

# SFIL GROUP GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK

October 2022



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Prospective investors should have regard to the information set out in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Green, Social & Sustainability Bonds together with any other investigation such investor deems necessary. In particular, no assurance is given by SFIL, CAFFIL or the relevant dealers that the use of such proceeds for any asset will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by SFIL or CAFFIL's own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses related to any asset. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainable" or "social" or an equivalently-labelled asset. In addition the requirements of any such label may evolve from time to time, accordingly, no assurance is or can be given to investors that any asset or use(s) the subject of, or related to, any asset will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by SFIL or CAFFIL) which may be made available in connection with the issue of any Green, Social & Sustainability Bonds and in particular with any asset, to fulfil any environmental, social, sustainable and/or other criteria. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by SFIL or CAFFIL or any other person to buy, sell or hold any such Green, Social & Sustainability Bonds.

While it is the intention of SFIL or CAFFIL to apply the proceeds of any Green, Social & Sustainability Bonds so specified for the relevant asset, in, or substantially in, the manner described in the Final Terms, there can be no assurance that the relevant asset or use(s) the subject of, or related to, any asset, will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such asset. Nor can there be any assurance that such asset will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by SFIL or CAFFIL. Any such event or failure by SFIL or CAFFIL will not constitute an event of default under the Green, Social & Sustainability Bonds.

Any such event or failure to apply the proceeds of any issue of Green, Social & Sustainability Bonds for any asset as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that SFIL or CAFFIL is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value and marketability of such Green, Social & Sustainability Bonds and also potentially the value of any other Green, Social & Sustainability Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green, Social & Sustainability Bonds shall not depend on the performance of the relevant asset.

Caution: The Base Prospectus and any supplements and the final terms, when published, will be available on the website of the Issuer: [www.caissefrancaisedefinancementlocal.fr/www.sfil.fr](http://www.caissefrancaisedefinancementlocal.fr/www.sfil.fr) and of the Autorité des Marchés Financiers.

**Caution: Investors should be aware that SFIL has already published a SFIL Group Social Note Framework (<https://sfil.fr/en/sfil-group-investors/>) for issuance of social bonds. For any issuance of social bonds as of the publication of this Green, Social & Sustainability Bond Framework investors should consult the relevant Final Terms in order to know which framework will be applicable (the Green, Social & Sustainability Bond Framework or the SFIL Group Social Note Framework)**



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## INTRODUCTION TO SFIL GROUP

SFIL is the French local government and export-financing agency. SFIL was created on February 1st 2013 with the public policy mission to provide long dated funding for French local public sector investments. SFIL has the status of public development bank under European Union regulations. Since May 2015, SFIL also acts as a refinancing platform for large export contracts guaranteed by the French Republic.

SFIL and CAFFIL (SFIL Group) raise funding on capital markets via regular issuance:

- Covered bonds (obligations foncières) issued by CAFFIL;
- Regular issuance by SFIL in the agency market segment.

In addition, SFIL raises short dated funding via a French law domestic commercial paper program.

A detailed description of each issuer is provided respectively in the EMTN Base Prospectus of SFIL and its supplements and in the EMTN Base Prospectus of CAFFIL and its supplements. These documents are available to investors under <https://sfil.fr/en/sfilgroup-investors/>.



## Financing green & social investments in France

SFIL commits to conduct its public policy mission in a responsible manner following a formalized environmental & social strategy in line with the United Nations Sustainable Development Goals (SDGs).

Local authorities in France play a key role for public investments in social infrastructure and environmental protection. Local authorities account 80% or above of total public investments in areas of social and environmental investments including education and environmental protection. As leading finance provider for the French local authorities, SFIL plays a key role in financing investments in schools, nurseries, local public transport and in public healthcare facilities amongst other project categories.

The financing provided by SFIL supports all aspects of local development such as local public services (in particular, water, waste and transportation services), roads, local public facilities (education, culture and sports), broadband networks, economic development and social and medical-social activities. In line with its public policy mission and its commitments to a sustainable world, SFIL places particular emphasis on projects to build or renovate school buildings (high schools and middle schools), as well as projects to deploy digital infrastructure, in particular optical fiber cable, in order to promote digital accessibility in all areas.



## Refinancing major export credit contracts

Since May 2015, SFIL has been refinancing major French export credit contracts. This mission, authorized by the European Commission, was entrusted to SFIL by the French State to help improve the competitiveness of French exporters.

Export credit transactions refinanced by SFIL are governed by a set of rules contained in the Arrangement on Officially Supported Export Credits<sup>1</sup> issued by the Organisation for Economic Cooperation and Development (OECD) and social guidelines.

The export financing activity is limited to loans benefitting from a guarantee by the French Republic under a strict framework, including strict rules on environmental and social standards, prevention of corruption, and debt sustainability from the borrowers' point of view.

SFIL Group does not finance projects involving coal or unconventional or high-impact hydrocarbons:

- Coal: all production of coal-based power generation, including all mining projects aimed at coal extraction;
- Shale gas / shale oil: all projects regarding the exploration, extraction or production of liquid or gaseous hydrocarbons through hydraulic fracturing or any other unconventional method.

SFIL had never financed assets of this nature (no exposure to coal or shale oil) and will not finance such projects in the future. France's policy in this area differs from that of other credit agencies in Europe or around the world, most of which do not apply restrictions on coal or unconventional hydrocarbons.

In addition, the French government has announced the end of new public export guarantees for oil projects in 2025 and for natural gas projects in 2035<sup>2</sup>.

In support of the French export sector, whose know-how and projects helping to achieve the climate transition and to reach the United Nations Sustainable Development Goals are recognized internationally, SFIL plans to strengthen its intervention in favor of sustainable projects.

This expansion of Export Credit activity will aim to develop international projects that are favorable to the environment and where there is a French interest. These projects will be in line with the European taxonomy (EU-wide classification system established by Regulation (EU) No 2020/852, as amended (the "**EU Taxonomy Regulation**")<sup>3</sup>) and/or the Sustainable Development Goals.

<sup>1</sup> <https://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/>

<sup>2</sup> <https://www.novethic.fr/actualite/energie/energies-fossiles/isr-rse/garanties-a-l-export-le-gouvernement-annonce-l-arret-du-soutien-public-pour-les-projets-de-petrole-et-de-gaz-149092.html>

<sup>3</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2020.198.01.0013.01.ENG&toc=OJ:L:2020:198:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2020.198.01.0013.01.ENG&toc=OJ:L:2020:198:TOC)

## SFIL Group sustainability strategy

SFIL's strategic plan **#Objectif2026** has been established with the ambition to pursue and accentuate its expansion within the Caisse des Dépôts Group, while continuing to assert and develop its model of a public development bank on a human scale.

The strategic plan will enable SFIL to achieve this expansion around 3 axes:

- Fully exploiting the strength and relevance of its Public Development Bank model
- Broaden its horizons in response to the challenges of stimulus packages and climate transition
- Initiate a new phase of its internal transformation

SFIL places the challenges of sustainable development at the heart of its strategy and has set the following main objectives in this context:

- Increased support for hospitals via Ségur de la Santé,
- The deployment of a social loan offer in conjunction with La Banque Postale,
- The development of the Export Credit for French sustainable projects,
- The acceleration of thematic, social and green issues, and Awareness-raising initiatives with the local public sector supporting sustainable projects

SFIL's raison d'être, as a public development bank, is to "finance a sustainable future by supporting the development of territories and the international activity of major companies in a sustainable and responsible manner". This strategy is consistent with the commitment of its parent company, Caisse des Dépôts Group, in favor of a successful ecological and energy transition.



## Sustainable Development Goals (SDGs) commitments

Adopted in 2015 by the United Nations, the 17 Sustainable Development Goals are an action plan for people, planet and prosperity. They aim to transform our societies by eradicating poverty and ensuring a just transition to sustainable development by 2030. SFIL is fully committed to this approach and has prioritized nine Sustainable Development Goals, which it has gradually integrated into all of its activities and operations.

