

# Non-financial report 2020



BANQUE  
INTERNATIONALE  
À LUXEMBOURG



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# Introduction

Banque Internationale à Luxembourg (BIL) provides retail, private, corporate and institutional banking as well as treasury and financial market services. As Luxembourg's third largest bank in terms of market share, it is considered a systemically important institution by the European Central Bank.

BIL has wealth management offices in Switzerland and Denmark, as well as trading rooms in Luxembourg and Zurich. In addition, BIL group's subsidiaries in Luxembourg offer specialised services: Belair House (family office and investment management), BIL Manage Invest (fund management), BIL Lease (leasing solutions) and BIL Fund and Corporate Services (financial structuring). The Bank is also located in China, with a representative office in Beijing and an external wealth management firm in Hong Kong called BIL Wealth Management Ltd.

Thanks to this international network, BIL is able to offer innovative, customised financial services that contribute to growth in private and corporate wealth and that support financial professionals in the development of their activities.

For more detailed financial information, the 2020 Annual Report is available at [www.bil.com](http://www.bil.com).

A glossary of terms used is available at the end of the document (page 30).

# Sustainability at Corporate Level

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## Leadership and Governance



### MESSAGE FROM THE CEO

Economic development without environmental and social progress is no longer conceivable. The Banque Internationale à Luxembourg group is fully aware of its responsibility as a bank at the heart of the economy. This is why BIL is committed to sustainable finance, in line with its identity and values of collaboration, creation and care.

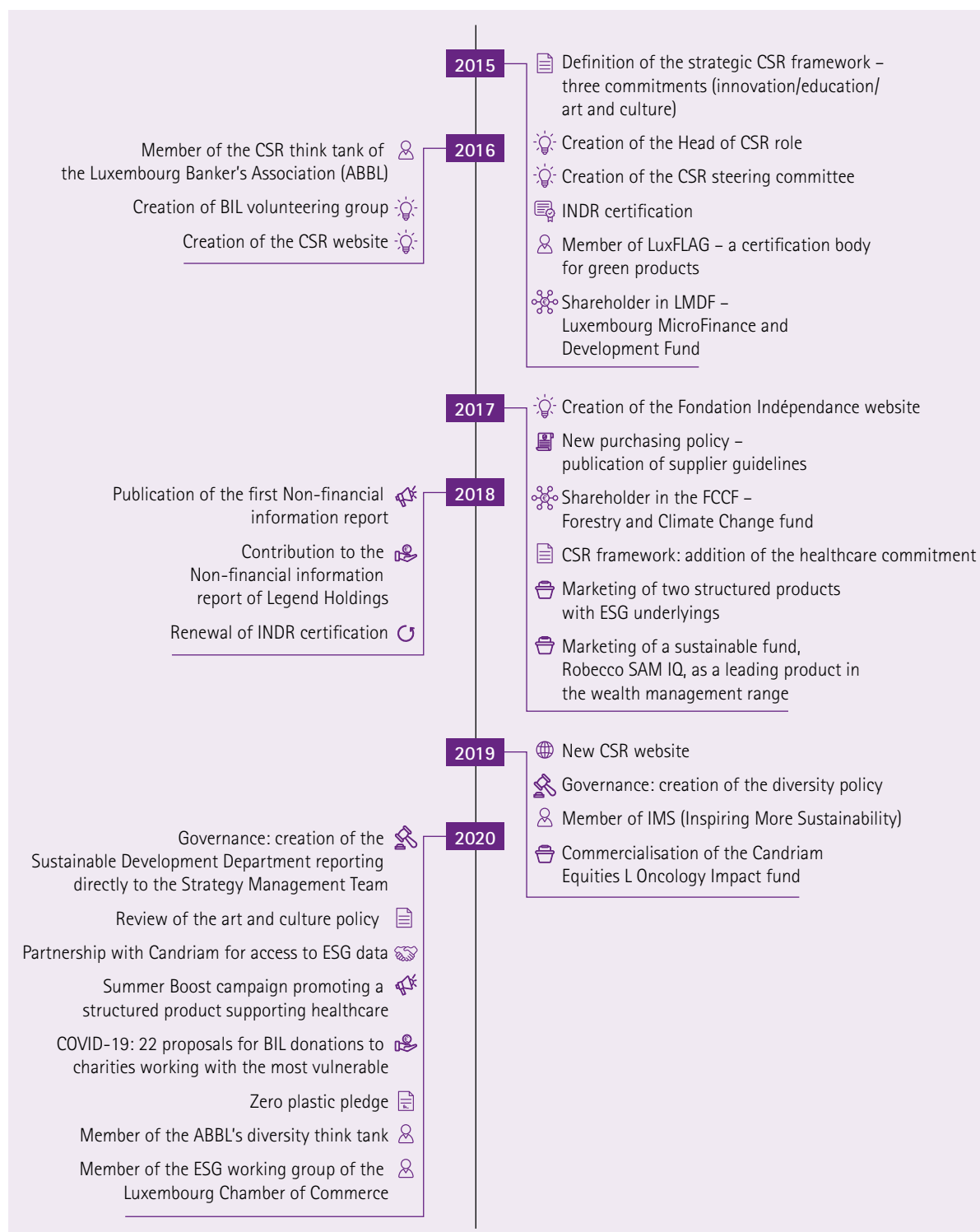
BIL is a Luxembourg bank with a legacy that is deeply rooted in the country's history. It has a large branch network and plays an active role in the economic development of Luxembourg and the Greater Region. Our financing solutions have a driving role to play in building more ecological and inclusive development models and enabling new sustainable growth engines to emerge.

