



BANQUE
INTERNATIONALE
À LUXEMBOURG

Green Bond Reporting

As of 31 December 2023

- 1. Sustainability Strategy
- 2. Allocated Green Assets
- 3. Impact Calculation

Sustainability Strategy

Overview

« WE ARE AN INTERNATIONAL BANK THAT STRONGLY SUPPORTS THE LOCAL ECONOMY AND COMMUNITIES. WE ENGAGE WITH OUR EMPLOYEES TO TRANSITION TOWARDS SUSTAINABLE BANKING, CONSCIOUS OF OUR RESPONSIBILITY AND WILLING TO DEVELOP PRODUCTS THAT ALLOW US, TOGETHER WITH OUR CLIENTS, TO MAKE A POSITIVE IMPACT AND TO PREPARE SOLID GROUND FOR FUTURE GENERATIONS »



Pillar 1¹ – Sustainable governance and strategy

Structure the organisation to face ESG (Environment, Societal, Governance) challenges and to support the bank's long-term growth and stability

Pillar 2¹ – Responsible and sustainable products and services

Develop a responsible product and service offering to both create value for clients and support the transition to sustainability

Pillar 3¹ – Responsible employer

With a view to making its employment practices sustainable, BIL is committed to promoting inclusive workplaces, offering training and mobility opportunities to all employees

Pillar 4¹ – Positive impact

Continue to make a positive impact on the local economy and communities and prepare solid ground for future generations

In total, BIL has made 19 commitments to anchor these pillars and translate them into a business strategy, embedded into business-as-usual processes, and then monitored and managed across a wide range of departments

(1): For detailed information on each Pillar of our SustainaBILity Strategy please visit our website <https://www.bil.com/sustainability/index-en.html> or contact us (contact details on the last page of this presentation)

Sustainability Strategy

Exclusion policy and ESG integration

Exclusion Policy

- BIL investment services are using an exclusion list targeting individual companies (and their respective bonds and equities) and countries (sovereign debt). Excluded companies are identified as those presenting unacceptable harm to our society and are ineligible for investment.

Thermal coal

Exclusion of companies that earn more than 10% ⁽¹⁾ of their revenues from coal extraction and/or power generation from coal.

Oil sand

Restriction of companies earning more than 5% ⁽¹⁾ of their revenues from oil sand extraction.

Controversial weapons

No tolerance towards investing in companies involved in controversial weapons activities or provisions to such companies. This principle is applicable to any involvement in the development, testing, maintenance, and sale of anti-personnel landmines, cluster bombs, depleted uranium weapons, chemical weapons, biological weapons, and white phosphorous weapons.

Controversial behavior

BIL excludes companies that have serious violations with regards to the United Nations Global Compact (UNGC) Principles.

Serious violations

BIL excludes countries that have serious violations with regard to political stability or where the governance structure is deemed as unsustainable.

ESG integration



- BIL investment-decision processes apply ESG non-financial factors as part of the analysis to identify and assess material risks and growth opportunities.
- This integration allows BIL to identify companies that are better equipped to address ESG-related challenges and leverage opportunities related to sustainability and responsible business practices.
- BIL sources ESG data from two contracted third-party data providers, namely Candriam and Refinitiv, with which BIL has established partnerships in recent years.
- By using Candriam's proprietary ESG database, BIL obtains access to Candriam's in-house methodologies output that incorporate multiple providers and dedicated expert judgments, which are resulted in the ESG scores, allowing BIL to reach a consistent conclusion or decision.
- By using Refinitiv's ESG database, BIL obtains comprehensive suite of ESG data, analytics, and insights to make informed decisions and assess the sustainability and ethical performance of companies and assets.

(1) <https://www.bil.com/Documents/documentation-legale/SustainabilityRiskPolicy.pdf>

Sustainability Strategy

Recent Achievements & 2024 Targets



2023 Achievements

- ✓ **Focus on regulatory compliance:** SFDR, MIFID, Integration of climate risks, CSRD.
- ✓ **1st ESG targets** and Board oversight of ESG Dashboard.
- ✓ Development of **article 8** in-house funds.
- ✓ Systematic integration of **EPC** in mortgage processes.
- ✓ **Integration of ESG considerations** in lending and investment activities and development of risk assessment framework.
- ✓ Systematic **sustainability preferences** collection.

