



ICADE SANTÉ SOCIAL BOND FRAMEWORK

SEPTEMBER 2020



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1. Introduction

Icade Santé is the Icade subsidiary dedicated to healthcare. It's also the largest French healthcare property investment platform, with a portfolio of 132 healthcare facilities in France (as of 30/06/2020, as shown on the map), representing €5 billion in assets (excluding duties, at 100%). Icade Santé was officially created in 2007 and has since demonstrated a strong capacity to grow from a newly established entity into a sector leader within a decade.

Icade Santé is mainly owned by Icade (c.56.8%) and is renowned for its expertise in healthcare real estate, the long-term nature of its institutional shareholding and its control of the real estate value chain.

Icade, and as a result Icade Santé, has defined its purpose through a collaborative work carried out by its employees and stakeholders :

"Designing, Building, Managing and Investing in cities, neighbourhoods and buildings that are innovative, diverse, inclusive and connected with a reduced carbon footprint. Desirable places to live and work. This is our ambition. This is our goal. This is our Purpose."

This Purpose was incorporated into the preamble of its Articles of Association of Icade in 2020.

Icade Santé operates as a property investor, assisting healthcare operators and senior dependent services providers with the ownership and development of healthcare properties across France. Icade Santé does not control the operation of its healthcare properties. These are entirely managed by their operators and Icade Santé's revenues are not linked to the turnover of the operators. Through long-term partnerships, it supports healthcare operators to develop their activities, modernize their facilities, and meet local needs. This support is focused on the well-being of

.....
132 Facilities

80 MSO⁽¹⁾

20 PAC⁽²⁾

8 MHE⁽³⁾

24 nursing homes

.....



Notes :

(1) MSO : *Médecine, Surgery, Obstetrics*

(2) PAC : *Post-acute care and rehabilitation*

(3) MHE : *mental Health Establishment*

residents, patients and employees, environmental performance and innovation in establishments.

Icade Santé's main objective is to strengthen its leading position as healthcare property company in France in the private clinic sector and continue its diversification in the nursing home sector.

Healthcare property assets are single-use properties that can be divided into two main categories :

- **Hospital Care** (main segment of activities) including, for short-term stays, acute care facilities (MSO - medicine, surgery and obstetrics) with extensive space dedicated to medical technology equipment, or for medium-term stays, Mental Healthcare Establishment (MHE) or post-acute care (PAC) facilities.

- **Medical-social facilities** referred to as nursing homes that are facilities for dependent elderly patients including EHPAD facilities ("Etablissements d'Hébergement pour Personnes Âgées Dépendantes" or Accommodation Facilities for Dependent Elderly Persons).

Natural synergies with Icade Promotion, the development division of Icade :

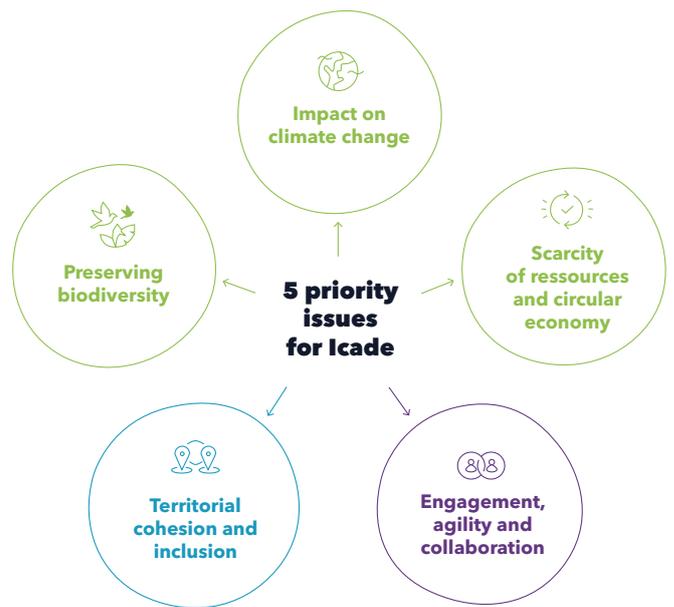
Additionally, Icade Santé benefits from synergies with Icade Promotion's teams, which can participate in projects to create or modernise healthcare institutions as client representative, project management assistant, planner or turnkey property developer.

a. Icade Santé CSR Strategy

Icade Santé CSR strategy is an integral part of the global implementation by Icade of a CSR policy that creates value for all its stakeholders and is fully aligned with Icade purpose. Icade CSR commitments are focused on three key areas:

- Stepping up low-carbon transition and preserving resources;
- Developing solutions that include new habits and lifestyles in partnership with local authorities and communities;
- Promoting employee skills development, workplace well-being and diversity.

These three key areas have been broken down into five priority issues.



To ensure the success of its CSR policy, Icade relies on three governing bodies responsible for devising and managing its CSR strategy:

- The Innovation and CSR Committee: the Committee of the Board of Directors responsible for prioritising the areas for action in innovation and CSR;
- The Executive Committee: responsible for defining Icade's CSR strategy;
- The CSR Advisory Committee: comprised of external players chosen for their expertise and commitment. This Committee is tasked with steering Icade's CSR policy and ensuring its implementation in collaboration with Icade's governance bodies.

Icade Santé is fully integrated into the overarching Icade CSR Strategy. The business divisions' management committees and CSR divisional representatives coordinate CSR initiatives for all employees. Icade Santé's management committee meets twice a year to monitor advancement of the CSR roadmap. Furthermore, Icade employees receive a CSR objective as part of their annual objectives.

Icade Santé CSR strategy has been defined in line with its core business and especially with the positive social and environmental impact its activities could have:

Social

Icade Santé is keen to help its operator partners in improving their social impact and integrating innovations.

To help healthcare facility operators improve the quality of patient care, Icade Santé assesses the adequacy of its real estate solutions in dealing with new medical practices. For this purpose, Icade Santé has developed an audit to assess the performance of healthcare facilities and strengthen its partnerships with operators.

Icade Santé drafted a “Quality of Life in Nursing Homes” Charter with the support of Afnor (French standardisation agency). It sets out the commitments and criteria with respect to investments in nursing homes. This Charter is linked to internal guidelines setting out the criteria related to the residents’ well-being, quality of life, safety and supervision. The aim is to ensure that residents and healthcare staff feel comfortable in their daily living and working environment.

In addition, CSR & innovation committees make it possible to co-develop action plans promoting innovation and patient and residents wellness in partnership with the facilities operators.

Environmental

Icade Santé has defined strong environmental commitments to support its operator partners. A number of environmental challenges are taken into consideration including energy & carbon footprint of the asset portfolio, biodiversity preservation, circular economy and environmental certifications.

Icade Santé supports its healthcare partners by inviting them to attend CSR & innovation committee meetings. These meetings make it possible to discuss many topics, such as energy, air quality or the circular economy with the aim of implementing co-developed action plans.

