



Sfil



Sustainability policy

Our corporate purpose

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

Sfil is a public development bank, a model recognized under European regulations. In particular, *"its activity is limited to advancing specified objectives of financial, social or economic public policy"*¹. Sfil promotes lasting sustainable economic and social development through long-term financing.

for regional development and the international activity of large companies...

Sfil's two missions – financing French local authorities and public health institutions (the "local public sector") and supporting French companies' major export contracts (export credit) – contribute complementarily to the sustainable development of territories, in line with the corporate purpose of Caisse des Dépôts group, which is *"committed at regional level to accelerating the ecological transformation and helping to offer a better life for all"*.

by mobilizing international capital...

Sfil does not collect deposits: its financing is based solely on bond issuance that enable it to engage European and international institutional investors in France's economic and social development.

with a positive but moderate profitability target...

Sfil does not seek to maximize its profitability or market share: positive but moderate profitability is sufficient to ensure its viability and remunerate its public sector shareholder.

a conservative risk profile...

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

and a balanced social model.

As a human-sized bank focused on general interest missions, Sfil attaches great importance to the quality of the social dialogue, well-being at work, gender equality and career-long training for all.

¹ Article 429a(2) of Regulation (EU) 2019/876, known as the Capital Requirements Regulation (CRR) II.

Our ten commitments

In 2018, Sfil joined the United Nations Global Compact, which, in close connection with the Sustainable Development Agenda and the 17 Sustainable Development Goals (SDGs), aims to offer solutions to global challenges between now and 2030. By signing the Compact, Sfil has committed to aligning its strategy and operations with ten principles arising from core United Nations conventions and declarations, grouped into four themes:

- **Human rights:** (i) support and respect the protection of internationally proclaimed human rights and (ii) make sure that they are not complicit in human rights abuses;
- **Labour:** (iii) uphold the freedom of association and the effective recognition of the right to collective bargaining, (iv) contribute to the elimination of all forms of forced and compulsory labour, (v) contribute to the effective abolition of child labour and (vi) contribute to the elimination of all discrimination in respect of employment and occupation;
- **Environment:** (vii) support a precautionary approach to environmental challenges, (viii) undertake initiatives to promote greater environmental responsibility and (ix) encourage the development and diffusion of environmentally friendly technologies;
- **Anti-corruption:** (x) work against corruption in all its forms, including extortion and bribery.

To implement the SDGs even further, Sfil makes ten commitments in line with its corporate mission and the strategic priorities and commitments of the Caisse des Dépôts group. **The bank's progress in achieving each of these commitments will be monitored based on performance indicators**, disclosed annually as part of our sustainability reporting.

ECOLOGICAL TRANSFORMATION

- 1 **Gradually align our financing portfolios with the objectives of the Paris Climate Agreement.**



In 2023, Sfil completed the first calculation of its financed emissions, i.e. greenhouse gas emissions induced by the financial assets in its portfolios. It used the results to define a portfolio decarbonization trajectory, referring as much as possible to scenarios aligned with the Paris Agreement objectives. For the local public sector, which accounted for 86% of financed emissions at the end of 2021, Sfil's trajectory is based on the National Low-Carbon Strategy, the French State's roadmap to achieve carbon neutrality by 2050. For export credit, a sector-based approach was adopted.

- 2 **Accelerate the ecological and energy transition through our financing and customer engagement activities.**



Through its green loan offer in partnership with La Banque Postale and Banque des Territoires, Sfil has been financing investments by local authorities in five key sectors of the ecological transition since 2019:

- Energy efficiency;
- Renewable energy;
- Soft mobility and clean transport;
- Sustainable water management and sanitation;
- Waste management and recovery.

This green offer now extends to the refinancing of export credits with a positive environmental or climate impact.

In addition to financing, our role as a bank is also to engage with and support our customers to help them better understand the challenges of the transition. To do this, we rely on our operational partnerships, our membership of the Caisse des Dépôts group and external expertise.

③ Make progress in measuring and taking into account the impact of our financing on biodiversity.



