



# SUSTAINABILITY REPORT

2022



# Foreword

## In 2018

Sfil joined the United Nations Global Compact and declared its commitment to supporting its ten principles, based on four themes: respect for human rights, international labour standards, environmental protection and fighting corruption.

A new step was taken in 2019 with the formalisation of our corporate purpose statement, “financing a sustainable future”, which leverages on our public development bank model. By adopting its #Objectif2026 strategic plan in 2021, Sfil reaffirmed that sustainable development is the backbone of its strategy.

*2022 once again marked our ambition to contribute, through our financing activities and internal policies, to most of the sustainable development goals.*

## > On the liability side

we have developed a new framework for green, social and sustainability bond issues, which will enable us to better meet the aspirations of responsible investors in the coming years. This new framework allows us, for the first time, to combine our thematic issues with export credit transactions that contribute significantly to the ecological transition and provide access to essential services and basic infrastructure in destination countries.

## > On the asset side

together with our long-standing partner La Banque Postale, we launched a new offer of social loans aimed at financing investments by local authorities in the areas of culture, education, local healthcare, civil protection, urban policy and digital inclusion. This offer, which addresses obvious challenges in local areas, met with immediate success. At the same time, we have expanded our activities to financing fixed-rate loans distributed by the Banque des Territoires, which also aims to support public investment and thus serves the public interest.

These various initiatives have led to a **very significant increase in the proportion of thematic loans (green and social loans to French local authorities and loans to French public healthcare facilities) in loan production: 37% in 2022, compared with 27% in 2021 and 18% in 2020.** It is through these thematic loans – which weight we are determined to increase even more in the coming years – that Sfil contributes very concretely and, given its market share, quite massively, to the ecological transition and social cohesion in all regions, departments and municipalities in France.



**2022 also marked the year of our first collaboration with the I4CE think tank** on an essential study to assess the investment needs of local authorities in order to contribute to France’s low-carbon strategy and address the climate emergency.

## > The figure

that emerges from this study – €12 billion per year by 2030 – is significant enough to make us aware of the scale of the challenge. **Local authorities will need to spend every year an additional €6.5 billion on “climate” investments.** They have the financial capacity to do so. Our bank, along with all its partners, will continue to stand by their side to help them face this great challenge of the century.



We ourselves also have a number of projects in progress to meet our responsibilities: in 2023, for the first time, we will publish the carbon footprint of our portfolios and define a transition plan compatible with the Paris Agreement. We will also continue to integrate climate and environmental risks into our risk management system to a greater degree.

Five years after we first joined the Global Compact, we have come a long way. This is reflected in our numerous achievements over the past year and the commitments we are making for the future. We invite you to discover them in this report, which is a key aspect of our Communication on Progress (COP).

*Once again this year, and more than ever, we are renewing our commitment to comply with and implement the 10 principles of the Global Compact.*

**Philippe Mills**  
Chief Executive Officer

**François Laugier**  
Deputy Chief Executive Officer





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# SECTION 1

## SUSTAINABILITY

**at the core of our public  
development bank model**

- 1.1 Our business model
- 1.2 Our governance
- 1.3 Our commitments
- 1.4 Our risk management policy





# Our founding principle

## is to serve the public interest

This principle is reflected in our corporate purpose statement. We are committed to **financing a sustainable future** by responsibly supporting local development and the international activity of large companies over the long term, by mobilising international capital. Our strategic plan **#Objectif2026**, launched in autumn 2021, is a tangible expression of this corporate purpose statement.

### IT IS STRUCTURED AROUND THREE STRATEGIC PRIORITIES:

#Objectif2026 places sustainability at the heart of our actions, in our relationships with our borrowers and investors as well as in our organisational model. **This translates into 7 ambitions** (see box opposite).

#### TAKING FULL ADVANTAGE



of the strength of our public development bank model.

#### EXPANDING



our horizons in response to the challenges of sustainable development, the ecological transition and climate change.

#### COMMITTING



to a new phase of our internal transformation.



## 7 AMBITIONS

### > Define

decarbonization pathways for our portfolios.

### > Increase

the proportion of thematic (green and social) loans granted.

### > Expand

our support to French sustainable exports<sup>(1)</sup>.

### > Promote

our clients' sustainable investments through partnerships.

### > Limit

the environmental impact of our operations.

### > Implement

a corporate philanthropy policy commensurate with our ambitions.

### > Demonstrate

our ability to give meaning to jobs in the banking profession.

(1) This development is subject to the European Commission's prior approval.

# The fundamentals of our corporate purpose statement

## Financing a sustainable future through long-term, responsible support

Sfil is a public development bank, a model recognised and defined in detail by European regulations. In particular, “its activity is limited to advancing specified objectives of financial, social or economic public policy”. Through financing long to very long maturities, Sfil advances sustainable economic and social development over the long term, and contributes to building a better living environment for future generations.

## ... to regional development and large exporters

Sfil's two activities, the financing of local authorities and public hospitals in France (local public sector) and large export contracts of French companies (export credit), play a complementary role in the sustainable development of local areas. They contribute to the mission of the Caisse des Dépôts Group, which “is committed, at the heart of the regions, to accelerating the ecological transformation and to contributing to a better life for all”.

## ... by mobilising international capital

Consistently with its status as a public development bank, Sfil does not accept deposits: its financing is based solely on bond issues that enable it to involve European and international institutional investors in the economic and social development of French local areas. Through its Green, Social and Sustainability Bond framework, Sfil acts as a link between its customers of all sizes and the sustainable finance markets.

## ... with a goal of positive but moderate profitability

Consistently with its status as a public development bank, Sfil does not seek to maximise its profitability or market share: a positive but moderate profitability is sufficient to ensure its viability and remunerate its public shareholder, Caisse des Dépôts.

## ... within a context of controlled risk-taking

Sfil's business model is based on rigorous and prudent risk management, characterised in particular by very high asset quality (sovereign or sub-sovereign risks) and limited use of maturity transformation (mismatch in the maturities of assets and liabilities). Sfil is under the direct supervision of the European Central Bank.

## ... and a balanced social model.

Sfil attaches great importance to the quality of social dialogue, well-being in the workplace, gender equality, and providing training for everyone at every stage of their career. As a human-scaled bank focused on public interest missions, its value proposition on the labour market is to give greater meaning to jobs in the banking profession.



(1) Regulation (EU) 2019/876 of 20 May 2019, known as the Capital Requirements Regulation (CRR) II, Article

# (Our strengths

## OUR GOVERNANCE

An exclusively public shareholder structure committed to protecting Sfil's economic base and financial viability.



Caisse des Dépôts, a reference shareholder committed at the heart of the territories

## OUR FINANCIAL STRENGTH

High credit ratings, aligned with those of the French State.

Aa2

Moody's

AA

S & P

AA  
High

DBRS

High capital and liquidity ratios, significantly higher than regulatory requirements.

161 %

LCR

119 %

NSFR

40,3 %  
CET1 ratio

## OUR TALENTS

391

of which

45

are students  
and interns

employees

47,6 %

female

52,4 %

male

## OUR PUBLIC AND PRIVATE PARTNERS

### Local public sector



BANQUE des  
TERRITOIRES  
GROUPE CAISSE DES DÉPÔTS

### Export credit

bpi  
france  
ASSURANCE EXPORT

Manager of French export  
credit guarantees

27

banks of the  
European Union





# (Our missions

## Serving **the public interest**

### › MOBILISING **international capital**

at competitive  
financing costs.

### › FINANCING **local authorities and public hospitals**

through medium and  
long-term loans originated  
by our two partners.

### › REFINANCING **large export credit contracts,**

in order to enhance  
the competitiveness  
of exporters with the  
support of the French  
State's guarantee.



# (Our values

collaboration  
transversality  
responsibility  
creativity





# (Our value creation

## FOR OUR CLIENTS

**N°.1** local public sector lender

**44** billion euros in loans granted since 2013

**N°.1**

liquidity provider for major export contracts

**11,2**

billion euros in export credit refinancing volume granted since 2016, representing

**20,8**

billion euros in export credit agreements

## FOR OUR EMPLOYEES

**52**

million euros in staff expenses (payroll distributed + social security charges)

**11,345**

hours of training

**93/100**

score on the gender equality index

Proactive social policies

A social compact that encourages engagement by employees

## FOR OUR SHAREHOLDERS AND INVESTORS

**243**

million euros in net banking income and

**86**

million euros of net income

**N°.1**

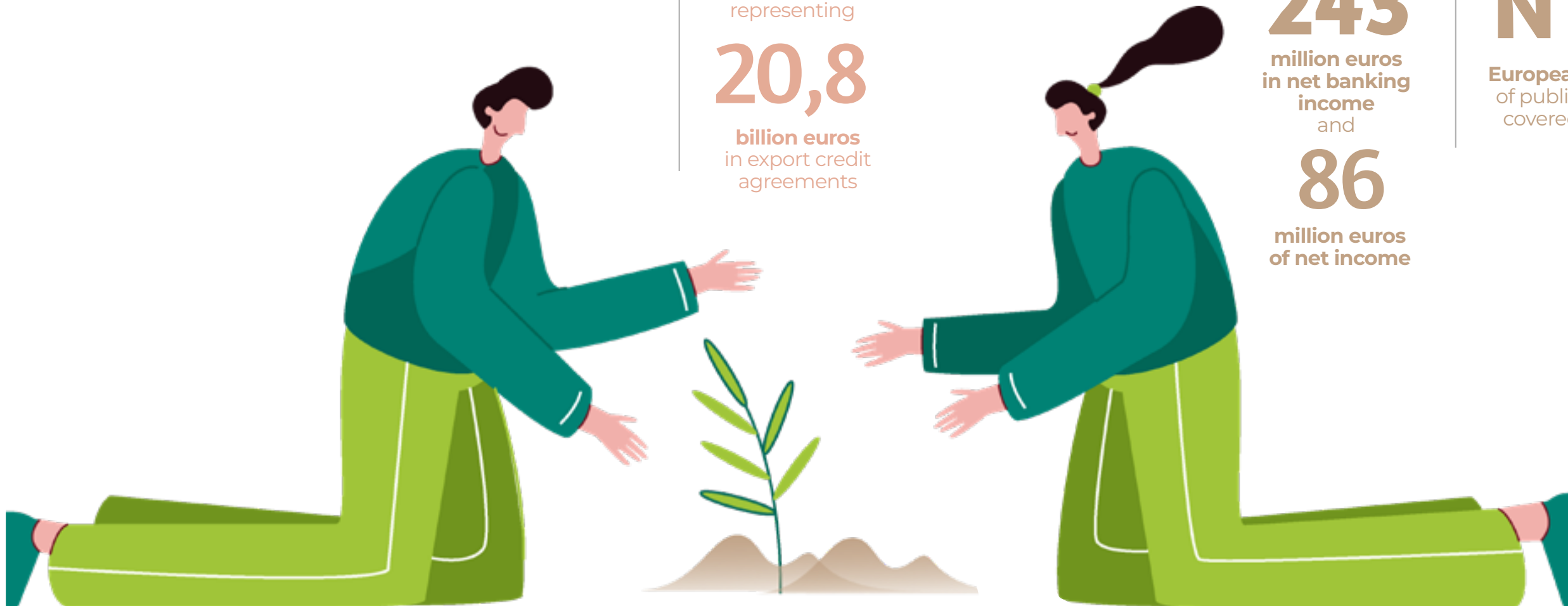
European issuer of public sector covered bond

**63**

billion euros in long-term financing raised since 2013, including

**5,8**

billion euros in green and social bond issues



### The Board of Directors, the key body in our governance

The Board of Directors determines Sfil's business strategy and ensures its proper implementation. It is governed by rules of procedure, which were updated in September 2022. The Board of Directors meets at least once every quarter. In 2022, it met six times. The Board of Directors has 15 directors, **3 of whom are employee directors and 4 are independent directors**. A non-voting director represents the French State on the board due to the public service missions it entrusts to Sfil. The Board of Directors strives to maintain a balanced membership, both in terms of **gender balance** and of diversity of its members' expertise and experience.

Directors are required to ensure that no event creates a conflict of interest for them vis-à-vis Sfil or Caffil. Provisions concerning the **handling of conflicts of interest** are included in the internal rules of procedure, which may lead to the resignation of the director concerned.

### The Board of Directors pays particular attention to environmental issues and climate risks.

**The Board of Directors pays particular attention to environmental matters and climate risks.** The rules of procedure stipulate that the Board of Directors 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". On sustainability issues, **a Governance, Appointments and CSR Committee** assists the Board of Directors. The next page describes the main responsibilities of the Governance, Appointment and CSR Committee.

**In 2022, the Governance, Appointments and CSR Committee met four times. In particular, it:**

- **reviewed** the CSR report (the former name of the sustainability report) for 2021;
- **re-evaluated** and issued a positive opinion on the independence of four directors;
- **reviewed** the training plan for corporate officers and reiterated its recommendations regarding compliance with the provisions on conflicts of interest;
- **reviewed** the supervisor's comments and recommendations concerning Sfil's governance in the context of prudential supervision.

Sfil has not yet achieved its medium-term target of a minimum of 40% women in executive management bodies, but its subsidiary Caffil has done so.

### An internal organisation adapted to sustainability challenges

Due to its small size (less than 400 employees) and the highly specialised nature of its activities, Sfil has **opted for a decentralised model** to better incorporate sustainability matters into all aspects of its business (see diagram on next page).

Created in 2022, the **Sustainability Department** coordinates the implementation of the Sustainability policy in all areas of the business. It reports directly to an executive committee member: Stéphane Costa de Beauregard, Executive Director for the Local Public Sector, Operations and CSR.

A network of focal points in the various departments of the bank supports the Sustainability Department. Each quarter, this network meets the **Sustainability Committee**, which is responsible for ensuring that the bank's overall strategy is at all times closely aligned with its sustainability policy.

In addition, the **Climate Risks Committee**, which is chaired by the Chief Risk Officer and includes the climate officers in the various departments, oversees and implements the work undertaken pursuant to the climate roadmap (see chart on next page).





## BOARD OF DIRECTORS

### Governance, Appointments and CSR Committee

#### ROLES AND RESPONSIBILITIES

- Proposing appointments of directors
- Conducting an annual evaluation of directors' expertise and experience, particularly on sustainability matters, as well as their attendance
- Reviewing the bank's strategy and actions taken as regard to sustainability and corporate social responsibility
- Issuing an opinion on the annual sustainability report

REPORTS TO

### Executive Committee

#### ROLES AND RESPONSIBILITIES

- Defining the broad guidelines of the company's sustainable development policy in line with the strategic plan
- Adopting the necessary decisions to best reconcile sustainability matters with the company's operational challenges
- Approving the annual sustainability report

REPORTS TO

### Sustainability Department

#### ROLES AND RESPONSIBILITIES

- Proposing the sustainability policy and ensuring its implementation
- Conveying the company's message on sustainability issues
- Providing support for the departments' sustainability projects
- Monitoring the company's progress with regard to its commitments, in particular to the Sustainable Development Goals (SDGs)
- Coordinating the drafting of the annual sustainability report

PARTICIPATES  
IN

COORDINATES

## SUSTAINABILITY COMMITTEE

### Local Public Sector & Export Credit Departments

- Conducting public policy missions
- Supporting clients and partners in their transition towards sustainable practices
- Measuring the E&S impact of transactions and financed emissions

### Finance and Financial Markets Department

- Thematic bond issues
- Non-financial reporting
- EGS ratings
- Responsible procurement

### Technology and Organisation Department

- Energy efficiency of information systems
- Energy efficiency of buildings, equipment and external services
- Promoting good energy consumption practices among employees

### Risks Department

- **Climate Risks Committee<sup>(1)</sup>**
- Greater integration of sustainability and climate risk factors in overall risk management
- Loan approval policy

### General Secretariat

- Fair and transparent practices
- Anti-money laundering and counter-terrorist financing
- Combating corruption
- Professional conduct and ethics

### Human Resources Department

- Cohesion, inclusion and social dialogue
- Quality of life at work and work-life balance
- Preventing psycho-social risks
- Training and skills management
- Employee engagement and corporate philanthropy

(1) The Climate Risks Committee reports directly to the Board of Directors through the Risks and Internal Control Committee.



### A compensation policy that incorporates ESG performance

The Compensation Committee is responsible for reviewing the compensation of Sfil's Chief Executive Officer (CEO) and its Executive Committee members. This compensation consists of a fixed component and (for non-control positions) a variable component, based on individual and cross-functional targets.

The **Compensation Committee** met four times in 2022 and issued a favourable opinion on the payment, in April 2022, of the 2021 variable compensation package proposed by Executive Management. The committee also reviewed the results of the latest social barometer and examined the results of the gender equality policy. The committee approved the individual targets for the CEO and the cross-functional targets for Executive Committee members for 2022, and ensured that these targets included ESG objectives. ESG objectives account for 15% of the CEO's individual targets and 20% of the cross-functional targets for Executive Committee members in non-control positions.

Sfil has also adopted a profit-sharing agreement intended to enhance the company's collective performance and to share the value generated as a component of the remuneration of all employees. The profit-sharing calculation formula was renegotiated with the employee representatives in 2020. It incorporates **the following ESG performance criteria:**

- **the results** of the gender equality index;
- **the participation rate** in sustainability training;
- **the reduction in the company's carbon footprint.**

In addition, the formula for calculating profit-sharing takes into account the attendance rate of Sfil employees in risk prevention training.

For more information on Sfil's risk management, see the 2022 annual report

### Our reference shareholder: Caisse des Dépôts

Since 30 September 2020, the date on which the French State and La Banque Postale sold their participation to Caisse des Dépôts, the latter is Sfil's majority shareholder and holds all its shares – with the exception of one share still held by the French State, thus permitting Sfil to retain its public development bank status. This fully public shareholder structure enables Sfil, in accordance with its public development bank model, to carry out the public policy missions entrusted to it, while maintaining the conditions necessary for its own viability through appropriate asset pricing and prudent risk management, without seeking to maximize its profitability or market share.

The Caisse des Dépôts Group is a major public financial institution with a strong identity rooted in history that, according to its articles of association, "is under the supervision and guarantee of the French Parliament". It defines itself as a **"unique alliance of public and private economic players" that "is committed, at the heart of the regions, to accelerating the ecological transformation and to contributing to a better life for all"**. This corporate purpose statement reflects how social responsibility and the public interest are fundamental for the Group.

Sfil's sustainability actions are in line with the overall actions undertaken by the Caisse des Dépôts Group and mirrors the actions taken by the public institution and its other subsidiaries. The Group's commitments are presented in the opposite box, which highlights the areas in which Sfil makes a particularly significant contribution.

### Caffil, a mortgage credit company and a wholly-owned subsidiary of Sfil

Caffil, a wholly-owned subsidiary of Sfil, is a French specialised credit institution authorised as a **société de crédit foncier** (mortgage credit company), whose sole business<sup>(1)</sup> is to refinance loans to public sector entities by issuing obligations foncières (covered bonds).

(1) In accordance with Articles L.513-1 et seq. of the French Monetary and Financial Code

## THE CAISSE DES DÉPÔTS GROUP, COMMITTED AT THE HEART OF THE REGIONS

### Ecological transition

- Gradually aligning 100% of the Group's activities with the goal of limiting global warming to 1.5°C (i.e. carbon neutrality by 2050)
- Accelerating the transition in France to carbon neutrality by 2050
- Developing solutions to preserve and restore biodiversity

### Economic development and sovereignty

- Providing support and assistance to business creators, VSEs, SMEs, mid-caps and the social and solidarity-based economy, in their various development phases
- Providing support for local and inclusive economic development

### Territorial cohesion and housing

- Supporting local authorities
- Providing support for construction in all regions to enable French people to obtain affordable and decent housing
- Providing services to citizens nationwide

### Social cohesion

- Playing a role as a central actor in vocational training and skills development
- Acting as the benchmark manager for public pension schemes
- Supporting the use of digital technology
- Acting to promote health, senior care and encouraging prevention

### Setting an example internally

- A commitment to seek non-financial performance.
- Being a responsible employer

For additional information, visit the *Caisse des Dépôts Group website*

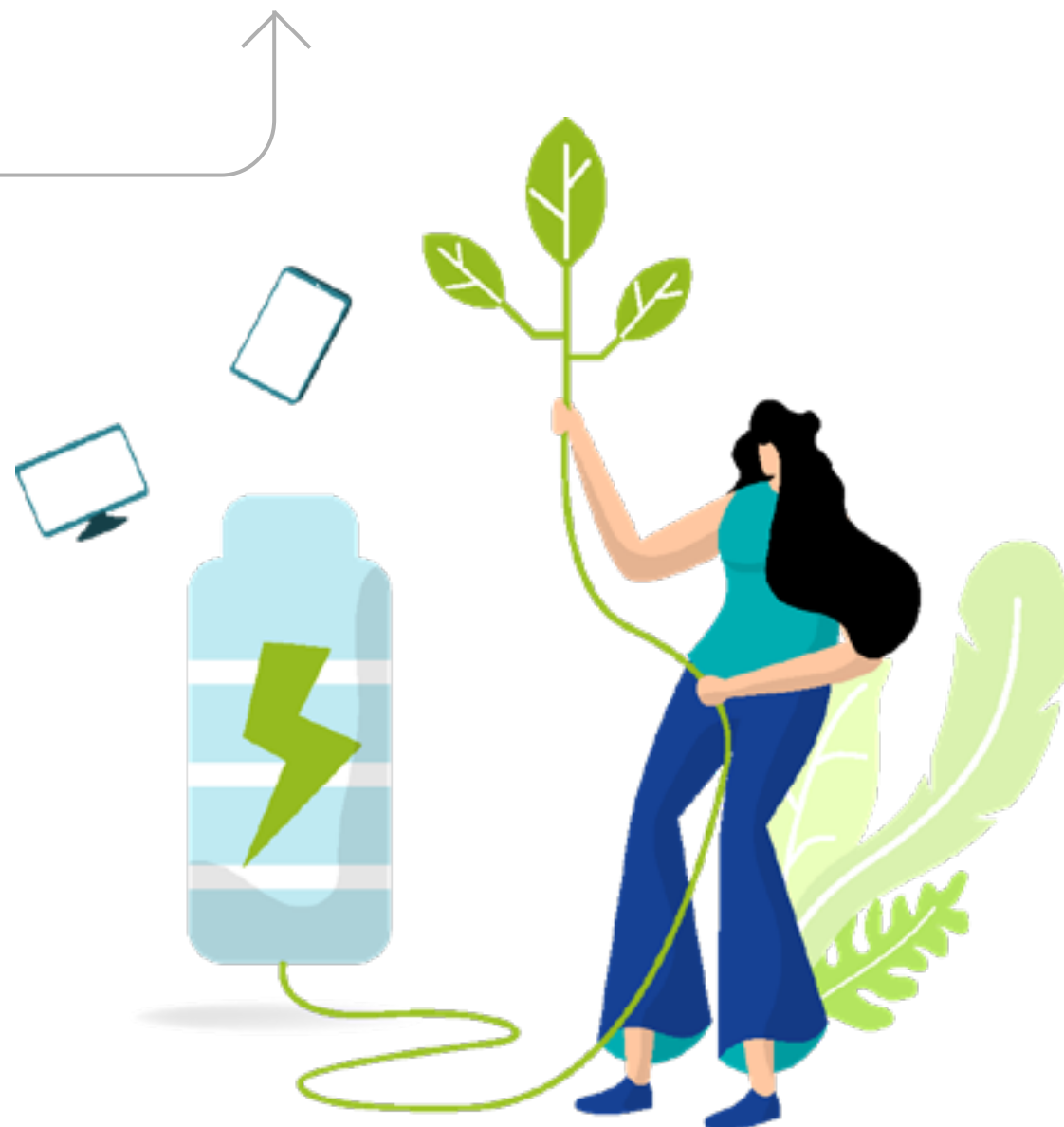
## EFFECTIVE AND OPERATIONAL COOPERATION WITHIN THE CAISSE DES DÉPÔTS GROUP





# A bank committed to a sustainable future

In line with the adoption of the **#Objectif2026 strategic plan**, Sfil has made ambitious medium- and long-term commitments that concretely guide its actions to meet the challenges of sustainable development and climate transition. Its commitments, which are consistent with those of the Caisse des Dépôts Group, are presented on the next page, together with the **Sustainable Development Goals (SDGs)** to which they contribute.