The commitments made by Icade Santé in the context of the CSR Strategy are summarized below:

New habits and lifestyles and partnerships with local authorities and communities

- Set up CSR & innovation committees with at least 70% of healthcare operators by 2020
- Adapt real estate solutions to help healthcare operators improve the quality of patient care starting in 2019
- Develop a “Quality of Life” Charter setting out the requirements for investing in nursing homes in 2019
- For HQE-certified projects over 7,500 sq.m, ensure that at least 75% of floor space is composed of low-emitting materials starting in 2020
- Implement responsible procurement charters on 100% of the construction contracts.

Low-carbon transition and preservation of resources

- Obtain HQE certification for all new-build projects with a floor area above 7,500 sq.m each year starting in 2019
- Monitor the energy performance of at least 75% of healthcare facility operators starting in 2019
- Offer solutions to improve energy performance for 100% of extensions and major construction projects (façade renovations and sealing) starting in 2019
- Make a reuse process available for refurbishments over 3,000 sq.m starting in 2021
- Fund the restoration and preservation of 1 sq.m of natural habitat for each sq.m developed starting in 2019

Icade Santé is considering extending some of these objectives in order to include EHPAD-type facilities within the scope of its commitments.

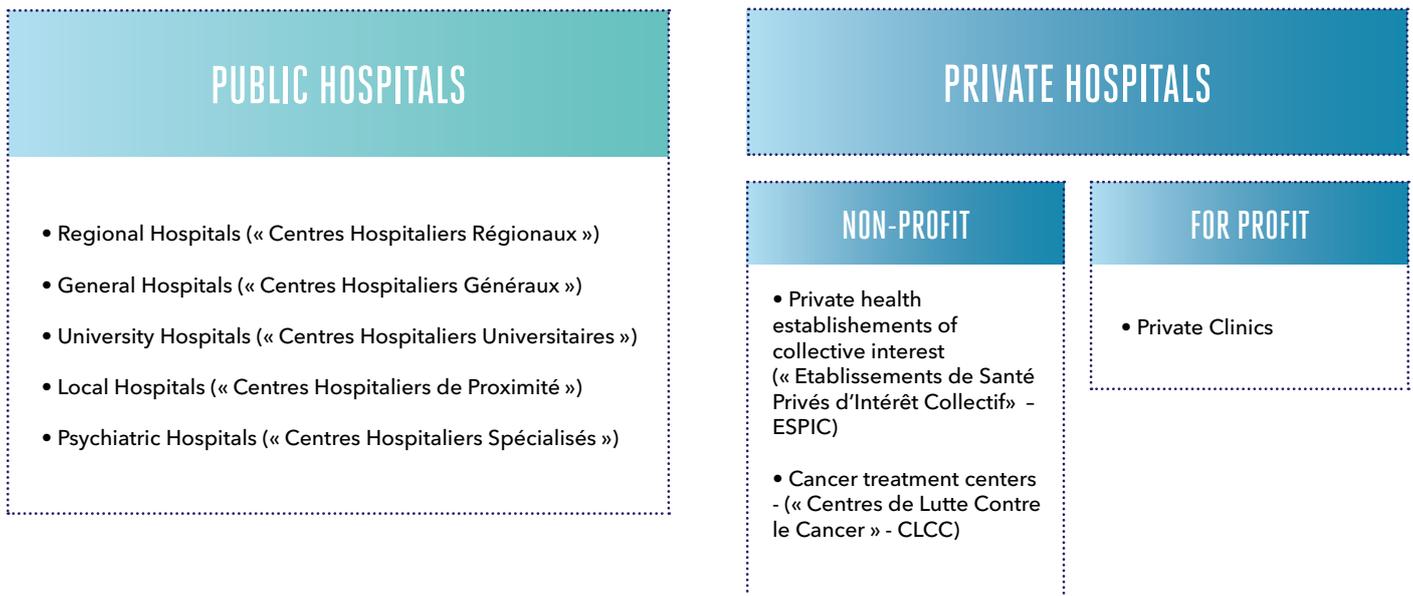


b. French Hospital Care and Elderly Care sectors

French Hospital Care

In France, the Hospital care sector is heavily regulated by public bodies. The main regulator of hospitals is "Autorité Régionale de Santé" – ARS (or Regional Health Authority). Hospitals are tasked with carrying a mission of general interest defined by law in the French health policy ("Code de la Santé Publique").

The French Hospital Care sector is split between three types of service providers :



The French Hospital sector (Public, Private non-profit and for profit) falls under the French Social Security scheme and more specifically under the universal healthcare system of the Assurance Maladie² which guarantees coverage of healthcare expenses for all individuals who are working, or have been residing in France on a stable and ongoing basis for at least 3 months.

Historically, the French hospital sector has always seen a co-existence of the public and private sectors, with the latter accounting for up to 33% of overall number of facilities (as detailed below).

⁽¹⁾ https://www.cleiss.fr/docs/regimes/regime_france/an_0.html

⁽²⁾ https://www.cleiss.fr/docs/regimes/regime_france/an_1.html

In terms of scope of services, the French Hospital Sector (both public and private) is charged with providing services for several fields of activity :

MSO

(Medecine, Surgery, Obstetrics and Odontology - «Médecine Chirurgie Obstétrique Odontologie» - MCO). Practice of acute hospital care or for serious conditions during their acute phase in Medicine, Surgery, Obstetrics and Dentistry.

MHE

(Mental Health Establishment - “Etablissements de Santé Mentale”- ESM). Specialized Care Practice in the Treatment of Mental Disorders.

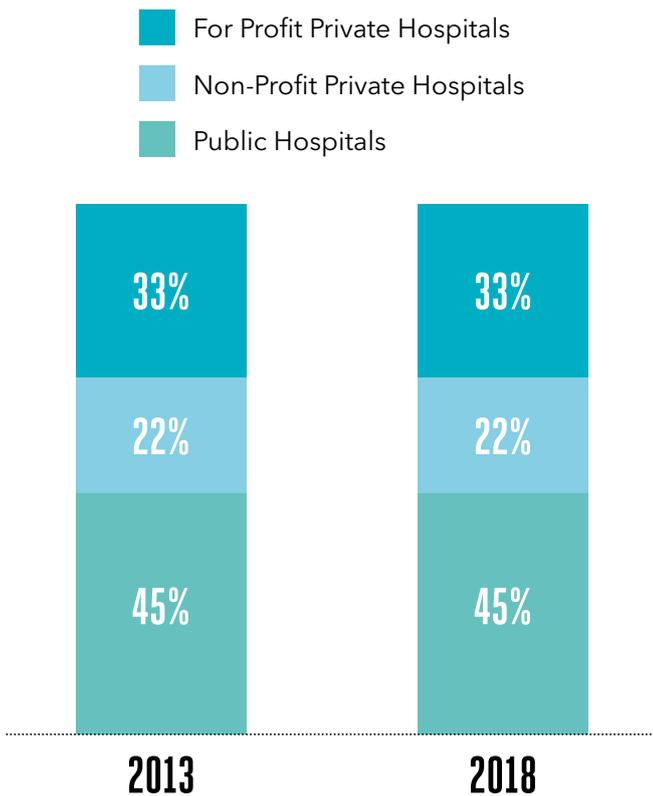
PAC

(Post-Acute Care - “Soins de Suite et de Réadaptation» - SSR). Practice of care (including rehabilitation) in the context of treatment or medical supervision of patients requiring ongoing care, with the aim of returning home.

