



2022
**ALLOCATION
AND PERFORMANCE
REPORT
ON CADES SOCIAL
BONDS**

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CADES

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EDITORIAL



Jean-Louis Rey
Chairman of the Board
of Directors of CADES

In 2022, CADES financed and assumed a new €40 billion tranche of social debt, while fulfilling its task of amortising loans that matured during the same year. As at 31 December, it had thus amortised €224 billion out of the €360 billion in debt transferred to it on that date, i.e. two-thirds of the social debt assumed since its creation in 1996.

CADES social bonds have continued to attract strong interest from international markets in search of quality assets with a strong social impact. Over the year, we carried out 12 issuances, 11 of which were social issuances for an amount of €37.9 billion. With nine benchmark social debt in euros and dollars, with maturities ranging from 3 to 10 years, CADES was the world's leading issuer of social bonds in 2022.

We will continue to adapt our issuance strategy to investor expectations and market conditions.

CADES SOCIAL BONDS COMMITTEE

As the governing body for the social bond issuance programme, this committee is responsible for:

- reviewing and approving the scope of eligible social security liabilities with regard to the eligibility criteria presented for issuances;
- managing the annual mission of the external auditor;
- reviewing and approving the annual impact report for investors;
- monitoring the evolution of the social bonds market in terms of transparency and publication of impact reports in order to align with market best practices.

The committee meets at least twice a year and when necessary.

The members of the committee are as follows:

- Ms Julika Courtade-Gross, Deputy Director General of the AFT, representing CADES;
- Mr Paul-Antoine Georges, Deputy Director of Financing at the Social Security Department;
- Mr Adrien Perret, Deputy Director of Social Policy and Employment at the General Directorate of the Treasury (DGT).

This 2022 allocation and impact report for investors was reviewed and approved by the CADES Social Bonds Committee.

SUMMARY OF THE REPORT

THE FRENCH SOCIAL WELFARE SYSTEM

CADES' mission is to repay the social debt transferred to it by the basic mandatory social security schemes, which manage social risks (health, workplace accidents & occupational diseases, family, old age & widowhood, autonomy). By contributing to restore the financial equilibrium of the social accounts, CADES plays an important role in the sustainability of the social welfare system in France.

The Covid-19 crisis caused a deterioration in the social security accounts in 2020, leading to both increased expenditure and shrinking resources. It was in this context that the law on social debt and autonomy of 7 August 2020 was passed, which decided to transfer €136 billion of additional debt to CADES. Of these €136 billion, €31 billion corresponds to past deficits, recorded up to 2019.

On the basis of this law, €20 billion of social debt was transferred to CADES in 2020, and €40 billion in 2021. For 2022, Decree no. 2022-23 of 11 January 2022 on the transfer to CADES of the deficits of the general scheme, of the old age solidarity fund (FSV), and of public healthcare institutions to be carried out in 2022, organises the transfer of €40 billion of debt.

THE ISSUANCE OF SOCIAL BONDS TO FINANCE ACTIVITIES WITH A SOCIAL IMPACT

In a context of widespread responsible investment, the social bond market is used to finance activities that respond to global social challenges that have intensified with the Covid-19 crisis, while ensuring a competitive return with regard to the market. In accordance with the Principles of the International Capital Market Association (ICMA), this report aims to disclose the issuance of social bonds by CADES in 2022, specifying the allocation of funds raised to newly assumed debts and presenting the results achieved over this period by the relevant schemes.

ISSUANCES CARRIED OUT IN 2022 AND THEIR ALLOCATION

In 2022, CADES carried out 11 social bond issuances in three different currencies:

- Seven in euros, on 12 January, 9 February, 26 April, 4 July, 24 August, 20 September, and 9 November, for €6 billion, €2 billion, €5 billion, €1.5 billion, €3 billion, €5 billion, and €5 billion respectively;
- Three in US dollars, on 19 January, 10 May, and 25 October, for \$3 billion, \$3.5 billion, and \$4 billion respectively
- One in Swedish krona, on 26 January, for SEK 5 billion.

In 2022, CADES allocated €35 billion to the health branch of the general social security system, thus refinancing the 2020 and 2021 deficits.

METHODOLOGY FOR ASSESSING THE IMPACT OF SOCIAL BOND ISSUANCES

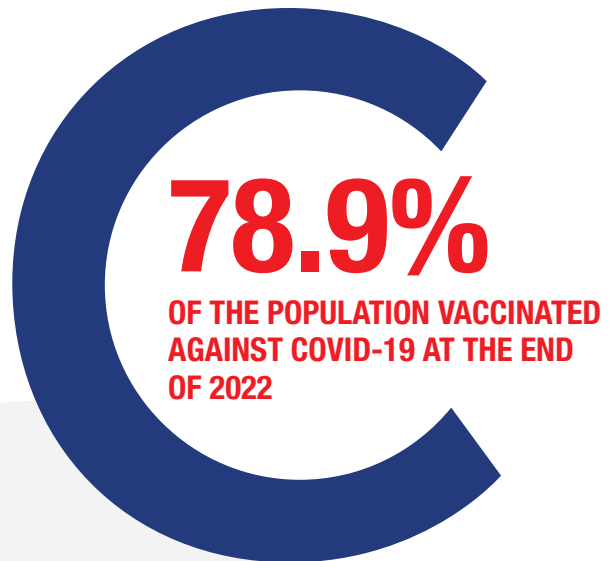
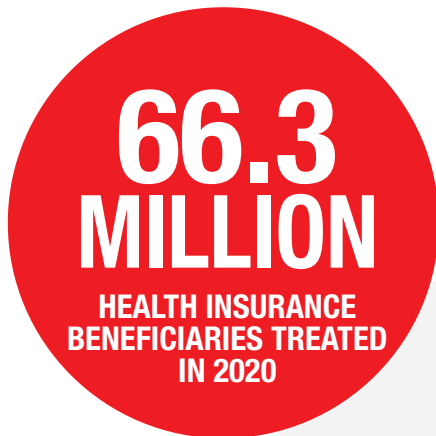
Since its creation, CADES has supported the French health system. Its essential contribution during the pandemic made it possible to cope with the health crisis.

The impact of social bond issuances is measured according to the situation of the beneficiaries of the schemes concerned, using data from the Directorate for Research, Studies, Evaluation, and Statistics (DREES). Furthermore, CADES strives to promote an international perspective using indicators from the Organisation for Economic Cooperation and Development (OECD) and Eurostat (European Union).

The assessment of France's health risk performance in 2021 is illustrated by:

- France's key actions in managing the Covid-19 crisis;
- France's contribution to the Sustainable Development Goals (SDGs) defined in the United Nations 2030 Agenda on health;
- Actions taken by the French health system in line with the objectives of the National Health Strategy.

In 2021, France implemented a strategic and progressive vaccination campaign to fight Covid-19. This strategy was supplemented by a large-scale screening campaign with 168 million tests carried out free of charge. Thanks to these efforts, more than 78.9% of the population have been fully vaccinated, compared to 65.5% worldwide. In this context, and notwithstanding the pandemic, it is noteworthy that healthy life expectancy at birth has continued to increase in France: in 2021, it was 11.1 years at 65 years of age. In 2020, more than 66.3 million beneficiaries were treated by the French health system, highlighting the importance of its role in protecting and improving the health of citizens. Lastly, Assurance Maladie, the French national health insurance, played a key role in the progress of e-health in France in 2021, as a funder, operator, regulator, and support provider.





Annual report on the allocation and performance of social bond issuances

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**CADES' MISSION,
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CADES AMONG SOCIAL SECURITY INSTITUTIONS

CADES is a division of the French State classified as a social security administration (ASSO), with the aim of contributing to the rebalancing of social accounts.



Health: illness, invalidity, maternity, and death



Workplace accidents & occupational diseases



Old age & widowhood



Family



Autonomy

It ensures the sustainability of the French social welfare system, notably by assuming the debts of the mandatory social security schemes and the old age solidarity fund (FSV).

The social security schemes are managed by the various funds within the framework of the main guidelines defined with the French State, which ensures the financial equilibrium of the system.

CADES' MISSION, ORGANISATION, AND SOCIAL RESOURCES

The mission of CADES, defined by law, is to finance and amortise the social debt¹ transferred to it. Since 2020, on an exceptional and ad hoc basis, CADES has also amortised part of the support provision to healthcare institutions providing the public hospital service.

Operational organisation of CADES

The operational organisation of CADES is in line with that of financial institutions. It complies with a strict separation of front office and back office activities. It includes an “internal control and risk control” unit. The administrative management and cross-functional functions of CADES are provided by a general secretariat.

With effect from 1st September 2017, CADES and Agence France Trésor (AFT) were merged, without affecting CADES' autonomy.

Conditions for assuming the social debt

The conditions for CADES' assumption of the social debt are determined by organic law, and in particular:

- the organic law of 2 August 2005 on social security financing laws (LOLFSS) provides that “any new transfer of debt to CADES is accompanied by an increase in the fund's revenues so as not to increase the amortisation period of the social debt”;
- the organic law of 13 November 2010 on the management of social debt allowed for an extension of the amortisation period;

¹ Social debt results from deficits in basic mandatory social security schemes. Since the scope of social finance is independent from the French State budget, social debt does not form part of the State's negotiable debt.

- the organic law of 7 August 2020, in the context of the health crisis, extended the social debt amortisation deadline to 31 December 2033. This was previously estimated at 2024.

Technically, the deficits of the general scheme are initially financed by the French central agency of social security bodies (ACOSS), which manages their cash flow and uses loans of a duration of less than one year. Social security funding laws or ordinary laws specify the deficits subsequently assumed by CADES.

CADES resources

To carry out its mission, CADES has earmarked resources that are protected and secured by decisions of the Conseil Constitutionnel (French Constitutional Council).

Its resources include:

- the CRDS (contribution to the repayment of social debt) – a resource dedicated exclusively to CADES and specially created for this purpose from the outset;
- a share of the CSG (general social contribution);
- an annual payment from the FRR (pension reserve fund).