2024 Targets

- 🎯 Pursue reflections on **climate strategy**, sectorial implications and impact on business model and strategy.
- 🎯 Reflect on long-term **targets** and bank ambitions.
- 🎯 Ensure **transparency** on bank's governance and ESG policies.
- 🎯 Create **client awareness** on ESG products & services.
- 🎯 Continue to develop **ESG offering and linked pricing reflections**.
- 🎯 Continue to develop **ESG Risk Framework**.
- 🎯 Address **regulatory requirements** with focus on MIFID, Risk roadmap, CSRD and SFDR.
- 🎯 Work on **Culture & Training**.

ESG Frameworks & Guidelines aligned to & Labels obtained



Banque Internationale à Luxembourg SA

Industry Group: **Banks**

Country/Region: **Luxembourg**

Identifier: **BRU:1153516**

Banque Internationale a Luxembourg SA, BIL is an authorized credit institution. The company provides various services like mortgage loans, mutual fund management, and credit card sponsorship. It also issues bonds. It is institutional banking, that provides services to corporate, individual, and wealth management.

ESG Risk Rating COMPREHENSIVE ?

11.2 Low Risk



Last Full Update: **Sep 15, 2023** ?

Last Update: **Sep 16, 2023** ?

Ranking

Industry Group (1st = lowest risk)

Banks **54** out of 1046

Universe

Global Universe **531** out of 15974

BIL had its ESG Risk Rating performed by Sustainalytics as at 15 September 2023. This Risk Rating measures the company's exposure to industry-specific material ESG risks and how well the company is managing those risks.

BIL was awarded a score of **11.2** (15 September 2023) by Sustainalytics ⁽¹⁾ which indicates:

- Low risk
- Strong overall management of material ESG issues
- Strong performance on Data Privacy & Security, Human Capital, Product Governance, ESG Integration, Corporate Governance and Business Ethics



(1) <https://www.sustainalytics.com/esg-rating/banque-internationale-luxembourg-sa/1016049731>

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Allocated Green Assets

Overview

Rationale

- Opportunity to promote and support the long-term development of sustainable solutions through financing sustainable innovations and services in line with the UN SDG 2030 agenda.
- Ensure that clients have access to financing that helps them to pursue the transition to an environmentally sustainable future.
- Commitment to support the growth of the sustainable finance market, a critical tool to meet the commitments of the Paris Agreement on global climate action and to address investors' willingness to finance sustainable activities.
- **Primary focus to channel financing towards energy-efficient real estate in Luxembourg.**

Green Bond Principles

Use of Proceeds

Green Buildings

- Financing of **refurbishment, acquisition and ownership of existing or future energy-efficient residential buildings in Luxembourg.**

An independent advisory firm has been mandated to define robust eligibility criteria in Luxembourg.

Process for Asset Evaluation and Selection

- Dedicated process for eligible loan identification, selection and monitoring according to Use of Proceeds criteria.
- Green Bond Committee chaired by Chief Financial Officer in charge of allocation of Green Bond proceeds to Eligible Portfolio.

Management of Proceeds

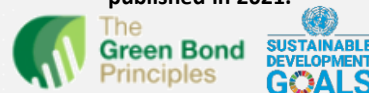
- Proceeds managed on aggregated portfolio basis.
- Allocation period of 2 years on best effort basis.
- Lookback period of 3 years.
- Unallocated proceeds held in accordance with BIL's investment guidelines.

Reporting

- Annual allocation and impact report published on BIL's website.
- Eligible Portfolio environmental impact assessment performed by independent advisory firm.
- An external auditor appointed by BIL will verify, on an annual basis, the proceeds allocated to the Eligible Portfolio and the remaining balance of the unallocated proceeds.



Has provided a Second Party Opinion on the Framework and is of the opinion that the Banque Internationale à Luxembourg Green Bond Framework is **credible and impactful and aligns to the four core components of the ICMA Green Bond Principles published in 2021.**



Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN SDG, specifically SDGs 7 and SDGs 11.



Sustainalytics considers the project selection process in line with market practice.



BIL's Green Bond Committee will be responsible for the managing and tracking of proceeds via an internal tracking system. This is in line with market practice.



BIL has also committed to an independent review of its annual reporting, which is in line with best market practice.

