



2021
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

2021

was a year of resilience in the face of the ongoing Covid-19 crisis and the gradual recovery of economic activity, albeit under constrained and disparate conditions depending on the sector. Social security has played its part in implementing a health policy that protects the French population and continues to provide a service that is more vital than ever to its beneficiaries.

Mindful of the effectiveness of its financing mechanisms and compliance with the objectives of amortisation of the social debt transferred to it, the fund has demonstrated innovation. Social bonds were issued for the first time in 10-year US dollars. 2021 was also the year of the first 10-year negative rate euro social bond and the return of CADES to the sterling market. Ten social bond issuances were carried out for a total nominal amount of €36 billion.

In 2021, the fund financed and assumed a new €40 billion tranche of social debt, while fulfilling its task of amortising loans reaching maturity during the same year. As at 31 December, the fund had thus amortised €205 billion out of the €320 billion in debt transferred to it on that date, i.e. 64% of the social debt assumed by the fund since its creation.

CADES will continue to adapt its issuance strategy to investor expectations and the market context.

SUMMARY OF THE REPORT

CADES IN THE FRENCH SOCIAL WELFARE SYSTEM

CADES is responsible for the amortisation of the social debt transferred to it, resulting from the deficits of the basic mandatory social security schemes, which manage social risks (health, workplace accidents & occupational diseases, family, old age & widowhood, autonomy). By contributing to the rebalancing of the social accounts, CADES plays a key role in the sustainability of the French social welfare system.

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. For 2020, the decree of 19 August 2020 relating to the transfer to CADES of the deficits of the general scheme, the FSV, and the CCMSA (French central agricultural social mutual fund) to be carried out in 2020, organised the transfer of an initial tranche of €20 billion.

THE ISSUANCE OF SOCIAL BONDS: A NEW DIRECTION FOR CADES

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 2021, 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 2021 AND THEIR ALLOCATION

In 2021, CADES issued ten new social bonds: four in euros, on 27 January, 10 March, 8 June, then 8 September, for €4 billion, €5 billion, €4 billion, and €5 billion respectively; five in US dollars, on 12 January, 9 February, 18 May, 21 October, and 23 November, for \$5 billion, \$5 billion, \$4 billion, \$3 billion, and \$2.5 billion respectively; and for the first time since 2016, a £1.5 billion sterling loan, the largest ever made by CADES in this currency.

In 2021, CADES permanently allocated €26.5 billion to the general health insurance scheme (CNAM), €7.2 billion to the old age solidarity fund (FSV), and €1.3 billion to the French national pension fund for local authority employees (CNRACL). Health risk thus represents 76% of the allocation, while old age risk represents 24%. A remaining €2.8 billion of social bond issuances carried out in 2021 will be allocated to debts assumed in respect of transfers made as of 2022.

€36 billion
in social bonds raised in 2021

METHODOLOGY FOR ASSESSING THE IMPACT OF SOCIAL BOND ISSUANCES

CADES, through its resilience, has a systemic impact on the French social welfare system. This role was illustrated during the Covid-19 crisis. Thanks to the exceptional measures adopted, France was able to rely on its social welfare system to protect the health of the French population, preserve their standard of living at all ages, and curb the growth of social inequalities.

The social performance of CADES funding is assessed through the situation of the beneficiaries of the schemes concerned, using data from the French National Institute of Statistics and Economic Studies (INSEE) and, from the perspective of international comparisons, based on OECD and Eurostat indicators.

The impact assessment of social bond issuances in 2021 concerns health and old age risks, treated by the three public bodies to which the funds raised by CADES social bonds were allocated. It is illustrated by:

- the exceptional contribution of these schemes to the management of the Covid-19 crisis;
- France's contribution to the Sustainable Development Goals (SDGs) defined in the United Nations 2030 Agenda on health and inequality;
- the customary contribution of these schemes to the objectives of the national health strategy;
- the effectiveness of benefits provided by pension organisations.

In terms of health risk, the number of Covid-19-related deaths was lower in France than the average for OECD countries in terms of cumulative excess mortality at the end of June 2021. The good health of the population is reflected in the life expectancy of the French people (82.3 years) which, in 2020, was higher than the OECD average and close to Japan, the best performing OECD country. Finally, only 1.2% of French people forgo healthcare for financial reasons; a figure far below the average for European countries.

Concerning old age risk, the poverty rate of pensioners in France (9.5%) is much lower than that of the overall population (14.6%). The proportion of senior citizens unable to own certain goods or cover their expenses (8.9%) has remained stable in France over the last three years and is lower than the average for European Union countries (10.9%).



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CADES – SOCIAL DEBT REPAYMENT FUND

CADES WITHIN THE FRENCH SOCIAL SECURITY SYSTEM

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**CADES AMONG SOCIAL
SECURITY INSTITUTIONS**

**CADES' MISSION, ORGANISATION,
AND SOCIAL BOND ISSUANCE
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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.

It ensures the sustainability of the French social welfare system, notably by assuming the debts of the five branches of the general social security system and the old age solidarity fund (FSV). The French social welfare system is more comprehensive than just social security.

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

THE FIVE RISKS COVERED BY THE BRANCHES OF SOCIAL SECURITY SCHEMES



Health: illness, invalidity, maternity, and death



Workplace accidents & occupational diseases



Old age & widowhood



Family



Autonomy

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

CADES' MISSION, ORGANISATION, AND SOCIAL BOND ISSUANCE PROGRAMME

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 functionally merged.

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;
- 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 in the social security schemes 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 other ordinary laws specify the deficits subsequently assumed by CADES.

CADES resources

To carry out its mission, CADES benefits from 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 concern all household income, must be predictable.

Furthermore, these earmarked revenues must not create or increase a deficit in the basic mandatory social security and FSV (old age solidarity fund) schemes.²

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

The effects of the health crisis on social security accounts and CADES resources

In 2020, due to a combination of higher spending and a fall in revenues, the deficit of the social security administrations in relation to GDP widened considerably, reversing a historical trend of balance restoration.

In 2021, this deficit was significantly reduced.

The health crisis had a particularly significant impact on the accounts of the health branch, which recorded a deficit of €30.4 billion³ at the end of 2020.

In addition to an exceptional increase in expenditure, there was a decrease in contributions and dues deducted mainly

from salaries, notably due to the massive use of short-time working.

The extension of the due date for payment of employee contributions and dues, granted to companies under certain conditions, also significantly increased the gross receivables on contributions and dues as well as the provisions on these receivables.

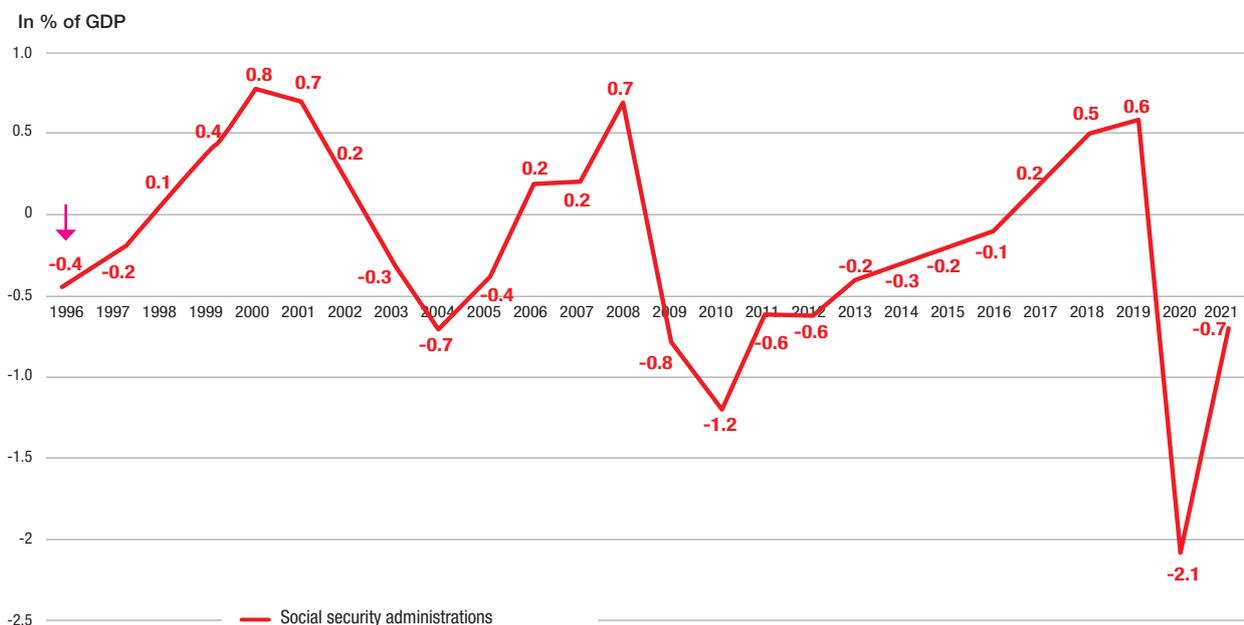
CADES' accounts were impacted to a lesser extent.

