

Second-Party Opinion

Icade Santé Social Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Icade Santé Social Bond Framework aligns with the four core components of the Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds – Access to Essential Services – is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes. Sustainalytics considers that the eligible category may contribute to UN Sustainable Development Goal 3: Good Health & Well-Being.



PROJECT EVALUATION / SELECTION Icade Santé has established a Social Bond Committee (the “Committee”) to manage the project evaluation and selection process. Project teams will evaluate and shortlist eligible projects/assets to the Committee, who will then validate their eligibility based on Icade Santé’s Social Bond Framework criteria. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Icade Santé’s process to manage proceeds is handled by the Committee and is managed using a portfolio approach. The lookback period for refinancing is three years and any unallocated proceeds will be invested by Icade Santé, in accordance with its investment guidelines, in cash, deposits and money market instruments or any other liquid short-term marketable instruments. This is in line with market practice.



REPORTING Icade Santé intends to report on allocation of proceeds on its website, on an annual basis, until full allocation, or in case of any material changes. In addition, Icade Santé is committed to reporting on relevant impact metrics. The allocation and impact report will be published as a standalone report on Icade Santé’s website. Sustainalytics views Icade Santé’s allocation and impact reporting as aligned with market practice.

Evaluation date	September 8, 2020
Issuer Location	Paris, France

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For inquiries, contact the Sustainable Finance Solutions project team:

Amanda Ackerman (Amsterdam)
Project Manager
amanda.ackerman@sustainalytics.com
(+31) 20 205 00 88

Evan Bruner (Amsterdam)
Project Manager
evan.bruner@sustainalytics.com
(+31) 20 205 00 27

Winnie Toppo (Toronto)
Project Support
winnie.toppo@sustainalytics.com
(+1) 647 317 3648

Jean-Claude Berthelot (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Icade Santé SAS (“Icade Santé”, the “Company”, or the “Issuer”) is a property investor with a focus on healthcare and nursing home facilities. It is a subsidiary of Icade, a French real estate investment trust primarily involved in the ownership and management of commercial property around Paris, and other institutional investors. The Company, as of June 2020, holds a portfolio of 132 healthcare facilities representing €5 billion in assets.

Icade Santé has developed the Icade Santé Social Bond Framework (the “Framework”) under which it intends to issue social bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that increase access to health care and elderly care services. The Framework defines eligibility criteria in one area:

1. Access to Essential Services - Health

Icade Santé engaged Sustainalytics to review the Icade Santé Social Bond Framework, dated September 2020, and provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2020 (SBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Icade Santé’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Icade Santé representatives have confirmed (1) they understand it is the sole responsibility of Icade Santé to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Icade Santé.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The Icade Santé Social Bond Framework is available on Icade Santé’s website at: <https://icade-sante.fr/finance/financement>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Icade Santé has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Icade Santé Social Bond Framework

Sustainalytics is of the opinion that the Icade Santé Social Bond Framework aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Icade Santé's Social Bond Framework:

- Use of Proceeds:
 - The eligible category, Access to Essential Services, is aligned with those recognized by the SBP.
 - Under this category Icade Santé will finance private hospital care real estate, which includes facilities that cater to mental health, rehabilitation, medicine, surgery, and obstetrics as well as medical houses. Icade Santé will also finance elderly care real estate which pertains to accommodation facilities for dependent elderly people (EHPAD). Eligible Expenditures may include acquisitions of facilities, construction, and development of new facilities, as well as refurbishment and/or extension of existing facilities. All Eligible Expenditures are in France.
 - The Issuer has established a lookback period for refinancing of up to three-years prior to the issuance of each social bond, including expenditures starting 1st January of the issuance year.
 - Sustainalytics notes that although Icade Santé is financing private hospital care real estate, it is impactful in the local context as France has a universal health-care system, where private affiliated healthcare facilities⁴ are largely funded by the government national health insurance, known as Social Security. In 2018, costs for private for-profit hospitals in France were 88.7% covered by Social Security, 0.5% by Couverture Maladie Universelle (CMU), 6.7% by Complementary Health Insurance and the remaining 4% by households. In public hospitals, households covered 1.3% of total hospital costs.⁵
 - Sustainalytics is of the opinion that household funding of private hospital costs does not significantly affect affordability or accessibility of health care compared to public hospitals. Although independent practitioners can charge excess fees, they can only do so under certain conditions which are defined under the law regulating excess fee amounts, called "convention médicale".⁶ In addition, in France, individuals or households falling below a certain revenue ceiling are covered by the complementary CMU (CMU-C), which entitles these individuals / households with earnings below certain income level, to cover 100% of their health expenses through Social Security and no excess fees can be charged.⁷ Moreover, costs of medical services and procedures are heavily regulated in France.⁸
 - Health and social care for the elderly comes under the jurisdiction of the General Councils, which are the governing bodies at the local (departmental) level.⁹ Costs for elderly care comprise of

