

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social NEUCP & ECP Framework

Urssaf Caisse Nationale
24 June 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Social Negotiable European Commercial Papers (NEUCPs)• Euro Commercial Papers (ECPs)
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Social Bond Principles (SBP), updated as of June 2021• Final Report on Social Taxonomy, as of February 2022
Scope of verification	<ul style="list-style-type: none">• Urssaf Caisse Nationale Social NEUCP & ECP Framework (as of 23.06.2022)• Urssaf Caisse Nationale Eligibility criteria (as of 23.06.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

CONTENTS

SCOPE OF WORK	3
ISSUER OVERVIEW	3
ISS ESG ASSESSMENT SUMMARY.....	4
ISS ESG SPO ASSESSMENT.....	5
PART I: ALIGNMENT WITH THE ICMA SBP	5
PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE	7
A. CONTRIBUTION OF THE SOCIAL NEUCPs & ECPs TO THE UN SDGs.....	7
B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA.....	9
PART III: INDICATIVE ASSESSMENT OF UOP CATEGORIES AGAINST FINAL REPORT ON SOCIAL TAXONOMY.....	11
PART IV: SOCIAL NEUCPs & ECPs LINK TO UCN’ SUSTAINABILITY STRATEGY	16
A. UCN BUSINESS EXPOSURE TO ESG RISKS.....	16
B. CONSISTENCY OF SOCIAL NEUCPS & ECPS WITH UCN’ SUSTAINABILITY STRATEGY	18
ANNEX 1: Methodology	21
ANNEX 2: ISS ESG Corporate Rating Methodology.....	22
ANNEX 3: Quality management processes	24
About ISS ESG SPO	25

SCOPE OF WORK

Urssaf Caisse Nationale (“UCN” or “the Issuer”) commissioned ISS ESG to assist with its Social NEUCPs & ECPs by assessing three core elements to determine the sustainability quality of the instruments:

1. UCN’ Social NEUCP & ECP Framework (23.06.2022 version) – benchmarked against the International Capital Market Association's (ICMA) SBP.
2. The Eligibility criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
3. The Alignment with the EU Social Taxonomy on a best effort basis¹ - whether the nominated project categories are eligible to be aligned with the EU Social Taxonomy for the associated substantial contributions as included in the Final Report for Social Taxonomy (February 2022).
4. Social NEUCPs & ECPs link to UCN’ sustainability strategy – drawing on UCN’s overall sustainability profile and issuance-specific Use of Proceeds categories.

ISSUER OVERVIEW

UCN is a public agency tasked with the collection and management of the French Social Security contributions. Social securities covered include health insurance, family, autonomy, retirement funds and occupational accidents. UCN is entitled to act as a financial intermediary paying of its obligations by tapping international capital markets via the issuance of commercial papers and other state-controlled actors. The business model is entirely dedicated to the maintenance of the French welfare state.

¹ Whilst the Final Report of Social Taxonomy was published in February 2022, the report only intends to propose a structure and the final methodology is still under development. Therefore, at this stage, ISS ESG evaluates the alignment with the EU Taxonomy on a "best effort basis".