As a major employer in Luxembourg, our sustainable development policy has an impact – both directly and indirectly – on our clients, employees, suppliers, shareholders and our community as a whole. The COVID-19 crisis and the increasing number of natural disasters are a powerful reminder that we must rethink and adapt how we do business.

BIL is a socially responsible bank that is fully aware of the new expectations and needs of a constantly changing world, and is committed to strengthening the integration of sustainable finance into its general strategy and activities.

## CHANGE IN CORPORATE RESPONSIBILITY GOVERNANCE

Below you will find a timeline of events, awards and launches in which BIL has been involved. This overview highlights the extent to which sustainability is embedded in our daily operations.





## OUR VALUES AND OUR PURPOSE

BIL's raison d'être reflects its determination to prioritise its relationships with its clients. This requires not only skilled employees, responsiveness and simple processes, but also an emotional relationship between our clients and BIL as a service provider. Our raison d'être helps to identify what makes our offering unique and combines a sense of optimism with the peace of mind we give to our clients. By peace of mind, we mean that the bank strives to make life as pleasant as possible for our clients, for example by offering mobile services that are available 24/7 and discretionary portfolio management. The main message we wish to convey to clients is that we want to **"make your life easier and help you to achieve your goals so that you can look to the future with optimism"**. The short version is: **"Shape a brighter future. Every day."**

Our corporate values support this raison d'être. In reality, they are more than just values; they are ways of behaving:

- We have chosen **Create** because the digital era requires new ways of thinking and an openness to innovation. New working methods are essential. New ideas are welcome: we create, we test and we adapt.
- **Collaborate** is our second key value in a changing regulatory and market environment. The only way of doing so is to join forces.
- Our third value is **Care**, because we care about each other. A supportive work environment promotes teamwork and trust.

## BIL GROUP GOVERNANCE

Thanks to a coherent corporate governance framework, BIL Group manages its business operations efficiently and in accordance with the strategic priorities of BIL2025.

Approved by our management bodies, these internal governance rules satisfy all applicable legal and prudential requirements, and are subject to the legal provisions applicable to our Group. The implementation of robust policies and governance processes is in the best interests of all our stakeholders.

Since 2018, BIL has been 90% owned by Legend Holdings and 10% by the Grand Duchy of Luxembourg.

Legend Holdings, founded in 1984, is a leading diversified investment group headquartered in Beijing, China, and listed on the Hong Kong Stock Exchange. Its strategic investments focus on major sectors including financial services, innovative consumer services, agriculture and food, and IT.

Legend Holdings and the Grand Duchy of Luxembourg are represented on the bank's Board of Directors.

## BIL SA's management bodies include the Board of Directors and the Executive Committee.

The Board of Directors has 13 members, two of whom are representatives of Legend Holdings and two of whom represent the government of Luxembourg, the CEO, four independent directors and four elected employee representatives. Its mission is to define the bank's global strategy. To that end, it is assisted by committees tasked with advising it on specific issues (strategy committee, audit and compliance committee, risk committee, compensation and appointments committee).

The Executive Committee, which is headed by the CEO, manages and coordinates the bank on a day-to-day basis to ensure the strategy is implemented and that business objectives set by the Board of Directors are met.

For details on their composition, please consult the 2020 annual report available at [www.bil.com](http://www.bil.com)

In 2021, the bank is aiming to refine its responsible development strategy and thereby strengthen its efforts to contribute to a more sustainable world, in addition to responding to the various societal challenges and regulatory changes to come. BIL's Executive Committee and Board of Directors are fully aware of the strategic importance and challenges of sustainable development. As such, at the end of 2020 the bank created a multi-disciplinary department to address and respond to sustainable development issues, as well as a Sustainability Steering Committee.

- The Groupe Head of Sustainability manages a cross-disciplinary department. This person ensures the proper application of the sustainability policy at BIL, coordinates the steering committee, and ensures dialogue with stakeholders and non-financial reporting. The department also aims to ensure the consistency of the "responsible" initiatives launched within the bank's various areas of activity, thereby contributing to the local and international objectives of a more sustainable world.
- The Sustainability Steering Committee is a cross-disciplinary committee comprising representatives from all business lines and support functions. The Steering Committee is responsible for implementing the ESG strategy. It reports to the Executive Committee and the Board of Directors.

Sustainability is therefore an integral part of BIL's core focuses, and in the months and years to come, BIL is committed to reporting on its actions and progress in a consistent and transparent manner to all of its stakeholders, in particular through the publication of its non-financial report.

## REGULATION AND RISK MANAGEMENT

The regulatory environment is becoming increasingly complex and technology is fundamentally changing our activities. New players have arrived on the market and are competing with us across all or part of our value chain. Client behaviour is also changing, prompting us to review our operations and the way we cater to them.

We focus on creating long-term value for all our stakeholders, including:

- our clients, by providing them with innovative, customised financial services
- our employees, by giving them a stimulating, respectful working environment
- our shareholders
- our suppliers
- society at large

### Risk management and ethical requirements

Risk management is essential for ensuring sustainable business development. We constantly monitor our exposure and ensure that our activities comply with national and international banking industry regulations at all times.

We adhere to the strictest standards of transparency: we have been signatories to the ICMA (International Capital Market Association) charter since 2012 and joined the FX Global Code in November 2018, developed as part of a partnership between central banks and market participants from 16 jurisdictions around the globe.