⁴ Which is the case for Icade Santé owned facilities.

⁵ <https://drees.solidarites-sante.gouv.fr/etudes-et-statistiques/publications/panoramas-de-la-drees/article/les-depenses-de-sante-en-2018-resultats-des-comptes-de-la-sante-edition-2019>

⁶ Institutionnelle de l'Assurance Maladie, 2016 medical convention, accessed in September 2020, at: <https://www.ameli.fr/medecin/textes-reference/convention-medicale-2016>

⁷ République Française, Fonds de la Complémentaire santé solidaire accessed in September 2020, at: <https://www.complementaire-sante-solidaire.gouv.fr/cmu-complementaire.php>

⁸ Institute for Research and Information in Health Economics, Price setting and price regulation in health care: France, 2020, at: https://extranet.who.int/kobe_centre/sites/default/files/pdf/2_3_Case%20study_France.pdf

⁹ The Commonwealth Funds, International Health Care System Profiles, France, June 2020, at: <https://www.commonwealthfund.org/international-health-policy-center/countries/france>

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health cost, dependence cost and hotel or accommodation costs.¹⁰ Health costs are covered by Social Security, whereas dependency costs are controlled by the relevant local council. Accommodation costs are however set by the facilities and can depend on several factors such as characteristics of the room, size, amenities, location etc. The government, however, does control the facilities' ability to increase yearly prices for residents.¹¹ In addition, elderly individuals can apply for financial assistance with the department council and certain facilities may reserve a share of beds as social assistance for patients who are unable to pay for the total costs.¹² Sustainalytics is of the opinion that although there are provisions in place for financial assistance as well as measures in place that limit the increase of price of accommodation, affordability is not always guaranteed. Nonetheless, Sustainalytics acknowledges the need for increasing access and capacity of elderly care facilities in France. For further discussion, please refer to Section 3.

- Further, Sustainalytics highlights that, as a long-term healthcare property investment platform, Icade Santé does not play a role in the establishment of costs. Policies relating to the establishment of costs are set by the health care and elderly care facility operators, in accordance with the law. Nevertheless, Icade Santé considers various elements in its investment decision process,¹³ including those linked with the pricing policy of the facilities' operators.
- Project Evaluation and Selection:
 - Icade Santé has established a Social Bond Committee (the "Committee") to undertake project evaluation and selection. The Committee is comprised of the CEO who will act as the Chairman of the Committee, the Chief Financial Officer, the head of CSR and Innovation as well as the head of the Portfolio Management. Other teams may form a part of the Committee.
 - The Project team will evaluate and report eligible expenditures to the Committee who will then validate the eligibility of assets / projects based on the Framework.
 - Based on the establishment of a formal committee with cross-departmental representation, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Proceeds raised under the Framework will be managed on a portfolio basis and an amount equal to the net proceeds will be earmarked in its Treasury liquidity portfolio. Icade Santé's Social Bond Committee will be responsible for managing and monitoring use of proceeds. Net proceeds will be tracked through its internal accounting system and the Issuer intends to fully allocate proceeds within 24 months of issuance. Unallocated proceeds, if any, will be invested by Icade Santé in accordance with its investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments.
 - The Committee will meet at least once a year to ensure that the aggregate amount in the portfolio is equal to the amount raised by the social bonds issued under the Framework, and will substitute any projects that are no longer eligible with an eligible project, as soon as practical.
 - Sustainalytics views positively Icade Santé's commitment to appointing an external auditor who will verify, on an annual basis, allocation of proceeds to eligible assets / projects as well as the amount of unallocated proceeds.
 - Sustainalytics considers Icade Santé's process to manage proceeds raised under the Framework to be in line with market practice.
- Reporting:
 - Icade Santé commits to annually disclosing its allocation of proceeds, at least until all proceeds have been allocated or in case of material changes. The Company also commits to reporting on relevant social impact metrics.

