

September 2025

PILLAR 3
RISK REPORT
AS OF 30TH JUNE 2025

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1 INTRODUCTION

1.1 Regulatory framework

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 ("CRR"), as first amended by Regulation (EU) No. 2019/876 ("CRR II") and then, since 1 January 2025, by Regulation (EU) No. 2024/1623 ("CRR III"), immediately applicable, implements the Basel III regulation in Europe.

More generally, reference will be made in the following document to the "CRR".

For AFD Group, the application of Part Eight of the CRR means that additional information is required to comply with the minimum capital requirements ("Pillar 1") and the prudential supervision process ("Pillar 2").

AFD Group is exempted by the ACPR from applying prudential requirements on an individual basis, under the conditions set out in Article 7 of the CRR. The information presented in the following section is therefore exclusively based on the prudential scope of consolidation. Pursuant to Article 19 of the CRR, the prudential scope of consolidation is identical to the accounting scope of consolidation.

Article 7 of the Decree of 23 December 2013 on the prudential regime for finance companies stipulates that finance companies are required to comply with the provisions applicable to credit institutions pursuant to Regulation (EU) No. 575/2013 of the European Parliament, subject to the derogations set out in this Decree.

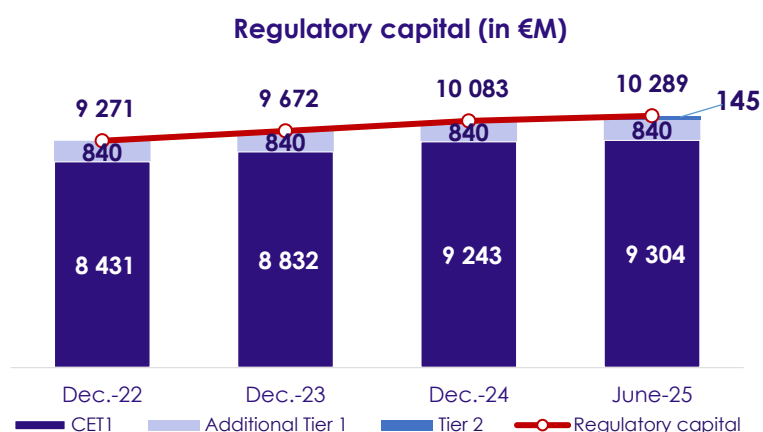
These exemptions relate to:

- the leverage ratio;
- the liquidity management ratios (LCR and NSFR);
- the BRRD directive and its resulting MREL on the resolution of banking institutions in the EU.

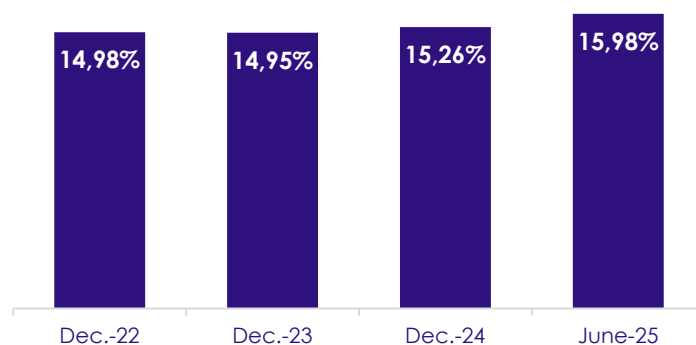
This report presents information on AFD Group's risks; the format of the "Pillar 3" tables complies with the technical standards defined by Implementing Regulation (EU) No. 2024/3172.

1.2 Risk management

Risk monitoring and the associated internal control system are detailed on pages 131 to 139 of the 2024 Pillar 3 report.



Capital adequacy ratio



AFD meets the minimum capital requirements. The capital adequacy ratio stood at 15.98% at 30 June 2025, up from that at 31 December 2024 (15.26%).

2 KEY FIGURES

Table EU KM1 - Key metrics

The table provides an overview of the key prudential and regulatory indicators covered by CRR, in accordance with Article 447, points a) to g), "Disclosure of information on key indicators" and Article 438, point b), "Disclosure of information on capital requirements and risk-weighted exposure amounts".

In millions of euros		a	b	c	d	e
		30.06.2025	31.03.2025	31.12.2024	30.09.2024	30.06.2024
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	9 304	9 325	9 243	8 939	9 034
2	Tier 1 capital	10 144	10 165	10 083	9 779	9 874
3	Total capital	10 289	10 165	10 083	9 779	9 874
Risk-weighted exposure amounts						
4	Total risk exposure amount	64 383	65 432	66 081	66 531	65 521
4a	Total risk exposure pre-floor	64 383	65 432			
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14,45%	14,25%	13,99%	13,44%	13,79%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14,45%	14,25%			
6	Tier 1 ratio (%)	15,76%	15,54%	15,26%	14,70%	15,07%
6b	Tier 1 ratio considering unfloored TREA (%)	15,76%	15,54%			
7	Total capital ratio (%)	15,98%	15,54%	15,26%	14,70%	15,07%
7b	Total capital ratio considering unfloored TREA (%)	15,98%	15,54%			
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1,25%	1,25%	1,25%	1,25%	1,25%
EU 7e	of which: to be made up of CET1 capital (percentage points)	0,70%	0,70%	0,70%	0,70%	0,70%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	0,94%	0,94%	0,94%	0,94%	0,94%
EU 7g	Total SREP own funds requirements (%)	9,25%	9,25%	9,25%	9,25%	9,25%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,30%	0,30%	0,35%	0,33%	0,22%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
11	Combined buffer requirement (%)	2,80%	2,80%	2,85%	2,83%	2,72%
EU 11a	Overall capital requirements (%)	12,05%	12,04%	12,10%	12,08%	11,97%
12	CET1 available after meeting the total SREP own funds requirements (%)	5,23%	5,03%	4,73%	4,32%	4,58%

3 CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

Table EU CC1 - Composition of regulatory own funds¹

The table provides a breakdown of the components of regulatory capital, in accordance with Article 437, points a), d), e), and f), of the CRR, "Disclosure of information on equity".

¹ In order to make the tables easier to read, the rows for which the amounts associated with AFD exposures have a value of 0 have been hidden

		30.06.2025	31.12.2024
<i>In millions of euros</i>		Amounts	Amounts
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	4 718	4 718
	of which: Instrument type 1	4 718	4 718
2	Retained earnings	2 748	2 532
3	Accumulated other comprehensive income (and other reserves)	1 912	1 829
5	Minority interests (amount allowed in consolidated CET1)	145	164
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	187
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	9 523	9 429
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-7 399	-7 495
8	Intangible assets (net of related tax liability) (negative amount)	-190	-183
27a	Other regulatory adjustments	-21	4
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-219	-186
29	Common Equity Tier 1 (CET1) capital	9 304	9 243
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	840	840
36	Additional Tier 1 (AT1) capital before regulatory adjustments	840	840
Additional Tier 1 (AT1) capital: regulatory adjustments			
44	Additional Tier 1 (AT1) capital	840	840
45	Tier 1 capital (T1 = CET1 + AT1)	10 144	10 083
Tier 2 (T2) capital: instruments			
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	145	
51	Tier 2 (T2) capital before regulatory adjustments	145	
Tier 2 (T2) capital: regulatory adjustments			
58	Tier 2 (T2) capital	145	
59	Total capital (TC = T1 + T2)	10 289	10 083
60	Total Risk exposure amount	64 383	66 081
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	14,45%	13,99%
62	Tier 1 capital	15,76%	15,26%
63	Total capital	15,98%	15,26%
64	Institution CET1 overall capital requirements	8,00%	8,05%
65	of which: capital conservation buffer requirement	0,30%	2,50%
66	of which: countercyclical capital buffer requirement	0,30%	0,35%
67	of which: systemic risk buffer requirement	0,00%	0,00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,00%	0,00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0,70%	5,16%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	5,23%	4,73%
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	286	287
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	252	248

Table EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table makes it possible to identify the differences between the accounting consolidation scope and the regulatory consolidation scope and to show the relationship between the balance sheet published in the financial statements and the figures used in the statement on the composition of equity provided for in the EU CC1 table, in accordance with Article 437, point a), of the CRR, "Disclosure of information on equity".

In millions of euros	30.06.2025		31.12.2024	
	a	b	a	b
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at period end	As at period end	As at period end	As at period end
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1 Cash, due from central banks	1 530	1 530	864	864
2 Financial assets at fair value through profit or loss	3 869	3 869	4 740	4 740
3 Hedging derivatives	2 586	708	3 341	953
4 Financial assets at fair value through other comprehensive income	3 435	3 435	2 274	2 274
5 Debt securities at amortised cost	4 032	4 032	3 148	3 148
6 Financial assets at amortised cost	53 010	54 576	53 772	55 424
7 Revaluation differences on interest rate-hedge portfolio	14	14	45	45
8 Current tax assets	8	8	6	6
9 Deferred tax assets	27	27	28	28
10 Accruals and other miscellaneous assets	3 467	1 035	2 908	962
11 Equity stakes in companies accounted for by the equity method	158	158	160	160
12 Fixed assets property, plant and equipment	903	903	858	858
13 Intangible assets	190		183	
xxx Total assets	73 229	70 295	72 327	69 462
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
2 Financial liabilities at fair value through profit or loss	95	95	482	482
3 Hedging derivatives	4 159	4 159	3 663	3 663
4 Financial liabilities at amortised cost	54 397	51 463	53 477	50 612
6 Current tax liabilities	7	7	14	14
7 Deferred tax liabilities	11	11	14	14
8 Accruals and other miscellaneous liabilities	3 044	3 044	3 330	3 330
9 Provisions	804	804	882	882
10 subordinated debt	988	988	843	843
11 Equity Group share	9 532	9 532	9 422	9 422
12 Non-controlling Interests	191	191	200	200
Total liabilities	73 229	70 295	72 327	69 462
Shareholders' Equity				
1 Provisions and related retained earnings	5 178	5 178	5 178	5 178
2 Consolidated retained earnings and other	4 068	4 068	3 787	3 787
3 Gains and losses recognised in other comprehensive income	131	131	114	114
4 Earnings for the period	154		344	
5 Non-controlling interests	191	145	200	164
Total shareholders' equity	9 723	9 523	9 622	9 243

Table OV1 - Overview of total risk exposure amounts

The table provides an overview of total RWAs included in the denominator of risk-based capital requirements in accordance with Article 438, point d), of the CRR, "Disclosure of information on capital requirements and risk-weighted exposure amounts".

<i>In millions of euros</i>	Total risk exposure amounts (TREA)		Total own funds requirements
	a	b	c
	30.06.2025	31.12.2024	30.06.2025
1 Credit risk (excluding CCR)	60 855	62 665	4 868
2 Of which the standardised approach	60 855	62 665	4 868
6 Counterparty credit risk - CCR	238	297	19
7 Of which the standardised approach	97	176	8
EU 8a Of which exposures to a CCP	139	119	11
9 Of which other CCR	2	2	0
10 Credit valuation adjustments risk - CVA risk	201	203	16
EU 10b Of which the basic approach (F-BA and R-BA)	201		16
16 Securitisation exposures in the non-trading book (after the cap)	473	610	38
19 Of which SEC-SA approach	473	610	38
20 Position, foreign exchange and commodities risks (Market risk)	292	320	23
EU 21a Of which the Simplified standardised approach (S-SA)	292	320	23
24 Operational risk	2 324	1 985	186
29 Total	64 383	66 081	5 151

Table CCyB2 - Amount of institution-specific countercyclical capital buffer

The table shows the amount of the institution-specific countercyclical capital buffer in accordance with Article 440, point b), of the CRR, "Disclosure of information on countercyclical capital buffer".

<i>In millions of euros</i>	30.06.2025	31.12.2024
	a	a
1 Total risk exposure amount	64 383	66 081
2 Institution specific countercyclical capital buffer rate	0,30%	0,35%
3 Institution specific countercyclical capital buffer requirement	193	232

4 CREDIT RISK

Credit risk is defined as the risk that a borrower will not repay all or part of their loan on the due dates set out in the contract signed by them and AFD Group. By extension, this risk also concerns the guarantees issued by AFD Group to cover the loan commitments of some of its banking partners. Exposure to credit risk includes balance sheet risk, notably exposure to loans, equity investments, financial instruments and derivatives, as well as off-balance sheet exposures (financing commitments and guarantees given).

4.1 Quantitative credit risk information

4.1.1 Table EU CR1 - Performing and non-performing exposures and related provisions

The table provides a comprehensive overview of the credit quality of performing and non-performing exposures, including their cumulative impairment, provisions and negative changes in fair value due to credit risk, and the amount of collateral and financial guarantees received by portfolio and exposure class, in accordance with Article 442, point c) and e), of the CRR, "Disclosure of information on credit risk and dilution risk exposures".

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
as of 30.06.2025 In millions of euros	Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
005 Cash balances at central banks and other demand deposits	2 460	2 460	-	-	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	52 050	40 634	10 378	2 942	331	2 599	-642	-137	-505	-1 226	-29	-1 197	-	5 704	16
020 Central banks	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	36 156	28 423	7 733	2 062	230	1 832	-77	-291	-791	-19	-772	-	5 510	-	-
040 Credit institutions	5 046	4 015	628	126	-	122	-59	-29	-30	-75	-	-75	-	123	16
050 Other financial corporations	4 178	4 027	117	18	-	18	-10	-6	-4	-13	-	-13	-	-	-
060 Non-financial corporations	6 670	4 168	1 900	736	101	627	-205	-25	-180	-346	-10	-336	-	71	-
070 Of which SMEs	646	380	224	150	31	120	-20	-1	-18	-86	-4	-81	-	-	-
090 Debt securities	7 461	6 668	0	11	-	1	-14	-14	-0	-0	-	-0	-	-	-
110 General governments	451	451	-	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	4 759	3 966	-	-	-	1	-11	-11	-	-	-	-	-	-	-
130 Other financial corporations	163	163	0	-	-	1	-0	-0	-0	-0	-	-0	-	-	-
140 Non-financial corporations	2 088	2 088	-	11	-	-	-3	-3	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	20 045	17 949	2 070	856	125	728	-33	-8	-25	-49	-2	-47		-	-
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170 General governments	14 008	12 208	1 790	679	125	554	24	4	20	46	2	44		-	-
180 Credit institutions	2 185	2 100	69	1	-	20	2	2	1	2	-	2		-	-
190 Other financial corporations	1 478	1 447	31	1	-	1	1	1	0	0	-	0		-	-
200 Non-financial corporations	2 374	2 194	180	153	-	153	6	2	4	1	-	1		-	-
220 Total	82 017	67 710	12 448	3 810	456	3 327	-689	-159	-530	-1 275	-31	-1 243		5 704	16

	a		b		d		e		f		g		h		i		j		k		l		m		n		o	
	Gross carrying amount/nominal amount										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions										Accumulated partial write-off	Collateral and financial guarantees received						
	Performing exposures					Non-performing exposures					Performing exposures – accumulated impairment and provisions					Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						On performing exposures	On non-performing exposures					
	Of which stage 1		Of which stage 2			Of which stage 2		Of which stage 3			Of which stage 1		Of which stage 2			Of which stage 2		Of which stage 3										
as of 31.12.2024 In millions of euros																												
Cash balances at central banks and other demand deposits	2 076	2 076	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	52 514	42 042	9 331	2 915	303	2 595	-549	-1 145	-405	-1 170	-23	-1 145	-	-	-	-	-	-	-	-	-	-	-	-	5 500	16 400	-	-
Central banks	0	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	35 993	29 579	6 414	2 062	263	1 797	-27	-728	-193	-751	-21	-728	-	-	-	-	-	-	-	-	-	-	-	-	5 084	16 400	-	-
Credit institutions	5 262	4 033	708	140	-	135	-68	-81	-39	-81	-	-81	-	-	-	-	-	-	-	-	-	-	-	-	372	16 400	-	-
Other financial corporations	4 352	4 177	137	25	3	21	-10	-17	-3	-18	-1	-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	6 907	4 252	2 071	688	37	641	-195	-318	-170	-320	-2	-318	-	-	-	-	-	-	-	-	-	-	-	-	44	16 400	-	-
Of which SMEs	701	410	245	135	15	120	-20	-81	-19	-82	-1	-81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	6 242	4 578	-	20	-	8	-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	495	495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	3 416	1 947	-	-	-	8	-9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	333	333	-	-	-	8	-4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	1 999	1 804	-	12	-	-	-4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	19 977	18 423	1 481	880	120	755	-29	-54	-19	-57	-3	-54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	13 700	12 572	1 070	682	110	572	18	50	12	52	2	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	2 400	2 253	131	13	-	22	3	3	2	3	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	1 412	1 377	35	13	10	3	2	0	1	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	2 465	2 221	244	158	-	158	7	1	4	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	80 810	67 119	10 811	3 815	423	3 358	-594	-170	-425	-1 226	-26	-1 199	-	-	-	-	-	-	-	-	-	-	-	-	5 500	16 400	-	-

4.1.2 Table EU CQ1 - Credit quality of forborne exposures

The table provides an overview of the quality of forborne exposures, in accordance with Article 442, point c), of the CRR, "Disclosure of information on credit risk and dilution risk exposures".

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired					
As of 30.06.2025 (In millions of euros)									
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	875	478	478	388	-51	-189	-	-
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	467	68	68	68	-7	-0	-	-
040	Credit institutions	-	12	12	12	-	-11	-	-
050	Other financial corporations	-	15	15	15	-	-13	-	-
060	Non-financial corporations	407	383	383	292	-44	-165	-	-
070	Households	-	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	8	8	8	8	0	-	-	-
100	Total	882	487	487	396	-51	-189	-	-

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired					
As of 31.12.2024 (In millions of euros)									
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	597	358	358	335	-49	-184	-	-
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	177	-	-	-	-4	-	-	-
040	Credit institutions	-	12	12	12	-	-11	-	-
050	Other financial corporations	-	18	18	18	-	-16	-	-
060	Non-financial corporations	420	328	328	304	-44	-157	-	-
070	Households	-	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	2	8	8	8	0	-	-	-
100	Total	599	366	366	343	-49	-184	-	-

4.1.3 Table EU CQ5 - Credit quality of loans and advances by industry

The table presents the information referred to in Article 442, points c) and e), of the CRR "Disclosure of information on credit risk and dilution risk exposures".

