



2018  
CORPORATE SOCIAL RESPONSIBILITY  
REPORT

# FINANCING A SUSTAINABLE FUTURE TOGETHER

**SFIL**  
Supporting local investment  
and export

# About this document...

*This document is a compilation  
of the SFIL Group's CSR best practices.*

*It describes SFIL's priorities and perspectives  
in line with the principles of the United Nations  
Global Compact and the Sustainable  
Development Goals.*

*It is not an exhaustive list  
of the Group's CSR initiatives.*

*SFIL is not subject to the obligation  
to publish CSR non-financial information  
set out in Articles L. 225-102-1 and R. 225-104  
of the French Commercial Code.*

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*François Laugier & Philippe Mills*

## Foreword

*“Our purpose:  
serving a sustainable future together.”*

We are proud to present this first Corporate Social Responsibility report.

In October 2018, we joined the United Nations Global Compact, which encourages companies to adopt ten key principles relating to human rights, labor rights, the environment and anti-corruption. By signing this Compact, SFIL reaffirms its active commitment to harmonious development and sustainable growth in accordance with social and environmental objectives.

This conviction has prompted SFIL to fully incorporate the Sustainable Development Goals into the way it operates, its activities and its corporate culture.

It is with this in mind that we are publishing this first Corporate Social Responsibility report which represents, above all, something that is obvious to all our teams: CSR is part of our purpose and guides us, day after day, in the sustainable and responsible financing of the development of the regions and the French economy.

Since its creation in 2013 as a public development bank, SFIL has adopted a unique governance model with a fully public shareholding structure, stable, high-quality partnerships, and internal policies that promote diversity and employee engagement.

Our public policy missions, geared toward long-term financing of the investments made by French local governments and public hospitals as well as major exports, require us to have a positive but moderate profitability target with controlled risk-taking and a balanced social model.

To ensure our participation in a more sustainable future, we are firmly committed to contributing to the long-term, harmonious development of society with the highest degree of transparency and honesty.

Our goal is to continue to provide innovative solutions in order to meet the challenges facing us in terms of the environment, sustainable financing and social responsibility.

This first report is in line with this objective. It goes without saying that we are excited about pursuing our commitment in 2019.

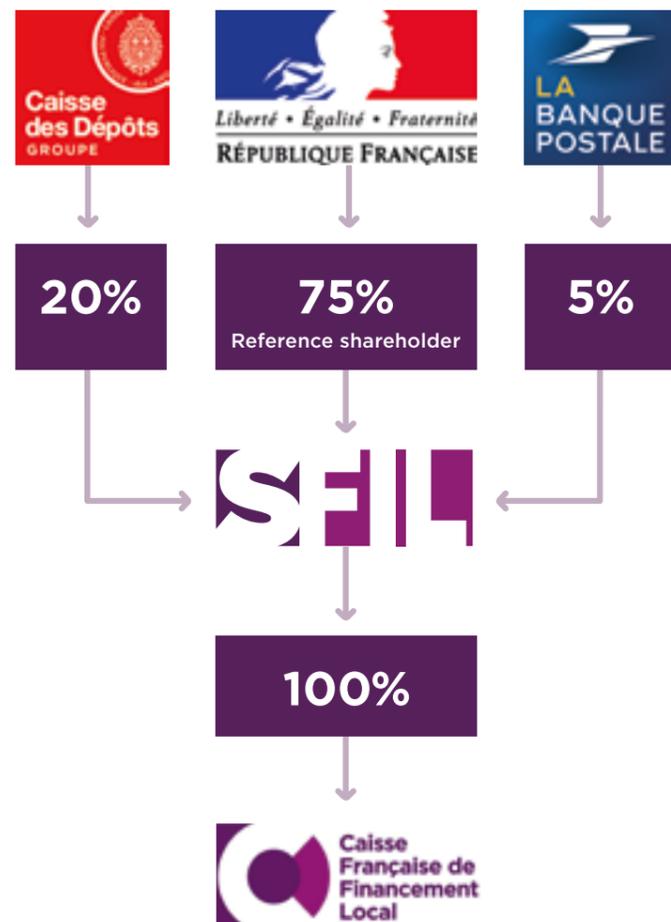
**Philippe Mills** – Chief Executive Officer &  
**François Laugier** – Deputy Chief Executive Officer

# Our identity as a public development bank

*SFIL was authorized as a bank by the Collège de l'Autorité de Contrôle Prudenciel et de Résolution on January 16, 2013.*

## A fully public shareholding structure

Since SFIL's creation, the French government has played a key role by contributing 75% of its capital and providing to the prudential authorities, as principal shareholder, a firm commitment of financial support in line with banking regulations. Caisse des Dépôts et Consignations and La Banque Postale hold 20% and 5% of the company's capital, respectively. This fully public shareholding structure, which will remain so under the project announced in 2018 whereby control of SFIL was assigned to Caisse des Dépôts et Consignations, is one of the characteristics of the public development bank model that SFIL espouses..



*The purpose of a public development bank is not to maximize its profitability or market share, but to carry out public policy missions entrusted by the central, regional and local governments to correct identified market deficiencies while ensuring the conditions for its own viability.*

## Two public policy missions

SFIL's original mission was to provide a **lasting solution to the increasing scarcity of long-term financing for the local public sector**. Since its creation in 2013, SFIL has been one of the key components of the financing scheme for local governments and public health institutions. In 2015, the French government entrusted the SFIL Group with a second public-interest mission that entails refinancing the buyer credit contracts insured by Bpifrance Assurance Export (BPIAE), thereby improving the competitiveness of the large export contracts of French companies.

## A unique model

SFIL's unique method of operation is mainly based on a partnership model.

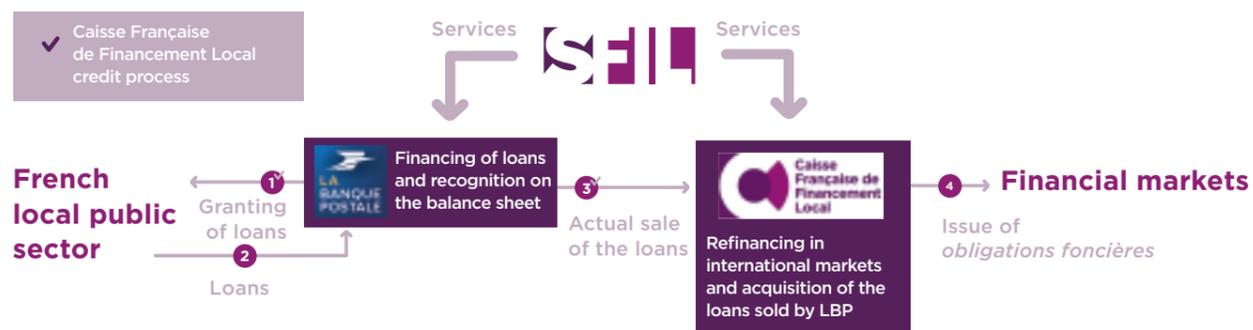
The Group carries out its local public sector financing activity within a strictly defined framework and based on a unique operational scheme with its partner, La Banque Postale. This scheme, implemented after being approved by the European Commission on December 28, 2012, allows the refinancing of loans issued by La Banque Postale to French local governments. To this end, since January 31, 2013 SFIL has

held 100% of the capital of Caisse Française de Financement Local (CAFFIL), its sole subsidiary, a société de crédit foncier governed by Articles L. 513-15 and L. 513-2 of the French Monetary and Financial Code. In this context, SFIL is CAFFIL's servicer and, as part of its management process with CAFFIL, provides full operational management of its subsidiary. SFIL also provides services for La Banque Postale across the medium- and long-term loan issue and management chain, and implements projects required by La Banque Postale.

Since 2015, thanks to its partnership with BPIAE and with 25 commercial banks, SFIL is covering 95% of French export credit market.

FLOW DIAGRAM OF THE LOCAL PUBLIC SECTOR FINANCING SCHEME

In 2018, The SFIL/LBP scheme generated EUR 3.7 billion in loans to the local public sector.



**Governance developed around dialogue with its stakeholders**

Overseen directly by the European Central Bank (ECB) since November 2014 under the Single Supervisory Mechanism, the organization of the Group's governance is subject to an **internal control system** defined by the French Monetary and Financial Code and by the decree of November 3, 2014.

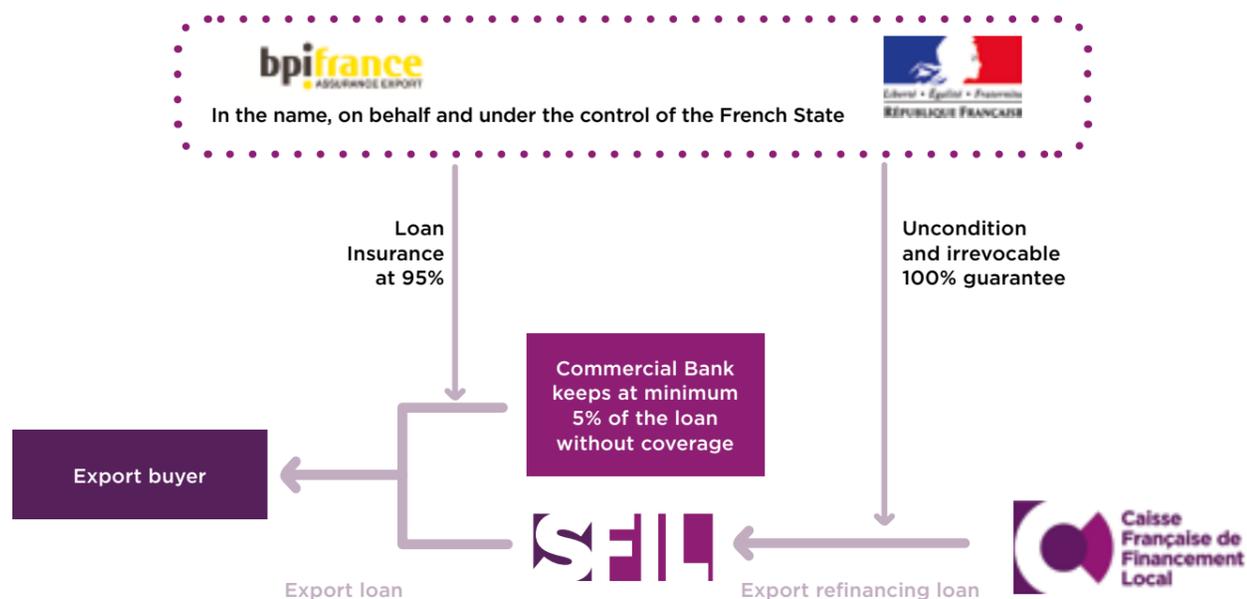
European Banking Authority, and by relying to the AFEP/MEDEF Code in which CSR has been integrated since 2016.

Regular improvements are therefore made to this internal control system by SFIL's management and all its employees, or at the initiative of its Board of Directors.

