

REPORT REVIEW

Unédic Social Bond Report

Allocation and Impact Reporting Unédic

3 April 2024

VERIFICATION PARAMETERS

Type(s) of reporting

- Social Bond Allocation and Impact Report

Relevant standard(s)

- Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, administered by the International Capital Market Association (ICMA)
- Unédic's Allocation and Impact Reporting (as of March 15, 2024)

Scope of verification

- Unédic's Social Bond Framework (as of June 30, 2020)
- Bond identification: FR001400ADP1/ 10-years maturity (EUR 1 billion)

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Allocation and Impact Reporting as of March 15, 2024

CONTENTS

SCOPE OF WORK.....	3
ASSESSMENT SUMMARY.....	4
REPORT REVIEW ASSESSMENT.....	5
PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK	5
PART II: ASSESSMENT AGAINST THE ICMA HARMONISED FRAMEWORK FOR IMPACT REPORTING.....	8
PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS.....	12
ANNEX 1: Methodology	16
ANNEX 2: Quality management processes	17
About this Report Review	18

SCOPE OF WORK

Unédic (“the Issuer”) commissioned ISS-Corporate to provide a Report Review¹ on its Allocation and Impact Reporting by assessing:

1. The alignment of the Unédic’s Allocation and Impact Reporting with the commitments set forth in Unédic Social Bond Framework (as of June 2020).²
2. Unédic’s Allocation and Impact Reporting - benchmarked against the Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated June 2023, administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the Social Bond issued.

¹ A limited or reasonable assurance is not provided on the information presented in Unédic Allocation and Impact Reporting. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Social Bond Principles) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Social Bond Principles as of June 30, 2020. The Second Party Opinion provided by ISS-Corporate can be found at <https://www.iss-corporate.com/file/documents/spo/spo-unedic-20200630.pdf>.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer’s commitments set forth in the Framework</p>	<p>Unédic’s Allocation and Impact Reporting meets some of the Issuer’s commitments set forth in the Social Bond Framework. The Issuer has not reported within one year from issuance due to a lack of data, but the Social Bond has been annually reviewed by ISS-Corporate. The proceeds have been used to (re)finance: allowance for creating or taking over a business (ARCE), and return-to-work allowance (ARE).</p>	<p>Not Aligned</p>
<p>Part 2.</p> <p>Alignment with the Harmonised Framework for Impact Reporting for Social Bonds</p>	<p>The Allocation and Impact Reporting is in not line with ICMA’s Harmonised Framework for Impact Reporting for Social Bonds. The Issuer follows some core principles and where applicable key recommendations. The Issuer has not reported within one year from issuance due to a lack of data and has not reported on the pro-rated share of overall impact results of the projects.</p>	<p>Not Aligned</p>
<p>Part 3.</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework.³</p> <p>Unédic’s Allocation and Impact Reporting has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	<p>Positive</p>

³ The assessment is based on the information provided in the Issuer’s report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOCIAL BOND FRAMEWORK⁴

The following table evaluates the Allocation and Impact Reporting against the commitments set forth in Unédic’s Framework, which are based on the core requirements of the Social Bond Principles as well as best market practices.

ICMA SOCIAL BOND PRINCIPLES	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>Unédic confirms to follow the Use of Proceeds’ description provided by Unédic’s Social Bond Framework. The report is in line with the initial commitments set in Unédic’s Social Bond Framework. The net proceeds are allocated to the socio-economically protection against the vagaries of the job market by ensuring economic and financial security category, and the assisting individuals with their professional (re)integration category. Under these two categories, the Company created two funding schemes for creating or taking over a business allowance (ARCE), and return-to-work allowance (ARE).</p> <p>The Issuer’s social categories align with the project categories and are in accordance with the eligibility criteria set in the Unédic’s Social Bond Framework. Social benefits at either category level are described and quantified.</p> <p>The Issuer is transparent that EUR 1 billion of proceeds are fully allocated to the projects. About 59.6% of the proceeds are allocated to the ARCE category and the resulting 40.4% of the proceeds are allocated to the ARE category.</p>	<p style="text-align: center;">✓</p>
<p>2. Process for Project Evaluation</p>	<p>Unédic confirms to follow the Process for Project Evaluation and Selection description provided by Unédic’s Social Bond Framework. The report is in line</p>	<p style="text-align: center;">✓</p>

⁴ Unédic Social Bond Framework was assessed as aligned with the SBP (June 30, 2020 version) as of as of June 30, 2020.