The revenues allocated to CADES for repayment of the social debt, which apply to all type of household income, must be predictable. Furthermore, the allocation of resources to CADES must not result in the creation or increase of a deficit in the basic mandatory social security schemes and the old age solidarity fund (FSV).²

CADES takes out loans on the financial markets using a diverse range of instruments, which it gradually repays using its own resources.

CADES' INCOME, EXPENSES, AND RESULTS (2019-2022)

IN MILLIONS OF €	31/12/2022	31/12/2021	31/12/2020	31/12/2019
NET INCOME	18,961	17,813	16,089	16,253
CRDS & CSG net of fees	18,115	16,880	15,528	16,157
Social security deductions from capital net of fees	0	1	1	1
FRR	2,100	2,100	2,100	2,100
Financial expenses	-1,252	-1,165	-1,539	-2,002
General operating expenses	-2	-2	-2	-3

Source: CADES financial report 2022.

As at 31 December 2022, the positive result of €18,961 million, the allocation of which is automatically dedicated to the repayment of the social debt, enabled CADES to continue the mission entrusted to it by the French Parliament.

² Decision DC 2010-616 of the French Constitutional Council.



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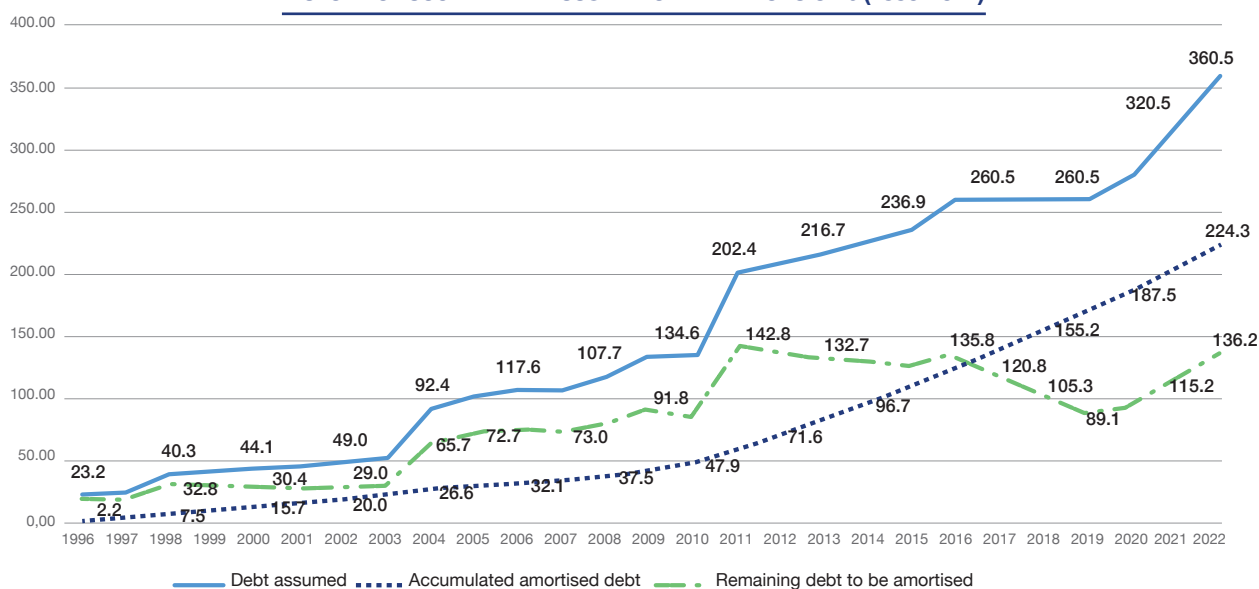
ASSUMPTION OF SOCIAL DEBT UNTIL 2022

Since its creation in 1996, €360.5 billion of debt has been transferred to CADES. At the end of 2022, CADES had amortised €224.3 billion, i.e. 62% of this amount.

A sharp rise in unamortised social security deficits in 2020.

Although it had been decreasing steadily since 2015, the social debt, corresponding to the unamortised deficits of the branches under the general scheme, the FSV, and the CNRACL, rose by nearly €34.4 billion in 2020, erasing the cumulative reduction achieved in 2018 and 2019.

HISTORY OF SOCIAL DEBT ASSUMPTION IN BILLIONS OF € (1996-2022)



FINANCING STRATEGY AND DIVERSIFICATION OF CADES INSTRUMENTS

CADES' financing strategy must ensure constant access to liquidity under the most cost-effective conditions.

Financing is primarily carried out by issuing securities on the capital markets. The strategy is based on CADES' creditworthiness and optimal diversification of funding sources.

For 26 years, CADES has maintained its credibility in the financial markets by demonstrating the reliability of its debt execution, its responsiveness to environmental changes,

and its ability to innovate, notably through a strategic desire to expand its investor base.

CADES uses a very diversified range of instruments. Medium- and long-term bond financing is characterised by great flexibility in the use of a wide variety of products, maturities, and currencies. This flexibility allows it to adapt to the needs of investors. The diversity of funding sources also helps ensure access to liquidity and strengthens the creditworthiness of CADES.

WHY ISSUE SOCIAL BONDS?

In a context of widespread responsible investment, the social bond market is used to finance activities responding to global social challenges that have intensified with the Covid-19 crisis, while ensuring a competitive return with regard to the market.

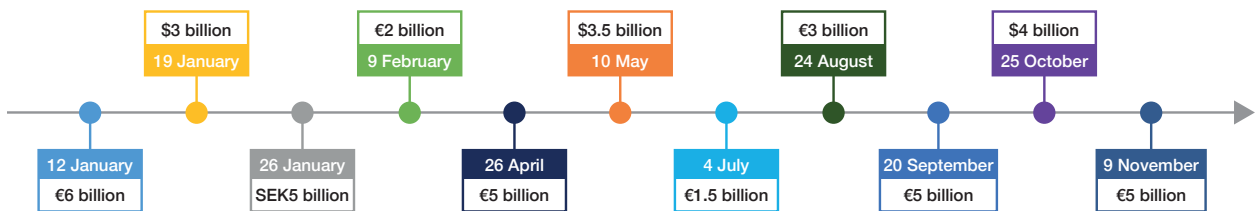
The Social Bond Principles published by the ICMA³ constitute the international reference framework and enable compliance with best market practices for such issuances.

The CADES social bond issuance framework details CADES' commitments to pursue and comply with the four Social Bond Principles, which are:

- the use of funds as described in the issuance prospectus;
- the social objectives of fund usage;
- the earmarking of the proceeds of the social bond issuance;
- the preparation, conservation, and provision of information on the use of funds, to be updated annually until the total allocation of the funds, and to be updated regularly in case of a substantial change in the allocation.

This report falls within the purview of these commitments.

OVERVIEW OF SOCIAL BOND ISSUANCES IN 2022



Eleven social bond issuances were carried out in 2022 for a total nominal amount of €37.9 billion, in three different currencies. These issuances took place against a backdrop of increased volatility in the fixed income markets, impacting the availability of transaction execution windows. As in previous years, CADES has sought financing in foreign currencies, particularly in US dollars, to complement its financing in euros.

SUMMARY TABLE OF SOCIAL ISSUANCES CARRIED OUT IN 2022

DATE OF EXECUTION	NOMINAL AMOUNT	DURATION	DUE DATE	SHARE OF ESG INVESTORS ⁴	COUPON
12 January 2022	€6 billion	10 years	19 January 2032	58%	0.45%
19 January 2022	\$3 billion	10 years	26 January 2032	15%	2.125%
26 January 2022	SEK 5 billion	10 years	2 February 2032	100%	1.235%
9 February 2022	€2 billion	7 years	25 November 2029	54%	0.60%
26 April 2022	€5 billion	10 years	25 May 2032	62%	1.5%
10 May 2022	\$3.5 billion	3 years	17 May 2025	31%	3%
4 July 2022	€1.5 billion	7 years	25 November 2029	50%	0.60%
24 August 2022	€3 billion	5 years	25 November 2027	51%	1.75%
20 September 2022	€5 billion	10 years	25 November 2032	64%	2.75%
25 October 2022	\$4 billion	3 years	2 November 2025	66%	4.625%
9 November 2022	€5 billion	5 years	25 May 2027	50%	2.875%

³ Social Bond Principles, Voluntary Process Guidelines for Issuing Social Bonds, ICMA, June 2021.

⁴ According to the banks that managed the placement of the bonds.

ALLOCATION OF FUNDS FOR 2022

Fund allocation presentation agreements

- The proceeds from social borrowings are allocated to each branch of the general scheme or basic mandatory social security scheme pro rata to the deficits actually transferred under the social security financing act (LFSS).
- By convention, and in line with the balance sheet, the amounts indicated correspond to the sum of the face values of the bonds in question. Foreign currency issuances are included on the basis of their nominal value converted into euros on the issuance date.
- The social security accounting cycle results in a lag between (i) payments and financing made by CADES and (ii) the allocation of final amounts to the various schemes and branches. This allocation cannot take place before the decree setting the final payments is published.

Reminder of fund allocations for 2020 and 2021

In 2020, €17.1 billion of the €18.9 billion issued in the form of social bonds had been allocated to the various eligible social security deficits (covering the period 2015-2019), leaving €1.8 billion pending allocation.

