

SFIL's social and environmental strategy: funding a sustainable future

Introduction and definition

Funding a sustainable future over the long term is the SFIL Group's key role. Our business promotes a sustainable future if it helps create a long-term positive impact on the environment and the economy.

The bank has aligned its responsibility strategy with the United Nations Sustainable Development Goals. It signed the Global Compact in 2018 and prioritizes nine of these goals.

We define our mission, in accordance with our strategy for a sustainable future, as follows:

“Funding a sustainable future by supporting regional development and major French exports over the long term, by mobilizing international savings with a positive but moderate profitability objective in a context of controlled risk-taking and a balanced social model.”

We implement this mission in our capacity as **a public development bank** serving the general interest¹, pursuant to a model recognized by European regulations (CRR2, Art. 429a).

Our policy for a more sustainable future is based on **three pillars**, which are the subject of an annual **CSR report**:

- Pillar 1: Implementation of public policy missions
- Pillar 2: Deployment of internal policies
- Pillar 3: Employee engagement and sponsorship policy

The nine priority goals that SFIL pursues:



¹ This model meets the following four criteria:

- Exclusively public shareholder structure
- Scope of intervention strictly limited to public policy roles
- An explicit or implicit guarantee granted by the shareholders
- No profit or market share maximization objective

Pillar 1: Implementation of public policy missions – Choices and responsibility in our financing activity

1. Contributing to the sustainable growth of France's regions and economy

As a public development bank, we help finance local government entities, public hospitals and large export contracts. Through these missions, SFIL plays a key role in the implementation of green and social projects such as the renovation of hospitals, the creation of green public transport networks and the upgrading of waste management and recycling systems. As the leading provider of liquidity for large export contracts guaranteed by the State, SFIL plays a key role in certain industrial sectors by securing long-term employment.

We support the efforts of our partners, seeking to offer high-performance products such as hospital loans and green loans for local government entities to finance their projects with added social and environmental value.

2. Responsible selection of funded projects

We have defined a set of rules to ensure that our operations comply with our responsibility policy.

2.1 Responsible financing of local public sector investments

SFIL operates within a secure framework for local government entities and hospitals:

- Offering long-dated loans that are simple and adapted to the projects we finance, in particular thanks to our capacity for long-term lending.
- Restricting financing to investments, not being authorized to finance operating expenses such as loan interest or deficits.
- Ensuring debt sustainability from the borrower's perspective.

We seek a positive environmental and social impact for these two customer types:

- The social mission of public hospitals is clearly defined in the French public health code: offer a public healthcare service spanning all disciplines and the whole population, while contributing to research and teaching. A key lending criterion is a hospital's "health added value", a concept which makes it possible to measure a hospital's importance in the overall care offer. SFIL has introduced a mandatory internal process for evaluating this criterion, which it calculates using a set of indicators at the public hospital loan application assessment stage.
- We will also assess the environmental impact of local government entity investments financed by our green loans.

2.2 Responsible granting of export loans

Under the export credit activity entrusted to the Group in 2015 all transactions are covered by BPI France Assurance Export (BPIAE), acting for and on behalf of the French State. These export credit transactions are strictly 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, where Europe stands out for having transposed it into Community law.

SFIL aligns its policy of limiting the social and environmental impacts of refinanced projects with the regulations applicable to export credit agencies. The social and environmental component of the OECD's Arrangement on officially supported export credits, signed by all member countries, states that eligible projects must comply with the “OECD Recommendation of the Council on Common Approaches on Officially Supported Export Credits and Environmental and Social Due Diligence”.

2.3 Compliance of projects with our ethical values, environmental strategy and risk appetite

We have identified a certain number of activities, listed in Appendix 1 to this document, that we do not consider financing on the grounds of incompatibility with either our ethical values or our CSR strategy.

The SFIL Group's risk appetite is defined by the Board of Directors. It represents the maximum level of risk that the company is prepared to take, taking into account its stakeholders' expectations as regards the achievement of its strategic objectives. In line with our public development bank model, SFIL's risk appetite has been set as low.