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Part 1: Alignment with SBP	The issuer has defined a formal concept for its Social NEUCPs & ECPs regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the SBP.	Aligned
Part 2: Sustainability quality of the Eligibility criteria	<p>The Social NEUCPs & ECPs will (re-)finance eligible asset categories which include: Cash flow of the five branches of the French Social Security system.</p> <p>The use of proceeds category has a significant contribution to SDGs 1 'No poverty, 3 'Good health and well-being' and 10 'Reduced Inequalities'.</p> <p>The environmental and social risks associated with the use of proceeds category have been well managed. It is worth noting that the Cour des Comptes³ (auditing annually UCN's financial statements and processes), highlighted several areas of improvement.</p>	Positive
Part 3: Alignment with the Final Report on Social Taxonomy	<p>ISS ESG assessed the economic activities of eligible project categories with the relevant social objectives outlined in the Final Report on Social Taxonomy, on a best effort basis.</p> <p>For the following activities, ISS ESG deems categories financed under the Framework eligible to be EU Social Taxonomy-aligned:</p> <ul style="list-style-type: none"> • Illness branch • Workplace Accidents & Occupational Diseases Branch • Pension Branch • Family Branch • Autonomy Branch <p>ISS ESG finds that the description of the UoP categories is eligible to be aligned with the substantial contribution mapping proposed in the Final Report on EU social taxonomy on 'Decent Work', 'Adequate Living Standards and well-being for end-users', 'Inclusive and sustainable communities and societies'.</p>	
Part 4: Social NEUCPs & ECPs link to issuer's sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 12.02.2022, the issuer shows a high sustainability performance.</p> <p>The Use of Proceeds financed through these Social NEUCPs & ECPs are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Social NEUCPs & ECPs is clearly described by the issuer.</p>	Consistent

² ISS ESG's evaluation is based on the UCN' Social NEUCP & ECP Framework (June 2022 version), on the Eligibility criteria as of 23.06.2022, and on the ISS ESG Corporate Rating updated on the 12.02.2022.

³ French independent juridical organism in charge of verifying the use of public funds.

ISS ESG SPO ASSESSMENT

PART I: ALIGNMENT WITH THE ICMA SBP⁴

This section describes ISS ESG's assessment of the alignment of the UCN' Social NEUCP & ECP Framework (dated 23.06.2022) with the ICMA SBP.

ICMA SBP	ALIGNMENT	ISS ESG'S OPINION
1. Use of Proceeds	✓	<p>ISS ESG considers the Use of Proceeds description provided by UCN' Social NEUCP & ECP Framework as aligned with the ICMA SBP.</p> <p>The UCN is a public agency tasked with the collection and management of the French Social Security contributions. 100% of the agency's activity is assessed per ISS ESG as contributing significantly to the achievement of global sustainability targets like health, poverty prevention and inequalities reduction and are in line with the following ICMA social categories: Access to essential services and Socio-economic development and empowerment. The issuer describes the purpose of the five different social security branches.</p> <p>Criteria are defined in a clear and transparent manner and social benefits are described.</p>
2. Process for Project Evaluation and Selection	✓	<p>ISS ESG considers the Process for Project Evaluation and Selection description provided by UCN Social NEUCP & ECP Framework as aligned with the ICMA SBP.</p> <p>There is no selection process at the UCN level. However, as described above, the agency business model is entirely dedicated to the maintenance of the French welfare state. Every time one of the branches requests liquidity (after paying the benefits to the French Social Security system beneficiaries), the UCN systematically transfers the amount of money satisfying the branches' financing needs (without any selection process as the different branches already verified the eligibility of the beneficiaries). To fulfill its role, UCN has access to various financial resources coming from the Social Security contributors, institutional partners and financial markets.</p>

⁴ UCN's role is to manage the treasury of the French Social Security. Thus, intrinsically, all the agency's expenses are in line with the Use of Proceeds category defined under this Framework (cash flows of the French Social Security). Moreover, the UCN's activity is particularly governed by French regulatory texts. In most cases, the issuer has made the choice to capitalise on "what already exists" to follow the recommendations of the ICMA SBP. However, it is worth noting that on some cases, the principles cannot be considered to apply "pari-passu" (ex: there is no detailed selection process as mentioned by the Principles as the UCN is an intermediary systematically financing the needs of the French Social Security System).