A number of operations financed by Sfil contribute to the preservation of biodiversity: wastewater and rainwater collection and treatment, sustainable management of aquatic environments and flood prevention, restoration of buildings, which helps contain built environment sprawl, etc. In 2024, Sfil will work on developing methods and metrics to measure and take into account the impact of its financing on biodiversity.

ECONOMIC DEVELOPMENT AND SOVEREIGNTY

④ Contribute to regional reindustrialization, national strategic autonomy and development of essential infrastructures by supporting major French exporters.



In 2015, the French State entrusted Sfil with a mandate to refinance major export credit contracts and so supplement the French public export support scheme, which aims to strengthen the competitiveness of French exporters with the following objectives:

- Preserve industrial employment in France by maximizing the French content of exports;
- Support economic sovereignty through control of value chains and key technologies and support for innovation;
- Continue to invest in the defence industrial and technological base, on which France's strategic autonomy depends;
- Support the energy transition of the various exporting sectors in line with the Paris Climate Agreement.

The main sectors supported are low-carbon energy production, electricity transmission and distribution networks, key infrastructures (mobility, water, healthcare, IT), shipbuilding and aeronautics.

SOCIAL AND REGIONAL COHESION

⑤ Support regional development by ensuring stable financing for local authorities.



Sfil was created in 2013 with the aim of ensuring stable financing for the French local public sector. Through its bond issuance and that of its subsidiary Caffil, Sfil refinances the medium- and long-term loans that its partners La Banque Postale and Banque des Territoires grant to local authorities of all sizes, thus giving them access to the best possible financing conditions. This robust model has enabled Sfil to maintain its position as the leading lender to the French local public sector since 2015.

⑥ Promote social and regional cohesion through our financing and sponsorship activities.



Through its social loan offer in partnership with La Banque Postale and Banque des Territoires, Sfil finances investments by local authorities in five areas:

- Civil protection (fire, rescue and emergency services);
- Health, social and family services;

- Education and vocational training;
- Sport, culture and community life;
- Urban development and territorial cohesion.

This social offer now extends to the refinancing of export credits with a positive social impact, in particular for projects facilitating the access of populations to essential services and the development of basic infrastructures.

Social cohesion and access to education and culture are also at the heart of Sfil's corporate patronage and societal engagement policy.

7 Advance health care by supporting the investments of public health institutions.



Through its "health" loan offer in partnership with La Banque Postale and Banque des Territoires, Sfil supports investment by public health institutions to enable them to fulfil their three main missions:

- Provision of care to the entire population, including vulnerable groups;
- Research and development in new care solutions and treatments;
- Training of health workers.

This offer has enabled Sfil to maintain its position as the leading lender to France's hospital sector since 2015.

LEADING BY EXAMPLE

8 Step up ESG integration



In 2019, Sfil adopted a corporate mission and a social and environmental strategy, published its first corporate social responsibility (CSR) report and issued its first green bond and its first social bond. In 2022, it created a Sustainability Department to steer the deployment of its sustainability policy in all areas of the business, relying on a network of internal experts.

These changes reflect our commitment to integrating sustainability themes into the bank's operations to an ever-increasing extent in order to maximize extra-financial performance. This also involves a firm stance on compliance issues, which is reflected in particular by:

- Zero tolerance² of corruption, influence peddling and any breach of integrity, incorporated into the code of ethics and professional conduct³;
- Compliance with regulatory requirements regarding knowledge of business relationships and beneficial owners (*Know Your Customer*) both at the start of and over the whole course of said relationships.

Sfil requires all its employees to be trained in sustainable development and compliance issues, including: ethics and professional conduct; anti-money laundering and combating the financing of terrorism (AML/CFT); prevention of corruption; protection of personal data.

9 Be a responsible employer that protects and engages with its employees while valuing their diversity.



In 2019, Sfil adopted a social barometer, the results of which demonstrate its employees' commitment to the company's economic and social model. We want to maintain this high

² In accordance with the anti-corruption policy of Caisse des Dépôts group, [available online](#).