Pillar 2: Deployment of internal policies - Maintaining irreproachable ethical standards and a commitment to reducing our ecological footprint

Aware of the importance of the stakes, the Board of Directors' Governance Committee ensures that the Group's actions contribute to a sustainable future, and addresses CSR issues.

2.1. Combating all forms of discrimination, promoting employee well-being and providing professional support

SFIL is committed to gender equality in all company processes, from recruitment and team reorganization to the appointment of managers and compensation and promotion decisions. The various policies that SFIL implements to foster work-life balance are also aimed at enabling greater gender equality in the different professions.

SFIL supports the training of its employees through the development of new, innovative and qualification-based skills to carry out new activities. It is aware that professional development also involves prevention. In addition to a highly accessible system for preventing psychological and health risks, it provides external and internal mediation mechanisms for people facing extreme difficulties.

2.2. Fight against all forms of corruption, and fully transparent business conduct

The bank attaches paramount importance to compliance with the system for preventing and combating corruption and influence peddling, both internally and in the projects that the SFIL Group finances.

- As such, SFIL 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 uses a comprehensive procedure to prevent the risk of exposure to potential corruption, which includes an internal alert mechanism.
- All its employees and external service providers are bound by its system for preventing and combating corruption and influence peddling. According to the disciplinary rules applicable to employees, any employee in breach of anti-corruption rules and procedures may be subject to disciplinary and/or criminal penalties.
- The SFIL Group complies in particular with the provisions of the French criminal code, the UK Bribery Act and the US Foreign Corrupt Practices Act.

- The SFIL Group conducts its business in complete transparency. With regard to lobbying, it reports its activities to France's High Authority for Transparency in Public Life (HATVP) and enters its relevant employees on the national register of interest representatives. All this information is stored on the HATVP's public platform, Agora.

2.3. Reducing environmental impact

The SFIL Group seeks to reduce its environmental impact in all its activities. It has accordingly set a target to reduce CO2 emissions by 15% in the three years from 2020 to 2022.

The bank will seek to achieve this objective by minimizing its CO2 emissions through additional sustainability measures. This will involve reviewing all CO2-emitting items.

At the same time, it may take offsetting measures to further pursue the objective of reducing CO2 emissions.

Pillar 3: Encouraging employees in terms of CSR, and ambitious sponsorship

3.1. Sponsorship to promote equal opportunities and employment for all

In order to promote diversity and equal opportunities, SFIL has forged various partnerships in three major integration action areas: the long-term unemployed, the disabled and young people.

- supporting the education of young people from disadvantaged backgrounds, reflected particularly in SFIL's partnership with the "*Campus de l'innovation pour les lycées*" (high school innovation campus) program of the Collège de France, L'Envol and the Télémaque institute (support for middle and high school students).
- keeping disabled workers in employment and working to change attitudes towards disability. Our partnership with the French Army's Casualty Assistance Unit (CABAT) is particularly valuable, enabling us in our capacity as a public bank to help injured French service personnel return to work.

3.2. Encouraging initiatives with the support of the employee Sustainable Development Committee

At SFIL, each employee can take positive action both in his or her professional role and personally. A number of events based on human resources policy incentives facilitate participation within the Group throughout the year.

SFIL's most environmentally active employees have also created a Sustainable Development Committee. Backed by the institution, it seeks to raise awareness of sustainable development issues and propose new initiatives in this area. The Committee has launched a number of practical initiatives to increase energy efficiency and the recycling of office supplies, and plays an important role in meeting the company's carbon footprint reduction objective.

3.3. Supporting corporate cohesiveness

The SFIL Group seeks to co-develop corporate standards through effective labor-management dialog. The institution regularly carries out working climate studies through a barometer designed to identify the actions required to maintain a satisfactory level of well-being at work.

It encourages employees in their numerous initiatives to promote a cooperative corporate environment. Regardless of their level of seniority, SFIL's staff show their commitment to fostering a harmonious work environment through numerous initiatives covering ecology, art, sports and fine food. Particular attention is paid to the integration of new recruits.

Appendix 1: Activities excluded from our funding

Activities

- Coal exploration and/or extraction
- Fur industry
- Tobacco industry
- Pornography industry
- Controversial and unconventional weapons industry