FY 2020

Allocatable funds	18,926,615,808
CNAM	10,205,333,974
FSV	6,209,763,694
MSA	691,940,524
Total allocated to 2019 deficits	17,107,038,192
Total not allocated	1,819,577,616

In 2021, CADES issued a total of €39.4 billion in medium- and long-term bonds, including a nominal amount of €36 billion in social bonds plus €1.8 billion corresponding to the total not yet allocated at the end of 2020. The funds that could be allocated in 2021 therefore represented a total of €37.8 billion. Part of the allocable funds were allocated for deficits for the period 2016-2019, i.e. €11.2 billion, divided between CNAM for €6.1 billion, FSV for €3.7 billion, and CNRACL for €1.3 billion. The debt assumption carried out pursuant to A of II septies (assumption of 2015-2019 deficits) of Article 4 of Order no. 96-50 of 24 January 1996, introduced by Article 1 of Law no. 2020-992 of 7 August 2020 on social debt and autonomy was thus completed. The amount of the transfer from CADES to ACOSS to cover the projected deficits mentioned in the first paragraph of B of II septies of Article 4 of the aforementioned Order was set at €23.8 billion for 2021 by Decree no. 2021-40. The final allocation of funds for 2020 deficits, i.e. €23.8 billion, is divided between CNAM (€20.4 billion) and FSV (€3.5 billion) by Article 1 of Decree no. 2022-23 of 11 January 2022 relating to the

FY 2021

Allocatable funds	37,830,190,399
Total allocated during the FY	35,000,000,000

For 2016-2019 deficits

CNAM	6,142,589,534
FSV	3,737,656,168
CNRACL	1,294,085,264
Total allocated to 2016-2019 deficits	11,174,330,966

For 2020 deficits

CNAM	20,374,008,604
FSV	3,451,660,431
Total allocated to 2020 deficits	23,825,669,034
Total not allocated	2,830,190,399

regularisation of the amounts paid by the Social Debt Repayment Fund (CADES) to the French central agency of social security bodies (ACOSS) in 2021, in respect of operations by CADES to assume part of the 2020 balances of certain social security bodies.

€35 billion of the €37.8 billion of the funds for allocation had been allocated to the various eligible social security deficits, leaving €2.8 billion pending allocation for 2022.

Amounts to be allocated in 2022

To meet all its commitments in 2022, CADES issued a total of €38.1 billion in medium- and long-term bonds, including a nominal amount of €37.9 billion in social bonds.

The total amount that could be allocated in 2022 thus consists of the €37.9 billion issued plus €2.8 billion corresponding to the total not yet allocated at the end of 2021. The funds that could be allocated in 2022 therefore represented a total of €40.8 billion.

The payments made by CADES to ACOSS in 2022 are defined in Decree no. 2022-23 of 11 January 2022⁵.

FY 2022

Allocatable funds	40,785,182,432
Total allocated during the FY	35,000,000,000

For 2020 deficits

CNAM	10,029,135,276
Total allocated to 2020 deficits	10,029,135,276

For 2021 deficits

CNAM	24,970,864,724
Total allocated to 2021 deficits	24,970,864,724
Total not allocated	5,785,182,432

This represents a total of €40 billion, of which €5 billion is intended for the payment of support grants to health-care institutions providing public hospital services, which, pursuant to the provisions specified in the framework document, are not eligible for CADES social bonds. The remaining €35 billion corresponds to 2020 and 2021 deficits.

Allocation of funds during FY 2022

Decree no. 2022-1724 of 29 December 2022 amending Decree no. 2022-23 of 11 January 2022 on the transfer to CADES of the deficits of the general scheme, of the old age solidarity fund (FSV), and of public healthcare institutions to be carried out in 2022, published on 30 December 2022, specified the final distribution of the funds paid in 2022. Thus all the funds paid in respect of the coverage of projected deficits mentioned in the first paragraph of B of II septies of Article 4 of Order 96-50 of 24 January 1996, i.e. €35 billion, are allocated to the health branch (CNAM).

Taking into account the definitive 2020 deficit recorded for the health branch and the amount allocated from the 2021 financial year, an amount of €10 billion is allocated for the 2020 deficits. The difference, i.e. €25 billion, is allocated to the 2021 deficit of the health branch.

The remaining €5.8 billion of social bond issuances will be allocated to the debts assumed in respect of transfers made as of 2023.

⁵ <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000044930951>

PERFORMANCE REPORT ON SOCIAL BOND ISSUANCES

15 POPULATION TARGETED BY THE SOCIAL IMPACT OF BOND ISSUANCES

**CADES SUPPORTS HEALTH INSURANCE
AGAINST COVID-19**

18 KEY MISSIONS AND ACTIONS OF CNAM, EXCLUDING MEASURES RELATED TO THE COVID-19 CRISIS

CADES plays an essential role in the financial equilibrium of basic mandatory social security schemes so that they continue to operate efficiently, even in the context of a crisis.

The report on the performance of social bond issuances describes the social impact of these issuances on the schemes affected. It enables investors to understand how CADES social bond issuances contribute to the overall performance of the social security system by ensuring the financial sustainability and stability of its various branches.

To assess the social performance of CADES funding, the indicators used in this report are derived from INSEE, DREES, OECD, and Eurostat.

POPULATION TARGETED BY THE SOCIAL IMPACT OF BOND ISSUANCES

In 2022, the funds raised via social bonds were exclusively allocated to the health branch (CNAM) and concern 2020 and 2021 deficits. Thus, the population covered by health insurance (i.e. 68 million people) represents all the beneficiaries of this allocation.

CADES SUPPORTS HEALTH INSURANCE AGAINST COVID-19

This part of the report focuses on the key measures taken by the French health system in 2021 to fight Covid-19. It examines in detail the various actions taken to deal with the pandemic, in particular disease prevention and management initiatives such as vaccination and screening tests.

The Covid-19 pandemic had a significant impact on health-care investments in France in 2021, with additional funds allocated to combat the virus.

This includes expenditure for the production and distribution of vaccines, as well as for the medical treatment of people with Covid-19, but also expenditure linked to the adjustment recorded on outpatient and inpatient expenditure as health restrictions were progressively lifted⁶.

A strong commitment from the French Government, to adapt crisis spending to needs

In 2021, the French Government implemented a series of actions to fight the Covid-19 epidemic:

- **A strategic and progressive vaccination campaign:** France undertook a major vaccination campaign in phases, according to the vulnerability of the people concerned. The proportion of citizens over the age of 18 that are not vaccinated was estimated at around 6.5%⁷ on 14 August 2022;
- **A mass screening strategy to fight Covid-19:** in order to have the most reliable data on the spread of the disease and to contain its spread as effectively as possible, France decided to bear the costs of rapid antigenic tests and PCR tests. In total, 168,215,000 RT-PCR and antigenic tests⁸ were used in 2021 (of which 48.8% were antigenic tests);
- **Measures for caregivers and other healthcare workers:** their very high level of mobilisation prompted the French Government to introduce specific operational (provision of personal protective equipment and deployment of ad hoc training) and financial (salary increase) support measures.



⁶ Overview of the DREES.

⁷ Source: Santé Publique France (Public Health France), DREES Methods, October 2022.

⁸ DREES press release, published on 06/01/2022.

Key actions of CNAM in response to the Covid-19 crisis

Exceptional expenses related to Covid-19 were covered by health insurance. In 2020 and 2021, the total amount of these expenses stood at €18.3 billion.

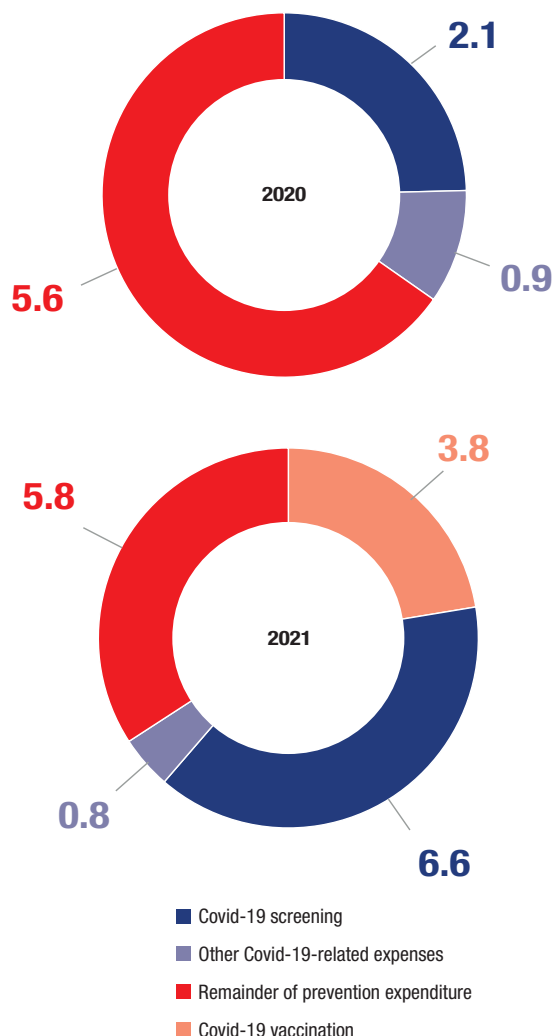
IN MILLIONS OF €	2020	2021
Daily allowances in connection with Covid-19	2.4	0.9
Vaccination (purchase and campaign)	0.0	4.7
Screening tests	2.6	7.1
Public Health France excluding vaccination	4.8	1.3
Healthcare and medico-social institutions	6.6	3.6
Regional intervention funds	0.3	0.4
Compensation for loss of activity (DIPA)	1.3	0.1
Other measures	0.4	0.1
Total	18.3	18.3

Source: PLFSS 2023 press kit.

STRUCTURE OF PREVENTION EXPENDITURE

Vaccination and screening for Covid-19 are the main reasons for the increase in prevention expenditure in 2020 and 2021. Excluding expenditure related to the health crisis, the prevention effort was maintained and expenditure rose from €5.6 billion in 2020 to €5.8 billion in 2021.

EXPENDITURE IN BILLIONS OF €



Source: DREES, Health accounts, 2022 edition.

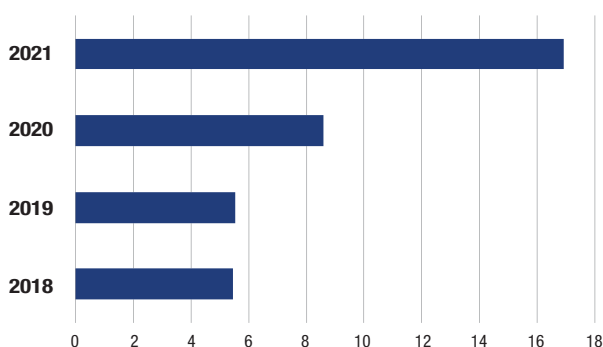
78.9% OF THE POPULATION FULLY VACCINATED BY THE END OF 2022

France's main response strategy to the Covid-19 crisis has been to massively promote vaccination. At the end of 2022, 78.9% of the population were fully vaccinated.