All our employees are subject to a code of conduct regarding tax transparency, security, confidentiality and the fight against money laundering, discrimination and the financing of terrorism. Our employees follow stringent procedures that are regularly reviewed by our Compliance department. They are made aware of these procedures and trained to comply with them. We regularly conduct checks in order to ensure strict compliance with these rules at every level within the bank.

### Investor protection in line with MiFID II

In line with Directive 2014/65/EC on markets in financial instruments, we undertake to do everything we can to provide our investment clients with a first-class service. This directive specifically aims to increase the efficiency and integrity of financial markets, in particular by improving transparency and strengthening the protection of retail investors.

We apply best-execution principles when executing orders or arranging for them to be executed in accordance with the instructions given by our clients. This involves taking all reasonable measures to obtain the best possible result (optimum execution of an order) for our clients.

We ensure that our clients fully understand our products and services, enabling them to invest on a fully informed basis.

Where we provide an investment advisory service (a personalised recommendation for a client concerning a transaction involving financial instruments), or a portfolio management service (discretionary, individual management of a portfolio of financial instruments as part of a mandate), we take into account the client's investment knowledge and experience, financial position including their capacity to bear losses, and investment objectives including risk tolerance so that we can recommend them suitable investment services and instruments.

### Whistleblowing

Any employee who has doubts about whether the law or BIL group's code of ethics is being complied with can report this to the Compliance department in total confidentiality.

Finally, we serve our clients by applying the strictest standards in terms of professional ethics and individual integrity.

Additional documentation relating to our Compliance Charters and Policies is available on our website [www.bil.com](http://www.bil.com)

## CHARTERS AND LABELS

BIL is a signatory to the most stringent charters in terms of corporate social responsibility, equal opportunities and the fight against money laundering. Its corporate social responsibility is continually and independently assessed by the Institut National pour le Développement durable et la Responsabilité sociale des entreprises (INDR, National Institute for Sustainable Development and Corporate Social Responsibility).

- Luxembourg Diversity Charter
- Charter promoting diversity and equal opportunities
- Charter against moral and sexual harassment
- Entreprise Socialement Responsable (ESR, Socially Responsible Company) label awarded by the INDR. This label was renewed in October 2018 for three years
- "SuperDrecksKëscht Fir Betriber" (SDK) environmental management label
- BIL is a founding member of IMS Luxembourg (Inspiring More Sustainability)







- BIL is a founding member of LuxFlag: The primary objective of the LuxFLAG ESG Label is to reassure investors that the Investment Product actually incorporates ESG (Environmental, Social, Governance) criteria throughout the entire investment process.
- BIL is a signatory to the collective bargaining agreement for the financial sector in Luxembourg.
- BIL's CSR policy for suppliers: as part of our Corporate Social Responsibility policy, we have produced a guide for our suppliers in which we explain our requirements and encourage them to adopt best practices in terms of respect for human rights, protecting the health and safety of their employees and respect for the environment.

## Corporate Finance

### CONTRIBUTION TO THE ECONOMIC FABRIC OF LUXEMBOURG AND THE GREATER REGION

As the third largest bank in Luxembourg in terms of market share, BIL makes a significant contribution to the development of the local economy. It is also a major player in the corporate fabric of Luxembourg and the Greater Region. To manage our day-to-day activities, we deal with numerous suppliers for the purchase of goods and services, 79% of whom are located in Luxembourg and the Greater Region.

Geographical breakdown of our suppliers:

	2018	2019	2020
Luxembourg			
	83%	75%	74%
Greater Region			
  	6%	7%	5%
Rest of EU			
	5%	11%	11%
Non-EU			
	6%	7%	10%

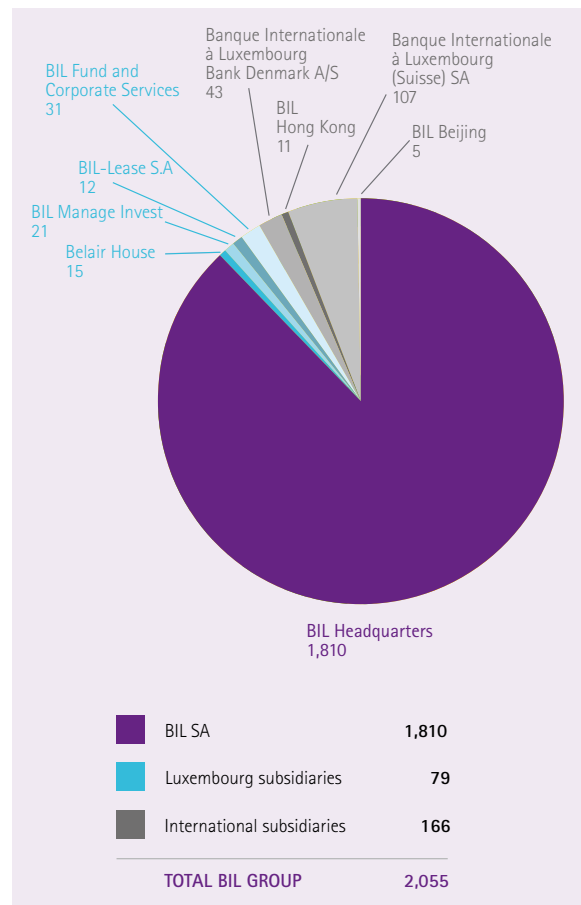
### ESG CORPORATE INVESTMENT POLICIES

In June 2020, the bank introduced a minimum proportion of social, green and sustainable bonds in its Investment Portfolio Guidelines. This minimum proportion will be built in step-up mode according to the following schedule: a minimum share of 5% by the end of 2021, 7.5% by the end of 2023 and at least 10% by the end of 2025. As of 31 December 2020, the Investment Portfolio had already reached a proportion of 7.1% of sustainable assets (green, social and sustainable bonds).

