

EXTERNAL REVIEW

Impact reporting

Social Bond Reporting Unédic 2020

11th March 2022

VERIFICATION PARAMETERS

Type(s) of reporting	Social Bond Allocation and Impact
Relevant standard(s)	ICMA' s Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (WTHFIR, as of 06.2020)
Scope of verification	Unédic's Social Bond Reporting 2020 (as of 09.03.2022) Unédic's Social Bond Framework (as of 30.06.2020)
Lifecycle	Post-issuance verification
Validity	As long as no material changes are undertaken by the issuer to its Social Bond Reporting 2020 as of 09.03.2022

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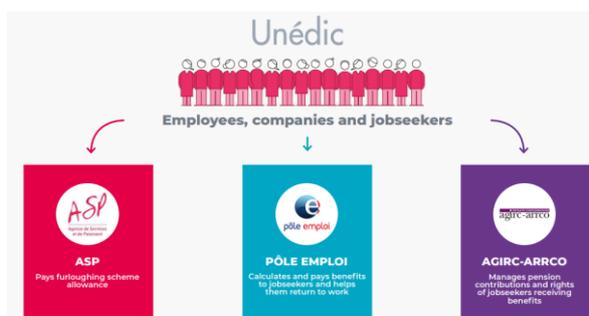
SCOPE OF WORK

Unédic (the Issuer) commissioned ISS ESG to provide an External Review on its Social Bond Reporting by assessing:

1. The alignment of the Unédic's Social Bond Reporting 2020 with the commitments set forward in the Unédic Social Bond Framework (30.06.2020 version) assessed against the International Capital Market Association's (ICMA) Social Bond Principles (SBP) applicable at the date of publication of the Framework.
2. Unédic's Social Bond Reporting 2020 - benchmarked against ICMA's Working Towards a Harmonized Framework for Impact Reporting (WTHFIR) for Social Bonds as of 06.2020.
3. The disclosure of proceeds allocation and soundness of reporting Indicators¹ – whether the metrics align with best market practices and are relevant to the Social Bonds issued.

UNÉDIC BUSINESS OVERVIEW

Unédic, a paritarian management body, is a non-profit organization (association de loi 1901) whose mission of managing the Unemployment Insurance system is structured by the law. Since 1958, the Unemployment Insurance system protects all private-sector workers and some public sector workers when they lose their employment. Unemployment Insurance pays them a benefit and promotes their return to work thanks to various assistance it provides. However, the Unemployment Insurance system is also a solidarity system since it mutualizes risk and proportionally better compensates the loss of a low salary than the loss of a high salary. The system also finances jobseekers' supplementary retirement credits and part of the budget of Pôle Emploi, which is the organization that provides job search support to jobseekers and responds to companies' recruitment needs. Leveraging a wide range of expertise, Unédic advises the social partners which negotiate the unemployment insurance rules. Unédic secures both the rules, by drafting regulatory texts, and financing to ensure that benefits are paid. Unédic directs the payment of benefits alongside the public agencies (responsible for collecting contributions and paying benefits) and evaluates the unemployment insurance programs using indicators and studies. The social partners ensure that Unédic carries out its missions while observing the principles of diligence, neutrality, and transparency so that the Unemployment Insurance system may be managed in a responsible and exemplary way. The payment of benefits (unemployment benefits, allowances, and participation in other social programs) represents over 90% of Unédic's expenditures. Its other expenditures allow for the financing of 77% of Pôle Emploi's budget, with the rest of that budget being financed by the French state.



Source: Unédic Social Bond Reporting 2020

¹ ISS ESG's review does not follow auditing or assurance standards or guidelines. ISS ESG does not provide assurance on the information presented in Unédic Social Bond Reporting. ISS ESG solely conducted a review of the Use of Proceeds' allocation and impact reporting against ICMA's Working Towards a Harmonized Framework for Impact Reporting (WTHFIR) for Social Bonds' core principles and recommendations and criteria outlined in the Issuer's Framework.