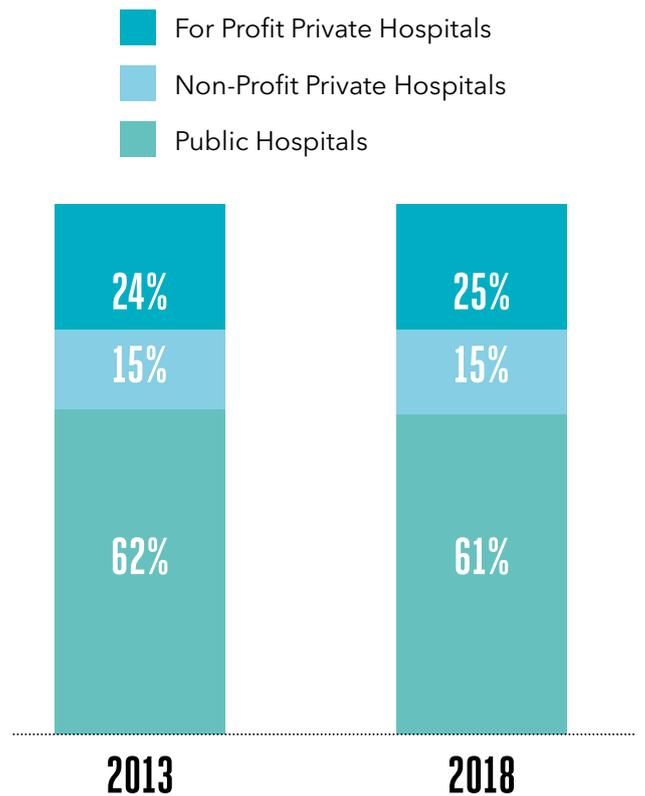
Overall, there is a total of 3,042 hospitals across the French territory providing 395,670 beds (full hospitalization capacity) and 77,297 places (part-time capacity)³.

In terms of split of the French Hospital Sector by type of service providers and evolution of the number of beds and places between 2013 and 2018 by type of service provider, the for-profit private sector, accounts for c.33% and c.25% of the number of hospitals and number of beds & places respectively in 2018 (as shown below), with no noticeable evolutions from 2013.

The place of Private Hospitals in the global landscape of French Hospital Care remains stable and the creation of new facilities, beds & places is strictly regulated by ARS (Regional Health Authority).



Split by number of hospitals by service providers (DREES, Les établissements de santé, 2020)



Split by number of Beds & Places by service providers (DREES, Les établissements de santé, 2020)

⁽³⁾ <https://drees.solidarites-sante.gouv.fr/IMG/pdf/es2020.pdf>

In France for profit Private Hospitals are split between two different kinds of facilities :

- Private clinics covered by a convention with Assurance Maladie: it is the vast majority of the private clinics across the French territory. Those facilities operate similarly to Public Hospitals as part of Assurance Maladie, in some instances and under supervision of the relevant ARS (Regional Health Authority), they can even assume the role of Public hospitals for a given territory⁴. In private clinics covered by a convention with Assurance Maladie, patients only cover the outstanding balance of medical costs - if any - after receiving medical services and are informed of any potential outstanding balance beforehand. Icade Santé owned facilities fall into this category.

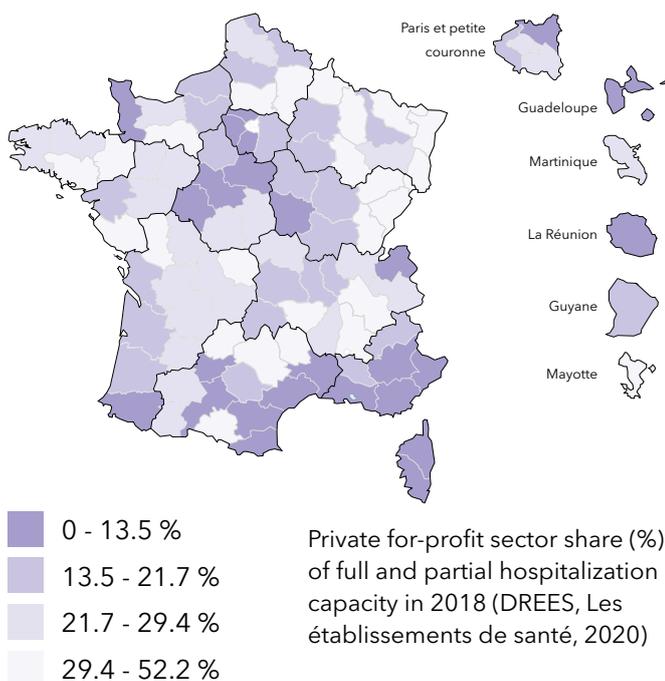
- Unconventioned Private clinics: there are very few private clinics in France not covered by a convention with "Assurance Maladie" and Icade Santé does not own any of those facilities. In these facilities medical costs must be paid upfront by patients and the Assurance Maladie will reimburse 80% of the stay and medical fees to patients (based on the legal rates) afterwards. Private clinics that are not affiliated with a convention apply higher rates than those in force, so the costs to pay by the patient can be very high.

The Private for-profit sector is well distributed over the French territory with a footprint in large cities but also medium-sized towns and less populated areas. The private hospital sector accounts for a significant proportion of the total accessible supply of healthcare services across the territory.

Furthermore Icade Santé Hospital Care assets provide about 1/5th of the number of beds and places⁵ available in the Private Hospitals Sector and are distributed across a wide area on the French territory, contributing to the overall capacity of the French hospital sector to ensure its mission to take care of patients and contribute to their state of health across all the French territory.

Territorial Implementation

In terms of territorial implementation, the for-profit private hospital sector is represented in all the French territory with, in some territories, a significant footprint (up to 30% to 50% of the available hospital capacity) :



⁽⁴⁾ Art. L. 6112-3 French Health Policy ("Code de la Santé Publique")

⁽⁵⁾ <https://www.icable.fr/en/content/download/3356/file/universal-registration-document-2019.pdf>

The historical co-existence of private and public hospitals in the French healthcare system remains relevant across the French territory today. In some instances, Private clinics have developed significant expertise, notably in the field of “common surgery”, where the sector represents c.50% of the outpatient surgery offer in France.

In some territories and for specific activities (such as common surgery practices) where private clinics are able to deliver outstanding results through repetition and organization, health cooperation groupings can be established where these activities are entirely in the responsibility of private clinics and public hospitals ensure coverage of other activities (Icade Santé holds such facilities in its portfolio).

The territorial implementation of French Hospitals is managed by the French government through dedicated public entities, one for each administrative region: ARS (Regional Health Authority). Each relevant ARS (Regional Health Authority) for each French region is tasked with two main missions : the steering of public health policy and the regulation of Health care provision in its respective region⁶.

