

FUNDING ALLOCATION REPORT

At 31 December 2019

Action Logement Services



KEY FIGURES

Features of the inaugural issue



Amount
1 Bn€



Maturity
**15
YEARS**



Margin on
interpolated OATs
+ 38 BP

Allocation of funds



Refinancing
299.4 M€
Funding for
new projects
90.6 M€

PROJECTS FUNDED



Funding
for social
housing
organisations
382.4 M€



Mobility Aids
8.2 M€



Action Logement Services has contributed
to saving
1,526 TONS OF CO₂ PER YEAR



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1. ACTION LOGEMENT GROUP, A STAKEHOLDER COMMITTED TO SOCIAL UTILITY

Action Logement Services is a key player in the implementation of social housing policy in France. It funds initiatives in the field of housing, in particular employee housing, in order to promote employment and contribute to economic dynamics throughout France. As such, Action Logement Services collects the PEEC (Employers' Participation in the Construction Effort) and grants loans, financial aid and services for employees, companies and social and intermediary landlords.

The PEEC is a resource of common interest, created by law in 1953 (Article L.313-1 of the French Construction and Housing Code (CCH)) to generalise the voluntary approach of certain employers, initiated in 1943, regarding housing for their employees, by requiring private sector companies make a contribution to funding housing construction of up to 1% of their payroll (formerly known as "1% logement" or "1% housing" in English). Since 1992, the PEEC has accounted for 0.45% of the wage bill.

The law provides that the resources of the PEEC received by Action Logement Services and the rules for their use are set by a Five-Year Convention between the French State and Action Logement Group for a period of five years. The last Five-Year Convention was signed on 16 January 2018, for the period 2018-2022, for a total of 15.2 billion euros of investments. The Five-Year Convention was notably the subject of an amendment signed on 25 April 2019 concerning a Voluntary Investment Plan of 9.1 billion euros for the period 2019-2022. This plan aims to mobilise additional resources and to redirect some of the resources provided for in the Five-Year Convention to deploy concrete measures to improve the energy performance of housing, access to and retention in housing, entry into employment and territorial equality. The Five-Year

Convention and the Voluntary Investment Plan represent a total commitment of 23.3 billion euros of investments for the period 2018-2022.

In order to launch its Voluntary Investment Plan, under optimal financial conditions, by 2022, Action Logement Services has set up an EMTN (*Euro Medium Term Note*) programme of 6.2 billion euros.

The first of its kind, Action Logement Services' EMTN programme is fully sustainable. A framework for issuing sustainable bonds that meets the Green Bond Principles (GBP) and Social Bond Principles (SBP) drawn up by the *International Capital Market Association* (ICMA), evaluated by the independent agency Vigeo Eiris, has been set up. All the products and bonds issued by Action Logement Services as part of this sustainable EMTN program will therefore be used to fund projects with a positive social or environmental impact.

By turning to the financial markets via these sustainable bonds, Action Logement Services is supporting the effort for socially responsible finance:

- by facilitating access to housing to promote employment and combat substandard housing,
- by contributing to the ecological and energy transition,
- by working towards a more inclusive society,
- by accompanying territories and fighting against the territorial divide. 🍷

2. FEATURES OF THE INAUGURAL ISSUE

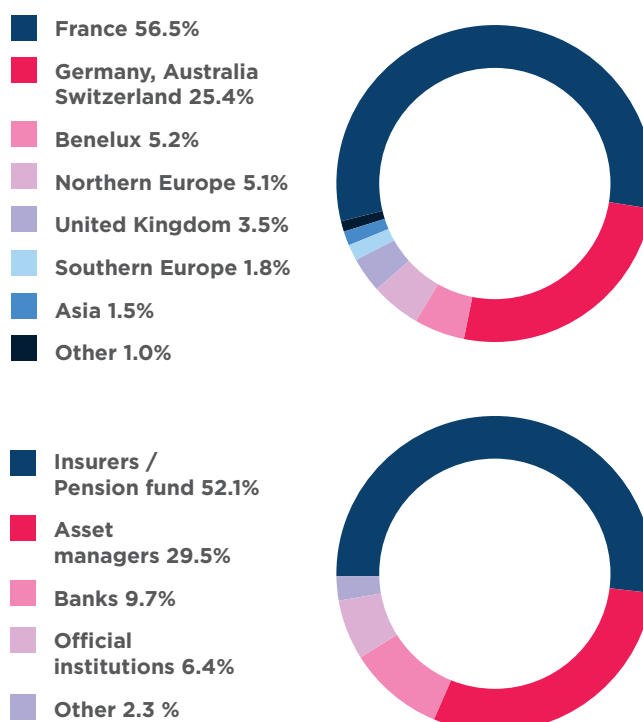
On October 22, 2019, Action Logement successfully issued its first sustainable issue for an amount of 1 billion euros. The issue was four times oversubscribed and involved 117 investors, including a significant number of stakeholders in responsible investment (around 69%).

Features of this transaction:

Amount of the issue	1 Bn€
Transaction date	22/10/2019
Issue date	30/10/2019
Maturity date	30/10/2034
Coupon	0.50%
Margin on Interpolated OAT	+ 38 BP
Yield	0,589 %
Rating	AA2 (MOODY'S) / AA (FITCH)
Joint bookrunners	CACIB, DEUTSCHE BANK, JP. MORGAN and NATIXIS
ISIN Code	FR0013457058


The distribution of the transaction has seen a good diversity of investors both in terms of location and type.

Breakdown of investors by geographical area and by type:



This operation, carried out as part of the 100% sustainable EMTN programme, contributes to financing the commitments made by the Social Partners as part of the Voluntary Investment Plan.

The excellent result of this inaugural issue also confirms the interest of international investors in public interest projects that provide solutions to build a more inclusive and resilient society.

Action Logement Services will use the net proceeds from the issue to finance or refinance all or part of a portfolio of social and/or environmental projects corresponding to the project categories and eligibility criteria described in the sustainable bond framework document .

3. ALLOCATION OF FUNDS

As of 31 December 2019, of the 1 billion euros raised in October 2019, 390.6 million euros, or 39% of the total amount, had been allocated to finance new projects and refinance existing projects identified as eligible under environmental and social eligibility criteria. The allocation of proceeds for each sustainable bond is monitored by Action Logement Group's Evaluation Committee, which decides annually on the matching of disbursements to the various bonds issued.

- 299.4 million euros will go towards refinancing eligible projects released between 1 November 2018 and 31 October 2019 (i.e. maximum 12 months before the bond is issued).
- 90.6 million euros has been allocated to new projects released between 1 November and 31 December 2019.
- 609.4 million euros will be allocated to new projects from 1 January 2020 until 30 October 2021.

