



Au service des territoires
et des exportations

2021

**CORPORATE SOCIAL
RESPONSIBILITY
REPORT**

FOREWORD BY PHILIPPE MILLS & FRANÇOIS LAUGIER

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“COMMITTED TO A SUSTAINABLE FUTURE



Philippe Mills



François Laugier

► WHAT WERE SFIL'S MOST NOTEWORTHY ACHIEVEMENTS IN 2021 IN TERMS OF PROGRESS ON CSR ISSUES?

Philippe Mills – This year, once again, our Group made significant strides in terms of corporate social responsibility.

First of all, we provided additional support for the ecological transition of the local public sector, whose commitment to sustainable projects is increasingly evident, by granting €680 million in green loans to local government entities, and carried out €1.25 billion in thematic bond issues. Including these loans of €680 million, 17% of loans granted in 2021 were green, compared to 9% in 2020.

Secondly, we are proud to have reached the target we set ourselves three years ago to reduce our CO² emissions by 15% and we have completed our first carbon offset operation. The year was also marked by the continued integration of climate issues into our risk policy, in particular with the first formal mapping of climate-related risks.

Finally, we continued to train and raise awareness among our employees about sustainable development issues, for example by launching a sustainable development and CSR e-learning module and by holding our first corporate volunteer activities day.

The successful implementation of all these commitments is reflected in our excellent ESG ratings, which are up once again this year.

“Our CSR commitment is central to our 2nd strategic plan - #Objectif2026

► HOW WOULD YOU DESCRIBE SFIL'S CSR COMMITMENT TODAY AND WHAT ARE OUR GREATEST CHALLENGES TOMORROW?

François Laugier - We have fully integrated the principles of the Global Compact – as well as the nine priority Sustainable Development Goals – into all aspects of our Bank: strategy, corporate culture and business.

Our CSR commitment is a key aspect of our 2nd strategic plan – #Objectif2026. Our aim is to accelerate the transitions of the regions and of the French economy, while protecting our planet.

Our first challenge for the local public sector financing business is to broaden the scope of our actions in response to the challenges of the climate transition. We will therefore extend our range of social loans to local authorities and incorporate the requirements of the European Taxonomy into our range of green loans.

With regard to the refinancing of major export credit contracts, our goal is to expand SFIL's action in support of French manufacturers' sustainable projects. The export credit business has a solid foundation enabling it to meet the challenges and objectives of the climate transition – in particular, by providing support for employment in France through exports, which is one of the Sustainable Development Goals prioritized by the Caisse des Dépôts Group.

“Our ambition: to be a key ESG influencer in the local public sector

► ONE YEAR AFTER OUR SUCCESSFUL INTEGRATION INTO THE CAISSE DES DÉPÔTS GROUP, WHAT CSR SYNERGIES ARE POSSIBLE?

Philippe Mills - Our corporate purpose, Financing a sustainable future, directly echoes that of the Caisse des Dépôts Group, of which we are a fully committed member: “The Caisse des Dépôts Group, a unique alliance of public and private economic players, is committed, at the heart of the regions, to accelerating the ecological transformation and to contributing to a better life for all.”

Since our integration, strong synergies have emerged. In addition to creating bridges that foster intra-Group career opportunities, we actively contribute to the numerous thematic working groups, alongside the other Group entities, with the aim of providing answers to the challenges of the ecological transition and harmonizing our social policies.

In partnership with the Banque des Territoires, we will also offer local authorities a range of fixed-rate long-term loans – exceeding 25 years – to finance projects with a predominantly green or social purpose.

Finally, we intend to anchor our long-term position, in particular by developing specific ESG skills in the local public sector portfolio.

“We are proud to have successfully continued our sponsorship and awareness-raising initiatives in order to mobilize our teams around sustainable development challenges

► THE HEALTH CRISIS HAS ACCELERATED THE TRANSFORMATION OF OUR LIFESTYLES, THE WAY WE WORK, TRAVEL, ETC. WHAT ARE THE IMPACTS FOR SFIL?

François Laugier - For us, as a human-scaled public development bank, the various upheavals brought about by the health crisis have also created CSR opportunities. The crisis has profoundly transformed the ways we interact collectively, both internally and with our external stakeholders, as well as our individual practices, enabling us to better take into account sustainable development issues. In 2021, we implemented our first telework agreement, which offers employees a better work-life balance.

Our Demain@SFIL project has entered its action phase with exciting work on hybrid working methods, modifying the layout of our premises and managerial leadership to support our employees in this stage of internal transformation.

And as Philippe pointed out, in this very unusual context, we are proud to have successfully continued our sponsorship and awareness-raising initiatives in order to mobilize our teams around CSR challenges. In particular, we have increased our educational support for young people from disadvantaged backgrounds by becoming the leading patron of the Collège de France's “Innovation Campus for High Schools” program, and held our first corporate volunteer activities day, the SFIL'Anthropie day.

Philippe Mills - We would like to thank our employees for their day-to-day and long-term commitment to serving the greatest number of people and our planet! We would also like to acknowledge the continued trust our local public sector borrowers, investors and partners place in us, in particular La Banque Postale and our majority shareholder, the Caisse des Dépôts Group, and their active collaboration in supporting the sustainable financing of our economy.

→ OUR CONTINUED COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT



In 2018, SFIL joined the United Nations Global Compact and declared its commitment to supporting its 10 principles, which are based on four themes: respect for human rights, international labor standards, environmental protection and fighting corruption.

Four years later, we have come a long way, as evidenced by our Group's many achievements this year, as presented in this report.

SFIL increasingly integrates the principles of the Global Compact, as well as the Sustainable Development Goals, into its corporate strategy, culture and activities, directly in line with our

ambition to be a driving force for a sustainable future. Thus, in 2021, we placed social responsibility and sustainable development at the heart of our new #Objectif2026 strategic plan.

In this fourth CSR report, which constitutes our Communication on Progress, we invite you to discover more about our achievements in 2021, as well as about our future commitments. This year, more than ever, we are renewing our commitment to respect and implement the ten principles of the Global Compact.


François Laugier
Directeur général adjoint


Philippe Mills
Directeur général

→ GOVERNANCE

SFIL WAS LICENSED AS A BANK BY THE FRENCH PRUDENTIAL SUPERVISORY AND RESOLUTION AUTHORITY (AUTORITÉ DE CONTRÔLE PRUDENTIEL ET DE RÉOLUTION – ACPR) ON JANUARY 16, 2013.

SHAREHOLDER STRUCTURE

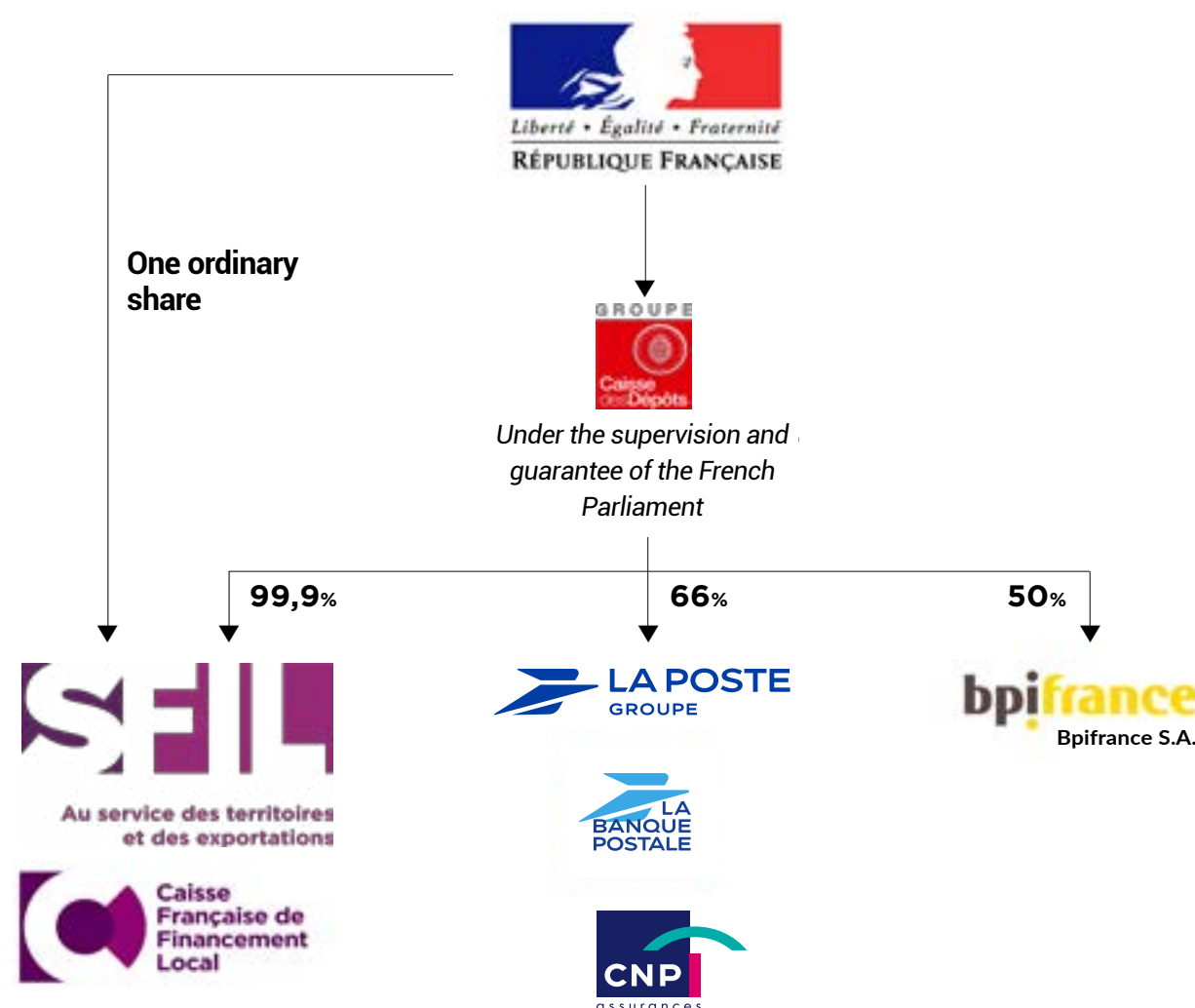
On September 30, 2020, the date on which the French State, with the exception of one share, and La Banque Postale sold their stakes to Caisse des Dépôts, the latter has become SFIL's majority shareholder. Due to SFIL's public interest missions, the French State continues to be represented on SFIL's Board of Directors by a non-voting member.

A shareholder structure with exclusively public shareholders is one of the characteristics of the public development bank model that SFIL follows. The purpose of public development banks is not to maximize profitability or market share, but to carry out public policy missions entrusted by the public authorities (the French State, regions and local government entities) in order to correct identified market deficiencies, while providing the conditions for their own viability. SFIL is thus a key component of the financing system for local

government entities and public health institutions that was established in early 2013 to provide a long-term response to the contraction of long-term financing for the local public sector.

To that end, since January 31, 2013 SFIL has held 100% of the capital of Caisse Française de Financement Local (CAFFIL), its sole subsidiary, a mortgage credit company (*société de crédit foncier*) governed by Articles L. 513-2 et seq. of the French Monetary and Financial Code.

CAPITAL STRUCTURE OF SFIL AND ITS SOLE SUBSIDIARY CAFFIL



GOVERNANCE

Following the change in the shareholder structure in September 2020, SFIL's Board of Directors and its specialized committees were modified substantially to provide Caisse des Dépôts with greater representation on these bodies. Caisse des Dépôts, which is a Board member, has one representative and

proposes the appointment of five other members. In addition, four independent directors, including the Chairman, as well as three directors representing employees, sit on the Board of Directors. A non-voting member represents the French State.

CHAIRMAN: **Pierre SORBETS** CHIEF EXECUTIVE OFFICER: **PHILIPPE MILLS**

4 INDEPENDANT MEMBERS:

Brigitte DAURELLE
Eckhard FORST
Cathy KOPP

7 MEMBERS:

Serge BAYARD
Virginie CHAPRON DU JEU
Quentin DE NANTES
Laetitia DORDAIN

3 EMPLOYEES DIRECTORS:

Sandrine BARBOSA
Frédéric GUILLEMIN
Cécile LATIL-BOUCULAT

1 NON-VOTING BOARD MEMBER:

Paul TEBOUL

1 SECRETARY OF THE SOCIAL AND ECONOMIC COMMITTEE:

Thomas PERDRIAU



CAISSE DES DÉPÔTS
represented by Olivier FABAS

Pierre LAURENT
Fabienne MOREAU

41,7%
women*

33,3%
Independance*

98,9%
Attendance rate

55 ans
Average age

4 ans
Average term of office

*Excluding directors representing employees

The Board of Directors strives to maintain a balanced membership, both in terms of gender balance and the diversity of its members' expertise and experience.

The Board of Directors determines SFIL's business strategy and ensures it is properly carried out. Its operation is governed in particular by rules of procedure, which were updated in September 2021. The Board of Directors meets at least once a quarter. In 2021, it met six times.

At Board meetings, senior management presents the business conducted, the financial statements for the previous period (or the financial situation in the absence of an accounting close), and an update on the main projects in progress within the company or the significant issues it may be facing. In 2021, a systematic review was conducted of SFIL's situation with respect to the pandemic, particularly its impacts on employees, the company's operations and risk management.

In accordance with its rules of procedure, the Board of Directors also paid particular attention to environmental issues and climate risks. The Board is required to "ensure that the company creates value in the long term by considering the social and environmental aspects of its activities" and to "regularly examine the opportunities and risks taken by the company, particularly in the financial, legal, social and environmental fields (including climate-related risk), as well as the measures adopted as a result thereof." Finally, the Board approved the #Objectif2026 strategic plan.

The Board of Directors is assisted in all its work by specialized committees (see below), whose chairs systematically report to it on the analyses carried out and opinions issued.

➤ **The Risk and Internal Control Committee:** analyzes the Group's risk profile, ensures that risk management systems are implemented and complied with, monitors internal control systems and assesses their effectiveness, in particular to identify, evaluate, manage and control financial and non-financial risks.

➤ **The Financial Statements Committee:** deals with financial matters and reviews the financial statements, the auditors' reports, budget forecasts, etc.

➤ **The Compensation Committee:** contributes to the development and updating of the compensation policy and, in particular, focuses on areas for improvement identified in coordination with the Risk and Internal Control Committee. It issues an opinion on the compensation of corporate officers and reviews the compensation of Executive Committee members.

➤ **The Governance, Appointments and CSR Committee:** proposes appointments of corporate officers, assesses the individual

expertise of the members of management bodies and of the Board of Directors as a whole, prepares the succession plan, and assists the Board of Directors in evaluating its operations. With respect to CSR issues, it reviews SFIL's strategic thinking and actions taken, and oversees the preparation and publication of information. In this context, it issues a favorable opinion on SFIL's CSR report, which is then approved by the Board of Directors.

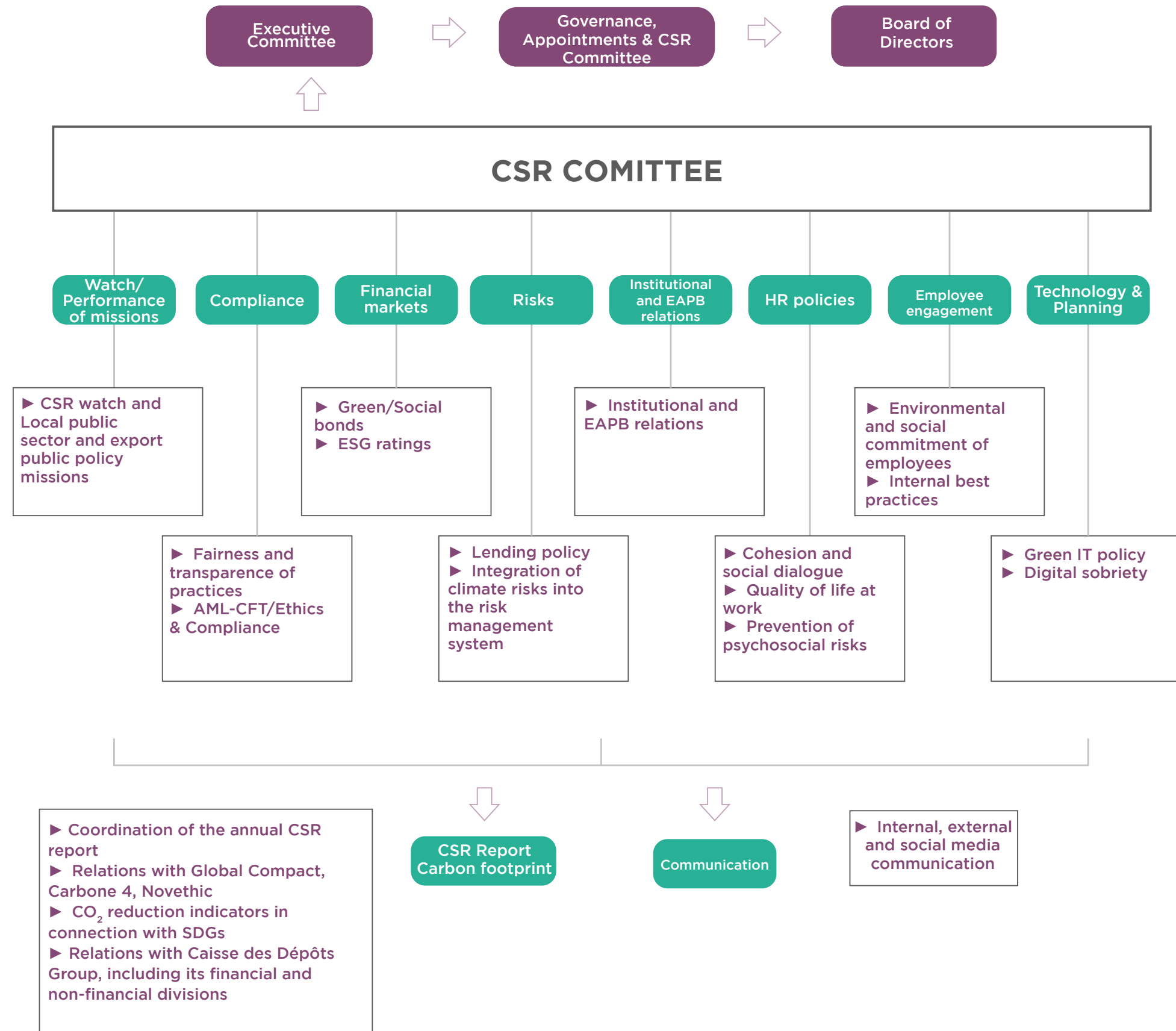
→ DEDICATED CSR GOVERNANCE IN SUPPORT OF A SUSTAINABLE POLICY

Since 2019, SFIL's CSR policy has been based on a cross-functional governance that is anchored in the operational departments, with a dedicated CSR committee that meets every quarter and a CSR Director appointed from among the members of the Executive Committee.

This organization maintains a collective momentum that contributes to ensuring CSR issues are properly integrated and to coordinating actions within each department.

To meet the challenges of its new *#Objectif2026* strategic plan, a CSR department was created in late 2021. As the gateway for all CSR issues, it is responsible for developing and implementing strategy within SFIL and coordinating it with the sustainable development policy of the Caisse des Dépôts Group.

In coordination with the CSR Committee, a specific climate risks governance has also been set up, which is described in the appendix entitled **Climate-Related Risks**.



→ ESG RATING

Since 2020, SFIL has commissioned Sustainalytics to provide a non-financial rating based on an ESG¹ risk approach.



20th **9th**

out of 15 081
Global Universe

out of 1068
Financial institutions

THE ESG RATING, WHICH WAS UPDATED ON DECEMBER 17, 2021, IMPROVED TO 6.6 FROM 7.7 IN 2020 (0 IS THE HIGHEST POSSIBLE RATING AND 100 IS THE LOWEST).

9th

out of 116
Development banks

Issue Name	Subindustry Exposure	Management Score	ESG Risk Rating	Risk
Corporate Governance	5.0	69.0	1.6	Negligible
ESG Integration - Financials	6.0	62.8	2.2	Low
Human Capital	5.0	76.3	1.4	Negligible
Business Ethics	5.0	75.6	1.4	Negligible
Overall	21.0	70.4	6.6	Negligible

This rating places SFIL in the first percentile of rated institutions and ranks it 9th out of the 116 public development banks worldwide rated by Sustainalytics – as of December 17, 2021.

Sustainalytics considers SFIL's ESG risk to be negligible and has particularly

recognized SFIL's performance in the areas of governance, human capital management and business ethics.

CAFFIL, the SFIL Group's subsidiary, is also rated on the basis of ESG criteria by ISS. Its current rating is Prime C+.

1. ESG: environmental, social and governance.

→ SFIL, A DRIVING FORCE FOR A SUSTAINABLE FUTURE: KEY EVENTS IN 2021

1

CSR AT THE HEART OF THE
NEW STRATEGIC PLAN

2

A REAFFIRMED COMMITMENT
TO SUSTAINABLE FINANCE

3

INCREASINGLY STRINGENT
NON-FINANCIAL REGULATORY
OBLIGATIONS

4

CONTINUED INTEGRATION INTO
THE CAISSE DES DÉPÔTS GROUP

5

ADAPTING TO CHANGES IN
THE WORLD OF WORK

1

CSR AT THE HEART OF THE NEW STRATEGIC PLAN

Following the success of its first strategic plan, which exceeded its objectives, SFIL has launched *#Objectif2026* with the goal of pursuing and expanding its development within the Caisse des Dépôts Group while continuing to affirm and develop its human-scaled public development bank model.



THE NEW STRATEGIC PLAN WILL ENABLE SFIL TO PURSUE THIS DEVELOPMENT ALONG THREE LINES:

- Taking full advantage of the strength and pertinence of its public development bank model
- Expanding its horizons in response to the challenges of the French recovery and climate transition plans
- Initiating a new phase in its internal transformation

SFIL places sustainable development issues at the heart of its strategy and has therefore set the following main objectives:

- Providing increased support for hospitals via the “Ségur de la Santé” process
- Rolling out a social loan offer in conjunction with La Banque Postale
- Changing the way export credit is applied to French sustainable projects
- Increasing the number of social and green thematic bond issues
- Implementing awareness-raising actions targeting the local public sector, a driving force behind sustainable projects

2 | A REAFFIRMED COMMITMENT TO SUSTAINABLE FINANCE

CLIMATE FINANCE DAY/FINANCE IN COMMON/COP26

SFIL continues to commit to developing the responsible finance ecosystem. To that end, in 2021, SFIL participated in the work of Finance for Tomorrow and once again sponsored the Climate Finance Day, a major annual event that has mobilized the international financial sector in Paris every year since COP21 in 2015 and fosters exchanges with civil society. SFIL's scheme for financing sustainable investments and the associated constraints were discussed during round table 1: *"How to scale up and measure real impact?"*

In addition, as head of the European Association of Public Banks (EAPB), SFIL works with its European peers to steer the financial markets toward forward-looking investments via a range of sustainable bond issues, primarily for green, social and sustainable bonds. In 2021, the public development banks cluster within the EAPB issued over €20 billion in sustainable bonds to promote fairer and more resilient regions.

Moreover, SFIL presented the sustainable finance commitments of EAPB members at the second summit of public banks in Rome in October 2021



(Finance in Common – a coalition initiated and organized by Agence Française de Développement, the French Development Agency). This edition, feeding on the impetus of COP26, provided major international associations with a forum to consider the distance still to be covered in order to comply with the Paris Agreements and to share progress made and difficulties encountered in the northern and southern hemispheres alike.

CONTINUATION OF THE THEMATIC BOND ISSUE PROGRAMS

As the leading European issuer of bonds secured by public sector loans, the SFIL Group continued to roll out its thematic bond issue programs in 2021 in response to the growing demand from investors heedful of ESG criteria.

For example, in April, it launched its third social issue, which targeted hospital financing and was followed in November by a new green issue to finance local government entities' environmental initiatives. The allocation and impact reports for the first COVID-19 issue and the 2020 green issue were published in April and November 2021, respectively.



SFIL is regularly commended in the trade press for its bond issue programs. In 2021, the Group received two awards for its thematic bond issues.

3 | INCREASINGLY STRINGENT NON-FINANCIAL REGULATORY OBLIGATIONS

The year 2021 was marked by an acceleration of the European Sustainable Finance Action Plan, which aims to transform the European financial system by redirecting investments towards sustainable economic activities.

This has resulted in the publication and implementation of several European and French statutes and regulations requiring more in-depth financial and non-financial information, thereby

imposing more stringent requirements for the publication of such information.

During this period, SFIL has continued to analyze the application of these various laws on sustainable finance², which will be progressively implemented until 2024, in order to identify their impact on its activities and regulatory publications.

TOWARDS A REFORM OF REGULATORY STATEMENTS

As a result of the Non-Financial Reporting Directive, known as the "CSRD"³, new sustainability obligations will apply to SFIL starting in 2024 that will require it to revise its regulatory statements.

A review is currently underway and will result in revamped annual financial and CSR reports. For this purpose, projects have been identified and, starting in 2022, will be implemented throughout the [intervening] period in order to supplement the regulatory statements.

This work will also include an analysis of the new laws expected in 2022, including the publication of the "Environment" delegated regulation under the Green Taxonomy and the publication of the final version of the CSR Directive, which must be transposed into French law by the end of 2022.

2. The Green Taxonomy Regulation and its delegated acts, the CSR Directive (CSRD) on non-financial reporting, the CRR 2 Regulation requiring disclosure of information on environmental, social and governance risks, the SFD Regulation (SFDR) on the disclosure of sustainability information in the financial services sector, and the decree on Article 29 of the French Energy and Climate Act.