## Employment Quality

The BIL group employs women and men with a diverse range of skills and expertise. In a constantly changing environment where talent is highly sought after, promoting well-being in the workplace, team spirit and encouraging employee development are key elements of our success.

BIL group employs 2,055 people of 45 different nationalities.



## COMPLIANCE WITH LABOUR LAWS

More fundamentally, BIL complies with the Luxembourg Labour Code. As such, it has made the following commitments to its staff:

- Code of conduct references ILO core conventions: In Luxembourg, labour laws meet the objectives of the International Labor Organization. In the financial sector, the ABBL (Luxembourg Banks Association) signs multi-year agreements with employee representatives. These agreements are called "Collective Labour Agreements". This agreement reinforces the application of the ILO's objectives.
- Code of conduct covers forced labour: Law of 15 December 2020 approving Protocol P029 - Protocol of 2014 to the Forced Labour Convention, 1930, adopted by the General Conference of the International Labour Organization, signed in Geneva on 11 June 2014.
- Code of conduct covers child labour: Law of 6 December 1876 concerning child labour
- Code of conduct covers working hours: the coordination of working hours is regulated by the Luxembourg Labour Code and the collective bargaining agreement for the financial sector.
- Code of conduct covers paid overtime: the management of paid overtime is regulated by the Luxembourg Labour Code and the collective agreement for the financial sector.
- Code of conduct covers minimum wage: the management of paid overtime is regulated by the Luxembourg Labour Code and the collective bargaining agreement for the financial sector.
- Code of conduct covers contractors and temporary workers: The code of conduct covering contractors and temporary workers is regulated by the Luxembourg Law of 23 July 1991 aimed at regulating subcontracting activities.

## PROFESSIONAL DEVELOPMENT

Employee training is at the heart of our human resources policy. We make a point of offering them training opportunities throughout their careers.

In 2020, against the backdrop of the COVID-19 pandemic and the large-scale roll-out of remote working arrangements, we responded to our employees' training expectations with the creation of an innovative range of distance and hybrid courses.

In contrast to physical training courses, virtual courses and e-learning sessions are shorter and therefore easier to integrate into the working day, and are more accessible due to their online nature.

The number of participants having completed training courses therefore increased from 16,737 in 2019 to 21,948 in 2020.

Given the impact of the pandemic on employees and the organisation of our working lives, we have set up a range of modular training courses focused on various aspects of healthcare, security and organisational measures, and individual support. The main ones include:

- Internal e-learning course: "Working from home";
- Lecture: "Your clients need you", by Nicolas Beretti, entrepreneur, author and speaker on innovation, collective intelligence and client relations;
- Lecture and workshops: "Resilience", supported by the Potential Project consultancy;
- Lecture: "Return to the workplace: managerial responsibilities and opportunities", with speakers from Neurolead;
- Internal e-learning course: "A safe return to the office"
- "Mindfulness", with Potential Project.

**Educational support:** to assist our internal and external trainers with the use of virtual tools.

**Coaching** offered to employees who struggled with the switch to remote working.

In order to provide continued support for our managers in this unprecedented period, we adapted our **Leadership** and **Growth Mindset** programmes with a change in format: remote training as part of half-day sessions.

With the support of our internal trainers, our onboarding programme for new arrivals was turned into a **virtual onboarding programme**.

In 2020, we also designed and launched **talent management programmes** that respect the existing organisational constraints. These took the form of the Development Assessment and Mentoring-Learning Journey programmes, and Lead & Impact sessions.

Development Assessment initially consists of a self-evaluation by high-potential employees, in order to get a personalised view of different aspects of their behaviour (with clients, employees and the bank). Their managers are then asked to carry out the same evaluation to gain input from a managerial perspective, and other references chosen by the employees also complete the evaluation in order to provide an external view. This produces a global overview that is reflected in a detailed report that serves as the basis for establishing an individual training programme for each high-potential employee.

As part of the mentoring programme, high-potential employees are allocated a mentor to provide support with their career and implementation of their training programme. As well as offering expert advice, mentors share avenues for consideration, their experience and networks, and provide

high-potential employees with support with their career development and help in realising their full potential within the bank.

Finally, the aim of the Lead & Impact programme is to offer support to high-potential employees with the development of their leadership qualities by strengthening their presence, impact and ability to adapt.

In 2020, our **regulatory training** was updated and strengthened with material developed in-house and contributions from external service providers (e.g. AML-CTF, FATCA-QI). New regulations were the subject of new training courses developed or taught by in-house trainers and external service providers. We also implemented new controls for monitoring training, with dedicated monitoring for the control functions, as specified by the regulators.

## STAFF MANAGEMENT AND RECRUITMENT

In the context of the pandemic, it is also very important that we update and improve all our people management processes, whether for hiring or career management.

The following is a list of some of these processes, many of which will continue to apply in the future as they offer flexibility, efficiency and effectiveness.