The funds allocated as at 31 December 2019 were assigned to two categories of social and environmental projects:

- 382.4 million euros in funding for social housing organisations,
- 8.2 million euros in mobility aids.



3.1. FUNDING FOR SOCIAL HOUSING ORGANISATIONS

With this specific resource, 1,155 property transactions were co-financed by Action Logement Services, alongside Caisse des Dépôts et Consignations and other partners, enabling the construction of 32,376 social housing units. These operations consist of new constructions directly managed by social housing organisations or acquisitions under a VEFA (Sale in Future State of Completion) contract. Action Logement Services' funding contributes to access to affordable housing for households with modest resources.

The financial participation of Action Logement Services amounts to nearly 382.4 million euros, enabling the company to obtain, in return, the reservation of 14,542 housing units for employees of private sector companies.

Focus on social housing in France

Social housing meets several criteria:

- State Approval and financing with public funds According to the law that sets the objectives of public policy on social housing, "the construction, development, allocation and management of social rental housing aim to improve the living conditions of people of modest or disadvantaged means. These operations contribute to the implementation of the right to housing, equal opportunities for applicants and the much-needed social diversity of cities and neighbourhoods."

Amount of the issue	1,000 M€
Amount allocated as of 31/12/19	390.6 M€
Refinancing	299.4 M€
Funding for social housing organisations	382.4 M€
Mobility Aid	8.2 M€

A

In France, social housing is a form of housing whose construction benefits from public funds, directly or indirectly; it is rented at a regulated price, lower than the market price, and attributed following an administered procedure to households that meet certain conditions, particularly in terms of income.



Since 1979, it has been the signature of a agreement between the social landlord and the state, which allows a dwelling to belong to the category of social housing. We are talking about the APL (Personalised Housing Aid) convention. This convention triggers aid for tenants, but also for landlords for construction.

- Awarding procedure controlled by the public authority

The law provides social housing for "low-income and disadvantaged persons", while the definition of beneficiaries occurs at the regulatory level. Article R 331-12 of the CCH makes the allocation of subsidies and loans for social construction conditional on the occupation of social housing by people whose total resources, at the

time of entry into the premises, are below ceilings set each year by ministerial order.

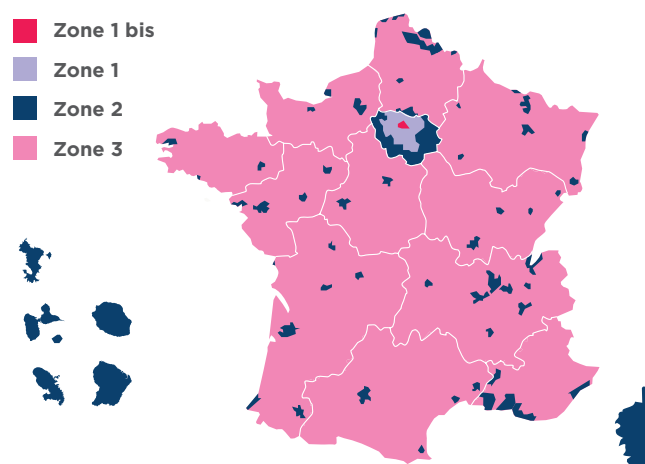
In view of their personal situation, certain people are defined as priority cases for housing: for example, victims of domestic violence, people with disabilities, people who are housed or temporarily accommodated, or people living in substandard housing or threatened with eviction.

- Rental Caps

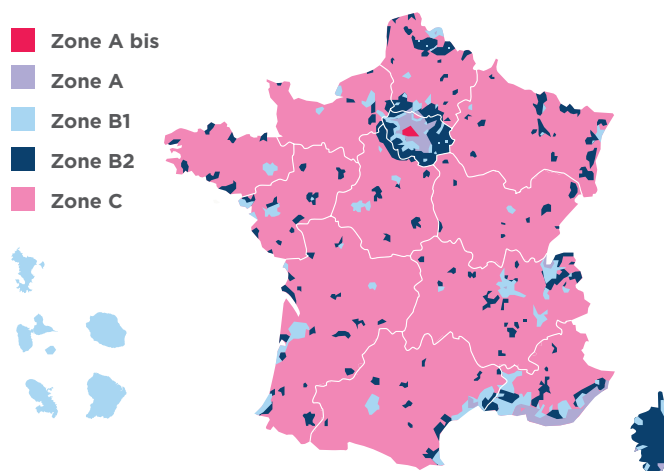
The resources ceiling that is observed depends on the type of accommodation and its location in particular. Social housing located in Overseas France (abbreviated as DROM in French) is subject to specific resources ceilings.

Zoning specifies the tension in the housing market and the levels of rent charged by dividing the country into several zones: from the most tense, 1 bis or A bis, to the most relaxed, 3 or C.

Zoning used as of 09/10/2019 to determine the rent ceilings for PLAI and PLS social housing



Zoning used as of 09/10/2019 to determine the rent ceilings for PLS social housing



Source: Ministry of Territorial Cohesion and Relations with Territorial Communities

The regulation distinguishes three categories of social housing according to the loans and subsidies granted to organizations during their construction:

- PLAI (Integration Rental Loan) housing is intended for people in difficulty. PLAI rents are the lowest among those applied to social housing. Their maximum amount is set by the State: it is, for example, €6.09 /m² for Paris and neighbouring municipalities (zone 1 bis), €5.72 /m² for the Paris conurbation (zone 1), from €5.02/m² for the rest of Île-de-France (zone 2);
- PLUS (Rental Loan for Social Use) housing is conventional social housing. Their rent is also capped, as the tenants' resources are also

limited. The maximum rents for PLUS housing are slightly higher than those for PLAI housing: for example, they are €6.84/m² for Paris and neighbouring municipalities (zone 1 bis) and €6.44/m² for the Paris conurbation (zone 1). According to the Ministry of Territorial Cohesion and Relations with Territorial Communities, this type of housing accounts for approximately 80% of social housing.

- PLS (Social Rental Loan) housing is intermediate housing, intended instead for the middle classes. The maximum rent is €13.34/m² for Paris and certain municipalities in the Paris conurbation (zone A bis).

Values of the maximum monthly rent for housing under the convention for the period from 1 January to 31 December 2019 (in euros) €/m²

Types of housing	Zone 1	Zone 1 bis	Zone 2	Zone 3	
PLAI-funded housing	5.72	6.09	5.02	4.65	
PLUS-funded housing	6.44	6.84	5.65	5.24	
	Zone A bis	Zone A	Zone B1	Zone B2	Zone C
PLS-funded housing	13.34	10.28	8.85	8.48	7.88

Source: Ministry of Territorial Cohesion and Relations with Territorial Communities

- Means testing for candidate tenants
- PLAI housing accommodates households with resources that are between 55% and 60% below the resources ceiling required for entry into PLUS-type housing.
- For each PLUS transaction, at least 30% of the housing must be occupied by households whose resources do not exceed 60% of said ceilings; at most 10% of the housing may be rented to

households whose resources do not exceed 120% of said ceilings.

