

# Unédic

## Rating report

### Rating rationale and Outlook

The AA-/Stable rating of "Union nationale interprofessionnelle pour l'emploi dans l'industrie et le commerce" ('Unédic', or 'the organisation') is aligned with the long-term ratings of its public sponsor, the French Republic (France, AA-/Stable).

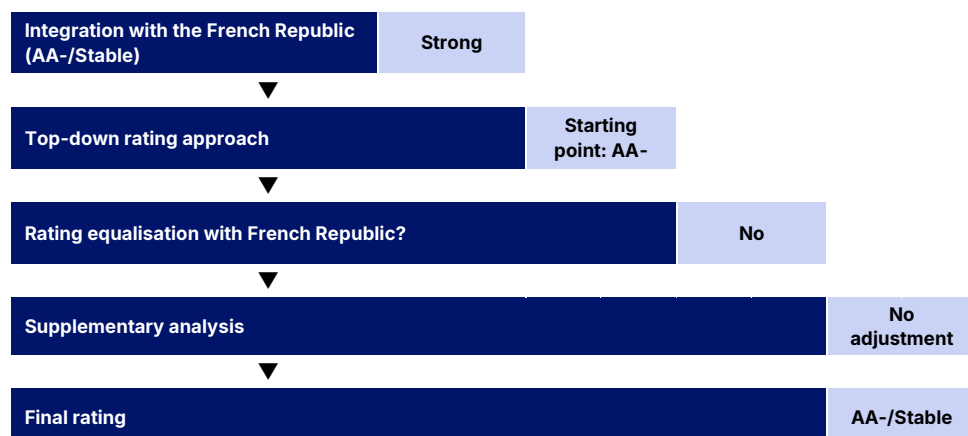
This rating of Unédic reflects:

- i) **High integration with its public sponsor.** The social partners independently manage via Unédic the unemployment insurance scheme for private sector workers. However, the government retains a highly strategic role through the negotiation framework, the tri-partite agreement with France Travail, and the sovereign guarantee framework. Unédic belongs to social protection bodies and its debt is consolidated into that of the government.
- ii) **Crucial role as a government-related entity (GRE).** Unédic's mandate is to manage the private-sector unemployment insurance scheme. The contribution-based system is governed by law and the mandate includes the financing of replacement income and the implementation of the regulations related to compensation rules. The government bears the ultimate responsibility of Unédic's liabilities given its high strategic importance.
- iii) **Material financial interdependencies with its public sponsor.** Unédic has access to highly protected public resources financing France's welfare system. It also benefits from the guarantee extended by the sovereign on its bond issuances.

We further acknowledge Unédic's strong standalone fundamentals, supported by favourable business and financial risk profiles. These include a robust funding model with earmarked and predictable revenue streams, as well as conservative debt management practices, reflected in moderate funding costs and access to liquidity support mechanisms, if ever needed.

Conversely, we recognise the challenges Unédic faces, which relate primarily to a high sensitivity to domestic economic and financial conditions, as well as pressure on its revenues to support employment policies, that may leave outstanding debt durably above pre Covid-19 levels.

Figure 1: Scope's rating approach for Unédic



Source: Scope Ratings.

### Foreign currency

Long-term issuer rating/Outlook

AA-/Stable

Senior unsecured debt

AA-/Stable

Short-term issuer rating/Outlook

S-1+/Stable

### Local currency

Long-term issuer rating/Outlook

AA-/Stable

Senior unsecured debt

AA-/Stable

Short-term issuer rating/Outlook

S-1+/Stable

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### Credit strengths and challenges

Credit strengths	Credit challenges
<ul style="list-style-type: none"> <li>Strategic importance to France</li> <li>Sovereign guarantee on long-term funding programme</li> <li>Large, resilient, and predictable revenues</li> <li>Favourable business and financial profiles</li> </ul>	<ul style="list-style-type: none"> <li>Significant exposure to economic and financial conditions of the French economy</li> <li>Pressures on resources to support the government’s employment policies</li> </ul>

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### Outlook and rating triggers

The Stable Outlook on Unédic’s long-term ratings reflects the balanced risks associated with France’s credit profile, as captured by the Stable Outlook assigned to the sovereign’s AA- ratings.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> <li>Positive rating action on France</li> </ul>	<ul style="list-style-type: none"> <li>Negative rating action on France</li> <li>Change in the legal framework weakening relations with the public sponsor</li> <li>Significant and sustained deterioration of the business and/or financial risk profile</li> <li>Significant increase in the share of non-guaranteed debt in total debt</li> </ul>

Figure 2: Rating history



Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

## 1. Integration with the government and rating approach

Established in 1958, Unédic is a non-profit organisation mandated by the French State to manage the private-sector unemployment insurance system on behalf of social partners. The organisation plays a critical role in France's welfare system by implementing the compulsory insurance scheme through two main operators, respectively in charge of collecting mandatory contributions<sup>1</sup> (Urssaf Caisse Nationale) and of registering, paying replacement income and accompanying jobseekers (France Travail, France Compétences). Unédic is a Government Related Entity (GRE) operating on behalf of the French Republic (AA-/Stable). As such, we assess its creditworthiness via our [GRE Rating Methodology](#).