ISS ESG ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>ISS ESG finds that Unédic's Social Bond Reporting meets the commitments set forth in the Social Bond Framework.</p> <p>The underlying issuances align with key requirements defined by the Social Bond Principles².</p>	Aligned
<p>Part 2:</p> <p>Alignment with the ICMA's Working Towards a Harmonised Framework for Impact Reporting for Social Bonds</p>	<p>ISS ESG finds that the Social Bond Reporting is in line with ICMA's Working Towards a Harmonised Framework for Impact Reporting for Social Bonds.</p> <p>Unédic has put in place a formal internal process to track the proceeds and both the use of social bonds' proceeds, and the expected social impacts are clearly identified and illustrated thanks to relevant impact metrics.</p>	Aligned
<p>Part 3:</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>ISS ESG finds that the allocation of the bond's proceeds has been disclosed with a detailed breakdown across different eligible schemes as proposed in the Framework.</p> <p>The reporting indicators are relevant and align with the reporting criteria set forth in the Issuer's Framework. The indicators are material and quantitative. Data sourcing methodologies and levels of granularity are disclosed properly.</p> <p>The outcome has been benchmarked against France's Gini index.</p>	Positive

² The Framework was assessed by ISS ESG as aligned with the Social Bond Principles on 30.06.2020. The Social Bond Principles version considered for the evaluation is the one from June 2020.

ISS ESG EXTERNAL REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK³

The following table presents ISS ESG's assessment of Unédic's Social Bond Reporting against the commitments set forth in its framework, which are based on the core requirements of the ICMA's Social Bond Principles as well as best market standards.

ICMA'S SOCIAL BOND PRINCIPLES	UNÉDIC'S SOCIAL BOND FRAMEWORK 2020	UNÉDIC'S SOCIAL BOND REPORTING	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds			
<p>1.1. Alignment with project categories defined by the SBP</p> <p>(socio-economic development, access to basic services)</p>	<p>The net proceeds will be exclusively allocated to finance or refinance projects in the following categories:</p> <p><i>Protection</i></p> <ul style="list-style-type: none"> - Benefits and allowances guaranteeing replacement income to those who are out of work involuntarily (besides certain exceptions) - Contribution to beneficiaries' pension schemes <p><i>Support</i></p> <ul style="list-style-type: none"> - Programmes aimed at helping to return to work, professional (re)integration, skills and qualification development, re-employment or training - Unédic's contribution to Pôle Emploi's operating budget 	<p>In accordance with the eligibility criteria established in the Framework, the proceeds have been used to finance or refinance projects in the following categories:</p> <p><i>Socio-economic development:</i></p> <ul style="list-style-type: none"> - Furloughing schemes - Return-to-work allowance (ARE) - Validation of pension credits <p><i>Access to basic services:</i></p> <ul style="list-style-type: none"> - Financing of Pôle Emploi's operating budget - Return-to-work training allowance (AREF) 	

³ ISS ESG assessed the Unédic Social Bond Framework as aligned with the SBP (June 2020 version) as of 30.06.2020.

<p>1.2. Sustainability objectives related to project categories</p>	<p>Social objectives and benefits are defined for each project category in Unédic's Framework (see also 1.1 above).</p>	<p>A detailed description of core social impacts for each target area is available in the report.</p> <p>Furloughing scheme: In response to the Covid-19 crisis, this scheme has been used extensively to cushion the loss of business activities due to the administrative and social restrictions implemented by the public authorities to limit the spread of the pandemic.</p> <p>Return-to-work allowances and benefits: Consisting mainly of unemployment benefits (ARE, AREF) which represent the core activity of the scheme.</p> <p>Some schemes protect against certain situations of employment loss, assistance with retraining and support for the resumption of work, whether it is a paid or self-employed activity (CSP, ARCE, etc.).</p> <p>Validation of pension credits: To avoid gaps in pension scheme contributions of benefit recipients, Unédic substitutes the employer's contributions regarding supplementary pension schemes.</p> <p>Functioning of Pôle Emploi: Unédic supports the operating budget of Pôle Emploi, which is the main operator of the public employment service, to enable all jobseekers to receive support and help in finding a job.</p>	<p style="text-align: center;">✓</p>
<p>1.3. Refinancing / Financing</p>	<p>An amount equivalent to the proceeds raised will be allocated to financing or refinancing expenditures identified as eligible under the social eligibility criteria.</p> <p>In the case of refinancing, the lookback period will be capped at 36 months before the date of each social bond issuance.</p>	<p>In 2020, Unédic issued six social bonds for a total nominal amount of €17bn. The proceeds were fully allocated, with €8.9bn to the furloughing scheme, €6.8bn to ARE and AREF, €0.8bn to the Pôle Emploi and €0.5bn to pension credits.</p> <p>The share of refinancing was 0% (100% financing), i.e. no lookback period was applied.</p>	<p style="text-align: center;">✓</p>
<p>2. Process for project evaluation and selection</p>			