In 2020, the Group enhanced its approach by setting specific contribution objectives via quantified indicators closely linked to its activities and DNA as a public development bank, as well as to its operations.



Support the public hospital sector and contribute to our employees well-being



Participate in the financing of the education system and promote training, diversity and equal opportunity



Advance professional equality and promoting gender parity



Finance investments related to drinking water and sanitation utilities



Contribute to increase the share of renewable and decarbonized energy



Support investments related to energy efficient buildings and financing the deployment of digital infrastructures



Finance soft mobility and clean transportation



Finance investments that promote household waste treatment and contribute to circular economy



Reduce our carbon footprint

*The fact that an objective is not recognized does not mean that SFIL group is not taking or will not take in the future, measures related to it.*





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# RATIONALE TO ISSUE GREEN, SOCIAL AND SUSTAINABILITY BONDS

The financing of green and social investments by French local authorities and the French export credit public system is at the heart of the public policy mission of SFIL Group. This commitment is formalized via SFIL Group's environmental strategy and via the annual CSR report. For this reason, SFIL Group is further developing its funding strategy by integrating regular issuance of green, social and sustainability bonds.

The objective of green bonds (the **Green Bonds**), social bonds (the **Social Bonds**), and sustainability bonds (the **Sustainability Bonds**) to be issued in accordance with this framework (the **Green, Social & Sustainability Bond Framework**) is to provide loans to finance green and/or social investments, by French local authorities and within the French export credit set-up.

SFIL Group is convinced that Green, Social and Sustainability Bonds are an effective tool to channel investments towards assets that have environmental and/or social benefits and to provide transparency to investors. This Green, Social & Sustainability Bond Framework has been created to facilitate transparency, disclosure and integrity of SFIL Group Green, Social and Sustainability Bond issuances.

With the objective to provide investment opportunities to investors who seek to contribute to the financing of green and/or social investments, SFIL Group has designed this document with the intention to reflect current best market practice. It has been designed in accordance with the Green Bond Principles, 2021 version (GBP), the Social Bond Principles, 2021 version (SBP), and the Sustainability Bond Guidelines, 2021 version (SGB), as published by the International Capital Market Association (ICMA)<sup>4</sup>.

Moreover, as SFIL closely follows the various future evolutions of sustainable finance, new regulatory developments will be reflected in future versions of the Green, Social & Sustainability Bond Framework on a best effort basis. Notably including, where practically possible, the requirements of the EU Taxonomy Regulation as well as the EU Taxonomy Climate Delegated Act<sup>5</sup>, the report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy<sup>6</sup> and the final report on Social Taxonomy<sup>7</sup> of the EU Platform on Sustainable Finance.

Finally, the Green, Social & Sustainability Bond Framework outlines expected contributions to the Sustainable Development Goals (SDGs) published in 2015 by the United Nations as part of the 2030 Agenda for Sustainable Development.

<sup>4</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>5</sup> [https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

<sup>6</sup> [https://ec.europa.eu/info/files/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy\\_en](https://ec.europa.eu/info/files/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy_en)

<sup>7</sup> [https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/280222-sustainable-finance-platform-finance-report-social-taxonomy.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/280222-sustainable-finance-platform-finance-report-social-taxonomy.pdf)



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# SFIL GROUP GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK

Green, Social or Sustainability Bonds issued under this Green, Social and Sustainability Bond Framework will comply with the following definitions:

- **Green Bonds** are bond instruments where the proceeds will be exclusively used to refinance or finance Eligible Green Loans as defined in section 3.1.
- **Social Bonds** are bond instruments where the proceeds will be exclusively used to refinance or finance Eligible Social Loans as defined in section 3.1.
- **Sustainability Bonds** are bond instruments where the proceeds will be exclusively used to refinance or finance both Eligible Green Loans and Eligible Social Loans as defined in section 3.1.

The activity of SFIL Group is limited to two public policy missions:

- To provide long term financing for French local public sector investments ;
- To provide financing for large French export contracts benefitting from a public guarantee.

This Green, Social & Sustainability Bond Framework has been set up to finance eligible investments linked to both activities.

Green, Social and Sustainability Bonds, as defined in this Green, Social & Sustainability Bond Framework, may be Green, Social or Sustainability covered bonds (obligations foncières) issued by CAFFIL or Green, Social or Sustainability senior unsecured bonds issued by SFIL:

- Green, Social or Sustainability bonds issued by SFIL will be used to refinance or finance Eligible Green Loans and/or Eligible Social Loans by providing funding to CAFFIL for French local public sector and for large French export contracts benefitting from a public guarantee, as defined in section 3.1.
- Green, Social or Sustainability covered bonds (obligations foncières) issued by CAFFIL will be used to refinance or finance Eligible Green Loans and/or Eligible Social Loans to French local public sector and by providing funding to SFIL for large French export contracts benefitting from a public guarantee via a refinancing loan, as defined in section 3.1. with an internal monitoring to ensure the same Eligible Green and/or Social Loan is not (re)financed by a SFIL and a CAFFIL Green, Social or Sustainability bond issuance at the same time.

## SFIL GROUP GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK

In accordance with the Green Bond Principles, Social Bond Principles and the Sustainability Bond Guidelines, SFIL Green, Social & Sustainability Bond Framework contains the following key pillars:

- Use of proceeds,
- Process for Project Evaluation and Selection,
- Management of Proceeds, and
- Reporting

The Green, Social & Sustainability Bond Framework also follows the key recommendations for heightened transparency of the Green Bond Principles regarding (i) green bond frameworks and (ii) external review as further outlined under section 3.5.

This Green, Social & Sustainability Bond Framework may be further updated or expanded to reflect future updates to the Green and Social Bond Principles and Sustainability Bond Guidelines, best market practices, the evolving regulatory landscape and evolutions in SFIL's activities. These potential changes will either keep or improve the current levels of transparency and reporting described in the Green, Social & Sustainability Bond Framework and will be subject to an update of the Second Party Opinion as necessary (see section 3.5.1).

## 3.1. Use of proceeds

The net proceeds of the Green, Social and Sustainability Bond issues will be used to finance and/or refinance, in whole or in part Eligible Green and/or Social Loans as defined below.

Eligible Green Loan Categories	Eligible Social Loan Categories
<ul style="list-style-type: none"> <li>• Territorial Mobility and Soft Urban Transport</li> <li>• Renewable Energy</li> <li>• Energy Efficiency of Construction and Urban Development</li> <li>• Sustainable Water and Sanitation</li> <li>• Waste Management &amp; Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Renewal and cohesion of territories</li> <li>• Access to essential services</li> <li>• Affordable basic infrastructure</li> </ul>

### Eligibility Criteria

Eligible Green and/or Social Loans must meet at least one of the relevant Eligibility Criteria set out for the relevant Eligible Green or Social Loan Category below.

Each Eligibility Criteria has been determined based on the following sources of information:

- The definitions and/or technical screening criteria proposed by the European Union (EU) classification of environmentally sustainable economic activities (EU Taxonomy) on a case-by-case basis, where relevant and practically feasible ;
- Eligible Green or Social Project Categories as set out in the Green Bond Principles, 2021 version (GBP), the Social Bond Principles, 2021 version (SBP), and the Sustainability Bond Guidelines, 2021 version (SGB), as published by the International Capital Market Association (ICMA);
- Existing market practices based on similar Frameworks already published ;
- Internal expertise of all the parties involved in the construction of the Green, Social & Sustainability Bond Framework.

### Eligible types of expenditures

- (i) Financing of French local Authorities' new investments in any of the Eligible Green and/or Social Loans categories, as defined under French law borrowing by local authorities is strictly limited to the financing of new investments and excludes any financing of operating expenditures<sup>8</sup>.
- (ii) Financing of large French export contracts (>70m€) in any of the Eligible Green and/or Social Loans categories, which must benefit from a public guarantee under the export credit insurance policy defined annually by the French State<sup>9</sup>.

