Sustainable Fitch
a FitchSolutions Company

Financial Institutions
Public Entities
France

Sfil Group

Second-Party Opinion — Green, Social and Sustainability Bond Framework

Excellent ☑ | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	• Sustainable Fitch considers the use of proceeds (UoP) included in the green, social and sustainability bond framework to be aligned with the ICMA Green Bond Principles 2021 (GBP) (with appendix I from June 2022), Social Bond Principles 2023 (SBP) and Sustainability Bond Guidelines 2021. • The green, social and sustainability bond framework covers nine categories that contribute to Sfil Group's (Sfil) environmental and social objectives. We positively assess the green UoP categories, especially those with stricter eligibility criteria such as renewable energy, clean transportation and green buildings. We positively assess the social UoP categories' target populations, though some are broad.
Use of Proceeds – Other Information	Excellent	• Sfil excludes activities in certain environmentally or socially harmful sectors. The green, social and sustainability bond framework allows Sfil to finance new and existing projects. Nevertheless, the loans are recently originated compared to the bond issuance, which maximises the environmental and social impact.
Evaluation and Selection	Excellent	• The evaluation and selection process is clearly outlined and in line with external and internal guidelines, such as the ICMA principles. We consider the process multi-layered, with involvement of relevant structured divisions and a credit risk department. Involving sustainability experts improves the internal checks and balances, and provides a further degree of ESG expertise, which we assess as positive.
Management of Proceeds	Good	• We consider Sfil's proceeds management process to be appropriate, with the use of virtual segregation within the general funding account.
Reporting and Transparency	Excellent	• The allocation and impact reporting will be annually, at the bond level and until full allocation. The impact indicators are specifically measurable and relevant, and referenced from the ICMA Harmonised Framework for Impact Reporting. Sfil has committed to obtaining an external review on its allocation reporting annually until full allocation.

Relevant UN Sustainable Development Goals

Framework Type	Green/Social/Sustainability	
Alignment	✓	Green Bond Principles 2021 (ICMA) (with appendix I from June 2022)
	✓	Social Bond Principles 2023 (ICMA)
	✓	Sustainability Bond Guidelines 2021 (ICMA)
Date assigned		20 November 2024

See Appendix B for definitions.

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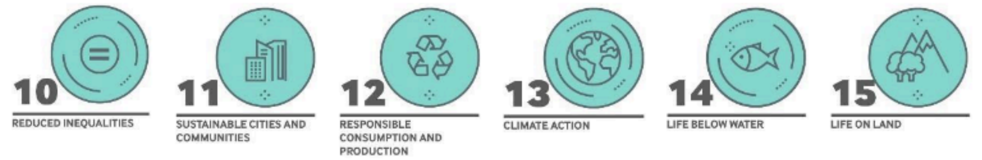

Use of Proceeds Summary – ICMA Categories

Green	Clean transportation Renewable energy Energy efficiency Sustainable water and wastewater management Green buildings
Social	Access to essential services Affordable basic infrastructure

Source: ICMA GBP; ICMA SBP; Sfil green, social and sustainability bond framework 2024

Framework Highlights

We consider transactions under Sfil's green, social and sustainability bond framework, published in November 2024, to be aligned with the ICMA's 2021 GBP (with appendix I from June 2022), 2023 SBP and 2021 Sustainability Bond Guidelines.

Our opinion is that the framework alignment is 'Excellent'.

The issuance of green, social and sustainability bonds will contribute to sustainable development by financing green and social loans that fall within the definition of eligible loans within the green, social and sustainability bond framework.

The applicable categories are green (territorial mobility and soft urban transport, renewable energy, low-carbon energy, energy efficiency of construction and urban development, sustainable water and sanitation, and waste management and valuation) and social (access to essential services, renewal and cohesion of territories, and affordable basic infrastructure).

We consider the UoP categories under the green, social and sustainability bond framework to include a combination of social, transitional and green projects.

The UoP category that we consider as decarbonising and transitional is the low-carbon energy category, which includes the construction of nuclear plants and the extension, modification and safe operation of existing nuclear installations with the latest technologies.

Sfil has aligned certain eligible green project categories with the EU taxonomy's substantial contribution criteria (SCC) for the objective of climate change mitigation. We consider the territorial mobility and soft urban transport, renewable energy, low-carbon energy (when inside the EU), and energy efficiency of construction and urban development categories to be mostly SCC aligned.

Sfil relies on internal criteria for the categories of sustainable water and sanitation, waste management and valuation, renewable energy (including electricity generation; cogeneration of heat, cool and power; and production of heat or cool from bioenergy), energy efficiency of construction and urban development (acquisition of buildings located in France and with a building permit compliant with the nearly zero-energy building standard), and low-carbon energy projects outside of the EU; it has not committed to align the criteria to the SCC.

The green, social and sustainability bond framework supports the achievement of the UN Sustainable Development Goals (SDGs). The funded projects will be new investments from French local authorities, large French export contracts (with a public guarantee from the French government) or financing of French public hospitals. French local authority loans are originated by the network of La Banque Postale and Banque des Territoires before being transferred to

Sfil. The export contracts are refinanced after being originated by a network of banks[1] partnering with Sfil.

Sfil can issue two main types of bonds from the green, social and sustainability bond framework. The first is covered bonds (obligations foncières) issued by Sfil's wholly owned subsidiary Caisse Française de Financement Local (Caffil).

These green, social and sustainability covered bonds are aligned with the characteristics of the secured green and social standard bond, as defined in appendix 1 of the ICMA GBP and SBP; they are secured by a cover pool mixing green and social assets together with assets that are not defined as eligible under the green, social and sustainability bond framework definitions. An amount equal to 100% of proceeds of the bonds is allocated to eligible green or social loans.

The second is senior benchmark bonds or short-dated funding through a French domestic commercial paper programme issued by Sfil.

This new framework updates the green, social and sustainability bond framework last updated in October 2022. It also replaces the existing Sfil social note framework last updated May 2022 that focuses on French public hospital loans.

The green, social and sustainability bond framework will therefore be applicable to all future labelled issuance from Sfil and Caffil. It is not applied retroactively to the outstanding green and social bond issuances from previous frameworks. The eligibility criteria and other commitments defined in the version of the green, social and sustainability bond framework applicable at the time of the issuance are grandfathered in until the maturity of each bond.

The ICMA GBP and SBP recommend that eligible projects are clearly described in the legal documentation for the transaction. We have only reviewed the green, social and sustainability bond framework for this Second-Party Opinion and have not reviewed any transaction-related legal documents or marketing materials; however, the framework provides a detailed description of the eligible projects.

At the time of the publication of this Second-Party Opinion, we did not review the third-party verification linked to the emission limits or any other assessment of the environmental or social impact defined in the green and social eligibility criteria.

Source: Sustainable Fitch, Sfil green, social and sustainability bond framework 2024

Entity Highlights

Sfil is a public development bank and export financing agency in France that is 99.9% owned by Caisse des Depots et Consignations (CDC), while one share is owned directly by the French state. It had total assets of around EUR69.6 billion and around 397 employees at end-2023. Sfil's business model focuses on financing French local authority and public hospital investments, as well as refinancing large export credit. It expanded to include loans without direct origination in 2015. Sfil, as a public entity, does not aim to maximise profit or market share.