Non-profit organisation managing the private-sector unemployment insurance scheme

### 1.1 Rating equalisation

Unédic's public sponsor, the French Republic, provides an explicit guarantee<sup>2</sup> on its long-term bond issuances that is included in the finance bill. However, we do not apply the equalisation factor as less than 75% of Unédic's outstanding debt stock is guaranteed.

No equalisation with the French Republic

### 1.2 Top-Down approach

In evaluating the credit quality of Unédic, we employ a top-down approach anchored to the French Republic. The significant ties between Unédic and its public sponsor are supported by key criteria (see Appendix I, Scorecard 1):

High integration with the French Republic

- Legal status:** Unédic is a private-law, non-profit organisation governed by provisions of the non-profit associations Act of 1 July 1901 and by the provisions of the French labour code. It is subject to the rehabilitation and court order liquidation proceedings. Relations between the French government, Unédic and France Travail are regulated by a tri-partite agreement. Unédic is part of social protection bodies, and its financial debt is consolidated into that of the general government, within social security funds.
- Purpose and activities:** Unédic's mandate is to manage the unemployment insurance system for private sector workers on behalf of the social partners. It plays a critical role by: i) securing the payment of replacement income to jobseekers based on mandatory labour force contributions and on the general social contribution (Contribution Sociale Généralisée, CSG) collected by operators (Urssaf Caisse Nationale, Caisse Générale de Sécurité Sociale); ii) providing legal analysis to social partners negotiating unemployment insurance conventions, transposing the rules into the law, and supervising their implementation; and iii) contributing to strategic decision-making and public debate through independent studies. As per the law, Unédic contributes also to the financing of France Travail by channelling 11% of its revenues<sup>3</sup> to ensure the functioning of the public operator in charge of registering, paying replacement income and accompanying jobseekers. Unédic finances supplementary pension points for jobseekers, and one-third of the compensation paid to employers for partial activity.
- Financial interdependencies:** Unédic's revenues are approved by the government and parliament through the budget and social security finance act. Its revenues are primarily derived from compulsory contributions paid by private sector employers and some public sector employers, as well as CSG on activity income. Unédic delegates to Urssaf Caisse Nationale and other entities the collection of mandatory social contributions paid by employees, and to France Travail the payment of benefits and allowances to jobseekers. Unédic also receives contributions collected by the tax administration on capital income.
- Unédic benefits from an explicit guarantee from the French Republic on its long-term bond issuance programme. The organisation requests this guarantee annually, with the amount determined by the size of its funding programme. The request is reviewed by the government and approved by the parliament as part of the budget. If funding needs

<sup>1</sup> Unemployment insurance scheme is regulated by the articles L. 5422 of the French Labour Code.

<sup>2</sup> First demand, unconditional and irrevocable guarantee from the French State.

<sup>3</sup> Revenues for the year N-2, as agreed under the 2024-27 tripartite agreement between the State, Unédic and France Travail.

increase over the year, Unédic can request additional provisions in the supplementary budget act. Conversely, the government can reduce the amount of the guarantee, if funding requirements are lower than estimated.

Applying a top-down approach, we evaluate two main factors: i) the support and oversight from the public sponsor to sustain the entity's operations, assessed as 'high'; and ii) the likelihood of financial assistance in exceptional circumstances, assessed as 'high'. Our assessment results in an alignment of ratings with the AA- ratings for the French Republic (see Appendix I, Scorecard 2).

Unédic's ratings aligned with the French Republic's ratings

### 1.3 Control and regular support

We evaluate the level of government control in Unédic's decision-making process as 'high'. Although social partners independently manage Unédic, the French government retains significant influence via the definition of the negotiation framework and the approval of the unemployment insurance conventions. The role of the State in negotiations was strengthened by the 2018 reform of the unemployment insurance scheme. For each negotiation cycle between social partners, which occur every two to three years, the Prime Minister defines ex-ante the financial and/or reform targets that the negotiations must meet.<sup>4</sup> The Prime Minister then approves the agreement reached by social partners to make it effective and enforceable.<sup>5</sup>

Strategic and direct control over Unédic's activities

Should social partners fail to reach an agreement, the government can take control of the unemployment insurance through decree, ensuring continuity in the levy of contributions and the payments of replacement income. In case of significant gaps between projections at the time of the negotiations and Unédic's financial position, the government can also revise the framework over its implementation period. Moreover, the government's socio-economic policies can materially impact Unédic's financial position. This relates, for example, to the reform of France Travail under the Full Employment Act of December 2023, and the automatic registration of RSA<sup>6</sup> claimants with France Travail since January 2025.

The French government is represented on Unédic's board of directors through a general economic and financial controller (on a consultative basis). Unédic is supervised by the Court of Auditors (*Cour des comptes*), General Financial Inspectorate (*Inspection générale des finances*), General Social Affairs Inspectorate (*Inspection générale des affaires sociales*), and the parliament. Public operators to which Unédic delegates its missions are under the supervision of the Ministry of Economy and Finance, the Ministry for Solidarity and Health (Urssaf Caisse Nationale), as well as the Ministry of Labour (France Travail). Overall, this points to a strong oversight from the French Republic on Unédic's operational and strategic decision-making process.

