FRENCH UNEMPLOYMENT INSURANCE

INVESTOR PRESENTATION
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I. Overview of Unédic
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I. Overview of Unédic

- Unédic’s role and missions
- Management of the insurance entrusted to the Social Partners
- Unédic mandates two public agencies
- Continuity and sustainability of the scheme are guaranteed
- Unédic is at the forefront of the support plan initiated by the French state
- Contribution to UN Sustainable Development Goals (SDGs)
UNÉDIC’S ROLE AND MISSIONS

- Unédic is a non-profit organisation founded in 1958 by the Social Partners to manage the Unemployment insurance in France

- Unédic missions are defined by the Social Partners in a framework organized by Law:
  - Prescription and implementation of Unemployment insurance benefit payments on a mandatory and national level
  - Evaluation and studies on labour market evolutions and efficiency of specific Unemployment insurance mechanisms to help Social Partners and public authorities decision making process
  - Financial management to guarantee benefits payment and continuity of the scheme

- In order to ensure its mandate as an essential body of the Public Employment Service, Unédic plays a decisive role in the effectiveness and transparency of the system for a rigorous joint management based on the following principles:
  - Clarity and neutrality in providing data for the public dialogue
  - Disclosure and reports meeting the requirements for a joint-management at the service of a modern social democracy
MANAGEMENT OF THE INSURANCE ENTRUSTED TO THE SOCIAL PARTNERS

Responsibility of unemployment insurance

LAW

COMPULSORY UNEMPLOYMENT INSURANCE SCHEME

SOCIAL PARTNERS

Employers’ Organisations
MEDEF, CPME, U2P

Trade Unions
CFDT, CFE-CGC, CFTC, CGT, FO

Responsibility of unemployment insurance

Implementation

Unédic
Non profit organisation managed by the Social Partners

PRESCRIBES AND CONTROLS
Prescribes, guarantees and controls the conditions for implementing unemployment insurance scheme

MANAGES
Ensures the financial management of unemployment insurance scheme while guaranteeing its independence

EVALUATES
Produces the studies and analyses supporting the strategic decision making for the insurance scheme

Note: The Unemployment insurance agreement is subject to government approval (Labour Code Art. L.5422-21)
UNÉDIC MANDATES TWO PUBLIC AGENCIES

TO CARRY OUT OPERATIONS OF CONTRIBUTIONS COLLECTION AND BENEFITS PAYMENT

CONTRIBUTIONS COLLECTION

EMPLOYERS

Contribution rate:
- Tax-based overall social contribution ("CSG"): equivalent to 2.4% of gross base salary
- Employer’s contribution: 4.05% of gross salary

Benefits payment and assistance to help jobseekers reintegrate labour market

JOBSEEKERS

Benefit rate:
72% of previous net salary
(= 61% of previous gross salary)

Source: Unédic
CONTINUITY AND SUSTAINABILITY OF THE SCHEME ARE GUARANTEED

- **Collective negotiation every 2 or 3 years to ensure financial balance “over the cycle”**
  - A legal obligation for a balanced budget (Labour Code Art. L 5422-12)
  - Definition of the mechanisms for a 2- to 3-year term, depending upon the financial situation of the unemployment insurance, the job market and unemployment levels
  - Adjustable variables in order to reach equilibrium: contribution rate, unemployment insurance eligibility criteria, amount and duration of benefits, etc.

- **Shared responsibility of the State on the Unemployment insurance management**
  - Compulsory nature of the Unemployment insurance (Labour Code Art. L 5422-13)
  - During summer 2018, a new law (n° 2018-771 “Avenir Professionnel”) was passed, and has strengthened the role of the State:
    - Negotiation framework given to the Social Partners by the Prime Minister
    - Implementation of specific measures by decree
    - The State is entitled to take control of the management of Unemployment insurance if the Social Partners fail to reach an agreement
  - Prime Minister approval of the insurance agreements (Labour Code Art. L 5422-21)

- **Bond issuances on the EMTN programme are supported by an explicit State guarantee, renewed since 2011**
  - Finance Law n° 2020-1721, Art. 201 (Dec. 29th 2020): authorisation to provide an explicit guarantee for 2021 up to €13bn
    - Ministerial Order granting the guarantee (Jan. 13th 2021): first tranche of €8bn

- **Since May 2020, new benchmarks can be issued under Unédic’s Social Bond Framework**
Social Partners affirm their commitment to protect companies, salaried and jobless workers to help their recovery.