¹⁰ OECD, Providing and Paying for Long-Term Care, 2011, at: <https://www.oecd.org/france/47902097.pdf>

¹¹ République Française, Légifrance, Arrêté du 19 décembre 2019 relatif aux prix des prestations d'hébergement des établissements hébergeant des personnes âgées dépendantes non habilités à recevoir des bénéficiaires de l'aide sociale pour l'année 2020, December 2019, at: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000039667401&categorieLien=id>

¹² République Française, L'aide sociale à l'hébergement (ASH) en établissement, May 2020, at: <https://www.pour-les-personnes-agees.gouv.fr/vivre-dans-un-ehpad/aides-financieres-en-ehpad/laide-sociale-a-lhebergement-ash-en-etablissement>

¹³ Icade Santé verifies a number of information including the health catchment area where the institution is implemented (size, demographics growth / aging dynamics), the existing healthcare equipment rate of the territory (beds & places per 10,000 inhabitants), and the ability of the facility to attract practitioners.)

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- The allocation and impact report will be published as a standalone report on Icade Santé's website.¹⁴
- In its allocation report Icade Santé will make available information including allocated amount breakdown by eligible asset category as well as by type of eligible expenditures, proportions of funds used for financing vs refinancing as well as amount of unallocated funds. Its Impact Report will contain metric such as – number of beds for hospital and elderly care, number of stays, occupancy rates, availability of Protected Living Unit ("Unité de Vie Protégée"), among others.
- Based on Icade Santé's commitment to publicly make available annual allocation and impact reporting, Sustainalytics considers the reporting process to be in line with market practice.

Alignment with Social Bond Principles 2020

Sustainalytics has determined that the Icade Santé Social Bond Framework aligns to the four core components of the SBP. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy of Icade Santé

Contribution of Framework to Icade Santé's sustainability strategy

Icade Santé's sustainability work is guided by its parent company's Corporate Social Responsibility Policy¹⁵ which focuses on three key areas: (i) environment – innovative solutions to reduce all of its assets' energy consumption, resource requirements and impact on biodiversity,¹⁶ (ii) society – real estate solutions targeting the most vulnerable groups,¹⁷ and (iii) social – supporting its employees.¹⁸

Icade Santé's "society" pillar highlights the Company's commitment to developing facilities that improve the quality of life and reach vulnerable and underserved populations. In order to accomplish this goal, the Company works to develop innovative real estate solutions¹⁹ and provide high quality healthcare that remains accessible. Additionally, Icade Santé also demonstrates its commitment to the environment through its goal to reduce its assets' energy consumption by monitoring energy performance for at least 75% of healthcare operators and offering solutions to improve energy performance for 100% of extensions and major construction projects of façade renovations and sealing, starting in 2019.¹⁶ Furthermore, 100% of new-build projects above 7,500m² are HQE²⁰ certified.

Sustainalytics is of the opinion that the Icade Santé Social Bond Framework is aligned with the Company's overall sustainability strategy and initiatives, and financing additional investments in healthcare will further the Company's action on its key social priorities.

Well positioned to address common social and environmental risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are recognized by the Social Bond Principles (2020) to have positive social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations/stakeholder participation, access/affordability of services and land use change.

