

SUSTAINABILITY REPORT 2023





Sfil joined the United Nations Global Compact in 2018.

In doing so, our young bank pledged to increasingly incorporate sustainable development issues in all aspects of our activity: in the types of loans we provide, in the manner in which we measure and manage our risks, in our external communication and in our internal operations. Far from taking us down a new path, this fresh strategic direction resonated deeply with our status as a public development bank established to serve the public interest.

Five years on, at a time when Sfil is celebrating its tenth year in business and has become a wholly-owned subsidiary of Caisse des Dépôts Group, we have come a very long way. In 2023, and for the first time, we measured the carbon footprint of our portfolios and published commitments to reduce it; we have developed an innovative methodology to calculate climate and environmental risk scores for local authorities, which are our main clients; and we have introduced an ambitious integration and diversity policy.

We have also redefined our sustainability policy around 10 commitments geared towards our group's three strategic priorities (ecological transformation, economic growth and sovereignty, and social and regional cohesion), reasserting our ambition to lead by example within our organisation. This new policy sets out a clear and shared course that we must endeavour to stick to in the interests of all our stakeholders.

As regards French local public sector financing, 2023 saw a further significant increase in the share of new thematic loans (green loans, social loans, healthcare loans): 43% in 2023, up from 37% in 2022 and 27% in 2021. It is through these thematic loans that Sfil, as market leader, makes a very real and extensive contribution to the ecological transition and to social cohesion in local communities. In keeping with our mission to harness international capital in order to offer the best possible financing terms to all customers, regardless of their size, we have issued €750 million worth of green bonds and €500 million worth of social "healthcare" bonds.

We understand that by supporting large export contracts, we are helping to safeguard jobs in local communities, and that this is a factor of social cohesion, while also boosting the country's economic sovereignty. With this in mind, in 2023, we also supported 10 large companies and committed a record amount of €5 billion in export credit.

We will continue in this vein in the coming years: over the next seven years (2024-2030), we pledge to devote €17.5 billion to the ecological and energy transition and €12 billion to public hospitals and to French local authority investment in social infrastructure. We will not finance any new hydrocarbon projects or any conventional power generation project that would increase the carbon intensity of the local energy mix.

We intend to continue, year after year, to further enhance our system for detecting and managing environmental, social and governance risks.

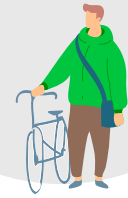
In 2024, we renew our pledge to uphold the Ten Principles of the Global Compact and to play our part in achieving the United Nations' Sustainable Development Goals.



Philippe Mills
Chief Executive
Officer



François Laugier
Deputy Chief
Executive Officer



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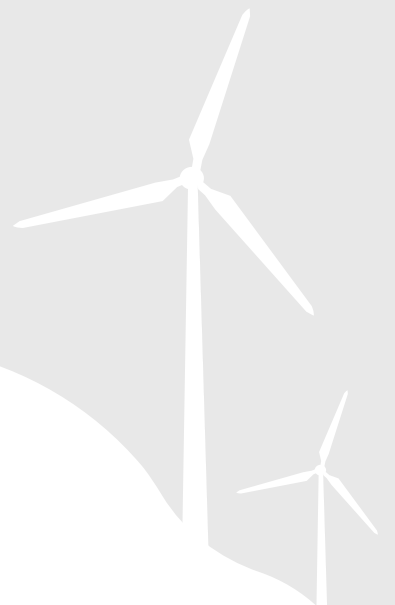
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SUSTAINABILITY AT THE HEART OF OUR MODEL

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1.1. OUR FUNDAMENTALS

1.1.1. OUR CORPORATE PURPOSE

Sfil was formed in 2013 on the founding principle that it would serve the public interest and guarantee stable financing for the local public sector. This is reflected in our corporate purpose statement:

“FINANCING A SUSTAINABLE FUTURE THROUGH LONG-TERM, RESPONSIBLE SUPPORT...”

Sfil is a public development bank, a model recognised 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 MOBILISING INTERNATIONAL CAPITAL...

Sfil does not collect deposits: its financing is based solely on bond issues 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 maximise its return or market share: positive but moderate returns are enough 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, characterised 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.”

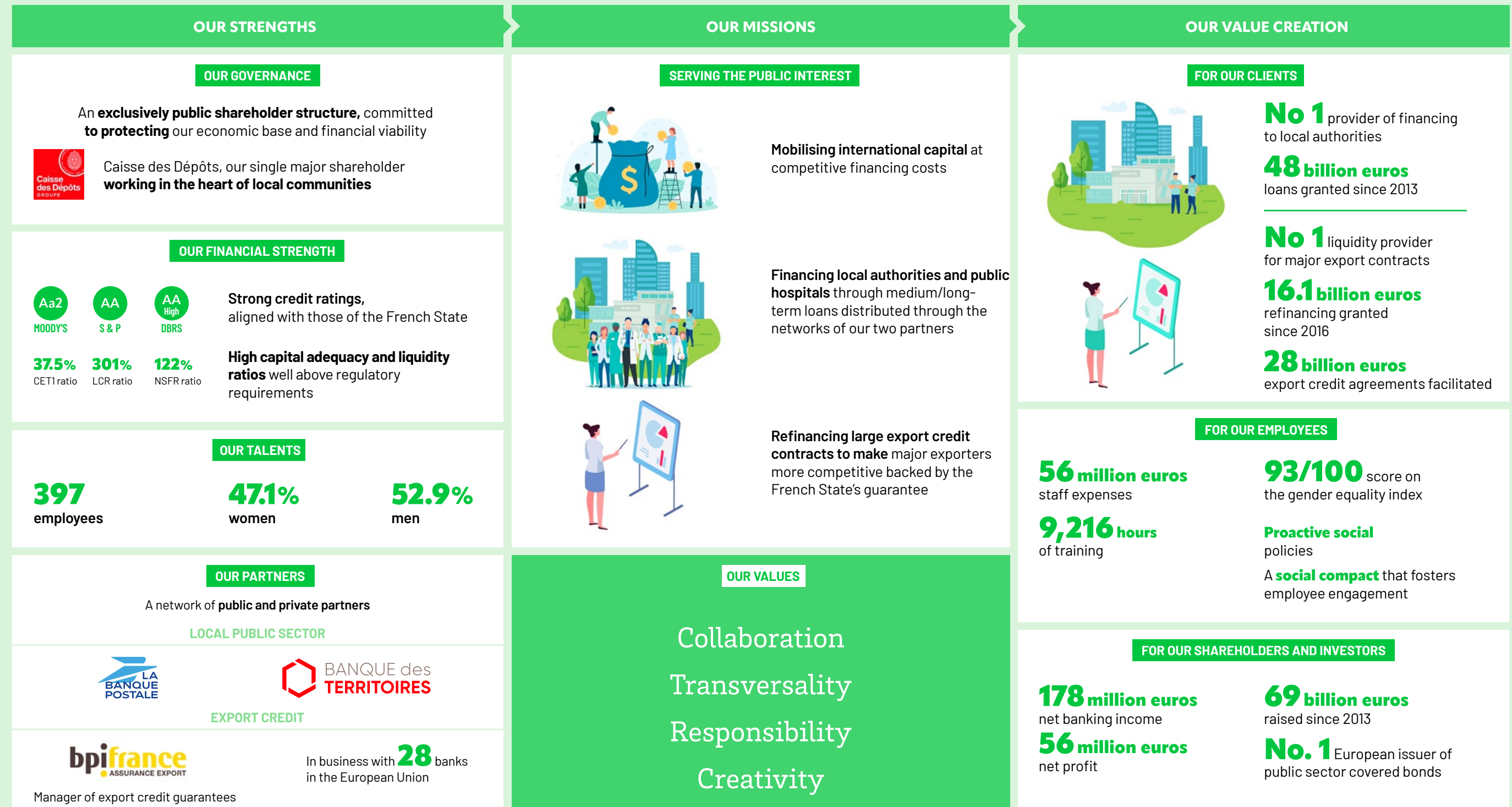
As a human-sized bank focused on public interest missions, Sfil attaches great importance to the quality of labour relations, well-being at work, gender equality and career-long training for all.

OUR CORPORATE PURPOSE: FINANCING A SUSTAINABLE FUTURE



(1) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, known as the Capital Requirements Regulation (CRR) II, Article 429a, paragraph 2.

1.1.2. OUR BUSINESS MODEL



1.1.3. OUR STAKEHOLDERS

As the cornerstone of a corporate social responsibility (CSR) approach, dialogue with our stakeholders is essential to ensure that our business model, our financing activities and our internal practices match their expectations. We therefore strive to communicate regularly with our main stakeholders: the French State and our shareholder, our employees, our consumers, the financial markets, regulators and supervisors, our suppliers and civil society.

Far from being a simple exercise of external communication, this dialogue determines the legitimacy and effectiveness of our strategy by informing and guiding the development of our sustainability policy. It is also essential to our double materiality analysis, which we initiated in 2023 and will continue in 2024.



DIALOGUE WITH OUR STAKEHOLDERS

STAKEHOLDER	ENGAGEMENT PROCESSES	MEASUREMENT ELEMENTS	PRIMARY CONTACT
Public authorities	<ul style="list-style-type: none"> - Occasional meetings - Participation in industry work 	<ul style="list-style-type: none"> - Membership of the European Association of Public Banks (EAPB) - Membership of the French Banking Federation (FBF) 	Executive Management
Shareholder (Caisse des Dépôts)	<ul style="list-style-type: none"> - Board of Directors and its governance bodies - Involvement in business lines (sustainable policy, HR, risks, IS-data, audit, etc.) - Financial and non-financial reporting 	<ul style="list-style-type: none"> - Seven meetings of the Board of Directors and 25 meetings of its specialised committees in 2023 - Seven directors from the group including one representing Caisse des Dépôts 	CEO office
Employees	<ul style="list-style-type: none"> - Labour relations (including through the social and economic committee) - HR managers, employee survey - Training and awareness actions - Board of Directors and its governance bodies 	<ul style="list-style-type: none"> - Rate of participation in workplace elections in 2023: 84% - 89% of employees say they trust their manager* - 82% of employees feel well informed* - Three directors representing the employees 	Managers, human resources department
Local authorities, Public health institutions	<ul style="list-style-type: none"> - Customer contacts for the management of outstandings - Newsletters, customer satisfaction survey - Monthly roadshows in French regions - Participation in the Salon des Maires et des Collectivités Locales (“mayors and local authorities fair”) - Relations with the associations of elected representatives and with the FHF (French hospital federation) 	<ul style="list-style-type: none"> - Nearly 12,000 borrowers at the end of 2023 - 2,477 consumers registered on the Digisfil digital platform at the end of 2023 - Five communication campaigns geared towards borrowers in 2023 - Six road shows in French regions in 2023 	Local public sector department
Partner banks (local public sector)	<ul style="list-style-type: none"> - Regular reviews with La Banque Postale (LBP) and Banque des Territoires - Board of Directors and its governance bodies 	<ul style="list-style-type: none"> - Two directors from LBP + one director from Banque des Territoires 	
French public support scheme for exports	<ul style="list-style-type: none"> - Regular reviews with Bpifrance Assurance Export - Board of Directors 	<ul style="list-style-type: none"> - One non-voting member of the Board of Directors from the French Treasury 	Export credit department
Exporting companies	<ul style="list-style-type: none"> - Monthly roadshows in the provinces, responses to requests 	<ul style="list-style-type: none"> - 40 companies met and 10 companies receiving support for exports in 2023 	
Partner banks (export)	<ul style="list-style-type: none"> - Responses to requests 	<ul style="list-style-type: none"> - 27 banks have signed the refinancing partnership 	
Investors	<ul style="list-style-type: none"> - Investor roadshows, responses to requests - Allocation reports for green, social and sustainability bonds 	<ul style="list-style-type: none"> - Participation in 10 events bringing together 495 investors in 2023 - Membership of the International Capital Markets Association (ICMA) 	Financial markets department
Non-financial rating agencies	<ul style="list-style-type: none"> - Detailed analysis of assessments received - Responses to requests from analysts 	<ul style="list-style-type: none"> - Sustainalytics: 7.3 (Sfil, 14th out of 1,032 banks assessed) - ISS ESG: C+ (Caffil, “Prime” status) 	
Supervisors (ECB, ACPR)	<ul style="list-style-type: none"> - Regular exchanges with the ECB-ACPR Joint Supervisory Team (JST) - Supervisory Review and Evaluation Process (SREP) - Self-assessment on the Disclosures theme 	<ul style="list-style-type: none"> - Single Supervisory Mechanism (SSM): participation in the main structuring exercises, namely thematic meetings and Climate & Environment stress tests 	Prudential affairs department
Suppliers	<ul style="list-style-type: none"> - Responsible purchasing charter - ESG criteria in calls for tenders, ESG clauses in contracts - Exchanges during contract renewals 	<ul style="list-style-type: none"> - 169 contracts executed in 2023 - 138 CSR questionnaires collected from suppliers in 2023 	Purchasing unit
Civil society	<ul style="list-style-type: none"> - Official publications - External communication actions (press, social media) - Responses to requests from civil society organisations 	<ul style="list-style-type: none"> - Four independent directors - 40 posts on LinkedIn in 2023, 7,725 subscribers at the end of 2023 - No solicitation of civil society organisations in 2023 	Sustainability department

*Source: Sfil 2022 employee survey conducted by Opinionway (latest available data).



1.2. OUR GOVERNANCE

1.2.1. THE BOARD OF DIRECTORS, CORNERSTONE OF OUR GOVERNANCE

The Board of Directors determines Sfil's business strategy and ensures its proper implementation. It is governed by rules of procedure, which were updated in December 2023. The Board of Directors meets at least once every quarter. In 2023, it met seven times.

The Board of Directors is composed of 15 directors, including **3 directors representing the employees** (i.e. 20% of the members). There are **4 independent directors** (i.e. 27% of the members or 33% excluding directors representing employees), **including the Chairman of the Board, Pierre Sorbets**. A non-voting member represents the French State due to the public service missions entrusted to Sfil, particularly in the field of export support.

The Board of Directors endeavours to maintain a balanced membership, both in terms of **gender** and diversity in expertise and experience. Hence, 47% of the members of the Board are women (42% excluding directors representing the employees), the average age is 54 years and the average tenure on the Board corresponds to the length of their terms of office, i.e. four years. Their combined financial expertise and knowledge of business sectors (local public sector and export credit sectors) and of the associated risks help ensure Sfil's controlled development.

The directors are required to ensure that no event puts them in a situation where they might find themselves in a conflict of interest with Sfil or Caffil. Provisions relating to the management of conflicts of interest are set out in the rules of procedure, and can go as far as the resignation of the director in question.

The Board of Directors pays particular attention to environmental issues and climate risks. The rules of procedure stipulate that the Board of Directors must *"ensure that the company creates value in the long term by considering the social and environmental, cultural and sports-related aspects in keeping with the corporate purpose of Sfil and of Caisse des Dépôts"* and *"regularly examine the opportunities and risks taken by the company, particularly in the financial, legal, social and environmental fields (including climate-related risk), as well as the measures adopted as a result thereof"*.

"The Board of Directors has 15 members, including 3 representing the employees and 4 independent directors"

In 2023, the directors completed a half-day of training on issues relating to the CSRD and to the environmental and climate risks for the local public sector.

When it comes to environmental, social and governance issues, the Board of Directors is assisted **by a Governance, Appointments and CSR Committee ("CGN-RSE")**. In 2023, the CGN-RSE met nine times. This was above the average number of meetings customarily held, due mainly to the number of movements within the Board, organisational changes and the intensification of sustainability-related activity. The CGN-RSE notably:

- examined the sustainability policy and the sustainability report for 2022;
- analysed the profiles of candidates to replace the directors who planned to step down;
- reassessed and issued a positive opinion on the independent nature of four directors;
- reviewed the report on corporate governance and the training plan for corporate officers;
- examined the supervisor's remarks and recommendations concerning Sfil's governance in the context of prudential supervision;
- examined the decarbonisation trajectories of the portfolios.

The medium-term target to have women hold at least 40% of the seats on the governance bodies will be achieved at Sfil in early 2024. At our subsidiary Caffil, it is now a matter of rebalancing male representation on the Executive Board (with men holding 20% of the seats).

Caffil, a wholly-owned mortgage credit company

Caffil is wholly-owned by Sfil. It is a French specialised credit institution authorised to operate as a *société de crédit foncier* (mortgage credit company), whose sole business (in accordance with Articles L.513-1 et seq. of the French Monetary and Financial Code) is to refinance loans to public sector entities by issuing covered bonds (*obligations foncières*).

1.2.2. AN INTERNAL ORGANISATION ADAPTED TO SUSTAINABILITY ISSUES

Given its small size (fewer than 400 employees) and the highly specialised nature of its activities, **Sfil has opted for a decentralised model** to better incorporate sustainability issues into all aspects of its business.

Created in 2022, **the Sustainability Department** coordinates the implementation of the sustainability policy in all areas of the business. It reports directly to a member of the Executive Committee. The Sustainability Department relies on a network of sustainability officers in all departments.

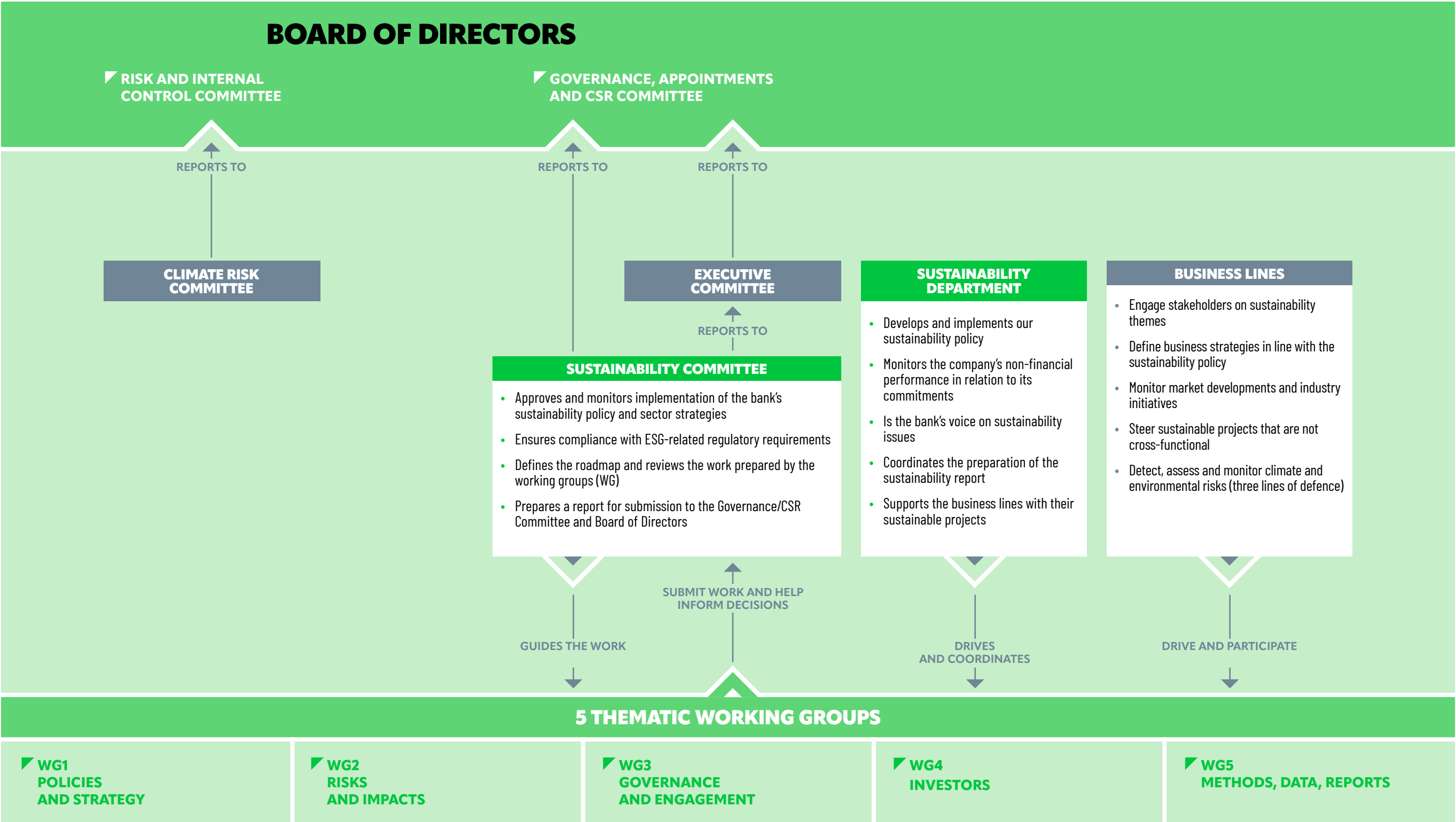
"The Sustainability Committee is the main internal governance body for corporate social responsibility (CSR) matters"

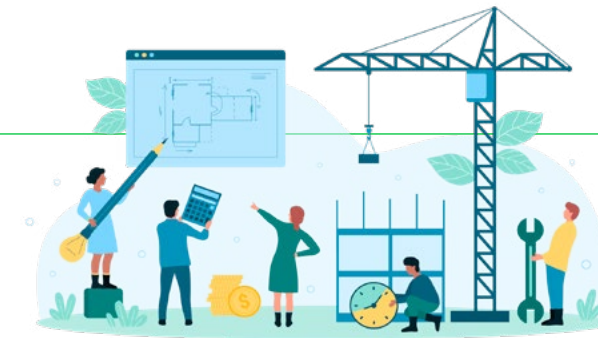
The **Sustainability Committee** is the go-to internal governance body when it comes to corporate social responsibility (CSR). It is governed by rules of procedure that were updated on 26 September 2023, and meets as often as necessary depending on the issues to be addressed, and at least four times a year.

It relies on working groups and decides on their number, remit, composition and roadmap, and determines which entity should be tasked with steering their work. In 2023, there were five working groups.

In addition, the **Climate Risk Committee**, chaired by the Chief Risk Officer and involving the climate officers of the various departments, is responsible for steering and implementing the work undertaken as part of the climate roadmap.







1.2.3. A COMPENSATION POLICY THAT INCORPORATES ESG PERFORMANCE

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

The **Compensation Committee** met four times in 2023 and issued a favourable opinion on the payment in April 2023 of the 2022 variable compensation package proposed by Executive Management. The committee approved the individual targets for the CEO and the cross-functional targets for Executive Committee members for 2023, and ensured that these targets included **ESG objectives**. ESG objectives account for 30% of the CEO'S individual targets and 30% of the cross-functional targets for Executive Committee members in non-control positions.

Sfil also has a **profit-sharing agreement** designed to reward collective performance and to share value as a component of the remuneration of all employees. The profit-sharing calculation formula was renegotiated with the employee representatives in 2023, and incorporates the following **ESG performance criteria**:

- The results of the gender equality index;
- The share of thematic loans in the loans originated for local public sector use;
- The volume of IT data storage.

The profit-sharing calculation formula also factors in the attendance rate for Sfil employees at risk awareness training sessions.

FIND OUT MORE



To find out more about governance at Sfil, see the [2023 annual financial report](#)



1.2.4. OUR SINGLE MAJOR SHAREHOLDER: CAISSE DES DÉPÔTS

Caisse des Dépôts Group has been Sfil's single major shareholder since 30 September 2020, when the French State and La Banque Postale transferred their shares to it, giving it all the shares in the company – except for one share held by the French State, enabling Sfil to retain its status as a public development bank. This fully public shareholding structure enables us, in accordance with our model as a public development bank, to carry out the public policy missions entrusted to us by maintaining the conditions necessary for our own viability through appropriate asset pricing and prudent risk management, without seeking to maximise our return or market share.

"Caisse des Dépôts became Sfil's single major shareholder in 2020"

Caisse des Dépôts Group is a major public financial institution with a strong identity rooted in history that, according to its articles of association is *"under the supervision guarantee of the French Parliament"*. Its corporate purpose statement defines it as a *"unique alliance of public and private economic players, committed at the heart of local communities to accelerating the ecological transformation and contributing to a better life for all"*.

Sfil's activity echoes this corporate purpose by contributing to the group's three strategic priorities:

- 01. Ecological transformation,**
- 02. Economic development and sovereignty,**
- 03. Social and regional cohesion,**

while striving to lead by **example in internal processes**.

SHAREHOLDER STRUCTURE



1.3. OUR COMMITMENTS

1.3.1. JOINING THE GLOBAL COMPACT, A 1ST CSR COMMITMENT

Sfil has been a signatory to the United Nations Global Compact since 2018.

The United Nations **Global Compact** is an initiative launched in 2000 under the UN Secretary General Kofi Annan, following the 1999 World Economic Forum. It is the most important global initiative to have ever been undertaken in the field of corporate sustainability.

Signatories to the Global Compact undertake to align their strategies and operations with Ten Principles derived from core United Nations conventions and declarations, grouped into four themes: human rights, labour, environment and anti-corruption. They also commit to take measures to advance the implementation of the Sustainable Development Goals

(SDGs) of the 2030 Agenda, adopted in 2015 by the United Nations.

By signing the United Nations Global Compact, companies and non-profit organisations proactively undertake to adopt a socially and environmentally responsible approach. Member organisations must provide a signed declaration from their senior management each year. They must also report on their implementation of the Ten Principles and submit their annual Communication on Progress (CoP), which is made publicly available on the website unglobalcompact.org.

Sfil has renewed its commitment each year since it joined the Global Compact in 2018. In 2023, the format of the CoP was standardised in response to mounting demand from stakeholders for consistent and reliable sustainability-related disclosures. All signatories, regardless of their size, their business sector or their geographical region, must now complete a questionnaire that contains up to 75 questions divided into five sections: one section dedicated to governance and four sections focused on the themes covered by the Ten Principles (human rights, labour, environment and anti-corruption).

In each section, the questions relate to the processes and policies that illustrate the company's commitment to making progress in sustainability issues linked to the Ten Principles, the efforts they are making to prevent the adverse social and environmental impacts, the tangible and quantified results of these efforts, and the response, correction and alert mechanisms they use to address grievances and draw lessons.

WE SUPPORT THE GLOBAL COMPACT



Since 2018, Sfil has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anticorruption.



This standardised version of the CoP was developed with the input of more than 70 organisations: United Nations entities, participating companies, governments, investors, organisations from civil society, etc. Although this new format is not yet mandatory, Sfil chose to use it for its 2023 Communication on Progress relating to the financial year ended 31 December 2022.