Overall, the positive result of €17,813 million at the end of 2021, 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 in 2021.

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

³ Source: social security accounts commission. 2021.

DEFICIT OF SOCIAL SECURITY ADMINISTRATIONS (ASSO) WITH REGARD TO GDP (1996-2021)



Source: French national accounts - Base 2014, INSEE.

AN EXCEPTIONAL INCREASE IN HEALTH INSURANCE EXPENDITURE	A DROP IN REVENUES ALLOCATED TO THE HEALTH BRANCH
<p>Additional cost of exceptional measures: €18.3 billion, resulting in:</p> <ul style="list-style-type: none"> - an overrun of €13.9 billion of the national health insurance expenditure target (ONDAM) 	<p>Scaling back of payroll: -6%, resulting in:</p> <ul style="list-style-type: none"> - a 7.9% drop in social security contributions allocated to health insurance - a 5.9% drop in the CSG of the private salaried sector <p>A drop in household expenditure: -7%, resulting in:</p> <ul style="list-style-type: none"> - a 10.4% drop in VAT revenues allocated to the financing of the health branch

CADES' INCOME, EXPENSES, AND RESULTS (2019-2021)

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

Source: CADES annual financial report 2021.

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**FINANCING STRATEGY
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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 25 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.

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 creditworthiness.

WHY ISSUE SOCIAL BONDS?

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.

The Social Bond Principles published by the ICMA (2021 edition)⁴ constitute the international normative framework and enable compliance with best market practices for such issuances.

The CADES social 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 net 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.

⁴ Social Bond Principles, Voluntary Process Guidelines for Issuing Social Bonds, ICMA, June 2021.

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 and the 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.

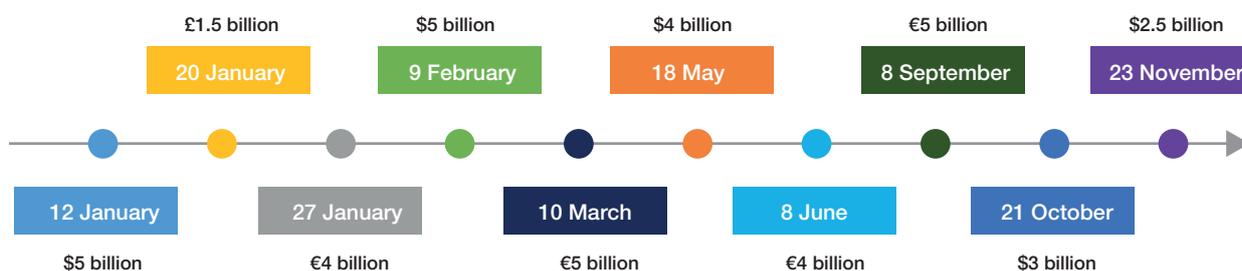
The members of the committee are as follows:

- Ms Julika Courtade-Gross, Deputy Director General of the AFT, representing CADES;
- Ms Justine Hochemain, Head of the Financial Synthesis Office at the Social Security Department;
- Mr Adrien Perret, Deputy Director of Social Policy and Employment at the General Directorate of the Treasury (DGT).

This 2021 allocation and impact report for investors was reviewed and approved by the CADES Social Bonds Committee.

OVERVIEW OF SOCIAL BOND ISSUANCES IN 2021

TEN SOCIAL BOND ISSUANCES WERE CARRIED OUT IN 2021 FOR A TOTAL NOMINAL AMOUNT OF €36 BILLION



2021 was marked by a first US dollar borrowing in February, which was exceptional in several respects:

- the largest amount ever raised by CADES since its creation;
- an order book and a record 10-year amount for a foreign agency on the US dollar market.

Furthermore, in January 2021, CADES also carried out a

first social bond issuance in sterling, for the largest amount ever made by CADES on a market on which it had not borrowed since 2016.

Lastly, in 2021, a negative bid rate was offered for the first time on a 10-year euro issuance.

Despite a high-volume programme, demand remained strong across all ten issuances. This success can be explained in part by an allocation policy aimed at limiting the

size of borrowings to €5 billion despite order books that are sometimes three times higher, enabling investors to quickly position themselves in the following transactions. Similarly, the alternating currencies and maturities made it possible, in addition to the need to diversify the investor base, to tap the markets at a high frequency.

Additionally, issuances in dollars were carried out in such a way as to construct a benchmark curve, moving towards a progressive extension of borrowing maturities. The objective was to avoid bond repayments during the debt transfer phase to CADES (2020-2023) and, in doing so, to facilitate the determination of the pricing and the carrying out of future operations at five and seven years.

SUMMARY TABLE OF SOCIAL ISSUANCES CARRIED OUT IN 2021

DATE OF EXECUTION	NOMINAL AMOUNT	DURATION	DUE DATE	SHARE OF ESG INVESTORS	COUPON	MARGIN
12 January 2021	\$5 billion	10 years	20 January 2031	40%	Semi-annual 1.375%	23 basis points spread over the US swap curve Equivalent to 23.8 basis points over the 10-year 0.875% US Treasury bond
20 January 2021	£1.5 billion	5 years	15 December 2025	43%	0.125%	Spread of 26 basis points over the 2% UK Treasury bond maturity 7 September 2025
27 January 2021	€4 billion	10 years	25 May 2031	55%	0%	Spread of 16 basis points over the benchmark 1.5% OAT maturity 25 May 2031
9 February 2021	\$5 billion	5 years	18 February 2026	28%	Semi-annual 0.625%	Spread of 8 basis points over the US swap curve. Equivalent to 20 basis points over the 5-year US Treasury bond
10 March 2021	€5 billion	8 years	25 May 2029	68%	0%	Spread of 15 basis points over the benchmark OAT 25 May 2029
18 May 2021	\$4 billion	3 years	27 May 2024	30%	Semi-annual 0.375%	3 basis points spread over the US swap curve Equivalent to 15 basis points over the 3-year US Treasury bond
8 June 2021	€4 billion	5 years	25 November 2026	50%	0%	Spread of 15 basis points over the benchmark OAT maturity 25 November 2026
8 September 2021	€5 billion	10 years	15 September 2031	46%	0.125%	Spread of 13 basis points over the interpolation of benchmark OAT November 2030 and OAT November 2031
21 October 2021	\$3 billion	5 years	28 October 2026	24%	Semi-annual 0.375%	3 basis points spread over the US swap curve Equivalent to 15 basis points over the 3-year US Treasury bond
23 November 2021	\$2.5 billion	3 years	29 November 2024	28%	Semi-annual 1.125%	3 basis points spread over the US swap curve Equivalent to 15 basis points over the 3-year US Treasury bond

Reflecting the interest in the social impact of these issuances, the proportion of allocated orders from investors with an ESG (environmental, social, and governance) dimension

varies depending on the issuances. It accounts for more than half of orders for most euro issuances.