The regulation of healthcare provision covers the ambulatory (town medicine), medico-social (assistance and support for the elderly and disabled) and hospital sectors (public, private for profit and private not for profit). The ARS coordinate activities and allocate the operating budget of hospitals, clinics, care centers and structures for the elderly, disabled and dependent people. Regardless of the statute of the provider (public, private not for profit or private for profit), regulation by the ARS is meant to have a territorial dimension - for a better distribution of doctors and the supply of care on the territory - and an economic dimension - for a better use of resources and control of health expenditure.

Hospitals in a given territory (public, private non-profit and for profit) must sign a strict and detailed contract with their respective ARS called CPOM (“contrats pluriannuels d’objectifs et de moyens” or multi-year contracts of objectives and means). The CPOM rests on 3 main principles :

- improving health expectancy,
- the promotion of equality in health,
- and the development of a quality, accessible and efficient health system.

Multi-year contracts of objectives and means (CPOM) with health or medico-social institutions are a major tool for regulating the supply of healthcare. The contract lists the authorizations available to the establishment; the specific activities and public service missions are recognized as well as the financing granted.

Costs of treatment

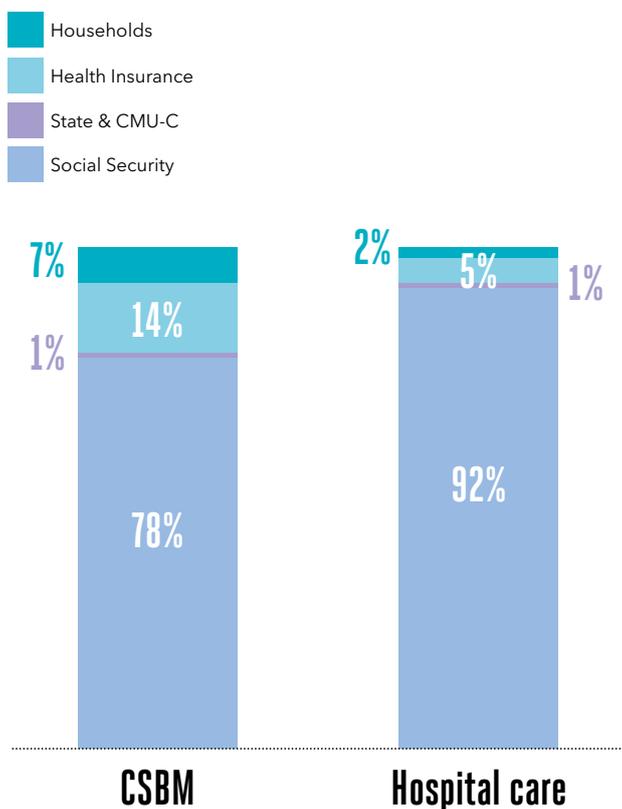
In France, treatment in private for-profit hospitals does not translate into significant cost differential for patients versus treatment delivered in public hospitals. The French Social Security system⁷, which refers to a set of mainly private systems and institutions whose function is to protect individuals from the consequences of various events or situations, covers most of the costs charged to patients for medical services in Hospitals via the “Assurance Maladie” national scheme (one of the branches of the Social Security) for all types of Hospitals : Public, Private not for profit and Private for profit (when covered by a convention with Assurance Maladie).

⁽⁶⁾ <https://www.ars.sante.fr/>

⁽⁷⁾ https://www.cleiss.fr/docs/regimes/regime_france/an_0.html

For instance in 2018⁸, consumption of hospital care in France (public and private sectors combined) was 94.5bn EUR (consumption in the private hospital care sector amounted to c.23% of the total) which represents 46.4% of the global consumption of health care and medical goods (“Consommation de soins et de biens médicaux” – CSBM) in France⁹ for the year. The remaining share of CSBM (53.6%) represents the value of health care and medical goods consumed outside the hospital sector (town medicine, health transport, medicines and other medical goods such as optics, prostheses, small equipment and bandages).

In 2018, the French Social Security (“Assurance Maladie”) covered 92% of costs in the hospital care sector (public and private combined) which was superior to its overall contribution in the consumption of health care and medical goods (CSBM) in France (78%), as shown below. Outstanding balance of hospital costs for households (private & public sector combined) was 1.9% on average as complimentary health Insurance and CMU-C¹⁰ cover part of the expenses as well :



Financing structure of CSBM and hospital care in France in 2018 (DREES, Les établissements de santé, 2020)

- Complementary health insurance: Complementary health insurance in France (oftentimes called “mutuelle”) is specifically designed to reimburse costs above amounts covered by Assurance Maladie – the amount reimbursed is calculated the same way whether the cost is incurred in the public or private sector (called “Ticket Modérateur” and defined by law¹¹). Complementary health insurance is broadly available in France as a vast majority of employers must provide it to employees under strict conditions including minimum reimbursement coverage plan.

- French Universal Healthcare coverage (“couverture maladie universelle complémentaire” - CMU-C)¹²: applies for both public and private hospitals in France which gives the opportunity to individuals who do not have the means to obtain complementary health care (falling below revenue ceilings defined by law) to benefit from hospital care (private or public) without any upfront costs.

(8) [most recent year of availability of available data supplied by DREES - Research, Studies, Evaluation and Statistics Branch in French central public administration producing statistics and socio-economic studies.](#)

(9) <https://drees.solidarites-sante.gouv.fr/IMG/pdf/es2020.pdf>

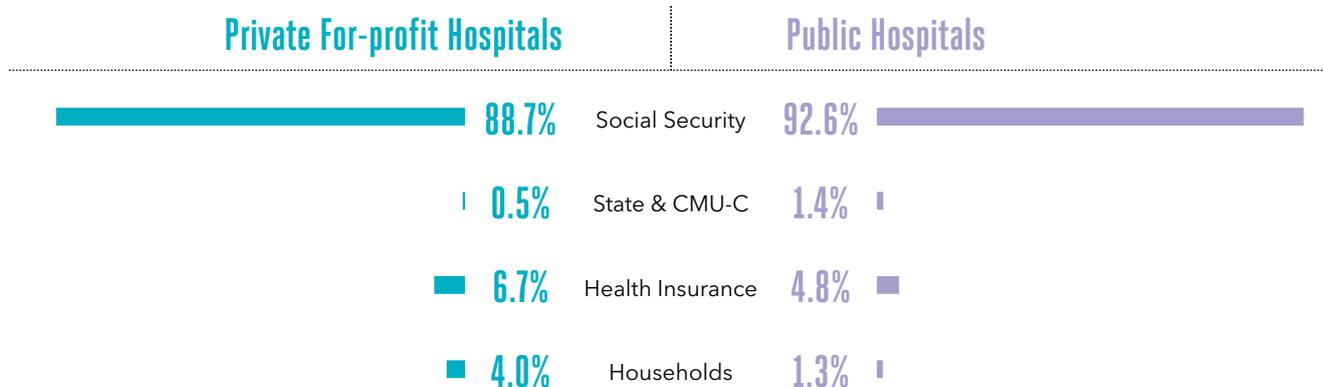
(10) The CMU-C entitles to free coverage of the complementary part of health expenses (including hospital costs) for people under ceilings of resources. The ceiling depends on the composition of the household and is fixed by decree according to the Social Security code :

https://www.legifrance.gouv.fr/affichCode.do;jsessionid=595403262FAFF88D0E9EEBB942CEDED9F.tplgfr38s_3?cidTexte=LEGITEXT000006073189&dateTexte=20200826

(11) <https://www.service-public.fr/particuliers/vosdroits/F165>

(12) <https://www.complementaire-sante-solidaire.gouv.fr/cmu-complementaire.php>

In the private hospital sector specifically, 88.7% of expenses were covered by Social Security in 2018, leaving 4% to be covered by households (versus 1.9% on average between public, private non-profit and private for profit hospitals), the differential was covered by complementary health Insurance (6.7%) and CMU-C (0.5%) as shown below.