Sustainalytics is of the opinion that Icade Santé is able to manage and/or mitigate potential social and environmental risks through implementation of the following:

- The Ministry of Labour is responsible for the development and implementation of French occupational health and safety policy and manages cooperation with social partners in the Steering

¹⁴ Icade Santé Allocation and Impact Report to be available at: <https://www.icafe.fr/en/finance/financing/sustainable-financing> and <https://icafe-sante.fr/finance/financement>

¹⁵ Icade, "Corporate Social Responsibility", (2020), at: <https://www.icafe.fr/en/csr>

¹⁶ Icade, "Low-carbon transition and preservation of resources", at: <https://www.icafe.fr/en/csr/environment>

¹⁷ Icade, "New habits and lifestyles and partnerships with local authorities and communities", at: <https://www.icafe.fr/en/csr/societal>

¹⁸ Icade, "An ambitious CSR policy at the heart of the strategy", at: <https://www.icafe.fr/en/csr>

¹⁹ Solutions are aimed at providing flexibility, comfort and well-being for their users.

²⁰ HQE is the French certification awarded to building construction and management as well as urban planning projects. HQE promotes best practices, sustainable quality in building projects and offers expert guidance throughout the lifetime of the project.

Committee on Working Conditions.²¹ French law requires employee representation on health and safety issues.²² In the case of the private sector, French legislation places responsibility of worker health and safety on employers, which is provided through the establishment of a Social and Economic Committee (CSE) within the company, a single body covering all areas where employees have representation rights. In the public sector, a separate health and safety committee (CHSCT), is responsible for worker health and safety issues.

- For stakeholder engagement, Icade Santé strives to maintain constructive and open relationships with key stakeholders, particularly including local authorities, local communities, customers, and academia.¹⁸ Additionally, access and affordability of services are maintained through a combination of French legislation and the Company's investment decision making process, which incorporates factors such as pricing into consideration when making new investments.
- The French Environmental Code outlines regulations for environmental protection.²³ Aligned with EU requirements, the Code contains acts and decrees related to the environment, including rules concerning the preservation of natural resources, monitoring of hazardous activities, environmental assessments and stakeholder consultation on projects.²⁴ The French Environmental Code applies the precautionary principle,²⁵ the principle of preventive and corrective action,²⁵ and the polluter pays principle, ensuring environmental risks are mitigated. In addition, the code includes rights for stakeholder participation,²⁶ which states that citizens are entitled to be informed of any activities that may have an impact on the environment and their livelihood and to issue observations in regard to decisions being made that may impact the environment. Enforcement of regulatory requirements is carried out on the national level by the Ministry for Ecological and Inclusive Transition.²³
- France is classified as a "Designated Country" under the Equator Principles, implying the presence of robust environment and social governance systems, legislation, and institutional capacity for protecting the environment and communities.²⁷

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that Icade Santé has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized the SBP. Sustainalytics has focused below where the impact is specifically relevant in the French context.

Impact of investing in healthcare in France

Health care system

The French health care system is a fully integrated network of public and private providers and insurers,²⁸ with a strong emphasis on achieving universal health coverage.²⁹ In fact, nearly the entire population of France is covered by a variety of compulsory schemes.²⁹ Spending in health accounted for over 11% of GDP in 2017, the highest share in the EU along with Germany.²⁹ As of 2018, there were 3.3 practicing physicians per thousand inhabitants, just below the European Union average (3.7).³⁰ These conditions mean that the French population

²¹ OSHA, "France", (2019), at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/france>

²² Worker Participation, "France: health and Safety Representation", (2018), at: <https://www.worker-participation.eu/National-Industrial-Relations/Countries/France/Health-and-Safety>

²³ ICLG, "France: Environment & Climate Change Law 2019", (2019), at: <https://iclg.com/practice-areas/environment-and-climate-change-laws-and-regulations/france>

²⁴ Thomson Reuters Practical Law, "Environmental law and practice in France: overview", (2015), at: [https://uk.practicallaw.thomsonreuters.com/7-503-4572?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhpc=1](https://uk.practicallaw.thomsonreuters.com/7-503-4572?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhpc=1)

²⁵ Soto, M., "General Principles of International Environmental Law", (1996), at: <https://core.ac.uk/download/pdf/51089370.pdf>

²⁶ UNEG, "Principles for Stakeholder Engagement", (2017), at: <http://www.uneval.org/document/download/2790>