Sfil acts as a tool to finance French governmental policies. including those that are focused on sustainable development. Through Caffil, Sfil refinances medium- and long-term loans offered by La Banque Postale and CDC (through Sfil's trademark Banque des Territoires) to local governments and public hospitals. Loans are originated by La Banque Postale and Banque des Territoires, transferred via true sale to the balance sheet of Caffil and financed with covered bonds.

Sfil's corporate purpose statement focuses on sustainability and development: "Financing a sustainable future through long-term, responsible support for regional development and the international activity of large companies by mobilising international capital, with a positive but moderate profitability target, a conservative risk profile and a balanced social model".

Sfil has three strategic priorities: ecological transformation; economic development; and sovereignty, social and regional cohesion.

Sfil has set a target to issue 25% of its total financing as sustainable bonds in 2024 under its strategic plan, #Objectif2026, using a variety of sustainable funding instruments that include

[1] As listed at: https://sfil.fr/acteurs-de-lexport/

green and social covered bonds from Caffil, as well as senior unsecured bonds from Sfil itself to finance eco-friendly and socially beneficial projects. Sfil has also established a new goal to expand the proportion of its green, social and sustainable bond issuances to 33% by 2030, in response to the increasing demand for investments in sustainability.

Sfil joined the UN Global Compact in 2018 and incorporates its principles, as well as the SDGs, into its corporate strategy, culture and activities. It also integrates ESG risk identification and assessment into the screening and analytical decision-making processes.

Sfil has integrated ESG aspects into its portfolio analysis and funding. An ad hoc committee is in charge of governance, nomination and sustainability. This committee sets the bank's ESG policies and monitors their deployment and reporting on a quarterly basis. Sfil has a climate risk operational committee to steer and validate the work on Sfil's climate risk roadmap. The climate risk committee brings together the teams responsible for climate risk, corporate social responsibility, financial analysis, credit modelling and loan management.

In 2023, Sfil finished assessing the carbon footprint of its loan activities that are directed at France's local public sector and its operations for refinancing export credits. It had also set out specific goals by end-2023 to lower the GHG emissions within its financing portfolios by 2030.

Sfil's assessment approach for this follows globally recognised standards set by the GHG Protocol and the Science Based Targets initiative. Sfil is targeting a 40% decrease in the carbon intensity of its public sector portfolio by 2030, aiming to reduce it to 92gCO_2e/euro from the 153gCO_2e/euro recorded at end-2021.

This target is in line with France's National Low-Carbon Strategy, which outlines the country's plan for reducing GHG emissions by 2050, in line with the objectives of the Paris Agreement.

The second sector Sfil targeted for reducing carbon intensity is export financing; it has prohibited financing for any new projects related to coal, oil and gas in the fossil fuels sector. In the power generation sector, it will provide financing for low-carbon energy projects or gas-fired power plants that improve the carbon intensity of the energy mix in the destination country. The goal of the decarbonisation trajectory also includes reducing the total annual GHG emissions from shipping, though this is awaiting market consensus on the cruise ship sector.

Sfil is aiming to increase its environmental and social impact to achieve these goals, by mobilising EUR17.5 billion in green loans and EUR12 billion in social loans between 2024 and 2030.

Sfil's mission, as a public development bank, is aligned with many SDGs, including SDGs 6 (clean water and sanitation), 7 (affordable and clean energy), 9 (industry, innovation and infrastructure), 11 (sustainable cities and communities), 12 (responsible consumption and production) and 13 (climate action).

Sfil upholds human rights and social standards; its workforce is protected by French labour legislation. As a public-sector bank, Sfil is dedicated to advocating for and maintaining policies that promote professional equality and embrace diversity.

Source: Sustainable Fitch, Sfil green, social and sustainability bond framework 2024

Asset / Collateral – Projects	Alignment: Good
Company Material	**Sustainable Fitch's View**
• All eligible green and social loans allocated to labelled covered bond issuances are held on the balance sheet of Caffil.	• Caffil is a specialised entity created specifically for issuing covered bonds. Covered bond investors have senior recourse to all assets on Caffil's balance sheet. • The green and social eligible assets, which are used to refinance green and social public projects of local administrations in France, are included in the cover pool. • Caffil does not disclose the specific amount of green and social assets within the cover pool. • All assets from Caffil are part of the cover pool, ensuring that green and social assets remain segregated. • The bank has not committed to maintaining a buffer of additional eligible assets.
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Use of Proceeds – Eligible Projects	Alignment: Good	
Company Material	**Sustainable Fitch's View**	
Territorial mobility and soft urban transport		
• This UoP encompasses eligible clean transportation projects that align with the SCC from the Climate Delegated Act or the Complementary Climate Delegation Act of the EU taxonomy. • This includes the design, construction, modernisation, operation, acquisition and maintenance of low-carbon vehicles; rolling stock, including low-carbon personal mobility devices, motorbikes, passenger cars and light commercial vehicles (including schemes for public access to such vehicles); and low-carbon rolling stock dedicated to passenger or freight transport. • It also includes the design, construction, modernisation, operation, acquisition and maintenance of low-carbon transport infrastructure, including infrastructure enabling low-carbon road transport and public transport; infrastructure enabling rail transport; infrastructure enabling low-carbon water transport; and infrastructure for personal mobility and cycle logistics. • Rolling stock, vessels, vehicles and transportation infrastructure dedicated to the transportation and storage of fossil fuels are excluded from financing.	• We expect this UoP to be aligned with the clean transportation category of the ICMA GBP, 2021 (with appendix 1 from June 2022). • We assess the proceeds allocated to this category to have an excellent environmental impact. • Financing low-carbon transportation and infrastructure helps decarbonise the transport sector, provides public access to sustainable transport systems and improves air quality. The territorial and soft urban transport category covers a wide range of initiatives aligned with the SCC. • The transportation sector accounts for around 24% of direct CO_2 emissions from fuel combustion worldwide, as reported by the International Energy Agency. Its negative impacts are significant, including contributions to global warming, health problems from air pollution and ecological harm. • Supporting clean transportation is crucial for sustainable development; it supports the shift to a low-carbon economy, improves urban resilience and reduces reliance on fossil fuels. • We also positively assess electrified public transportation and low-carbon transport infrastructure in general, due to their clear contribution to GHG reduction compared to combustion engine trains. It also helps reduce the use of private vehicles. • We positively assess the exclusion of financing for vehicles and infrastructure dedicated to the transport or storage of fossil fuels in the green, social and sustainability bond framework, which further supports GHG emissions reduction. • This UoP directly contributes to a decrease in GHG emissions and the achievement of SDG 11.	11 SUSTAINABLE CITIES AND COMMUNITIES
Renewable energy		
• This UoP encompasses eligible renewable energy projects that align with the SCC from the Climate Delegated Act or the Complementary Climate Delegation Act of the EU taxonomy. • This includes the design, construction, modernisation, operation, acquisition, installation, retrofit and maintenance of renewable energy production units, including electricity generation, cogeneration of heat or cool and power, and production of heat and cool from solar and geothermal energy; electricity generation from wind and hydropower; and the installation and operation of electric heat pumps. • The design, construction, modernisation, operation, acquisition, installation, retrofit and maintenance of energy transmission and distribution units including:	• We expect this UoP to be aligned with the renewable energy category of the ICMA GBP, 2021 (with appendix I from June 2022). • We assess the proceeds allocated to this category to have an excellent positive environmental impact. • The financing supports Sfil's aim to increase the production of renewable energy and avoid GHG emissions by using a wide range of renewable energy sources aligned with the SCC, including solar, hydro and wind power generation and electricity generation; cogeneration of heat or cool and power from solar, geothermal or bioenergy; high- and low-voltage electricity transmission systems; pipelines for hydrogen or low-carbon gases; heating and cooling	7 AFFORDABLE AND CLEAN ENERGY