Pandemic prevention expenditure tripled to save lives and protect society

France significantly stepped up its prevention measures against Covid-19, resulting in a significant increase in its expenditure in this area. Over the period 2019-2021, prevention expenditure thus increased threefold, from €5.5 billion in 2019 to €16.9 billion in 2021.

TOTAL PREVENTION IN MILLIONS OF €

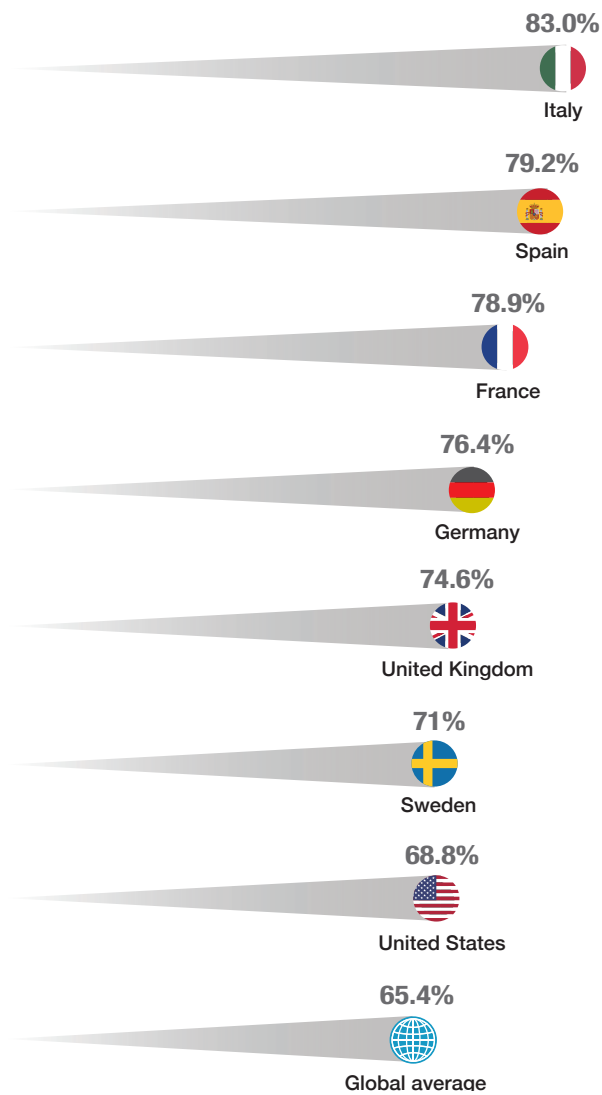


Source: DREES, Health accounts, 2022 edition.

Several countries adopted a similar vaccination approach consisting of deploying a multi-phase strategy. Healthcare workers and the elderly were vaccinated as a priority, before vaccination was extended to other priority groups, and eventually to the entire population.

In France, the cost of these vaccines was entirely covered by health insurance to ensure the widest possible coverage.

PERCENTAGE OF THE POPULATION FULLY* VACCINATED AGAINST COVID-19



*Initial injection and laboratory-recommended boosters

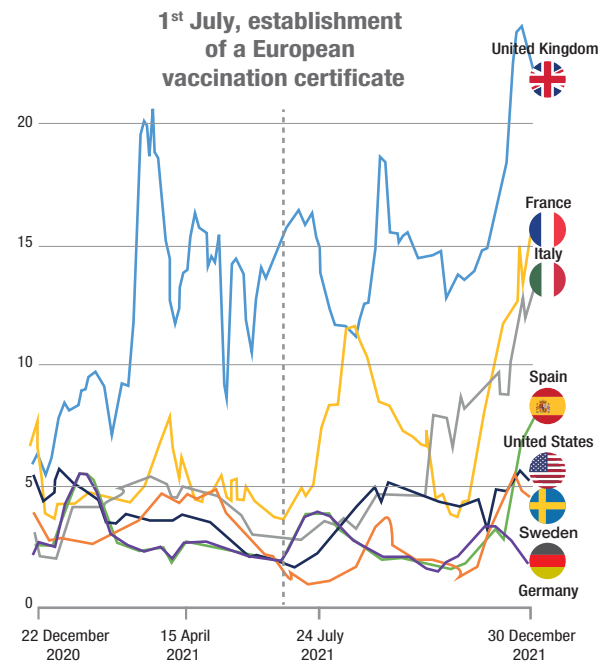
Source: WHO, vaccinated population as at 18 January 2022.

MASS SCREENING FOR COVID-19

Thanks to the mobilisation of hospitals and healthcare professionals throughout the country, France intensified its screening strategy throughout the epidemic, becoming one of Europe's highest per capita testers. In 2021, 168 million tests were carried out⁹. This screening strategy, paid for by health insurance, made it possible to continuously monitor the circulation of the virus, detect cases, and attempt to limit the spread of Covid-19 by isolating those who tested positive, as well as their contacts.



NUMBER OF TESTS PER 1,000 INHABITANTS



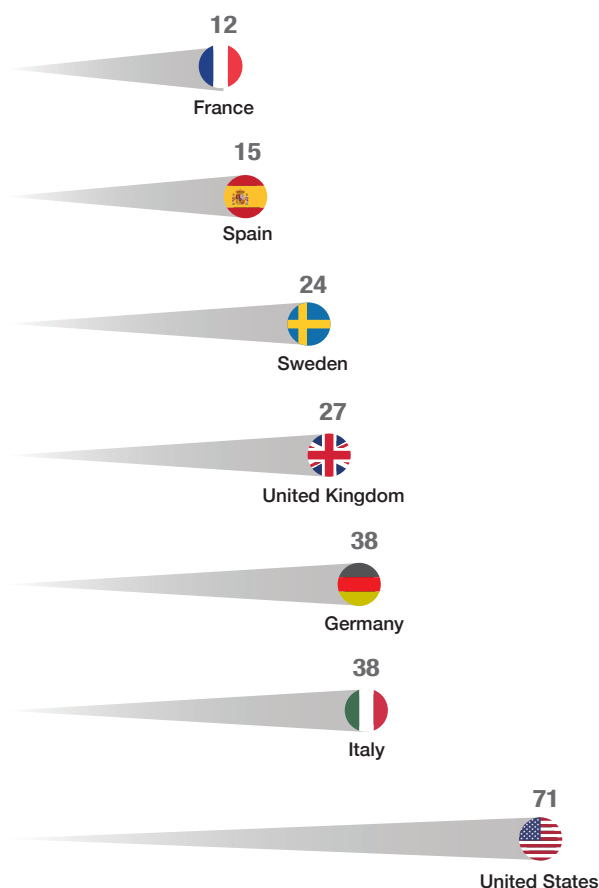
Source: Ourworldindata (national health agencies: France: Santé Publique France; Spain: Ministerio de Sanidad; United Kingdom: Department of Health and Social Care and Public Health England; Italy: Ministero della Salute; Sweden: Public Health Agency of Sweden; Germany: Robert Koch Institute; USA: Department of Health & Human Services).

⁹ Healthcare expenditure, DREES.

The introduction of the “vaccination pass” not only boosted uptake of the vaccine, but also led to a significant number of tests. For example, during the Covid-19 pandemic, the French Government decided to keep schools open as much as possible. This success can be attributed in part to the precautionary measures implemented, such as compulsory wearing of masks in schools and social distancing, but also to the extensive testing campaign.



NUMBER OF WEEKS OF EXCEPTIONAL SCHOOL CLOSURES DUE TO COVID-19 (2020-2022)



Source: Data from UNESCO, Global Education Coalition.

KEY MISSIONS AND ACTIONS OF CNAM, OTHER THAN MEASURES RELATED TO THE COVID-19 CRISIS

Health insurance provides long-term protection for each and every person’s health (in their personal or professional lives) by being there for everyone. The French national health insurance fund (CNAM) has a duty to ensure “the right care at the right cost for everyone”.

It provides lifelong support to 68 million people, by paying for their healthcare regardless of their resources, situation, or state of health. It thus guarantees universal access to healthcare. It also participates in the adaptation of public policies on prevention, prior to illness and its complications, and raises awareness among individuals to take control of their health. To continue to offer a high level of protection, the French system must anticipate and support the changes in French society, such as demographic ageing, sedentary living, the development of chronic diseases, and the financing of therapeutic innovations.

France’s performance with regard to SDG 3 – Good health and well-being

As part of its contribution to the UN Sustainable Development Goals (SDGs), France has defined progress indicators in connection with the targets detailed in the international text.

3
GOOD HEALTH
AND WELL-BEING

SDG 3: Ensuring healthy lives and promoting well-being for all at all ages

Target 3.8: Achieving universal health coverage, including financial risk protection and access to quality essential healthcare services and safe, effective, quality, and affordable essential medicines and vaccines for all.

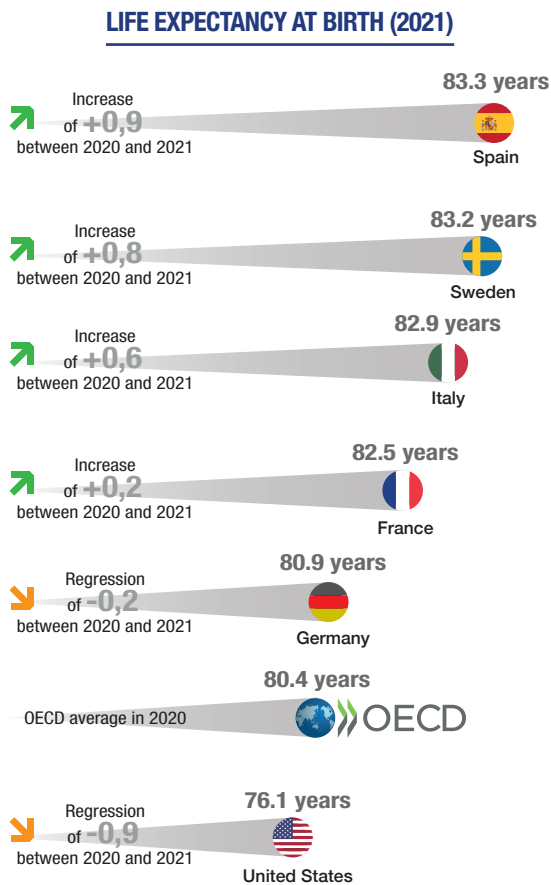
As regards SDG 3 on good health and well-being, 17 performance indicators developed by INSEE and Eurostat help to qualify the concepts of healthy living and well-being.