<sup>8</sup> <https://www.collectivites-locales.gouv.fr/principes-recours-a-lemprunt>

<sup>9</sup> <https://www.bpifrance.fr/nos-solutions/international/international-expertise#section-5974>

### 3.1.1. Contribution to the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) will require a significant re- source mobilization worldwide from both public and private sectors<sup>10</sup>. Sustainable debt instruments can contribute to channeling and scaling-up necessary investments and the green, social and sustainability bond market has begun to adapt in response to the SDGs.

In accordance with the “High-Level Mapping to the Sustainable Development Goals” published by the International Capital Market Association (ICMA) in June 2020<sup>11</sup>, SFIL presents under sections 3.1.2 and 3.1.3 the expected positive contribution of chosen Eligible Green and/or Social loans to be included in this Green, Social & Sustainability Bond Framework Bond Framework to the targeted Sustainable Development Goals.



<sup>10</sup> Worldwide investment needs to achieve the SDGs have been assessed by the UNEP-Fi (2018, “rethinking impact to finance the SDGs”), and stand at \$6tn per year on average until 2030.

<sup>11</sup> ICMA (June 2020) Green and social bonds: a high-level mapping to the sustainable development goals. Available here: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf>

### 3.1.2. Eligible Green Loans

Eligible Green Loans consist of existing and future eligible loans provided by SFIL Group which belong to the following Eligible Green Loan Categories and are aligned with the applicable Eligibility Criteria.

Where relevant and applicable, the eligibility Criteria for Eligible Green Loans follow the guidelines from the Climate Delegated Act of the EU Taxonomy<sup>12</sup>, which provides a definition of activities contributing substantially to the climate change mitigation and climate change adaptation environmental objectives.

On a best effort basis, where relevant and applicable, SFIL also takes into account Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) criteria outlined in the EU Taxonomy Climate Delegated Act for the financing of projects or activities aiming to substantially contribute to climate change mitigation.

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<sup>12</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI\\_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2021)2800)





## Eligible Green Loan Category: Territorial mobility and soft urban transport

### Green Bond Principles eligible project category:

- **Clean transportation** (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions).

### Contribution to EU Environmental Objective(s):

1. Climate Change Mitigation

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Green Loan Category: Territorial mobility and soft urban transport

### Eligibility Criteria

- **Design, construction, modernization, operation, acquisition, and maintenance of low-carbon vehicles, rolling stock and water vessels including:**
  - **Low carbon personal mobility devices, motorbikes, passenger cars and light commercial vehicles (including schemes for public access to such vehicles) meeting the following criteria:**
    - Vehicles with zero tailpipe emissions (i.e. electric vehicles, fuel cells vehicles, hydrogen vehicles);
    - Vehicles with emission intensity lower than 50 gCO<sub>2</sub>e/km until 2025, and 0 gCO<sub>2</sub>e/km from 2026 onwards;
    - Personal mobility devices (such as electric and conventional bicycles, including scheme for public access) where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity.
  - **Low carbon rolling stock dedicated to passenger or freight transport meeting the following criteria:**
    - Passenger trains and coaches with zero direct CO<sub>2</sub> emissions (such as Tramway, Metro, Electric regional Train Network, National electric Express Train Network) when operated on a track with necessary infrastructure, and using a conventional engine where such infrastructure is not available (bimode);
    - Freight trains and wagons with zero direct CO<sub>2</sub> emissions when operated on a track with necessary infrastructure, and using a conventional engine where such infrastructure is not available (bimode);
    - Road passenger vehicles with zero tailpipe emissions (i.e. electric, hydrogen public buses), or, until 31 December 2025, passenger road transport (such as public buses) compliant with the latest EURO VI standard (such as biomethane public buses) meeting the relevant EU Taxonomy criteria<sup>13</sup> where applicable;
    - Road freight vehicles with zero tailpipe emissions or defined as zero-emission heavy-duty vehicles meeting the relevant EU Taxonomy criteria<sup>14</sup>.
  - **Low carbon inland passenger & freight water vessels and sea and coastal passenger and freight water vessels with zero direct (tailpipe) CO<sub>2</sub> emissions.**

<sup>13</sup> <https://ec.europa.eu/sustainable-finance-taxonomy/home?reference=6.3>

<sup>14</sup> [https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity\\_en.htm?reference=6.6](https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity_en.htm?reference=6.6)

## Eligible Green Loan Category: Territorial mobility and soft urban transport

• **Design, construction, modernization, operation, acquisition, and maintenance of low-carbon transport infrastructure including:**

○ **Infrastructure enabling low-carbon road transport and public transport meeting the following criteria:**

- Infrastructure dedicated to operation of vehicles with zero tailpipe CO2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fueling stations or electric road systems (ERS);
- Infrastructure dedicated to urban or inter-urban public road transport such as bus stations, terminals, service facilities, safety and traffic management systems) as well as infrastructure promoting public intermodal transport such as platforms combining rail-road transport.

○ **Infrastructure enabling rail transport meeting the following criteria:**

- Infrastructure dedicated to rail transport (such as railways, tramways and subways as well as bridges and tunnels, stations, terminals, rail service facilities).

○ **Infrastructure enabling low carbon water transport meeting the following criteria:**

- Infrastructure dedicated to operation of vessels with zero direct (tailpipe) CO2 emissions such as electricity charging, hydrogen-based refueling; or to the provision of shore-side electrical power to vessels at berth; or to the performance of the port's own operations with zero direct (tailpipe) CO2 emissions;

○ **Infrastructure for personal mobility and cycle logistic meeting the following criteria:**

- Infrastructures such as pavements, bike lanes, pedestrian zones, electrical charging and hydrogen refueling installation for personal mobility devices.

### Exclusion Criteria

- Rolling stock, vessels, vehicles, and transportation infrastructure dedicated to the transportation and storage of fossil fuels.

## Eligible Green Loan Category: Renewable Energy

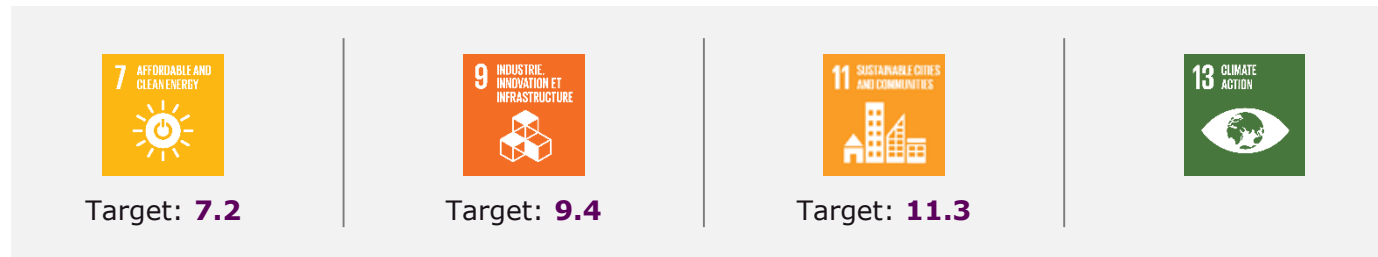
### Green Bond Principles eligible project category:

- **Renewable energy** (including production, transmission, appliances and products);

### Contribution to EU Environmental Objective(s):

1. Climate Change Mitigation

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Green Loan Category: Renewable Energy