As of 30.06.2025 (in millions of euros)	a	b	c	d	e	f
		Gross carrying amount		Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing	Of which defaulted			
010 Agriculture, forestry and fishing	150	7	7	112	-3	-
020 Mining and quarrying	90	50	50	90	-33	-
030 Manufacturing	680	47	47	510	-29	-
040 Electricity, gas, steam and air conditioning supply	2 935	219	219	2 769	-195	-
050 Water supply	457	52	52	456	-30	-
060 Construction	161	-	-	161	-5	-
070 Wholesale and retail trade	90	-	-	69	-1	-
080 Transport and storage	1 141	150	150	1 090	-74	-
090 Accommodation and food service activities	111	46	46	111	-26	-
100 Information and communication	163	6	6	126	-9	-
110 Financial and insurance activities	179	4	4	54	-4	-
120 Real estate activities	536	28	28	536	-59	-
130 Professional, scientific and technical activities	118	29	29	118	-16	-
140 Administrative and support service activities	19	19	19	19	-0	-
150 Public administration and defense, compulsory social security	131	-	-	131	-10	-
160 Education	93	29	29	90	-16	-
170 Human health services and social work activities	218	51	51	218	-42	-
180 Arts, entertainment and recreation	-	-	-	-	-	-
190 Other services	135	-	-	135	-0	-
200 Total	7 406	736	736	6 796	-551	-

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment			
As of 31.12.2024 (In millions of euros)			Of which defaulted				
010	Agriculture, forestry and fishing	166	7	7	121	-4	-
020	Mining and quarrying	85	48	48	85	-32	-
030	Manufacturing	714	53	53	536	-26	-
040	Electricity, gas, steam and air conditioning supply	3 060	247	247	2 858	-189	-
050	Water supply	482	53	53	481	-20	-
060	Construction	186	-	-	186	-6	-
070	Wholesale and retail trade	90	-	-	19	-0	-
080	Transport and storage	1 203	94	94	1 146	-68	-
090	Accommodation and food service activities	114	50	50	114	-26	-
100	Information and communication	174	9	9	139	-10	-
110	Financial and insurance activities	58	6	6	58	-6	-
120	Real estate activities	553	28	28	553	-58	-
130	Professional, scientific and technical activities	122	11	11	122	-11	-
140	Administrative and support service activities	20	0	0	20	-1	-
150	Public administration and defense, compulsory social security	99	-	-	99	-7	-
160	Education	93	32	32	88	-14	-
170	Human health services and social work activities	233	50	50	233	-39	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	143	-	-	143	-0	-
200	Total	7 595	688	688	7 001	-515	-

4.1.4 Table EU CR4 - Standardised approach - Credit risk exposure and CRM effects

The table illustrates the effects of credit risk mitigation techniques on the calculation of capital requirements under the standardised approach for credit risk by exposure class, in accordance with Article 453, points g), h) and i), of the CRR, "Disclosure of information on the use of credit risk mitigation techniques" and Article 444, point e), of the CRR, "Disclosure of information on the use of the standardised approach". The RWA density provides a summary measure of the level of risk of each portfolio.

As of 30.06.2025 (in millions of euros)		Exposure classes		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWEAs and RWEAs density	
				On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEAs	RWEAs density (%)
				a	b	c	d	e	f
1	Central governments or central banks			29 708	13 233	34 560	7 527	31 920	76%
2	Non-central government public sector entities			7 364	896	5 655	403	2 572	42%
EU 2a	Regional governments or local authorities			7 075	824	5 367	369	2 427	42%
EU 2b	Public sector entities			289	72	288	35	145	45%
3	Multilateral development banks			1 308	166	406	144	104	19%
EU 3a	International organisations			-	-	-	-	-	0%
4	Institutions			6 416	423	6 333	273	3 745	57%
5	Covered bonds			245	-	245	-	64	26%
6	Corporates			18 965	5 252	17 509	3 490	16 920	81%
6.1	Of which: Specialised Lending			1 704	108	1 552	84	1 879	115%
7	Subordinated debt exposures and equity			1 260	18	1 260	11	1 758	138%
EU 7a	Subordinated debt exposures			173	18	174	11	277	150%
EU 7b	Equity			1 087	-	1 087	-	1 481	136%
10	Exposures in default			1 671	522	966	430	1 611	115%
EU 10b	Collective investment undertakings (CIU)			2 312	-	2 312	-	2 162	94%
12	TOTAL			69 248	20 510	69 248	12 278	60 855	75%

As of 31.12.2024 (in millions of euros)		Exposure classes		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWEAs and RWEAs density	
				On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEAs	RWEAs density (%)
				a	b	c	d	e	f
1	Central governments or central banks			28 664	12 629	33 392	8 485	33 484	80%
2	Non-central government public sector entities			6 886	981	5 710	489	2 734	44%
EU 2a	Regional governments or local authorities			6 565	906	5 390	444	2 564	44%
EU 2b	Public sector entities			321	76	320	45	170	46%
3	Multilateral development banks			1 392	170	481	150	118	19%
EU 3a	International organisations			-	-	-	-	-	0%
4	Institutions			14 412	3 239	13 762	2 265	10 305	64%
5	Covered bonds			254	-	254	-	64	25%
6	Corporates			10 100	2 601	8 961	1 618	9 910	94%
6.1	Of which: Specialised Lending			-	-	-	-	-	-
7	Subordinated debt exposures and equity			959	-	959	-	1 140	119%
EU 7a	Subordinated debt exposures			-	-	-	-	-	-
EU 7b	Equity			959	-	959	-	1 140	119%
10	Exposures in default			1 899	527	1 048	433	1 610	109%
EU 10b	Collective investment undertakings (CIU)			3 591	-	3 591	-	3 300	92%
12	TOTAL			68 157	20 147	68 157	13 439	62 665	77%

4.1.5 Table EU CR1-A - Maturity of exposures

The table provides a breakdown of net exposures by residual maturity and exposure class, in accordance with Article 442, point g), of the CRR, "Disclosure of information on credit risk and dilution risk exposures".

As of 30.06.2025 (in millions of euros)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		3 153	11 954	51 774	2	66 882
2	Debt securities		245	1 027	1 717		2 989
3	Total	-	3 398	12 981	53 491	2	69 872

	a	b	c	d	e	f
	Net exposure value					
As of 31.12.2024 (In millions of euros)	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1 Loans and advances		3 599	12 013	52 943		68 556
2 Debt securities		300	723	409		1 433
3 Total	-	3 900	12 737	53 353		69 989

4.1.6 Table EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table provides information on the degree of use of credit risk mitigation techniques (CRMs) in accordance with Article 453, point f), of the CRR, "Disclosure of information on the use of credit risk mitigation techniques".

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
As of 30.06.2025 (In millions of euros)	a	b	c	d	e
1 Loans and advances	49 864	5 720	-	5 720	-
2 Debt securities	7 459	-	-	-	-
3 Total	57 324	5 720	-	5 720	-
4 Of which non-performing exposures	1 743	-	-	16	-
EU-5 Of which defaulted					

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
As of 31.12.2024 (In millions of euros)	a	b	c	d	e
1 Loans and advances	50 271	5 516	-	5 516	-
2 Debt securities	6 246	-	-	-	-
3 Total	56 517	5 516	-	5 516	-
4 Of which non-performing exposures	1 782	-	-	16	-
EU-5 Of which defaulted					

4.2 Quantitative counterparty credit risk information

AFD uses derivatives to hedge its interest rate and exchange rate risks. Transactions are restricted to counterparties that sign French (AFB or FBF) or international (ISDA) framework agreements. AFD has negotiated collateral agreements with almost all of its active counterparties, which are activated without rating conditionality, and have an immediate triggering threshold and no deductible. AFD does not carry out credit derivatives transactions.

4.2.1 Table EU CCR1 - Analysis of CCR exposure by approach

The table provides a comprehensive overview of the methods used to calculate the regulatory requirements applicable to counterparty risk, as well as the main parameters used for each method, in accordance with Article 439, points f), g) and k), of the CRR, "Disclosure of counterparty credit risk exposure disclosures". The table excludes capital requirements for CVA (credit valuation adjustment) risk (Part Three, Title VI of the CRR) and exposures to a central counterparty (Part Three, Title II, Chapter 6, Section 9 of the CRR) as defined for the purposes of the EU CCR8 table.

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
As of 30.06.2025 (In millions of euros)									
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1,4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4	-	-	-	-
1	SA-CCR (for derivatives)	40	169		1,4	291	291	291	97
2	IMM (for derivatives and SFTs)			-	2	-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					291	291	291	97

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
As of 31.12.2024 (In millions of euros)									
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1,4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4	-	-	-	-
1	SA-CCR (for derivatives)	89	166		1,4	356	356	356	176
2	IMM (for derivatives and SFTs)			-	2	-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					356	356	356	176

4.2.2 Table EU CCR8 - Exposures to CCPs

The table provides an overview of exposures to central counterparties in accordance with Article 439, point i), of the CRR, "Disclosure of counterparty credit risk exposure disclosures".

In millions of euros	30.06.2025		31.12.2024	
	a	b	a	b
	Exposure value	RWEA	Exposure value	RWEA
1 Exposures to QCCPs (total)		139		119
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	293	139	251	119
3 (i) OTC derivatives	293	139	251	119
4 (ii) Exchange-traded derivatives	-	-	-	-
5 (iii) SFTs	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Prefunded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	-	-	-	-
11 Exposures to non-QCCPs (total)		-		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13 (i) OTC derivatives	-	-	-	-
14 (ii) Exchange-traded derivatives	-	-	-	-
15 (iii) SFTs	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Prefunded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

4.3 Quantitative information on securitisation positions

4.3.1 Table EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

The table provides a breakdown of exposures in accordance with Article 449, point k) ii), of the CRR, "Disclosure of information on exposures to securitisation positions".

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
As of 30.06.2025 (in millions of euros)	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1 Total exposures	-	-	470	-	-	-	-	470	-	-	-	470	-	-	-	38	-
2 Traditional securitisation	-	-	470	-	-	-	-	470	-	-	-	470	-	-	-	38	-
3 Securitisation	-	-	470	-	-	-	-	470	-	-	-	470	-	-	-	38	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
As of 31.12.2024 (in millions of euros)	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
Total exposures	-	-	610	-	-	-	-	610	-	-	-	610	-	-	-	49	-
Traditional securitisation	-	-	610	-	-	-	-	610	-	-	-	610	-	-	-	49	-
Securitisation	-	-	610	-	-	-	-	610	-	-	-	610	-	-	-	49	-
Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5 GLOBAL INTEREST RATE, MARKET AND FOREIGN EXCHANGE RISKS

5.1 Interest rate risk

The Group has no trading book and no portfolio of so-called speculative transactions. Its exposure to interest rate risk relates solely to its "banking book". Interest rate risk in the banking book refers to current or future risk to which AFD Group's equity or profits are exposed owing to adverse fluctuations in interest rates which influence the positions of the institution's banking book.

Table EU IRRBB1 - Interest rate risks of non-trading book activities

The table assesses the interest rate risk of non-trading book activities using the internal risk measurement system method, the standard method, or the simplified standard method, as appropriate, in accordance with Article 84 of Directive 2013/36/EU, taking into account the shock scenarios applied for supervisory purposes and the common modelling assumptions and parametric assumptions referred to in Article 98, paragraph 5 bis, of said Directive. The instructions were drafted on the basis of the requirements of Article 448 of the CRR "Disclosure of information on exposures to interest rate risk for positions not held in the trading book".

In millions of euros	30.06.2025				31.12.2024			
	a	b	c	d	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income		Changes of the economic value of equity		Changes of the net interest income	
	Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period
Supervisory shock scenarios								
1 Parallel up	-876	-1 006	-44	-35	-1 006		-35	
2 Parallel down	686	797	20	27	797		27	
3 Steepener	-268	-317			-317			
4 Flattener	103	135			135			
5 Short rates up	-120	-111			-111			
6 Short rates down	104	117			117			

5.2 Market and foreign exchange risk

AFD does not have a speculative operations portfolio. However, it recognises in accounting trading hedging instruments that cannot be accounted for using fair value hedge accounting and hedging instruments with a deferred start and/or that have been stripped of their hedging function. AFD's positions place it below the thresholds for the capital requirement for market risk.

Table EU MR1 – Market risk under the standardised approach

The table publishes the information referred to in Article 445 of the CRR "Disclosure of information on market risk exposures under the standardised approach".

In millions of euros	30.06.2025	31.12.2024
	a	a
	RWEAs	RWEAs
Outright products		
1 Interest rate risk (general and specific)	-	-
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	292	320
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus approach	-	-
7 Scenario approach	-	-
8 Securitisation (specific risk)	-	-
9 Total	292	320

Table EU MR3 - Market risk under the simplified standardised approach (SSA)

The table publishes the information referred to in Article 445 of the CRR "Disclosure of information on market risk exposures under the standardised approach".

	30.06.2025				31.12.2024			
	a	b	c	d	a	b	c	d
	Own Funds Requirements				Own Funds Requirements			
	Outright products	Options			Outright products	Options		
In millions of euros		Simplified approach	Delta-plus approach	Scenario approach		Simplified approach	Delta-plus approach	Scenario approach
1 Interest rate risk (general and specific)	-	-	-	-	-	-	-	-
2 Equity risk (general and specific)	-	-	-	-	-	-	-	-
3 Commodity risk	-	-	-	-	-	-	-	-
4 Foreign exchange risk	23	-	-	-	26	-	-	-
5 Securitisation (specific risk)	-	-	-	-	-	-	-	-
6 Total OFR SSA	23	-	-	-	26	-	-	-

6 PRUDENTIAL INFORMATION ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS ACCORDING TO ARTICLE 449 BIS OF THE CRR

6.1 ESG in AFD Group's strategy

The Agence Française de Développement Group (AFD Group) finances and drives the transition to a fairer, safer and more resilient world. Climate, biodiversity, peace, education, urban planning, health, governance... AFD Group thus contributes to the commitment of France and the French people to the Sustainable Development Goals (SDGs).

This commitment to the SDGs is presented in the new Strategic Orientation Plan (SOP), which is more specifically broken down into three thematic roadmaps: Planet, Social Link and Citizens, and Institutions and Democracies. The alignment of financed operations with the SDGs is managed by means of the sustainable development analysis and opinion mechanism. Moreover, the appraisal, financing decision and monitoring of projects financed by AFD Group are part of the Group's credit policy, of the list of exclusions, of compliance with international standards in terms of environmental and social risk management, and of respect with strict compliance rules.

Lastly, specifically on climate financial risks, given the strategic challenge and regulatory expectations in this area, a steering committee reporting to AFD Group's Executive Committee has been set up to implement the "climate financial risks" roadmap.

6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)"

AFD's new Strategic Orientation Plan (SOP V) was approved by AFD's Board of Directors in December 2024. Conceived in a geopolitical context under reconfiguration, it intends to consolidate the achievements of the previous Strategic Orientation Plan (SOP IV, initially covering the years 2018 to 2022, then extended to 2023 and 2024), to simplify and amplify AFD's action to contribute to the success of the "2020-2030 decade of action". The SOP V covers six years, a first for the Group. It serves the objectives of the Contract of Objectives and Means (COM) with the French State and is consistent with the guidelines established by the conclusions of the French Presidential Council for International Partnerships (CPPI, for *Conseil Présidentiel des Partenariats Internationaux* in French) of April 2025.

SOP V defines four commitments and outlines for each a renewed ambition, approach and proposed method, taking into account the achievements of the previous SOP VI and the Group's increased potential:

1) On the side of others: a commitment to attention, respect and geographical intelligence, in order to better understand the evolving contexts in which AFD is called upon to act, and to differentiate its action according to the specific challenges and needs of countries and regions. Particular attention will be paid to Africa in order to provide support for the emergence of sustainable economic, social and human development; to the European neighbourhood in order to contribute to European environmental, social and democratic convergence; to Asia, the Indo-Pacific and Latin America in order to help AFD's clients as they work towards a just transition that protects global public goods; to all vulnerable countries, notably in the Pacific Island States, in order to reinforce their resilience to shocks and climate change; to the French overseas territories, as an investor at the service of the sustainable development and regional integration of these territories.

2) 100% Sustainable Development Goals (SDGs): a commitment to quality and impact in order to become "the first 100% SDG public development bank" whose financing, transactions and management will be aligned with the 2030 Agenda. By ensuring that the positive impacts of financing are maximised along three pillars – the protection of climate and nature (dual alignment with the Paris Agreements and the Kunming-Montreal Global Biodiversity Framework), the reduction of inequalities and multidimensional vulnerabilities, and institutional and democratic development – and to avoid any significant harm to any one of them.

3) Mobilisation platform: a commitment to bringing together, amplifying and training in order to become "a mobilisation platform" for the greatest number of partners wishing to contribute, with France, to international development action and to the achievement of the SDGs, according to three complementary dimensions: 1) financial mobilisation, 2) increased vigilance on the channelling of financing in order to ensure that it does not benefit actors working against our strategic interests or carrying out unfair competition, and 3) citizen mobilisation and the mobilisation of expertise and knowledge to contribute to building a vast international architecture of solidarity and sustainable investment.

4) Keeping AFD Group's promise: by combining all AFD Group tools, priority is given to clients and partners by adapting to their needs. A pioneer in the international development finance ecosystem, AFD Group now has the combined capabilities of a financial institution dedicated to the public and private sectors and a technical cooperation and expertise agency, to which are added the training centre and the capacity for research, for innovation and for the facilitation of public debate.

This SOP V is set out in roadmaps, adopted by the AFD Board of Directors in July 2025 and presented below.

6.1.2 Implementing AFD Group's strategy through roadmaps

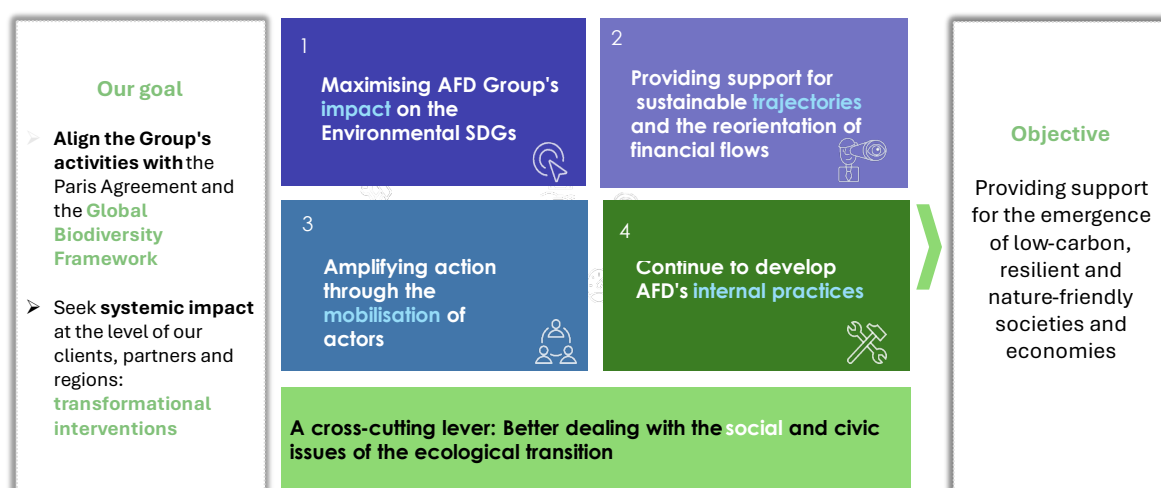
6.1.2.1 The "Planet" roadmap

Tackling the climate crisis and biodiversity loss, which are intrinsically linked, requires profound transformations of our economies and societies. Guided by the Paris Agreement and the Kunming-Montreal Framework, development finance institutions are called upon to back and accelerate these systemic transitions. The roadmap is fully in line with this dynamic, and with the priorities of French policy, and represents the operational implementation of SOP V on the "planet" theme. This roadmap aligns with the European objectives of the Green Deal, the Fit for 55 legislative package, and the Global Gateway initiative. Spanning a period of six years (2025-2030), it concerns AFD, Expertise France and Proparco, and covers all of the Group's areas of operation, including the overseas territories.