SFIL structured its governance rules with respect to French regulatory and legal provisions, with reference to provisions or guidance of the

FLOW DIAGRAM OF THE EXPORT CREDIT REFINANCING SCHEME

In 2018, SFIL granted EUR 3.8 billion in loans to French export credit sector.



**Board of Directors**



**15 DIRECTORS**



**6 WOMEN & 9 MEN**



**4 SPECIALIZED COMMITTEES**



**6 BOARD OF DIRECTORS MEETINGS IN 2018**

*Out of fifteen directors, five directors are independent and five directors represent employees. A representative of the Works Council also attends Board meetings, but may not vote during the deliberations.*

**Seperation of the functions of Chairman of the Board of Directors and Chief Executive Officer**

In 2017, in line with the best practices promoted by the banking supervisor, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer.

- One Chair, Ms. Chantal Lory
- One Chief Executive Officer, Mr. Philippe Mills

**Four specialized committees**

Four committees, created by the Board of Directors, are responsible for assisting the Board. The composition of these four committees was reviewed in 2017 in order to increase the proportion represented by independent directors.

- The Risks and Internal Control Committee helps the Board of Directors fulfill its role of overseeing SFIL's business and management. It advises the Board on the definition and implementation of SFIL's general strategy and on its risk appetite, as regards both current and future risks.
- The Financial Statements Committee is responsible for monitoring the financial information preparation process and where applicable making recommendations to ensure its comprehensiveness, for monitoring the financial statements statutory audit work carried out by the Statutory Auditors and for contributing to the oversight of their work.
- The Governance and Appointments Committee prepares decisions on governance and appointments for approval by the Board of Directors. Under the Board's responsibility, it promotes SFIL's strategic reflection on corporate social responsibility (CSR).
- The Compensation Committee prepares decisions on compensation for approval by the Board of Directors, notably those with an impact on the Company's risks and its management thereof.

The members are from the Board of Directors, but do not have a position within the company's management. They are chosen on the basis of their expertise (financial, banking, human resources management and other areas) and their potential contribution to the work of the committee in question.

In addition, the Board incorporates CSR concerns into its functions, day-to-day activities and awareness initiatives by **closely monitoring relevant indicators selected based on the Sustainable Development Goals.**

**Dialogue with stakeholders**

The Group is able to perform its public policy missions by maintaining excellent relations with all its stakeholders. For SFIL, understanding the requirements of those affiliated with the bank is a must. The organization and division of the powers of the decision-making bodies are therefore geared towards this constant search for transparency, balance of powers and cooperation, thanks to a regulated governance scheme.

**SFIL AND ITS PARTNERS**



# SFIL in 2018

Source: annual report

## OUR IDENTITY

**388**  
employees

A **public**  
shareholding structure

**6 WOMEN**  
on the Board  
of Directors

No. 1 lender to the  
**French local  
public sector**

**2**  
sites: Issy-les-  
Moulineaux & Lyon

More than **500**  
**international investors**

## OUR GOALS

A **balanced**  
social model

**Controlled**  
risk-taking

**Positive**  
but **moderate**  
profitability

## OUR IMPACTS

### QUALITY OF WORKING LIFE



**58%** of employees  
work remotely

**342** permanent  
contract employees

Women represent  
**43%** of **permanent**  
contract employees

### SOLIDITÉ FINANCIÈRE

Moody's

**Aa3**

Standard & Poor's

**AA**

DBRS

**AA (high)**

## SAVING THE PLANET

**10 t**

of recycled paper  
with 0 CO<sub>2</sub>e

**7,870 tCO<sub>2</sub>e**

total carbon  
footprint

**only 1%**

of SFIL's carbon footprint  
is consumed  
by the 2 sites (120 tCO<sub>2</sub>e)

## REGIONS AND EXPORT SECTOR

**EUR 6.9 billion**

in bonds issued

**EUR 3.7 billion**

in loans to the local public sector

**EUR 3.8 billion**

in export credit loans

**EUR 477 million**

to the public hospital sector

## NON-FINANCIAL RATINGS

ISS-Oekom

**Prime<sup>(1)</sup>**

MSCI

**AA<sup>(2)</sup>**

IMUG

**Positive BBB<sup>(3)</sup>**

<sup>(1)</sup> CAFFIL, December 2017.

<sup>(2)</sup> CAFFIL, August 2018.

<sup>(3)</sup> CAFFIL's secured bonds, April 2018.

# Corporate Social Responsibility at the heart of our strategy

SFIL's original mission of financing the local public sector naturally requires it to support the investments made by the local public sector, i.e. **local governments** and **public health institutions**, thereby promoting the development of a financial ecosystem favorable to the Sustainable Development Goals. Day after day, the financing that it provides to local public investment and competitiveness of French exports allows the completion of sustainable projects that benefit everyone. To achieve this, SFIL does not try to maximize its profitability, but rather focuses on offering **high-quality services** and maintaining a **high level of satisfaction with stakeholders**. To expand this dialogue and continuously improve the development of sustainable financing, efforts are constantly made to incorporate CSR criteria and all non-financial information.

In 2018, SFIL chose to strengthen its CSR commitment by joining the United Nations Global Compact, prioritizing nine Sustainable Development Goals and creating an annual carbon audit. This approach has historically been built on three priorities:

**Priority 1: Carry out public policy missions.**

**Priority 2: Implement internal policies.**

**Priority 3: Engage our employees.**

For each of these pillars, SFIL has set specific targets that can be measured through a series of indicators correlated to international commitments (below) in order to support the development of a sustainable ecosystem with its customers and partners.



## Our commitments

### UNITED NATIONS GLOBAL COMPACT



Launched in January 2000, the United Nations Global Compact encourages companies worldwide to adopt a responsible social and environmental approach by committing to the following four universal themes: Human Rights, International Labor Standards, Environmental Protection and Anti-Corruption. As a signatory to this initiative in October 2018, SFIL pledged to report on its impacts and progress each year.

### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Adopted in September 2015 as part of the 2030 Agenda, the 17 Sustainable Development Goals constitute an action plan for peace, humanity, the planet and prosperity. They aim to transform our societies by eradicating poverty and ensuring a just transition to sustainable development by the year 2030. At the end of 2018, SFIL chose to prioritize nine goals in light of its activities and the CSR measures already in place.

### CARBON AUDIT

A significant measure in 2018, the carbon audit is a tool used to measure the greenhouse gas emissions from various emission sources that correspond to a segment of the activity. SFIL has made a commitment to measure its carbon footprint each year and find ways to improve it.

## The 10 principles of the Global Compact

### Human rights

- 1 - Companies are encouraged to promote and respect the protection of international human rights law.
- 2 - Companies are encouraged to refrain from being complicit in human rights abuses

### Labor rights

- 3 - Companies are encouraged to support freedom of association and recognize the right to collective bargaining.
- 4 - Companies are encouraged to contribute to the abolition of all forms of forced or compulsory labor.
- 5 - Companies are encouraged to contribute to the abolition of child labor.
- 6 - Companies are encouraged to contribute to the elimination of discrimination in employment and occupation.

### Environment

- 7 - Companies are encouraged to implement a precautionary approach to environmental issues.
- 8 - Companies are encouraged to take initiatives to promote greater environmental responsibility.
- 9 - Companies are encouraged to promote the development and diffusion of environmentally-friendly technologies.

### Anti-Corruption

- 10 - Companies are encouraged to take initiatives to counter all forms of corruption, including extortion and bribery.



NOTE: However, SFIL's failure to prioritize a goal in no way means that it is not taking, or will not take in the future, measures related to that goal.

## FIRST PRIORITY

# CARRY OUT PUBLIC POLICY MISSIONS



As a **public development bank**, sustainable and responsible financing of development projects in France is our inherent purpose. In its mission to finance the local public sector and support French export credit, our bank plays a key role in financing green and social projects in the health, clean public transport, sanitation and waste management sectors.

To fulfill these two public policy missions, SFIL operates within a context of strict rules with a low risk appetite, under the supervision of the ECB and as defined by the Board of Directors. As the leading provider of local public sector financing along with its partner, La Banque Postale, and the largest liquidity provider in the French export credit market, SFIL is a bank **that listens to its stakeholders**.

The Group maintains close ties with stakeholders thanks to a very active partnership policy, with a focus on knowledge-sharing and risk management, in order to develop financing solutions tailored to the needs of the public sector and the requirements of society.

**An attentive bank**, SFIL is aware of its impacts on the local public sector, its stakeholders and the planet. It is therefore only natural that, in 2018, SFIL chose to further incorporate two **Sustainable Development Goals** into its business model to assess the societal impacts of its projects.

## 1.1. A commitment to managing financial and non-financial risks

Since its creation, SFIL has implemented a strict financial risk management policy and is aware of the non-financial risks related to the projects it finances.

For SFIL, the strength and financial sustainability of its business model is a priority, as it forms the cornerstone of the Group's performance, the relationship of trust with its partners, and the know-how of its teams. This performance, which improves year after year, is the result of an integrated risk management and control system.

Given the oversight provided by the ECB, the objectives and organization of the Group's internal control system fall within the framework defined by the French Monetary and Financial Code and by the decree of November 3, 2014. These texts require that an internal control system be put in place to ensure the existence of the following control mechanisms:

- a control system for internal operations and procedures,
- an accounting and information processing organization,
- systems to measure risks and results,
- systems to monitor and control risks,
- a documentation and information system,
- a procedure for monitoring flows of cash and securities.

SFIL's internal control system includes three levels:

- *the first level of control is exercised by the operating teams,*
- *the second level of control corresponds to the control activities, which are carried out under the responsibility of the risk department or the compliance department for compliance risks,*
- *the third level of control is periodic control which is performed by an independent team, the internal audit and inspection department. This team, which reports to SFIL's CEO, periodically ensures that the two levels of control described above are applied correctly.*

The objectives of the SFIL Group's internal control system are to:

- *verify the effectiveness of the risk management system to ensure that it is in line with the risk appetite defined by its governance bodies,*
- *ensure that the financial and accounting information produced is reliable and relevant and provides a true and fair view of the Group's position in a regular, complete and transparent manner,*
- *ensure compliance with regulations and rules of ethics and professional conduct, particularly legislative and regulatory requirements related to corporate governance and compliance,*
- *see to it that internal processes are effective and efficient to ensure the correct performance of operations and the optimization of its resources.*

The ratings obtained from the financial rating agencies underscore the Group's financial strength and the very close relationship between SFIL and the French government, its principal shareholder. In addition, the non-financial ratings for bonds issued by the SFIL Group attest to the credibility of the actions of a non-financial nature taken at SFIL.

In 2018, the mortgage bonds issued by CAFFIL were rated as "Prime" by the ISS oekom non financial ratings agency and as "Positive-BBB" by the IMUG non financial ratings agency. CAFFIL is also rated "AA" by the MSCI non financial ratings agency due to the Group's CSR performance.