²⁷ The Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

²⁸ Chevreul, K. et al. (2010), "France: Health system review", Health Systems in Transition, at: <https://pubmed.ncbi.nlm.nih.gov/21406338/#:~:text=The%20French%20health%20care%20system,a%20complementary%20type%20and%20voluntary.>

²⁹ OECD, "France: Country Health Profile 2019", (2019), at: <https://www.oecd-ilibrary.org/docserver/d74dbbda-en.pdf?expires=1599063983&id=id&accname=guest&checksum=A649BEC114608F43BD6172C9465F95F9>

³⁰ World Bank, "Physicians (per 1,000 people) - European Union, France", at: https://data.worldbank.org/indicator/SH.MED.PHYS.ZS?locations=EU-FR&most_recent_value_desc=true

can generally enjoy good access to high-quality health care.²⁹ However, about 8% of the French population live in rural areas and population centers distant from big cities where they may experience limited access to medical care.²⁹

Another concern is that the number of hospital beds has continuously declined over the past decades. In 2018, there were 5.8 hospital beds per thousand inhabitants,³¹ down from 11.1 in 1981.³² To address this issue, the government launched the National Health Strategy 2018-2022, by which it plans to restructure the hospital sector in order to increase accessibility, particularly in remote areas.²⁹ The private sector plays an important role in the hospital sector as it accounts for 55% of hospitals, and 40% of hospital beds.³³ For-profit hospitals represent a third of all hospitals and a quarter of all beds.³³ In this context, by financing investments for the acquisition, construction, renovation, and expansion of for-profit private hospitals, the Company could improve access to medical care particularly in underserved regions.

Elderly care

France is experiencing a steady and continuous ageing population resulting from decades of low fertility rates and life expectancy improvements.³⁴ From the mid-1960s to the mid-1970s France, like other industrialized countries, experienced a sharp decline in total fertility rates (TFR)³⁵ from 2.8 to 1.8; after which the situation stabilized.³⁴ As recent as 2019 the TFR remained at 1.8³⁶ which is still below the replacement-level fertility of 2.1 births per woman.³⁷ At the same time, life expectancy at birth has steadily improved from 69.8 years in 1960 to 82.7 years in 2018.³⁸ These conditions have reshaped the distribution of the French population by age. As of 2020, persons aged 65 and over represent around one fifth (20.7%) of France's population,³⁹ up from 11.6% in 1960.⁴⁰ By 2030, 25% of France's population will be 65 years or older, with that share increasing to 30% by 2050.³⁴ Furthermore, people aged 80 and older will rise even faster, with projections expecting the number of people aged 80 and above to multiply by 2 between 2010 and 2060.⁴¹

As such, care of elderly people has become a growing concern of French society.⁴¹ In 2016, the Act on adapting society to an ageing population became effective across France.⁴¹ The Act aims to address the challenges presented by a strong demand for long-term care within the French population, and focuses on three areas: (i) Anticipating loss of autonomy – comprises financing action on prevention and combating isolation among elderly people, (ii) Adapting society to ageing – includes a plan to adapt private housing and renovate autonomy residence accommodation, and (iii) Support for older people facing loss of autonomy – which focuses on home based care.⁴² A shortcoming of the Act is that it is limited to address home-based care and does not provide a vision for institutionalized care,⁴² which plays an important role in the health and wellbeing of elderly people, particularly as populations grow older and need more specialized care, with the average age for people in need of elderly care homes at 85 years and 9 months, as of 2015.⁴³

As of 2017, France had a capacity of 609,319 beds⁴⁴ in more than 10,600 elderly care homes.⁴⁵ Fifty per cent of establishments are privately run, and half of those are for-profit institutions.⁴⁵ The number of elderly care homes has grown by more than 5% from 2011 to 2015⁴⁵ reflecting the growing demand for such services.