<p>and Selection</p>	<p>with the initial commitments set in the Unédic’s Social Bond Framework: involving different departments such as the Finance and Treasury departments and the Social Bond Committee. The Committee includes the same members as described in the Framework. The Committee monitors the allocation of proceeds from each issuance and gives priority to allocation of proceeds to eligible financing expenditures.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.</p>	
<p>3. Management of Proceeds</p>	<p>Unédic confirms to follow the Process for Management of Proceeds description provided by Unédic’s Social Bond Framework.</p> <p>The report is in line with the initial commitments set in Unédic’s Social Bond Framework: unallocated funds are invested in compliance with Unédic’s liquidity management rules. Funds are temporarily invested in responsible investments based on best-effort basis.</p> <p>The proceeds collected represent 100% of the amount allocated to eligible projects, with no exceptions. Unallocated proceeds are equal to 0%. The proceeds are tracked in an appropriate manner and attested in a formal internal process.</p> <p>The Issuer also respects the defined allocation period of 24 months.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>Unédic Impact Report is coherent with the Reporting description provided by Unédic’s Social Bond Framework. The report is not in line with the initial commitments set in Unédic’s Social Bond Framework: Unédic has not published annually an Allocation and Impact Report of its 2022 Social Bond issuance.⁵</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Allocation and Impact Reporting</p>	<p>○</p>




⁵ Unedic has not reported within one year from issuance due to a lack of data, but the Social Bond has been annually reviewed by ISS-Corporate.

	<p>comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
<p>5. Verification</p>	<p>SPO-ISS Corporate has provided a Second Party Opinion (SPO) on Unédic’s Social Bond Framework on June 30, 2020.</p>	

PART II: ASSESSMENT AGAINST THE ICMA HARMONISED FRAMEWORK FOR IMPACT REPORTING





Reporting is a core component of the Social Bond Principles (SBP) and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Social bond Issuers are required to report on both the use of social bond proceeds, as well as the social impacts at least on an annual basis until full allocation. The ICMA’s Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Unédic’s Allocation and Impact Reporting against ICMA HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	ALLOCATION AND IMPACT REPORTING	ASSESSMENT
Reporting on an annual basis	Unédic has not reported within one year from issuance. ⁶ All the proceeds have been fully allocated and the report will be available on Unédic’s website. ⁷	
Formal internal process to track proceeds	Unédic confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying Framework. The process involves different departments such as the Finance and Treasury departments and the Social Bond Committee. The Committee includes the same members as described in the Framework. The Committee monitors the allocation of proceeds from each issuance and gives priority to allocation of proceeds to eligible financing expenditures.	
Allocation of the proceeds to social project categories	In accordance with the criteria established within the Framework, in compliance with the Social Bond Principles issued by the ICMA, Unédic has allocated the net proceeds (EUR 1 billion) of the bond issued under this Framework to new and/or existing eligible assets within the following categories: socio-economically protection against the vagaries of the job market	

⁶ Unédic has not reported within one year from issuance due to a lack of data, but the Social Bond has been annually reviewed by ISS-Corporate.

⁷ Unédic Allocation and Impact Report: https://www.unedic.org/storage/uploads/2024/02/19/Allocation-and-Impact-Reporting---Social-Bonds-2022_uid_65d3316f08f01.pdf

	<p>by ensuring economic and financial security, and assisting individuals with their professional (re)integration. Under these two categories, the Company created two funding schemes:</p> <ul style="list-style-type: none"> ▪ Allowance for creating or taking over a business (ARCE), receiving 59.6% of total funds raised (EUR 595,888,047) ▪ Return-to-work allowance (ARE), receiving 40.4% of total funds raised (EUR 404,111,953) 	
<p>Target Population(s) identified</p>	<p>The Issuer defined targeted populations for the respective project categories, Allowance for creating or taking over a business (ARCE) and Return-to-work allowance (ARE). The target population for both are unemployed people who wish to start a business using Unédic's schemes. The Issuer refers to conditions and thresholds for benefiting from the schemes for targeted population and the number of beneficiaries in 2022.</p>	
<p>Output, outcome and/or impact of projects at project or portfolio level</p>	<p>The Issuer referred to existing indicator lists and catalogs from the Annex III of the HFIRSB: (i.e number of benefiting people, number of facilities).</p> <p>A detailed analysis of impact indicators is available in Part III of this report.</p>	
<p>Illustrating of the social impacts</p>	<p>The assessment and measurement of the impacts generated by Unédic Social Bonds cover the following areas:</p> <ul style="list-style-type: none"> ▪ Number of people registered with Pôle Emploi and having found a job. ▪ Number of ARCE beneficiaries. 	
<p>Pro-rated share of the overall impact results of the projects or portfolio of projects</p>	<p>The Issuer does not report the pro-rated share of the overall impact results of the projects or portfolio of projects.</p>	

RECOMMENDATIONS		
ICMA HFIRSB	ALLOCATION AND IMPACT REPORTING	ASSESSMENT
Disclose the methodology and the assumptions used for the calculation of impact indicators	The Issuer reports on actual absolute output indicators and qualitative impact indicators. The Issuer confirms regularly ⁸ tracking these indicators against targets using a tool known as a results measurement plan.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Unédic’s projects is reported separately per category and sub category on an aggregated basis.	✓
Disclose the methodology used to determine the share of eligible project financing being applied to impact calculation	The Issuer confirms reporting on the total project costs and determines the share of eligible project financing being applied to output calculation, meaning the share of the total project cost that is financed by the Issuer resulting in a pro-rated share of overall results of the project categories.	✓
Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	There is no reporting on the estimated timeline impacts and project economic life in years.	-
Assumptions and ex-post verification	The projects have not gone through an ex-post verification by an external verifier during impact calculation.	-
Report Period	The entirety of proceeds has been allocated to Social Assets. No modification (removal or additional projects) of the portfolio is planned.	✓
Disbursement reporting	The proceeds from the social bond issuance were used to finance new program funds. New program funds are those where	✓