– construction, refurbishment and operation of transmission systems transporting electricity on extra high-voltage and high-voltage interconnected systems, and on high-voltage, medium-voltage and low-voltage distribution systems; – construction, operation, conversion, repurposing or retrofit of transmission and distribution pipelines dedicated to the transport of hydrogen or other low-carbon gases; and – construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling. • It also includes the design, construction, modernisation, operation, acquisition, installation, retrofit and maintenance of energy storage units, including the construction, refurbishment and operation of facilities that store hydrogen, thermal energy or electricity and return it at a later time. • It further includes the manufacture of low-carbon energy or manufacture of technologies supporting low-carbon energy including: – manufacture of biogas and biofuels for use in transport and of bioliquids; – manufacture of hydrogen and hydrogen-based synthetic fuels; and – construction, refurbishment, and operation of facilities dedicated to rechargeable batteries manufacturing and/or recycling. • The UoP also includes electricity generation, cogeneration of heat or cool and power, and production of heat or cool from bioenergy that align with internal issuer criteria for electricity generation facilities, cogeneration facilities for heat or cool and power, or facilities that produce heat or cool exclusively from solid biomass fuels where the total rated thermal input does not exceed 20MW and is using agricultural or forest feedstocks as defined by EU Directive 2018/2001 (article 29, paragraphs 2 to 7). • Large-scale hydropower plants (over 20MW generation capacity) and first-generation biofuels (derived from food crops such as corn, sugar cane, sunflower oil, soybeans, starch and sucrose) are excluded from financing.	distribution infrastructure; and energy storage units for hydrogen, thermal energy and electricity. • Our environmental assessment of this category considers renewable energy's contribution to the transition to a low-carbon economy and the positive impact of the projects. • We also positively assess the green, social and sustainability bond framework's requirements for the manufacturing of hydrogen, manufacturing of renewable energy technologies and equipment for the production and use of hydrogen; these comply with the EU taxonomy's delegated regulations on the methodology for renewable fuels of non-biological origin. • We assess the projects financed as environmentally positive as they significantly reduce GHG emissions, enhance energy efficiency, enable the widespread distribution and storage of clean energy, support the transition to low-carbon transportation systems, and promote recycling and the circular economy, thereby mitigating climate change and reducing environmental degradation. • The eligibility criteria for electricity generation, cogeneration of heat, cool and power, and production of heat or cool from bioenergy in Sfil's green, social and sustainability bond framework either aligns to the SCC or relies on internal criteria. • We assessed the projects for electricity generation facilities, cogeneration facilities for heat or cool and power, and facilities that produce heat or cool exclusively from solid biomass fuels where the total rated thermal input does not exceed 20MW and using agricultural or forest feedstocks as having a positive impact. • We positively assess that the criteria are aligned with EU Directive 2018/2001 (also known as Renewable Energy Directive II), which sets out specific sustainability and GHG emissions saving criteria for biofuels, bioliquids and biomass fuels. • This UoP supports SDG 7, as the development and generation of clean energy sources at scale has a core contribution to sustainable development. • We positively assess the exclusion of large-scale hydropower plants and first-generation biofuels from financing, because large-scale hydropower can have significant ecological impacts, such as disrupting local ecosystems, displacing communities, and altering water quality and flow patterns. • First-generation biofuels derived from food crops can lead to food security issues, deforestation, and high land and water usage, resulting in net negative environmental effects. Sfil excludes these options, meaning that funding can be directed towards more sustainable and environmentally friendly energy solutions.	
Low-carbon energy		
• This UoP encompasses low-carbon energy projects that align with the SCC from the Climate Delegated Act or the Complementary Climate Delegation Act of the EU taxonomy. • This includes financing of French export contracts related to nuclear power projects (located inside or outside the EU). • For projects located in the EU: construction, modification of existing nuclear installations for the purposes of extension and safe operation of nuclear power plants with the latest technologies (including small modular reactors) meeting full alignment with the EU Taxonomy Complementary Climate Delegated Act Annex I (SCC, do no significant harm and minimum safeguards): – construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including	• We expect this UoP to be aligned with the ICMA GBP, 2021 (with appendix I from June 2022). • We consider the funds assigned to this category as supporting decarbonisation and transition efforts. The criteria used mean we assess nuclear energy generation as environmentally advantageous because of its low emissions during the production process. • The issuer established two sets of criteria applicable depending on the location of the project: inside the EU and outside the EU. • The issuer's eligibility criteria for both inside and outside the EU appear to be robust and well-defined, and clearly delineate which nuclear activities qualify.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

  - for hydrogen production, using best-available technologies; and
  - electricity generation from nuclear energy in existing installations.
- Projects in the EU also include research, development, demonstration, and deployment of innovative reactors meeting full alignment with EU Taxonomy Complementary Climate Delegated Act Annex I (SCC, do no significant harm and minimum safeguards) for pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle.
- This UoP also encompasses low-carbon energy projects located strictly outside the EU based on issuer internal criteria, including the construction, modification of existing nuclear installations for the purposes of extension, and safe operation of nuclear power plants with the latest technologies (including small modular reactors) located strictly outside of the EU meeting the following eligibility criteria.
  - First, the life-cycle GHG emissions from the generation of electricity from nuclear energy are below the threshold of 100gCO2e/kWh.
  - Second, the activity operates in a country:
    - compliant with the relevant international norms regarding non-proliferation, the related UN Security Council resolutions and the International Atomic Energy Agency board of governors' resolutions; and
    - that has an independent nuclear safety authority (or equivalent state agency), which cooperates at the international level, and is capable of evaluating the safety level of the technology used and validating the project design.
  - Thirdly, spent fuel management and nuclear waste management plans are implemented, a decommissioning strategy including an adequate financing scheme is in place, and at least one of the following criteria is met:
    - operation in a country with a documented plan complete with steps to have a disposal facility for high-level radioactive waste in operation by 2050;
    - operation in a country that is a contracting party of the Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management; and
    - the project manager has developed an internal cooperation plan to manage the radioactive waste in a safe and timely way.
  - Finally, environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.
- The UoP also encompasses, based on internal issuer criteria, the research, development, demonstration and deployment of innovative reactors: projects supporting nuclear fusion development and reactors that produce energy from nuclear processes with minimal waste from the fuel cycle meeting the same eligibility criteria as outlined for projects located strictly outside of the EU under "construction, modification of existing nuclear installations for the purposes of extension, and safe operation of nuclear power plants" above.