As the first public development bank to systematically align its actions with the expectations of the Paris Agreement, the Group is raising its ambitions to: i) ensure a "100% global biodiversity framework" activity, i.e. to make all of its actions consistent with the commitments made in the Kunming-Montreal Framework, and ii) strengthen its transformational interventions to seek a systemic impact at the level of its partners, clients and regions. Four pillars make it possible to implement this goal: maximising a positive impact for the benefit of the climate and nature (Pillar 1); backing sustainable development trajectories, in other words low-carbon, resilient and nature-friendly development trajectories, allowing the reorientation of financial flows (Pillar 2); amplifying actions by mobilising public and private actors and contributing to the international agenda (Pillar 3); and continuing to adapt internal practices and processes to reflect and steer these commitments and enable improved monitoring and accountability (Pillar 4).

In line with the SOP V "100% SDG" commitment, the ecological and environmental transition cannot be achieved without taking into account social issues and inequalities. The Group is committed to reinforcing its actions, through a cross-functional approach, for vulnerable populations, gender equality and just transitions, support for inclusive citizen dialogue, support for climate and nature projects led by civil society, as well as for structuring dialogue with civil society.

Planet roadmap: 4 axes in the service of a transformational ambition



The roadmap also takes into account dynamic considerations: in the short term, the implementation of the first global assessment of the Paris Agreement (also known as the "United Arab Emirates consensus"), the definition of a New Collective Quantified Goal on Climate Finance (NCQG), the new cycle of nationally determined contributions (NDCs), the operationalisation of the Global Biodiversity Framework and its first global assessment, and the various environmental agreements under preparation (plastic, waste) and the Nice Declaration on the oceans. In the medium term, the roadmap aims to adapt to international, national, geopolitical and socio-economic uncertainties, reinforcing the challenge of backing both national plans and the transformation of actors – and the systems where they operate – taking into account their diversity, without imposing a framework on its partners but, rather, responding to their needs in order to provide support for the emergence of societies and economies which are fair, carbon-neutral, resilient and in tune with nature.

6.1.2.2 The "Social Link" roadmap

In a context of multiple crises, growing inequalities and the sharp rise of anti-rights movements, notably against women and girls, it is more urgent than ever to take action to promote the reinforcement of the social link among individuals, social groups and regions. Because a social link is a prerequisite for a sustainable development shared by all and enabling the

achievement of the SDGs, at this time AFD Group wishes to raise its strategic goals for the promotion of social links and to provide more ambitious and cross-cutting support to its partner countries, by continuing the transformation of its ways of doing things and of its instruments. This goal will permeate all of the Group's sectors of intervention and will be contextualised according to geographical challenges and the demands of our partners.

With the "Social Link" roadmap, the Group is committed to providing support for the development of more egalitarian and inclusive societies. This aim will be reflected in all of the AFD Group's operations and will be embodied in particular through two cross-cutting objectives: on the one hand, reducing multidimensional inequalities and promoting inclusion; and, on the other, promoting gender equality through a transformative feminist approach. Furthermore, support for the sports sector and the cultural and creative industries will be a specific lever for achieving this goal, given their strong potential for social cohesion.

6.1.2.3 *The "Citizens, Institutions and Democracies" roadmap*

Because it is not possible to achieve the SDGs without effective, transparent, accountable and inclusive institutions, without citizen participation and buy-in, and without greater attention to democratic processes, AFD Group has set itself the new cross-cutting goal of backing and strengthening the democratic practices carried out by institutions and citizens in all the countries where it operates, with all its instruments and with all its clients and partners. The term "institutions" used here encompasses ministries, local and regional authorities, local offices/sectoral operators, public financial institutions, and public enterprises. They correspond to the majority of clients in AFD Group's operational portfolio.

This goal is not uniform: it requires dialogue, care and adaptation to political and institutional contexts; it excludes an overbearing approach. It is therefore not a case of transforming political regimes or of only backing endogenous processes of democratic construction or consolidation, but of providing support for our clients/partners and the beneficiary populations while respecting and protecting civil and political rights (effectiveness of public action, transparency, participation, etc.), and to do so at every level. Nor is it a case of working only with countries committed to a democratic approach, but of providing support for the internal processes of institutional transformation and calling for citizen participation as part of an SDG trajectory.

The scale of this goal is new, but it should be remembered that AFD Group is already working in many regions to reinforce the link between citizens and institutions and thus contribute to restoring mutual trust. The term democracy is used here appropriately: it covers the form of organisation allowing the construction of a collective project through deliberation among equals and the definition of effective and inclusive public policies. It is therefore a case of promoting the consideration of challenges in terms of providing support for democratic processes as early as possible and at all levels, from public policy to projects, including institutions. In this sense, many dimensions of democracy are in fact already addressed and integrated into our operational activities without us having so far chosen to use the term.

6.1.3 *The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs*

In 2014, AFD adopted the SDAO mechanism, which aims to promote the consideration of sustainable development issues in AFD's financing transactions and strategies. This mechanism provides for sustainable development analysis to be carried out by the operational teams at the first level and, for the second level, for the issuance of a sustainable development opinion issued by the Sustainable Development Analysis and Opinion (ADD, for *Analyse et Avis Développement Durable* in French) unit, a structure independent of the operational department. The sustainable development analysis and opinion mechanism consists of a detailed analysis of the project's expected impacts on each of the seven operational dimensions underpinning the three pillars of sustainable development, grouped under the terms "planet", "people" and "economy and governance": biodiversity, low-carbon trajectory,

resilience to climate change, social link, equality and inclusion, gender equality and autonomy of women and girls, and economy and governance.

The grid for sustainable development analysis

The analysis grid⁽²⁾ makes it possible to identify the potential negative and positive impacts of the transaction according to a scale of progression: -2 (significant negative impacts), -1 (moderate negative impacts), 0 (neutral impacts), +1 (moderate positive impacts), +2 (significant positive impacts), +3 (structuring positive impacts). The ADD unit issues an independent opinion based on the data from the analysis of the operational teams, which is itself based on the content of the project (feasibility study, environmental and social impact study, diagnosis on gender, inequalities or regarding the institution's governance).

Sustainable development opinion

The sustainable development opinion can be favourable, favourable with recommendations, reserved or negative. It is consultative and informs the decisions of the decision-making bodies. This mechanism is a tool for dialogue and is part of the process for examining financing, with a view to raising questions and encouraging the consideration, as early as possible, of the impacts of projects on sustainable development.

Under AFD Group's commitment to align with the Paris Agreement, when it is considered that a project has potential negative impacts on the climate, the opinion issued on the project is negative. In 2025, this automatic triggering of negative impacts and the type of opinion was extended to all other dimensions to achieve AFD Group's 100% SDG commitment and notably its alignment with the Global Biodiversity Framework.

For Proparco

The SDAO framework has been adapted to reflect Proparco's typology of transactions and to integrate the objectives defined for Proparco's 2023-2027 strategy, while remaining faithful to the philosophy of the mechanism set up at AFD and based on the same pillars and dimensions of analysis. The main difference in the way AFD and Proparco mechanisms operate lies in their governance methods: at Proparco, the sustainable development rating is carried out by the project teams and is not the subject of an opinion issued by an independent team. On the one hand, the project task team leaders of the sectoral teams, responsible for the appraisal, analyse the positive impacts and feed the positive scores of the tool (with a detailed framing of the rating scales notably including a relationship between the classification in one of the pillars of Proparco's strategy and the attribution of a minimum score of +2 on one of the dimensions of the analysis). On the other hand, the teams of the Support for Sustainable Development (*Accompagnement vers le Développement Durable* - A2D) department, which assists the project managers in the appraisal of projects, are responsible for the appraisal of the negative impacts of the project under review: the experts in the Impacts Division (IMP, for *Division Impacts in French*) give their opinion in particular on the "low carbon" dimension (alignment with the Paris Agreement), and ESG experts on other dimensions.

A negative rating established at the time of presentation to the project committee must be resolved (reassessed as neutral or positive) before the granting of funding or at the latest before the signing of the contract, on the basis of elements provided to the satisfaction of the A2D department (such as an Environmental and Social Action Plan (ESAP) or satisfactory clauses for in the financing agreement). Failing that, the project will have to be validated by an arbitration committee chaired by Executive Management.

6.1.4 A credit policy aligned with this strategy

Pursuant to the European Banking Authority (EBA) guidelines of 29 May 2020, AFD Group considers credit risk in a broad sense, including for equity investments. In line with the institution's Risk Appetite Framework (see 6.3.6.1) (and that of its subsidiary Proparco, which adapts it to its

² The sustainable development analysis grid is available on the AFD website: <https://www.afd.fr/fr/ressources/les-grilles-danalyse-de-developpement-durable>

own activities) and with the mechanism of limits in place, both regulatory and internal operational (individual and large exposures, by group, geographical, sectoral, on subordinated or capital interventions in financial institutions, in local currency, etc.), all risks related to credit and investment transaction are thus taken into account when potential financing is identified, appraised and granted.

As a result of its activity, AFD is exposed to most of the risks encountered by institutions in the banking sector and by companies making equity investments in its activities. Given the specificities of its regions of intervention and its mandate to finance the SDGs, AFD must more specifically integrate geopolitical and macroeconomic, climatic and non-financial issues and risk factors, including in relation to counterparty governance, environmental and social issues, or those related to the operation financed. Thus, in addition to credit, concentration, solvency, profitability, non-compliance and fraud, operational and reputational risks, AFD's credit policy refers to:

- The control of ESG risks, which materialise whenever social, environmental and governance variables affect AFD's financial position or operational performance.
- The policy for controlling environmental and social risks in operations financed by AFD. The approach to managing environmental and social risks is based on the responsibility of project owners. It is continuous, differentiated and proportionate, and consists of identifying, preventing or mitigating environmental and social damage ("Avoid, Reduce, Offset" sequence). It takes place at every stage of the project cycle.
- Financial climate risks, which include physical risks (risks of financial loss caused by the occurrence of extreme climate hazards or by the physical consequences of gradual changes related to climate change), transition risks (risks of financial loss caused by the transition to a low-carbon economy), and risks related to physical risks induced by the degradation of biodiversity.
- Compliance risks, in particular on issues corresponding to the risks incurred in terms of corruption, money laundering or terrorist financing.

6.1.5 The exclusion list

AFD Group has an exclusion list⁽³⁾, the purpose of which is to clearly indicate the types of activities that the Group refuses to finance due to environmental, social, ethical or regulatory criteria, or resulting from the translation of the Group's normative requirements and strategic choices. It is reviewed approximately every five years. In addition to this exclusion list, the Group has equipped itself with other tools for selecting the operations it finances: additional exclusions thus result from strategic frameworks (e.g. climate selectivity) and sectoral intervention frameworks, which can be consulted on the Group's website. These selectivity doctrines, which are updated on a regular basis, are intended to be used in the context of project appraisal.

The exclusion list presents three types of activities:

- Firstly, illegal activities, which include the activities of production or trade of any illicit product, as well as any illegal activity under the legislation of the country of destination or of France, national or international regulations applicable in the country of destination or in France, as well as international conventions or agreements creating commitments for the country of destination or for France. This includes any equipment, sector or service subject to economic sanctions imposed by the United Nations, the European Union or France, as well as production or activities involving forced labour, child labour or human trafficking.
- Secondly, activities that are not aligned with AFD Group's commitments to sustainable development: these include projects to build, extend or renovate electricity generation plants using fossil fuels, and projects for the exploration, production or processing of coal, gas and oil, or operations resulting in a negative and irreversible residual impact on a critical habitat.
- The third type of activities covered by the exclusion list is applicable to the financial institutions with which AFD Group collaborates, requiring them to apply exclusions to all of their own financing (exclusion of activities of production or trade in illicit products, etc.).

³ The exclusion list is available on the AFD website: <https://www.afd.fr/fr/ressources/liste-dexclusion-du-groupe-afd>

6.1.6 Alignment with the highest international standards in terms of environmental and social risk management of operations financed

AFD makes its financing conditional on the implementation by the beneficiary project owners of a continuous and systematic environmental and social appraisal process making it possible (i) to assess the environmental and social impacts of operations, (ii) to propose appropriate measures to avoid negative impacts, or when they are unavoidable to reduce or compensate for them appropriately, (iii) to monitor the implementation of these measures during the implementation phase of the transaction, (iv) to assess *a posteriori* the effectiveness of the proposed measures. This mechanism is explained in Sections 6.3.1.1 (for AFD) and 6.3.1.2 (for Proparco).

In 2017, AFD adopted a policy to manage environmental and social risks for the operations it finances. As part of the follow-up to the 2005 Paris Declaration on Aid Effectiveness, and in line with the 2014 Orientation and Programming Law on Development and International Solidarity Policy, AFD has chosen to harmonise the principles of its policy for managing environmental and social risks related to operations financed in foreign states and to coordinate its actions with the environmental and social framework of multilateral donors. For this reason, it has chosen to align with the World Bank's environmental and social standards for projects with high or significant environmental and social impacts. This policy defines the framework and guiding principles applicable to environmental and social risk management. AFD also has a procedural corpus allowing it to operationally implement this policy.

At Proparco

Taking into account the specificities of its private sector financing mandate, Proparco has adopted an approach similar to that of AFD by aligning itself with the practices of international financial institutions. Proparco relies on the performance standards of the International Finance Corporation (IFC), the standards of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as on the resources of the Corporate Governance Development Framework (CGDF).

6.1.7 Particular attention is paid to the compliance of transactions

AFD Group complies with applicable regulations and strives to promote the most stringent rules and standards in terms of integrity: fair practices, financial transparency, accountability on such financing, and zero tolerance for fraud and corruption in all its transactions.

AFD Group is aware that it operates in a very specific environment: notably, it provides supports for countries that are in crisis, are vulnerable, have limited capacity and/or are stigmatised in the corruption perception index produced by civil society. It often supports weak public contracting authorities, in areas of public finances where the regulatory environment is weak or, in a number of countries, operates in sectors, particularly banking and finance, that are weak or lack maturity in terms of regulation and control. The Group also grants its financing in countries that are subject to international, Community or national economic and financial sanctions measures or that are stigmatised in "blacklists" for the failure of their regulatory environment in terms of the fight against money laundering, terrorist financing by GAFI or the European Union.

In this unique and complex context, a risk management mechanism is deployed to prevent, detect and deal with any suspicion that its financing is being misused. (For more details on the compliance risk management mechanism, refer to Section 6.3.5).

6.1.8 A specific roadmap on financial risks related to climate and nature

Since 2017, AFD Group has been working to integrate financial climate risks, both physical and transition, into its risk analysis processes through various projects, and has developed internal and external training modules.

This work is documented in a roadmap, which focuses on four areas:

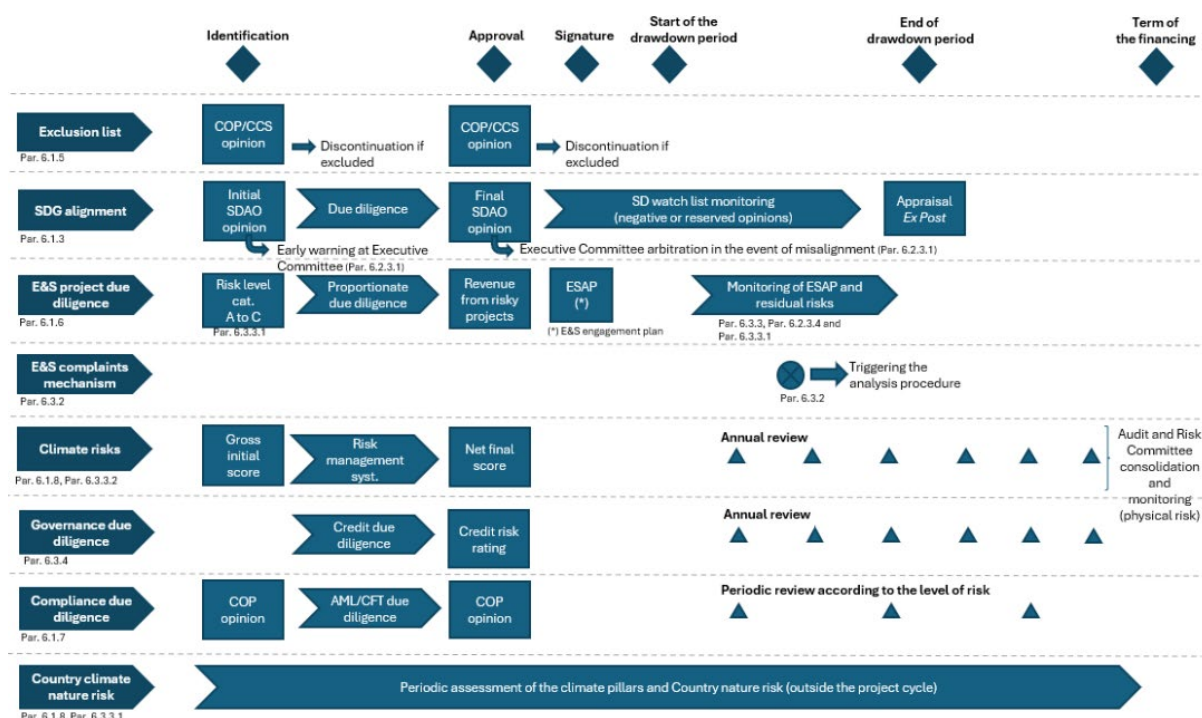
- The first area concerns the analysis and management of financial, climatic and nature risks by AFD Group. AFD currently has methodologies in place for taking into account physical and transition climate risks, whether for sovereign or non-sovereign exposures. The consideration of financial risks related to nature is currently being rolled out (has been rolled out for sovereign exposures, while roll-out is under consideration for non-sovereign exposures). The implementation of this first area is accompanied by internal training and methodological guides to ensure the due dissemination of its tools relating to these methodologies (the tools are described in Section 6.3.3).
- The second area concerns the mobilisation of financial risks related to climate and nature for public policy dialogue. AFD has several internal modelling tools which have made it possible to develop new modules for the appraisal of macroeconomic vulnerabilities in the face of low-carbon transition mechanisms.
- The third area relates to the integration of financial, climate and nature risks into the provision of services to financial systems, including central banks.
- The last area of this roadmap aims to contribute to international debates and the development of standards around financial risks relating to climate and biodiversity, either directly or via the IDFC (International Development Finance Club) and FiCS (Finance in Common Summit) networks. This is reflected in the presentation of discussions on the subject at international events and in discussions with partners of the financial systems and associated networks, such as the Network for Greening Financial Systems (NGFS)⁽⁴⁾ for example.