- **Unédic is fully playing its part by implementing emergency measures:**
  - Furlough (“activité partielle”)
  - Payment flexibility on social contributions
  - Extension of benefit rights for jobseekers
  - Etc...

- **Unédic's debt is fully consolidated in France's public debt within the meaning of the Maastricht criteria.**

Unédic is part of the « social security administrations » branch of the French public debt, along with CADES, ACOSS, etc.

Source: Unédic, Insee, as of Q3 2020
**CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

Two social missions: **PROTECTING AND SUPPORTING WORKERS IN SUSTAINABLE EMPLOYMENT**

**PROTECTING**

**Target 1.3:** Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

**Target 10.1:** By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

**SUPPORTING**

**Target 4.4:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

**Target 8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

**Contribution to the UN 2030 Agenda**

**Contribution to France’s roadmap for the 2030 agenda** (released in Sept. 2019)

**Roadmap’s challenge #1**

Act for a fair transition, by fighting all types of discrimination and inequality and guaranteeing the same rights, opportunities and freedoms for everyone

**Roadmap’s challenge #3**

Focus on lifelong education and training to change behaviors and lifestyles that are adapted to our future world and sustainable development challenges

**Acute challenges & vulnerable population**

- Short-term and part-time contracts
- “Gig economy”
- Youth not in employment, education or training (NEET)
- Low educated population / Low-income workers
- Single parent family (esp. women)

**Examples of Unédic’s contributions**

- Financial solidarity across economic sectors and regions
- Proportionally higher benefits for low-wages workers
- Schemes adaptation for overseas French territories
- Financing of Pôle emploi (e.g. strengthened human support for long-term jobseekers)
II. Financial Management

- Unédic funding programmes at a glance
- Unédic 2021 funding plan
- Funding strategy and outstanding issues
- Unédic investor base: EMTN & NEU MTN programmes
## UNÉDIC FUNDING PROGRAMMES AT A GLANCE

<table>
<thead>
<tr>
<th>Programme</th>
<th>NEU CP (ex Billets de Trésorerie)</th>
<th>NEU MTN (ex BMTN)</th>
<th>EMTN</th>
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</thead>
<tbody>
<tr>
<td>Programme size</td>
<td>€18bn</td>
<td>€10bn</td>
<td>€60bn</td>
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<tr>
<td>Current outstanding</td>
<td>€6bn to €18bn*</td>
<td>€7.1bn</td>
<td>€46.4bn</td>
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<tr>
<td>Maturity range</td>
<td>Up to 1-year</td>
<td>From 1 to 7-year</td>
<td>From 1 to 15-year</td>
</tr>
<tr>
<td>Tenor used</td>
<td>Up to 1-year</td>
<td>From 1 to 7-year</td>
<td>From 7 to 15-year</td>
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<tr>
<td>Rate</td>
<td>Fixed</td>
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<tr>
<td>Currency</td>
<td>Euro</td>
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<tr>
<td>Nature of guarantee</td>
<td>No explicit guarantee</td>
<td>Explicit guarantee**</td>
<td></td>
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<tr>
<td>Ratings (Moody’s / S&amp;P / Fitch)</td>
<td>P-1 / - / F-1+</td>
<td>Aa2 / - / AA</td>
<td></td>
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<tr>
<td>Governing Law</td>
<td>French Law</td>
<td></td>
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<tr>
<td>Listing</td>
<td>Not applicable</td>
<td></td>
<td>Euronext Paris</td>
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<tr>
<td>ECB Repo Eligibility</td>
<td></td>
<td>Yes</td>
<td></td>
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<tr>
<td>LCR Treatment</td>
<td></td>
<td></td>
<td>HQLA Level 1</td>
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<tr>
<td>Risk Weighting</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>PSPP Eligibility</td>
<td>Not applicable</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

* Range over the last 12-month period

** First demand, unconditional and irrevocable guarantee from the French State, covering €13bn of new issuances in 2021.

All Unédic's issuances are conducted in EUR, fixed rate only.