- Nuclear activities are very specific and difficult to align with the SCC, particularly the requirement to have a long-term repository for the spent fuel in the country of operation.
- We have reviewed Sfil's assessment of alignment with the SCC for projects located inside the EU, and have preliminarily found that the activity is aligned based on the commitment stated in the green, social and sustainability bond framework.
- For projects located in the EU, Sfil intends to fully comply with the taxonomy, including the additional criteria related to significant contributions to climate change mitigation, which require the following to be met.
  - The activity involves generating electricity through nuclear energy. The life-cycle GHG emissions from this process must remain below the threshold of 100gCO_2e/kWh.
  - The life-cycle GHG emission savings are determined using recommendation 2013/179/EU, or alternatively, ISO 14067:2018 or ISO 14064-1:2018.
  - The quantified life-cycle GHG emissions must be verified by an independent third party. We assess positively that Sfil has committed to comply with the third-party verification requirement.
- The projects' contribution as a transitional decarbonising asset relies on the achievement of the emissions estimate, which must remain below the threshold of 100gCO_2/kWh.
- Our opinion on the decarbonising potential of the assets depends on the company's achievement of these estimated efficiency outcomes once the facilities are operational.
- Sfil has clarified that the modifications to existing nuclear facilities are aimed at extending their operational lifespan. We assess this insight as positive, as the taxonomy only deems the activity of "generation of nuclear energy in existing installations" to be eligible when it involves life extension measures. Therefore, the issuer's specification aligns with the taxonomy's requirements for eligible activities.
- For projects outside the EU, the issuer has established a complete set of internal criteria similar to the requirements of the EU taxonomy. Our assessment on this is that Sfil aligns these criteria with market best practices.

Energy efficiency of construction and urban development

- This UoP encompasses energy efficiency of construction and urban development projects that align with the SCC from the Climate Delegated Act or the Complementary Climate Delegation Act of the EU taxonomy, covering the following areas:

- We expect this UoP to be aligned with the green buildings category of the ICMA GBP, 2021 (with appendix I from June 2022).
- We assess the proceeds allocated to this category to have an excellent environmental impact.

7 AFFORDABLE AND CLEAN ENERGY

- acquisition and ownership of buildings (including residential and non-residential buildings);
- renovation of existing buildings (including residential and non-residential buildings);
- based on internal issuer criteria, financing of acquisition of buildings located in France and with a building permit compliant with the nearly zero-energy building definition set by the EU Commission in the Energy Performance of Buildings Directive and transposed into national regulation; and
- energy performance improvement measures, including renovation of the public lighting system to improve its energy performance such as via LED relamping.

- Buildings dedicated to the production or storage of fossil fuels and fossil fuel-based heating or cooling systems in the context of energy efficiency improvement measures are excluded from financing.

- Green buildings have a positive impact on the environment as they improve energy efficiency and circularity, and have a direct contribution to SDGs 7 and 11.
- The EU taxonomy identifies investments in green buildings and the renovation of buildings to reduce GHG emissions as key enablers for the transition to a low-carbon economy. Investments in best-in-class new buildings and retrofitting to achieve higher standards both have a material impact on improving energy efficiency.
- Sfil does not have exposure to retail mortgages, which is immaterial from the perspective of SCC alignment. However, the issuer has exposure to public real estate covering eg schools and public buildings.
- The issuer mandates either that green buildings must meet the SCC to be eligible for financing, which we consider best practice, or that green buildings comply with the nearly zero-energy building definition, as transposed into French national regulation. We consider this certification to be beneficial as well, as nearly zero-energy buildings significantly reduce energy consumption and carbon emissions, contribute to environmental sustainability and lead to lower energy costs for occupants.
- For new buildings in France to comply with the criteria of the delegated act of the taxonomy regulation regarding substantial contribution to climate change mitigation, it is particularly necessary that the primary energy demand of a new building be at least 10% lower than the nearly zero-energy building.
- The UoP can also finance the renovation and refurbishment of buildings to improve energy efficiency, when it qualifies as a major renovation or leads to a 30% reduction in primary energy demand. This is also fully SCC aligned.
- We positively assess the exclusion of buildings dedicated to the production or storage of fossil fuels and fossil fuel-based heating and cooling systems in the context of energy-efficiency improvements. This exclusion is beneficial from an environmental perspective as it reduces reliance on fossil fuels, which are a major source of GHG emissions.
- Focusing on buildings that use renewable energy sources or more efficient energy systems means carbon footprints can be significantly reduced, leading to better air quality and contributing to the global effort to combat climate change.

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable water and sanitation

- This UoP encompasses sustainable water and sanitation projects exclusively located in France and following the strict and clear requirements of French laws.
- This includes the design, construction, modernisation, operation, acquisition, installation and maintenance of projects supporting water quality, efficiency and conservation including:
  - water collection treatment and supply systems, including water supply network and infrastructure, and water treatment infrastructure and plants;
  - rainwater collection and depollution network and infrastructure;
  - wastewater transport and cleaning network and infrastructure, and sanitation and dredging of water beds; and
  - reduction in water losses in water transfer and/or distribution.
- It also includes the design, construction, modernisation, operation, acquisition, installation and maintenance of projects supporting restoration and rehabilitation of ecosystems, including the protection and restoration of sites,

- We expect this UoP to be aligned with the sustainable water and wastewater management category of the ICMA GBP, 2021 (with appendix I from June 2022).
- We assess the proceeds allocated to this category to have a good environmental impact.
- Proceeds can be used to cover several sustainable water and sanitation projects. These include water collection, treatment and supply systems, which ensure clean and efficient water delivery, thereby reducing waterborne diseases. Rainwater collection and treatment are particularly relevant for reducing pollution and conserving resources.
- Wastewater transport is crucial for preventing environmental contamination and supporting sanitation. Activities to restore wetlands, riversides, and other natural habitats are essential for biodiversity and water purification.
- The management of river basins aims to improve water quality and availability.
- Measures to protect against floods and sea-level rise mitigate climate change impacts.

