

SFIL SA

Development Banks France

ESG Risk Rating

7.7

Last Full Update Feb 20, 2023

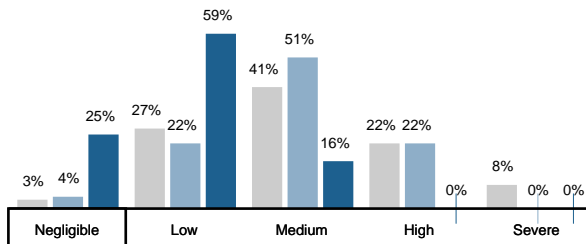
+0.4

Momentum

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	121/16215	2nd
Banks INDUSTRY	18/1050	3rd
Development Banks SUBINDUSTRY	15/104	14th

Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Swedish Export Credit Corp.	20.7 Low	65.3 Strong	7.5 Negligible
2. Caisse des Dépôts & Consignations	20.1 Low	63.2 Strong	7.7 Negligible
3. SFIL SA	21.8 Low	66.2 Strong	7.7 Negligible
4. International Finance Corp.	21.3 Low	65.0 Strong	7.8 Negligible
5. Asian Development Bank	21.0 Low	62.6 Strong	8.2 Negligible

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ESG Risk Analysis

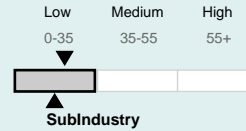
Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

21.8 **+0.8**

Low Momentum

Beta = 1.21



Through its ongoing collaboration with La Banque Postale, SFIL holds a leadership position in the financing of the French local public sector, particularly with regard to loans to local governments and public hospitals. Integrating environmental, social and governance considerations is essential for a development bank, as failure to do so can lead to significant reputational damage. SFIL also needs a highly skilled workforce to achieve its mission of preserving the stability of local public-sector financing in France. Furthermore, as a development bank with a focus on public policy, SFIL is subject to scrutiny about its ethical practices. The bank's close relationships with local authorities and public hospitals expose it to the risk of committing violations that could result in investigations and fines, as well as misconduct including conflicts of interest or bribery.

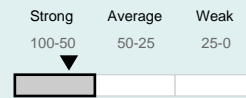
The company's overall exposure is low and is moderately above subindustry average. ESG Integration -Financials, Human Capital and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

66.2 **-0.7**

Strong Momentum



SFIL effectively integrates ESG considerations into its business practices. It underpins its social and environmental commitments by setting quantitative targets for its SDG-linked sustainable financing projects. The bank issued its third green bond in November 2021, following the same framework as its previous issuances in 2019 and 2020. SFIL's management of human capital is very strong, largely thanks to its initiatives for human capital development and its diversity programmes. However, its gender pay equality programme lacks quantitative targets and deadlines, and it does not disclose its gender pay gap. Finally, SFIL practices strong business ethics management via solid programmes and policies against bribery and corruption and a strong whistleblower programme. It has also implemented a money laundering policy to reduce the risk of unethical behaviour occurring or going unreported.

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

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
ESG Integration -Financials	6.3 Medium	51.5 Strong	3.1 Low	39.6%
Human Capital	5.3 Medium	71.9 Strong	1.7 Negligible	21.6%
Business Ethics	5.3 Medium	75.0 Strong	1.5 Negligible	19.5%
Stakeholder Governance	5.0 Medium	70.1 Strong	1.5 Negligible	19.3%
Overall	21.8 Low	66.2 Strong	7.7 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