### Non-financial ratings at December 31, 2018



(1) CAFFIL, December 2017.  
(2) CAFFIL, August 2018.  
(3) CAFFIL's secured bonds, April 2018.

## 1.2. Two missions with a high social and environmental impact

For SFIL, the original local public sector financing mission must be fulfilled responsibly. For many years, the bank has been committed to fulfilling and optimizing this mission by financing projects that benefit all of society and are environmentally sound.

France has a high level of public investment: in absolute value, it is the largest investor in this area of all European Union countries with EUR 79.6 billion<sup>1</sup>.

Local governments are the main financiers in France: EUR 46 billion<sup>2</sup> were allocated in 2018 to improve the quality of citizens' day-to-day lives (such as by reducing transport times and environmental pollution). In fact, as in 2018 and 2017 and after a slowdown that had lasted several years, investment spending increased in 2018 (EUR 45 billion invested by local governments and their associations in 2016).

For the coming years, and as part of a "Major 2018-2020 Investment Plan", France has announced an investment of EUR 57 billion to finance four CSR priorities:

- *ecological transition (EUR 20 billion),*
- *education (EUR 15 billion),*
- *innovation (EUR 13 billion),*
- *digital technology (EUR 9 billion).*

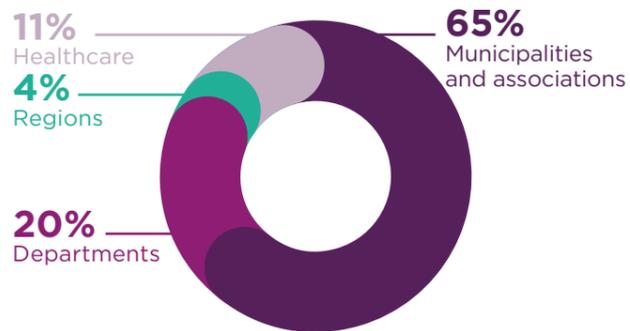
Since the start of the partnership with La Banque Postale in 2013, the SFIL-LBP scheme has generated EUR 23.6 billion, making it a leader in French local public sector financing.

In 2018, SFIL and La Banque Postale provided EUR 3.7 billion in loans to the local public sector, a 9% increase compared with 2017. The amounts range from EUR 40,000 to tens of millions of euros. The characteristics of the loans are simple, with maturities ranging mainly between 10 and 30 years. The sizes of the governments receiving financing varies significantly, with the inclusion of very small communities to ensure equal access to financing.

<sup>1</sup> Eurostat, Government expenditure, General government, Gross fixed capital formation, France, 2018, en ligne : <https://ec.europa.eu/eurostat/fr/home>

<sup>2</sup> Eurostat, Government expenditure, Local government, Gross fixed capital formation, France, 2018, en ligne : <https://ec.europa.eu/eurostat/fr/home>

### Breakdown of counterparties in 2018 (MRD)



SFIL's counterparties are mainly municipalities, departments and regions, which make up 80% of its portfolio. In this context, the Group finances sustainable investment projects in the environmental (public transport, buildings, etc.) and social (schools, school parks, municipal swimming pools, etc.) areas.

In 2018, examples included:

- tram lines,
- news purification plants,
- renovation and expansion of an aquatic center,
- extension of a facility in a waste storage building,
- upgrading of waste treatment plants,
- renovation and expansion of a geothermal municipal heating network.



The public hospital sector also represents a significant share of the Group's portfolio, with 14% exposure for new loans to the French public sector. This shows that SFIL is highly involved in this sector with nearly 1,000 public hospitals granted with a loan.

In 2018, the amount for this segment market was EUR 477 million. Since the creation of the SFIL/LBP system, this amount reached EUR 2.9 billion.

The social mission of public hospitals is clearly defined in the French public health code: offer public healthcare service in all disciplines and to the entire population and contribute to research and teaching. Public health institutions are overseen by the Regional Health Agencies. These agencies are responsible for healthcare coordination and governance at the regional level. They determine the resources allocated to hospitals and ensure that new capacities are created as needed.

Non-financial information is used in the credit decision: one of the key criteria is a hospital's "Health Added Value". Calculated by SFIL's teams using a series of defined indicators (number of beds, places and stays), this value measures a hospital's importance in the overall healthcare offering.

In terms of export credit granted in 2015, all the Group's transactions are covered by BPI France Assurance Export (BPIAE), acting for and on behalf of the French government. These export credit transactions are governed by a set of rules contained in the Arrangement of the Organisation for Economic Co-operation and Development (OECD) relating to the guidelines for officially supported export credits, which in Europe has been transposed into European Community law. In addition to this Arrangement, recommendations have been issued by an OECD working group on export credit, with which France has agreed to comply.

As a result of these texts, French export credit transactions adhere to strict rules in terms of:

- environmental and social standards,
- anti-corruption,
- debt sustainability from the borrower's perspective.

Like other OECD credit insurers, BPIAE, acting for and on behalf of the French government, is committed to:

- preventing and mitigating the adverse environmental and social impacts of the financed project and, more generally, taking these environmental and social risks into consideration through appropriate reviews and assessments followed by corrective action plans,
- encouraging the protection and respect for human rights, particularly in cases where the potential impacts of projects or existing transactions pose risks in terms of human rights,
- promoting transparency, predictability and accountability in decision-making by encouraging the disclosure of relevant information regarding environmental and social impacts.

These objectives are achieved through a preliminary review of sensitive projects, as quickly as possible, from an environmental and social perspective. This review is conducted on the basis of information available primarily from environmental and social impact studies and may lead to additional studies and analysis being required. Depending on the potential impacts identified, BPIAE may require that corrective measures be taken, where necessary under the supervision of an independent body, in order to avoid, minimize or mitigate possible adverse environmental and social impacts, with monitoring obligations.

As a potential lender in export credit transactions covered by BPIAE, in its application review process SFIL ensures compliance with the BPIAE requirements derived from the OECD Arrangement and other OECD recommendations governing export credit. SFIL also ensures that BPIAE's requirements are enforceable against its debtor so that, at BPIAE's instruction, the export credit can be suspended or terminated early if the debtor fails to meet its commitments regarding mitigation of environmental and social impacts or anti-corruption.

### 1.3. Designing financing instruments to support the achievement of Sustainable Development Goals

The year 2018 marked an important step in the Group's fulfillment of its public policy missions with the decision to design ethical and sustainable products. The Group structured the first social issue intended for the French public hospital sector with a successful launch in 2019 in the amount of EUR 1 billion. At the same time, another initiative was undertaken in 2018 with the preparation of the launch of a green issue scheduled for 2019.

#### STRUCTURING OF THE FIRST SOCIAL ISSUE FOR THE FRENCH PUBLIC SECTOR

The structuring of the social issue was launched in 2018. This phase reflects our commitments in terms of social responsibility and gives investors the opportunity to contribute specifically to the financing of the healthcare sector in France. A social bonds framework document, "Social note framework", was developed with this in mind. This document, which is aligned with the social bond principles of the International Capital Market Association (ICMA), allows the issue of social bonds in the form of covered bonds by CAFFIL and social bonds issued directly by SFIL as an Agency issuer. The framework of the issue is built on four pillars: use of the issue proceeds, project evaluation and selection process, management of the issue proceeds and reporting.

The proceeds of the social issue are used to finance the portfolio of loans to public hospitals (healthcare portfolio) in France. These include loans already originated since 2013 as well as future loans to public health institutions in France. These loans accounted for nearly 13% of the total portfolio of local public sector loans at 12/31/2018.

For selecting eligible loans, the credit decision is based on a financial analysis and a non-financial analysis of the hospital requesting financing. This non-financial analysis allows an assessment of the hospital's Health Added Value.

The SFIL Group has agreed to provide an allocation report, on an annual basis until the funds are fully allocated, indicating the amount of the loan portfolio, the number of loans and their average maturity. The allocation of funds will be certified by SFIL's auditors, who will confirm that the proceeds of the social issue have indeed been allocated to the healthcare portfolio. SFIL will also provide information on the social impact of the loans based on indicators defined in the framework, i.e. the number of beds, places and stays.

The SFIL Group's framework was verified by Sustainalytics as a Second Provider Opinion. Sustainalytics confirmed that this document complied with the ICMA's social bond principles and that the portfolio of loans to public health institutions will have a positive social impact on the French healthcare system.

#### THE COMMITMENT TO LAUNCH A GREEN ISSUE IN 2019

In 2018, the SFIL Group decided to participate in green issues market development. The aim of this program, which will be launched at SFIL in 2019, is to finance projects identified by SFIL as beneficial to the environment and marketed by La Banque Postale.

Under this program, projects eligible for green loans marketed by La Banque Postale include investments in clean mobility, water and sanitation, waste reclamation, public building construction and energy renovation and renewable energy production projects. They will be refinanced by green bonds issued by the SFIL Group.

### 1.4. Indicators used in 2018

In 2018, the SFIL-LBP scheme financed sustainable projects throughout France, with a focus on two Sustainable Development Goals.

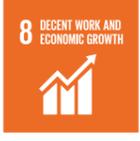
SDG	SFIL's action	2018 indicators
	Support the financing of French local public sector projects	• EUR 3.7 billion in loans
	Participate in the financing of public health hospitals, taking into account their "Health Added Value".	• EUR 477 million in loans

### 1.5. Outlook for 2019

The importance placed on CSR at SFIL will continue to be reflected and developed in the projects completed in 2019.

- *In terms of export credit, special emphasis will be placed on infrastructure projects, particularly in Africa, in the areas of access to healthcare, water and energy.*
- *As part of the original mission of local public sector financing, 2019 will mark:*
  - *the launch of the social issue with the release of the allocation report at the end of the year, which will allow SFIL to confirm the scope of the non-financial information,*
  - *the launch of the green issue, which will support a large number of Sustainable Development Goals.*

Through these three projects, SFIL aims to promote six Sustainable Development Goals.