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

aquatic ecosystems and wetlands as well as riverside woodlands. • Finally, it includes the design, construction, modernisation, operation, acquisition, installation and maintenance of projects supporting management of aquatic environments and flood prevention including: – development of river basins; – maintenance and development of rivers, canals, lakes or bodies of water, including access to these rivers, lakes, or bodies of water; and – defences against floods and against the sea, including management of hydraulic protection works and coastal resilience. • Water and wastewater transport, supply and cleaning network and infrastructure dedicated to fossil fuel activities are excluded from financing.	• Improper treatment of wastewater and effluents from production processes can pollute nearby water sources, posing a significant risk to public health. • Therefore, financing projects that support efficient water use and treatment, as well as access to clean water, offers substantial environmental benefits. • These benefits include improving water quality, reducing pollution and improving resilience to climate change, thereby protecting ecosystems and public health. • The UoP does not include specific internal requirements. nor does Sfil aim for it to align to the SCC related to, for example, energy consumption or leakage level, which is important considering water treatment plants tend to have high energy consumption from the various processes for treating and distributing water. • Sfil uses internal eligibility criteria that align with market best practices. We see this as a positive approach to address the lack of alignment with SCC. • The UoP directly contributes to SDGs 6, 12 (responsible consumption and production), 14 (life below water) and 15 (life on land). • We positively assess the exclusion of water and wastewater transport, supply and cleaning network and infrastructure dedicated to fossil fuel activities. This exclusion is beneficial from an environmental perspective as it helps reduce GHG emissions, minimises pollution, conserves natural resources and prevents habitat destruction.	15 LIFE ON LAND
Waste management and valuation		
• This UoP encompasses waste management and valuation projects. This includes the design, construction, modernisation, operation, acquisition, installation and maintenance of projects supporting sustainable waste management, including waste management activities supporting pollution control and resources efficiency selected according to the following internal criteria: – collection, transport and treatment that supports segregation, recovery, reuse and recycling of municipal waste; – municipal waste sorting, processing and recycling; and – biowaste composting. • It also includes the design, construction, modernisation, operation, acquisition, installation and maintenance of energy from waste facilities for the generation of electricity and/or heat.	• We expect this UoP to be aligned with the pollution prevention and control category of the ICMA GBP, 2021 (with appendix I from June 2022). • We assess the proceeds allocated to this category to have a good environmental impact as these activities may contribute to reducing the consumption of finite resources and minimising waste by keeping products and materials in use for as long as possible, thus leading to significant energy savings and a reduction in GHG emissions. • This systemic approach to economic development also helps preserve biodiversity and natural ecosystems by decreasing the need for extraction of raw materials and reducing environmental impact. • Activities under this UoP may contribute to the transition to a circular economy, thus aligning with the EU taxonomy's fourth environmental objective. • However, Sfil does not aim for the selection criteria in the green, social and sustainability bond framework to align with the EU taxonomy SCC. • These initiatives aim to enhance sustainability and resource efficiency, but it is crucial for the potential negative environmental effects to be considered. For example, waste management facilities, if not properly managed, can lead to air and water pollution through emissions and leachate. • The transportation of waste can contribute to GHG emissions and traffic congestion. Ensuring that these projects meet stringent environmental standards and best practices is essential to mitigate any negative impacts. • The issuer has confirmed that all projects are exclusively based in France and follow the waste hierarchy and segregation principles. This means only waste that cannot be repurposed or recycled is used for energy, ensuring energy recovery is a last-resort measure. We assess this positively. • This UoP positively contributes to the environment by reducing waste and improving waste management	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

	technologies; it has a direct contribution to SDGs 11 and 12 by supporting sustainable consumption and production patterns.	
Access to essential services		
• This UoP encompasses access to essential services. This includes projects related to education and culture, covering development, provision and access to education and culture for all populations, including the design, construction, modernisation, operation, acquisition, installation and maintenance of infrastructure and equipment dedicated to education, culture and sports. These projects cover: – public nurseries, day-cares, pre-schools, primary and secondary schools, and universities accessible to all and associated cafeterias; – infrastructure and rolling stock required for universally accessible school transfers for public educational institutions; – public professional-training organisations and infrastructure dedicated to adult learning and continuous education; and – publicly accessible sport facilities and public open spaces open to all populations, including parks, fields and sports centres. • The target population for these include pupils and students; public education facilities; professional training organisations; individuals facing socio-professional integration difficulties, and lacking training or professional experience; and the entire population in the catchment area of culture and sport facilities. • The UoP also includes free and subsidised healthcare, covering development, provision and access to healthcare for all populations, including the design, construction, modernisation, operation, acquisition, installation and maintenance of infrastructure and equipment dedicated to healthcare. These projects cover: – public healthcare infrastructure and services accessible to all, including public hospitals, medical centres and laboratories; including projects both inside and outside of France; and – located exclusively in France: public childcare facilities; social and medico-social establishments, including institutions managed by public entities or private non-profit entities; and public first aid facilities. • Target populations for these projects include the general population in need of medical care and notably disadvantaged populations; and under-served populations with a lack of quality access to essential goods and services. • The UoP also includes existing and future public hospital exposures held by Sfil. • The target populations include patients at French public hospitals and general population in need of medical care and notably disadvantaged populations; as well as under-served populations with a lack of quality access to essential goods and services.	• We expect this UoP to be aligned with the access to essential services category of the ICMA SBP. • We assess the proceeds allocated to this UoP to have a good positive social impact. • There are broad potential applications for these funds, both in and outside France, in areas such as education and culture. • Proceeds can be used to develop, provide and ensure access to educational and cultural resources for all populations. This includes the design, construction, modernisation, operation, acquisition, installation and maintenance of infrastructure and equipment dedicated to these sectors. • Investing in educational and cultural infrastructure promotes lifelong learning and cultural enrichment. • Modern and well-maintained facilities enhance the quality of education and cultural experiences, fostering innovation, creativity and social cohesion. • Access to educational resources empowers individuals, leading to improved socioeconomic outcomes and reduced inequality. • Cultural infrastructure supports the preservation and promotion of cultural heritage, fostering a sense of identity and community pride. • The investment is focused on improving the quality of education, sports and health facilities; and on the professional growth of healthcare workers. We assess these improvements as having a positive social impact because they enhance overall community well-being, foster a healthier and more educated population, and support the professional development of those who provide essential services. • Supporting infrastructure and transportation for school transfers and professional training organisations ensures that students and adult learners have reliable access to educational opportunities. • This can reduce absenteeism, improve educational outcomes and enhance the overall learning experience. • Supporting access to professional training and continuous education resources helps individuals to improve their skills and learn new skills, helping them adapt to changing job markets and contribute to economic resilience and growth. • Targeting funds to these areas means the investment can make improved services available in regions that are currently under-served in healthcare. • This ensures that the benefits of the investment are inclusive, reaching communities and individuals that are most in need of improved healthcare facilities and services, which increases the social impact. • The UoP aligns with SDGs 1 (no poverty) and 3 (good health and well-being), by expanding the reach of free and subsidised healthcare services; it also aligns with SDG 4 (quality of education). This expansion aligns with the UN 2030 agenda's goal to improve both physical and mental health by increasing access to quality healthcare services.	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION
Renewal and cohesion of territories		
• This UoP encompasses renewal and cohesion of territories projects. • It includes social housing initiatives that aim to mitigate inadequate housing and support access to affordable homes. This includes subsidies from French local authorities to the	• We expect this UoP to be aligned with the affordable housing and the socioeconomic advancement and empowerment categories of the ICMA SBP. • We assess the proceeds allocated to this UoP to have a positive social impact.	1 NO POVERTY