### Eligibility Criteria

- **Design, construction, modernization, operation, acquisition, installation, and maintenance of renewable energy production units including:**
  - **Electricity generation, co-generation of heat/cool and power, and production of heat/cool from solar energy:**
    - Electricity generation facilities that produce electricity using solar photovoltaic (PV) technology or concentrated solar power (CSP) technology;
    - Facilities co-generating power and heat/cool from solar energy;
    - Facilities producing heat/cool from solar thermal heating technology..
  - **Electricity generation from wind power:**
    - Electricity generation facilities that produce electricity from wind power (onshore and offshore).
  - **Electricity generation from ocean energy technologies:**
    - Electricity generation facilities that produce electricity from ocean energy.
  - **Electricity generation from hydropower:**
    - Electricity generation facilities that produce electricity from hydropower where either:
      - The electricity generation facility is a run-of-river plant and does not have an artificial reservoir;
      - The power density of the electricity generation facility is above 5 W/m<sup>2</sup>;
      - The life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100gCO<sub>2</sub>e/kWh.
  - **Electricity generation, co-generation of heat/cool and power, and production of heat/cool from geothermal energy:**
    - Electricity generation facilities and facilities producing heat/cool exclusively from geothermal energy where life-cycle GHG emissions from the generation of electricity and production of heat/cool are lower than 100gCO<sub>2</sub>e/kWh;
    - Facilities co-generating heat/cool and power from geothermal energy where life-cycle GHG emissions are lower than 100gCO<sub>2</sub>e per 1 kWh of energy output from the combined generation.
  - **Electricity generation, cogeneration of heat/cool and power, and production of heat/cool from bioenergy:**
    - Electricity generation facilities, co-generation facilities for heat/cool and power or facilities that produce heat/cool exclusively from solid biomass fuels where the total rated thermal input does not exceed 20 MW and using agricultural or forest feedstocks as defined by EU Directive 2018/2001<sup>15</sup> (Article 29, paragraphs 2 to 7).
  - **Installation and operation of electric heat pumps having a refrigerant threshold (Global Warming Potential) not exceeding 675 and meeting energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC<sup>16</sup>.**

<sup>15</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001>

<sup>16</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32009L0125>

## Eligible Green Loan Category: Renewable Energy

- **Design, construction, modernization, operation, acquisition, installation, and maintenance of renewable energy transmission and distribution units including:**
  - **Construction, refurbishment and operation of transmission systems transporting electricity on extra high-voltage and high-voltage interconnected system and on high-voltage, medium-voltage and low-voltage distribution systems where either:**
    - The system is the interconnected European system;
    - The average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period<sup>17</sup>;
    - The infrastructure is dedicated to creating direct connection or expanding existing direct connection to renewable energy generation facilities;
    - The investment is dedicated to optimizing the electricity network, including:
      - Equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources;
      - Equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation;
      - Transmission and distribution transformers meeting the relevant EU Taxonomy criteria<sup>18</sup> where applicable;
      - Smart metering systems and equipment to allow for exchange of specifically renewable electricity between users;
      - Interconnectors between transmissions systems.
  - **Construction, operation, conversion, repurposing or retrofit of transmission and distribution pipelines dedicated to the transport of hydrogen or other low-carbon gases:**
    - Construction, conversion/repurposing, retrofit or operation of transmission and distribution networks dedicated to hydrogen, where hydrogen lifecycle emissions are lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>.
  - **Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling meeting the relevant EU Taxonomy criteria<sup>19</sup> and installed to distribute heat/cool produced from renewable sources.**

<sup>17</sup> The rolling five-year period used in determining compliance with the thresholds is based on five consecutive historical years, including the year for which the most recent data are available.

<sup>18</sup> [https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity\\_en.htm?reference=4.9](https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity_en.htm?reference=4.9)

<sup>19</sup> [https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity\\_en.htm?reference=4.15](https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity_en.htm?reference=4.15)

## Eligible Green Loan Category: Renewable Energy

- **Design, construction, modernization, operation, acquisition, installation, and maintenance of energy storage units including**
  - **Construction, refurbishment and operation of facilities that store electricity and return it at a later time in the form of electricity, including pumped hydropower storage and hydrogen, where hydrogen lifecycle emissions are lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>;**
  - **Construction, refurbishment and operation of facilities that store hydrogen and return it at a later time, including:**
    - Construction of hydrogen storage facilities;
    - Conversion of existing underground gas storage facilities into storage facilities dedicated to hydrogen-storage;
    - Operation of hydrogen storage facilities where the hydrogen stored in the facility meets the criteria for manufacture of hydrogen as detailed below.
- **Manufacture of low-carbon energy including:**
  - **Manufacture of biogas and biofuels for use in transport and of bioliquids meeting the relevant EU Taxonomy criteria<sup>20</sup> where applicable.**
  - **Manufacture of hydrogen and equipment for the production and use of hydrogen:**
    - Development, construction, and upgrade of hydrogen electrolyzers, with related lifecycle emissions lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>;
    - Development, construction, and upgrade of conditioning process such as liquefaction of hydrogen to enable its transport, when hydrogen meets lifecycle emissions lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>;
    - Acquisition and manufacturing of equipment for the production, conditioning and use of hydrogen, when hydrogen meets lifecycle emissions lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>.

### Exclusion Criteria

- Large-scale hydropower plants (over 20MW generation capacity).

<sup>20</sup> [https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity\\_en.htm?reference=4.13](https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity_en.htm?reference=4.13)

## Eligible Green Loan Category: Energy efficiency of construction and urban development

### Green Bond Principles eligible project categories:

- **Green buildings** that meet regional, national, or internationally recognized standards or certifications for environmental performance ;
- **Energy efficiency** (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances, and products).

### Contribution to EU Environmental Objective(s):

1. Climate Change Mitigation

### Contribution to the United Nations Sustainable Development Goals:





## Eligible Green Loan Category: Energy efficiency of construction and urban development

### Eligibility Criteria

#### • Construction, refurbishment and acquisition of green buildings including:

- **Construction and acquisition & ownership of buildings (including residential and non-residential<sup>21</sup>) which meet at least one of the following eligibility criteria:**
  - Buildings that have achieved, or target to achieve environmental certification (New-Build or In-Use) including BREEAM certification level « Excellent » or better, HQE certification level « Excellent » or better, LEED certification level « Platinum »;
  - Buildings that have achieved, or target to achieve low-carbon labels including E+/C- (minimum level E2/C1) or BBCA ("Bâtiment bas carbone");
  - Buildings built before 31 December 2020:
    - With an Energy Performance Certificate (EPC) at least equal to "A"; or
    - Belonging to the top 15% most energy-efficient buildings of the national or regional building stock<sup>22</sup>.
  - Buildings built after 31 December 2020:
    - With Primary Energy Demand<sup>23</sup> (PED) at least equal to the relevant national threshold set for nearly zero-energy building<sup>24</sup> (NZEB) requirements; and
    - For buildings larger than 5,000 m<sup>2</sup>, the building resulting from the construction undergoes testing for air-tightness, thermal integrity and global warming potential.
- **Renovation of existing buildings (including residential and non-residential) which meet at least one of the following eligibility criteria):**
  - Buildings that will achieve, after refurbishment, a reduction of primary energy demand (PED) of at least 30% or comply with the applicable requirements for major renovations of the EPBD (Energy Performance of Buildings Directive);
  - Buildings that have achieved, or target to achieve environmental certification (New-Build or In-Use) including BREEAM certification level « Excellent » or better, HQE certification level « Excellent » or better, LEED certification level « Platinum ».

<sup>21</sup> Where the building is a large non-residential building it is efficiently operated through energy performance monitoring and assessment demonstrated, for example, through the presence of an Energy Performance Contract or a building automation and control system.

<sup>22</sup> Expressed as operational Primary Energy Demand (PED) and demonstrated by adequate: [https://resources.taloen.fr/resources/documents/4155\\_OID\\_Notice\\_Attenuation\\_du\\_changement\\_climatique\\_top15.pdf](https://resources.taloen.fr/resources/documents/4155_OID_Notice_Attenuation_du_changement_climatique_top15.pdf)

<sup>23</sup> The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m<sup>2</sup> per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).

<sup>24</sup> [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en).