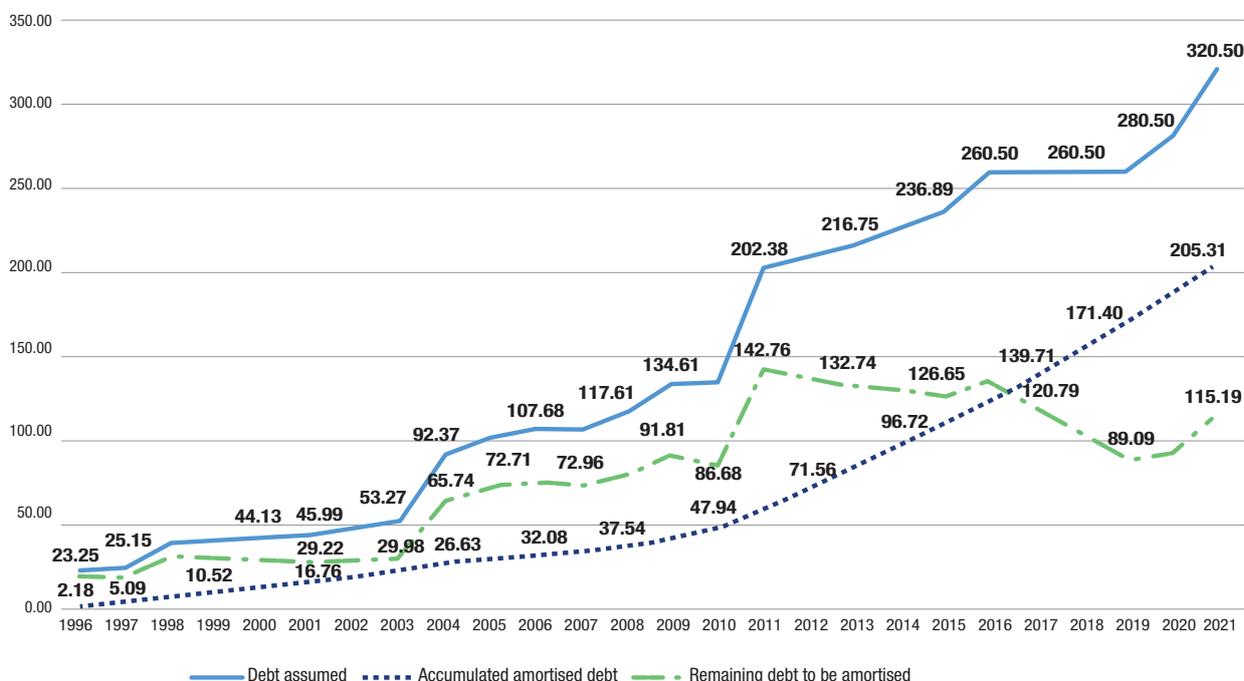
ASSUMPTION OF SOCIAL DEBT UNTIL 2021

Since the creation of CADES, €320.5 billion of debt has been transferred to it. At the end of 2021, CADES had amortised €205.3 billion, i.e. 64% 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 €32.9 billion in 2020, erasing the cumulative reduction achieved in 2018 and 2019.

HISTORY OF SOCIAL DEBT ASSUMPTION IN BILLIONS OF € (1996-2021)



ALLOCATION OF FUNDS FOR 2021

Fund allocation presentation agreements

- The proceeds from social borrowings are allocated to each branch of social security pro rata to the deficits actually transferred under the Social Security Financing Act (LFSS).
- By market convention, and in line with the balance sheet, the amounts indicated correspond to the sum of the face values of the loans in question. Foreign currency borrowings are included on the basis of their nominal value adjusted at the issuance date.
- The social security accounting cycle results in a two-year lag between payments and financing made by CADES in year n and the allocation of final amounts to the various branches and schemes. This allocation cannot take place before the decree setting the payments for year n+2 is published.
- By way of reminder, in 2020, €17.1 billion of the €18.9 billion borrowed 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
CNAM	6,209,763,694
MSA	691,940,524
Total allocated for losses 2019	17,107,038,192
Total not allocated	1,819,577,616

⁵ Decree no. 2021-40 of 19 January 2021 on the transfer to CADES of the deficits of the general scheme, of the FSV, and of the French national pension fund for agents of local authorities and public health institutions to be carried out in 2021.

Amounts to be allocated in 2021

To meet all its commitments in 2021, CADES issued a total of €39.4 billion in medium- and long-term loans, including a nominal amount of €36 billion in social bonds.

The total amount that could be allocated in 2021 thus consists of the €36 billion issued plus €1.8 billion corresponding to the total not yet allocated at the end of 2020, i.e. a total amount of €37.8 billion.

The payments made by CADES to ACOSS in 2021 are defined in a decree dated 19 January 2021⁵. They represent a total of €40 billion, of which €5 billion is intended to promote investment in healthcare institutions providing public hospital services, which are not eligible for CADES social bonds.

The remaining €35 billion corresponds to losses from 2016 to 2019 and interim payments on losses for 2020.

When this decree was published in January 2021, these losses were not yet known in their final state insofar as the 2020 deficits were neither recognised nor certified for accounting purposes.

Allocation of funds during FY 2021

- Allocation of funds for losses from 2016 to 2019

Part of the earmarked funds, i.e. €37.8 billion in 2021, was allocated for losses for the 2016-2019 period, i.e. €11.2 billion, divided between CNAM (€6.1 billion), FSV (€3.7 billion), and CNRACL (€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 1st of Law no. 2020-992 of 7 August 2020 on social debt and autonomy is thus completed.

- Allocation of funds for losses during FY 2020

The amount of the transfer from CADES to ACOSS to cover the projected losses 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.

When the decree governing the 2021 payments was published in January 2021, the 2020 losses were not yet known in their final state insofar as they were neither recognised nor certified for accounting purposes. Therefore, the exact breakdown between the branches is only possible as of the publication of the decree of January 2022⁶. The final allocation of funds for losses in 2020, i.e. €23.8 billion is split between CNAM for €20.3 billion and FSV for €3.4 billion.

The remaining €2.8 billion of social issuances will be allocated to debts assumed in respect of transfers made as of 2022.

FY 2021

Allocatable funds	37,830,190,399
Total allocated during the FY	35,000,000,000
For losses 2016-2019	
CNAM	6,142,589,534
FSV	3,737,656,168
CNRACL	1,294,085,264
Total allocated for losses 2016-2019	11,174,330,966
For losses 2020	
CNAM	20,374,008,604
FSV	3,451,660,431
Total allocated for losses 2020	23,825,669,034
Total not allocated	2,830,190,399

⁶ Decree no. 2022-23 of 11 January 2022 on the transfer to CADES of the deficits of the general scheme, of the FSV, and of public health institutions to be carried out in 2022.



REPORT ON THE PERFORMANCE OF SOCIAL BOND ISSUANCES

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**POPULATION TARGETED BY THE SOCIAL
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**ASSESSING SOCIAL SECURITY POLICIES
ON OLD AGE**

The report on the performance of social bond issuances informs investors about the social impact of the issuances.

CADES plays a systemic role in France. The assumption of social debt that it provides enables the schemes to function properly, and contributes to the overall performance of the social security system.

This role was illustrated during the Covid-19 crisis. Thanks to the exceptional measures adopted, France was able to rely on its social welfare system to protect the health of the French population, preserve their standard of living at all ages, and curb the growth of social inequalities.

The social performance of CADES funding is assessed through the situation of the beneficiaries of the schemes concerned in France, based on INSEE indicators, and from the perspective of international comparisons, based on OECD and Eurostat indicators.

The assessment of the impact of social bond issuances in 2021 concerns health insurance, old age solidarity, and retirement schemes that have benefited from CADES allocations over the year. It puts into perspective:

- the exceptional contribution of these schemes to the management of the Covid-19 crisis;
- France's contribution to the SDG defined in the United Nations 2030 Agenda on health and inequalities;
- the customary contribution of these schemes to the objectives of the national health strategy;
- the effectiveness of benefits provided by pension organisations.

POPULATION TARGETED BY THE SOCIAL IMPACT OF BOND ISSUANCES

The population benefiting from these issuances in 2021 includes:

- people covered by health insurance (i.e. 68 million people) and notably those affected by Covid-19;
- pensioners benefiting from the minimum old age and other retirement benefits covered by national solidarity (0.8 million people);
- CNRACL pensioners (1.4 million people, including 0.6 million hospital workers and 0.8 million local civil servants).

THE POSITIVE IMPACT OF THE FRENCH SOCIAL SECURITY SYSTEM, SUPPORTED BY CADES, DURING THE COVID-19 CRISIS

During the Covid-19 crisis, the French social welfare institutions, sustained by the CADES, acted at their level to protect the French population.

Faced with an unprecedented crisis, in 2020 the government introduced emergency support measures to combat the pandemic and support healthcare professionals. These measures, the effects of which continued in 2021, were successfully deployed thanks to the overall performance of the social security system.

Indicators of means and results specific to the management of the Covid-19 crisis are detailed hereafter.

An unprecedented investment in healthcare

In 2020, €18.3 billion of exceptional expenditure was made available by the French health insurance system⁷.