social housing sector, focusing on developing and renovating social housing stock. – The target population includes disadvantaged populations at risk of housing exclusion. • It also includes projects supporting connectivity and digital inclusion, which encompass the design, construction, modernisation, operation, acquisition, installation and maintenance of broadband networks and related infrastructure to promote connectivity and digital inclusion. – The target populations include people living in areas lacking connection to digital networks. • Finally, it includes urban renewal and rural revitalisation initiatives that aim to improve living conditions and support public efforts to enhance social cohesion. This includes all French programmes and projects focused on urban renewal and revitalisation. It also supports rural infrastructure projects granted to French municipalities. – The target populations include all population in the target local authority area.	• Sfil plans for this UoP to provide financial support to the French social housing sector. The issuer relies on income bracket thresholds applicable to France, which are reviewed annually, for its various social housing schemes. • However, some of these schemes may not address the needs of the lowest income population. Nevertheless, we recognise that these measures are positive for low- and medium-income groups in geographic areas where housing costs are extremely high. • These regulated loans are designed to increase the rate of social housing across France. • The UoP can also be used to finance access to digital infrastructure, which is a key enabler of societal progress, driving improvements in education, health, economic opportunities and quality of life. This can be seen as a fundamental component of a country's basic services, on par with utilities such as water and electricity. • The issuer intends to direct funds to creating and managing high-speed public communications networks in areas lacking connection to digital networks. These services are intended for the general population, especially in areas where it is not commercially viable to install fibre optic cables. • This approach ensures that essential services are accessible to everyone, regardless of profitability concerns. • The funds can also be used for urban renewal and rural revitalisation initiatives that aim to improve living conditions and support public efforts to foster social cohesion. This encompasses all French programmes and projects dedicated to urban renewal and revitalisation, as well as support for rural infrastructure projects granted to French municipalities. • These initiatives play a crucial role in reducing disparities, enhancing community well-being and promoting equal opportunities for all citizens. • This UoP has a direct contribution to SDGs 1, 9, 10 (reduced inequalities) and 11.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Affordable basic infrastructure		
• This UoP encompasses affordable basic infrastructure projects strictly located in the OECD Development Assistance Committee's list of official development assistance recipients classified as "least developed country", "low income country" or "lower middle-income country". • This includes clean water and sanitation, covering development, provision and access to clean water and sanitation to all populations. – The design, construction, modernisation, operation, acquisition, installation and maintenance of infrastructure and equipment for drinking water networks that aims to increase production and storage capacity. – This effort provides access to improved water sources for additional populations and includes the rehabilitation and extension of existing facilities such as water drilling, modern-equipped wells, water sources, rainwater collection and drinking water treatment plants. – The target populations include the general public, particularly under-served people owing to a lack of quality access to clean water. – The design, construction, modernisation, operation, acquisition, installation and maintenance of infrastructure and equipment dedicated to water sanitation facilities and associated infrastructure, such as sewage networks.	• We expect this UoP to be aligned with the affordable basic infrastructure category of the ICMA SBP. • We assess the proceeds allocated to this UoP to have a significant positive social impact. • The category covers a wide range of initiatives aiming at increasing the provision and access to basic infrastructure for the general public, with a particular emphasis on under-served communities that lack quality access to clean water, electricity or road infrastructure in the target countries, which are those identified by the OECD as least-developed, low-income or lower-middle-income countries. • The clean water and sanitation initiative aims to develop and provide clean water and sanitation to all people. It involves designing, constructing, modernising, operating, acquiring, installing and maintaining infrastructure for drinking water networks to increase production and storage capacity. • The effort includes rehabilitating and expanding existing facilities such as water drilling, modern wells, water sources, rainwater collection and drinking water treatment plants, thereby providing improved water sources to more people. • This initiative significantly enhances public health, reduces inequalities and promotes sustainable development. • The development and provision of electricity transmission and distribution infrastructure aims to connect populations in areas with low electricity access to the grid. • This initiative has profound social implications. Providing reliable electricity access enhances quality of life, improves	6 CLEAN WATER AND SANITATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