TEN PRINCIPLES OF THE GLOBAL COMPACT

Human rights

- 01 • Businesses should support and respect the protection of internationally proclaimed human rights; and
- 02 • Make sure that they are not complicit in human rights abuses.

Labour

- 03 • Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 04 • The elimination of all forms of forced and compulsory labour;
- 05 • The effective abolition of child labour; and
- 06 • The elimination of discrimination in respect of employment and occupation.

Environment

- 07 • Businesses should support a precautionary approach to environmental challenges;
- 08 • Undertake initiatives to promote greater environmental responsibility; and
- 09 • Favoriser la mise au point et la diffusion de technologies respectueuses de l'environnement

Anti-corruption

- 10 • Businesses should work against corruption in all its forms, including extortion and bribery.

1.3.2. TEN COMMITMENTS TO FORMULATE OUR CONTRIBUTION TO THE SDG

In 2023, we restructured our sustainability policy around ten ambitious commitments. These commitments are consistent with our corporate purpose and with our strategy. They are also aligned with the strategic priorities and commitments of Caisse des Dépôts Group and with the Sustainable Development Goals (SDG) set in the 2030 Agenda.

FIND OUT MORE



[Read our sustainability policy](#)



These 10 commitments form a new framework for monitoring our non-financial performance (see 4.1. Performance indicators, chapter 4).

ECOLOGICAL TRANSFORMATION

- 01 • Gradually align our financing portfolios with the objectives of the Paris Agreement.
- 02 • Accelerate the ecological transition through our financing and customer engagement activities.
- 03 • Make progress in measuring and taking into account the impact of our financing on biodiversity.



ECONOMIC DEVELOPMENT AND SOVEREIGNTY

- 04 • Contribute to regional reindustrialisation, increased strategic autonomy and the development of essential infrastructures by supporting major French exporters.



SOCIAL AND REGIONAL COHESION

- 05 • Support regional development by guaranteeing stable financing for local authorities.
- 06 • Promote social and regional cohesion through our financing and sponsorship activities.
- 07 • Advance health care by supporting the investments of public health institutions.



LEADING BY EXAMPLE

- 08 • Step up ESG integration
- 09 • Be a responsible employer that protects and engages with its employees while valuing their diversity.
- 10 • Manage the environmental and societal impact of our internal operations.



FIND OUT MORE



[Read our Communication on progress \(Cop\) for year 2022](#)





1.3.3. A STRICT EXCLUSION POLICY

In addition to the provisions of our loan approval policy, which include non-financial criteria (see 1.4), we follow a strict exclusion policy in keeping with the policy applied by Caisse des Dépôts Group².

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:

01. Prostitution;
02. Activities involving forced labour, child labour or human trafficking, as far along the value chain as possible;
03. 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;
04. The trade, production, rearing and holding of animals, plants or any natural products that do not meet the provisions of the Convention on International Trade in Endangered Species of wild fauna and flora (CITES);
05. The production, trade and use of any product banned from production or use or subject to a progressive ban under international regulations or those of the destination country;
06. Cross-border trade in waste, apart from such trade that is in compliance with the Basel Convention and its underlying regulations;
07. Illicit trade and activities likely to facilitate illicit trafficking of cultural goods;
08. 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.



VOLUNTARY EXCLUSIONS

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

01. Any activity related to pornography;
02. The manufacture, storage and sale of tobacco³;
03. Gambling;
04. The production, development, storage, distribution, sale and use of all non-conventional weapons covered by international treaties ratified by France;
05. Speculation on agricultural raw materials that has direct repercussions on food prices, as well as the exploitation and trading of raw materials where no recognised policy is in place to prevent deforestation (cocoa, coffee, soya, livestock, rubber, palm oil, wood and pulp);
06. The manufacture, storage and sale of pesticides prohibited in France.

EXCLUSIONS RELATING TO FOSSIL FUELS

In terms of fossil fuels, Sfil complies with the guidelines of France's export support policy, most recently amended by the initial budget bill of 30 December 2022 for 2023. The following are therefore excluded from financing by Sfil:

01. Exploration, production, transport, storage, refining and distribution of coal or liquid or gaseous hydrocarbons;
02. Energy production from coal.

These two exclusions do not apply to operations that have the effect of reducing the negative environmental impact or improving the safety of existing installations or their impact on health, without increasing their lifetime or production capacity, or which are aimed at dismantling or repurposing 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.

For the record, our lending to the local public sector is not materially exposed to fossil fuels.

EXCLUSIONS AND ESG CRITERIA SPECIFIC TO THE CASH INVESTMENT ACTIVITY

In addition to the sector exclusions already mentioned, our cash investment activity has incorporated specific ESG exclusions and criteria since 2021:

01. Exclusion of countries with a high or prohibited level of risk according to the Sfil classification of country risks;
02. For banking issuers: existence of a green, social or sustainable framework and non-financial rating;
03. For sovereign issuers and public sector entities: average of the World Bank's Worldwide Governance Indicators⁴ and signature of the Paris Agreement on climate change.

These criteria will be reviewed in the course of 2024.

PLANS FOR 2024

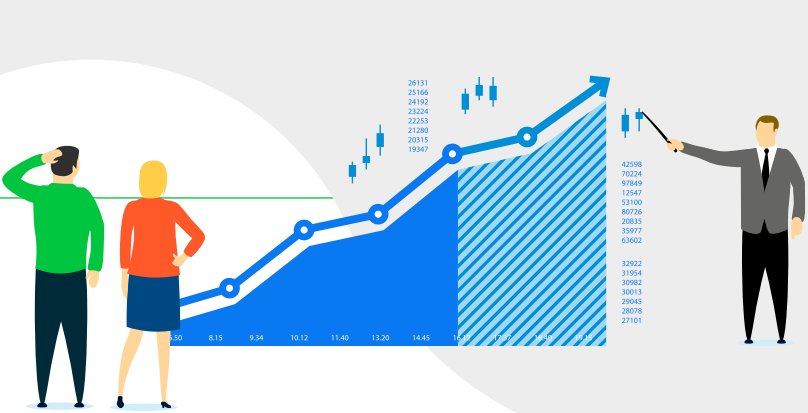
- Commencement of work to measure the biodiversity footprint of our portfolios
- Review of ESG criteria specifically relating to the cash investment activity



(2) Responsible Finance Charter of Caisse des Dépôts Group, 16 December 2022, available online

(3) For this item and the following, only the main activity is targeted: urban development plans that may subsequently include plans for the sale of tobacco or gambling products are not concerned.

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



1.4. RISK MANAGEMENT

1.4.1. IDENTIFICATION AND ASSESSMENT OF NON-FINANCIAL RISKS

Given our strategic orientations and the recent changes in the external environment in this area, we have incorporated environmental, social and governance (ESG) risks into our risk management policy.

The table below presents the bank’s priority sustainability issues and the main associated ESG risks.

“In 2023, Sfil developed an innovative scoring methodology for climate and environmental risks for the local public sector”

SUSTAINABILITY ISSUES	MAIN ESG RISKS
IN THE FIELD OF GOVERNANCE	
Integrating ESG issues in the conduct of public missions	<p>In view of our public mission and strategic orientations, failure to take ESG issues into account in our financing and refinancing activities would generate an image and reputational risk were we unable to meet our sustainability commitments.</p> <p>Similarly, given our strategic positioning and changes in the expectations that society, customers and the financial markets have in relation to sustainability themes, the failure to take ESG issues into account in the conduct of missions could create a strategic risk.</p>
Ensuring ethical business practices	<p>Given the regulatory environment, the risk associated with bribery, conflicts of interest, fraud, money laundering and the financing of terrorism could result in criminal prosecution and heavy financial penalties. This risk is also likely to harm Sfil's reputation.</p>
Protecting personal data	<p>Failure to comply with the regulations in force relating to the protection of personal data could result in heavy financial penalties. In addition, vulnerabilities in information systems could lead to personal data leaks, ransom demands or fraud. These risks could also harm Sfil's reputation.</p>

SUSTAINABILITY ISSUES	MAIN ESG RISKS
IN THE ENVIRONMENTAL FIELD	
Controlling the environmental impact and the carbon footprint of our business	<p>The concept of environmental and climate risk covers two distinct risk categories.</p> <p>Physical risk is the risk resulting from the physical effects of climate change (namely, more frequent extreme weather events and gradual changes in the climate) and environmental degradation (pollution, loss of biodiversity and water stress). It may be “acute” where it is due to extreme weather events (such as cyclones, storms, floods and drought) or “chronic” where it is due to gradual and longer-term changes (such as rising sea levels, an increase in temperatures, water stress and a loss of biodiversity).</p> <p>Transition risk is the risk associated with the transition to a low-carbon and environmentally sustainable economic model. This could be triggered by the adoption of restrictive climate and environmental policies, technological developments or changes in market preferences.</p> <p>These two categories of risk may have a short-, medium- or long-term impact on how we conduct our lending and refinancing activities, as well as on our internal operations.</p>
IN THE SOCIAL FIELD	
Attracting and retaining talent	<p>The inability to attract and retain talent or to support the development of employees’ skills would threaten the viability of Sfil's activities against a backdrop of changes in banking professions.</p>
Offering attractive working conditions	<p>Failure to comply with regulatory obligations and commitments relating to equal opportunities, discrimination and employee health and well-being would likely create a legal risk. Moreover, such breaches could harm Sfil's employer brand and our reputation.</p>
Being a responsible buyer	<p>Business relationships with suppliers that do not respect fundamental principles, such as human rights, protection of and respect for the environment and compliance with anti-bribery laws, present a risk that could damage Sfil's reputation, and even generate financial losses.</p>

Most non-financial risks, and particularly social and governance risks, are assessed and managed within our existing operational and compliance risk management framework.

In 2023, Sfil began work to assess the materiality of the themes listed by the European Sustainability Reporting Standards (ESRS) as part of a double materiality analysis. This is the starting point for sustainability disclosures under the ESRS and factors in:

- Financial materiality (outside-in view), which refers to the positive impacts (opportunities) and negative impacts of ESG themes on Sfil.
- Impact materiality (inside-out view), which refers to the negative or positive impacts of Sfil on ESG themes.


The two materiality dimensions are inter-related and it is important to take this into consideration. We will continue our work in this area in 2024.

In addition, we have incorporated ESG risks into our risk identification policy in order to consider them as a new first-level risk category.

Climate and environmental risks are dealt with in greater detail, due to their materiality for the bank and the expectations of the regulator and stakeholders, and given their potential direct or indirect impacts on all existing risk categories (in particular credit risk, operational risk, market and liquidity risk).

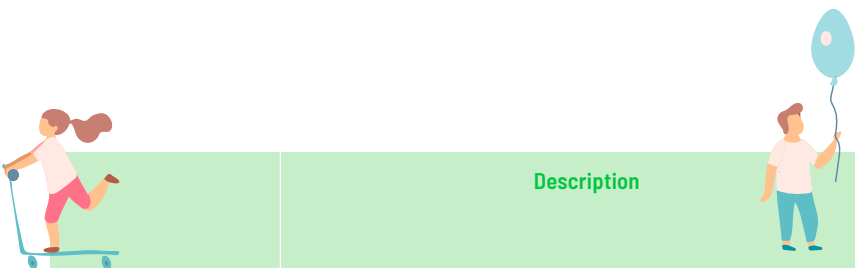
We have therefore mapped the climate-related financial risks in accordance with our current material risk identification policy and assessed the materiality of their financial impact on a qualitative basis, i.e. based on expert opinion, and according to different time horizons.

The materiality of climate risks is assessed based on traditional risk classes and according to different time horizons: over the short or medium term (i.e. less than 5 years) or over the long term (i.e. more than 5 years until 2050). The results of our risk mapping exercise are shown in the table opposite.



	Description	Scope	Physical risk		Transition risk	
			ST	LT	ST	LT
Liquidity and market risk	• Saturation of Sfil and Caffil's issuance capacities if local authorities' climate investments are higher than expected, particularly if investments in the low-carbon transition do not or only slightly replace traditional investments	Local public sector				
	• Downgrading of non-financial rating	Sfil				
	• Deterioration in the value of liquidity buffers, particularly for sovereign issuers, if repeated weather events occur in their country, as well as for banks, if their non-financial rating is downgraded	Sfil				
	• Insufficiency of green assets	Sfil				
OPERATIONAL AND NON-COMPLIANCE RISKS	Operational risk • Damage to infrastructure (properties, data centres) or business interruption	Sfil and suppliers				
	Reputational risk • Financing environmentally controversial activities	Local public sector Export credit				
	Legal and non-compliance risk • Non-alignment of the financed project with the initial climate goal • Legal recourse ("liability risk") arising directly or indirectly from losses caused by physical or transition risks	Sfil				
	Regulatory risk • Recent European regulatory changes relating to non-financial reporting • Potential additional capital requirements for non-aligned exposures	Sfil				
OTHER RISKS	Strategic and business risk • Lower revenues in sectors where the business model and operating sites would be adversely impacted by chronic physical risks (e.g. impact of loss of snow cover on ski resort revenues) • Reduction of our market share if local authorities' climate investments are too high and if our issuance capacities are overwhelmed • Ability of major French exporters to adopt a low-carbon offering • Impact of climate risks on the French sovereign rating	Sfil				

Low risk Medium risk High risk Not applicable
ST : Short or medium term LT : Long term



	Description	Scope	Physical risk		Transition risk	
			ST	LT	ST	LT
Credit risk	• Greater investment needs among French local authorities in order to implement the National Low Carbon Strategy ("SNBC") • Deterioration of the risk profile of certain counterparties exposed to physical and/or transition risks: > Greater risks in certain regions (particularly in overseas territories) > Impact of changes in local areas on the socio-economic fabric > Steeper cost of GHG emissions (higher operating costs)	Local public sector				
		Export credit				

FIND OUT MORE



More details on our climate risk map can be found in our [Corporate Social Responsibility report for 2021](#)



A climate risk report is submitted each quarter to the Risk and Internal Control Committee as part of our quarterly risk review. The Board of Directors is particularly attentive to climate risk and the challenges it poses.

In 2023, we also continued our efforts to generate knowledge about climate risks, devoting numerous studies to the subject.

A number of studies on physical climate risks have been produced to date with a view to quantifying them (study on the impact of acute physical risks on French local authorities; the risk of water stress for French local authorities; the risk of loss of snow cover for the local authorities that support ski resorts; and the impact of rising sea levels).

Sfil's management of physical risks relies in particular on:

- The implementation of specific analysis and scoring methodologies for borrowers exposed to particular climate hazards (mountain resorts, coastal municipalities, island municipalities and communities, etc.).
- Prioritising support for such borrowers when they invest in climate change adaptation projects.

We conducted the following studies to assess climate change **transition risks**:

- In 2022 and 2023, Sfil sponsored two studies by the French Institute for Climate Economics (I4CE) in order to quantify the investment needs of local authorities as part of the transition to a low-carbon economy and to establish a forward-looking model of the financial trajectory induced by such investments (see 2.2).
- In 2021, Sfil volunteered to participate in a climate stress test conducted by the French prudential supervision and resolution authority (ACPR). For the purposes of this stress test, we relied on a dynamic projection of our balance sheet and risk parameters across all our portfolios. For the French local authority portfolio, we used our internal estimate of transition risk, while for the other portfolios, we relied on the ACPR methodology and sovereign benchmarks.
- In 2023, we finalised the measurement of the carbon footprint of local public sector borrowers and financing (see 2.4).

The management of transition risks relies in particular on:

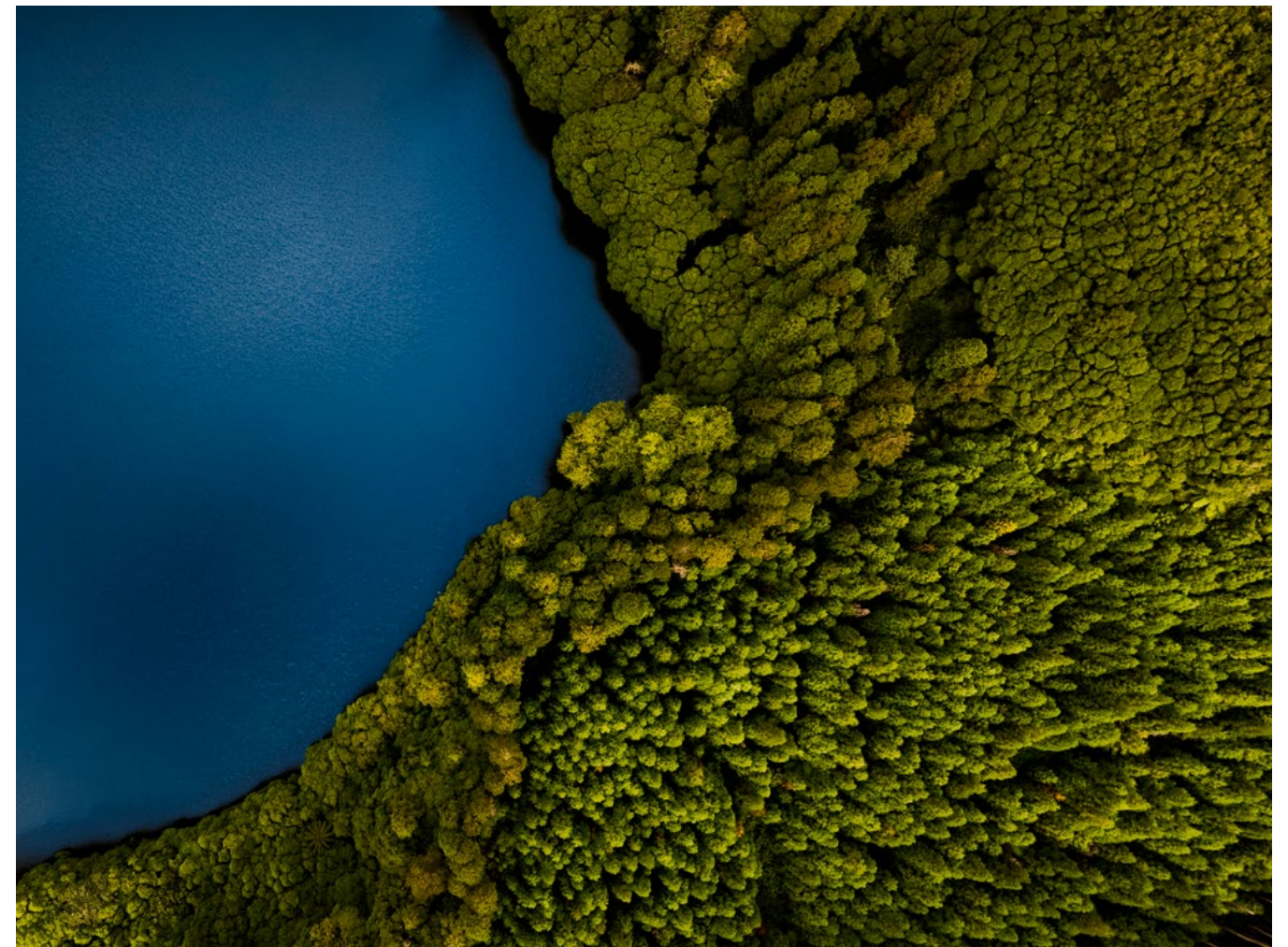
- Excluding sectors exposed to fossil fuels, as described in the Caisse des Dépôts' 2021 Climate Finance Policy.
- Considering the social and environmental usefulness of projects in the credit granting criteria, with a greater risk appetite for green and social loans.
- Monitoring the decarbonisation trajectory and green loan origination targets.

In 2023, we used the finding of studies carried out since 2021 to develop a methodology for scoring climate and environmental risks in the local public sector, making it possible to assess the impact of these risks on the portfolio (see box 2). It should be noted that climate and environmental scores were used for the first time in the construction of the 2023 ICAAP.

In 2023, our actions to integrate climate and environmental risks also included:

- Mapping reputational risk related to ESG issues (see box on page 17).
- Mapping environmental risks for the local public sector.

- Qualitative sectoral mapping of climate risks in the export portfolio.
- In-depth analysis of the export portfolio using the climate risk scoring tool and the ESG analysis grid developed by Caisse des Dépôts.
- An assessment of the impact of climate risks on market and liquidity risks.
- An analysis of the natural risks likely to affect our sites and those of our Outsourced Operators of Essential Services.
- Participation in the EBA Fit for 55 stress test.



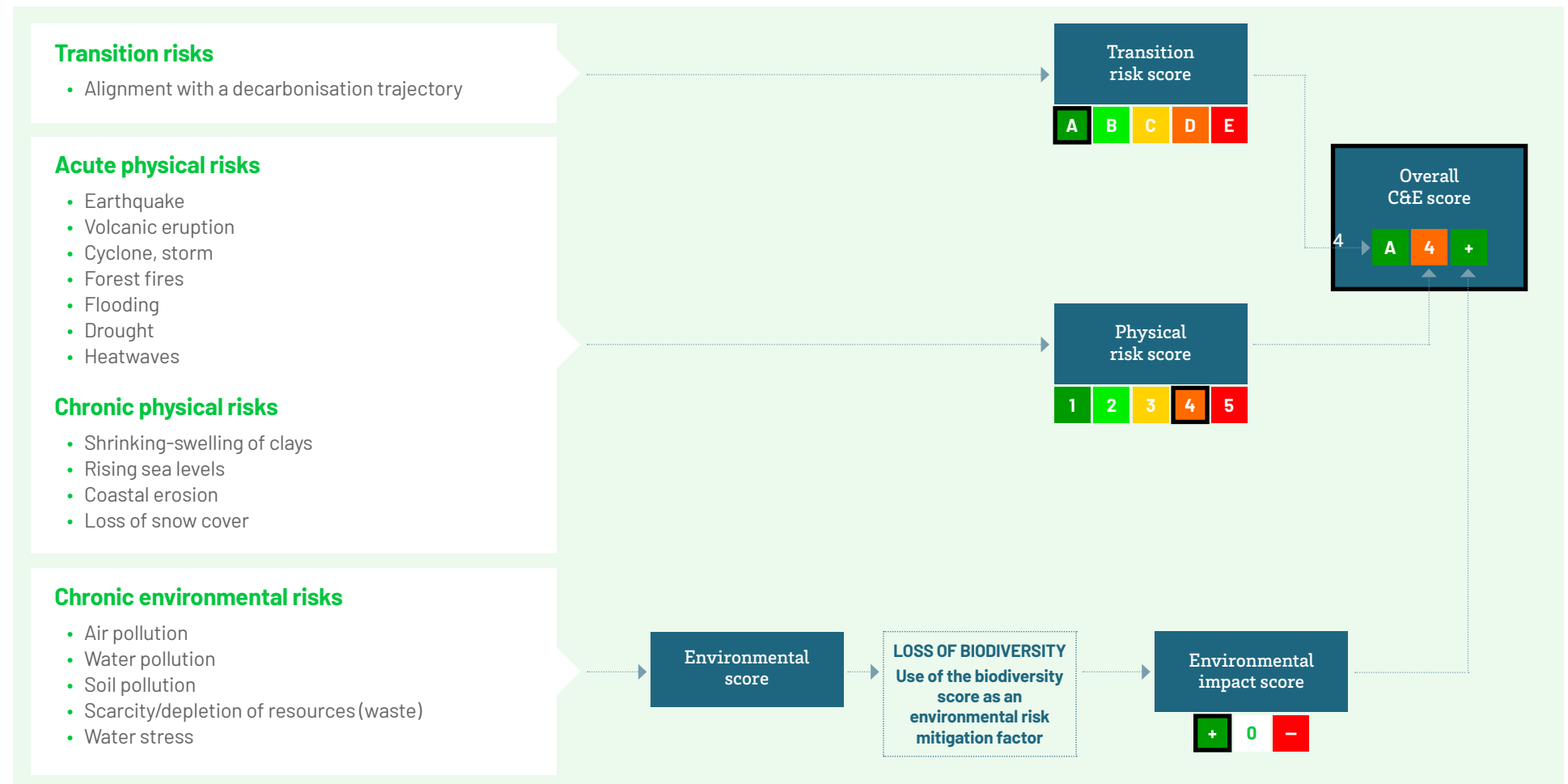
QUANTIFICATION OF CLIMATE AND ENVIRONMENTAL RISKS IN THE LOCAL PUBLIC SECTOR PORTFOLIO

In 2023, Sfil developed a scoring methodology for climate and environmental (C&E) risks relating to borrowers in the local public sector, i.e. local authorities (municipalities, departments, regions and associations of municipalities with or without their own taxation system) and public health institutions (EPS).

We began by identifying and segmenting C&E risks to identify those of a material nature for the Sfil portfolio. The identification process drew on the ECB guide on climate and environmental risks, climate stress tests, the European taxonomy and industry benchmarks. We then categorised the identified risks according to their nature (physical risk vs. transition risk), the duration of their manifestation (chronic risk vs. acute risk) and whether they were inside-out or outside-in risks.

We applied the following methodological principles:

- Coverage of the entire local public sector portfolio and all types of material C&E risks for the local public sector, including indirect risks (e.g. related to the vulnerability of the local economic fabric).
- Quantitative approach based on the mass gathering of information, providing a granular view, with no need to request information from customers.
- Use of forward-looking scenarios for the decarbonisation of the economy:
 - > For transition risk, we used the National Low Carbon Strategy ('SNBC') as a reference.
 - > For physical risk, we relied on the RCP 8.5 pathway scenario (the most pessimistic scenario put together by the Intergovernmental Panel on Climate Change [IPCC]) whenever possible.
- Calculation of intermediate scores for each type of risk and summary of the result in the form of an overall score aggregated into three distinct components:
 - > A transition risk score (from A to E) to assess the challenges facing local authorities in their transition to a decarbonised economy.
 - > An acute and chronic physical risk score (from 1 to 5) relating to climate change and natural disasters.
 - > A chronic environmental risk score (+/-) that covers the themes of pollution, resources, water and biodiversity.





MAPPING OF REPUTATIONAL ESG-RELATED REPUTATIONAL RISK

In 2023, Sfil produced a reputational risk mapping relating to ESG issues. This mapping was constructed based on expert opinion using best practices and the various publications to date. The reputational risk factors are identified and broken down into climate and environmental risks, social and governance risks and cross-functional risks (where they relate to the three types of ESG risks).