Source: Unédic, as of February 28th 2021
On the 28th of January 2021, Unédic’s funding programme was approved by its Governance board and amounts to 13 billion euros for the year 2021.

**EMTN**

bond funding authorisation set at €13bn

*Backed up by explicit guarantee from the French state*

Overall 2021 medium and long term funding programme set at €13bn

*Source: Unédic*
FUNDING STRATEGY AND OUTSTANDING ISSUES

Unédic objective is to structure its debt by the economic cycle and extend the average maturity.

### Average maturity per programme:
- **EMTN**: 7 years and 3 months
- **NEU MTN**: 4 years and 3 months
- **NEU CP**: 3 months and 12 days

### Maximum tenor for new issuances:
- **EMTN programme**: 15-year
- **NEU MTN programme**: 7-year

### Funding plan (in €bn)

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<tbody>
<tr>
<td>EMTN programme</td>
<td>4</td>
<td>-</td>
<td>1.9</td>
<td>7</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>2.25</td>
<td>2.5</td>
<td>15</td>
<td>3</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>NEU MTN programme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
<td>2.75</td>
<td>0.5</td>
<td>2.7</td>
<td>-</td>
<td>0.6</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>-</td>
<td>1.9</td>
<td>7</td>
<td>5</td>
<td>8.3</td>
<td>8.75</td>
<td>5.5</td>
<td>7.7</td>
<td>2.25</td>
<td>3.1</td>
<td>19</td>
<td>3</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

### Outstanding EMTN & NEU MTN

Source: Unédic, as of February 28th 2021
UNÉDIC INVESTOR BASE: EMTN & NEU MTN PROGRAMMES (1/2)

Unédic executed 8 syndicated transactions in 2020, receiving around €45 billion in orders from more than 350 investors. Investor support enabled Unédic to issue €19 billion, of which more that two thirds are coming from non-domestic investors.

Source: Unédic, primary issues orderbooks
Unédic's presence on the debt capital markets for over 10 years has led to a strong development and diversification of its international investor base.

**UNÉDIC INVESTOR BASE: EMTN & NEU MTN PROGRAMMES (2/2)**

**EVOLUTION OVER THE LAST 5 YEARS**

**BREAKDOWN BY INVESTOR TYPE**

**BREAKDOWN BY INVESTOR GEOGRAPHY**

Source: Unédic, primary issues orderbooks
III. Social Bond Framework

- Unédic’s Social Bond rationale
- Overview of the Social Bond Framework
- Use of proceeds: eligible social expenditures
- External verifications
- Evaluation, experimentation, population targeting and flexibility
**UNÉDIC’S SOCIAL BOND RATIONALE**