As part of this report, two indicators were used to explain the allocation of CADES social bond issuances:

- Life expectancy at birth;
- The number of healthy life years from the age of 65.

FRANCE CONTINUES TO SHOW INCREASING LIFE EXPECTANCY DESPITE THE COVID-19 PANDEMIC

Life expectancy has increased significantly in recent decades thanks to advances in medicine, hygiene, and nutrition. Despite the deaths linked to Covid-19, life expectancy at birth continued to increase in France between 2020 and 2021, from 82.3 years to 82.5 years.

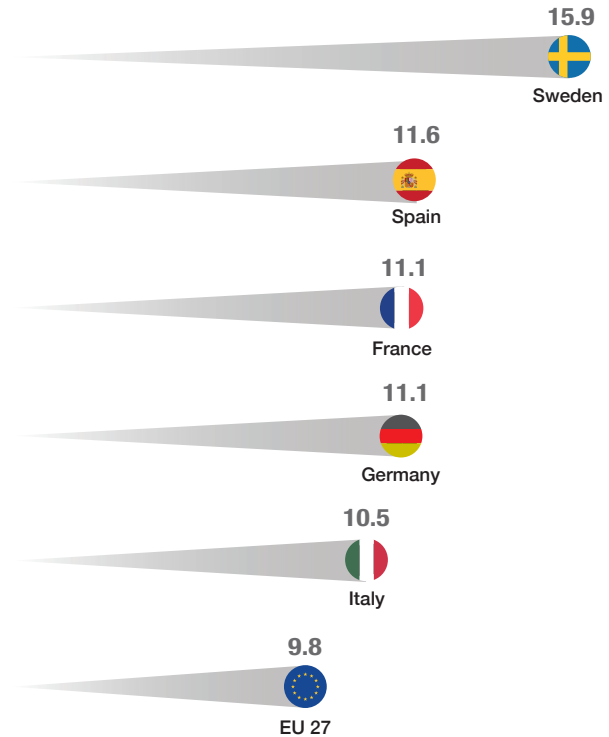


Source: OECD database 2021.

A HEALTHY LIFE EXPECTANCY OF 11.1 YEARS AT 65 YEARS OF AGE IN FRANCE

In France, in 2020, the HLY (healthy life years) indicator at age 65 was 11.1 years on average: this means that people aged 65 in 2020 could expect to live an average of 11.1 years without daily activity limitations or health problems. This figure places France among the best-ranked countries in Europe.

NUMBER OF HEALTHY LIFE YEARS AT AGE 65 (2020)



Source: Eurostat database.

Please note: The calculation method for this indicator is based on two criteria:

- 1- Comprehensive mortality data;
- 2- A survey of a sample of 16,000 households on their perception of their state of health¹⁰.

¹⁰ DREES, Studies and results. In 2020, in France, disability-free life expectancy at 65 years old is 12.1 years for women and 10.6 years for men.

France's performance with regard to the national health strategy

The health policy is defined by the French national health strategy, which is based on an analysis by the French High Council for Public Health (HCSP) of the population's state of health and the actions to be envisaged.

The national health strategy is part of the economic and financial framework set by the French Government to ensure the most favourable allocation of the health system's human, material, and financial resources. It is in line with the French Government's strategy to transform healthcare in France, and ensure the sustainability of healthcare expenditure, so that the entire population can access quality care.

The national health strategy consists of four pillars:

- Implementing a health promotion policy, including prevention, in all environments and throughout life;
- Combating social and regional inequalities in access to healthcare;
- Guaranteeing the quality, safety, and appropriateness of care;
- Innovating to transform the health system by reaffirming the role of citizens.

Within these four pillars, 11 priority areas of action have been identified and broken down into 43 national objectives for improving health and social welfare against the consequences of disease, accidents, and disability.

To explain the allocation of CADES social bond issuances, the following indicators were used:

HEALTHCARE EXPENDITURE IN FRANCE: AN INVESTMENT FOR THE FUTURE

The French healthcare system is confronted with an ageing population that requires both more frequent care and more demanding care. Healthcare expenditure per capita in France is thus slightly higher than the one of other comparable countries.

Healthcare expenditure also reflects differences in health system funding structures and methods. Thus, healthcare expenditure is higher in the United States than in comparable countries. This level of expenditure is not due to over-use of care, but to higher prices of healthcare goods and services (high prices of medication¹², higher salaries of doctors and nurses, cost of medical treatments and procedures). In addition, about one-third of US healthcare expenditure is dedicated to administration costs. Generally speaking, costs are 64% higher in the US than in France¹³. In Europe, on the other hand, the prices of healthcare goods and services are relatively comparable from one country to another, making direct comparisons easier.

CURRENT HEALTHCARE EXPENDITURE (CHE) AT INTERNATIONAL LEVEL AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (GDP)

In 2021, France spent 12.4% of its GDP on CHE, i.e. about five points less than the United States. Among EU countries, France has a relatively high per capita healthcare expenditure, reflecting its ability to protect its population. The highest level of these ratios in 2020 and 2021 compared to previous years can be explained both by the additional healthcare expenditure required to combat Covid-19 and by the effect on GDP of the restrictions imposed on economic activity.

PILLARS OF FRANCE'S NATIONAL HEALTH STRATEGY	INDICATORS
<ul style="list-style-type: none"> • Guaranteeing the quality, safety, and appropriateness of care 	<ul style="list-style-type: none"> • CHE¹¹ as a percentage of GDP in France • Changes in CHE between 2020 and 2021 • CHE per capita in terms of volume in 2020 and 2021
<ul style="list-style-type: none"> • Combating social and regional inequalities in access to healthcare 	<ul style="list-style-type: none"> • Universal health coverage (UHC) • CHE funding through social security • Household out-of-pocket expenditure in 2020
<ul style="list-style-type: none"> • Implementing a health promotion policy in all environments and throughout life 	<ul style="list-style-type: none"> • Beneficiaries treated in 2020 • Breakdown of expenditure between diseases, chronic treatments, and episodes of care in 2020
<ul style="list-style-type: none"> • Innovating to transform the health system by reaffirming the role of citizens 	<ul style="list-style-type: none"> • Use of e-health

¹¹ Current healthcare expenditure in the international sense.

¹² International Federation of Health Plans (IFHP), 2022 International Health Cost Comparison Report.

¹³ DREES, Healthcare expenditure in 2021, 2022 edition.

COUNTRY	PERCENTAGE OF GDP IN 2018	PERCENTAGE OF GDP IN 2019	PERCENTAGE OF GDP IN 2020	PERCENTAGE OF GDP IN 2021
United States	16.6%	16.7%	18.8%	17.8%
Germany	11.5%	11.7%	12.8%	12.8%
France	11.2%	11.1%	12.2%	12.4%
United Kingdom	9.7%	9.9%	12%	11.9%
Sweden	10.9%	10.8%	11.5%	11.4%
Italy	8.7%	8.7%	9.6%	9.5%

Source: OECD database.

CHANGES IN CHE BETWEEN 2020 AND 2021

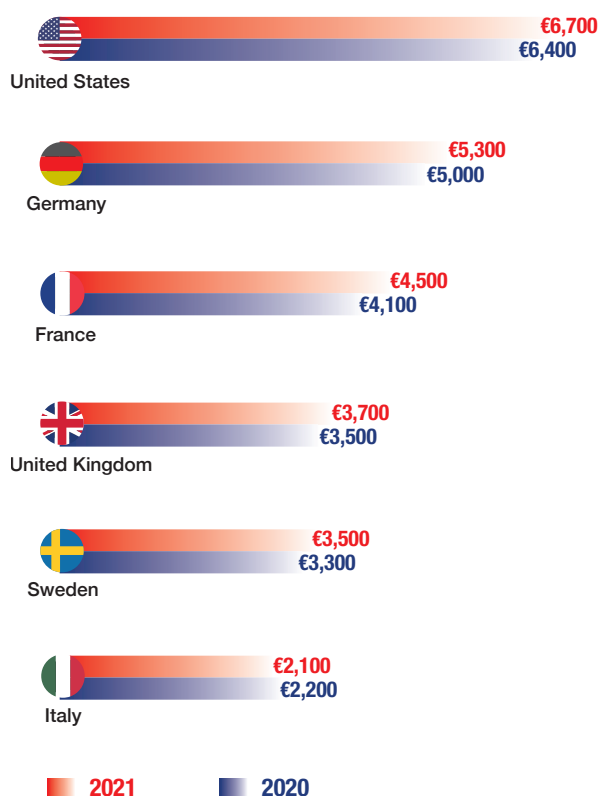
Most countries throughout the world saw a sharp increase in their CHE in 2021, as well as in 2020. In the United States and the United Kingdom, this increase was more pronounced in 2020. In France, the increase in healthcare expenditure was only 3.7% in 2020. In 2021, it was 9.8%, mainly due to the resumption of medical activity after its decline in 2020 due to restrictions linked to the health crisis, but also to the need to increase the remuneration of employees of healthcare and medico-social institutions.

COUNTRY	CHANGES IN CHE BETWEEN 2019 AND 2020 AS A PERCENTAGE	CHANGES IN CHE BETWEEN 2020 AND 2021 AS A PERCENTAGE
United Kingdom	15.7%	7.4%
France	3.7%	9.8%
Germany	6.3%	6.0%
Italy	2.7%	5.1%
United States	10.3%	4.0%

Source: DREES, Healthcare expenditure in 2021 – 2022 edition.