- BIL has implemented new processes that allow us to meet candidates in the best possible conditions, for them and for the bank. These conditions combine social distancing measures with the need for human contact, such as the use of Webex videoconference interviews with both external candidates and employees. Of course, face-to-face interviews remain ideal and essential, especially for job interviews (at least one in-person interview), for development interviews with an existing employee, or an interview regarding mobility, etc.
- Structuring of the recruitment process: standardisation of the process, more precise due diligence and background checks, etc.
- Structuring of full-time equivalent management: more qualitative follow-up of requests, clear rules for creating positions or launching a recruitment operation (within an internal Committee created for this purpose)
- Structuring of the off-boarding process
- Improved steering of human resources activities: clear, predefined indicators analysed in a qualitative manner (recruitment, performance management, etc.).
- More systematic monitoring of employees: meetings with each employee, special attention (career plans) for talent and high performers as well as management staff.

## HEALTH AND WELL-BEING

### BIL benefits package to promote health and work life balance

**BIL Social Fund** provides the bank's active employees with special assistance in cases particularly worthy of consideration, as well as help with:

- Glasses
- Contact lenses (once a year)
- Hospital expenses
- Accessories (orthotic insoles, wheelchair, etc.)
- Dentures, dental operations or adjustments
- Course of treatment (period of 21 days a year)

Each employee is automatically signed up to Luxembourg Air Rescue (LAR). LAR provides its members with a personalised and professional service 24 hours a day, seven days a week in terms of repatriation by air.

BIL Education Fund grants allowances to help dependent children of BIL employees complete their studies.

Allowances: BIL supports its employees during key family events through marriage, civil partnership (Luxembourg), PACS (France) and legal cohabitation (Belgium) allowances, birth allowances and adoption allowances.

### BIL Psycho-social assistance

Tertiary prevention measures to help employees suffering from psychosocial problems, long-term illnesses, depression, stress, burnout, disability, mobbing, addictions, bereavement, etc.

The "People Care" team is dedicated to monitoring people (long-term illness, disability, life accidents, harassment, addictions, over-indebtedness, bereavement, suicide, etc.) with strict anonymous rules (bound by confidentiality, neutral contacts).

The People Care team works on and develops prevention processes and actions in close collaboration with stakeholders, as well as other contacts where required. They provide follow-up and support, and assistance in the event of a critical event (death, suicide or suicidal risk, accident, etc.).

They also assist people in case of internal professional redeployment: reintegration within BIL after a period of being deemed unfit for work.

They also organise the annual flu shot for staff, in partnership with the Association for Occupational Health for the Financial Sector (ASTF).

## Check-ups

A health check-up is offered to employees from the age of 40, in partnership with the Association for Occupational Health for the Financial Sector (ASTF).

## Improving Health

Sport and culture at BIL are promoted through a number of programs involving the various sports and cultural clubs of the GPOS (30 sections). These programs are managed in close collaboration with the union representatives.

BIL owns a fitness center FIT4BIL, open to all employees.

Our objective is to improve mental and physical health through sport and culture.

It's important that each of our employees lives our values with a new focus, in a virtual environment and transpose them into their daily lives while working from home!

- Create: new ways to stay in shape or get fit
- Collaborate: sharing time with colleagues around a sporty or cultural activity
- Care: staying healthy and safe.

## Compliance with health and safety rules

The importance BIL places on its activities to protect the health of its employees is enshrined in its policies, and represents one pillar of the bank's social responsibility programme.

Based on Part III of the Luxembourg Labour Code (Articles L311-1 to L314.4 and L321-1 to L327-2), the Grand Ducal Regulation of 4 November 1994 on occupational health and safety, and the Grand Ducal Regulation of 9 June 2006, BIL has defined designated workers (travailleur désigné) as a key aspect of this policy.

Designated workers assist the employer with activities focused on providing information and training, preventing occupational hazards and ensuring that the workplace is safe.

## COVID-19 SUPPORT MEASURES

BIL had to quickly adapt to this unprecedented crisis. The COVID-19 crisis gave rise to a great number of questions, concerns and uncertainty amongst staff.

Depending on their state of health, personal and family constraints, and their professional activity, employees experience the various lockdowns and the evolution of the pandemic differently.

The People Care team set up a number of support measures:

- Managing the dedicated Coronavirus@bil.com mailbox
- Tracking people affected by Covid-19 (employees or family members)
- Information to colleagues who are contact cases
- Coordination with managers, facilities and physical safety
- Advice and assistance
- Coordination with ASTF and the Ministry of Health managing vulnerable people

## DIVERSITY AND EQUAL OPPORTUNITIES

### Our Policy

We believe diversity helps **increase the collective performance** of our organisation, as it enables us to:

- Ensure employees feel valued and welcomed and create an environment of trust and cooperation
- Have a positive impact on BIL's culture and boost our values: Create, Collaborate and Care
- Remain an employer of choice and attract and retain key talent
  - Young generations actively look for companies that have a strong corporate culture and values in line with their own values and beliefs
  - The battle for talent will intensify in the future and we will need to recruit from talent pools further away from Luxembourg and the Greater Region.

### Diversity Charter

BIL is committed to and is a signatory of the Luxembourg diversity charter. Our commitments include:

- Raising awareness, training and involving management and staff
- Defining a diversity policy and implementing best practices and action plans
- Applying the principles of equality, opportunity and promotion
- Evaluating these practices, results and effects
- Sharing the Company's commitments and results of the actions undertaken with all stakeholders
- Encouraging all of these partners to work in favour of non-discrimination and the promotion of Diversity.