We assess the government's influence on Unédic's key personnel and governing bodies as 'limited'. Unédic is exclusively governed and managed by social partners. The board of directors and the executive committee gather an equal number of representatives of trade unions and employers' organisations (paritarian bodies). Unédic's chair is appointed for a period of two years by representatives of employees and employers.

Governed and managed by social partners

We assess the evidence of financial support from the public sponsor for Unédic's activities as 'high'. The French Republic provides an explicit guarantee<sup>7</sup> on the long-term bond issuances based on a framework defined and controlled by the parliament and Ministry of Finance. Although the annual ceilings of funding programmes are defined by the board of directors, the amount of the guarantee on long-term bond issuances is included in the budget and effective after the decree published by the Ministry of Finance. In addition, Unédic benefits from direct funding support channelled by operators in charge of levying mandatory contributions.

Long-term liabilities guaranteed by the French Republic

<sup>4</sup> It includes delays for the negotiations, macroeconomic assumptions, provisional CSG contributions, and deleveraging objectives.

<sup>5</sup> On 19 December 2024, the Prime Minister endorsed the framework agreed by social partners on 15 November 2024.

<sup>6</sup> Revenu de Solidarité Active is a social welfare benefit guaranteeing a minimum income.

<sup>7</sup> As the article 213-15 of the Monetary and Financial Code prohibits the issuance of debt securities by a private-law association, the finance law of 30 December 2014 introduced an exception for bond issuances of Unédic that benefit from the sovereign guarantee.

## 1.4 Likelihood of exceptional support

We assess the strategic importance of Unédic for the French Republic as 'high'. Unédic occupies a highly strategic position within the French welfare system as the sole manager of the private-sector unemployment insurance scheme. It limits the impact of economic cycles on the labour force, acting as a shock absorber, while supporting the French government's key socio-economic policy objectives, primarily around employment policies.

Preeminent GRE, with pivotal role in France's welfare state

Its preeminent countercyclical role was further affirmed during the Covid-19 pandemic as the key implementing partner of the government's partial activity scheme, in charge of financing a third of associated costs. In 2020, Unédic supported 11 million employees and 3 million corporates, paying out EUR 35bn of benefits and injecting EUR 18bn into the economy. As of end-2023, Unédic provided insurance to 6.2 million jobseekers, among which 2.7 million were eligible to receive unemployment benefits.

We evaluate the substitution difficulty for Unédic as 'high'. Unédic operates in a highly regulated environment that reflects the compulsory nature of the unemployment insurance scheme. The organisation has a long-track record and unique understanding of the labour market as managed by social partners.

Unique track record and expertise to implement government's policy

Moreover, the organisation works in conjunction with a network of local entities (*instances paritaires régionales*), ensuring the implementation of regulations and participating in the analysis of local labour markets, as well as the 896 branches of France Travail operating across the country. Unédic also works in close cooperation with other public sector entities, among which social security stakeholders, ministerial departments, as well as research and statistical bodies. Overall, Unédic's highly strategic mandate, paritarian management, unique expertise and position in France's welfare state limit any potential substitution.

We evaluate the implications of a hypothetical default by Unédic as 'high'. The unemployment insurance scheme constitutes one of the main automatic stabilizers within France's welfare state. A hypothetical default would have material implications for the French Republic given its explicit guarantee on Unédic's long-term bond issuances.

Material implications in case of a hypothetical default

Such an event would cause severe damage to the French government and public sector agencies' ability to access capital markets and would have severe social and political implications. As such, timely and adequate support is expected from Unédic's public sponsor, in the unlikely scenario of financial distress.

## 2. Standalone fundamentals

We conduct a supplementary analysis assessing Unédic's standalone fundamentals, including its business and financial risk profiles. The additional analysis has no impact on the analysis of Unédic's creditworthiness, resulting in final ratings of AA-, aligned with that of the French Republic.

Robust financial profile, high exposure to domestic economy

The business risk profile is characterised by a large and resilient revenue base that is regulated and protected by law. Multi-year orientations included by the French government in the framework agreement negotiated by social partners support revenue predictability. Unédic's financial risk profile benefits from moderate funding costs based on its excellent market access underpinned by the sovereign guarantee, as well as conservative financial and debt management practices.

However, the financial risk profile is highly sensitive to domestic economic and financial conditions, as well as, to a lower extent, regulatory changes. France's challenging economic and fiscal outlook, and the government's decision to channel a significant share of revenues to employment policies, while amending the social levies on activity income, are downside risks on Unédic's targeted deleveraging.

**Business risk profile**

Unédic’s revenue base is highly protected by law<sup>8</sup> as any change requires a finance law to be prepared by the government and approved by the parliament. Any modification of the revenue base has so far been fully compensated. In 2018, the removal of the employee insurance contributions was offset by the allocation of 1.47% of the CSG levied on activity income, enabling revenues to remain on an upward trajectory.

