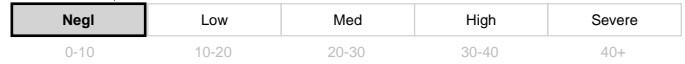


SFIL

7.7 Negligible

Development Banks | France |



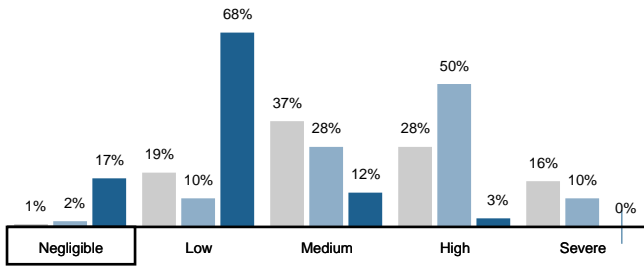
Rating Overview

The company is at negligible risk of experiencing material financial impacts from ESG factors, due to its low exposure and strong management of material ESG issues. Notably, its overall risk is lower since it is materially exposed to less ESG issues than most companies in our universe. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Furthermore, the company has not experienced significant controversies.

Momentum Score

Not available due to a lack of comparable historical information

ESG Risk Rating Distribution



Relative Performance

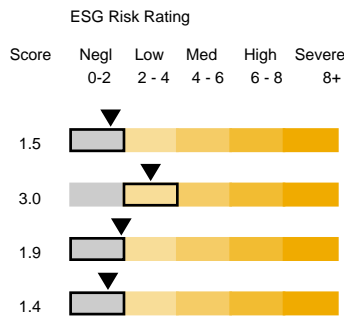
	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	18 out of 12972	1 st
Banks (Industry Group)	7 out of 982	2 nd
Development Banks (Subindustry)	7 out of 93	7 th



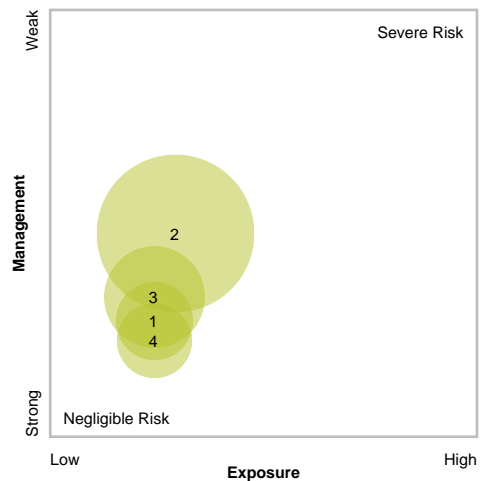
Attribution Analysis

Top Material Issues

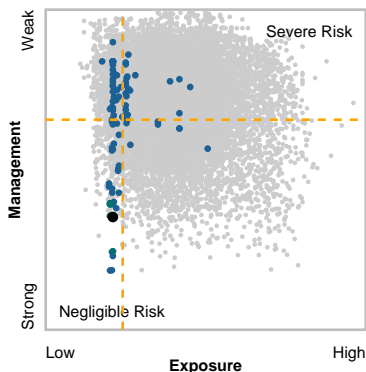
- Corporate Governance
- ESG Integration - Financials
- Human Capital
- Business Ethics



△ = Significant event



Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- SFIL
- Peers
- + SubIndustryAvg.

Peers (Market cap \$0.0 - \$0.0bn)

	ESG Risk Rating	Exposure	Management
1. European Investment Bank	5.5 Negligible	21.0 Low	75.5 Strong
2. International Bank for Reconstruction & Development	7.5 Negligible	20.1 Low	64.5 Strong
3. SFIL	7.7 Negligible	21.0 Low	64.8 Strong
4. Caisse des Dépôts & Consignations	8.2 Negligible	20.1 Low	60.8 Strong
5. Inter-American Development Bank	8.2 Negligible	20.1 Low	60.5 Strong

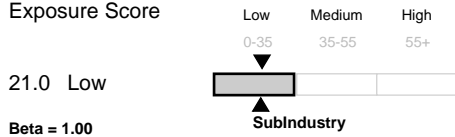
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Exposure Score

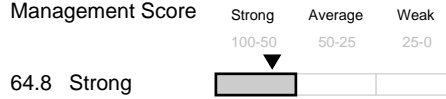


Beta = 1.00

In FY2019, SFIL, through its partnership with La Banque Postale, consolidated its leadership position in the financing of the French local public sector, issuing EUR 5.7 bn in loans, up by over 55% compared to FY2018. Failure to integrate environmental, social and governance factors into its loans could lead to intense public scrutiny and reputational damage. Moreover, to maintain this leadership position, SFIL relies on a highly skilled workforce. Personnel mismanagement may lead to skill deficits, high training costs and compliance failures. Moreover, as a public development bank with a mission centred on public policy, SFIL faces considerable scrutiny over ethical issues. Its close relationship with local governments and public hospitals may potentially create opportunities for misconduct such as conflicts of interest or bribery. Infractions could lead to investigations and fines.