The implementation of this roadmap is managed by the "climate and nature financial risks Steering Committee", an internal committee that brings together teams from the executive departments involved in the various areas, as well as Proparco. It meets twice a year and presents its work to the AFD Executive Committee.

6.2 ESG risk governance at AFD Group

AFD Group disseminates the management of ESG risks in its organisation, with the establishment of teams, committees and bodies involved in the matter, with specific adapted procedures, and the implementation of monitoring and alert mechanisms. AFD's remuneration model is also explained at the end of this section.

⁴ Launched at the "Paris One Planet Summit" in December 2017, it is a network of central banks and regulators committed, on a voluntary basis, to sharing best practices and contributing to the development of environmental and climate risk management in the financial sector, as well as to mobilising traditional finance to back the transition to a sustainable economy.

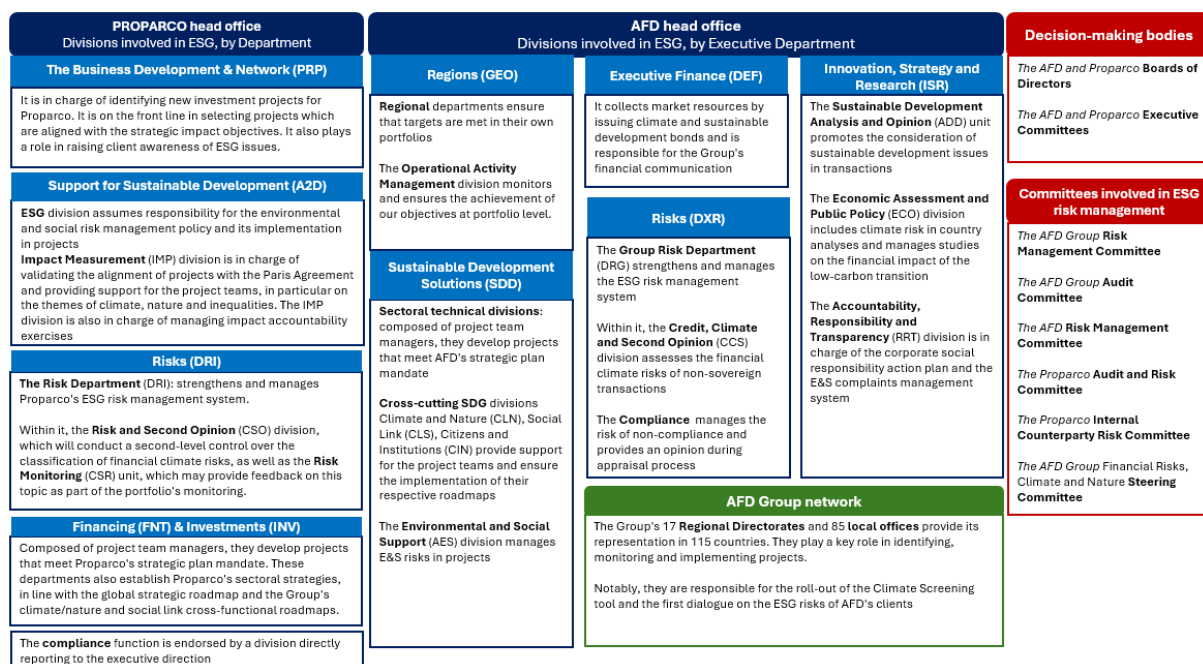


The graph above summarises the various mechanisms and tools relating to ESG topics at each stage of projects financed by AFD, from their identification to the end of financing. For further details, references to the paragraphs in this document are provided under each device name.

6.2.1 Actors and organisation

The organisation chart presented below shows AFD Group's main organisation, listing the departments and teams involved in ESG risk management. This section also presents the main decision-making bodies at AFD and Proparco, as well as the committees involved in risk management.

It also includes the AFD Group network. AFD, the Group's parent company, is present on five continents where it finances and drives development projects in 115 countries. It has a network of 85 local offices and 17 Regional Directorates around the world, including in the French Overseas. Proparco's network, an AFD subsidiary, is highly integrated with that of AFD, and has its own teams spread over 14 Regional Directorates and a dozen local offices. The local offices, as close as possible to the field, make it possible to initiate the first contact with the beneficiaries of projects, to identify projects, and to maintain a dialogue throughout their implementation. During the identification phase, local offices have the opportunity to highlight the first points of attention on the environmental and social issues of a project. As soon as they are identified, the local offices can call on project managers positioned in the Regional Directorates and housing cross-functional expertise, such as on environmental and social issues: their knowledge of the regulatory context and local practices also allows a more detailed analysis of these issues. The Proparco network does not include cross-functional project managers but relies on Proparco's head office teams from the Support for Sustainable Development (A2D, for *Accompagnement vers le Développement Durable* in French) department in the identification phase, for a preliminary analysis of the issues.



6.2.1.1 Decision-making bodies

AFD and its subsidiary Proparco both have their own Boards of Directors and Executive Committees.

AFD's decision-making bodies

AFD's decision-making bodies steer, in certain matters, both the AFD entity and the AFD Group, without prejudice to the decision-making bodies specific to the other entities.

The AFD Board of Directors

Composition: Since January 2022, the AFD Board has been chaired by Philippe Le Houerou. It is composed of 18 full members and 17 alternate members: 5 representatives of the French State, 4 members appointed for their knowledge of economic and financial matters, 1 member appointed for their knowledge of the ecology and sustainable development, 1 member appointed for their knowledge of migration issues, 4 parliamentarians, and 2 elected members representing AFD employees. A commissioner of the French government is a member.

Approval of operations financed: the Board of Directors decides on the transactions and financial assistance granted by AFD, on the basis of project presentation documents that systematically present the conclusions of the environmental and social due diligence, the consistency of the transaction with the climate strategy, the climate risks associated with the transaction, a qualitative analysis of the alignment of the transaction with the Paris Agreement (on the low-carbon transition and resilience), based on the independent opinions issued by the Compliance, Second Opinion (CCS) and Sustainable Development (ADD) teams.

Validation of strategic documents: the Board of Directors decides on AFD Group's strategic orientations and approves the various strategic documents. Notably, it approves the various roadmaps presented in the first part of this report, the policy for managing environmental and social risks related to operations financed by AFD (currently under review) and the social responsibility policy for AFD Group's organisation. It is kept informed of their implementation and validates any updates.

Approval and monitoring of the Risk Appetite Framework (RAF): on the proposal of Executive Management, the Board annually validates the Group's Risk Appetite Framework and the

overall framework of operational and financial limits, which results from the work carried out by the Executive Risk Department, in conjunction with the Executive Finance Department. It also validates the resulting credit policy. The Board of Directors is regularly informed of AFD's risk exposure through the reports from the Group Risk Management Committee, in particular on changes in the risk appetite framework indicators presented quarterly. The Risk Appetite Framework is presented in Section 6.3.6, which explains how ESG issues are gradually being integrated into it.

The Executive Committee

AFD's Executive Committee is composed of three representatives of the Executive Management, the Executive Directors, the General Inspection Department, and the Chief Executive Officers of Proparco and Expertise France. The Executive Committee meets several times a year to address major issues relating to the Sustainable Development Goals, in particular on climate and biodiversity. It oversees the implementation of AFD Group's climate and biodiversity objectives and confirms their major guidelines. Every two years, the Executive Committee is informed of the work on financial, climate and nature risks, pursuant to the internal roadmap on the subject. Various executive committees are convened to oversee the objectives of the other ESG-related pillars and set out in the roadmaps.

Proparco's decision-making bodies

The Proparco Board of Directors

The majority of the documents governing AFD's activity have a Group scope, and integrate and guide Proparco's operations (for example, the climate strategy or the exclusion list mentioned above). However, Proparco has its own governance bodies, first and foremost a Board of Directors that determine the guidelines of Proparco's activities and oversees their implementation. It validated Proparco's 2023-2027 strategy, which is a variation of the Group's strategy and includes a strong climate and nature component, notably with a view to increasing financing for mitigation and adaptation actions, backing client transitions and promoting innovative solutions.

The Board also validates the Risk Appetite Framework and credit policy specific to Proparco but established in line with those of the Group, Proparco also being included in the Group's Risk Appetite Framework.

The Executive Committee

Proparco's Executive Committee brings together Executive Management and the directors of the various departments. It discusses internal guidelines and policies and manages the activity, including its climate dimension: climate finance and alignment of operations with the Paris Agreement. The Executive Committee oversees compliance with the commitments made in terms of sustainability, monitors the environmental and social risk management performance at portfolio level, and validates the sectoral and geographical adaptations of the strategic objectives, as well as changes in policies and practices relating to sustainable development issues, before their presentation to the Board of Directors, where applicable.

6.2.1.2 Committees

AFD Committees

In certain matters, AFD's committees steer both the AFD entity and AFD Group, without prejudice to the committees of the other entities.

Group Audit and Risk Committees

The Audit Committee and the Group Risk Management Committee are held jointly, under the responsibility of the Board of Directors, in a "Group Audit and Risk Committee".

The section dedicated to the audit is responsible, for the entire AFD Group, for verifying the quality of the information provided and for assessing the relevance of accounting policies, as well as the quality of internal control. The Audit Committee includes one member of the Board of Directors and four external persons.

The section dedicated to the Group's risks is responsible for (i) regularly reviewing the strategies, policies, procedures, systems, tools and limits and the underlying assumptions, (ii) assessing all significant risks, risk management policies and changes made to them, (iii) assessing the measures taken to ensure business continuity, and (iv) advising the Board on AFD Group's overall strategy and risk appetite. It is in this context that the Group Audit and Risk Committees is informed quarterly of the indicator relating to the monitoring of physical climate risk managed by the risk appetite framework. Similarly, the Group Audit and Risk Committees validates regulatory publications, and in particular this "Pillar 3" report.

Risk Management Committee

Chaired by the Risk Executive Director, the Risk Management Committee is responsible for risks on its own behalf within the AFD Group scope. It meets half-yearly in "country risk" format and quarterly in "counterparty risk" format. The appraisal methodologies and aggregate indicators of the non-sovereign portfolio's exposure to climate financial risks are presented, thus enabling the Risk Management Committee to have a general view of the exposure of AFD's portfolio to these risks.

The physical risk analysis methodology was validated by the Country Risk Management Committee in May 2019, while the one for transition risk was validated in May 2022.

Proparco's committees

Audit and Risk Committee

The Risk and Audit Committee assists Proparco's Board of Directors on matters concerning notably the risk and financial impacts in relation to Proparco's overall strategy, the mechanism for managing, monitoring, framing and controlling the risks to which the entity is exposed, as well as the entity's risk appetite. It provides support for the Board of Directors in monitoring the implementation of this strategy by the executive officers.

The Risk and Audit Committee is regularly informed of the work carried out at the level of AFD Group or Proparco itself, with a view to complying with changes in standards (regulatory or accounting) applicable to the institution, notably with regard to the management of environmental, social and governance risks.

Internal Counterparty Risk Committee

The Internal Counterparty Risk Committee meets quarterly and its main purpose is to analyse the credit risks borne by Proparco. Aggregate indicators of the portfolio's exposure are regularly presented for different portfolio dimensions (geographical, sectoral, etc.). Twice a year, Proparco's ESG division gives a presentation on the ESG quality of the portfolio, as well as on highlights of the period. One of the ESG items examined is the list of projects on the ESG Watchlist (portfolio of projects that have had unforeseen events related to ESG issues) as well as changes in this list. The projects presented in this Watchlist are classified according to three alert thresholds, each threshold being associated with a degree of involvement of the teams in charge of monitoring the project, or the implementation of specific actions according to scenarios.

6.2.2 The loan appraisal cycle

This section presents the loan appraisal cycle, from their identification to their presentation to the final decision-making bodies, and specifies the due diligence and interventions of the various issuers of ESG opinions.

At AFD

The project financing cycle comprises three main phases in which credit risk management structures in the broad sense of the term are involved.

The identification phase

On the basis of referral forms produced by the local offices and validated by the Regional Directorates, the Identification Committee decides whether to continue appraising financing proposals. It organises the project teams according to the nature of the projects and the counterparties involved. The project teams bring together, in addition and as necessary, the relevant support services (or cross-functional contributors) who contribute, within their field of competence, to the appraisal or implementation of financing transactions within the project team: climate and nature experts, specialists in environmental issues, gender and/or equality and inclusion experts (from the CLS division), environmental and social experts (from the AES division), Citizens and Institutions experts (from the CIN division), legal experts, specialists in procurement issues, etc.

Lastly, the Identification Committee defines the project team's investigation mandate, making it possible to ensure that the negative environmental and social impacts of the proposed transaction are controlled. Comments on aspects relating to compliance, credit risk, climate risk and the scope of the second-opinion regulatory opinion, as well as comments on alignment with the sustainable development framework, are then included and taken into account in the mandate. A sustainable development visa, equivalent to a favourable final opinion, may be issued by the unit at the identification committee stage for projects whose intervention logic is aligned with AFD's strategic orientations, which do not present a risk of negative sustainable development impacts, and whose sustainable development issues are clearly identified and optimised upon identification.

The appraisal phase

The project team implements the mandate given to it during the appraisal phase and then presents the transaction to the Credit Committee, which examines the financing proposals, drawn up in the form of a project presentation sheet. The presentation to the Credit Committee takes place after the feasibility of the transaction has been established (technical and economic studies and associated due diligence, including environmental and social studies), and the financial analysis due diligence has been carried out for the rating of credit risk on non-sovereign risks. The Credit Committee also analyses the opinion formalised upstream by the Finance Department on the financial conditions proposed (pricing, management methods, etc.). Lastly, the Credit Committee defines the negotiation mandate given to the project team to finalise the terms of the financing with the client counterparty.

Following the appraisal process for proposals to finance projects and programmes involving credit risk, the decision to grant financing requires mandatorily the collection of the provisional second opinion, and, depending the risk level of the operation, the collection of the provisional compliance opinion and the provisional sustainable development opinion. These three opinions are said to be provisional because they are likely to include additional procedures and recommendations on the negotiation mandate and on the terms for structuring the financing (notably, for the second opinion, on the basis of the rating and structuring report prepared by the credit risk, climate and second opinion team).

The presentation phase at the final decision-making bodies (Board of Directors or Committee of Foreign States)

Further due diligence will enable the opinions' issuers to provide final opinions to the decision-making bodies based on the finalised presentation note. If one of the final opinions is reserved, negative or unfavourable, or if the operational teams wish to contest the recommendations, conditions precedent or consecutive rights issued by the issuers, the case is presented to the arbitration committee. This committee, chaired by Executive Management, examines the file to decide whether or not to present it to the decision-making body, based on the note to the decision-making bodies and the final opinions.

Once the transaction has been approved by the body, the project teams then formalise the financing documentation and respond to any consecutive rights, in order to then be able to sign the documentation and enter the phase of disbursement of funds and of implementation of the project.

At Proparco

The financing or investment project award cycle comprises four main phases in which the wider credit risk management structures are involved: (i) the identification phase, (ii) the appraisal phase, (iii) the granting phase and (iv) the formalisation phase. Proparco's appraisal process is broadly similar to that of AFD, with only the specific features relating to opinion issuers and ESG being discussed below.

The identification phase

It makes it possible to select, among financing applications, projects that are in line with Proparco's intervention strategies as defined in the business plan and in line with Proparco's exclusion list.

On the basis of project identification notes drafted by Proparco's regional offices (or the operational divisions housed at the head office in some cases), the Identification Committee, chaired by the head of the operational division concerned, decides on the continuation of the examination of financing proposals and defines the mandate for the project team. This decision is based in particular on the analyses carried out by the divisions of the Support for Sustainable Development department (the ESG division and the Impact Measurement (IMP) division). Experts from the ESG division carry out contextual research for the Identification Committee (screening of climate risks, biodiversity, reputation, gender, human rights, etc.) which complements the initial ESG risk analysis elements collected by the project identification sheet's drafter. All of these elements serve as the basis for determining the Identification Committee classification of ESG risk according to the scale described in the appropriate procedure, which includes four categories for direct projects (A, B+, B, C) and three for projects of financial intermediaries (FI-A, FI-B, FI-C) (see Section 6.3.1). This classification determines the level of E&S requirements to be applied during the subsequent phases of the project cycle, and the level of involvement of the ESG division. The Identification Committee is also an opportunity to validate the compliance of the project proposal with the requirements of the AFD Group exclusion list, the terms of use of which are described in an internal exclusion list application guide. In some cases, this validation is not possible at the CID stage and requires additional analyses to be carried out during the appraisal phase.

For its part, the IMP division is involved in validating the project's alignment with the Paris Agreement. This analysis is carried out on the basis of information collected upstream of the Identification Committee, through an interaction with the offices or project managers responsible for the appraisal. IMP also provides support at the Identification Committee for the identification of the positive impacts of financing proposals, notably with regard to their contribution in terms of climate finance (mitigation, adaptation), biodiversity finance or their gender classification according to the 2X methodology indicators.⁽⁵⁾

The appraisal phase

The ESG division is involved in the project team for projects classified as A, B+ and FI-A. This phase aims to implement the investigation mandate set out at the Identification Committee and results in the establishment of an overall analysis of the environmental and social impacts described in an Environmental and Social Shuttle Form, which is reviewed at the time of the grant. The appraisal phase aims to confirm compliance with the exclusion list, and also helps to identify gaps between the client's performance and the rules and standards that Proparco is committed to respecting in its projects. These differences are transcribed in Environmental and Social Action Plans (ESAP) integrated into the contractual financing documentation (at the formalisation stage). The due implementation of these action plans is monitored throughout the life of the project, with the involvement of the ESG teams. The appraisal phase is also used to validate the positive impact elements identified at the Identification Committee stage (validation carried out by the Impact Measurement (IMP) division at the time of the granting phase).