## 2020 action plan

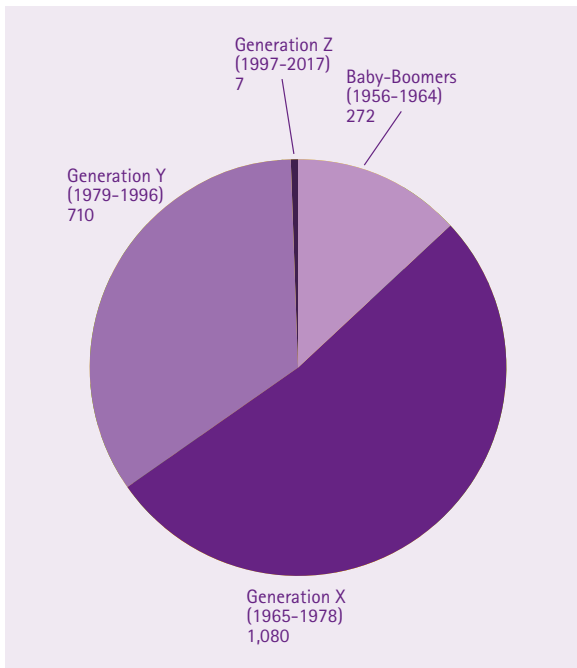
Our action plan from 2020 to 2023 covers five key themes. In concrete terms, five working groups have made the following progress in 2020:

### Culture and Background

- To celebrate the fact that our employees come from a range of different countries and backgrounds, we have created videos that are published on our intranet on the national days of each country our employees come from. Each video is focused on a specific country, where one of our employees is from. It highlights some of the country's demographics as well as its history, customs, national anthem, and typical dishes.

### Age

- BIL's workforce consists of four different generations:



- An important part of diversity is recognising and appreciating different qualities and abilities. Having a workforce made up of several different generations means we're able to benefit from the various qualities of each generation. To highlight the different experiences of the generations working side by side at BIL, we created a video that we shared on the 2020 Lëtzebuerg Diversity Day.

### Illness and Disability

- In 2020 we launched Solidarity Leave, an initiative that allows employees to donate time off to their colleagues who need it.

### Gender

- 8 March, International Women's Day: we organised a lunch to enable women to share their thoughts on gender equality within the company and created a video presenting the faces of 50 of our female employees.
- We organised a conference to demonstrate and discuss the need for more women in IT jobs (Women in Digital Empowerment).
- 19 November, a day to encourage positive masculinity: Toxic masculinity is a big issue that normalises men not taking care of their mental health. On this day, dedicated to positive masculinity, we shared a video created by the Ministry of Equality between Women & Men, highlighting the role of men in society and that it doesn't have to be based on the stereotypes we're used to.

### Sexual Orientation

- In order to improve diversity and inclusion, we have to acknowledge the difficulties facing the various groups of people who make up our workforce. This is why we focus on representation and education. Participating in Pride and important days such as the International Day against Homophobia, Transphobia, and Biphobia, and educating ourselves on issues facing the LGBTI community enable us to learn and improve.

## Data Security

### DATA PROTECTION

- The Bank processes personal data in accordance with Regulation 2016/679 of the European Parliament and Council (General Data Protection Regulation). A Privacy Policy on the processing of Personal Data has been published as an appendix to the General Terms and Conditions.
- While BIL collects personal data to better respond to changing client needs and to tailor commercial offers, the Bank pledges never to communicate client data to third parties for commercial use without their consent, and to ensure clients' data protection rights are upheld.



## CYBERSECURITY

The security of the data entrusted to us by our clients is our priority. We are therefore committed to implementing the necessary organisational and technical security measures to safeguard the confidentiality and integrity of the data we hold.

We have also established a governance system for managing cybersecurity. In particular, a management committee incorporated in the bank's authorised management regularly monitors risks related to data security.

Technical measures are in place to detect and prevent potential attacks that could endanger data confidentiality. These measures are regularly tested by our internal teams or by third-party companies mandated by us (vulnerability assessments, penetration tests) in order to ensure their effectiveness.

Furthermore, we monitor service providers that process data or have access to data to ensure that they maintain data protection levels equivalent to our own.

Our employees and external consultants with access to data regularly complete awareness-raising and training programmes on cybersecurity.

Further information on data protection is available on our website, [www.bil.com](http://www.bil.com), including how personal data is processed by BIL, how clients can exercise their rights as well as relevant contact details.

## Supply Chain

### PURCHASING PRACTICES

BIL ensures that its providers and entities comply with regulatory obligations through a process set out in the Outsourcing and Cloud Computing Policy. The details of the outsourced activity and relationships between BIL and its providers are defined in a contractual agreement containing at least the following clauses:

- Key information regarding the qualification of stakeholders (description of activities, contract dates and duration, types of data stored);
- Termination (including data erasure and transfer);
- Continuity (Business Continuity Plan);
- Audit rights;

- Service level (roles and responsibilities, level of service, security measures and penetration tests, oversight of outsourced functions and reporting obligations, changes in application functionality);
- Outsourcing chain;
- Finance (costs, liabilities, indemnification, insurance);
- Legal (governing law, GDPR, intellectual property, dispute resolution process, etc.)

BIL maintains full control of all outsourced activities. As such, oversight is organised between BIL and providers (frequency depending on provider classification) in order to, among other issues, escalate any operational incidents impacting the outsourced activity and providers' ability to perform outsourced functions effectively.

With support from the relevant departments (Security Risk Regulation and Compliance), BIL ensures that the service provider implements effective and efficient methods and procedures to maintain BIL Group data confidentiality, integrity and availability at all times.

The BIL Internal Audit department regularly assesses the quality, security and continuity of all BIL Group activities, including outsourced activities.

### REQUESTS FOR PROPOSALS

An application guide on corporate social responsibility specifically dedicated to providers is part of the documentation sent for RFP purposes. This document not only encompasses respect for human rights, compliance with labour laws and regulations, health and safety aspects, and ethics, but also sustainable development and respect for the environment.