Financing structure of Public Hospitals and Private for-profit Hospitals in France in 2018 (DREES, Les dépenses de Santé, 2018)

Even if the charge covered by households was slightly higher in the private for-profit sector on average in 2018, it remained minimal in relation to the global costs covered: the average final costs covered by a patient per stay in 2018 were 10.3 EUR in public hospitals vs 24.2 EUR in private for profit hospitals while the total cost per patient was 742.4 EUR per stay on average (public and private for-profit hospitals cumulated) before coverage of expenses by Social Security, CMU-C and/or Health Insurance.

The potential differential cost of treatment between public hospitals and for-profit private hospitals may come from two factors :

- Cost of bed and administrative package (such as private room or specific services & features); the difference of rate between a private room in a private hospital and a private room in a public hospital is not significant but a small outstanding balance for the patient can occur.

Icade Santé does not play a role in the establishment of costs policies by facility operators for the cost of beds and services.

- Excess fees of medical practitioners; medical practitioners may charge fees above normative rates defined by law. These excess fees are often covered by complementary health insurance but may generate a chargeable balance for the patient above a certain amount (in any case CMU-C eligible patients would never have any excess charge, by definition). The excess fees that an independent medical practitioners can apply are strictly regulated by law as part of the "Convention Médicale" (general agreement between independent medical practitioners unions and Assurance Maladie)¹³ and practitioners must disclose to patients the exact amount of excess fees they may apply before performing any procedure¹⁴. Excess fees regulation applies in the same way within hospital care (in public or private non-profit Hospitals or in for-profit clinics) and outside (medical consultation), although it is more frequently observed in the private sector than in the public sector.

(13) <https://www.ameli.fr/paris/medecin/textes-referance/convention-medicale-2016/convention-et-avenants>

(14) <https://www.service-public.fr/particuliers/vosdroits/F19948>

As medical practitioners operating in private for-profit hospitals are independent professionals and not under direct contractual agreements with Icade Santé but with its tenants, Icade Santé does not negotiate excess fees ceilings with operators of the facilities in its portfolio for medical services.

Nevertheless, some operators choose to regulate medical practitioners by putting a ceiling on the amount of excess fees applicable for given procedures.

Still, costs of medical services and procedures in hospitals are heavily regulated in the context of the "Tarification à l'activité" - T2A (pricing by activity) which sets reimbursement rate of each service based upon a nation-wide tariff list for all hospitals (public and private).

Therefore, private for-profit clinics covered by a convention with Assurance Maladie (i.e. every tenants of health care assets owned by Icade Santé) have no pricing power over their medical activity and cannot charge the patient for a given procedure in excess of the national tariffs list set by the French government.

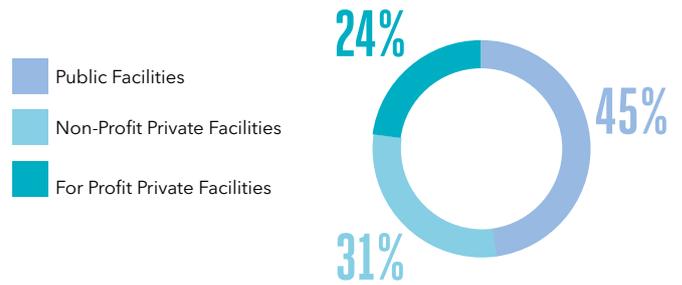
Elderly Care

As for the hospital care sector, the elderly care sector is heavily regulated by French law and the ARS, as described above. Elderly care facilities are categorized based on the level of dependency of residents ("Niveau de dépendance des résidents" - measured by GIR - Groupe Iso-Ressource) which ranks from 1 to 6 :

- GIR 1 to 2: a state of total or severe dependency;
- GIR 3 to 4: mild to moderate dependency;
- GIR 5: very mild dependency;
- GIR 6: totally autonomous people.

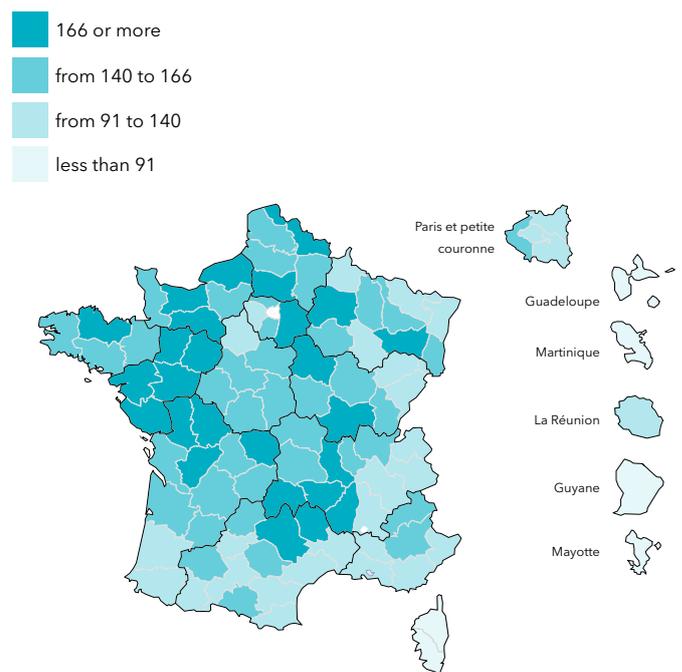
Icade Santé is specialized in the investment in nursing homes dedicated to dependent elderly people called EHPAD facilities ("Etablissements d'Hébergement pour Personnes Âgées Dépendantes" or Accommodation Facilities for Dependent Elderly Persons). There is three different status for EHPAD facilities in France : Public EHPAD, non-profit private EHPAD and for-profit private EHPAD. Elderly people falling into GIR 1 to 4 are eligible for admission into EHPAD facilities regardless of EHPAD status.

There is 609,319 EHPAD beds available in France as of end 2018¹⁵ of which 24% are operated by for-profit private facilities :



Distribution of EHPAD by status (DREES, L'aide et l'action Sociale en France, 2018)

In terms of territorial implementation there is ever increasing needs for EHPAD facilities across all the French territory as the number of people above 85 years old is expected to multiply by 3.2 between 2017 and 2050 bringing the total number of people above 85 years old to 4,800,000 in France by 2050¹⁶ (vs 1,500,000 people over 85 years old today).