This expenditure mainly covered:

- diagnostic tests entirely covered by health insurance: between 1st March 2020 and 28 February 2021, approximately 56.1 million tests were validated by a healthcare professional (approximately 48.1 million RT-PCR tests and 8.0 million antigenic tests)⁸;
- purchases of surgical and FFP2 masks, protective equipment for healthcare staff, respirators, molecules used in intensive care, PCR test reagents;
- investments in hospitals and medico-social institutions for the reorganisation of care and recruitment, and to cover the additional costs generated by the crisis;
- payment of overtime for healthcare staff involved in the management of the epidemic and remunerations granted following the Ségur de la Santé health consultation⁹ aimed at promoting the professions of healthcare establishments and nursing homes and improving the attractiveness of the public hospital sector;

- exceptional coverage by health insurance for sick leave of liberal professions;
- the compensation for loss of activity scheme (DIPA) for private healthcare professionals.

With the fall in GDP and the rise in health expenditure, this has increased from 11.1% of GDP in 2019 to 12.4% in 2020¹⁰.

A limit on the number of deaths

Between January 2020 and June 2021, 2.5 million more deaths than would normally be expected from all causes occurred in OECD countries. This abnormally high mortality includes deaths due to Covid-19, some of which were initially unaccounted for, as well as deaths indirectly attributable to the virus.

The number of deaths per million inhabitants estimated in this way was lower in France than the average of the OECD countries and much lower than in the worst performing countries.

NUMBER OF DEATHS PER MILLION INHABITANTS, CUMULATIVE EXCESS MORTALITY AT END-JUNE 2021



A controlled impact on the continuity of healthcare associated with other diseases

In 2020, the Covid-19 crisis limited access to healthcare services in most OECD countries. On average, continuity of care was better preserved in France than in the 23 OECD countries with comparable data.

⁷ Source: social security financing bill (PLFSS) 2022.

⁸ Source: SI-DEP information system data analysed by DREES.

⁹ Consultation and collaboration with trade union organisations and representatives of the healthcare system (Ségur de la Santé), resulting in a reinvestment in the French healthcare system. The "Ségur" law was enacted on 26 April 2021.

¹⁰ Source: OECD. 2021. 2021 Health Overview: OECD indicators.

INDIVIDUALS REPORTING THAT THEY WERE UNABLE TO RECEIVE THE TREATMENT OR MEDICAL EXAMINATION THEY NEEDED DURING THE FIRST 12 MONTHS OF THE PANDEMIC

Worst performing



Hungary
(35%)



OECD
(22%)



France
(16%)



Denmark
(10%)

Best performing

Source: Eurofund survey, Living, working, and Covid-19.

ASSESSING THE IMPACT OF FRANCE'S SOCIAL SECURITY HEALTH POLICIES

To assess the impact of social security policies on illness, this section provides information regarding:

- the key missions and actions of CNAM – beneficiary of CADES debt assumption;
- the attainment of the UN SDG on good health and well-being;
- the performance of France's national health strategy.

Key missions and actions of CNAM

Health insurance provides long-term protection for each and every person's health (in their personal or professional lives) by acting to the benefit of everyone. The French national health insurance fund has a duty to ensure "the right care at the right cost for everyone".

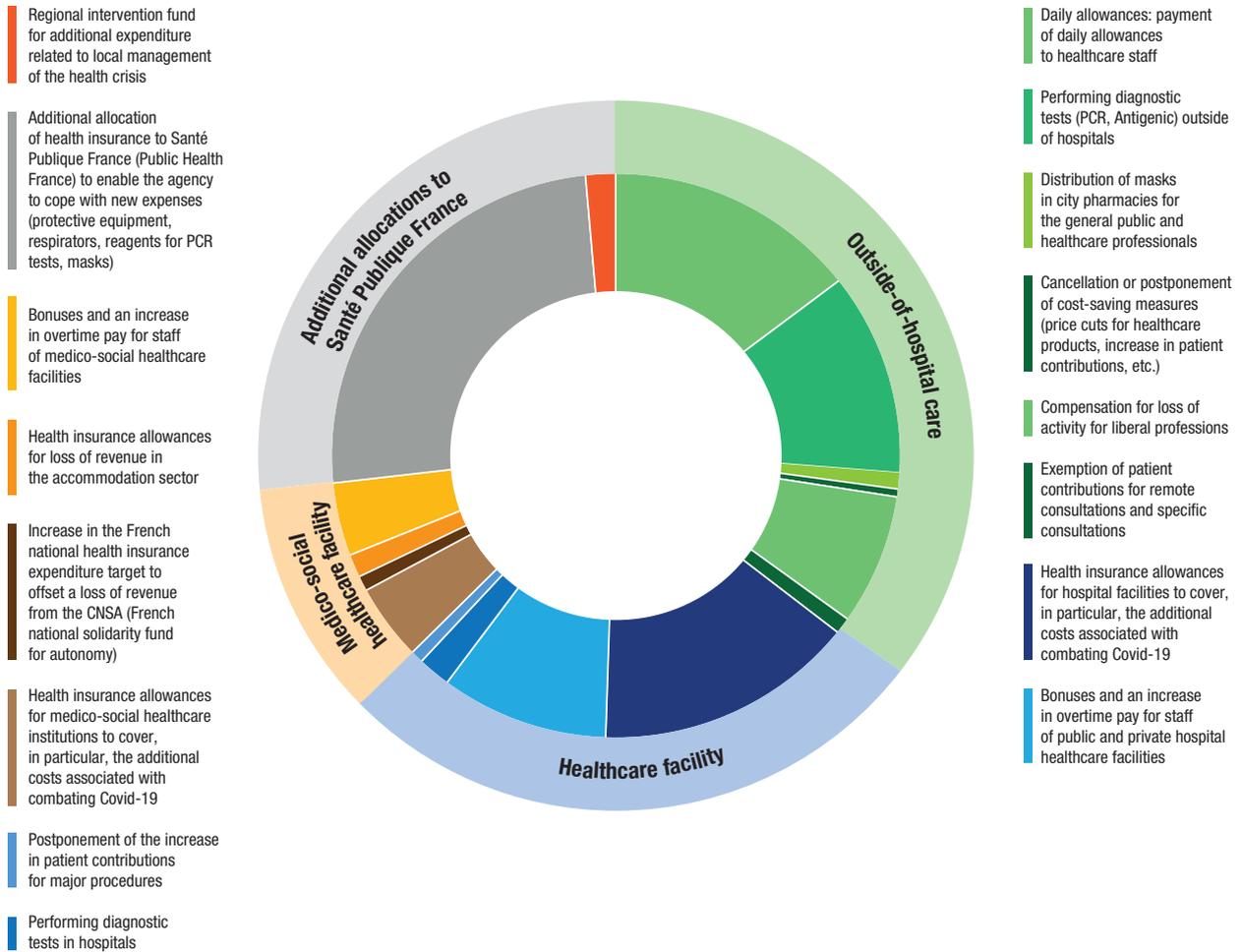
It provides lifelong support to 68 million people, by paying for their healthcare regardless of their resources, situation, or state of health. It thus guarantees universal eligibility and access to healthcare.

It participates in the adaptation of public policies on prevention, prior to illness and its complications, and helps empower individuals to take control of their health.

It also plays a role in regulating the healthcare system, constantly seeking to reconcile an optimum quality of care with an optimum cost.

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.

KEY ACTIONS OF CNAM DURING THE COVID-19 CRISIS



Source: social security financing bill 2022 - press kit.

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

As part of its contribution to the UN SDGs, France has defined progress indicators in connection with the targets detailed in the international treaty.

Regarding SDG 3 – Good health and well-being, France's performance indicators are life expectancy at birth and failure to seek medical care for financial reasons.



SDG 3 – Good health and well-being:
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.

The French population is characterised by a long life expectancy, maintaining the elderly population in good health for as long as possible, with a small number of premature deaths that could have been avoided through prevention and care.

LONG LIFE EXPECTANCY

The good health of the French population is reflected in their life expectancy. Life expectancy has generally been increasing over the last 50 years, despite a certain slowdown in recent years.

In 2020, under the effects of Covid-19, life expectancy fell in 24 of the 30 OECD countries for which there is comparable data, including France. In 2020, France had a life expectancy at birth of 82.3 years, compared with 83 years in 2019.