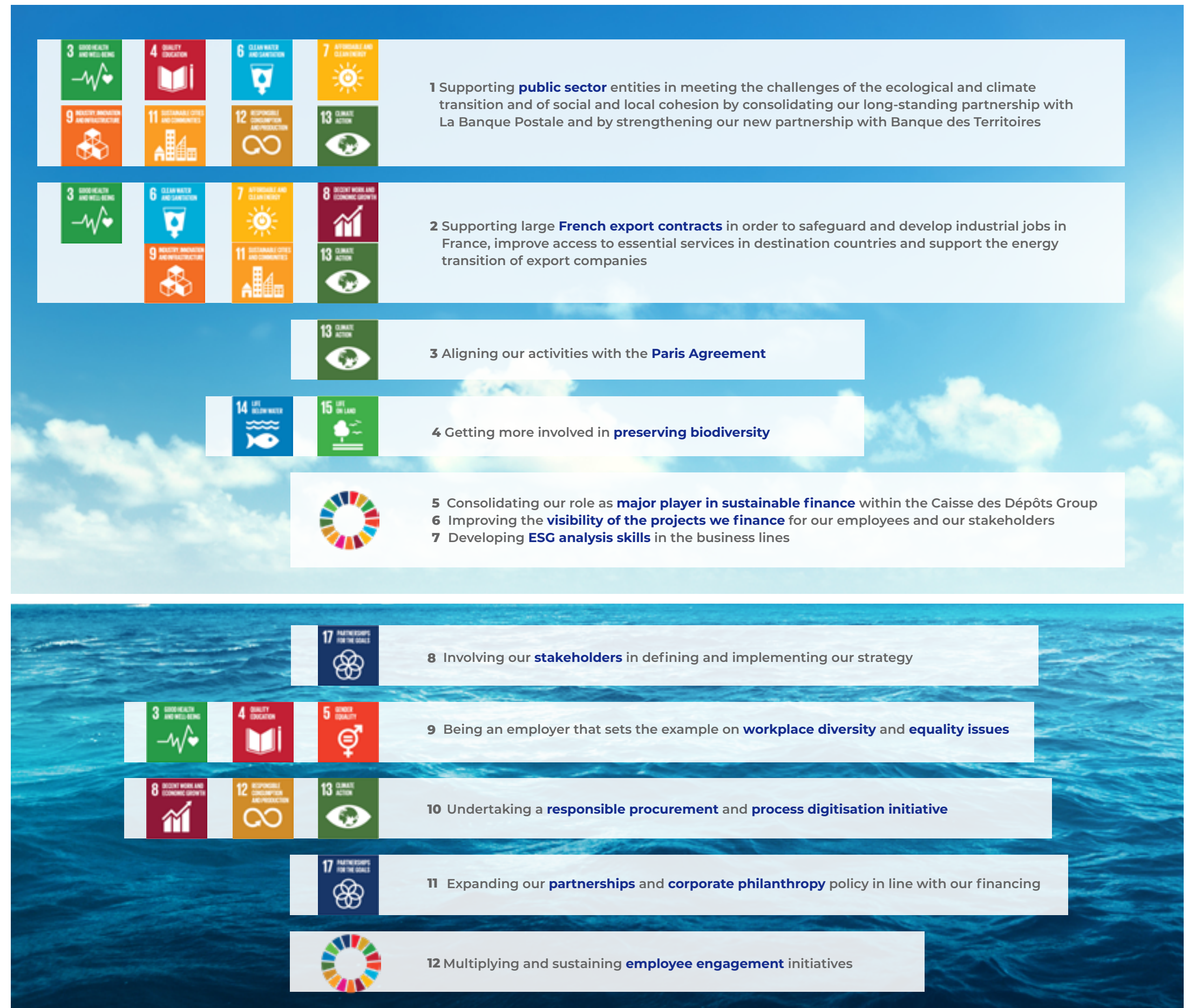




## AMBITIOUS COMMITMENTS TO INTEGRATE SUSTAINABILITY MATTERS

Financing activities  
aligned with  
the SDGs

Greater integration  
of the SDGs into our  
internal policies



# A significant contribution to 11 of the 17 SDGs

In connection with its missions, Sfil makes a significant contribution to **11 of the United Nations Sustainable Development Goals (SDGs)** through its financing activities and/or the implementation of its internal policies. For each of these SDGs (except SDG 17 “Partnerships for the Goals”), Sfil has set **specific contribution targets** and defined indicators consistent with its status as public development bank, its business model, its internal organisation, its #Objectif2026 strategy and the expectations of its stakeholders. The achievement of these targets is measured using **18 progress indicators**. 2022 achievements are presented in Part 4 of this report. In addition

to these 11 central targets, **Sfil makes a notable contribution to most of the SDGs (15 out of 17)**, whether through its financing activities or internal policies or by implementing the ESG policies of the Caisse des Dépôts Group.



## SIGNIFICANT CONTRIBUTION THROUGH OUR FINANCING ACTIVITIES AND/OR INTERNAL POLICIES



Supporting public hospitals' investments and contributing to the well-being of our employees



Supporting investment in the education system and promoting training, diversity and equal opportunities



Promoting gender equality at work and gender parity



Supporting investment in public drinking water and sanitation services



Supporting investment in renewable and energy efficiency



Supporting industrial employment in France by financing large French export contracts



Developing basic infrastructure and access to essential services



Supporting investment in social and local cohesion, soft mobility and clean transport



Supporting investment in the treatment of household waste and promoting the circular economy



Reducing our carbon footprint (operational and financed)



Leveraging our partnerships to assist our customers to transition towards a sustainable world

## NOTABLE CONTRIBUTION



## MARGINAL CONTRIBUTION





# → Identification and assessment of our non-financial risks

Given its strategic orientations and recent developments in the external environment in this area, Sfil has fully integrated environmental, social and governance (ESG) risks into its risk management policy. The table below presents the bank's priority sustainability issues and the main ESG risks associated with them.

Sustainability issues	Main ESG risks
<b>IN THE FIELD OF GOVERNANCE</b>	
<b>Integrating ESG issues into the conduct of public missions</b> (cf. 1.4, 2.1, 2.2, 2.3)	➤ In view of its public mission and strategic orientations, failure to take ESG issues into account in its financing and refinancing activities would create an image and reputation risk if Sfil failed to meet its sustainability commitments. Similarly, given Sfil's strategic positioning and changes in the expectations of society, customers and financial markets on sustainability issues, the failure to take ESG issues into account in the conduct of its missions could create a strategic risk.
<b>Ensuring ethical business practices</b> (cf. 1.4)	➤ Given the regulatory environment, the risk associated with bribery, conflicts of interest, fraud, money laundering and terrorist financing could result in criminal prosecution and significant penalties. This risk is also likely to harm Sfil's reputation.
<b>Personal data protection</b> (cf. 1.4)	➤ Non-compliance with applicable personal data protection laws could result in significant penalties. In addition, vulnerabilities in the information systems could lead to personal data leaks, ransom demands and fraud. These risks are also likely to cause Sfil reputational damage.

Sustainability issues	Main ESG risks
<b>IN THE ENVIRONMENTAL FIELD</b>	
<b>Controlling the environmental impact and carbon footprint of our business</b> (cf. 1.4, 2.2, 2.3, 2.4, 3.1)	➤ <b>The concept of environmental and climate risks covers two risk categories:</b> <ul style="list-style-type: none"> <li>• <b>Physical risk</b> is the risk due to the physical effects of climate change (in particular, more frequent extreme weather events and gradual changes in climate) and environmental degradation (pollution, loss of biodiversity, water stress). It may be "acute", if it is due to extreme weather events (such as cyclones, storms, floods, drought), or "chronic", if it is due to gradual and longer-term changes (such as sea-level rises, increasing temperatures, water stress, biodiversity loss).</li> <li>• <b>Transition risk</b> is the risk associated with the transition to a low-carbon and environmentally sustainable economic model. This could be triggered by the adoption of compulsory climate and environmental policies, technological progress or changes in market preferences.</li> </ul> <p>This risk may have a short-, medium- and long-term impact on how we conduct our lending and refinancing activities, as well as on our internal operations.</p>
<b>IN THE SOCIAL FIELD</b>	
<b>Attracting and retaining talent</b> (cf. 3.2, 3.3)	➤ The inability to attract and retain talent or to support the development of employees' skills would be a threat to the viability of Sfil's activities against a backdrop of changes in the banking industry.
<b>Offering attractive working conditions</b> (cf. 3.2)	➤ Non-compliance with regulatory obligations and commitments concerning equal opportunities, discrimination or employee health and well-being would likely create a legal risk. Moreover, such breaches could harm Sfil's employer brand and its reputation.
<b>Being a responsible buyer</b> (cf. 3.1)	➤ Business relationships with suppliers that do not respect fundamental principles, such as human rights, protection of and respect for the environment, and compliance with anti-bribery laws, represent a risk that could damage Sfil's reputation and generate financial losses.



### Particular attention paid to the assessment of climate risks

Most non-financial risks, and in particular social and governance risks, are assessed and managed within Sfil's existing operational and compliance risk management frameworks. Climate risks are dealt with in greater detail due to their materiality for the bank and to the expectations of the regulator and stakeholders, and given their potential direct or indirect impacts on all existing risk categories (in particular credit risk, operational risk, market and liquidity risk).

Hence, Sfil has conducted a climate-related risks mapping in accordance with its current material risk identification policy and assessed the materiality of their financial impact on a qualitative basis (i.e. based on expert opinion) according to different time horizons. The materiality of climate risks is assessed by reference to classic risk classes and according to different time horizons: short or medium term (i.e. less than 5 years) or long term (i.e. more than 5 years until 2050).

The result of this mapping is presented

For additional information on the mapping of climate risks, see the 2021 sustainability report



	Description	Scope	Acute/chronic physical risks		Transition risks	
			SMT	LT	SMT	LT
Credit risk	<ul style="list-style-type: none"> <li>Increased investment needs of French local authorities to implement the National Low Carbon Strategy</li> <li>Deterioration of the risk profile of certain counterparties exposed to physical and/or transition risks: <ul style="list-style-type: none"> <li>Increased risks in certain local areas (particularly in the overseas territories)</li> <li>Impact of changes in local area on the socio-economic</li> <li>Increased prices for GHG emissions (higher operating costs)</li> </ul> </li> </ul>	Local public sector	Low	Moderate	Moderate	Moderate
		Export credit	Low	Low	Moderate	Moderate
Liquidity and market risk	<ul style="list-style-type: none"> <li>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</li> </ul>	Local public sector	Low	Low	Low	Moderate
		Sfil			Moderate	Moderate
	<ul style="list-style-type: none"> <li>Downgrading of ESG ratings</li> <li>Deterioration in the value of liquidity buffers, including sovereigns, if repeated weather events occur in their countries, and banks, if their non-financial rating is downgraded</li> </ul>	Sfil	Low	Low	Low	Low
		Sfil			Low	Moderate
Operational and non-compliance risk	<b>Operational risk</b> <ul style="list-style-type: none"> <li>Risk of infrastructure damage (real estate, data centers or business interruption)</li> </ul>	Sfil and suppliers	Low	Moderate		
		Local public sector			Low	Low
	<b>Reputation risk</b> <ul style="list-style-type: none"> <li>Financing environmentally controversial activities</li> </ul>	Export credit			Moderate	Moderate
		Sfil	Low	Low	Low	Moderate
Other risks	<b>Legal and compliance risks</b> <ul style="list-style-type: none"> <li>Inconsistency of projects financed with the climate objective initially sought</li> <li>Legal recourse ("liability risk") arising directly or indirectly from losses caused by physical or transition risks</li> </ul>					
Other risks	<b>Regulatory risk</b> <ul style="list-style-type: none"> <li>Recent European regulatory developments concerning non-financial reporting</li> <li>Potential additional capital requirements for non-aligned exposures</li> </ul>	Sfil			Moderate	High
		Sfil	Low	Moderate	Moderate	Moderate
Other risks	<b>Strategic and business risk</b> <ul style="list-style-type: none"> <li>Lower revenues in sectors where the business model and operating sites would be adversely impacted by chronic physical risks (loss of snow cover on ski resort revenue)</li> <li>Reduction in Sfil's market share if local authorities' climate investments are too high and if Sfil's issuance capacities are overwhelmed</li> <li>Ability of major French exporters to adopt a low-carbon offer</li> <li>Impact of climate risks on French sovereign ratings</li> </ul>					

Low Moderate High



### New studies on climate risks

In 2022, Sfil also continued its efforts to generate knowledge about climate risks, devoting two new studies to the subject:

- After an initial study in 2021 on the impact of **acute physical risks for French local authorities**, a second study was conducted in 2022 on the physical risk generated by water stress. The main results of this study are presented opposite.
- After the completion in 2021 of a study on the **transition risk for local authorities**, Sfil entered into a partnership with the I4CE institute to quantify the investments needed by local authorities to finance the transition to a low-carbon economy, as defined by the National Low-Carbon Strategy (Stratégie Nationale Bas Carbone - SNBC). The main results of this study are presented in section 2.2. In addition to its internal work, Sfil took part in the ECB's first climate stress test in 2022.

This exercise, which was primarily for educational purposes, enabled the ECB to collect qualitative and quantitative data to assess banks' climate risk preparedness and to identify best practices. The results of this first exercise have no impact on own funds, but will contribute to the Supervisory Review and Evaluation Process (SREP) in a qualitative manner. Each quarter, a report on climate risks is presented to the Risk and Internal Control Committee in connection with the quarterly risk review. The Board of Directors pays particular attention to climate risk and the challenges it poses: for example, at its meeting on 15 April 2022, the Board approved the 2022-2023 climate roadmap.

## WATER STRESS RISK FACING FRENCH LOCAL AUTHORITIES

➤ In 2022, Sfil's Risk division conducted an internal study to assess the impact of water stress on French local authorities due to projected climate change.

Water stress is defined as a critical situation that occurs when available water resources are lower than water demand and is essentially the result of a spatial and temporal imbalance characterised by:

- **water demand that exceeds the quantity of water available**
- **water quality that requires its use to be restricted (e.g. non-potable water, brackish water, etc.)**

The study was based on the Aqueduct Water Risk Atlas, an open source tool provided by the World Resources Institute. The tool is used to identify and assess water risks around the world using GPS coordinates for two time horizons (2030 or 2040) and three scenarios (optimistic, business as usual and pessimistic) and combining different global warming assumptions and various socio-economic water use factors. It produces four indicators: seasonal

variability, water supply, water demand, water stress<sup>1</sup>, the latter being the focus of Sfil's analysis. The level of water stress can thus be analysed through two prisms:

- **the projected water stress level, which breaks down into six risk categories (low, low-medium, medium-high, high, extremely high, and arid and low water use);**
- **the difference between this projected level of water stress and its baseline value (change from baseline).**

By importing the GPS coordinates of French municipalities into the tool, we were able to identify water stress zones according to the thresholds defined by the tool and then to analyse portfolio exposure (municipalities, regions, departments and inter-municipal grouping with own-source tax revenue (GFP)) according to their level of future water stress risk by 2030 or 2040.

Based on the business as usual scenario, the results show that, by 2030, 5% of local authorities will be exposed to a significant water stress risk (high or extremely high level of water stress, increasing by at least 40% compared to the baseline value). Counterparties exposed to a very high level of water stress are primarily mainly located on the north-west coast (Pas-de-Calais, Pays de Caux, Cotentin). For nearly half of them, the projected level of water stress is close to the baseline value, which means that they are already experiencing a high level of risk. At this stage, this classification of local authorities according to their water stress risk does not make it possible to assess the financial impact of this risk on a given local authority.

(1) Water stress (also referred to as the "withdrawal to availability ratio" or "relative water demand") is defined as the relationship between human society's water demand and available water.





# Integrating ESG factors

## into our risk appetite framework

**Sfil** increasingly integrates ESG factors in its activities, in particular through its risk management framework. The delegated scheme and Sfil's credit granting process positively take into account the social and environmental utility of the projects financed amongst the lending criteria. The bank's risk appetite is greater for green loans and social loans, with qualitative approval criteria allowing greater flexibility

in terms of repayment profiles for green and social loans, and quantitative criteria allowing a higher level of exposure for this type of loan. Moreover, in order to reflect its sustainability commitments, in 2021 Sfil integrated ESG indicators into its risk appetite framework. The indicators used are broken down into three categories (see table below). The risk appetite framework was updated in 2022. The ICAAP and ILAAP<sup>(1)</sup> exercises are also designed to integrate ESG risks. At this stage,

this is achieved by incorporating assumptions about:

- **the acceleration of spending** by local authorities towards climate transition;
- **the occurrence of an exceptional weather event** affecting certain countries in southern Europe.

(1) ICAAP/ILAAP : Internal Capital/Liquidity Adequacy Assessment Process (exercices d'auto-évaluation des risques financiers)

### ESG INDICATORS

#### Categories

#### Indicators used

##### Carrying out public policy missions

- Proportion of green loans annually granted to the local public sector
- Annual volume of export credit contracts in sectors exposed to fossil fuels
- Proportion of thematic issues in the volume of bonds issued during the year

##### Internal operations

- Absenteeism rate
- Gender equality index
- Rate of training on sustainability matters

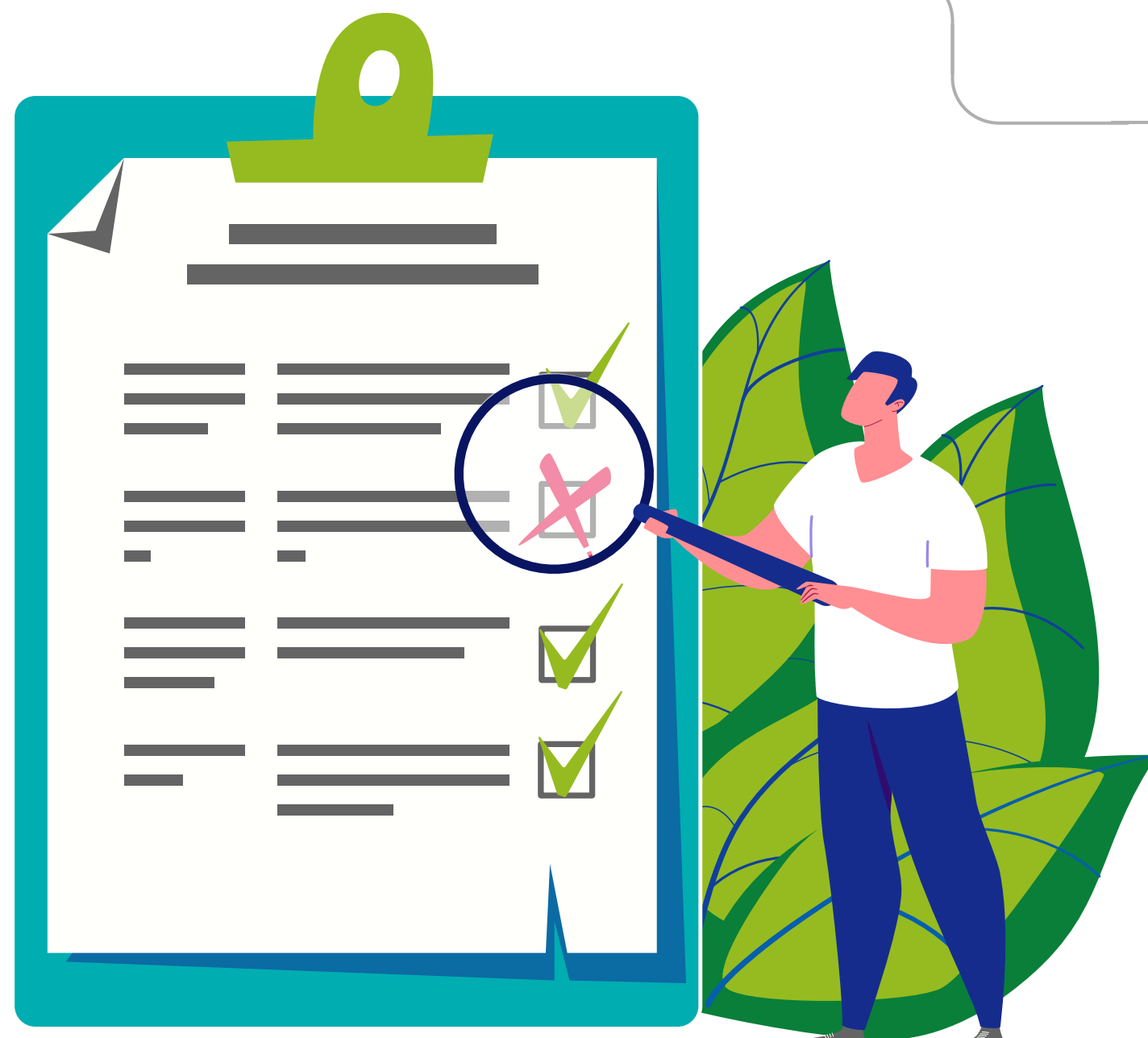
##### ESG performance

- ESG rating



# Our exclusion policy

Sfil applies a strict exclusion policy, in line with the practices of the Caisse des Dépôts Group, which provides a framework for the conduct of its public missions.



**Sfil** ensures that it does not finance the production or trade of any illicit product, as well as any illegal activity with regard to the legislations of France or the destination country. The following sectors are therefore excluded:

- prostitution;
- activities involving forced labour, child labour or trafficking in human beings, as far down the value chain as possible;
- illegal activities involving human organs, tissues and products or genetic engineering activities prohibited by the national bioethical standards of France or the host country, or by European or international standards applicable in this field;
- the trade, production, rearing or holding of animals, plants or any natural products that do not meet CITES requirements<sup>1</sup>;
- the production, use or trade of any product if its production or use is prohibited or is subject to progressive prohibition under the laws of the country of destination or international regulations;
- cross-border trade in waste, unless it complies with the Basel Convention and the regulations implementing it;
- Illegal trade or activities that may facilitate the illegal trafficking of cultural goods;
- projects for which (i) an eviction within the meaning of the United Nations was carried out on the impact site, (ii) a causal link can be established with the purpose of the project and (iii) it is materially impossible to provide an offset.

Sfil also voluntarily excludes the following activities due to their negative societal impact:

- any activity related to pornography;
- the manufacture, storage and sale of tobacco;
- gambling;
- non-conventional weapons covered by international treaties ratified by France;
- speculation in agricultural raw materials that directly impacts food prices, as well as the exploitation and trading of commodities contrary to the national strategy to combat imported deforestation;
- the production, storage and trade of pesticides prohibited on French territory.

**With respect to fossil fuels**, Sfil complies with the guidelines of the French export support policy, most recently amended by the initial Finance Act for 2023 adopted on 30 December 2022. As a result, the following exclusions also apply:

- the exploration, production, transport, storage, refining or distribution of coal or liquid or gaseous hydrocarbons;
- coal-fired power generation.

The last two exclusions do not apply to operations aimed at reducing the negative environmental impact or improving the safety of existing installations or their impact on health, without increasing their lifespan or production capacity, or aimed at dismantling or repurposing these installations.

Moreover, since 2021 Sfil's investment policy has integrated ESG criteria.

In addition to the excluded sectors listed above, the following restrictions are considered:

- high-risk or prohibited countries according to Sfil's internal country risk classification are excluded;
- for bank issuers: the existence of a green, social or sustainability framework and their ESG rating;
- for sovereign issuers and public sector entities: the average of the World Bank's global governance indicators<sup>2</sup> and signature of the Paris Climate Agreement.

(1) Convention on International Trade in Endangered Species of Wild Fauna and Flora

(2) The World Bank's Global Governance Indicators measure the performance of countries in each of the following six areas of governance: citizen voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption.



# Compliance, an essential component of our risk management system

**Sfil** strives to build relationships of trust with its stakeholders and is fully aware of the threats and risks posed by corruption to its ability to perform its missions and to its reputation. Sfil also promotes ethical and responsible behaviour, both within the company and in its relationships with its various stakeholders. Under no circumstances can the belief that the bank's interests are being served justify conduct in breach of the laws or its Code of Ethics and Professional Conduct. In this spirit and in line with its adherence to the Global Compact, Sfil has voluntarily chosen to adopt an anti-corruption system inspired by the Sapin Act<sup>1</sup>. In addition to the measures put in place, Sfil endeavours to instil in all its employees the principles of ethics and compliance, from the time they join the company and throughout their professional career (see section 3.3).

## Assessment of third-party suppliers

The third-party supplier assessment system is one of the pillars of Sfil's corruption prevention policy. Each supplier within the scope of the procedure is assessed on the basis of its exposure to the risk of corruption before any contract is signed and throughout the course of the business relationship.

The third-party supplier assessment procedure was updated in 2022 to provide better coverage of risks, in line with:

- Sfil's CSR strategy and its Responsible Procurement Charter (see section 3.1);
- the Caisse des Dépôts Group's policy of zero tolerance towards bribery, influence peddling and all breaches of integrity.

Taking into account integrity-related risk and the reputation of the suppliers with which Sfil works makes it possible to better understand the risks of corruption that could expose us to legal, financial and reputational consequences.

## Preventing and managing conflicts of interest

The system for preventing and managing conflicts of interest is another pillar of Sfil's corruption prevention policy.

The procedure for preventing and managing conflicts of interest was updated in 2022.

This update is intended to make the system more robust, in particular, by appointing an ethics officer, defining the roles and responsibilities of employees, and introducing a classification of conflicts of interest that takes into account their level of materiality. This update included work to ensure the system's compliance with the requirements of the Caisse des Dépôts Group's policy on preventing and managing conflicts of interest.

## Internal whistleblowing system

In connection with its activities, Sfil is committed to ensuring that its employees comply with applicable national and international laws and regulations.

To this end, Sfil has set up a **whistleblowing system hosted on an online platform**, which can be used to report any illegal behaviour in the following areas: conflicts of interest, bribery, fraud and embezzlement, misuse of corporate assets, misappropriation of assets, market abuse, environmental protection, personal data protection, health, hygiene and safety risks in the workplace, psycho-social risks, and combating workplace discrimination and harassment.

This platform is accessible to Sfil's employees, external service providers and all stakeholders via the company's intra-net portal and website. The identity of the whistleblower, and the exchanges with the whistleblower, are kept confidential when the whistleblowing report is made and throughout the handling procedure.

In accordance with legal requirements<sup>2</sup>, Sfil's whistleblowing system (updated in 2022) incorporates the legislator's desire to increase protection for whistleblowers through the following provisions:

- new definition of whistleblower;
- creation of the status of facilitator;
- clarification of the concept of sexual harassment;
- description of the possible reporting channels under the internal whistleblowing procedure;
- enhanced protection measures for whistleblowers;
- procedures for handling whistleblower reports.