3. Corporate Sustainability Reporting Directive.

4 | CONTINUED INTEGRATION INTO THE CAISSE DES DÉPÔTS GROUP



SFIL became a member of the Caisse des Dépôts Group in September 2020 and contributes to its excellent financing capacity, thereby complementing the Group's other resources.

Since then, SFIL has integrated into the Group while retaining its identity, and in 2021 it continued to provide contributions on major issues and challenges.

SFIL has thus adopted the Caisse des Dépôts Group's approach to developing cooperation among the Group's various

entities and coordinating the operation of its business lines.

In particular, this approach has helped:

- generalize a network operating method within each function;
- encourage new intra-Group business cooperation;
- make the Group more attractive and broaden its employment scope.

5 | ADAPTING TO CHANGES IN THE WORLD OF WORK



In 2021, in line with the measures initiated previously with the launch of its *Demain@SFIL* transformation project, SFIL expanded its scope to include all aspects of the new world of work, including organization, collaboration methods, and use of premises and tools, in order to improve collective efficiency and the quality of life at work.

These long-term changes, shared by all, will bring greater flexibility to the organization and will return engagement, cooperation and innovation to a central position.

The first key achievements in 2021 included the signature of a new telework agreement, adapting managerial practices to “hybrid” operations, and launching a project to modify the layout of company's premises.

In addition, under the Group Vision project launched in spring 2021, the input of all employees was solicited during a broad consultation aimed at defining the Group's corporate mission statement.

On social responsibility and sustainable development issues, SFIL has integrated the sustainable development approach of Caisse des Dépôts, which has created strong synergies within the network of CSR/sustainable development officers. SFIL is fully in step with the momentum created by the Group

by contributing to the development of its climate policy and actively participating in numerous thematic working groups, such as those on the SDGs and the Green Taxonomy, as well as sector-specific working groups (transportation, fossil energies, etc.), with a view to providing answers to the challenges of the ecological transition.

Lastly, work was carried out to ensure that SFIL's AML/CFT policy is aligned with that of the Caisse des Dépôts Group.



→ KEY FIGURES FOR 2021



€4,9 BILLION

IN LOANS GRANTED TO
LOCAL AUTHORITIES AND
PUBLIC HOSPITALS (LEADING
FUNDER)



€ 680 MILLION

IN GREEN LOANS TO LOCAL
AUTHORITIES



41,7 %

OF THE SEATS ON THE
BOARD OF DIRECTORS
ARE HELD BY WOMEN



5 390 TCO₂

EMITTED, DOWN 31%
OVER 3 YEARS



€2 BILLION

OF THE FRENCH SHARE
OF EXPORT REFINANCING



7th

LARGEST FRENCH BANK BY
BALANCE SHEET SIZE



-43 %

LESS PLASTIC USED IN 2021



€1,25 BILLION

IN THEMATIC BOND ISSUES



394

EMPLOYEES



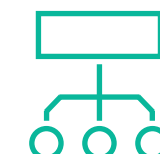
2

SITES
(PARIS AND LYON)



9

PRIORITIZED SUSTAINABLE
DEVELOPMENT GOALS



1

STRATEGIC SUBSIDIARY OF
THE CAISSE DES DÉPÔTS
GROUP

→ 2021 EVENTS IN BRIEF



JANUARY

Launch of the borrower satisfaction survey

To better understand its clients' expectations, at the beginning of the year SFIL launched a satisfaction survey targeting all its borrowers, both local authorities and public health institutions. This first-ever consultation was conducted by the Kantar Institute.



FEBRUARY

Bercy France export

As it does every year, SFIL took part in Bercy France Export, an annual event organized by the French Treasury Department that brings together active French export industry players. At the 2021 edition, which was dedicated to the Green Recovery, SFIL spoke on the topic "Large export credits – SFIL refinancing – Review and prospects."



APRIL

New social bond issue

This third transaction under the SFIL Group's social issue program took the form of a covered bond issue in the amount of €750 million with a maturity of eight years, and attracted quite a specific investment profile, with over 51% of the issue allocated to ESG portfolios and ESG investors.



JUNE

Quality of life at work week

In the context of the health crisis, SFIL chose to focus on employee well-being throughout the "Quality of Life at Work Week", which was held from June 14 to 18, and during which employees participated in a series of new activities and thematic workshops.



NOVEMBER

European disability employment week

SFIL offered its employees several events and workshops on disability awareness during the EDEW and, in connection with DuoDay, hosted two persons with disabilities for a day of practical experience in the company.



OCTOBER

Participation in the Climate Finance Day

SFIL once again was a sponsor of the event and, through its CFO Florent Lecinq, participated in the "How to scale up and measure real impact?" round table, at which he presented SFIL's full range of financing for sustainable investments.



OCTOBER

Signing of the Responsible Supplier Relations Charter

SFIL confirmed its commitment to a balanced relationship with its suppliers by signing the Responsible Supplier Relations Charter of the Ministry of the Economy and Finance and of the National Purchasing Council.



SEPTEMBER

Sustainable development week

During the 2021 edition, which was held over three weeks, employee awareness was raised on a range of issues through intranet communications and publications, including improved waste sorting and digital sobriety.

→ 2021 EVENTS IN BRIEF



DECEMBER

Signature of a carbon offset agreement with Société Forestière

In addition to the actions already undertaken to reduce its carbon impact, at the end of 2021 SFIL signed a voluntary carbon offset agreement with Société Forestière, a subsidiary of the Caisse des Dépôts Group, to neutralize the residual impact of its scope 1 and 2 emissions and a portion of its scope 3 emissions.



DECEMBER

Launch of the csr and sustainable development e-learning module

In an effort to raise the awareness of as many employees as possible about environmental issues and to disseminate CSR culture, in late 2021 SFIL launched a sustainable development and CSR e-learning module accessible to all.

→ REVIEW OF OUR SDG COMMITMENTS



Adopted in 2015 by the United Nations, the 17 Sustainable Development Goals are 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 2030.

SFIL is fully committed to this approach and has prioritized **nine Sustainable Development Goals**, which it has

progressively integrated into all its activities and operations.

In 2020, the Group expanded this approach by setting precise targets for its contribution through quantified indicators closely linked to its activities and its DNA as a public development bank, as well as to its internal functioning.

The achievement of these objectives is measured on the basis of 18 indicators. The results for 2021 are published at the end of each of the relevant areas.

THE NINE SDGS PRIORITIZED⁴ BY THE SFIL GROUP AND THEIR DEFINITION IN LIGHT OF ITS CORPORATE MISSION AND ACTIVITIES:

	Supporting the public hospital sector and contributing to the well-being of our employees.		Contributing to increasing the share of renewable and carbon-free energy.
	Participating in the financing of the educational system and promoting training, diversity and equal opportunity.		Supporting investments related to the energy efficiency of buildings and financing the deployment of digital infrastructure.
	Advancing professional gender equality and promoting gender parity.		Financing territorial mobility and soft urban transport.
	Financing investments in public drinking water and sanitation services.		Financing investments promoting the treatment of household waste and contributing to the circular economy.
			Reducing our carbon footprint.

4. The fact that the SFIL Group did not prioritize a given goal does not mean that it is not taking, or will not take in the future, measures related to that goal.



SFIL'S CONTRIBUTION TO SDG 8:
In connection with the SDGs prioritized by the Caisse des Dépôts Group, SFIL contributes to SDG 8 through its action in support of French export manufacturers.

PRIORITY 1

CARRYING OUT PUBLIC POLICY MISSIONS



- 1 | FINANCING THE LOCAL PUBLIC SECTOR, A MAJOR PLAYER IN THE FRENCH RECOVERY AND ECOLOGICAL TRANSITION PLAN
- 2 | THE SUCCESS OF SOCIAL AND GREEN THEMATIC BOND ISSUES
- 3 | AN EXPORT CREDIT ACTIVITY WITH A FOCUS ON ECONOMIC DEVELOPMENT AND THE ENERGY TRANSITION
- 4 | OUTLOOK

1 | FINANCING THE LOCAL PUBLIC SECTOR, A MAJOR PLAYER IN THE FRENCH RECOVERY AND ECOLOGICAL TRANSITION PLAN

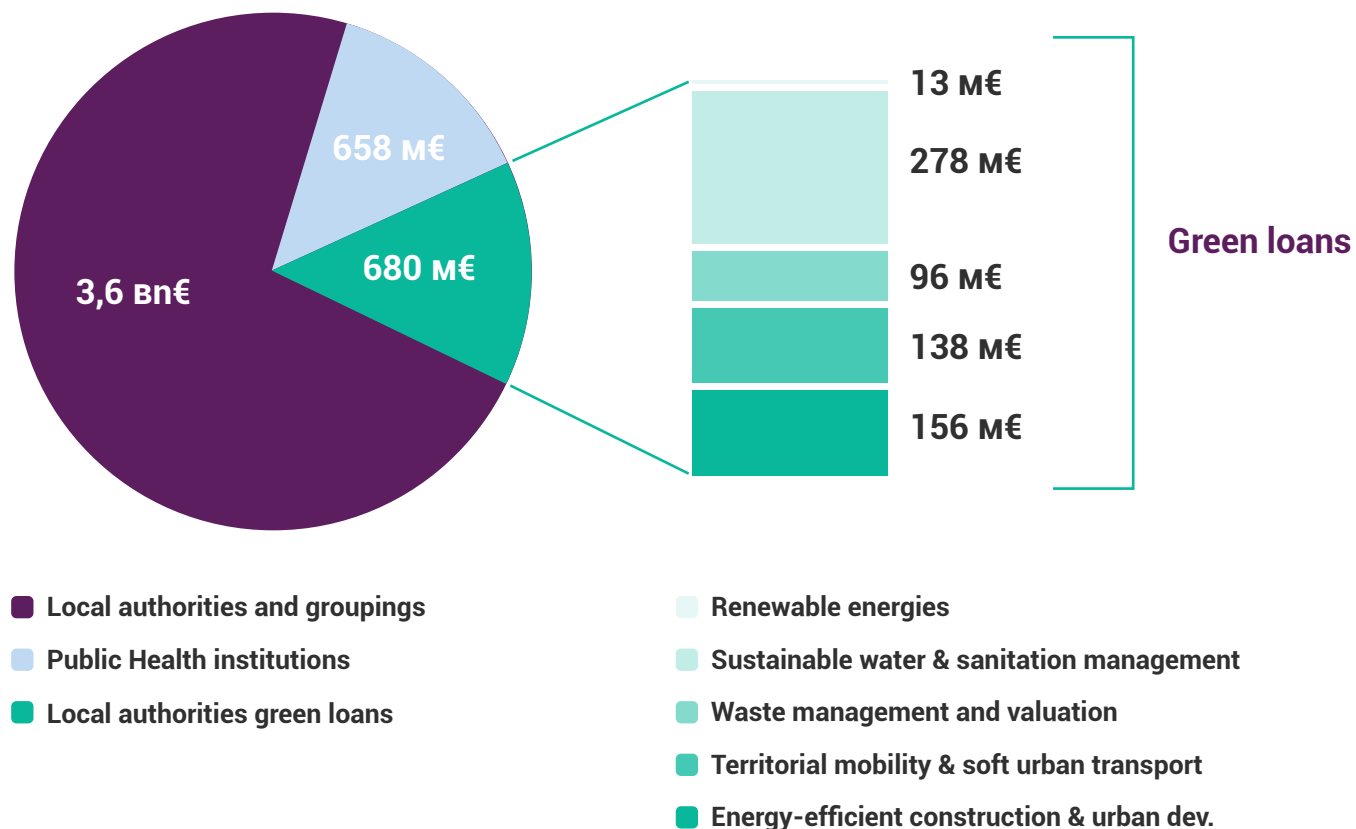
CONFIRMATION OF THE ROLE AS CENTRAL FUNDER FOR LOCAL GOVERNMENT ENTITIES AND PUBLIC HEALTH INSTITUTIONS

Through the SFIL/La Banque Postale set up, a key source of funding for the local public sector in France since 2015, SFIL continues its mission of providing local government entities and public

health institutions with lasting and effective access to long-term bank financing, alongside the offers of commercial banks and French or European public institutions operating in this segment. The program offers simple and transparent financing (ranging from 10 to 30 years) to borrowers of all sizes throughout the country.

Despite the ongoing health crisis, activity was very buoyant in 2021, with €4.9 billion in financing granted during the year.

BREAKDOWN OF LOCAL PUBLIC SECTOR FINANCING IN 2021



LOCAL GOVERNMENT ENTITIES: A YEAR DRIVEN BY THE VITALITY OF THE MUNICIPAL BLOC

Despite its vitality, compared to 2019-2020, the year was also marked by a reduction in the number of consultations for loans for France's departments (-45%) and regions (-19%). This change

With €4.2 billion in financing provided, 2021 was marked by significant activity for all local government entities and their groupings.

Due to the support measures of the French State that mitigated the effects of the health crisis on their finances, local government entities and, in particular, the municipal bloc (municipalities and their groupings), were able to initiate investment programs to support the local economy.

1,542 local authorities funded in 2021

Average loan term: 19.2 years



must be put into perspective by considering the following factors:

- borrowing was probably brought forward to 2020 due to interest rate levels. The balance of local government entities' accounts with the French Treasury totaled €67.5 billion as of December 31, 2020 (i.e., nearly four years of borrowing), an increase of €7 billion compared with 2019 (+11.5%);
- a favorable scissor effect for French departments, due to a sharp increase in conveyance duty⁵ revenues, which reached a record level, combined with a slowdown in the growth of Active Solidarity Income (RSA)⁶ expenditures;
- a reflection on investment policy enabling them to take full advantage of France's recovery plan.

5. A tax levied by local government entities and the French State when real property is sold.

6. A social benefit financed by French departments that provides a minimum level of income to persons without resources

THE RISE OF GREEN FINANCING

As a key component of support for the transition to a fairer and greener economy, thematic loans account for a greater share of local public sector financing each year and have become the cornerstone of SFIL's CSR approach.

Green loans, which were launched in the local public sector in 2019 in

partnership with La Banque Postale, are tools dedicated to financing projects that contribute to the ecological transition of the regions, and enable the SFIL Group to develop synergies between its commitment to sustainable finance and its role as a public development bank serving the regions.

The geographic coverage of green loans expanded in 2021, with the SFIL/LBP set up financing at least one project in



Renewable energy



Waste management and valuation



Territorial mobility and soft urban transport



Sustainable water and sanitation management



Energy-efficient construction and urban development

each of the regions of mainland France (other than Corsica).

In addition, in 2021, the profile of potential borrowers was naturally extended to include France's departments due to their involvement in the ecological transition.

In line with its goal to increase access to this type of financing for all local government entities, regardless of their size or needs, in 2021 the SFIL/LBP set

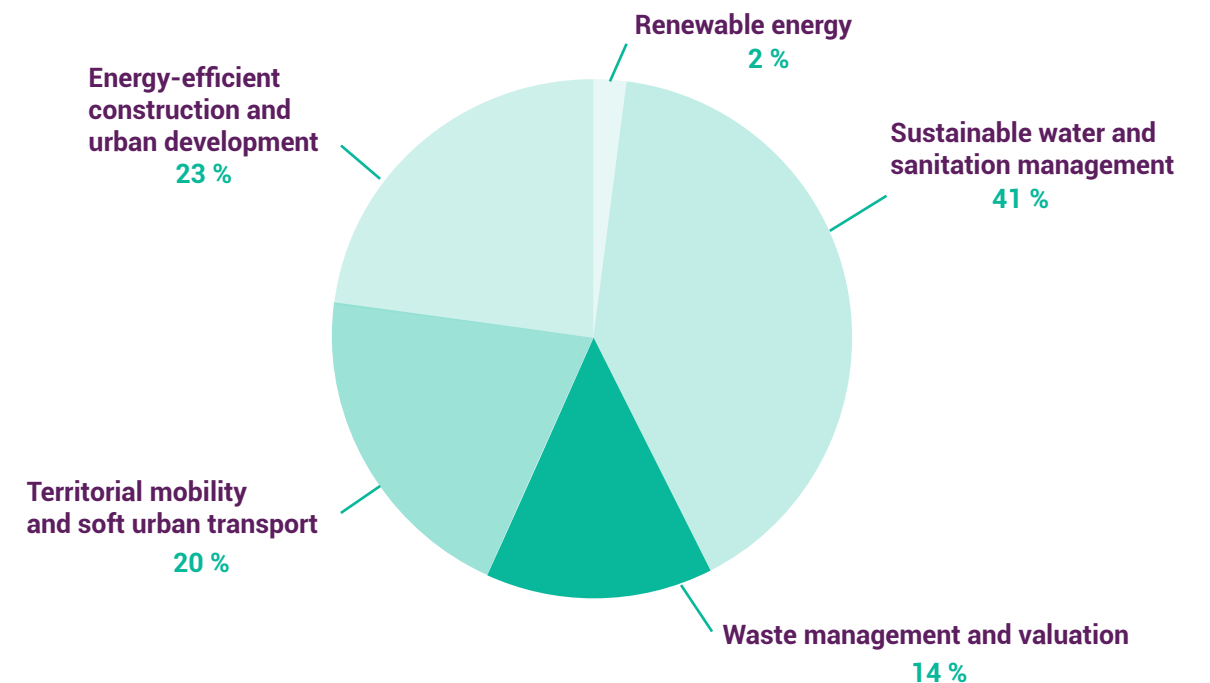
up reduced the minimum amount of green loans from €500,000 to €300,000.

In 2021, **€680 million** in green loans were thus granted under the SFIL/LBP program, i.e., 17% of the business with local government entities, up sharply from the previous year.

The increase in the share dedicated to energy efficiency of buildings, which rose from 2% of the total in 2020 to 10%



BREAKDOWN OF GREEN FINANCING BY THEME



in 2021, is due, in particular, to the implementation of the national recovery plan, with which SFIL's green loan offering is fully in line.

Beyond the impact of the French recovery and resilience plan, this thematic financing will become even more significant in the coming years with the National Low-Carbon Strategy, which France has adopted as a measure to

meet its commitment to achieve carbon neutrality by 2050.

Local authorities and their groupings, which account for over 70% of public investment, will play a major role in accelerating the pace of this transition.



France's economic recovery plan, which aims to accelerate the country's ecological, industrial and social transformations, includes an "Ecology and energy transition" component dealing notably with public building energy consumption and mobility issues.

Local government entities, which are key contributors to regional development and the ecological transition, play a direct role in carrying out this plan by implementing projects for the thermal renovation of buildings or the development of clean means of transportation, which reduce greenhouse gas emissions.

The impacts of the local public sector's climate investments will start to be seen in 2022 and beyond.

Focus on **3 GREEN PROJECTS FINANCED IN 2021**

120 KM OF BIKE PATHS FINANCED IN THE HÉRAULT DEPARTMENT



Territorial mobility
and soft urban transport

The department budgeted €60 million to:

- expand the network of bike paths and greenways
- link existing discontinuous segments
- develop tailored, secure infrastructures, in particular for residents who travel daily by bicycle, such as middle school students, as well as for sports and tourism.

Ultimately, the department will have a substantial, continuous bike path network throughout its territory and will offer its inhabitants fully decarbonized mobility solutions regardless of their specific uses.

€60 million
financed by the
SFIL/LBP scheme



AN EDUCATIONAL AND CATERING GROUP AT THE FOREFRONT OF ENVIRONMENTAL STANDARDS IN THE OCCITANIE REGION

The Coutach Inter-Municipal Educational Grouping invested €8.6 million to build an innovative educational facility of over 2,500 m² for its rural municipalities.



Energy-efficient construction and urban development

This project, built to exacting environmental standards, aims to create a positive energy building (E+) with low greenhouse gas emissions (C-) by using renewable energies (wood boilers and solar panels) and wood and bio-sourced insulation.

€1.9 million
financed
by the SFIL/LBP
scheme

RESTORATION OF A DUNE BELT TO LIMIT EROSION IN THE HAUTS DE FRANCE REGION



Sustainable water and sanitation management

The 2 Baies en Montreuillois urban community invested €4.9 million for a major restoration project in the Bay of Authie, which is experiencing a constant retreat of its coastline, thus generating increased risks of marine flooding that require measures to protect the local population (12,000 people at risk according to studies).

The project will restore the dune belt by importing 350,000 m³ of sand and installing deflectors in an effort to reduce erosion while limiting the impact on the natural environment.

€1.5 million
financed by the
SFIL/LBP scheme



For additional information:

Each year, in conjunction with its green issue allocation report, SFIL publishes a summary of the green projects financed by the SFIL/LBP program, as well as the various environmental impacts and benefits they generate.



This educational document also explains the guiding principles of the “green loan system” and the mechanics of the refinancing process. It is available on the SFIL website in the CSR section (in French only):

<https://sfil.fr/decouvrez-nos-exemples-de-prets-verts-2/>

FOCUSING ON BIODIVERSITY

The green loan offer also addresses biodiversity issues through “Sustainable Water and Sanitation Management”: the “GEMAPI” (Management of Aquatic Environments and Flood Prevention) category of projects has financed projects in the areas of alternative rainwater management (reintroduction of green spaces into urban areas), wetland conservation (creation of substitute water reserves for agricultural irrigation), and ecological continuity (refurbishment of a fishway).



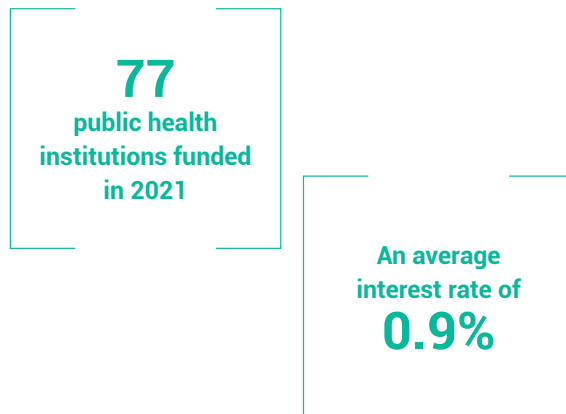
RECORD SUPPORT FOR PUBLIC HEALTH INSTITUTIONS

Since its creation, the SFIL/LBP set up has actively supported the entire public health sector and provided financing for borrowers regardless of size.

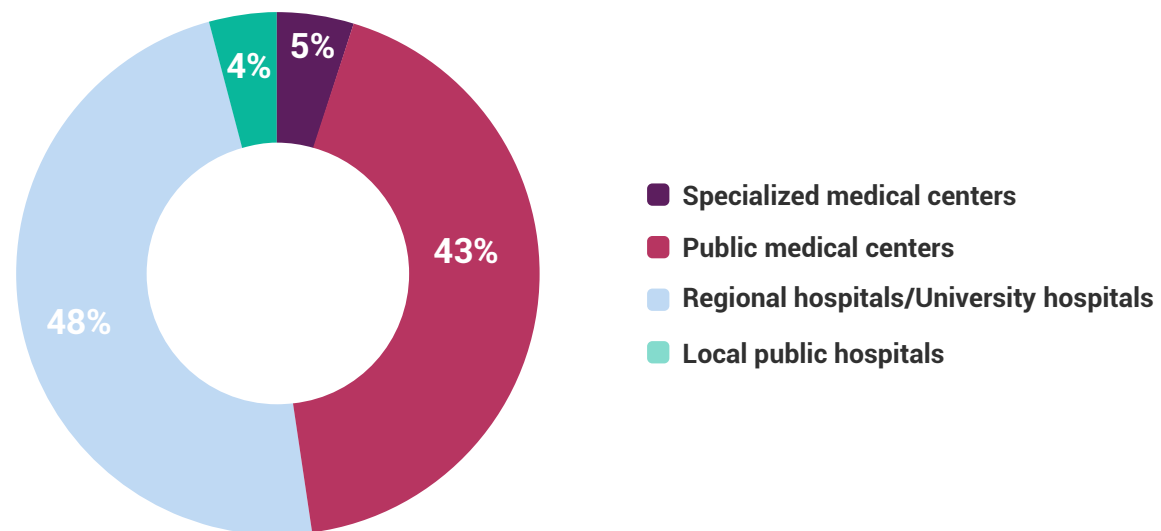
In 2021, the program supported investment efforts in the public health sector by granting €658 million in loans to 77 institutions, an increase of 9% compared with 2020.

This is the largest amount of financing granted to public health institutions since the program was launched, which reflects the confidence of its clients.

This is proof of the vitality and relevance of the SFIL/LBP scheme's business model, which is able to meet the needs of its borrowers in terms of both volume and long-term financing.



BREAKDOWN OF LOANS BY CATEGORY OF PUBLIC HEALTH INSTITUTION



Focus on

A NEW HOSPITAL COMMITTED TO EXCELLENCE IN HEALTHCARE IN THE DEPARTMENT OF ESSONNE

Located on the Saclay plateau (Corbeville joint development area), the new hospital will house the medical, surgical and obstetrical activities of the Nord Essonne Medical Center in a structure of approximately 45,000 m².

This facility, representing an investment of €232 million, will have 479 beds and places. Access to the site should be facilitated by the metro and tramway lines planned in connection with the Grand Paris project.

The facility will be a "multi-block" hospital, consisting of two juxtaposed and functionally linked buildings, one for hospitalization and the other for medical technology services. It will meet high environmental quality (HQE) standards.

The hospital site is scheduled for delivery between May and October 2024.



The Nord Essonne Medical Center future site – Copyright SCAU Architecture/Alma Studio

Despite being considerably impacted by the health crisis, public health institutions have generally continued their investment programs, rescaling them in terms of timetable for completion and project size, in order to anticipate possible future pandemics.