⁵ <https://www.2xchallenge.org>

Following the process for examining financing proposals for projects and programmes involving credit risk, the decision to grant financing requires the collection of compliance opinions (issued by Proparco Compliance team), and of the Second Opinion (CSO team) opinions that include the ESG dimension in their respective opinion scopes.

6.2.3 ESG alert systems and monitoring mechanisms

6.2.3.1 Early warning mechanism

At AFD, at the Identification Committees, the Sustainable Development Analysis and Opinion (SDAO) team has the option to issue an "early warning" to the AFD Executive Committee for projects identified as possibly out of alignment with the SDGs at the time of the Identification Committee and likely to receive a negative sustainable development opinion. It is a mechanism that makes it possible to check the alignment of each line of financing with the expectations of the Paris Agreement and the Global Biodiversity Framework. The Executive Committee is then called upon to decide whether to continue the appraisal and the associated conditions and mandate, or whether to abandon one or more components, or even the entire project.

During the appraisal and before the decision is taken, if the opinion remains reserved or negative, the project is submitted to the decision of an arbitration committee chaired by Executive Management, which decides whether or not to present the project as it stands to the final decision-making bodies.

Moreover, for projects that have benefited from a "sustainable development visa" at the identification stage, *i.e.* for projects that have received a final favourable opinion from the Identification Committee, any person or entity participating in the decision-making process will be able to exercise a mechanism known as a "rappel rope" in the event of a major change between the Identification Committee and the Credit Committee, if the environmental and social risk management framework is not complied with or if the instruction does not address the sustainable development issues identified at the time of the Identification Committee. The project will then be subject to a sustainable development opinion in due form.

At Proparco

Unfavourable opinions are expressed by the teams of the Support for Sustainable Development (A2D, for *Accompagnement vers le Développement Durable* in French) department during the identification committee. On this basis, it is left to the discretion of the project team to decide whether to continue the investigation or to request the opinion of the Executive Management on the continuation of the investigation.

6.2.3.2 Annual monitoring of sustainable development issues

AFD's Sustainable Development Analysis and Opinion mechanism provides for specific monitoring of financing transactions that have received a final, reserved or negative SDAO opinion. These projects are monitored specifically after a grant as part of the "sustainable development watchlist" led by AFD's middle office team.

Lastly, since 2023, the project teams carry out a sustainable development analysis upon completion of projects. Based on the ratings set at the time of the grant, they update the sustainable development analysis according to the actual achievements carried out as part of the project. This re-rating process also aims to contribute to learning about the sustainable development analysis and opinion mechanism.

6.2.3.3 Monitoring of residual environmental and social risks

AFD's Environmental and Social Support (AES for *Appui Environnemental et Social* in French) division and Proparco's ESG division carry out an annual appraisal of the residual environmental

and social risks of projects under implementation, with the support of the operational teams. The methodology of this analysis is described in Section 6.3.1

6.2.3.4 For projects under implementation

As part of AFD's risk monitoring, the update of the credit risk and climate risk ratings of all non-sovereign and indirect sovereign counterparties in the portfolio (and of guarantor entities when the personal guarantee improves credit risk) is carried out by the project teams and verified by the Executive Risk Department. This update is carried out on the basis of the Risk Appraisal Sheet completed by the local office, the Regional Directorate, and then by the operational middle office or the country manager. The rating, according to the intrinsic and credit rating methodology, must be updated as soon as any major event affecting the risk borne occurs and, at least, quarterly for counterparties under surveillance (registered in the watchlist), and annually for all counterparties. For counterparties in AFD portfolio, there are two methods for reviewing ratings: a less stringent review for the counterparties considered to be the least risky, and a traditional review for the others. The review of ratings involves a review of the exposure to climate-related financial risks, both physical and transition risks, using the same tools as those used during the appraisal. The respect of the commitments made by the beneficiary as part of its Environmental and Social Commitment Plan (ESAP) is the responsibility of AFD's operational teams. As such, the AES division's E&S experts conduct an annual analysis of residual risks on the projects deemed the riskiest during the initial analysis (see Section 6.2.3.3).

At Proparco

The mechanism for monitoring counterparties is based notably on continuous monitoring and a rating of counterparties over time, at least once each year. These ratings are carried out by Proparco's operational teams or by the regional departments, which apply rating methodologies adopted by the Group (similar to those used for the Risk Appraisal Sheets mentioned above), and are then reviewed by the Second Opinion (CSO, *for Crédit & Seconde Opinion* in French) division. The ratings may be reviewed, notably by the Risk Department, in the event of new circumstances impacting the financial position and credit quality of the counterparties.

The risk situation is the subject of a half-yearly presentation to the Internal Counterparty Risk Committee, to the Risk and Audit Committee and to Proparco's Board of Directors. The indicators of the risk appetite framework are reviewed quarterly.

6.2.4 Remuneration

The remuneration of AFD Group employees and representatives consists mainly of a basic salary, various bonuses and awards (end-of-year bonuses, holiday bonuses, function bonuses) and a collective performance variable bonus. Specific conditions apply to employees and representatives in mainland France as well as for those in local offices in Guadeloupe, Martinique, French Guiana, Reunion Island and Mayotte.

The amount of the variable collective performance bonus paid depends on the achievement of collective performance targets. The eligibility conditions and the methods for calculating and paying the variable collective performance bonus are set out in a unilateral note from management.

6.3 ESG risk management mechanisms

6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group

6.3.1.1 Managing AFD's negative environmental and social impacts

The environmental and social risk management policy implemented in the context of development operations financed by AFD is a continuous, differentiated and proportionate approach: it is continuous since different actions are to be carried out at each stage of the

project cycle (identification, feasibility, *ex-ante* appraisal, presentation to bodies, contracting, monitoring and *ex-post* appraisal) and are part of a continuum. It is also differentiated and proportionate, as the nature and scope of the actions to be carried out as part of this approach are tailored to the level of environmental and social risks to be managed. This proportionality principle is rolled out at the different stages of the project cycle and concerns in particular the choice of the applicable environmental and social regulatory framework (national regulations, international World Bank standards), the nature and scope of negative environmental and social impacts to be produced with the beneficiaries of AFD financing, the level of involvement of AFD's Environmental and Social Support (AES) division, the assistance for beneficiaries in managing environmental and social challenges, and the robustness of the environmental and social monitoring mechanism.

Identification classification

In order to determine *ex-ante* the resources to be mobilised in this context, by AFD and by the beneficiaries of the financing, the environmental and social risks of the transactions are categorised by distinguishing four levels of potential risk for directly financed projects:

- high risk projects: category A;
- significant risk projects: category B+;
- moderate risk projects: category B; or
- low or no risk projects: category C.

For projects financed through financial intermediaries (FIs), three levels of risk are determined according to the constitution of the FI's portfolio:

- high risk portfolio: category FI-A;
- moderate risk portfolio: category FI-B; or
- low risk portfolio: category FI-C.

The environmental and social classifications established at the identification stage, as detailed above, are based on an analysis of the significance of the potential negative environmental and social impacts of the projects, *i.e.* impacts that would occur in the absence of mitigation measures (avoidance, reduction or offsetting measures, known as "ARO" for 'Avoid-Reduce-Offset'). These mitigation measures are defined as part of the studies of the potential negative environmental and social impacts in order to control the environmental and social risks of the projects, and result in the development of action or management plans (environmental, social, biodiversity, resettlement, etc.) which the beneficiaries have to commit to. The implementation of these action or management plans during the implementation of projects requires monitoring proportional to the complexity and level of the projects' environmental and social risks, or residual environmental and social risks.

Annual appraisal of the residual negative impacts of projects under implementation

The residual negative environmental and social impacts are analysed annually on the basis of four criteria: the magnitude of the environmental and social impacts, taking into account the progress of the project; the quality of environmental and social management, and of compliance with environmental and social commitments; the sensitivity of the context; and the occurrence of major environmental and social events. It is carried out annually and entered into in the information system for all projects with high environmental or social risks (Category A) and major risks (Category B+), granted after 2016 and signed before 31 December of the previous year, or for any project with a moderate risk (Category B) on which one of the criteria justifies an appraisal by a member of the project team.

This appraisal makes it possible to classify projects according to four levels of environmental and social monitoring – project on alert requiring specific monitoring, sensitive project requiring enhanced monitoring, project requiring ongoing monitoring, or project requiring basic monitoring (or no monitoring) – to qualify the level of environmental and social risks of the portfolio of projects being monitored, and to identify the resources needed for their implementation.

6.3.1.2 *Proparco's management of negative environmental and social impacts*

Under appraisal

Environmental and social due diligence is carried out by Proparco for each operation. Its objectives are (i) to determine the scale and severity of the environmental and social risks of the transaction, (ii) to analyse the ability of the financed/invested company to manage these risks appropriately within a reasonable timeframe, and (iii) to define, where necessary, the actions required to eliminate, reduce or offset these risks and impacts for the riskiest projects. For each environmental and social due diligence carried out, a "gender" risk appraisal is also integrated. The financing or investment decision is based notably on these procedures. An environmental and social ranking makes it possible, during the identification phase, to determine the level of the potential environmental and social risks of the activities financed (directly or by a financial intermediary).

As for AFD, this classification ranges from A (high risk) to C (low risk) – to which is added the prefix FI for financial intermediaries. It does not change over time and does not take into account the client company's ability to manage these risks (management systems and performance). The classification defines the principles and methods of intervention of Proparco's ESG division. The higher the level of risk estimated, the greater the environmental and risk appraisal effort.

Annual appraisal of the residual negative impacts of projects under implementation

In the case of projects presenting significant levels of risk and for which the involvement of a Proparco environmental and social specialist is deemed necessary at the signature stage or during the life of a project, monitoring of the evolution of environmental and social performance is carried out.

This monitoring takes the form of the appraisal of four annual environmental and social indicators, determined on the basis of assignments, discussions with the client or documentary reviews. These indicators are (i) the environmental and social management system (measures the maturity of all environmental and social risk management processes), (ii) the client's resources and capabilities to manage environmental and social risks, (iii) environmental and social performance, and (iv) residual risk. For transactions with high residual environmental and social risks, environmental, social and governance action plans are drawn up and negotiated and included in the contractual documentation.

The ESG Watchlist

Lastly, when unforeseen events or significant delays in the implementation of the action plan materialise, the projects being monitored can be registered on an ESG Watchlist and are labelled as projects in "E&S-G alert". The purpose of this list is to draw internal attention to projects where a significant E&S or G risk is proven. This risk may lead either to a proven case of non-compliance with the commitments made by Proparco in its sustainable development strategy, or to a deterioration in the financial health of the project, or an external reaction damaging Proparco's reputation (media, NGO, etc.). It is fed by E&S-G monitoring, as well as the E&S monitoring carried out by the ESG division. It is presented to the Internal Counterparty Risk Committee twice a year and disseminated internally by the Risk Department.

6.3.2 *Complaints management*

Two mechanisms for processing environmental and social complaints, respectively for AFD and Proparco, help to manage, where appropriate, an operational risk. These mechanisms make it possible to explore remediation when negative or unexpected environmental and social impacts could not be avoided, reduced or offset according to the provisions of the environmental and social management plans of projects financed by AFD or Proparco. These mechanisms help to strengthen the AFD's transparency and accountability practices, drawing on the experience of other financial stakeholders, thanks to exchanges within the IAMnet international network (Independent Accountability Mechanism Network).

AFD's environmental and social complaints management mechanism is an extra-judicial mechanism allowing any individual or group of individuals affected by a project financed by AFD, from an environmental or social point of view, to file a complaint. It promotes a constructive approach based on seeking solutions out-of-court. This mechanism is managed by a secretariat independent of the executive management of the operations and is placed under the supervision of the Ethics Advisor. External experts are involved at various phases of the complaint processing process. Complaints can be submitted online, in person or by post, and must be submitted by one or more natural or legal persons affected by a project financed by AFD. They relate exclusively to the environmental and social aspects of the project concerned, for a project carried out in a foreign state, and intervene as a last resort, when the author of the complaint has exhausted the possibilities of dialogue and extra-judicial remedies with the project owner or the AFD. Once the declaration has been received, the secretariat undertakes to acknowledge receipt of the complaint within ten working days of its receipt, and confidentiality is guaranteed to those who request it. The complaint is registered under certain conditions (identification of the complainant, explicit description of the project and its impacts, description of the efforts made by the complainant to settle the dispute, etc.). The complaints registered are then subject to a detailed eligibility study, according to the criteria defined in the regulations. The eligibility decision is made by an Eligibility Committee, composed of a representative from each of the following teams: compliance, legal, transparency and accountability, and is chaired by the Ethics Advisor. When a claim is deemed eligible, two methods to process them are provided. The first processing method provided is conciliation, which offers the intervention of a neutral, independent and impartial third party to help find an agreement between the complainant, or their representative, and the beneficiary of AFD financing with regard to the dispute giving rise to the complaint. Conciliation is concluded when the parties concerned reach an agreement or when, in the opinion of the conciliator, no further progress is possible towards resolving the dispute. The second processing method provided is a compliance audit, which aims to determine whether AFD complied with its approach to managing environmental and social risks, and to recommend corrective measures if it did not. An action plan is then proposed, the implementation of which is monitored.

The list of eligible complaints, as well as information on how they are being processed and followed-up on, is made public. The work carried out by the mechanism is included in an annual public report.

At Proparco

Since 2019, Proparco also has an environmental and social complaints processing mechanism that gives any person or group of people who feel adversely affected by the environmental or social aspects of a project financed by Proparco the opportunity to file a complaint and be heard by independent experts. This is a mechanism shared by Proparco and its German and Dutch counterparts, the DEG – the German private sector bilateral development bank, member of the KfW group – and the FMO – the Dutch private sector bilateral development bank. This mechanism is called the Independent Complaints Mechanism (ICM). If the complaint does relate to a project financed by Proparco, does not concern one of the cases of exclusion specified in the policy governing the operation of the mechanism, and if the complaint file is complete (in accordance with the requirements described on the Proparco website), it is forwarded to a panel of independent experts who first decide on its eligibility in accordance with the mechanism's rules. During a second stage, the panel of experts may propose to the complainants either an intervention by the mechanism as part of an amicable settlement with Proparco's client, or a compliance audit, which consists of an in-depth review of Proparco's compliance with its environmental and social risk management policies and procedures, which may lead to recommendations by independent experts for Proparco to establish an action plan to resolve any cases of non-compliance observed.

6.3.3 AFD Group's management of financial risks related to climate and nature

At AFD Group, climate risks are approached from different angles: the type of climate risks considered (physical or transition), the scope studied (at the counterparty level, or at the level of a country). This section covers the various tools rolled out by AFD Group, and used by employees and representatives according to the desired purpose.

6.3.3.1 *Analysis of financial risks related to climate and nature in the countries where AFD Group operates*

The Economic Assessment and Public Policy (ECO) division systematically integrates the appraisal of financial risks related to climate change and gradually integrates the assessment of financial risks related to biodiversity into its country risk and sovereign risk assessments.

Climate physical risks

A methodological framework has been established to assess the physical risks associated with fourteen climate hazards, including the country's exposure to these hazards (related to the region and the climate) and its economic sensitivity thereto (linked to the sectoral composition of the economy). The analysis is based on an unfavourable scenario characterised by high greenhouse gas emissions and global warming (IPCC scenario RCP 8.5), with a rise in the frequency and severity of climate hazards.

It is supplemented by the analysis of international rankings on the ND-GAIN⁽⁶⁾ physical risk index and information from external sources (e.g. the World Bank National Development and Climate Reports). The economic consequences of major climate change shocks (such as cyclones, floods or droughts) observed in the past are also analysed. Lastly, the risks of an increase in social tensions (migration, increased competition for access to resources, food insecurity, etc.), which can have significant repercussions on the political system, the economy and public finances, are assessed. This analysis can be applied at the regional level, by economic sector and at different time horizons (2040, 2070, 2100).

The goals and capacity to implement in terms of adaptation policies are taken into account and can mitigate or amplify these risks.

Climate transition risks

The analysis is based on a diagnosis of the countries' GHG emission profiles, their macroeconomic characteristics, and their public policies, including transitional policies.

This diagnostic includes appraisals of the trajectory and sectoral composition of GHG emissions, the carbon intensity per capita and per unit of GDP, the energy intensity of GDP, and the emissivity of the energy mix by country.

In addition, ECO has developed a method for modelling macroeconomic exposure to climate transition risk. This analysis is based on a low-carbon transition narrative in which changes in public policies, consumption habits and technologies lead to a decrease in demand for high-emitting activities at risk of substitution (known as "declining sectors"). Modelling makes it possible to estimate the contribution of these sectors to exports, government revenues, jobs and wages, and national production.

Lastly, the analysis takes into account the macro-financial and social vulnerability of countries to these risks. The analysis is also supplemented by qualitative elements and external sources, such as the International Energy Agency (IEA)'s energy policy review publications.

The goals and capacity to implement in terms of mitigation policies are taken into account and can mitigate or amplify these risks.

Physical risks related to biodiversity

The analysis of physical biodiversity risks is based on a narrative characterised by the decline of biodiversity and the erosion of ecosystem services. The degradation of these services can therefore weaken the ability of these industries to generate added value. If a sector is highly dependent on an ecosystem service, which is not provided in sufficient quantities by ecosystems, the sector will be exposed to a shock related to this ecosystem service.

⁶ <https://gain.nd.edu/our-work/country-index>

An analytical framework has been established to identify economic activities that depend heavily or very heavily on ecosystem services, and that would therefore be exposed to physical biodiversity risks. Modelling makes it possible to estimate the contribution of these sectors to exports, government revenues, jobs and wages, and national production.

In addition, there is the quantitative appraisal of the region's capacity to provide the different ecosystem services, which takes into account the region's coverage according to different categories of soil (wooded cover, vegetation cover, arid zones, etc.) and the general state of biodiversity (cross-referencing between several indicators on integrity and biodiversity).

The goals and capacity to implement in terms of biodiversity conservation policies are taken into account and can mitigate or amplify these risks.

Transition risks related to biodiversity

The analysis of transition risks related to biodiversity is based on an ecological transition narrative. Countries are developing national biodiversity protection strategies, which include sectoral policies (such as regulatory, fiscal or trade reforms) aimed at reducing pressures on biodiversity, catalysing technological change, and promoting more nature-friendly behaviours. These policies can target and negatively impact the sectors that exert the greatest pressure on biodiversity. In some countries, sectors exposed to the ecological transition could contribute significantly to key macroeconomic indicators, exposing these countries to the material risks associated with the ecological transition.