<table>
<thead>
<tr>
<th>A SOCIAL ISSUER BY NATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ A social and economic buffer in France</td>
</tr>
<tr>
<td>▪ Unédic’s mission is to compensate, protect and support the employment of workers or to support companies to preserve jobs in case of economic shocks</td>
</tr>
<tr>
<td>▪ Its mission is also to neutralize periods of job loss by contributing to supplementary pension schemes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WHY A SOCIAL BOND?</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Through its <strong>Social Bond Framework</strong>, Unédic commits to greater transparency towards investors and to demonstrating the social and economic impacts of the schemes financed.</td>
</tr>
<tr>
<td>▪ Social Bonds structuring:</td>
</tr>
<tr>
<td>• Emphasizes core principles of Unédic’s action: management, evaluation, experimentation, flexibility and targeting</td>
</tr>
<tr>
<td>• Provides granularity on the range of schemes, their eligibility criteria or their impact <em>by design</em></td>
</tr>
<tr>
<td>• Highlights the contribution of Unédic to the achievement of France’s Sustainable Development Goals, in particular with regard to the French priorities on poverty reduction and inequalities defined in the France’s 2030 roadmap</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOCIAL BOND ISSUANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Social Bond issuances possible under EMTN and NEU MTN programmes</td>
</tr>
<tr>
<td>▪ Framework designed in alignment with <strong>Social Bond Principles</strong> (June 2020)</td>
</tr>
<tr>
<td>▪ Second Party Opinion: ISS ESG (June 30th 2020) ➔ <strong>One-Pager / SPO</strong></td>
</tr>
</tbody>
</table>
**OVERVIEW OF THE SOCIAL BOND FRAMEWORK**

**Fully compliant with the Social Bond Principles (ICMA)**

### USE OF PROCEEDS

- **Social Protection**
  Socio-economic development (SBP)

- **Social support**
  Access to essential services (SBP)

### MANAGEMENT OF PROCEEDS

- **Transparent Allocation process**
- **Management of unallocated proceeds**
  Temporary placement in deposits accounts, low-risk investment instruments or responsible investments funds (on a best effort basis)

### SELECTION PROCESS

- **Specific guidelines**
  Tripartite agreement between French Government, Unédic and Pôle emploi
  Conditions for entitlement to support schemes

- **Social Bond Committee**

### REPORTING

- **Publication of an annual reporting until complete allocation of proceeds**
- **Allocation reporting**
  Audited by an independent auditor
- **Social Impact Reporting**
  Review and validation by the Social Bond committee
### USE OF PROCEEDS: ELIGIBLE SOCIAL EXPENDITURES (1/2)

#### SOCIAL PROTECTION

Socio-economically protect against uncertainties of the job market (dismissals, unemployment, decreases in activity, precarious employment contracts and “atypical” forms of employment)

<table>
<thead>
<tr>
<th>Social Bond Principles (SBP)</th>
<th>Categories of eligible social expenditures</th>
<th>Example of target beneficiaries (not exhaustive)</th>
<th>Programmes in effect</th>
</tr>
</thead>
</table>
| Category of SBP social projects: Socio-economic development | Protection:  
- Benefits and allowances guaranteeing replacement income to those who are out of work involuntary (except a few exceptions)  
- Contribution to beneficiaries’ pension schemes  
Including principal cases in question:  
- Termination  
- Employer interrupts work (partial employment)  
- Early termination or end of fixed-term contract (CDD)  
- Economic lay-off  
- Legitimate resignation tied to personal or professional reasons  
- Resignation in order to pursue a genuine and serious professional project  
- Negotiated termination  
- Business bankruptcy for independent workers | Jobseekers, notably those that have been out of work for a long or very long period of time  
- Individuals with recurring unemployment  
- Jobseekers who go back and forth between being employed and unemployed (discontinuous careers, short-term contracts, fixed-term contracts (CDD) or part-time contracts, entertainment workers, etc.).  
- Workers with decreased activities due to economic circumstances (e.g., partial unemployment)  
- Independent workers whose business are being liquidated or are subject to rehabilitation proceedings | • Unemployment benefit (Aide au retour à l’emploi, or ARE)  
• Unemployment benefit coupled with training (Allocation d’aide au retour à l’emploi formation, or AREF)  
• Partial employment allowance for unworked hours  
• Independent worker benefit (Allocation des travailleurs indépendants, or ATI)  
• Professional security contrat (Contrat de sécurisation professionnelle, or CSP)  
• Senior jobseeker benefit (Allocation chômeurs agés, or ACA)  
• Death benefit (Allocation décès)  
• End of entitlement benefit (Allocation de fin de droits, or AFD) |
USE OF PROCEEDS: ELIGIBLE SOCIAL EXPENDITURES (2/2)

SOCIAL SUPPORT

Assisting/supporting individuals with their professional (re)integration, notably by developing their skills and qualifications or supporting their entrepreneurial projects or career changes.