In line with the implementation of the "Sécur de la Santé" plan, as well as new issues in the fight against climate change, the SFIL/LBP set up will continue to support public health institutions, in particular through the construction of sustainable buildings.



The Ségur Plan, which aims to renew France's health system and healthcare offering, is based on three major investment priorities in the health, medical and social sectors, with a total budget of €19 billion over ten years:

- Restoring the financial capacity of public health institutions
- New investments in urban health facilities and nursing homes

► New investments to develop use of digital technology in the healthcare sector

Contracts are currently being finalized by the Regional Health Agencies for deployment in all regions, and the impact on investment by public health institutions will be seen starting in 2022, with an increase in financing needs.

SUPPORT FOR SOCIAL POLICIES IMPLEMENTED BY THE LOCAL PUBLIC SECTOR

In addition to the situation of public health institutions, the health crisis has highlighted the need to coordinate the actions of all local public players.

At the heart of the regions, local authorities have met the needs of their entire ecosystem, from emergency management to long-term support for populations made more vulnerable by the crisis.

Public investments made by public health institutions or local government entities will have a major role to play in the face of changes in society, for which the issue of a just transition will be at the core of the debate.

To support this transition, in 2021 SFIL launched a study in collaboration with La Banque Postale on the possibility of expanding its range of thematic loans to include financing social policies implemented by local government entities.



DIGISFIL, A FREE AND SECURE PLATFORM TO ASSIST BORROWERS (LOCAL AUTHORITIES AND HOSPITALS)

As the primary contact for borrowers throughout the term of their loans, each year since its creation, SFIL has responded to over 10,000 requests from its clients.

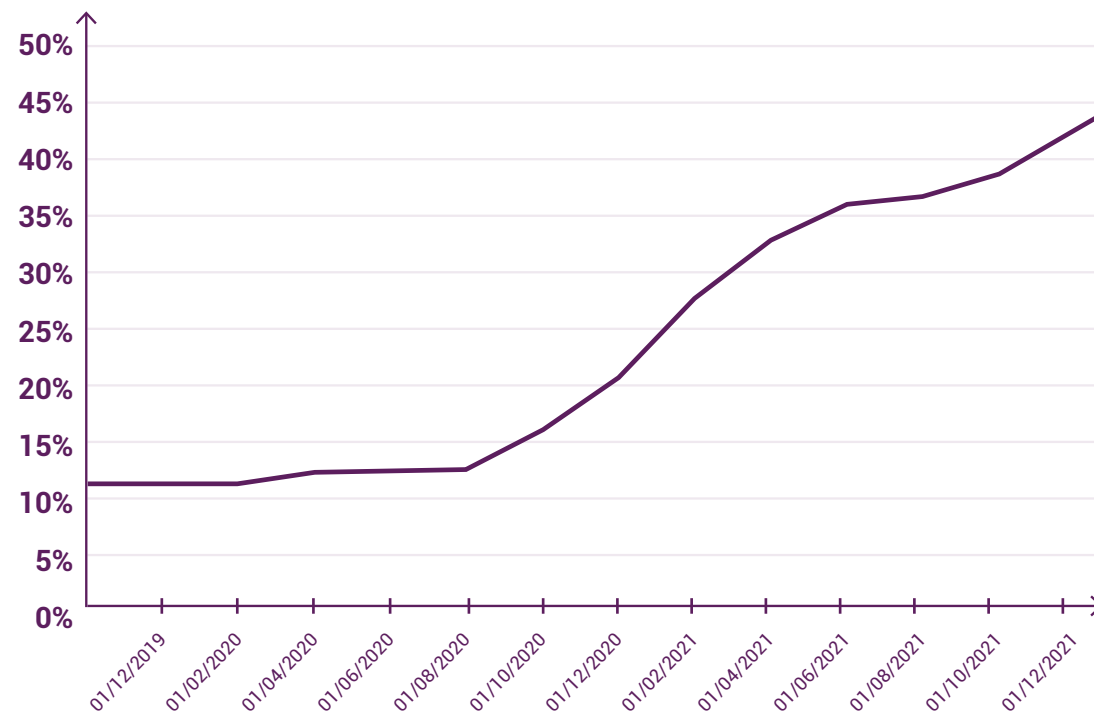
In order to improve the quality of service and to assist the local public sector in going paperless, SFIL launched the DIGISFIL project just over three years

ago. This digital platform, which was built jointly with local public sector borrowers, enables them to access documents such as payment notices, view their outstanding balances and interact with SFIL.

In 2021, DIGISFIL continued to make its mark in the daily lives of borrowers and to provide a more secure and optimized client relationship: as of December 31, 2021, 44% of CAFFIL's outstanding loans are now monitored by DIGISFIL.



EVOLUTION IN THE SHARE OF OUTSTANDING LOANS MONITORED BY DIGISFIL

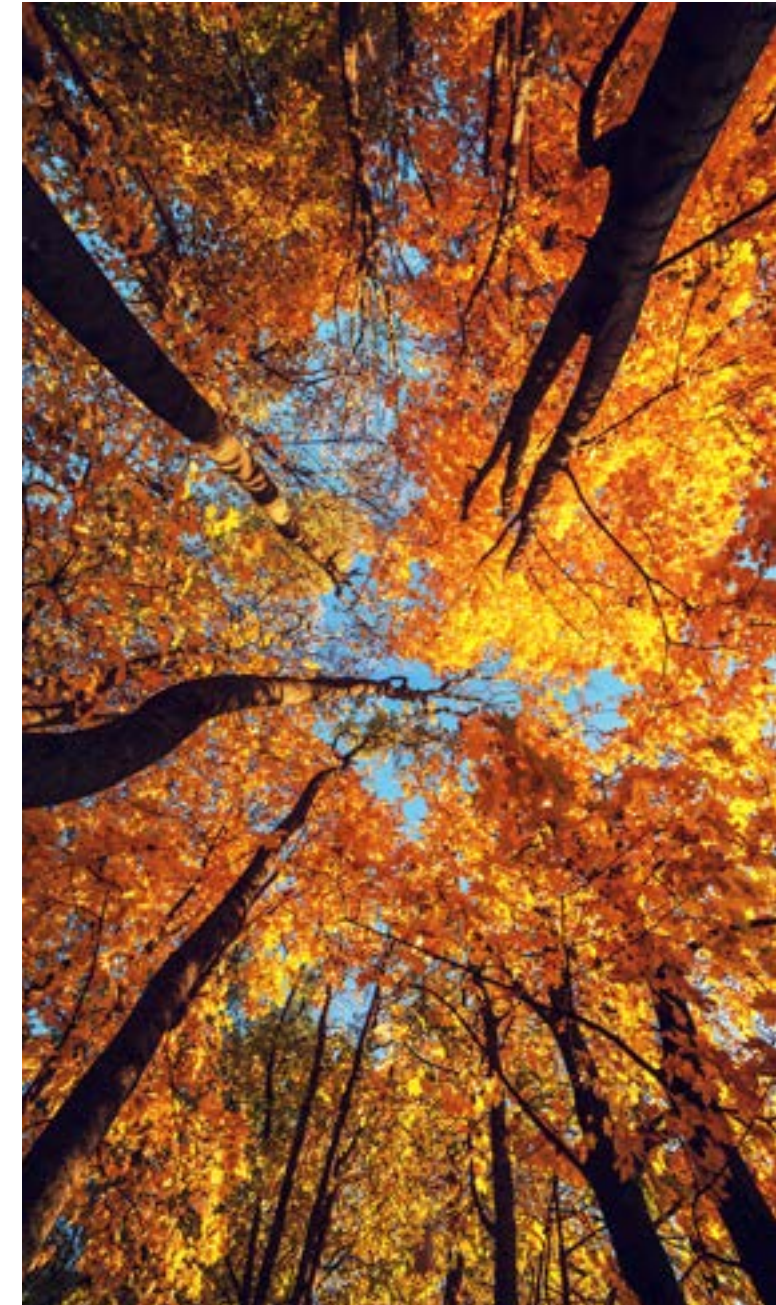


2 | THE SUCCESS OF SOCIAL AND GREEN THEMATIC BOND ISSUES

In 2021, the SFIL Group consolidated its role as a sustainable issuer, in line with its corporate mission and its goal of developing a responsible finance ecosystem.

It is firmly anchored by the continuation of its thematic issues, as evidenced by the launch of the third issues for each of the social and green issue programs. These have enabled the SFIL Group to attract an audience of specialist ESG investors and further diversify its sources of financing.

In 2021, the SFIL Group raised €8.2 billion in the bond markets, of which over 15% (€1.25 billion) was from thematic social and green bond issues. The repeated successes of these theme-based issue programs vindicate the SFIL Group's long-term strategy of expanding the use of these formats for its future bond issue programs.



SOCIAL BOND ISSUES

Since 2019, SFIL has had a social issue program, which serves exclusively to refinance loans made by the SFIL Group to public health institutions since the origin of the SFIL/LBP program.

A NEW SOCIAL ISSUE FOR PUBLIC HEALTH

On April 19, the Group launched its third social issue. The spread on this transaction is the lowest regardless of maturity for CAFFIL since January 2018 and for a French covered bond benchmark issue since September 2018. It has a maturity of eight years and a volume of €750 million. This issue attracted a wide range of international investors (over 60) with an interest in ESG themes (over half the allocation).

The framework document for this issue specifies the scope of loans financed, which are intended to support the activity of French public health institutions and encourage their projects in accordance with the French Public Health Code, with the aim of:

- Ensuring universal access at all times to healthcare services, free of charge for people in financial difficulty, and to all

medical and surgical specialties, regardless of diagnosis;

- Promoting research, so as to continually improve care and develop new treatments;
- Providing training for doctors, midwives, pharmacists, dentists, care managers, nurses and all other medical personnel.

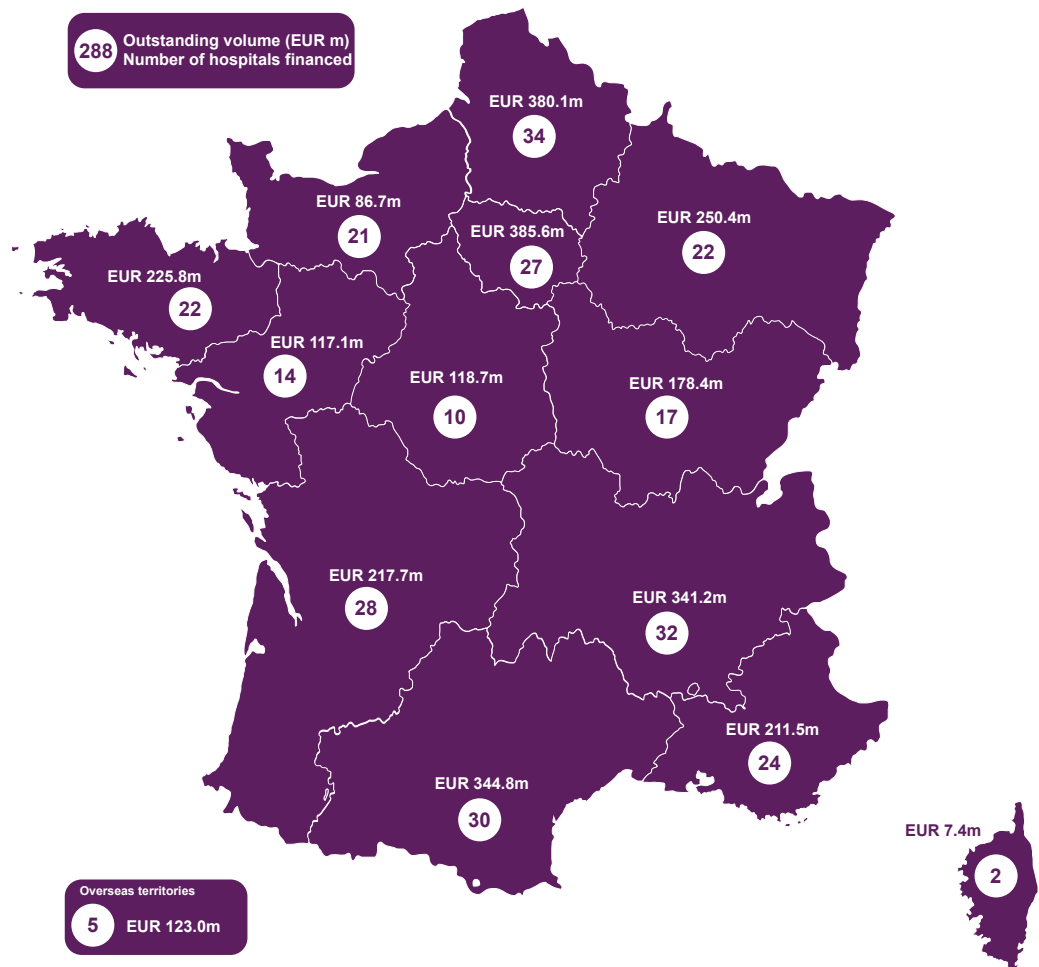
When granting loans, SFIL also takes account of "Health Added Value", a key indicator used to measure an institution's importance in the overall health-care offering. All loans to public health institutions that are refinanced by the SFIL Group thus go through a process that directs lending to areas where it provides high added value and aims to avoid funding overcapacity. The framework document for social bond issues is in line with the principles of the International Capital Markets Association (ICMA) and focused exclusively on financing public health institutions in France. It was assessed by Sustainability in its role as second party opinion provider; the analyst firm confirmed its compliance with the ICMA's social bond policies.



PUBLICATION OF THE ALLOCATION REPORT FOR THE COVID-19 BOND ISSUE

In accordance with its commitments, in April 2021 SFIL published the allocation and impact report for its “COVID-19” covered bond, which was issued in April 2020 with the aim of providing fresh financing to public health institutions mobilized during the pandemic.

This report was verified by Deloitte. A total of 761 loans taken out by 288 public health institutions throughout France were financed through the SFIL Group's social bond issues.



GREEN BOND ISSUES

Similarly to social bond issues, SFIL has put in place a green bond framework that follows the principles adopted in 2018 by the ICMA. This framework document makes it possible to issue a green bond with two different issuers: through CAFFIL on the covered bond market or through SFIL in the French agency market. Sustainalytics provided the second party opinion on the

green bond framework document and confirmed that it was in line with the ICMA's green bond principles. The document was updated in November 2020 when control of SFIL was transferred to Caisse des Dépôts et Consignations. The proceeds of the green bond issue will be used to finance and/or refinance some or all of the eligible green loans



within five categories of environmental projects marketed by the SFIL/LBP program.

PUBLICATION OF THE ALLOCATION REPORT FOR THE SECOND GREEN BOND ISSUE

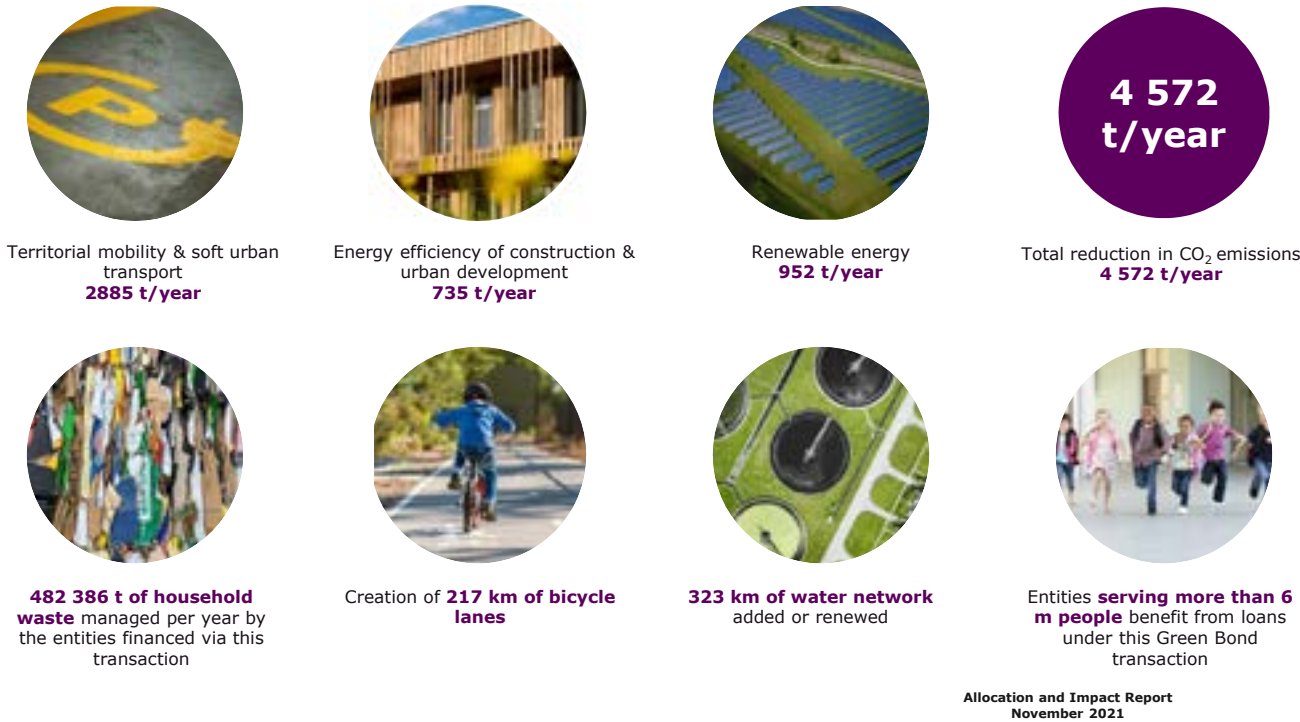
In accordance with its commitments, in November 2021 SFIL published the allocation and impact report for its second green bond issue in November 2020 for a volume of €500 million and a maturity of eight years. This report was verified by KPMG. This issue financed 137 loans, 113 of which had been taken out by groupings of municipalities and were acquired from La Banque Postale between 2020 and 2021.

As with the first issue, 78% of green loan volumes are focused on two themes, both of which are areas requiring major investment: water management and soft mobility.

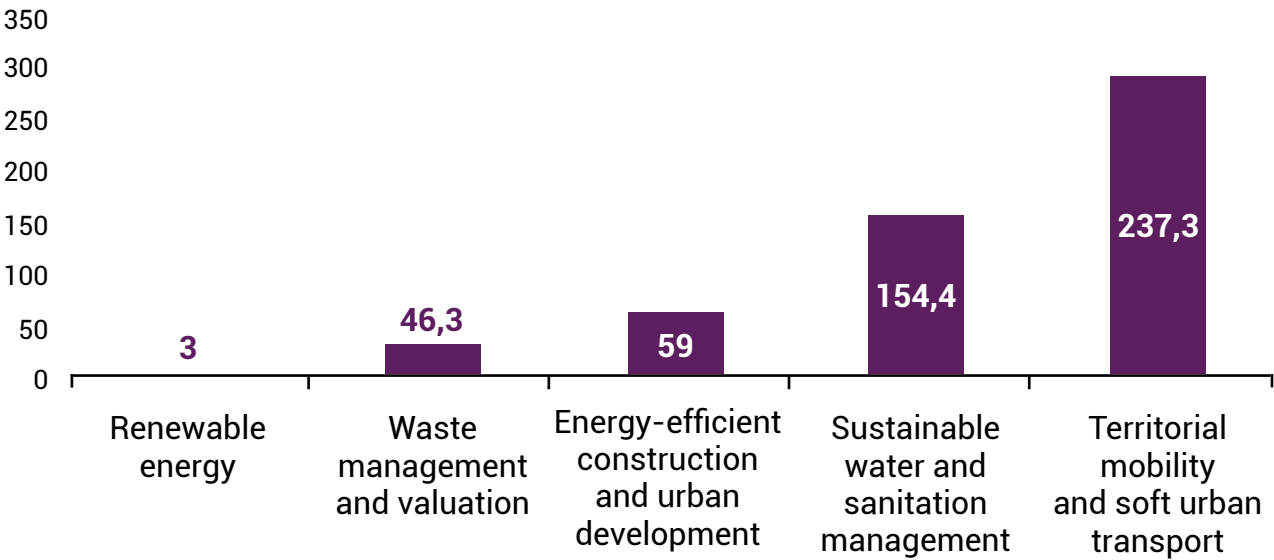
THE THIRD GREEN BOND ISSUE

In November 2021, SFIL issued its third green bond under the same green bond framework document drawn up in 2019. This bond issue with a volume of €500 million and a maturity of ten years was very successful with investors with an ESG focus (94% of investors).

IMPACT REPORTING
REDUCTION IN CO₂ EMISSIONS AND OTHER KEY IMPACT FIGURES



VOLUME ALLOCATION BY CATEGORY (€ MILLIONS)



3 | AN EXPORT CREDIT ACTIVITY WITH A FOCUS ON ECONOMIC DEVELOPMENT AND THE ENERGY TRANSITION

A DIRECT CONTRIBUTION TO BUSINESS AND EMPLOYMENT IN FRANCE

The French State has entrusted SFIL with the mission of making French export credit more competitive and

thereby increasing the competitiveness of French exports as well as preserving and developing an export industrial fabric that generates jobs in the regions.

The eligibility of a project for export credit financing is determined by the share

of services performed in France under the sales contract (the "French share"). This share determines the maximum amount of financing that may be granted to the exporter's customer.

It measures the contract's direct contribution to increasing French GDP, in line with Goal 8, "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and, in particular, Target 8.2, "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors."

Since the launch of this business in 2016, through the 20 export credit transactions carried out €4.1 billion has been injected into the economy of goods and services produced in France, of which €1.2 billion in 2021.

In addition, some of the transactions refinanced have additional positive impacts in terms of energy transition.



DOGGER BANK C: A FURTHER COMMITMENT TO RENEWABLE ENERGIES

In 2021, SFIL renewed its support for the Dogger Bank project, a future wind farm located off the coast of the United Kingdom, by participating in the financing of the third investment tranche in the same proportion as for the first two phases, i.e., 32% of BPIAE's export credits.

With a total capacity of 3,600 MW, i.e. 5% of the country's production capacity, this is the largest project of its kind in the world. It is located over 130 km off the north-east coast of the United Kingdom and will power 4.5 million homes.

This is the first major contract for General Electric France's new Haliade X turbines, the most powerful marine wind turbines in the world to date with a certified capacity of 13 MW.

This project meets Sustainable Development Goal 7, "Ensure access to affordable, reliable, sustainable and modern energy for all" and, more specifically, Target 7.2, "Increase substantially the share of renewable energy in the global energy mix and improve

energy efficiency." This is analyzed on the basis of the share of renewable energies in gross final energy consumption. The current share of renewable energy in the United Kingdom is 12.5%⁷; Dogger Bank will provide the equivalent of 5% of the country's production capacity.



7. According to figures published by the UK government on the Sustainable Development Goals reporting website: <https://sdgdata.gov.uk/7-2-1/>



PARTICIPATION IN THE SUSTAINABLE AND SECURE ACCESS TO ELECTRIC POWER IN BENIN PROJECT

In addition, SFIL also participated in the PADSBE project (Sustainable and Secure Access to Electric Power in Benin Project).

The transaction contributes to expanding access to electric power by developing, strengthening and increasing the reliability of the electric power transmission and distribution network for strategic sites, industrial sites and households in Benin (population of 12.5 million).

By supporting the socioeconomic development of Benin by connecting thousands of households to the electricity



grid and providing electric power to areas of economic activity, this transaction is fully in line with SFIL's goal of expanding the scope of its actions in favor of sustainable projects.

This project, which is developed by Vinci Energie, beneficiaries from an export credit insured by BPIAE, in which SFIL participated with a 54% share.

This project meets Sustainable Development Goal 7, "Ensure access to affordable, reliable, sustainable and modern energy for all" and, more specifically, Target 7.1, "Ensure universal access to affordable, reliable and modern energy services," measured on the basis of the share of the population with access to electric power. In 2019, 40%⁸ of the population of Benin had access to electric power. This project should increase access to 75% of the population (90% in urban areas and 50% in rural areas) by 2025.



8. According to figures published by the World Bank for Benin: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=BJ>.

ENVIRONMENTAL AND SOCIAL CONCERNS RELEVANT TO EXPORT CREDITS

Export credit transactions are governed by a set of rules contained in the Arrangement on Officially Supported Export Credits issued by the Organization for Economic Cooperation and Development (OECD) and its associated annexes and documents.

This Arrangement is supplemented by recommendations issued by an

OECD working group, with which France has undertaken to comply.

In accordance with these documents, French export credit transactions adhere to strict rules on environmental and social standards, anti-corruption measures and debt sustainability for borrowers.

THE CSR COMMITMENTS OF THE FRENCH EXPORT CREDIT SUPPORT PROGRAM

Like other OECD credit insurers, BPIAE, acting in the name and on behalf of the French government, is thus committed to include the following factors in its impact assessments:

► Environmental and social risks

► Protection and respect for human rights

► Anti-corruption measures

► Transparency, predictability and accountability in decision making

During its application review process, SFIL, whose mission is to refinance major export credits insured by BPIAE, 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 measures.

INCREASINGLY STRINGENT ENERGY TRANSITION REQUIREMENTS

In addition to the commitments already made in 2020, which included ceasing all financing of coal and non-conventional hydrocarbons, France has strengthened its environmental and social requirements by adopting the climate plan, which SFIL supports. The climate plan provides for:

- A trajectory to halt public guarantees for fossil fuel projects:
 - Projects to exploit new oil fields as of 2025
 - Projects to exploit new gas fields as of 2035
- A halt to support for the financing of thermal power plants that degrade the recipient country's energy mix

In addition, France and five other countries (Denmark, Germany, Spain, Sweden and the United Kingdom) have launched the Export Finance for the Future (E3F) coalition with the aim of better integrating climate policy objectives into export financing.