<p>2.1 Defined and transparent criteria for eligible social projects</p>	<p>Unédic follows a transparent process for the selection and evaluation of eligible social projects.</p> <p>The process of selecting and evaluating eligible expenditures is based on the governance of unemployment insurance in France and decrees relating to the unemployment insurance system.⁴ These texts define, for example, how workers who are deprived of work can receive compensation.</p>	<p>Eligibility criteria are based on the unemployment insurance schemes.</p>	<p>✓</p>
<p>2.2 Documented process to determine whether projects fit within defined categories</p>	<p>Unédic has set up a Social Bond Committee which is responsible for the governance of the social bond framework.</p> <p>The Committee will meet regularly in order to examine and approve eligible expenditures proposed by the Finance and Treasury Department in view of the eligible categories.</p>	<p>The Social Bond Committee is responsible for the project evaluation and project selection.</p>	<p>✓</p>
<p>2.3 Documented process to identify and manage potential ESG risks</p>	<p>Unédic's Social Bond Committee manages any change in relation to the eligibility criteria, including to:</p> <ul style="list-style-type: none"> - propose to replace certain expenditures if they no longer match the eligibility criteria; and to - manage any change or update to the social bond framework. 	<p>Unédic identifies and manages perceived social and environmental risks associated with the projects.</p> <p>The eligibility criteria are guaranteed by the management framework applying to Unédic's partner operators that provide services to workers, businesses and job seekers.</p>	<p>✓</p>
<p>2.4 Information responsibilities and accountability</p>	<p>Unédic is managed by a Board of Directors and a Bureau. These bodies manage the unemployment insurance system.</p>	<p>The Social Bond Committee meets regularly to verify alignment of Unédic's Social Bond Framework with ICMA's Social Bond Principles.</p>	<p>✓</p>

⁴ <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000038829574&categorieLien=id>

	Unédic has set up a Social Bond Committee which is responsible for the governance of this social bond framework.	Unédic's Bureau approves publications concerning social bonds. The Bureau is also the body responsible for managing unemployment insurance on a day-to-day basis.	
2.5 Stakeholder involved in the process	At a minimum, the Social Bond Committee is made up of representatives of the finance and treasury, studies & analysis, and information and communications departments. If necessary other departments may be invited to participate in meetings.	Unédic's internal committee (finance and treasury department, studies and analysis department and communication department) is responsible for the governance of the Social Bond Framework.	✓
3. Management of Proceeds			
3.1 Social Bond proceeds tracked in an appropriate manner	The proceeds raised through each social bond issuance will be managed by Unédic's Finance and Treasury Department, and an amount equivalent to the proceeds raised will be allocated to finance or refinance expenditures identified as being eligible under the social eligibility criteria. The Social Bond Committee will monitor the allocation of proceeds and will decide annually about the earmarking of proceeds to eligible disbursements.	The proceeds were fully allocated, with €8.9bn financing to the furloughing scheme, €6.8bn to ARE and AREF, €0.8bn to the Pôle Emploi operating budget and €0.5bn to pension credits.	✓
3.2 Disclosure of intended types of temporary investment instruments for unallocated proceeds	The aggregate amount of proceeds before allocation and the type of temporary investment will be disclosed. Unédic will use its best efforts to allocate the proceeds raised for eligible expenditures within no more than 24 months after each issuance. Proceeds raised but not yet allocated will be managed by Unédic's treasury management teams. They will be invested in accordance with Unédic's	Management of unallocated funds: Liquid funds are invested in compliance with Unédic's liquidity buffer management rules. Temporary investments of the liquid funds are made into responsible investments and based on a best effort basis.	✓