France: [https://resources.taloen.fr/resources/documents/7231\\_OID\\_Guide\\_taxinomie\\_Annexe\\_reglementaire\\_Attenuation.xlsx](https://resources.taloen.fr/resources/documents/7231_OID_Guide_taxinomie_Annexe_reglementaire_Attenuation.xlsx)

## Eligible Green Loan Category: Energy efficiency of construction and urban development

• **Energy performance improvement measures including:**

- **Individual performance improvement measures aiming at improving energy efficiency of buildings meeting the relevant EU Taxonomy criteria<sup>25</sup>;**
- **Renovation of the public lighting system to improve its energy performance including LED relamping**

### Exclusion Criteria

- Buildings dedicated to the production or storage of fossil fuels ;
- Fossil fuel based heating/cooling systems in the context of energy efficiency improvement measures.

<sup>25</sup> Eligible investments include investments in economic activities aligned with Technical Screening Criteria outlined under sections 7.3 to 7.6 of EU Taxonomy Climate Delegated Act Annex 1 (Climate Change Mitigation) as available at: [https://ec.europa.eu/sustainable-finance-taxonomy/activities/sector\\_en.htm?reference=7](https://ec.europa.eu/sustainable-finance-taxonomy/activities/sector_en.htm?reference=7)

## Eligible Green Loan Category: Sustainable Water and Sanitation

### Green Bond Principles eligible project categories:

- **Sustainable water and wastewater management** (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
- **Terrestrial and aquatic biodiversity conservation** (including the protection of coastal, marine and watershed environments).

### Contribution to EU Environmental Objective(s):

3. Sustainable use and protection of water and marine resources
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

### Contribution to the United Nations Sustainable Development Goals:



Targets: **6.3, 6.4, 6.6, 6.B**



Target: **12.2**



Target: **15.1**

## Eligible Green Loan Category: Sustainable Water and Sanitation

### Eligibility Criteria

- **Design, construction, modernization, operation, acquisition, installation, and maintenance of projects supporting water quality, efficiency and conservation including:**
  - **Water collection treatment and supply systems including water supply network and infrastructure, water treatment infrastructure and plants;**
  - **Rainwater collection and depollution network and infrastructure;**
  - **Wastewater transport and cleaning network and infrastructure and sanitation and dredging of water beds;**
  - **Reduction in water losses in water transfer and/or distribution.**
- **Design, construction, modernization, operation, acquisition, installation, and maintenance of projects supporting restoration and rehabilitation of ecosystems including:**
  - **Protection and restoration of sites, aquatic ecosystems and wetlands as well as riverside woodlands.**
- **Design, construction, modernization, operation, acquisition, installation, and maintenance of projects supporting management of aquatic environments and flood prevention including:**
  - **Development of river basins;**
  - **Maintenance and development of rivers, canals, lakes or bodies of water, including access to these rivers, lakes or bodies of water;**
  - **Defense against floods and against the sea including management of hydraulic protection works and coastal resilience.**

### Exclusion Criteria

- Water and wastewater transport, supply and cleaning network and infrastructure dedicated to fossil fuel activities.

## Eligible Green Loan Category: Waste Management & Valuation

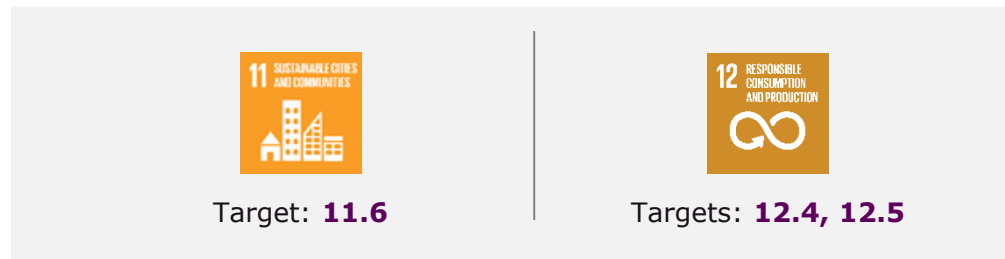
### Green Bond Principles eligible project category:

- **Pollution prevention and control** (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy).

### Contribution to EU Environmental Objective(s):

4. Transition to a circular economy
5. Pollution prevention and control

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Green Loan Category: Waste Management & Valuation

### Eligibility Criteria

- **Design, construction, modernization, operation, acquisition, installation, and maintenance of projects supporting sustainable Waste management:**
  - **Waste management activities supporting pollution control and resources efficiency including:**
    - Collection, transport and treatment that supports segregation, recovery, reuse and recycling of municipal waste;
    - Non-hazardous waste sorting, processing and recycling facilities and related infrastructures;
    - Biowaste<sup>26</sup> composting facilities and related infrastructures such as anaerobic digestion facilities and composting of biowaste.
- **Design, construction, modernization, operation, acquisition, installation, and maintenance of Energy from Waste (EfW) facilities for the generation of electricity and/or heat located in countries with public waste management system in place<sup>27</sup>.**

### Exclusion Criteria

- Waste landfills;
- Waste from fossil fuel related activities.

<sup>26</sup> 'biowaste' means biodegradable garden and park waste, food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers and retail premises and comparable waste from food processing plants

<sup>27</sup> Waste hierarchy principles: waste prevention, reduction, reuse and recycling is done prior to incineration, and as much as possible to reduce the amount of waste disposal to landfills.

### 3.1.3. Eligible Social Loans

Eligible Green Loans consist of existing and future eligible loans provided by SFIL Group which belong to the following Eligible Green Loan Categories and are aligned with the applicable Eligibility Criteria.

## Eligible Social Loan Category: Renewal and cohesion of territories

### Social Bond Principles eligible project categories:

- **Affordable Housing;**
- **Socioeconomic advancement and empowerment** (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality).

### Contribution to preliminary EU Social Taxonomy Objective(s):

- Adequate living standards and wellbeing for end-users
- Inclusive and sustainable communities and societies

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Social Loan Category: Renewal and cohesion of territories

Eligibility Criteria	Target populations
<ul style="list-style-type: none"> <li>• <b>Social Housing - fight against inadequate housing and support of access to housing:</b> <ul style="list-style-type: none"> <li>○ <b>French local authorities subsidies to social housing sector as defined by French law<sup>28</sup> notably supporting projects aimed at developing and renovating social housing stock.</b></li> </ul> </li> <li>• <b>Access to digital – support connectivity and digital inclusion:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of broadband network and related infrastructure including</b> <ul style="list-style-type: none"> <li>• Create, extend or improve broadband coverage, in order to provide internet access in areas at risk of digital exclusion<sup>29</sup>;</li> <li>• Create or extend network in rural areas, notably where the deployment of optical fibre is not profitable because of low population density or deployment difficulties, including French local authorities investments aiming to equip all communities with very high-speed broadband (such as “Réseaux d’Initiative Publique”<sup>30</sup>).</li> </ul> </li> </ul> </li> <li>• <b>Urban renewal &amp; rural revitalization - improve living conditions of inhabitants of cities and rural areas:</b> <ul style="list-style-type: none"> <li>○ <b>Provide support to public initiatives in favor of social cohesion in territories.</b> <ul style="list-style-type: none"> <li>○ This encompasses all French programs and projects that aim to foster urban renewal and revitalization (the so-called “quartier prioritaire de la ville”). Those areas are identified by the French State according to the proportion of people that lives with an income below 11 250€ per year). The list is adopted by Decree. Those programs include but are not limited to the “Nouveau Programme de Renouvellement Urbain” carried by the National Agency for urban renewal.<sup>31</sup>.</li> <li>○ It also encompasses territory revitalization initiatives (“operations de revitalisation de territoire”). Those operations are defined by the French Law<sup>32</sup> and include programs such as “Action Coeur de ville”<sup>33</sup> and “Petites villes de demain”<sup>34</sup>.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Disadvantaged populations at risk of housing exclusion</li> <li>• Populations living in areas lacking connection to digital networks</li> <li>• All population in the target Local Authority area</li> </ul>