No whistleblower reports were received in 2022 under the system in place.

(1) Act no. 2016-1691 of 9 December 2016 on transparency, preventing corruption and the modernisation of the economy (the "Sapin 2 Act") requires companies with at least 500 employees to take measures to prevent and detect acts of bribery and influence peddling that may be committed in France or abroad.

(2) Act no. 2022-401 of 21 March 2022 to improve the protection of whistleblowers (the "Waserman Act"), supplemented by Decree no. 2022-1284 of 3 October 2022, which transposed the European Directive of 23 October 2019 on the protection of persons who report breaches of Union law into French law and strengthened the protection for whistleblowers introduced by the Sapin 2 Act.



### Personal data protection

Sfil takes the utmost 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.

Sfil's Code of Ethics first defines the general principles regarding personal data protection. Sfil also has a personal data protection charter, a personal data privacy policy and a policy for managing and using cookies, all of which are available on its website.

It has a personal data processing register.

In addition, Sfil provides all employees with compulsory training on personal data protection.

A Personal Data Protection Officer has been appointed. The Personal Data Protection Officer is assisted by a network of GDPR contacts (one for each of the bank's divisions and operational departments), who report any shortcomings or malfunctions. The GDPR non-compliance risk mapping was reviewed in 2022 in order to provide greater granularity.

Lastly, Sfil is a member of the French Association of Data Protection Correspondents (AFCDP).

Data protection also needs to be seen in the wider context of increased exposure to cyber risk. In this respect, the Operational Risks and Permanent Control division has put in place a set of measures, governed by a policy and directives, based on the requirements of the ISO 27001 standard, applicable to all of Sfil's operational divisions. These measures are designed to protect information against any threats to its confidentiality, integrity or availability. They take the form of operational rules, procedures and processes established in collaboration with the Technology and Organisation division, and undergo regular controls, particularly with respect to the management of access rights to Sfil's applications and systems and compliance with IT security principles.

**For additional information on Sfil's risk management system, see the 2022 annual report**



### OUTLOOK FOR 2023

- **Measuring the carbon footprint of our borrowers**
- **Updating the internal study on transition risk with a more granular analysis of local public sector transition risk**
- **Continuing work on acute and chronic physical risks: broadening the range of risks covered and integrating a forward-looking view for each transition scenario**
- **Developing an individual rating tool for climate and environmental risks**
- **Strengthening climate risk mapping further and expanding it to other environmental, social and governance (ESG) risks**







# SECTION 2

## Financing activities aligned with

### goals

- 2.1 A high borrowing capacity to serve the public interest
- 2.2 The local public sector, a major contributor to sustainable investment
- 2.3 Supporting large French companies' exports
- 2.4 Measuring financed emissions and designing a transition plan





**is a regular issuer  
on international  
capital markets**

In line with Sfil's founding principle, which is to serve the public interest, the core objective of our refinancing activity is to harness international capital at competitive terms in order to ensure that local authorities, public hospitals and large French exporting companies can secure funding under optimal conditions.

Sfil has various refinancing sources at its disposal to conduct his public policy missions, the main ones being Sfil bond issues and covered bond (obligations foncières) issues by our subsidiary Caffil (see 1.2).

With €52.3 billion in outstanding covered bonds, Caffil is Europe's leading issuer of public sector covered bonds. Since the European Covered Bond Directive

came into force in July 2022, Caffil's issuance programmes also carry the label 'European Covered Bond (Premium)'. Sfil has been well-established in the French agencies market segment since its first bond issue in 2016.

To find out more, see Sfil's 2022 annual report

### Green, social and sustainability bonds

Sfil has been issuing green and social bonds since 2019 to support its customers' investments in projects relating to the ecological transition and social cohesion. Two reference documents govern our green, social and sustainability issues:

- the **Social Note Framework**, in place since 2018, geared towards the healthcare sector
- the **Green, Social and Sustainability Bond Framework**, introduced in October 2022



In accordance with the goals set in our #Objectif2026 strategic plan, **Sfil finalised a new Green, Social and Sustainability Bond Framework** in October 2022. Its aim is to use these thematic bonds to refinance green and/or social investments by French local authorities, together with export credit agreements, in which there is a growing need for financing.

In November 2022, Caffil used the new bond framework to issue a first green bond designed to refinance green loans to the French local public sector. This inaugural €750 million issue was aimed at financing green investments by French local authorities in areas such as soft mobility, the recovery and

management of waste and renewable forms of energy. The issue was a resounding success (order book of €1.6 billion, 2.1 times oversubscribed).

Caffil also issued a fourth social bond worth €500 million in May 2022 to continue to finance French public hospital investments. **This brings the proportion of sustainable issuance as part of funding raised by the group in 2022 to 19%, putting us on course to attain our strategic objective of 25% in 2024.**



## ➤ Social Notes Framework

This framework document specifies the refinancing scope for loans that Sfil grants to public hospitals. These loans aim to support hospitals to fulfil the missions entrusted to them under the French public health code (Code de la Santé Publique), namely:

- universal access at all times to healthcare services, free of charge for people in financial difficulty, and to all types of specialised medical and surgical care, regardless of the diagnosis;
- research, so as to continually improve care and develop new treatments;
- training for doctors, midwives, pharmacists, dentists, care managers, nurses and all other medical personnel.

The first social bond under this framework document was issued in February 2019. Sfil will continue to fund investments by French public hospitals in accordance with the Social Notes Framework.



## ➤ Allocation and impact reports

### The third Sfil social bond issue

In April 2022, Sfil published the allocation and impact report relating to its third social bond issue in April 2021, with a volume of €750 million and an eight-year maturity. Overall, 302 public health institutions across France were able to secure funding through the public healthcare portfolio financed through social bonds. To find out more, read the report

### The third Sfil green bond issue

In December 2022, Sfil released the allocation and impact report for its third green bond issued in December 2021. This €500 million, seven-year bond helped finance 178 loans. Two themes make up 66% of the green loan volumes from this issue: energy efficiency and water management. The third theme, soft mobility and urban transport, accounts for 25% of the volumes allocated through 11 loans.

### Projects financed through this issue made it possible to:

- avoid 50,382 tonnes of annual CO<sub>2</sub> emissions;
- construct or upgrade 86km of railway tracks;
- create 309km of bicycle lanes;
- construct or upgrade 164km of water pipes;
- treat 41,019 tonnes of dry residues from sewage sludge annually;
- improve the management of 1,815,653 tonnes of household waste annually.

To find out more, read the report



### A trusted issuer on the markets

Sfil is determined to be aligned with best market practices, which is why it has established a reference framework for its thematic issues to ensure they comply with the prevailing International Capital Market Association (ICMA) principles. In its capacity as a “second party opinion provider”, Sustainalytics has analysed the reference frameworks for Sfil's thematic issues and confirmed that each one is both credible and impactful, and in line with the current ICMA principles.

Sfil has been an ESG issuer since 2019. It has established itself as one of the most recognised issuers in thematic issues. In April 2022, Caffil won Environmental Finance's ‘Asset-backed / Asset-based / Covered social bond of the year’ award for the third year in a row in recognition of the €750 million 8-year social bond it issued in April 2021. In December 2022, Caffil also won CMD Portal's ‘Best Green Covered Bond Issuer’ award for its November 2022 €750 million green bond issue under the new reference framework. This brings to ten the number of awards won by our group since 2019 for our thematic issues, awarded by five different institutions (Environmental Finance, CMD Portal, IFR, Covered Bond Report and Global Capital).

At the institutional level, Sfil is committed to developing the green, social and sustainability bond market and is a member of various ICMA working groups, such as the Social Bonds Working Group and the Impact Reporting Working Group. Sfil also participates in working groups set up by the European Association of Public Banks (EAPB), which are working on implementing the regulatory framework for green finance at public development banks, namely *the Capital Markets Committee and the Sustainable Finance Working Group*.



### OUTLOOK FOR 2023

- Develop thematic issues with a target to grow green, social and sustainability bonds to 25% of total financing by 2024
- Continue to position the new green, social and sustainability bond reference framework



**The repeated success of these thematic issues underpins Sfil's strategy to expand the use of these formats for its future issuance programmes.**

**Sfil plays a central role in the financing of local authorities and public hospitals**

**Sfil** is driven by a mission to enable, through partnerships, French regional governments and public health institutions of all sizes across the country to secure long-term financing under the best possible conditions.

**More than 7,700 local authorities and 341 public health institutions**

For nearly ten years, the Sfil/La Banque Postale partnership has been playing this role to the full, supporting more than 7,700 local authorities and 341 public health institutions through simple and transparent financing arrangements with maturities of up to 30 years. In November 2022, Sfil and Banque des Territoires formed a new partnership to provide a new type of very long-term financing to French local authorities and public hospitals, interlocking with the existing solutions.



## KEY FEATURES of the new Sfil/Banque des Territoires partnership

### > Customers

- Local authorities and public health institutions.

### > Production

- Around €500 million per year.

### > Maturities

- Long or very long (25 to 40 years).

### > Investments financed

- Mostly sustainable investments (i.e. meeting the criteria set in Sfil's reference framework for green, social and sustainability bond issues).
- Loans extended within the framework of Banque des territoires' thematic initiatives (Aqua Prêt for water and sanitation infrastructure, GPI AmbRE for energy performance in public buildings, Relance Verte for investments in the ecological and energy transition and Mobi Prêt for the mobility sector) can be treated as "green" or "social" loans, provided that they meet these criteria.

### > Roles

- Distribution of the loans by Banque des Territoires.
- Transfer to Sfil/Caffil at the beginning of the amortisation period.



**Sfil**

brought €4.1 billion worth of financing to the local public sector in 2022:

- **€3.5 billion** to local authorities and their groupings with average terms of 19.6 years;
- **€600 million** to public health institutions with average terms of 22.4 years.

In keeping with its refinancing strategy and its bond issuance programmes, particularly in terms of sustainability, Sfil provides a wide range of financing solutions through green and social bonds (see 2.1).

The following types of loans are provided:

- **general loans** granted to local authorities and their groupings in which financing for their investment budgets is aggregated (a long-standing part of our activity);
- **green loans** granted to local authorities and their groupings to finance investments in serving the ecological transition (a range that was created in 2019);
- **social loans** granted to local authorities and their groupings to finance investments in areas of social value (new range rolled out in November 2022);
- **“healthcare” social loans** granted to public health institutions to finance their real estate transactions and hospital equipment (range created in 2019).



## MAYORS AND LOCAL AUTHORITIES' TRADE SHOW

### Sfil meets its local public sector borrowers

Building on its central role in the local public sector, in 2022 Sfil took part for the first time in the Mayors and Local Authorities Fair (Salon des Maires et des Collectivités Locales), held in Paris from 22 to 24 November. The three-day event involved:

- meetings and discussions with more than 500 visitors to the Sfil stand, including many representatives of local authorities;
- a joint conference with I4CE on the investment needs of local authorities in the context of the climate transition;
- tripartite signing of credit agreements (green loans and social loans) with our long-standing partner La Banque Postale and borrowers.



### Local public investment in public interest projects

General loans to local authorities (municipalities, departments and regions) and their groupings are not allocated to an exact investment when the application is being examined, which makes it difficult to ascertain the impacts of such loans in any detailed manner. Even so, an analysis of the remit of the local government bodies applying for the loans shows that general loans partly contribute to achieving sustainable development goals.

That is because local authorities' investments must necessarily serve the public interest and be within the remit they have been given under the French decentralisation system. A significant part of this remit falls into the scope of the ecological transition (soft mobility, public transport, water and sanitation, waste treatment and recovery, development of planted surfaces, etc.) and/or social and territorial cohesion (education and vocational training, culture, sport, social work, civil protection, etc.).

To better understand the type of investments financed by Sfil's general loans, we can take a look at our local public sector customers' main budgets and their subsidiary budgets<sup>1</sup>. The table opposite shows the main purposes of local authority investments as they are grouped together in their budget documentation.

## MAIN PURPOSES OF LOCAL AUTHORITY INVESTMENTS as they are grouped together in their budget documentation

BUDGET FUNCTION	MAIN TYPES OF INVESTMENTS	MAIN INVESTMENT PURPOSES
General services	<ul style="list-style-type: none"> <li>• Construction, renovation of buildings</li> <li>• Purchases of equipment and materials</li> <li>• Planning</li> </ul>	Management of administrative buildings
Public safety and security		Police (national, municipal), gendarmerie, fire fighters and civil protection
Education, training and apprenticeships		Schools, junior high schools, high schools, apprenticeship or vocational training centres
Culture, social life, sports and youth facilities		Cultural, sports and youth facilities
Healthcare, social work		Healthcare, social and medical-social institutions and childcare facilities ( <i>crèches</i> )
Economic action		Support for economic and tourism development
Land use planning and housing	<ul style="list-style-type: none"> <li>• Construction and renovation of transport infrastructure</li> <li>• Purchase of rolling stock</li> </ul>	Public lighting, green spaces, support for "municipal block" ( <i>bloc communal</i> ) investment, collective social housing and individual housing
Environment		Management of waste, water and natural heritage, development of renewable forms of energy
Transport	<ul style="list-style-type: none"> <li>• Construction, renovation of roads and roadways</li> </ul>	Regional express railway system, urban, interurban or suburban public transport systems, road infrastructure
Roads and roadways		Road infrastructure

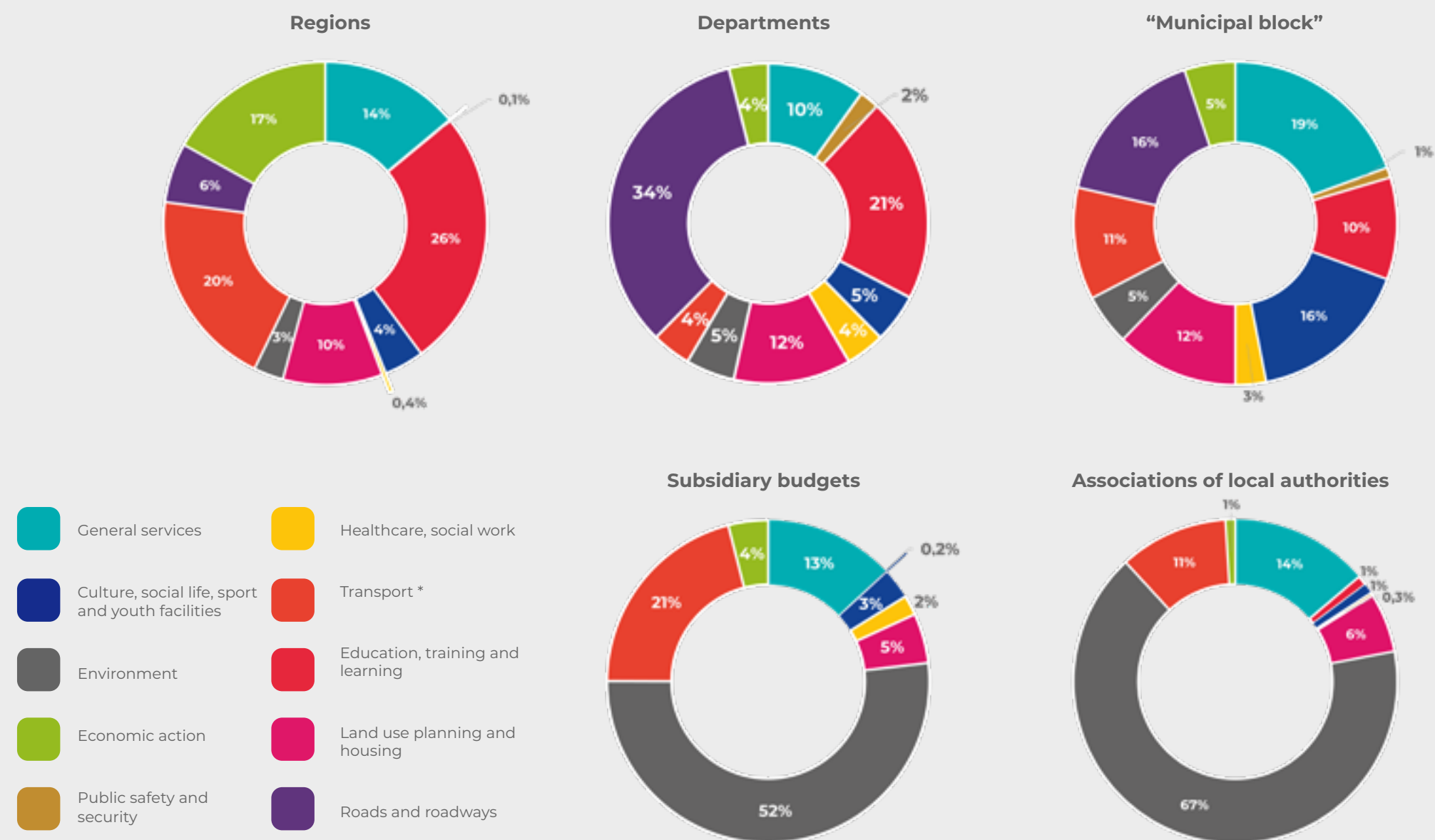
(1) Local authorities' subsidiary budgets often contain activities that can be qualified as sustainable: drinking water, sanitation, transport, waste collection, etc.



The charts opposite show a breakdown by budgetary function of local authorities' investment expenditure for the period 2017-2021. They show that:

- **investments that may have a “green” dimension** (environment, transport excluding roads and roadways), account for 23% of the investment budget allocated by regions, 9% for departments, 16% for the “municipal block”<sup>1</sup>, 73% for subsidiary budgets (all levels of local authorities combined) and 78% for associations of local authorities. Total annual investment expenditure averages €18 billion. Investments in public buildings should be added to the scope of analysis (new builds subject to the RT 2012 thermal regulations or the RE 2020 environmental regulations, major renovations);
- **investments that may have a social dimension** (public health and safety, education and training, culture and sport, healthcare and social work and spatial planning) account for 40% of the investment budget allocated by regions, 43% for departments and the “municipal block”, 10% for subsidiary budgets (for all levels of local authorities combined) and 8% for associations. Total annual investment expenditure averages €20.8 billion.

## ➤ Breakdown of local authorities' investment expenditure by budget function (2017-2021 average)



Source: Sfil, based on data from the OFGL (Observatoire des finances et de la gestion publique locales - Observatory of local finance and public service management).

\*The “Transport” function has been restated for the “Roads and roadways” sub-function for the regions, departments and “municipal block”, bearing in mind that there are generally no allocations for roadways in subsidiary budgets and for associations.

(1) The “municipal block” encompasses municipalities and groupings with their own tax system.

### A regulatory framework that protects the environment and populations

The investments financed by Sfil as part of its support to the local public sector are strictly governed by French regulations, i.e. notably by the 2004 environmental charter (Charte de l'environnement), which has been constitutionally valid since the French constitution was amended on 1 March 2005, and by the environmental code (Code de l'environnement). In particular, **projects that are likely to have a significant impact on the environment or human health must undergo an environmental impact assessment.** Article R. 122-2 of the French environmental code and the table appended to that article defines the categories of projects for which an environmental impact assessment must be performed systematically and those for which, given their possible material environmental impacts, a case-by-case review must be conducted in order to determine whether an environmental assessment is needed. These two project categories do not cover all the investments financed by Sfil.

An environmental impact assessment is a process aimed at integrating environmental considerations into the development of a project or planning document in the very early stages of the process. It gives both the project leader and local government officials insight into how the project should move forward with regard to environmental issues and human health issues in the area being considered for the project. It is also a way to inform the public and to guarantee public support. It must report on any potential or proven effects on the environment that the project, plan or programme might have and provide an analysis and justification of the choices made to address any issues identified in the chosen area.

**ENVIRONMENTAL CODE, ARTICLE R122-1:** “The environmental impact assessment shall adequately describe and assess, on a case-by-case basis, the significant direct and indirect impacts of a project in relation to the following factors: 1° The population and human health; 2° Biodiversity, particularly with regard to species and habitats that are protected under Directive 92/43/EEC of 21 May 1992 and Directive 2009/147/ EC of 30 November 2009; 3° Land, soil, water, air and the climate; 4° Material property, cultural heritage and landscape; 5° The interaction between [these four] factors.”»

The environmental impact assessment must be particularly thorough where a project has been identified as “sensitive” in relation to these issues:

**ENVIRONMENTAL CODE, ARTICLE R122-5:** “The content of the impact assessment shall be commensurate with the sensitivity of the environment in the area that is likely to be affected by the project, the projected size and nature of the works, installations, structures or other interventions in the natural environment or landscape and their foreseeable impacts on the environment or human health”.

Moreover, all projects financed by Sfil in France must comply with the following European and French regulations:

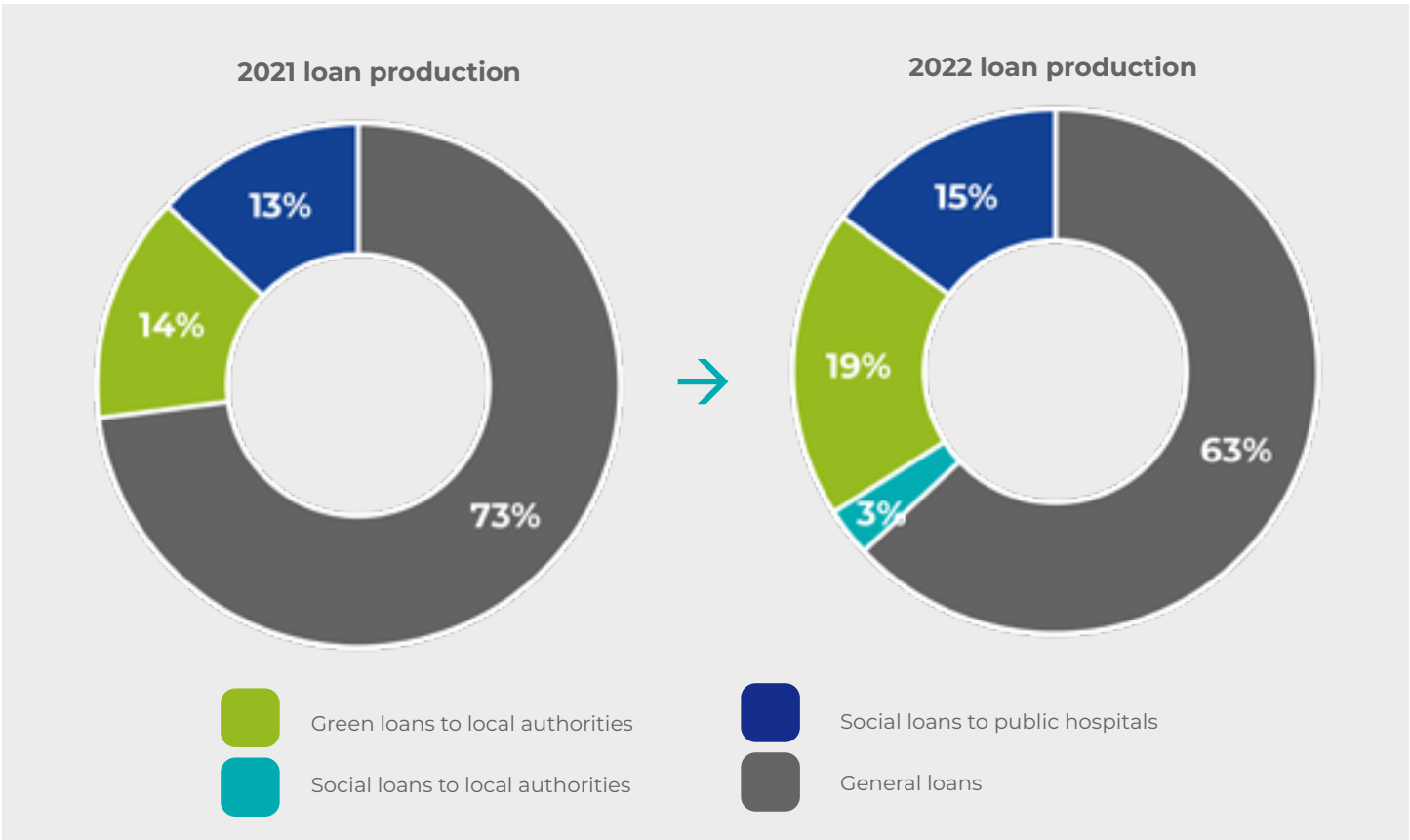
- European Directive No. 2000/60/EC of 23 October 2000, otherwise referred to as the Water Framework Directive (WFD), transposed into French law by the law of 21 April 2004 (No. 2004-338 - the “water law”), which aims to **prevent and reduce water pollution, promote its sustainable use, protect the environment, improve the state of aquatic ecosystems (wetlands) and mitigate the effects of floods and drought;**
- French law No. 2015-992 of 17 August 2015 on the energy transition for green growth (“LTECV”), which requires regional governments to **recover at least 70% of the materials and waste produced on construction sites** for which they are project owners (re-use, recycling or other recovery of materials), in accordance with the European Waste Framework Directive No. 2008/98/EC of 19 November 2008;
- European Directive No. 2002/49/EC of 25 June 2002 relating to the assessment and management of environmental noise, transposed into French law by Order No. 2004-1199 of 12 November 2004, which aims to **avoid, prevent and reduce, as a priority, the harmful effects of exposure to environmental noise;**
- Article R1336-10 of the French public health code (Code de la santé publique), which requires measures to be put in place to **reduce noise on public works sites;**

- Order No. 2020-700 of 10 June 2020 on the monitoring of polluting gas emissions and polluting particles from engines in non-road mobile machinery, which sets **emission limits for site machinery** and defines the associated controls and sanctions.