SDG	SFIL 2019 goals	Proposed indicators
	Support the public hospital sector and be a regular issuer in this market segment	<ul style="list-style-type: none"> <li>• EUR 1 billion in social bonds</li> <li>• Non-financial indicators in the allocation report (number of beds, places, etc.)</li> </ul>
	Finance investments related to drinking water and sanitation public services	<ul style="list-style-type: none"> <li>• Number of kilometers of network (added or updated)</li> <li>• Increase (%) in drinking water production capacity</li> <li>• Increase (%) in wastewater treatment capacity</li> </ul>
	Finance responsible investments in renewable energy	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> avoided per year</li> </ul>
	Support the financing of projects to upgrade and ensure the sustainability of existing infrastructure by using resources more effectively and by using more clean, environmentally-friendly technologies	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> avoided per sq. m and per year</li> <li>• Reduction in energy consumption (kWh per year)</li> </ul>
	Focus on projects that have an impact on geographic mobility and soft mobility, particularly by considering the alteration of air quality	<ul style="list-style-type: none"> <li>• Tonnes of CO<sub>2</sub> avoided per year</li> </ul>
	Support the environmentally sound management of household waste throughout its life cycle	<ul style="list-style-type: none"> <li>• Improvement (%) in recycling capacity</li> <li>• Tonnes of CO<sub>2</sub> avoided per year thanks to production of energy from waste</li> </ul>

SECOND PRIORITY

# IMPLEMENT INTERNAL POLICIES



*To ensure that its public policy missions are carried out effectively, SFIL develops innovative, long-term internal policies that comply with regulations. SFIL is aware that the adoption of current best practices and the internal development of a clear and ambitious framework are performance drivers for the company and for each of its employees.*

*Complying with the principles of the Global Compact and monitoring the Sustainable Development Goals are an integral part of its business model. In keeping with its commitments, in 2018 SFIL further integrated environmental, social and governance (ESG) criteria into its internal policies by strengthening its fair practices and transparency initiatives, signing an Agreement on Diversity and Well-Being at Work and analyzing its carbon footprint.*

*These policies, which are correlated to indicators, allow SFIL to transform its commitments into tangible results.*

## 2.1. Importance placed on fair and transparent practices

### COMPLIANCE WITH STRINGENT ANTI-CORRUPTION AND, MORE BROADLY, ETHICS AND COMPLIANCE STANDARDS

As a public development bank, SFIL is fully aware of the need to combat all forms of corruption. The bank therefore places the utmost importance on ensuring compliance with the anti-corruption and anti-influence peddling policy both within the bank itself and in relation to the projects it finances, particularly in its export credit activity. In fact, the OECD member countries require that exporters and other parties involved in transactions benefiting from official export credit support comply with all applicable laws and regulations on combating corruption of foreign public officials in international business transactions and have taken measures to discourage corruption in commercial contracts financed with the help of export credits.

SFIL therefore takes a zero tolerance approach to corruption, pursuant to the laws and regulations in force and as stipulated in its Code of Ethics and Professional Conduct and its anti-corruption framework procedure.

The SFIL Group is committed to preventing corruption and implements a comprehensive procedure for preventing the risk of exposure to potential corruption which includes an internal alert mechanism. In order to upgrade this mechanism, a project is being implemented.

All the directors, senior managers, employees and external service providers are required to comply with the anti-corruption and anti-influence peddling policy. According to the disciplinary rules applicable to employees, any employee in breach of the anti-corruption rules and procedures may be subject to disciplinary and/or criminal penalties.

### POLICIES AND PROCEDURES IN PLACE AT THE SFIL GROUP

Although SFIL's Code of Ethics and Professional Conduct sets the highest standards of professional conduct and ethical behavior, SFIL has developed a set of policies and procedures to prevent and reduce the risks of exposure to corruption in its activities. These policies and procedures are part of its overall compliance policy, particularly in the area of financial security.

The SFIL Group also has a corruption risk map that allows it to identify, assess, prioritize and manage the risk of corruption in its activities (presentation to the management bodies and review once a year).

### EMPLOYEE AWARENESS OF COMPLIANCE WITH THE SFIL GROUP'S ANTI-CORRUPTION AND, MORE BROADLY, ETHICS AND COMPLIANCE COMMITMENTS

To raise employee awareness, SFIL's Compliance Department offers training sessions aimed at training, informing and educating employees about adherence to the compliance policy, including as regards anti-corruption, when performing their functions at the bank. The aim of this training is to create behavioral reflexes for monitoring and detecting risky situations. These training sessions are mandatory for all employees.

### INTEGRATION OF SOCIAL AND ENVIRONMENTAL ISSUES INTO THE PURCHASING POLICY

SFIL pays particular attention to the suppliers it chooses. In 2015, SFIL implemented a purchasing policy including the requirements of our CSR policy.

At SFIL, the supplier approval process takes into account the CSR certifications obtained. Once its partners are selected, SFIL ensures that a number of companies from the "protected worker sector" are used and that small and medium-sized companies have access to restricted bidding processes. For instance, since 2014 SOTRES 92, a handicap-friendly company, has made disabled workers available to SFIL for electronic conversion projects. SFIL also uses the services of a printing company that is part of the protected worker sector.

In addition, SFIL ensures compliance with its economic due diligence obligations vis-à-vis its suppliers, particularly with respect to their registration, the payment of social security contributions to the URSSAF, and the legality of the situation of foreign workers in terms of respect for human rights.

SFIL's purchasing policy specifies that subcontractors must give preference to sustainable and socially responsible purchases whenever their constraints allow them to do so. SFIL remains informed of this: every year, it asks its suppliers about their integration of CSR issues and requests that they send their internal anti-corruption policy. The purchasing policy therefore requires subcontractors to indicate their CSR commitments.

Aware of the importance of its purchasing policy in terms of its CSR commitment, SFIL has updated its requirements with, among other things, the inclusion in 2017 of an anti-corruption commitment clause.

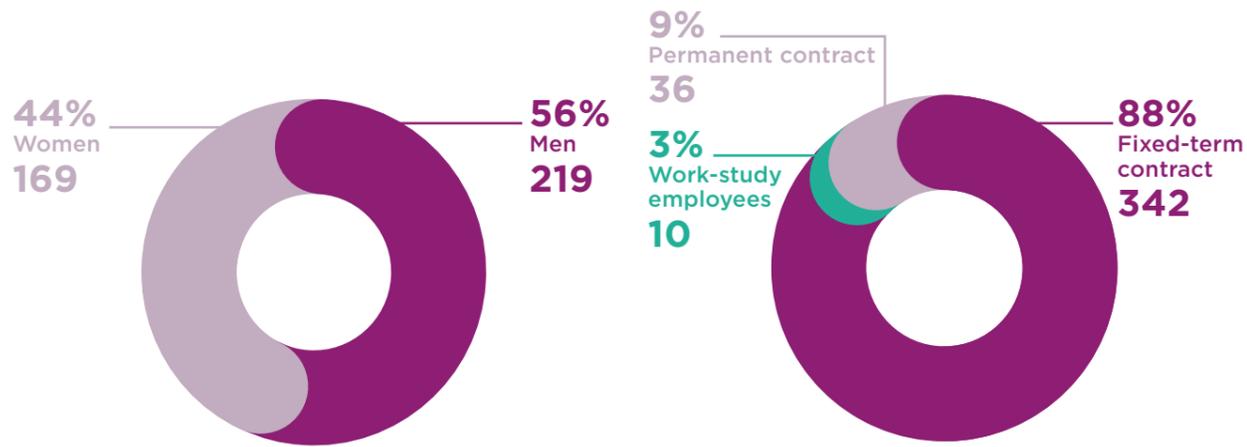
## 2.2. CSR at the heart of the Human Resources Department's policy

At SFIL, CSR underlies most of the actions taken by the Human Resources Department (HRD), which is aware that the cohesiveness of the corporate fabric is a key performance driver. The bank is particularly mindful of the personal and collective commitment, growth and development of its employees. SFIL's HRD endeavors to take actions that contribute to its employees' well-being at work and implement a responsible HR policy that ensures a balance between caring and high standards.

Over time, 21 major agreements related to social responsibility have been signed, including:

- *the Agreement on social dialogue and collective representation (2016),*
- *the Agreement on the occupational integration and continued employment of workers with disabilities (2017),*
- *the Agreement on professional equality (2017),*
- *the Agreement on diversity and well-being at work (2018).*

**Employment overview at SFIL in 2018**



**CO-DEVELOPMENT OF SOCIAL STANDARDS THROUGH EFFECTIVE SOCIAL DIALOGUE**

To ensure that the best practices related to social dialogue remain permanent and to facilitate the emergence of new practices that strengthen the position of the staff representatives within the company, in 2016 SFIL concluded its agreement on social dialogue within the company, which it will renew in 2019.

Collective representation at SFIL is ensured by 18 employees who are authorized to represent the company's staff as:

- *employee-Directors on the Board of Directors,*
- *members elected to the Works Council,*
- *members elected to the Health, Safety and Working Conditions Committee (CHSCT),*
- *employees' representatives,*
- *trade union representatives,*
- *trade union representatives on the Works Council and the CHSCT.*

In 2018, the staff representative bodies held meetings in accordance with the legal, regulatory and contractual rules in force whenever a matter so required, including 12 for the Works Council, seven for the CHSCT and 10 for the employees' representatives. The staff representatives were therefore called upon to discuss a number of issues, and the trade union representatives met to conclude new agreements (including the Agreement on mandatory annual negotiation of compensation, work time and value-added sharing of January 23, 2018 and the Agreement on employee savings - PEE PERCO of November 6, 2018).

In addition to the above meetings, each trade union representative meets monthly with the HRD on a one-on-one basis, thereby ensuring that trade unionism holds a prominent place at the company. Efforts have also been made to ensure close ties with the members of the Executive Committee, who regularly participate in information or negotiation sessions and meet with all the staff representatives at a lunch at the beginning of each year.



*SFIL is a relatively small company, with 388 employees at December 31, 2018.*

*88% of whom, i.e. 342 people, are employed under permanent contracts.*

**ORGANIZATION OF QUALITY OF WORKING LIFE:  
“WELL-BEING AT WORK AT SFIL”**

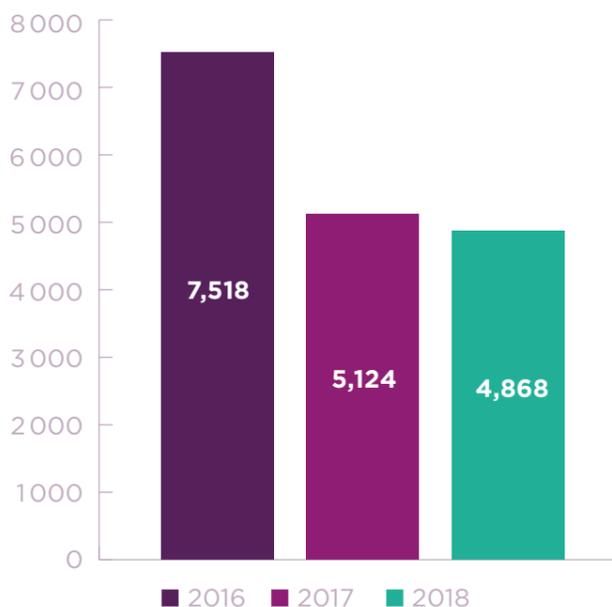
Based on the above agreements and principles, in 2018, in a major agreement on diversity and well-being at work at SFIL, SFIL developed a framework and an ambitious policy for its employees' quality of working life. By emphasizing availability, respect and teamwork, SFIL ensures an appropriate balance in the corporate fabric and overall performance.

To ensure that the actions taken are in line with employees' needs and expectations, in 2017 SFIL developed a company survey with the help of a specialized firm. This survey is conducted every two years and is an excellent way to ensure that the policies implemented are successful and, if necessary, updated. 72% of employees participated when the survey was introduced. 90% of employees say they like to do their jobs and 84% feel they are able to balance their professional and personal lives.