CHE PER CAPITA BY VOLUME IN 2020 AND 2021

Due to the context of the health crisis, healthcare expenditure per capita in terms of volume has increased worldwide. In 2021, France was ranked in the top average of the countries that spend the most per capita in terms of euros in purchasing power parity, with €4,500 in PPP.



Source: DREES, Healthcare expenditure in 2021 – 2022 edition.

Note: Purchasing power parity (PPP) is a monetary conversion rate that allows the purchasing power of different currencies to be expressed in a common unit. This reflects the ratio between the amount of monetary units needed in different countries to obtain the same set of goods and services.

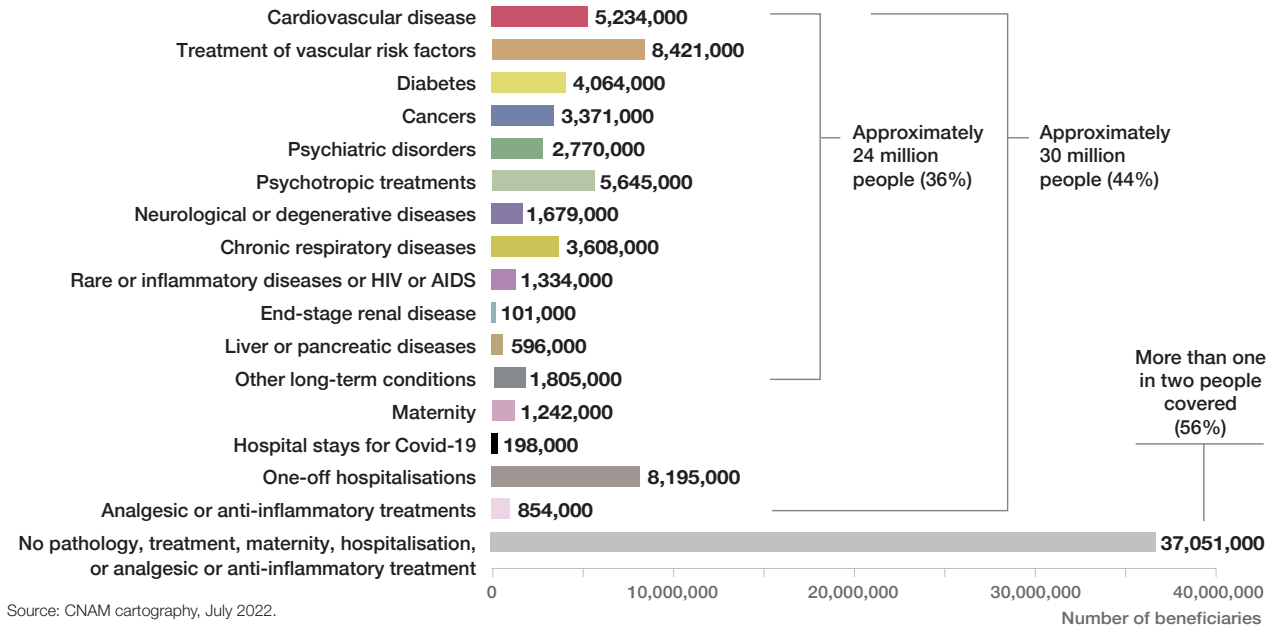
66.3 MILLION BENEFICIARIES TREATED IN 2020

Beneficiaries treated in 2020

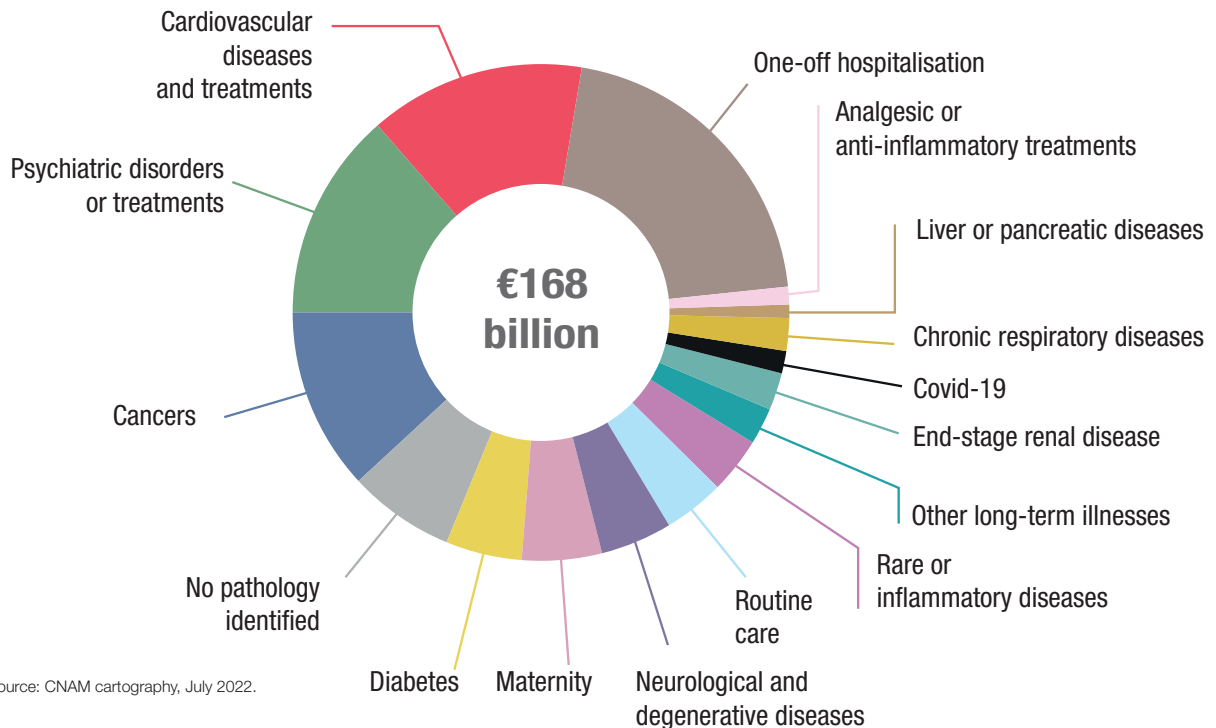
In 2020, 66.3 million beneficiaries were treated in the context of various diseases, chronic treatments, or episodes of care. Chronic treatments and diseases accounted

for nearly 62% of the expenditure, i.e. approximately €104 billion, and involved 36% of the population, i.e. almost 24 million people. Conversely, more than half the population, or 56%, received only “routine” care.

NUMBER OF BENEFICIARIES COVERED IN 2020 FOR EACH CATEGORY OF DISEASES, CHRONIC TREATMENTS, OR EPISODES OF CARE (66.3 MILLION PEOPLE IN TOTAL)



BREAKDOWN OF EXPENDITURE BETWEEN DISEASES, CHRONIC TREATMENTS, AND EPISODES OF CARE IN 2020



EQUAL ACCESS TO CARE: FRANCE'S SUSTAINABLE COMMITMENT TO UNIVERSAL HEALTHCARE

In France, healthcare institutions and any person responsible for one or more public hospital service missions are required, in accordance with Article L. 6112-2 of the French Public Health Code¹⁴, to guarantee equal access to quality care for all. This requirement has been in place for more than 40 years and applies not only to public and private structures participating in the public hospital service, but also to all healthcare professionals, without exception. Most OECD countries have implemented similar schemes.

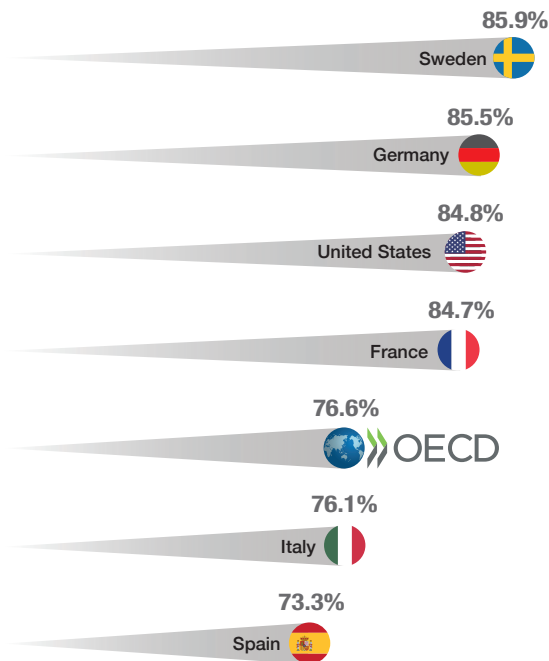
With 99.9%¹⁵ of the French population covered by essential healthcare services, France features among the top countries in the OECD ranking.

FUNDING OF THE CHE BY PUBLIC/MANDATORY SCHEMES

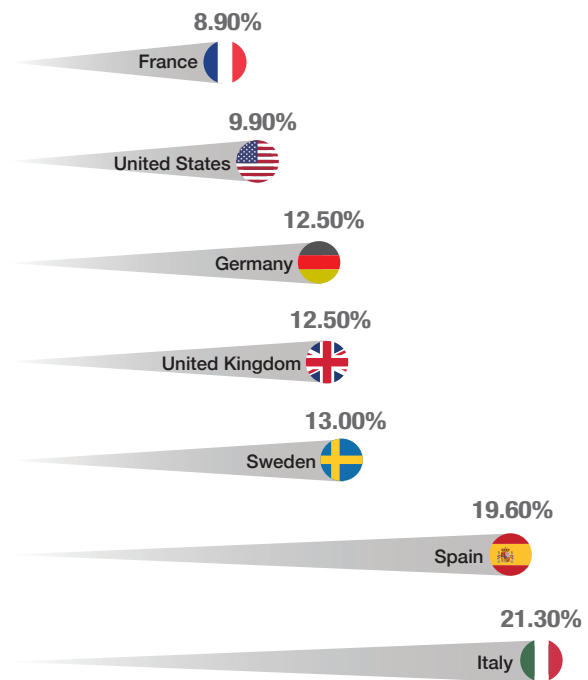
In France, health insurance provides free coverage for the largest part of the population's healthcare expenditure. In 2020, it covered nearly 85% of CHE, reflecting the country's strong and ongoing commitment to universal access to healthcare.