EHPAD Equipment rate of the territory (public & private), in number of places for 1000 people over 75 years old, INSEE, 2018)

⁽¹⁵⁾ https://www.insee.fr/fr/statistiques/2012690#tableau-TCRD_067_tab1_departements

⁽¹⁶⁾ <https://solidarites-sante.gouv.fr/affaires-sociales/personnes-agees/concertation-grand-age-et-autonomie/article/grand-age-et-autonomie-les-chiffres-cles>

New beds openings are initiated by public authorities and awarded through a tender offer process under strict control of ARS or Regional Health Authority.

In this context Icade Santé adopts a population-based approach for its investments in EHPAD facilities via the monitoring of indicators such as equipment rate of a given territory and the number of beds already available. Thus, encouraging investments in facilities located in areas where the equipment rate is not already significant.

In terms of costs associated with living in an EHPAD, three main categories are identified¹⁷ :

- **Care or Sanitary Costs** – Entirely covered by French Social Security System (except some exceptional costs such as dental expenses);
- **Dependency Costs** include all costs related to the assistance necessary for the daily life of the dependent person, as well as the specific activities offered to him/her. Dependent elderly persons can be eligible to “Allocation Personnalisée d’Autonomie” – APA (Personalized Autonomy Allocation) which is the contribution from the French Social Security System (“Assurance Vieillesse”) to cover part of the costs associated with this daily care. Those costs are set depending on the personal GIR level of the elderly person and are set by departmental councils for a period of one year for all kinds of EHPAD operators ;
- **Accommodation Costs** include all costs inherent to hotel reception, catering, maintenance, and more generally to the leisure activities and entertainment offered. It is the responsibility of the person accommodated (with potential assistance for dependent elderly persons under resource ceilings).

Accommodation costs charged by operators of facilities are regulated by decree therefore the indexation of the accommodation rate is strictly framed. Furthermore, on a number of facilities a share of beds is reserved for social assistance for patients who cannot meet the accommodation costs themselves (lower rates and subsidies granted by local authorities).

The amount of the accommodation costs must be written in the contract of stay signed by the elderly person when he or she enters the establishment. This amount cannot change during the year and is revalued every year.

The accommodation costs are set differently for places entitled to social assistance and places not entitled to social assistance :

- for places qualifying for social assistance: the departmental council sets the amount of accommodation costs which are revalued according to a percentage increase decided by the departmental council. Prices then vary within the limit of a percentage fixed on January 1st of each year by decree;
- for places not eligible for social assistance: The accommodation cost is revalued according to a percentage annual increase set on January 1st of each year by ministerial order (for example, in 2019, the authorized percentage increase was set at 1.25%. In 2020, it is set at 1.08%).

For instance in 2015, accommodation costs per day were on average 55.9 EUR for places qualifying for social assistance and 74.2 EUR for places not eligible for social assistance, depending on the type of facilities¹⁸.

Social Bond issuance rationale

Icade Santé is committed to support the development of sustainable finance as a social bond issuer while confirming its leadership in terms of sustainability. Given the nature of its activities in the French healthcare sector and the associated impact on the entire population of France, Icade Santé believes that issuing Social Bonds is consistent with its development strategy.

Icade Santé Social Bond Framework is consistent with Icade Santé strategy and has been specifically set up in view of supporting Icade Santé development plan in the healthcare and elderly care sector, where the private sector holds a significant role in France, and contribution to UN Sustainable Development Goals as defined in line with Icade Santé investment and sustainability policies¹⁹ and notably SDG 3 – Good Health and well-being, identified by Icade Santé as one of the eight priority Sustainable Development Goals for the company.

(17) <https://www.lesmaisonsderetraite.fr/maisons-de-retraite/la-tarification-des-ehpad.htm>

(18) <https://drees.solidarites-sante.gouv.fr/IMG/pdf/14-10.pdf>

(19) <https://www.icable.fr/en/csr/documents-rse/csr-chapter-extract-2019-universal-registration-document.pdf>

2. Social Bond Framework

Icade Santé has designed this Social Bond Framework with the aim to align it with current best market practices.

The framework complies with the Social Bond Principles 2020²⁰ (SBP) as published by the International Capital Market Association (ICMA).

Icade Santé undertakes to comply with the four key principles of the Social bond Principles for each of its social bond issuances :

- Use of Proceeds
- Project evaluation and selection process
- Management of Proceeds
- Reporting

Icade Santé has prepared this Social Bond Framework with the intention to issue multiple Social Bonds.

Social Bonds are bonds financing and / or refinancing Eligible Expenditures in Eligible Asset Categories as described in the Use of Proceeds section of this Framework where an amount equal to the net proceeds of each social bond issuance will be earmarked for allocation to Eligible Expenditures in Eligible Asset Categories as set out in the Social Bond Framework.

Nevertheless, Icade Santé reserves the right to update this Social Bond Framework at a later time to include potential issuances of Sustainability-Linked Bonds linked to Sustainability Performance targets as set out in the Sustainability-Linked Bond Principles 2020²¹ (SLBP) as published by the International Capital Market Association (ICMA).

2.1 Use of Proceeds

An amount equal to the net proceeds of Icade Santé social bonds will be earmarked to the financing and / or refinancing, in whole or in part, of new, on-going or existing Eligible Expenditures in Eligible Asset Categories meeting the following criteria :

Eligible types of expenditures (the “Eligible Expenditures”)

New, on-going or existing investments falling within at least one of the Eligible Asset Categories described below. New, on-going or existing investments may include :

- Acquisitions of existing assets;
- Construction/development of on-going or future assets;
- Refurbishment and/or extension of existing assets.

New, on-going or existing acquisitions of “pure-player” companies or portfolios of assets falling within at least one of the Eligible Asset Categories described below²².

⁽²⁰⁾ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>

⁽²¹⁾ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-linked-bond-principles-slbp/>

⁽²²⁾ Pure Players are defined as companies whose more than 90% of revenues activities fall within one or more Eligible Asset category. Icade Santé will only earmark as eligible for (re) financing via Social Bonds the share of the acquisition costs corresponding to the amount of Eligible Expenditures falling into one or more Eligible Asset Category as defined in the Use of Proceeds section of the Social Bond Framework.

