



PRESS RELEASE

Paris, 19 December 2023

Sfil announces its 2030 targets to reduce financed emissions

Sfil elevated sustainability as a core pillar of its strategic plan. In this context, Sfil is committed to its stakeholders to align gradually its financing portfolios on trajectories compatible with the Paris Agreement. We materialize this commitment today with the following objectives.

2030 Targets ^{1 2}

Local public sector [77% of total exposures³]: **reduce by 40%** the monetary intensity of the portfolio, from 153 gCO₂e/euro financed to **92 gCO₂e/ euro financed on scopes 1, 2 et 3 (upstream and downstream)**, with reference to SNBC⁴

Export financing

- **Fossil fuels** [0.4 % of total exposures]: **No financing of any new project related to coal, oil and gas**
- **Power generation** [0.2% of total exposures]: Only financing of **low-carbon energy projects** or **gas-fired power plants that improve the carbon intensity of the energy mix in destination countries**
- **Shipping** [4% of total exposures]: reach **a zero or negative climate alignment score of its portfolio according to the Poseidon Principles** and on the basis of IMO⁵'s Absolute Target 2018⁶

Our decarbonization levers to support the energy and ecological transition between 2024 and 2030

- **EUR 17.5 billion mobilised for the energy and ecological transition** via green loans to French local authorities and the financing of large French export contracts with a positive environmental or climate impact
- **EUR 12 billion of social loans** to finance French public hospitals and social investments by French local authorities.

These objectives, that cover 82% of our exposures, are aligned with the targets set in the strategic plan.

Philippe MILLS, Chief Executive Officer of Sfil commented, « *Sfil is fully committed to supporting French public local sector and large exporters in actions they take in favour of the transition to net zero but also in the social challenges they handle. We reaffirm it through the 2030 targets that we announce today. These targets are both responsible and demanding with us. We are willing, by leveraging on our powerful capacities as a sustainable bond issuer, to support our clients through the financing we provide but also by sharing the expertise we develop on climate and environmental matters.* »

¹ Compared to a 2021 baseline

² See the methodology in appendix

³ Based on the gross carrying amount as of 31 December 2021, reference date for the calculation of GHG emissions

⁴ *Stratégie Nationale Bas Carbone de la France*, i.e. French Low-Carbon Strategy (revised 2018-2019 version)

⁵ International Maritime Organization

⁶ Decarbonisation trajectory that aims to reduce shipping total annual GHG emissions by at least 50% between 2008 and 2050

Local public sector

Exposures to French local authorities and public hospitals amount to **EUR 48.5 billion (77% of total exposures)**. This portfolio account for **86% of financed emissions**.

The monetary intensity of the portfolio was 153 gCo₂e / euro financed in 2021. **We aim to reduce it by 40% to 92 gCO₂e/euro financed** by 2030.

This target is based on the French Low-Carbon Strategy that constitutes France's action plan to reduce its greenhouse gas (GHG) emissions by 2050, in line with the Paris Agreement. Public decision-makers, at national and local level, shall consider it when designing action plans that involve investment efforts in key sectors such as public buildings, transport, waste management or energy...

The French Low-Carbon Strategy will be amended in 2024. Sfil will integrate the new developments when updating our GHG emission reduction targets for exposures to the French local public sector.

Export financing

Coal, oil and gas

Exposures amount to **EUR 0.28 billion (0.4% of total exposures)**. This portfolio, with **145 ktCO₂e**, account for **2% of financed emissions**.

We do not provide any financing to coal-related projects (exploration, production, transport, storage, refining or distribution of coal or any coal-power projects...).

In addition, in accordance with the new French export policy adopted in early 2023, **we do not finance any new oil-and-gas-related projects** (exploration, production transport, storage, refining or distribution). **Exposures on these sectors will expire in 2034.**

Power generation

Exposures amount to **EUR 0.13 billion (0.2% of total exposures)**. The power sector account for **2.9% of financed emissions**. Exposures to this sector exclusively consist of a renewable energy project and a gas-fired power plant.

According to projections by the International Energy Agency⁷, in order to reach net zero by 2050, worldwide natural-gas-related electrical capacity need to increase from 1 829 GW in 2020 to 1 950 GW in 2030, in particular in developing economies where we may refinance export projects.