In addition to these commitments, and consistently with the policies adopted by the Caisse des Dépôts Group, SFIL does not finance projects for resources obtained from hydraulic fracturing, the Arctic or oil sands.



SDGS: 2021 RESULTS AND 2022 TARGETS

SDG	SFIL targets	Indicators	2019 results	2020 results	2021 quantified targets	2021 results	2022 quantified targets
	Supporting the public hospital sector	Amount of loans granted to the public health sector during the year (flows)	€650 million	€601 million	€600 million	€658 million	€650 million
		Presence of SFIL in France and/or French hospital capacity covered by SFIL	Not monitored to date	Not monitored to date	> 80%	87%	> 80%
	Participating in the financing of the educational system	Financing granted to school-related projects (high schools, middle schools): construction and/or renovation of buildings (flows)	Not monitored to date	Not monitored to date	€350 million	€459 million	€490 million
	Financing investments related to drinking water and public sanitation services	Amount of "Sustainable water and sanitation management" green loans (flows)	€108 million	€242 million	€140 million	€278 million	€250 million
	Contributing to increasing the share of renewable and carbon-free energies	Amount of "Renewable energies" green loans (flows)	€15 million	€18 million	€9 million	€13 million	€13 million
	Supporting investments to improve the energy efficiency of buildings	Amount of "Energy efficiency of construction and urban development" green loans (flows)	€8 million	€3 million	€14 million	€156 million	€100 million
	Financing the deployment of digital infrastructures	Amounts of loans financing fiber optic-related projects	Not monitored to date	Not monitored to date	€70 million	€51 million	€50 million
	Financing environmentally friendly mobility and clean transportation	Amount of "Environmentally friendly mobility and clean transportation" green loans	€151 million	€332 million	€210 million	€138 million	€250 million
	Financing investments that encourage the treatment of household waste	Amount of "Waste management and recovery" green loans (flow)	€100 million	€154 million	€90 million	€96 million	€110 million

4 | OUTLOOK

EXPANSION OF THE SFIL GROUP'S FINANCING SCOPE THROUGH THE PARTNERSHIP WITH BANQUE DES TERRITOIRES

A partnership project between Banque des Territoires and SFIL to finance local authorities and public health institutions over long periods (up to 40 years) is being implemented in order to enhance the financing offering of the Caisse des Dépôts Group as of 2022 and support the French recovery plans.

These loans will be marketed by Banque des Territoires and subsequently sold to the SFIL Group according to a framework broadly similar to that which has been in operation since 2013 under the partnership between SFIL and La Banque Postale. They will be used to



finance sustainable projects and, for the most part, will be components of a green or social financing offer.

THE REFORM OF THE THEMATIC RANGE IN LINE WITH THE NEW EUROPEAN TAXONOMY AND THE STRENGTHENING OF ITS SOCIAL COMPONENT

With the roll out of its green loan offer in 2019, the SFIL Group sought to contribute to the growth of sustainable finance by encouraging projects with a positive environmental impact supported by local authorities, in partnership with La Banque Postale.

However, sustainability is not limited to environmental aspects alone, but is also associated with social issues.

With this in mind, the SFIL Group, as the leading local public sector funder in conjunction with La Banque Postale, plans to expand its range of thematic



loans with this partner by offering local authorities financing for social projects in the fields of education, medical and social services and support for regions in difficulty.

At the same time, with the introduction of a taxonomy for environmentally sustainable activities at the European level, the overhaul of the thematic range will also incorporate the sustainability criteria resulting from this new classification into the "green loan" offering.

CONTINUED DIGITIZATION OF THE CLIENT RELATIONSHIP

In 2022, SFIL will launch an additional electronic signature solution for loan agreements.

Ultimately, the project will offer borrowers a fully digitized process for entering into and monitoring their agreements.



THE WILL TO INCREASE THE SUPPORT OF SFIL'S EXPORT CREDIT BUSINESS FOR SUSTAINABLE PROJECTS

In support of the French export sector, whose know-how and climate transition projects are internationally recognized, SFIL plans to increase its support for sustainable projects.

This expansion of the export credit business will aim to develop international projects that are favorable to the environment and where there is a French interest. These projects will be in line with the European Taxonomy and/or the Sustainable Development Goals.

IN LINE WITH ITS
#OBJECTIF2026
STRATEGIC PLAN, SFIL
HAS ESTABLISHED STRONG
MEDIUM- AND LONG-
TERM COMMITMENTS
IN RESPONSE TO
THE CHALLENGES OF
THE RECOVERY AND
ECOLOGICAL TRANSITION
PLANS, WHICH ARE
DESCRIBED ON PAGES 154
ET SEQ.



PRIORITY 2

IMPLEMENTING INTERNAL POLICIES



1 | ACTIONS UNDERTAKEN WITH OUR
KEY STAKEHOLDERS

2 | INTERNAL POLICIES TO ADDRESS
CSR CHALLENGES AND MANAGE
NON-FINANCIAL RISKS

3 | OUTLOOK

1 | ACTIONS UNDERTAKEN WITH OUR KEY STAKEHOLDERS

SFIL listens to its stakeholders' expectations and maintains a regular and constructive dialog with them. In 2020, this dialog enabled SFIL to assist them in the face of the health crisis and, in 2021, led to the adoption of a new strategic plan for 2026.



INVOLVEMENT OF THE DIRECTORS IN DEFINING THE #OBJECTIF2026 STRATEGIC PLAN

As key players in the Group's governance, SFIL's directors were consulted from the launch phase of the project to implement SFIL's new strategic plan, with the dual objective of understanding their expectations and taking into account their strategic proposals during the design phase of the new plan, with a view to building a meaningful strategy.

To do so, the consultation was carried out in several stages:

- A first dedicated reflection seminar was held during which the directors' opinions were collected through thematic reflection workshops, followed by a summary debate that then fed into the construction of the plan
- Then, bilateral reviews were held during the drafting phase of the plan
- Lastly, the final version of the new strategic plan was presented and approved at the Board of Directors meeting in October 2021

EMPLOYEE INVOLVEMENT IN THE TRANSFORMATION OF THE COMPANY

In connection with its reflection on the "MoveYourDesk" collaborative and modular workspace project, SFIL has implemented an inclusive approach open to all employees:

- Participation of all company departments in the "Test Village", designed to allow employees to experiment with new facilities.
- Appointment of referents in each department who are responsible for centralizing the needs of the teams, relaying information and escalating potential questions and issues.
- Two surveys were sent to employees to inquire about their operational needs and their preferences for the layout of future office spaces.

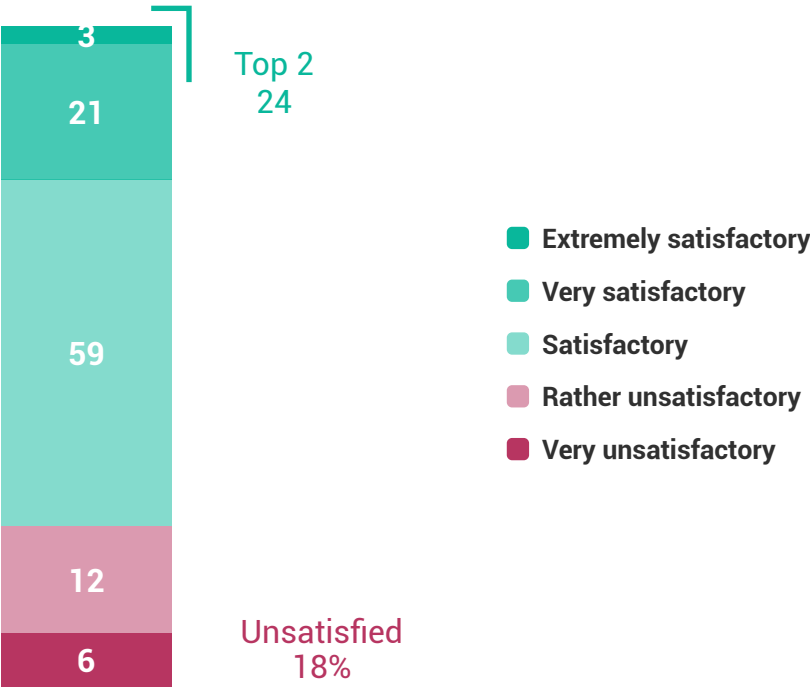
CLIENT SATISFACTION SURVEY

In order to better understand the expectations of its clients, local authorities and public health institutions, SFIL conducted a satisfaction survey in 2021 to obtain their feedback on the service provided to borrowers since its creation in terms of managing their outstanding loans over time and understanding their level of maturity in terms of CSR. SFIL worked with the Kantar Institute, which offered two adapted survey methods in the form of telephone interviews and online questionnaires.

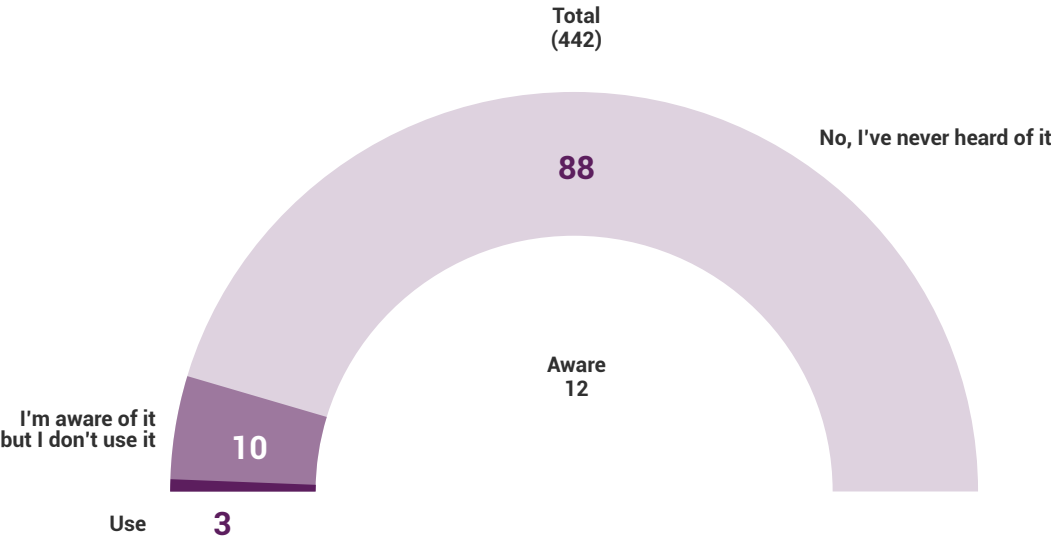
The objective of this consultation was to measure clients' needs and their level of expectations with respect to the missions carried out by SFIL and the services it provides.

This survey identified areas for improvement that will enable SFIL to better client satisfaction by providing appropriate responses. Therefore, although the majority of borrowers are satisfied with the quality of SFIL's management

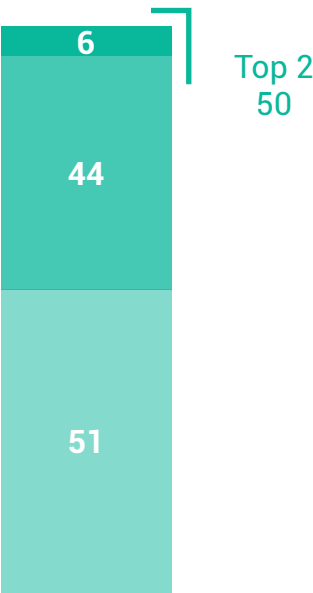
OVERALL SATISFACTION WITH SFIL'S SERVICES*



DIGISFIL: KNOWLEDGE, USE AND SATISFACTION*



use DIGISFIL



“Contacts who listen, a well-designed platform that provides very clear access to information about outstanding loans

“Smooth management of contracts, in particular due to the platform recently made available (local government entities)

* Kantar study data/figures/information.



and services (83%), only 6 out of 10 respondents have a clear understanding of the missions of SFIL and CAFFIL. Increasing the frequency of contacts and improving the visibility of the two Group entities would clarify their role and missions.

Another area for improvement is the ramp-up of the DIGISFIL platform, for which user satisfaction is confirmed by the survey. Greater familiarity with this tool and its features would contribute to increasing client satisfaction, as respondents who use DIGISFIL are very satisfied with it.

COLLABORATION WITH SOCIÉTÉ FORESTIÈRE OF THE CAISSE DES DÉPÔTS GROUP

As a recent member of the Caisse des Dépôts Group, SFIL has from the outset sought to integrate the intra-Group approach to pooling expertise.

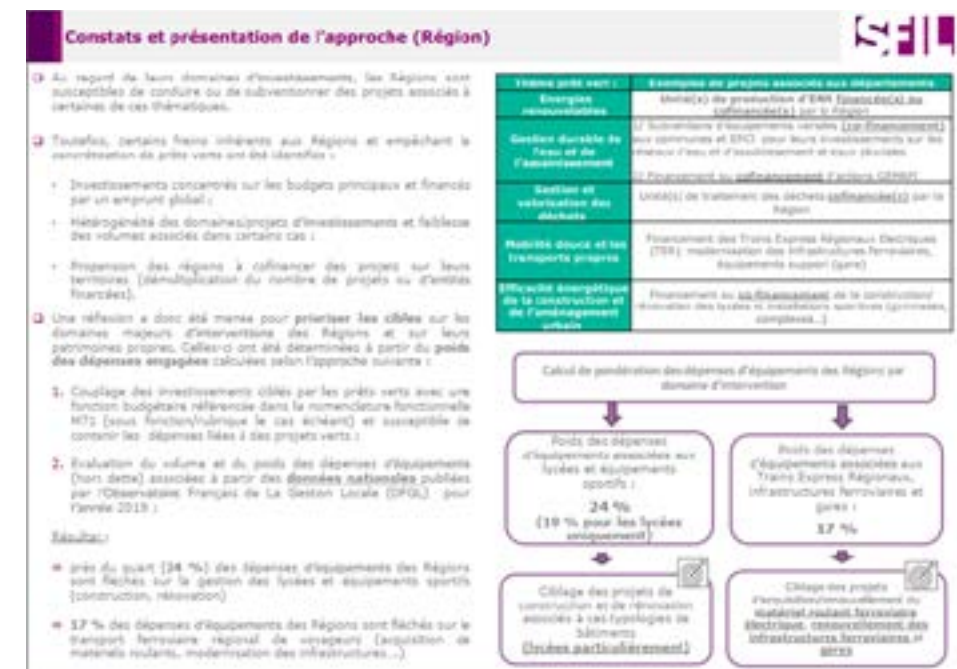
In order to proactively offset the irreducible share of its scope 1 and 2 greenhouse gas emissions and a portion of its scope 3 emissions, SFIL approached Société Forestière, a subsidiary of the Caisse des Dépôts Group, with which it signed a carbon offset agreement in 2021 to finance a reforestation project for a section of forest.

RAISING BORROWER AWARENESS OF GREEN FINANCE

As the leading public investors, local authorities and inter-municipal groupings are key players in the ecological transition because the fields in which they operate include energy, water, waste, transportation and public buildings.

In partnership with La Banque Postale, SFIL, as a player in sustainable finance, has launched awareness-raising initiatives with a panel of departments and regions in order to discuss the challenges posed by climate change and the

role they can play in addressing them. These meetings were also an opportunity to present the range of green loans dedicated to financing investments that contribute to the ecological transition in their territories.



MEETINGS WITH LOCAL AND INSTITUTIONAL PUBLIC PLAYERS

Since SFIL began operations, its executive management has endeavored to build long-term relationships at local level by meeting with local decision-makers, as well as representatives of the French State and government agencies throughout the country.

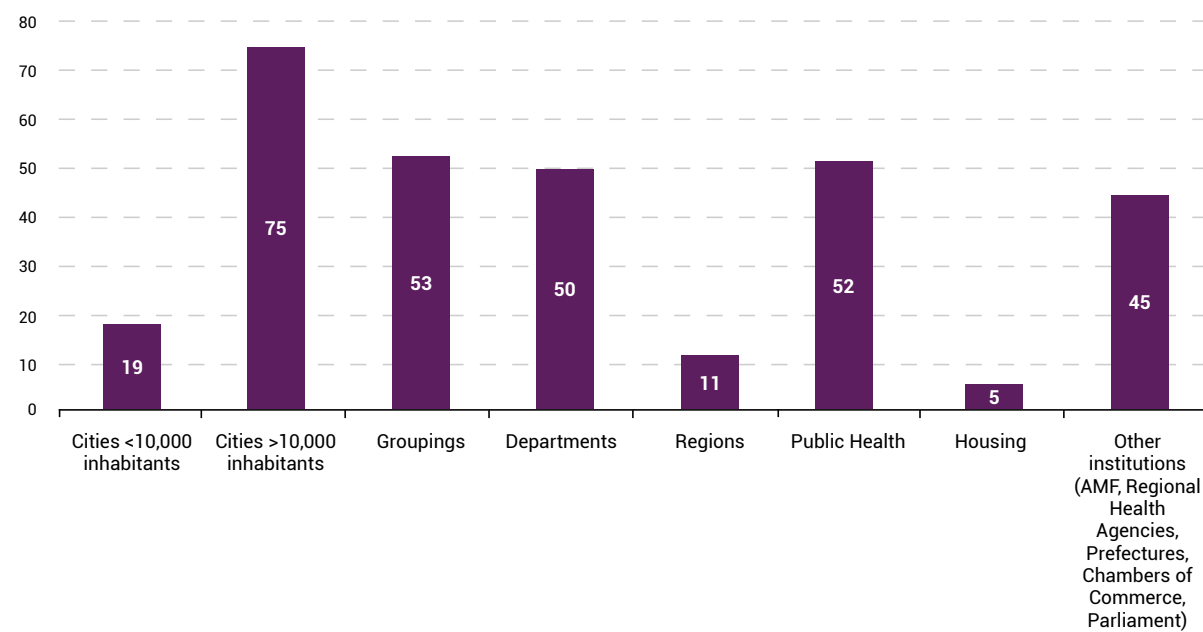
These meetings have provided an opportunity to discuss their needs and expectations, particularly with regard to their bank, thus helping to create a constructive dialog.

Since SFIL's creation in 2013, executive management has made 75 trips and

held 310 meetings with borrowers of all sizes and categories, as well as institutional meetings with State representatives (Prefectures, Regional Health Agencies, Public Finance Department, Regional Audit Offices), the Banque de France, Caisse des Dépôts and La Banque Postale.

Despite the health situation, SFIL continued these meetings with its local contacts, in compliance with appropriate procedures, in person whenever possible or, if necessary, by videoconference.

BREAKDOWN OF 310 MEETINGS



2 | INTERNAL POLICIES TO ADDRESS CSR CHALLENGES AND MANAGE NON-FINANCIAL RISKS

In 2021, SFIL's main work in the area of non-financial risks was in line with its previous commitments, with particular attention paid to climate risks, as described in the dedicated appendix ***Climate-Related Risks***.

This climate appendix describes SFIL's work to integrate climate change issues, which are one of the major thrusts of its strategic plan and consistent with the sustainability policy of the Caisse des Dépôts Group in favor of a successful ecological and energy transition. It is the product of SFIL's policy of presenting its work and the progress made in

integrating climate risks into all its risk management processes and assessing their financial impact, as well as the actions to be taken to limit these risks.

In addition, internal policies have been strengthened in order to control SFIL's impact on the environment, and compliance and investment requirements have been reinforced by strengthening previous measures.

MEETING SUSTAINABLE INVESTMENT REQUIREMENTS

In accordance with the Responsible Investment Charter of the Caisse des Dépôts Group, SFIL has expanded its environmental, social and governance (ESG) risk policy with respect to its investment activity.

Accordingly, since November 2021, all investment operations must meet the following criteria:

- Criteria applicable to all issuers (except corporate issuers)

- Issuers located in high-risk or blocked countries according to SFIL's internal country risk classification are excluded.

- Direct financing of sectors excluded from the financing activities described in the dedicated appendix ***Climate-Related Risks***.

- Criteria applicable to banks and public development banks, as well as to sovereigns and public sector entities

- Bank issuers must have put in place at least one green, sustainable or social framework (even if the securities purchased for purposes of investing surplus cash are not in green/sustainable/social format) and must be rated medium or better by Sustainalytics (maximum score 30). A tolerance is allowed on a case-by-case basis for public development banks given the nature of their activities.

- Sovereign issuers, public sector entities governed by public law and non-profit entities must be located in a country with an average score of 67 or more on the World Bank's six governance indicators (KKZ indicators). The country must also

be a signatory to the Paris Climate Agreement.

- On a monthly basis, SFIL also monitors the portion of its treasury ESG investments (21% as of December 31, 2021).



CONTROLLING SFIL'S ENVIRONMENTAL IMPACT

SFIL is committed to reducing the environmental footprint of its business and internal operations and has proactively undertaken a process to measure and reduce impacts and, ultimately, to offset impacts that cannot be reduced.

REVIEW OF EXISTING MEASURES

Since its creation, SFIL has taken care to limit the direct impact of its operations on the environment and has implemented a set of resource conservation measures.



These energy, water and waste management measures, which are continued and enhanced each year, significantly reduce new greenhouse gas emissions.

RESOURCE CONSERVATION MEASURES TAKEN BY SFIL



Electricity consumption

- Issy site: computerized LED lighting system with motion detection sensors and light dimmers
- Lyon site: LED lighting system
- For both sites: 100% renewable energy (EDF green energy contract)



Buildings

- Issy site: HQE⁹ tertiary building certification renewed in March 2019¹⁰ to a very high standard
- Lyon site: BREEAM¹¹ and HQE Sustainable Building certifications



Waste

- Issy site: system for collecting and recycling plastic bottles, cans, coffee capsules, cups, stoppers and batteries, set up in late 2016
- Single-use cups no longer provided
- Beverages for training and meetings provided in glass bottles



Paper

- Individual printers eliminated in 2019
- Use of Ecolabel ISO 14001 paper
- Monthly indicator of the number of printouts for each printer



Water

- Automatic sensor faucets and aerators to reduce water consumption



Computer and telephone equipment

- Bring your own device (BYOD) system which allows employees to access their work email on their own mobile device. As of 12/31/2021, 45% of eligible employees under permanent contracts have enrolled in this system.
- All electronic equipment waste is sent to approved pollution abatement circuits for appropriate treatment, using the services of ATF Gaia, which employs workers with disabilities

9. High Environmental Quality.

10. As of 12/31/2021, due to a change in ownership of the building, recertification is pending

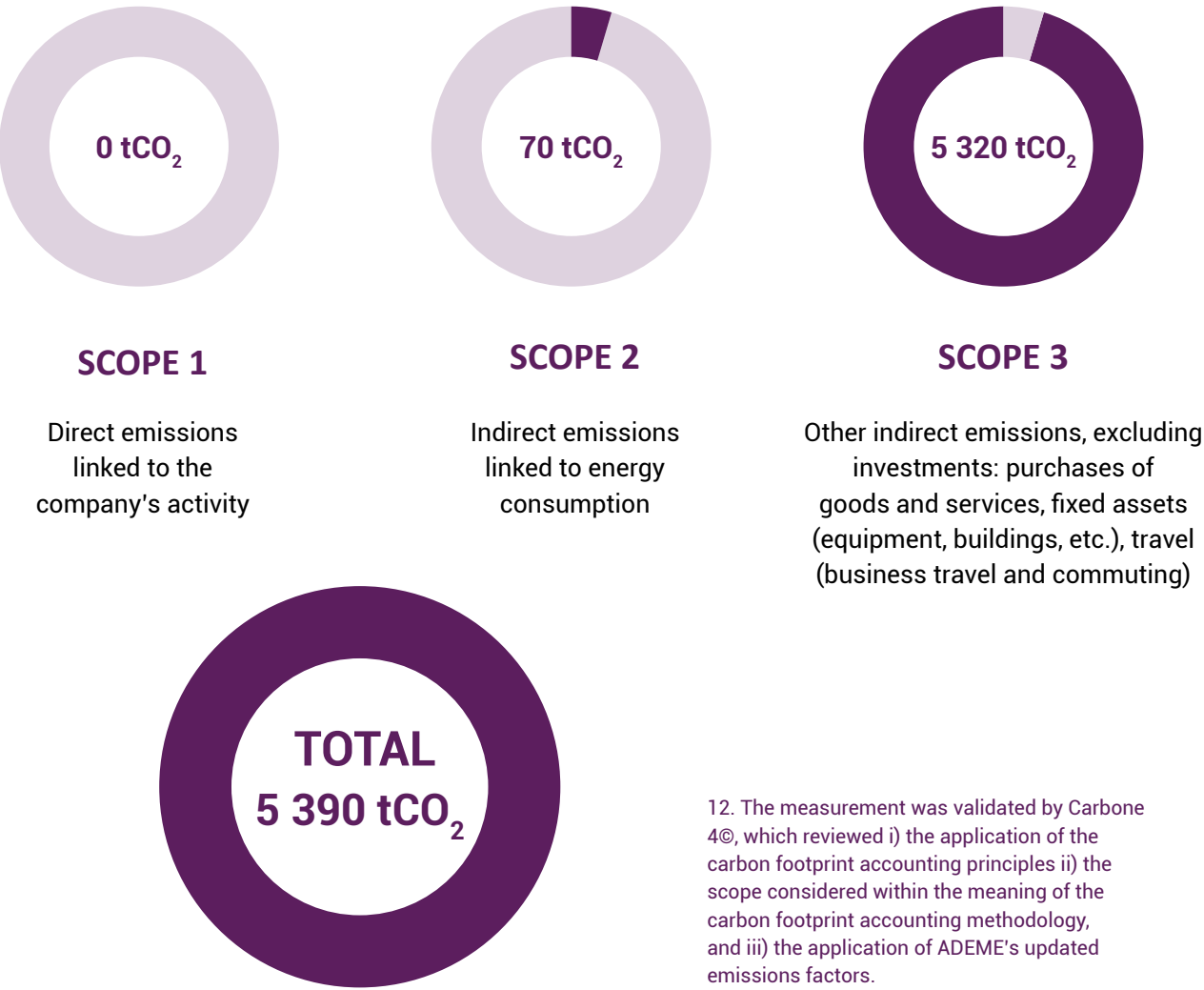
11. Building Research Establishment Environmental Assessment Method, which was developed by the Building Research Establishment, a private UK building research organization.