The company's overall exposure is low and is similar to subindustry average. ESG Integration - Financials, Human Capital and Business Ethics are notable material ESG issues.

Management Score



In 2019, SFIL published its first Corporate Sustainability Report; however, this is not written in accordance to leading ESG reporting standards. The company's ESG-related issues are overseen by the executive team, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

Attribution Details



Contribution to

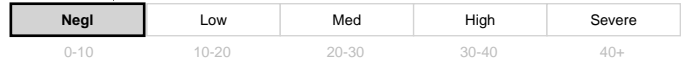
Issue Name	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight	ESG Risk Rating	Risk Category
Corporate Governance	18.8%	5.0	5.0	100%	71.0	24.4 %	1.5	
ESG Integration -Financials	38.5%	6.0	6.0	100%	50.5	29.3 %	3.0	
Human Capital	24.5%	5.0	5.0	95%	65.4	23.2 %	1.9	
Business Ethics	18.2%	5.0	5.0	95%	75.6	23.2 %	1.4	
Overall	100.0%	21.0	21.0	97.6 %	64.8	100.0%	7.7	Negligible

△ =Significant event

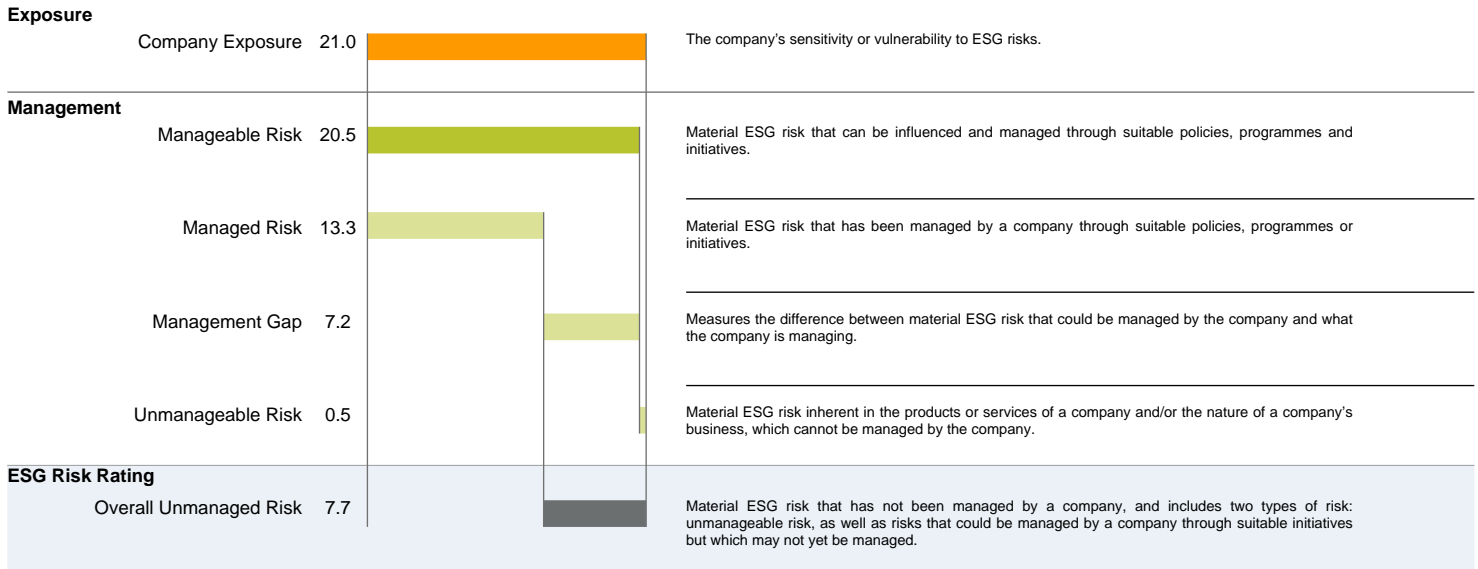
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Risk Details



Momentum Details

Not available due to a lack of comparable historical information

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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

SFIL

Development Banks | France |

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