An audit clause is also incorporated in all our agreements, enabling BIL to conduct an audit at supplier's premises at BIL's sole discretion (reasons and frequency).

The RSE (*Guide d'application de la politique de la responsabilité sociale des entreprises par les fournisseurs*) and RGSS (*Règles Générales Sécurité et Santé*) documents are part of the Request For Proposal. Responding to the RFP automatically means that the service provider commits to respecting all of these principles. Measures are taken in advance to cover BIL against any service provider deviations.



## Resources

We are aware of our responsibility and endeavour to reduce our impact on the environment by lowering our energy consumption and waste production.

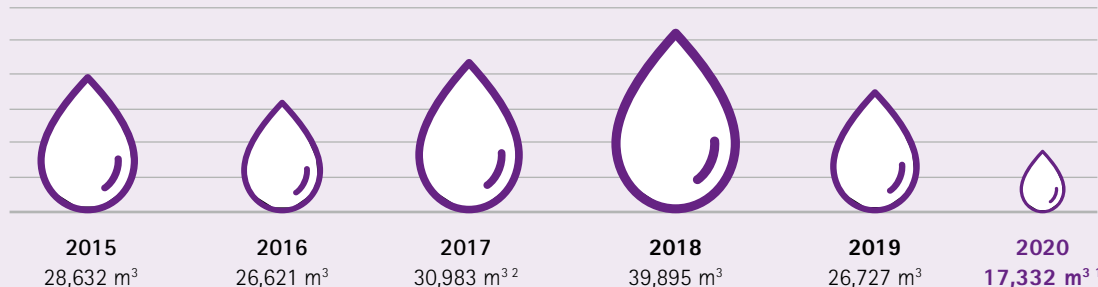
### ENERGY MANAGEMENT

Our direct energy consumption is primarily linked to our real estate portfolio (heating, lighting, etc.).

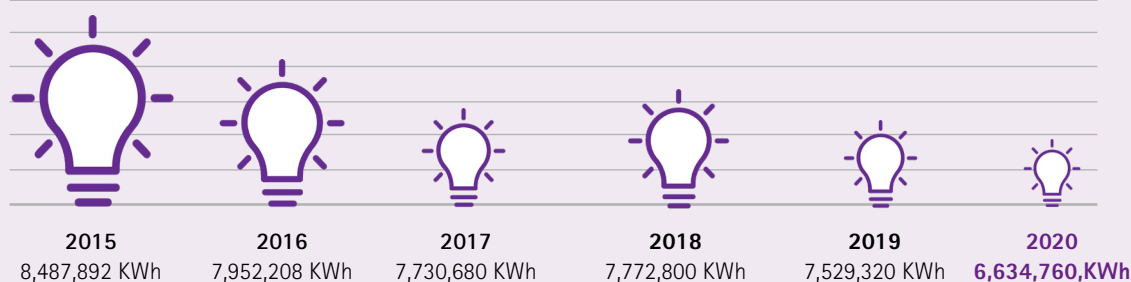
#### "L'Indépendance" – BIL's Headquarters

- Water consumption has decreased by +/- 9500 m<sup>3</sup> (35% compared to 2019) for the most part:
  - lower use of sanitary blocks (reduced presence in the offices)
  - lower water requirements in the kitchen (preparation and washing)
- Electricity consumption has decreased by +/- 12% compared to 2019 due to the reduced use of electrical and IT equipment.
- Gas consumption has increased +/- 30% compared to 2019 due to the fact that since 13/03/2020, the air to be heated by our ventilation units is 100% external air (30% in normal times), and this is due to the recommendations of the Luxembourg government in the fight against Covid.
- PLM: Replacement of light switches with automatic sensors in sanitary blocks. Reduction of 8,100 KWh/year.

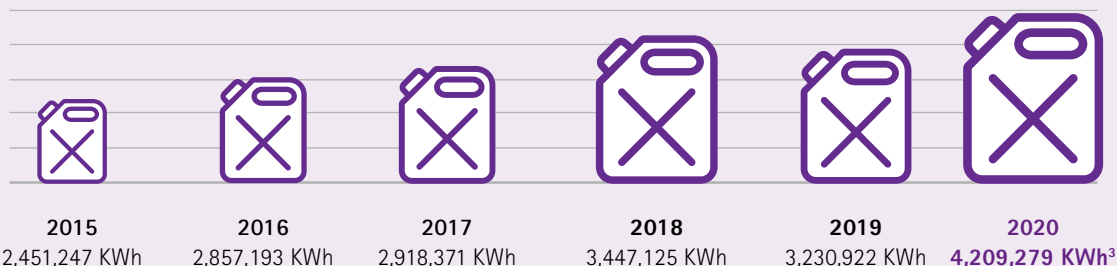
#### NOVEMBER 2020. WATER CONSUMPTION – BIL'S HQ "L'INDÉPENDANCE"



#### ENERGY CONSUMPTION – BIL'S HQ "L'INDÉPENDANCE"



#### THERMAL ENERGY CONSUMPTION (GAS AND FUEL) – BIL'S HQ "L'INDÉPENDANCE"



<sup>1</sup> Reduced water use due to teleworking arrangements adopted on a broad scale during the COVID-19 health crisis

<sup>2</sup> Hot and long summer, malfunction of a valve in an emergency unit

<sup>3</sup> Air conditioning using 100% fresh air (versus 30%) in compliance with government requirements in relation with the management of the Covid crisis.