- The resources ceilings applicable for PLS-type housing are equal to those of PLUS plus 30 %.

In Paris, for example, a single person should not earn more than 1,223 euros per month for PLAI housing, which therefore involves significant social support, and 1,334 euros per month for PLUS housing.

Annual resources ceilings to be met by prospective tenants for PLAI housing in 2019

Household composition	Paris and adjacent municipalities	Île-de-France (excluding Paris and adjacent municipalities)	Other regions
1 person	13,050 €	13,050 €	11,342 €
2 people ¹	21,272 €	21,272 €	16,525 €
3 people ²	27,883 €	25,569 €	19,872 €
4 people ³	30,521 €	28,075 €	22,111 €
5 people ⁴	36,307 €	33,238 €	25,870 €
6 people ⁵	40,859 €	37,401 €	29,155 €
Per additional person	4,552 €	4,166 €	3,252 €

Source: Ministry of Territorial Cohesion and Relations with Territorial Communities

Annual resources ceilings to be met by prospective tenants for PLUS housing in 2019

Household composition	Paris and adjacent municipalities	Île-de-France (excluding Paris and adjacent municipalities)	Other regions
1 person	23,721 €	23,721 €	20,623 €
2 people ¹	35,452 €	35,452 €	27,540 €
3 people ²	46,473 €	42,616 €	33,119 €
4 people ³	55,486 €	51,046 €	39,982 €
5 people ⁴	66,017 €	60,429 €	47,035 €
6 people ⁵	74,286 €	68,001 €	53,008 €
Per additional person	8,278 €	7,577 €	5,912 €

Source: Ministry of Territorial Cohesion and Relations with Territorial Communities

Annual resources ceilings to be met by prospective tenants for PLS housing in 2019

Household composition	Paris and adjacent municipalities	Île-de-France (excluding Paris and adjacent municipalities)	Other regions
1 person	30,387 €	30,387 €	26,810 €
2 people ¹	46,088 €	46,088 €	35,802 €
3 people ²	60,415 €	55,401 €	43,055 €
4 people ³	72,132 €	66,360 €	51,977 €
5 people ⁴	85,822 €	78,558 €	61,146 €
6 people ⁵	96,572 €	88,401 €	68,910 €
Per additional person	10,761 €	9,850 €	7,686 €

Source: Ministry of Territorial Cohesion and Relations with Territorial Communities

¹ 2 people without dependants excluding young households or 1 single person with a disability

² or 1 single person + 1 dependant or young household without dependants or 2 people of whom at least 1 is disabled

³ or 1 single person + 2 dependants or 3 persons of whom at least 1 is disabled

⁴ or 1 single person + 3 dependants or 4 persons of whom at least 1 is disabled

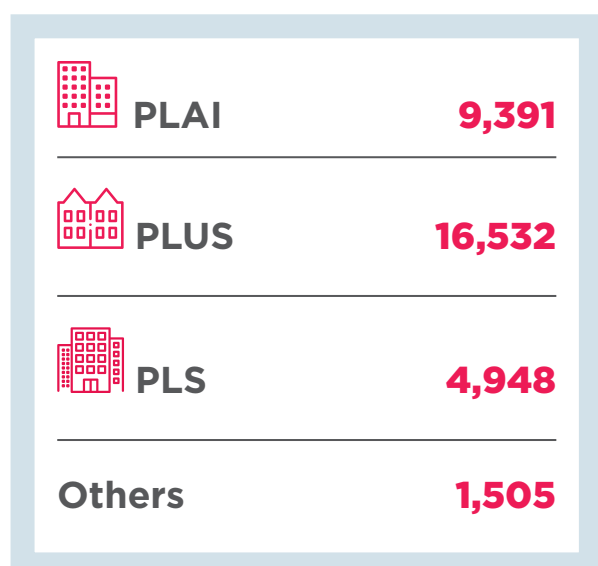
⁵ or 1 single person + 4 dependants or 5 persons of whom at least 1 is disabled

In fact, we can see that social housing accommodates households that are very far from these maximums. According to the Ministry of Territorial Cohesion and Relations with Territorial Communities, more than 60% of the people in social housing have incomes below 60% of these ceilings.

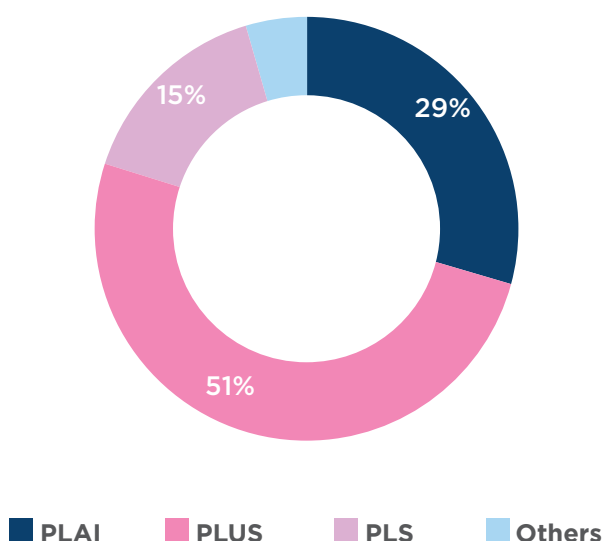
Depending on the financing they have provided (provision of land, subsidies, loans, guarantees), funders (the State, local authorities, Action Logement Services) have a quota of reserved housing.

- Types of housing built with Action Logement Services funding

Funding from Action Logement Services contributed to the construction of 32,376 social housing units as follows:



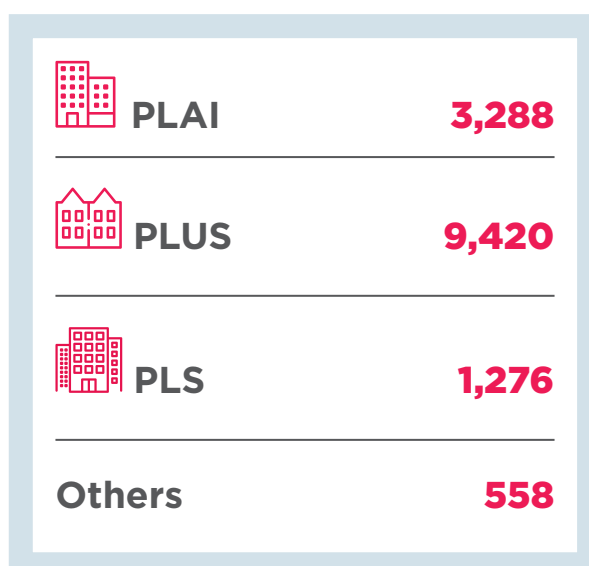
Type of housing built co-funded by Action Logement Services