<sup>28</sup> [https://www.legifrance.gouv.fr/codes/section\\_lc/LEGITEXT000006074096/LEGISCTA000006128689/](https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006074096/LEGISCTA000006128689/)

<sup>29</sup> Areas where no service exists (fixed or mobile) by any operator or the existing capacity does not allow for a quality internet experience (such as “Zones blanches” in France)

<sup>30</sup> <https://www.arcep.fr/collectivites/les-reseaux-dinitiative-publique-rip.html>

<sup>31</sup> <http://www.anru.fr/>

<sup>32</sup> Loi Elan <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000037639478/>

<sup>33</sup> <https://www.cohesion-territoires.gouv.fr/programme-action-coeur-de-ville>

<sup>34</sup> <https://www.cohesion-territoires.gouv.fr/petites-villes-de-demain-acceler-les-transitions-dans-les-territoires-ruraux>



## Eligible Social Loan Category: Access to Essential Services

### Social Bond Principles eligible project categories:

- **Access to essential services** (e.g. health, education and vocational training, healthcare, financing and financial services).

### Contribution to preliminary EU Social Taxonomy Objective(s):

- Adequate living standards and wellbeing for end-users
- Inclusive and sustainable communities and societies

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Social Loan Category: Access to Essential Services

Eligibility Criteria	Target populations
<ul style="list-style-type: none"> <li>• <b>Education &amp; Culture – development, provision and access to education &amp; culture to all populations:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of infrastructures and equipment dedicated to education, culture and sports, including:</b> <ul style="list-style-type: none"> <li>• Public nurseries, day-care, pre-school, primary and secondary schools and universities accessible to all and associated cafeterias;</li> <li>• Infrastructure and rolling stock required for universally accessible school transfers for public educational institutions;</li> <li>• Public professional training organizations and infrastructures dedicated to adult learning and continuous education;</li> <li>• Publicly accessible sport facilities and public open spaces open to all population including parks, fields and sports centres;</li> <li>• Public culture facilities open to all population including libraries, culture centres, museums, theatres, community centres ('maisons des associations', 'maisons des quartiers') and multipurpose venues.</li> </ul> </li> </ul> </li> <li>• <b>Free &amp; subsidized healthcare – development, provision and access to healthcare to all populations:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of infrastructures and equipment dedicated to healthcare, including:</b> <ul style="list-style-type: none"> <li>• Public healthcare infrastructures and services accessible to all including public hospitals<sup>35</sup>, medical centers and laboratories;</li> <li>• French public healthcare and childcare facilities, social and medico-social establishments (ESMS) such as "Centre Communal d'Action Sociale" (CCAS) and "Centre intercommunal d'action sociale" (CIAS) including institutions managed by public entities or private non-profit entities (associations, foundations);</li> <li>• Public first aid facilities such as fire departments.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• All pupils and students</li> <li>• Public education facilities (open to all population)</li> <li>• Professional training organizations</li> <li>• Populations with socioprofessional integration difficulties (all ages), without training or professional experiences</li> <li>• Entire population in the catchment area of culture and sport facilities</li>   <li>• General population in need of medical care and notably disadvantaged populations; underserved populations with a lack of quality access to essential goods and services</li> </ul>

<sup>35</sup> Public hospitals located outside of France as French public hospitals financing is supported through the SFIL Group Social Note Framework

## Eligible Social Loan Category: Affordable Basic Infrastructure

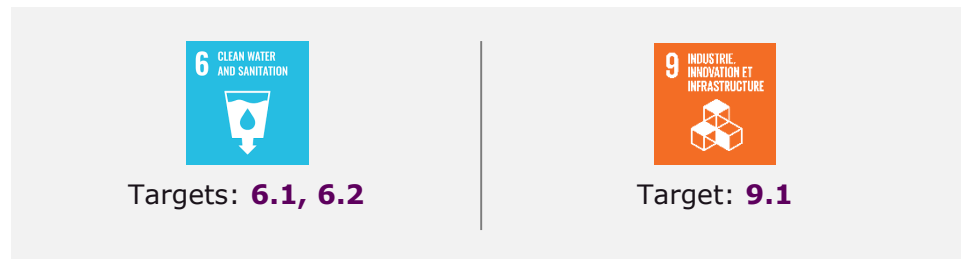
### Social Bond Principles eligible project category:

- **Affordable basic infrastructure** (e.g. clean drinking water, sewers, sanitation, transport, energy).

### Contribution to preliminary EU Social Taxonomy Objective(s):

- Adequate living standards and wellbeing for end-users
- Inclusive and sustainable communities and societies

### Contribution to the United Nations Sustainable Development Goals:



## Eligible Social Loan Category: Affordable Basic Infrastructure

Eligibility Criteria	Target populations
<ul style="list-style-type: none"> <li>• <b>Clean Water and Sanitation – development, provision and access to clean water &amp; sanitation to all populations:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of infrastructures and equipment of drinking water networks, including:</b> <ul style="list-style-type: none"> <li>• Increase capacity for production and storage of drinking water in view of providing access to an improved water source to additional population, through the construction of new facilities;</li> <li>• Rehabilitation and extension of existing facilities including water drilling, modern equipped wells, equipped water sources, rainwater collection, drinking water treatment plant, water towers and storage, drinking water fountains and associated connections, supply and distribution pipes.</li> </ul> </li> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of infrastructures and equipment dedicated to water sanitation, including:</b> <ul style="list-style-type: none"> <li>• Domestic waste water treatment and sanitation facilities and associated infrastructures such as sewage networks.</li> </ul> </li> </ul> </li> <li>• <b>Electricity transmission and distribution infrastructure – development, provision and access to electricity to all populations:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and maintenance of electricity transmission and distribution infrastructures enabling populations located in areas with low electricity connection rate to be connected to the grid:</b> <ul style="list-style-type: none"> <li>• Low electricity connection rate: geographic area such as a region with a share of population having access to electricity below 50%<sup>2</sup> or part of the infrastructure development plan of a DAC country classified as 'least developed country' or 'low income country' or 'lower middle income countries'</li> </ul> </li> </ul> </li> <li>• <b>Road transportation infrastructure – development, provision and access to road transportation networks to all populations:</b> <ul style="list-style-type: none"> <li>○ <b>Design, construction, modernization, operation, acquisition, installation, and rehabilitation of all season rural and feeder roads<sup>36</sup> located in areas that lack connectivity or access to basic infrastructure such as hospitals or schools:</b> <ul style="list-style-type: none"> <li>• Areas that lack connectivity: Rural population living at more than 2 km away from an all-season road or equivalent criteria or part of the infrastructure development plan of a DAC country classified as 'least developed country' or 'low income country' or 'lower middle income country'</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• General public, particularly underserved, owing to a lack of quality access to clean water</li> <li>• Population not connected to wastewater drainage and management networks</li> <li>• Population with limited to no access to electricity</li> <li>• Populations living in areas lacking road infrastructure</li> </ul>

<sup>36</sup> Road infrastructures must be accessible to all without any constraint, especially pricing (no road tolls)

## 3.2. Process for Asset Selection and Evaluation

Eligible green and/or social loans are expected to comply with relevant regulations, including any applicable regulatory environmental and social requirements. In addition, all eligible loans are assessed against SFIL governance guidelines, principles and management systems including notably a clear mapping of corruption risks and prevention measures. SFIL has implemented all provisions related to the fifth Anti-Money Laundering and the Financing of Terrorism Directive which entered into force under French law following the decree of February 12th, 2020.

Green and Social loans to the French local authorities that will be (re)financed via the issuance of green, social or sustainability bonds are originated by the network of La Banque Postale before being transferred to SFIL Group.