		<p>Operational ESG risks associated with the project categories are identified and managed through an appropriate process.</p> <p>As mentioned above, the UCN acts as a financial intermediary and, thus, is not responsible for risks related to the effective targeting of benefits to help persons in need (managed at each branch level⁵).</p>
3. Management of Proceeds	✓	<p>ISS ESG finds that the Management of Proceeds proposed by the UCN Social NEUCP & ECP Framework as aligned with the ICMA SBP.</p> <p>The UCN solely aims at financing the five branches of the Social Security System so, intrinsically, its activity is in line with the Use of Proceeds category described in the Framework. Moreover, the Cour des Comptes audits the agency cash flow statement (and the specific cash flows transferred to the five branches of the Social Security system) on a yearly basis and confirms, each year, that this is the case.</p> <p>It is also worth noting that since the end of the 1970s, the French Social Security system is in a deficit position which can be explained by decreased inflows⁶ and/or increased spendings⁷. As the UCN is managing the Social Security treasury, it follows that also the UCN is in a deficit position and that the only aim of all the financing instruments used by the agency (including the NEUCPs & ECPs) is to finance the daily cash flow of the French Social Security.</p> <p>Thus, the proceeds collected will be at least equal to the amount allocated to eligible projects, with no exceptions.</p>
4. Reporting	✓	<p>ISS ESG finds that the allocation and impact reporting proposed by the UCN Social NEUCP & ECP Framework as aligned with the ICMA SBP.</p> <p>Whilst the UCN will not report separately on the NEUCPs & ECPs issuances and the allocation of the proceeds, all relevant figures (e.g. yearly amount of NEUCPs & ECPs issued⁸, yearly cash flows transferred to the five branches of the Social Security) are displayed in the UCN financial statements, which are audited yearly by the Cour de Comptes.</p>

⁵ The grant of social benefits is based on the objective situations of the insured-beneficiaries.

⁶ As a result of the economic environment or due to deliberate decreases in revenues arising from the deferral of contributions or from exemptions aimed at supporting economic activity and employment.

⁷ Caused by the materialisation of certain social risks, increased take-up of programmes and benefits, or still yet the expansion of entitlements.

⁸ The exact amount of NEUCPs & ECPs issued yearly will be audited and disclosed in the Financial Statements from 2022 onwards.

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE SOCIAL NEUCPs & ECPs TO THE UN SDGs

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):



Each of the Social NEUCPs & ECPs' Use of Proceeds category has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services</p> <p><i>Financing the cash flow of the illness branch</i></p> <p><u>Target population:</u> universal healthcare coverage for all residents in France.</p>	Significant contribution⁹	
<p>Socio-economic development and empowerment</p> <p><i>Financing the cash flow of the workplace accidents/occupational diseases branch</i></p> <p><u>Target population:</u> universal healthcare coverage for all residents in France.</p>	Significant Contribution	

⁹ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows taking into account more granular information on the project level.

Socio-economic development and empowerment

Financing the cash flow of the pension branch

Target population: universal coverage for all residents in France eligible for the French pension scheme

Significant Contribution



Socio-economic development and empowerment

Financing the cash flow of the family branch.

Target population: All residents in France that fit the eligibility criteria for financial and social assistance under this branch. It aims to support families in raising their children and covering their expenses from early infancy through early adulthood, as well as their housing. The amount of financial and social assistance depends highly on the income level, financial and social situation of the family. It targets primarily disadvantaged and vulnerable groups (i.e. low income populations, single parents, students)

Significant Contribution



Socio-economic development and empowerment

Financing the cash flow of the autonomy branch

Target population: universal healthcare coverage targeting individuals with disabilities and/or who lost autonomy

Significant Contribution



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

Cash flow of the five branches of the French Social Security system

The table below presents the findings of an ISS ESG assessment of the Eligibility criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Data protection and information security

- ✓ The issuer has an information security management system in place (non-publicly available) to protect the sensitive information managed (e.g., sensitive personal data, sensitive corporate data). This information security management system is framed by the French legislation¹⁰. It covers topics such as risk assessments, structure and responsibilities, trainings, physical and technical safeguards, information security incident management and audits.
- The issuer's information security management system is not externally certified to the ISO 27001 standard. Moreover, according to the Cour des comptes which annually audits the issuer internal processes, some major IT risks are only partially covered by the information security system and the UCN suffered, in 2021, various cyberattacks¹¹.