LIFE EXPECTANCY AT BIRTH POST-COVID-19 (2020)

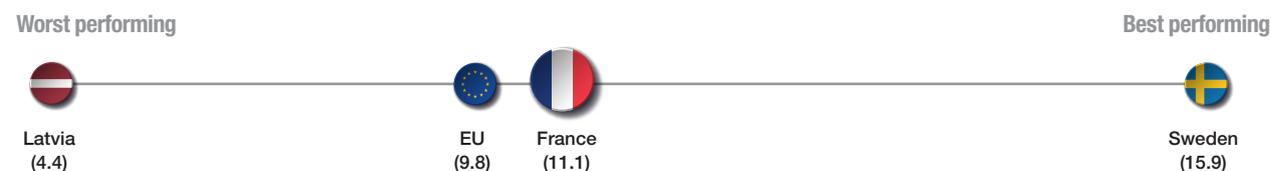


Source: OECD. 2021. 2021 Health Overview: OECD indicators.

MAINTAINING GOOD HEALTH IN OLD AGE

Equally, maintaining good health in old age is just as important as life expectancy. In France, “healthy life years (HLY) at age 65” are above the EU average (this data is not available at OECD level). French people over the age of 65 live more than 11 years without suffering from activity limitations or disabilities.

HEALTHY LIFE YEARS (HLY) AT AGE 65 (2020)



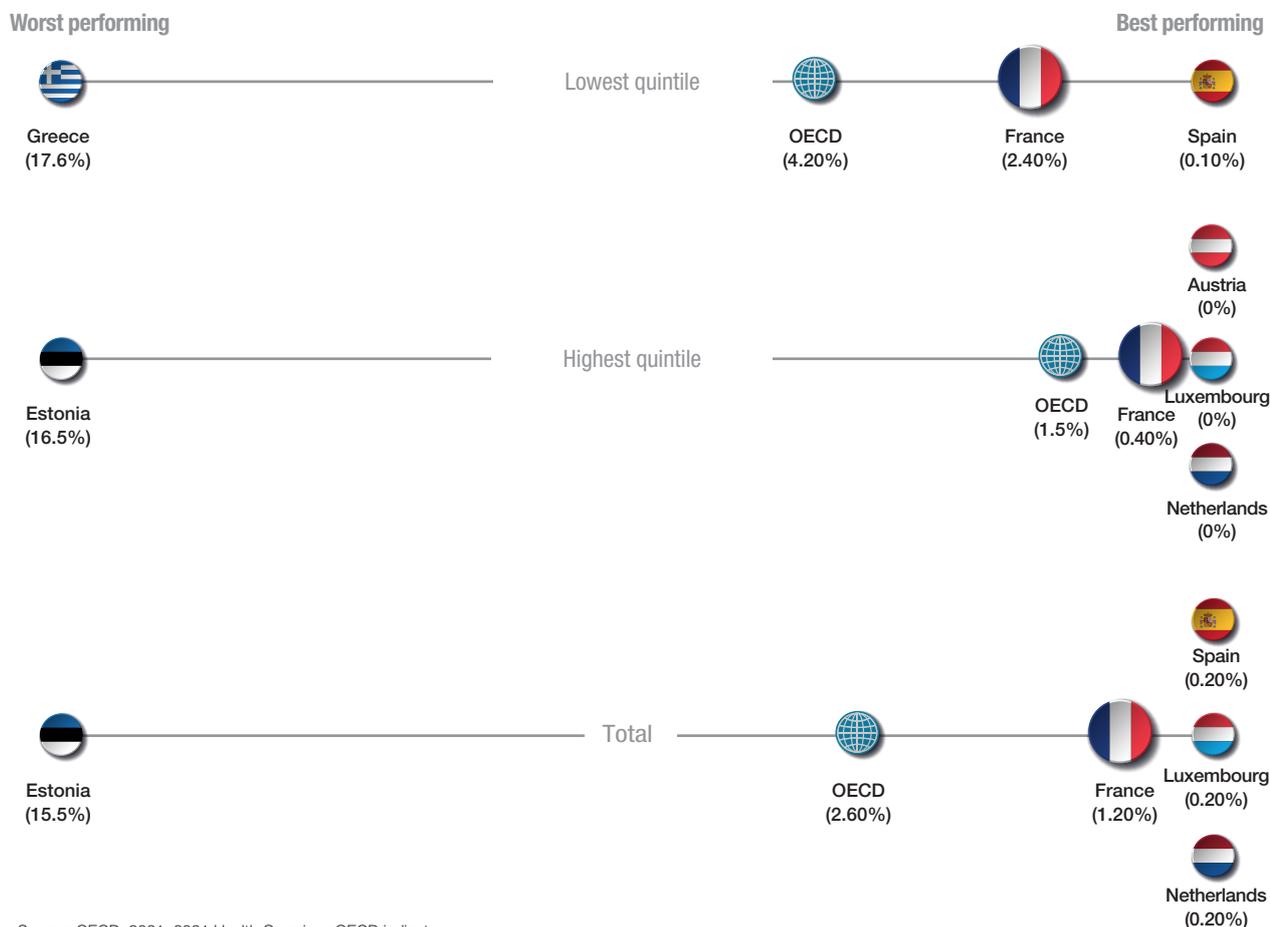
Source: Eurostat 2020 data.

FEW FAIL TO SEEK MEDICAL CARE FOR FINANCIAL REASONS

One of the fundamental principles of social security is to allow all populations access to good quality healthcare, regardless of their socio-economic situation. This requires affordability of care and the promotion of adequate provision and distribution of healthcare professionals and healthcare services throughout the country.

In France, only a very small portion of the population, even in the lowest income quintile, report an unmet need for medical care.

SHARE OF THE POPULATION REPORTING AN UNMET NEED FOR MEDICAL CARE, BY INCOME LEVEL (2019)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

The reasons why these needs were not met are due to the cost of healthcare, travel distances, or waiting times.

France's performance with regard to the national health strategy

The national health strategy is the framework for the health policy in France. It is defined by the French Government and is based on the analysis of the population's state of health by the French High Council for Public Health (HCSP), as well as its main determinants and possible actions.

Four objectives of the national health strategy are the most representative of the impact of the assumption of social debt by CADES:

- increasing the efficiency of the healthcare system and tightening control over expenditure;
- guaranteeing the resources necessary for the healthcare system;
- ensuring equal access to healthcare;
- improving the quality of care provided by the healthcare system.

INCREASED EFFICIENCY OF THE HEALTHCARE SYSTEM AND CONTROL OVER EXPENDITURE

The indicators developed above show that French people have a good life expectancy at birth and live longer in good health in their old age than in comparable countries. These results are obtained in a context of efforts to improve the efficiency of the healthcare system and tighten control over expenditure, as developed here.

The financial resources dedicated by France to the healthcare system depend on many demographic, social, and economic factors, as well as the financing and organisation structures of the healthcare system.

Overall, France's per capita healthcare expenditure is slightly higher than the OECD average. The US spends about twice as much as France per capita, but it should be noted that their healthcare model is very different.

HEALTHCARE EXPENDITURE PER CAPITA (2021)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

France demonstrates good control of its healthcare expenditure. During the period preceding the Covid-19 crisis (2015-2019), the trend in healthcare expenditure in France was moderate.

The French national health insurance expenditure target (ONDAM), which sets estimated authorisations for certain expenditures, played a positive role in this respect. It has been voted on every year since 1997 by the French Parliament, under the Social Security Funding Act.

ANNUAL GROWTH IN HEALTHCARE EXPENDITURE PER CAPITA (2015-2019)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

EFFECTIVENESS IN TACKLING PREVENTABLE DEATHS

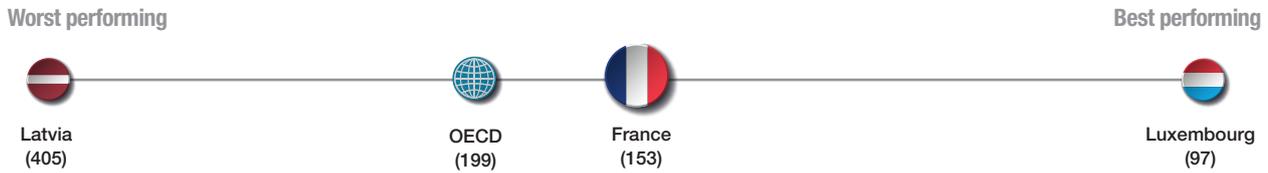
“Preventable mortality”, defined as reducing deaths caused by various diseases and accidents, makes it possible to assess the overall effectiveness of public health policies.