The mapping describes each reputational risk factor and its transmission channels by showing the gross risk and the net risk, i.e. after Sfil has implemented the systems and actions to mitigate the impact of these reputational risk factors. The time horizons considered are the short-medium term (five years) and the long term (more than five years).

The conclusions of the mapping for each of these three analyzed categories, indicate a net reputation risk level never exceeding a « moderate » risk level, regardless of the time horizon considered. The eight reputational risk factors for which the level of net risk is deemed moderate are as follows.

Reputational risks related to significant climate and environmental issues:

- 01. Financing** activities with an adverse impact on the environment;
- 02. Customers, products and business practices:** risk that Sfil will fail to fulfil its mission as a public development bank by refusing to finance a customer with a high climate and environmental risk profile, even where the financing application is necessary for the ecological and energy transition and/or adaptation to climate change;
- 03. Protection of populations:** risk that an infrastructure financed by Sfil may be affected by a natural disaster or an industrial accident, leading to controversy over the bank's liability;

Reputational risk related to significant social and governance issues:

- 04. Financing** activities that are controversial but consistent with the exclusion policy;

Reputational risks related to significant cross-functional ESG issues:

- 05. Regulation:** risk of failing to take a regulatory change into account within a constantly changing ESG regulatory framework;
- 06. Non-financial rating:** risk of a downgrade to our ESG rating, resulting in an increase in the cost of financing and a deterioration in our refinancing capacity;
- 07. Greenwashing:** risk of non-compliance in relation to financial disclosures and of a failure to meet the announced commitments, resulting in a loss of confidence and credibility and difficulties to attract or retain customers, employees, trading partners or investors ;
- 08. Sustainability policy:** risk that stakeholders might consider that our sustainability policy is not ambitious enough, given our status as a public development bank.

**1.4.2. INTEGRATION OF ESG ISSUES
IN OUR RISK APPETITE**

We are increasingly incorporating ESG factors into our activities, particularly through our risk management system.

Our system of delegation and credit granting process positively take into account the social and environmental utility of the projects for which financing is being sought. Our risk appetite is therefore greater when the application relates to a green or social loan with, on the one hand,

more flexible qualitative approval criteria for green or social loans when it comes to the repayment profile, and quantitative criteria that allow for a higher exposure for this type of loan.

Moreover, in a reflection of our commitment to sustainable development, in 2021, we integrated ESG indicators into our risk appetite framework. The selected indicators are divided into three categories (see table below). The risk appetite framework was updated in 2022.

ISSUES	INDICATORS INTEGRATED INTO THE RISK APPETITE FRAMEWORK
Carrying out public policy missions	<ul style="list-style-type: none">• Proportion of thematic (green and social) loans originated annually for the local public sector• Annual volume of export credit contracts in sectors exposed to fossil fuels• Proportion of thematic issues in the volume of loans issued during the financial year
Internal functioning	<ul style="list-style-type: none">• Absenteeism rate• Gender equality index• Rate of training in sustainable development issues
Extra-financial performance	<ul style="list-style-type: none">• Non-financial rating

FIND OUT MORE



The ICAAP/ILAAP (Internal Capital/Liquidity Adequacy Assessment Process) exercises are also designed to integrate ESG risks. More information can be found on this in the most recent Sfil Pillar III reports



1.4.3. COMPLIANCE, A KEY ELEMENT OF RISK MANAGEMENT

Sfil strives for relationships built on trust with stakeholders, and we are fully aware of the threats and risks that corruption might pose to our ability to complete our missions and our reputation. Sfil also promotes ethical and responsible conduct both within our own organisation and in our relations with our various stakeholders.

Under no circumstances can the belief that the bank's interests are being served justify conduct that is in breach of the law or our **Code of Ethics and Professional Conduct**. In this spirit, and as a signatory to the Global Compact, we have deliberately adopted an anti-corruption system that is inspired by the French Sapin 2 Act.

FIND OUT MORE



[Read our Code of Ethics and Professional Conduct](#)



In addition to the measures implemented, we endeavour to instil principles of ethics and compliance in all our employees from the moment they join the bank and throughout their career (see 3.3.1).

ANTI-MONEY LAUNDERING/ COUNTERING THE FINANCING OF TERRORISM (AML-CFT)

Sfil has a robust system in place to prevent and combat money laundering and terrorist financing (AML-CFT), incorporating tools to assess the risks, monitor procedures and conduct screening. This system applies to all our customers and includes the risk of bribery. We also consider the risk of terrorist financing by ensuring that we do not provide funds to, or enter into any dealings with, persons who have had their assets frozen or who are subject to any other restrictive measure.

Our Financial Security Department stages mandatory training and awareness-raising actions throughout the year. In 2023, 224 employees completed "Compliance System" and "AML-CFT" training as part of our on-going internal training scheme, i.e. 16 sessions organised over the period. Added to this, all new hires are required to complete an AML-CFT e-learning module, with refresher courses at least every two years.

ASSESSMENT OF THIRD-PARTY SUPPLIERS

The third-party supplier assessment system is one of the pillars of our anti-corruption policy. Each supplier within the scope of the procedure must be assessed on the basis of its exposure to the risk of corruption before any contract can be signed, and throughout the course of our business relationship with them.

We updated the third-party supplier assessment procedure in 2022 to ensure better coverage of risks, in line with:

- The Caisse des Dépôts Group's policy of zero tolerance towards bribery, influence peddling and all breaches of probity;
- Our own sustainability policy (see 1.3) and Responsible Purchasing Charter (see 3.1).



By considering the risk relating to the integrity and reputation of the suppliers with whom we do business, we are in a better position to understand the risks of corruption that could expose us to legal, financial and reputational consequences.

To ensure that we work only with suppliers who comply with the Group's rules on integrity, and to guard against any reputational risk, we have strengthened our due diligence system for third-party suppliers by developing a new tool to assess their integrity.

PREVENTING AND MANAGING CONFLICTS OF INTEREST AND REGULATING GIFTS AND ENTERTAINMENT

Our system for preventing and managing conflicts of interest is another pillar of our anti-corruption policy.

This system was made more robust in 2022 with the implementation of a procedure to prevent and manage conflicts of interest with, in particular, the appointment of an ethics officer, the definition of employees' roles and responsibilities and the classification of conflicts of interest that factors in their level of materiality. This has been coupled with work to ensure the system's compliance with the requirements of the Caisse des Dépôts policy on preventing and managing conflicts of interest.





We also have procedures in place governing the receipt and granting of gifts or entertainment by employees, to guard against any attempted bribery, and to ensure that our employees remain independent and impartial at all times.

INTERNAL WHISTLEBLOWING SYSTEM

We organise anti-corruption training for our employees to raise their awareness of this issue as part of their onboarding process and throughout their career. This training includes a section on our organisation's Code of Ethics and Professional Conduct and the disciplinary measures that employees might face should they fail to comply with the provisions of this code.

The Code of Ethics and Professional Conduct is incorporated into our Rules of Procedure and applies to all members of staff. It is given to every new employee, who are required to provide formal acknowledgement of receipt.

In connection with our activities, we are also committed to ensuring that all employees comply with applicable national and international laws and regulations.

"Sfil has the same zero tolerance policy as Caisse des Dépôts Group when it comes to bribery, influence peddling and any breach of probity"

With this in mind, Sfil has set up a whistleblowing system, hosted on an online platform (<https://sfil.signalement.net>), which can be used to report in a completely confidential manner (and anonymously should the whistleblower wish) any unlawful conduct in the following areas: conflicts of interest, bribery, fraud and embezzlement, misuse of corporate assets, misappropriation of assets, market abuse, environmental protection, personal data protection, health, hygiene and safety risks in the workplace, psychosocial risks (PSR), and combatting workplace discrimination and harassment.

This platform is accessible to **employees, external service providers and all other stakeholders** via the company's intranet portal and website. The identity of the whistleblower and all exchanges with them are kept confidential from the moment they report any unlawful conduct and throughout the entire procedure.

In accordance with legal requirements⁵, our whistleblowing system (updated in 2022) incorporates the legislator's desire to increase the protection of whistleblowers through:

- A new definition of what is a whistleblower;
- The creation of a facilitator status;
- The clarification of the notion of sexual harassment;
- A description of the available reporting channels under the internal whistleblowing procedure;
- Enhanced protection measures for whistleblowers;
- Procedures for handling reports.

No whistleblowing reports were received in 2023 under the system in place.

PERSONAL DATA PROTECTION

Sfil takes the utmost care to protect the personal data it collects in its capacity as data controller. In accordance with the General Data Protection Regulation (GDPR) and the laws in force, we are committed to protecting and ensuring the confidentiality and security of the personal data we collect and process in the course of our activities, and to upholding data subjects' right to privacy.

We **have appointed a Data Protection Officer**, who reports to the company secretary and head of compliance. The Data Protection Officer conducts their missions in compliance with Articles 37 to 39 of the GDPR. They act as independent advisor to the various stakeholders involved in the Sfil data protection system and ensure that data privacy regulations are

(5) French law No. 2022-401 of 21 March 2022 passed with a view to improving the protection of whistleblowers, known as the "Waserman Act", supplemented by decree No. 2022-1284 of 3 October 2022, transposed into French law the European Directive of 23 October 2019 on the protection of persons who report violations of European Union law, and further reinforced the whistleblower protection measures introduced by the Sapin 2 Act.

adhered to. The Data Protection Officer (DPO) relies on a network of 16 GDPR officers (one for each of the bank's operational divisions and departments), who are tasked with ensuring that the principles of the GDPR are followed within their own division/department. The GDPR non-compliance risk map is reviewed once a year and submitted to the governance bodies.

Sfil's Code of Ethics and Professional Conduct first and foremost defines the general principles governing the protection of personal data. We have also implemented a set of procedures posted in the compliance section of the Group intranet site where employees can see them, namely: a personal data protection charter, a personal data privacy policy and a policy for managing and using cookies. We are also extremely attentive to personal data protection when we select our service providers.

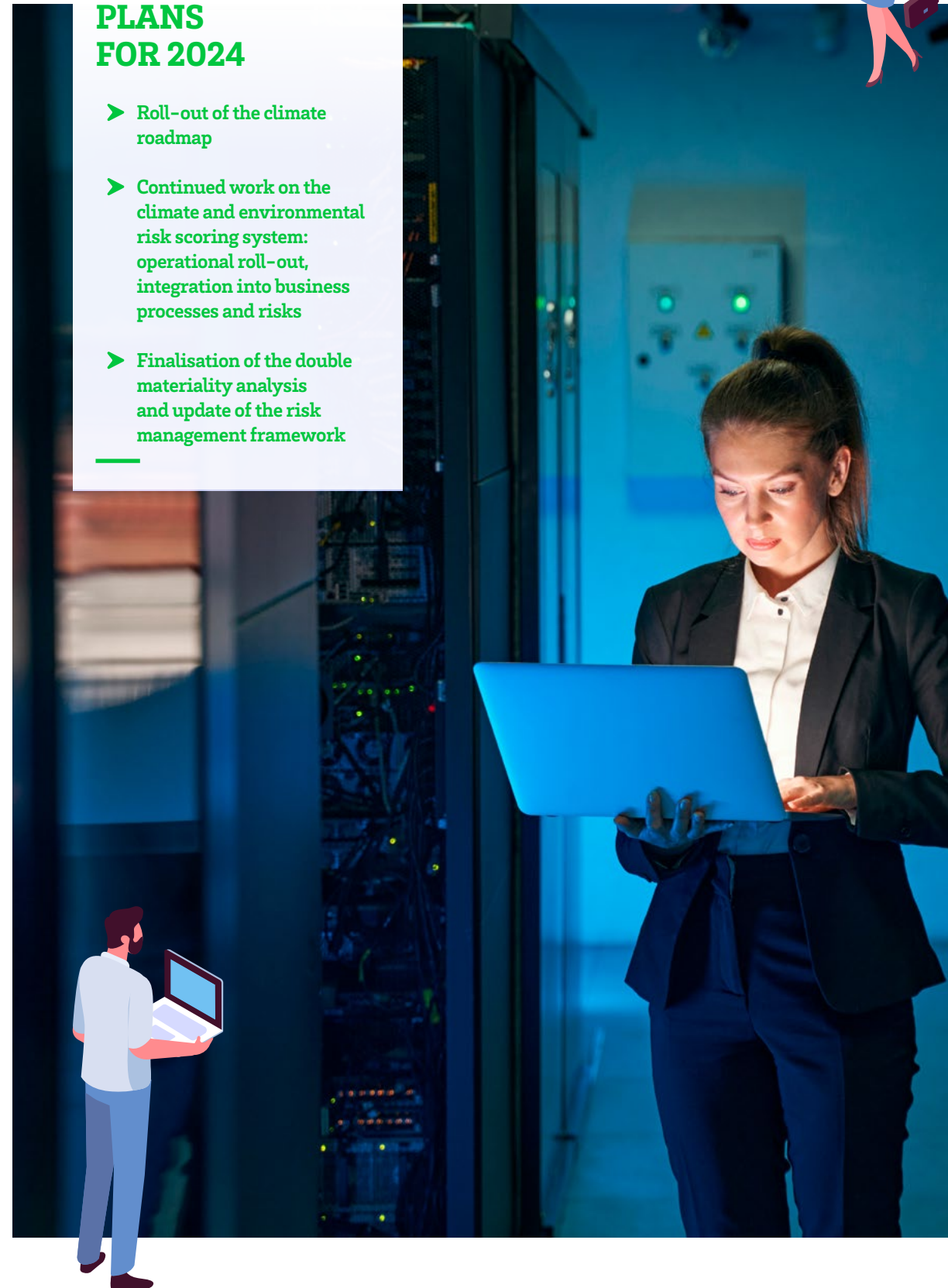
As data controller, we keep a personal data processing register. For every data processing operation, the register will contain such information as the legal basis for collecting the data (Article 6 of the GDPR) and the technical and organisational security measures taken to guarantee the protection of personal data. We also keep a register of incidents to provide a trace of the manner in which each incident is investigated, if an incident needs to be reported to the French data protection agency (CNIL) or if additional security measures are required.

We ensure that all our employees are aware of the importance of data protection by including a mandatory course on personal data protection in the compliance training plan. This course is approved at the beginning of the year by the Executive Committee. In 2023, the GDPR officers completed an external training programme hosted by a law firm that specialises in personal data protection.

We also continued to deploy our GDPR system in 2023, by reinforcing the role of the business lines, which are now central to our entire GDPR policy. Compliance work on the Sfil information system brought the Group into line with the required standards in this area with, in particular, the introduction of a personal data anonymisation tool, coupled with the implementation of data archiving procedures for each department.

PLANS FOR 2024

- Roll-out of the climate roadmap
- Continued work on the climate and environmental risk scoring system: operational roll-out, integration into business processes and risks
- Finalisation of the double materiality analysis and update of the risk management framework



Data protection issues must also be addressed in the wider context of the increasing **exposure to cyber risk**. With this in mind, Operational Risk and Permanent Control department has introduced a series of measures, governed by a policy and directives, based on the requirements of the ISO 27001 standard, applicable to all Sfil operational divisions. These measures are designed to protect data from any threat to its confidentiality, integrity or availability. They take the form of operational rules, procedures and processes established in coordination with the Technology and Organisation department and are subject to regular controls, particularly with respect to the management of access rights to Sfil's applications and systems, as well as compliance with IT security principles. Lastly, Sfil is a member of the French Association of Data Protection Correspondents (AFCDP).

TRAINING FOR EMPLOYEES AND CORPORATE OFFICERS

In order to ensure that employees truly embrace our compliance procedures, we need to have a robust training plan in place. The 2023 Sfil compliance training plan includes:

- Four mandatory training courses for all employees, which cover: the compliance system; personal data protection; the prevention of corruption; and the anti-money laundering / countering the financing of terrorism (AML-CFT) policy.
- Mandatory expert training for all "exposed" staff on the following topics: prevention of market abuse; prevention of corruption; protection of personal data; protection of customer interests; and AML-CFT.

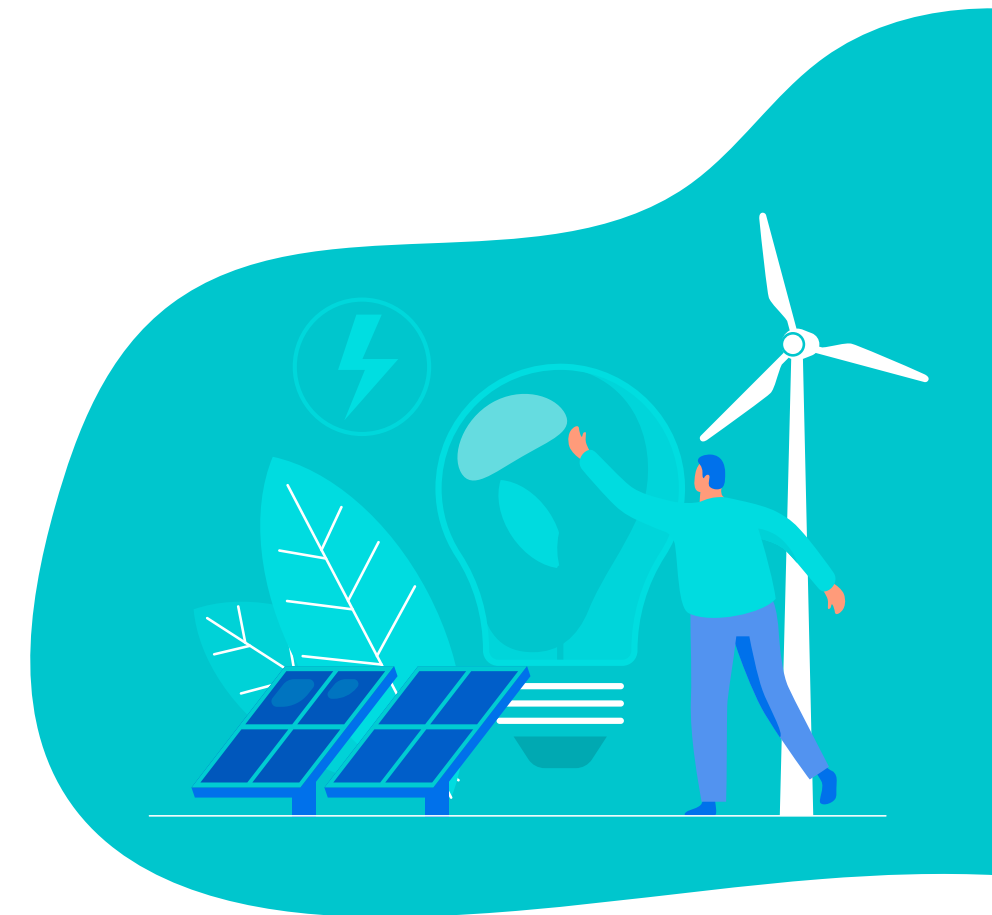
Salaried and non-salaried directors (corporate officers) must complete "AML-CFT and governance" training and "compliance system and governance" training, designed to ensure that they can identify and assess AML-CFT risks and that they have a sufficient understanding of the policies, controls and procedures in force at Sfil.



02

OUR FINANCING FOR A SUSTAINABLE FUTURE

- | | |
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2.1. BOND ISSUES

In order to support investments by local authorities, public hospitals and major French exporters, Sfil Group mobilizes international savings at competitive rates via various refinancing sources: bonds issued directly by Sfil and covered bonds issued by its subsidiary Caffil.

Caffil is Europe's leading issuer of public-sector covered bonds, with more than €50 billion of covered bonds outstanding. Its issues are entitled to use the "European Covered Bond (Premium)" label as defined by the European Covered Bond Directive that came into force in July 2022. Sfil's name has been well established in the Supranational, Sovereign and Agency (SSA) market since its first benchmark transaction in 2016.

This recognition by markets gives Sfil an **excellent financing capacity**, which it leverages to serve the public interest.

2.1.1. GREEN, SOCIAL AND SUSTAINABILITY BONDS

With sustainability as a core pillar of its activities, Sfil Group has been issuing thematic bonds since 2019, with the aim of supporting its consumers in their investments dedicated to the ecological transition and social cohesion.

"€7 billion issued since 2019 as green or social bonds"

In 2023, Sfil Group raised **€6.6 billion, with over 19% (€1.3 billion) in the form of thematic bonds**, with a green benchmark transaction and a social benchmark transaction.

Thus, Sfil Group continues to strengthen its position as an ESG issuer through the multiple successes of its thematic issues. As part of its strategic plan #Objectif2026, a target of 25% of its total financing to be issued under green, social or sustainability format by 2024 has been set. In addition, in order to support the growing need for green and social investments, Sfil has set a new target of increasing the proportion of green, social and sustainability bonds to 33% by 2030.

In order to provide a structure for its green, social and sustainability issues, Sfil Group has two reference documents:



the "Social Note Framework" for social bonds geared towards the healthcare sector, introduced in 2018;



and the "Green, Social and Sustainability Bond Framework", introduced in October 2022, dedicated to refinancing green and/or social investments by French local authorities and export credit transactions.

These two reference documents comply with the guiding principles of the International Capital Market Association (ICMA) in force at the time they were designed, i.e. the 2021 version of the Social Bond Principles for the Social Note Framework and the 2021 versions of the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines for the Green, Social and Sustainability Bond Framework. They have also been assessed by Sustainalytics as Second Party Opinion Provider, which confirmed the credibility and effectiveness of each of them, as well as their alignment with the ICMA guidelines.

Two thematic transactions were launched in 2023:

- October 10: **€750 million** Caffil green bond with a five-year maturity, under the Green, Social and Sustainability Bond Framework introduced in 2022. This issue was a great success with ESG investors (78% of the allocation), with an order book of €3.5 billion and an over-subscription rate of 4.7x. This transaction is intended **to finance green investments by French local authorities** in areas such as soft mobility, water and sanitation, and waste management and recovery.



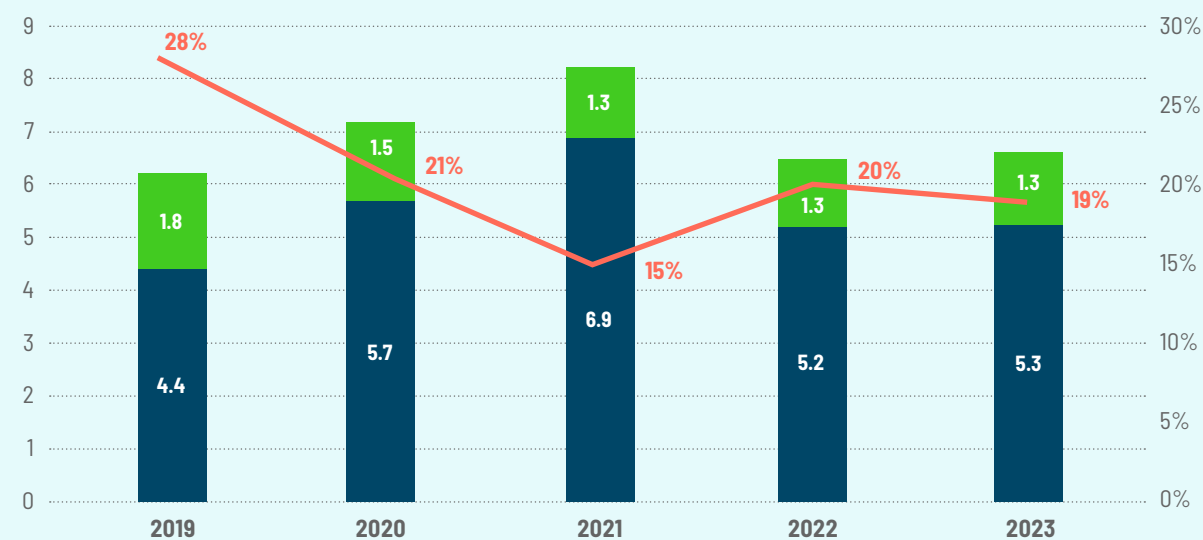
- November 14: **€500 million** Caffil social bond with a five-year maturity. This is the fifth social transaction as part of its Social Note Framework dedicated to **financing French public hospitals**. It met very strong demand, with a total order book of €1.3 billion and an over-subscription rate of 2.6x.

With these two thematic bonds, Sfil Group is in line with its strategic plan #Objectif2026.

In 2023, Sfil also published two allocation and impact reports (see boxes on page 25) on thematic bonds issued in 2022.

ÉMISSIONS THÉMATIQUES DANS LE FINANCEMENT TOTAL

En milliards d'euros



■ Thematic bonds
■ Conventional bonds
— Thematic bonds as a proportion of total financing




SFIL GROUP'S 4TH SOCIAL BOND ISSUE

In May 2023, Sfil published the allocation and impact report for its fourth social bond issued via Caffil in May 2022. This €500 million bond, with a 12-year maturity, is intended exclusively to refinance loans to French public hospitals. In total, the public healthcare portfolio financed through social bonds has made it possible to finance 310 public health institutions across France. These loans are intended to support hospitals in carrying out the missions entrusted to them by the French Public Health Code, namely:

- Universal access at all times to healthcare services, free of charge for people in financial difficulty, and to all types of specialised medical and surgical care, regardless of the diagnosis;
- Research, to continuously improve care and develop new treatments;
- Training for doctors, midwives, pharmacists, dentists, care managers, nurses and all other medical staff.

FIND OUT MORE

 [Sfil Group Social Bond allocation and impact reporting 2023 \(May 2023\)](#)



SFIL GROUP'S 4TH GREEN BOND ISSUE

In November 2023, Sfil Group published the **allocation and impact report** for its fourth green bond, issued in November 2022 via Caffil. This €750 million, five-year bond was the inaugural transaction of the new Green, Social and Sustainability Bond Framework introduced in October 2022. This issue financed 214 green loans to French local authorities, 155 of which were contracted by associations of municipalities and acquired from La Banque Postale in 2022. Sustainable water and sanitation accounted for a total of 45% of the allocation in terms of volume in this issue, with 128 loans granted across France. The second investment area, territorial mobility and soft urban transport, represented 20% of the allocation by volume with 17 green loans. Waste management and valuation and energy efficiency each accounted for 18% of the volume allocated, with 29 and 39 loans respectively.

The projects financed by this 4th green bond resulted in:

- 8,858 tonnes of annual CO₂ emissions avoided;
- 196 kilometres of light rail transport added or modernized;
- 27 kilometres of bicycle lanes created and 1,000 electric bicycles purchased;
- 1,055.8 kilometres of water networks created or upgraded;
- 237,256 tonnes of dry sewage sludge treated annually;
- Improved annual management of 1,253,300 tonnes of household waste.