Highly protected resources financing France’s welfare state

Furthermore, the stability of revenue streams is anchored by the negotiation framework defined by the Prime Minister and the tri-partite agreement signed by the government, Unédic and France Travail. In April 2024, the government, Unédic and France Travail agreed that the State subsidy allocated to France Travail will be maintained at EUR 1.35bn by 2027. The agreement also provides that Unédic’s contribution to the financing of France Travail will remain stable from 2025 onwards, representing 11% of its revenues. Overall, this supports the predictability of revenues, which have increased from less than EUR 39.1bn in 2019 to EUR 43.8bn in 2023.

Revenues pressured by economic conditions, regulatory changes

However, the government will no longer fully compensate Unédic for changes in the revenue base, driving the decoupling between payroll and revenues. The 1.47% of CSG levied on income activity by 2026<sup>9</sup>, as per the August 2023 negotiation framework defined by the Prime Minister and the November 2024 insurance convention, is projected by Unédic to be insufficient to fully offset the suppression of the unemployment insurance contributions since 2019. This relates primarily to the change in social charges and contributions paid by independent workers effective January 2025, lowering the portion of CSG allocated to Unédic by EUR 800m in 2026 and EUR 400m in 2027.

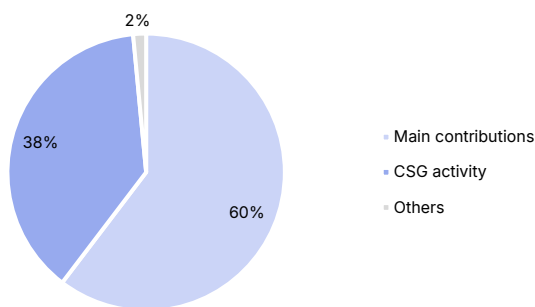
Moreover, the government decided to reduce the compensation of the unemployment insurance contributions over 2023-26 by allocating EUR 12.05bn of Unédic’s revenues to France Travail and France Compétences. Those State levies, supporting employment policy, are projected to increase from EUR 2.0bn in 2023, to EUR 2.6bn in 2024, EUR 3.4bn in 2025, and EUR 4.1bn in 2026.

Accounting for those regulatory changes, Unédic projects its revenues to decline from EUR 45.2bn in 2024 to EUR 44.4bn in 2026. Revenues are then projected to rise to EUR 49.8bn in 2027, but no State levy is planned to date, which would otherwise lower total receipts by an estimated EUR 3bn.

Unédic’s revenues (**Figure 3**) primarily consist of main contributions (EUR 26.7bn in 2023, 60% of total) and a portion of the CSG levied on activity income (EUR 16.8bn, 38%). As per the 2025 budget, the CSG allocated to Unédic is projected at EUR 17.6bn, against an estimated EUR 17.2bn in 2024, or 16% of the EUR 110bn to be generated by the CSG in 2025. Other resources include contributions collected by the tax administration on capital income.

**Figure 3: Revenues**

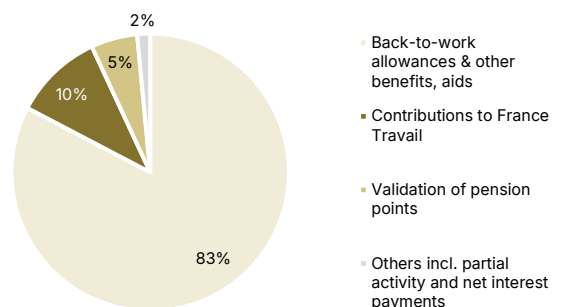
2023, % of total



Note: excluding State levy of EUR 2.0bn in 2023. Source: Unédic, Scope Ratings

**Figure 4: Expenditures**

2023, % of total



Source: Unédic, Scope Ratings

<sup>8</sup> The share of CSG allocated to Unédic is not enshrined in the labour code, social security code, or the programming finance law.  
<sup>9</sup> Unchanged since 2019. [Social security finance law for 2025](#).

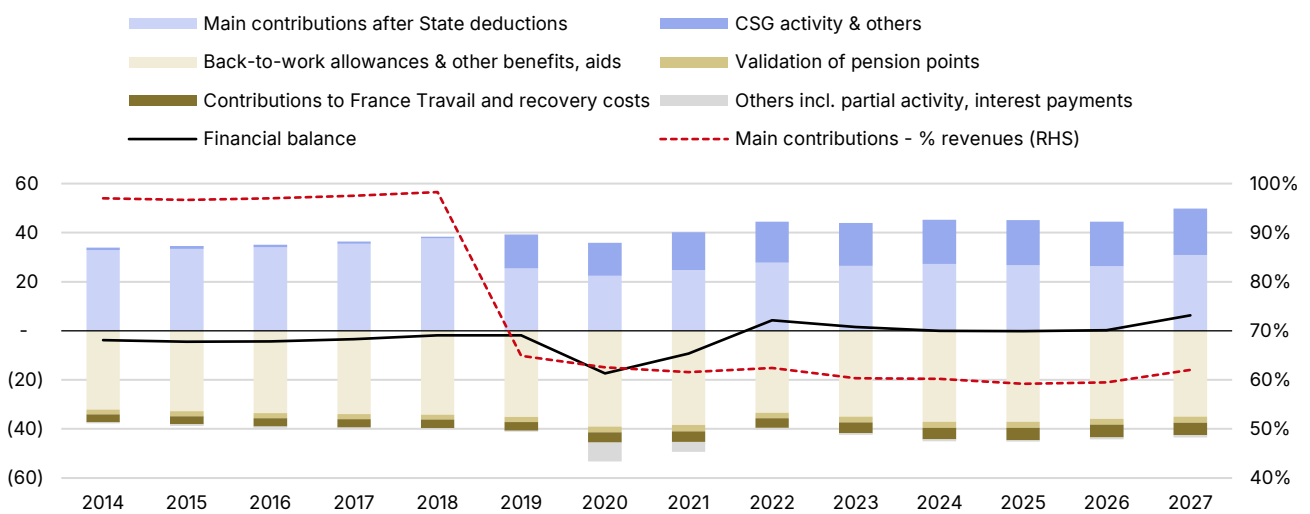
Unédic’s expenditures (**Figure 4**) consist mainly of back-to-work allowances, other benefits and aids (EUR 35.0bn, 82.7% of total), followed by the contributions paid to France Travail (EUR 4.3bn, 10.4%), and validation of pension points (EUR 2.4bn, 5.4%). Expenditures related to furlough programme transfers are marginal (EUR 103m, 0.2%) and other expenses are modest (EUR 535m, 1.3%).