In OECD countries, this represents more than a quarter of the total number of deaths.

France has a preventable mortality rate below the OECD average of 153 deaths per 100,000 inhabitants. This is the result of:

- prevention efforts to limit behaviours related to risks (alcoholism, smoking, dangerous behaviour, etc.);
- the effectiveness of the healthcare system in providing efficient and prompt care and treatment.

PREVENTABLE MORTALITY PER 100,000 INHABITANTS (2019)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

EQUAL ACCESS TO HEALTHCARE

Another indicator of the performance of the healthcare system is that equal access to healthcare is essential to ensuring an inclusive society.

The French Public Health Code guarantees equal access to healthcare for all, in particular the most socially deprived (Articles L. 1110-1 and L. 1110-3). This right is reaffirmed in the “Charter of Patients’ Rights”.

Equal access to healthcare, together with quality of care and solidarity, has been one of the three founding principles of French national health insurance since 1945.

Universal health coverage (UHC) for essential services

In France, UHC allows the entire population to benefit from the healthcare services they require without incurring financial difficulties. This coverage encompasses the full range of quality essential healthcare services, including health promotion, prevention, treatment, rehabilitation, and palliative care.

Most OECD countries have implemented universal or near-universal coverage. With 99.9% of the French population covered for essential healthcare services, France is above the OECD average of 98%.

UHC (2019 OR NEAREST YEAR)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

A large proportion of healthcare and medical goods expenditure and consumption is covered by social security

French healthcare expenditure is largely covered by social security, which finances 83.7% of total healthcare expenditure (hospital care, outpatient medical care, dental care, pharmaceutical products).

SCOPE OF HEALTH COVERAGE: CONSUMPTION OF MEDICAL CARE AND GOODS COVERED BY SOCIAL SECURITY (2019 OR NEAREST YEAR)

Worst performing

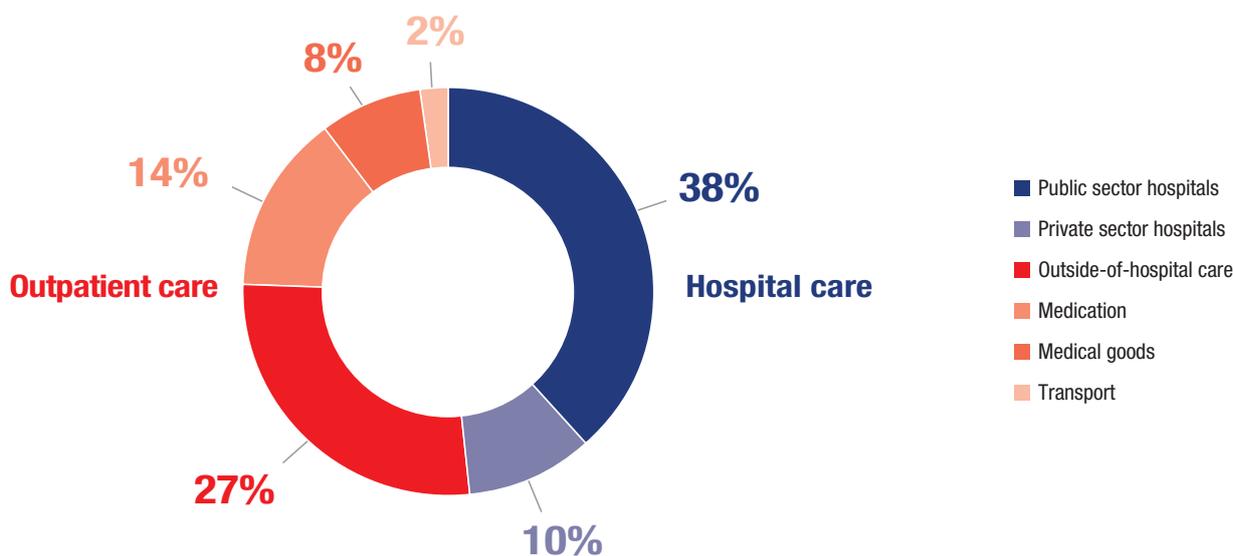
Best performing



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

Finally, healthcare expenditure is divided evenly between hospital and outpatient care.

SOCIAL SECURITY FINANCING OF CONSUMPTION OF HEALTHCARE AND MEDICAL GOODS (2020)



Source: DREES. 2021. Healthcare expenditure in 2020.

AN IMPROVEMENT IN THE QUALITY OF DISEASE MANAGEMENT PROVIDED BY THE HEALTHCARE SYSTEM

The management of diseases by the healthcare system is another indicator of its performance.

Cardiovascular disease and cancer are the two main causes of death in most OECD countries, representing one in three and one in four deaths respectively. The performance analysis will thus focus on these two types of disease.

A significant decrease in cardiovascular disease mortality over 20 years

Demographic ageing largely explains the prevalence of cardiovascular disease-related deaths. The number of such cases rises steadily from the age of 50.

France halved mortality from cardiovascular diseases between 2000 and 2019, thanks to continuous improvement in the management of these diseases. The mortality rate linked to these diseases is now lower than the average for OECD countries, and close to the best-performing countries.

MORTALITY DUE TO HEART ATTACK AND OTHER CARDIOVASCULAR DISEASES, 2019 (STANDARDISED RATES BY AGE PER 100,000 INHABITANTS)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

Cancer remains a challenge

France is below the OECD average for cancer mortality. These indicators should be read with caution as countries with apparently lower mortality rates, such as Mexico, are likely to devote less resources to cancer screening and identification. Thus, some cases of cancer may not be included in these figures.

MORTALITY DUE TO CANCER, 2019 (STANDARDISED RATES BY AGE PER 100,000 INHABITANTS)



Source: OECD. 2021. 2021 Health Overview: OECD indicators.

In 2021, France adopted its first ten-year cancer control strategy 2021-2030. This ambitious strategy aims to significantly reduce the impact of cancers on the health and daily lives of French people.

This strategy is coordinated by the French National Cancer Institute and has an increased budget of €1.74 billion for its first 2021-2025 roadmap, i.e. an increase of almost 20% compared to the previous 2014-2019 Cancer Control Plan. This unprecedented commitment by France in the fight against cancer is in addition to the European commitment announced by the European Commission on 3 February 2021.

Four quantified objectives will make it possible to assess France's future performance in this area:

- increase from 9 million screenings today to 10 million in **2025**;
- significantly curb the progression of mortality rates for cancers with the worst prognosis **by 2030**;
- reduce the number of avoidable cancers from 153,000 per year today to 93,000 **by 2040**;
- reduce the proportion of patients suffering from aftermath of the disease from two thirds to one third, five years after diagnosis.

ASSESSING SOCIAL SECURITY POLICIES ON OLD AGE

To assess the impact of social security policies on old age, this section provides information regarding:

- the key missions and actions of the two bodies receiving CADES allocations in 2021 – FSV and CNRACL;
- the attainment of the UN SDG on inequality;
- the effectiveness of benefits provided by pension organisations.

Key missions and actions of FSV

The FSV's mission is primarily to finance two types of expenditure.

1/ Payment of pension contributions and mandatory supplementary pensions corresponding to periods not worked:

- in the event of unemployment, for members of the general scheme and agricultural workers;
- for the duration of the voluntary civic service;
- in the context of vocational training courses and for apprenticeship periods;
- in the context of periods of partial activity.

2/ Payment of benefits, including the minimum old age allowance, the oldest of the basic welfare benefits (1956) for all pension schemes that provide it, including:

- the Allocation Supplémentaire Vieillesse (ASV – supplementary old age allowance);
- the Allocation de Solidarité aux Personnes Âgées (ASPA – solidarity allowance for the elderly).

Among FSV benefits, the minimum old age benefits are the most representative of the social impact of the assumption of social debt by CADES. These benefits allow people over the age of 65 (or who have reached the statutory minimum

retirement age if they are unfit for work) to access a basic level of income.

Number of beneficiaries as at 31 December 2019	601,600, of which: - ASV: 194,100 - ASPA: 407,500
Number of people covered (beneficiaries and spouses) as at 31 December 2019	722,400

Who are the minimum old age allowance beneficiaries?