– The target populations include people not connected to wastewater drainage and management networks. • It also includes the development and provision of electricity transmission and distribution infrastructure that aims to connect populations in areas with low electricity access to the grid. This includes regions where less than 50% of the population has electricity or areas within official development assistance recipients in the least-developed, low-income, or lower-middle-income countries. – The target populations include people with limited or no access to electricity. • Further, it includes the development and provision of public transportation infrastructure that aims to create accessible networks for all populations. This includes the design, construction, modernisation and rehabilitation of urban, suburban and interurban mass-transit systems, excluding fossil-fuel-powered transport. – The target populations include the general public, particularly under-served people owing to a lack of quality access to affordable transportation or public transportation schemes. • Finally, the UoP includes the development and provision of road transportation infrastructure to improve connectivity for all populations. – This involves the design, construction, modernisation and rehabilitation of all-season rural and feeder roads in areas lacking access to basic infrastructure such as hospitals or schools. – The focus is on rural populations living more than 2km from an all-season road, as well as areas and people living in areas lacking road infrastructure.	educational and healthcare services, and facilitates economic development. • Access to electricity enables communities to engage in productive activities, supports local businesses and promotes social equity. It also contributes to environmental sustainability by reducing dependency on non-renewable energy sources. • The development and provision of public transportation infrastructure aim to create accessible networks for all populations. This effort focuses on ensuring that transportation systems are inclusive and cater to the needs of under-served communities. • These initiatives are crucial for improving quality of life, fostering economic growth and promoting social equity. • Improving road infrastructure significantly enhances connectivity, allowing easier access to essential services such as healthcare, education and markets. Better roads reduce travel time and costs, supporting economic opportunities and social interactions. • This development is crucial for rural areas, where improved transportation can lead to increased agricultural productivity, better access to emergency services and overall community development. It strengthens social cohesion and reduces regional inequalities. • This UoP directly contributes to SDGs 6 and 9, and has a significant positive social impact.
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Eligible green and/or social loans are expected to comply with relevant regulations, including any applicable regulatory environmental and social requirements. In addition, all eligible loans are assessed against Sfil's governance guidelines, principles and management systems, including a clear mapping of corruption risks and prevention measures. Sfil has implemented all provisions related to the fifth Anti-Money Laundering Directive and the Financing of Terrorism Directive since 2020. • In addition to loans originated under the specific green and/or social loan format, green, social and sustainability bonds may also refinance eligible green and/or social loans that were originated before the implementation of the dedicated green and social loan labels. • These loans may be considered as eligible green or social loans if there is sufficient information and documentation available to ensure compliance with the eligibility criteria set out in the UoP section and in line with the elements defined in the management of proceeds section.	• Sfil has established a list of exclusion criteria referring to its wider sustainability policies, which cover both environmental and social sectors. • We assess the list as complete; it clearly states bans on controversial activities relating to the green UoP categories, which include any investments connected to fossil fuel generation, mining, unconventional oil and gas, and cross-border trade in waste. • The exclusion list also includes social activities involving forced and child labour, as well as human trafficking. • In case a loan no longer meets the eligibility criteria listed in the green, social and sustainability bond framework, the issuer intends to reallocate the funds to other eligible assets during the term of the relevant bond. • The issuer will ensure loans to be refinanced that were originated before the publication of the current green, social and sustainability bond framework will comply with the eligibility criteria. The eligible categories allow for a mix a of long- and medium-term projects. We assess long-term projects as having a higher impact. • For financing of French local authorities and hospitals, we take into account that the financing is focusing on capex of new projects given the restrictions set in the "code general des collectivités territoriales 2024".
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• A dedicated green, social and sustainability bond committee oversees the selection and evaluation process and allocation of proceeds for green, social and sustainability bonds to eligible green and social loans. • The process for eligible French local authorities is as follows: – green and social loans to French local authorities, which are financed or refinanced by green, social or sustainability bonds, are originated by La Banque Postale and Banque des Territoires before being transferred to Sfil; – La Banque Postale and Banque des Territoires originate loans for environmental or social projects, and the loans are flagged in information systems based on eligibility criteria; – initial verification occurs when the borrower returns the signed contract; – Sfil verifies and validates loans as eligible green or social loans before transferring them to Caffil; and – the green, social and sustainability bond committee regularly monitors the process. • The process for eligible large French export contracts: – the export credit department collects and analyses all relevant information for eligibility under the framework; – a review of the exporter's social and environmental commitments is included in the credit decision process; and – the green, social and sustainability bond committee reviews project eligibility based on collected information, with final validation by Sfil's executive management. • The process for eligible French public hospitals: – Sfil's public mission is to refinance exposures to public hospitals after financing decisions are made by the regional healthcare agencies; – all public hospital exposures undergo a comprehensive evaluation before approval including financial and extra-financial analysis by the credit risk department; – the extra-financial analysis assesses the healthcare added value of public hospitals, using an internal proprietary scoring methodology;	• The green, social and sustainability bond committee is the forum used to review and discuss the eligible projects. Committee members are taken from the following areas: the heads of ALM and financial markets; of funding treasury and investment; of investor relations and sustainability; as well as the head of sustainability and other internal stakeholders. • The process for project evaluation and selection is clearly defined and differentiates between loans to French local authorities, large French export contracts, and French public hospitals, providing details for the underwriting process for each category. • The eligibility criteria are outlined fairly clearly, and the group's screening process takes several ESG risks into account. • We deem it positive from an ESG perspective that multiple teams, as well as the ad hoc green, social and sustainability bond committee, are involved in project selection. This guarantee that the selection process for eligible projects has multiple stages and multi-layered controls. • Internal checks and balances among teams involved in the selection process are present. We also assess as positive from an ESG perspective that members of the sustainability department are involved in the verification process and the final review for eligible projects. • Additionally, it includes environmental and social standards gathered under French public authorities' commitments, such as adherence to the Equator Principles and UN Guiding Principles on Business and Human Rights, including the International Labour Organization standards, which we assess positively in our assessment. • It is positive from an ESG perspective that the green, social and sustainability bond committee comprises members from different functions, to ensure there is a range of expertise that enables challenge and discussion in decision making. • It is also positive that the committee will review the alignment of the pool to the eligibility criteria, to provide internal checks and balances.

Evaluation and Selection	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
this value is a decision factor before financing but there is no minimum threshold; and – all credit risk procedures and methodologies relating to public hospitals are reviewed by the credit risk committee. • The green, social and sustainability bond committee, which meets at least twice a year, includes key leaders such as the heads of ALM and financial markets; funding treasury and investment; and investor relations and sustainability, as well as other internal stakeholders. • Its responsibilities include reviewing and validating the selection of eligible loans; monitoring and replacing non-compliant loans; managing updates to the bond framework to align with market practices; and reviewing and validating annual reports while overseeing external reviews of the bond framework and reporting.	
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
• An amount equivalent to the net proceeds from the green bond issued will be used to finance and/or refinance eligible green and/or social financing as defined in the framework. • Sfil will manage its green, social and sustainability bonds with a transaction-by-transaction approach, ie ensuring each transaction is allocated to a dedicated set of eligible green and/or social loans. Each eligible green or social loan will be flagged to a specific green, social or sustainability bond issuance and will remain associated to this specific issuance until maturity. • Sfil aims to allocate the proceeds of each green, social and sustainability bond to eligible green and social loans rapidly after issuance, ideally, and on a best-effort basis, within two years of issuance. In case of refinancing, eligible green and social loans will have been paid out no more than three years prior to the issuance of green, social and sustainability bonds. Different drawdowns linked to the same loan may be refinanced by separate green, social or sustainability bond transactions. • In case a loan becomes ineligible, Sfil commits to replace, as far as possible, the net proceeds of green, social or sustainability bonds allocated to this loan with other eligible loan(s). For the sake of clarity, the ineligibility of a loan will be assessed against the eligibility criteria presented in the UoP section of the framework. • The maturity of the green, social or sustainability bonds issued by Sfil will not necessarily match the maturity of the financings of the eligible green or social projects. The issuer will manage proceeds with the aim to limit the gap in average life between green, social and sustainability bonds and eligible financings. • Net proceeds of non-euro denominated green, social or sustainability bonds and non-euro eligible green and social loans are converted into euros at the exchange rate applicable on their respective allocation date. • Pending the full allocation of the net proceeds of each transaction, Sfil will keep record of the remaining balance of unallocated green, social or sustainability bond proceeds and invest such unallocated amount as per Sfil's treasury policy. Pending allocation to eligible green or social loans, unallocated amounts will not be temporarily invested in activities potentially harmful to environmental and/or social objectives (such as GHG emissions-intensive activities) or controversial activities, in line with Sfil's general sectoral exclusion policies presented in its sustainability policy. • An independent third party will be requested to verify the allocation of the green, social and sustainability bond proceeds. • Social bonds issued previously under Sfil's social note framework dedicated to the financing and/or refinancing of French public hospitals	• Managing the bonds with a transaction-by-transaction approach, where each transaction is allocated to a dedicated set of eligible green or social loans, enhances transparency and accountability by ensuring funds are used exclusively for their intended purpose. • This method aligns with market best practices, and increases investor confidence by minimising the risk of misallocation and allowing for consistent performance tracking. • Sfil expects net proceeds to be fully allocated within two years from the date of issuance, in line with standard market practice. • The unallocated proceeds will be invested in liquid securities, avoiding environmentally or ethically controversial sectors in line with Sfil's general sectoral exclusion policies, which are outlined in its sustainability policy. • Disclosing the intended types of temporary placement for unallocated proceeds aligns with the ICMA requirements. However, having a commitment to invest in environmental and social securities would maximise the positive impact. • The issuer monitors the assets to ensure they remain eligible. If a loan becomes ineligible, Sfil has committed to reallocating the net proceeds from the green, social or sustainability bonds to other eligible loans, where possible. The ineligibility of a loan will be assessed based on the eligibility criteria outlined in the green, social and sustainability bond framework. • We observe that there is an effort to minimise the discrepancy between the maturity dates of the green, social or sustainability bonds issued by Sfil and the maturity dates of the financings for eligible green or social projects. • Sfil's green, social and sustainability bond framework does not explicitly outline the expected corrective measures taken should there be a significant difference; doing this would reassure investors that the proceeds will remain invested throughout the life of the bond and be in line with market best practices. • An independent third party will be requested to verify the allocation of the green, social and sustainability bond proceeds, which we assess as positive as it aligns with the ICMA guidelines. • Independent verification ensures that the funds are allocated as intended, building investor trust and enhancing the credibility of the bond issuer.