<table>
<thead>
<tr>
<th>Social Bond Principles (SBP)</th>
<th>Categories of eligible social expenditures</th>
<th>Example of target beneficiaries (not exhaustive)</th>
<th>Programmes in effect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category of SBP social projects:</strong> Access to basic services</td>
<td></td>
<td></td>
<td>• Professional security benefit (Allocation de sécurisation professionnelle, or ASP)</td>
</tr>
<tr>
<td>(education, professional training)</td>
<td></td>
<td></td>
<td>• Professional security contract (Contrat de sécurisation professionnelle, or CSP)</td>
</tr>
<tr>
<td><strong>SBP target populations:</strong> The unemployed; individuals with</td>
<td></td>
<td></td>
<td>• Business creation or takeover allowance (Aide à la reprise ou à la création d’entreprise, or ARCE)</td>
</tr>
<tr>
<td>little or no diplomas; individuals who are retraining</td>
<td></td>
<td></td>
<td>• Operations, investment and intervention of Pôle emploi</td>
</tr>
<tr>
<td><strong>Support:</strong> Programmes aimed at helping the return to work and</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>professional (re)integration, skills and qualifications</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>development, re-employment or training</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Unédic contribution to Pôle emploi operating budget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Jobseekers, especially low-qualified individuals and individuals with little to no diplomas (low education level)</td>
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<td></td>
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<tr>
<td>• Employees who are retraining</td>
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<tr>
<td>• Unemployment beneficiaries who are creating or taking over a</td>
<td></td>
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<tr>
<td>business</td>
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</table>
EXTERNAL VERIFICATIONS

SECOND PARTY OPINION

- A Second Party Opinion has been mandated to perform the evaluation of the Social Bond Framework: transparency, governance and alignment with the Social Bond Principles.
- ISS ESG published its SPO on the 30th June 2020 and is available on Unédic’s website:
  - One-Pager
  - SPO

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

INDEPENDENT REVIEW

Annual audit until full allocation of proceeds:
- Allocation of net proceeds to eligible expenditures
- Compliance of expenditures financed by the proceeds with the eligibility criteria specified
EVALUATION IS AT THE HEART OF UNÉDIC’S MISSION

- **Big data platform:** Unédic has invested in hardware and software in order to be able to process large amount of data on beneficiaries’
  - Modelling and forecast technical and human capacities
  - Comprehensive data sets to assess the efficiency of schemes

**Targeting & granular knowledge of beneficiaries’ socio-economic characteristics**
Profiles of beneficiaries known: Breakdown by Age, Gender, Level of Diploma, family status

**Tracking and better understanding individual’ career paths**
Employment-unemployment trajectories, short-term contract, training

**Data privacy**
Highly secured data space, anonymized data and respect of GPRD

**Local anchorage and feedback**
Local representatives of the labour unions and employer representation bodies
IV. Financial Forecast

- Unédic research methodology and forecasts
- Unédic hypotheses, revenues and expenditures
- Unédic financial outlook
- Unédic debt forecast
UNÉDIC RESEARCH METHODOLOGY AND FORECASTS

- Forecast updated three times a year
  - Based on macro-economic indicators from the Consensus of Economists:
    - Forecast in change of GDP rate
    - CPI
    - Some hypotheses used by Unédic in its forecast model can differ from the State macro economic framework
  - Careful monitoring of the working population, wage bill change, unemployment benefits paid, etc
  - Forecasts reviewed by Unemployment insurance managers for daily management

- The 3-year forecast and structural and cyclical balance analysis help the Social Partners adapt the rules for the Unemployment insurance
  - Unédic has to keep a balanced budget over the economic cycle

- Significant evolution on the system is measured and taken into account in periodic forecasts
Unédic financial balance is based on the following macroeconomic indicators.