The sluggish economic outlook is expected to maintain upwards pressure on the back-to-work allowances and other benefits. The number of jobseekers increased by +1.7% QoQ in Q4 2024 and the unemployment rate is projected to remain stable at 7.5% by 2027. The government could also raise Unédic’s contribution to France Travail, from 11% of revenues currently to 12% or 13%.

Expenditures highly exposed to cyclical downturns

**Figure 5: Financial balance, revenues and expenditures**

EUR bn, %



Note 1: State deductions refer to payments made by Unédic to finance operations of France Travail and France Compétences. No State levy is assumed in 2027.  
 Note 2: Unédic’s estimates for 2024 and projections between 2025 and 2027. Source: Unédic, Scope Ratings

Although Unédic aims to balance its budget through the cycle, it recorded deficits between 2014 and 2019, of EUR 3.3bn on average (**Figure 5**). Over that period, economic and financial conditions were relatively favourable, with the unemployment rate declining from 10% in 2014 to 8% in 2019, alongside GDP growth of 1.5% on average and low interest rates.

Modest surplus challenged by growing pressure on revenues

In 2020, the deficit widened to EUR 17.4bn due to the impact of the Covid-19 pandemic. However, its financial position improved materially in subsequent years with a surplus of EUR 4.3bn in 2022 and EUR 1.5bn in 2023. This recovery was driven by the post-pandemic economic rebound and very strong employment growth over the period, which drove dynamic social contributions inflows.

After a sharp decline in 2024 (balance estimated at nil), Unédic expects its net income to remain stable over the next two years (EUR -0.2bn in 2025, EUR 0.2bn in 2026). These forecasts represent a negative revision from October 2024 estimates to account for a more challenging economic and labour market outlook, driving higher replacement income to be paid. The lagged effect of higher rates on the interest burden and inflation on the revalorisation of benefits also weigh on these projections.

The regulatory changes also contribute to less favourable projections, though the negative impact will be mitigated by the ramp-up of the 2021-23 unemployment insurance reforms that introduced tighter eligibility conditions, and by the gradual implementation of the 2024 insurance convention.

Unédic projects a surplus of EUR 6.3bn in 2027, assuming no State levy in 2027. Overall, this highlights Unédic’s very high sensitivity of its financial balance to domestic economic and financial conditions, in line with its public mandate, and to government regulatory changes supporting employment policies.

**Financial risk profile**

Unédic’s net financial debt (EUR 59.3bn as of end-2023) consists of debt securities (EUR 48.7bn, 72% of total) and other loans and borrowings (EUR 14.3bn), less cash and cash equivalents (EUR 3.7bn). After the Covid-19 pandemic, financial surpluses enabled Unédic to lower its borrowing needs and to repay part of its debt (EUR 4.1bn in 2022, EUR 3.8bn in 2023), following the historical highs reached in 2020 (EUR 54.6bn, up from EUR 36.8bn in 2019). Unédic projects net financial debt to decline steadily from a peak of EUR 63.6bn in 2021 to EUR 59.3bn in 2026 and EUR 53.0bn by 2027, assuming no State levy in 2027.

Financial debt reached historical highs during Covid-19 pandemic

The negotiation framework defined in August 2023 by the Prime Minister planned to allocate the bulk of financial surpluses projected between 2024 and 2026 to deleveraging, with the objective to halve the level of net debt between end-2022 and 2026.<sup>10</sup>

Deleveraging challenged by regulatory changes

However, this objective is undermined by the government decision to no longer fully compensate Unédic for the suppression of unemployment insurance contributions, primarily by channelling EUR 12.05bn over 2023-26 to France Travail and France Compétences and by revising the tax base of independent workers. The downward debt trajectory is more uncertain and will mainly depend on lower expenditures, which is conditional upon a sustained period of more favourable economic and financial conditions, alongside the ramp-up of previous reforms (pensions, apprenticeship).