HOUSEHOLD OUT-OF-POCKET EXPENDITURE

In France, in addition to mandatory schemes, 6.4% of healthcare expenditure is covered by voluntary private healthcare payment schemes, with the remainder being borne by households and health insurance. France is ranked among the best performing countries in terms of household healthcare expenditure, with an out-of-pocket expenditure rate of only 8.9% of CHE in 2020.



Source: OECD database.



Source: DREES, Healthcare expenditure in 2021 – 2022 edition (CADES calculation).

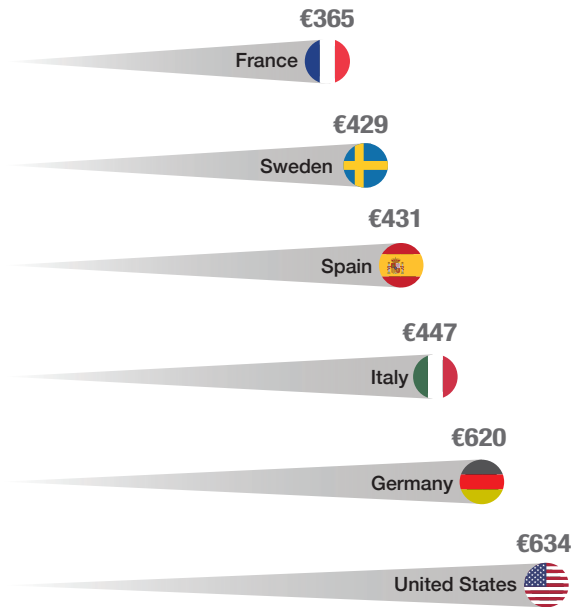
Note: Since the introduction of the Patient Protection and Affordable Care Act in 2014 in the United States, all citizens are required to purchase private health insurance.

¹⁴ Légifrance, French Public Health Code.

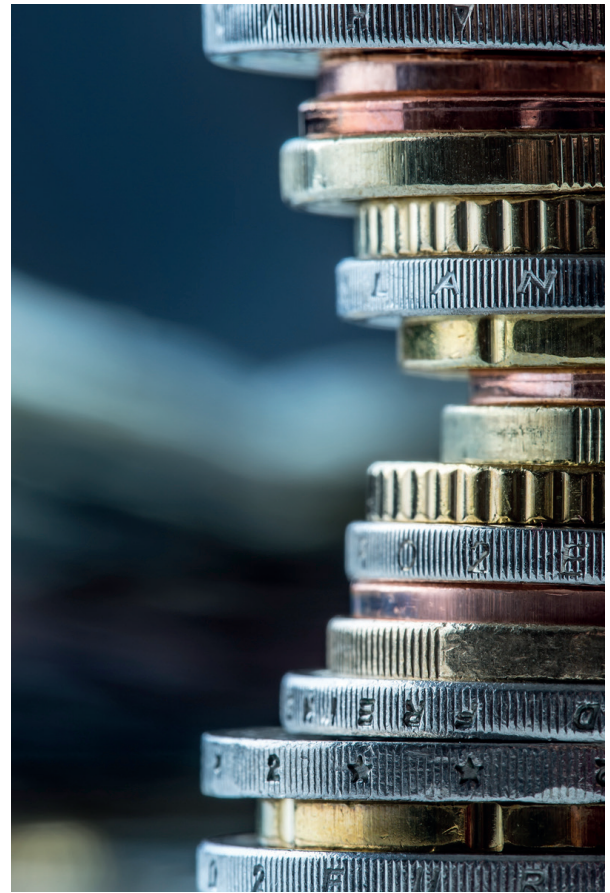
¹⁵ OECD database.

HOUSEHOLD OUT-OF-POCKET HEALTHCARE EXPENDITURE IN PPP PER CAPITA IN TERMS OF VOLUME IN 2020

The amounts indicated in the chart below express the remainder payable by households not as a percentage of CHE but in € PPP (purchasing power parity).



Source: DREES, Healthcare expenditure in 2021 – 2022 edition (CADES calculation).



HEALTH INSURANCE AT THE HEART OF E-HEALTH: FUNDER, OPERATOR, REGULATOR, AND SUPPORT PROVIDER

According to the World Health Organization, e-health is defined as “the use of information and communication technologies in support of health”, i.e. all areas where digital technologies are used to benefit and improve health and healthcare. It consists of three main areas: health information systems, telemedicine, and mobile health¹⁶. Mobile health, or m-health, covers a wide and diverse range of connected object-type hardware products and health- or well-being-related applications¹⁷.

The expected benefits of these innovations are twofold:

- Improved care through large-scale information sharing to facilitate diagnoses and better explain the prescription of relevant tests or medical procedures;
- Digitisation with a view to simplifying administrative processes and the introduction of teleconsultations, thus avoiding the need to visit practitioners.

The French health insurance system is an important player in digital health innovation, and plays a central role in structuring its development¹⁸.

¹⁶ Bourdel and Cambon, Public Health News and Features- Issue 108, September 2019.

¹⁷ Haute Autorité de Santé (French National Authority for Health), e-health & m-health: Concrete benefits for your patients, October 2021.

¹⁸ French health insurance proposals for 2023, Improving the quality of the health system and controlling expenditure.

Funder:

The French health insurance system reimburses innovations that have passed all the evaluation stages, and develops the contractual framework that defines relations with private doctors to assist with the deployment of the most appropriate solutions (amendment 9 to the medical agreement of 22 September 2021, setting out the framework for teleconsultation reimbursement).

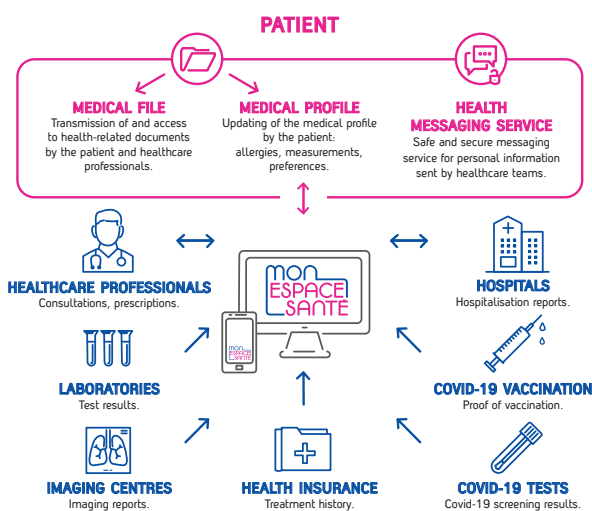
Solutions operator:

On 3 February 2022, the health insurance system, in close collaboration with the Ministerial Delegation for e-Health, launched “*Mon espace santé*” (or “My health space”) – a secure platform of tools and services aimed at social security beneficiaries and healthcare professionals. Through its aim to centralise and structure healthcare-related data, “*Mon espace santé*” is set to become the daily digital health hub for the general public.

Tariff regulator:

The French health insurance system is in the process of adjusting the list of medical procedures that can be performed using digital solutions. It helps determine the prices of digital medical devices and sets reimbursement levels.

Support provider for professionals and social security beneficiaries:



Health insurance addresses private practitioners and hospital professionals, medical and medico-social institutions, patients, and social security beneficiaries through various

channels, including general public communication campaigns and messages targeted at certain healthcare professionals and beneficiaries through its nationwide network. This will make it easier for healthcare professionals and patients to share medical data, thus facilitating the deployment of “*Mon espace santé*”¹⁹.

Use of digital tools:

68% of general practitioners in 2019 used the three basic tools of e-health on a daily basis: electronic patient files, prescription assistance software, and secure health messaging service.

BASIC TOOLS	TOTAL OF GENERAL PRACTITIONERS USING THE E-HEALTH PLATFORM IN 2019
Electronic patient files	89%
Secure health messaging service	81%
Prescription assistance software	80%
All three basic tools	68%

Source: DREES studies and results, e-health: The main digital tools are used by 80% of general practitioners under the age of 50.

Use of teleconsultations²⁰:

The use of teleconsultations increased considerably during the Covid-19 pandemic among private general practitioners. The number of remote consultations rose from 80,000 in 2019 to 13.5 million in 2020, the year in which it peaked before declining to 9.4 million in 2021 (i.e. 3.7% of the overall volume of consultations). Teleconsultation is also widespread among health centre employees: 600,000 in 2020 and 1.1 million in 2021.



The 2022 figures will show whether this practice has become firmly established among patients and doctors alike.

¹⁹ Ségur Digital Healthcare Programme, Ministry of Health and Prevention.

²⁰ DREES study: Seven out of ten teleconsultations with general practitioners involved patients from major urban centres in 2021, December 2022.



APPENDICES

27 APPENDIX 1: GLOSSARY

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COMPLEX INDICATORS

30 ALLOCATION AUDIT REPORT

APPENDIX 1: GLOSSARY

ACOSS: Agence Centrale des Organismes de Sécurité Sociale – French central agency of social security bodies (also referred to as URSSAF Caisse Nationale – URSSAF national fund). One of its tasks is to finance the cash flow of the general social security scheme of which it is a part, through short-term loans on international capital markets.

AFT: Agence France Trésor. An agency responsible for meeting the treasury needs of the French State so that it is able to meet all its financial commitments at all times and under all circumstances. The AFT manages government debt.

ASSO: Administrations de Sécurité Sociale – Social security administrations –, which include on the one hand social insurance schemes (mandatory social security schemes, supplementary schemes, and unemployment insurance) and on the other hand “Organismes Dépendant des Assurances Sociales (ODASS)” – organisations dependent on social insurance – (hospitals and social services with separate accounts).

CADES: Caisse d’Amortissement de la Dette Sociale – Social Debt Repayment Fund. Division of the French State classified under “social security bodies” with the mission of financing and extinguishing the social security debt.

CHE: Current healthcare expenditure, notably at international level, corresponds to the actual final consumption (i.e. directly or via an intermediary) of healthcare services and medical goods, whether individual (such as a medical consultation) or collective (such as a prevention campaign). It is described as “current” because it excludes anything other than consumption, such as investment expenditure or replacement income (such as daily allowances).