This protective regulatory framework helps to ensure that local public sector projects financed by Sfil do not cause significant harm to the environment and populations.

### Fast-paced growth in thematic loans since 2019

Sfil provides local public sector customers with a complete range of thematic loans (green loans, social loans to local authorities, “healthcare” social loans) covering most of the sustainability-related public policies that they pursue. **In 2022, thematic loans accounted for 37% of the loans distributed,** compared to 27% in 2021 and 18% in 2020.





## LOCAL AUTHORITIES ARE INCREASINGLY DRAWN TO GREEN LOANS

Sfil has developed a dedicated solution to help local authorities invest in the energy and ecological transition.

### Renewable energy

Production of electricity or heat from renewable energy

- Solar power
- Wind power
- Hydropower
- Geothermal energy
- Biomass

### Sustainable water and sanitation management

- Distribution of drinking water
- Collection and treatment of wastewater and rainwater
- Management of aquatic environments and flood prevention

### Waste management and recovery

- Collection and sorting of household and similar waste
- Treatment of household and similar waste through re-use, recycling, composting or energy recovery

### Soft mobility and clean transport

- Low-carbon mobility (cycle lanes, electric vehicles, charging stations, etc.)
- Public transport (trams, electric buses, metro, rail infrastructure, etc.)

### Energy-efficient construction and urban development

- Urban development, construction or renovation of high-performance energy-efficient buildings
- Upgrade of public lighting systems





While **biodiversity** is not explicitly included in the five eligible categories, green loans do indirectly address land and marine biodiversity issues, particularly through the “sustainable water and sanitation management” theme:

- upgrading water sanitation facilities to prevent the risk of pollution from effluents and other environmental impacts;
- greening urban areas in order to “de-seal” and renaturalise surfaces;
- protecting aquatic ecosystems by restoring and renaturalising wetlands and ecological networks or by managing sedimentary transport.

Green loans have gained considerable traction since they were first launched in 2019. Initially distributed by La Banque Postale, they are now also marketed by Banque des Territoires. 2022 confirmed that this type of financing is appealing more and more to Sfil customers:

- a record €774 million in green loans were granted in 2022, up 14% from the €680 million recorded in 2021;
- mounting interest from large local authorities, with two French departments (€30 million) and the first ever region (€20 million) taking out green loans in 2022.

This interest can be put down to the impact of the government’s France Relance stimulus plan, which set aside €30 billion to finance the ecological transition, including €1.3 billion for the renovation of local public buildings, €1.2 billion for commuting solutions, €500 million for waste treatment and €300 million for drinking water distribution and sanitation. Local authorities’ interest in green loans might also be attributable to the sharp and sudden rise in energy prices in 2022, which prompted them to invest in order to reduce the energy consumption of their buildings (schools, cultural and sports facilities, etc.) and installations (public lighting systems).

In keeping with the launch of the new reference framework for green, social and sustainability issues, this range of loans is designed to gradually integrate the requirements of the EU Green Taxonomy. These new types of loans are an opportunity for regional governments and for Sfil to highlight their role and express their contribution to the French Energy and Climate Strategy (see next page).





## Local authorities have a key role to play in achieving national climate objectives

Local authorities, particularly regions and public inter-municipal cooperation bodies (établissements publics de coopération intercommunale - EPCI) with their own tax systems, are responsible for implementing the French Energy and Climate Strategy at local level (through the 'SNBC', the 'PNACC' and the 'PPE'<sup>1)</sup>):

- Developing 'SRDETT' schemes (regional planning, sustainable development and territorial equality) and 'PCAET' plans (regional climate, air and energy);
- Defining action plans requiring an investment effort in the key areas pinpointed by the 'SNBC' (managing buildings, transport, waste and energy, etc.).

The French State launched a “green fund” in 2022 to support local authorities and speed up the ecological transition in the regions. This €2 billion fund finances projects aimed at enhancing environmental performance (energy renovation of public buildings, support for sorting at source and for the recovery of bio-waste, renovation of public lighting systems) and helping the regions to adapt to climate change (through flood prevention in particular).

Green loans granted through the Sfil/La Banque Postale and Sfil/Banque des Territoires schemes are intended as a way to finance these transformative investments in the ecological transition of local communities, alongside national and European subsidies.



(1) SNBC: Stratégie Nationale Bas Carbone - National low carbon strategy, PNACC: Plan Nationale d'Adaptation au Changement Climatique - National climate change adaptation plan, PPE: Programmation Pluriannuelle de l'Energie - Multi-year energy planning



## A NEW SOLUTION TO FINANCE LOCAL AUTHORITIES' INVESTMENT IN SOCIAL INFRASTRUCTURE

In order to continue to qualify and value local debt and underlying investments beyond “green” investments, Sfil launched a new financing solution for local authorities in October 2022 specifically geared towards social and territorial cohesion policies.



### Fire and rescue services

- Departmental fire and rescue services (SDIS)

### Healthcare, social and family welfare

- Social and medical-social institutions (nursing homes, medical-educational units, etc.)
- Childcare facilities (day nursery, etc.)
- Medical centres

### Education, vocational training

- Educational institutions (schools, junior high schools, high schools)
- Vocational training institutions (IFSI, GRETA)
- Ancillary services at educational institutions (canteens, school bus services, etc.)

### Sports, culture and community life

- Sporting institutions
- Cultural institutions
- Facilities for local associations
- Green spaces (parks and public gardens)

### Development and territorial cohesion

- Urban renewal in disadvantaged areas
- Revitalisation programmes (for mid-sized towns and cities)
- Social housing investment subsidies
- Very-high speed broadband roll-out

Since this solution was launched, €140 million worth of social loans have been granted, i.e. 9% of new loan production for the local public sector over the period.



## REASSERTING OUR SUPPORT FOR PUBLIC HOSPITALS AS PART OF THE SÉCUR PLAN

Sfil has developed a dedicated “healthcare” social loan solution for public health institutions to enable them to best fulfil their three main missions:

- the provision of care for the entire population, particularly the most vulnerable patients;
- research and development of new types of care and treatments;
- training of health workers.

The implementation of the Ségur “investment” plan initiated in 2021 will mean a greater need for financing in the coming years. The precise timing of these needs will depend on the pace at which projects are examined and supported by the State and regional health agencies.

Given the importance of the Sfil/La Banque Postale partnership in financing public hospitals (43% market share<sup>(1)</sup> in 2020 and 2021) now supplemented by the Sfil/Banque des Territoires offer, Sfil will have a major role to play as a partner in the gradual roll-out of the Ségur plan and in supporting public hospitals in their transformation.



## OUTLOOK FOR 2023

- Raising borrower awareness of ecological transition issues, particularly through partnerships
- Aligning the reference framework for green loans with the EU green taxonomy
- Implementing the partnership with Banque des Territoires and the new range of social loans for local authorities
- Exploring ways to identify and integrate biodiversity issues into local authority investments
- Conducting the second satisfaction survey of local public sector customers

(1) Source: Data taken from the Finance Active observatory, 2021 and 2022. Excluding bond financing.

### €12 billion per year by 2030 to tackle the urgent issue of global warming

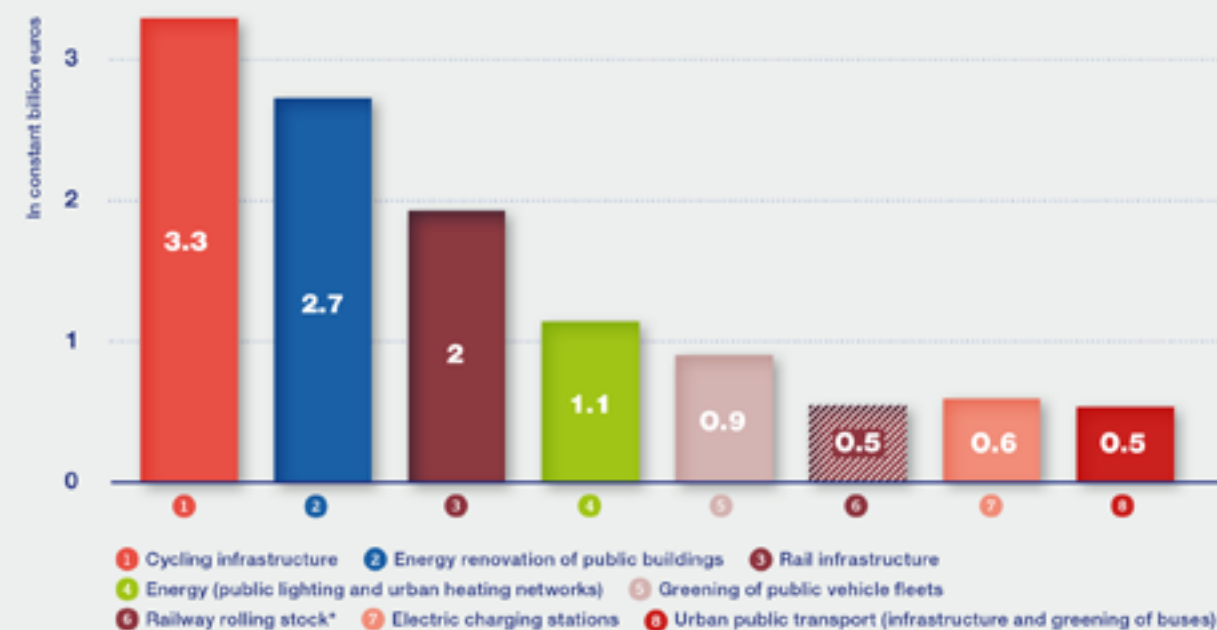
Regional governments have a major role to play in achieving the objectives of the National Low Carbon Strategy ('SNBC', see the chart opposite). They need financial and human resources that are equal to this challenge. In 2022, I4CE conducted a study supported and co-led by Sfil alongside the French ministry for the ecological transition and ADEME (French environment and energy management agency) to quantify the budget needed for this.

The study focused on the investment needed to mitigate climate change, i.e. to reduce greenhouse gas emissions, and not to adapt to its consequences. The scope of the study covered energy, transport, buildings (excluding new construction programmes) and food, with detailed analyses for the first three of these sectors. It did not cover investment in new construction programmes, water and sanitation, waste treatment, reforestation and the development of green spaces, such that the figures opposite should be considered as mitigants.

I4CE estimates that, in order to achieve the SNBC targets, local authorities will need to make at least €12 billion in "climate investments" each year until 2030. The need for "climate investments" mainly focuses on the development of low-carbon mobility (bicycles, electric vehicles and railways: €7.8 billion per year), but also includes the energy renovation of public buildings (€2.7 billion per year) and energy efficiency (public lighting and heating systems: €1.1 billion per year).

According to I4CE's estimates, local authority "climate investments" averaged around €5.5 billion per year in 2020-2021. In order to reach the SNBC targets, these "climate investments" need to more than double to roughly €6.5 million more per year. This additional amount is equivalent to 10% of local authorities' current total investment budget and 24% of their net savings. The need to speed up investment is particularly strong when it comes to cycling infrastructure (+€2.3 billion per year, entailing a three-fold increase in the pace of investment) and the energy renovation of public

**FIGURE 1: CLIMATE INVESTMENT NEEDS OF LOCAL AUTHORITIES PER SECTOR STUDIED (ANNUALLY OVER THE PERIOD 2021-2030 TO MEET SNBC NEEDS)**



\* Estimates of investment needs in railway rolling stock are imprecise. We have extended the level of investment observed over the last ten years and added an additional 30% cost to cover the greening of almost 1,000 diesel and dual-mode regional express trains between 2028 and 2050.

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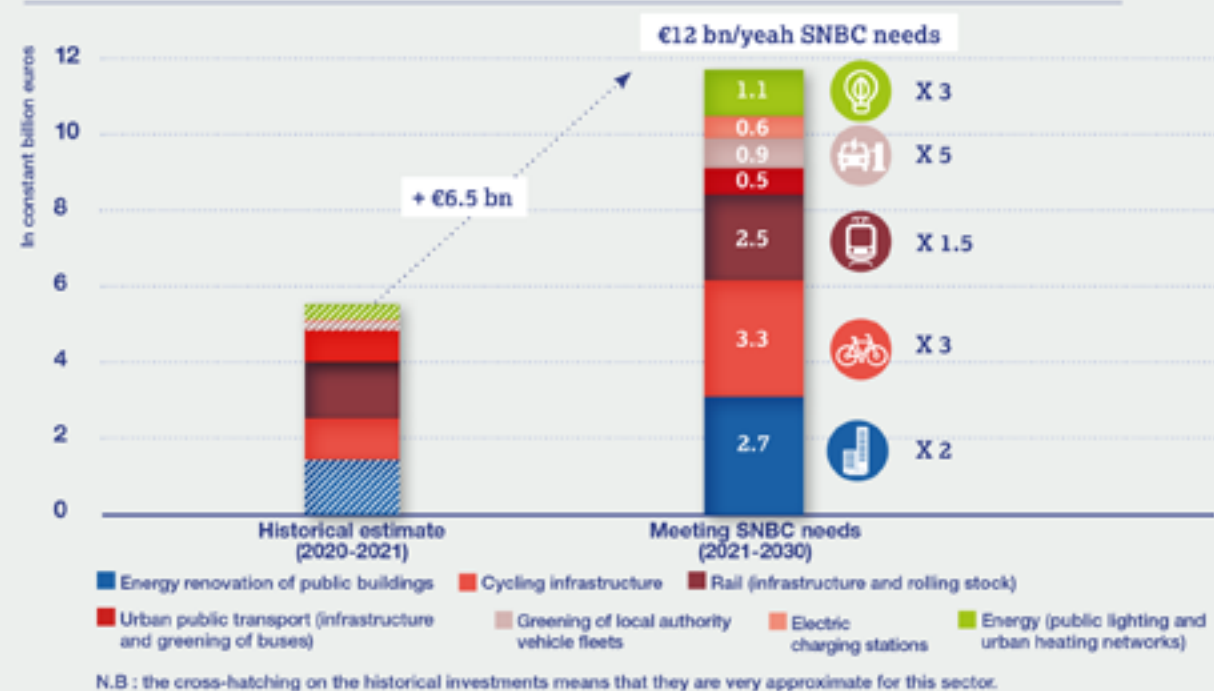
buildings (+€1.4 billion per year, i.e. entailing a doubling of the pace of investment).

I4CE quantified the "climate investment" needs of local authorities with the SNBC in mind, but also based its estimates on **the four scenarios put together by ADEME that would enable France achieve net zero emissions by 2050** ("Transition(s) 2050"). Regardless of the scenario, all estimates point to a need for local authorities to invest close to €10 billion per year between now and 2030.

In addition to these "climate investments", local authorities will also need to bolster their human resources and ensure that they have at least 25,000 employees specifically tasked with steering these investments, equating to a climate-specific payroll of around €1.5 billion. The dearth of human resources is particularly critical for the smallest local authorities, which lack the workforce and skills needed to plan and deploy the necessary climate actions.



**FIGURE 2: LOCAL AUTHORITY CLIMATE INVESTMENT: HISTORICAL AND MEETING SNBC NEEDS (ANNUALLY FOR THE PERIOD 2021-2030)**



Note 1: Historical investment corresponds to estimated average annual investments for 2020 and 2021. For two sectors (urban public transport and rail), only estimates from 2020 are included as 2021 data were not available.

Note 2: Historical investment is shown in current euros, while needs are expressed in constant euros for prices observed in recent years (2015-2019). In certain sectors, the projection includes price changes, for example due to economies of scale or learning gains.

## The National Low Carbon Strategy

The National Low Carbon Strategy ('SNBC') is France's roadmap to tackle climate change and achieve carbon neutrality by 2050. Introduced through the law of 17 August 2015 (No. 2015-992) on the energy transition for green growth (the 'LTECV'), it was revised in 2018-2019 and is again currently being revised.

The latest revision will align the SNBC with the European target to achieve a net reduction in greenhouse gas emissions of 55% by 2030 compared to 1990, in accordance with the European Climate Law (Regulation (EU) 2021/1119 of 30 June 2021). The existing version of the SNBC provides for a reduction of just 40%. The third version of the SNBC - 'SNBC 3' - is expected for the first half of 2024.

Find out more about the SNBC

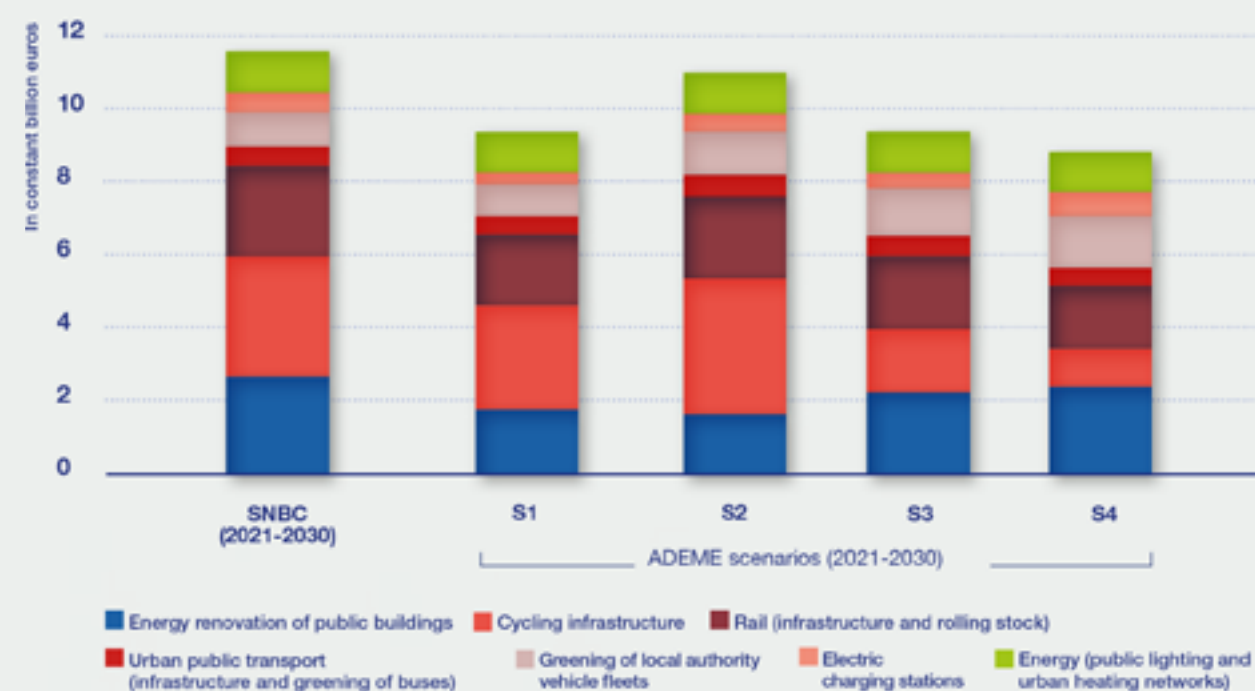
Read the complete study "Local authorities: the need for investment and human resources for carbon neutrality"



The mission of the Institute for Climate Economics (I4CE), a registered non-profit organisation founded by the Caisse des Dépôts and the Agence Française de Développement (French development agency - AFD), is to bring insight to the conversation that financial institutions, States and local authorities are having on climate-related policies.








**FIGURE 3: CLIMATE INVESTMENT NEEDS OF LOCAL AUTHORITIES UNDER DIFFERENT DECARBONIZATION SCENARIOS (ANNUALLY FOR THE PERIOD 2021-2030)**



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## EXAMPLES OF GREEN LOANS granted in 2022

Renewable energy	Sustainable water and sanitation management	Waste management and recovery	Soft mobility and clean transport	Energy-efficient construction and urban development
Creation of photovoltaic installations	Construction of a new water treatment plant	Reconstruction of a waste disposal facility	Creation of 7km of cycle lanes	Works to improve the thermal performance of high school buildings
The Morbihan 'SDE'	SYMISCA	The Thiérache du Centre association of municipalities	Department of Guadeloupe	Bourgogne Franche-Comté region
<p><b>Photovoltaic roofs on public buildings</b></p> <p>The Morbihan departmental electricity association (syndicat départemental d'électricité - 'SDE') has made the energy transition central to its operations. In 2022, it invested €3 million to install photovoltaic panels on the roofs of public buildings, representing a total capacity of 2 MW, pursuing the momentum gained in 2021 (27 installations with a similar capacity). Energy production from these installations equates to 2,165 MWh, i.e. the consumption of 866 households (excluding heating).</p>	<p><b>A water treatment plant at the cutting edge of environmental standards</b></p> <p>The joint association of the Cagnes-sur-Mer wastewater treatment plant ('SYMISCA') invested €87 million in the construction of a wastewater treatment plant covering the needs of 4 municipalities in the greater Nice area (74,200 inhabitants). The innovative "Aeris" plant is targeting BREAAAM certification and will be energy-positive thanks to its solar panels and the recovery of energy from sewage sludge.</p>	<p><b>A new waste sorting facility</b></p> <p>This community of municipalities invested €1.2 million to build a new waste collection centre in Nouvion-en-Thiérache. With a greater collection and sorting capacity, it is aimed at addressing the increase in the tonnage of household waste generated by users (26,108 inhabitants served) and optimising the sorting of recoverable materials. It will contribute to the collection of nearly 30 waste streams separately.</p>	<p><b>Infrastructure for active modes of transport</b></p> <p>This French overseas department has committed €6.5 million to develop and secure a 7km cycle lane on the RD 118 that connects Saint-François to the Pointe-des-Châteaux peninsula. The development of this cycle lane is part of the municipality's "Grand Site" operation to protect the biodiversity of the ecologically-sensitive Pointe-des-Châteaux site.</p>	<p><b>53% reduction in overall energy consumption</b></p> <p>The region has invested €5.6 million in the thermal renovation of 4 high schools: Marcs d'Or in Dijon, Mathias in Chalon-sur-Saône, Folerot in Belfort and Pergaud in Besançon. The works are expected to cut the schools' energy consumption by 53% on average. They have secured the "BBC Effinergie Rénovation" label, which sets strict energy sobriety targets (reduction of at least 40% in consumption).</p>
				
€3m	€2,5m*	€1m	€5m	€5.6m

\*In 2022, A total of €23 million in financing has been provided for this investment.



# EXAMPLES OF SOCIAL LOANS granted in 2022

Healthcare, social and family welfare	Sport, culture and community life	Development and territorial cohesion	Public health institutions	
Construction of a medical centre	A future social-cultural centre	Urban renewal in a disadvantaged area	Extension of a university hospital	Baureals and NEMAU projects
Secondigny	Sarcelles	Montpellier Méditerranée Métropole	Reims University Hospital	Hospices Civils de Lyon
<p><b>Maintaining medical services in rural areas</b></p> <p>In 2022, the municipality of Secondigny (1,887 inhabitants) launched the construction of a medical centre at an overall cost of €1.6 million. This 637 sqm multidisciplinary centre is expected to host a dozen health professionals (doctors, dentists, physiotherapists, etc.). It will help maintain a medical service in this rural part of the French department of Deux-Sèvres.</p>	<p><b>A cultural centre for everyone</b></p> <p>The municipality of Sarcelles, located in Seine-Saint-Denis, wanted to convert an old building dating from 1895 into a new social-cultural centre for local residents. With this €5.5 million investment, the Cèdre Bleu centre will enable all audiences, from all walks of life, to avail of activities developed by the art school (painting, drawing, etc.), the municipal conservatory (music, dance, etc.) and the media library (reading).</p>	<p><b>A key urban and social transformation issue</b></p> <p>The Montpellier Méditerranée Métropole intercommunal structure is investing €97 million over 5 years in the urban renewal of the Mosson neighbourhood (21,817 inhabitants). These major investments are part of the new national urban renewal programme led by the <i>Agence Nationale de Rénovation Urbaine</i> (French urban renewal agency). They will make the area a nicer place to live, restore balance to the city and boost the neighbourhood's appeal.</p>	<p><b>A large-scale real estate project</b></p> <p>Reims University Hospital is investing €230 million (excluding equipment) in the extension of a hospital building to treat cardiovascular, respiratory, digestive/urology and musculoskeletal disorders. Spanning 58,122 sqm, the new building will house a total of 476 beds and places together with the associated technical services and consultation and functional exploration activities.</p>	<p><b>Two major development projects</b></p> <p>The Baureals project, under preparation since 2017, is aimed at modernising the critical care services, emergency service and operating theatres at Lyon Sud hospital. It will namely involve restructuring (15,000 sqm) and extending (11,500 sqm) the surgical centre's technical services. The NEMAU project involves extending the obstetrics/neonatal building at Croix-Rousse Hospital.</p>
				
€0.6m	€3.5m	€10m	€100m	€30m



### Supporting competitiveness and job creation in French regions

Since 2015, Sfil has been tasked by the French government with **boosting the attractiveness of French exporters in international markets**. Sfil provides a refinancing service that complements services offered by Bpifrance Assurance Export, the French export credit agency which has been responsible since 2017 for managing public guarantees for export in the name and on behalf of the State, a mission previously entrusted to Coface.