Compliance procedures

- ✓ The issuer has internal procedures in place (non-publicly available) to cover Business Ethics related topics such as conflict of interest, corruption, favoritism, bribery, and embezzlement. Those procedures have been implemented to cover the topics mentioned in the article 3 of the 2016-1691 law¹² aiming at fighting corruption in public institutions.
- Compliance procedures in place are audited annually by the Cour des comptes¹³ and are considered heterogeneously by the UCN regional agencies. However, controls to identify internal fraud are considered by the Cour des comptes as partially efficient.

Governance Structure

- ✓ The issuer has measures in place designed by a national team in charge of the regulations, controls and collections and implemented locally by regional teams to ensure that social contributions are collected in an appropriate way (e.g., properly inform the contributors and anticipate any difficulty during the process, fighting fraud from contributors).
- The issuer's governance structure structuring social contributions' collections is internally and externally audited (e.g., Cour des Comptes). The Cour des comptes highlights in its report several internal audits improvement areas to mitigate mistakes made during the collection of

¹⁰ Legifrance, <https://www.legifrance.gouv.fr/download/pdf?id=GoL9SuzmFwi9NS5254-oLTebC1i87nJfaqdPaNKsonw=>

¹¹ Cour des Comptes, p. 47, <https://www.ccomptes.fr/system/files/2022-05/20220524-rapport-certification-comptes-securite-sociale-2021.pdf>

¹² Legifrance, <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000033558528/>

¹³ Cour des Comptes, p. 48, <https://www.ccomptes.fr/system/files/2022-05/20220524-rapport-certification-comptes-securite-sociale-2021.pdf>

the social contributions (e.g., p. 52 - control of the tax base declared by contributors is considered by the Cour des Comptes as being incomplete, p. 53 – tracking contributors social debts is not perfectly ensured). Every year, the issuer communicates to the Cour des Comptes the action plan (and the associated timeline) to mitigate the risks identified.

- ✓ The issuer has grievance mechanisms in place¹⁴.

¹⁴ URSSAF, <https://www.urssaf.fr/portail/home/utile-et-pratique/mediation.html>

PART III: INDICATIVE ASSESSMENT OF UOP CATEGORIES AGAINST FINAL REPORT ON SOCIAL TAXONOMY

ISS ESG provides an assessment of the alignment of eligible project categories with the relevant social objectives outlined in the Final Report on Social Taxonomy (February 2022). Since the technical screening criteria do not exist yet, this assessment is only indicative, and is thus done at a high level based on the non-exhaustive list of sub-objectives and types of substantial contribution proposed in the Final Report on Social Taxonomy. Please note that, as indicated in the Final Report on Social Taxonomy, the ‘Do no Significant Harm’ (DNSH) criteria and minimum safeguards are still under development, hence there currently is no sufficient information for ISS ESG to conduct an assessment on eligible project categories alignment with DNSH and minimum safeguards.

ISS ESG finds that the description of the UoP categories is eligible to be aligned with the substantial contribution mapping proposed in the Final Report on EU social taxonomy on ‘Decent Work’, ‘Adequate Living Standards and well-being for end-users’, ‘Inclusive and sustainable communities and societies’.

The assessment including a high-level mapping of the Eligible UoP categories with the social objectives, sub-objectives and type of substantial contribution can be found below.

1. Illness Branch

UOP CATEGORY	ACCESS TO ESSENTIAL SERVICES
Purpose/Description	Issuer defines the purposes of this category as financing and/or refinancing the “illness” branch which is responsible for allowing everyone eligible under the French Social Security system to be treated according to their needs (coverage of health expenses of the insured and guarantees access to care, prevention programs). Risks covered are: Illness, Maternity, Disability and Death.
Social Objective(s)	Adequate living standards and well-being for end-users
Sub-Objective(s)¹⁵	Ensuring access to quality healthcare products and services
Selection of sectors	N/A ¹⁶
Type of substantial contribution	Enhancing positive impact inherent in economic activity
Description of Substantial contribution	The issuer confirms that the financing and/or refinancing of this Eligible Category will contribute to enhancing positive impact inherent in economic activity by improving

¹⁵ Please note that this is based on the non-exhaustive list of sub-objectives proposed in Final Report on Social Taxonomy.