Eligible Geographies

New, on-going or existing Eligible Expenditures located in France falling within at least one of the Eligible Asset Categories described below;

Eligible Asset Categories

In order to ensure that all Eligible Expenditures provide social benefits, they must fall into at least one of the following Eligible Asset Categories :

| SOCIAL BOND PRINCIPLES (SBP) | ELIGIBLE ASSET CATEGORY | TARGET POPULATIONS | SOCIAL GOALS |
|-------------------------------------|--|--|---|
| Access to essential services | Hospital Care Real Estate <ul style="list-style-type: none"> • MSO clinics (Medicine, Surgery & Obstetrics) • MHE facilities (Mental Health Establishments) • Rehabilitation Facilities (Post-acute care and rehabilitation - PAC) • Medical Houses | <ul style="list-style-type: none"> • People in need of medical care and support | <ul style="list-style-type: none"> • Improve the availability of medical care and the health situation of the population |
| | Elderly Care Real Estate <ul style="list-style-type: none"> • Nursing Homes (EHPAD : Accommodation Facilities for Dependent Elderly Persons) | <ul style="list-style-type: none"> • Dependent elderly People | <ul style="list-style-type: none"> • Improve wellbeing and health situation of elderly people • Improve access to care and the quality of care for elderly people |

Contribution to the 2030 Agenda and to Sustainable Development Objectives

In September 2015, the 193 member states of the United Nations adopted a sustainable development programme to be achieved by 2030 ("Agenda 2030"). The programme is based on an integral development model that combines social and environmental justice and requires that societies profoundly transform themselves. The Agenda 2030 is formalized into 17 sustainable development goals (commonly referred to as the "SDGs").

In order to ensure that these 17 goals are achieved, France published its Agenda 2030 roadmap in September 2019²³. This roadmap details its priorities and the ways and means to achieve them.

⁽²³⁾ <https://www.agenda-2030.fr/actualites/feuille-de-route-de-la-france-pour-lagenda-2030-368>

In accordance with the "High-Level Mapping to the Sustainable Development Goals" published by the International Capital Market Association (ICMA) in June 2018²⁴, Icade Santé presents hereunder the correspondence between the eligible categories chosen to be included in this Social Bond Framework and the targeted Sustainable Development Goals as well as France roadmap for the 2030 Agenda key challenges & priorities :

Hospital Care



SDG 3 - Good Health and well-being

Relevant UN SDG target :

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

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

France roadmap for the 2030 Agenda key challenges & priorities: Access to facilitated and structured healthcare.

Elderly Care



SDG 3 - Good Health and well-being

Relevant UN SDG target :

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

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

France roadmap for the 2030 Agenda key challenges & priorities : Access to facilitated and structured healthcare.

SDG 10 - Reduced Inequalities



Relevant UN SDG target :

By 2030, empower all people and promote their social, economic and political integration, regardless of age, gender, disability, race, ethnicity, background, religion or their economic status or other status.

France roadmap for the 2030 Agenda key challenges & priorities : Leave no one behind.

(24) <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Mapping-SDGs-to-Social-and-Sustainability-Bonds-Final-030818.pdf>

2.2 Project evaluation and selection process

a. Overview of Icade Santé policies & procedures

As for any project endorsed by Icade Santé, all of the expenditures identified as eligible under the Social Bond Framework must comply with stringent criteria. The evaluation and selection process of the eligible expenditures are clearly defined in line with Icade Santé investment and sustainability policies²⁵, which rely on Icade Santé strong processes to identify and mitigate common environmental and social risks.

Icade Santé has set-up a dedicated governance as part of its decision-making process for investments in hospital care and medical-social facilities. Depending on the amount of the investment considered, the final decision is made by one of the following executive committees: Icade Santé's Supervisory Committee ("Comité de Supervision") or Management Committee ("Comité de Direction"). As part of Icade's group, Icade Santé's engagement procedure might also involve prior approvals from Icade Engagement Committee ("Comité d'engagement") or Icade's Board of Directors ("Conseil d'administration").

Furthermore, Icade Santé has developed a territorial and populational investment strategy. Before making an investment decision 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. Elements linked to the pricing policy of the facilities operators are also taken into consideration.

A number of environmental and social criteria are also taken into consideration when selecting projects as per the CSR Strategy developed by Icade Santé. The list of environmental and social criteria adapted to the nature of each project and presented in section 1.(a) of the Social Bond Framework.

For example, Icade Santé provides on-site audits for its healthcare operators to assess the adequacy of existing facilities in dealing with new medical practices. The purpose of these audits is to identify new solutions for adapting the properties to optimise their quality of care as well as the well-being of patients and caregivers alike.

Icade Santé facilities are also subject to a certification procedure by the "Haute Autorité de Santé" - HAS (High Authority of Health). The certification procedure, which has been in place since 1996, is compulsory for all health establishments pursuant to Articles L. 6113-3 et seq. of the Public Health Code²⁶.

Furthermore a "Quality of Life in Nursing Homes" Charter which sets out commitments and criteria with respect to investments in nursing homes has been established. It has been drafted with the support of the French standardisation agency AFNOR, and includes an internal framework encompassing over 100 criteria related to well-being, quality of living environments, resident safety and care. It is currently tested as part of the acquisition due diligence process.

Icade Santé has also established a responsible procurement charter contractually binding on suppliers with regard to a range of topics, such as employment and integration, respect for human and labour rights, prevention of environmental risks and pollution, etc. It includes compliance with ethical business regulations, the French Anti-Corruption Sapin II Law and the EU General Data Protection Regulation, as well as some social issues, such as the freedom of association and harassment prevention.

Finally, Icade Santé has implemented a business ethics policy and Code of Ethics which is supervised by its Compliance Department and includes measures to prevent and fight against corruption, money laundering and the financing of terrorism, tax evasion and fraud. It also encompasses measures for protecting personal data and monitoring compliance with rules of professional conduct and business ethics. The Code of Ethics has been made available to all employees and temporary staff and helps to build a culture of compliance, ethics and integrity. A secure online whistleblowing platform is available for any employee wishing to confidentially report any risk of non-compliance. Icade undertakes to ensure that no employee is discriminated or retaliated against for having reported a violation.

⁽²⁵⁾ <https://www.icable.fr/en/content/download/3376/file/csr-chapter-extract-2019-universal-registration-document.pdf> and in §1.3 of this document.

⁽²⁶⁾ https://www.has-sante.fr/upload/docs/application/pdf/2019-05/procedure_certification_es_v2014.pdf

b. Social Bond Committee

Icade Santé has established a Social Bond Committee comprising the CEO of Icade Santé (Chairman of the Committee), the Chief Financial Officer of Icade, the Head of CSR and Innovation, the Head of Portfolio Management. Icade's CEO is also invited to participate in the Committee. Other departments may be called in to participate as necessary.

The Social Bond Committee is in charge of the governance of the Social Bond Framework and will meet at least once year and will be responsible of the following:

- Allocation of the proceeds of social bonds to eligible expenditures;
- Manage update to the Social Bond Framework;
- Monitor external reviews (Second Party Opinion and Independent Verifier);
- Review and approve the annual report;
- As the case may be, address changes in the list of Eligible expenditures in eligible asset categories earmarked to Social Bonds and put forward potential alternative eligible expenditures.

Eligible expenditures financed and/or refinanced through the net proceeds of the Social Bonds will be evaluated and selected by the Social Bond Committee. The Project team will evaluate the nominated eligible expenditures and report the information to the Social Bond Committee, which will then be responsible for selecting and validating that the eligible expenditures are compliant with the eligible asset categories described in the Use of Proceeds section of the Social Bond Framework.

The social Bond Committee will ensure that none of the selected eligible expenditures earmarked to any given Social Bond would also be earmarked to any given Icade Green Bond issuance in line with Icade Green Bond Framework²⁷.