An analytical framework has been established to identify the economic activities that contribute the most to the pressures and threats to biodiversity, and therefore would be exposed to transition risks. Modelling makes it possible to estimate the contribution of these sectors to exports, government revenues, jobs and wages, and national production.

The goals and capacity to implement in terms of biodiversity conservation policies are taken into account and can mitigate or amplify these risks.

6.3.3.2 Analysis of financial risks related to the climate and nature for non-sovereign counterparties financed by AFD Group

Non-sovereign climate risks are addressed in two ways: on the one hand, through credit risk rating exercises during appraisals and the annual Risks Appraisal Sheets exercise for the portfolio, and, on the other hand, through analysis tools specific to climate risk.

In the credit risk rating exercise, transition risk is examined through an analysis of the market in which the counterparty operates (demand characteristics, growth rates and market potential, long-term market sustainability), as well as the prospects for the evolution of its competitive positioning (competitive threats, technological developments). Physical risk is studied through an analysis of the historical exposure of the company's financial equilibrium to exogenous shocks, including financial climate risks. Climate financial risks are also specifically assessed through analysis tools developed by the Risk Department, aimed at assessing current and future financial risks arising from physical and transition climate risks. It should be noted that to date, the difficulty of accurately assessing the probability of occurrence of climate risks and their impact over the time horizon of credit ratings does not allow these risks to be fully taken into account in the credit rating of counterparties; the score resulting from the aforementioned tools is therefore independent of credit ratings in order to measure and monitor these risks.

Physical climate risks

Using the tool developed by the Credit, Climate and Second Opinion (*Crédit, Climat et Seconde Opinion* - CCS) division, AFD is able to measure the exposure of its non-sovereign portfolio to fourteen climate hazards (similar to those of the model used for sovereign risk) on the basis of a granularity at four levels (low, medium, high, very high). The tool, based on geographical and sectoral information, makes it possible to establish a gross exposure score. After taking into account mitigation measures, a net risk appraisal is proposed.

The tool developed has now been rolled out in all the regions covered by AFD. Integrated into AFD's information system, it provides AFD with a micro and macro vision of the physical climate financial risks to which its counterparties are exposed.

Climate transition risks

The CCS division has developed a transition risk rating tool for all its counterparties. This tool is based, as for the physical climate risk analysis matrix, on a country/sector cross-reference matrix in order to provide an initial score of exposure to financial risks related to the transition to a low-carbon economy. Unlike the tool developed for physical risks, this matrix places greater emphasis on the business sector, weighting this component more strongly than the geographical component.

The tool is based, on the one hand, to establish a geographical grid, on an analysis of the country's vulnerability to transition risk, carried out by the Economic Assessment and Public Policy (ECO) division (see Section 6.3.3.1), and, for sectoral risks, on an initial sectoral score derived from a combination of data provided by the ACPR (the French Prudential Supervisory and Resolution Authority). The analysis is then further developed with a questionnaire to take into account the measures implemented by the borrower to mitigate this risk, which gives a final score of exposure to transition risks.

The tool developed by AFD Group has now been rolled out across all the regions covered by AFD. Integrated into AFD's information system, it provides AFD with a micro and macro overview of the transition financial risks to which its counterparties are exposed.

Risks related to biodiversity

Physical and transitional biodiversity risks are not currently analysed by AFD Group as part of the lending or credit risk review processes for non-sovereign counterparties. However, AFD has developed a methodology for assessing the physical risks related to nature degradation, by coupling a sectoral approach (analysis of the dependencies of economic activities on the services provided by ecosystems) with a geographical approach (analysis of data on the state of these ecosystem services at the country level). An initial mapping of the global exposure of the non-sovereign portfolio to physical nature risks was drawn up in 2024. AFD's Risk Department is also working on the creation of appraisal tools and tools to assist dialogue with non-sovereign borrowers to better understand the financial risks related to the degradation of biodiversity to which they are exposed. These tools will promote the integration of the appraisal of these risks into the process of granting and monitoring loans by AFD, and will also contribute to raising awareness among its clients and identifying their support needs pursuant to a logic of redirecting financial flows towards activities favourable to nature.

At Proparco

The analysis of clients' climate risks is based on the same approach as the one used by AFD, presented above. At the end of 2024, an automatic appraisal was carried out systematically for physical climate risks, and a project is under way to carry out a more advanced review of these risks. The analysis of the transition risks of Proparco's clients is also based on the tools developed by AFD. These risks will be assessed as part of the preparation or updating of the Risk Appraisal Sheet as of 2025.

6.3.4 Consideration of governance risks in project ratings

The challenges of the capacity of project owners to carry out projects financed by AFD and, more generally, of the governance of the entities financed, are key success factors for the projects and major risk factors for AFD's clients. The local office therefore developed methods for assessing and monitoring these risks at both the project and client levels.

The appraisal of risks related to counterparties' organisational maturity and the institutional governance of their projects is fully integrated into AFD's non-sovereign counterparties rating process as part of the credit risk rating during the project appraisal and the production of the annual Risks Appraisal Sheets: this is one of the main lines of qualitative analysis considered when assigning a credit rating to a counterparty. For these analyses, the governance of the listed entity is the first pillar of the counterparty's qualitative rating. The elements analysed

depend on the type of counterparty and include assessments of the entity's governance (influence of shareholders on the management of the company, functioning of bodies, quality of management) and the organisation and quality of controls (quality of the organisation and internal processes, quality of internal control and quality of external audit). These assessments contribute to the counterparty's intrinsic rating and, consequently, to its final credit rating.

6.3.5 Preventing corruption, fraud, money laundering, terrorist financing and tax evasion

Corruption, fraud and any form of misappropriation of public and private aid are likely to have a detrimental impact on AFD Group's mission. The same applies to any financing that would lead, without the knowledge of AFD and its subsidiaries, to participating in a money laundering or terrorist financing mechanism.

To this end, AFD Group promotes a culture of integrity and notably ensures compliance with applicable regulations and internal provisions on (i) the prevention of money laundering and the financing of terrorism (AML/CFT), (ii) the fight against corruption and related offences, as well as fraud or anti-competitive practices, (iii) compliance with international and national financial and commercial sanctions, (iv) banking ethics, the conduct of banking and financial activities, and (v) the protection of the privacy and personal data of clients.

AFD Group also rolled out a risk management mechanism aimed at preventing, detecting and dealing with any suspicion of predation of its financing, both at AFD and Proparco. This mechanism is based, firstly, on a corpus of procedures on financial security and professional ethics, which includes general policy documents, such as AFD Group's General Policy on the prevention of and fight against prohibited practices; the Group's policy on combating money laundering and the financing of terrorism; the Group's policy on compliance with economic and financial sanctions; AFD Group's Code of Conduct against corruption and influence peddling; as well as various internal procedures and contractual provisions present in all its template financing agreements.

In addition, AFD, as the parent company, in the context of the management of its subsidiaries, ensures that Expertise France, SIC or Digital Africa (Proparco's subsidiary) set up a mechanism on the subject which is consistent with AFD's.

6.3.5.1 *Due diligence relating to projects and third-party counterparties*

Upstream of projects and transactions, in accordance with applicable banking regulations, notably in terms of anti-money laundering and the financing of terrorism, as well as the fight against corruption, due diligence is carried out on the third parties concerned and the project. These procedures make it possible to identify potential risks of non-compliance and, where appropriate, to propose regulatory measures. These procedures are subject to continuous vigilance, and in some cases increased vigilance.

As part of the management of the risk of violation of international sanctions, during the appraisal and then throughout the life of projects, the Group provides its employees and representatives with a filtering tool consolidating the financial and trade sanctions adopted by France, the European Union, the United States, the United Kingdom and the UN. This tool is also integrated into the settlement processing chain issued by AFD's Finance Department. The objective is to ensure that no counterparty, beneficiary of financing, supplier or successful tenderer of a call for tenders financed by AFD, is facing financial sanctions, or operates in sectors which are subjected to restrictive measures.

6.3.5.2 *Due diligence relating to projects and third-party suppliers*

A set of risk-based due diligence procedures is carried out before any relationship is established, and then reviewed periodically in order to prevent any risk of corruption and ensure the integrity of co-contractors. They include, among other things, checks relating to sanction lists, convictions, and compliance with social and tax contributions. In addition, co-

contractors are asked to provide a sworn statement relating to the exclusion criteria and the absence of conflict of interest.

6.3.5.3 Contractual obligations of third parties

As regards counterparties, AFD Group financing agreements include a number of clauses that require them to make commitments in terms of combating corruption, fraud, cartels, money laundering and the financing of terrorism, as well as complying with French and international financial and trade sanctions. These clauses notably oblige counterparties to inform the relevant AFD Group corporate entity of cases of alleged prohibited practices or potential or proven reprehensible practices, and to take remedial action in accordance with the Group's expectations. In the absence of remediation, the Group reserves the right to trigger an event of breach. It can suspend payments, cancel the portion of its financing in relation to which improper or non-compliant practices have been detected and demand early repayment of all or part of a loan or repayment of all or part of a grant paid. AFD Group may also decide to take the matter to the French courts or to the local courts where the project is being carried out. Moreover, being subject to banking regulations on the fight against money laundering and the financing of terrorism, AFD, its subject subsidiaries or AFD on behalf of its non-subject subsidiaries, may make a suspicion report to Tracfin.

6.3.5.4 Controls in the context of foreign public contract awards

Public contracts indirectly financed by AFD in foreign states are subject, according to risk criteria, to a specific control, which makes it possible to ensure that the various stages of the process to award contracts, carried out by the project managers benefiting from AFD financing, take place under the required conditions of integrity, transparency, fairness and efficiency. These controls take the form of the issuance of a no-objection notice (ANO) and are carried out *ex-ante*, at specific stages of the process to award contracts. In certain cases and after AFD's approval, an *ex-post* control may also take place for certain processes relating to the award of contracts. In addition to these controls, AFD imposes eligibility criteria on project owners that apply to contract award recipients, over and above those that exist in local legislation. Thus, a contract cannot be financed by AFD if the successful tenderer falls in one of the cases of exclusion or ineligibility specified in the directives for the award of contracts financed by AFD in foreign states.⁷ Moreover, tenderers are required to declare any intermediary they may have used, their role, and the amount paid for their service. Training on AFD's contract award processes and specific requirements is provided to both AFD employees and project managers, in face-to-face and e-learning formats.

6.3.5.5 Systems for reporting reprehensible practices

There are several reporting mechanisms at AFD Group to report reprehensible practices.

- Firstly, AFD Group employees and representatives have an operating incident declaration mechanism which collects and centralises all shortcomings identified by employees (including AML/CFT, and reports of corruption and fraud).
- The Group's employees and representatives must also report, through a reporting mechanism via the hierarchical line, any suspicion of irregular practices in the projects or in the context of the activities of these three entities on their own behalf. The processing of these alerts is managed by the compliance functions of the Group's entities.
- In accordance with the requirements of the "Sapin II" law and its changes, Group employees and representatives, and other persons defined by the law, have access to a whistleblowing mechanism. The entry point of the internal mechanism is the AFD Group Ethics Advisor.
- Lastly, since September 2021, a mechanism for reporting prohibited practices has been open to all Group stakeholders via the AFD institutional website.

6.3.5.6 Training of Group employees and representatives

In accordance with applicable regulations, AFD Group ensures that all of its employees (internal and external), including those of its network of local offices and Regional Directorates,

⁷ [Guidelines for the Procurement of AFD-Funded Contracts in Foreign States | AFD - Agence Française de Développement](#)

receive regular training and notifications on the risks and procedures to implement in terms of the fight against money laundering, terrorist financing, fraud and corruption. These training courses are delivered in e-learning format as part of a set of six mandatory training modules, face-to-face, and in the form of webinars (synchronous training).

6.3.5.7 Measures taken to prevent tax evasion

Keen to participate in the French policy to combat fraud and tax evasion as promoted by France within the framework of the G7, the G20, or the Interministerial Committee for International Cooperation and Development (CICID), AFD Group has, since 2009, had a rigorous policy, redefined in 2023, with regard to non-cooperative jurisdictions (NCJ) in tax matters and anti-money laundering/combating the financing of terrorism (AML/CFT). This policy provides a framework for operations carried out and projects financed in NCJs as well as operations involving one or more NCJs and/or more broadly one or more jurisdictions considered as offshore centres.

When a project involves one or more fiscal NCJs or AML/CFTs, AFD Group's policy sets out the categories of operations prohibited, authorised or eligible for Group financing as well as the specific diligence to be performed: depending on the case, the presence of fiscal NCJs may be authorised subject to conditions or strictly prohibited.

6.3.6 Integrating ESG risks into risk management mechanisms

6.3.6.1 Risk appetite framework

AFD's Risk Appetite Framework covers the Group's entire scope; Proparco is also governed by its own Risk Appetite Framework, established in line with AFD's.

Since 2025, AFD's Risk Appetite Framework has proposed a first ESG indicator, with the addition of an indicator on the vulnerability of AFD's non-sovereign portfolio to climate financial risk. It is foreseen that additional ESG indicators will be gradually integrated into the future Risk Appetite Frameworks, in line with the EBA guidelines on ESG risk management.

6.3.6.2 Gradually updating mapping from an ESG perspective

In anticipation of the EBA guidelines on ESG risk management mentioned above, in 2025, AFD Group embarked on the implementations of a first ESG risk mapping exercise in the mapping of its financial risks through the identification of transmission channels. The ultimate goal is to update all of AFD Group's risk maps through an ESG lens, using materiality analyses, resilience and climate stress tests, and relevant performance and risk monitoring indicators.

6.3.6.3 Climate transition risk exposure stress test

Furthermore, in 2020, AFD took part in a stress test led by the ACPR to assess the French banking sector's exposure to transition risk. The work carried out concluded that the impact on credit ratings is limited, even in the most adverse scenario (considering an "accelerated" transition, with carbon neutrality in 2050). Indeed, the model results in an average deterioration of one notch for the most adverse scenario, and only 0.03 of a notch in the central scenario. These results are a natural consequence of the 100% Paris Agreement policy adopted by AFD and of the exclusion policies mentioned above.

6.4 Cross-reference tables with qualitative tables

6.4.1 Table 1 — Qualitative information on environmental risk

Line number	Qualitative information – free format	
	Economic strategy and processes	
a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning	6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)" 6.1.2.1 The "Planet" roadmap 6.1.8 A specific roadmap on financial risks related to climate and nature
b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)" 6.1.3 The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs 6.1.4 A credit policy aligned with this strategy 6.1.5 The exclusion list 6.1.8 A specific roadmap on financial risks related to climate and nature
c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities	6.1.3 The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs
d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks	6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group 6.3.3 AFD Group's management of financial risks related to climate and nature
	Governance	
e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels	6.2 ESG risk governance at AFD Group 6.2.1 Actors and organisation 6.2.1.2 Committees
f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions	6.2.3 ESG alert systems and monitoring mechanisms
g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels	6.2.3.1 Early warning mechanisms 6.2.1 Actors and organisation 6.2.1.1 Decision-making bodies 6.2.1.2 Committees
h)	Lines of reporting and frequency of reporting relating to environmental risk	6.2.3.1 Early warning systems 6.2.1 Actors and organisation 6.2.1.1 Decision-making bodies 6.2.1.2 Committees
i)	Alignment of the remuneration policy with institution's environmental risk-related objectives	6.2.4 Remuneration
	Risk management	
j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework	6.3.6 Integrating ESG risks into risk management mechanisms
k)	Definitions, methodologies and international standards on which the environmental risk management framework is based	6.1.6 Alignment with the highest international standards in terms of environmental and social risk management of operations financed 6.3.3 AFD Group's management of financial risks related to climate and nature

l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels	6.1.3 The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs 6.1.4 A credit policy aligned with this strategy 6.2.3.2 Annual monitoring of sustainable development issues 6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group 6.3.3 AFD Group's management of financial risks related to climate and nature
m)	Activities, commitments and exposures contributing to mitigate environmental risks	6.1.5 The exclusion list
n)	Implementation of tools for identification, measurement and management of environmental risks	6.2.3.1 Early warning systems 6.2.3.2 Annual monitoring of sustainable development issues 6.2.3.3 Monitoring of residual environmental and social risks 6.2.3.4 For projects under implementation
o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile	6.3.3 AFD Group's management of financial risks related to climate and nature 6.3.6 Integrating ESG risks into risk management mechanisms
p)	Data availability, quality and accuracy, and efforts to improve these aspects	6.3.3 AFD Group's management of financial risks related to climate and nature
q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits	6.3.6 Integrating ESG risks into risk management mechanisms
r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	6.3.6 Integrating ESG risks into risk management mechanisms

6.4.2 Table 2 — Qualitative information on social risk

Line number	Qualitative information – free format	
	Economic strategy and processes	
a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning	6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)" 6.1.2.2 The "Social Link" roadmap
b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)" 6.1.3 The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs 6.1.4 A credit policy aligned with this strategy 6.1.5 The exclusion list
c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	6.1.4 A credit policy aligned with this strategy 6.2.2 The loan appraisal cycle 6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group
	Governance	
d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to:	6.2 ESG risk governance at AFD Group 6.2.1 Actors and organisation 6.2.1.2 Committees
i)	Activities towards the community and society	
ii)	Employee relationships and labour standards	
iii)	Customer protection and product responsibility	

iv)	Human rights	
e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body	6.2 ESG risk governance at AFD Group 6.2.1 Actors and organisation 6.2.1.1 Decision-making bodies 6.2.1.2 Committees 6.3.5.5 Systems for reporting reprehensible practices
f)	Lines of reporting and frequency of reporting relating to social risk	6.2.3.1 Early warning systems 6.2.3.2 Annual monitoring of sustainable development issues 6.2.3.3 Monitoring of residual environmental and social risks 6.2.3.4 For projects under implementation
g)	Alignment of the remuneration policy in line with institution's social risk-related objectives	6.2.4 Remuneration
	Risk management	
h)	Definitions, methodologies and international standards on which the social risk management framework is based	6.1.6 Alignment with the highest international standards in terms of environmental and social risk management of operations financed
i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	6.1.3 The Sustainable Development Analysis and Opinion (SDAO) mechanism to steer alignment with the SDGs 6.1.4 A credit policy aligned with this strategy 6.2.3.2 Annual monitoring of sustainable development issues 6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group
j)	Activities, commitments and assets contributing to mitigate social risk	6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group
k)	Implementation of tools for identification and management of social risk	6.3.1 Management of the negative environmental and social impacts of projects financed by AFD Group
l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	6.3.6 Integrating ESG risks into risk management mechanisms
m)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	6.3.6 Integrating ESG risks into risk management mechanisms

6.4.3 Table 3 — Qualitative information on governance risk

Line number	Qualitative information – free format	
	Governance	
a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics	6.1.1 AFD Group's fifth Strategic Orientation Plan (SOP V) "100% Sustainable Development Goals (SDGs)" 6.1.2.3 The "Citizens, Institutions and Democracies" roadmap
b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	6.3.4 Consideration of governance risks in project ratings
c)	Institution's integration in governance arrangements of the governance performance of their counterparties including:	6.3.4 Consideration of governance risks in project ratings
i)	Ethical considerations	
ii)	Strategy and risk management	
iii)	Inclusiveness	

iv)	Transparency	
v)	Management of conflict of interest	
vi)	Internal communication on critical concerns	
	Risk management	
d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering:	
i)	Ethical considerations	
ii)	Strategy and risk management	
iii)	Inclusiveness	
iv)	Transparency	
v)	Management of conflict of interest	
vi)	Internal communication on critical concerns	6.3.5 Preventing corruption, fraud, money laundering, terrorist financing and tax evasion

6.5 Quantitative tables

In the European context of the simplification of regulatory requirements relating to ESG, and following the publication by the European Banking Authority on 6 August 2025 of a no-action letter, quantitative models 6 to 10 will not be published until the end of 2026. Similarly, the taxonomic alignment information is not completed in Model 1 (column c) and Model 4 (column c).