¹⁶ As the issuer is a public entity financing the social security system in France, selection of sector is not relevant for the purposes of this assessment.

	accessibility to healthcare and prevention programs through the provision of universal health coverage.
--	---

2. Workplace Accidents & Occupational Diseases Branch

UOP CATEGORY	SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT
Purpose/Description	The issuer defines the purposes of this category as financing and/or refinancing the “workplace accidents & occupational diseases” branch which is responsible for managing the occupational risks faced by workers: accidents at work, commuting accidents and occupational diseases. It implements a policy of prevention of occupational risks.
Social Objective(s)	Decent Work
Sub-Objective(s) ¹⁷	Promoting decent work
Selection of sectors	N/A ¹⁸
Type of substantial contribution	Avoiding and addressing negative impact
Description of Substantial contribution	The issuer confirms that the financing and/or refinancing of this Eligible Category will contribute to avoiding and addressing negative impact on workers by providing social protection within the work sphere against workplace accidents and occupational diseases for those in need.

3. Pension Branch

UOP CATEGORY	SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT
Purpose/Description	The issuer defines the purposes of this category as financing and/or refinancing “pension” branch which is responsible for paying pensions to retirees and following employees throughout their career and help them prepare for their retirement.

¹⁷ Please note that this is based on the non-exhaustive list of sub-objectives proposed in Final Report on Social Taxonomy.

¹⁸ As the issuer is a public entity financing the social security system in France, selection of sector is not relevant for the purposes of this assessment.

Social Objective(s)	Decent Work¹⁹
Sub-objective(s)²⁰	Promoting Decent Work
Selection of sectors	N/A ²¹
Type of substantial contribution	Avoiding and addressing negative impact
Description of Substantial contribution	The issuer confirms that the financing and/or refinancing of this Eligible Category will contribute to avoiding and addressing negative impact associated to promoting decent work as it contributes to providing for social protection guaranteed for the worker once in retirement.

4. Family Branch

UOP CATEGORY	SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT
Purpose/Description	<p>The issuer defines the purposes of this category as financing and/or refinancing the “family” branch which is responsible for helping families in their daily life and develop solidarity towards vulnerable people. The four areas of intervention defined: early childhood; childhood and youth; solidarity and integration; housing and living environment.</p> <p>The family branch aims to support families financially and socially. Financially, these benefits are financial aid paid to families in the form of additional income. The social family action is in addition to financial benefits and is aimed at all beneficiary families and more particularly those who encounter financial and social difficulties (participation in the financing of equipment and services (nurseries, social centres, etc.), support for families by allocating them social workers, providing them financial aid for family projects: holidays, multiple births, etc.).</p>

¹⁹ It is noted that as per the Final Report on Social Taxonomy, providing for social protections, including employee pensions, is considered to be contributing to promoting decent work, which falls under the social objective ‘Decent Work’. Nonetheless, considering that this economic activity pertains to providing the benefits guaranteed under the pension scheme to individuals once in retirement, the direct impact it has on ensuring a decent life for the individual in retirement could also be considered as providing a social protection outside of the work sphere which is categorized as per the Final Report on Social Taxonomy as contributing to avoiding and addressing negative impact associated with the sub-objective “promoting equality and inclusive growth” under the social objective “Inclusive and sustainable communities and societies”.

²⁰ Please note that this is based on the non-exhaustive list of sub-objectives proposed in Final Report on Social Taxonomy.

²¹ As the issuer is a public entity financing the social security system in France, selection of sector is not relevant for the purposes of this assessment.