Aged **74 years** on average, the majority are:

- people with **gaps in their careers** (88%);
- **single people** (75% vs. 25% or more in the whole population);
- people who have received their entitlement at the full rate for **incapacity or disability** (61%);
- **women** (56%), due to their longevity and their retirement pensions, which are often lower than those of men.

Key missions and actions of CNRACL

CNRACL is a pension fund for local authority employees, founded in 1945. It provides, on a pay-as-you-go basis, coverage for old age and disability risks for regional and hospital civil servants appointed to a permanent post for at least 28 hours per week.

It also possesses a social action fund and, since 2003, a fund for the prevention of workplace accidents and occupational diseases. The scheme operates on a pay-as-you-go basis: contributions from workers (at 11.10% in 2020) and employers (30.65% in 2020) cover the payment of pensions for pensioners. In 2020, the average retirement age was 62.8 years old, and the average pensioner age was 71.1 years old.

Number of contributors as at 31 December 2020	2.2 million, of which: - Hospital workers: 0.8 million - Regional civil servants: 1.4 million
Number of pensioners as at 31 December 2020	1.4 million, of which: - Hospital workers: 0.6 million - Regional civil servants: 0.8 million

France's performance in terms of the elderly population with regard to SDG 10 – Reducing inequalities affecting pensioners

As mentioned above, as part of its contribution to the UN SDGs, France has defined progress indicators in connection with the targets detailed in the international treaty. Coverage of old age risk contributes to the SDG pertaining to “reducing inequalities between and within countries” for the elderly population.



SDG 10 – Reducing inequalities:
Reducing inequalities between and within countries.

Target 10.4: Adopting policies, especially fiscal, wage, and social protection policies, and progressively achieving greater equality.

The performance indicators on reducing inequalities monitored by INSEE for France relate to:

- standard of living;
- differences in income and assets;
- access to essential goods;
- poverty within the population.

These same indicators targeted at pensioners demonstrate the effectiveness of old age policies in terms of intergenerational solidarity.

THE MONTHLY STANDARD OF LIVING OF PENSIONERS IS HIGHER THAN THAT OF THE ENTIRE POPULATION

Pensions account for most of the disposable income of retired households.

The average and median standard of living of pensioners is higher than that of the entire population. While pensioner incomes are lower on average, this is offset by the fact that they rarely have dependent children and are more likely to be home-owners than people who are still working.

	Whole population	Pensioners
Number (in thousands)	63,140	14,930
Average monthly standard of living (in euros)	2,050	2,130
Median monthly standard of living (in euros)	1,770	1,850

Source: DREES. Pensioners and pensions. 2021.

ACCESS TO ESSENTIAL GOODS PRESERVED

Raised by €100 to attain €903.20 per month for a single person on 1st January 2020, **the minimum old age allowance represents¹¹:**

- 110% of the poverty line for the three out of five beneficiaries who also receive housing benefits;
- 78% of the poverty line for other beneficiaries.

This allowance means that the proportion of pensioners in financial difficulty in France has remained stable over the past three years and is slightly lower than the EU average.

Only 8.9% of pensioners cannot cover current living expenses that are considered desirable or even necessary to achieve an acceptable standard of living.

MATERIAL AND SOCIAL DEPRIVATION AMONG THE OVER 65S (% POPULATION)¹²

Country	2018	2019	2020
Sweden – Best performing	1.1	1.6	1.3
France	9.9	11.1	8.9
European Union	11.7	11.3	NA
Bulgaria – Worst performing	51.8	49.8	48.5

¹¹ Source: DREES. Pensioners and pensions. 2021.

¹² Source: Eurostat. 2021.

In 2019, the proportion of pensioners with incomes below the poverty line was less than that of the total population.

PENSIONER AND TOTAL POPULATION POVERTY RATES (2019) ¹³

	POVERTY RATES
Pensioners	9.5%
Total population	14.6%

Source: INSEE, Essentials on poverty, 2021.

France's performance in terms of the effectiveness of the benefits provided by pension organisations

Performance in relation to the objective of ensuring an adequate standard of living for pensioners and guaranteeing solidarity between them can be assessed by evaluating the standard of living and the poverty rate of pensioners, indicators developed above, but also by assessing the effect of redistribution on the poverty of the retired population.

Redistribution mechanisms positively influencing the poverty rate of pensioners¹⁴

The redistribution of funds from FSV to the most disadvantaged pensioners contributes to the objective of ensuring an adequate standard of living for pensioners and guaranteeing solidarity between them.

	POVERTY RATES		
	Before redistribution (%)	After redistribution (%)	Effect of redistribution (points)
By household type			
Single person with or without children	20.7	13.7	-7.0
Couple with or without children	6.1	4.3	-1.8
All pensioners	12.0	8.0	-4.0
Whole population	22.4	14.8	-7.6

Source: DREES. Pensioners and pensions, 2021.

The effect of redistribution on the poverty rate of pensioners living alone, with or without children, calculated based on initial income, is positive.

The poverty rate, without redistribution, would be 4% higher for pensioners as a whole, and 7% higher for a single person.

France's policy on old age thus shows its effectiveness in terms of redistribution.

¹³ Source: INSEE, Essentials on poverty, 2021.

¹⁴ Source: DREES. Pensioners and pensions, 2021.

A close-up photograph of a person's hand in a light blue shirt placing a wooden block on top of a Jenga tower. The tower is made of light-colored wooden blocks stacked in a grid pattern. The background is blurred, showing more of the person and the tower.

APPENDICES

- 32** GLOSSARY
- 34** LIST OF INDICATORS IN THE REPORT
- 35** DESCRIPTION OF COMPLEX INDICATORS
- 37** ALLOCATION AUDIT REPORT

GLOSSARY

ACOSS: Agence Centrale des Organismes de Sécurité Sociale – French central agency of social security bodies. Public administrative establishment. Its main mission is to coordinate all French organisations involved in collecting social security resources.

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.

ASPA: Allocation de Solidarité aux Personnes Âgées – Solidarity allowance for the elderly. Monthly benefit granted to pensioners with low resources living in France. Paid by the pension insurance fund. Its amount depends on the individual's family situation (whether living with a partner or single).

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 accumulated social security debt.

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. Special social security scheme for old age insurance for local and hospital civil servants.

CRDS: Contribution à la Réduction de la Dette Sociale – Contribution to the repayment of social debt. Tax created in 1996 to reduce social security debt. Natural persons domiciled in France subject to income tax are liable to the CRDS.

CSG: Contribution Sociale Généralisée – General social contribution. Partly proportional tax created on 18 December 1990, which contributes to the financing of social security and, since 2018, unemployment insurance, instead of contributions deducted from salaries.

DIPA: Dispositif Indemnisation Perte Activité – Compensation for loss of activity. Aid aimed at enabling health professionals to pay their mandatory professional costs during the health crisis.

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.

EU-SILC: European Union Statistics on Income and Living Conditions. They are an instrument for collecting current and comparable multidimensional, cross-sectional, and longitudinal microdata on income, poverty, social exclusion, and living conditions.

FRR: Fonds de Réserve pour les Retraites – Pension reserve fund. French public administrative institution created by Law no. 2001-624 of 17 July 2001 whose mission is to invest, on behalf of the local authority, the sums entrusted to it by the public authorities to contribute to the financing of pensions.

FSV: Fonds de Solidarité Vieillesse – Old age solidarity fund. Public institution placed under the supervision of the ministers responsible for social security and budget. It finances certain old age benefits under French national solidarity and provided by social security old age schemes. This concerns the minimum old age allowances for the elderly for all pension schemes and for specific schemes, namely increases in pensions for children and dependent spouses, flat-rate coverage of periods of unemployment, and free quarterly validations for periods of leave.

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. An individual is said to be “in good health” when they do not suffer from functional limitations or incapacity.

ICMA: International Capital Market Association. The 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 in France since 1946.

OAT: Obligation Assimilable du Trésor – Treasury bonds. These are French government bonds issued for a minimum of two years and a maximum of 50 years.

ONDAM: Objectif National de Dépenses d'Assurance Maladie – French national health insurance expenditure target. This is an objective that must not be exceeded in terms of outpatient care and hospitalisation provided in private or public institutions, but also in medico-social centres.

PLFSS: Projet de Loi de Financement de la Sécurité Sociale – Social security funding bill. Project presented by the French government every year in the autumn with the aim of controlling social and health spending.