Allocated Green Assets

Use of proceeds - Harmonized Framework



ISIN Code	Issue Date	Maturity Date	Currency	Amount Issued	Status	Allocation to Eligible Portfolio (Green Buildings)
XS2519770031	12/08/2022	12/08/2024	EUR	6,000,000	Senior Preferred	100%
XS2545780376	11/10/2022	11/10/2024	EUR	5,000,000	Senior Preferred	100%
XS2550865880	28/10/2022	28/10/2024	EUR	10,000,000	Senior Preferred	100%
XS2502220762	12/07/2022	12/07/2025	EUR	20,000,000	Senior Preferred	100%
XS2652094082	19/07/2023	19/01/2026	EUR	5,000,000	Senior Preferred	100%
XS2653478359	20/07/2023	20/01/2026	EUR	12,000,000	Senior Preferred	100%
XS2582088972	02/02/2023	02/02/2026	EUR	2,000,000	Senior Preferred	100%
XS2661196829	09/08/2023	09/02/2026	EUR	10,000,000	Senior Preferred	100%
XS2586861440	16/02/2023	16/02/2026	EUR	1,000,000	Senior Preferred	100%
XS2590596826	23/02/2023	23/02/2026	EUR	2,500,000	Senior Preferred	100%
XS2577137172	27/02/2023	27/02/2026	EUR	65,000,000	Senior Preferred	100%
XS2649200511	05/09/2023	05/03/2026	EUR	105,000,000	Senior Preferred	100%
XS2699092859	10/10/2023	10/04/2026	EUR	20,000,000	Senior Preferred	100%
XS2603887030	28/04/2023	28/04/2026	EUR	17,500,000	Senior Preferred	100%
XS2712550479	03/11/2023	03/11/2026	CNH	300,000,000	Senior Preferred	100%
XS2582089780	02/02/2023	02/02/2027	EUR	2,000,000	Senior Preferred	100%
XS2582526161	10/03/2023	10/03/2027	EUR	5,000,000	Senior Preferred	100%
XS2622101629	12/05/2023	12/05/2027	EUR	10,000,000	Senior Non Preferred	100%
XS2483524349	01/06/2022	01/06/2027	JPY	1,000,000,000	Senior Preferred	100%
XS2504627436	21/07/2022	21/07/2027	EUR	10,000,000	Senior Preferred	100%
XS2539339767	04/11/2022	04/11/2027	EUR	25,000,000	Senior Preferred	100%
XS2610210218	12/04/2023	12/04/2028	EUR	30,000,000	Senior Non Preferred	100%
XS2532887283	20/09/2022	20/09/2032	EUR	10,000,000	Senior Non Preferred	100%
XS2696777833	29/09/2023	29/09/2033	EUR	5,000,000	Senior Preferred	100%
XS2594821436	10/03/2023	10/03/2038	EUR	20,000,000	Senior Non Preferred	100%

- Green bonds outstanding: EUR **442.6** million equivalent
- Eligible Portfolio: EUR **871.1** million (as of 31 December 2023)

Allocated Green Assets

Use of proceeds – Stats & Maturity Schedule as of 31/12/2023



- **3.92 years** average tenor
- **89.9%** of the green bond issuances in **Euros** and the rest of the issuances include one issuance each in CNH and JPY
- **Senior preferred (84.2%) / Senior Non-Preferred (15.8%)**
- **9.03% of the total BIL outstanding debt** (senior and senior non-preferred)

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Impact Calculation

Eligibility criteria – Residential Assets in Luxembourg



DREES & SOMMER

BIL has requested the support of Drees & Sommer, an external consultant specialized in green buildings to provide a methodology to define relevant and robust eligibility criteria for residential buildings in Luxembourg, in accordance with the EU Taxonomy Climate Delegated Act (*)