CNAM: Caisse Nationale d’Assurance Maladie – French national health insurance fund. Manages the health (illness, invalidity, maternity, and death) and workplace accidents & occupational diseases (AT-MP) branches of the general social security scheme.

CNRACL: Caisse Nationale de Retraite des Agents des Collectivités Locales – French national pension fund for local authority employees, including public hospital employees.

CRDS: Contribution à la Réduction de la Dette Sociale – Contribution for the repayment of social debt, created in 1996 to reduce social security debt.

CSG: Contribution Sociale Généralisée – General social contribution, created in 1990, which contributes to the financing of social security, and since 2018, unemployment insurance, which is not part of social security in France.

DREES: Direction de la Recherche, des Études, de l’Évaluation et des Statistiques – Directorate for Research, Studies, Evaluation, and Statistics. Directorate of the French central public administration producing statistics and socio-economic studies. It depends on the “Health and Social” ministries and the Ministry of Economy and Finance.

ESG: Environmental, Social, and Governance criteria. These criteria constitute the three pillars of extra-financial analysis. They are taken into account in socially responsible management.

Five benefits branches of the general social security scheme responsible for risk management: the health (illness, invalidity, maternity, and death) branch managed by the CNAM; the workplace accidents & occupational diseases branch, also primarily managed by the CNAM; the family branch, managed by the CNAF (national family allowances fund); the pension branch, managed by the CNAV (national old age insurance fund); and the autonomy branch, managed by the CNSA (national solidarity fund for autonomy). In addition to these branches, there are the bodies responsible for collecting the scheme’s revenues managed by the URSSAF national fund (also known as ACOSS).

FRR: Fonds de Réserve pour les Retraites – Pension reserve fund.

FSV: Fonds de Solidarité Vieillesse – Old age solidarity fund. This funds non-contributory old-age benefits.

HLY: Healthy life years. The number of years a person of a given age can expect to live in good health. This statistical indicator is based, for each age, on the prevalence of healthy and unhealthy individuals and on known information on mortality at that age. It is based on comprehensive mortality data supplemented by a question put to a sample of 16,000 households.

ICMA: International Capital Market Association. A global professional organisation, with de facto regulatory competence, of investment banks and securities firms participating in the international bond market.

INSEE: Institut National de la Statistique et des Études Économiques – French National Institute of Statistics and Economic Studies. Responsible for the production, analysis, and publication of official statistics.

LFSS: Loi de Financement de la Sécurité Sociale – Social security financing act, passed annually by French Parliament.

LOLFSS: The organic law of 2 August 2005 on social security financing laws.

MSA: Mutualité Sociale Agricole – Agricultural social security fund, which manages the social protection of farmers and agricultural employees.

PPP: Purchasing power parities, which are the currency conversion rates designed to equalise the purchasing power of different currencies by eliminating differences in price levels between countries. The set of goods and services whose prices are determined is a sample of all those that make up final expenditure, namely final household and government consumption, capital formation, and net exports. This indicator is measured in national monetary units per US dollar.

SDG: Sustainable Development Goals. Established by the Member States of the United Nations, they define 17 priorities for economic and social development, mindful of respecting people and the planet.

Social bond: A bond whose issuance proceeds are exclusively used to finance or refinance, in part or in whole, new and/or ongoing social projects.

UHC: Universal health coverage. This is a situation in which all people and communities benefit from the health-care services they need without facing financial hardship. It encompasses the full range of quality essential health-care services, including health promotion, prevention, treatment, rehabilitation, and palliative care.

APPENDIX 2: LIST OF INDICATORS IN THE REPORT

Risk	Evaluation framework	Performance indicator	Page
Health – Management of the Covid-19 crisis	Changes in institutional prevention expenditure in France between 2020 and 2021	Total prevention in billions of €	16
Health – Management of the Covid-19 crisis	Changes in institutional prevention expenditure in France between 2020 and 2021	Structure of institutional prevention expenditure	16
Health – Management of the Covid-19 crisis	International comparison of vaccinations	Percentage of the population fully vaccinated against Covid-19	17
Health – Management of the Covid-19 crisis	International comparison of the number of PCR and antigenic tests	Number of tests per 1,000 inhabitants	17
Health	SDG 3 – Good health and well-being	Life expectancy at birth	19
Health	SDG 3 – Good health and well-being	Healthy life years at birth	19
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	CHE as a percentage of GDP in France	21
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	Changes in CHE between 2020 and 2021	21
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	CHE per capita in terms of volume in 2020 and 2021	21
Health	French national health strategy – Ensuring equal access to healthcare	CHE funding through social security	23
Health	French national health strategy – Ensuring equal access to healthcare	Household out-of-pocket expenditure	23 & 24
Health	French national health strategy – Improving the quality of care provided by the healthcare system	Number of beneficiaries covered for each category of disease	22
Health	French national health strategy – Improving the quality of care provided by the healthcare system	Breakdown of expenditure between diseases, chronic treatments, and episodes of care	22
Health	French national health strategy – Use of e-health	Use of digital tools	25
Health	French national health strategy – Use of e-health	Use of teleconsultations	25

APPENDIX 3: DESCRIPTION OF COMPLEX INDICATORS

Risk	Indicator	Description
Health	Life expectancy at birth	Life expectancy at birth represents the average lifespan – the average age at death – of a hypothetical generation that would experience throughout its lifetime the age-related mortality conditions observed in the year during which the indicator is calculated. It characterises mortality regardless of age structure.
Health	Healthy life years (HLY)	The number of years a person, at birth, can expect to live in good health. HLY is a health expectancy indicator that combines information on mortality and morbidity. The data used for its calculation includes age-specific prevalence measures of the population in good and poor health and age-specific mortality information. Good health is defined by the absence of activity limitations / the absence of disabilities. This indicator is calculated separately for men and women. It is also referred to as disability-free life expectancy (DFLE).
Health	Ségur Digital Healthcare Programme	The Ségur Digital Healthcare Programme was created with the aim of facilitating the smooth and secure sharing of healthcare-related data between healthcare professionals and the public, for better prevention and care. This programme will complement “ <i>Mon espace santé</i> ”, which provides each citizen with a consolidated view of their own health trajectory, enabling them to take control of their own health.



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Caisse d'Amortissement de la Dette Sociale

Limited assurance report on the allocation as of 31st December 2022 of
proceeds from the Social Bonds issued by CADES

Caisse d'Amortissement de la Dette Sociale

139, rue de Bercy
75572 Paris Cedex 12
This report contains 5 pages

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Caisse d'Amortissement de la Dette Sociale

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Limited assurance report on the allocation as of 31st December 2022 of proceeds from the Social Bonds issued by CADES

To the Management,

In response to your request, we hereby present our moderate assurance report on the allocation, as at 31st December 2022, of the funds raised within the framework of the Social Bonds, including all the bond issues carried out by la Caisse d'Amortissement de la Dette Sociale (**CADES**), appearing as total amounts allocated table on page 13 (the **Information**) of the "2022 Report on the allocation and performance of social bond issuances" (the **Document**), in accordance with the **Standards** referred to below.

The **Standards** is composed of the following documents:

- the "Social Bond Framework" developed by CADES for social bond issues carried out within this framework and included in the Second Party Opinion issued by Vigeo Eiris prior to the Social Bonds emissions, which is available on CADES website¹; and
- the reporting procedures developed by CADES for the preparation of the Document.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the section "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the Standards.

Understanding how CADES has prepared the Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

¹ <https://www.cades.fr/pdf/investisseurs/>



Caisse d'Amortissement de la Dette Sociale

Limited assurance report on the allocation as of 31st December 2022 of proceeds from the Social Bonds issued by CADES
June 1st 2023

Consequently, the Information needs to be read and understood together with the “Social Bond Framework” developed by CADES and available on the CADES website.²

CADES responsibilities

CADES’ management is responsible for preparing the Document including the Information, in accordance with the methods and processes described in the Standards, based on:

- the sources of information used by CADES to establish the amounts allocated to the eligible debts;
- the internal control procedures it considers necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

The Management is also responsible for:

- the prevention and detection of fraud and the identification of and compliance with laws and regulations applicable to its activities;
- ensure that the people involved in the preparation and presentation of the Document are properly trained and that the information systems are properly updated for all entities and activities involved in the preparation of the Document.

Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Management of CADES.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

However, we have no responsibility for:

- the eligibility criteria defined in the Social Bond Framework which gave rise to an opinion from Vigeo Eiris prior to the bond issues, and, in particular, to provide an interpretation of the terms of the Social Bond Framework;
- the management of the net proceeds of the bond issues prior to the allocation of the funds;

² [Relations investisseurs \(cades.fr\)](https://www.cades.fr/relations-investisseurs)



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- the actual use of funds allocated to eligible debt after allocation;
- the performance indicators reported in the Document.

Our work relates only to the allocation of funds and not to the overall information contained in the Document.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants.

In addition, our firm applies International Standard on Quality Control 1 and accordingly we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements, professional standards and French professional guidance.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the audited information, whether due to fraud or error.

In making this risk assessment, we considered CADES' internal control over financial reporting in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We conducted interviews with the persons responsible for the preparation of the audited information, with the management and various departments in charge of the information gathering processes and, where appropriate, with the persons responsible for the internal control and risk management procedures.

Our work entailed:

- identifying the people responsible for the data collection of the Information disclosed in the Document within CADES and, where appropriate, for the internal control and risk management procedures implemented;



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- assessing the robustness of the reporting procedures in terms of relevance, completeness, reliability, neutrality and understandability;
- verify the existence of internal control and risk management procedures implemented by the entity;
- verifying the compliance of the eligible debts with the eligibility criteria as specified in the Standards;
- verifying the concordance of the allocation of the net proceeds to the eligible debts with the accounting and the underlying accounting data, as at for the year ended December 31st, 2022 and with the related French decrees;
- verifying the consistency and concordance of the Verified Information with the information in the Document.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

This report has been prepared within the context described above and may not be used, distributed or referred to for any other purpose

Paris La Défense, June 1st 2023

KPMG S.A.

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