

AFL publishes its first Sustainability Bond report

On July 22, 2021, AFL publishes its first Sustainability Bond allocation and impact report, related to its inaugural €500 million Sustainability Bond issuance that took place in July 2020. Thanks to the success of the bond and relying on an innovative mechanism, AFL has refinanced eligible social, environmental, or sustainable infrastructure investments of its local authority members.

A first Sustainability bond report for AFL

In 2020, AFL built an innovative Sustainability Bond mechanism, positively assessed by Vigéo as SPO provider. AFL framework provides two major advantages: it allows almost all types of local authorities, including small municipalities, to access sustainable financing and it prevents eligible local authorities from many operational and administrative complexity (structuring a framework, providing details on projects, and subsequent reports).

On Monday 6th of July 2020, AFL successfully carried out its first sustainability bond of €500 million with a 7-year maturity. This sixth public benchmark issue since the creation of AFL was well-received with a diversified order book in excess of €750 million with more than 45 accounts. "The success of this transaction demonstrated that the quality of our framework has been acknowledged by investors who constantly showed their interest and confidence in AFL and French local authorities' signature" confirms Yves Millardet, Chairman of the Executive Board of AFL.

Aligned with the reporting commitments detailed in AFL Sustainability bond framework, AFL publishes a first allocation and impact report on the use of the issuance proceeds.

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

The proceeds of AFL bond issues aim to provide local authorities with an access to sustainable resources to finance or refinance their investments dedicated to **social, environmental, or sustainable infrastructure**. The report establishes:

- 📍 The share of funds currently allocated, and the related share dedicated to 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).

Some figures :

- 📍 Funds have been fully allocated at day 1;
- 📍 61% of the proceeds are allocated to the framework categories "access to essential and basic social services", 8% to "energy and ecological transition" and 31% to "sustainable infrastructure, development of cities and territorial cohesion"
- 📍 51% of the proceeds contributed to the SDG #4 "Quality education", 19% to SDG #12 "Responsible consumption and production", 10% to SDG #10 "Reduced inequalities".



Press contact

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Find out all the key facts on the report :

http://www.agence-france-locale.fr/sites/afl/files/base_documentaire/2021-07/AFL_SB_Reporting_2021_Vdef.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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