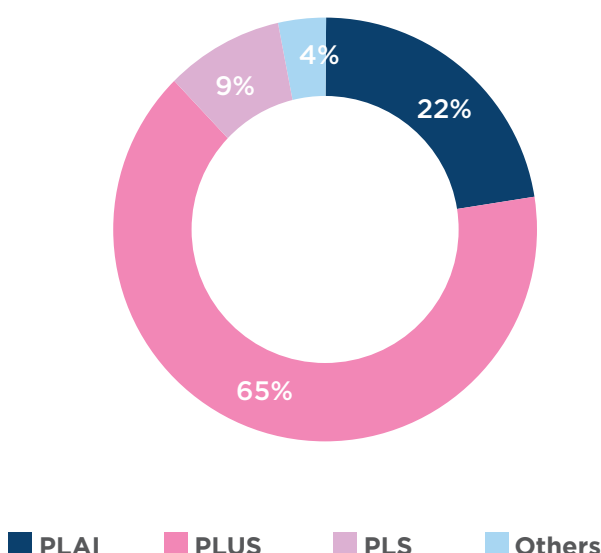
- Types of housing reserved thanks to Action Logement Services funding

In return for co-financing to the amount of 382.4 million euros, Action Logement Services obtains reservation rights for 14,542 housing units, in order to designate candidate tenants who are salaried employees for the allocation of social housing. This service contributes directly to strengthening the link with companies regarding the PEEC.

Housing reserved for Action Logement Services are of the following types:



Type of housing co-financed and reserved by Action Logement Services

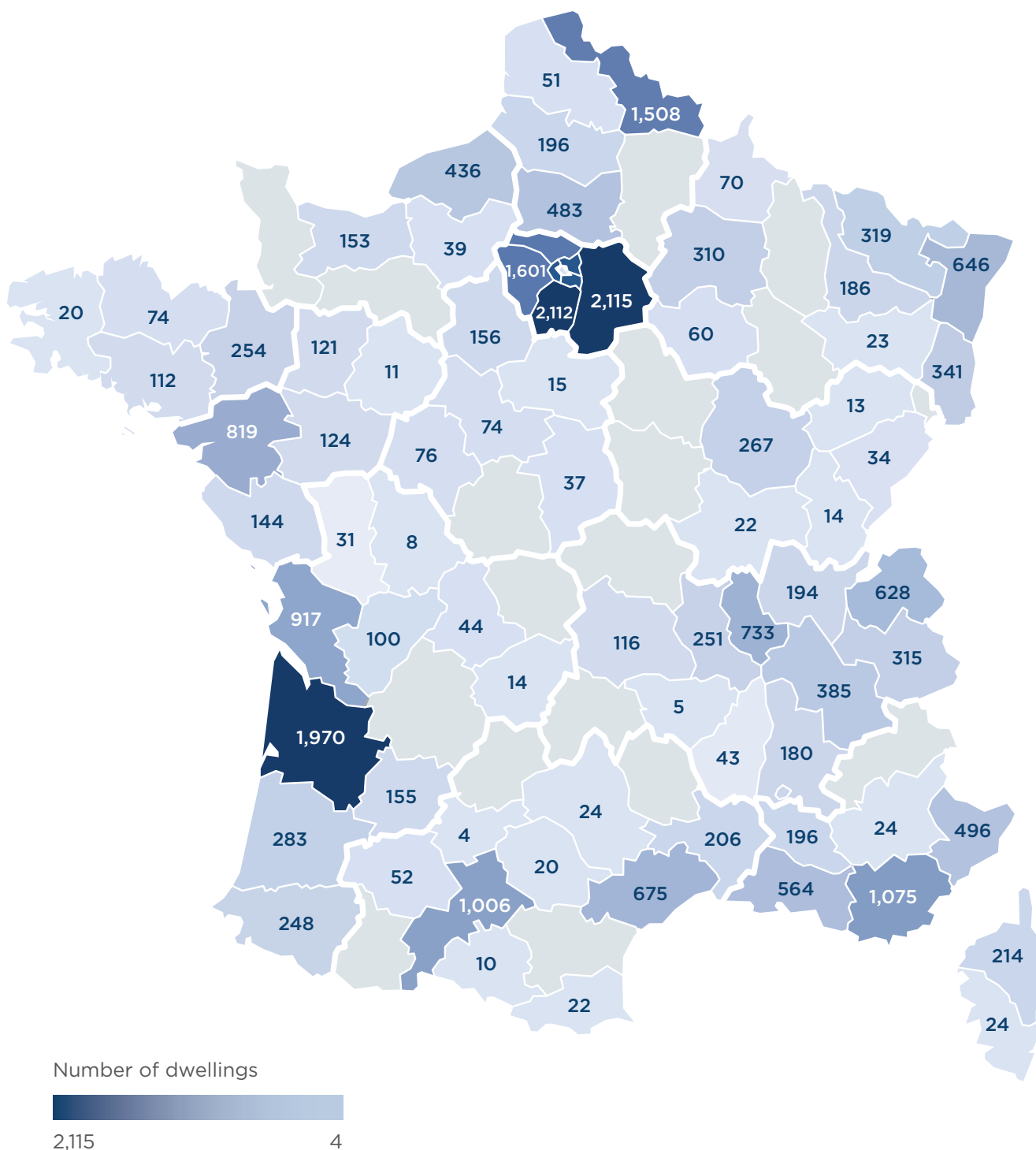


Geographical distribution of housing built and reserved through co-financing from Action Logement Services

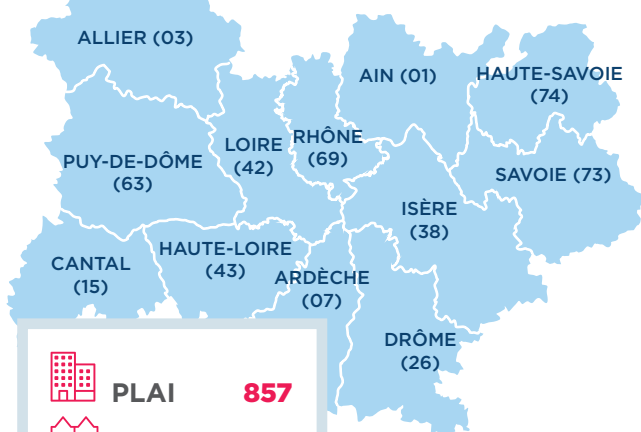
From 1 October 2018 to 31 December 2019, the loans and subsidies provided by Action Logement Services and falling within the scope of this reporting enabled the construction of 32,376 social housing units throughout France.

- **31,357** in metropolitan France, including **12,841** in Île-de-France.
- **1,019** in the DROM.