MEASURE 2021 carbon footprint

In accordance with its commitments, in 2022 SFIL voluntarily measured its greenhouse gas emissions for 2021.

The measurement concerned its Issy-les-Moulineaux and Lyon sites, based on the three greenhouse gas emission scopes¹²:

BREAKDOWN OF THE MEASUREMENT FOR 20201



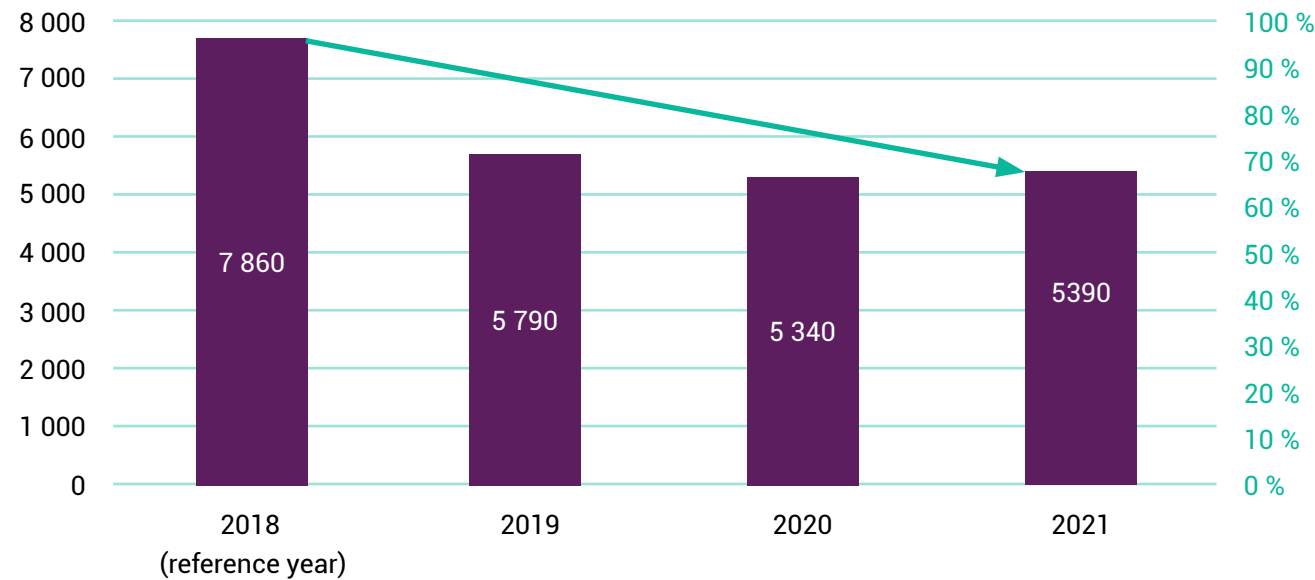
Three years ago, SFIL made a commitment to reduce its greenhouse gas emissions by at least 15%.

The various reduction actions carried out since 2019, which are described below, and the end of the Oxygène project, combined with the impact of the pandemic, resulted in a 31% decrease in SFIL's emissions compared with the benchmark year.



CHANGE IN THE SFIL GROUP'S GREENHOUSE GAS EMISSIONS - IN TONS OF CO₂ PER YEAR

Results : 31% over the period (vs -15% target)



In addition to the actions above, in particular the HQE certification of its buildings and the choice to use 100% renewable electric power, SFIL has implemented various actions and reviewed certain of its policies, which has enabled to significantly and permanently reduce its carbon footprint over several years:

➤ A policy of rationalizing computer data management has contributed to reducing the emissions and costs

associated with data use, in particular by decommissioning applications, cleaning stored data and replacing old generation servers.

➤ In order to involve each employee individually, the travel policy was amended in 2019, firstly to encourage the use of rail rather than air for business travel, and secondly to promote soft mobility for commuting through specific measures.

➤ SFIL has strengthened its purchasing policy by raising its requirements for its suppliers, with the aim of preferring those that have made the most significant CSR commitments.

➤ New working methods set up during the health crisis have been perpetuated by the signature of the telework agreement, which will generate a positive long-term impact on SFIL's carbon footprint.

SFIL will continue its efforts within the existing scope, in line with its commitment to reduce its carbon footprint in accordance with France's National Low-Carbon Strategy.

The next objective is to integrate all of scope 3 into the next carbon footprint measurements.



REDUCE our actions in favor of the environment

Although due to the nature of its business it does not generate environmental impacts by manufacturing goods or products, each year since its creation SFIL has implemented new actions to reduce its direct impact on the environment, which have contributed to achieving the Group's emission reduction targets.

Resource use and waste recycling

Telework, which continued for a large part of 2021 due to the COVID-19 pandemic, naturally led to a continued reduction in resource use and waste generation by employees.

In 2021, the system for collecting and recycling cans, coffee capsules, cups, stoppers and plastic bottles at the Issy-les-Moulineaux site resulted in the recovery of 301 kg of waste.

Waste collection fell by 35% compared to 2020, including a 43% reduction in the quantity of plastic bottles alone.

This significant decrease is not due solely to telework, but follows the installation of new water fountains in the company's common areas in January 2021. Combined with the distribution of sustainable drinking bottles at the end

of 2020, they have revitalized the use of water fountains by employees and enabled the company to continue to significantly reduce its use of plastic.

In addition, in order to raise employees' awareness of how to improve their recycling practices, in January 2021 SFIL installed sorting signage on office garbage cans, with the aim of better directing employees to the correct sorting bins and thus maximizing the use of the systems in place for the most common waste (paper, plastic and aluminum).

In addition, with respect to equipment, all computers purchased or replaced by SFIL in 2021 carry the TCO and EPEAT labels, which guarantee a manufacturing process that incorporates environmental aspects, as well as criteria relating to energy consumption, the absence of hazardous substances and the lifetime of the equipment.

Actions in favor of biodiversity

In 2021, SFIL continued its sponsorship of three traveling beehives with an independent beekeeper located in the Cher region, whose production is certified organic (Ecocert® certification). This sponsorship contributes to the protection of pollinating insects, about which employees are made aware during the

year through various posts on the intranet. In 2021, as the annual sale of honey could not be held due to the pandemic, the honey pots from SFIL's beehives were once again given to employees as part of their year-end holiday gift.



6 new water fountains



18,800 plastic bottles
(50 cl) avoided in 2021



The equivalent of 3.2
tons of CO₂ avoided

OFFSET voluntary emissions offsetting with Société Forestière

In addition to the actions already undertaken to reduce its carbon impact, in 2021 SFIL carried out a voluntary offsetting project for part of its greenhouse gas emissions in partnership with Société Forestière, a company of the Caisse des Dépôts Group.

For this first operation, SFIL is financing the reforestation of a section of degraded forest in the department of Yvelines by planting tree species adapted to the surrounding ecosystem.

Once certified Low Carbon by the Ministry of the Ecological Transition, this project will allow to sequester the

equivalent of 640 tons of CO₂ with socioeconomic, soil preservation and biodiversity co-benefits.

It should be noted that, in accordance with the three-pronged carbon accounting system, offset emissions are not deducted from the carbon footprint.

In addition, under the salary rounding program offered to employees, in 2021 support was provided for several concrete ecosystem rehabilitation and reforestation missions carried out by the Planète Urgence association. A total of 994 trees were planted thanks to the support of SFIL employees.



AN APPROACH DEDICATED TO REDUCING SFIL'S DIGITAL FOOTPRINT

In addition to the annual carbon footprint measurement exercises, in 2020 SFIL laid the foundations for a "responsible digital" approach, including streamlining telephone equipment and raising employee awareness of digital sobriety.

In 2021, this process continued with SFIL's adhesion to the Green IT Club¹³ and its participation in the sixth edition of the Green IT benchmark.

The benchmark study conducted in 2021 aimed to measure the environmental impact of SFIL's information system using a life cycle assessment (LCA) approach, which complements SFIL's carbon footprint analysis and is based primarily on quantitative data.

SFIL's objective was to better identify the possible means for reductions in this area, to assess its room for improvement, and to initiate an objective and quantified operational action plan to reduce impacts.

For this purpose, some 50 indicators were communicated in three areas (user working environment, data flow,

data center) in order to calculate SFIL's digital footprint on the basis of four indicators (greenhouse gas emissions (GHG), water stress, energy depletion and resource depletion).

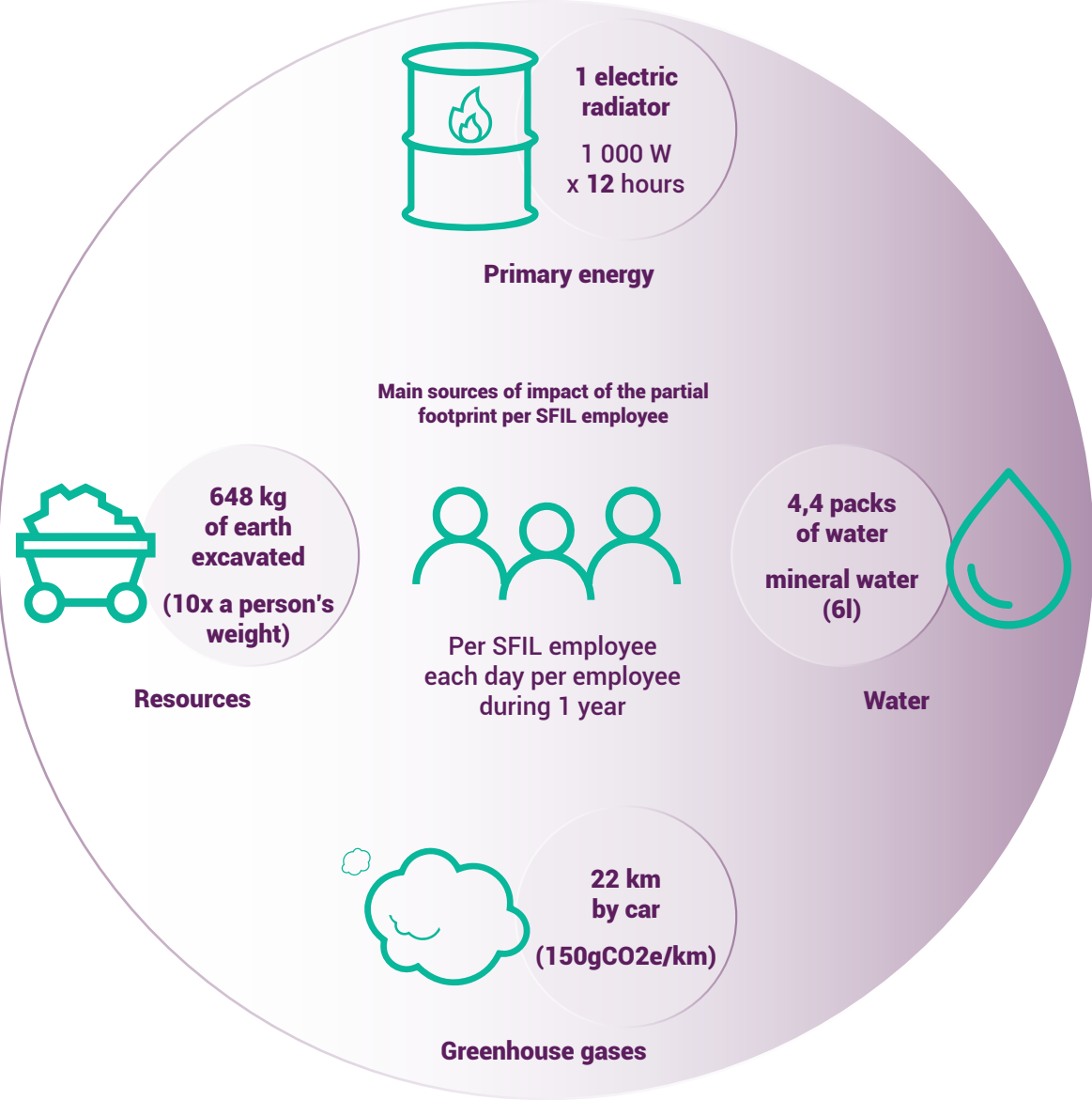
Based on this study, and in an effort to make progress and seek continuous improvement, an action plan has been adopted for 2022 based on three priorities:

- Defining a more "streamlined" equipment policy in connection with the Demain@SFIL, "Move Your Desk" and "integrated collaborative workstation" projects
- Implementing a responsible IT purchasing policy
- Deploying an Ecodesign training plan for all IT developers and architects

SFIL will put its digital footprint into perspective by comparing it with its carbon footprint in order to identify the positive impacts of the actions implemented.

¹³ The Green IT Club brings together employees who are concerned about the issues of digital simplicity, responsible digital technology and Green IT within their organizations and wish to make them a catalyst for sustainable performance.

The results of the benchmark study, which were published in October 2021, yielded a digital footprint per SFIL employee equivalent to:





CONTINUOUS IMPROVEMENT IN THE AREA OF COMPLIANCE REQUIREMENTS

WORK ON THE MAPPING OF CORRUPTION RISKS

As a public development bank, SFIL is fully aware of the threats and risks that corruption poses to its ability to fulfill its roles, to its reputation and, consequently, to the trust of its clients and investors. Therefore, SFIL attaches the utmost importance to combating corruption, both within the bank itself and in connection with its business.

This commitment is also in line with the policy of the Caisse des Dépôts Group, which has a policy of zero tolerance of corruption and requires the same rigor from its subsidiaries. Under no circumstances does the belief that SFIL's interests are being served, even partially, justify conduct in breach of regulations or its Code of Ethics and Code of Conduct. In this spirit, and in line with its commitment to the Global Compact, SFIL adheres to the tenth principle of the United Nations Global Compact, which provides: "Businesses should work against corruption in all its forms, including extortion and bribery." SFIL has therefore adopted a proactive

anti-corruption system, despite not being subject to the obligations imposed by the Sapin II Act.

Consequently, and following the update of the recommendations of the French Anti-Corruption Agency in early 2021, SFIL updated its corruption risk mapping, the cornerstone of its anti-corruption system, in order to make it more effective. The approach implemented enables SFIL to better understand and control the risks of corruption to which it is exposed.

In general, the system includes:

- A corruption risk map, which was updated in 2021
- Mandatory training for each employee, including "expert" training for employees most exposed to corruption risks
- Third-party supplier assessment procedures and accounting controls
- An internal whistleblowing system

This entire approach is designed to ensure the integrity of its employees and its business, but also to provide security

to the third parties with whom SFIL has a business relationship.

APPLICATION OF THE ANTI-MONEY LAUNDERING AND TERRORIST FINANCING (AML/CFT) STANDARDS OF THE CAISSE DES DÉPÔTS GROUP

The integration into the Caisse des Dépôts Group has led SFIL to harmonize its AML/CFT system with that of its parent company. In connection with the oversight of its subsidiaries' AML/CFT systems, SFIL was expected to:

- Identify the Group requirements applicable to it and justify those that are not;
- Adapt these requirements to the specific characteristics of its activities and organization;
- Modify its procedures accordingly.

SFIL took the opportunity presented by this exercise to improve the quality of its AML/CFT system. The work was completed on December 8, 2021 with a presentation of the harmonized procedural framework to SFIL's Board of Directors, which approved it.

COMPLIANCE WITH THE GENERAL DATA PROTECTION REGULATION

The SFIL Group takes the greatest care to protect the personal data it collects in its capacity as data controller. In accordance with the General Data Protection Regulation (GDPR) and the laws in force, it protects and ensures the confidentiality and security of personal data it collects and processes in the course of its activities and respects data subjects' right to privacy.

The dissemination of a personal data protection culture within the company is a challenge SFIL is committed to addressing in order to comply with the

principles of the GDPR, in particular: "The protection of natural persons in relation to the processing of personal data is a fundamental right. The processing of personal data should be designed to serve mankind."

Accordingly, pursuant to this regulation and in accordance with its commitments, SFIL has:

- Adopted a Personal Data Protection Charter that applies to all persons who work for SFIL, whether employees, external workers or subcontractors, as well as to all processing of personal data for which SFIL is the sole or a joint data

controller. This charter is an appendix to SFIL's internal rules of procedure;

- Adopted a privacy policy that is an integral part of the general terms and conditions of use of the SFIL and Caisse Française de Financement Local websites. Its purpose is to inform persons outside the SFIL Group with whom the SFIL Group interacts, including visitors to the websites, prospective clients, borrowers, recruitment candidates, employees of our corporate clients, investors, partners, suppliers and other users of these services.

- Drafted a personal data protection information notice for employees.

SFIL has appointed a Data Protection Officer (DPO), who provides independent advice to the various parties involved in the SFIL Group's system and ensures compliance with the GDPR within the organization. The DPO ensures that all SFIL Group suppliers, clients and employees comply with the principles of the GDPR. A network of GDPR contacts has been set up to relay the principles of compliance with the GDPR to each department.

A GDPR training plan has been adopted and is presented once a year to the

Executive Committee. In 2021, all employees completed and validated the GDPR awareness e-learning module.

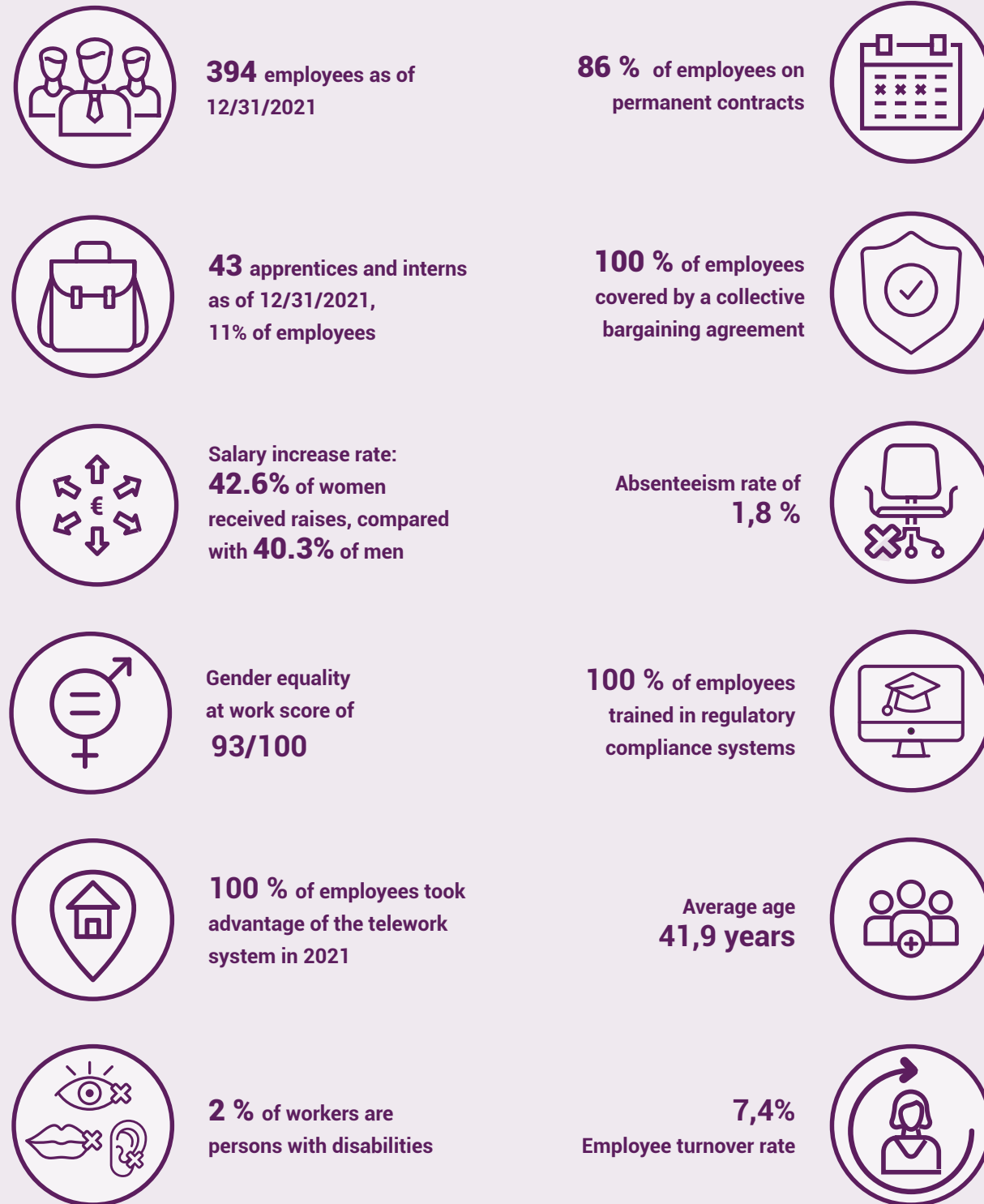
SFIL is a member of the French Association of Data Protection Correspondents.



TAKING INTO ACCOUNT THE TRANSFORMATION OF WORKING METHODS



EMPLOYMENT OVERVIEW 2021

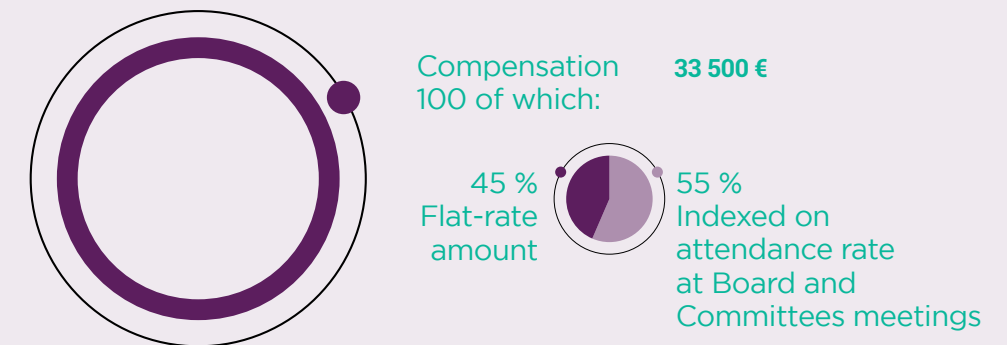


COMPENSATION OF CORPORATE OFFICERS

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors receives lump-sum compensation plus

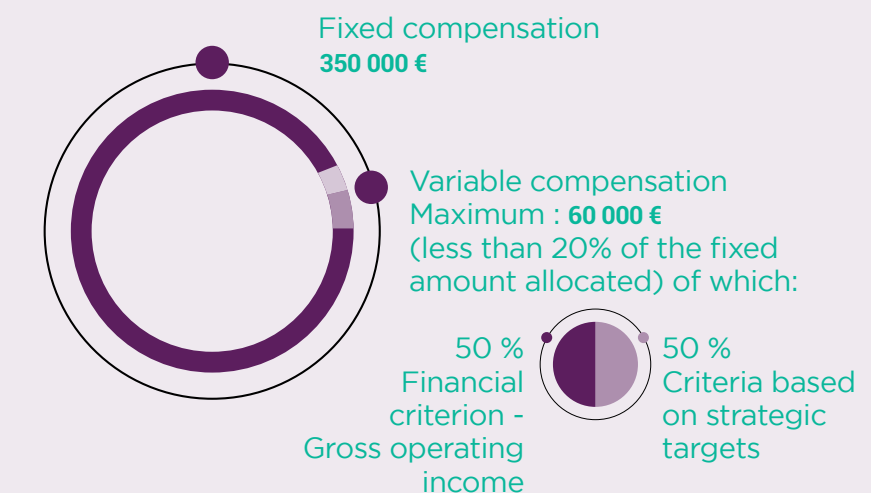
an amount for Board meetings attended and, if applicable, specialized committee meetings attended, in accordance with the maximum amounts proposed by the Compensation Committee and approved by the Board of Directors.



CHIEF EXECUTIVE OFFICER

The compensation of the Chief Executive Officer includes a fixed component and a variable component. The package is submitted to the Board of Directors for approval. For 2021, whether the variable component has been earned is assessed by the Compensation Committee on the

basis of criteria that include a financial indicator (Gross Operating Income) and annual cross-functional objectives in connection with the company's business. The Compensation Committee then submits this amount to the Board of Directors for approval.



SUPPORTING EMPLOYEES

SOCIAL DIALOG AND EMPLOYEE REPRESENTATIVES

Once again this year, social dialog played an essential role within the company, with consultations and information enabling progress to be made on SFIL's collective project.