In 2018, the absenteeism rate was 3.45%, which is considered low and has decreased significantly over the last three years. In 2018, SFIL recorded:

- 68 days of absence due to workplace or commuting accidents,
- 2,934 days of excused absence due to illness,
- 1,866 days of absence due to family-related events.

**Change in days of absence**



**Ensuring diversity**

Since its creation, SFIL has taken various measures related to diversity focusing on gender equality in the workplace, management of different generations, equal opportunity and careful consideration of personal situations.

**Gender diversity**

SFIL's workforce remains predominantly male in the banking sector jobs (as has traditionally been the case), despite specific attention to gender balance in recruitment. (51% of new hires have been women).

In 2017, a number of SFIL employees created the "AVEC'L" network, which promotes gender diversity and aims to help more women access positions of responsibility. This network is a forum for exchange and mutual assistance through which awareness initiatives are carried out:

- campaign to combat male-female stereotypes,
- testimonials and meetings with women who have significant responsibilities,
- launch of a "test & learn" to create "female" mentoring (this initiative is supported by the bank's Management and, in 2018, had 35 active members).

In 2018, the HRD launched "Devenir actrice de son ambition" (Becoming an actress of her ambition), a program dedicated to female potential that aims to develop participants' skills based on their specific requirements.

**Age diversity**

2018	< 25 years	25 to 29 years	30 to 34 years	35 to 39 years	40 to 44 years	45 to 49 years	50 to 54 years	55 to 59 years	60 years and over	Total
Managers	3	21	54	53	68	57	44	29	8	337
Non-managers	31	5	1	5	3	0	3	3	0	51
Total	34	26	55	58	71	57	47	32	8	388

At SFIL, the age pyramid is balanced, with an average age of 41.1 years.

Since 2015, the "generation contract", which was renewed in 2018 through the agreement on diversity and well-being at work, encourages the integration of young people into the workplace and the recruitment and continued employment of older workers.

Various measures are taken to achieve the objectives of the agreement in terms of working conditions, professional development and arrangements for those at the end of their career.

In addition, to facilitate the onboarding of new employees, SFIL has developed a sponsorship program through which new employees receive additional support and assistance at SFIL from a sponsor "outside the team" during their first six months.

Year after year, SFIL has also been involved in the occupational integration of recent graduates through its work-study program. To attract younger generations, SFIL has taken several types of positive measures: creation of a community of work-study employees, mentoring, skills development and access to all of SFIL's wage policies (including with respect to work-family balance). Thus, in 2018 SFIL proudly employed 36 work-study employees, who represented 9% of its workforce. During the year, SFIL also participated in five university and school forums (for example, Sciences-Po Paris and Dauphine) and subsidized 16 schools and apprentice training centers.

The HRD's "HR Development" team then supports employees' development throughout their career at SFIL in order to maintain this diversity. This is achieved through:

- individual or group business, behavioral and management training,
- assistance with job mobility,
- professional interviews aimed at enabling employees to assess their career path and work on their prospects.

SFIL is also focused on keeping older workers employed by offering them individualized skills maintenance and development courses during interviews conducted by the HRD. Moreover, of the 43 new employees hired in 2018, four were over 50 years of age (two under fixed-term contracts and two under permanent contracts).

**Employees with disabilities**

SFIL's policy aimed at recruiting and retaining employees with disabilities is an important component of workplace diversity and of the bank's efforts to ensure equal opportunity. In 2018, SFIL implemented the provisions of its second approved three-year company agreement (2017-2020), with day-to-day support from the disabled persons contact who was appointed at the time of the bank's creation (as is also recommended by the recent Pénicaud Law). The actions resulting from these agreements have allowed SFIL to double its disabled employment rate, although it remains below the legal requirement (2.5% at SFIL).

SFIL is taking a number of measures to increase this percentage, including:

- awareness campaigns conducted each year at the Issy-les-Moulineaux and Lyon sites,
- partnerships with HANDECO to promote responsible purchasing from the protected worker sector, or with HASC, TIH Business and SOTRES 92, which make disabled workers available for various projects at its site (electronic conversion, digitization, etc.),
- the creation of partnerships with several disability projects at schools and universities (Paris Dauphine and La Sorbonne, for example).

## Social and cultural diversity

Accepting all types of differences makes it easier to challenge each other's ideas and brings new perspectives, which enhances overall performance through better decisions, increased creativity and more effective action. Along these lines, in 2018 SFIL promoted the principle of non-discrimination among its employees, which encourages awareness on the part of each person and reduces negative behaviors.

## Family caregivers

SFIL is aware that, over the course of his or her life, any employee may need to deal with family commitments, for example by caring for a family member. SFIL has a caregiver support policy whereby caregivers are provided with information about general assistance available to them as well as personalized assistance: organization of work time and workload, moral support, financial assistance, etc.

Thanks to a partnership with the Association Française des Aidants, SFIL holds a conference on this topic each year for all its employees to inform and remind them of the role that the company can play in dealing with issues that affect their lives.

## Support for work

SFIL is aware that some personal situations can create complications: homes far from work, complications with transport, etc. SFIL is attentive to these needs, whether they are occasional or regular, and is committed to helping employees continue to flourish in their work by offering favorable financial policies as well as measures aimed at organizing work time and work arrangements.

## Financial measures

In addition to measures related to healthcare costs and social and cultural activities (child care costs, vacation vouchers, etc.), SFIL offers other types of benefits, which are reviewed each year and considered essential by employees:

- *Chèques Emploi Service Universel (service vouchers), which allow the company to contribute to the cost of a housekeeper or tutoring. For employees who are family caregivers or disabled, SFIL has doubled the assistance limit.*
- *Reimbursement of transport passes: SFIL pays 70% of the price of an annual pass and 60% of the price of a monthly pass for employees who use public transport.*
- *Company restaurant/lunch voucher allowance.*
- *Concierge service at a reduced cost.*

## Organization of work time and work arrangements

For SFIL, work-life balance is fundamental as it supports the quality of working life and overall performance.

142 employees work remotely on a regular basis.

The percentage of part-time employees at SFIL is relatively high at 9% (34 people).

The agreement on diversity and well-being at work also includes "right to disconnect" principles. For example, SFIL specifies that meetings must be organized during normal working hours, unless there are special circumstances.

Finally, significant measures are taken to support parenthood in terms of work time organization:

- *45 days of maternity leave in addition to the number of days specified in the bank's agreement,*
- *additional leave for breastfeeding of 45 days or 90 days paid at a rate of 50%.*

For a male spouse or partner, SFIL offers five additional days, which can be taken on a split basis within four months of the child's birth.

SFIL also recorded 1,866 days of absence due to family-related events in 2018, an indicator that clearly illustrates the appropriateness of the measures in place in support of the family and work-life balance.

## Prevent occupational risks

Since its creation, SFIL has been sensitive to the issues faced by its employees and is aware that professional development also involves the prevention of psychological risks and health risks.

Given their potential impact on health and on professional or personal relationships, the prevention policy at SFIL is simple: an employee affected by a human risk must be able to speak to his/her team, supervisors, staff representatives and HR. However, some special situations can make dialogue difficult.

That is why SFIL has created the role of "prevention officer", which allows employees to pass on information about sensitive situations. The policy was first reinforced in 2016 with the implementation of a procedure for handling workplace conflicts via mediation and situations involving workplace harassment and discrimination. In June 2017, the decision was also made, together with the CHSCT, to formalize the procedure for handling a dangerous situation related to a psychological emergency. In 2018, the policy was enhanced with the creation of a "Human Risks Contact Network" to ensure that all SFIL employees could be covered without any conflict of interest.

The key role of these contacts-mediators, currently three in number, is to listen and guide troubled employees who are referred to them, after analyzing and assessing their issues during individual confidential meetings.

## Prevention of human risks

SFIL has created mechanisms for detecting, preventing and alerting about psycho-social risks or "human risks" related to professional and/or personal problems. The members of the "Human Risks Contact" Network are trained and certified in coaching and/or mediation. The mechanism is coordinated by the Contact Person who reports to the HRD.

In addition, SFIL is a member of the ALLODIS-CRIM program, which offers a 24-hour support hotline to prevent potential psychological or sexual harassment. In 2018, the mechanism was activated twice and the necessary corrective measures were taken. ALLODIS-CRIM was founded by lawyers specialized in anti-discrimination and anti-harassment.

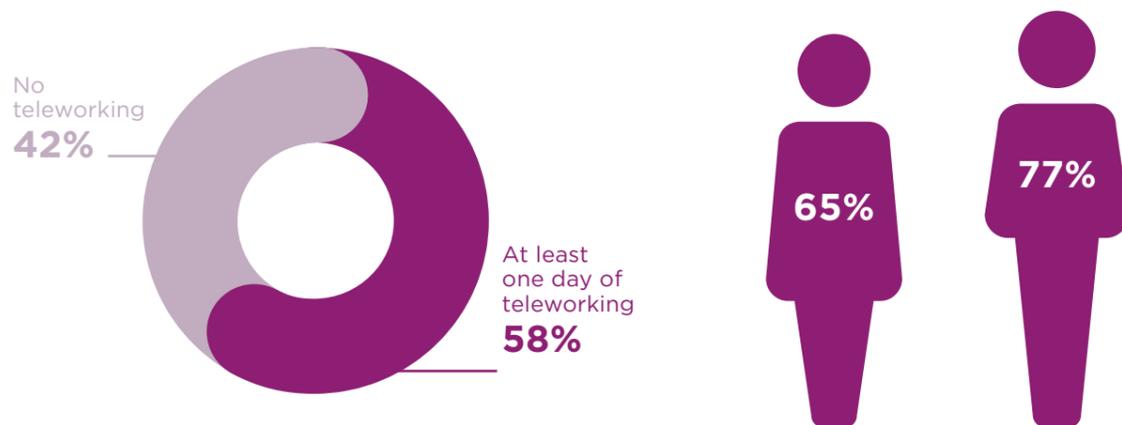
## Prevention of health risks

The HRD has opted for a comprehensive health plan for its employees, through various measures each year.

The actions taken in 2018 included:

- *the flu vaccination campaign,*
- *three nutrition education workshops,*
- *four occupational first-aid worker training courses,*
- *the provision of a relaxation room,*
- *a Yuco subscription made available to all employees (sports activities at the company at a reduced cost), and*
- *sophrology/meditation workshops.*

## Breakdown of teleworking employees under permanent contracts



Management and the staff representatives reassess the benefits of these measures annually and adapt them based on employees' requirements.

### Support for professional development

Since its creation, SFIL has supported its employees' professional development by offering them training in new skills and occupations. It relies on its in-house teams and on key partners to provide innovative and qualifying training courses.

### Training

In 2018, the amount spent on continuous training remained high at EUR 1.2 million, representing 4.32% of the payroll. Nearly 86% of the workforce received training.