### Macroeconomic hypotheses:

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<tbody>
<tr>
<td>GDP growth (in volume)</td>
<td>0,4%</td>
<td>0,6%</td>
<td>1,0%</td>
<td>1,0%</td>
<td>1,0%</td>
<td>2,4%</td>
<td>1,7%</td>
<td>1,2%</td>
<td>-8,3%</td>
<td>5,5%</td>
<td>3,6%</td>
</tr>
<tr>
<td>Wage bill growth</td>
<td>2,1%</td>
<td>1,2%</td>
<td>1,5%</td>
<td>1,7%</td>
<td>2,4%</td>
<td>3,6%</td>
<td>3,5%</td>
<td>3,1%</td>
<td>-6,3%</td>
<td>5,1%</td>
<td>2,7%</td>
</tr>
<tr>
<td>Unemployment level</td>
<td>10,1%</td>
<td>10,1%</td>
<td>10,4%</td>
<td>10,2%</td>
<td>10,0%</td>
<td>9,0%</td>
<td>8,8%</td>
<td>8,1%</td>
<td>8,0%</td>
<td>10,1%</td>
<td>9,3%</td>
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### Revenue and expenditure forecast:

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<tbody>
<tr>
<td>Annual revenues (€M)</td>
<td>32,466</td>
<td>33,274</td>
<td>33,936</td>
<td>34,520</td>
<td>35,146</td>
<td>36,364</td>
<td>38,322</td>
<td>39,220</td>
<td>35,801</td>
<td>39,436</td>
<td>40,168</td>
</tr>
<tr>
<td>Annual expenditures (€M)</td>
<td>35,193</td>
<td>37,271</td>
<td>37,746</td>
<td>38,769</td>
<td>39,503</td>
<td>39,874</td>
<td>40,126</td>
<td>41,140</td>
<td>53,156</td>
<td>49,480</td>
<td>46,569</td>
</tr>
</tbody>
</table>

*Source: Unédic Forecast, as of February 24th 2021*

*Note: Unédic forecasts are based on hypotheses which may differ from the State macro-economic framework.*
AS A RESPONSE TO THE CRISIS, UNÉDIC IS FACING AN UNPRECEDENT DEFICIT...

Source: Unédic Forecast, as of February 24th 2021

Note: Unédic forecasts are based on hypotheses which may differ from the State macro-economic framework
UNÉDIC DEBT FORECAST

...RAISING DEBT IN ORDER TO ABSORB THE SOCIAL & ECONOMIC IMPACT

Source: Unédic Forecast, as of February 24\textsuperscript{th} 2021

Note: Unédic forecasts are based on hypotheses which may differ from the State macro-economic framework
APPENDIX

1. Further information on Unédic Social Bond Framework

2. The COVID-19 crisis
Appendix 1: Further information on Unédic Social Bond Framework

- Beyond “Social pure player”: schemes’ design and governance
- Regular analysis and research to feed decisions and improve schemes
- Selection process
- Management of proceeds
- Allocation reporting commitments until full allocation of proceeds
- Impact reporting commitments until full allocation of proceeds
- Examples of possible indicators for expenditures
SCHEMES ARE DESIGNED TO PREVENT LOOPHOLES AND OPPORTUNISTIC USES

Eligibility criteria for benefits allow targeting and impact

Example of requirements:
- Have worked sufficiently to be eligible
- Have involuntarily lost its employment (with the exception of certain limited circumstances)
- Be signed up as a jobseeker / actively seek employment
- Ongoing or future commitments made by the benefit recipient or beneficiary (e.g., creation or takeover of a business).