SFIL has a Social and Economic Committee (CSE) body and four specific committees:

- The Health, Safety and Working Conditions Committee (C2SCT)
- The Economic and Strategic Committee
- The Social Committee
- The Social and Cultural Activities Committee

The social dialog momentum continued throughout 2021, with extensive and constructive discussions:

- | | |
|--|--|
| ➔ 16 CSE meetings
(including 5 extraordinary meetings) | ➔ Specific training for elected representatives |
| ➔ 9 C2SCT meetings | ➔ 8 collective bargaining agreements concluded |
| ➔ Other committees: 2 meetings each | ➔ New telework agreement concluded |



OPINIONS ISSUED BY THE SOCIAL AND ECONOMIC COMMITTEE IN 2021

The Social and Economic Committee was consulted twelve times in 2021 and issued seven favorable opinions, including on the following four key points: strategic plan, strategic guidelines, the 2020 social policy and the economic situation in 2020.

These favorable opinions, most of which were issued unanimously by the company's representative labor unions, attest to the elected representatives' confidence in the policies implemented by SFIL and, more generally,

to the quality of social dialog within the company.

FOCUS ON INFORMATION/CONSULTATION ON THE STRATEGIC PLAN

The CSE appointed the firm Ethix to assist it with a review of the company's strategic policies, i.e., all aspects "of an economic, financial or social nature necessary to understand the financial statements and assess the company's situation." An agreement to this effect was signed unanimously on October 5, 2021.

**SUPPORTING
PROFESSIONAL
DEVELOPMENT**

TRAINING

Regular access to training, a catalyst for performance, motivation and strengthening individual skills, is a key component of SFIL's employee support measures.

In 2021, during which a large part of work was performed remotely, SFIL adapted the format of most of the training courses offered and held sessions entirely remotely or in hybrid format to allow training actions, both regulatory and non-regulatory, to continue.



KEY FIGURES FOR 2021:

Average training per employee	4 days
Percentage of employees trained (all types of training)	98%
Percentage of remote and/or e-learning training	51%
Share of business/behavioral training	77%
Share of mandatory compliance and IT security training	23%

**SFIL ACADÉMIE: A NEW PLATFORM
FOR EMPLOYEE TRAINING**

In accordance with its commitments, in 2021 SFIL launched "SFIL Académie", its new training platform designed to improve the employee and manager experience by using the full range of hybrid ("blended learning") and digital training resources. The platform, which has dedicated personal spaces and a diversified training catalog for both business and behavioral training, operates on the same learning management system as the Caisse des Dépôts Group with the aim of generating synergies to develop the skills of SFIL's employees.



→ THE TRAINING COURSES PROVIDED IN 2021 AT SFIL INCLUDED:



ACTING AGAINST EVERYDAY SEXISM

SFIL continued to roll out the “Talking Action Against Everyday Sexism” e-learning module offered by the Caisse des Dépôts Group, in partnership with ARTIPS, an organization that specializes in the transfer of knowledge via storytelling. Over 150 employees signed up for the course, of whom 53% were women and 47% men.

CSR & SUSTAINABLE DEVELOPMENT

In late 2021, SFIL rolled out an e-learning module dedicated to CSR and sustainable development issues, as described in the third part of this report.

In addition, at the end of 2021, several employees in CSR-related positions began taking the “Sustainable Business Fundamentals” certification e-learning training course offered by Centrale-Supélec Executive Education.

IT SECURITY AWARENESS

In order to raise awareness of IT security initiatives, and in response to a global increase in cyber security risks, SFIL offers employees e-learning modules that provide a short, entertaining and pragmatic view of data and information security good practices. Completing these modules is mandatory.

CROSS-FUNCTIONAL LEADERSHIP

At the end of 2021, a new course focused on cross-functional leadership began to be rolled out in test and learn format to the population of “activity leaders” (members of management tasked with overseeing cross-functional activities, representing around 15% of the workforce) in order to contribute to the development of employees’ cross-functional skills (legitimacy, levers of influence, assertiveness, handling difficult situations, constructive feedback, etc.).

TRAINING FOR ELECTED REPRESENTATIVES

The elected representatives took a training course, offered by a specialized firm, aimed at developing the impact of their oral presentations. The training consisted of e-learning and individual coaching.

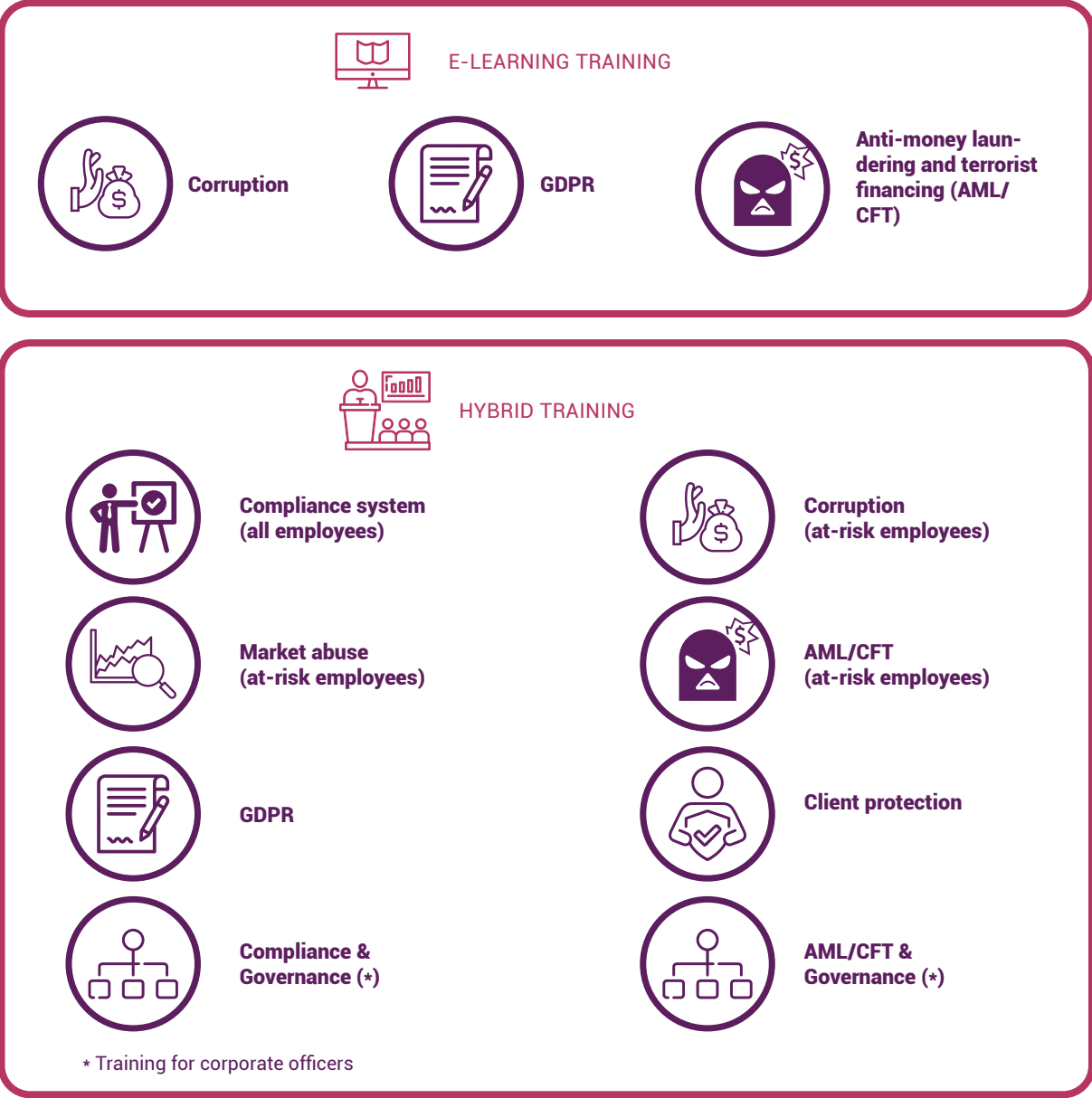
MANDATORY REGULATORY TRAINING ON THE COMPLIANCE SYSTEM

Employees’ adherence to the company’s compliance systems requires the deployment of a robust training plan.

In 2021, following the COVID-19 crisis, which disrupted the timetable and format of training courses, which were still mainly given face-to-face, the

Compliance and HR Departments took the necessary actions by offering a hybrid format combining face-to-face and remote training.

SFIL’s 2021 compliance training plan covers six topics and training is provided in two formats – hybrid or e-learning:



This training is aimed at all employees, with a specific component for persons identified as being at risk, who undergo so-called “expert” training.

It is mandatory for 100% of the employees and corporate officers concerned. This rate was achieved in 2021.

Salaried and non-salaried directors (corporate officers) are now required to take an “AML/CFT and governance” training course, at the end of which they should have adequate knowledge, skills and experience to identify and assess money laundering and terrorist financing risks, as well as of AML/CFT policies, controls and procedures.

In 2021, a total of 21 training sessions were provided.

OCCUPATIONAL MOBILITY WITHIN SFIL AND THE CAISSE DES DÉPÔTS GROUP

The integration into the Caisse des Dépôts Group has enabled SFIL’s human resources teams to establish links with those of the Group in order to foster career opportunities for employees: job offers within the Group and its subsidiaries are posted in the monthly “Flash Mobilité” that is published on the

intranet, and SFIL attends the monthly meetings of the Group Mobility Committee. SFIL now also participates in the Group’s “talent pools” process: “Group Outlook” and “Executive Resources.”

SUPPORTING EMPLOYEE PERFORMANCE AND CAREER DEVELOPMENT

As part of its efforts to develop the annual appraisal process, which was launched in 2020, SFIL has introduced a new training program specifically for managers, which trains them in the annual appraisal process. The objectives pursued are to promote transparency in individual evaluations and a high-quality discussion on career development possibilities.

This program, in the form of specific workshops and an e-learning module, has been supplemented by information sessions for all employees to enable everyone concerned to fully understand the annual appraisal process and promote discussion between managers and employees.

THE PROGRAM TO COMBAT HARASSMENT AND SEXIST BEHAVIOR



SFIL has a program in place to combat harassment and sexist behavior that brings together internal stakeholders (employer and CSE contacts, as well as “prevention players” such as managers, the HR team, employee representatives and work colleagues) and an external partnership via Allosexism.

contact confidentially 24 hours a day to report a problem, either as a victim of harassment or sexism, or as a witness to inappropriate behavior. Employees can also log on to the SFIL whistleblowing portal, systematically on a confidential basis.

This is a platform overseen by specialized lawyers that employees can

GENDER EQUALITY AT WORK AND THE PROMOTION OF WOMEN

In 2021, SFIL scored 93 out of the maximum of 100 points, thus reflecting the initiatives taken within the company.

Since the indicator was created in 2018, SFIL’s score has increased by 6 points, and in 2021 it was above 90/100 for the third consecutive year.

SFIL thus reaffirms that gender equality in the workplace is one of its chief strategic priorities.



Gender equality Index 2021

93/100

WELL-BEING IN THE WORKPLACE AT SFIL, BOTH REMOTELY AND ON SITE

In 2021, against the backdrop of the health crisis and the fact that work was once again partly being performed remotely, SFIL took care to reduce isolation and the lack of interaction, and maintained links with its employees while emphasizing well-being through dedicated measures.

QUALITY OF LIFE AT WORK (QLW) WEEK

The Human Resources Department offered employees the opportunity to

take part in new activities as part of the "Quality of Life at Work Week." The employees selected a range of activities beforehand, in which they then took part for a week, with a "QWL challenge" organized each day.

Employee participation in this operation made it possible to finance the planting of 100 trees in Peru.

In view of its great success, the Quality of Life at Work week is expected to be renewed in 2022.



"SFILOUX" DAY

In addition to the activities organized for employees during this week, Wednesday showcased young people, with a day for employees' children, the "Sfiloux", devoted to an event adapted to the current context, in the form of fun and creative digital workshops.

This year again, the Sfiloux workshops chosen related to SFIL's sustainable development and CSR commitments, in collaboration with the "Futur en Herbe" organization. Two topics were chosen to help make children aware of the world of tomorrow and enable them to invent a better future:

- A creativity workshop entitled "Imagine the city of the future"
- A "Hackathon for the Planet" workshop

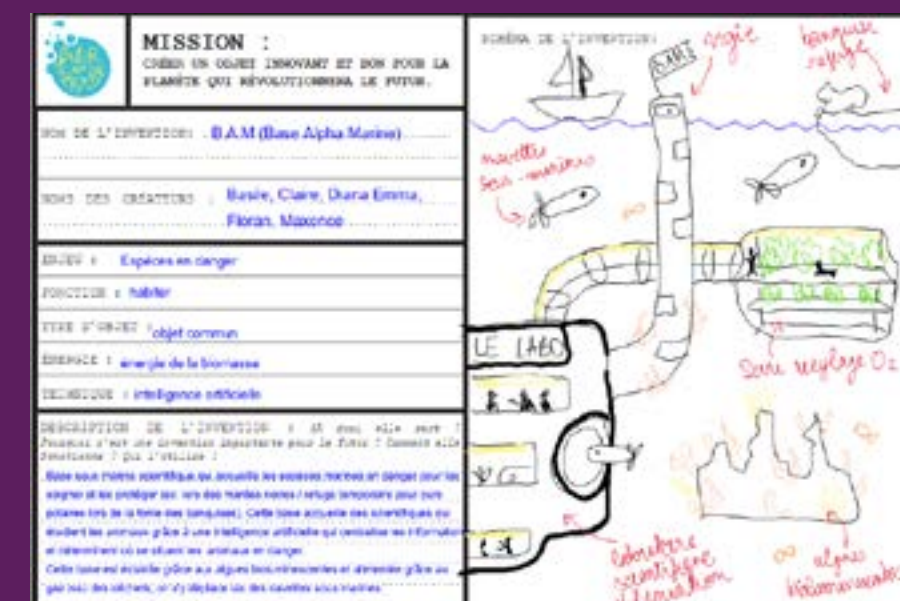
YOGA CLASSES FOR EMPLOYEES

SFIL laid on two yoga classes per week throughout 2021, in remote or hybrid format, fully paid for by the company.

Boxing classes were also offered in the first half of 2021.

CONCIERGE EVENTS

2021 was also an opportunity to set up several events with the concierge service, whose services are available to all employees. The events reminded employees of the existence of this offer, to which they have access through fun activities held during the last quarter of the year.

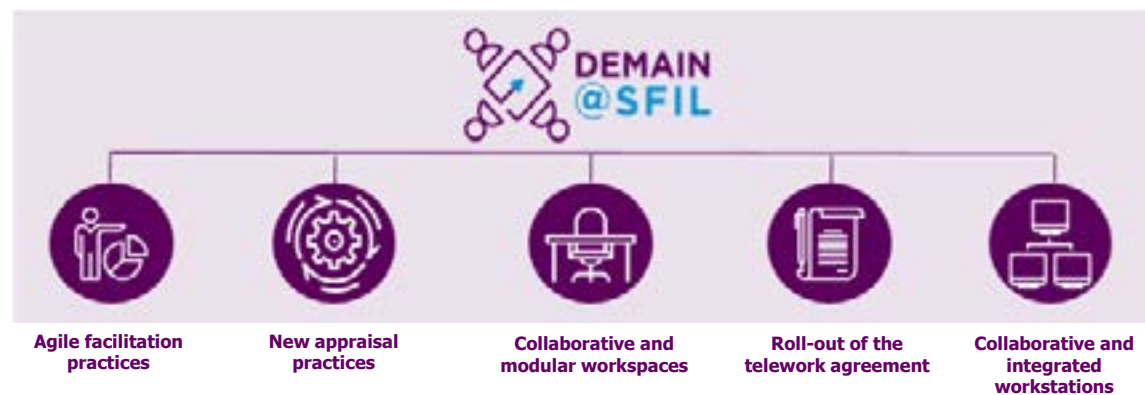


→ TAKING INTO ACCOUNT THE TRANSFORMATION OF WORKING METHODS



SFIL'S 5 MAJOR TRANSFORMATION PROJECTS

Building on the work initiated in 2020, the Demain@SFIL project continued with five major projects aimed at adapting the company's operating methods to the new post-health crisis world.



THE CHANGES, INITIALLY UNDERTAKEN IN CRISIS MANAGEMENT MODE, HAVE RESULTED IN LASTING ASPIRATIONS FOR CHANGE, SHARED BY ALL, PROVIDING GREATER FLEXIBILITY TO THE ORGANIZATION AND PLACING ENGAGEMENT, COOPERATION, PARTICULARLY IN HYBRID FORMAT, AND INNOVATION AT THEIR CORE:

AGILE FACILITATION PRACTICES:

as hybrid work becomes increasingly common, support is provided to supervisors for setting up new team rituals (daily meetings, continuous improvement, etc.) and developing digital visual management tools to promote transparency, collaboration, operational efficiency and collective intelligence.



NEW APPRAISAL PRACTICES:

with greater transparency and team empowerment, it became apparent that it was also essential to reflect on how to adapt the appraisal model. The subject of regular feedback and its systematic use as a performance management practice were highlighted, and the main achievements will be seen in 2022.



COLLABORATIVE AND MODULAR WORKSPACES ("MOVE YOUR DESK" PROJECT):

the expansion of telework is leading to a rethinking of the uses of premises and working methods by adapting them to hybrid uses, with optimized workspaces and more varied and user-friendly places for exchange.



COLLABORATIVE AND INTEGRATED WORKSTATIONS:

the aim of this project is to consider options that provide all necessary tools directly on the workstation (telephone, etc.) so that all employees can work under optimal conditions, whether they are on site, teleworking, or in hybrid mode. This project is scheduled to be completed in 2022.



ROLL-OUT OF THE TELEWORK AGREEMENT:

the new agreement came into force in September 2021. This roll-out was prepared by participatory workshops that enabled each team to define a common charter and adapt the agreement to its practices and needs.



Focus on

COLLABORATIVE AND MODULAR WORKSPACES: THE MOVE YOUR DESK PROJECT

The Move Your Desk project is based on four key principles:



THE AIM: TO ADAPT OUR SPACES TO OUR USES

- ➔ **Reduce the number of individual workstations by eliminating unused workstations and taking into account the occupancy rate due to telework**
- ➔ **Increase the share and variety of collaborative and user-friendly spaces**
- ➔ **Take into account specific constraints and needs (confidentiality, quiet, etc.), in particular by setting aside an area allocated to each department**
- ➔ **Guaranteeing each individual a place for the entire day in human-scaled offices**



The project consists of two complementary components:

- Thinking about future premises, structured around participatory workshops with a project contact person for each department, representatives of management and members of the Executive Committee.
- Setting up a "Test Village" that enables teams to project themselves into the uses of tomorrow and gives them a clearer idea of what might or might not suit them, both in terms of layout and equipment. Following initial feedback, the test village was adapted, which increased tester satisfaction from 32% to 59% in one month.

Specific support has been put in place to successfully implement this agreement:

- Through collaborative work, employees and their managers have been encouraged to dialog in order to organize how the agreement will be applied within the relevant team.
- Collaborative workshops have been set up: Executive Committee interview, managers' workshop, design thinking.
- More than 50 team charters had been drafted by the end of these workshops.

Focus on

THE PROVISIONS OF THE TELEWORK AGREEMENT

Signed by a majority on April 14, 2021, the new telework agreement was implemented in September 2021. In particular, it provides for:



The extension of telework to all employees

An annual quota of 85 days, with up to 100 days for operational constraints or complex individual situations



Financial support: a monthly lump-sum allowance, a meal voucher card and reimbursement of expenses incurred to set up a telework station



Rights and duties of employees: autonomy, mutual trust, right to disconnect, work-life balance



TOWARDS A MORE RESPONSIBLE PURCHASING APPROACH

Aware of the fundamental role of purchasing in the company's sustainability approach, SFIL is progressively enhancing its responsible purchasing practices.

SIGNATURE OF THE RESPONSIBLE SUPPLIER RELATIONS CHARTER

In 2021, SFIL signed the Responsible Supplier Relations Charter of the National Purchasing Council, in association with the Ministry of the Economy and Finance, thus confirming its commitment to a balanced and long-term relationship with its suppliers.

This Charter, which has been signed by over 2,200 private and public organizations in France, including Caisse des

Dépôts and certain of its subsidiaries, aims to encourage businesses and public actors to adopt responsible practices with regard to their suppliers, by raising awareness among all economic players of the issues inherent in responsible purchasing and the quality of customer-supplier relationships.

By adhering to this Charter, which includes ten commitments, SFIL confirms its involvement in the construction of a balanced, fair and long-term relationship with its suppliers, in which the respective rights and duties of each party are known and respected, and undertakes to improve its organization in order to progressively establish the conditions necessary to obtain the "Supplier Relations and Responsible Purchasing" label.



INVOLVING SUPPLIERS TO REINFORCE THE APPROACH

As part of the CSR approach, building a relationship of quality and trust with suppliers ensures a convergence of values and best practices.

In 2021, in line with the work undertaken, SFIL continued to improve the structure of its annual CSR questionnaire for its main suppliers, which now

collects more detailed information on social, environmental, ethical and governance issues and includes a section with open questions about their CSR practices, focusing in particular on:



Furthermore, SFIL also attaches great importance to ensuring that the consultants it uses perform their duties under decent working conditions, both at SFIL itself and in their own firms.

In order to enhance its overall responsible purchasing practices, SFIL has adopted a work program for the coming years, including in particular the search for an anti-corruption due diligence tool.

RESPONSIBLE SUPPLIER CERTIFICATION

SFIL's commitment to maintaining equally responsible relationships both as an ordering party and a supplier was rewarded with the 2021 *PROVIGIS*

Responsible Supplier Gold Medal for the services it provides to La Banque Postale.





This certification confirms that SFIL holds legal documentation that has been assessed to be compliant with ongoing due diligence requirements. Throughout the year, SFIL produces a set of documents attesting to its compliance with labor requirements (URSSAF contributions, no undeclared work, employment of persons with disabilities) and legal and insurance obligations.

In 2021, the company produced nearly 30 documents in response to these obligations.





SDGS 2021 RESULTS AND 2022 TARGETS

SDG	SFIL targets	Indicators	2021 quantified targets	2021 Results	2022 quantified targets
	Contributing to the well-being of our employees	Average number of days of telework during the year per permanent employee ¹⁴	Percentage of employees on permanent contracts who telework: > 80%	100%	> 50 days per permanent employee
		Survey employees on their feeling about the balance between their professional and personal lives	twice a year	twice a year	once a year
		Absenteeism rate over the year	< 3.4%	1,5%	< 3,4%
	Internal operations - Promoting training, diversity and equal opportunities	Number of school-to-work employees hired during the year	> 5% of the workforce	10%	> 8% of the workforce, with at least 50% women
	Promote gender equality at work and gender parity	Gender equality index within the company	>= 90%	93/100	>= 90%
	Reducing our carbon footprint	Reduction in our CO ₂ emissions (in CO ₂ equivalent tons)	-15% over 3 years compared to 2018, benchmark year	2018: 7,860 tons of CO ₂ 2021: 5,390 tons of CO ₂ = -31%	Emission levels maintained at 5,400 tons of CO ₂

14. Indicator updated in light of the implementation of the new telework agreement.

3 | OUTLOOK

EXPANDING THE CARBON FOOTPRINT ANALYSIS BY INCLUDING THE IMPACT OF PORTFOLIOS AND MEASURING ALIGNMENT WITH THE PARIS AGREEMENTS

SFIL wishes to expand its carbon strategy and embark on a trajectory to control its footprint, in line with France's National Low-Carbon Strategy, the Paris Agreements and the goals of the Climate Policy of the Caisse des Dépôts Group.

This commitment is also in line with the new regulatory requirements adopted that will progressively apply to SFIL by 2024 (CRR and CRR2 regulations, European Green Taxonomy and CSR Directive) and for which it will be necessary to supplement the extra-financial information that it will be required to disclose.

SFIL is therefore studying the possibility of taking into account scope 3 in its entirety by including financing/investment portfolios: export credit refinancing, local public sector loans and treasury investment portfolios.

With regard to its digital impact, and following the benchmark study carried out in 2021, SFIL's objective is ultimately to identify the share of its carbon footprint that is due to its digital footprint and to manage it more closely within its carbon footprint analysis with a view to reducing it.

Lastly, SFIL plans to make partial carbon offsetting a long-term commitment, and will thus study new carbon sink projects to finance.

PARTICIPATION IN THE ECB¹⁵ CLIMATE STRESS TESTS IN 2022

SFIL's participation in the 2022 ECB climate stress tests is ongoing and will concern module 1 (qualitative), module 2 (data collection) and, partially, module 3 (bottom-up stress test).

CONTINUED DIALOG WITH STAKEHOLDERS

In a spirit of consultation, and in order to better meet their expectations in a changing world, SFIL intends to enhance its interactions with its main stakeholders by involving them more fully in the deployment of its CSR approach.

In addition to launching a second client satisfaction survey, SFIL will establish dialog methods adapted to each type of stakeholder, with the aim of further integrating sustainable development issues by promoting shared value creation.



STREAMLINING IT AND TELEPHONE EQUIPMENT IN CONNECTION WITH DEMAİN@SFIL

As part of its transformation project in response to changes in the world of work, SFIL aims to reduce its IT equipment inventory by 2022-2023, in particular by optimizing and modernizing workstations, installing virtual telephone systems and reducing the number of printers.



15. European Central Bank

CONTINUATION OF DYNAMIC HR POLICIES

WELL-BEING AT WORK AGREEMENT BEING RENEGOTIATED

Negotiations began in 2021. They will be reopened in early 2022, along the following lines:

- Focus on SFIL's Well-Being at Work and CSR actions
- Telework management (disconnection/best practices)
- Support measures for setting up new premises
- Inclusion/diversity,
- Employees under the age of 35
- Seniors (over 50)
- Family caregivers
- Donation of days

INCLUSION AND DIVERSITY

SFIL attaches great importance to the balance of its workforce, as evidenced by its actions to promote inclusion and diversity. In 2022, SFIL will continue to support the integration of young graduates into the workplace. It will therefore continue its strong support for apprenticeships and work placement programs (recruitment, specific coordination of the work-study community). Each year, SFIL recruits young talents and trains them through apprenticeship and professional training contracts. Graduates of three- to five-year courses are eligible and all SFIL business lines are concerned.