Geographical distribution (excluding the DROM) of the number of housing units built with financing from Action Logement Services between 1 October 2018 and 31 December 2019

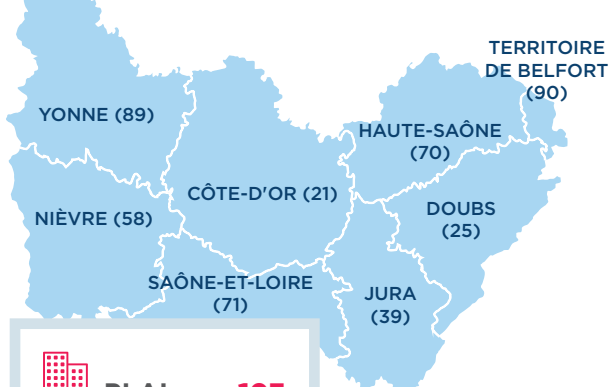


AUVERGNE-RHÔNE-ALPES



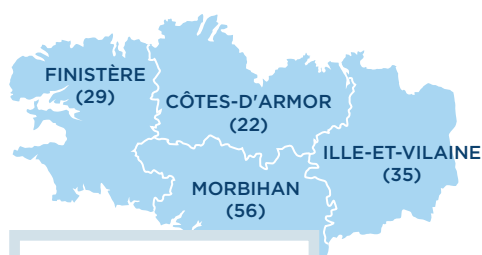
	PLAI	857
	PLUS	1,506
	PLS	388
	Others	99
TOTAL		2,850

BOURGOGNE-FRANCHE-COMTÉ



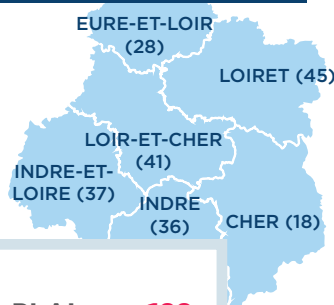
	PLAI	103
	PLUS	233
	PLS	14
TOTAL		350

BRITTANY



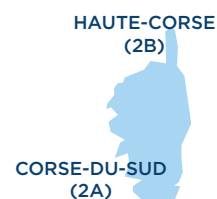
	PLAI	163
	PLUS	288
	PLS	9
TOTAL		460

CENTRE-VAL DE LOIRE



	PLAI	122
	PLUS	226
	PLS	10
TOTAL		358

CORSICA



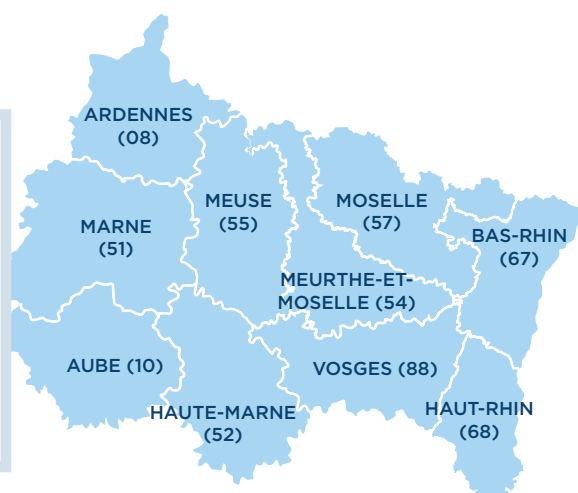
	PLAI	84
	PLUS	154
TOTAL		238

DROM



	PLS	26
	Others	993
TOTAL		1,019

GRAND EST



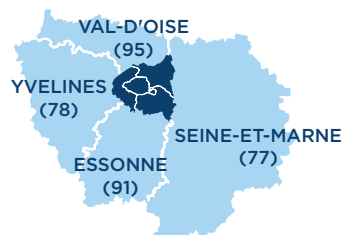
	PLAI	615
	PLUS	1,112
	PLS	178
	Others	50
TOTAL		1,955

HAUTS-DE-FRANCE



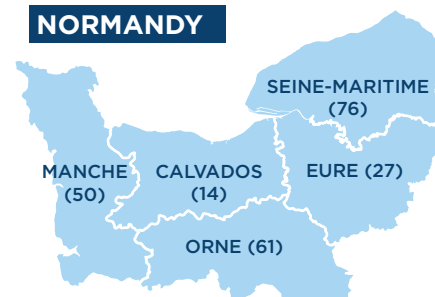
	PLAI	611
	PLUS	1,319
	PLS	241
	Others	67
TOTAL		2,238

ÎLE-DE-FRANCE



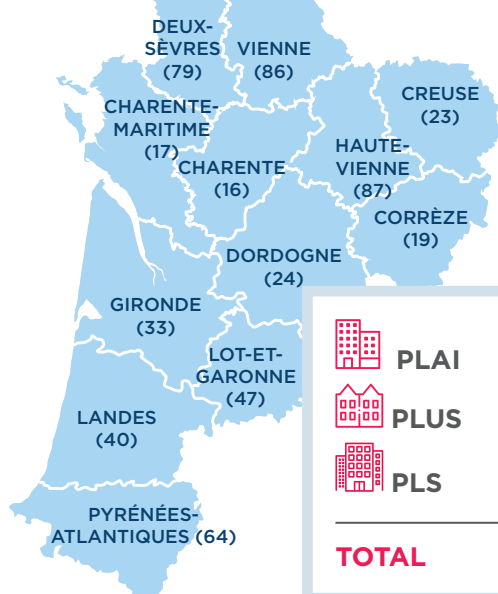
	PLAI	3,513
	PLUS	5,558
	PLS	3,506
	Others	264
TOTAL		12,841

NORMANDY



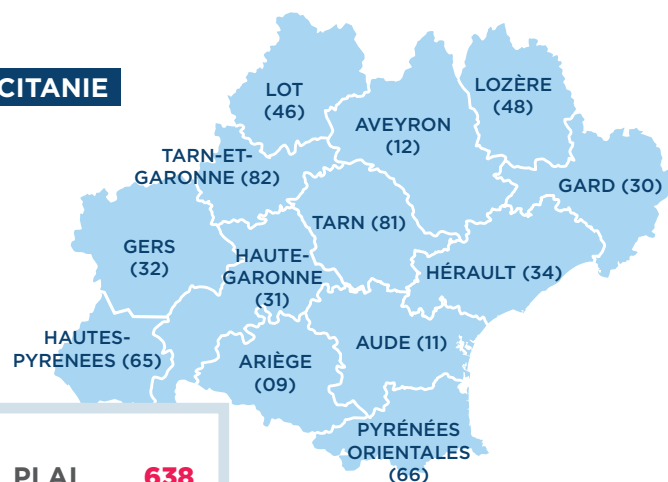
	PLAI	234
	PLUS	382
	PLS	88
TOTAL		704

NOUVELLE-AQUITAINE



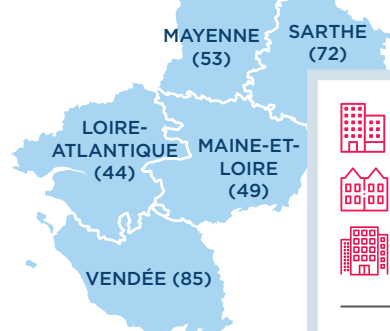
	PLAI	1,355
	PLUS	2,191
	PLS	224
TOTAL		3,770