2.3 Management of Proceeds

An amount equal to the net proceeds of the Social Bonds issue will be credited to Icade Santé's Treasury liquidity portfolio and earmarked to the financing of new or on-going eligible expenditures and / or the refinancing of existing eligible expenditures in line with the Use of Proceeds section of the Social Bond Framework.

In the case of refinancing expenditures are deemed eligible if disbursements have been made up to 3 years prior to the issuance of each social bond²⁸.

Allocation of net proceeds for each social bond will be monitored by Icade Santé Social Bond Committee, who will decide annually on the earmarking of disbursements to eligible expenditures.

If for any reasons, an eligible expenditure is no longer eligible, or in case of any major controversy affecting an eligible expenditure, the Social Bond Committee will substitute such expenditure with other eligible expenditures for an amount at least equal, as soon as practical once an appropriate substitution option has been identified.

Pending the allocation to eligible expenditures, unallocated proceeds will temporarily be invested in accordance with Icade Santé's investment guidelines in cash, deposits and money market instruments or any other liquid short-term marketable instruments. Icade Santé could consider allocating the balance of unallocated proceeds in money market funds managed following a responsible investment approach on a best effort basis.

Icade Santé will track the net proceeds in the internal accounting system and will monitor the allocation.

An external auditor appointed by Icade Santé will verify, on an annual basis, the proceeds allocated to eligible expenditures and the remaining balance of unallocated proceeds.

⁽²⁷⁾ <https://www.icable.fr/en/finance/financing/green-financing/documents-green-bond/icable-green-bond-framework-july-2017.pdf>

⁽²⁸⁾ Including expenditures starting from 1st, January of each year

2.4 Reporting

Until the net proceeds are earmarked in full to eligible expenditures and later in case of any material change in the list of eligible expenditures earmarked to social bonds, Icade Santé undertakes to publish an annual report on the allocation of the proceeds raised through social bond issuances as well as impact metrics.

The allocation report and impact report will be published as a standalone report on Icade's and Icade Santé's websites at :

<https://www.icode.fr/en/finance/financing/sustainable-financing>

<https://icode-sante.fr/finance/financement>

The report will also include the publication of an external third-party assurance on the satisfactory allocation of the net proceeds in line with the External Review section of the Social Bond Framework.

a. Allocation Report

The allocation report will include :

- The allocated amount breakdown by Eligible Asset Category;
- The breakdown of allocated amount by type of Eligible Expenditures (Capital Expenditures, Acquisitions, etc.);
- The proportion of financing versus refinancing;
- The total amount of funds pending allocation.

(29) <https://www.atih.sante.fr/>

(30) <https://www.sae-diffusion.sante.gouv.fr/sae-diffusion/accueil.htm>

(31) <https://www.cnsa.fr/>

Icade Santé may include some detailed examples of Eligible Expenditures including their description, date of investment, geographical location, type of Eligible Expenditure (acquisition, refurbishment, development, extension), current status of the project and expected potential social outcomes.

b. Impact Report

The impact report will include qualitative and, where feasible, quantitative information on the social outcomes of the eligible expenditures including output and impact metrics as detailed in the indicative indicators table provided below. The methodology applied on indicators will be detailed in the annual report.

Icade Santé impact reporting process will be based on relevant internal expertise as well as publicly available data as the case may be relying on works carried out by external data providers such as ATIH ("Agence technique de l'information sur l'hospitalisation" - Technical agency for information on hospitalization)²⁹, SAE ("Statistique Annuelle des établissements de Santé" - Annual Statistics of Health Care Institutions)³⁰ or CNSA ("Caisse Nationale de Solidarité pour l'Autonomie" - National Solidarity Fund for Autonomy)³¹.

Icade Santé will aim to align its reporting with the model proposed by the Harmonized Framework for Impact Reporting for Social Bonds as published by the International Capital Markets Association (ICMA)³².

Table : Examples of indicators

| ELIGIBLE ASSET CATEGORY | EXAMPLES OF POTENTIAL INDICATORS |
|---|---|
| <p>Hospital Care Real Estate</p> <ul style="list-style-type: none"> • MSO clinics (Medicine, Surgery & Obstetrics) • MHE facilities (Mental Health Establishments) • Rehabilitation Facilities (Post-acute care and rehabilitation) • Medical houses | <p>Beneficiaries</p> <ul style="list-style-type: none"> • Number of beds and places • Split of beds and places by type of activities (MSO, MHE, PAC) • Number of stays <p>Territorial Equipment</p> <ul style="list-style-type: none"> • Territorial impact data (such as, for example, equipment rate of the territory or catchment area³³ of the facilities) <p>Facilities Equipment Rate</p> <ul style="list-style-type: none"> • Number of equipment available (scanners, MRIs, operating theaters) • «Haute Autorité de Santé» - HAS (High Authority of Health) Certification (and level achieved) |
| <p>Elderly Care Real Estate</p> <ul style="list-style-type: none"> • Facilities for dependent patients (EHPAD : Accommodation Facilities for Dependent Elderly Persons) | <p>Beneficiaries</p> <ul style="list-style-type: none"> • Number of beds and places • Occupancy rate <p>Territorial Equipment</p> <ul style="list-style-type: none"> • Territorial impact data (such as, for example, equipment rate of the territory for the elderly or catchment area of the facilities) <p>Facilities Equipment Rate</p> <ul style="list-style-type: none"> • Available of UVP - «Unité de Vie Protégée» (Protected living Unit) |

⁽³²⁾ <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf>

⁽³³⁾ Number of citizens living in the area of activity of the facility

2.5 External Review

a. Second Party Opinion

Sustainalytics was commissioned as Second Party Opinion Provider to evaluate Icade Santé Social Bond Framework, its transparency and governance as well as its alignment with the Social Bond Principles (2020), as published by ICMA. The results of the evaluation will be presented in a Second Party Opinion.

The Second Party Opinion will be available on Icade's and Icade Santé's websites at :

<https://www.icode.fr/en/finance/financing/sustainable-financing>

<https://icode-sante.fr/finance/financement>

Any material changes to Icade Santé Social Bond Framework will be subject to review by the Second Party Opinion Provider.

b. Independent Verifier

On an annual basis until the net proceeds are allocated in full to eligible expenditures and later in the case of any material change in the list of eligible expenditures earmarked to a given social bond issuance, an independent auditor appointed by Icade Santé will verify :

- Proceeds allocated to eligible expenditures and the remaining balance of unallocated proceeds in accordance with the Management of Proceeds section of the Social Bond Framework;
- Conformity of the eligible expenditures financed

and / or refinanced by Social Bonds with the Use of Proceeds section of the Social Bond Framework.

The independent verifier report will be available on Icade's and Icade Santé's websites at :

<https://www.icode.fr/en/finance/financing/sustainable-financing>

<https://icode-sante.fr/finance/financement>



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Bezannes - Svend Andersen



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www.icade.fr

www.icade-santé.fr

Immeuble OPEN

27, rue Camille Desmoulins
92445 Issy-les-Moulineaux Cedex FRANCE
Tél.: 01 41 57 70 00