	<p>liquidity buffer management rules.</p> <p>To the extent, it is possible to diversify, and on a best effort basis, the treasury management teams will invest its liquid funds in responsible investments.</p>		
3.3 Disclosure of portfolio balance of unallocated proceeds	Unédic will produce a report on its social bonds which will include the balance of unallocated proceeds.	One hundred percent of the 2020's Social Bond proceeds were allocated to eligible expenses from the same year (unallocated proceeds = 0%).	✓
4. Reporting			
4.1 Formalisation of monitoring and reporting processes	<p>Allocation and impact reports will be submitted to the Social Bond Committee for review and approval.</p> <p>They will be audited annually by an external auditor selected by Unédic until the proceeds are fully allocated.</p>	<p>The allocation report was verified by an independent entity.</p> <p>The impact report will be reviewed and validated by the Social Bond Committee.</p>	✓
4.2 Use of proceeds reporting	<p>Unédic will publish an annual report on the allocation of the proceeds, at least until the proceeds are fully allocated and in the event of any subsequent significant change after allocation.</p> <p>Unédic said that it will report the following indicative list of information:</p> <ul style="list-style-type: none"> - The aggregate amount of funds allocated to date; and financing versus refinancing share - The aggregate amount of proceeds awaiting allocation and the type of temporary investment 	<p>Unédic has published an annual allocation and impact report about its 2020 social bond issuances.</p> <p>The section "allocation reporting" of the Social Bond Reporting complies with the pre-issuance commitment expressed in the framework and with the requirements defined in the SBP.</p> <p><i>Further analysis of this section of the report is displayed in Part III of this report.</i></p>	✓

	<p>- The breakdown of funds by eligible category and by underlying programme; regarding programmes that are co-financed with other entities (e.g., the French state), the percentage financed by Unédic</p>		
4.3 Impact reporting	<p>Unédic commits itself to providing information about the benefits and social impacts which are reasonably tied to the expenditures (re)financed with the social bond until all proceeds have been fully allocated.</p> <p>Due to the systemic nature of unemployment insurance programmes, employment data in France and data on job seekers and businesses can be provided to give a general perspective.</p> <p>However, no direct causal link can be made between the programmes (re)financed with the social bonds and more macro-social indicators.</p> <p>Strategic performance indicators defined in the tripartite conventions⁵ between the French state, Unédic and Pôle Emploi will serve as a basis for the impact reports published in regard to Unédic's social bond issuances.</p> <p>Examples of possible impact indicators are provided in Unédic's Social Bond Framework.</p>	<p>Among the indicators named in the report are:</p> <ul style="list-style-type: none"> a) volume of paid hours year on year variation in % b) number of hours compensated under furloughing scheme (in millions) c) average cost of one furloughed hour by sector of activity in 2020 (in €) d) monthly average number of benefit recipients e) spread of net monthly benefits paid in 2020 f) spread of the net replacement rate at the end of 2020 	✓
4.4 Means of disclosure: where the information is published	<p>The allocation and impact reporting will be available one year after the issuance of the</p>	<p>The report has been published on Unédic's website.</p>	✓

⁵ www.unedic.org/sites/default/files/2020-01/Convention_Tripartite_2019_signee_0.pdf

	first social bond on Unédic's website.		
4.5 External review	<p>A Second Party Opinion (SPO) was issued for Unédic's Social Bond Framework.</p> <p>Each year and until the proceeds have been fully allocated, an independent auditor will verify the following information on a yearly basis:</p> <ul style="list-style-type: none"> - Assignment of proceeds to eligible expenditures - Compliance of the financed eligible expenditures with the eligibility criteria defined in the Use of Proceeds and Management of Proceeds section of the framework. 	<p>ISS ESG has provided an SPO on Unédic's Social Bond Framework.</p> <p>An auditor has provided a limited assurance regarding the allocations.</p>	