³¹ OECD, "Hospital beds", at: <https://data.oecd.org/healtheq/hospital-beds.htm>

³² World Bank, "Hospital beds (per 1,000 people) - France", at: <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=FR>

³³ DREES, "Les établissements de santé - édition 2020", (2020), at: <https://drees.solidarites-sante.gouv.fr/IMG/pdf/es2020.pdf>

³⁴ Beland, D. et al. (2013), "Aging in France: Population Trends, Policy Issues, and Research Institutions", The Gerontologist, at: <https://academic.oup.com/gerontologist/article/53/2/191/563876>

³⁵ Total Fertility Rate refers to total number of children born or likely to be born to a woman in her life time if she were subject to the prevailing rate of age-specific fertility in the population. At: http://origin.searo.who.int/entity/health_situation_trends/data/chi/TFR/en/

³⁶ INSEE, "Demographic balance sheet 2019", (2020), at: <https://www.insee.fr/en/statistiques/2382605?sommaire=2382613>

³⁷ Replacement-level fertility of 2.1 sustained over a sufficiently long period, each generation will exactly replace itself without any need for the country to balance the population by international migration. At: http://origin.searo.who.int/entity/health_situation_trends/data/chi/TFR/en/

³⁸ World Bank, "Life expectancy at birth, total (years) - France", at: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=FR>

³⁹ INED, "Population by age", (2020), at: https://www.ined.fr/en/everything_about_population/data/france/population-structure/population-age/

⁴⁰ World Bank, "Population ages 65 and above (% of total population) - France", at:

<https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS?locations=FR>

⁴¹ Ministry of Social Affairs and Health, "Report on the French Ageing Policy", (2017), at:

https://www.unecp.org/fileadmin/DAM/pau/age/country_rpts/2017/FRA_Report_ENG.pdf

⁴² European Commission, "France anticipates ageing society through new piece of legislation", (2016), at:

<https://ec.europa.eu/social/BlobServlet?docId=15470&langId=en#:~:text=This%20new%20piece%20of%20legislation,case%20of%20loss%20of%20autonomy.&text=Funding%20for%20the%20announced%20measures%20is%20a%20major%20concern>

⁴³ CNSA, "Les Chiffres Clés De L'aide À L'autonomie 2020", (2020), at: https://www.cnsa.fr/documentation/chiffres_cles_2020.pdf

⁴⁴ INSEE, "Reception capacity for the elderly according to the category of establishment as of December 31, 2017", (2019), at:

https://www.insee.fr/fr/statistiques/2012690#tableau-TCRD_067_tab1_departements

⁴⁵ Ministry of Social Affairs and Health, "Infographic: Accommodation for the elderly in institutions - Key figures", (2019), at: <https://drees.solidarites-sante.gouv.fr/etudes-et-statistiques/publications/infographies/article/infographie-l-hebergement-des-personnes-agees-en-etablissement-les-chiffres>

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Most regions of metropolitan France have 140 beds or more per thousand people aged 75 or older, however southern France and the overseas regions have fewer beds, with a capacity as low as 17 beds per 1000 people 75 or older in Mayotte.⁴⁴ By financing investments in acquisition, construction, renovation, and expansion of dependent elderly care centers, the Company could improve access to care, the wellbeing and health of dependent elderly people, and guarantee sufficient supply of care.

Overall, Sustainalytics believes that Icade Sante's Framework could contribute to improve access to medical care and the health and wellbeing of the dependent elderly in France.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This social bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Access to Essential Services - Health	3. Good health and well-health	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Conclusion

Icade Santé has developed the Icade Santé Social Bond Framework under which it intends to issue social bonds and use the proceeds to finance projects⁴⁶ that increase and maintain access to health care services, and dependent elderly care. Sustainalytics considers that the projects funded by the social bond proceeds have the potential to provide positive social impact.

The Icade Santé Social Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Icade Santé Social Bond Framework is aligned with the overall sustainability strategy of the company and that the social use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 3. Additionally, Sustainalytics is of the opinion that Icade Santé has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Icade Santé is well-positioned to issue social bonds and that the Icade Santé Social Bond Framework is robust, transparent, and in alignment with the core components of the Social Bond Principles 2020.

⁴⁶ Icade Sante has indicated that the first issuance will be strictly dedicated to refinancing.