OCCITANIE



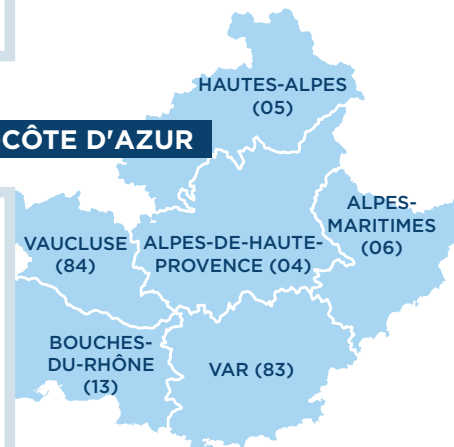
	PLAI	638
	PLUS	1,317
	PLS	64
TOTAL		2,019

PAYS DE LA LOIRE



	PLAI	382
	PLUS	771
	PLS	66
TOTAL		1,219

PROVENCE-ALPES-CÔTE D'AZUR



	PLAI	714
	PLUS	1,475
	PLS	134
	Others	32
TOTAL		2,355

Environmental Utility

According to the Ministry of Ecological and Solidarity Transition, the residential/tertiary sector in France emitted 90 Mt CO₂eq in 2017, i.e. 19% of national emissions and 28% taking into account emissions related to the production of energy consumed in buildings*.

In view of the global environmental challenges, France has introduced a regulation known as "RT 2012", which has applied since 1 January 2013 to all new buildings, whether residential or tertiary use. Every new construction must meet a certain level of energy performance.

The RT 2012 thermal regulation sets ambitious objectives in terms of energy efficiency, with a maximum energy consumption set at 50 kWhPE / m²/year on average, thus dividing by three the maximum level of consumption set by the previous RT 2005 regulation. This major breakthrough makes RT 2012 one of the most ambitious regulations in Europe.

In order to achieve this efficiency objective, RT 2012 imposes high standards in terms of insulation and energy systems, and requires a reduction in requirements from the project design stage, with targets to be achieved in terms of bioclimatic design and summer comfort.

By financing more efficient new buildings, Action Logement Services contributes to the "low carbon" strategy.

In order to estimate the reduction in energy consumption achieved thanks to the efficient construction projects financed by Action Logement Services, a comparison of average energy consumption was carried out between newly built housing and all housing in France (details of the methodology and data used are provided at the end of this document).



The construction of the housing co-financed by Action Logement Services allowed a reduction in the average energy consumption of 133 kWhPE / m² / year.

**These figures do not include emissions related to the construction-demolition of buildings*

The living area of social housing being on average 62m² according to the Ministry of Ecological Transition and Territorial Cohesion (2019 Assessment on Assisted Housing), energy consumption has thus been reduced by 8,246 kWh per year and per dwelling.

In metropolitan France, the 31,357 dwellings built in metropolitan France, represent an annual saving of nearly 259 million kwh.



According to Ademe, the emission factor of electricity for France in 2018 is estimated at 57 gCO₂/kWh. The new construction of these 31,357 new housing units resulted in annual savings of 14,738 tonnes of CO₂. The share of these new housing units financed by Action Logement Services is 10.4%. **Action Logement Services has therefore contributed to an annual saving of 1,526 tonnes of CO₂.**

Social utility

The new construction of social housing has an impact on the purchasing power of households: it allows savings both on the amount of rent and on energy expenditure.

- Improvement of living conditions

On average, the rental price of a social housing unit is 6.4 €/m² (RPLS 2018 data) and 13.9 €/m² for a private dwelling (Clameur 2019 data). Thus, the direct contribution of Action Logement Services enables 32,376 households to be housed at a lower cost (with a saving of 7.5 €/m² on average).

The average surface area of a social housing unit being 62 m² the average monthly rent can be estimated at €397.

In private housing, for the same rent, a household would have a dwelling of 29 m² or about 33 m² less than the surface area that a tenant of social housing has.

To have a 62m² dwelling in the private rental market, the tenant would have to pay a monthly rent of 862 euros on average. For a tenant in social housing, this represents an annual gain in purchasing power of 5,580 euros on average.

More generally, Action Logement Services' financing of 31,357 housing units in metropolitan France thus contributed, to a theoretical annual gain of 175 million euros in purchasing power.

In the absence of social housing, tenants would only have access to smaller, less comfortable accommodation, particularly in tense areas, and would therefore not be able to find decent housing.



- Gain in purchasing power on the price of energy

As seen above, new construction allows, in one year, an energy saving of 8,246 kWh per dwelling. According to the French Commissioner-General for Sustainable Development, in the residential market in France, the average price of natural gas in 2019 was €82incl. tax / MWh GCV while the price of electricity was €178incl. tax/ MWh. This represents a theoretical saving of approximately €676/year for a gas-heated dwelling, and about €1,468/year for a house heated with electricity.

3.2 FUNDING FOR MOBILITY AIDS

As part of the Voluntary Investment Plan, in 2019, Action Logement Services set up a mobility aid to support employees with modest incomes. From September to December of the same year, 8,162 employees benefited from this aid.

- Conditions of the offer

The mobility aid is a grant of 1,000 euros, granted in the event of a change of accommodation, in order to move closer to a place of work or training, or to take up a new job. It is subject to the following conditions.

The beneficiary receives a maximum of 1.5 times the minimum wage at the time of application and must:

- Be employed or in training at their company, they can travel to work by car within 30 minutes (1 hour in the DROM) or they use public transport;
- In a situation of return or access to work after unemployment or a first job (including work-study programs).

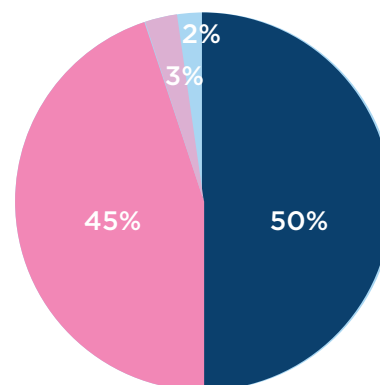
This aid facilitates settling close to the workplace or training location and supports people moving back into employment or accessing their first job.

