

AFL publishes its second Sustainability Bond report

On January 31, 2023, AFL publishes its second Sustainability Bond allocation and impact report, related to its two **€500 million Sustainability Bonds** issuances that took place in July 2020 and in January 2022. Thanks to the success of the bonds and relying on an innovative mechanism, AFL has refinanced eligible social, environmental, or sustainable infrastructure investments of its local authority members.

A second Sustainability bond report for AFL

In 2019, AFL built an innovative Sustainability Bond mechanism, positively assessed by Moody's Investors Service (ex Vigéo) as SPO provider. AFL framework provides two major advantages: it allows almost all types and size of local authorities, including small municipalities, to access to sustainable financing and it prevents eligible local authorities from many operational and administrative complexity (structuring a framework, providing details on projects, and subsequent reports). In July 2020, AFL issued a first €500 million Sustainability Bond whose first allocation and impact report was published in July 2021.

On Thursday 13th of January 2022, AFL successfully issued its second sustainability bond of €500 million with a 7-year maturity. This eighth public benchmark issue since the creation of AFL was well-received, with a highly diversified order book in excess of €2.2 billion with about 75 accounts. "The great success of this transaction confirmed that the quality of our framework has been acknowledged by investors who demonstrated again their real interest and confidence in AFL and French local authorities' signature" confirms Romain Netter, Executive Director Medium and Long-term funding.

Aligned with the reporting commitments detailed in AFL's Sustainability bond framework, AFL publishes a new allocation and impact report on the use of the two issuances proceeds.

Use of proceeds represents the wide diversity of capital expenditures by French local authorities

The proceeds of AFL bonds provide local authorities with an access to sustainable resources, used to finance or refinance their social, environmental, or sustainable infrastructure investments. The report establishes:

- The share of funds currently allocated, and the related share dedicated to financing/refinancing;
- The total funds distributed per AFL's main areas of intervention and eligible categories;
- The number, type, and geographical distribution of financed local authorities;
- The contribution of the proceeds to the relevant UN Sustainable Development Goals (SDGs).

"As regards the allocation of our second issue, we wanted to maintain our guiding principles: refinancing as many local authorities as possible, regardless of their size or geographical location. We also wanted to strengthen the allocation to projects related to environmental challenges, which represent more than 80 million euros in this second sustainability bond" affirms Jérôme Besset, Executive Director Sustainable Bond structuring and management.



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Some figures regarding the 2022 Sustainability bond:

- Funds have been fully allocated at day 1;
- 55.5% of the proceeds are allocated to the framework categories “access to essential and basic social services”, 16.1% to “energy and ecological transition” and 28.4% to “sustainable infrastructure, development of cities and territorial cohesion.”
- 47.5% of the proceeds contributed to the SDG #4 “Quality education”, 21.9% to SDG #11 “Sustainable cities and communities”, 8.7% to SDG #9 “Industry, innovation and infrastructure”.

Find out all the key facts on the report:

http://www.agence-france-locale.fr/sites/afl/files/base_documentaire/2023-01/AFL_SB%20Reporting%20-%20January%202023.pdf

About AFL

“The Company’s mission is to embody a responsible finance to strengthen the local world’s empowerment so as to better deliver the present and future needs of its inhabitants.”

By creating our bank, the first one that we own and manage, we, French local authorities, have decided to act to deepen decentralization. Our bank, Agence France Locale (AFL), is not a financial institution similar to any other. Created by and for local authorities, it aims to strengthen our freedom, our ability to develop projects and our responsibility as local public actors. Its culture of prudence spares us from the dangers of complexity and its governance from downward slides of conflicts of interest. The main objective is to provide local world with an access to cost-efficient resources, under total transparency. The principles of solidarity and equity drive us. We are convinced that together we go further. We decided that our institution would be agile, addressing all types of local authorities, from the largest regions to the smallest municipalities. We see profit as a means to maximize public spending, not as an end goal. Through AFL, we support a local world committed to take up social, economic, and environmental challenges. AFL strengthens our empowerment: to carry out projects in our territories, today and tomorrow, to the benefits of the inhabitants. We are proud to have a bank whose development is like us, even more responsible and sustainable. We are Agence France Locale.



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