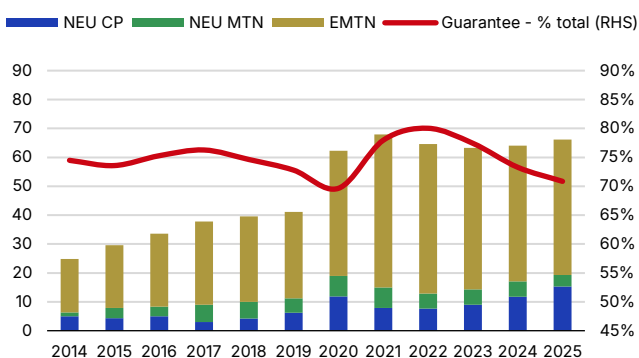
Deleveraging is also challenged by higher rates, with an additional cost estimated at around EUR 1bn between 2023 and 2027. Net interest payments are projected to steadily increase from EUR 214m in 2021 to EUR 800m in 2027, against EUR 408m on average over 2014-19. Although Unédic maintained net interest payments to less than 1% of revenues between 2019 and 2022, payments are projected to average 1.3% over 2023-27. Even so, upward pressures are likely to be contained by excellent market access and prudent financial management.

Interest burden anchored by prudent financial management

Unédic borrows exclusively at fixed rates and in euros. After the Covid-19 pandemic, it continued to lengthen the average maturity of its medium- and long-term debt (from less than 2 years in 2011 to almost 6 years in 2023) to ensure that bond repayments account for less than 10% of revenues. The organisation is likely to further lengthen its average debt maturity given elevated financial debt and higher funding programmes (Figure 6).

**Figure 6: Gross financial debt**

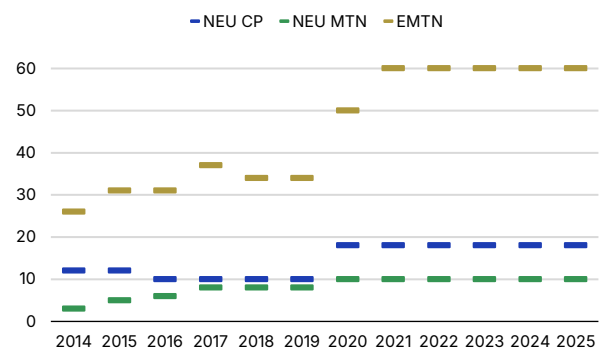
EUR bn (LHS), % of total (RHS)



Note: NEU CP refers to borrowings from credit institutions.  
Source: Unédic, Scope Ratings

**Figure 7: Borrowing authorisations**

EUR bn



Source: Unédic, Scope Ratings

Unédic benefits from an explicit guarantee from the French Republic on outstanding debt securities issued under its EMTN programme (EUR 46.9bn). As of end-January 2025, 71% of financial debt was explicitly guaranteed, against 75% on average since 2014. Other liabilities (NEU CP, EUR 15.3bn outstanding, and NEU MTN, EUR 4.0bn) do not benefit from an explicit sovereign guarantee,

75% of financial debt explicitly guaranteed by the sovereign

<sup>10</sup> Arrêté du 19 décembre 2024 portant agrément de la convention du 15 novembre 2024.



but Unédic’s highly strategic importance underpins our expectation that the government would provide financial support for the entire debt stock, if ever needed.

Funding programmes (EMTN with a maximum of EUR 60bn in 2024, NEU MTN of EUR 10bn, and NEU CP of EUR 18bn) are primarily determined by economic and financial conditions. Since 2014, the headroom between borrowing authorisation and outstanding debt was maintained at EUR 20bn on average, reflecting prudent financial management given a high sensitivity to potential economic downturns. Each bond issuance is capped at EUR 4bn to mitigate refinancing risks at maturity.

In response to the Covid-19 pandemic, the borrowing authorisations of the EMTN and NEU CP programmes were raised significantly via the increase in the programme ceilings: from EUR 34bn to EUR 60bn for the EMTN programme, and from EUR 10bn to EUR 18bn for the NEU CP (**Figure 7**).

Bond issuance to remain above pre-Covid-19 average

While the outstanding EMTN debt reached a high of EUR 53.3bn in autumn 2021, it has decreased to EUR 43.9bn at the end of February 2025. The NEU CP programme outstanding increased to EUR 18.0bn in May 2020 to finance emergency measures during the first lockdown, and it decreased to EUR 5.9bn in the autumn of 2023 before increasing again to EUR 16.0bn at the end of February 2025 due to the State's levy on Unédic's revenues as well as insufficient State guarantee amounts in 2023 and 2024 to meet Unédic's financing needs. The NEU MTN programme saw its outstanding amount decrease from EUR 7.1bn at the end of 2021 to EUR 4bn at the end of February 2025, with a stable ceiling of EUR 10bn over the period.