FIND OUT MORE

 [Sfil Group Social Bond allocation and impact reporting 2023 \(November 2023\)](#)



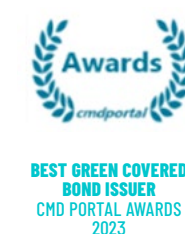
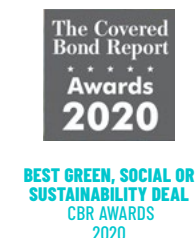
2.1.2. AN ISSUER RECOGNISED ON THE MARKETS

As ESG issuers since 2019, Sfil and Caffil have been recognised as innovative issuers with their green and social issues, which have been widely acknowledged by financial market participants and rewarded by the specialized press. In April 2023, Caffil won Environmental Finance's "asset-backed/asset-based/covered green bond of the year" award for its €750 million green bond issued in November 2022. This transaction was the inaugural transaction of the new Green, Social and Sustainability Bond Framework. In December 2023, Caffil won CMD Portal's "Best Covered Bond Issuer" award for the second year running for all its thematic transactions, bringing to twelve the number of awards won by Sfil Group since 2019 for its thematic bonds, from five different institutions (Environmental Finance, CMD Portal, IFR, Covered Bond Report and Global Capital).

On an institutional level, Sfil Group is committed to developing the sustainable finance ecosystem. The group actively contributes to the development of the green, social and sustainability bond market by participating in various working groups of the International Capital Market Association (ICMA), in particular the Green Enabling Activities Taskforce and the Impact Reporting Working Group. Sfil has also been elected to the ICMA Advisory Council for the year 2023-2024. This council was created to support and advise the Executive Committee on the ICMA Principles, to increase its visibility and market reach, and to ensure greater diversity in the decision-making process.

OUTLOOK FOR 2024

- Issuance of the first social bond financing social projects of French local authorities
- Development of thematic issues with the aim of reaching 33% of total financing issued as green, social and sustainability bonds by 2030



2.2. LOANS TO THE LOCAL PUBLIC SECTOR

2.2.1. A PARTNERSHIP SCHEME TO FINANCE FRENCH LOCAL AUTHORITIES AND HOSPITALS

Since 2013, Sfil has been supporting and securing investment financing for the local public sector, i.e. French local authorities and public hospitals, through a dedicated partnership scheme.

TWO FINANCING PARTNERSHIPS TO SERVE THE PUBLIC INTEREST

Sfil is a key player in the medium- to long-term financing of local authorities and public health institutions of all sizes, throughout France. Our mission is to offer all these borrowers excellent financing conditions to support their investments in the public interest. Sfil does this through partnerships with two other banks in Caisse des Dépôts Group:

- For over ten years, the **Sfil/La Banque Postale partnership** has enabled local authorities and public health institutions to benefit from a simple and transparent **medium/long-term** loan offer (with a maturity of up to 30 years).
- In 2023, the **Sfil/Banque des Territoires partnership** saw its first full year of loan production, providing **very long-term** financing for local authorities and public health institutions (25 to 40 years of maturity) to complement the Sfil/La Banque Postale partnership.

To date, these two partnerships have provided joint support to **8,031 local authorities and 352 public health institutions**.

KEY ELEMENTS OF THE SFIL/LA BANQUE POSTALE AND SFIL/BANQUE DES TERRITOIRES PARTNERSHIP SCHEMES

Borrowers

Local authorities and their groupings, public health institutions of all sizes and throughout France.

Loan production

Since 2013, €48.2 billion in loans have been granted through Sfil's partnerships with La Banque Postale and Banque des Territoires.

Maturities

From 10 to 40 years.

Financed purposes

- **Non-thematic loans** granted to local authorities and their groupings for the global financing of their investment budgets or for the financing of projects not eligible for green and social loans (historical offer).
- **Green loans** granted to local authorities and their groupings to finance investments supporting the ecological transition (range created in 2019). In addition to the green loans marketed by La Banque Postale, a large proportion of the loans marketed by Banque des Territoires as part of so-called thematic packages are eligible for the green offer (Aqua Prêt for water and sanitation management infrastructure, GPI AmbRE for the energy efficiency of building construction, Relance Verte for the ecological and energy transition, Mobi Ready for the mobility sector).
- **Social loans** granted to local authorities and their groupings to finance social investments (new range deployed since November 2022, only with La Banque Postale).
- **"Health" loans** granted to public health institutions to finance their property development and hospital equipment (historical offer).



IN 2023, SFIL REMAINED A KEY LENDER TO THE LOCAL PUBLIC SECTOR

Sfil contributed €4.3 billion to the local public sector in 2023 (+4.9% compared with 2022), playing a major role in the financial support of this type of borrower:

- €4 billion to local authorities and their groupings (of which 65% at a fixed rate) with an average term of 20 years;
- €322 million to public health institutions (of which 83% at a fixed rate) with an average term of 19.7 years.

"Sfil is a key player in the medium and long-term financing of local authorities and hospitals of all sizes throughout France"

Despite an unfavourable macroeconomic context over the year as a whole, activity was marked by:

- Loan production strongly driven by the regions (+180%) and the departments (+35%) compared with 2022. By contrast, the financial needs of municipalities and associations of municipalities have remained stable;
- Encouraging production of social loans (€602 million), reflecting the good complementarity of the thematic offers: the social range accounted for no less than 15% of production in 2023, while the green range accounted for 9% in 2020, the first full year of production;
- A ramp-up in the partnership between Sfil and Banque des Territoires, with €195 million committed in this first full year of marketing;
- A sharp decline in loans to the healthcare sector (-48%), due to a significant drop in borrowing by hospitals.

SFIL MEETS ITS BORROWERS IN 2023

- July 4, 2023: Idéalco/Institut de l'économie pour le Climat (I4CE) web conference for local decision-makers on "The investment needs of local authorities in the ecological transition: how to meet the challenge".
- October 11-13, 2023: first participation in the Convention nationale des intercommunalités, held in Orléans.
- November 21-23, 2023: second participation in the Salon des Maires et des Collectivités locales, alongside our partners La Banque Postale and Banque des Territoires.
 - > Meetings and exchanges with numerous local authority representatives on the Sfil stand;
 - > Joint conference with I4CE to present the new I4CE/La Banque Postale study sponsored by Sfil (see "Find out more" on page 31);
 - > Launch of Observatoire de la Transition des Territoires, with the presentation of a study carried out by Opinionway for Sfil among a representative sample of the French population, which takes stock of French people's expectations regarding the ecological transition and their level of satisfaction with the actions undertaken by the public authorities;
 - > Tripartite signing of seven green loans and three social loans with our two partners and the borrowers.



In the foreground, from left to right: Stéphane Costa de Beauregard, Head of Local Public Sector, Operations and CSR; Philippe Mills, Chief Executive Officer; François Laugier, Deputy Chief Executive Officer; David Lisnard, Mayor of Cannes and Chairman of the Association des maires de France.



Philippe Mills, Chief Executive Officer of Sfil, and Thomas Cazenave, Deputy Minister for Public Accounts, at the Salon des maires et des collectivités locales.

2.2.2. LOCAL PUBLIC INVESTMENT, A VITAL ISSUE FOR THE ECOLOGICAL TRANSITION

With a 70% share of public civil investment (€65 billion in 2021, or around 2.7% of GDP, according to the information report of the French National Assembly of March 22, 2023 on accelerating investment by local authorities in the ecological transition), local authorities and their groupings finance equipment and infrastructure that contribute to the objectives of sustainable development, both in terms of ecological transition and social cohesion.

PUBLIC POLICIES SERVING THE PUBLIC INTEREST

Local authority investments must necessarily serve the public interest and be part of the exercise of the powers devolved to them under decentralisation. An analysis of these responsibilities shows that they contribute significantly to the objectives of sustainable development, either in terms of ecological transition (soft mobility, public transport, water and sanitation, waste treatment and recovery, development of green spaces, management of local building heritage, etc.), or in terms of social cohesion (education and training, culture, sport, social action, civil security, etc.).



The table below, based on data from the Observatoire des Finances et de la Gestion Publique Locale (OFGL), shows the main purposes of investments by local authorities as presented in their budget documentation:

Budgetary function	Main types of investment	Main purposes of investments	Weight in capital expenditure ¹
General services	<ul style="list-style-type: none">• Construction and renovation of buildings• Purchase of equipment and materials• Fixtures and fittings	Management of administrative buildings	16%
Public safety and health		Police (national and municipal), gendarmerie, firefighters and civil security	1%
Education, training and vocational training		Schools, secondary schools, high schools, apprenticeship or vocational training centres	13%
Culture, social life, sport and youth		Cultural, sports and youth facilities	9%
Health, social action		Health, social and medical-social institutions and early childhood care facilities (crèches)	2%
Economic action		Support for economic and tourism development	7%
Land use planning and housing		Street lighting, green spaces, support for municipal investment, social housing and individual housing	11%
Environment		Management of waste, water and natural heritage management, development of renewable energies	17%
Transport, roads and roadways	<ul style="list-style-type: none">• Construction and renovation of transport infrastructure• Purchase of rolling stock	Regional Express Train (TER), urban, interurban or suburban public transport, road infrastructure	25%
	<ul style="list-style-type: none">• Construction and renovation of roads and roadways	Road infrastructure	

(1) Average for 2018-2022 excluding the French Recovery Plan (all local authorities) calculated on the basis of Appendix 2F – Functional breakdown of the 2023 OFGL.



ECOLOGICAL PLANNING AT ALL SCALES

In 2022, the French government created the **General Secretariat for Ecological Planning (SGPE)** with the remit of ensuring the coherence and monitoring of ecological policies, initiating and framing the mobilisation of ministries and stakeholders, coordinating all negotiations and, lastly, measuring the performance of the actions undertaken. In 2023, the SGPE conducted a series of projects aimed at planning the ecological and energy transition between now and 2030, as part of a revised greenhouse gas emissions reduction target for France (-55% compared with -40% in the 2nd National Low Carbon Strategy).

“Investments by local authorities have a paramount role to play in the ecological transition”

To achieve these objectives, a **“France Nation Verte” action plan** has been drawn up by the SGPE. The plan is structured around six themes: get around better, better housing, better preservation of our ecosystems, better production, better food and better consumption.



Sectoral reduction targets have been defined for each theme. To illustrate the strategic role played by local authorities in ecological planning, the infographic on page 30 compares some of the objectives formulated in the two themes “get around better” and “better production” with the investment levers available to local authorities in these areas.

The SGPE now intends to roll out its plan at the level of each region, with the **implementation of regional “COPs” at the end of 2023**. Drawing their inspiration from the Conferences of the Parties (COPs), which bring together the States that are party to the United Nations Framework Convention on Climate Change (UNFCCC), the aim of the regional COPs is to define, within a region, the action levers that will enable the national objectives for reducing greenhouse gases and protecting biodiversity to be achieved. These COPs will have to adapt the plan to local issues and specifications and draw up a roadmap by the summer of 2024.

At the same time, in order to make the efforts of local and regional authorities in the area of climate change more visible and transparent, the government has decided to introduce a **green budget** for certain levels of authority from 2024 onwards, in the form of a new specific financial statement in local budget documents entitled “Impact of the budget on the ecological transition”⁽²⁾.

FIND OUT MORE



[Consult the “France Nation Verte” plan](#)

**FRANCE
NATION
VERTE** >
Agir • Mobiliser • Accélérer

(2) Article 191 of French Finance Act no. 2023-1322 of 29 December 2023 for 2024.





THE ROLE OF LOCAL AUTHORITIES IN ECOLOGICAL PLANNING		
PRIORITIES OF THE PLAN AND OVERALL REDUC-TION EFFORT BY 2030	EXAMPLES OF REDUCTION LEVERS AND REDUCTION TARGETS (2030 VS. 2019)	INVESTMENT LEVERS FOR LOCAL AUTHORITIES
GET AROUND BETTER (-36 MtCO ₂ eq)	PASSENGER MODAL SHIFT (-5 MtCO ₂ eq, i.e. 14% of the overall target) <ul style="list-style-type: none">• Cycling: over 103,000 kilometres of bycycle lanes, i.e. +219%• Rail: over 25.4 billion passenger kilometres travelled by rail over the year, i.e. +25%• Public transport: over 11 billion passenger kilometres travelled by urban public transport over the year, i.e. +24%	<ul style="list-style-type: none">• Development of cycling infrastructure (cycle network, green lanes, cycling plan, etc.) or roads dedicated to urban public transport (HighService Level buses, multimodal transport hubs);;• Modernisation and regeneration of rail infrastructure (particularly the Regional Express Trains (TER) network);• Development of guided urban public transport infrastructure (tramway, metro).
	REDUCTION OF ENERGY CONSUMPTION IN TERTIARY BUILDINGS (-5 MtCO ₂ eq, i.e. 4% of the overall target) <ul style="list-style-type: none">• Tertiary oil-fired boilers: -16 terawatt hours (TWh), i.e. -84%• Tertiary gas-fired boilers: -33 terawatt hours (TWh), i.e. -46%• Tertiary renovation: -93 terawatt hours (TWh), i.e. -35% INCREASE IN WASTE SORTING AND RECOVERY CAPACITY (-3 MtCO ₂ eq, i.e. 3% of the overall target) <ul style="list-style-type: none">• Household and similar waste recovered in the form of materials (recycling, composting, etc.): +4.9 million tonnes (Mt), i.e. +27%• Household and similar waste recovered in the form of energy: +1.35 million tonnes (Mt), i.e. +9% INCREASE IN ELECTRIC AND THERMAL ENERGY PRODUCTION FROM RENEWABLE SOURCES (-9.5 MtCO ₂ eq, i.e. 8% of the overall target) <ul style="list-style-type: none">• Total installed capacity of solar-generated electricity production: +43,570 megawatt (MW), i.e. +503%• % of heat delivered by heating networks from renewable sources: 75%, i.e. +16 points	<ul style="list-style-type: none">• Energy renovation and conversion of heating systems in public buildings, in particular schools (primary and secondary), and sports facilities, which account for a large proportion of the local heritage;• Construction of high energy performance buildings (RE 2020 environmental regulation), that do not use fossil fuels. <ul style="list-style-type: none">• Installation of facilities to promote waste sorting at source and its preparation for recycling (waste collection sites, sorting centres, collection points);• Investments in recycling and composting facilities, as well as in systems for recovering “unavoidable” energy from waste incine-rators. <ul style="list-style-type: none">• Development of photovoltaic energy production facilities (solar power stations, shading systems and solar panels on the roofs of public buildings....);• Financing of thermal energy production equipment from renewable sources (wood energy, geothermal energy, etc.) to supply urban heating networks.

Source: Sfil based on the France Nation Verte plan.

FINANCING THE LOW-CARBON TRANSITION OF LOCAL AUTHORITIES

Because of the powers they exercise and the extent of their assets, local and regional authorities have a major role to play now and over the long term in achieving national and European targets for reducing greenhouse gas emissions.

In a study published in 2022 and sponsored by Sfil (see our 2022 sustainability report), *Institut de l'économie pour le climat* (I4CE), a nonprofit research institute founded in 2015 by Caisse des Dépôts and the French Development Agency, looked at the investment and engineering needs of French local authorities to achieve the carbon neutrality target set by the National Low-Carbon Strategy (SNBC). The study showed that local authorities will need to invest at least €12 billion a year in climate change between 2022 and 2030, more than double the amount they invested annually in climate change in 2020-2021. The regions will be particularly put to the test, with a 63% increase in investment needs, compared with 13% for the French departments and 15% for the local authorities.

“In all scenarios, local authority investment in carbon neutrality will lead to a significant increase in borrowing”

The question of how to finance this acceleration in investment required an unprecedented forward-looking modelling of the evolution of local finances. Working in association with La Banque Postale's research department and with the support of Sfil, I4CE developed four contrasting scenarios, each based on a priority funding lever to finance this acceleration in climate investments:

- 01 “Debt”:** all additional financing needs are financed by debt;
- 02 “Redirection”:** additional climate investments are made instead of the investments usually made for other public policies;

03 “State”: increased State support for local authorities via the Global Operating Grant (Dotation Global de Fonctionnement, DGF) and a “green fund” made permanent;

04 “Own resources”: increase in the local authorities' own resources (taxation, pricing, asset disposals, working capital), with the remainder of the additional financing requirement covered by debt.

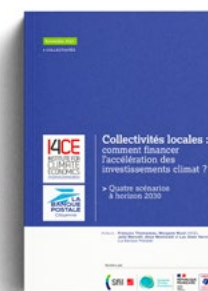
The authors of the study drew the following major findings from the modelling:

- In three out of four scenarios, the total level of investment (excluding debt) by local authorities reaches **an all-time peak of over €90 billion in 2030**. Such an increase would be a milestone in the history of decentralisation, since such high levels of investment have only been seen in the context of transfers of powers, which were then accompanied by the transfer of the associated resources.
- All the scenarios point to a **significant increase in borrowing**. This increase in debt will be based on the significant mobilisation of banking institutions ready to provide the financing required for this transition, especially as a growing number of investors are showing a strong appetite for financing green projects. However, not all local authorities will be able to mobilise this debt lever in the same way, given solvency issues. It will also require the State to arbitrate between two important and partly conflicting objectives: increasing investment in climate protection and reducing local government debt.
- The **regions and departments** are facing **funding difficulties** in the short and medium term, which make most of the scenarios concerning them inoperable. Quite apart from the question of the acceleration of their climate action, the prospective study highlights the strong dependence of the structure of departmental and, even more so, regional budgets on the socio-economic context. As a result, there is uncertainty about the amount of co-financing that the regions and departments will be able to continue to allocate to the local authorities, at a time when they themselves will have to invest massively.

- The **savings generated by lower energy consumption** will make only a marginal contribution to financing the acceleration of investments, even though they are often presented in speeches as a powerful lever for financing the energy transition.
- Of all the levers envisaged, the **mobilisation of new own resources** within local authorities is the one that produces the most substantial effects in terms of the sustainability of local finances. It is also the scenario that is the most difficult to implement politically, because of the increased calls on taxpayers and/or beneficiaries of public services.
- The hypothesis of **increased support from the State**, limited to indexing the general operating grant (DGF) to inflation and the perpetuation of a green fund of €2.5 billion each year between now and 2030, would not be enough to solve the equation of financing the transition.

While the different scenarios contribute to the debate on the levers to be used, they all lead to the same conclusion: the “wall” of local investments for the energy transition can only be overcome **if the State and local authorities engage in dialogue and cooperate in implementing a shared strategy** that requires difficult political decisions.

FIND OUT MORE

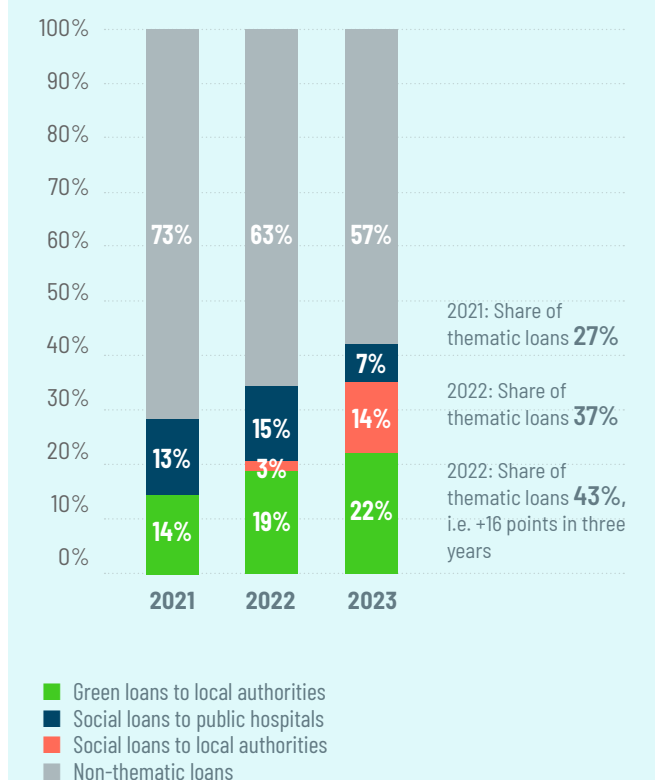


[Read the I4CE/La Banque Postale study “Local authorities: how to finance the acceleration of climate investments? Four scenarios up to 2030” \(2023\)](#)

2.2.3. A STEADY INCREASE IN THEMATIC LOANS

Together with its partners, Sfil offers its local public sector borrowers a full range of thematic loans (green loans, social loans to local authorities, social “health” loans) covering most of their sustainability public policies. In 2023, thematic loans continued to grow, accounting for 43% of loans marketed, compared with 37% in 2022 and 27% in 2021.

CHANGE IN THE SHARE OF THEMATIC LOANS IN THE PRODUCTION OF LOANS TO THE LOCAL PUBLIC SECTOR (2021-2023)





GREEN LOANS

Working with its partner La Banque Postale, Sfil has developed a dedicated solution for local authorities to support their investments in the ecological transition of the regions.

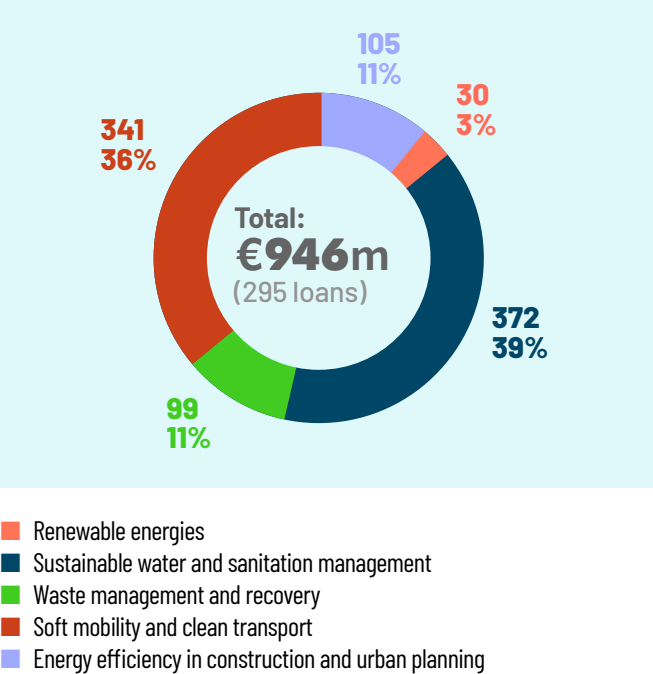
Initially marketed by La Banque Postale, green loans have **grown rapidly and steadily** since their creation in 2019. In 2023, production of green loans was boosted by loans from the thematic envelopes of Banque des Territoires (Aqua Prêt for water and sanitation management infrastructure, GPI AmbRE for the energy efficiency in construction, Relance Verte for the ecological and energy transition, Mobi Prêt for the mobility sector). The popularity of this offer was further confirmed in 2023, with €946 million in green loans granted in 2023, compared with €774 million in 2022.

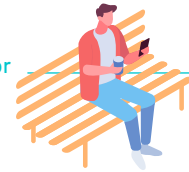
This trend is unlikely to decrease, given the climate transition challenges facing local authorities. In fact, the financing of the climate transition will have to rely on local debt. With its range of green loans, which are fully in line with the objectives of the SGPE's plan, Sfil aims to use its financial clout to support the environmental transition of local and regional authorities. Thanks to its financing model, Sfil has abundant resources at its disposal, enabling it to secure credit availability and to largely meet a demand for loans that is expected to rise sharply.

In 2024, a review will be carried out on the alignment of this green offering with the European green taxonomy, which could lead Sfil to extend its green loan offering to new themes eligible under the European green taxonomy (e.g. adaptation).



BREAKDOWN BY THEME OF GREEN LOANS GRANTED IN 2023 (IN €M)





GREEN LOANS: ILLUSTRATION OF THE FIVE ELIGIBLE THEMES

7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
RENEWABLE ENERGIES			
<ul style="list-style-type: none"> Production of electricity or heat from renewable energies: <ul style="list-style-type: none"> > Solar > Wind > Hydro > Geothermal > Biomass 			

6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	14 LIFE BELOW WATER	15 LIFE ON LAND
SUSTAINABLE WATER AND SANITATION MANAGEMENT			
<ul style="list-style-type: none"> Production and distribution of drinking water Collection and treatment of wastewater Rainwater management Management of aquatic environments and flood prevention (referred to as GEMAPI in France, for "Gestion des milieux aquatiques et prévention des inondations") 			

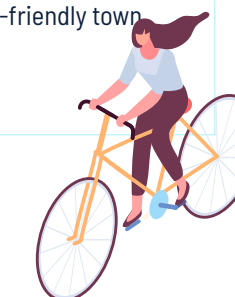
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
WASTE MANAGEMENT AND RECOVERY	
<ul style="list-style-type: none"> Collection and sorting of household and similar waste Treatment of household and similar waste by reuse, recycling, composting or energy recovery 	

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
SOFT MOBILITY AND CLEAN TRANSPORT		
<ul style="list-style-type: none"> Low-carbon mobility (bicycle lanes, electric vehicles, charging systems, etc.) Public transport (tramways, electric buses, metros, railways, etc.) 		