The eligibility of a project for French export credit financing is determined by the share of services performed in France under the sales contract (the "French share"). This "French share" measures the direct contribution of the contract to an increase in French GDP. Accordingly, the ultimate objective of the export credit activity, beyond the international **competitiveness of French companies, is to perpetuate and develop an exporting industrial fabric that can create jobs in our regions**.

The export credit activity hence contributes to the achievement of SDG 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 productivity of economies through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors*".

The amounts drawn to date on the 22 export credit refinancing arrangements set up by Sfil have enabled €5.4 billion to be injected into the French economy (services provided under contracts performed in France), of which €1.4 billion in 2022.

Financed projects can also contribute to achieving other SDGs. At 31 December 2022, **nearly one third of the export projects refinanced since the scheme was set up, i.e. 7% of commitments transferred**, contributed to the achievement of one or more SDGs in addition to SDG 8 (e.g. "La Côtière" road in Côte d'Ivoire described on page 43).

The other goals pursued through the export credit activity are to:

- support **economic sovereignty** by controlling the value chains and key technologies and by boosting innovation;
- pursue investment in the defence technological and industrial base, guaranteeing France's and Europe's **strategic independence**;
- support the **energy transition** in the various export sectors in line with the Paris Agreement.



### Integrating high environmental and social standards

Export credit transactions are framed by a set of rules contained in the Arrangement on Officially Supported Export Credits issued by the OECD (Organisation for Economic Cooperation and Development) and in the related recommendations. In accordance with this arrangement and the related recommendations, which France has undertaken to fully comply with, French export credit transactions **adhere to strict rules on environmental and social standards, anti-corruption measures and debt sustainability for borrowers**.

In particular, under the terms of the 2016 recommendation on common approaches for officially supported export credits and environmental and social due diligence (OECD/LEGAL/0393),

#### OECD/LEGAL/0393, PARAGRAPH 13:

"Adherents should undertake an environmental and social review of projects, in accordance with the international standards applied to the project [...], consisting of: (i) benchmarking of the project's environmental and social performance against the relevant aspects of the international standards applied to the project; and (ii) consideration of measures that can be taken to prevent, minimise, mitigate or remedy adverse impacts and/or to improve environmental and social performance, as appropriate to the size of the relevant parties involved in the project, the context of their operations, the nature and extent of potential adverse impacts, the international standards applied to the project, and the significance of the Adherent's share in the overall project."



The international standards mentioned in the previous paragraph namely include:

- the World Bank's 11 environmental and social policies ;
- the International Finance Corporation's 8 environmental and social performance standards ;
- the World Bank's Environmental, Health and Safety (EHS) Guidelines .

As the French export credit agency and manager of public guarantees for export in the name and on behalf of the State, Bpifrance Assurance Export ensures that the multilateral framework for regulating public intervention in support for exports is duly applied by including in its impact analysis:

- the environmental and social risks;
- protection and respect for human rights;
- anti-corruption measures;
- transparency, predictability and accountability in decision-making.

Sfil, which only refinances export credits that are insured by Bpifrance Assurance Export, systematically ensures during the application review process:

- that the Bpifrance Assurance Export requirements with respect to the OECD Arrangement and other related OECD recommendations governing export credits are met;
- that these requirements are indeed enforceable against the debtor so that the export credit can be suspended or terminated early if the debtor fails to honour its commitments regarding mitigation of environmental and social impacts or anti-corruption measures.

Most of Sfil's banking partners (22 out of 27) are also signatories to the Equator Principles, a set of provisions, updated in July 2020, intended to provide a basis and a common framework for financial institutions for determining, assessing and managing environmental and social risks when financing projects . To date, all the export transactions refinanced by Sfil have involved a bank that is a signatory to the

Equator Principles and are therefore compliant with these principles.

Lastly, where projects may have a high environmental and/or social impact, an ex-ante impact analysis is carried out by an independent expert mandated by the banking syndicate, which may result in (if necessary) the implementation of an environmental and/or social impact management plan detailing how these

impacts will be avoided, minimised and controlled so that the residual impacts are kept within levels that are acceptable for the environment and local population.

This protective framework of standards will help ensure that export projects financed by Sfil do not cause significant harm to the environment or populations.

### Accelerating the energy transition through enhanced requirements

The French climate plan, which Sfil supports, has introduced stricter environmental and social requirements and maps out a trajectory for the end of public guarantees for fossil energy projects, starting in 2025 for projects to drill new oil fields and in 2035 for projects to exploit new gas deposits. It also provides for a halt in support for the financing of thermal power plants that have an adverse impact on the recipient country's energy mix.

The exit from fossil energy projects was accelerated by the 30 December 2022 initial Budget Act for 2023 (Loi de finances initiale - 'LFI 2023'). This Act contained a provision that stipulated that France would stop granting guarantees to export projects in coal, oil and gas on 1 January 2023:

**'LFI 2023', ARTICLE 152:** "The State guarantee provided for in this article may not be granted for the purpose of exporting goods and services for operations whose direct purpose is the exploration, production, transport, storage, refining or distribution of coal or liquid or gaseous hydrocarbons as well as the production of energy from coal, with the exception of operations that have the effect of reducing the harmful environmental impact or improving the safety of existing installations or their impact on public health, without increasing their lifespan or production capacity, or that are aimed at dismantling or repurposing such installations."

Moreover, France is one of the founders of the Export Finance for the Future (3EF) initiative, which aims to better integrate climate policy objectives into export financing.





## Renovation of the “La Côtère” road in Côte d’Ivoire

Sfil participated in financing €68 million for the renovation of the “La Côtère” road between Grand Lahou and Fresco in Côte d’Ivoire. La Côtère is a 332km road that runs along the coast of the Gulf of Guinea and connects Abidjan to San Pedro, the largest cocoa port in the world. Its renovation will considerably reduce travel times between the two cities, lower the accident rate, ease congestion and reduce traffic-related pollution. The project will also contribute to the opening-up of the areas the road passes through. With 25% of the road going through villages and inhabited areas, its renovation will give residents in these areas access to more reliable and efficient transport infrastructure. This will boost economic development in the area by enabling the construction of more than 4,000 new housing units. The project will go some way to achieving two key sustainable development goals:



• SDG 9 / Target 9.1: “Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”.

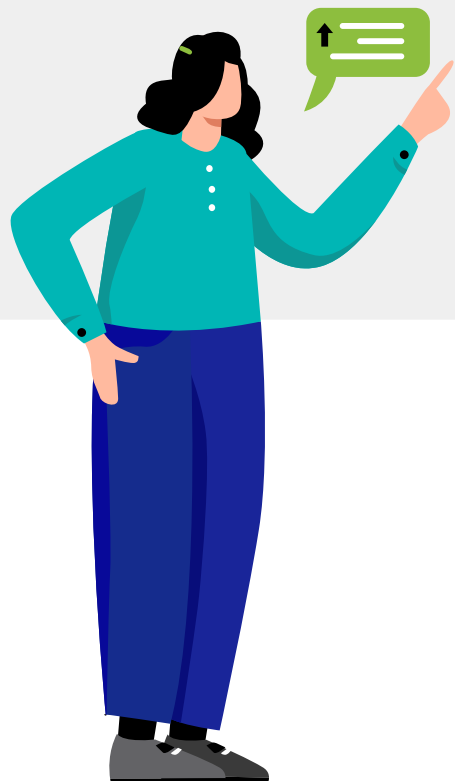


• SDG 8 / Target 8.1: “Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries”.



## OUTLOOK FOR 2023

- Extending export intervention procedures to the refinancing of sustainable projects benefiting from credit insurance provided by Member States of the European Union or multilateral institutions (subject to prior authorisation by the European Commission).
- Identifying export credit assets eligible for the new Green, Social and Sustainability Bond Framework.





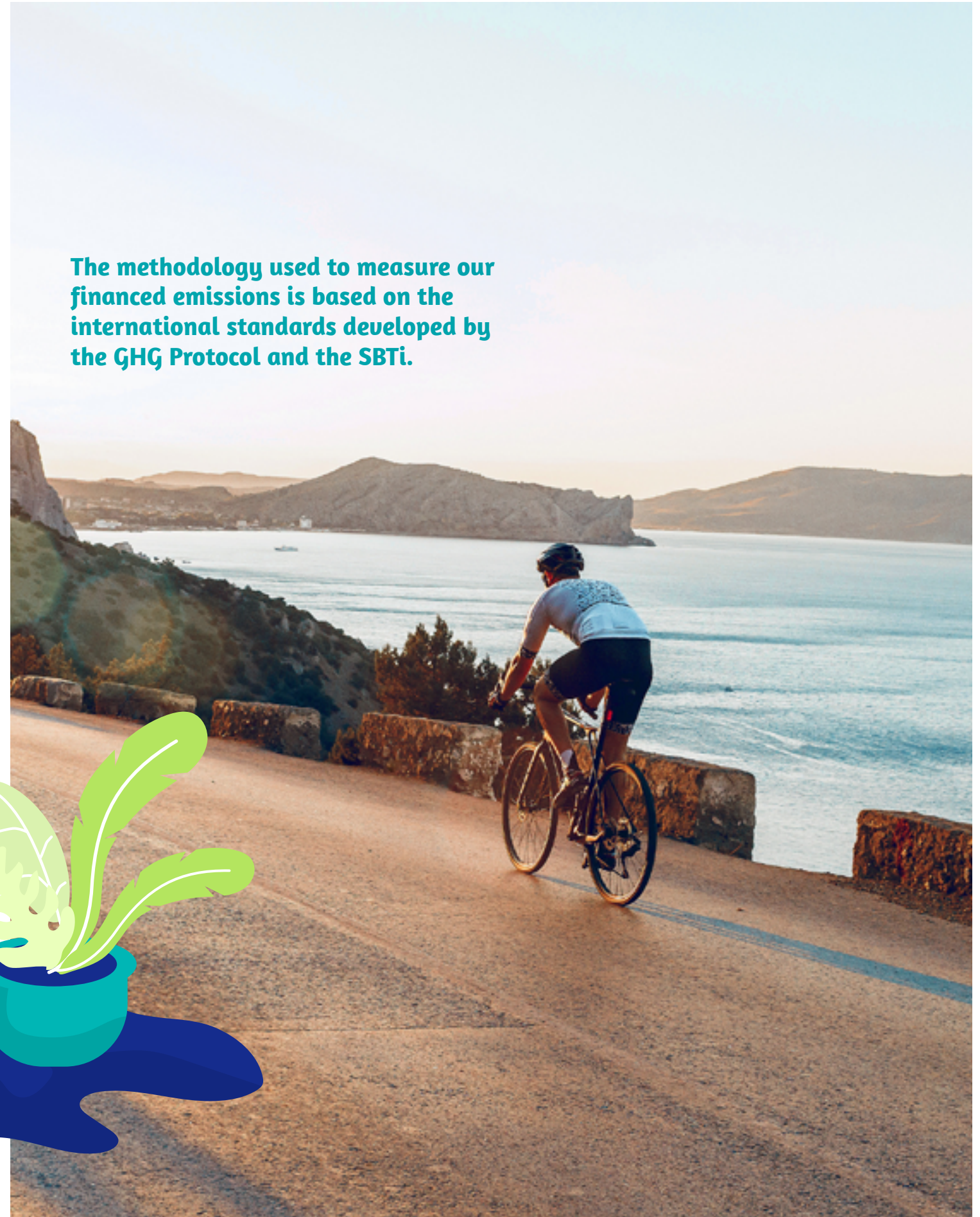
# In 2022, Sfil started measuring its financed emissions

That is to say, greenhouse gas (GHG) emissions from held financial assets. This mainly relates to the carbon footprint of loans to the local public sector and export credit transactions, which accounted for 79% of our financing portfolios at 31 December 2021. This step is the starting point for designing decarbonization pathways, set to be aligned with France's low carbon strategy (the SNBC) and the Paris Agreement.

The methodology used to measure our financed emissions reflects international standards developed by the Greenhouse Gas (GHG) Protocol and the Science Based Targets initiative (SBTi). Within the GHG Protocol, the PCAF (Partnership for Carbon Accounting Financials) standard specifies principles to be applied by financial undertakings when calculating indirect scope 3 emissions generated by their financing and investments (category 15). Emissions may be disclosed in absolute terms and based on intensity.

The projects in which Sfil's borrowers invest generate GHG emissions. Accordingly, to be accurate, the proposed methodology must use a bottom-up approach and requires reviewing the financed projects.

The methodology used to measure our financed emissions is based on the international standards developed by the GHG Protocol and the SBTi.



Methodology applied to the local public sector

As mentioned above, most loans to the local public sector are currently general loans used to finance investment budgets, unlike green or social loans, for which the use of proceeds is known. As a result, there is a lack of physical data on the investments financed, especially as the local public sector is not subject to a non-financial information disclosure requirement. We considered this specificity by preparing a three-step method for measuring financed emissions of general loans (i.e. not taking into

account green and social loans) to French local authorities and their groupings. This involves:

- 1 - Segmenting the portfolio into types of counterparties and identifying the activities they carry out within their statutory remit.
- 2 - Assigning a relevant monetary emissions factor to each of the activities carried out based on data available from ADEME and the GHG Protocol (CEDA data archive).

3 - Calculating the intensity and absolute emissions of each type of counterparty, factoring in upstream scopes 1, 2 and 3 emissions (construction) and downstream scope 3 emissions (use) of the underlying investments.

The results are then annualised and applied to general loans. For known-use-of-proceeds, the GHG emissions of the underlying financed investments (upstream scopes 1, 2 and 3 and downstream scope 3 emissions) have been assessed based on:

- data derived from the characteristics of projects in renewable energy (installed energy capacity), soft mobility (mileage of transport

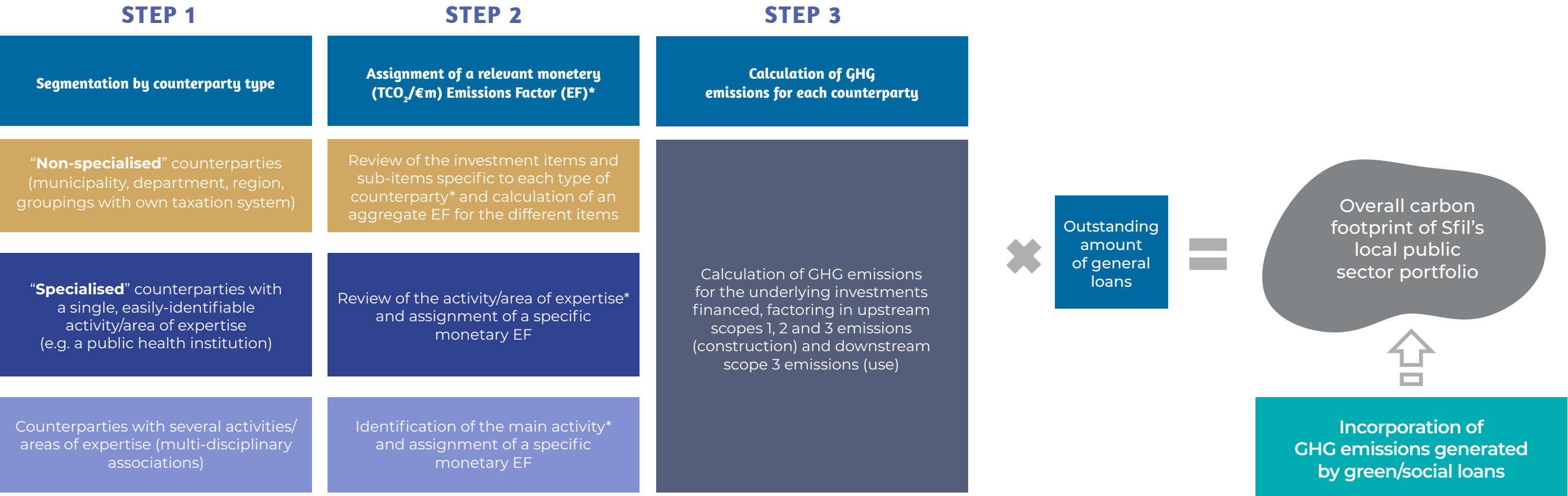


routes) and energy efficiency in construction (consumption of primary energy);

- data available from ADEME and the GHG Protocol on water management and waste management, and for social loans.



The GHG emissions caused by the known-use-of-proceeds loans are then added to the generic measurement of financed emissions for the general loans granted to the local public sector.



\* Taken from the ADEME carbon database or the CEDA GHG Protocol third party approved database



### Methodology applied to export credit transactions

Sfil's export credit portfolio is characterised by a diverse range of financed projects in energy (conventional and renewable), hydrocarbons, infrastructure (electrical, road), naval construction, aeronautical construction and defence. To date, financed emissions have been measured across the entire portfolio, except for exposures in the defence sector.

In accordance with the PCAF guidelines, we assess, for each project, the CO<sub>2</sub> emissions that will be generated over the entire life cycle of the underlying project financed: upstream scope 3 corresponds to emissions generated by the construction phase, scopes 1 and 2 to emissions generated directly during the project's operating phase, and lastly, downstream scope 3 emissions are also taken into consideration when they are significant (category 3-11: use of sold products).

The sum of these emissions is then annualised over the project's life cycle and allocated to Sfil in proportion to our outstanding loans relative to the total cost of the project.

### Mapping out a decarbonisation pathway

Following on from the measurement of our GHG emissions, we will work on setting quantitative GHG emissions targets (interim targets in 2030, long-term targets in 2050) in order to design a transition plan in line with the 1.5°C objective set in the Paris Agreement. This plan will be based on the aggregation of sectoral pathways derived from pre-selected reference scenarios, such as the International Energy Agency's (IEA) scenario or the SNBC selected based on their relevance for the specific characteristics of our financing activities. These low-carbon pathways will cover at least the most carbon-intensive sectors where Sfil has exposures.

At 31 December 2022, our direct exposures to the economic sectors that highly contribute to climate change<sup>1</sup> amounted to €4.6 billion, equating to 8% of our outstandings<sup>2</sup>. We are mainly exposed to the public administration and healthcare sectors, which together represent €54.5 billion, i.e. 92% of our outstandings, as shown in the chart opposite. Note that the exposures to the public administration sector include investments by local authorities in construction, transport, water management and sanitation.

In addition, in accordance with our exclusion policy, we will eventually no longer have any exposures to the fossil energy sector.

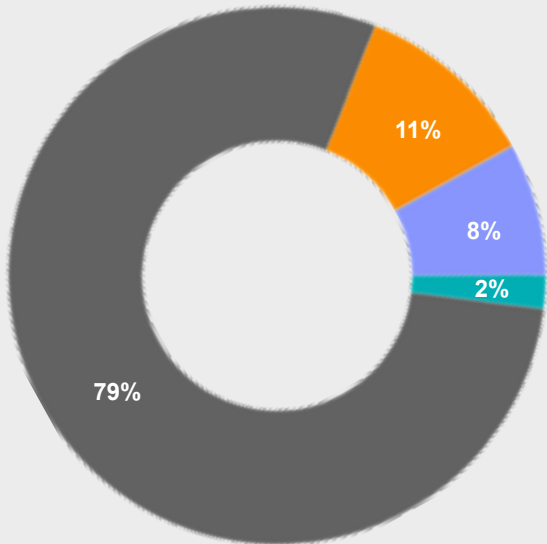
We do not have any exposure to counterparties who have been identified by the Carbon Majors Database<sup>3</sup> among the most carbone-intensive firms.

(1) Sectors listed in Annex I, Sections A to H and Section L of Regulation (EC) No. 1893/2006, including mining and quarrying, construction and transport.

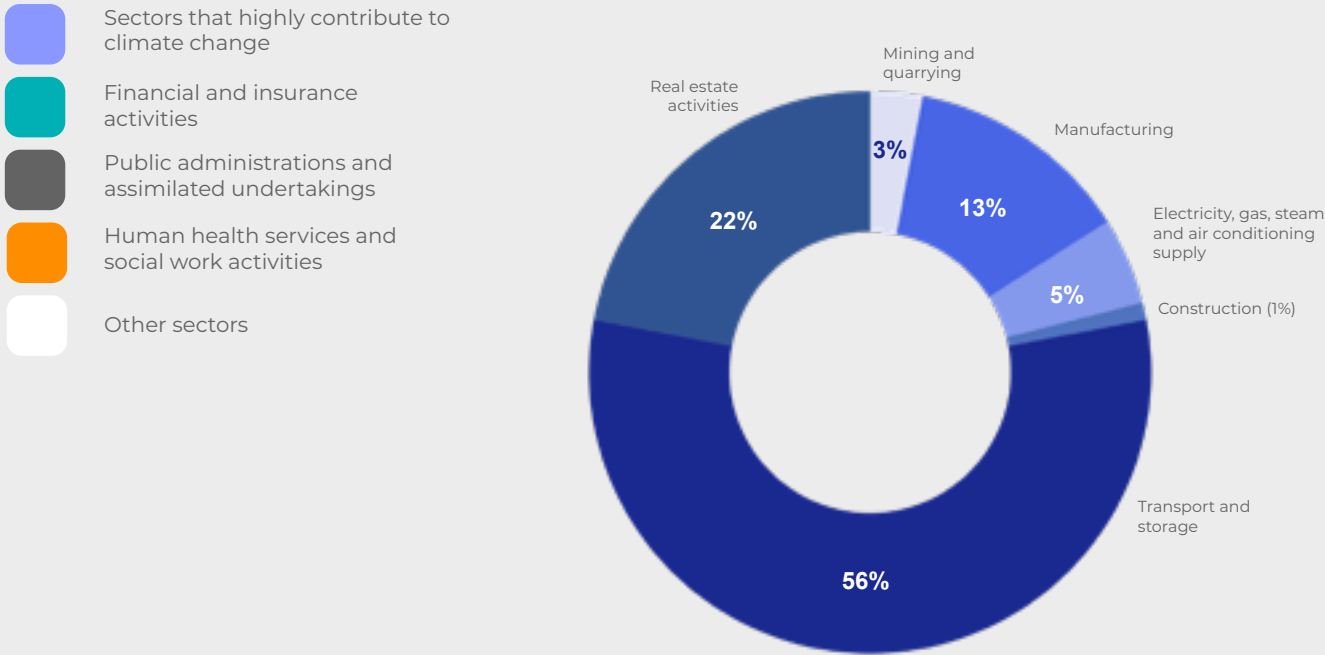
(2) Based on the net carrying amount of securities and loans and advances in the consolidated balance sheet as at 31 December 2022, i.e. a total amount of €59.1 billion.

(3) Source: CDP, The Carbon Majors Database. CDP is an international non-profit organisation, formerly known as the Carbon Disclosure Project, which holds the largest global database on the environmental performance of cities and businesses.