SFIL will implement actions to promote the employment of persons over the age of 50 (second-half career interviews, training programs to maintain a high level of employability, work-life balance, optimized retirement assessments, etc.).

The company also wishes to promote the inclusion of LGBT+ people within its ranks.

GENDER EQUALITY AT WORK

In 2022, SFIL is renewing its commitment to:

- Maintaining and improving the 100% female succession plan in order to continue efforts to identify female employees who can advance to key positions or management roles.
- Maintaining the ambitious target of two-thirds women in workforce movements (external recruitment, promotions, transfers) in the highest collective bargaining classification levels ("J, K and *hors classe* (highest)").
- Maintaining the identification and training programs specific to female employees (e.g., the "*be the actor of your ambition*" training program) and defining appropriate dedicated support (assessment, coaching if necessary).
- Maintaining the initiatives to increase the percentage of women in finance

professions through the schools policy and the use of apprenticeships.

NEW TWO-YEARLY SOCIAL BAROMETER

Through the Diversity and Well-Being at Work agreement, SFIL has made a commitment to implementing several programs to enable all employees to express themselves which will allow it to gauge the internal climate at the company. The internal opinion survey was an essential tool giving employees the opportunity to express themselves about their day-to-day work and, more broadly, the company. Since 2017, SFIL has run a "social barometer" every two years, available to all its employees.

In 2022, SFIL will launch a new social barometer to survey all employees about their state of mind and their expectations in a context where quality of life at work has been severely impacted by the health crisis.





Continued roll-out of the SFIL Académie platform

Through the SFIL Académie, in 2022 SFIL aims to further optimize the development of its employees' business and behavioral skills: digitized training offered asynchronously, creation of synergies with the Group's CDC University, etc.

Under its new strategic plan, SFIL will roll out training initiatives on its corporate social responsibility (CSR awareness, climate workshops, digital workshops, etc.) and will continue training initiatives on its internal transformation (agility, digital dexterity, review of the performance appraisal model, etc.).

In order to improve the compliance culture, the face-to-face training offer

will be enhanced in 2022 with new training that will meet the guidelines on assessing the suitability of management body members and holders of key positions (EBA/GL/2021/06) of July 2, 2021.

**IN LINE WITH ITS
#OBJECTIF2026
STRATEGIC PLAN, SFIL
HAS ESTABLISHED STRONG
MEDIUM- AND LONG-
TERM COMMITMENTS
IN RESPONSE TO
THE CHALLENGES OF
THE RECOVERY AND
ECOLOGICAL TRANSITION
PLANS, WHICH ARE
DESCRIBED ON PAGES 154
ET SEQ.**



PRIORITY 3

ENGAGEMENT OF OUR EMPLOYEES



- 1 | IMPLEMENTATION OF THE CSR/
SUSTAINABLE DEVELOPMENT
E-LEARNING
- 2 | RAISING AWARENESS INTERNALLY
AND MOBILIZING FOR OTHERS
- 3 | SPONSORSHIP INITIATIVES
- 4 | COMMITMENT TO PEOPLE
WITH DISABILITIES
- 5 | OTHER INITIATIVES
- 6 | OUTLOOK

1 | IMPLEMENTATION OF THE CSR/SUSTAINABLE DEVELOPMENT E-LEARNING

Employee awareness-raising is a key element of the corporate social responsibility approach.

Following the training initiatives held for its Board of Directors, managers and elected representatives in previous years, SFIL also wanted to raise awareness of these key issues among all its employees.

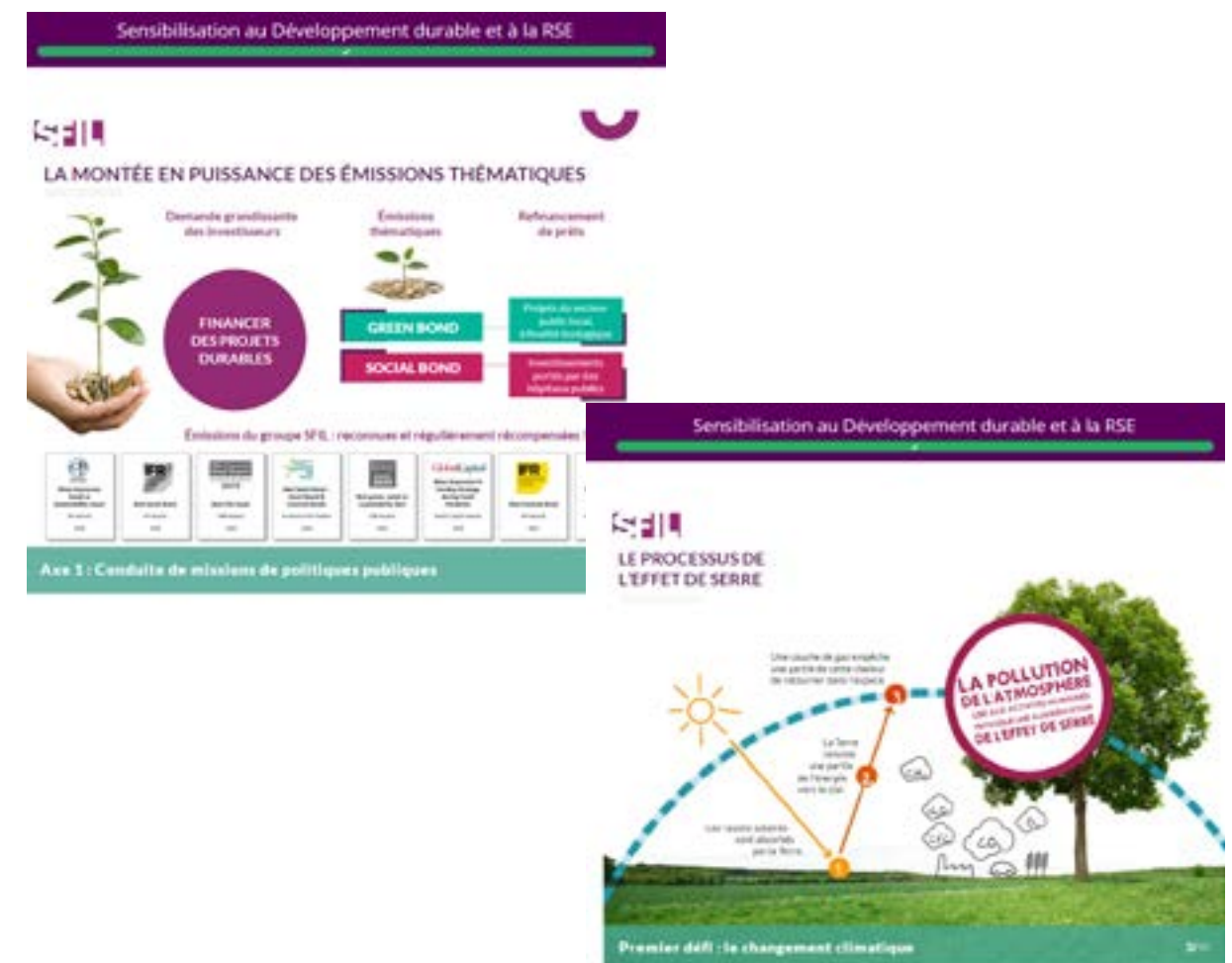
In December 2021, the Group rolled out a two-part e-learning module on sustainable development and CSR.

The course first raises learners' awareness of the major global challenges

currently created by climate change, resource depletion, biodiversity loss, pollution and inequality.

The focus then shifts to SFIL's main CSR and sustainable development commitments and achievements.

At the end of the course, employees are invited to explore some of the concepts and themes covered in the module in greater depth using specific content made available to them on the company's intranet.



2 | RAISING AWARENESS INTERNALLY AND MOBILIZING FOR OTHERS

EMPLOYEE AWARENESS-RAISING INITIATIVES IN 2021

Despite the health situation, SFIL endeavored to continue its initiatives promoting solidarity and sustainable development during the period of remote working, in particular through the “Employee Engagement” group.

The objective is twofold: firstly, to continue efforts to raise employee awareness of sustainable development throughout the year, and secondly to mobilize and provide service to others through donations or volunteer activities.



► In April, SFIL conducted a solidarity collection of unused office supplies in good condition from among management assistants. Five boxes of supplies were collected and donated to the Pik-Pik association, which distributed them to the Hauts-de-Seine Education League.

► In late June, SFIL ran a webinar for employees on biodiversity, facilitated by the Pik-Pik association. Employees were made aware of the reasons for the loss of biodiversity and ecosystems, with a focus on biodiversity in cities.

► During the 2021 European Sustainable Development Week (ESDW) in September, employees were made



aware of a range of topics through intranet communications and publications: improving waste sorting on site, responsible digital technology and calculating their individual carbon footprint using a tool developed by the French Environmental and Energy Agency (ADEME).

► In the wake of the ESDW, and in accordance with its commitments to contribute to the circular economy, SFIL held, in collaboration with the Pik-Pik association, a new workshop in October during which its employees' electrical and electronic devices were repaired free of charge.



THE FIRST SFIL'ANTHROPIE DAY

On December 2, 2021, SFIL held its first corporate volunteer activities day, called **SFIL'Anthropie Day**.

SFIL also plays a societal role thanks to its employees, and the objective here was to propose a useful solidarity action that would give them the opportunity to make a concrete commitment during their working hours, for themselves as well as for the company, similarly to the solidarity days already in place in many other companies in France.

Around 30 employees dedicated themselves, during their working hours, to solidarity initiatives and provided concrete assistance to three associations: Foyer Jorbalan, IME Agir et Vivre l'Autisme, and France Terre d'Asile.

The event was organized in conjunction with Unis-Cité Solidarité Entreprises, an organization that specializes in the large-scale mobilization of employees for solidarity initiatives and donates all its income to its non-profit entity Unis-Cité, a public interest association that is a pioneer in youth civic service.



←→ Action with

LE FOYER JORBALAN: CULTURAL AND HUMAN INTERACTION WITH WOMEN VICTIMS OF SEX TRAFFICKING.

The Foyer Jorbalan Association is the only shelter in France created to protect women who are victims of trafficking for sexual exploitation. Its missions are to offer shelter and protection to victims of trafficking and to provide them with comprehensive support to become autonomous.

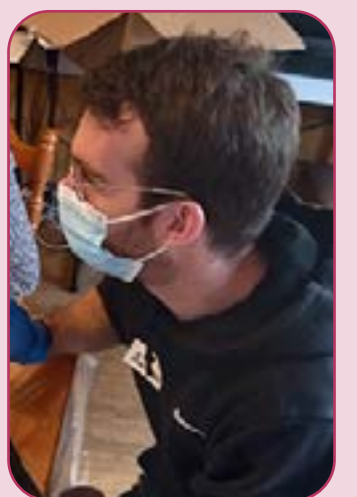


After a presentation on the shelter and its

missions, the volunteers took part in an "icebreaker" workshop with the women in the shelter, before starting the activities planned for the day: in the morning, small groups created paintings on canvas to decorate the rooms of the shelter. Then, after lunch, a visit to an aquarium encouraged discovery and exchange between the residents and the volunteer employees.

"This day enabled me to understand the situation and daily lives of these women, and to change my outlook. It was also very interesting in terms of team building. I think that by spending this time with them, we provided some time out and down time to the residents and the association's supervisors. It is important for SFIL to offer this kind of initiative because the company has a role to play in society, and must show that it is connected to the real world.

Antonio, Legal Department



Action with

IME AGIR ET VIVRE L'AUTISME: BUILDING SENSORY PANELS TO STIMULATE THE SENSES OF CHILDREN WITH AUTISM.

Agir et Vivre l'Autisme is a pioneering medical and educational institute that aims to transform awareness and support of people with autism and offer greater opportunities to children receiving care to progress in terms of communication, autonomy, motor skills and knowledge.

specialized educators, the workshop had the SFIL volunteers interact with the teenagers from the institute (accompanied by their educators) and build sensory panels for young children with autism. In addition to this activity, the aim was also to make employees more aware of the range of the autism spectrum and the need for better care to help autistic people integrate into society.



After a meeting with a representative of the organization and the

“Taking part in this day allowed me to take a step back from my daily life and go beyond the fears and questions I might have had about autism. It was also a very nice moment because there were many glances and exchanges shared with the children. I remember the smiles of Maël, Filip and Alexandre, which felt extremely gratifying. I really hope there will be another day like this soon!

Sandrine, Credit Risk Department



Action with

FRANCE TERRE D'ASILE: BUILDING FOOSBALL TABLES FOR EMERGENCY ACCOMMODATION AND CHILD PROTECTION CENTERS

The main purpose of the France Terre d'Asile association is to help migrants by participating in the reception of asylum seekers, stateless persons and refugees in France and by promoting their integration through actions that help them access employment and housing and learn French.

assemble and decorate three cardboard foosball tables for use in shelters. The day ended with a lively foosball tournament, and a small collection was donated to France Terre d'Asile to finance a future outing for the young wards.

Through the group work and then the tournament, SFIL volunteers had the opportunity to interact with the youngsters, sometimes despite the language barrier, in a relaxed setting.



SFIL's volunteers were joined by a group of young unaccompanied minors (and their supervisor) to

“I wanted to take part in this initiative to show those in need that they are not alone and to change these children's routine, if only for a day.

What struck me most was that all participants, both the children and the employees, fully enjoyed this exchange, with a smile on every face.

Berkan, Finance Department



3 | SPONSORSHIP INITIATIVES

A NEW AGREEMENT WITH THE COLLÈGE DE FRANCE: SFIL BECOMES THE LEADING SPONSOR OF THE INNOVATION CAMPUS FOR HIGH SCHOOLS PROGRAM

Convinced of the fundamental role that knowledge plays in the success of young people in society, and given the growing success of the Campus, SFIL has considerably increased its financial support since its first agreement in 2017.

In 2019, SFIL exceptionally doubled its financial support to enable, among other things, the updating of the economics programs and the production of the multimedia materials for the programs in 2019 and 2020.

In late 2021, a new agreement was signed to continue this exceptional support for 2021 and throughout the duration of the SFIL 2022-2026 strategic plan to enable the Campus to expand its actions, with the following new objectives:

- Extension of the program to mathematics
- Increasing exchanges between students and teachers in economics and life and earth sciences
- Extension of the program to French-speaking countries

SFIL IS NOW THE LEADING SPONSOR OF THE INNOVATION CAMPUS FOR HIGH SCHOOLS.



The Campus embodies the aim of the Collège de France to make knowledge and know-how accessible to as many people as possible. For Philippe Aghion, its co-founder, "the goal is to instill in students who have little access to academic knowledge, for social or geographic reasons, the desire to step out of their comfort zone, move forward and become instrumental in their own academic and professional success. We aim to demystify academic knowledge and demonstrate how knowledge, about the economy for example, is a tool for understanding and acting on the world, their world."

The Innovation Campus for High Schools has several objectives:

- Demystify the relationship with academic knowledge
- Encourage thinking about careers
- Encourage students to project themselves into the future

The Campus is primarily aimed at high school students enrolled in Priority Education Network (REP) and Enhanced Priority Education Network (REP+) schools, as well as their teachers.

REDUCED ACTIVITY DURING THE 2021-2022 SCHOOL YEAR

Due to the COVID-19 crisis and the associated lockdowns, the 2021 school year was severely disrupted. Talks to school students were temporarily suspended at the request of the national education authorities, which were focused on completing the school programs as well as possible under the circumstances.

Although the talks could not be given, the Campus was nevertheless able to make knowledge accessible online and create new programs¹⁶.

Although sharply reduced in number, talks in high schools were nevertheless given during the last quarter of 2021, to 420 students and 56 teachers:

► **Economics and Social Sciences:** 80 students and 10 teachers in Paris, 90 students and 15 teachers in Massy.

► **Life and Earth Sciences:** 80 students and 8 teachers in Châteauroux, 90 students and 15 teachers in Le Mans.

The target of 1,400 high school students for 2021 was therefore not achieved due to the very unusual health context. Aware of these difficulties and the increased importance of the Campus' action due to the greater risk of inequalities in access to knowledge as a result of the health crisis, which has significantly impacted the French national education system, SFIL retains its confidence in the program and hopes that it will be fully "up to speed" once again by the start of the 2022 academic year. The continuation of SFIL's exceptional support in 2019 for the years 2022-2026 is an illustration of its deep conviction that a fairer society is founded on access to knowledge for all.

CONTINUATION OF MIDDLE SCHOOL AND HIGH SCHOOL STUDENT SUPPORT AND SPONSORSHIP PROGRAMS

Institut Télémaque, an association created in 2005, aims to relaunch social mobility as early as middle school by supporting invested and motivated young people from modest backgrounds through a dual "school-business" mentorship program.

Through this partnership between Télémaque and SFIL, employees can become mentors to dedicated and motivated middle school students. The SFIL mentors offer middle school students the opportunity to participate in social and cultural activities to which they are unaccustomed, to discuss their career paths, and to introduce them to the business world by presenting SFIL and their jobs.

ACTIONS IN SUPPORT OF "REP" AND "REP+" MIDDLE SCHOOL INTERNS

In 2021, despite the constraints of the health crisis, and thanks also to its partner Institut Télémaque, several SFIL employees visited the Guy Moquet middle school in Gennevilliers to talk to ninth-grade students. They presented

Télémaque

the public development bank model, the bank's various business lines, as well as the academic and student orientations needed to access those jobs.



16. The program modules for each high school year and the corresponding exercises have been put online on the Collège de France website, on the Eduscol website of the national education system, and on the Melchior website of the Institut de l'Entreprise. The core modules have been produced as videos that can be accessed on the YouTube site of the Innovation Campus for High Schools. Lastly, an Instagram account was launched with educational materials adapted to this social network that reference all of the Campus' resources.

4 | COMMITMENT TO PEOPLE WITH DISABILITIES

SFIL once again undertook various actions throughout the European Disability Employment Week (EDEW), which took place from November 15 to 19, 2021.

Employees were offered disability awareness workshops thanks to the contribution of our partner, Handicap Au Service des Compétences (H.A.S.C.). These workshops brought together over 30 participants, including an Executive Committee member.

"Handipoursuite", an online Game of the Goose to test knowledge on disability and employment, was also organized via SFIL's partner, AKTISEA. It drew 70 participants who played 93 games.

Lastly, SFIL welcomed two persons with disabilities for a day alongside employees during the "Duoday" program. This annual initiative raises employee awareness about disability in the workplace, and introduces people with disabilities to the banking business.



This year, the discussions were highly meaningful and informative for all stakeholders. In particular, the two participants were given a guided tour of the "Test Village" set up for the premises refurbishment project, which was an opportunity to obtain their opinions and learn what their needs would be if they were SFIL employees.

To facilitate the integration of wounded soldiers with disabilities into civilian employment, SFIL continued its exchanges with the Army's Injury Assistance Unit (CABAT) and with Défense Mobilité, a service of the Ministry of the Armed Forces that helps nearly 19,000 military personnel transition to civilian life each year. In particular, SFIL supported the professional retraining of a young soldier with a disability through coaching interviews provided by a professional from the HR team, in conjunction with her Défense Mobilité contact.



5 | OTHER INITIATIVES

A NEW SOLIDARITY ACTION IN RESPONSE TO THE HEALTH CRISIS

The second edition of the solidarity days-off donation campaign to support the "Stand together for the Most Vulnerable" initiative launched by the Fondation de France was held from January 6 to 31, 2021.

This campaign gave employees the opportunity to donate days in accordance with the provisions of the amendment to the Quality of Life at Work agreement:

- Voluntary donation
- Maximum of five days per year, either full days or half days
- Matching contribution of 100% by the company

KEY FIGURES

25 days collected in 2021
Making a total of 101,5 days in 2 campaigns

20 contributing employees in 2021
1/3 of which are new

17 717 € raised
Making a total of 60 874 € collected for the Fondation de France

"AVEC'L" NETWORK



In 2021, the SFIL gender diversity network celebrated its five-year anniversary. Sponsored by Brigitte Daurelle, a member of SFIL's Board of Directors and Chairman and Chief Executive Officer of MFEX by Euroclear, the network has offered new actions to its members, as well as to SFIL employees.

These actions included interactive workshops on deconstructing gender stereotypes, setting up literary cafés focused on the issue of diversity, and meetings with inspiring people.



The year was also marked by the creation of a partnership with the Force Femmes association, which assists unemployed women over 45 in their efforts to return to the job market.

The partnership began with the launch of a survey to better understand the

needs of the women beneficiaries. The survey, to which over 450 participants responded, highlighted a strong need for "agility" training and a significant demand for personal development tools.

Consequently, the AVEC'L network quickly offered the following services to the association:

- Setting up of an "IT assistance" email box managed by SFIL's IT "kiosk"
- Opening of SFIL training sessions to Force Femmes beneficiaries, for whom two dedicated places are systematically reserved (in particular, communication processes and AGILE training)

Finally, AVEC'L members and SFIL employees also actively contributed to the actions carried out by Alter Egales, the gender diversity network of the Caisse des Dépôts Group: participation as a mentor or mentee in the Group's FIDES mentoring program and involvement in actions carried out during Alter Egales' ten-year anniversary ("incub'actions," etc.).

SALARY ROUNDING

SFIL continued its partnership with MicroDon, thus giving its employees the opportunity to continue their engagement through the “salary rounding” program with its two partner associations: L'Etoile de Martin (providing support for research on childhood cancers and arranging enjoyable experiences for young patients) and Planète Urgence (whose mission is to strengthen people for a socially supportive and sustainable planet so that everyone can live with dignity and autonomy in a preserved environment).

In 2021, employee contributions raised €1,848 for Etoile de Martin and €994 for Planète Urgence.



SDGs
2021 RESULTS AND 2022 TARGETS

SDG	SFIL targets	Indicators	2021 quantified targets	2021 results	2022 quantified targets
	Internal operations: promoting training, diversity and equal opportunities	Collège de France: number of high school students from Priority Education Areas who receive joint teaching for each subject covered by the program	>= 1,400 students	420 students (health restrictions)	>= 1,400 students
		(*subject to health restrictions)			
		Number of last-year middle school interns from REP (Priority Education Network) and REP+ (Enhanced Priority Education Network) schools hosted during the year	2 sessions	1 session held (health restrictions)	10 REP+ interns hosted
	Internal operations: contributing to the circular economy	Organize one collection event each year (clothes, toys, supplies) for an association and one object repair workshop for employees	2 actions	2 actions carried out	2 actions

6 | OUTLOOK

CONTINUING EMPLOYEE AWARENESS-RAISING ACTIONS

Building on the success of the first operation in late 2021 and the enthusiasm it generated among all participants, both employees and beneficiaries, in 2022 SFIL will repeat the SFIL'Anthropie volunteer day in the first half of 2022.

ASSOCIATION DAYS

In line with its CSR policy, the bank is particularly mindful of the personal and collective commitment, growth and development of its employees.

Management is committed to offering up to two additional days of leave per year to employees who are involved in charitable associations: "association days."

In 2022, this program will be open to employees on permanent and fixed-term contracts, excluding work-study

contracts, and will be limited to recognized public interest associations.

IN LINE WITH ITS
#OBJECTIF2026
STRATEGIC PLAN, SFIL
HAS ESTABLISHED STRONG
MEDIUM- AND LONG-
TERM COMMITMENTS
IN RESPONSE TO
THE CHALLENGES OF
THE RECOVERY AND
ECOLOGICAL TRANSITION
PLANS, WHICH ARE
DESCRIBED ON PAGES 154
ET SEQ.



AMBITIOUS COMMITMENTS TO BROADEN OUR HORIZONS IN RESPONSE TO THE CHALLENGES OF THE FRENCH RECOVERY AND CLIMATE TRANSITION PLANS

IN RESPONSE TO THESE
CHALLENGES, SFIL HAS ADOPTED
AMBITIOUS NEW MEDIUM- AND
LONG-TERM COMMITMENTS
IN CONNECTION WITH ITS
NEW STRATEGIC PLAN AND
CONSISTENT WITH THE VISION
AND APPROACH OF THE CAISSE
DES DÉPÔTS GROUP.