Prevention of loopholes and opportunistic uses

The relevance of the criteria is regularly evaluated so that programmes can be monitored to avoid:
- Design flaws (deficiencies, people not covered or involuntarily excluded)
- Misappropriations, deadweight effects
- Social unfairness (examples: abusive use of short-term contracts for employers, disincentivizing the return to work for workers)

Control bodies and oversight for accounts’ reliability and sincerity

Internal and external assessments (audit, administrative, political controls)
Review or sunset clause of schemes

Reminder on impact on inequalities

Unemployment insurance that mutualises risk and proportionally better compensates the loss of a low salary than the loss of a high salary
Publications based on surveys, econometric research by Unédic (e.g. on the situations of jobseekers experiencing recurring unemployment, working unemployment beneficiaries, impact of digital on jobseekers, or on specific programs)

National systems comparisons: benchmark and lessons drawing

These studies seek to establish a shared appraisal, before decisions are made
SELECTION PROCESS

- **Eligible expenditures**
  - Process based on the Tripartite agreement between the French Government, Unédic and Pôle emploi and on the decrees related to unemployment insurance scheme

- **Beneficiaries**
  - People meeting the eligibility conditions of Unédic schemes: involuntary unemployed, living in France, actively looking for a job etc. (in line with French Law eligibility thresholds)

- **Governance**
  - Social Bond Committee responsible for:
    - Review of expenditures selection and of compliance with the eligibility criteria for the use of proceeds
    - Validation of annual allocation and impact reports for investors
    - Management of any future updates to the Social Bond Framework and of the external review processes (Second Party Opinion and Auditor)
  - Composed of at least representatives of the Finance & Treasury, Research & Analysis and Communication Departments. Other departments may be involved if required
MANAGEMENT OF PROCEEDS

- **Allocation Process**
  - Financing or refinancing of expenditures identified as eligible (up to 36 months before issuance)
  - Allocation of the proceeds to eligible expenditures within a maximum period of 24 months after issuance

- **Review of fund allocation**
  - Annual monitoring of the allocation of proceeds by the Social Bond Committee

- **Management of unallocated proceeds**
  - Traceability of proceeds
  - Temporary placement of proceeds in deposit accounts or low-risk investment instruments or in responsible investment funds on a best-effort basis
Allocation Reporting

- Allocation reporting indicators (indicative list):
  - Total amount of proceeds allocated to date
  - Financing versus refinancing share
  - Total amount of unallocated proceeds and type of temporary placements
  - Breakdown of earmarked proceeds by scheme
  - Percentage financed by Unédic for schemes co-financed with other entities
Impact reporting will be predominantly based on Strategic indicators published in the Tripartite Agreement (2019-2022)
## Examples of Possible Indicators for Expenditures (1/2)

### Social Protection Mission

Socio-economically protect against uncertainties of the job market (dismissals, unemployment, decreases in activity, precarious employment contracts and “atypical” forms of employment)

<table>
<thead>
<tr>
<th>Services and benefits delivered</th>
<th>Efficiency (care and quality of the services)</th>
<th>Impact areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Number of beneficiaries</td>
<td>• Time period between the application and payment under the programme</td>
<td>• Situations where benefits are not sought</td>
</tr>
<tr>
<td>• Total amount of benefits paid, by benefit type</td>
<td>• Consistency of the application management with the beneficiary’s situation</td>
<td>• Situations of recurring unemployment</td>
</tr>
<tr>
<td>• Beneficiary profile (sex, age, education level, etc.)</td>
<td>• Jobseeker satisfaction in relation to how they are being assisted and informed on subjects relating to benefits</td>
<td>• Change in consumer behaviour when available income is too low (giving up care, for example)</td>
</tr>
<tr>
<td>• Replacement rate of net salary (%)</td>
<td></td>
<td>• Available income after benefits relative to median income</td>
</tr>
<tr>
<td><strong>Partial unemployment</strong> (notably tied to Covid-19)</td>
<td></td>
<td>• Impact of the combination of unemployment benefits and employment revenue on precarious workers</td>
</tr>
<tr>
<td>• Number of furlough beneficiaries (breakdown by companies’ size and industry)</td>
<td></td>
<td>• Employment and monetary situation of the most vulnerable beneficiaries</td>
</tr>
<tr>
<td>• Number of employees receiving a furlough payment</td>
<td></td>
<td>• Impact of benefits on the beneficiaries’ family situation (e.g., childhood poverty)</td>
</tr>
<tr>
<td>• Number of hours of paid furlough</td>
<td></td>
<td>• Number of individuals who become reemployed during their benefit payment period</td>
</tr>
<tr>
<td>• Aggregate amount of compensation repaid to businesses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Investor Presentation – March 2021
### Examples of Possible Indicators for Expenditures (2/2)

**Social Support Mission**

Assisting/supporting individuals with their professional (re)integration, notably by developing their skills and qualifications or supporting their entrepreneurial projects or career changes.