Given these circumstances, in the power sector, **we will only provide financing to transactions involving low-carbon renewable or nuclear energy projects** and more selectively **gas-fired power plants if they contribute to improving the carbon intensity of the energy mix** in destination countries.

Shipping

Exposures amount to **EUR 2.6 billion (4% of total exposures)**. Shipping account for **4.2% of financed emissions**.

We are willing to support the shipping sector's transition to net zero, and in particular the cruise sub-sector. It will do so by financing less polluting and more carbon efficient

In 2024, Sfil will start the process to become a signatory of the Poseidon Principles. They establish a framework for assessing and disclosing the climate alignment of ship finance

⁷ Net Zero by 2050 – A Roadmap for the Global Energy Sector

portfolios to the IMO's 2018 target to reduce shipping total annual GHG emissions by at least 50% by 2050 compared to 2008. The signatories of the Poseidon Principles have recently decided to revise and align its methodology with the new IMO ambition to achieve net zero emissions by or around 2050, including milestones in 2030 and 2040 of respectively reducing annual GHG emissions by 20% and 70%.

Meanwhile, **we aim to reach a negative-or-zero climate alignment score^{8 9} of its portfolio by 2030** (compared to an estimated +3% in 2021) accordingly with the current trajectory. **We will update this objective once the new methodology is published (expected in March 2024).**

Our levers to support the energy and ecological transition during the 2024-2030 period

To help our clients, and after having already financed **EUR 2.6 billion of green loans since their launch in June 2019**, we will mobilize between 2024 and 2030 **an additional EUR 17.5 billion to support the energy and ecological transition**. This commitment is fully aligned with our public policy missions, and in particular enabling the energy and ecological transition of French territories and of destination countries through the export financing of sustainable and resilient infrastructures.

Over the same period, we will also mobilize around **EUR 12 billion in social loans** to support French public hospitals and local authorities. For the latter, Sfil finances investments with a social dimension (public safety, education and training, sport and culture, local healthcare and social action...).

Sfil will finance the expected growth in green and social loans through the issuance of sustainable bonds. Specifically, **we aim to increase to 33% the proportion of green, social and sustainability bond issuances over the period**.

In addition to these financial commitments, Sfil will actively engage with clients about environmental-and-social-transition related challenges. More specifically, Sfil will share the expertise currently developed about the assessment of climate risks of French local authorities.

Press contact: christine.lair-augustin@sfil.fr

Investor relations: ralf.berninger@sfil.fr

More information at sfil.fr

⁸ The alignment score is based on the calculation of a carbon intensity metric known as the Annual Efficiency Ratio ('AER'), reported in unit grams of CO₂ per tonne-mile.

The AER is calculated annually for each single vessel. Then a portfolio AER is calculated as the weighted average of individual AERs using the outstanding loan amount.

The Poseidon Principles has set decarbonisation trajectories for each ship type and size.

⁹ A negative or zero score means the portfolio is aligned (on or below the Poseidon Principles trajectory). A positive alignment score means the portfolio is misaligned (above the Poseidon Principles trajectory).

Appendix - Methodology

Baseline financed emissions are measured as at 31 December 2021 using the global standard PCAF based itself on the GHG Protocol and are labelled in absolute or intensity terms.

Financed emissions on the local public sector portfolio include scope 1, 2 and 3 upstream (construction) and downstream (use) of the underlying investments.

For credit-export operations, financed emissions were assessed based on the CO₂e emissions to be generated over the entire life cycle of the underlying project financed:

- Upstream scope 3 corresponds to emissions generated during the construction phase,
- Scopes 1 and 2 to emissions generated directly during the project's operating phase, and lastly;
- Downstream scope 3 emissions when they are significant (category 3-11: use of sold products).

Sfil selected emissions factors according to the financed underlying project¹⁰.

Financed emissions related to exposures to the defence sector and to run-off non-French public authorities and cash investments have not been measured.

Sfil will continue its efforts to measure and monitor the decarbonisation of its financing portfolios by regularly updating its methodology and indicators as new information becomes available.

¹⁰ More information on emissions factor that were use is available in the [2022 Sustainability Report](#)