Economic activity	Screening criteria	Single-Family houses ¹		Multi-Family houses ²	
7.1 Construction of new buildings	Nearly Zero-Energy Building Primary energy demand minus 10% Indicative reference values:	At least 10% lower than the requirements for the primary energy demand of the "Nearly Zero-Energy Building" standard (NZEB). Based on the "Energy Performance of Buildings Directive (EPBD)", the NZEB-standard is implemented in the "Règlement grand-ducal du 9 juin 2021 (RGD 2021)" requirements.			
		Small SFH: (163 m ²)	Large SFH: (306 m ²)	Small MFH: (1275 m ²)	Large MFH: (3060 m ²)
		PED ≤46.6 kWh/(m ² a)	PED ≤41.8 kWh/(m ² a)	PED ≤47.0 kWh/(m ² a)	PED ≤41.7 kWh/(m ² a)
7.2 Renovation of existing buildings	Major Renovation Cost optimal level	The building renovation complies with the applicable requirements for major renovations as defined in the Energy Performance of Buildings Directive (EPBD), based on the cost-optimal level as defined in "Règlement du 23 juillet 2016".			
	Property Upgrade Relative improvement ≥ 30% in primary energy demand	Relative improvement in primary energy demand ≥ 30% in comparison to the performance of the building before the renovation. Reductions through renewable energy sources are not taken into account.			
7.7 Acquisition and ownership of buildings	Energy Performance Certificate EPC at least class A	Energy performance class A+ or A Final energy demand: A+ ≤ 22 A ≤ 41 kWh/(m ² a)		Energy performance class A+ or A Final energy demand: A+ ≤ 16 A ≤ 41 kWh/(m ² a)	
	top 15% of the national existing building stock	Primary energy demand: < 123 kWh/(m ² a)		Primary energy demand: < 71 kWh/(m ² a)	
		Final energy demand: < 107 kWh/(m ² a)		Final energy demand: < 62 kWh/(m ² a)	
		Primary energy demand: RGD 2016 or better		Primary energy demand: RGD 2019 or better	
		Year of construction: 2017 or newer based on RGD 2016		Year of construction: 2019 or newer based on RGD 2019	

(*) https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

(1): SFH: Single-Family house with 1-2 units

(2): MFH: Multi-Family house with >2 units

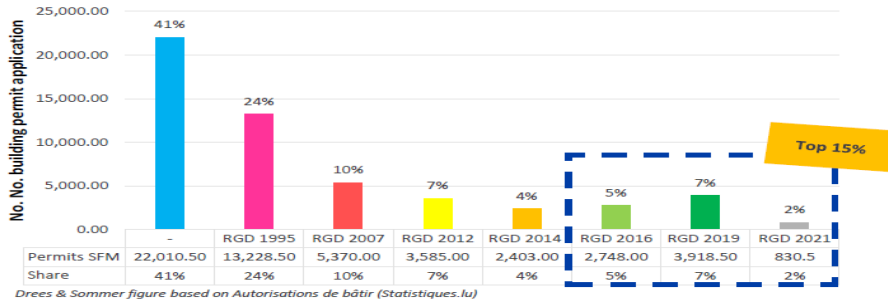
(3): Year of reference used for the top 15% determination: 2021

Drees & Sommer low carbon building criteria are based on EU Taxonomy (Delegated Act – July 2021).

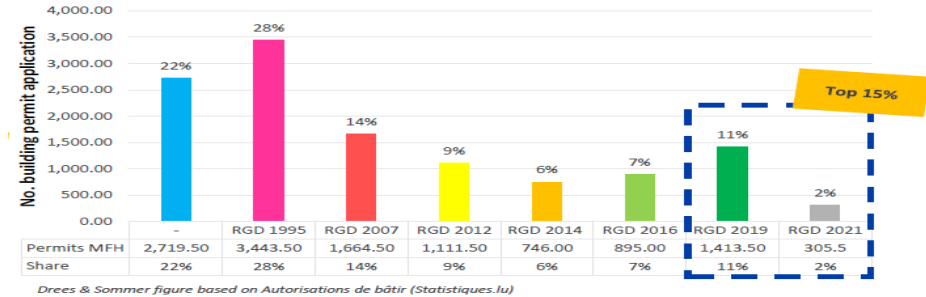
Criteria are valid for assets located in Luxembourg. Status: April 2022

Eligible Project Category	Eligibility Criteria
Green Buildings	Buildings either with an Energy Performance Certificate (EPC) level at least equal to “A” or belonging to the top 15% most energy-efficient buildings of the national building stock and demonstrated by adequate evidence ✓
	Buildings with Primary Energy Demand (PED) at least 10% lower than the relevant national threshold set for nearly zero-energy building (NZEB) requirements ✗
	Buildings that will achieve or have achieved, after refurbishment a reduction of Primary Energy Demand (PED) of at least 30 % ✗

Single Family House



Multi-Family House



- **Single Family Houses** built according to RGD 2016 or better represent the **Top 14%** of its local market with a **construction year 2017** or newer (1) (2)
- **Multi Family Houses** built according to RGD 2019 or better represent the **Top 13%** of its local market with a **construction year 2019** or newer (1) (2)

Loans included in the Eligible Portfolio will have been originated no more than 3 calendar years prior to the issuance of Green Bonds.

