SFIL SA

Development Banks   France

ESG Risk Rating

8.3

Last Full Update Nov 1, 2024

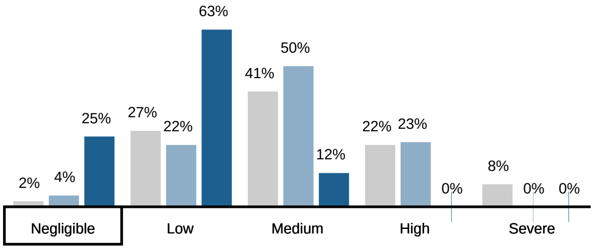
+1.0

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1st = lowest risk)	PERCENTILE (1st = Top Score)
Global Universe	**150**/15080	**2nd**
Banks INDUSTRY	**20**/1022	**3rd**
Development Banks SUBINDUSTRY	**17**/97	**18th**

Peers Table

Peers (Market cap $0.0 - $0.0bn)	Exposure	Management	ESG Risk Rating
1. International Finance Corp.	21.3 Low	65.0 Strong	**7.8 Negligible**
2. Asian Development Bank	21.0 Low	62.6 Strong	**8.2 Negligible**
3. SFIL SA	21.8 Low	63.5 Strong	**8.3 Negligible**
4. Instituto de Crédito Oficial	20.7 Low	60.0 Strong	**8.6 Negligible**
5. Inter-American Investment Corp.	21.0 Low	60.5 Strong	**8.6 Negligible**

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ESG Risk Analysis

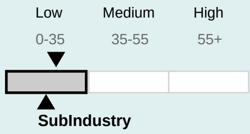
Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

21.8
Low

+0.8
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 adverse impact of projects on stakeholders and increased reputational risks. SFIL needs a highly skilled workforce to achieve its mission of preserving the stability of local public-sector financing in France. Furthermore, with its 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.

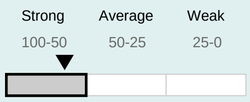
The company's overall exposure is low and is moderately above subindustry average. ESG Integration -Financials, Human Capital and Business Ethics are notable material ESG issues.

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

63.5
Strong

-3.4
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. In 2023, it issued one EUR 750 mn green bond and an additional EUR 500 mn social bond. SFIL’s management of human capital is 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 conduct human capital risk assessments. 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 Score | Category	ESG Risk Management Score | Category	ESG Risk Rating Score | Category	Contribution to ESG Risk Rating
Human Capital	5.3 Medium	55.6 Strong	**2.5 Low**	29.9%
ESG Integration -Financials	6.3 Medium	62.8 Strong	**2.3 Low**	28.3%
Business Ethics	5.3 Medium	68.1 Strong	**1.9 Negligible**	22.3%
Stakeholder Governance	5.0 Medium	67.6 Strong	**1.6 Negligible**	19.5%
Overall	**21.8 Low**	**63.5 Strong**	**8.3 Negligible**	**100.0%**

Events Overview

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

Category (Events)

5 **Severe (0)**

4 **High (0)**

3 **Significant (0)**

2 **Moderate (0)**

1 **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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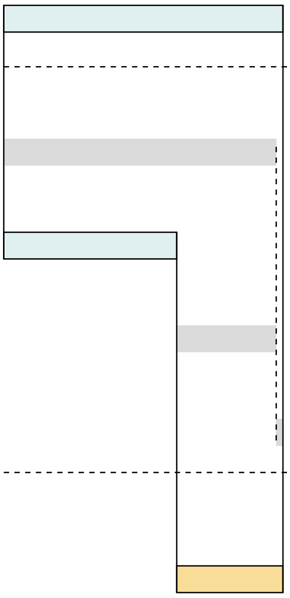
Risk Decomposition



Exposure

Company Exposure	21.8	The company's sensitivity or vulnerability to ESG risks.

Management

Manageable Risk	21.3	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk	13.5	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap	7.8	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk	0.5	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.

ESG Risk Rating

Overall Unmanaged Risk	8.3	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.

Momentum Details

Risk Rating Momentum +1.0

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

2024 ▼ 8.3 (+1.0)

2023 ▲ 7.3

Exposure Momentum +0.8

Low	Medium	High
0-35	35-55	55+

2024 ▼ 21.8 (+0.8)

2023 ▲ 21.0

Management Momentum -3.4

Strong	Average	Weak
100-50	50-25	25-0

2024 ▼ 63.5 (-3.4)

2023 ▲ 66.9

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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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DISCLAIMER