Hundreds of different training courses were offered to all employees. More specifically, the focus in 2018 was on business and regulatory training, including job-related, language, computer, interpersonal and behavioral skills training and development of the risk culture.

Each year, Management and the staff representatives work on improving the training plan and ensuring that everyone has access to the training needed for their development within or outside the company.

### Compensation policy

In terms of support, SFIL is aware of the importance of compensation, which is why profit-sharing is equal (based on work time and not on experience) and guidelines are established for compensation. In 2018, the weighted wage gap was around 2.73%.

SFIL's Compensation Committee reviews all issues related to the compensation policy. Its proposals are submitted to SFIL's Board of Directors, which decides on the appropriate measures and approves the compensation policy.

SFIL defines its compensation policy in accordance with five key principles. The compensation policy must:

- be in line with market practices,
- be transparent,
- comply with regulations,
- ensure professional equality,
- guarantee a balance between fixed and variable compensation and motivate employees.

This approach relates to both fixed (not performance-related) and variable (performance-related) compensation, the general principles of which apply to all employees. These principles include a balance between the fixed and variable portion of compensation so as to discourage excessive risk-taking and to ensure a sufficiently flexible and coherent variable compensation policy at SFIL.

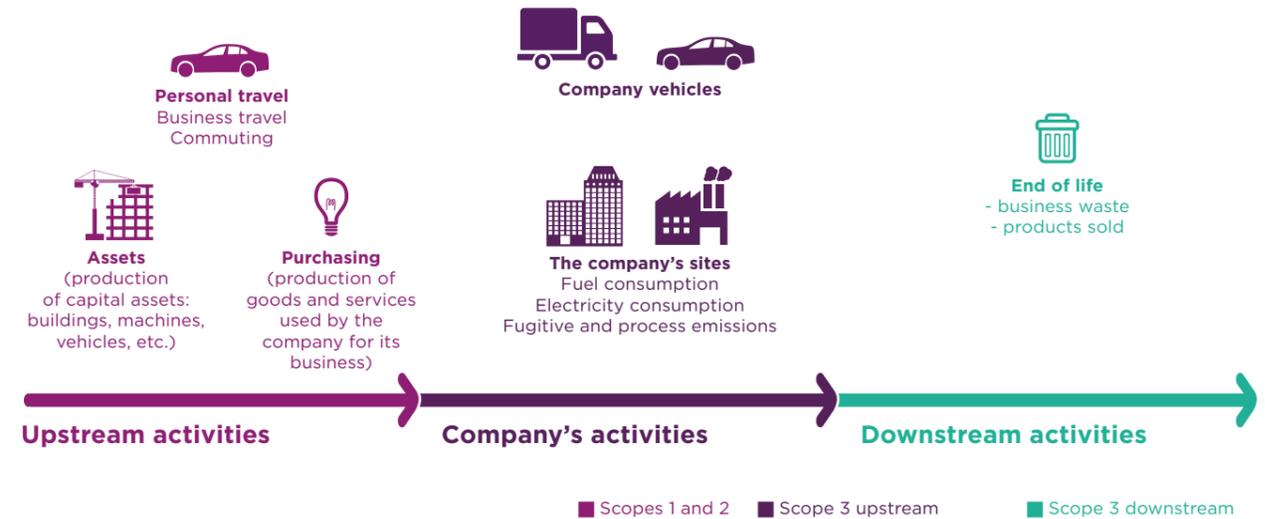
### 2.3. Carbon audit

In an effort to continuously improve its CSR approach, SFIL decided to include the measurement of its carbon footprint for the first time in May 2019 by looking back at 2018. The carbon audit is a tool used to measure greenhouse gas emissions from various emission sources that correspond to a segment of the activity. At SFIL, the audit will include a collection of 2018 data for the three scopes at both the Paris and Lyon sites (excluding investments). Purchasing, travel, assets and energy consumption will therefore be calculated and analyzed.

Once these results are calibrated, SFIL's goal, starting in 2019, is to reduce its emissions and identify areas of improvement as part of its environmental strategy and the fight against global warming.

Emissions are classified into three scopes:

- **Scope 1:** direct emissions resulting, for example, from the fuel consumption of company vehicles.
- **Scope 2:** indirect emissions related, for example, to electricity consumption.
- **Scope 3:** other indirect emissions (excluding investment) such as those generated by the manufacture of purchased computer equipment.

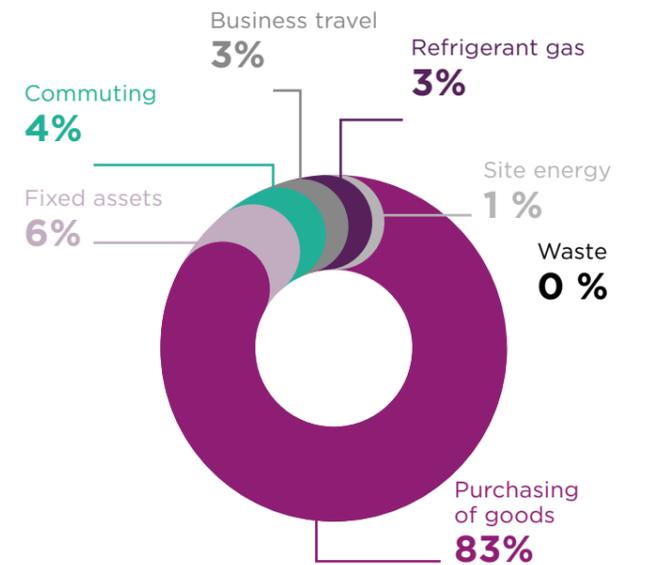


For the coming years and with the help of its service provider, SFIL plans to use a permanent tool that will enable it to conduct its annual carbon audit independently. Under this action plan, SFIL's goal is to make a large number of employees aware of energy issues.

In 2018, the carbon footprint was 7,870 tCO<sub>2</sub>e (in absolute terms) for the following main emitters: purchases of goods and services, assets and commuting (280 tCO<sub>2</sub>e). Compared to other players in the financial sector, SFIL's carbon footprint is therefore in the average range.

The Purchasing category (telecommunications, insurance, banking services, etc.) accounts for the bulk of SFIL's carbon footprint and amounted to 6,500 tCO<sub>2</sub>e, i.e. 83% of the total carbon footprint. The carbon footprint of the "commuting" category was 4% of the total carbon footprint. The scope taken into account for these trips includes travel to work by the Paris and Lyon employees using various modes of transport. The carbon footprint of the "business travel" category was 210 tCO<sub>2</sub>e, i.e. 3% of the total carbon footprint.

### SFIL's carbon footprint



#### THE FIGHT AGAINST GLOBAL WARMING

SFIL is committed to combating global warming by monitoring and controlling its energy consumption. Overall, its banking activity requires the use of offices and computer equipment, including printing technologies and staff travel.

Aware of the impact of this method of organization, SFIL develops circular economy action plans to limit the consumption and waste of raw materials (water, energy sources, etc.), which are mainly geared toward managing its carbon footprint by improving the energy efficiency of its buildings, conserving resources and encouraging sustainable mobility among its employees

#### IMPROVING THE ENERGY EFFICIENCY OF BUILDINGS

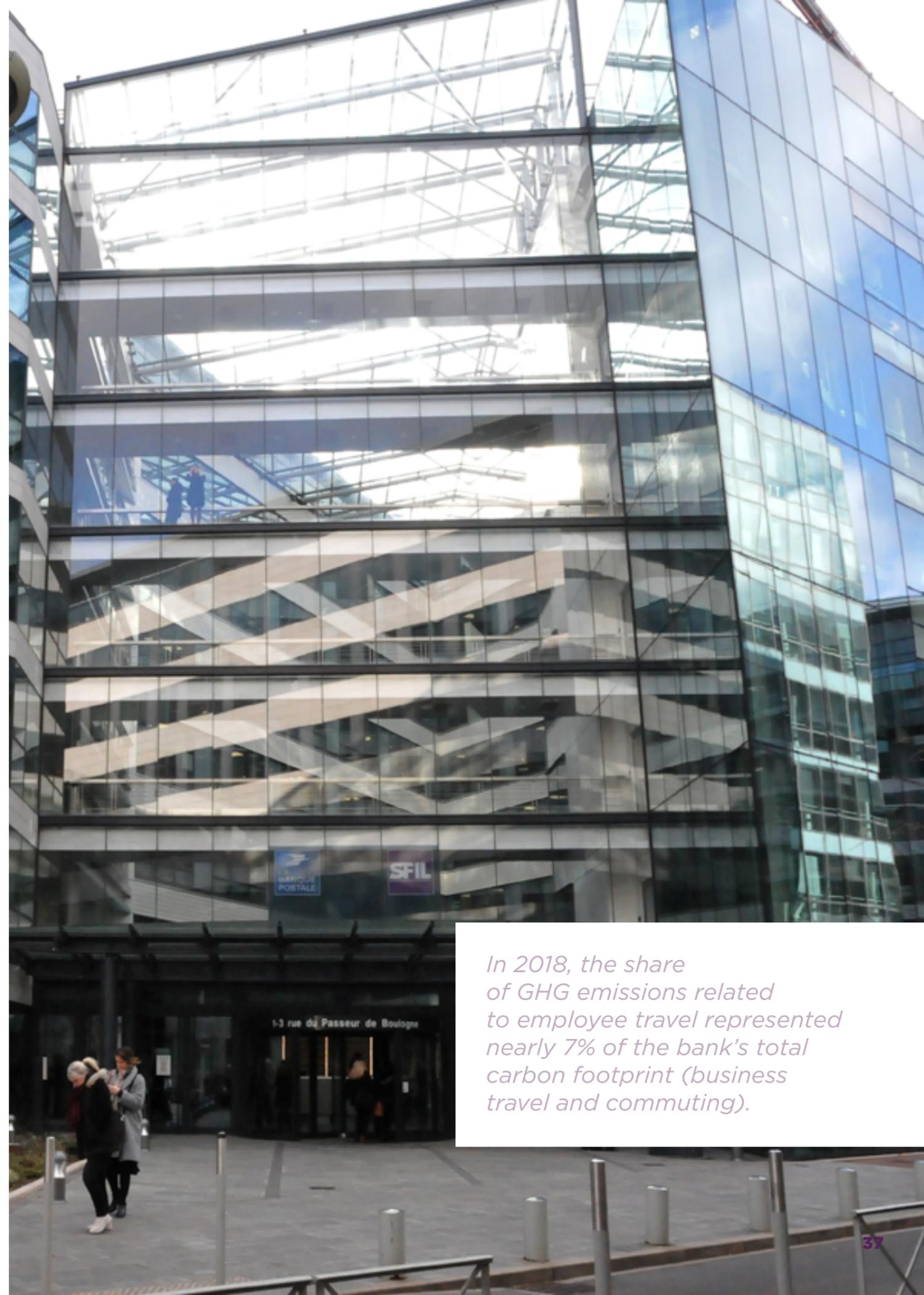
The energy consumption of buildings accounts for 1% (120 tCO<sub>2</sub>e) of the total carbon footprint. SFIL has taken several measures to improve the energy efficiency of its buildings. In 2015, following the annual audits, the Bords de Seine 2 building received High Environmental Quality certification. Moreover, in its energy supplier agreement with EDF, SFIL benefits from the scheme whereby each kilowatt consumed is certified by guarantees of origin, ensuring production from renewable and non-nuclear sources. The teams are also made aware of these energy savings measures; at the Issy-les-Moulineaux site, all lights operate with LEDs that turn off automatically after a period of absence that has been reduced from 30 minutes to 15 minutes.