<table>
<thead>
<tr>
<th>Services and benefits delivered</th>
<th>Efficiency (care and quality of the services)</th>
<th>Impact areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills assessments carried out</td>
<td>Average time dedicated to jobseeker monitoring and personalised assistance</td>
<td>Number of returns to sustained employment</td>
</tr>
<tr>
<td>Number of beneficiaries</td>
<td>Average period of time necessary to be able to access training</td>
<td>Effect of training on career paths (rate of access to sustained employment within six months after the end of a training)</td>
</tr>
<tr>
<td>Beneficiary profiles (sex, age, family situation, education level, etc.)</td>
<td>Jobseeker satisfaction with their monitoring/support assistance</td>
<td>Performance of the professional security contract programme (Contrat de sécurisation professionnelle)</td>
</tr>
<tr>
<td>Professional training attended by beneficiaries</td>
<td>Jobseeker satisfaction regarding their ability to obtain a response after taking an administrative step at Pôle emploi</td>
<td>Prevention of long-term unemployment</td>
</tr>
<tr>
<td>Number of jobseekers benefiting from intensive support assistance</td>
<td>Number of acquired experience validations</td>
<td>Combating digital exclusion</td>
</tr>
</tbody>
</table>
Appendix 2: The COVID-19 crisis

- Covid-19 specific emergency measures are social bond eligible expenditures
COVID-19 SPECIFIC EMERGENCY MEASURES ARE SOCIAL BOND ELIGIBLE EXPENDITURES

PRESERVING INCOME AND PROTECTING THE SKILLS AND KNOW-HOW OF EMPLOYEES

8.4 million employees in furlough in April 2020*

Unédic 1/3 84% of employees’ net salary
French government 2/3

→ Encourage companies not to lay off their employees
→ Compensate for the loss of income caused by the reduction in their working time

SOCIAL BOND FRAMEWORK
Eligibility of Covid responses schemes related expenditures in Unédic's social bond issuances (category “Protecting”)

Unemployment insurance's role as an automatic shock buffer is playing its full role in the current economic context caused by lockdown measures and economic recession.

EXPECTED IMPACTS

Short-term
▪ Avoiding layoffs
▪ Mitigating structural damage in the labour market
▪ Social justice for job seekers (as “low-paid” jobs are hard or impossible remotely)

Mid and long-term
▪ Maintain a minimum income
▪ Supporting demand to avoid a drop in consumption
▪ Support companies for the economic rebound preserving workers’ skills

Beyond short-time working scheme:
▪ Extension of unemployment benefits (duration)
▪ Payment flexibility / postponement on social contributions for employers

* Source: DARES – “Situation sur le marché du travail durant la crise sanitaire” (“Labour market conditions during the health crisis”); as of January 19th 2021
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The Base Prospectus is available at no cost at Unédic registered office, 4, rue de Traversière, 75012 Paris, France and on its website www.unedic.org. You are invited to report to the section “risks” of the Base Prospectus before taking a decision with respect to the implementation of the transactions described in this document or in the Base Prospectus. Should you so require, you should contact your financial, legal or tax advisor, or any other specialist, in order to confirm that any decision taken is consistent with your personal financial situation.

European Regulation changes occurred in July 2019 on Prospectus Directives have removed the possibility for Unédic to issue its financial documentations in the base prospectus format. Since 17 May 2020, all Unédic legal documentation for financing programme has been held as Financial Memorandum without the French Autorité des Marchés Financiers visa. Unédic will update Financial Memorandum with every important and significant information related to the Issuer.