(1) Source: https://www.bil.com/Documents/EMTN/BIL_GreenBond_Methodology.pdf Last update: May 2022

(2) Year of reference used for the top 15% determination: 2021

Impact Calculation

Methodology and conclusions



As of 31 December 2023:

- Green Bonds outstanding: EUR 442.6 million equivalent
- Number of eligible buildings: 956 (101,862 m2 equivalent)
- Carbon emissions savings: 3,528.1 tCO2/year (*)
- Energy savings: 12,931.3 MWh/year (*)

- The eligible portfolio is composed of loans exclusively financing new housing constructions 100% located in Luxembourg belonging to the local top 15 of most energy efficient buildings.
- The Eligible Portfolio was permanently higher than the Green Bonds outstanding.

Eligible Low Carbon Buildings Loans as of 31 December 2023

Type of housing	Number	Amount	Share of Total Eligible Portfolio	Eligibility for Green Bonds	Average portfolio lifetime (years)	Energy Savings (MWh/year)	CO2 avoided (tCO2/year)
House	998	489,593,808	56.2%	100%	27.0	17,262.1	4,709.8
Apartment	883	381,523,101	43.8%	100%	26.1	8,188.5	2,233.9
	1,881	871,116,909			26.6	25,450.6	6,943.7

(*) calculated on a prorata of the data published in the above-mentioned analysis by Drees & Sommer available at https://www.bil.com/Documents/EMTN/BIL_GreenBond_ImpactReporting.pdf and https://www.bil.com/Documents/EMTN/BIL_GreenBond_Methodology.pdf



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Independent Auditor's Assurance Report on selected information of Banque Internationale à Luxembourg, Société anonyme (the "Bank")

To the Management Board

In accordance with our agreed terms of engagement dated 1 March 2024, we have completed our limited assurance engagement to report on the preparation of the selected information for the green bonds outstanding as of 31 December 2023 (ISIN XS2519770031, XS2545780376, XS2550865880, XS2502220762, XS2652094082, XS2653478359, XS2582088972, XS2661196829, XS2586861440, XS2590596826, XS2577137172, XS2649200511, XS2699092859, XS2603887030, XS2712550479, XS2582089780, XS2582526161, XS2622101629, XS2483524349, XS2504627436, XS2539339767, XS2610210218, XS2532887283, XS2696777833 and XS2594821436) of the Bank prepared by the Management Board of the Bank (Selected Information) and contained in the section headed "Allocated Green Assets - Use of Proceeds - Harmonized Framework" in the Bank's Green Bond Reporting as of 31 December 2023. The applicable criteria on the basis of which the Management Board has prepared the Selected Information are described in the sections "Use of Proceeds" and "Process for project evaluation and selection" in the Bank's Green Bond Framework (Basis of Preparation).

Responsibility of the Bank's Management Board for the Selected Information

The Management Board of the Bank is responsible for the preparation of the Selected Information on the basis of the applicable criteria described in the Basis of Preparation.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

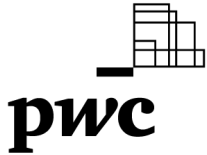
Our firm applies International Standard on Quality Management 1, as adopted for Luxembourg by the CSSF, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

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Responsibilities of the Réviseur d'entreprises agréé

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', as issued by the International Auditing and Assurance Standards Board (IAASB) and as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises (IRE) and in accordance with the Luxembourg legislation and with the professional standards issued by the IRE.

This standard requires that we plan to perform our work to obtain limited assurance as to whether the Selected Information were prepared by the Management Board of the Bank, in all material respects, in accordance with the Basis of Preparation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. The scope of our work comprised, among others, of the following procedures:

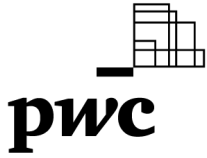
- assessing and testing the design and functioning of the systems and processes used for data-gathering, collection, consolidation and validation, including the methods used for calculating and estimating the information and data presented in the Selected Information;
- conducting interviews with responsible officers; and
- inspecting internal and external documentation.

We have evaluated the Selected Information against the Basis of Preparation. The accuracy and completeness of the Selected Information are subject to limitations given their nature and the methods for determining, calculating, or estimating such information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Basis of Preparation.



Restriction of use and distribution of the report

This report, including the opinion, has been prepared for and only for the Management Board of the Bank in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 June 2024

Rima Adas
Réviseur d'Entreprises Agréé

Antoine Marchon
Réviseur d'Entreprises Agréé