7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
ENERGY EFFICIENCY IN CONSTRUCTION AND URBAN PLANNING			
<ul style="list-style-type: none"> Urban development, construction or renovation of energy-efficient buildings Modernisation of public lighting 			

EXAMPLES OF PROJECTS⁽³⁾

SMEA 31 (Occitanie)	SIAAP (Île-de-France)	SMTD Savoie Déchets (Auvergne-Rhône-Alpes)	AGEN (Nouvelle-Aquitaine)	LA TRANCHE-SUR-MER (Pays de la Loire)
€1m 	€20m 	€4m 	€3m 	€1.2m
FINANCING OF A MICRO-HYDROPOWER PLANT <p>€4.2 million was invested in the construction of two new hydroelectric power plants on the Saint-Martory canal.</p> <p>This 71 km-long infrastructure on the canal offers has real potential for producing renewable energy thanks to the motive power of the water flowing through it.</p> <p>Ultimately, the canal's various hydroelectric facilities could generate up to 15.6 GWh/year, equivalent to the consumption of more than 5,800 households.</p>	MODERNISATION OF A WASTEWATER PRE-TREATMENT PLANT <p>The pre-treatment plant at Clichy-la-Garenne is an essential link in the chain of wastewater treatment and rainwater management in the Paris conurbation.</p> <p>€668 million is being invested in upgrading the plant to increase its reliability and pre-treatment capacity.</p> <p>This project is also part of a commitment to limit the plant's environmental impact (construction of HEQ buildings, heat recovery system, solar panels).</p>	CONSTRUCTION OF A NEW SORTING CENTRE <p>The €34m facility will be able to sort all household waste packaging.</p> <p>Comprising 7,400 m² of facilities spread over three hectares, the site's sorting capacity is estimated at 40,000 tonnes/year, double that of the current site.</p> <p>The facility is also designed to be scalable in terms of sorting instructions and energy-efficient (incorporating solar panels and connection to the urban heat network).</p>	DEVELOPMENT OF A "SOFT MOBILITY BELT" <p>€3.3 million has been committed to the development of a secure, green, 7km bicycle around the town centre of Agen.</p> <p>This car-free ring will connect the missing links in the existing cycle network and enhance the town's heritage through a pedestrian and cycling-friendly area.</p> <p>The project is part of Agen's commitment to becoming a truly cycling-friendly town.</p>	ENERGY RENOVATION OF A SCHOOL <p>To cope with the increase in pupil numbers, the municipality has invested €1.3 million in renovating the École de la Mer and extending its school canteen.</p> <p>The project includes renovation to meet safety and accessibility standards, as well as energy improvements.</p> <p>In total, 340 m² of new areas will be created and 793 m² will be renovated, resulting in energy savings of at least 85%.</p>



(3) For more examples of projects financed thanks to the "green loans" scheme, consult the various editions of our "Actu-Vert".



SOCIAL LOANS
To continue to qualify and add value to local debt and the underlying investments beyond just green investments, a new financing offer dedicated to social and territorial cohesion policies has been available to local authorities since October 2022.

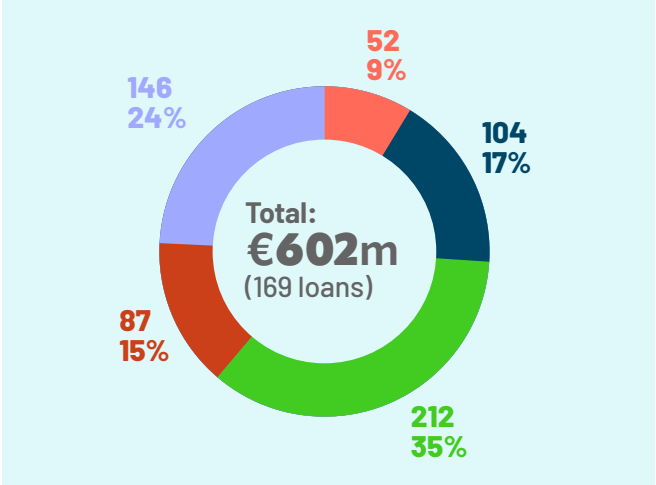
2023 is the first year of production for this social range, with a loan volume of €602 million. This new range enables local players to make better use of their social projects in the fields of education, sport, local health and territorial cohesion. All levels of local authority are involved: regions (8%), departments (20%), associations of local authorities (29%) and municipalities (42%).

In 2023, the largest loan (€50 million) was taken out by the Territorial Authority of Martinique (CTM) to finance investment and equipment for Martinique’s secondary schools. The smallest loan (€87,000) was taken out by the municipality of Clermont-l’Hérault in the Occitanie region to finance a medical and social center.

Given the scope of the local authorities’ remit and the weight of the associated investments in their budgets, this offer can be expected to continue to grow in 2024.



BREAKDOWN BY THEME OF SOCIAL LOANS GRANTED IN 2023 (IN €M)



- Healthcare, social and family welfare
- Development and territorial cohesion
- Education and vocational training
- Fire and rescue services
- Sports, culture and community life





PRESENTATION OF THE “SOCIAL LOAN” RANGE AND ILLUSTRATIONS

<div><div><div>1NO POVERTY</div><div></div></div><div><div>3GOOD HEALTH AND WELL-BEING</div><div></div></div><div><div>4QUALITY EDUCATION</div><div></div></div><div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div></div>					<div><div></div><div></div></div>		<div><div><div>1NO POVERTY</div><div></div></div><div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div><div><div>10REDUCED INEQUALITIES</div><div></div></div><div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div></div>			
FIRE AND RESCUE SERVICES	HEALTHCARE, SOCIAL AND FAMILY WELFARE	EDUCATION AND VOCATIONAL TRAINING	SPORTS, CULTURE AND COMMUNITY LIFE	DEVELOPMENT AND TERRITORIAL COHESION						
<ul style="list-style-type: none">Departmental fire and rescue services (SDIS)	<ul style="list-style-type: none">Social and medico-social institutions (nursing homes, medical-educational units, etc.)Childcare facilities (day nursery, etc.)Medical centres	<ul style="list-style-type: none">Educational institutions (schools, secondary schools)Vocational training institutions (IFSI, GRETA)Ancillary services at educational institutions (canteens, transport, etc.)	<ul style="list-style-type: none">Sports facilitiesCultural facilitiesLocal association facilitiesGreen spaces (public parks and gardens)	<ul style="list-style-type: none">Urban renewal of disadvantaged areas (Quartiers de Politique de la Ville, or QPV)Urban/regional revitalisation programmes (Action Cœur de Ville, etc.)Investment subsidies for social housingRoll-out of very high-speed broadband access						

LOANS TO THE PUBLIC HOSPITAL SERVICE

Since its creation, Sfil has stood by public health institutions to finance all their investments and enable them to fulfil their missions:

- Providing care to the entire population, particularly the most vulnerable people;
- Researching and developing new types of treatments and care;
- Training healthcare workers.

2023 was a year of contrasts for this sector, which was affected by **financial difficulties** in the aftermath of the health crisis (see box opposite) and at the same time suffered from the **strong impact of inflation** on its investment costs, requiring a redefinition of budgets and generating delays in works and equipment contracts, as well as recruitment difficulties that prevented hospitals from returning to a full level of activity. Against this backdrop, new loans to the healthcare sector are down sharply: €322m in 2023, the lowest level since Sfil was founded, compared with €622m in 2022.

However, the **implementation of the Ségur “investment” plan**, launched in 2021, means that an increase in financing needs can be anticipated in the coming years. The precise timetable for this increase will depend on the pace at which projects are appraised and supported by the State and the regional health agencies. Given its central role in the financing of public hospitals, Sfil/La Banque Postale, now complemented by Sfil/Banque des Territoires, will play a major role in supporting the gradual roll-out of the Ségur plan and the transformation of the public hospital service.

THE FINANCIAL SITUATION OF PUBLIC HOSPITALS AFTER THE HEALTH CRISIS

In October 2023, the French Court of Auditors (*Cour des Comptes*) published a report entitled “The financial situation of public hospitals after the health crisis”. It states that in order to avoid a spiral of excessive debt following the Hôpital 2007 and Hôpital 2012 investment plans, which led to a tripling of financial debt to €30 billion by 2019, public hospitals have underinvested over the last ten years, which has led to their buildings and equipment becoming increasingly dilapidated.

FIND OUT MORE

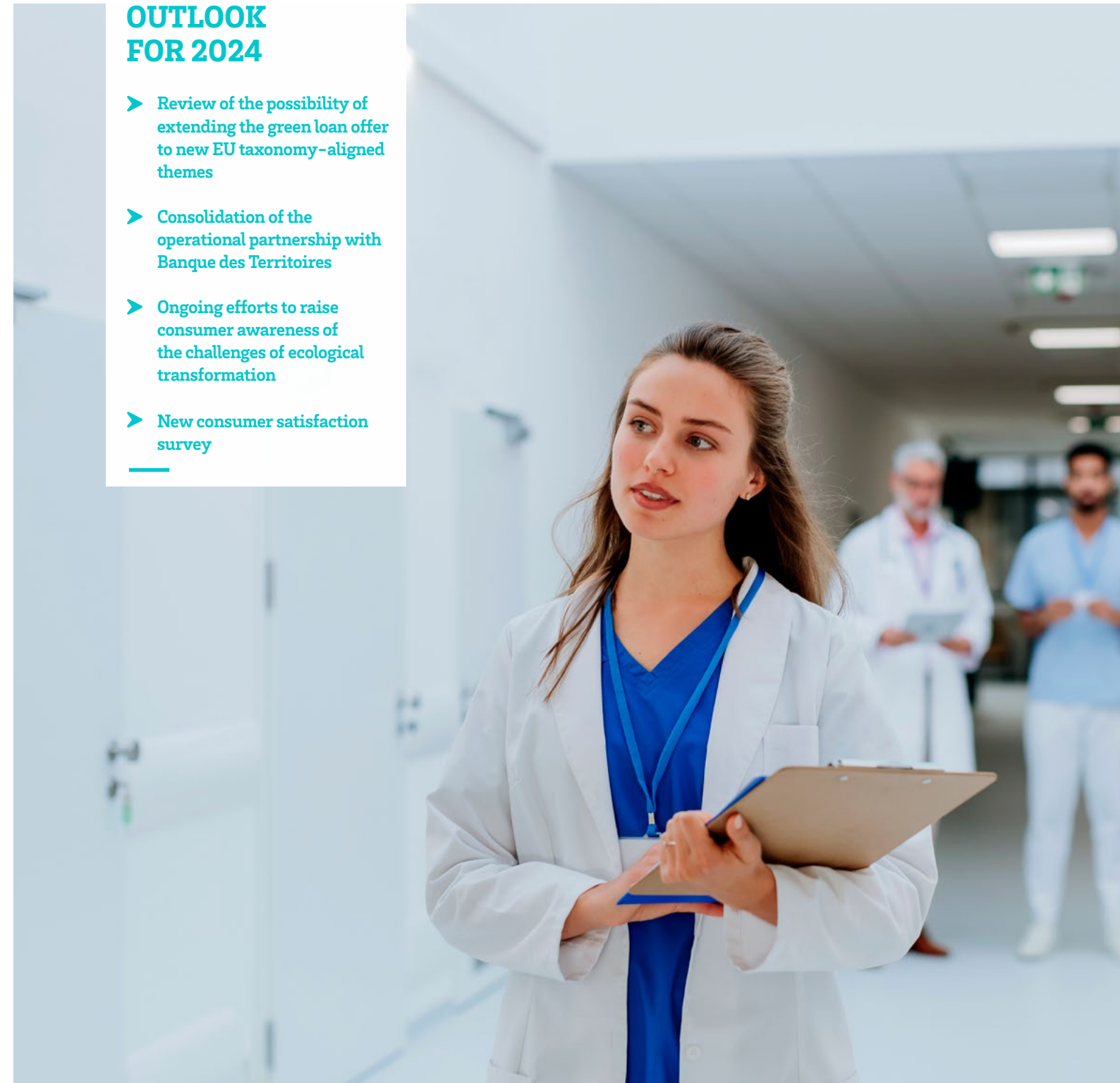


[Read the Court of Auditors' report on the financial situation of public hospitals after the health crisis](#)



OUTLOOK FOR 2024

- Review of the possibility of extending the green loan offer to new EU taxonomy-aligned themes
- Consolidation of the operational partnership with Banque des Territoires
- Ongoing efforts to raise consumer awareness of the challenges of ecological transformation
- New consumer satisfaction survey



PRESENTATION OF THE “HEALTHCARE LOAN” RANGE AND ILLUSTRATIONS



ALL PUBLIC HEALTH INSTITUTIONS (WITHIN THE MEANING OF THE FRENCH PUBLIC HEALTH CODE) INCLUDING IN PARTICULAR:

- Regional Hospital Centres (CHR) located in regional cities and characterised by their high level of specialisation. Some CHRs have a teaching and research remit, in which case they are known as Regional University Hospital Centres (CHRU);
- Hospital Centres (CH), most of which are attached to a local authority (usually a municipality), whose main missions are to provide acute medical care, follow-up care and long-term care, as well as services for dependent elderly people.

EXAMPLES OF PROJECTS



SENS HOSPITAL CENTRE
(Bourgogne-Franche-Comté)

€5.6m



EXTENSION OF THE HOSPITAL SERVICES' BUILDING

This 11,000 m² extension, worth €37 million, will bring together a number of services in the “Michel Russin” building:

- A Woman-Mother-Child unit (paediatrics, maternity, neonatology and gynaecology),
- The three emergency services for adults, children, gynaecology and haemodialysis,
- The oncology day hospital.

This new facility will help to modernise the hospital, which occupies a strategic position in the north of the Yonne region.



LILLE REGIONAL UNIVERSITY HOSPITAL CENTRE
(Hauts-de-France)

€15m



“CHU LILLE 2030” RENOVATION PROGRAMME

Worth a total of €653 million, this project comprises three major building projects:

- The restructuring and extension of the Jeanne de Flandre Woman-Mother-Child Hospital,
- The renovation and modernisation of the Roger Salengro hospital, which specialises in neurosciences,
- The reconstruction of the Lille University Hospital's central pharmacy.

The aim is to ultimately provide a genuine hospital campus with a high-performance healthcare offering and an optimised level of comfort.



INTERCOMMUNITY HOSPITAL CENTRE OF ELBEUF-LOUVIERS-VAL DE REUIL (Normandy)

€2.5m



ACQUISITION D'ÉQUIPEMENTS BIOMÉDICAUX ET INFORMATIQUES

A key player in the south of the Seine-Maritime region, the Elbeuf-Louviers-Val de Reuil Intercommunal Hospital Centre meets the healthcare needs of 160,000 people in its local area.

In order to improve the quality of care and treatment, it is investing in biomedical and IT equipment.

Essential for diagnosis, monitoring and patient treatment, this ongoing investment contributes to the development and growth of the hospital centre's activity.

2.3. SUPPORT FOR FRENCH EXPORTS

2.3.1. SUPPORTING COMPETITIVENESS AND JOB CREATION IN FRENCH REGIONS

Since 2015, the government has entrusted Sfil with the mission of strengthening the competitiveness of French export credit through its refinancing, thereby contributing to the international competitiveness of French companies. In this way, Sfil complements Bpifrance Assurance Export, the French export credit agency responsible since 2017 for managing public export guarantees in the name and on behalf of the State, a task previously assigned to Coface.

A project's eligibility for French export credit financing is determined by the proportion of the commercial contract performed in France, known as the "French share". This French share measures the contract's direct contribution to increasing French GDP. In this way, the ultimate objective of the export credit activity, over and above the international competitiveness of companies, is to perpetuate and develop an exporting industrial fabric that generates jobs in the regions.

"In 2023, Sfil injected €1.4 billion into the French economy through the financing of major export contracts"

In this way, the export credit activity contributes to the implementation of Sustainable Development Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and in particular sub-objective 8.2: "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors". The amounts drawn to date on the 26 export credit refinanced by Sfil have enabled the injection of €6.8 billion into the French economy (contracts performed in France), including €1.4 billion in 2023.

The projects financed can also contribute to other sustainable development goals: at 31 December 2023, almost a third of the export projects refinanced



since the scheme was set up, representing 11% of the commitments transferred, contributed to one or more sustainable development goals in addition to SDG 8. The other objectives pursued by the export credit activity are:

- support for economic sovereignty through control of value chains and key technologies and support for innovation;
- continued investment in the industrial and technical defence base, which guarantees the strategic independence of France and Europe;
- support for the energy transition of the various export sectors in line with the Paris Climate Agreement.

2.3.2. INCORPORATING STRICT ENVIRONMENTAL AND SOCIAL STANDARDS

Export credit transactions are governed by a set of rules set out in the Organisation for Economic Co-operation and Development (OECD) Arrangement and the accompanying Recommendations. Under these texts, which France has undertaken to apply in their entirety, French export credit operations are subject to strict rules in terms of environmental and social standards, the fight against corruption and debt sustainability from the borrowers' point of view.

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

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

OECD Council Recommendation on Common Approaches to Officially Supported Export Credits and Environmental and Social Due Diligence ("Common Approaches"), paragraph 13

The international standards referred to in the previous paragraph include:

- The eleven environmental and social safeguard policies of the World Bank;
- The eight environmental and social performance standards of the International Finance Corporation;
- The environmental, health and safety guidelines of the World Bank.

Bpifrance Assurance Export, as a French export credit agency and manager of public export guarantees in the name and on behalf of the French State, ensures that the multilateral framework for the regulation of

public intervention in support of exports is applied by including in its impact analysis:

- Environmental and social risks;
- The protection of and respect for human rights;
- The fight against corruption;
- Transparency, predictability and accountability in decision-making.

"French export credit transactions conform to strict rules in terms of environmental and social standards"

Sfil, which exclusively refinances export credits insured by Bpifrance Assurance Export, systematically ensures in its loan appraisal process that:

- Bpifrance Assurance Export's requirements under the OECD Arrangement and other OECD recommendations governing export credits are complied with;
- These requirements are enforceable against the debtor, so that the export credit can be suspended or terminated early if the debtor's commitments in terms of environmental and social impact mitigation or the fight against corruption are not met.

Most of Sfil's banking partners (22 out of 27) are also signatories to the Equator Principles, a set of provisions updated in July 2020 and intended to serve as a basis and common framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. All the export transactions refinanced by Sfil to date have involved a bank that is a signatory to the Equator Principles and have therefore complied with these principles.

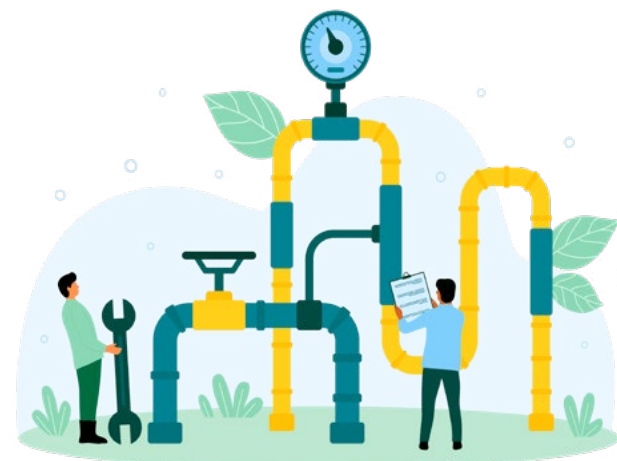
Lastly, for projects with a high environmental and/or social impact, an ex-ante impact analysis is carried out by an independent expert commissioned by the banking syndicate and, if necessary, an environmental and/or social management plan is drawn up, setting out how these impacts will be avoided, minimised and controlled so that any residual impacts are acceptable for the environment and local communities.

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

In July 2023, the modernisation of the Arrangement on Officially Supported Export Credits was adopted. This modernisation extends repayment terms and offers greater flexibility in the financial structuring of export credits. This flexibility and the repayment terms are particularly embodied in the sectoral agreements in the areas of climate change mitigation and adaptation, and nuclear power plants.

2.3.3. ACCELERATING THE ENERGY TRANSITION THROUGH ENHANCED REQUIREMENTS

France's climate plan has tightened environmental and social requirements and set out a timetable for ending the granting of public guarantees to fossil fuel projects: from 2025 for projects to exploit new oil fields, and from 2035 for projects to exploit new gas fields. It also provides for an end to support for the financing of thermal power plants that damage the energy mix of the recipient country.



The withdrawal from fossil fuel projects was enacted by the French Initial Finance Act for 2023 of 30 December 2022 (LFI 2023). Under this law, from 1 January 2023, France no longer grants guarantees for coal, oil and gas export projects:

"The State guarantee provided for in this article may not be granted with a view to the export of goods and services for operations whose direct object is the exploration, production, transport, storage, refining or distribution of coal or liquid or gaseous hydrocarbons or the production of energy from coal, with the exception of operations aimed at reducing the negative environmental impact or improving the safety of existing installations or their impact on health, without increasing their lifespan or production capacity, or aimed at dismantling or converting these installations."

Initial Finance Act for 2023, Article 152

France is nevertheless contributing to supporting exports, and Sfil will continue to be able to refinance:

- Low-carbon electricity generation projects;
- Projects that improve the host country's electricity mix, including gas-fired power plants that replace more carbon-intensive generation sources and/or enable the integration of greater renewable capacities;
- Projects that improve the host country's electricity transmission-distribution infrastructure, regardless of the country's electricity mix;
- Projects that are consistent with the energy transition strategy of the exporting company or the country concerned.

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

OUTLOOK FOR 2024

- Assessment of the portfolio's climate risks (transition risks and physical risks) and integration of ESG analysis into the export credit granting process
- Selection of assets eligible for Sfil's green, social and sustainable bond issues framework





2.4. PORTFOLIO DECARBONISATION

In 2023, Sfil finalised the measurement of the carbon footprint, i.e. the greenhouse gas (GHG) emissions, of its local public sector loan portfolio and its export credit portfolio, with a reference date of 31 December 2021.

The methodology for measuring financed emissions is based on the international standards developed by the GHG Protocol and the Science-Based Targets initiative (SBTi). Within the GHG Protocol, the PCAF (Partnership for Carbon Accounting Financials) standard specifies the principles applicable by financial players for calculating the GHG emissions generated by their financing and investments (scope 3, category 15). Emissions in this category are generated by the projects in which Sfil's borrowers invest. In order to obtain a good level of accuracy, the proposed methodology must take into account the technical characteristics of these projects.

2.4.1. THE CARBON FOOTPRINT OF THE LOCAL PUBLIC SECTOR PORTFOLIO

MEASUREMENT METHODOLOGY

To date, the bulk of Sfil's loans to the local public sector currently consist of non-thematic loans financing investment budgets, unlike green or social loans which finance targeted investments and whose precise purpose is known as soon as they are granted. This results in a lack of physical data on the investments financed, especially as the local public sector is not subject to a general obligation to publish extra-financial information.

Sfil has taken this specificity into account by establishing a three-stage method for measuring the carbon footprint of non-thematic loans to French local authorities and their groupings (i.e. excluding green and social loans):

- 01 Segmentation of the portfolio by type of counterparty and identification of the activities carried out by each type of counterparty;
- 02 Assignment of an emission factor to each of the activities carried out on the basis of data made available by ADEME and the GHG Protocol;
- 03 Calculation of intensity and absolute emissions for each of the portfolio's counterparties, taking into account scopes 1, 2 and 3 (upstream and downstream) of the projects financed, corresponding to the emissions generated during the construction phase.

The results obtained have been annualised and applied to non-thematic outstandings.

"77% of portfolio exposures are covered by a decarbonisation target in line with the objectives of the Paris Agreement"

With regard to earmarked loans, greenhouse gas emissions (scopes 1, 2, 3, upstream and downstream) have been assessed on the basis of:

- Physical data on renewable energies (e.g. installed energy capacity), soft mobility (e.g. kilometres of transport lines) and energy efficiency in construction (e.g. primary energy consumption);
- Data made available by ADEME and the GHG Protocol on water management and waste management, as well as for social loans.

The greenhouse gas (GHG) emissions generated by the earmarked loans were then aggregated into a generic measure of the carbon footprint of the local public sector financing portfolio.

Using this methodology, Sfil has measured the financed emissions of its French local public sector portfolio at December 31, 2021. This portfolio comprises the following counterparties:

- Local authorities (municipalities, departments and regions);
- Groups with their own tax status (associations of municipalities, conurbation community, urban community and metropolitan area);
- Trade unions and various public establishments (administrative public establishments, including CCAS/CIAS and SDIS);
- Healthcare institutions (hospitals, health cooperation groups, health associations, public retirement homes, etc.);
- Various public and private players in the housing and non-profit sectors, which make up a portfolio segment in run-off.

MEASUREMENT RESULTS

At 31 December 2021, the local public sector portfolio totalled **6.3 million tCO₂eq** of GHG emissions, or 86% of the emissions financed (7.3 million tCO₂eq), with a monetary intensity of **153 tCO₂eq per million euros lent**.

In absolute terms, 88% of the footprint is accounted for by the departments, municipalities and local authority tax groups, which account for 67% of outstandings. In terms of intensity, 79% of the carbon intensity of the local public sector portfolio (excluding green loans) comes from downstream scope 3 (i.e. the use of infrastructure and equipment).

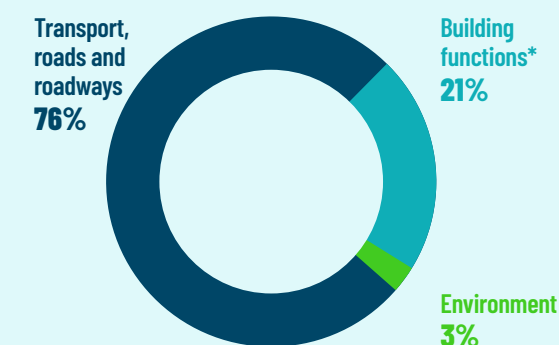
These two figures should be correlated with the breakdown of the footprint by budgetary function (i.e. by sector of activity), which reflects a preponderance of emissions linked to road transport. 76% of emissions are allocated to the "roads and roadways" function, where downstream scope 3 is 8.5 times more emissive than other types of project or function. As a result, the departments and local authorities stand out as particularly high emitters, given the scale of their investments in this area.

The remainder of the footprint mainly includes the "building" functions (education, culture and sport in particular), where the construction/renovation of buildings accounts for the largest share (21%).

This first carbon measurement of the local public sector portfolio reveals the significant weight of the transport and building sectors, which accounted for 48% of French GHG emissions in 2021⁴. Investments by local authorities that promote the decarbonisation of these sectors are eligible for Sfil's range of green loans.

The measurement at the end of 2022 and the end of 2023 will be carried out in 2024. For 2023, it will be extended to the international local public sector portfolio, which is a portfolio segment in run-off, and to cash investments.

BREAKDOWN OF LOCAL PUBLIC SECTOR CARBON FOOTPRINT BY BUDGET FUNCTION (SCOPES 1, 2 AND 3 UPSTREAM/ DOWNSTREAM)



* Health, social action 7%, general services 5%, culture, social life, sport and youth 3%, land-use planning and housing 3%, education, training and vocational training 2%, economic action 1%, public health and safety < 1%.

(4) Source: Conseil national de la transition écologique (French National Council for the Ecological Transition), May 2023, "Les trajectoires de décarbonation par secteur" (Decarbonisation trajectories by sector).