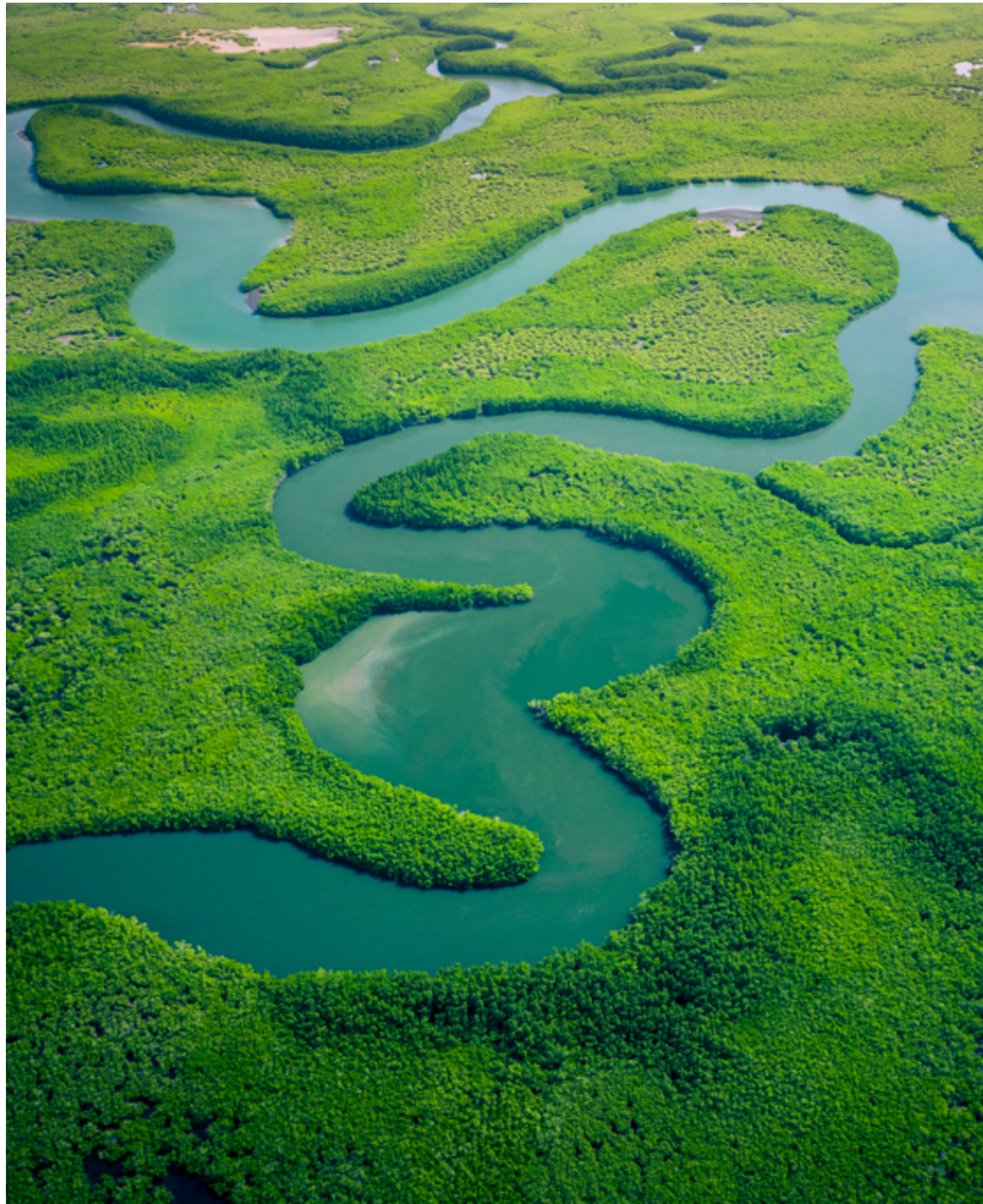
BREAKDOWN OF EXPOSURES



DISTRIBUTION OF EXPOSURES TO SECTORS THAT ARE HEAVY CONTRIBUTORS TO CLIMATE CHANGE







## OUTLOOK FOR 2023

- First quantitative results of financed emissions measurement and extension of the project with (i) fine-tuning of the calculation method for emissions generated by general loans and (ii) integration of the cash investment portfolio
- Designing a transition plan to align the loan portfolios with the Paris Agreement







SECTION

# 3

**Increased integration of  
sustainability matters into**

## OUR INTERNAL POLICIES

- 3.1 Controlling our impact on the climate and the environment
- 3.2 Promoting social progress through our human resources policies
- 3.3 Raising corporate commitments and staff awareness on sustainability matters

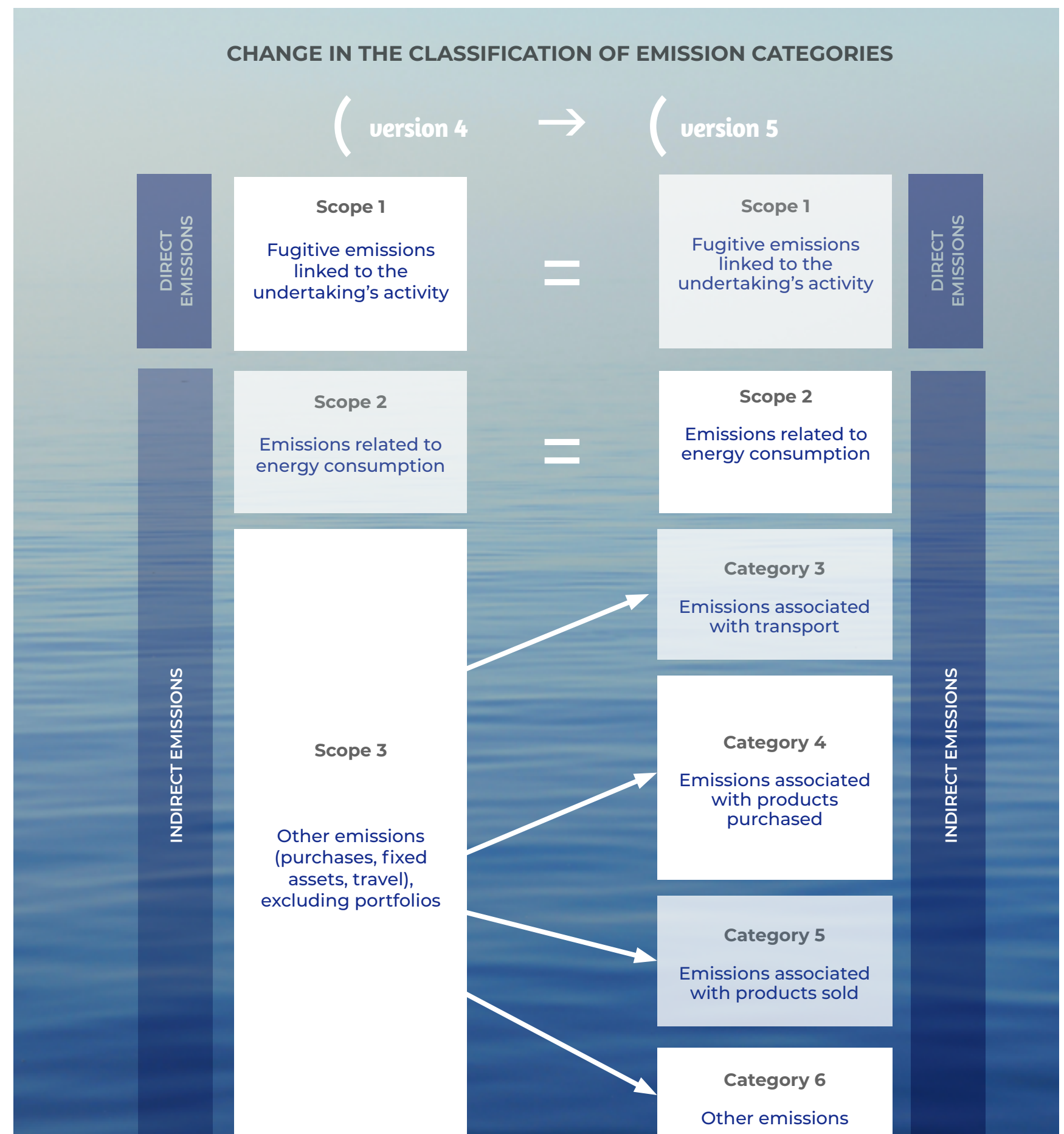
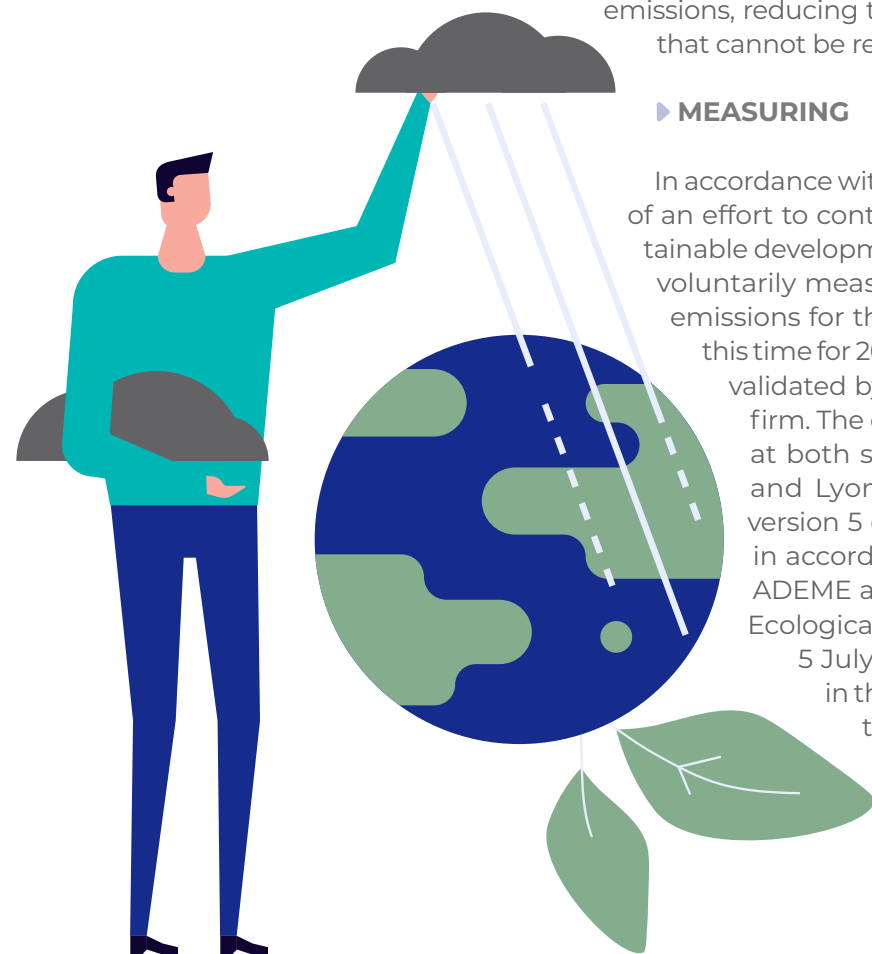
# Our actions to limit our environmental footprint

## Measuring, reducing and offsetting our carbon footprint

At Sfil, we are very conscious of the importance of limiting the environmental footprint of our activity and our internal operations. We are committed to taking deliberate actions to contribute to a net zero emissions trajectory through three key focuses: measuring our emissions, reducing them and offsetting those that cannot be reduced.

### ► MEASURING

In accordance with its roadmap, and as part of an effort to continuously improve its sustainable development approach, in 2023 Sfil voluntarily measured its greenhouse gas emissions for the third consecutive year, this time for 2022. The methodology was validated by a specialised consulting firm. The emissions were measured at both sites (Issy-les-Moulineaux and Lyon). For this, Sfil followed version 5 of the method developed in accordance with ISO 14064-1 by ADEME and the French Ministry of Ecological Transition, published on 5 July 2022. To reflect changes in this standard, the presentation of the results includes the new classification, which incorporates six categories of emissions items (see the table opposite).





In 2022, the direct and indirect greenhouse gas emissions linked to our operational scope came to **6,460 tonnes of CO<sub>2</sub> equivalent<sup>1</sup> (tCO<sub>2</sub>e)**, excluding financed emissions. They amounted to 5,390 tCO<sub>2</sub>e in 2021 across the same scope.

This increase can be explained by a **return to normal business with the end of the Covid-19 crisis**, and by the implementation of the new 2021-2026 strategic plan, which required the simultaneous launch of several key projects: measurement and consideration of portfolios' carbon footprint, integration of climate and environmental risks, optimisation of operational efficiency, move to a new head office (scheduled for June 2023) and introduction of new working methods. Sfil sought support from recognised experts outside our organisation to help us with each of these key projects, leading to **a significant increase in emissions from purchased products in 2022 (+1,050 tCO<sub>2</sub>e, or +22%)**, which accounted for the bulk of the overall increase. Category 4 (purchased products), which includes this item, accounts for 96% of the bank's emissions, excluding financed emissions.

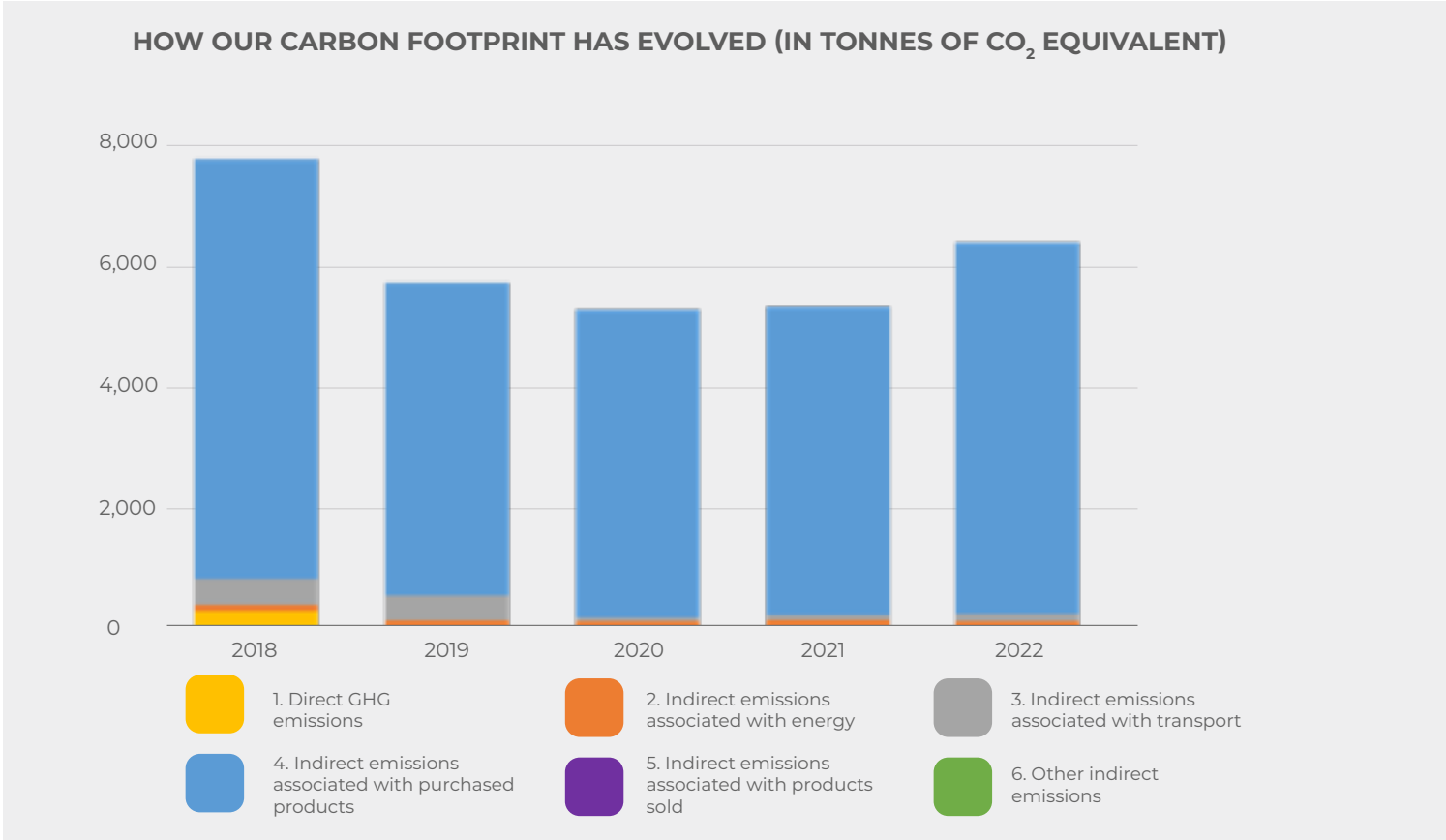
Over the rest of the operational scope, i.e. excluding purchases, measurements shows that Sfil succeeded in **controlling the increase in its carbon footprint (+20 tCO<sub>2</sub>e, i.e. 3%). This was despite the upward momentum of the recovery in business following the end of the Covid-19 crisis**, which was accompanied by a doubling of on-site staff presence in 2022 compared to 2021.

For the near term, one of Sfil's main objectives is to incorporate all indirect emissions, including those relating to financing and investment portfolios, into its next carbon footprint assessment.

► REDUCING

The stabilisation of Sfil's emissions (excluding purchases) at levels well below those observed before the pandemic is attributable to a number of energy sobriety and efficiency measures taken in recent years:

<sup>(1)</sup> A tonne of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) is a unit of measure introduced by the IPCC in 1990 to be able to add together the emissions of different greenhouse gases in proportion to their contribution to climate change.



- the travel policy introduced in 2019 helped limit greenhouse gas emissions relating to the resumption of business travel, by encouraging employees to travel by train rather than by air;
  - the entry into force of the remote working agreement in 2021 had a positive impact on commuting-related emissions by keeping them well below pre-pandemic levels. In terms of means of transport, 2022 saw a return to a standard breakdown, with a quarter of trips being made in private vehicles and three-quarters using public transport;
  - the “Bord-de-Seine 2” building, which houses Sfil's head office in Issy-les-Moulineaux, retained HQE “commercial buildings in operation” certification in 2022 in terms of management and sustainable use. The Lyon site has BREEAM<sup>2</sup> and HQE Sustainableitions;
- energy efficiency measures were introduced in 2022, namely with the Ecowatt alert system (see description on next page), which Sfil signed up to in October 2022;
  - a policy of renewing our installed base of IT hardware has been conducting, replacing heavy workstations with less carbon-intensive solutions that are better suited to new working methods;
  - Sfil remains committed to the 100% renewable energy option for both of its sites under a contract with EDF Entreprises, through which EDF has undertaken to inject into the grid a quantity of renewable energy that matches 100% of the quantity of electricity consumed.

<sup>(2)</sup> the Building Research Establishment Environmental Assessment Method, which was developed by the Building Research Establishment, a private UK building research organisation.



In order to pursue a strategy of controlling its emissions in keeping with the French low carbon strategy ('SNBC'), Sfil will continue its efforts to maintain its carbon footprint at a comparable level across operational scope. The move in June 2023 to the Biome eco-friendly building, which meets high environmental standards, should help Sfil to achieve this goal. Environmental considerations have been a key focus of the Biome project from the design/construction phase, reflected in the use of low-carbon concrete, the reuse of demolition materials and the incorporation of 3,000 sqm of planted areas, enabling it to target several environmental certifications and labels: HQE 2015 'Exceptional', BREEAM 'Excellent', LEED, Biodiversity and BBCA renovation.

Sfil is also taking great care to limit the environmental impact of its operations and has introduced **resource conservation measures (water, paper and waste)**.

Thus the consumption of ink and paper has been reduced in the past four years, cutting the paper purchases from 3,200 reams in 2018 to 1,090 reams in 2022 (-66%) and reducing the number of pages printed from 2.7 million in 2018 to 0.78 million in 2022 (-71%). Even so, the recovery in business following the end of the Covid-19 crisis triggered a sharp increase in both of these indicators in 2022 compared with the levels observed in 2021 (710 reams and 0.64 million pages respectively).

In terms of waste, Sfil has introduced sorting bins for glass, together with cigarette butt recycling containers at the entrance to its head office in an effort to boost sorting volumes and raise employee awareness. In 2022, the system for collecting and recycling cans, coffee capsules, cups, bottle caps<sup>1</sup> and plastic bottles at our Issy-les-Moulineaux site resulted in the recovery of 449kg of waste, equating to 561kg of CO<sub>2</sub> equivalent. This collected waste is recycled into environmentally-friendly insulating material to be used in buildings or in everyday products.

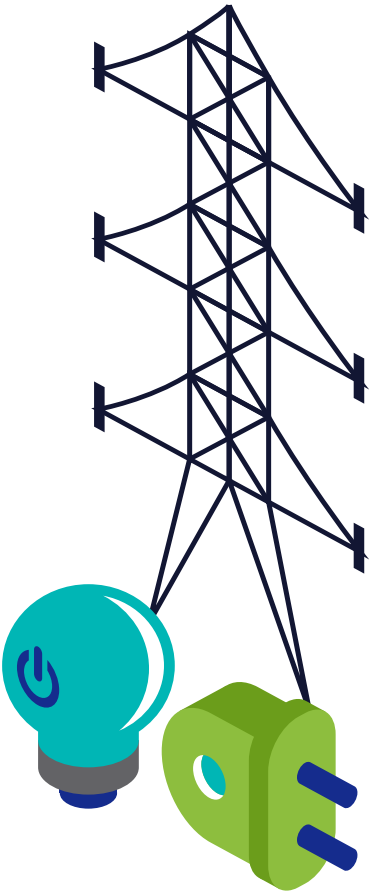
Lastly, Sfil took a sustainable purchasing policy even further in 2022 by introducing stricter requirements for its suppliers and by being particularly attentive to their CSR commitments.

<sup>(1)</sup>Collected bottle caps are given to a specialised association that resells them to recycling firms and uses the proceeds to partly fund equipment for people with a mobility impairment and/or a disability.

### Ecowatt

Sfil understands energy-related constraints and the need for everyone to play their part, which is why it joined the Ecowatt initiative in October 2022. Following recommendations made by the French electricity transmission system operator RTE, Sfil is taking action to mitigate the impact of its activities on the environment and to set an example in the use of its buildings. This has enabled Sfil to participate in the national effort by taking concrete action at peak winter consumption times to secure France's electricity supply. Therefore concrete steps have been taken to cut electricity consumption by between 15% and 20%:

- indoor temperatures are now capped at 19°C during winter, in accordance with ADEME recommendations;
- the lights on exterior sign are no longer turned on;
- the lighting in some non-essential common areas of premises is no longer left on.





► OFFSETTING

On top of the actions already undertaken to cut carbon emissions, in December 2021 Sfil has concluded an agreement with Société Forestière, also a subsidiary of the Caisse des Dépôts, with a view to voluntarily offsetting part of its residual carbon emissions for 2020, specifically all of residual scope 1, 2 and 3 emissions (excluding purchases of goods and services).

In 2022, Sfil wanted to extend its partnership with Société Forestière in order to offset its residual carbon emissions for 2021 **(the results of 2021 carbon footprint are included in 2021 CSR report)**.

For example, in 2022, Sfil helped replant a lost area of forest. A total of 7,285 trees were planted, chosen from species that were compatible with the surrounding ecosystem. This project, which will be certified “low carbon” by the French Ministry of Ecological Transition, will capture the equivalent of 1,320 tonnes of CO<sub>2</sub> and have co-benefits in terms of socioeconomic effects, soil preservation and biodiversity.

It is important to note that, in accordance with the carbon accounting system, offset emissions are not deducted from the carbon footprint.

In addition, funds raised in 2022 through the “salary rounding” scheme offered to employees went towards several concrete ecosystem rehabilitation and reforestation missions carried out by an association named Planète Urgence. A total of 927 trees were planted thanks to the support of Sfil's employees.

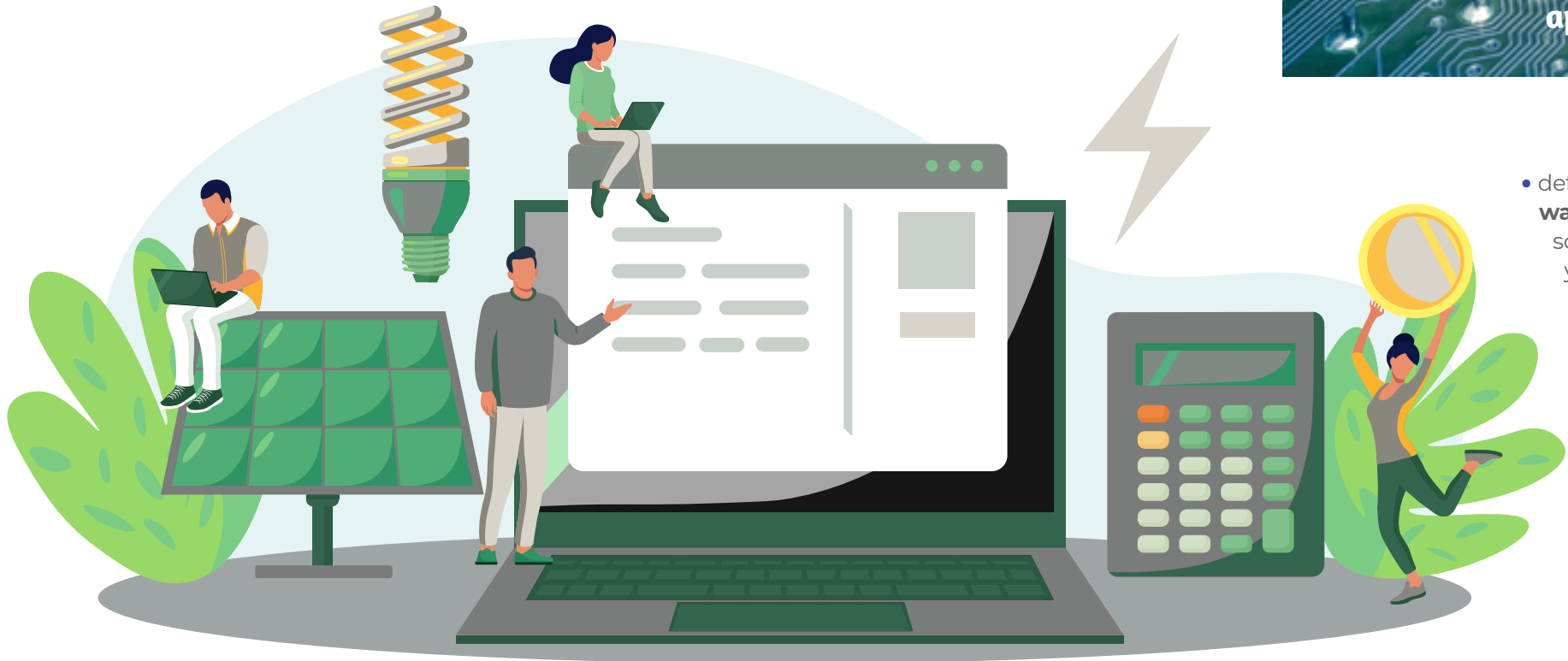
Digital sobriety

In 2021, Sfil cemented the “Responsible Digital” approach initiated in 2020 by applying the Green IT benchmark to measure the environmental impact of its information system using a life cycle assessment (LCA), which complements our carbon footprint analysis and is primarily based on quantitative data.

This has enabled us to identify 3 priority areas for progress and continuous improvement, particularly in view of the head office move scheduled for June 2023:



2021 saw us give concrete form to the “Responsible Digital” approach we initiated in 2020 with the application of the “Green IT” benchmark.



- defining a **more sustainable IT hardware policy**. As part of this, Sfil took some major initiatives during the year with the virtualisation of heavy workstations, the rationalisation of IT stock in preparation for its move to a new head office and a “soft phone” project that enabled employees to move away from standard phone sets;
- pursuing a **sustainable IT policy**. Essential mobile phone and laptop purchases were made on the basis of multi-criteria scales that factored in sobriety factors. All computers purchased or replaced in 2022 are TCO- and EPEAT-certified, guaranteeing that their manufacturing process has incorporated environmental considerations and criteria such as energy consumption, the absence of hazardous substances and the computers’ life cycle.
- rolling out an **eco-design training plan** for all IT developers and architects. The plan to overhaul Sfil's intranet site was used as a textbook example to train the entire eco-design project team and develop a site in accordance with these best practices.