Opinion: *ISS ESG finds that the Social Bond Reporting meets the general conditions set forth in Unédic's Social Bond Framework. Core principles, as defined by ICMA, have been considered in the Framework and have been transposed accordingly in the Social Bond Reporting.*

PART II: ASSESSMENT AGAINST THE ICMA WORKING TOWARDS A HARMONIZED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS

Reporting is a core component of the SBP. Social bond issuers are required to report on both the use of social bond proceeds, as well as the expected social impacts at least on an annual basis.

The ICMA WTHFIR has been chosen as a benchmark for this analysis as it represents the most widely adopted principles for Impact Reporting.

The table below presents the findings of an ISS ESG assessment of the Unédic's Social Bond Reporting 2020 against ICMA WTHFIR for Social Bonds principles.

CORE PRINCIPLES		
ICMA WTHFIR	Unédic Social Bonds Reporting 2020	ASSESSMENT
Formal internal process for tracking the proceeds	The methodology for allocation eligible expenditures is based on Unédic's 2020 Income statement. The eligibility criteria are guaranteed by the management framework (defined by the French constitution, the French law, French decrees and conventions) applying to Unédic's partner operators that provide services to workers, businesses and job seekers. The Social Bond Committee examines and approves the eligible social bond financing on a regular basis, and at least every quarter.	✓
Reporting on an annual basis	Unédic has committed itself to publishing an annual report until all the funds have been allocated. Unédic reports on both the allocation of the proceeds of the social bonds in the allocation of funds raised section and the expected social impacts in the impact assessment section.	✓
Allocation of the proceeds to social project categories	Unédic has selected four schemes funded by the proceeds from the issuance of the Social Bonds: <ol style="list-style-type: none"> 1. Return-to-work allowance 2. Furloughing scheme 3. Contribution to the functioning of Pôle Emploi 4. Contribution to pension credits for Unemployment insurance recipients 	✓
Target population	For each scheme, Unédic has provided the conditions for benefitting from the scheme and the number of beneficiaries in 2020.	✓
Output, outcome and/or impact of projects	Output indicators have been developed by the issuer. The issuer uses statistical data provided by an external source (INSEE, FNA) providing country-wide information for measuring the outcome of some schemes on paid working hours, on the replacement rate, on the private-	✓

	sector employment rate and on the coverage rate for job seekers in France. However, Unédic does not provide impact indicators for the contribution to jobseeker's pension credit scheme.	
Illustrate the expected social impact made possible as a result of projects to which social bond proceeds have been allocated.	The Social Bond issuance proceeds in 2020 resulted mainly in absorbing the fall in activity due to the health crisis and activity restrictions during lockdowns and cushioned the economic impact, especially in the most affected sectors (accommodation and food services, construction and other services activities).	✓
Use output, outcome, and/or impact metrics relevant for their projects and utilize existing indicator lists and catalogue	Unédic's Impact and Allocation Reporting includes outcome metrics related to the sociology of the beneficiaries (gender, age, socio-professional category, qualifications), use of scheme by sector and by the size of establishment. The report also includes impact metrics such as the coverage rate of job seekers or France's Gini index for example.	✓

RECOMMENDATIONS

ICMA WTHFIR	Report-name	ASSESSMENT
Be transparent about projects with partial eligibility	There is no project with partial eligibility	N/A
Provide background on the methodology and assumptions used for the calculation of social impact indicators	Unédic provides background on the methodology for calculation of social impact indicators that could be based on an efficiency analysis over a program (i.e. total furloughing scheme expenditure vs. decline in activity), on longitudinal monitoring of beneficiaries (i.e. number of establishments having made a claim, number of salaried employment furloughed, and number of hours compensated under the scheme and based on satisfaction surveys (i.e. survey of jobseekers who updated their situation with Pôle Emploi). Unédic provides the sourcing of the data and the assumptions used for the calculation of the indicators.	✓
In case the expected impacts of different project components may not be reported separately, issuers may attribute the results to each component based on their relative share in the related financing, disclosing the attribution approach	The expected impacts of each scheme can be reported separately.	N/A
Explain the methodology used to determine the share of eligible project	Unédic reports the total eligible expenditure and the allocated expenditure for each scheme.	✓