⁸ The frequency is at least annually.

	disbursements have been made no more than one year before the issue of the respective bond or at any time from the date of the issuance. All proceeds were allocated to finance project during the year 2022.	
Projects with partial eligibility	The Issuer confirms full eligibility of all projects financed through the bond proceeds. Therefore, this section with partial eligibility is not applicable.	-

OPINION

The Unédic follows the ICMA’s Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB) 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 adhered to the core principles by reporting the allocation from social bonds annually, applying a formal internal process to track proceeds, outlining the allocation of proceeds to the respective social project categories, identifying the target population benefited by the social project categories, when relevant, outlined the outcome of the social categories through impact indicators, and illustrated the social impacts generated by the social bonds.

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

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred within two years from the issuance, after full allocation of the proceeds.⁹ The total eligible expenditures pool was EUR 1 billion, 100% of the proceeds were allocated to eligible social categories in 2022.

Proceeds allocated to eligible projects/assets

The proceeds' allocation is broken down at the project category level. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Allocation and Impact Reporting of Unédic aligns with best-market practices by providing information on:

- The number of projects (re-)financed.
- The total amount of proceeds (EUR 1 bn).
- The number of entrants and beneficiaries per project category.
- The annual expenditures per project category.
- The profile of the beneficiaries divided by gender, qualification, age, and socio-professional category.
- The geographical profile of entrepreneurs per project category.
- The sectors of business created or taken over per project category.
- The financial resources need to start the activity per project category.
- The period of business creation or take over per project category.

⁹ The Issuer noted that the delay is due to data gathering issues on a study co-published in January 2024 by Unédic and BPI France relative to entrepreneurship in France that was used as a source ("IEF 2023") in the Social Bond Reporting.

Impact Reporting Indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome, and/or impact of projects/assets using impact indicators.

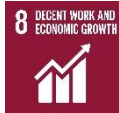

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the Issuer for this bond are the following:</p> <ul style="list-style-type: none"> ▪ Number of people registered with Pôle Emploi and having found a job. ▪ Number of ARCE beneficiaries. <p>These indicators are quantitative, qualitative, and material to the Use of Proceeds categories financed through this bond and in line with the Suggested Impact Reporting metrics by the ICMA Harmonized Framework for Impact Report for Social Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For its impact indicator(s) in the Allocation and Impact Reporting, the Issuer uses publicly available statistics provided by public institutions in France such as the National institute of statistics and economic studies (Insee), France’s Directorate for Research, Studies and Statistics (DARES), and Central Agency of Social Security Organizations (ACOSS). In addition, some data are sourced from ASP and FNA extranet systems, and Pôle Emploi surveys. The data is then processed manually by Unédic that could aggregate data and presented across specific time periods.</p> <p>To measure the social impacts of various schemes, Unédic conducted longitudinal monitoring of beneficiaries, efficiency analysis over some time, and leveraged statistics and analysis provided by Pôle Emploi:</p> <ul style="list-style-type: none"> ▪ For people registered with Pôle Emploi who have found a job, the Issuer uses Pôle emploi 2022 annual report.¹⁰ ▪ For ARCE beneficiaries, the Issuer uses national files of beneficiaries at the end of September 2023, and Unédic calculations based on these files.

¹⁰ Pôle Emploi 2022 Annual Report: <https://www.francetravail.org/files/live/sites/peorg/files/documents/Publications/Chiffres%20CI%C3%A9s%20-%20Rapport%20Annuel%20-%202022%20-%20V2.pdf>

Baseline selection	The Issuer is reporting with absolute figures without considering a baseline. Complex recalculations have been avoided.
Scale and granularity	The impact data is presented at the Use of Proceed category level for the indicators.

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 Issuer’s Allocation and Impact Reporting, the impact indicator(s) adopted by Unédic for its Social Bond can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer’s product or services on the UN SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> Number of ARCE beneficiaries 	
<ul style="list-style-type: none"> Number of people registered with Pôle Emploi and having found a job 	

OPINION

The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible project categories/asset categories as proposed in the Framework and the Allocation and Impact Reporting has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices. Besides, the impact indicators used align with best market practices using ICMA’s HFIRSB recommended metrics.

DISCLAIMER

1. Validity of the External Review ("External Review"): Valid as long as the cited Framework remains unchanged.
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labelled transactions reporting against international standards using ISS-Corporate proprietary methodology.

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to which Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

Issuer's responsibility was to provide information and documentation on:

- Allocation and Impact Reporting
- Social Bond Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Unédic took place in March and April 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess the alignment of the Issuer's report with external principles (e.g., ICMA Green / Social Bond Principles, ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the alignment of the Issuer's Report against the commitments in the respective Framework, and analyze the disclosure of proceeds allocation, the data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well as informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

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

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