REPS: Rapport d'Évaluation des Politiques de Sécurité Sociale – Social security policy assessment report. Instituted by the Social Security Financing Act for 2021 to replace the quality and efficiency programmes (PQE). Each year they present the main objectives pursued by social security as well as the progress made.

SDGs: 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 proceeds are used exclusively 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.

LIST OF INDICATORS IN THE REPORT

Risk	Evaluation framework	Performance indicator	Page
Health – Management of the Covid-19 crisis	OECD international comparison	Number of deaths per million inhabitants, cumulative excess mortality	19
Health – Management of the Covid-19 crisis	OECD international comparison	Individuals reporting a need for treatment or medical examination that they did not receive during the first 12 months of the pandemic	20
Health	SDG 3 – Good health and well-being	Life expectancy at birth	22
Health	SDG 3 – Good health and well-being	Healthy life years	22
Health	SDG 3 – Good health and well-being	Unmet need for medical care by income level	23
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	Healthcare expenditure per capita	23
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	Annual growth in healthcare expenditure per capita	24
Health	French national health strategy – Increasing the efficiency of the healthcare system and tightening control over expenditure	Preventable mortality	24
Health	French national health strategy – Ensuring equal access to healthcare	Universal health coverage (UHC): population covered for essential services	25
Health	French national health strategy – Ensuring equal access to healthcare	Consumption of medical care and goods covered by social security	25
Health	French national health strategy – Ensuring equal access to healthcare	Social security financing of consumption of health-care and medical goods (2020)	26
Health	French national health strategy – Improving the quality of care provided by the healthcare system	Mortality related to cardiovascular disease per 100,000 inhabitants	26
Health	French national health strategy – Improving the quality of care provided by the healthcare system	Cancer incidence and mortality related to cancer, 2019	27
Old age	SDG 10 – Reducing inequalities affecting pensioners	Average and median standard of living for pensioners	27
Old age	SDG 10 – Reducing inequalities affecting pensioners	Material and social deprivation among the over 65s (% population)	29
Old age	SDG 10 – Reducing inequalities affecting pensioners	Population of pensioners with incomes below the poverty line	30
Old age	Effectiveness of benefits provided by pension organisations	Redistribution effect on pensioner poverty rates	30

DESCRIPTION OF COMPLEX INDICATORS

Risk	Indicator	Description
Health – In the context of Covid-19	Forgoing an examination or treatment within the first 12 months of the pandemic (declarative)	In the Eurofound survey “Living, Working, and Covid-19”, people from 22 OECD countries were surveyed to determine whether, since the start of the pandemic, they had needed a medical examination or treatment that they had not received.
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	Unmet need for medical care	Questions on unmet healthcare needs can be found in the EU Statistics on Income and Living Conditions (EU-SILC), compiled by Eurostat. For example, one question is whether people felt that, at some point in the past 12 months, they had not received the medical care they needed, followed by a question about why those needs were not met. The data presented here focuses on three reasons: healthcare was too expensive, the distance to travel was too far, or waiting times were too long. It should be noted that some other surveys on unmet needs, including the European Health Interview Survey (EHIS), report much higher rates of unmet needs. This is because they exclude people who do not require healthcare.
Health	Healthcare expenditure per capita	Healthcare expenditure is defined as the final consumption of healthcare goods and services. This figure includes expenditures made, across all types of funding arrangements (e.g., government programmes, social insurance, and out of pocket patient expenditure) for medical services and goods, population health and prevention programmes, and healthcare system administration.
Health	Preventable mortality	<p>Preventable mortality is defined as deaths among the under-75 population that could be substantially prevented through effective public health and primary prevention interventions (i.e., prior to the disease/trauma, to reduce its incidence).</p> <p>Four health status indicators reflect the essential components of lifespan and quality. Life expectancy is a fundamental indicator of a population’s overall health; preventable mortality draws attention to premature deaths that could have been avoided or whose causes could have been addressed. The prevalence of diabetes highlights the morbidity of a major chronic disease; self-assessed health provides a more general measure of mental and physical health.</p> <p>Causes of death that are preventable by treatment are those that can be avoided through the timely and effective provision of healthcare, including secondary prevention and treatment interventions (after disease onset, to reduce fatality rates).</p>

Old age	Material and social deprivation	<p>An EU indicator defined as the proportion of people living in ordinary housing who cannot cover the costs of at least five out of thirteen basic elements of everyday life considered desirable, or even necessary, for an acceptable standard of living. The deprivations in question are as follows:</p> <ul style="list-style-type: none"> • Not having a personal car for financial reasons; • Not being able to keep your home at a comfortable temperature for financial reasons; • Not being able to replace furniture that is no longer usable for financial reasons; • Having unpaid monthly instalments of loans, rent, or electricity, water, or gas bills; • Not being able to spend a small amount of money on oneself without having to consult anyone; • Not being able to cope with unexpected expenses; • Not having access to the Internet for financial reasons; • Not being able to meet friends or family at least once a month for drinks or meals for financial reasons; • Not having a regular leisure activity for financial reasons; • Not being able to afford a week's holiday away from home for financial reasons; • Not having two pairs of good shoes for financial reasons; • Not being able to have a meal containing protein at least every other day for financial reasons; • Not being able to buy new clothes.
Old age	Poverty	<p>A person whose standard of living is below a poverty threshold, conventionally set at 60% of the median of individual standards of living, is considered poor.</p>

RAPPORT D'AUDIT DE L'ALLOCATION



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Caisse d'Amortissement de la Dette Sociale

**Limited Assurance Report on the allocation at 31st December 2021 of
proceeds from the Social Bonds issued by CADES**

Caisse d'Amortissement de la Dette Sociale
139, rue de Bercy
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This report contains 5 pages

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This is a free English translation of the Assurance report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with professional standards applicable in France.

To the Management,

In response to your request, we hereby present our moderate assurance report on the allocation, as at 31st December 2021, 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**) within this framework (the **Verified Information**), appearing as total amounts allocated in the allocation and performance table on page 16 of the "2021 Allocation and Impact Report" (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.
- the reporting procedures developed by CADES for the preparation of the Document.

Management's Responsibility for Verified Information

CADES' management is responsible for preparing the Document including the Verified 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.

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

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 Inscrite au Tableau de l'Ordre
 à Paris sous le n° 14-30080101
 et à la Compagnie Régionale
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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 personnel 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.

Independence and quality control

We apply the International Standard on Quality Control (ISQC)¹² and as such have implemented a quality control system including documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

We have complied with the ethical and independence requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*.

Our responsibility

Our responsibility is to express a conclusion on the audited information based on our work. We conducted our work in accordance with the International Standard on Auditing (ISAE) 3000³. This standard requires us to plan and perform our work so as to obtain moderate assurance that the information has been prepared, in all material respects, in accordance with the Standards, based on the accounting records used to prepare the CADES Financial statements.

However, it is not for us to comment on:

- the eligibility criteria defined in the Social Bond Framework which gave rise to an opinion by Vigeo Eiris prior to the social 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 amount of bonds issued within the framework of the Social Bonds before the funds are allocated;
- the actual use of the funds allocated to the selected eligible debts after their allocation;
- the performance indicators reported in the Document.

² ISQC1 - Quality control for firms performing audit, review and other assurance and related services engagements

³ ISAE 3000 - *International Standard on Assurance Engagements other than audits or reviews of historical financial information.*



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

Nature and scope of the work

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 consisted of:

- identifying the people responsible for the data collection of the Verified Information disclosed in the Document within CADES and, where appropriate, for the internal control and risk management procedures implemented;
- assessing the appropriateness of the reporting procedures in terms of their relevance, completeness, reliability, neutrality and understandability;
- verifying 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, 2021 and with the related French decrees;
- verifying the consistency and concordance of the Verified Information with the information in the Document.



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We believe that the sampling methods and sample sizes we have selected in the exercise of our professional judgment allow us to provide a moderate level of assurance; a higher level of assurance would have required more extensive audit work. Because of the use of sampling techniques and other limitations inherent in the operation of any information and internal control system, the risk of not detecting a material misstatement in the audited information cannot be completely eliminated.

Conclusion

We believe that the evidence gathered is sufficient and appropriate to provide a basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the proceeds from the Social Bonds is not presented in the allocation and performance table on page 16 of the Document, in all material respects, in accordance with the Standards.

Paris La Défense, September 01st 2022

KPMG S.A.

Anne Garans
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Sustainability Services

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