6.5.1 Model 1 - Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity

As of 30.06.2025
(In millions of euros)

Sector/subsector	a	b	c	d	e
Gross carrying amount (Mln EUR)					
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1 Exposures towards sectors that highly contribute to climate change*	7 143	1 142		1 711	726
2 A - Agriculture, forestry and fishing	200	-		7	7
3 B - Mining and quarrying	40	16		16	-
4 B.05 - Mining of coal and lignite	-	-		-	-
5 B.06 - Extraction of crude petroleum and natural gas	16	16		16	-
6 B.07 - Mining of metal ores	24	-		-	-
7 B.08 - Other mining and quarrying	-	-		-	-
8 B.09 - Mining support service activities	-	-		-	-
9 C - Manufacturing	792	0		36	109
10 C.10 - Manufacture of food products	105	-		4	26
11 C.11 - Manufacture of beverages	3	-		-	3
12 C.12 - Manufacture of tobacco products	-	-		-	-
13 C.13 - Manufacture of textiles	113	-		-	0
14 C.14 - Manufacture of wearing apparel	27	-		-	-
15 C.15 - Manufacture of leather and related products	-	-		-	-
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	35	-		-	12
17 C.17 - Manufacture of paper and paper products	-	-		-	-
18 C.18 - Printing and reproduction of recorded media	2	-		-	2
19 C.19 - Manufacture of coke and refined petroleum products	0	0		0	-
20 C.20 - Manufacture of chemicals and chemical products	53	-		-	14
21 C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	309	-		-	-
22 C.22 - Manufacture of rubber products	1	-		-	1
23 C.23 - Manufacture of other non-metallic mineral products	50	-		32	-
24 C.24 - Manufacture of basic metals	56	-		-	51
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-		-	-
26 C.26 - Manufacture of computer, electronic and optical products	0	-		-	-
27 C.27 - Manufacture of electrical equipment	10	-		-	-
28 C.28 - Manufacture of machinery and equipment n.e.c.	2	-		-	-
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-		-	-
30 C.30 - Manufacture of other transport equipment	-	-		-	-
31 C.31 - Manufacture of furniture	-	-		-	-
32 C.32 - Other manufacturing	24	-		-	-
33 C.33 - Repair and installation of machinery and equipment	-	-		-	-
34 D - Electricity, gas, steam and air conditioning supply	3 007	1 126		754	222
35 D35.1 - Electric power generation, transmission and distribution	2 938	1 117		754	222
36 D35.11 - Production of electricity	2 778	1 117		739	142
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	68	9		-	-
38 D35.3 - Steam and air conditioning supply	-	-		-	-
39 E - Water supply; sewerage, waste management and remediation activities	677	-		252	74
40 F - Construction	215	-		60	-
41 F.41 - Construction of buildings	76	-		11	-
42 F.42 - Civil engineering	139	-		49	-
43 F.43 - Specialised construction activities	-	-		-	-
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	135	-		-	19
45 H - Transportation and storage	1 348	-		206	220
46 H.49 - Land transport and transport via pipelines	663	-		80	79
47 H.50 - Water transport	31	-		1	1
48 H.51 - Air transport	78	-		33	27
49 H.52 - Warehousing and support activities for transportation	522	-		93	113
50 H.53 - Postal and courier activities	54	-		-	-
51 I - Accommodation and food service activities	148	-		30	46
52 L - Real estate activities	582	-		349	28
53 Exposures towards sectors other than those that highly contribute to climate change*	55 443	-		6 519	2 266
54 K - Financial and insurance activities	18 284	-		754	132
55 Exposures to other sectors (NACE codes J, M - U)	37 159	-		5 765	2 134
56 TOTAL	62 586	-		8 229	2 992

As of 30.06.2025
(In millions of euros)

Sector/subsector	f	g	h	i	j	k
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting
	Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		
1 Exposures towards sectors that highly contribute to climate change*	482	164	300	8 296 831	1 564 064	0%
2 A - Agriculture, forestry and fishing	3	0	0	64 454	23 391	0%
3 B - Mining and quarrying	1	0	-	28 033	6 465	0%
4 B.05 - Mining of coal and lignite	-	-	-	0	0	0%
5 B.06 - Extraction of crude petroleum and natural gas	0	0	-	19 281	1 727	0%
6 B.07 - Mining of metal ores	0	-	-	8 752	4 738	0%
7 B.08 - Other mining and quarrying	-	-	-	0	0	0%
8 B.09 - Mining support service activities	-	-	-	0	0	0%
9 C - Manufacturing	64	4	57	475 641	214 639	0%
10 C.10 - Manufacture of food products	13	0	12	46 126	39 767	0%
11 C.11 - Manufacture of beverages	1	-	1	501	374	0%
12 C.12 - Manufacture of tobacco products	-	-	-	0	0	0%
13 C.13 - Manufacture of textiles	1	-	0	53 244	37 875	0%
14 C.14 - Manufacture of wearing apparel	0	-	-	3 077	2 366	0%
15 C.15 - Manufacture of leather and related products	-	-	-	0	0	0%
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	9	-	9	6 026	4 321	0%
17 C.17 - Manufacture of paper and paper products	-	-	-	0	0	0%
18 C.18 - Printing and reproduction of recorded media	-	-	-	557	518	0%
19 C.19 - Manufacture of coke and refined petroleum products	0	0	-	2 569	735	0%
20 C.20 - Manufacture of chemicals and chemical products	1	-	1	171 859	48 792	0%
21 C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	1	-	-	76 788	39 125	0%
22 C.22 - Manufacture of rubber products	-	-	-	413	348	0%
23 C.23 - Manufacture of other non-metallic mineral products	4	3	-	90 492	26 870	0%
24 C.24 - Manufacture of basic metals	34	-	34	11 416	3 911	0%
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	0	0	0%
26 C.26 - Manufacture of computer, electronic and optical products	-	-	-	136	73	0%
27 C.27 - Manufacture of electrical equipment	-	-	-	4 619	3 479	0%
28 C.28 - Manufacture of machinery and equipment n.e.c.	0	-	-	795	698	0%
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	0	0	0%
30 C.30 - Manufacture of other transport equipment	-	-	-	0	0	0%
31 C.31 - Manufacture of furniture	-	-	-	0	0	0%
32 C.32 - Other manufacturing	0	-	-	7 023	5 386	0%
33 C.33 - Repair and installation of machinery and equipment	-	-	-	0	0	0%
34 D - Electricity, gas, steam and air conditioning supply	198	69	119	5 410 893	910 668	0%
35 D35.1 - Electric power generation, transmission and distribution	198	69	119	5 342 381	902 714	0%
36 D35.11 - Production of electricity	161	68	82	0	0	0%
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	0	-	-	68 512	7 954	0%
38 D35.3 - Steam and air conditioning supply	-	-	-	0	0	0%
39 E - Water supply; sewerage, waste management and remediation activities	43	16	25	1 625 189	122 086	0%
40 F - Construction	3	2	-	38 405	35 891	0%
41 F.41 - Construction of buildings	1	1	-	15 004	13 571	0%
42 F.42 - Civil engineering	2	1	-	23 401	22 320	0%
43 F.43 - Specialised construction activities	-	-	-	0	0	0%
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5	-	4	31 214	24 445	0%
45 H - Transportation and storage	77	26	54	535 466	152 165	0%
46 H.49 - Land transport and transport via pipelines	16	13	2	285 294	69 787	0%
47 H.50 - Water transport	1	0	0	62 722	21 360	0%
48 H.51 - Air transport	30	4	26	132 799	24 806	0%
49 H.52 - Warehousing and support activities for transportation	31	9	26	47 157	29 557	0%
50 H.53 - Postal and courier activities	0	-	-	7 493	6 655	0%
51 I - Accommodation and food service activities	27	4	23	53 843	48 577	0%
52 L - Real estate activities	62	43	18	33 693	25 736	0%
53 Exposures towards sectors other than those that highly contribute to climate change*	1 486	395	992			
54 K - Financial and insurance activities	169	36	93			
55 Exposures to other sectors (NACE codes J, M - U)	1 317	359	899			
56 TOTAL	1 968	559	1 292			

As of 30.06.2025
(In millions of euros)

Sector/subsector	I m n o p				
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1 Exposures towards sectors that highly contribute to climate change*	1 655	2 189	3 156	143	9
2 A - Agriculture, forestry and fishing	85	114	1	-	5
3 B - Mining and quarrying	16	24	-	-	4
4 B.05 - Mining of coal and lignite	-	-	-	-	-
5 B.06 - Extraction of crude petroleum and natural gas	16	-	-	-	1
6 B.07 - Mining of metal ores	-	24	-	-	6
7 B.08 - Other mining and quarrying	-	-	-	-	-
8 B.09 - Mining support service activities	-	-	-	-	-
9 C - Manufacturing	412	355	24	0	5
10 C.10 - Manufacture of food products	89	15	1	0	2
11 C.11 - Manufacture of beverages	3	-	-	-	1
12 C.12 - Manufacture of tobacco products	-	-	-	-	-
13 C.13 - Manufacture of textiles	16	98	-	0	6
14 C.14 - Manufacture of wearing apparel	27	-	-	-	4
15 C.15 - Manufacture of leather and related products	-	-	-	-	-
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	12	-	23	0	11
17 C.17 - Manufacture of paper and paper products	-	-	-	-	-
18 C.18 - Printing and reproduction of recorded media	2	-	-	-	1
19 C.19 - Manufacture of coke and refined petroleum products	0	-	-	-	0
20 C.20 - Manufacture of chemicals and chemical products	40	13	-	-	3
21 C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	167	143	-	-	4
22 C.22 - Manufacture of rubber products	1	-	-	-	1
23 C.23 - Manufacture of other non-metallic mineral products	14	36	-	-	6
24 C.24 - Manufacture of basic metals	5	51	-	-	7
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-
26 C.26 - Manufacture of computer, electronic and optical products	0	-	-	-	1
27 C.27 - Manufacture of electrical equipment	10	-	-	-	0
28 C.28 - Manufacture of machinery and equipment n.e.c.	2	-	-	-	3
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-
30 C.30 - Manufacture of other transport equipment	-	-	-	-	-
31 C.31 - Manufacture of furniture	-	-	-	-	-
32 C.32 - Other manufacturing	24	-	-	0	2
33 C.33 - Repair and installation of machinery and equipment	-	-	-	-	-
34 D - Electricity, gas, steam and air conditioning supply	483	930	1 539	55	10
35 D35.1 - Electric power generation, transmission and distribution	474	871	1 539	55	10
36 D35.11 - Production of electricity	438	774	1 524	43	11
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	9	59	-	-	8
38 D35.3 - Steam and air conditioning supply	-	-	-	-	-
39 E - Water supply; sewerage, waste management and remediation activities	106	141	430	0	11
40 F - Construction	127	41	48	0	6
41 F.41 - Construction of buildings	63	6	8	-	4
42 F.42 - Civil engineering	64	35	40	0	6
43 F.43 - Specialised construction activities	-	-	-	-	-
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	121	13	-	0	3
45 H - Transportation and storage	194	410	744	0	10
46 H.49 - Land transport and transport via pipelines	58	88	517	0	11
47 H.50 - Water transport	1	31	-	-	8
48 H.51 - Air transport	45	27	5	-	4
49 H.52 - Warehousing and support activities for transportation	37	263	222	-	10
50 H.53 - Postal and courier activities	54	-	-	-	2
51 I - Accommodation and food service activities	53	80	15	-	5
52 L - Real estate activities	58	80	356	88	14
53 Exposures towards sectors other than those that highly contribute to climate change*	13 563	12 570	25 494	3 816	10
54 K - Financial and insurance activities	10 678	3 392	2 245	1 969	6
55 Exposures to other sectors (NACE codes J, M - U)	2 885	9 178	23 249	1 847	12
56 TOTAL	15 218	14 759	28 650	3 959	10

* In accordance with Commission Delegated Regulation (EU) No. 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – Climate Benchmark Regulation – Preliminary Point 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No. 1893/2006
This table summarises the breakdown of AFD Group's portfolio by business sectors that contribute significantly to greenhouse gas emissions, by cross-referencing it with information on the credit quality of the portfolio.

Paris-Aligned Benchmark (PAB)

The regulation requires the identification of exposures excluded from the Paris-Aligned Benchmark (PAB) index, as defined by Article 12.1 of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020. An internal methodology had to be developed for this purpose, as the geographical distribution of AFD Group's portfolio in developing or emerging countries

makes it difficult to use an index calculated by an external data provider: the business sector of the counterparties was identified on the basis of their NACE codes, and made it possible to distinguish between (i) counterparties active in the fossil fuel sector (coal, oil or gas), and (ii) those active in the electricity generation sector. For the few counterparties in the first category, an analysis of the composition of their revenue was carried out. For electricity operators, data on their production mix was collected from several sources: in operators' reports or from AFD Group's technical experts. These analyses led to a list of exposures excluded from the PAB index. However, two important remarks should be noted about the composition of AFD Group's portfolio:

- Exposures to counterparties operating in the fossil fuel sector are very limited, as AFD Group's exclusion list was reinforced in this regard in 2022 (see Section 6.1.5). In addition to the depreciation and amortisation of the existing portfolio, there may also be renewable energy development support projects for these same players.
- Through its mandate, AFD Group finances integrated electricity operators that do not currently meet the definition of the PAB index, precisely with a view to backing them during their low-carbon transition.

Greenhouse gas (GHG) emissions financed

The regulation also requires the disclosure, by sector of activity, of GHG emissions attributable to AFD Group's financial exposures. In line with Part A "financed emissions" of the Partnership for Carbon Accounting Financials (PCAF) standard, AFD Group rolled out two complementary processes:

- Information is collected for the investment portfolio from external reports on their ESG performance. This method of collection corresponds to a Level 1 or 2 PCAF data quality score.
- The use of a tool for estimating financed emissions, the Joint Impact Model (JIM) v.2024.3.1.8, aligned with the PCAF methodology, for all other counterparties in its portfolio. This model generates data with a PCAF quality score of 4 or 5. The JIM's methodology is based on macroeconomic modelling that estimates the carbon intensity of investments by economic sector and country. The results are therefore estimates and should be interpreted as such. Moreover, the current version of JIM does not include downstream Scope 3 emissions.

Two methods of estimating emissions are proposed. In the "Individual Client" method, a client's emissions are estimated based on their revenue, to which a sectoral and geographical carbon intensity factor is applied. This gives an estimate of the company's total emissions. AFD then allocates a share of these emissions which is proportional to its financing, calculated *pro rata* of the outstandings on the company's total balance sheet. In the "Sector Exposure" method, emissions are directly allocated in proportion to outstanding financing without using a more individualised estimate based on revenues.

There are some limitations to using the JIM tool. Firstly, emissions from the water and sanitation sector are estimated using sectoral data that also aggregate data for the waste management sector. This implies estimates that are significantly higher than the averages for the Water and Sanitation sector alone observed elsewhere. Secondly, the tool does not provide an estimate of emissions for biomass power plants. In the absence of other information, these plants have been treated as conventional power plants. Methodological work is under way to better understand the calculation of emissions for these two sectors. Work on data quality is also under way to better estimate and calculate the emissions of integrated electricity operators, which represent the largest share in AFD Group's portfolio.

6.5.2 Model 2 - Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property — Energy efficiency of the collateral

The regions in which AFD Group operates do not allow for an easy valuation of real estate collateral, which is most often taken on a defensive basis, for a limited number of financing transactions. AFD Group does not provide real estate financing, or only does so very marginally. For these reasons, Model 2 "Banking book — Indicators of potential climate change transition

risk: Loans collateralised by real immovable property – Energy efficiency of the collateral" is not provided here.

6.5.3 Model 3 - Banking book - Indicators of potential climate change transition risk: Alignment metrics

As of 30.06.2025
(In millions of euros)

a	b	c	d	e	f	g
Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mln EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in %***	Target (year of reference + 3 years)
1 Power	3511-3512-3513	2 938	Average tonnage of CO ₂ e/MWh – Scope 1	0,268	44%	No target
2 Fossil fuel combustion	620-1920-2014-3522-3523	98	N/A ¹	N/A	N/A	N/A
3 Automotive	-	-	N/A ²	N/A	N/A	N/A
4 Aviation	5110-5223	328	Percentage of Sustainable Aviation Fuel (SAF) used by airlines and airports	-	100% ³	No target
5 Maritime transport	5010-5020-5222-5224-5229	300	Annual Efficiency Ratio (AER) of fleets ⁴ – Scope 1, 2	N/A ⁵	N/A	No target
6 Cement, clinker and lime production	2351	50	Tonnes of CO ₂ e per tonne produced – Scope 1 and 2 "inclusive" ⁶	0,651	45%	No target
7 Iron and steel, coke, and metal ore production	729-2445	80	Tonnes of CO ₂ e per tonne produced – Scope 1 and 2 (steel and aluminium only)	N/D ⁷	N/D	No target
8 Chemicals	2014-2015-2059	53	Tonnes of CO ₂ e per tonne produced – Scope 1 and 2 "inclusive" ⁶	N/D ⁸	N/D	No target
9 ... potential additions relevant to the business model of the institution						

*** Point in Time (PiT) distance to 2030 NZE2050 scenario in % (for each metric)

¹ Fossil fuels are now part of the AFD Group's exclusion list, therefore the suggested alignment parameters for this sector do not apply. In addition to fossil-fuel-related assets, which are declining and expected to disappear, this line also includes renewable energy production assets – linked to entities whose revenues are mostly derived from fossil fuels – that AFD may continue to finance.