Social Objective(s)	Inclusive and sustainable communities and societies
Sub-objective(s) ²²	Promoting equality and inclusive growth
Selection of sectors	N/A ²³
Type of substantial contribution	Enhancing positive impact inherent in economic activity
Description of Substantial contribution	The issuer confirms that the financing and/or refinancing of this Eligible Category will contribute to enhancing positive impact inherent in economic activity by providing financial and social assistance to families in need which improve living standards and promote equality and inclusive growth of societies.

5. Autonomy Branch

UOP CATEGORY	SOCIO-ECONOMIC DEVELOPMENT AND EMPOWERMENT
Purpose/Description	The issuer defines the purposes of this category as financing and/or refinancing the “autonomy” branch which is responsible for covering costs related healthcare for specific assistance or accommodation in specialized facilities of individuals who have lost autonomy or disabled individuals.
Social Objective(s)	Adequate living standards and well-being for end-users Inclusive and sustainable communities and societies
Sub-objective(s) ²⁴	Ensuring access to quality healthcare products and services Promoting equality and inclusive growth
Selection of sectors	N/A ²⁵

²² Please note that this is based on the non-exhaustive list of sub-objectives proposed in Final Report on Social Taxonomy.

²³ As the issuer is a public entity financing the social security system in France, selection of sector is not relevant for the purposes of this assessment.

²⁴ Please note that this is based on the non-exhaustive list of sub-objectives proposed in Final Report on Social Taxonomy.

²⁵ As the issuer is a public entity financing the social security system in France, selection of sector is not relevant for the purposes of this assessment.

Type of substantial contribution	Enhancing positive impact inherent in economic activity
Description of Substantial contribution	The issuer confirms that the financing and/or refinancing of this Eligible Category will contribute to enhancing positive impact inherent in economic activity by improving availability and accessibility of healthcare and specialized assistance products and services for disabled individuals and those who lost autonomy and by covering costs of education to handicapped children which promotes equality and inclusive growth.

PART IV: SOCIAL NEUCPs & ECPs LINK TO UCN' SUSTAINABILITY STRATEGY

A. UCN BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

Key challenges faced by companies in terms of sustainability management in the Specialized Finance industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Labour standards and working conditions
Products and services with social and environmental benefits
Customer and product responsibility
Sustainability impacts of lending and other financial services/products

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating methodology, ISS ESG assessed the current sustainability performance of the issuer to be **high**. Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Cash flows theof Social Security	100%	CONTRIBUTION	  

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Specialized Finance industry are as follows: Anti-competitive behaviour, Failure to prevent money laundering and Failure to assess environmental impacts.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

B. CONSISTENCY OF SOCIAL NEUCPS & ECPS WITH UCN' SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

UCN is responsible for the unified management of cash flows of each of Social Security branches ; Caisse nationale des allocations familiales, the Caisse nationale de l'assurance maladie, the Caisse nationale de solidarité pour l'autonomie and the Caisse nationale d'assurance vieillesse. By their legal obligation²⁶, each of the Social Security Branches are entrusted with the responsibility of protecting workers and their families against risks of any kind likely to reduce or eliminate their earning capacity, and to cover the maternity and family expenses they incur. The purpose of the French Social Security is to guarantee a high level of coverage against social risks for all residents in France. Social security benefits are universal in the sense that all French residents can benefit from them, but their payment is conditional on the materialization of social risks, i.e. recognition of an illness or an occupational disability, a handicap, etc.). By financing the French Social Security model, It can thus be concluded that the UCN has a social purpose at its core.