PUBLIC POLICY MISSIONS

Our medium- to long-term commitments



Supporting local public sector players in connection with the French Recovery and Ecological Transition Plan

- With €2 billion in funding for the Ecological and Energy Transition over five years
- By raising awareness of sustainable development among local public sector stakeholders: proposal for a university or think tank for local government entities on sustainable development issues and setting up of a Green Loan Trophy
- By increasing the share of thematic loans and aligning them with the future European Taxonomy



Strengthening our partnership with Banque des Territoires

- €500 million in loan refinancing/year



Continuing the digitization of the local public sector

- For all clients of SFIL/LBP programs:
 - Offering access to the DIGISFIL platform
 - Offering the possibility of signing documents electronically



Expanding our action to support French manufacturers internationally for sustainable projects

- €1,000 million of new financing by 2026 covered by European or multilateral credit agencies



Aligning our activities with the Paris Agreements trajectory

- By integrating our local public sector and export credit portfolios into the measurement of our carbon footprint
- By offsetting a portion of our residual CO2 emissions each year



Consolidating our role as a major player in sustainable and responsible finance within a dynamic Group

INTERNAL POLICIES

Our medium- to long-term commitments



Involving our stakeholders in our strategy

- Establishing mapping and a dedicated action plan
- Conducting a second local public sector borrower satisfaction survey



Developing specific ESG skills in the local public sector portfolio



An employer committed to workplace diversity and equality issues



Committing to a responsible purchasing approach

- Applying the ten commitments of the Responsible Supplier Relations Charter
- Continuing the planned CSR developments of the purchasing policy



Establishing a trajectory in line with the Paris Agreements and controlling our direct environmental impact

EMPLOYEE ENGAGEMENT

Our medium- to long-term commitments



Continuing the employee engagement day ("SFIL'Anthropolie")

- Making it a meaningful annual citizen event for the entire company
- Varying the themes of actions undertaken, in line with SFIL's identity



Monitoring the actions we finance through on-site visits for our employees with formalized feedback



Expanding our partnerships and sponsorships, in line with our DNA as a public development bank



Getting more involved in protecting biodiversity

- Supporting concrete preservation/restoration initiatives



Offering at least one employee awareness-raising event each year

- On environmental (climate, etc.) or social (disability, etc.) issues

APPENDIX : CLIMATE-RELATED RISKS



CLIMATE RISKS ARE ONE OF THE MAIN RISK FACTORS FOR CREDIT INSTITUTIONS IN THE EURO ZONE

Climate change and the transition to carbon neutrality by 2050 are one of the European Union's priorities. The ECB recognizes that climate-related risks are one of the main risk factors for European banks and expects them to adopt

a comprehensive and forward-looking approach to address them.

Climate change challenges are one of the key priorities of SFIL's strategic plan, whose purpose, as a public development bank, is to "finance a sustainable future by sustainably and responsibly supporting the development of the regions and the international activity of large companies." This strategy is consistent with the commitment of

its parent company, Caisse des Dépôts et Consignations, to the success of the ecological and energy transition.

1) GOVERNANCE OF CLIMATE ISSUES AND CLIMATE POLICY

The board of directors' rules of procedure state that the board "regularly examines the opportunities and risks taken by the company, particularly in the financial, legal, social and environmental fields (including climate-related risk), as well as the measures adopted as a result thereof." It may be assisted in its work by the Governance, Appointments and CSR Committee and by the

Risk and Internal Control Committee. A report on climate risks is presented each quarter to the Risks and Internal Control Committee (RICC) as part of the **Quarterly Risks Review. The RICC was therefore kept informed of all work on transition and physical risks to which French local authorities are exposed.** In 2021, climate risks and their challenges were discussed at each RICC and board of directors' meeting. **The 2021 roadmap listing the work to be performed on climate risks and their timetable was also presented to the board on 16 April 2021. Similarly, the 2022 roadmap will be presented to it in April 2022.**



A **Climate Risk Committee** has been set up. It is chaired by the Chief Risk Officer and comprises representatives of the various departments concerned. It is tasked with supervising and implementing the work undertaken pursuant to the Climate Risks Roadmap, in conjunction with the various operational departments. A summary of the work reviewed by the Climate Risk Committee is then presented to the bank's CSR Committee.

2) IDENTIFICATION AND MAPPING OF CLIMATE RISKS

The risks associated with climate change fall into two categories, **physical risks and transition risks**:

Transition risk is associated with the transition to a low-carbon and more environmentally sustainable economic model. This could be triggered by the adoption of climate and environmental policies, technological progress or changes in market preferences.

Physical risk refers to the physical effects of climate change (more frequent extreme weather events and gradual climate shifts) as well as of environmental degradation (pollution, biodiversity loss, water stress). It may be "**acute**", when it arises from extreme weather events

(such as cyclones, storms, floods); or "**chronic**", when it arises from progressive and longer-term shifts (such as sea-level rises, increasing temperatures, water stress, biodiversity loss).

Physical and transition risks may cause direct or indirect losses to financial institutions and thus constitute **risk factors** that may directly or indirectly impact **existing risk categories** (in particular, credit risk, operational risk, and market and liquidity risk).

Identification and mapping of climate-related risks

SFIL has conducted a climate-related risks mapping by identifying them in accordance with SFIL's material risk identification policy and assessing their materiality. This qualitative approach based on experts' qualitative assessment resulted in the identification of the risks listed in the table below and their materiality assessment, for both transition and physical risks, at different time horizons: the strategic plan time horizon (i.e. short/medium terms <5 years) and long-term (>5 years - until 2050).

Main categories of transition and physical risks identified

This first table presents and **identifies the main risks of negative impact**

arising from the transition and physical risks. Transition risks include various risk factors: political and regulatory risks, technological risks, market risks and reputational risks. Physical risks include acute and chronic physical risks.

	Risk factors	Description	Horizon
	Factor	Impact of transition risks	ST-MT < 5 years LT > 5 years
Policy and regulatory	Increase in the price of carbon	- Impact of higher GHG emission prices on local authorities operating expenses, investment and taxes	ST-MT-LT
	Regulatory developments and cost of data collection	- Additional cost of collecting non-financial information required by new regulations (CSRD and Taxonomy) - Potential additional capital requirements for exposures not aligned with environmental objectives	ST-MT
	Growing requirements on the local authorities regarding the transition	- Implementation of the French National Low-Carbon Strategy will require massive investments by local authorities, in particular for the public buildings, transport, waste management, energy, water and sanitation sectors	ST-MT-LT
Technological	Progression towards lower carbon power supply and services	- Cost of adapting infrastructures or production facilities - Ability of the French major exporters to adopt a low-carbon offer and sustainable and/or aligned with the UE Taxonomy	ST-MT-LT
	Decrease of existing asset values due to the transition towards renewable energy sources	- Deterioration in borrower credit quality in some poorly aligned sectors (oil and gas)	ST-MT-LT
Market	- Shifts in consumer behaviour - Higher raw material cost - Uncertain market signals	- Lower revenues for sectors lagging behind in their transition - Revaluation or impairment of asset quality	ST-MT-LT
Reputation	Image risk due to projects and sectors financed	- Downgrading of SFIL's extra-financial ratings	ST-MT
	Factor	Impact of physical risks	
Acute	Increase in the frequency and severity of natural disasters	- Risk of infrastructure damage or business continuity risk - Higher risks for local authorities located in particularly exposed areas (overseas) - Increased insurance costs and lower State assistance for local authorities uninsurable assets	ST-MT-LT
Chronic	Changes in weather patterns (increasing temperatures, temperature changes, rising sea levels, water stress, biodiversity loss, etc.)	- Lower revenues in areas where business models and operation facilities would be negatively impacted by chronic physical risks (e.g. snow loss impact on ski resorts revenues) - Depreciation of assets in the affected sectors - Impact of shifting ranges on the social-economic tissue	ST-MT-LT

Mapping of climate-related risks

This second table identifies the impact of transition and physical risks on SFIL's risk categories, i.e. credit risk, liquidity and market risk, operational risk, including compliance risk, and other risks (regulatory risk and strategic and business risk). For each risk category impacted, the table specifies the scope of activity affected and the level of climate risk assessed (low, medium or high) over the relevant time horizon based on an expert judgment.

	Description	Scope	Acute/chronic physical risks		Transition risks	
			Short/medium-term <5 years	Long-term >5 years-2050	Short/medium-term <5 years	Long-term >5 years-2050
Credit risk	<ul style="list-style-type: none"> Increased investment needs of local authorities to implement the French National Low-Carbon Strategy Risk of deterioration in the risk profile of certain counterparties exposed to physical risks or transition risks: <ul style="list-style-type: none"> Increased risks in certain territories (particularly the French overseas territories) Impact of changes in the regions on the socio-economic fabric Higher GHG emission prices (increased operating costs) 	Local public sector	Low	Medium	Medium	Medium
		Export credit	Low	Low	Medium	Medium
Liquidity and market risk	Risk of saturation of the issue capacities of SFIL and CAFFIL if local authorities' climate investments are higher than expected, in particular if investments towards a low-carbon transition do not or only slightly replace traditional investments	Local public sector	Low	Low	Low	Medium
	Risk of a downgrade of SFIL's extra-financial ratings	SFIL			Medium	Medium
	Risk of a deterioration in the value of liquidity buffers, particularly for sovereigns, in the event of repeated weather events in their territory, and for banks in the event of a deterioration in their extra-financial rating	SFIL	Low	Low	Low	Low
	Risk of not having enough green assets	SFIL			Low	Medium
Operational and compliance risks						
Operational risk	Risk of damage to infrastructures (real estate, data centers) or business continuity risk	SFIL's infrastructures & subcontractors	Low	Medium		
Reputation risk	Risk of financing environmentally controversial activities	Local public sector			Low	Low
		Export credit			Medium	Medium
Legal and non-compliance risk	<ul style="list-style-type: none"> Risk that the purpose of financing green loans is ultimately not aligned with the intended climate objective Risk of legal claims ("liability risk") stemming directly or indirectly from losses triggered by transition or physical risks 	SFIL	Low	Low	Low	Medium
Other risks						
Regulatory risk	<ul style="list-style-type: none"> Recent additional European regulatory developments concerning non-financial reporting (CSRD) and the European Taxonomy Potential additional capital requirements for exposures not aligned with environmental objectives 	SFIL			Medium	High
Strategic and business risk	<ul style="list-style-type: none"> Lower revenues in areas where business models and operating facilities may be negatively affected by chronic physical risks (e.g. impact of snow loss on ski resort revenues) Risk of a reduction in SFIL's market share if the climate investments of local authorities are too high and if SFIL's issue capacities are saturated Ability of major French exporters to adopt a low-carbon and environmentally responsible offer and/or an offer in line with the European Taxonomy Impact of climate risks on the rating of French sovereigns 	SFIL	Low	Medium	Medium	Medium

3) WORK ON TRANSITION RISKS AND PHYSICAL RISKS

In 2020, the Risk Department initiated a comprehensive climate-related risks assessment process with the adoption of a **first roadmap**. The primary objective of the 2021 roadmap was to assess the financial impact of climate-related risks on the portfolio of French local authorities and to determine the actions SFIL should take to mitigate these risks. In 2021, the work focused on the impact on credit risk and it will continue in 2022 to cover other risk categories.

In 2021, SFIL took the following actions:

Study on transition risk

SFIL took a first step with the **completion in 2021 of a study on transition risk** for French local authorities. The analysis, which is based on three transition scenarios¹⁷ or trajectories (orderly, accelerated and delayed), makes it possible to quantify the investment needs

of local authorities as part of the transition to a low-carbon economy.

The scenarios are based on the National Low-Carbon Strategy (SNBC) defined by France to implement its commitment to reduce its greenhouse gas emissions by 40% in 2030, compared to 1990, and to achieve carbon neutrality by 2050. The SNBC is broken down by sector, and certain sectors fall within the area of responsibility of local authorities, which will be required to make significant investments to achieve carbon neutrality.

Due to the lack of estimates on the cost for local authorities to implement the SNBC, the Risk Department performed its own analysis based on the various publications available. Based thereon, local authorities' level of additional investment has been estimated for each of the following sectors: transport, energy renovation of buildings, energy production, waste management, and adaptation of water systems.

17. The orderly transition scenario is the baseline scenario: in this scenario, the transition starts in 2020 with the introduction of proactive measures and a significant increase in the price of carbon. Compliance with climate commitments also limits physical risks. The accelerated transition scenario is a "business as usual" scenario until 2025: governments do not introduce transition measures, carbon prices rise moderately, there is no major technological progress and economic players do not change their behavior. In 2025, proactive government measures impel an urgent transformation towards low carbon to meet the 2030 interim target and carbon neutrality by 2050.

The delayed transition scenario assumes delayed implementation of measures to combat global warming, in particular due to a lack of progress in developing carbon elimination technologies. Efforts follow the current trend until 2030, when binding measures are adopted in order to meet climate commitments. Consumption patterns change starting in 2030.



These additional investments estimates were then incorporated into a simplified model for the long-term projections of local authorities' accounts, based on macroeconomic assumptions provided by the French Prudential Supervisory and Resolution Authority (ACPR) for its climate risk pilot exercise, taking into account the local authorities' ability to adjust tax revenues and expenditures. This made it possible to measure the impact of these investments on the operating expenses and debt of local authorities.

This model shows that **the implementation of the National Low-Carbon Strategy would require significant investment**

and **financing**, which are nevertheless achievable for the French local authorities and overall would not significantly weaken their solid financial position.

The impact of these investments on the financial position of local authorities has been quantified and the risk-weighted assets (RWA) and expected credit loss (ECL) risk metrics have been simulated based on these stressed financial ratios. The impact of these scenarios in terms of RWA and ECL is limited and mainly results from the expected growth in the portfolio of loans to local authorities to finance the investments necessary for the transition to a decarbonized economy.



This first study on transition risk is being deepened as part of a **partnership with I4CE** (Institute for Climate Economics). The purpose of this study is, whenever possible, to estimate climate investment and operating expenditures by category of local authority and is expected to be finalized in the **first half of 2022**. The methodological approach is based on the SNBC (climate change mitigation). The objective of climate change adaptation will be the subject of another quantification exercise.

Study on acute physical risks for French local authorities

In 2021, SFIL's Risk Department conducted a **study to quantify the impact of acute physical risks on the main**

financial ratios of French local authorities. The approach is based on the CLIMADA (climate adaptation) model – developed by researchers from the Swiss Federal Institute of Technology in Zurich (ETHZ) – which simulates a set of natural hazards based on a history of climate hazards and projects it over a long-term time horizon. Five major sets of hazards were simulated at the departmental level: tropical cyclones, tropical cyclones with rising sea levels, tropical cyclones with torrential rains, European winter storms and seismic/volcanic events.

Characteristics of Natural Disasters Modeled

Disasters	Definition of Natural Disaster	Return Period ¹⁸	Coverage area	Resolution	History since
Earthquake	All earthquake and volcanic eruption events	0 30 100 150 250	Global	10 x 10 km (volcano 1 x 1 km)	1900
Tropical cyclone	All tropical cyclones		Global	10 x 10 km	1857
Torrential rain	All tropical cyclones with torrential rain		Global	10 x 10 km	1857
Storm surge	All tropical cyclones with a rise in sea levels		Global	1 x 1 km	1857
Non-tropical cyclone	All powerful non-tropical cyclones that affect Europe with strong winds and heavy rainfall		Europe	10 x 10 km	1947

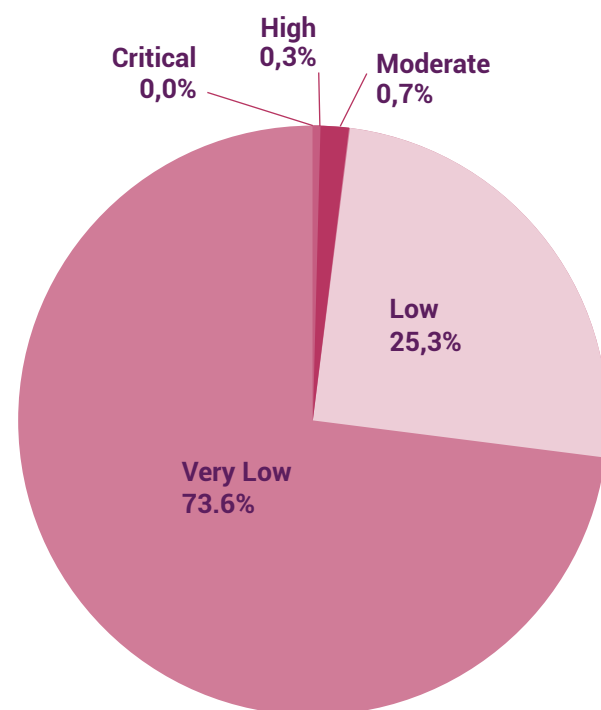
18. For each event category, several return periods (RP) are modeled, with RPs of 0, 30, 50, 100, 150 and 250 years. The return period is the average time interval between two occurrences of an event of a given magnitude (scope or intensity) (or of a lesser or greater magnitude). It is the inverse of the frequency of occurrence of an event.

This study enabled SFIL's Risk Department to quantify for each local authority the impact of the occurrence of certain acute physical risks on gross savings, and then to define a scale of five categories of acute physical risk (critical, high, moderate, low, very low) so as to qualify the impact of acute physical risks.

A mapping of the exposures was then carried out **by linking the local authorities in the portfolio to their department**. It should be noted that **no department**

falls into the critical risk category, and only overseas departments, with the exception of French Guiana, are considered to be at high or moderate risk. This work marks a first step towards SFIL's physical risks assessment. It will be continued in order to reduce methodological biases, in particular by covering a wider spectrum of climate events and by repeating the approach, but also by incorporating chronic risk factors related to environmental degradation.

FRENCH LOCAL AUTHORITIES EXPOSURES
BY ACUTE PHYSICAL RISK CATEGORY



4) INTEGRATING CLIMATE RISKS INTO THE RISK MANAGEMENT SYSTEM

The risks associated with climate change, i.e. physical risks (extreme climate events, environmental degradation) and transition risks (transition to a low-carbon economic model), are being progressively integrated into SFIL's risk management framework.

As recommended by the regulator, SFIL aims to integrate climate-related risks into all its risk management processes.

Accordingly, **SFIL's risk identification policy** has been revised so that ESG (environmental, social and governance) risks are taken into account as a new **first-level risk category**, comprising **climate and environmental risk**, social risk and governance risk.

SFIL already applies the following principles as part of its credit risk policy:

Certain activities are excluded from its financing:

- Exclusion of sectors exposed to fossil fuels as described in the "Climate policy for financial activities 2021" of the Groupe Caisse des Dépôt (CDC)
 - Coal exploration and/or extraction
 - Fur industry
 - Tobacco industry
 - Pornography industry
 - Controversial and unconventional weapons industry
- Positive consideration of green loan production objectives in the credit approval process.

Integration of environmental, social and governance (ESG) criteria into SFIL's investment policy

➤ Since November 2021, all investment operation must meet the following criteria:

➤ Criteria applicable to all issuers (except corporate issuers)

➤ Issuers located in countries *high-risk* or *blocked* countries according to SFIL's internal country risk classification are excluded

➤ Direct financing of the sectors excluded from the above-mentioned financing activities is prohibited

➤ Criteria applicable to banks and public development banks, as well as to sovereigns and public sector entities

➤ Bank issuers must have put in place at least one green, sustainable or social framework (even if the securities purchased for purposes of investing surplus cash are not in green/sustainable/social format) and must be rated medium or better by Sustainalytics (maximum score 30). A tolerance is allowed on a case-by-case basis for public development banks given the nature of their activities.

➤ Sovereign issuers, public sector entities governed by public law and non-profit entities must be located in a country with an average score of 67 or more on the World Bank's six governance indicators (KKZ indicators). The country must also be a signatory to the Paris Climate Agreement.

On a monthly basis, SFIL also monitors the portion of its treasury ESG investments (21% as of December 31, 2021).

Integration of ESG risks into risk appetite

ESG risks have been integrated into SFIL's risk appetite (in particular by setting up internal indicators reflecting SFIL's commitments to climate and social challenges) and various **risk policies**

	Early warning	RAF limit	Level as of 12/31/2021
SFIL's Sustainalytics ESG rating	10	20	6.6 ²⁰
SFIL's VIGEO ESG rating	60	50	65
Number of internal indicators ¹⁹ reflecting SFIL's commitment in favor of climate transition failing to meet the objectives: <ul style="list-style-type: none"> Green loan production²⁰ as a % of annual production: 10% threshold Green bonds : at least 5% of total annual bond issues 	N/A	1	17% 6%
Number of internal indicators ²¹ reflecting SFIL's commitment to social challenges failing to meet the objectives: <ul style="list-style-type: none"> Absenteeism rate over the year: < 3.4% Gender equality index within the company: >=90% Percentage of training hours devoted by employees to CSR issues: >= 10% 	N/A	1	1,5% 93/100 25%

19 .For this indicator, there is no early warning level. For the RAF limit, it is set at 1: if one internal indicator fails to meet its target, the risk appetite is breached.

20. As of 12/31/2021, SFIL's green loan identification system is based on the Green Bond framework - developed on the basis of the "Green Bond Principles" of the International Capital Market Association (ICMA) - and best market practices. Work is currently underway to meet European Taxonomy requirements (EU Regulation 2020/852 of 6/18/2020) and identify thematic loans in line with the European Taxonomy

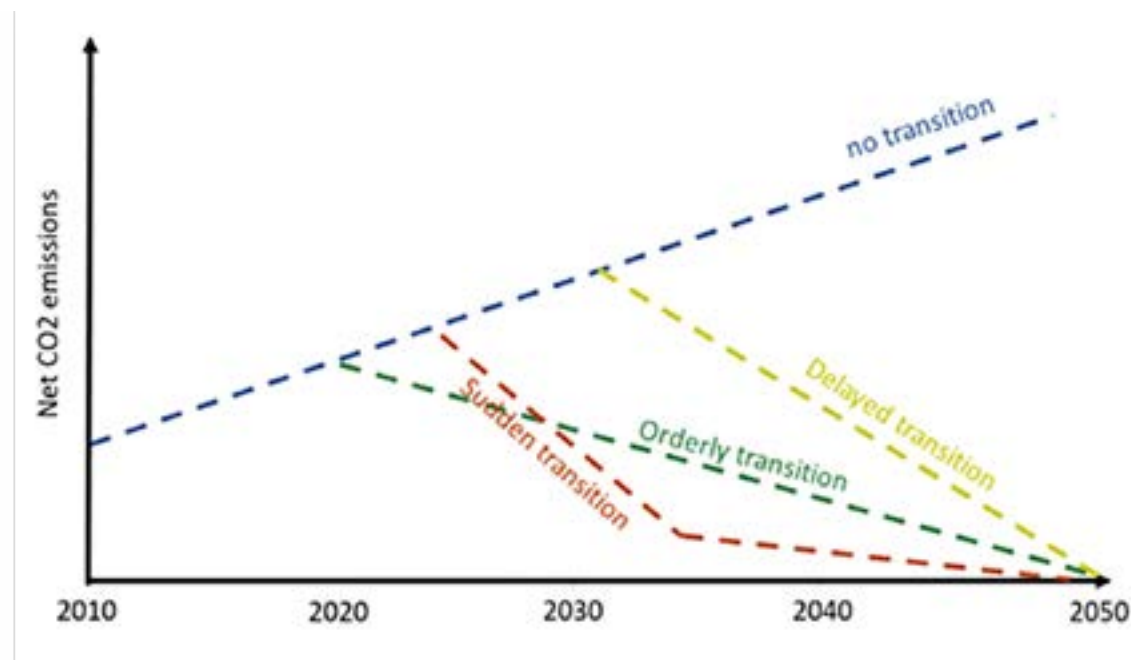
21 Pour cet indicateur, il n'y a pas de niveau early warning. Pour le RAF limit, il est fixé à 1 : il suffit qu'un indicateur interne n'atteigne pas son objectif pour que l'appétit au risque ne soit pas respecté.

Participation in ACPR and ECB stress tests

In 2021, SFIL voluntarily participated in the ACPR's climate risk pilot exercise, which used the three transition

scenarios discussed above, i.e. a base-line scenario and two adverse transition scenarios (variant 1 & 2) for the period between 2020 and 2050.

SCHEMATIC REPRESENTATION OF TRANSITION AND PHYSICAL RISK SCENARIOS INCLUDED IN THE ACPR PILOT EXERCISE



SFIL used a dynamic projection of balance sheet and risk parameters for its entire portfolio, based on its study of transition risk for the portfolio of French local authorities, and on the sovereign benchmarks methodology developed by the ACPR for the other portfolios.

The results of the stress test show a sharp increase in ECL for sovereigns and the local public sector, **other than French local authorities**. At the aggregate portfolio level, exposure increases by at least 50% by 2050 under all scenarios, due to the sharp increase in investments by French local authorities. Projected ECL across the portfolio increases significantly. This increase is primarily due to the significant increase in ECL on sovereign portfolios, attributable to the conservative assumptions of the ACPR, which apply an LGD of 40% for sovereigns and the local public sector (other than French local authorities). The impact on ECL for the portfolio of French local authorities is moderate.

SFIL's participation in the ECB's 2022 climate stress tests is ongoing: SFIL is taking part in modules 1 (qualitative questionnaire) and 2 (collection of financial and climate data), as well as in the "starting point" of module 3

(bottom-up stress test). The aim is to provide detailed credit risk data for use in making projections, which will be made directly by the ECB.

Integration of ESG risks into ICAAP and ILAAP

With regard to the ICAAP, in 2021, the results of the ACPR climate stress test were taken into account, but no impact was integrated because the first figures for increased RWA and ECL concerned 2025 and were primarily due to transition risk as a result of increased flows of new short-term loans. This was the result of the “orderly transition” scenario, which assumes that necessary investments would be made starting in 2020, which seemed unlikely.

For 2022, a new approach will be implemented for both transition and physical risks:

For transition risk, the French recovery and resilience plan involving local authorities makes short-term trends more concrete. The impact of the ACPR stress test, initially planned for 2025, will be integrated on a straight-line basis over the relevant period (20% in 2022, 40% in 2023, up to 100% in 2026).

With regard to the physical aspects of climate and environmental risk, in the absence of any impact identified by the ACPR’s 2020 stress test exercise, an acute risk scenario was adopted, i.e. the occurrence of an environmental

event (earthquake, severe drought) in the Mediterranean basin that results in a deterioration in the credit quality of the counterparties concerned. This scenario is integrated into the ILAAP approach as well because it also must factor in the occurrence of certain weather events.

Therefore, the scenarios that will be considered in the 2022 ILAAP will include assumptions about increased local authorities spending in the context of the climate transition, and assumptions about the occurrence of an exceptional climate event affecting certain southern European countries.

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