#### ENCOURAGING RESPONSIBLE MOBILITY AMONG EMPLOYEES

In 2018, the share of GHG emissions related to employee travel represented nearly 7% of the bank's total carbon footprint (business travel and commuting). SFIL takes various measures to reduce the amount of travel by its employees and to promote the use of less polluting modes of transport for employee travel.

The wage policy includes a series of measures to improve employee travel. SFIL reimburses much of the cost of public transport passes, including 70% for an annual pass and 60% for a monthly pass. In 2018, nearly 74% of all employees (285 of 388 employees) took advantage of this, reducing the number of employees using their car to 23%. For business travel, SFIL's Travel Policy sets guidelines for the choice of modes of transport.

In terms of employee travel, SFIL is committed to encouraging the use of public transport and promoting the practice of "green" or low-consumption transport. Along these lines and together with its partner La Banque Postale, SFIL makes charging stations and electric bicycles readily available to employees in its parking lot during working hours.



*In 2018, the share of GHG emissions related to employee travel represented nearly 7% of the bank's total carbon footprint (business travel and commuting).*

## 2.4. Indicators used in 2018

In 2018, SFIL made a major commitment to integrate non-financial information into its internal policies in order to create a clear, transparent framework for its practices.

SDG	SFIL's action	2018 indicators
	Ensure a feeling of well-being at the company for employees	<ul style="list-style-type: none"> <li>84% of employees like the balance between their professional and personal</li> </ul>
	Take measures in terms of human risks	<ul style="list-style-type: none"> <li>3 contacts-mediators</li> </ul>
	Encourage teleworking	<ul style="list-style-type: none"> <li>58% of employees work</li> </ul>
	Participate in developing education	<ul style="list-style-type: none"> <li>16 schools and apprentice training centers subsidized</li> </ul>
	Invest in the training of young people	<ul style="list-style-type: none"> <li>9% work-study employees</li> </ul>
	Ensure ongoing employee training	<ul style="list-style-type: none"> <li>86% of the workforce trained</li> </ul>
	Ensure gender equality	<ul style="list-style-type: none"> <li>43% female employees (under permanent contracts)</li> </ul>
	Adopt responsible practices in the bank's circular economy	<ul style="list-style-type: none"> <li>120 tCO<sub>2</sub>e emitted by the two sites</li> <li>7% of the carbon footprint corresponds to travel</li> </ul>
	Consider and reduce SFIL's carbon footprint	<ul style="list-style-type: none"> <li>7,870 tCO<sub>2</sub>e emitted by the Group</li> </ul>

## 2.5. Outlook for 2019

In 2019, SFIL will take steps vis-à-vis all its stakeholders to strengthen its internal policies.

- Vis-à-vis its suppliers, the Group's aim is to improve its anti-corruption policy through its purchasing policy.
- Vis-à-vis its employees, the HRD will again conduct its "company survey" in order to measure employee satisfaction, listen carefully and take appropriate action. The main areas of progress will be related to diversity (with the goal of increasing the number of work-study employees and employee participation in education-related initiatives), professional mobility with the signing of a new agreement to this effect, the prevention of human risks with employee training in the area of mediation, and social measures in support of soft mobility ("green bonus").

- The results obtained from the 2018 carbon audit will also allow SFIL to take action by:
  - incorporating non-financial aspects into its travel policy (e.g. alternative train transport for trips shorter than three hours),
  - conducting a study regarding its assets, and particularly the data storage area,
  - conducting an in-depth study of its ten largest suppliers, particularly their CSR approach,
  - replacing the fleet of company cars with electric or hybrid vehicles,
  - creating a handbook of eco-friendly practices to make employees aware of their individual impact.

SDG	SFIL 2019 goals	Proposed indicators
	Ensure a feeling of well-being at the company for employees	<ul style="list-style-type: none"> <li>Company survey (2019 survey)</li> </ul>
	Take measures in terms of human risks	<ul style="list-style-type: none"> <li>Increased employee training</li> </ul>
	Participate in developing education	<ul style="list-style-type: none"> <li>Increase in the number of initiatives in schools and apprentice training centers</li> </ul>
	Invest in the training of young people	<ul style="list-style-type: none"> <li>Increase in the number of work-study employees</li> </ul>
	Ensure gender equality	<ul style="list-style-type: none"> <li>Index d'égalité 2019</li> </ul>
	Adopt responsible practices in the bank's circular economy	<ul style="list-style-type: none"> <li>Travel policy that incorporates non-financial aspects</li> <li>Study regarding assets</li> <li>Study of the 10 largest suppliers</li> <li>Replacement of the vehicle fleet with hybrid or electric vehicles</li> <li>Création d'un livret éco-geste</li> </ul>
	Consider and reduce SFIL's carbon footprint	<ul style="list-style-type: none"> <li>Measurement of the 2019 carbon footprint</li> </ul>

THIRD PRIORITY

## ENGAGE OUR EMPLOYEES



*At SFIL, cross-functional governance is implemented for decisions affecting CSR, which means that each department is made aware of ESG impacts. All employees therefore have an opportunity to be involved both in their work area and individually. Through the incentives of the human resources policy, several events support the Group's cohesion and each person's civic engagement.*

*This was evidenced by the spontaneous creation of the Sustainable Development Committee by a group of employees from all departments in 2016: 87.5% of departments are represented on the Sustainable Development Committee. Since then, employees have launched simple, concrete and prudent initiatives that help to protect the environment and raise awareness of societal best practices. The goal is to adopt best practices in terms of internal operation at both its sites (Issy-les-Moulineaux and Lyon), whether for residents, its employees or the environment.*

*In 2018, emphasis was placed on events to raise employee awareness and initiatives to promote digitization and equipment reduction.*

### 3.1. Sponsorship

Since its creation, SFIL has formed various partnerships to support associations that foster diversity and equal opportunity and in which employees can also get involved personally.

#### THE DISABILITY POLICY

Handeco Pas-à-Pas network: an association that encourages companies to use services provided by the “protected worker sector”, which employs people with disabilities.

Partnership with “HASC” (Le Handicap Au Service des Compétences, Disabilities serving skills): this social enterprise, created and run by people with disabilities, assists SFIL with its disability policy (consulting, awareness-raising, training, coaching).

Club Être Entreprises: the aim of this association is to promote the employment of disabled people (more than 200 corporate disability projects) and lobby public authorities on diversity issues.

Disability Awareness Days: twice a year at the Issy-les-Moulineaux and Lyon sites, SFIL raises employee awareness about disability through special workshops on various topics: motor, visual and auditory disabilities, disabling illnesses and mental disorders.

#### OCCUPATIONAL REINTEGRATION OF THE LONG-TERM UNEMPLOYED

Cellule d'Aide aux Blessés de l'Armée de Terre (CABAT - Injured soldiers assistance unit) with the Association Terre Fraternité: supports the integration of military personnel who are disabled (due to service-related injuries) into a company. In 2018, one person was hired. This initiative also allows SFIL to benefit from high-quality external skills acquired during training offered by the French Army to its professionals.

#### THE INTEGRATION OF YOUNG PEOPLE

Collège de France: this sponsorship initiative brings SFIL and BNP Paribas together with the Collège de France in order to contribute to the success of the “Campus de l'Innovation pour les Lycées” (High School Innovation Campus) program, which focuses on high school students from schools located in disadvantaged urban and rural areas (the goal is to demystify the relationship with academic knowledge and encourage these students to plan for the future).

Institut Télémaque: SFIL employees sponsor talented young people from disadvantaged neighborhoods. The program is aimed specifically at junior and senior high school students. In 2018, six sponsorships were set up.

### 3.2. The importance placed on social cohesion

SFIL organizes many events to bring employees and teams together and to strengthen the sense of being part of a work group (these include the annual New Year's reception, the company agreements organized every 18 months and sporting events). Creating bonds among employees is a source of wealth and SFIL strives every day to facilitate these exchanges in order to maintain this closeness, which is vital to the company's performance.

Various special events are also organized each year, including:

- *“Journée d'accueil des alternants” (Work-study employees reception): A reception is held each year. The aim of this fun educational event is to ensure the best possible integration of these talented new recruits into SFIL (knowledge of SFIL, presentation of activities, Management's participation).*
- *“Journées écoles partenaires” (Partner schools days): SFIL organizes special one-day events with certain schools offering courses that correspond to jobs for which SFIL is in need of talent. In 2018, an event was held with the students of the “ISFA” (Institute of Financial and Insurance Sciences - Lyon). The ISFA trains actuaries and risk managers to meet the growing needs of the market in response to major challenges: anticipating and managing risks in the insurance, finance and industrial sectors. Thanks to this event, SFIL was able to hire four students.*

Aware that its social responsibility goes even further, SFIL encourages its employees – and despite not prioritizing Sustainable Development Goal 10 “Reducing Inequality” – to also engage with “others”, outside the context of the company. For instance, the introduction of the “microDON, l'arrondi Solidaire” platform allows each volunteer employee to make a donation every month to the association of his/her choice (including “L'Etoile de Martin” and “Planète Urgence”). In 2018, 46 employees joined the program.

In the wake of regulatory changes, in 2018 SFIL introduced “don de jour”, a program that allows employees to donate one or more days off to a colleague who is helping a close relative with a particularly severe loss of autonomy or a disability.

Other initiatives include participation in the “Film Festival for Women's Rights” (provision of human and financial resources) and support for races that benefit people suffering from serious illnesses.

### 3.3. Concern about environmental issues at SFIL

At SFIL, employees play a role in the environmental effort through the Sustainable Development Committee. This Committee, made up of various departments and coordinated by a central contact person, attests to the awareness of environmental issues that SFIL's teams have always had. The aim of the Committee is to develop more global awareness and promote a more wide-ranging dialogue by, among other things, providing information to all employees about each person's environmental needs and expectations. To this end, the Committee meets regularly to identify progress and shortcomings and to propose concrete sustainable development projects that all departments must take into account at the Executive Committee meeting. Awareness of corporate social responsibility has grown and is generating constructive discussions and valuable proposals throughout the company.

#### RAISING EMPLOYEE AWARENESS IN 2018



To reinforce its teams' commitment, each year the Committee organizes several events related to key dates in the area of sustainable development.