• Profile of beneficiaries

Beneficiaries of mobility aid are employees (or those with an offer of work) of a private-sector company and tenants of their main residence. There are several categories:

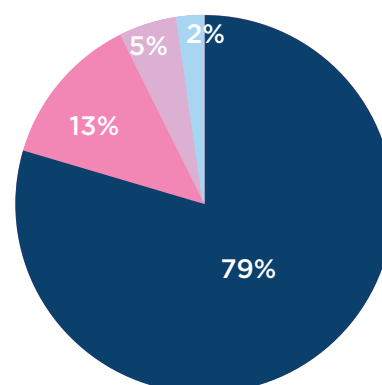
- relocated employees or employees in training,
- people who have found work after a period of unemployment, or who are in a situation where they are returning to work,
- employees entering their first job,
- work-study students.

Professional situation of beneficiaries



- Work-study students
- Relocated employees or employees in training
- First job
- Return to work

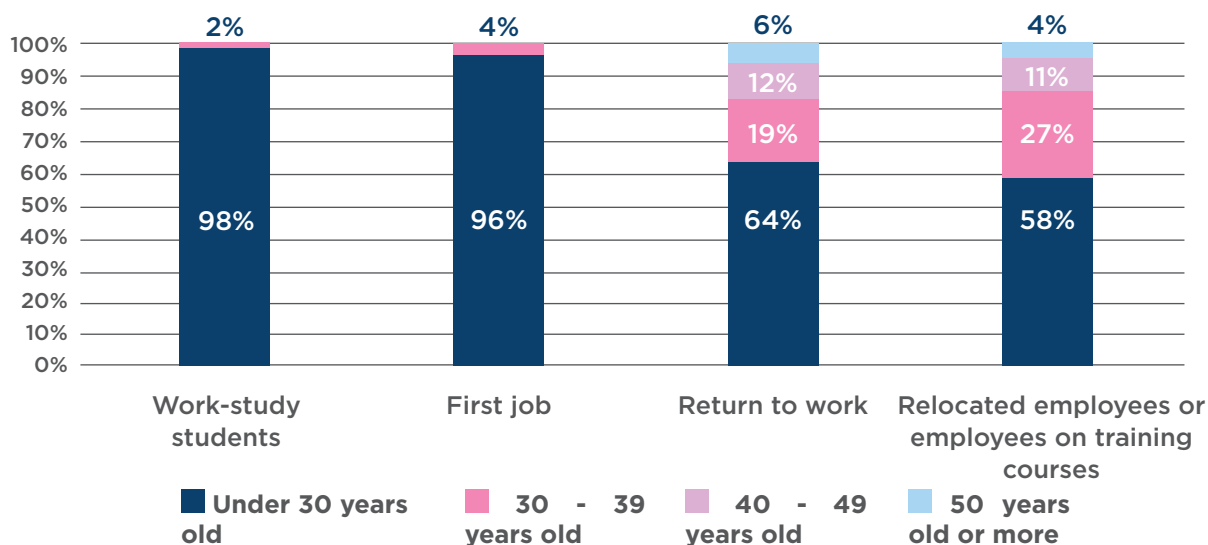
Age of beneficiaries



- Under 30 years old
- 30 - 39 years old
- 40 - 49 years old
- 50 years old or more

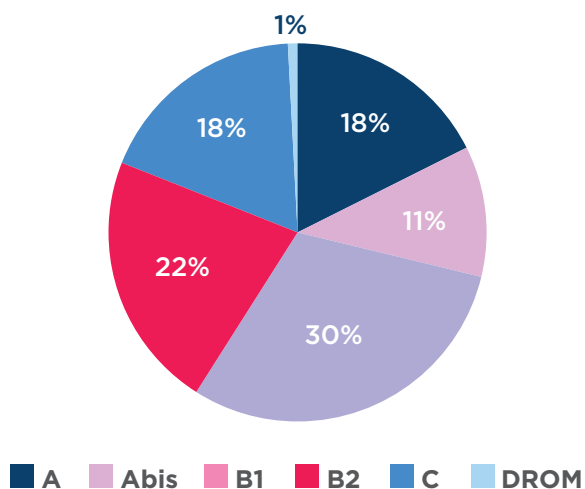
The overwhelming majority of mobility aid recipients are under 30 years of age (79%), with an average age of 26.

Professional situation of beneficiaries according to age

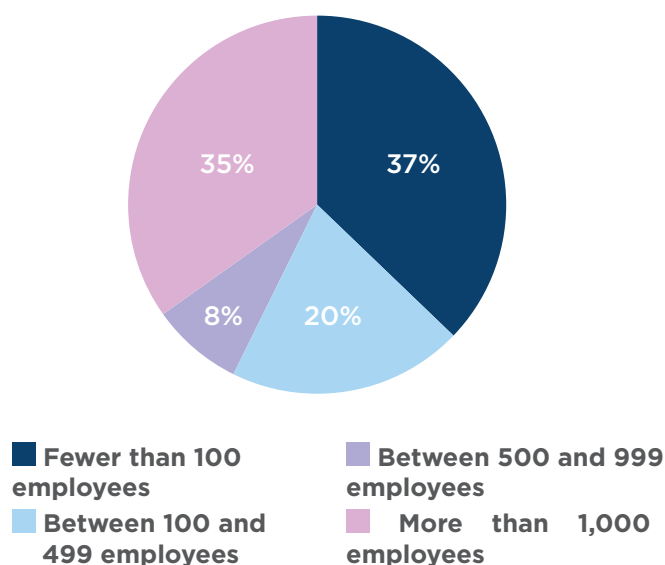


Nearly all work-study students (98%) and first-time job entrants (96%) are under 30 years of age, with average ages of 22.6 and 23.7 respectively. On the other hand, relocated employees or employees in training and people returning to work are slightly older, with an average age of 30.5 years.

Geographical distribution of mobility aid



The mobility aid has been distributed throughout France: **almost a third of the beneficiaries (29%) are located in areas with high real estate tension** (Zones Abis and A), and the remaining two thirds are in areas of low real estate tension (70%).



The mobility aid was mainly distributed to young working people under 30 years of age, receiving less than 1.5 times the minimum wage. Action Logement Services has facilitated the link between home and the workplace or access to employment.

4. INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF ACTION LOGEMENT SERVICES



The Board of Directors of Action Logement Services SAS (“ALS”) engaged us to provide limited assurance report on the information described below and set out in the ALS Allocation Report published in March, 2021 for ALS Sustainable Bond (ISIN FR0013457058) as at 31st December 2019 (the “Allocation report”).

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information as at 31st December 2019 has not been prepared, in all material respects, in accordance with ALS’ Sustainable Bond Framework dated September 27, 2019.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the consistency of the information identified by symbol (A) in the Allocation Report (the “Selected Information”) with ALS’s Sustainable Bond Framework dated September 27, 2019, and in particular over the compliance of the amounts allocated to the Eligible Project Categories, as set out in this ALS’ Sustainable Bond Framework.

