhône-Alpes Region has appointed ISS ESG to provide a Second Party Opinion on the Auvergne-Rhône-Alpes Region’s Green, Social and Sustainability Bond Framework.

This Second Party Opinion will be made available on the Auvergne-Rhône-Alpes Region’s website: [https://www.auvergnerhonealpes.fr/](https://www.auvergnerhonealpes.fr/)

**External verification**
The monitoring of the allocation of the Green, Social and Sustainability Bonds net proceeds is ensured by the Auvergne-Rhône-Alpes Region’s Finances Directorate.

The allocation of proceeds to Eligible Projects will then be confirmed at a first level, with the use of the Region’s financial tool that associates every expenditure to the payment authorization of the concerned program, and at a second level, by the control of the Direction Régionale des Finances Publiques (DRFiP) who checks that the concerned payment corresponds to a regularly engaged, liquidated and authorized expenditure.
Appendix – Medical Deserts

Between 2016 and the end of 2019, the Region has managed the elaboration of its first Regional Plan on the Planning, the Sustainable Development and the Equality of Territories. The SRADDET, approved by the Prefect on April 10, 2020, now opposable to sub-regional documents and in particular to PNR charters, SCoTs, PCAETs and mobility plans; and a document praised by the partners for its quality and its facilitating role (and not censor) in the implementation of local territorial strategies.

One of the objectives of the Region through the SRADDET is to fight territorial imbalances. Thus, objective 1.1 proposes to develop a front-line healthcare offer adapted to the needs of the territories (infrastructure, attraction of healthcare professionals).

Illustration: Area with generalist practitioner in the Auvergne-Rhône-Alpes region (as of May 1st 2018)

Not being able to access first care because of the absence of local doctor, waiting several months to get an appointment with a specialist, not being able to access telemedicine because of an inadequate digital network or the lack of facilities, or having to travel long distances before accessing a generalist practitioner or a first care delivery structure: here is what the daily life of many inhabitants of the region looks like, regardless of the type of territories, and affecting some fragile rural areas as well as sensitive urban neighborhoods or urbanized areas, for instance the Pays de Gex.

Today, the region is facing several challenges:
- Improving the distribution of professionals in the territory, by first promoting the maintenance of the existing offer and facilitating the installation of new practitioners in these areas called "medical deserts",
- The reinforcement of the networking of local hospital centers to support front-line care,
- The development of innovation and telemedicine.

In view of these challenges, the objective set by the SRADDET to the actors of the territory is to **develop a front-line care offer adapted to the needs of the territory** (infrastructures, welcoming conditions for future health professionals) taking part to a proper health management of the inhabitants, an improvement of their conditions and their living environment and to the attractiveness of all the territories.

**To do so, by 2030, it will be necessary to:**

- Improving the health services accessibility (information, specialized transports) especially by making possible the development of telemedicine (in relation with objective 2.1 “Cover 100% of the territory with very-high-speed (THD) and halve the white mobile spots”), in priority in rural territories (for example in the Maisons France Services, in pharmacies and nursing homes).

- Encouraging the installation of health professionals, in particular general practitioners, in medical desert areas, by relying on successful support approaches, and by promoting a coordinated exercise between several health professionals

- Applying the recommendations of the PLURALPS European project in order to improve the access to healthcare in underserved areas:

  - The training recommendations are about the organization of health studies and lifelong training. They seek to remove obstacles, being cognitive or practical, to a greater knowledge of the potential of rural areas;

  - The territorial recommendations refer to local authorities, to spatial and social planning of territories. In general, the aim is to improve their attractiveness;

  - The professional recommendations are about the organization of health practices. They aim at a better adaptation of the different ways to work, to meet local constraint and demand as well as practitioners’ expectations.

- Establishing a partnership with medical faculties in order to systematize internships for interns in rural areas

- Conducting a joined-up reflection on the role of local hospital centers as an actor of the health territorial organization

### The Region in action: support for investment for the creation or extension of nursing home and healthcare centers, and support for the modernization and equipment of local hospital centers.