During European Sustainable Development Week from May 30 to June 5, 2018, SFIL organized several workshops in collaboration with its partner PikPik, a local association (Issy-les-Moulineaux) that educates citizens about sustainable development. Several fun workshops were held, including a "Smoothie Party" workshop (prevention of food and other waste), a stand for raising awareness of the Sustainable Development Goals, and a collection of cultural items and toys (for redistribution to charities).

As part of European Waste Reduction Week from November 19 to 23, 2018, two awareness initiatives were also launched: a free repair workshop (promoting the reuse of electronic equipment with the help of professional repairers) and an Eco-consumption Workshop (instruction on eco-friendly practices and the "less waste, less pollution" virtuous circle).

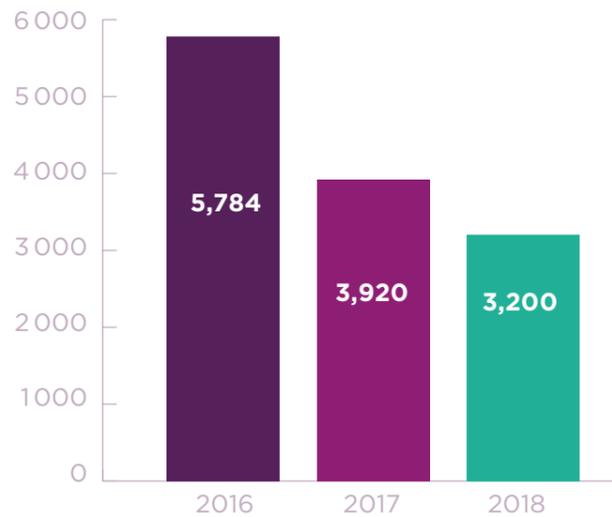
**RESOURCE CONSERVATION AND WASTE RECOVERY**

SFIL has taken several measures related to the circular economy to prevent, limit and reuse its consumables at both its sites. For its banking activity, the main raw materials consumed by SFIL are paper and computer equipment. SFIL has set up a sorting system for employees' day-to-day use.

**Responsible paper consumption policy**

In 2018, SFIL used only EU Ecolabel paper that meets the ISO 14001 standard, which means that it was produced using techniques that limit the use of resources by reducing emissions into the water and air during production, limiting energy consumption, and using only fibers from sustainably managed forests. **Paper consumption has decreased significantly since 2016: down by 32% in 2017 and by 18% in 2018.** The teams are made aware of this consumption: in exchange for eliminating an individual printer, an employee receives a plant. Every day, the default two-sided configuration of printers and the monthly posting of changes in consumption at each multi-function printer station on the upper floors encourage employees to limit paper use. This reduction is reflected in the number of reams of paper, which decreased from 5,784 in 2016 to 3,200 in 2018.

**Paper consumption (in reams)**



**"Nature in the city", a photo contest organized by SFIL**

On January 9, 2018, CEO Philippe Mills presented the awards for the photos chosen by employees to beautify SFIL's site. These photos were the result of a contest on the theme "Nature in the City" held in July 2017.

Nearly 25 employees participated and all the SFIL teams voted on their intranet.

### Computer equipment reduction policy

In line with its policy of decreasing paper consumption, SFIL implements a number of action plans and initiatives, such as reducing the amount of computer equipment, which is subject to monitoring and continuous improvement efforts. Given that manufacturer support is limited to five years, the lifespan of servers and workstations cannot be exceeded. They are therefore recycled by a partner that has a destruction permit.

### Consolidation of digitization

This encouragement to limit paper consumption and optimize computer equipment is supported by a variety of internal measures aimed at enhancing digitization and promoting its use by employees. Several internal purchases were also made to achieve this objective:

- the rearrangement of certain conference rooms in 2017 with, for example, the creation of an “idealization” room.
- laptops/tablets are gradually being made available so that employees can be connected throughout the company and exchange information more easily without the need for printing. In 2018, 56 computers were distributed to employees.
- in addition, all conference rooms are equipped with a projection system to encourage paperless meetings.
- employees are given the option to reserve digital tablets for their meetings to also avoid printing documents.
- if they so wish, employees can have two screens, which the vast majority have received.
- SFIL employees have access to the “Digi-Poste” collection service, which allows them to receive and save various digital documents (invoices, pay slips, administrative documents, etc.) in a personal file, automatically and free of charge.

### WASTE RECOVERY

At the Issy-les-Moulineaux site, SFIL has partnered with a paper recycling company for its confidential documents. In 2018, nearly 10 tonnes of paper were collected and recycled, which is equivalent to saving 181 trees and more than 87,000 liters of water.



At its second site in Lyon, where the main function is the management and archiving of contracts with 18 employees, SFIL has implemented an office paper recycling service (including confidential documents) with Recy'go. This approach allows SFIL to contribute to the development of a social and solidarity economy through paper processing and recycling. The principle is as follows: paper is collected directly and sent to a company that helps the long-term unemployed re-enter the workforce, which sorts it before sending it to nearby paper-recycling companies. In 2018, 2,798 kg of paper was recycled (versus 1,234.5 kg in 2017, a significant increase of more than 100%).

Based on this total of nearly 13 tonnes of paper collected and recycled, the carbon footprint analysis shows that no greenhouse gas emissions are envisaged.



Since 2017, SFIL has partnered with Joyeux Recycleurs to give the paper cups, bottles, cans, capsules and caps used by employees at its Issy-les-Moulineaux site a second life. In 2018, 568 kg of waste was collected and converted into hangers, fleece jackets, scooters, sleeping bags and cans. In 2017, 459 kg of waste was collected for recycling, which attests to the improvement in best practices at SFIL. These accomplishments are magnified by the fact that, for each kilo of waste collected, five cents are donated to Ares Atelier (Paris 18th), an association that helps socially excluded adults by offering them training, therapeutic workshops and the experience of social cohesion.

Waste	Weight	Conversion
16,800 cups	101 kg →	1,698 recycled hangers
6,060 bottles	121 kg →	242 fleece jackets
1,200 cans	36 kg →	18 scooters
10,700 caps	43 kg →	43 sleeping bags
17,867 capsules	267 kg →	1,908 cans

### PROTECTING BIODIVERSITY

#### Sponsorship of beehives

Amid the growing disappearance of pollinating insects, since June 2018 SFIL has sponsored the operation and production of three transhumant beehives in Burgundy and Allier with a beekeeper, “Bobo Miel”, located in the Loire Valley. The jars of honey are then sold to SFIL employees.

#### Communauté des jardiniers (Chloro'SFIL)



The “Chloro'SFIL” community of volunteer gardeners was created in the spring of 2018 as a way of bringing together employees wishing to help make the company's premises greener and exchange ideas or pass on their knowledge of gardening. In the spring of 2018, the SFIL teams planted green plants in several conference rooms and created a vegetable garden on the terrace of the 7<sup>th</sup> floor of the Bords de Seine 2 building in Issy-les-Moulineaux where fruit and vegetables are grown.

### 3.4. Indicators used in 2018

In 2018, employees took steps to minimize the impact of their activities on the environment and to promote their projects.

SDG	SFIL's action	2018 indicators
11 SUSTAINABLE CITIES AND COMMUNITIES	Participate in a sustainable ecosystem	<ul style="list-style-type: none"> <li>• 87,5% of the departments represented on the Sustainable Development Committee</li> <li>• 100% of the departments involved in decision-making</li> </ul>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Improve consumption patterns and reduce the environmental impact	<ul style="list-style-type: none"> <li>• 13 tonnes of paper collected and recycled with 0 CO<sub>2</sub></li> <li>• 568 kg of waste recycled</li> </ul>

# Glossary

“the abc’s of CSR at SFIL”<sup>1</sup>

## 3.5. Outlook for 2019

In 2019, employees will continue their efforts, whether through social projects (at schools, etc.) or environmental initiatives that include fun workshops throughout the year (clean desk challenge, photo contest, etc.) and by focusing on digitizing its practices (reducing the number of printers, etc.).

ODD	SFIL 2019 goals	Proposed indicators
	Participate in a sustainable ecosystem	<ul style="list-style-type: none"> <li>• Maintain the diversity of the employees involved</li> </ul>
	Improve consumption patterns and reduce the environmental impact	<ul style="list-style-type: none"> <li>• Reduction in the number of printers</li> <li>• Acceleration of digitization projects</li> <li>• Optimization of waste recycling</li> </ul>

### CARBON AUDIT

The Carbon Audit is a method developed by the French Environment and Energy Management Agency to calculate the greenhouse gas emissions of a company, product or individual. It allows the company to achieve an accurate assessment of its direct emissions or those caused by its activity so that it can design and implement an emissions reduction plan.

### CIRCULAR ECONOMY

This refers to an economic concept related to sustainable development (green economy, eco-design, industrial ecology, etc.). The goal of the circular economy is to build economic growth that is not based on the depletion of natural resources, but on the sensible use of materials and energy. The circular economy promotes the use of renewable energies and recycling, and is a virtuous ecological and economic model.

### GREEN ISSUE

A green bond – or environmental bond – issue is carried out on the financial markets by a company, an international organization or a local government to finance a project or activity that has an environmental benefit.

### SCOPES

Scopes are the levels of gas emissions established in the Greenhouse Gas Protocol, which was launched in 2001 by the World Business Council for Sustainable Development and the World Resources Institute. The aim of this protocol is to harmonize the fight against climate change worldwide. Its purpose is to quantify all the impacts generated by the production and consumption of a product. It is divided into three levels that correspond to emission scopes.

### STAKEHOLDERS

The company’s stakeholders include all those who participate in its economic life (employees, customers, suppliers, shareholders), all those who observe the company (trade unions, NGOs), and all those that it influences more or less directly (civil society, local governments). Stakeholders are all persons who have an interest in the company’s activities.

Socially responsible companies are not only transparent vis-à-vis their stakeholders; they also strive to serve all their interests. The concept of stakeholder refers to a vision of the company based on a negotiated governance, i.e. where the question of the shareholder’s profit and its increase are not the main objectives to be achieved. It is a governance model in which the interests of the company’s stakeholders are paramount, because they will ensure its prosperity.

### SUSTAINABLE FINANCE

Sustainable finance refers to finance practices that take into account non-financial criteria such as the environment or social issues. It supports the transformation of societies and the economy toward a more sustainable economy.

### Table of acronyms

<b>BPIAE</b>	BPI Assurance Export
<b>CAFFIL</b>	Caisse Française de Financement Local
<b>CDC</b>	Caisse des Dépôts et Consignations
<b>CHSCT</b>	Health, Safety and Working Conditions Committee
<b>CSR</b>	Corporate social responsibility
<b>ECB</b>	European Central Bank
<b>ESG</b>	Environmental, Social and Governance Issues
<b>GHG</b>	Greenhouse Gas
<b>HRD</b>	SFIL Human Resources Department
<b>ICMA</b>	International Capital Market Association
<b>LPB</b>	La Banque Postale
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SDG</b>	Sustainable Development Goals

<sup>1</sup> NOVETHIC, available online: <<https://www.novethic.fr/lexique.html>>.

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