2.4.2. THE CARBON FOOTPRINT OF THE EXPORT CREDIT PORTFOLIO

MEASUREMENT METHODOLOGY

Sfil's export credit portfolio is characterised by the diversity of the projects financed: it includes financing in the energy (conventional and renewable), fossil fuels, infrastructure (electricity, roads), shipbuilding, aerospace and defence sectors. The portfolio's footprint at the end of 2021 has been measured for the entire portfolio, with the exception of the defence sector.

In accordance with the PCAF methodology, the carbon footprint of the portfolio is measured by assessing, for each project, the CO₂ emissions that will be generated over the entire life cycle of the project financed: upstream scope 3 corresponds to emissions generated by the construction of the project, scopes 1 and 2 to emissions generated directly during the project's operation phase, and finally, when significant, downstream scope 3 emissions are also considered (category 3-11: use of products sold).

The sum of these emissions is then annualised over the life of the project and allocated to Sfil in proportion to its outstandings in relation to the total cost of the project.

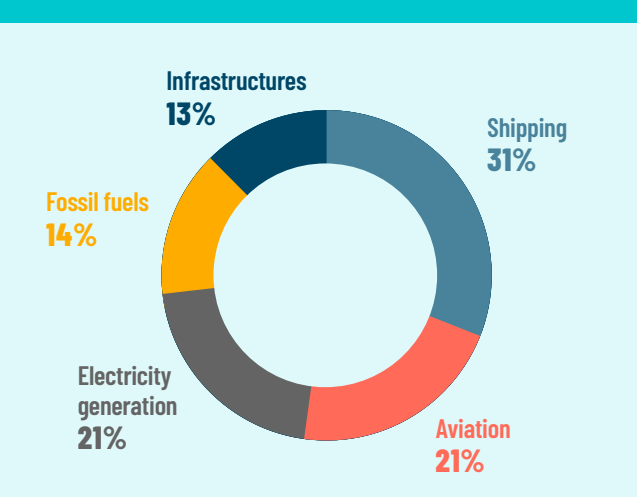
MEASUREMENT RESULTS

At 31 December 2021, the export portfolio totalled **1.0 million tCO₂eq** of GHG emissions, or 14% of the emissions financed (7.3 million tCO₂eq), with a monetary intensity of **316 tCO₂eq per million euros lent**.

The carbon footprint of the export credit portfolio is concentrated in a few sectors, either with a high exposure (maritime transport) or with particularly high emissions (aviation, fossil fuels and power generation). Exposures in power generation at the end of 2021 relate exclusively to a renewable energy project and a gas-fired power plant. The "infrastructure" category covers transport infrastructure and electricity networks. Scopes 1 and 2 of the projects account

for 82% of the carbon intensity of the export credit portfolio. The measurement at the end of 2022 and the end of 2023 will be carried out in 2024. It will be extended to new projects (excluding defence).

BREAKDOWN OF EXPORT CREDIT CARBON FOOTPRINT BY SECTOR

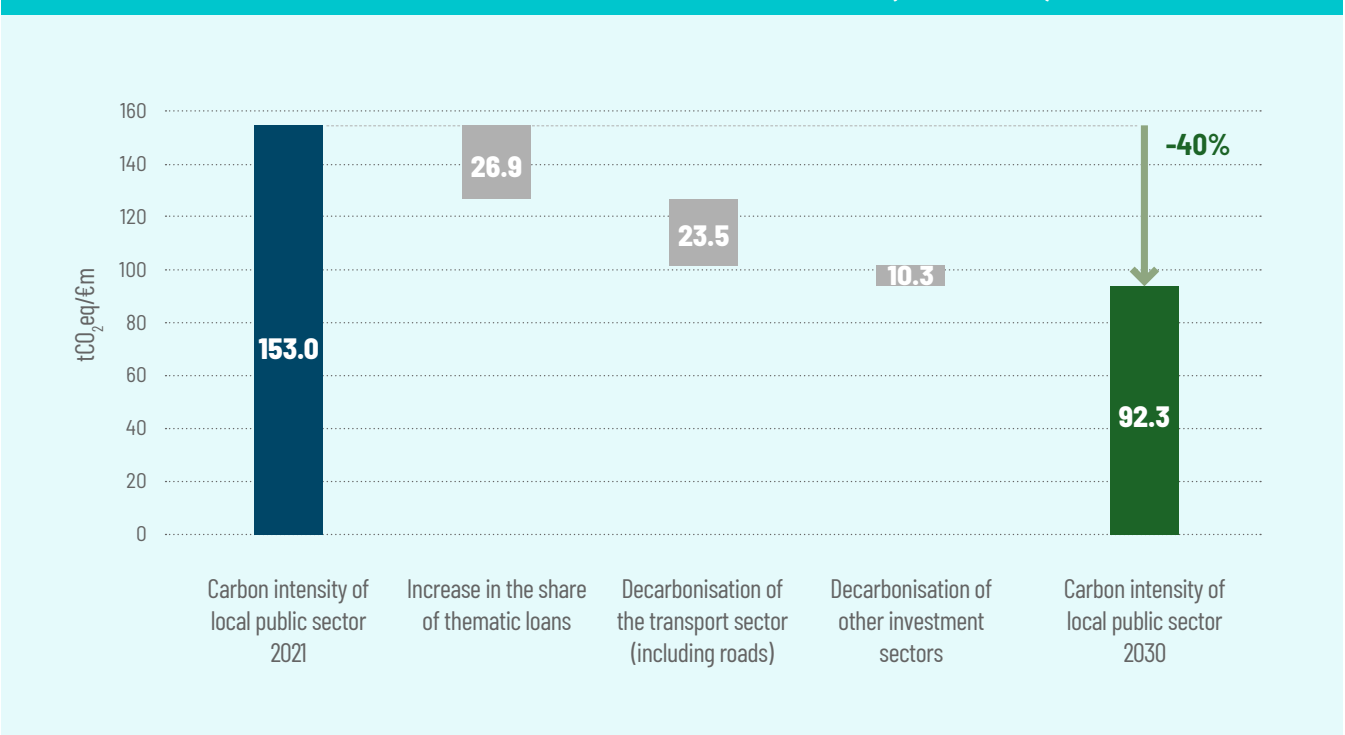


2.4.3. OUR COMMITMENTS TO DECARBONISING OUR PORTFOLIOS

At the end of 2023, Sfil defined greenhouse gas reduction targets for its financing portfolios by 2030.

For the local public sector, **Sfil is aiming for a 40% reduction in the monetary intensity of its portfolio over nine years**, from 153 tCO₂eq/M€ at the end of 2021 to 92 tCO₂eq/M€ at the end of 2030 (upstream/downstream scopes 1, 2 and 3). This target is in line with France's National Low-Carbon Strategy (Stratégie Nationale Bas-Carbone - SNBC), which sets out France's action plan for reducing its GHG emissions by 2050, in line with the Paris Agreement (see box on the National Low-Carbon Strategy on page 42). Public decision-makers at both national and local level must take account of the SNBC when defining their investment plans in key sectors such as the management of public buildings, transport, waste and energy.

DECARBONISATION OF THE LOCAL PUBLIC SECTOR PORTFOLIO (2021-2030)



FRANCE'S NATIONAL LOW-CARBON STRATEGY

The National Low-Carbon Strategy (Stratégie Nationale Bas-Carbone - SNBC) is France's roadmap for combating climate change and achieving carbon neutrality by 2050, in line with the commitments made as part of the Paris Agreement. Initiated by Act no. 2015-992 of 17 August 2015 on the energy transition for green growth (LTECV), the SNBC was revised in 2018-2019 and was under review again at the end of 2023.

The current revision will bring the SNBC into line with the European objective of a net reduction in greenhouse gas emissions of -55% by 2030 compared with 1990, in accordance with European climate legislation and in particular regulation (EU) 2021/1119 of 30 June 2021, and not just -40% as set out in SNBC 2. The new version, known as SNBC 3, is expected to be finalised in the first half of 2024, and Sfil will take account of these changes by updating its targets for decarbonising the local public sector portfolio.

With regard to export credit, Sfil's commitment to gradually align its portfolios with the trajectories compatible with the Paris Agreement is reflected in the following commitments:

- **Fossil fuels:** no new financing for projects in the coal, oil and gas sectors.
- **Power generation:** financing only for low-carbon power generation projects or gas-fired power plants that improve the carbon intensity of the energy mix in the country of destination.
- **Maritime transport:** achieving by 2030 a zero or negative gap between the energy efficiency of the portfolio and that defined by the Poseidon Principles trajectory based on the International Maritime Organisation's Absolute Target 2018 scenario (see box opposite). This scenario calls for a reduction in greenhouse gas emissions from maritime transport of at least 50% between 2008 and 2050.

THE POSEIDON PRINCIPLES

The Poseidon Principles (created in 2019) are an initiative of the world's leading shipping finance institutions supporting the transition to low-carbon shipping. The initiative establishes a common framework for members to assess and disclose the climate alignment of their shipping finance portfolios, and offers practical guidance on how to achieve this alignment. The Poseidon Principles are consistent with the policies and ambitions of the International Maritime Organisation, including its revised 2023 strategy, which aims to achieve net zero emissions from international shipping by 2050.

Sfil is committed to supporting the transition efforts of the maritime sector and in particular the cruise industry, an important sector for the French industry, by financing the construction of less polluting and more carbon-efficient ships. Sfil will therefore begin the process of joining the Poseidon Principles initiative in 2024.

FIND OUT MORE



[Read the Poseidon Principles online](#)

As a result, 77% of portfolio exposures are now covered by a decarbonisation target in line with the objectives of the Paris Agreement.

The growth of thematic loans, which are less carbon-intensive (for example, the carbon intensity of green loans to local authorities is five times lower than that of other loans to the local public sector), is Sfil's main lever for achieving its decarbonisation objectives. This is why Sfil is also committed to **mobilising over the period 2024-2030:**

- **€17.5 billion dedicated to the ecology and energy transition**, via green loans to local authorities and the refinancing of export credit with a positive environmental or climate impact;
- **€12 billion in social loans** to finance public hospitals and social investments by French local authorities.

The expected growth in green and social loans will be supported by the issuance of sustainability bonds. In this area, Sfil has set itself the target of **increasing the share of green, social and sustainability bonds in its bond financing to 33% by 2030.**

2.4.4. PORTFOLIO EXPOSURE TO TRANSITION RISK

At 31 December 2023, Sfil's direct exposure to the economic sectors that emit the most greenhouse gases⁵ represented €5.8 billion, or 9% of its outstandings⁶. Sfil is mainly exposed to the public administration and healthcare sectors, which together account for €52.6 billion or 86% of its outstandings. It should be noted that exposure to the public administration sector includes investments by local authorities in construction, transport, water management and sanitation.

Sfil does not have any exposure to the counterparties identified as the world's biggest carbon emitters in the Carbon Majors Database⁷.

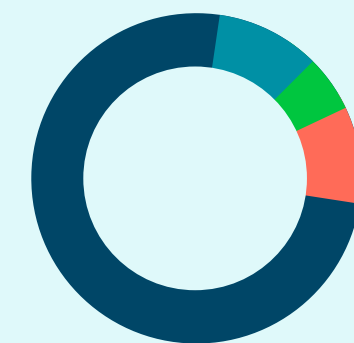
Finally, in accordance with its policy of exclusion, Sfil's exposure to the fossil fuel sector is intended to be eliminated over time.



OUTLOOK FOR 2024

- **Measurement of the carbon footprint of portfolios at end-2022 and end-2023**
- **Extension of carbon footprint measurement to the international local public sector portfolio and to cash investments**
- **Continued analytical work on the taxonomic alignment of green loans**
- **Application to join the Poseidon Principles initiative**

BREAKDOWN OF EXPOSURES BY ECONOMIC SECTOR



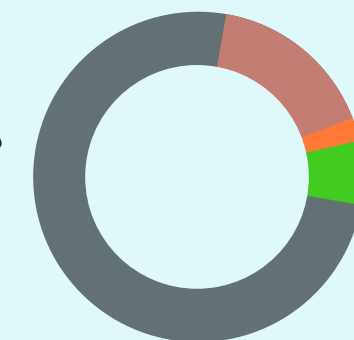
75% Public administrations and similar

11% Human health and social action

5% Financial and insurance activities

9% Sectors contributing strongly to climate change

9% of sectors contributing significantly to climate change:



76% Transport and warehousing

16% Real estate

2% Construction

6% Production and distribution of electricity, gas and steam

(5) Sectors listed in Annex I, sections A to H and section L of Regulation (EC) No. 1893/2006, including extractive industries, construction and transport.

(6) Based on the net book value of securities and loans and advances in the consolidated balance sheet at 31 December 2022, i.e. a total amount of €61.8 billion.

(7) Source: Climate Accountability Institute.

03

**OUR APPROACH TO CORPORATE
SOCIAL RESPONSIBILITY**

- 3.1. Controlling the operational footprint P. 44
- 3.2. Human resources policy P. 47
- 3.3. Awareness-raising and sponsorship P. 53



3.1. CONTROLLING THE OPERATIONAL FOOTPRINT

3.1.1. MEASURING, REDUCING AND OFFSETTING THE OPERATIONAL CARBON FOOTPRINT

With a view to limiting the environmental footprint of its internal operations, Sfil strives to undertake, on a voluntary basis, actions within its operational scope as part of its contribution to the trajectory towards carbon neutrality via the triptych: measuring, then reducing, and finally offsetting what cannot be reduced.

MEASURING

As every year since 2018, in 2024 Sfil voluntarily measured its greenhouse gas emissions for the year 2023. This measurement was subject to methodological validation by an expert consultancy. The measurement covered Sfil's three sites (Lyon, Issy-les-Moulineaux until May, and Paris). The exercise, carried out according to the method of the French Ministry for Ecological Transition and ADEME, in compliance with the ISO 14064-1 standard, takes into account, in the presentation of its results, the new nomenclature comprising six categories of emission items:

- 01 Direct emissions;
- 02 Indirect emissions associated with energy consumption;
- 03 Indirect emissions associated with transport;
- 04 Indirect emissions associated with purchased products;
- 05 Indirect emissions associated with products sold;
- 06 Other indirect emissions.

The carbon footprint report uses the latest emissions factors from ADEME's environmental database.



In 2023, direct and indirect greenhouse gas emissions from Sfil's operating scope amounted to **5,710 tonnes of CO₂ equivalent¹** (tCO₂eq), excluding financed emissions, representing a decrease of **-11.6% compared with 2022** (6,460 tCO₂eq) for the same scope.

This change can be explained by a return to a more normal pace of activity, following an atypical year in 2022, during which a sharp increase was recorded in connection with:

- the simultaneous launch of several structuring projects (measurement and consideration of the carbon footprint of portfolios, integration of climate and environmental risks, optimisation of operational efficiency);
- the anticipation of costs related to the move;
- the introduction of new working methods (studies linked to the flex office).

Consequently, in 2023, emissions were significantly lower than in 2022, particularly in purchasing (-610 tCO₂ or -10.5%) due to the completion of the above-mentioned projects and the review of certain contracts, which explains most of the overall reduction. Category 4 (purchased products), which includes this item, accounts for 97% of the emissions of the bank's operating scope.

While the level of greenhouse gas emissions in 2023 tends to be similar overall to that measured in 2019, the breakdown of the weight of the various items differs, driven by the adoption in recent years of various energy-saving and efficiency measures. Efforts to reduce carbon emissions in both business and personal travel have offset the increase linked to the launch of certain projects and the implementation of communication initiatives (organisation of and participation in various customer events).

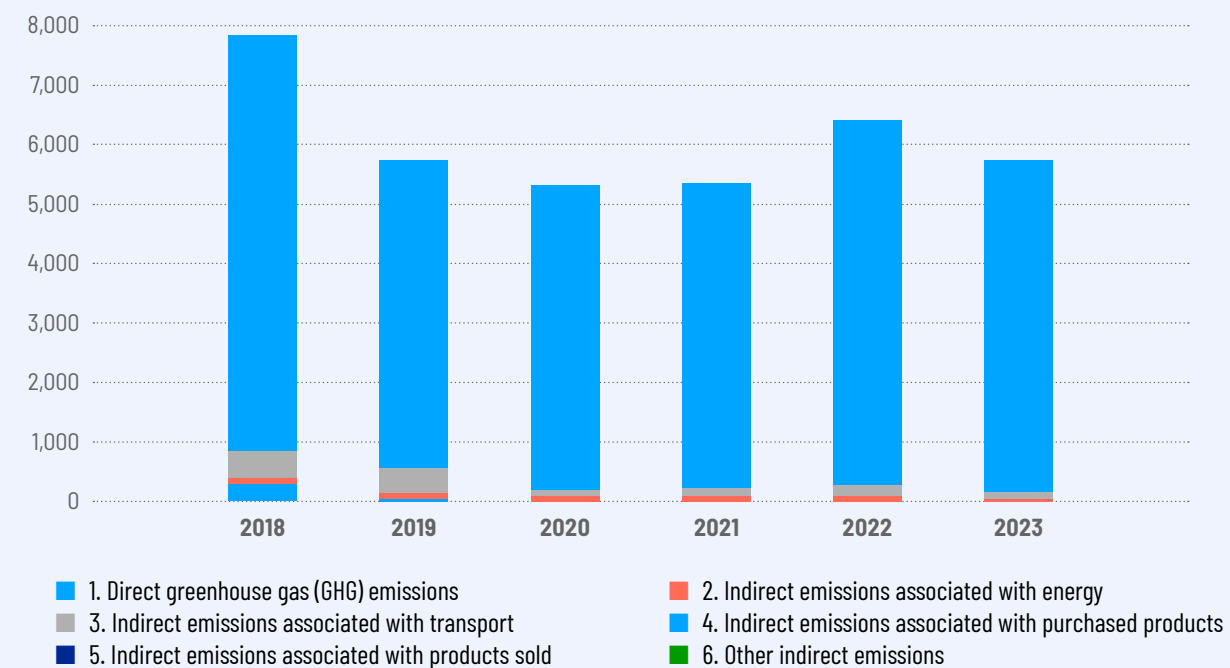
(1) The tonne of CO₂ equivalent (tCO₂eq) is an index introduced in 1990 by the IPCC to enable the emissions of different greenhouse gases to be aggregated in proportion to their contribution to climate change.



The new head office is a benchmark for environmental performance.



Change in Sfil's carbon footprint (in tonnes of CO₂ equivalent)



For the rest of the operating scope, i.e. excluding purchased products (category 4), the measurement shows good control of the carbon footprint (-140 tCO₂eq, i.e. -22%), due in part to the reduction of a large part of the IT equipment stock as part of the move, to energy-saving measures and to the energy performance of the buildings at our two sites.

With a view to limiting its carbon footprint in line with the National Low Carbon Strategy, Sfil will continue its efforts to maintain a comparable level of carbon footprint across its operating scope.

REDUCING

Sfil's move to the Biome site was an opportunity to take a further step towards fulfilling its commitment to limit its operational environmental footprint, as set out in its strategic plan #Objectif2026.

The **new head office** is a benchmark in terms of environmental performance: limiting the carbon impact in the choice of materials, a sober design, reuse of original elements, energy management and protection of biodiversity with the integration of 3,000 m² of green spaces. In addition to obtaining the HQE (Haute Qualité Environnementale), BREEAM (Building Research Establishment Environmental Assessment Method) and BiodiverCity labels, this is also one of the first projects in Paris to be awarded the demanding BBKA Rénovation label: this label, developed by the Low Carbon Building Association (BBKA), attests to a building's exemplary carbon footprint. As a result, our two sites are now housed in buildings that meet the latest environmental standards.

As part of its **move**, Sfil encouraged the reuse of equipment wherever possible and ensured the durability of its new equipment. Furniture and equipment that was not kept was recovered by employees interested in using it to install their home office when working remotely. The remaining furniture was entrusted to a reuse centre and the electronic equipment waste was directed to approved depollution centres for appropriate treatment by the company ATF Gaia, which employs disabled workers.

With regard to **travel**, Sfil is helping its employees to make the transition by implementing a sustainable mobility policy designed to encourage them to adopt a more eco-friendly mode of transport.

On a day-to-day basis, Sfil is careful to limit the environmental impact of its operations and has put in place measures to preserve resources.

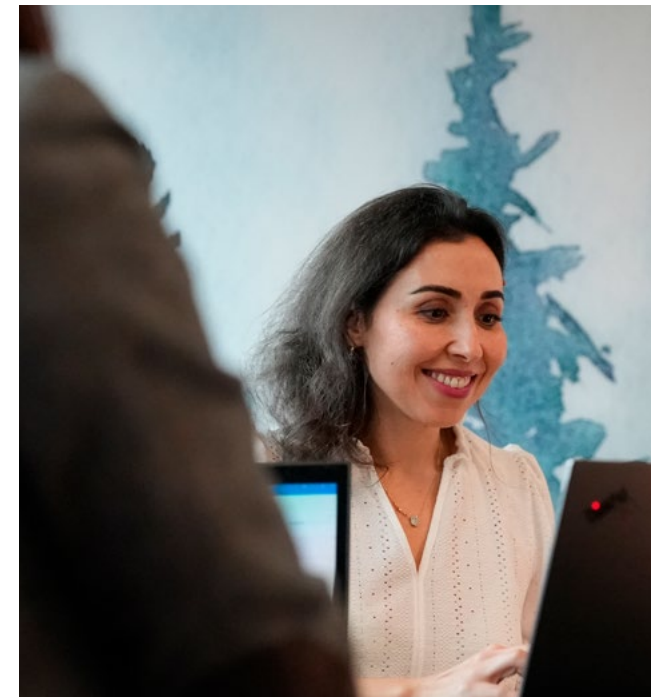
At its new head office, Sfil is using an environmentally-friendly service provider for the **inter-company restaurant**. Committed to a virtuous approach across its entire value chain, this service provider sources seasonal, responsibly farmed produce from local producers. It is also committed to controlling its carbon footprint, by reducing the use of plastic and combating waste.

Sfil has also installed self-service **water fountains** and bean-to-cup **coffee machines** (Café Joyeux), which have enabled employees to adopt more sustainable practices, in keeping with those already in place for several years. In line with its commitment to the environment, Sfil has decided not to install any automatic vending machines at its new site. These two actions combined have made it possible to eliminate plastic containers and considerably reduce the use of other single-use containers.

With more **paperless exchanges** and the **switch to flex-office**, paper consumption has continued to fall (0.9 tonnes in 2023 compared with 2.6 tonnes in 2022). In terms of procurement, Sfil buys paper with the PEFC (Pan-European Forest Certificate) label, which certifies that it is made from materials sourced from sustainably managed forests.

With regard to **waste management**, Sfil has installed selective sorting bins for glass and recycling containers for cigarette butts at the entrance to its head office in order to improve its practices in terms of selective sorting and to raise awareness among its employees. It should be noted that the move did not generate a significant increase in the volume of waste produced, as all the cardboard used was recovered by the service provider for reuse or recycling.

All these actions, which already had a positive impact in 2023, will continue to produce benefits over the long term.



THE ECOWATT INITIATIVE

Aware of energy-related constraints and the need for collective action, **Sfil has renewed its commitment to the Ecowatt initiative**.

In accordance with the recommendations made by RTE, the electricity transmission system operator, Sfil is taking steps to mitigate the impact of its activities on the environment and to be exemplary in the operation of its buildings. In this way, Sfil is contributing to the national effort by taking concrete action to promote the security of electricity supply during periods of high consumption this winter.

The measures implemented aim **to reduce the company's electricity consumption** by 15-20%:

- Capping indoor temperatures at 19°C, in line with the recommendations of the French Environment and Energy Management Agency (ADEME);
- Switching off the lighting on the exterior backlit sign;
- Switching off certain lighting in non-essential common areas of the building.

OFFSETTING

In addition to the actions already undertaken to reduce its carbon impact, Sfil has continued its **collaboration with Société Forestière**, also a subsidiary of Caisse des Dépôts group, by renewing their partnership agreement, aimed at voluntarily offsetting part of its annual residual carbon emissions, more specifically all of scopes 1, 2 and 3 (excluding purchases of goods and services).

In 2023, Sfil committed to a **voluntary approach to offsetting** part of its residual carbon emissions for the year 2022, by financing a project carried out in France under the low-carbon label and offering co-benefits in favour of biodiversity.

In 2023, for example, Sfil contributed to a project to afforest a highly diversified stand of 6,600 trees of species adapted to the surrounding ecosystem, while encouraging the development of biodiversity by defining a natural evolution zone adjacent to the plot to be afforested. Planting these trees, which will ultimately create a forest ecosystem, will make it possible to sequester the equivalent of 650 tonnes of CO₂.

It should be noted that in compliance with carbon accounting, offset emissions are not deducted from the carbon footprint.

In addition, the **salary rounding scheme** offered to employees has made it possible to finance several ecosystem rehabilitation and reforestation projects carried out by the Planète Urgence organisation. In 2023, 1,081 trees were planted thanks to the support provided by Sfil employees.



3.1.2. ACHATS RESPONSABLES

Relations with suppliers and subcontractors are in line with the principles set out in Sfil's **Code of Ethics**, i.e. maintaining relationships based on reciprocal loyalty by promoting ethical behaviour throughout the relationship.

Convinced that building a sustainable future is a collective process, Sfil is committed to responsible purchasing and is gradually strengthening its practices. Since 2021, Sfil has been a signatory of the **Responsible Supplier Relations charter**, which is steered by the Business Ombudsman (Médiateur des Entreprises, MDE) and the Conseil National des Achats (CNA). Through this membership, Sfil confirms its commitment to a balanced and sustainable relationship with its suppliers.

As regards **payment terms**, Sfil applies a 45- or 30-day payment agreement to its suppliers, depending on the purchase category. In 2023, average payment times were between 20 and 25 days. At the end of the year, overdue invoices, mainly due to disputes, represented less than 0.1% of total invoices processed.

In line with its purchasing policy, which states that the company seeks to **promote sustainable and socially responsible purchasing** whenever its various constraints allow it to do so, Sfil pays close attention to the choice of and its relations with its suppliers and their subcontractors. In the consultations launched by Sfil, the final choice is therefore based in particular on the service provider's respect for ethical and socially responsible values and specifically its commitment to a CSR approach. As regards suppliers of intellectual services, which account for nearly a third of purchases, internal supplier assessment campaigns include consideration of the social ethics perceived through the services provided.

Annual questionnaires on corporate social responsibility (CSR) are sent to the main suppliers listed, covering social, environmental, corruption and governance aspects, with a self-assessment. This information enables Sfil to make informed decisions, particularly regarding the renewal of services, and to improve its monitoring and dialogue with its suppliers over time on ESG aspects. In 2022, on the basis of the information provided by the main suppliers listed, it was found that more than 80% of them had adopted a sustainability policy, nearly half of which were members of the United Nations Global Compact.