Responsible purchasing

Relationships with suppliers and subcontractors are consistent with the principles laid out in Sfil’s code of ethics and professional practice. In other words, they are based on mutual loyalty and promote ethical conduct throughout the relationship. Sfil firmly believes that a collective approach is needed to build a sustainable future. We are hence committed to pursuing a responsible purchasing policy and are steadily taking this approach even further. In 2021, Sfil became a signatory to the responsible supplier relations charter overseen by the French business ombudsman and the *Conseil National des Achats* (national purchasing board - CNA). By signing this

charter, Sfil is asserting its commitment to maintaining a balanced and sustainable relationship with suppliers (see the 10 undertakings below).

In keeping with purchasing policy, which states that Sfil will seek to promote sustainable and socially responsible purchasing whenever its various constraints allow to do so, Sfil takes great care when choosing suppliers and throughout its relationship with them and their subcontractors. When Sfil conduct consultations with prospective service providers, its final decision will hinge on them upholding ethical and socially responsible values, and specifically their commitment to undertaking a carbon footprint analysis. As for providers



of intellectual services, which make up nearly a third of Sfil's purchases, internal supplier assessments factor in the social ethics perceived through the services provided.

An **annual CSR questionnaire** is adressed to the main listed suppliers that covers social, environmental, corruption and governance topics. The responses provided to these questionnaires inform Sfil's decisions, particularly for service renewals, and facilitate ESG-related monitoring and a dialogue with suppliers over the course of the contract. In 2022, more than 80% of Sfil's main listed suppliers responding to the questionnaire reported that they had adopted a sustainable development policy, with nearly half of them saying that they were members of the United Nations Global Compact.

Sfil regularly calls on the services of **businesses operating in the sheltered employment sector**. These organisations receive financial aid to help them employ a proportion of disabled workers in an ordinary work environment. Since 2020, Sfil has been partnering with a digital services company that employs people with autism; in 2022, Sfil began working with a company specialising in the sheltered employment sector with

a view to supporting employees who wish to have their disabled status recognised.

Sfil is eager to **support the French economy** and promote local know-how, which is why the vast majority of its suppliers are located in France.

Lastly, in following on from its signature of the responsible supplier relations charter in 2021, Sfil finalised its own **Responsible Purchasing Charter** at the end of 2022. By asking its suppliers to sign this charter, Sfil is asking them to be engaged in a process that involves three key principles:

- promoting, respecting and defending human rights in the workplace;
- protecting and respecting the environment;
- combating corruption.

In 2022, Sfil also continued to enhance its **anti-corruption due diligence actions** towards its suppliers. This involved overhauling the procedure implemented in 2019 and rolling out a scoring scale, with a view to introducing an automated monitoring system in 2023.

THE 10 UNDERTAKINGS

in the responsible supplier relations charter

- 01

Engage in a responsible financial relationship with suppliers
- 02

Foster collaboration between large customers and strategic suppliers
- 03

Reduce the risk of reciprocal dependency between customers and suppliers
- 04

Involve major customers in their sector
- 05

Assess the total cost of a purchase
- 06

Integrate environmental considerations
- 07

Ensure that one’s organisation pursues a local CSR policy
- 08

Purchasing: a function and a proces
- 09

Beyond purchasing: global steering of supplier relations
- 10

Establish a consistent buyer remuneration policy



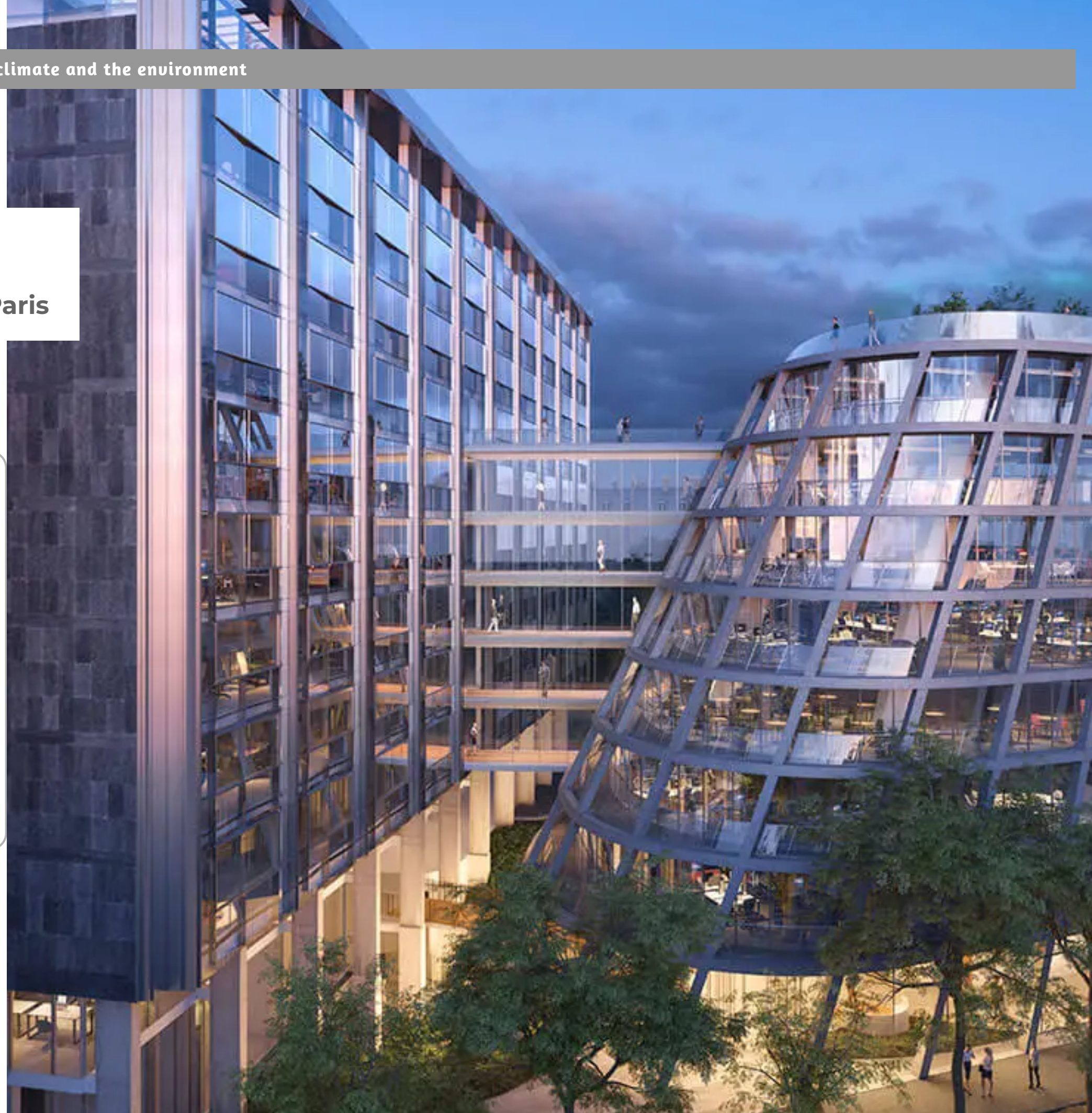
OUTLOOK FOR 2023

- Moving the head office to Biome (15<sup>th</sup> arrondissement of Paris), an eco-friendly building built to high environmental standards.
- Gradually rolling out Sfil's Responsible Purchasing Charter.



**THE SFIL HEAD OFFICE  
FROM JUNE 2023  
15<sup>th</sup> *arrondissement* of Paris**

The Biome building is a benchmark in terms of environmental performance and is in keeping with Sfil's core purpose and its environmental commitments.





# Sfil's guiding principles for human resources

The guiding principles in the area of human resources are embodied in the fundamental principles laid down by law and in international treaties, including the Universal Declaration of Human Rights, the Ten Principles of the United Nations' Global Compact and the International Labour Organization's (ILO) conventions. They also comply with the French labour code (Code du travail), into which European labour laws and the eight fundamental ILO conventions have been transposed<sup>1</sup>.

## Supporting employees day after day

### ► SOCIAL DIALOGUE AND EMPLOYEE REPRESENTATION

Social dialogue plays an essential role in its organisation, with consultations and information enabling Sfil to move forward with its collective project. In accordance with the fundamental principles mentioned above and the French labour code, Sfil ensures that its staff have freedom of association, be it professional or political.

<sup>(1)</sup> Conventions on forced labour, on the freedom of association and protection of the right to organise, on the right to organise and collective bargaining, on equal remuneration, on discrimination (employment and occupation), on the minimum age, on the worst forms of child labour and on the promotional framework for safety and health at work.



Sfil has a Social and Economic Council ('CSE') and four specific committees:

- health, safety and working conditions committee ('C2SCT');
- an economic and strategic committee;
- a social committee;
- and a social and cultural activities committee ('ASC').

Social dialogue continued throughout 2022, with extensive and constructive discussions.

Employee representatives met at:

- eleven CSE meetings (the CSE agreement provides for eight such meetings);
- nine C2SCT meetings (the CSE agreement provides for two);
- two meetings of the economic and strategic committee;
- two meetings of the social committee;
- a meeting of the ASC committee.

A series of negotiations were held during the year, which resulted in the following five agreements:

- a "well-being at work" agreement;
- an agreement on the management of jobs and career pathways ('GEPP');
- a COSOG<sup>2</sup> agreement;
- the inclusion of a second amendment to the healthcare costs agreement;
- an agreement following the compulsory annual negotiation for 2023, effective 1 November 2022.

In 2022, at the end of the information/consultation process, the elected members of the CSE issued three unanimously favourable opinions on our economic position, strategic guidelines for 2022 and labour policy for 2021.

<sup>(2)</sup> The COSOG is the Caisse des Dépôts' social council, whose services are available to Sfil employees as of 1 February 2023.





## RESULTS OF OUR 2022 EMPLOYEE SURVEY



### > Well-being at work

- **96 %** of employees say they like their job (benchmark: 84%)
- **96 %** say they enjoy working with their co-workers (benchmark: 88%)
- **93 %** say they are happy working in a company with a human touch
- **88 %** say they are pleased to come to work in the morning (benchmark: 74%)

### > Engagement

- **96 %** of employees say they are confident about the bank's future (benchmark: 79%)
- **87 %** say they are proud to work at Sfil (benchmark: 70%)
- **85 %** say they trust Sfil's management to make the right decisions (benchmark: 69%)
- **83 %** say they are satisfied to belong to a company that works in sustainable finance

### > Meaning of work

- **95 %** of employees say they know what is expected of them
- **94 %** say they understand the usefulness of their work
- **91 %** say they are motivated to do their job and achieve their targets
- **82 %** feel they are generally well informed in relation to their needs

### > Career path

- **87 %** of employees say they are satisfied with their career path at Sfil
- **82 %** say they are confident about their professional situation going forward
- **78 %** say that Sfil gives them the opportunity to develop new skills
- **75 %** say they would like to continue their career within the Caisse des Dépôts group

### ► EMPLOYEE SURVEY

In 2022, Sfil conducted its third employee survey. The results of this confidential internal survey by the independent research institute OpinionWay gave insight into how certain key indicators have evolved and enabled Sfil to ascertain its employees' perception on a number of issues.

The findings (see opposite) show that employee perception has evolved very favourably in key indicators compared with the last survey in 2019, particularly in terms of: well-being at work, employee engagement, the meaning of work and opportunities to advance in their career.

The benchmarking survey conducted in parallel with the employee survey found Sfil to be in a far better position than most companies in the French financial sector in terms of employee engagement and well-being.

The results of this survey will enable Sfil to identify and address emerging issues very early on in order to continue to improve in these areas in 2023.

## Supporting the development of skills and career opportunities

### ► A CONTINUOUS IMPROVEMENT TOOL BASED ON FEEDBACK

In 2022, Sfil pursued its efforts to change the way in which employee performance is reviewed with the introduction of a feedback system. Designed as a tool to continually improve how individual performance is reviewed, this system involves regular employee/reviewer meetings to better understand cross-cutting contributions and facilitate ongoing upskilling. Employees are encouraged to seek feedback from their line managers or from other managers within the organisation.

To propel this initiative, all employees have been informed about the feedback system and a new tool has been introduced to manage these campaigns. All supervisors have also received specific training in the feedback methodology and practical application.

### ► TRAINING POLICY

Regular access to training, a catalyst for performance, motivation and individual upskilling, is a key component of employee support measures at Sfil. In 2021, Sfil set up **Sfil Académie**, a training platform designed to improve the employee-manager experience by using all available “blended learning” and digital training resources. Users can set up a personal space on the platform, which contains a wide-ranging training catalogue in both hard business and behavioural training. Sfil Académie operates using the same learning management system as the Caisse des Dépôts in order to facilitate synergies in the development of our employees’ skills.

### ► CAREER OPPORTUNITIES

By joining the Caisse des Dépôts group, Sfil has been able to open up many career mobility opportunities for its staff: participation in the group’s monthly Mobility Committee meetings, posting of job offers within the group and its subsidiaries in the monthly Flash Mobilité that is published on the intranet, etc. Sfil is now also involved in a process undertaken by the Caisse des Dépôts group to build talent pools (“group prospects” and “executive resources” pools). Lastly, Sfil recently renewed an “employment pool” partnership agreement with La Banque Postale, under which staff from each organisation can avail of special transfer opportunities to continue on their desired career path. Thanks to all these initiatives, employees can broaden their professional horizons and build more diversified career paths within the Caisse des Dépôts group.

## Promoting equal opportunities, diversity and inclusion

### ► DIVERSITY AND INCLUSION

Sfil is keenly aware that performance is closely linked to the diversity of the people who make up its organisation, which is why Sfil goes to great lengths to ensure that it employs people from all walks of life.

In June 2022, Sfil signed a **“well-being at work”** agreement with employee representatives in which Diversity-Inclusion has been defined as a priority in the development and transformation of our social reasserting pact. With this in mind, Sfil is committed to satisfying all 25 non-discrimination criteria defined by law, is careful to ensure that the principles laid down in the International Labour Organization’s eight fundamental conventions are upheld, and has entered



into complementary collective agreements to foster diversity, including an agreement to provide pathways into work for people with a disability and to keep them in the workforce, and an agreement on gender equality in the workplace.

In 2022, Sfil also joined the AFMD (*Association Française des Managers de la Diversité*), an association of diversity management professionals.

### ► GENDER EQUALITY

In 2023, Sfil published its **gender equality index**<sup>1</sup> for 2022 with a score of 93 points out of a maximum of 100. This score has now remained above the 90-point mark for four consecutive years. This excellent performance reflects Sfil’s firm determination in this area: gender equality in the workplace is a core focus of our labour policy.

This priority is reflected in the company’s wage policy. Like in 2021, Sfil continued to honour the gender equality agreement in 2022 and to deliver on its commitments to closely monitor the following indicators:

- the number of recipients of individual pay increases;
- average individual pay increase amounts in absolute value;
- the average service rate for variable compensation.

Lastly, the association named **Avec’L** aims to promote diversity and gender equality within Sfil at all times, at all levels of the organisation and throughout all activities.

(1) To achieve gender equality in the workplace, the French law of 5 September 2018 on the freedom to choose one’s career path, introduced a performance-based scoring system for organisations in the form of a gender equality index. This index measures their performance in five areas: the gender pay gap, the gap in the allocation of individual pay rises and the gap in promotions, the number of female employees receiving a pay rise on their return from maternity leave and the number of people belonging to the minority gender in the top ten highest earners.





## Committed to diversity and equal opportunities

### ► COMBATING HARASSMENT, DISCRIMINATION AND SEXIST BEHAVIOUR

Sfil is committed to preventing and resolving situations at work that might entail a failure to comply with the principle of equal treatment, or discrimination, sexual or moral harassment, racist or discriminatory abuse, or sexist behaviour. With this in mind, Sfil has introduced a set **of measures to combat harassment, discrimination and sexist** behaviour with the following key focuses:

- a specific procedure, providing for the possibility of opening internal investigations and involving (depending on the case), (i) the designated representatives of the employer and the CSE, (ii) one of the three “human risks” liaison officers and/or (iii) the in-house mediator;
- a partnership with Allodiscrim/Allosexism, an external service where lawyers can be called (free of charge and on the understanding that their identity will not be disclosed to their employer) to offer advice to all members of staff, regardless of their employment status (permanent contract, fixed-term contract, work-study contract, trainee), who encounter what they perceive to be discrimination;
- **an online whistle-blowing platform** which can be used by any employee who is the victim of, or witness to, an inappropriate act or situation;
- a 24-hour helpline run by outside psychologists;
- an e-learning module to raise awareness of and combat everyday sexism for all employees;
- a partnership with the French association of diversity management professionals (AFMD) as part of the Sfil's LGBT+ inclusion policy, providing employees with direct access to the anonymous SOS-Homophobia helpline via the intranet portal;
- sharing of best practices within the Caisse des Dépôts group.

### ► DISABILITY

Sfil is a proud employer of people with a disability. **The 3<sup>rd</sup> company agreement on the employment of people with a disability (2020-2022)** defined an action plan in four key areas:

- transitioning from a “general” recruitment logic to a “tailored” approach: developing work-study and intern programmes, signing agreements with specialised firms;
- continuing employee awareness-raising actions in this area and providing specific training to members of senior management, employee representatives and members of the human resources department;
- developing support measures to facilitate the integration of people with a disability and the development of their career: adapted workstations, skills assessments, dedicated coaching sessions and individual interviews;
- increasing our coverage of the costs associated with workstation adaptations for disabled users.

Negotiations on the **4<sup>th</sup> company agreement on disabilities** began at the end of 2022 with a view to having it signed in early 2023. The new agreement aims to accelerate Sfil's efforts to provide specific assistance and facilitate working conditions for employees with a disability.

With this in mind, Sfil is partnering with AKTISEA, a consulting firm specialising in disability-related work issues, to provide free and confidential support to employees who want to learn more about disabilities and find out how to have their own disability recognised. By having their disabled status officially recognised, employees can avail of various employment and training assistance measures, obtain technical and human assistance and be entitled to additional remote working days.

**At the end of 2022, 2.6% of the people in our workforce had a disability. We want to bring this percentage up to 3.5% by the end of 2023.**



### ACTIONS

### AVEC'L IN 2022

- Meeting inspiring women
- Partnership with Forces Femmes, a recognised public interest association that provides free support services for unemployed women over the age of 45: organisation of training; IT support hotline; discussion workshops on banking professions
- Workshop on deconstructing gender stereotypes in education: “Overcoming the difference in female-male education: what if we also had a role to play?”
- Collective participation in the Odyssey charity race: “Fighting breast cancer together”

IN 2022, SFIL FUNDED

## THROUGH THE "APPRENTICESHIP TAX"

- **The FEDEEH (*Fédération Etudiante pour une Dynamique Etudes Emploi Handicap*)**, a student association that helps young people with disabilities with their studies, their path to work and their social inclusion;
- **Institut Télémaquee** a non-profit association formed in 2005 in cooperation with the French ministry of education, that works to promote equal opportunities in education by supporting young people who live in disadvantaged areas and are committed and motivated to succeed;
- **La Cravate Solidaire**, a non-profit association formed in 2012 that works to help people enter the workforce or return to work by combating appearance-related discrimination.

### ► FUNDING FOR WORK-STUDY PROGRAMMES AND THE EDUCATION SYSTEM

Work-study training and intern programmes are key components of the skills development policy. Sfil wants to pursue its existing annual recruitment campaign for work-study students and interns and further develop these programmes in a way that is consistent with the needs of its business. Sfil will continue to partner with educational institutions and to practice pay scales above the minimum statutory requirements.

Sfil also recognises the importance of mentors, who play a key role in the acquisition and transmission of skills. With this in mind, ahead of their first assignment, mentors complete a day of training to ensure they are well-prepared before they take their assigned work-study student or trainee under their wing.

In 2022, Sfil financed training for **45 work-study employees (i.e. more than 10% of our overall workforce)** from 25 higher education institutions. In 2022, Sfil also used the apprenticeship tax scheme to fund :

- a higher education institution;
- an institute belonging to the Paris public hospital administration's ('AP-HP') training and skills development centre;
- an equal opportunities establishment ("second chance" school in Seine-Saint-Denis);
- three associations working to promote diversity and equal opportunities (see previous page).



### Promoting well-being at work and a healthy work/life balance

In 2022, Sfil signed a new agreement with employee representation bodies on diversity and well-being at work (the first such agreement was signed in 2018). This new agreement reasserted the company's commitments and introduced new measures.

#### ► WORKING ENVIRONMENT

Sfil signed a flexible remote working agreement in 2021 that provides for remote working options for all members of staff, alongside support measures. All Sfil employees benefit from a fixed number of remote working days, IT equipment provided by the company and the reimbursement of any other necessary equipment.

Sfil has also converted a section of the office space into a rest area, where "nap cocoons" can be reserved and tested by employees.

In 2023, Sfil will move its head office from its current site in Issy-les-Moulineaux to the Biome building in the 15<sup>th</sup> arrondissement of Paris. Staff will benefit from cutting-edge facilities in a brand new building built to very high architectural standards. Ad hoc consultation bodies were set up and surveys carried out throughout this project to ensure that all members of staff and employee representatives were involved.

#### ► RIGHT TO DISCONNECT

As more widespread remote working can blur the boundaries between home life and work, Sfil has incorporated a right to disconnect for all staff into the latest company agreement.

#### ► PARENTHOOD

In addition to the measures provided for under the French labour code and the collective bargaining agreement for the banking sector, Sfil is committed to introducing more supportive parenthood measures,



e.g. raising the minimum threshold for an annual pay rise for staff returning from maternity leave, and affording employees the opportunity to work two months part-time at full pay with easier remote working arrangements during that time.

Fathers or second parents can add one extra month onto the statutory leave they are entitled to take for the birth or adoption of a child, or alternatively can work half-time for two months at full pay.

#### ► SPECIFIC PROVISIONS

The "well-being at work" agreement provides for a number of specific provisions to support Sfil employees who are facing difficult situations.

From 2022, women suffering from disabling periods are entitled to avail of exceptional remote working arrangements and/or one day of menstrual leave. Women who have suffered a miscarriage or who have undergone a voluntary or medical termination of pregnancy may request an exceptional five-day period of leave and be allowed to work remotely as an exceptional measure. They will also have priority for part-time work.

Lastly, a number of measures are in place for carers to make it easier for them to perform their work-related duties and care for a loved-one at the same time: doubling of the cap on personal services payment vouchers (*chèques emploi service universel* - CESU), additional remote working days and adapted work hours, e.g. staggered hours.

#### ► LEISURE

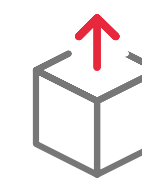
In addition to the budget allocated to the CSE for sports activities, Sfil has introduced other activities aimed at improving employee well-being, such as yoga classes, naturopathy workshops and events tying in with 'Quality of Work Life' week. In 2023, Sfil will join Caisse des Dépôts' social council (COSOG), further enhancing the services on offer for our employees.





### “Sfiloux” day

On 1<sup>st</sup> June 2022, Sfil held another “Sfiloux” day for the children of its staff. Sfil threw open the doors of its offices to children aged 5 to 14. They were able to take part in biodiversity workshops adapted to each age group and hosted by the partner ‘Futur en Herbe’. Each participant sponsored a tree to be planted in Madagascar in conjunction with the ‘Coeur de Forêt’ (‘Forest Heart’) association, whose members were there to tell the children about what they do.



## OUTLOOK FOR 2023

- Developing business-specific trainings on sustainable development
- Emphasizing sustainability matters in the recruitment process (presentation of our organisation, wording of job descriptions, assessment of applicants)
- Rolling out the 4<sup>th</sup> disability agreement





## Ethics and professional practice training

A robust training plan is needed for employees to take ownership of compliance systems. The 2022 Sfil compliance training plan consists of six programmes:

- compliance system;
- anti-money laundering and counter-terrorist financing (AML-CTF);
- prevention of market abuse<sup>1</sup>;
- prevention of corruption;
- protection of personal data (GDPR);
- protection of customers<sup>1</sup>.

These programmes have been designed for all employees, with a specific component for persons identified as being at risk, who follow “expert” training. All employees are required to complete this training. In 2022, a total of 24 training sessions were staged.

In 2021, following the COVID-19 crisis and the related disruption of the timetable and format of training courses, which were still mainly given face-to-face, the Compliance and HR Departments introduced e-learning modules and hybrid training sessions combining face-to-face and remote training. These measures continued into 2022, although face-to-face sessions were the preferred format for employees with the greatest exposure to risk.

Salaried and non-salaried directors (company officers) must complete “AML-CTF and governance” training to acquire an adequate understanding of how to identify and assess AML-CTF risks and be familiar with the policies, controls and procedures in place at Sfil.

(1) Only for exposed employees



## Raising awareness of sustainability matters issues

Sfil pursues regular awareness initiatives and encourage its staff to take their own initiatives, particularly as part of our “Employee Engagement” policy. Sfil stages events at various times throughout the year to coincide with national and European events, giving Sfil an opportunity to reassert its commitment to sustainability matters and to raise employee awareness.

### ► SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

In an effort to raise awareness of environmental issues among all employees, Sfil continued to roll out an e-learning module on sustainable development and corporate social responsibility. The content, which all employees can access, aims to ensure that staff understand the major environmental issues of the 21<sup>st</sup> century and support Sfil's engagement as an organisation, together with the actions taken to ensure that everyone embraces corporate social responsibility. At the end of 2022, 87% of employees had completed the e-learning module.

In 2023, Sfil will endeavour to ensure that all employees complete this sustainable development training.

### ► REDUCING WASTE AND PROMOTING A CIRCULAR ECONOMY

To coincide with European Sustainable Development Week (ESDW) held in September, followed by a waste reduction week in November, a series of publications and communications were uploaded to the intranet to encourage staff to sort more waste and to use digital technologies responsibly.

Several visits were also organised to the SYCTOM household waste sorting centre in the 15<sup>th</sup> arrondissement of Paris. As an extension of our sustainable development and waste awareness initiatives, these educational guided tours gave employees a chance to find out more about how waste is treated and what becomes of it, and to do better when it comes to sorting their waste at home and at work.

### ► PROTECTING BIODIVERSITY

In 2022, Sfil continued to sponsor three mobile beehives cared for by independent beekeeper BoboMiel. Located in Cher, BoboMiel is committed to sustainable, reasoned, ethical and responsible beekeeping, and the honey it produces is organic (Ecocert label). This sponsorship contributes to the protection of pollinating insects. Regular intranet posts throughout the year raise awareness of this important issue among our staff.

**Find out more about Bobomiel**

### ► HEALTHY MINDS AND BODIES

As part of our “well-being at work” agreement, Sfil is committed to heightening employee awareness about important health issues.

In the area of women's health, Sfil partnered the annual Octobre Rose communication campaign in 2022, which seeks to raise awareness among women of the importance of breast cancer screening and to raise funds for research, namely through conferences hosted by experts from Institut Curie and a programme of group courses provided by certified coaches.

In the area of men's health, in November 2022 Sfil participated in the annual Movember campaign, a global event organised by the Movember Foundation. To mark this event, Sfil organised a webinar to raise awareness

Pink October 2022

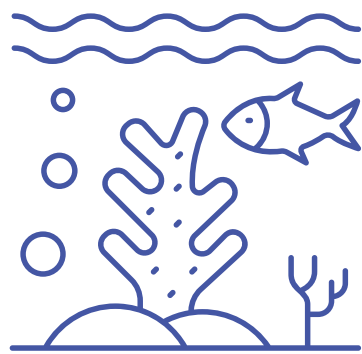


about the importance of preventing cancer and depression in men, and €7,000 was raised for Institut Curie.



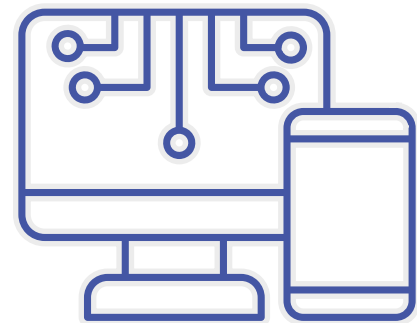
# Awareness-raising workshops

In 2022, more than 100 employees took part in three themed workshops:



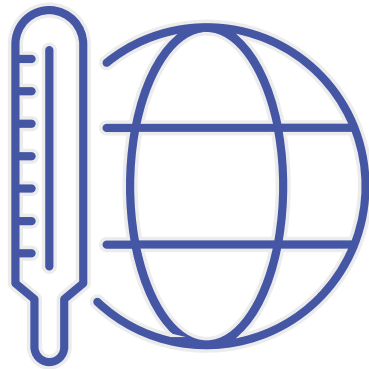
## > The Biodiversity Fresk Workshop

Sfil wanted to raise employee awareness about issues relating to biodiversity and the harmful effects on it. This prompted us to organise a pilot session of The Biodiversity Fresk Workshop (*Fresque de la Biodiversité*) with around fifteen participants. This workshop helped them better understand the systemic mechanisms of biodiversity erosion, the impact of human activity and pressure factors. Given the success of this pilot session, more workshops may be scheduled in the future.



## > The Digital Fresk Workshop

Sfil continued its efforts to raise awareness about the importance of using digital technology responsibly with two new Digital Fresk Workshop (*Fresque du Numérique*) sessions. More than 70 employees have now taken part in these collaborative workshops since 2020. The aim is to inform participants about the environmental issues that relate to digital technology and to help them acquire a better understanding of the impact of our digital uses, so that they can work together to come up with possible solutions.



## > Climate change

Eighty employees attended a seminar on global warming issues where they took part in a ‘PSI (*Puzzle des Solutions Individuelles*) Climat’ workshop, a fun challenge aimed at halving our carbon footprint by 2025. Participants left with a set of concrete and effective actions they were invited to take in their daily lives to reduce their carbon footprint.



## A committed company at the heart of society and local communities

Sponsorship is a way for Sfil to address key societal issues in keeping with its corporate purpose statement and societal engagement and to showcase its actions. The sponsorship initiatives carried out by Sfil in 2022 took two forms : institutional sponsorship, provided by the company as a whole, represented by our senior management or by one of our business departments; and skills sponsorship, which involved an individual undertaking by members of staff, authorised and facilitated by the company.

### ► INSTITUTIONAL SPONSORSHIP

Most of Sfil's sponsorship actions focus on the themes of **diversity in the workplace** and **equal opportunities for academic and social success**.

To facilitate the return to civilian employment of wounded soldiers with a disability, Sfil continued to work with the French military injury assistance unit (CABAT) and with Défense Mobilité, a department of the French ministry of the armed forces that helps nearly 19,000 military personnel each year to make the transition to civilian life.

In particular, Sfil supported the professional retraining of two people with a disability through coaching interviews provided by a member of our HR team in conjunction with a person at the Défense Mobilité unit. Sfil also signed a new agreement with CABAT and has committed to furthering its support for trainees in 2023 by covering their accommodation costs.

### Find out more about CABAT

On 23 December 2021, Sfil entered into a sponsorship agreement with **Collège de France**. Under the terms of this agreement, Sfil is committed to supporting Collège de France with the implementation of a “**high school innovation campus**” programme over a six-year period (2021-2026).



‘Sfiliennes’ - Citizens  
Talk Finance - Nov. 2022



The “high school innovation campus” programme is geared towards students at general and technical high schools across France, particularly those living in **disadvantaged urban and rural areas** that lack immediate social and regional proximity to the type of academic knowledge offered at the Collège de France. The aim is to encourage these students to aim high and to put them in the driving seat when it comes to choosing a path to success. The programme seeks to **improve their academic success** by making them understand the importance of having a well-thought-out plan that they have chosen themselves. It also aims to contribute to their development as citizens by ensuring they acquire the knowledge and develop the reasoning that will enable them to have a say on major economic, social and political issues. **Find out more about the high school innovation campus**

Sfil is also a patron of **Paris Musées**, a local public establishment that manages the municipal museums of the city of Paris and, in particular, the Carnavalet museum, dedicated to the history of the city of Paris. To coincide with the *Parisiennes Citoyennes* exhibition, a fresh look back at the stories behind women’s struggle for emancipation in Paris and France, Sfil staged a first event in November 2022 at the Carnavalet museum entitled “Sfiliennes – Citizens Talk Finance” marking its commitment to **sustainable finance** issues and ambition to make it easier for the talented citizens of the future to access sustainable funding, particularly **female talent**. During this talk, seven key speakers shared their own personal journeys and discussed the challenges and prospects of sustainable finance with motivated female students interested in finance.

Lastly, throughout 2022 and 2023, Sfil has been providing support for the Fondation de France’s efforts to help people affected by the war in Ukraine. These actions were carried out as part of the “We stand with the people of Ukraine” programme aimed at providing emergency assistance to the thousands of people affected, with a €50,000 donation being made in March 2022, followed by another one of the same amount in January 2023. Employees were

encouraged to make their own individual donations to this cause.

#### ► SKILLS SPONSORSHIP AND VOLUNTEERING

Skills sponsorship programmes are a way for organisations to enable their staff to donate their professional or personal skills to public interest causes during work hours and without a loss of wages. Under the terms of the new “well-being at work” agreement signed with employee representatives on 20 June 2022, Sfil is committed to affording this opportunity to all its employees.

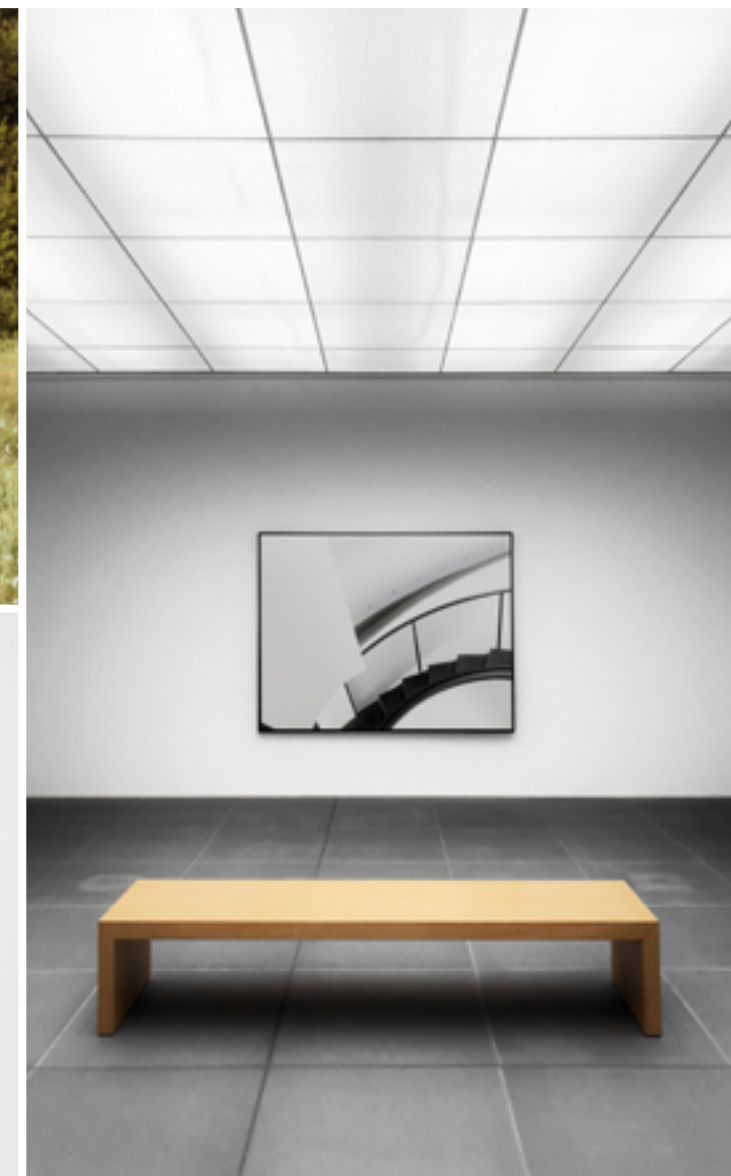
The first skills sponsorship agreement was signed at the end of 2022 with the Hop We Care endowment fund, which develops cultural and artistic initiatives to improve **patient well-being in hospitals**. The choice of this organisation directly reflects our prominent role in financing the French hospital sector and builds on the partnership entered into in early 2022 to sponsor cultural and artistic events in hospitals.

The second **Sfil Anhpho iê volunteer day** was held in 2022, building on a very successful first event in 2021. Through this event, during which staff are invited to get involved in a charitable and/or useful initiative, more than 30 employees signed up to volunteer one working day in 2022 to three associations working in the areas of disability (the Les Voies du Bois work-

based support initiative), the protection of the environment (Wings of the Ocean) and youth initiatives (“second chance” schools). The event was organised in conjunction with Unis-Cité Solidarité Entreprises, an organisation that specialises in the large-scale mobilisation of employees for solidarity initiatives and donates all the proceeds raised to its non-profit entity Unis-Cité, a public interest association that is a pioneer in youth civic service.

Lastly, starting in 2022, each Sfil employee is entitled to two additional days of leave per year, referred to as “charity days”, which they can use to support a public interest charity.

**Most of our sponsorship actions focus on topics relating to diversity in the workplace and equal opportunities for academic and social success.**





SECTION

4

# INDICATORS and ratings

- 4.1 Monitoring indicators
- 4.2 ESG ratings





# 18 indicators to measure and monitor

## our contribution to the SDGs

In order to assess its contribution to each of the 10 Sustainable Development Goals identified as priorities (excluding SDG 17 “Partnerships for the Goals”), Sfil has defined 18 indicators that are closely related to its activities, mandate as a public development bank and to the way in which it operates, while also taking into account stakeholders’ expectations.





SDG	OBJECTIVE	INDICATOR	2021 RESULTS	2022 TARGETS	2022 RESULTS	2023 TARGETS
	Supporting the public hospital sector	Loans to public health institutions (annual flow)	€658m	€650m	€622m	€600m
		French hospital capacity covered by Sfil (stock of outstandings)	87 %	> 80 %	87,6 %	> 80 %
	Contributing to the well-being of our employees	Average number of days worked remotely during the year by employees on permanent contracts <sup>1</sup>	100% of employees covered	> 50 days per employee	76 days per employee	> 50 days per employee
		Number of surveys conducted during the year to gauge employee work-life balance	2 surveys	1 survey	1 survey	1 survey
		Absenteeism rate over the year	1,5 %	< 3,4 %	1,6 %	< 3,4 %
	Participating in the financing of the education system	Loans to educational and vocational training institutions (annual flow)	€459m	€490m	€444m	€450m
	Promoting training, diversity and equal opportunities	Number of students hired during the year under work-study contracts	10 % of the workforce	> 8 % of the workforce	11,5 % of the workforce	> 8 % of the workforce
		Number of final year middle school work experience students accepted from schools in REP (priority education) and REP+	No students <sup>2</sup>	10 students	No students <sup>3</sup>	16 students

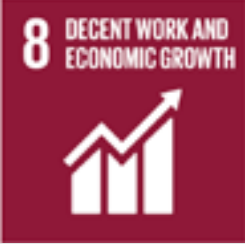


(1) Indicator updated in 2022 to factor in the new remote working agreement.

(2) No students on the premises due the pandemic, but off-site campaign conducted with 50 middle school students in a REP+ area.

(3) The session scheduled for early 2022 could not be held due to ongoing public health restrictions.

SDG	OBJECTIVE	INDICATOR	2021 RESULTS	2022 TARGETS	2022 RESULTS	2023 TARGETS
	Promoting gender equality and gender parity in the workplace	In-house gender equality index	93/100	≥ 90/100	93/100	≥ 90/100
	Financing investment in public services relating to drinking water and sanitation	Green loans granted for “sustainable management of water and sanitation” (annual flow)	€278m	€250m	€311m	€350m
	Financing investment in renewable forms of energy and energy efficiency	Green loans granted for “renewable energy” and “energy efficiency of buildings and urban development” (annual flow)	€169m	€113m	€202m	€220m





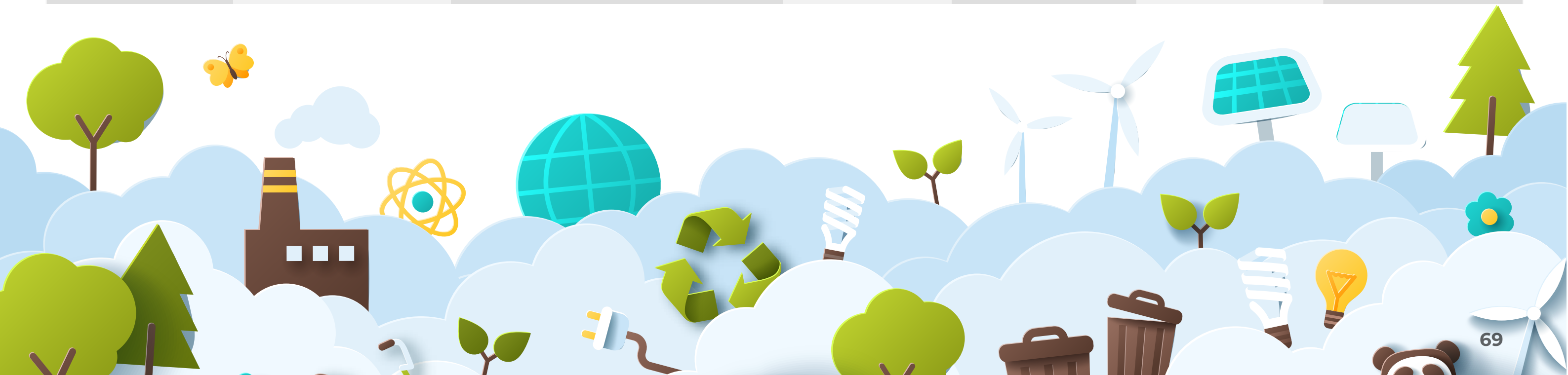
SDG	OBJECTIVE	INDICATOR	2021 RESULTS	2022 TARGETS	2022 RESULTS	2023 TARGETS
	Supporting industrial jobs in France by financing large French export contracts	Contribution of export credit contracts to the economy of goods and services produced in France (annual flow) <sup>4</sup>	Not monitored	Not defined	€1.4bn	€1.4bn
	Developing basic infrastructure and access to essential services in foreign countries	Contribution of export credit contracts to the development of infrastructure providing access to essential services and low-carbon energy (annual flow) <sup>5</sup>	Not monitored	Not defined	€120m	€310m
	Financing social and territorial cohesion	Social loans to local authorities, excluding financing for the education system (annual flow) <sup>6</sup>	Not monitored	Not defined	€106m	€290m
	Financing soft mobility and clean transport solutions	Green loans granted for soft mobility and clean transport solutions (annual flow)	€138m	€250m	€149m	€180m

(4) New indicator designed to highlight the contribution of export credit to sustainable development in France.

(5) New indicator designed to highlight the contribution of export credit to sustainable development in destination countries.

(6) New indicator linked to the new social loan service for local authorities launched in October 2022.

SDG	OBJECTIVE	INDICATOR	2021 RESULTS	2022 TARGETS	2022 RESULTS	2023 TARGETS
	Helping to improve household waste treatment	Green loans granted for waste management and recovery (annual flow)	€96m	€110m	€113m	€140m
	Promoting circular economy	Number of actions carried out annually with employees to promote the re-use and sorting of waste	2 actions	2 actions	3 actions (visits to a sorting site)	2 actions
	Reducing our carbon footprint	CO <sub>2</sub> emissions from operations (scopes 1, 2 and 3, excluding portfolios)	5,390 tCO <sub>2</sub> e	Staying at 5,400 tCO <sub>2</sub> e	6,460 tCO <sub>2</sub> e	Staying at 6,500 tCO <sub>2</sub> e

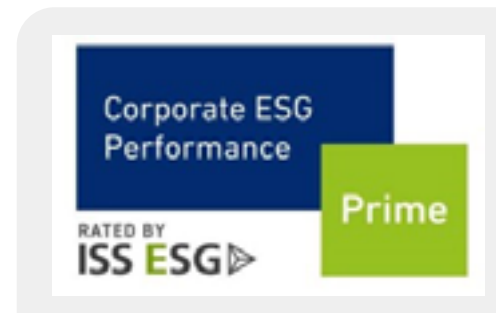






Sustainalytics has measured Sfil's ESG performance based on its sustainability-related commitments and achievements. The rating was updated in February 2023 and now stands at **7.3, placing Sfil in the “negligible risk” category**<sup>1</sup>. Sfil is ranked 11<sup>th</sup> out of 986 entities assessed across the global banking industry, and 9<sup>th</sup> out of 93 across the global sub-sector of public development banks.

(1) The Sustainalytics rating scale is an open scale, with 0 equating to the lowest level of risk.



Caffil, *a société de crédit foncier* (building society) wholly-owned by Sfil, has also been assigned an ESG rating by ISS ESG. In 2022, this rating stood at **C+, giving Caffil “Prime” status** and putting it in the category of the 10% best performing entities in the “mortgage financing and public sector financing” sector. D was the median rating assigned to sector entities in 2022.



## ESG RISK

Rating

Negligible

Low

Medium

High

Severe

0

10

20

30

40

7,3

SFIL RATING IN 2022

26,2

MEDIAN SECTOR  
RATING IN 2022

**11<sup>th</sup>**  
OUT OF 986 BANKS

B

B-

C+

C

C-

D+

D

D-

C+

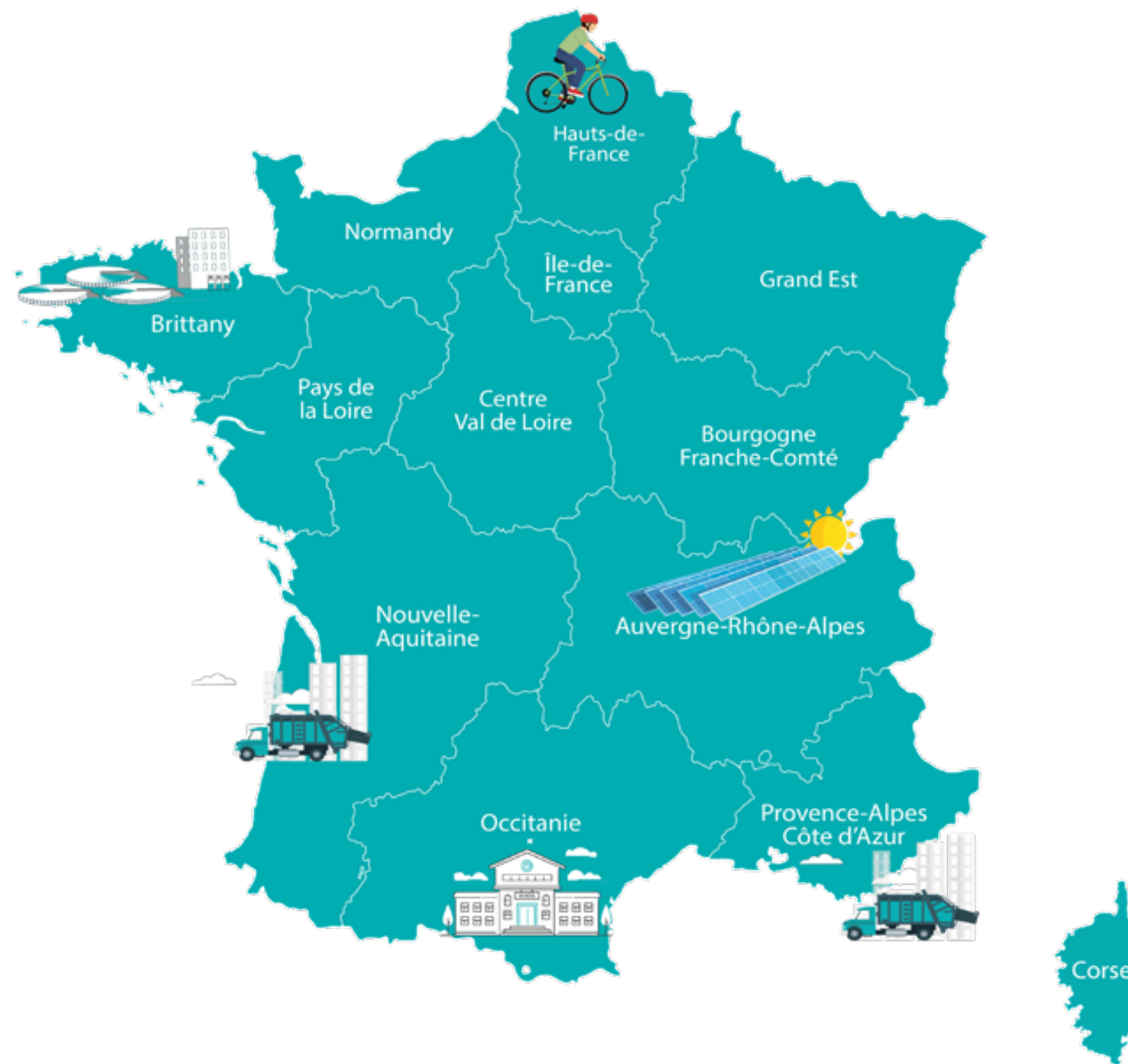
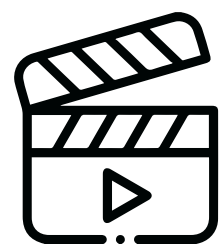
CAFFIL RATING IN 2022

D

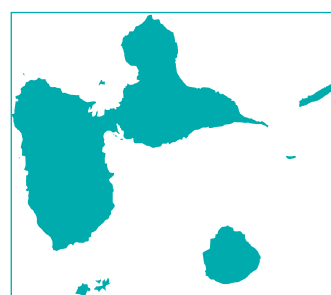
MEDIAN SECTOR  
RATING IN 2022

AMONG THE **10%**  
BEST SECTOR PERFORMERS

Follow the  
**green loan**  
trail across  
France at [sfil.fr](https://sfil.fr)



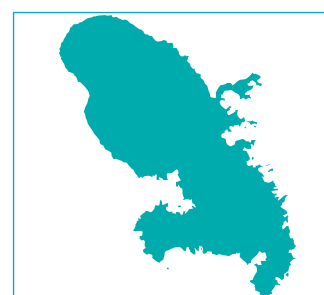
Guadeloupe



French Guiana



Martinique



Mayotte



Reunion Island







### **Sfil**

Société anonyme (French limited company)  
with a share capital of €130,000,150  
Registered in the Nanterre trade and companies  
register under No. 428 782 585

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