financing being applied to impact calculation		
Collaborate with experts if reporting the estimated lifetime impacts and/or project economic life in years	There is no reporting on the estimated lifetime impacts and project economic life in years.	N/A
Ex-post verification of specific projects	There is no ex-post verification of specific projects.	N/A
Define and disclose the period and process for including projects in their report	The entire proceeds have been allocated to social assets. No modification (removal or additional projects) of the portfolio is planned. However, ISS ESG notes that as for the furloughing scheme, by nature of the program, there is a potential recovery of undue payments that could lead to a modification of the portfolio.	N/A
Indicate the timing of disbursements	Unédic indicates the year of disbursements in the allocation table.	✓

Opinion: ISS ESG finds that the Social Bond Reporting 2020 follows the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds' core principles and key recommendations. The issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best market practices. Unédic puts in place a formal internal process for tracking the proceeds and has clearly reported on social bonds' use of proceeds as well as on the expected social impacts thanks to various impact metrics.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Methodology note: *ISS ESG's review does not follow auditing or assurance standards or guidelines. ISS ESG does not provide assurance on the information presented in Unédic Social Bond Reporting 2020. ISS ESG solely conducted a review of the use of proceeds' allocation reporting against ICMA's WTHFIR for Social Bonds core principles, recommendations and best market practice.*

Use of Proceeds Allocation

ISS ESG notes that it has not verified or audited the allocation reporting and thus cannot provide any assurance on its soundness. ISS ESG solely conducted a review of the use of proceeds' allocation reporting against ICMA Social Bond Principles' core recommendations on the level, scope and information to be provided in the allocation reporting.

Use of proceeds allocation reporting is key to putting the reported impacts into perspective with the amount of investments allocated to the respective use of proceeds' categories. The use of proceeds' allocation reporting occurred within one year from the issuance, after full allocation of the proceeds.

Proceeds allocated to Eligible Projects

The proceeds' allocation is broken down at the project category level, in a granular way thanks to the breakdown by type of schemes. Investors are broken down by investor type, ESG score and geographic area.

ISS ESG finds that the allocation report section of the Social Bond Reporting of Unédic aligns with best market practices by providing information on:

- The characteristics of the social bonds issued (nominal amount, spread over the OAT and yield);
- The total amount of proceeds in million euros allocated to each scheme and to the underlying program, as the case may be;
- The share of proceeds allocated to each scheme and to the underlying program, as the case may be;
- The share of schemes' expenditure financed by the Social Bonds;
- The number of investors broken down by ESG score for each Social Bond issuance; and
- The amount allocated by ESG score for each Social Bond issuance.

ISS ESG notes that 100% of the use of proceeds are allocated to financing, and thus 0% to refinancing.

Impact Reporting Indicators

ISS ESG finds that the impact indicators used by the Social Bond Reporting 2020 of Unédic align with best market practices using ICMA's recommended metrics in the Working Towards a Harmonized Framework for Impact Reporting. The issuer measures and discloses relevant indicators for each of the use of proceeds' category.

The table below presents an assessment conducted by ISS ESG referring to key recommendations of the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds.