³ Code of ethics and professional conduct, March 27, 2020, [available online](#).

level of support by asserting ourselves within the banking industry as a key responsible finance player, by continuing to improve quality of life at work and by remaining at the forefront of diversity, inclusion and gender equality issues.

⑩ **Manage the environmental and societal impact of our internal operations.**



Since 2019, Sfil has been working to reduce and partially offset the carbon footprint of its internal operations. In 2022, it signed up to the EcoWatt charter aimed at adopting responsible energy consumption. We will continue to make progress in this direction by working on our energy efficiency (buildings, servers, IT equipment), promoting responsible consumption practices among our employees and service providers and engaging with our suppliers on sustainability issues. Since 2021, Sfil has been a signatory of the Responsible Supplier Relations Charter of France's National Purchasing Council, and will work in 2024 to formalize its sustainable purchasing policy.

Our exclusion policy

As a subsidiary of Caisse des Dépôts, Sfil implements the group's sustainability policies, notably its climate⁴ and biodiversity⁵ policies and responsible finance charter⁶. In particular, Sfil applies a strict exclusion policy aligned with that of Caisse des Dépôts group.

Regulatory exclusions

Sfil is careful not to finance activities involving the production of or trading in any illegal product, or any activity that is illegal in France or the country in which the company in question operates. The following sectors are therefore excluded from financing by Sfil:

1. Prostitution;
2. Activities involving forced labour, child labour or human trafficking, as far along the value chain as possible;
3. Illegal activities involving human organs, tissues or products, and genetic engineering activities prohibited under national bioethical standards in France or the activity's host country or under the applicable European or international standards in this area;
4. Trading, producing, rearing or holding animals, plants or any natural products that do not comply with the provisions of CITES;
5. Producing, using or trading in any product banned from production or use or subject to a progressive ban under international regulations or those of the destination country;
6. Cross-border trade in waste apart from in compliance with the Basel Convention and its underlying regulations;
7. Illicit trade or activities likely to facilitate the illicit trafficking of cultural goods;
8. Projects where a forced eviction within the United Nations meaning has taken place on the site impacted by the planned project, for which both a causal link to this project's purpose and a material impossibility of providing compensation can be established.

⁴ Caisse des Dépôts group climate policy, October 26, 2022, [available online](#).

⁵ Caisse des Dépôts group biodiversity policy, December 13, 2022, [available online](#).

⁶ Caisse des Dépôts group responsible finance charter, December 16, 2022, [available online](#).

Voluntary exclusions

In addition to the regulatory exclusions, Sfil excludes the following activities from financing due to their controversial nature and negative societal impact:

1. Any activity related to pornography;
2. The manufacture, storage and sale of tobacco⁷;
3. Gambling;
4. The production, development, storage, distribution, marketing or use of all non-conventional weapons covered by international treaties ratified by France;
5. Speculation on agricultural raw materials with a direct impact on food prices, as well as the exploitation and trading of raw materials not compliant with the national strategy for combating imported deforestation;
6. The manufacture, storage and sale of pesticides prohibited in France.

In terms of fossil fuels, Sfil complies with the guidelines of the French export support policy as amended by the 2023 Finance Act no. 2022-1726 of December 30, 2022, which involves the following exclusions:

7. Exploration, production, transport, storage, refining or distribution of coal or liquid or gaseous hydrocarbons;
8. Energy production from coal.

These two exclusions do not apply to operations that reduce the negative environmental impact or improve the safety of existing installations or their impact on health, without increasing their lifetime or production capacity, or to the dismantling or repurposing of these installations. Sfil therefore accepts to refinance export projects that (i) improve the electricity mix or electricity transmission and distribution infrastructures of the country in which they are located and/or (ii) are consistent with the energy transition strategy of the company or country in question.

⁷ For this item and the following, the exclusion targets only the main activity: urban development plans that may subsequently include plans for the sale of tobacco or gambling are not concerned.