² The AFD Group does not finance projects in this sector.

³ This indicator is not monitored by AFD. According to experts, the SAF rate is close to 0%.

⁴ Indicator equivalent to the IMO's Carbon Intensity Indicator (CII) (CO₂e/tonne-kilometre).

⁵ Currently, AFD does not finance non-sovereign fleets. Projects in this sector mainly benefit port authorities and terminals.

⁶ The notion of Scope 1 and 2 "inclusive", as defined by ADEME, adds to Scope 1 and 2 GHG emissions the imported emissions linked to incompressible inputs such as limestone or cement.

⁷ The IEA has defined alignment benchmarks for the production of steel and aluminium. At present, the AFD Group's portfolio does not include any counterparty whose production is focused on these minerals.

⁸ Data collection is ongoing.

With a view to managing transition risks, the table above shows, for certain particularly emitting sectors, the positioning of the carbon intensity of financed activities in line with the carbon neutrality trajectories by 2050 (NZE 2050) defined by the International Energy Agency (IEA). It includes eight sectors whose carbon intensity is considered significant by the European Banking Authority (EBA), namely fossil fuel combustion, power, iron and steel, cement, automotive, maritime transport, aviation and chemicals. The table consolidates all outstandings associated with the NACE codes proposed by the EBA for each sector. However, it should be noted that the scope of the alignment parameter only covers the relevant NACE codes and not necessarily the entire financial exposure, i.e. outstandings linked to NACE 3511 codes for electricity generation. Carbon intensity can be calculated for three sectors, which can be compared with the NZE2050 trajectory, in accordance with regulatory requirements. AFD Group's main sector of exposure is the power sector, with an outstanding amount of just over €3 billion. Emission factors were obtained either directly from counterparties or using estimates (derived from the energy mix for certain electricity producers). Pending the generation of data of a better quality, conservative values have sometimes been used, notably for emission factors that also cover Scopes 2 and 3. Five sectors are not, or are no longer, covered by AFD Group's scope of intervention (fossil fuels; automotive); do not currently appear in its portfolio as it is (steel or aluminium production; fleets); or do not yet have consolidated data to date (chemical products). It should be noted that the IEA's decarbonisation pathways are carried out on a global scale, while AFD Group's activities focus on developing and emerging countries, which, under the Paris Agreement, can follow differentiated pathways towards carbon neutrality.

Alignment with the Paris Agreement was adopted as a guiding principle in 2017, and structures all of the Group's actions. AFD Group's commitment to "net zero" transitions is to be understood in view of the role expected of development banks in the Global North under the Paris Agreement, robustly underpinned by a set of operational due diligence processes, tested since 2017, making it possible to report on their implementation and which analyse the consistency of interventions in relation to low-carbon economic development trajectories. Projects are analysed using existing methodologies for alignment with national low-carbon and resilient development trajectories, and specific doctrines have been consolidated for the maritime and aviation sectors, as well as for energy operators. This "100% Paris Agreement" commitment has been taken up by all multilateral development banks, and well received by specialised civil society organisations. With regard specifically to the management of climate transition financial risks, an ongoing appraisal is conducted at counterparty level, enabling a formal assessment of net risks (see Section 6.3.3). This system is supplemented by a policy of exclusion of coal, oil and gas fossil fuels (see Section 6.1.5). No sectoral carbon intensity target has been adopted by AFD Group. The indicators presented are complementary diagnostic elements, and are not intended for the strategic or operational management of the activity.

6.5.4 Model 4 - Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms

Data as of 30.06.2025 (in million EUR)	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	45	0%	-	12	1

*For counterparties among the top 20 carbon emitting companies in the world

This table identifies the financial exposure to companies that are among the world's top 20 emitters of greenhouse gases. Among the sources proposed by the regulations, AFD Group retained data from the Climate Accountability Institute, referring to the most recent annual data.

No funding was allocated to the parent companies of the groups on this list. In addition, the financing granted to subsidiaries of these groups is exclusively for renewable electricity generation projects.

6.5.5 Model 5 - Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk

To date, five climate hazards have been selected by AFD as physical risk indicators for counterparties: two acute (cyclone, extreme precipitation) and three chronic (heat stress, water stress, sea level rise).

Extreme precipitation

Extreme precipitation can have dramatic consequences in terms of public health and mortality, and can harm buildings and infrastructure. The extreme precipitation indicator measures the rise in the frequency and intensity of extreme precipitation events, and incorporates a sub-indicator of historical data on the number of floods recorded between 1985 and 2011. The risk is defined on the basis of IPCC (CMIP5) and NASA models, using a Business As Usual scenario, on a scale of 25x25km.

Sea level rise

The sea level rise indicator is based on the frequency, and the change in frequency from now until 2040, of coastal flooding. It compares data on site elevation with projections of vertical land movement (tectonic movements, subsidence/subsidence phenomena), storms and sea

level rise. The indicator also includes an analysis of sites that are not directly exposed to sea level rise but are located at a distance of less than 5 km from the coast and at an elevation of less than 10 metres, in order to integrate river flooding linked to tropical storms.

Cyclones

Cyclones are measured on the basis of essentially historical data, in view of the inability of the climate models used during the construction of the methodology and the available tools to make projections on individual events. The cyclone indicator measures historical exposure to cyclones, hurricanes and storms based on wind speed data. The results are based on an analysis of 1,200 cyclones from 1980 to 2016. The indicator studies both the severity and frequency of cyclones in the geographical areas concerned. Knowing that cyclones will occur in the same geographical areas with a higher intensity, and perhaps a higher frequency, this method allows a fair understanding of the risk.

Heat stress

The heat stress indicator measures the relative change in the frequency and severity of hot days, as well as the change in annual maximum temperatures, between climate projections (2030-2040) and historical data (1975-2005). It is sensitive to the amplitude of variations in rising temperatures, rather than to the absolute initial values. It is in these regions that heat will have the greatest impacts on the health of inhabitants, on the performance of infrastructure networks, as well as on the demand for and cost of energy.

Water stress

The water stress indicator measures the risk of an increase in the frequency and intensity of water shortages. This indicator is based on climate projections, data on current water shortages, and projections on the evolution of water demand in the region concerned. Water shortages are caused by human activities (increased demand) and/or climate trends (reduced natural water supply). The indicator includes absolute and relative change variables in natural blue water supply and water demand between 2020 and 2040. The calculation is made on the basis of data from the World Resources Institute (WRI, Aqueduct Climate Projections) at the scale of the watershed. On coasts and islands, when the size of the basins is too small and data are lacking, a radius of 1/40° has been drawn to include the nearest watersheds.

6.5.5.1 In the "Africa" geographic area

As of 30.06.2025
(In millions of euros)

Variable: Geographical area subject to climate change physical risk - acute and chronic events	a	b	c	d	e	f	g
			Gross carrying amount (Mln EUR)				
			of which exposures sensitive to impact from climate change				
			Breakdown by maturity bucket				Average weighted maturity
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	
1 A - Agriculture, forestry and fishing		86	9	-	-	-	2,5
2 B - Mining and quarrying		16	16	-	-	-	1,0
3 C - Manufacturing		187	45	22	-	0,06	2,5
4 D - Electricity, gas, steam and air conditioning supply		1 155	102	172	410	0,10	10,4
5 E - Water supply; sewerage, waste management and remediation activities		188	15	20	71	-	10,1
6 F - Construction		68	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles		49	-	-	-	-	-
8 H - Transportation and storage		815	-	-	15	-	10,6
9 L - Real estate activities		180	15	-	112	0,02	11,4
10 Loans collateralised by residential immovable property		-	-	-	-	-	-
11 Loans collateralised by commercial immovable property		-	-	-	-	-	-
12 Repossessed collaterals		-	-	-	-	-	-
13 Other relevant sectors (breakdown below where relevant)		-	-	-	-	-	-

As of 30.06.2025
(In millions of euros)

Variable: Geographical area subject to climate change physical risk - acute and chronic events	a	h	i	j	k	l	m	n	o					
										Gross carrying amount (Mln EUR)				
										of which exposures sensitive to impact from climate change				
										of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures
of which Stage 2 exposures	Of which non-performing exposures	of which Stage 2 exposures	Of which non-performing exposures											
1 A - Agriculture, forestry and fishing		0	7	2	7	2	0	0						
2 B - Mining and quarrying		16	-	-	16	-	0	0						
3 C - Manufacturing		32	33	3	-	23	7	-						
4 D - Electricity, gas, steam and air conditioning supply		638	42	4	167	122	83	17	6					
5 E - Water supply; sewerage, waste management and remediation activities		105	-	-	91	-	9	8						
6 F - Construction		-	-	-	-	-	-	-						
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles		-	-	-	-	-	-	-						
8 H - Transportation and storage		-	15	-	15	-	2	2						
9 L - Real estate activities		112	15	-	112	15	22	14						
10 Loans collateralised by residential immovable property		-	-	-	-	-	-	-						
11 Loans collateralised by commercial immovable property		-	-	-	-	-	-	-						
12 Repossessed collaterals		-	-	-	-	-	-	-						
13 Other relevant sectors (breakdown below where relevant)		-	-	-	-	-	-	-						

This zone includes the projects attached to the Regional Directorates of North Africa, the Greater Sahel, the Gulf of Guinea, Central Africa, East Africa and Southern Africa.

6.5.5.2 In the "Latin America" geographic area

As of 30.06.2025
(In millions of euros)

	a	b	c	d	e	f	g
Variable: Geographical area subject to climate change physical risk - acute and chronic events			Gross carrying amount (Mln EUR)				
			of which exposures sensitive to impact from climate change				
			Breakdown by maturity bucket				
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	47	-	40	-	-	7,0
2	B - Mining and quarrying	-	-	-	-	-	-
3	C - Manufacturing	75	22	5	-	0	2,3
4	D - Electricity, gas, steam and air conditioning supply	721	60	170	-	-	6,0
5	E - Water supply; sewerage, waste management and remediation activities	210	5	-	86	0	14,1
6	F - Construction	32	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1	-	-	-	-	-
8	H - Transportation and storage	79	-	15	15	0	8,9
9	L - Real estate activities	4	-	-	-	-	-
10	Loans collateralised by residential immovable property						
11	Loans collateralised by commercial immovable property						
12	Reposessed collaterals						
13	Other relevant sectors (breakdown below where relevant)						

As of 30.06.2025
(In millions of euros)

a	h									i		j		k		l		m		n		o	
	Gross carrying amount (Mln EUR)																						
	of which exposures sensitive to impact from climate change																						
Variable: Geographical area subject to climate change physical risk - acute and chronic events	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated																	
										of which Stage 2 exposures				Of which non-performing exposures									
1 A - Agriculture, forestry and fishing	4	36	-	-	4	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 C - Manufacturing	17	10	-	-	12	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
4 D - Electricity, gas, steam and air conditioning supply	219	11	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 E - Water supply; sewerage, waste management and remediation activities	15	76	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 H - Transportation and storage	-	30	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 L - Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Loans collateralised by residential immovable property																							
11 Loans collateralised by commercial immovable property																							
12 Repossessed collaterals																							
13 Other relevant sectors (breakdown below where relevant)																							

This zone includes the projects attached to the Regional Directorates of Mexico, Cuba and Central America, the Andes and Brazil-Southern Cone.

6.5.5.3 In the "Three Oceans" geographic area

As of 30.06.2025
(In millions of euros)

a	b	c	d	e	f	g	
Variable: Geographical area subject to climate change physical risk - acute and chronic events		Gross carrying amount (Mln EUR)					
		of which exposures sensitive to impact from climate change					
		Breakdown by maturity bucket					
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
1	A - Agriculture, forestry and fishing	2	1	-	1	-	5,9
2	B - Mining and quarrying	-	-	-	-	-	-
3	C - Manufacturing	77	0	52	1	-	7,4
4	D - Electricity, gas, steam and air conditioning supply	366	7	83	163	42	13,3
5	E - Water supply; sewerage, waste management and remediation activities	139	11	18	70	0	12,3
6	F - Construction	59	31	14	7	0	4,9
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3	-	-	-	-	-
8	H - Transportation and storage	265	37	43	160	-	11,3
9	L - Real estate activities	399	20	43	56	27	12,2
10	Loans collateralised by residential immovable property						
11	Loans collateralised by commercial immovable property						
12	Reposessed collaterals						
13	Other relevant sectors (breakdown below where relevant)						

As of 30.06.2025
(In millions of euros)

a	h	i	j	k	l	m	n	o				
									Gross carrying amount (Mln EUR)			
									of which exposures sensitive to impact from climate change			
Variable: Geographical area subject to climate change physical risk - acute and chronic events	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated						
						of which Stage 2 exposures	Of which non-performing exposures					
1 A - Agriculture, forestry and fishing	-	-	2	-	-	0	-	-				
2 B - Mining and quarrying	-	-	-	-	-	-	-	-				
3 C - Manufacturing	53	-	0	0	53	35	0	35				
4 D - Electricity, gas, steam and air conditioning supply	126	-	139	86	0	7	6	0				
5 E - Water supply; sewerage, waste management and remediation activities	51	-	48	35	24	3	1	2				
6 F - Construction	1	-	50	-	-	0	-	-				
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-				
8 H - Transportation and storage	39	24	177	26	118	33	4	29				
9 L - Real estate activities	45	9	92	16	2	4	1	2				
10 Loans collateralised by residential immovable property												
11 Loans collateralised by commercial immovable property												
12 Repossessed collaterals												
13 Other relevant sectors (breakdown below where relevant)												

This zone includes the projects attached to French overseas territories and neighbouring foreign states in three geographical basins corresponding to Regional Directorates: Atlantic Ocean, Indian Ocean and Pacific Ocean.

6.5.5.4 In the "Oriens" geographic area

As of 30.06.2025
(In millions of euros)

a	b	c	d	e	f	g
Variable: Geographical area subject to climate change physical risk - acute and chronic events						
Gross carrying amount (Mln EUR)						
of which exposures sensitive to impact from climate change						
Breakdown by maturity bucket						
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1 A - Agriculture, forestry and fishing	60	49	-	-	-	2,1
2 B - Mining and quarrying	24	-	24	-	-	5,8
3 C - Manufacturing	151	53	98	-	-	4,9
4 D - Electricity, gas, steam and air conditioning supply	532	124	110	207	0	9,6
5 E - Water supply; sewerage, waste management and remediation activities	140	49	49	42	-	8,2
6 F - Construction	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	32	19	0	-	-	4,9
8 H - Transportation and storage	31	-	-	-	-	-
9 L - Real estate activities	-	-	-	-	-	-
10 Loans collateralised by residential immovable property						
11 Loans collateralised by commercial immovable property						
12 Repossessed collaterals						
13 Other relevant sectors (breakdown below where relevant)						

As of 30.06.2025
(In millions of euros)

As of 30.06.2025
(In millions of euros)

a	h	i	j	k	l	m	n	o
Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (Mln EUR)							
	of which exposures sensitive to impact from climate change							
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated		
							of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	46	2	1	-	1	0	-	
2 B - Mining and quarrying	24	-	-	-	-	0	-	
3 C - Manufacturing	110	36	4	-	-	1	-	
4 D - Electricity, gas, steam and air conditioning supply	229	69	143	29	50	53	2	4
5 E - Water supply; sewerage, waste management and remediation activities	73	67	-	31	-	2	2	
6 F - Construction	-	-	-	-	-	-	-	
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	19	-	-	-	19	4	-	
8 H - Transportation and storage	-	-	-	-	-	-	-	
9 L - Real estate activities	-	-	-	-	-	-	-	
10 Loans collateralised by residential immovable property								
11 Loans collateralised by commercial immovable property								
12 Repossessed collaterals								
13 Other relevant sectors (breakdown below where relevant)								

This zone includes the projects attached to the Regional Directorates of South-East Asia, South Asia, East Asia, the Near and Middle East, and of the European Enlargement and Neighbourhood.

6.5.5.5 In other regions

As of 30.06.2025
(In millions of euros)

a	b	c	d	e	f	g
Variable: Geographical area subject to climate change physical risk - acute and chronic events		Gross carrying amount (Mln EUR)				
		of which exposures sensitive to impact from climate change				
		Breakdown by maturity bucket				
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1 A - Agriculture, forestry and fishing	5	-	-	-	-	
2 B - Mining and quarrying	-	-	-	-	-	
3 C - Manufacturing	302	-	-	-	-	
4 D - Electricity, gas, steam and air conditioning supply	233	49	24	-	-	3,3
5 E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	
6 F - Construction	56	-	-	-	-	
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	49	-	-	-	-	
8 H - Transportation and storage	159	0	-	-	-	0,5
9 L - Real estate activities	-	-	-	-	-	
10 Loans collateralised by residential immovable property						
11 Loans collateralised by commercial immovable property						
12 Repossessed collaterals						
13 Other relevant sectors (breakdown below where relevant)						

a	h i j k l m n o							
	Gross carrying amount (Mln EUR)							
	of which exposures sensitive to impact from climate change							
	of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated		
Variable: Geographical area subject to climate change physical risk - acute and chronic events						of which Stage 2 exposures	Of which non-performing exposures	
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-
2 B - Mining and quarrying	-	-	-	-	-	-	-	-
3 C - Manufacturing	-	-	-	-	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	42	18	12	13	18	3	1	2
5 E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-
6 F - Construction	-	-	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-
8 H - Transportation and storage	-	0	-	-	0	-	-	-
9 L - Real estate activities	-	-	-	-	-	-	-	-
10 Loans collateralised by residential immovable property								
11 Loans collateralised by commercial immovable property								
12 Repossessed collaterals								
13 Other relevant sectors (breakdown below where relevant)								

This table groups together projects not covered in the regions presented above; these are essentially multi-regional projects and therefore not allocated to a specific geographic area.

7 PERSON RESPONSIBLE FOR THE RISK REPORT PILLAR 3

Name and position

Mr Bertrand WALCKENAER: Chief Operating Officer (COO)

Certification of the person responsible

I certify that, to the best of my knowledge, the disclosures provided in this document in relation to Pillar III comply with part 8 of CRR Regulation (EU) No. 575/2013 (and subsequent modifications) and have been prepared in accordance with the internal control framework agreed at AFD management body level.

Paris, 23 September 2025

Chief Operating Officer (COO)

Bertrand WALCKENAER