Our assurance does not extend to information in respect of earlier periods not covered by the Allocation Report or to any other information not included in the Allocation report. We have not reviewed and do not provide any assurance over other individual project information reported, including estimates of environmental sustainability benefits or number of social accommodations.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits and Reviews of

Historical Financial Information’, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Understand reporting and measurement methodologies

ALS is solely responsible for selecting and applying the Selected Information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Nature and scope of work

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of ALS's management, including those with responsibility for Sustainable bond governance, management and reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- obtained the internal listing of projects/companies allocated into the ALS Sustainable Bond (the "Eligible Sustainable Projects"), and confirmed that this was consistent with the proposed disclosure of the Sustainable bond;
- performed limited substantive testing on a sample basis of the Selected Information to check that the identified Eligible Sustainable Projects were in line with the ALS's Sustainable Bond Framework and had been appropriately measured, recorded, collated and reported, including:
 - inspecting the purpose of Eligible Sustainable Projects to confirm that the use of proceeds was consistent with one of the categories in the ALS's Sustainable Bond Framework;
 - inspecting records maintained in the Eligible Sustainable Projects' financial reporting systems, or inspecting a sample of supporting documents (agreements or application file), or obtaining an understanding and inspecting the calculation used to obtain the amounts reported in the Selected Information, to verify consistency with the reported amount, and that it was recorded in the Sustainable Bond listing accurately.
- inspected minutes of the Action Logement Board of Directors Committee, to confirm that the allocated projects had been considered and approved;
- considered the disclosure and presentation of the Selected Information.

ALS's responsibilities

The Directors of ALS are responsible for:


- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective criteria for preparing the Selected Information;

- measuring and reporting the Selected Information;
- the content of the Allocation report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Directors of ALS.

This report, including our conclusions, has been prepared solely for the Board of Directors of ALS in accordance with the agreement between us, to assist the Directors in reporting ALS's Sustainable bond performance and activities. We permit this report to be disclosed in the Allocation report to be published in 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and ALS for our work or this report except where terms are expressly agreed between us in writing. 

PricewaterhouseCoopers Audit
Elisabeth L'hermite
Partner
2nd March 2021

METHODOLOGY

FUNDING FOR SOCIAL HOUSING ORGANISATIONS

Energy consumption differential

In order to estimate the reduction in energy consumption of new buildings compared to buildings built before the RT 2012 regulation, the following indicators were used:

- the estimated average energy consumption of 144 kWhPE / m² / year of housing in France built since 1 January, 2013 (and thus complying with the RT 2012 regulation), based on the DPEs reported at the Ademe observatory¹,
- the estimated average energy consumption of 277 kWhPE / m² / year of housing built before 31 December 2012 in France, based on the DPEs reported in the Ademe observatory¹,
- the average habitable surface area of social housing indicated by the Ministry of Ecological Transition and Territorial Cohesion - 2019 Assessment on Supported Housing²,
- The electricity emission factor for France is the average "électricité France" mix corresponding to the breakdown of the different primary energy sources used to produce electricity consumed in France. It is estimated by Ademe at 81 gCO₂/kWh³.

Limitation of interpretation and analysis:

Not all the data on the energy performance of residential housing in the country is accessible because not all dwellings have been subjected to an energy performance diagnosis (DPE). The reliability of DPEs can sometimes be questioned and the average consumption of dwellings in the country is estimated on the basis of available data. Today, however, the brakes tend to be lifted with the development of the sector and more robust measuring techniques.

Moreover, in a context of volatile energy prices and disparities in costs depending on the heat source used, the differential in energy consumption in monetary terms (i.e. in euros saved by tenants on their energy bill) may vary from one period to another.

However, if the method used does not allow the reduction in energy consumption to be measured to the nearest kWh, the results provide an order of magnitude of the impact of the energy performance of the housing of low-rent housing organisations on the objectives set out in the country's energy-climate policy.

This indicator does not take into account Overseas France.

Theoretical rent or space differential

The indicator on the rent differential between social and private housing is calculated by means of the following data:

- RPLS 2018 data for social housing²
- Clameur 2019 data for private housing.

Limitations of interpretation and analysis:

Due to the comprehensive approach, the indicators do not take into account the characteristics of the housing stock of organisations and the private sector (type and quality of building, services, comfort features, location in the country, etc.), which influence the cost of housing (rents and charges), but also the occupants' level of satisfaction.

This indicator does not take into account Overseas France.

Gain in purchasing power on the price of energy

The French Commissioner General for Sustainable Development estimates that, for the residential market in France, the average price incl. tax is:

- of natural gas is €82/MWh GCV⁴
- of electricity is €178/MWh⁵.

This indicator does not take into account Overseas France.

¹<https://www.observatoire-dpe.fr/>

²http://www.financement-logement-social.logement.gouv.fr/IMG/pdf/bilan_2019_des_logements_aides_v13_pdf_cle5c3a11.pdf

³<https://www.bilans-ges.ademe.fr/static/documents/%5bBase%20Carbone%5d%20Documentation%20g%C3%A9n%C3%A9rale%20v11.0.pdf>

⁴<https://www.statistiques.developpement-durable.gouv.fr/prix-du-gaz-naturel-en-france-et-dans-lunion-europeenne-en-2019-0#:~:text=europ%C3%A9enne%20en%202019,Prix%20du%20gaz%20naturel%20en%20France,l'Union%20europ%C3%A9enne%20en%202019&text=En%202019%2C%20le%20prix%20moyen,6%20%25%20par%20rapport%20C3%A0%202018>

⁵https://www.ecologie.gouv.fr/sites/default/files/datalab_essentiel_217_prix_electricite_france_ue_2019_juin2020.pdf

GLOSSARY

A

Ademe: Agency for the Environment and Energy Management
APL: Personalised Housing Aid

C

CCH: Building and Housing Code
Clameur: Private rental observatory whose names translates as “Knowing the Rents and Analysing the Markets in Urban and Rural Spaces”

D

DPE: Energy Performance Diagnosis
DROM: Overseas Departments and Regions (Overseas France)

G

GBP: *Green Bond Principles*

H

HLM: Social Housing

I

ICMA: *International Capital Market Association*

K

kWhPE/m²/year: Kilowatt hour of primary energy, per m² and per year

P

BP: Basis Point
GCV: Gross Calorific Value
PEEC: Employers' Participation in the Construction Effort
PLAI: Integration Rental Loan
PLS: Social Rental Loan
PLUS: Rental Loan for Social Use

R

RPLS: Social Rental Housing Directory



S

SBP: *Social Bond Principles*
Siren: Business Directory Identification System

V

VEFA: Sale in Future State of Completion



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