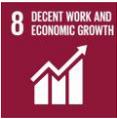
ELEMENT	ASSESSMENT
<p>Relevance of impact indicator</p>	<p>The impact indicators chosen by the issuer for this bond are the following:</p> <ul style="list-style-type: none"> a) Share of Unédic funding for administratively closed sectors and other cases heavily impacted by the crisis or for unprotected sectors b) Economic activity rate in % (estimation) c) Volume of paid hours year on year variation in % d) Number of hours compensated under furloughing scheme in millions e) Furloughing scheme by sector of activity in % of total furloughing scheme allowance f) Average cost of one furloughed hour by sector of activity in € g) Change in production volume and in paid working hours by sector of activity in % h) Change in volume of paid hours by the French department i) Monthly average number of ARE allowance in employment and not in employment in % j) Spread of net monthly benefits k) Spread of the net replacement rate l) Coverage rate of jobseekers in % m) Number of young people that benefited from Pôle Emploi's assistance n) France's Gini Index⁶ <p>These indicators are quantitative and material to the Use of Proceeds categories financed through this bond and in line with the recommendations from the ICMA WTHFIR for Social Bonds. The metrics provide a good indication and understanding of the funding impact, and some are in line with sample social indicators from Annex A of the ICMA WTHFIR for Social Bonds (jobs created and/or retained).</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For the impact indicators, the issuer uses publicly available statistics provided by public institutions in France such as INSEE. In addition, the data is sourced from ASP and FNA extranet systems as well as from Pôle Emploi's surveys. The data is then processed by Unédic that could aggregate data, exclude some categories, and define the period. Unédic also clearly defines the scope of each indicator.</p>

⁶ The Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution

	To measure the social impacts of the various schemes, Unédic conducted longitudinal monitoring of beneficiaries, efficiency analysis over some time and satisfaction survey of job seekers.
Baseline selection	The issuer is reporting with absolute figures without considering a baseline. Complex recalculations have been avoided. The impact data is compared to France's Gini index, to assess the impact of the furloughing scheme on the poverty rate.
Scale and granularity	The impact data is presented at the Use of Proceed category level for the indicator(s).

High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Unédic's social bond reporting, the impact indicator(s) adopted by Unédic for its Social Bonds can be mapped to the following SDGs, according to the ICMA "A High -Level Mapping to the Sustainable Development Goals"⁷.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Inclusion (unemployed, vulnerable groups)</p> <ul style="list-style-type: none"> i. Number of young people that benefited from Pôle Emploi's assistance ii. Spread of the net replacement rate (decile) iii. Number of hours compensated under furloughing scheme in millions iv. Share of Unédic funding for administratively closed sectors and other cases heavily impacted by the crisis or for unprotected sectors 	
<p>Prevent and alleviate unemployment/Employment generation</p> <ul style="list-style-type: none"> i. The coverage rate of jobseekers in % ii. Activity rate in % (estimation) iii. Furloughing scheme by sector of activity in % 	

⁷ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

<p><i>iv. Average cost of one furloughed hour by sector of activity in €</i></p> <p><i>v. Change in production volume and in paid</i></p> <p><i>vi. working hours by sector of activity in %</i></p> <p><i>vii. Change in volume of paid hours by department</i></p> <p><i>viii. Share of Unédic funding for administratively closed sectors and other cases heavily impacted by the crisis or for unprotected sectors</i></p>	
<p>Assisting individuals with their professional (re)-integration</p> <p><i>The monthly average number of ARE allowance in employment and not in employment in %</i></p>	
<p>Reduction of income inequality</p> <p><i>France's Gini Index</i></p> <p><i>Spread of net monthly benefits paid</i></p>	

At the time of the publication of Unédic's Social Bond Reporting, the impact indicators were still under development. Those presented in this reporting represent a preliminary first set of options. Unédic will further develop the impact indicators in the next year and update them at the next reporting.

DISCLAIMER

1. Validity of the External Review: As long as no material changes are undertaken by the issuer to its Social Bond Reporting 2020 as of 09.03.2022
2. ISS ESG uses a proprietary methodology to assess the post-issuance reports. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we conduct External Reviews solely based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this External Review is complete, accurate, or up to date. Any liability on the part of ISS ESG in connection with the use of this External Review, the information provided in them, and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgments given by us do not in any way constitute purchase or investment recommendations. In particular, the External Review is no assessment of the economic profitability and creditworthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX: Methodology

ISS ESG Review of the post-issuance Reports

The external review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced.

On the basis of the information provided by the Issuer, ISS ESG assesses the alignment of the report with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting.

The analysis of the metrics adopted is based also on specific sets of indicators developed by ISS ESG for every single use of proceeds category.

About ISS ESG External Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on External Review services, contact: SPOsales@isscorporatesolutions.com

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