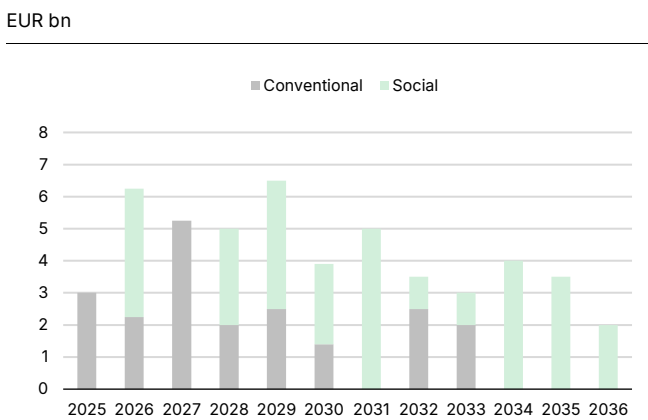
For the coming years, Unédic's financing plans could amount to an average of EUR 6bn per year, mainly due to the repayment, from 2026, of debt maturities issued to finance the needs related to the Covid-19 crisis in 2020 and 2021 (**Figure 8**) and a strategy to reduce the outstanding short-term NEU CP debt.

The sovereign guarantee on the 2025 funding programme amounts to EUR 4bn<sup>11</sup>, against EMTN social bond issuances of EUR 1bn each year between 2022 and 2024. The NEU CP programme is used to cover short-term cashflow needs, but acts also as an adjustment variable between gross financing needs and the size of the sovereign guarantee authorized by the Ministry of Finance. The share of NEU CP in financial debt has increased to 23% in January 2025, above the peak reached in 2020 (19%) and its pre-Covid-19 average (14%).

Funding conditions are favourable relative to the sovereign given the guarantee framework. A 0% risk weighting and HQLA level 1 status underpin Unédic's access to ample liquidity and a diversified investor base.

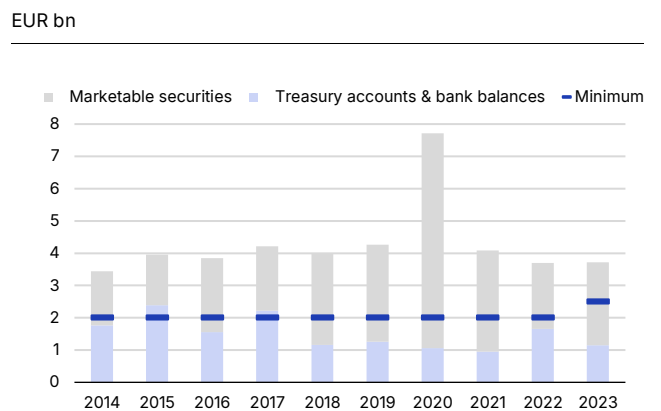
Moderate funding costs, anchored by the guarantee framework

**Figure 8: Bond distribution**



Source: Unédic, Bloomberg, Scope Ratings

**Figure 9: Cash and cash equivalents**



Source: Unédic, Scope Ratings

<sup>11</sup> Article 52 of the 2025 finance law.

Unédic maintains a strong liquidity position. As of end-2023, cash and cash equivalents amounted to EUR 3.7bn, among which EUR 2.56bn of marketable securities and EUR 1.16bn held on French Treasury accounts and bank balances (**Figure 9**).

Internal guidelines set minimum liquidity buffers to be maintained at EUR 2.5bn from 2023 onwards, up from a previous EUR 2bn, and monitored daily in line with projected disbursements. The buffers account for more than 100% of long-term government-guaranteed bonds and medium-term bonds maturing over the next ten calendar days, and 50% of short-term debt maturing over that period.

Unédic's cash is invested according to strict rules and in a selection of liquid assets consisting mainly of collective investment schemes (SICAVs), in particular money market funds with an SRI label, and a Treasury account.

Strong liquidity anchored by prudent guidelines

### 3. Environmental, social and governance factors (ESG)

Unédic introduced in May 2020 its social bond framework that is in line with Social Bonds Principles of the International Capital Market Association. All the medium- to long-term funding programme was executed between 2022 and 2024 through social bonds.

Eligible expenditures are defined by the governance of the unemployment insurance scheme. A social bond committee is responsible for the governance of the framework, the allocation of proceeds, and the approval of the allocation and impact reports.

Leading issuer of social bonds, in line with Unédic's mandate

Social bonds are in line with Unédic's public mandate to support employment against poverty and exclusion. The insurance scheme contributes also to mitigate inequalities by better compensating the loss of lower salary employees than it does for those on higher salaries. On this basis, Unédic contributes to achieving France's sustainable development goals and 2030 agenda.

## Appendix 1. Qualitative scorecards (QS1 & QS2)

### Qualitative Scorecard 1: 'Top-Down' approach

Analytical Component	Score	Rationale
Legal status (40%)	Medium (50)	Unédic is a private-law, non-profit organisation regulated by the French Monetary and Financial Code, and subject to the rehabilitation and court order liquidation proceedings. It is part of social protection bodies, and its financial debt is consolidated into that of the general government.
Purpose and activities (20%)	High (100)	Unédic has a highly strategic role by managing the unemployment insurance scheme for private sector workers, contributing to the financing of France Travail, and financing supplementary pension points for jobseekers.
Shareholder structure (20%)	N/A	Unédic does not have an ownership structure.
Financial interdependencies (20%)	High (100)	Unédic has access to highly protected resources financing social protection, which are approved by the government and parliament. It receives also social contributions levied on capital income. Long-term bond issuance programme benefits from an explicit sovereign guarantee.
<b>Rating Approach</b>		<b>Top-Down</b>