French Public Local Authorities commit to high environmental, social and ethical standards in compliance with French law. As one of the Designated Countries<sup>37</sup> of the Equator Principles, France is subject to robust regulatory standards in ESG matters, notably having robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment.

As French Public Local Authorities operate exclusively in France, which is subject to European and French regulations, the investments financed by Green and/or Social loans comply with minimal social guarantees and comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and the International Bill of Human Rights.

The climate risk of the local public sector loan portfolio is monitored on a regular basis by the credit risk department. In addition, the credit approval process has been adapted to facilitate the granting of green loans to local authorities.

La Banque Postale is in charge of the origination of local public sector loans. The origination process complies with the responsible financing and responsible investment charter adopted by La Banque Postale.'

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<sup>37</sup> <https://equator-principles.com/designated-countries/>

## 3.2. Process for Asset Selection and Evaluation

The following process to monitor the evaluation and selection of projects to be considered as “Eligible Green or Social Loans” has been implemented for French local authorities financing:

- At operational level, the commercial teams of La Banque Postale propose green or social loans for the financing of environmental or social projects to French local authorities clients. These loans have a specific loan documentation including a description of the planned green or social project. Green or Social loans are flagged in the information systems based on the relevant eligibility criteria described in section Use of Proceeds;
- A first verification whether the provided information is sufficient for a classification as green or social loan is performed by the back office at the moment the borrower returns the signed loan contract;
- SFIL verifies and validates the classification as Eligible Green or Social Loan at the moment of the transfer of the loan and;
- On a regular basis, the Green, Social and Sustainability Bond committee will monitor the project selection and evaluation process according to the eligibility criteria which determines the qualification of the loan as a green or social loan.

As agreed with the European Commission, SFIL also refinances major export credit agreements in all sectors where French exporters are competing.

In addition to their contribution to sustainable development in line with the eligibility criteria above, all the projects go through an enforced diligence process meant to ensure that relevant environmental and social (E&S) safeguards are systematically met.

The following process will be used to monitor the evaluation and selection of projects to be considered as “Eligible Green or Social Loans” with respect to the export financing activity:

- All information relevant for the eligibility under the framework will be collected and analyzed by the Export Credit Department;
- In addition, an analysis of social and environmental aspects of the project is part of the credit decision making process;
- The 'Green, Social and Sustainability bond committee will review the eligibility of the project based on the information collected by the Export Credit Department.

## 3.2. Process for Asset Selection and Evaluation

Among the banks SFIL has partnered with<sup>38</sup>, the vast majority of the entities have signed the Equator principles<sup>39</sup>, the financial industry benchmark for determining, assessing, and managing environmental and social risks in projects<sup>40</sup>. In addition, BPI France Assurance Export (BPIAE) - which brings the guarantee on behalf of the French State - is in charge of the environmental and social assessment of each project<sup>41</sup>.

This assessment is carried according to the OECD Guidelines<sup>42</sup>. The objective is to ensure that projects both meet local regulatory requirements and international standards, especially the one developed by the World Bank Group<sup>43</sup> and the International Financial Corporation (IFC)<sup>44</sup>. For all potentially sensitive projects the BPIAE social and environmental impact analysis is made publicly available. Like other OECD credit insurers, BPIAE is committed to include environmental and social risks, protection and respect for human rights and corruption prevention in its impact assessments.

SFIL ensures that BPIAE's requirements are enforceable against its debtor so that, on BPIAE's instructions, the export credit can be suspended or terminated early if the debtor's commitments in terms of mitigating environmental and social impacts or combating corruption are not met.

On a regular basis, and at least two times a year, a dedicated Green, Social and Sustainability Bond Committee monitors the project selection and evaluation process and allocation of proceeds.

- The Green, Social and Sustainability Bond committee is currently comprised of the following permanent representatives from SFIL Group:
- Head of ALM and financial markets
- Head of funding & treasury
- Head of investor relations & sustainability
- A representative of the local public sector department
- A representative of the export financing department

Representatives from other departments may be invited depending on the topics.

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<sup>38</sup> <https://sfil.fr/wp-content/uploads/2021/08/Leaflet-export-juillet-2021-D361-28-07-2021-BD.pdf>

<sup>39</sup> Partner banks not signatory of Equator Principles will not be eligible

<sup>40</sup> <https://equator-principles.com/>

<sup>41</sup> <https://www.bpifrance.fr/Bpifrance/Qui-sommes-nous/Nos-metiers/International/Assurance-Export/Evaluation-Environnementale-et-Sociale>

<sup>42</sup> OECD, Recommendation of the Council on Common Approaches for officially supported export credits and environmental and social due diligence ("the Common approaches")

<sup>43</sup> Environmental and social policies in the context of projects

<sup>44</sup> Environmental, Health, and Safety Guidelines, Environmental & Social Performance standards

## 3.2. Process for Asset Selection and Evaluation

The Green, Social and Sustainability Bond committee will be responsible for the following:

- Review and validate the selection of the “Eligible Green Loans” and “Eligible Social Loans” based on the defined Eligible project categories and eligibility criteria under section 3.1. and more generally oversee the implementation and allocation process;
- Monitor the alignment of the Green and/or Social loans with the Green, Social and Sustainability Bond eligibility criteria and process for asset selection and evaluation. Specifically, the Green, Social and Sustainability Bond committee can decide to replace some Eligible Green and/or Social Loans if they no longer meet the eligibility criteria;
- To manage any future updates of the Green, Social and Sustainability Bond Framework, including the evolutions of the sustainable finance regulation, such as the EU Taxonomy Regulation and the EU Green Bond Standard (EUGBS), on a best effort basis, with a view of potentially updating the Green, Social and Sustainability Bond Framework to the extent necessary. Such updates would only apply to Green, Social or Sustainability bonds issued after the publication of the updated framework and new Second Party Opinion;
- Review and validate the annual reporting;
- Mandate and monitor external reviews of the Green, Social and Sustainability Bond Framework and the reporting.

In addition to loans originated under the specific green and/or social loan format described above, green, social and sustainability bonds may also refinance eligible green and/or social loans that were originated in the past after the creation of SFIL in 2013. These loans may be considered “Eligible Green Loans” or “Eligible Social Loans” if there is sufficient information and documentation available to ensure compliance with the eligibility criteria set out in the Use of Proceeds section.



### 3.3. Management of Proceeds

SFIL Group has set up internal systems to track the use of proceeds of its Green, Social and Sustainability Bonds and has established a register to monitor the “Eligible Green Loans” and “Eligible Social Loans”. SFIL Group will manage its Green, Social and Sustainability Bonds with a transaction-by-transaction approach, i.e., ensuring each transaction is allocated to a dedicated set of “Eligible Green Loans” and/or “Eligible Social Loans”. Each “Eligible Green Loan” or “Eligible Social Loan” will be flagged to a specific Green, Social or Sustainability Bond issuance and will remain associated to this specific issuance until maturity.

SFIL aims to allocate the proceeds of each Green, Social and Sustainability Bond to “Eligible Green Loans” and/or “Eligible Social Loans” rapidly after issuance, ideally, and on a best effort basis, within 2 years of issuance. In case of refinancing, “Eligible Green Loans” and/or “Eligible Social Loans” will have been paid out no more than 3 calendar years prior to the issuance of Green, Social and Sustainability Bonds. Different drawdowns linked to the same loan may be refinanced via separate Green, Social or Sustainability bond transactions.

In case SFIL Group identifies loans that no longer fulfil the eligibility criteria during the life of the Green, Social or Sustainability Bonds, SFIL Group will remove these loans from the register and replace them on a best effort basis with loans that fulfill the eligibility criteria.

Pending the full allocation of the net proceeds of each transaction, SFIL Group will keep record of the remaining balance of unallocated Green, Social or Sustainability Bonds proceeds and invest such unallocated amount as per SFIL’s treasury policy.

An independent third-party will be requested to verify the allocation of the Green, Social and Sustainability Bonds proceeds as documented in section 4.2.