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
loans will continue to be allocated according to the provisions of the Sfil social note framework. • French public hospital loans financed or refinanced by social or sustainability bonds issued under the green, social and sustainability bond framework as from the version published in November 2024 will be allocated according to the provisions included in the framework.	
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• Sfil commits to publish reports on the allocation of proceeds for the first time in the year following the issuance of the bond, and then on an annual basis and until full allocation of outstanding green, social and sustainable bonds; and as necessary thereafter in case of material changes to the allocation of proceeds. • Sfil will allocate the net proceeds of green, social or sustainability bond issuances on a transaction-by-transaction basis, and may choose to publish allocation reports consolidating information on several outstanding green, social or sustainability bond issuances. • The report will provide: – the total amount of the green, social and sustainability bonds issued; – the total amount of proceeds allocated to each eligible green and/or social loan category; – the number of eligible green and social loans for each issuance; – the average lifetime of the loans; – the split between financing and refinancing; – the total proceeds pending allocation; and – the geographical and category distribution of loans. • Additionally, the issuer may provide the percentage of eligible assets aligned with the EU taxonomy's climate change mitigation criteria, if data are available. • The allocation of social bonds issued under the social note framework financing French public hospitals will be reported separately as described in the social note framework. • In the event of a green, social or sustainability bond increase, Sfil will update the existing annual allocation report from the initial issuance to include a new sub-section detailing the allocation and impact of the additional proceeds. The initial issuance and the increase will be consolidated into a single report for investors. • Sfil commits to annual reporting on the environmental impact of eligible green loans and the social impact of eligible social loans until full allocation, and for the first time in the year following the issuance of the bond. The large number of underlying loans means the information may be aggregated by category. • Both the allocation report and impact report will be made available to investors via the Sfil's website. • In case several green, social or sustainability bonds are issued within a one-year period, the issuer may consolidate the reporting for several transactions within a single document. • Sfil intends to further improve the quality of its reporting over time. It strives to align its reporting with the reporting templates suggested by the ICMA Handbook – Harmonised Framework for Impact Reporting.	• Sfil has fully committed to reporting the allocation of the proceeds annually until full allocation and as necessary thereafter in case of material changes to the allocation of proceeds. • Additionally, Sfil will provide updates as necessary if there are material changes to the allocation of proceeds. • Sfil outlines its impact reporting commitments within its green, social and sustainability bond framework. The framework specifies that Sfil will provide annual estimates of the impact based on specific environmental and social indicators. • The impact reporting will include recognised and standard metrics such as tonnes of CO_2 avoided, reduction of energy consumption (in kWh), renewable energy production (in kWh), number of kilometres of wastewater network added or renewed, increase in the percentage of household waste used for recycling, and increase in energy generation, along with other metrics. • Sfil is dedicated to aligning its impact reporting with investor expectations and industry standards such as those gathered in the ICMA Handbook – Harmonised Framework for Impact Reporting, a commitment that we have positively considered in our assessment. • We deem these metrics as appropriate for monitoring the progress of the projects, particularly the transition projects, and their environmental benefits. • This Second-Party Opinion is based on the assumption that the issuer will meet the SCC listed above for the eligible project categories for which this is explicitly mentioned, and will meet the internal criteria stated in the green, social and sustainability bond framework for the other categories, especially those related to the financing of nuclear installations. Verification of each metric by an independent third party when the projects become operational would provide assurance to investors that the transitional activity complies with the EU taxonomy thresholds. • Sfil will make both the allocation and impact reports accessible to investors through its website. Sfil is dedicated to providing annual reports on the environmental impact of eligible green loans and the social impact of eligible social loans until all proceeds are fully allocated. The extensive number of underlying loans means the information may be presented in aggregated categories. • Sfil's green, social and sustainability bond framework includes a clear commitment to provide allocation and impact reporting in the case of tap issuances, which we consider as aligned with the ICMA principles.
Source: Sfil green, social and sustainability bond framework 2024	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **1.3**: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
- **1.4:** By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

1 NO POVERTY

- **3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

3 GOOD HEALTH AND WELL-BEING

- **4.1**: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
- **4.2**: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.
- **4.3**: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.
- **4.4**: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

4 QUALITY EDUCATION

- **6.1:** By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
- **6.2:** By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.
- **6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- **6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
- **6.6**: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
- **6.b**: Support and strengthen the participation of local communities in improving water and sanitation management.

6 CLEAN WATER AND SANITATION

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.a**: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

7 AFFORDABLE AND CLEAN ENERGY

- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10 REDUCED INEQUALITIES

Relevant UN Sustainable Development Goals

- **11.1:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- **11.2**: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.3**: By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- **11.6**: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- **12.2**: By 2030, achieve the sustainable management and efficient use of natural resources.
- **12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- **13.2**: Integrate climate change measures into national policies, strategies and planning.

- **14.2**: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

- **15.1**: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)

UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	No
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	Low carbon energy.

Use of Proceeds as per Social Bond Principles (SBP)	
Affordable basic infrastructure	Yes
Affordable housing	Yes
Employment generation (through SME financing and microfinancing)	No
Food security	No
Socioeconomic advancement and empowerment	Yes
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n.a.

Target Populations	
Living below the poverty line	No
Excluded and/or marginalised population and/or communities	Yes
People with disabilities	No
Migrants and/or displaced persons	No
Undereducated	No
Underserved, owing to a lack of quality access to essential goods and services	Yes
Unemployed and/or workers affected by climate transition	No
Women and/or sexual and gender minorities	No

Type of Instrument: Sustainability

Aging populations and vulnerable youth	No
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	n.a.

2) Project Evaluation and Selection

Evaluation and Selection

Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation and Selection, Responsibility and Accountability

Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds

Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability bond-financed share of total investment	No
Other	n.a.

UoP Reporting/Frequency

Annual	Yes
Semi-annual	Yes
Other	No

Type of Instrument: Sustainability

Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.
Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Other ESG indicators	Yes
Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.
Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	Number of education facilities built and/or upgraded; number of pupils benefitting from school transfer services; number of students; number of people trained; number of sport and culture facilities financed; number of facilities built and/or upgraded; number of patients benefitting from treatment; number of places and beds (French public hospitals); number of hospitals stays; number of dwellings financed and connected; number of access points financed; number of inhabitants benefitting from revitalization programmes; percentage or size of populations provided access to clean water and/or sanitation; number of people provided access to clean and affordable energy; increased percentage of rural areas or households with access to electricity; and kilometres of feeder roads rehabilitated or constructed.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.