Source: Scope Ratings

### Qualitative Scorecard 2: Integration with the public sponsor

	Assessment	Analytical component	Score	Rationale
Control and regular support	High	Strategic and operational decision-making	High (100)	The social partners independently manage the private insurance scheme, but the government retains a highly strategic role via the negotiation framework and specific measures implemented by decree. The parliament monitors the situation of the unemployment insurance scheme.
		Key personnel, governing & oversight bodies	Limited (1)	Unédic is exclusively governed and managed by social partners through representatives of trade unions and employers' organisations. Unédic's chair is appointed by representatives from employees and employers.
		Evidence of financial support	High (100)	The French Republic provides an explicit guarantee on Unédic's long-term bond issuance programme, that is included in the budget. It benefits also from direct funding support through regular and predictable transfers from operators in charge of collecting mandatory contributions and taxes.
Likelihood of exceptional support	High	Strategic importance	High (100)	Unédic has a highly strategic importance in social protection by delivering on behalf of the State a countercyclical policy mitigating the impact of economic cycles on the labour force.
		Substitution difficulty	High (100)	Unédic is a non-profit organisation evolving in a highly regulated environment, which reflects the compulsory nature of the unemployment insurance scheme. It has a long-track record and unique understanding of the labour market as managed by social partners.
		Default implications	High (100)	As the unemployment insurance scheme managed by Unédic acts as an economic and social shock-absorber, a hypothetical default would have material implications for the French Republic and other public agencies.
<b>Indicative Notching</b>			<b>0-1</b>	

Source: Scope Ratings

## Appendix 2. Balance sheet and income statement summary

	2019	2020	2021	2022	2023
<b>Income statement summary (EUR m)</b>					
Main contributions and other funding (including CSG)	38,666	36,089	39,762	42,986	43,383
Specific contributions	439	430	571	362	558
Other products	428	383	705	1,532	308
<b>Total technical income</b>	<b>39,533</b>	<b>36,902</b>	<b>41,038</b>	<b>44,880</b>	<b>44,249</b>
ARE	-31,550	-35,616	-33,644	-29,517	-31,102
Other allocation	-2,480	-2,769	-3,302	-2,764	-3,031
Outplacement assistance	-765	-617	-677	-745	-819
Validation of pension points	-2,105	-2,680	-2,449	-2,229	-2,398
Contributions 11% Pôle emploi (France Travail)	-3,521	-4,076	-4,255	-3,924	-4,334
Financing partial activity	-38	-9,049	-2,552	-195	-95
Other expenses	-688	-909	-666	-1,753	-484
<b>Total technical expenses</b>	<b>-41,147</b>	<b>-55,716</b>	<b>-47,545</b>	<b>-41,127</b>	<b>-42,262</b>
Technical management result	-1,614	-18,813	-6,507	3,753	1,988
Administrative management result	-31	-34	-36	-35	-37
Financial result	-334	-315	-303	-299	-413
Exceptional items	12	7	13	12	2
Corporation tax	-3	0	0	-2	-4
<b>Net income</b>	<b>-1,970</b>	<b>-19,155</b>	<b>-6,833</b>	<b>3,430</b>	<b>1,536</b>

<b>Balance sheet summary (EUR m)</b>					
<b>Assets</b>					
Bond redemption premiums	99	107	128	114	97
Deferred expenses	31	56	66	58	51
Prepaid expenses	2	71	71	24	77
Cash and cash equivalents	1,260	1,056	951	1,667	1,160
Marketable securities	3,000	6,658	3,139	2,035	2,563
Receivables	5,126	6,610	6,412	5,374	5,625
Fixed assets	56	47	40	33	33
<b>Total assets</b>	<b>9,574</b>	<b>14,606</b>	<b>10,807</b>	<b>9,306</b>	<b>9,605</b>
<b>Liabilities</b>					
Loans and borrowings	41,292	62,539	67,940	64,618	63,215
<i>Bond issues</i>	30,114	43,612	52,961	51,709	48,947
<i>Other loans and borrowings</i>	11,178	18,927	14,979	12,909	14,268
Other liabilities	5,200	7,995	5,537	4,027	4,235
<b>Total liabilities</b>	<b>46,492</b>	<b>70,534</b>	<b>73,477</b>	<b>68,645</b>	<b>67,449</b>
Net profit	-1,970	-19,155	-6,833	3,430	1,536
Retained loss	-35,228	-37,198	-56,353	-63,186	-59,756
Reserves	1	1	1	1	1
<b>Net position</b>	<b>-37,197</b>	<b>-56,352</b>	<b>-63,185</b>	<b>-59,755</b>	<b>-58,220</b>
Accruals accounts	156	305	398	308	251
<b>Total equity and liabilities</b>	<b>9,574</b>	<b>14,606</b>	<b>10,807</b>	<b>9,306</b>	<b>9,605</b>

Source: Unédic, Scope Ratings

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## Applied methodology

Government Related Entities, 10 December 2024

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