 **Severe (0)**

 **High (0)**

 **Significant (0)**

 **Moderate (0)**

 **Low (0)**

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

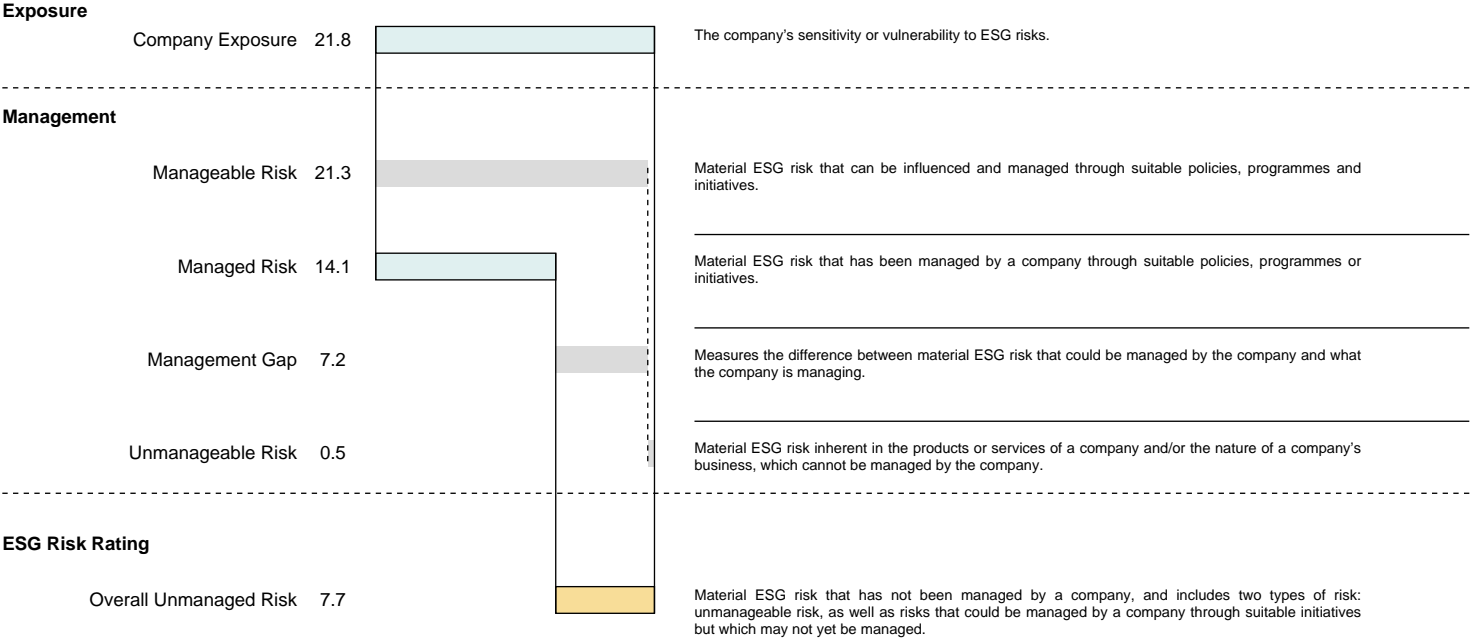
None (11)

- Accounting and Taxation
- Anti-Competitive Practices
- Bribery and Corruption
- Business Ethics
- Carbon Impact of Products
- Environmental Impact of Products
- Labour Relations
- Lobbying and Public Policy
- Sanctions
- Social Impact of Products
- Society - Human Rights

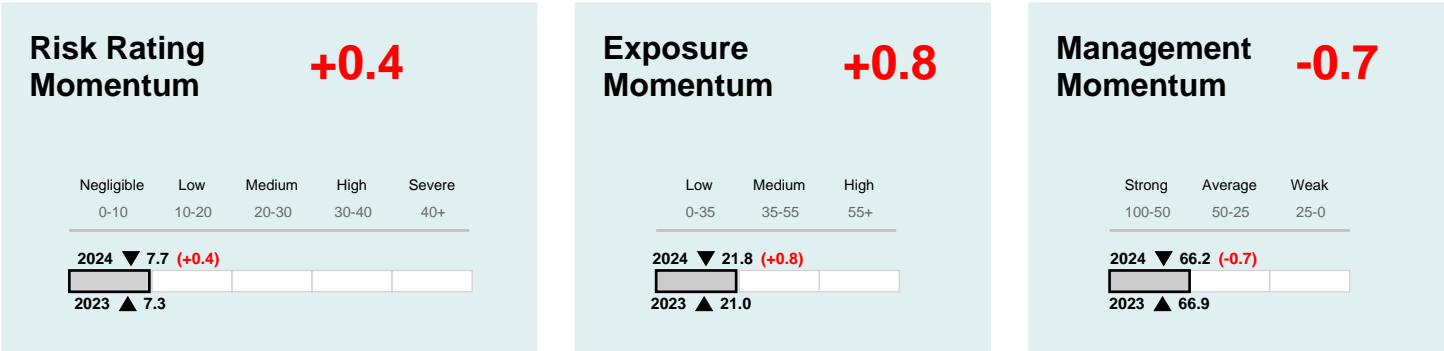
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

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

ESG Risk Category

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

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

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

ESG Risk Rating Score (Unmanaged Risk Score)

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

Event Category

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

Event Indicator

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

Excess Exposure

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

Exposure

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

Idiosyncratic Issue

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

Manageable Risk

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

Managed Risk

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

Management

A company's handling of ESG risks.

Management Gap

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

Management Indicator

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

Material ESG Issue

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

Subindustry

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

Unmanageable Risk

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

Unmanaged Risk

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

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