Sfil occasionally uses **companies in the adapted sector**, which employ a proportion of disabled workers in an ordinary working environment and receiving financial aid in return. In 2020, for example, Sfil entered into a partnership with a social enterprise providing digital services and working with autistic people, with a view to integrating their service providers in IT assignments. Since 2022, Sfil has been using the services of an adapted company to support its employees in their efforts to raise awareness of the status of disabled workers.

With a view to supporting the French economy and promoting local know-how, Sfil overwhelmingly uses **suppliers based in France**. Suppliers based in France accounted for 93% of the invoices paid by Sfil in 2023.

Lastly, in line with its commitment to the Responsible Supplier Relations charter, Sfil finalised its **Responsible Purchasing charter** at the end of 2022, with the gradual roll-out beginning in 2023. By the end of 2023, all suppliers of intellectual services had signed this Charter, thereby agreeing to commit themselves, alongside Sfil, to a socially responsible approach that respects the following three main principles:

- Promote, respect and fight for respect for human rights in the working environment;
- Protect and respect the environment;
- Fight corruption.

In 2023, Sfil also continued to consolidate its anti-corruption due diligence actions with its suppliers by equipping itself with a desktop tool to automate the daily monitoring of its suppliers.

THE 10 COMMITMENTS OF THE RESPONSIBLE SUPPLIER RELATIONS CHARTER

- 01 Ensure a responsible financial relationship with suppliers
- 02 Foster collaboration between major principals and strategic suppliers
- 03 Reduce the risks of mutual dependency between principals and suppliers
- 04 Involve major principals in their sector
- 05 Assess the total cost of the purchase
- 06 Integrate environmental issues
- 07 Ensure the company's territorial responsibility
- 08 Purchasing: a function and a process
- 09 A Purchasing function responsible for managing supplier relations globally
- 10 Set a coherent remuneration policy for buyers



3.1.3. DIGITAL SOBRIETY

In 2023, the Technology and Organisation division, which is responsible for information systems, continued its 'Digital Responsibility' initiative with :

- A first step towards **eco-design** as part of the roll-out of the **new intranet website**: training for development teams, raising awareness of good design practices among technical teams, etc.;

- A **responsible equipment** policy for the new Biome site:

- Halving the number of screens on workstations;
- Halving the number of printers (from 28 to 15);
- Equipping all employees with a Lenovo laptop with international TCO Certified and EPEAT (Electronic Product Environmental Assessment Tool) labels;
- Eliminating heavy workstations, except for trading room operators, and all passive terminals;
- Switch to softphone solutions, with the elimination of almost all fixed-line telephones.

It will continue its efforts in 2024 by launching an external assessment of the information system's carbon footprint by major application area, and a review of how to take environmental impact into account when choosing digital solutions, using a digital footprint benchmark of the NegaOctet type (<https://negaoctet.org/>).

OUTLOOK FOR 2024

- Update of the responsible purchasing policy
- External support on the carbon footprint of the information system
- Reflection on how to take into account the environmental footprint when choosing digital solutions
- Raising awareness among internal employees of the Technology and Organisation division on digital eco-design
- Organisation of a challenge for Digital Clean Up Day

3.2. HUMAN RESOURCES POLICY

A signatory of the United Nations Global Compact since 2018, Sfil ensures compliance with the ten principles of this compact, the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation ratified by France on forced labour, freedom of association and protection of the right to organise, the right to organise and collective bargaining, equal pay, the abolition of forced labour, discrimination, minimum age and the worst forms of child labour.

These agreements are transposed into European labour law and the French Labour Code, with which Sfil complies strictly in all its human resources management practices, being based exclusively in France (in Paris and Lyon).

"An ambitious HR policy in line with international labour standards and sustainable development goals"



Over and above this legal framework, Sfil strives to contribute through its human resources policy to the sustainable development goals of the 2030 Agenda, and in particular:

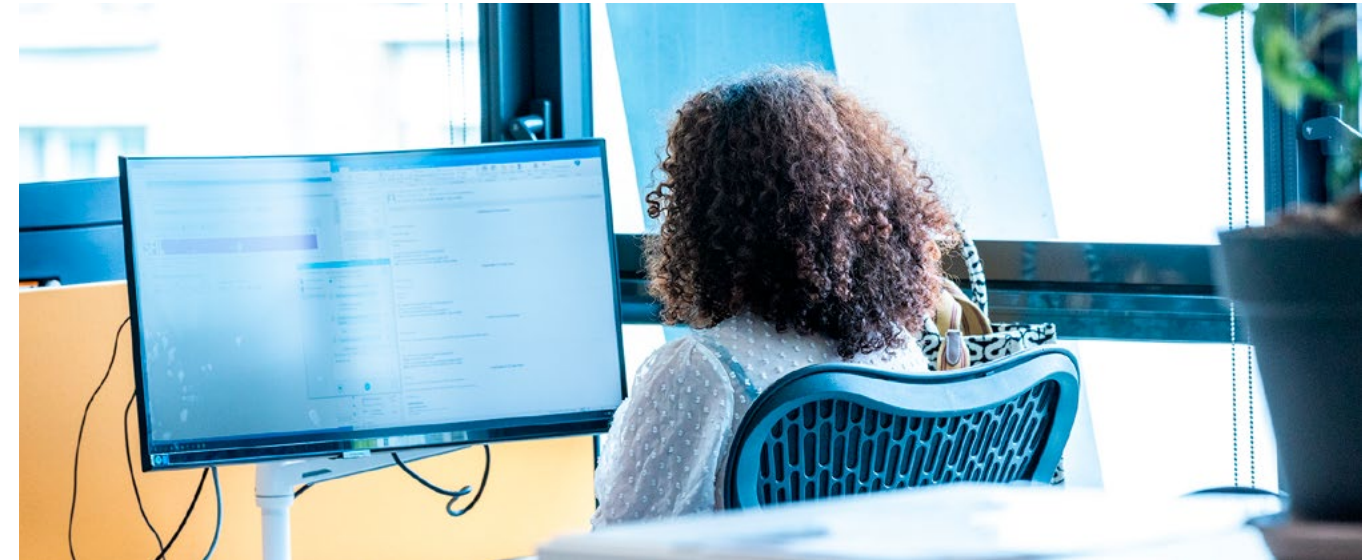
- SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (see 3.2.1));
- SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) by supporting the development of skills and professional development and contributing to the financing of work-study schemes and the education system (see 3.2.2);
- SDG 5 (achieve gender equality) and SDG 10 (reduce inequality within and among countries) through its diversity and inclusion policy (see 3.2.3);
- SDG 3 (ensure healthy lives and promote well-being for all at all ages) by promoting well-being at work and work-life balance (see 3.2.4).

3.2.1. SUPPORT FOR EMPLOYEES ON A DAILY BASIS

As a bank on a human scale focused on missions of public interest, Sfil attaches great importance to the quality of social dialogue, which is a prerequisite for our employees' high level of commitment to our business model and enables us to assert ourselves within the banking industry as a key player in responsible finance, capable of giving real meaning to the banking professions.

SOCIAL DIALOGUE AND EMPLOYEE REPRESENTATION

Social dialogue plays an essential role within the company, with consultations and information enabling progress to be made on the collective project. In accordance with the fundamental principles mentioned above and the French Labour Code, Sfil guarantees its employees respect for their freedom of association, whether professional or political.



Sfil has a social and economic committee (CSE) and four specific committees:

- Health, Safety and Working Conditions Committee (C2SCT);
- Economic and Strategic Committee;
- Social Committee;
- Social and Cultural Activities Committee (ASC).

"84% turnout for the 2023 professional elections"

2023 was a year of vibrant social dialogue, marked by rich and constructive debates. Employee representative bodies met at:

- Fifteen CSE meetings (the CSE agreement provides for eight);
- Six C2SCT meetings (the CSE agreement provides for two);
- Two meetings of the Economic and Strategic Committee;
- Two meetings of the Social Committee;
- Three unanimous favourable opinions issued by the elected members of the Works Council following the information/consultation process on the economic situation, strategic orientations and social policy of Sfil for the 2023 financial year.

- Seven agreements signed unanimously following a long and fruitful negotiation process:

- > Agreement on the integration of disabled workers;
- > Agreement relating to the terms and conditions of electronic voting for professional elections;
- > Pre-electoral agreement relating to the 2023 Economic and Social Council elections and its amendment no. 1;
- > Sfil profit-sharing agreement for the years 2023-2026;
- > 2024 compulsory annual salary negotiation agreement with effect from 1 October 2023;
- > Amendment no. 1 to the pre-election agreement (19 September 2023);
- > Amendment no. 1 to the agreement relating to the social and cultural activities budget of the Sfil economic and social agreement (19 December 2023).

In the last quarter of 2023, the elected representatives and management met to take stock of the four years of the mandate in conjunction with the **professional elections** held in November 2023. Twelve full members and nine alternates were elected, with a **turnout of 84%** in the first round. At the same time, the renegotiation of the current agreement was launched in December 2023.



SOCIAL BAROMETER

Since 2017, Sfil has regularly carried out a social barometer with the help of an independent research institute, the results of which are used to measure employee support for the company's economic and social model, as well as to gather employee perceptions on a number of topical issues.

The results of the latest barometer, conducted in 2022, showed a very positive trend in the main indicators, particularly with regard to well-being at work, employee commitment, the meaning found in work and the ability to develop professionally. The benchmarking study carried out at the same time showed that Sfil was clearly better positioned than most of its peers in the French financial sector in terms of employee commitment and well-being.

The identification of **emerging issues** through this barometer enables Sfil to take better account of employees' expectations. For example, in 2023, the support proposed for the relocation of Sfil's head office was largely based on the questions and concerns expressed through this internal survey.

In 2024, Sfil will launch its fifth internal social barometer to continue adjusting its human resources support policy.

RESULTS OF THE LATEST SOCIAL BAROMETER (2022)

Well-being at work

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

Commitment

- 96%** of employees say they are confident in the bank's future (benchmark: 79%)
- 87%** say they are proud to work for Sfil (benchmark: 70%)
- 85%** say they have confidence in Sfil's Management to make the right decisions (benchmark: 69%)
- 83%** say they are pleased to work for a company committed to sustainable finance

Finding meaning in work

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

Professional development

- 87%** of employees say they are satisfied with their career at Sfil
- 82%** say they are confident about their future professional situation
- 78%** say Sfil gives them the opportunity to develop new skills
- 75%** say they would like to move up within the group

3.2.2. PROFESSIONAL DEVELOPMENT AND SKILLS DEVELOPMENT

Developing skills through training and professional development is one of the pillars of Sfil's social pact. In terms of our impact on society, this conviction is reflected in the importance we place on apprenticeships and work-study programmes.

TRAINING POLICY

Regular access to training is a key component of Sfil's employee support measures, as it is a lever for performance, motivation and strengthening individual skills. Since 2021, Sfil has been running Sfil Académie, a training platform designed to improve the employee and manager experience, using all the resources of hybrid learning (blended learning) and digitalisation. With dedicated personal spaces and a diversified training catalogue covering both business and behavioural training, the platform fosters group synergies to develop the skills of Sfil's employees.

"Career development is a pillar of Sfil's social pact"

In 2023, the skills development plan focused on five areas:

- Corporate social responsibility (sustainable development, inclusion and diversity)
- Cooperation and relationships (work organisation, behavioural training)
- Sfil's reputation (promoting Sfil, boosting one's professional network)
- Mandatory and regulatory training (compliance, information systems security, security)
- "Business" training (including language and office skills training)

Overall training activity represented **9,216 hours in 2023, i.e. 2.93 days of training per employee**, 44% of which was "business line" training (sector expertise, languages, office automation) and 56% "non-business line" training (behavioural, mandatory and regulatory training). 457 employees (fixed-term, open-ended and work-study contracts) received training in 2023, representing a total commitment of €540,000.

PROMOTION OF INTERNAL AND GROUP MOBILITY

Sfil gives priority to **internal mobility** by supporting employees who have expressed a desire to progress in their career. Within this framework, each employee, as a player in his or her own mobility, is free to express his or her wish to develop professionally. Career development is one of the compulsory topics for the annual appraisal interview. In 2023, 46% of permanent positions filled at Sfil were the result of internal mobility.

Sfil contributes to the priority objective of developing career paths and mobility within the entities of Caisse des Dépôts group. This objective responds both to the aspirations of employees in terms of professional development and to the needs in terms of skills of the entities making up the group's social scope. It enables them to broaden their prospects for development and advancement by offering them the possibility of building their professional career throughout the group within their business line, or even by changing professional channels. In 2023, Sfil established several gateways to promote career mobility for employees across the Group:

- Monthly participation in the group's mobility committee;
- Job offers from Caisse des Dépôts and its subsidiaries made available to all employees via a monthly "Mobility Flash" published on the intranet;
- Organisation of Caisse des Dépôts Group's Mobility Week in April 2023, during which the Group's 40,000 or so employees were able to discover the career opportunities offered by the Group online.





Lastly, Sfil is involved in the creation of job pools (“group prospects” and “executive resources” pools) by Caisse des Dépôts group and has an “employment pool” partnership agreement with La Banque Postale, which ensures that employees of both companies benefit from preferential transfer conditions when moving from one entity to the other. All these initiatives help to broaden the professional horizons of the bank’s employees, enabling them to build more diversified career paths.

WORK-STUDY PROGRAMMES AND FINANCING OF THE EDUCATION SYSTEM

Committed to the professional integration of young people, Sfil considers work-study schemes and internships to be a major component of its skills development policy. Sfil therefore conducts an annual recruitment campaign for work-study students and interns and intends to maintain and develop these initiatives in line with the needs of its business. Sfil continues to develop committed partnerships with educational organisations and offers remuneration packages for work-study students and interns that are more favourable than the legal minimums.

In 2023, Sfil financed the training of **40 employees on work-study contracts (more than 10% of the bank’s total workforce)** at 23 higher education establishments.

In 2023, Sfil also participated in the financing of two higher education establishments: the Institut de Science Financière et d’Assurances (ISFA) at the Université Lyon 1 and the Master in Management of Market Operations (MOM) at the Université Lumière-Lyon 2, through the allocation of part of its apprenticeship tax.

In 2023, Sfil was awarded the **HappyTrainees label** by Choose my Company, which rewards companies that offer the best practices for welcoming work-study students and interns. This award recognises the company’s efforts and progress in training and supporting our work-study students and interns, both by their tutors and by the HR team.

3.2.3. PROFESSIONAL EQUALITY, DIVERSITY AND INCLUSION

Sfil is aware that an inclusive mindset helps to maintain a good quality of life at work and that the company’s performance is closely linked to the diversity of its members. It therefore places diversity and professional equality in all their forms (gender, social, geographical and ethnic origins, sexual orientation, disabilities) at the heart of its human resources policy.

DIVERSITY AND INCLUSION

In 2023, Sfil introduced a **new Diversity and Inclusion policy**. Through this policy, Sfil undertakes to preserve and promote diversity within the company, reflecting the diversity of our regions, not to tolerate any form of discrimination and to apply the principle of neutrality by ensuring that its actions do not favour the expression of any particular belief. This policy is accompanied by a **two-year action plan** including short-term measures (respect for non-discrimination, fair treatment) and medium- to long-term measures (awareness-raising, employee training, etc.).

“In 2023, Sfil introduced a new Diversity and Inclusion policy”

The diversity and inclusion policy applicable to all employees is based on three priority areas:

- 01 Developing the diversity of career paths:** partnerships with schools, development of work-study programmes and internships, investment in training for seniors, strengthening of partnerships such as CABAT (CABGN).
- 02 Strengthening gender equality:** maintaining the commitments set out in the professional equality agreement and rolling out initiatives aimed at increasing the representation of women in management positions and at least 40% in the executive team.
- 03 Raising awareness of gender diversity and sexual orientation:** taking a public stance on these issues, setting up an internal network and raising awareness among all employees.

In 2023, Sfil stepped up its efforts to diversify its recruitment pool:

- Training the HR team in non-discrimination when hiring;
- Paying particular attention to the wording of job offers and publishing staff profiles in order to attract candidates from diverse backgrounds;
- Greater presence at school forums outside Paris (Lyon, Lille);
- Adaptation of the recruitment process: priority given to videoconferencing to facilitate initial exchanges and avoid bias linked to the geographical location of applicants;
- Participation in trade fairs on inclusion to find new partnerships;
- Partnership with job boards specialising in disability.

An additional bonus scheme has also been introduced to retain senior employees. 22% of employees hired in 2023 (permanent contracts, fixed-term contracts, work-study students and interns) were of foreign nationality.

A member of the Association Française des Managers de la Diversité (French Association of Diversity Managers) since 2022, Sfil plans to sign the national Diversity Commitment Charter in 2024.

FINANCING EQUAL OPPORTUNITIES

Sfil a financé en 2023 via l’attribution d’une partie de sa taxe d’apprentissage :

- *La fédé 100 % Handinamique*, a national youth movement that helps disabled young people with their studies, their professional integration and their social inclusion.
- *Institut Télémaque*, an association under the law of 1901 created in 2005 under an agreement with the French Ministry of Education, which works to promote equal opportunities in education by supporting committed, motivated young people from disadvantaged areas.
- *Collège Pierre Mendès-France*, a secondary school in the priority education network.

PROFESSIONAL EQUALITY

Women represent **47% of Sfil’s workforce, 36% of employees in management positions and 47% of members of the Board of Directors**.

Sfil believes that professional equality should enable women and men to benefit from equal treatment in terms of access to employment, access to professional training, pay and working conditions. The bank’s commitment in this area is reflected in the “professional equality” agreement signed in 2020 with its social partners for a period of three years, which will be renegotiated in 2024. The situation regarding professional equality is regularly presented to the social partners as part of the Social Committee. In 2023, the elected members of the Social-Economic Committee issued a favourable opinion on the company’s 2022 social policy.

2023 Workplace Equality Index: 93/100

In 2024, Sfil published its **workplace equality index² for 2023**, which reached **93 points out of 100**. This is the fifth consecutive year that the index has remained above 90 points. This excellent performance reflects the company’s proactive approach to this issue: workplace equality between women and men is one of the priorities of Sfil’s social policy.

This priority is reflected in the company’s **wage policy**. Sfil has continued to apply its agreement on workplace equality and has honoured its commitments to monitor the following indicators:

- Number of beneficiaries of individual pay rises;
- Average amount of individual pay rises in absolute terms;
- Average service rate of variable compensation.

In 2023, Sfil had a ratio of **3.9 between the lowest 10% of salaries and the highest 10%**.

(2) To achieve professional equality between women and men, the French Law for the Freedom to Choose One’s Professional Future of 5 September 2018 made companies subject to an obligation to achieve results by creating the Workplace Equality Index. This index measures the performance of companies on five aspects: the gender pay gap, the gap in the distribution of individual increases and promotions, the number of female employees receiving an increase on their return from maternity leave and the number of people of the under-represented gender among the ten highest earners.



In order to complement this policy of professional equality, Sfil is committed to preventing and dealing with situations in the workplace which may present a risk of non-compliance with the principle of equal treatment, discrimination, sexual or moral harassment, racist or discriminatory insults and sexist behaviour.

The bank has therefore set up a **comprehensive system to combat harassment, discrimination and sexist and homophobic behaviour** (see box opposite).

DISABILITY

At the end of 2023, Sfil had **3.4% of employees with a disability** (an increase of 0.8 points compared with 2.6% at the end of 2022).

Disability is taken into account in Sfil's diversity and inclusion policy and is the subject of specific action plans.

Sfil is committed to being a "disability-friendly" employer. Since its creation, Sfil has had a disability representative, as required by the French Pénicaud law. In 2023, the 4th company agreement on the employment of people with disabilities (2023-2025) was signed with the social partners. This new agreement aims to accelerate the company's efforts to provide specific assistance and facilitate the activity of employees with a disability. This agreement reaffirms the following principles:

- Commitment to recruiting candidates with disabilities, in particular through our new partnership with Agefiph Emploi;
- Continuing to raise awareness of this issue among all employees and providing training for managers, employee representatives and members of the Human Resources department;
- Development of support measures to promote the integration of people with disabilities and their career development: job adjustments, skills assessments, dedicated coaching and individual interviews;
- Sfil covers the costs of job adjustments to compensate for disabilities.

OUR ACTION PLAN AGAINST HARASSMENT, DISCRIMINATION AND SEXIST AND HOMOPHOBIC BEHAVIOUR

Alerting and supporting

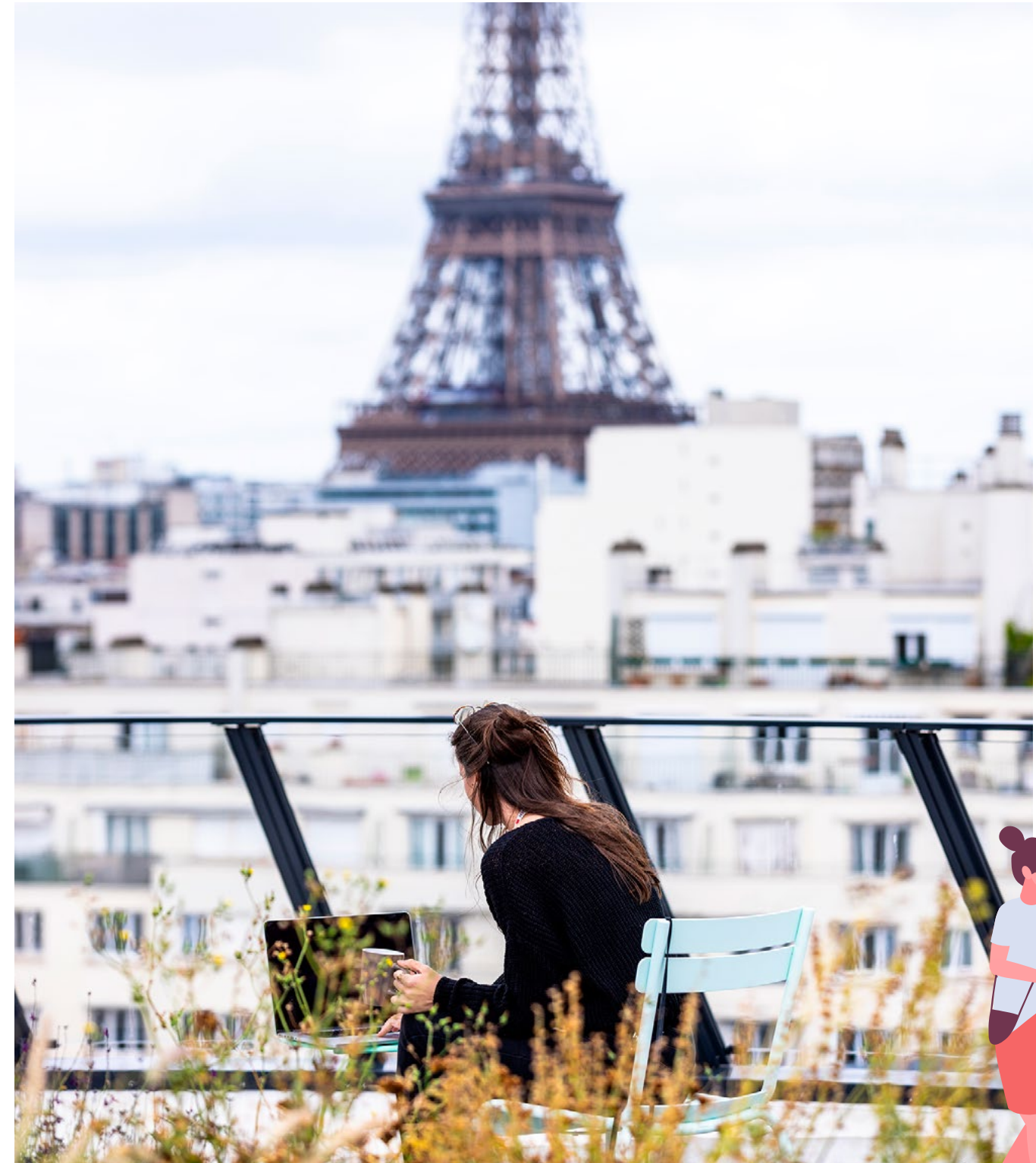
- Online reporting platform: sfil.signalement.net allowing any employee or service provider who consider themselves to be a victim or witness of an inappropriate behaviour or situation to report it
- 24-hour helpline run by external psychologists from Pros-Consulte
- Direct access via the intranet to the anonymous helpline SOS-Homophobie

Handling alert situations

- Specific procedure, providing for the possibility of internal investigations, and involving (depending on the case in question), (i) the designated Employer and Works Council representatives, (ii) one or other of the three human risk representatives and/or (iii) the internal mediator
- Partnership with Allodiscrim/Allosexism, an external structure made up of lawyers who offer a listening ear (free of charge and completely anonymous to the employer) and advice to employees, regardless of their legal status (permanent, fixed-term, work-study, intern) who are experiencing a situation they feel is discriminatory

Raising awareness

- A 2023 training programme including workshops for managers to raise awareness of the fight against harassment, discrimination and sexist behaviour, with the aim of encouraging them to speak out, deployed in addition to an e-learning module entitled "Taking action against sexism" launched in 2022
- Exchanges of best practices within the Caisse des Dépôts group's network of anti-harassment and anti-discrimination advisers. This network brings together the public institution and its subsidiaries
- Partnership with the French Association of Diversity Managers (AFMD) as part of Sfil's LGBT+ inclusion policy





With this in mind, Sfil has set up a partnership with AKTISEA, a specialist disability consultancy, to provide free and confidential support to employees wishing to find out more about disability and its recognition. Recognition of disability gives an employee priority access to various employment and training support measures, the possibility of obtaining technical and human assistance, and additional days of remote working.

3.2.4. WELL-BEING AT WORK AND WORK/LIFE BALANCE

Sfil attaches great importance to the well-being of its employees and to the work-life balance. The company considers that actions relating to well-being at work are a prerequisite for the commitment of all employees, as demonstrated by the signature in 2022 of its second agreement on diversity and well-being at work (the first agreement on this subject was signed in 2018).

The agreement reaffirmed Sfil's commitment to diversity and a good working environment, based on the following four themes: social diversity, working environment, career development and work-life balance.