To enable a clear management of the branches within the general social security scheme, the UCN ensures the individualization of cash flows of each branch of the social security system through a permanent monitoring of the accounting forecasts and realizations, and establishes the cash flow forecast of each branch of social security. The management of cash flows is key in ensuring that the payment of social benefits (pensions, family allowances, etc.) is made possible. In 2020, through the funds raised and the management of cash flows of the five branches of the social security system, the social security was able to finance:

- €218 billion in illness expenditure
- €9.6 billion in occupational accidents and diseases expenditure
- €84.6 billion in state aid for families (including RSA for persons without resources)
- €122.7 billion for retirement pensions

Rationale for issuance

In order to secure a significant volume of daily financing and/or refinancing of expenditures incurred at each of the branches for the payment of social benefits at the best possible cost, the UCN has set in place various products for managing the balance of the cash account respecting the legal constraint of using only monetary instruments. In this regard, the UCN is complementing monetary financing sources with short-term negotiable securities with social characteristics to finance the cash flow shortfalls of the general social security scheme through borrowing. The funds raised through the issuances are used to finance and/or refinance the cash flow of the five branches of the Social Security system, in order to cover for shortfalls between revenues (contributions) and expenditures (funding of the Social Security funds for the payment of benefits).

Since all of the deficits are related to the expenses of the social security branches stemming from the payment of social benefits, the issuance will serve to finance the social expenses of the general social security scheme which will make the payment of social benefits possible.

²⁶ Ordinance n° 45-2250 of October 4, 1945 on the organization of social security.

Contribution of Use of Proceeds categories to sustainability objectives and key ESG industry challenges

ISS ESG mapped the Use of Proceeds categories financed under these Social NEUCPs & ECPs with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Specialized Finance industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings industry. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Cash flow of the five branches of the social security system	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these NEUCPs & ECPs are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Social NEUCPs & ECPs is clearly described by the issuer.*

DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on NEUCPs & ECPs based on data provided by the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them, and the use thereof shall be excluded.
4. All statements of opinion and value judgments given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and creditworthiness of a NEUCP & ECP but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, certain images, text, and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are the property of ISS and are protected under copyright and trademark law. Any use of such ISS property shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG ("DB") owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital ("Genstar") and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>.

© 2022 | Institutional Shareholder Services and/or its affiliates

ANNEX 1: Methodology

ISS ESG Social KPIs

The ISS ESG Social KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of UCN’ Social NEUCPs & ECPs.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

EU Taxonomy

ISS ESG evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the social NEUCP & ECP Framework meet the criteria listed in relevant Activities in the Final Report on Social Taxonomy (February 2022). The evaluation shows to understand if UCN’s project categories are indicatively in line with the requirements listed in the Final Report on Social Taxonomy. The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by UCN (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green/Social KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green/Social KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by UCN (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which UCN’ Social NEUCPs & ECPs contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bonds issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

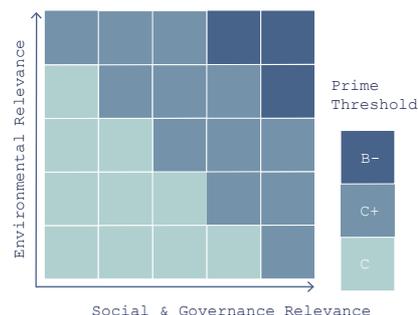
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

UCN commissioned ISS ESG to compile a Social NEUCPs & ECPs SPO. The Second Party Opinion process includes verifying whether the Social NEUCP & ECP Framework aligns with the ICMA SBP and to assess the sustainability credentials of its Social NEUCPs & ECPs, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA SBP
- Final Report on Social Taxonomy
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

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

- Framework
- Eligibility criteria
- Documentation of ESG risks management

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Social NEUCPs & ECPs to be issued by UCN based on ISS ESG methodology and in line with the ICMA SBP.

The engagement with UCN took place in May 2022 to June 2022

ISS ESG's BUSINESS PRACTICES

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

About ISS ESG SPO

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

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

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

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

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Social NEUCPs & ECPs SPO, please contact: SPOOperations@iss-esg.com

Project team

Project lead

Armand Satchian
Senior Associate
ESG Consultant

Project support

Tuleen Ashour
Analyst
ESG Consultant

Project support

Camille Roux
Associate
ESG Consultant

Project supervision

Marie-Bénédicte Beaudoin
Associate Director
Head of ISS ESG SPO Operations