Appendices

Appendix 1: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	Icade Santé
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Icade Santé Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 7, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds – Access to Essential Services – is aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes. Sustainalytics considers that the eligible category may contribute to UN Sustainable Development Goal 3: Good Health & Well-Being.

Use of proceeds categories as per SBP:

- | | |
|---|---|
| ☐ Affordable basic infrastructure | ☒ Access to essential services |
| ☐ Affordable housing | ☐ Employment generation (through SME financing and microfinance) |
| ☐ Food security | ☐ Socioeconomic advancement and empowerment |
| ☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | ☐ Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Icade Santé has established a Social Bond Committee (the “Committee”) to manage the project evaluation and selection process. Project teams will evaluate and shortlist eligible projects/assets to the Committee, who will then validate their eligibility based on the Icade Santé’s Social Bond Framework criteria. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| ☒ Credentials on the issuer’s social objectives | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Defined and transparent criteria for projects eligible for Social Bond proceeds | ☒ Documented process to identify and manage potential ESG risks associated with the project |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (please specify): |

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Icade Santé process to manage proceeds is handled by the Committee and is managed using a portfolio approach. Lookback period for refinancing is three years and any unallocated proceeds will be invested by Icade Santé in accordance with its investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments. This is in line with market practice.

Tracking of proceeds:

- ☒ Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☐ Allocations to future investments only ☒ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements ☐ Allocation to a portfolio of disbursements
- ☒ Disclosure of portfolio balance of unallocated proceeds ☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Icade Santé intends to report on allocation of proceeds on its website, on an annual basis, until full allocation, or in case of any material changes. In addition, Icade Santé is committed to reporting on relevant impact metrics. The allocation and impact report will be published as a standalone report on Icade Santé's website. Sustainalytics views Icade Santé's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- ☐ Project-by-project ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s) ☐ Other (please specify):

Icade Santé Social Bond Framework

Information reported:

- ☒ Allocated amounts
 ☐ Social Bond financed share of total investment
- ☐ Other (please specify):

Frequency:

- ☒ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

Impact reporting:

- ☐ Project-by-project
 ☒ On a project portfolio basis
- ☐ Linkage to individual bond(s)
 ☐ Other (please specify):

Information reported (expected or ex-post):

- ☒ Other ESG indicators (please specify):

Eligible Asset Category	Examples of potential indicators
Hospital Care Real Estate - MSO clinics (Medicine, Surgery & Obstetrics) - MHE facilities (Mental Health Establishments) - Rehabilitation Facilities (Post-acute care and rehabilitation – PAC)	Beneficiaries - Number of beds and places - Split of beds and places by type of activities (MSO, MHE, PAC) - Number of stays Territorial Equipment - Territorial impact data (such as, for example, equipment rate of the territory or catchment area of the facilities) Facilities Equipment Rate - Number of equipment available (scanners, MRIs, operating theatres) “Haute Autorité de Santé” – HAS (High Authority of Health) Certification (and level achieved)
Elderly Care Real Estate Nursing Homes (EHPAD: Accommodation Facilities for Dependent Elderly Persons)	Beneficiaries - Number of beds and places - Occupancy rate Territorial Equipment - Territorial impact data (such as, for example, equipment rate of the territory for the elderly or catchment area of the facilities) Facilities Equipment Rate - Availability of UVP - “Unité de Vie Protégée” (Protected living Unit)

Frequency:

- ☒ Annual
 ☐ Semi-annual
- ☐ Other (please specify):

Means of Disclosure

- ☐ Information published in financial report
 ☐ Information published in sustainability report
- ☒ Information published in ad hoc documents
 ☐ Other (please specify):
- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.icafe.fr/en/group/2019-annual-integrated-report>
<https://www.icafe.fr/en/csr>
<https://www.icafe.fr/en/finance/financing/sustainable-financing>
<https://icafe-sante.fr/finance/financement>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- ☐ Consultancy (incl. 2nd opinion)
 ☐ Certification
- ☒ Verification / Audit
 ☐ Rating
- ☐ Other (please specify):

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP**

- i. Second Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

Icade Santé Social Bond Framework

- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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