WORKING ENVIRONMENT

In June 2023, Sfil moved its head office from Issy-les-Moulineaux to the Biome site located rue Émile-Zola in the heart of the 15th arrondissement of Paris.

The move was an opportunity to meet three of the company's objectives:

- 01 Making employees** want to come to the site by offering them a working environment of exceptional quality: the move will enable teams to benefit from a new building of very high architectural quality, offering its occupants services of the very latest standard;
- 02 Putting employees at the centre** of the project to define new spaces that meet their wishes and needs: all employees and social partners were involved through specialised bodies and employee surveys;
- 03 Making the most of the flex-office** (shared working space without a dedicated office, including for management): personalised, long-term support was offered to all employees to help them adapt their working methods to this new environment.

Sfil has a remote **working agreement concluded in 2021**, a flexible agreement which gives all employees general access to this arrangement, accompanied by support measures. All Sfil employees now benefit from a fixed number of remote working days (85 days per year for employees on a fixed day rate, up to 100 days per year for employees with operational constraints), an IT allowance and financial support for equipment needs.

As the spread of remote working can contribute to a blurring of the boundary between private and professional life, Sfil also reaffirmed employees' **right to disconnect** in the 2022 agreement. The 2022 social barometer showed that three quarters of employees were satisfied with their remote working schedule (mostly one or two days a week), and that 94% of employees who were dissatisfied would have liked more days of remote working.

"Actions relating to well-being at work are a prerequisite for the commitment of all employees"

Lastly, in 2023, Sfil deployed a **network of "bene-vigilants"**. Inspired by best practices observed in other companies, this network is made up of trained employees whose role is to detect employees in distress, welcome them, listen to them and direct them to the most appropriate service for their situation. The members of this network are present in all the business lines and at our two sites to ensure greater proximity with the teams.

A BETTER LIFE AT WORK AT SFIL

In November 2023, Sfil won the "New spaces for new practices" trophy awarded by the Institut Mieux Vivre en Entreprise (IMVE). Created on the initiative of the Rh & M Group, the purpose of the Mieux Vivre en Entreprise awards is to recognise and reward companies that have implemented innovative and exemplary initiatives to prevent or combat all forms of psychosocial risk and actions that create sustainable well-being within the company.



ACTIONS CARRIED OUT IN 2023 UNDER THE DISABILITY AGREEMENT

- Recruitment of two people with disabilities (1 permanent contract + 1 fixed-term contract)
- Support for two employees to obtain recognition as disabled workers
- Introduction of a dedicated support programme for employees with disabilities wishing to benefit from professional mobility
- Use of adapted companies (SOTRES 92 and AKTISEA): provision of workers with disabilities to carry out digitisation tasks or awareness-raising and training activities
- Hosting of five people with disabilities as part of the government's DuoDay initiative
- Raising awareness among 53 employees of invisible disabilities through an immersive virtual reality solution, in partnership with Evisa Formation.

PARENTHOOD AND SPECIFIC PERSONAL SITUATIONS

In addition to the measures provided for in the French Labour Code and the banking industry agreement, Sfil has undertaken to implement **more favourable measures to support parenthood**:

- Increase in the minimum threshold for increasing annual pay on return from maternity leave;
- Possibility of taking up to two months' part-time work on 100% pay, with easier recourse to remote working during this period;
- For the father or the person living in a couple with the mother of the child, in the event of birth or adoption, an additional month's leave consecutive to the statutory leave or two months' half-time work on 100% pay.



In 2023, Sfil signed the **Parenthood Charter** to formalise and perpetuate its commitments in this area.

The “*Bien Vivre au Travail*” (Well-Being at Work) agreement provides for a number of specific arrangements to support Sfil employees in difficult situations. For example:

- Women suffering from incapacitating periods can benefit from the option of exceptional remote working and/or a one-off day's leave;
- Pregnant women who have suffered a miscarriage or who have undergone a voluntary or medical termination of pregnancy can benefit from an exceptional five-day leave as well as the option of exceptional remote working and part-time working.

For **family caregivers**, there are a number of measures in place to make it easier for them to carry out their professional duties while meeting their personal commitments: doubling of the ceiling for the universal service voucher scheme, additional days of remote working, reorganisation of working hours (staggered working hours).

NON-WAGE BENEFITS

In addition to their remuneration, all Sfil employees are covered by a **complementary health and provident scheme** to help them cope with life's situations.

In addition, Sfil offers a range of **social benefits**, such as the possibility of acquiring universal service vouchers (*Chèques-emplois services universels*, or *CESU*) partly financed by the employer, access to an individual provident incentive scheme or the possibility of benefiting from lunch vouchers or a subsidy for the company restaurant. For employees experiencing personal difficulties, Sfil provides access to Action Logement benefits to facilitate access to housing.

SFILOUX DAY

On December 6, 2023, Sfil organised its annual Sfiloux day, dedicated to the children of its employees. Children aged between three and fourteen were welcomed to the company's premises for workshops on the theme of biodiversity, adapted to each age group and led by our partner Futur en Herbe. Each child was invited to take part in a toy collection organised in aid of the Red Cross.



In addition to the budget allocated to the **social and economic committee** (CSE) to directly finance sporting and cultural activities, Sfil is a member of the social committee of Caisse des Dépôts, the COSOG, which enables employees to benefit from a wide range of services (sport, culture, leisure, travel, home employment, etc.) on preferential terms.

When it moved to the Biome site, Sfil decided to help its employees make the ecological transition for their commute from home to work. To this end, Sfil introduced a new mobility scheme to encourage people to adopt **soft mobility**. In 2023, Sfil employees were able to benefit from increased coverage of their regional transport card or financial support for their conversion

to soft mobility (bicycle, electric bicycle, etc.). Sfil also organised three workshops for its employees, enabling them to draw up their own soft mobility plan promoting sustainable modes of transport to help them prepare for their future journeys as effectively as possible.

In addition, since the move, Sfil has offered all employees access to an **on-site gym** and a **shared vegetable garden** on the roof of the main building, where training and awareness-raising workshops in gardening, market gardening and horticulture are held every month. In 2024, Sfil will enhance its range of activities on the Biome site with a regular programme of workplace activities involving La Banque Postale teams (well-being workshops, cultural events, etc.).

OUTLOOK FOR 2024

- Launch of the fifth internal social barometer
- Renegotiation of the 2020 agreement on professional equality
- Actions to promote diversity and inclusion as part of Caisse des Dépôts Group's Year of Diversity
- Signature of the French Association of Diversity Managers' national charter of commitment to diversity





3.3.3. AWARENESS-RAISING AND SPONSORSHIP

3.3.1. EMPLOYEES MADE AWARE OF THE CHALLENGES OF SUSTAINABLE DEVELOPMENT

Sfil's commitment and that of its employees to the public interest and to major social and environmental issues is a distinguishing feature of the company's culture. As such, Sfil regularly implements awareness-raising actions and encourages initiatives proposed by its employees. In 2023, these initiatives were conducted within a new framework, the **"Commitment Forum"**. Events were organised throughout the year to coincide with national and European events, giving Sfil the opportunity to reiterate its commitment to these causes and to raise employee awareness of the challenges of sustainability.

PROTECTING BIODIVERSITY: A COMMON THREAD

To give greater impact to the many initiatives undertaken, it was decided to adopt a "common thread" theme for each year: **in 2023, the theme of biodiversity and its protection was in the spotlight**. Sfil organised a number of events throughout the year to raise employee awareness of the challenges of protecting biodiversity.

Several fun, collaborative workshops of the **Fresque de la Biodiversité** were organised to give participants a better understanding of the benefits derived from biodiversity, the systemic mechanisms of its erosion, the impact of human activities and the pressure factors.

During an internal seminar, 80 employees worked in support of the **Ocean Clean Up** foundation by answering questions on biodiversity and collecting waste in the Seine.

When the company moved into its new head office, a **vegetable garden** was installed on the terrace to create

a space centred on living things, enabling employees to reconnect with nature by taking part in gardening workshops, organising events and sharing the harvest. The 440 m² vegetable garden is expected to produce up to four tonnes of fruit and vegetables a year.

"The social commitment of Sfil and its employees is a distinguishing feature of the company's culture"

Sfil has continued its sponsorship of three itinerant hives with independent beekeeper Bobomiel. Located in the Cher department of France, Bobomiel is committed to sustainable, reasoned, ethical and responsible beekeeping, whose production is certified organic (Ecocert certification). This sponsorship contributes to the protection of pollinating insects, an issue about which employees receive newsletters throughout the year.

TRAINING AND AWARENESS-RAISING INITIATIVES

In 2023, Sfil continued to roll out its **e-learning module on the challenges of sustainable development** and corporate social responsibility (CSR). The content, accessible to all employees, aims to raise awareness and understanding of the major environmental challenges of the 21st century and Sfil's commitments and actions in this area. Like the compliance training, this course is part of the compulsory training for all new recruits. There are plans to update it in 2024.

In total, CSR training and awareness-raising accounted for **1,492 hours in 2023**, or 16% of the total number of training hours. The themes that reached the most employees were the following:

- Raising awareness of "Acting against ordinary sexism" (436 employees, i.e. the entire workforce);
- Raising awareness of the challenges of sustainable development and CSR (106 employees, mainly new arrivals);
- Raising awareness of invisible disabilities using a virtual reality solution (54 employees);

- Raising awareness among managers about the fight against harassment, discrimination and sexist behaviour (43 managers);
- First aid training (27 employees trained).

To coincide with European Sustainable Development Week, Sfil also organised its first **Sustainable Development Meetings** on 3 October 2023. The aim of this internal event was to raise awareness and mobilise as many employees as possible by highlighting the sustainability initiatives implemented by the various divisions. This first event began with a conference hosted by CDC Biodiversité on the theme of protecting biodiversity, a major issue on the global sustainable development agenda and one in which Sfil plans to rapidly increase its expertise in the coming years. Employees then had the opportunity to take part in a series of small-group workshops led by in-house experts from the various business lines, covering eight key dimensions of the integration of ESG issues into the bank's strategy and activities.

In addition, Sfil employees are regularly made aware of the various aspects of sustainable development:

- **Knowledge of sustainable development objectives:** a ten-part series broadcast internally and on social networks in autumn 2023;
- **Soft mobility:** Biomobilités workshops, supported by La Banque Postale's Carbon Fund and open to Sfil employees, aimed at encouraging the use of bicycles for employees' commuting from home to work in order to reduce the carbon footprint generated by the use of other modes of transport.
- **Circular economy:** internal communication on "Reducing waste: why and how" to mark European Waste Reduction Week
- **Responsible digital approach:** raising awareness of the need to clean up data during Digital Cleanup Day.



In 2023, Sfil organised its first sustainable development meetings for all its employees.



HEALTH FOR ALL

In line with the Bien Vivre au Travail (Living Well at Work) agreement, Sfil is committed to raising employee awareness of health issues for all.



In October-November 2023, Sfil renewed its commitment to the **Pink October** events, an annual communication campaign designed to raise women's awareness of breast cancer screening and raise funds for research, and **November**, an annual international charity event organised to raise awareness of men's health issues. Sfil invited its employees to attend a conference given by an expert in molecular and cellular biology to understand the importance of preventive nutrition in the development of cancers, and to find out about screening methods and the preventive measures to adopt. The company offered its employees individual appointments with a midwife to learn how to do a breast self-exam. Employees were also invited to take part in two charity runs: *Odyssée*, in aid of the fight against breast cancer, and "Children without cancer". To round off the campaign, Sfil made a donation of €10,000 to the Gustave Roussy Institute, a care, research and teaching institute that cares for patients with all types of cancer, at any age.

In 2023, Sfil also renewed its **flu vaccination campaign**, which is open to all employees on the company's premises.

3.3.2. A COMMITTED COMPANY AT THE HEART OF SOCIETY

Corporate patronage enables Sfil to take action on key societal issues in line with its raison d'être and its sustainable development commitments, while raising its profile with the general public. The corporate patronage actions undertaken by Sfil in 2023 take two forms: institutional patronage and individual and collective solidarity actions by employees, which are not only permitted but encouraged and facilitated by the company.

INSTITUTIONAL PATRONAGE

The majority of Sfil's corporate patronage initiatives focus on the themes of diversity in the workplace and equal opportunities for educational and social success.

On 23 December 2021, Sfil signed a patronage agreement with **Collège de France**. Under the terms of this agreement, Sfil has made a commitment to the Collège de France to support the implementation of the **"Innovation Campus for High Schools"** programme for a six-year period (2021-2026). This programme is aimed primarily at secondary school pupils in general and technological secondary schools throughout France, particularly in "disadvantaged" urban and rural areas that are not within easy reach of academic knowledge as provided by the Collège de France. The main aim of this programme is to improve academic success by raising awareness of the challenges involved in a well-considered and well-chosen career path. It also aims to contribute to civic education through the mastery of knowledge and the development of reasoning skills that encourage participation in public debate on major economic, social and political issues.

On three occasions in 2023, Sfil supported the **Fondation de France's** emergency aid programmes for people affected by the earthquakes in Turkey, Syria and Morocco ("Solidarité Turquie-Syrie" and "Solidarité Maroc" programmes) and for victims of the war in Ukraine as part of the "Solidarité avec les Ukrainiens" programme. Each of these programmes received a donation of €50,000. Employees were encouraged to take part in these fund-raising campaigns on an individual basis.

In 2023, Sfil also signed a new patronage agreement with the **Hop We Care** endowment fund, which implements cultural and artistic initiatives for the well-being of patients in hospitals. This initiative aims to promote music by enabling patients who are unable to move about to experience unique moments with the musicians who come to their bedside. The choice of this organisation directly echoes Sfil's pre-eminent role in financing the French hospital sector, and extends the partnership signed at the beginning of 2022. In addition to financial support, Hop We Care benefited for the first time in the first half of 2023 from the provision of a Sfil employee as part of a **skills sponsorship**.

Finally, Sfil is a patron of **Paris Musées**, the local public body that manages the municipal museums of the city of Paris, and in particular the *Petit Palais – Musée des Beaux-Arts de Paris*, for the "Le Paris de la modernité" exhibition.

INDIVIDUAL AND COLLECTIVE SOLIDARITY

Each year, the **Sfil'Anthropie Day** gives employees the opportunity to take part in a useful and socially responsible action during a working day. The latest event was held in June 2023 and involved more than 40 employees in support of four charities:

- **Intergenerational link:** manual activities with the residents of the Berlioz nursing home to decorate communal areas;
- **Children:** creation of a mural at the Charivari nursery to brighten up the playground, and creation of flower boxes;
- **Environment and biodiversity:** building tables out of pallets at the Graines Urbaines farm to host summer workshops; gardening and DIY workshops at the Rainbow farm.

This corporate volunteering day, which was a big hit with employees, was designed to create links between people involved in positive-impact projects, to give them an insight into the world of voluntary work and to provide an opportunity for team-building. It was organised with Unis-Cité Solidarité Entreprises, an organisation specialising in getting employees involved in community work.

In the same vein, since 2022, all Sfil employees have been entitled to **two days' additional leave per year, known as "association days"**, to work for a charity of their choice that is recognised as being in the public interest.

Sfil employees also showed their generosity in 2023 by taking part in several **collective solidarity actions**:

- A food and hygiene product drive in aid of **food banks**;
- A drive that enabled **Emmaüs Alternatives** to collect 250kg of clothes, which will be sold for the benefit of people supported by the charity, or "upcycled" to give them a second life;
- A blood drive organised with the **Établissement Français du Sang (EFS)**, which made it easier for employees to carry out this act of solidarity in the comfort of their workplace.

In partnership with microDON, Sfil also proposes a **salary rounding scheme** to its employees. As part of this scheme, Sfil donors have made financial contributions to a number of practical ecosystem rehabilitation and reforestation projects run by Planète Urgence. Sfil also supports École de la seconde chance, a training and individualised support programme for young people with no qualifications who want to access a job or training. In 2023, employee contributions via the salary rounding scheme raised €1,860 for these two associations.

OUTLOOK FOR 2024

- **Awareness-raising initiatives on the theme of diversity**
- **Organisation of the second "sustainability day" at Sfil**
- **Updating the training module on sustainable development issues**



04

OUR NON-FINANCIAL PERFORMANCE

4.1. Key performance indicators

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4.2. Non-financial ratings

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4.1. KEY PERFORMANCE INDICATORS










For each of the ten commitments which form the basis of its sustainability policy (see 1.3), Sfil has defined a number of key performance indicators (KPIs) to assess and monitor the implementation of the commitment over time. The 48 non-financial KPIs defined in this way are shown in the table opposite.

A short- or medium-term target has been set for a third of them, i.e. 16 indicators.

It should be noted that:




- Unless otherwise specified, the indicators are assessed for the 2023 financial year.
- The FTEs used to calculate indicators 10b, 10c and 10d include all statuses, including external service providers, and are averaged over the year.
- Unless otherwise stated (i.e. for indicators 2a, 5a, 6a and 7a), the loan amounts indicated and the associated impact indicators correspond to loans entered on Sfil's balance sheet during the year.

ECOLOGICAL TRANSFORMATION








	COMMITMENT	SDG(S)	KPIS
01	Gradually align our financing portfolios with the objectives of the Paris Agreement		a. Carbon footprint of portfolios: 7.3 MtCO ₂ eq at end-2021 (latest data available) > Targets: see 2.4.33 b. Proportion of financial assets aligned with or covered by a target aligned with the objectives of the Paris Agreement: 75% at end-2023 (gross carrying amount)
02	Accelerate the ecological and energy transition through our financing and customer engagement activities		a. Amount mobilised in favour of the ecological and energy transition ¹ : €1,888m [€775m in 2022] > Target : €17.5bn in 2024-2030 > Target: €17.5bn in 2024-2030
			b. Emissions avoided thanks to the projects financed: 8,858 tCOeq
			c. Amount of "Sustainable water and sanitation management" green loans: €215m
			d. Number of water and sanitation projects financed: 106 projects
			e. Number of users concerned by the water and sanitation projects financed: 14.6 million users
			f. Amount of "Renewable Energy" and "Energy Efficiency" green loans: €162m
03	Make progress in measuring and taking into account the impact of our financing on biodiversity		g. Surface area of public buildings renovated: 124,466 m ²
			h. Amount of "Soft mobility and clean transport" green loans: €188m
			i. Annual number of passengers using the transport infrastructure financed: 203 million passengers
			j. Amount of "Waste management and recovery" green loans: €130m
			k. Mass of household waste recovered thanks to the projects financed: 181,000 tonnes
			a. Biodiversity footprint of portfolios: measure not available in 2023 > Target: 1st measure by the end of 2024
			b. Number of projects financed with a positive impact on biodiversity: measure not available in 2023

(1) Amount granted by local public sector partnership schemes or committed to refinancing export credit.

ECONOMIC DEVELOPMENT AND SOVEREIGNTY

	COMMITMENT	SDG(S)	KPIS
04	Contribute to regional reindustrialisation, increased strategic autonomy and the development of essential infrastructures by supporting major French exporters	  	a. Contribution of export credit contracts to the economy of goods and services produced in France (French share of amounts paid out): €1.4bn [€1.4bn in 2022] > Target: €1.8bn in 2024 b. Number of companies receiving export support: 10 [2 in 2022] c. Contribution of export credit contracts to the development of infrastructure providing access to essential services or low-carbon energy: €340m [€120m in 2022]

SOCIAL AND REGIONAL COHESION

	COMMITMENT	SDG(S)	KPIS
05	Support regional development by guaranteeing stable financing for local authorities		a. Amount of loans to local authorities ² : €3,994m [€3,461m in 2022] > Target: €4.6bn in 2024 b. Number of local authorities financed: 1,056 [884 in 2022]
06	Promote social and regional cohesion through our financing and sponsorship activities		a. Amount of social loans ² : €602m [€140m in 2022] > Target: €12bn in 2024-2030
			b. Number of students in educational establishments financed: 4,405 students
			c. Number of sports and cultural establishments financed: 55
			d. Amount allocated to corporate patronage: €352,800 [€187,350 in 2022]
			
07	Advance health care by supporting the investments of public health institutions		a. Amount of loans to public health institutions ² : €322m [€622m in 2022] > Target: €400m in 2024 b. Number of public health institutions financed: 62 [60 in 2022] c. Number of beds and places in the public health institutions financed: 35,273 [75,911 in 2022]

(2) Amount granted by local public sector partnership schemes.



LEADING BY EXAMPLE

	COMMITMENT	SDG(S)	KPIS
08	Step up ESG integration		<p>a. Share of green, social and sustainability bonds in financing: 19% [20% in 2022] > Target: 33% by 2030</p> <p>b. Percentage of new hires trained on ESG issues: 100% > Target: 100% in 2024-2025</p> <p>c. Percentage of new hires trained on compliance issues: ethics, anti-corruption and AML-CFT: 100% > Target: 100% in 2024-2025</p>
09	Be a responsible employer that protects and engages with its employees while valuing their diversity	 	<p>a. Absenteeism rate: 0.9% [1.6% in 2022] > Target: ≤ 3.0% in 2024-2025</p> <p>b. Staff turnover rate: 9.8% [9.8% in 2022]</p> <p>c. Percentage of employees satisfied with their career path within the company: 87% [sector benchmark: 75%]</p> <p>d. Employee engagement rate: 35% [sector benchmark: 29%]</p> <p>e. Average number of days worked remotely by employees on permanent contracts: 83 [92 in 2022]</p> <p>f. Rate of employees trained over the year: 98% [98% in 2022] > Target: ≥ 95% in 2024-2025</p> <p>g. Average training time per employee on permanent contracts: 23.4 hours [28.6 in 2022]</p> <p>h. Number of work-study students and interns received: 42 work-study students and interns [46 in 2022]</p> <p>i. Gender equality index in the company: 93/100 [93/100 in 2022] > Target: ≥ 90 in 2024-2025</p> <p>j. Percentage of women in managerial positions: 36% [36% in 2022] > Target: 40% in 2025</p> <p>k. Percentage of employees on permanent contracts eligible for profit-sharing: 100% [100% in 2022]</p> <p>l. Percentage of payroll allocated to profit-sharing: 5.6% [7.0% in 2022]</p> <p>m. Employment of people with disabilities: 3.4% [2.6% in 2022] > Target: 4% in 2025</p> <p>n. Number of nationalities represented in the company: 22 [21 in 2022]</p>
10	Manage the environmental and societal impact of our internal operations	 	<p>a. Carbon footprint of internal operations: 5,710 tCO₂eq [6,460 tCO₂eq in 2022] > Target: ≤ 6,000 tCO₂eq in 2024-2025</p> <p>b. Final energy consumption: 2.9 kWh per FTE [3.4 kWh in 2022]</p> <p>c. Paper consumption: 2.0 kg per FTE [5.8 kg in 2022]</p> <p>d. Printing: 1,359 pages per FTE [1,723 pages in 2022]</p>

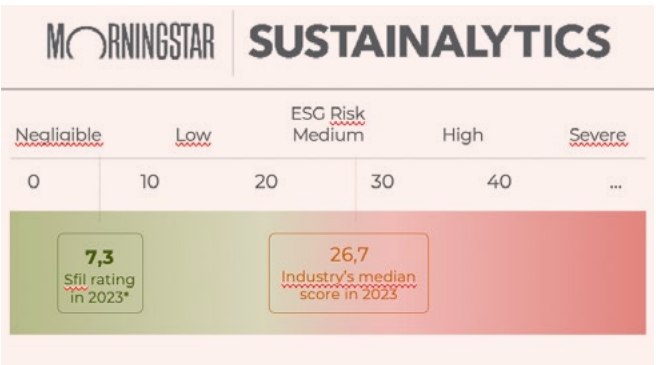
4.2. NON-FINANCIAL RATINGS

As in previous years, the non-financial ratings obtained by Sfil Group in 2023 salute its engagement and achievements in terms of sustainability and recognise the excellent control of its environmental, social and governance (ESG) risks.

Sfil and its subsidiary Caffil have received ESG ratings from Sustainalytics, ISS ESG and MSCI. These three non-financial rating agencies are among the most widely used by investors to conduct ESG analyses in support of their investment policies. All the figures below are as at 7 February 2024.

Sustainalytics has assigned an ESG Risk Rating to Sfil. The Sustainalytics rating scale is an open scale, with 0 being associated with the lowest level of risk.

> In February 2023, Sfil obtained a rating of **7.3**, corresponding to a **“negligible” level of ESG risk**, the lowest level on the Sustainalytics scale. This places Sfil **14th out of 1,019 entities assessed in the global banking sector, and 12th out of 98 entities assessed in the sub-sector of public development banks.**



ISS ESG has analysed the non-financial performance of Caffil, Sfil's wholly-owned subsidiary, and assigned it a rating (“ISS Corporate Rating”).

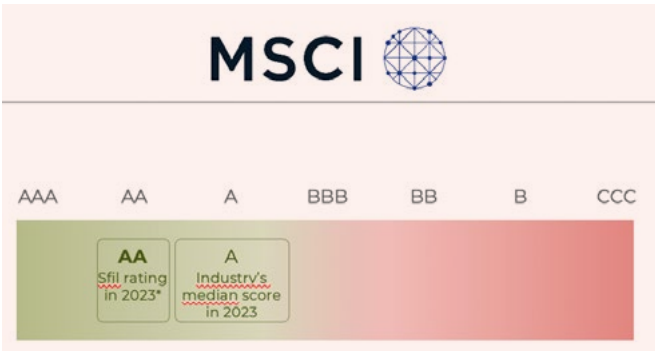
ISS ESG's rating scale is a closed scale, with A+ being associated with the best-performing score and D- with the worst.

> In March 2023, Caffil was awarded **Prime status** and a **C+** rating, placing it among the **top 10% of entities in the Mortgage and Public Sector Finance sector**. It should be noted that just over two-thirds (69%) of entities in this sector were rated D or D+ in 2023.



Since 2023, Sfil has also been rated by MSCI. **MSCI's** rating scale is a closed scale, with AAA corresponding to the highest ESG performance and CCC to the lowest. This is not an absolute rating but an “industry adjusted” rating, i.e. adjusted relatively to the performance of companies in the sector, so that the BBB rating represents their average performance.

> In 2023, Sfil obtained an **AA** rating, which places it among the **leaders** in the sector. It should be noted that the median rating in the sector is A and that only 21% of entities in the sector were rated AAA in 2023.



(3) Source: Sfil 2022 employee survey conducted by Opinionway (latest available data).



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