## 3.4. Reporting

### 3.4.1. Allocation reporting

Allocation reporting will be available to investors within one year from the date of each Green, Social or Sustainability Bond issuance and annually thereafter until the net proceeds have been fully allocated and on a timely basis in the case of material developments.

The report will provide:

- the total amount of proceeds allocated to each Green, Social or Sustainability Bond, by “Eligible Green Loan” and/or “Eligible Social Loan” category;
- the number of “Eligible Green Loans” and/or “Eligible Social Loans” associated with each Green, Social or Sustainability Bond issuance;
- the average lifetime of the loans;
- the split between financing and refinancing;
- the total amount of proceeds pending allocation;
- the geographical split of loans.

## 3.4. Reporting

### 3.4.2. Impact reporting

SFIL Group intends, on a best effort basis, to report annually and until full allocation on the environmental impact of the “Eligible Green Loans” and on the social impact of the “Eligible Social Loans”. However, as the large number of underlying loans limits the amount of detail that can be made available, information might be presented on an aggregated Eligible Green and/or Social Project category basis.

An indicative list of potential impact indicators is available in the Annex of the Green, Social and Sustainability Bond Framework.

Additionally, when appropriate and subject to confidentiality obligations, SFIL Group may provide examples of French local authorities investments or export credit financings which benefited from the (re)financing of the Green, Social or Sustainability Bonds.

Both the allocation report and impact report will be made available to investors via the SFIL’s group website<sup>45</sup>.

In case several Green, Social or Sustainability Bonds are issued within a one year period, the issuer may consolidate the reporting for several transactions within a single document.

Last, SFIL intends to further improve the quality of its reporting overtime. It is expected that the process implemented with La Banque Postale will allow to provide more detailed information concerning the green and/or social projects that have been financed.

SFIL Group strives to align its reporting with the reporting templates suggested by the “Handbook – Harmonized framework for impact reporting” published by the International Capital Market Association (ICMA).<sup>46</sup>

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<sup>45</sup> <https://sfil.fr/en/sfil-group-investors/>

<sup>46</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

## 3.5. External review

### 3.5.1. Second Party Opinion

Sustainalytics has been selected to assess the sustainability, transparency and governance of SFIL Group's Green, Social and Sustainability Bond Framework and its compliance with the Green Bond Principles, 2021 version (GBP), the Social Bond Principles, 2021 version (SBP), and the Sustainability Bond Guidelines, 2021 version (SGB), as published by the International Capital Market Association (ICMA). The results will be documented in the Second-Party Opinion, which will be available on SFIL Group's website. Any material change to this Green, Social and Sustainability Bond Framework will be submitted for review to the Second Party Opinion provider.

### 3.5.2. External Verification

Starting within one year after issuance and until full allocation of the Green, Social or Sustainability Bond proceeds an independent third-party will verify on an annual basis the following information:

- Allocation of the net proceeds to eligible green and social loans ;
- The compliance of loans financed by the Green, Social or Sustainability Bond proceeds with the criteria defined in the Use of Proceeds section, Management of proceeds and unallocated proceeds amount.



# AGENDA

- 1. Introduction to SFIL Group**
- 2. Rationale to issue Green, Social and Sustainability Bonds**
- 3. SFIL Group Green, Social & Sustainability Bond Framework**
  - 3.1. Use of proceeds
  - 3.2. Process for Asset Selection and Evaluation
  - 3.3. Management of Proceeds
  - 3.4. Reporting
  - 3.5 External review
- 4. Annex**

## ANNEX : LIST OF POTENTIAL IMPACT REPORTING INDICATORS

For illustration, SFIL will consider using the following indicative reporting indicators:

Eligible Green Loans Categories		Example of Impact Reporting Metrics
<b>Territorial Mobility and Soft Urban Transport</b>		<ul style="list-style-type: none"> <li>• Tons of CO2e avoided per year;</li> <li>• Avoided greenhouse gas emissions per EUR 1k invested (tons of CO2e/kEUR);</li> <li>• Number of low emissions vehicles financed;</li> <li>• Km of public transport lines created / maintained.</li> </ul>
<b>Renewable Energy</b>	<i>Renewable Energy generation</i>	<ul style="list-style-type: none"> <li>• Tons of CO2e avoided per year;</li> <li>• Breakdown of Renewable Energy technology financed;</li> <li>• Installed renewable energy capacity (MW);</li> <li>• Expected renewable energy production (Kwh);</li> <li>• Tons of CO2e avoided per year;</li> <li>• Tons of CO2e avoided per financed MW (TCO2e/MW).</li> </ul>
	<i>Renewable Energy transmission</i>	<ul style="list-style-type: none"> <li>• Km of transmission lines network installed;</li> <li>• Renewable energy power connected to the network (MW).</li> </ul>
<b>Energy Efficiency of Construction and Urban Development</b>	<i>Green Buildings</i>	<ul style="list-style-type: none"> <li>• Tons of CO2e avoided per year (m<sup>2</sup> constructed);</li> <li>• Tons of CO2e avoided per year (m<sup>2</sup> refurbished);</li> <li>• Reduction of energy consumption (kWh/year);</li> <li>• Energy saved (MWh/year).</li> </ul>
	<i>Energy efficiency</i>	<ul style="list-style-type: none"> <li>• Tons of CO2e avoided per year;</li> <li>• Reduction of energy consumption (kWh/year).</li> </ul>
<b>Sustainable Water and Sanitation</b>		<ul style="list-style-type: none"> <li>• Volume of sludge produced (tons of dry substance per year);</li> <li>• Number of kilometers of wastewater network (added or renewed);</li> <li>• Drinking water volume distributed (m<sup>3</sup>/year).</li> </ul>
<b>Waste Management &amp; Valuation</b>		<ul style="list-style-type: none"> <li>• Additional energy recovery capacity from waste</li> <li>• Tons of waste managed or recycled or recovered per year by entities benefitting from Green Loans</li> </ul>

## ANNEX : LIST OF POTENTIAL IMPACT REPORTING INDICATORS

Eligible Social Loans Categories		Example of Impact Reporting Metrics
<b>Renewal and cohesion of territories</b>	<i>Social Housing</i>	<ul style="list-style-type: none"> <li>• Number of dwellings financed;</li> </ul>
	<i>Access to digital</i>	<ul style="list-style-type: none"> <li>• Number of dwellings financed;</li> <li>• Share of coverage of « Réseaux d'Initiative Publique »</li> </ul>
	<i>Urban renewal &amp; rural revitalization</i>	<ul style="list-style-type: none"> <li>• Number of inhabitants benefitting from revitalization programs</li> </ul>
<b>Access to Essential Services</b>	<i>Education &amp; culture</i>	<ul style="list-style-type: none"> <li>• Number of education facilities built and/or upgraded;</li> <li>• Number of pupils benefitting from school transfer services;</li> <li>• Number of students;</li> <li>• Number of people trained;</li> </ul>
	<i>Free &amp; subsidized healthcare</i>	<ul style="list-style-type: none"> <li>• Number of facilities built and/or upgraded;</li> <li>• Split by type of facility;</li> <li>• Number of patients benefitting from treatment</li> </ul>
<b>Affordable Basic Infrastructure</b>	<i>Clean Water &amp; Sanitation</i>	<ul style="list-style-type: none"> <li>• Number of beneficiaries;</li> <li>• Type of projects financed and number of projects supported;</li> <li>• Percentage/size of populations provided access to clean water and/or sanitation.</li> </ul>
	<i>Electricity transmission and distribution infrastructure</i>	<ul style="list-style-type: none"> <li>• Number of people provided access to clean and affordable energy;</li> <li>• Increased #/% of rural areas/households with access to electricity (clean, affordable energy).</li> </ul>
	<i>Road transportation infrastructure</i>	<ul style="list-style-type: none"> <li>• Kilometers of feeder roads rehabilitated/constructed</li> </ul>

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