## WASTE MANAGEMENT

Since 2008, the bank has taken the "SuperDrecksKëscht Fir Betriber (SDK)" label approach to waste management. This accreditation requires prevention measures, the separate collection of all items, the storage of waste in a way that respects the environment and the processing of items via approved companies. These criteria are checked each year.

In 2020, we carried out a number of waste management initiatives at our branches, which had a significant impact:

- Removal of any single use plastic at BIL's headquarters (cups, water bottles, trays) by replacing it with porcelain mugs, water fountains and reusable trays.

In the context of the COVID pandemic, during the first lockdown, we were forced to use disposable tableware in the company canteen. Since then, we have tried to stop using disposable crockery and cutlery wherever possible by introducing a deposit on almost all the crockery/cutlery used.

Type of waste	Quantity 2017 (kg)	Quantity 2018 (kg)	Quantity 2019 (kg)	Quantity 2020 (kg)
 Paper and cardboard	91,203	90,520	92,718	<b>61,990</b>
 Household waste and similar	86,640	85,580	86,100	<b>69,390</b>
 Kitchen and food waste	29,922	29,771	28,293	<b>12,650</b>
 Glass	15,250	13,360	14,330	<b>8,610</b>
 Mixed packaging (Valorlux)	4,767	4,549	8,071	<b>3,900</b>

This year the figures include waste from the branches as well as from PLM, while they were only partially taken into account in previous years.

We have seen a significant decrease due to the pandemic in 2020.

## PAPERLESS & DIGITALISATION

In terms of paper and ink use, we have reduced the number of printers by a third, systematically adopt printing recto verso functionality and we no longer use coloured paper.

Within our branches we are phasing out brochure holders (and significantly reducing the quantity of brochures).

We make every effort to adopt more paperless processes:

- Clients can open an account 100% digitally. .
- In April 2020, we launched electronic signatures to enable our clients to sign their contracts with BIL remotely.

We take pride in supporting our clients adopt digital solutions. As such, in 2020 we ramped up our efforts by organising demos and providing useful information to clients:

- Our dedicated presenters have provided more than 3,000 hours of personalised demos for our clients
- We have launched a dedicated website and related PDF guides to encourage our clients to discover BILNet online banking, and access dedicated information and tutorials on key features of our digital banking platform

# Sustainability within our products and services

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## Daily banking

Our services can be accessed online via our BILnet platform, by phone, and of course, at any of our branches in Luxembourg. Our online banking tools are available in multiple languages, and our advisers are multilingual too – enabling us to provide our clients with a first-rate service.

Our clients can carry out their day-to-day transactions via BILnet. They can manage a large number of banking transactions, without the need to go to a branch, including:

- Consulting and managing all their accounts
- Making transfers and payments
- Editing electronic documents
- Managing bank cards (card blocking/unblocking, changing limits, etc.).
- Managing standing orders and direct debits

Clients can book an appointment easily via BILnet secure messaging or by calling the BIL Direct Centre (from 8.30 am to 6.00 pm), or by contacting their Relationship Advisor directly.

Appointments can take place at the branch, by phone or via secure videoconference. Relationship managers are also accessible via secure messaging on the BILnet application or via computer/tablet.

Cash withdrawals can be made at any of our servibank+ ATMs (automated teller machine).

We are also working to provide easier access to vulnerable sectors of the population. Most of our branches already offer access for mobility-impaired persons, while our online banking platform provides an alternative to visiting the branch. We organise regular demonstrations and learning sessions for those clients who are less familiar with digital tools.

### Students

BIL supports students and takes part in the "Student Foire" in Luxembourg each year. In 2020, due to Covid restrictions, the Foire went digital and BIL held a virtual stand between 9<sup>th</sup> and 13<sup>th</sup> November. The Foire is a key moment for students to meet up with University representatives and other partners such as BIL to prepare for University.

This year, the BIL virtual stand provided information brochures, videos and a chatroom in which students could reach out to our colleagues for any type of question about preparing for University. And to add a little fun for students in these turbulent times, BIL developed the "BIL Runner" game in collaboration with a local startup, Virtual Rangers.

## Loans

We currently offer a range of sustainable loans in housing and advantages regarding green vehicles:

### Climate loans (at a reduced rate and zero rate)

loans subsidised by the Luxembourg State to promote energy renovations (agreement signed)

### Photovoltaic loans

We offer a dedicated product and a preferential rate on the financing of solar panel installations (especially private). Using a simulator, BIL provides an optimised financing calculation based on the expected consumption of the installation and the State aid envisaged.

### Consumer loans, car loans and leasing

BIL offers preferential rates (green rate) for financing an eco-friendly vehicle (electric and hybrid).

Our subsidiary BIL Lease has also been offering special rates for green cars (electric and hybrid) since the beginning of 2020.

- 0.80% reduction compared to the standard rate on cars with a purchase price of less than €25,000
- 0.75% reduction compared to the normal rate on cars over €25,000
- BIL also joined forces with ALD (ALD Automotive Luxembourg) in 2020 to launch a private leasing solution for a range of green vehicles.

### Financing the start-up nation

BIL plays a key role in the financing of Luxembourg's economy via its corporate and institutional banking arm. It is a dependable partner for companies of all sizes, financial institutions and the public sector, offering a full line-up of services and banking advice, mainly for companies based in Luxembourg.

We believe in Luxembourg as a start-up nation: BIL is the only local bank involved in the Digital Tech Fund, devoted to providing seed capital to innovative companies. We are also the most active provider of InnovFin loans in Luxembourg, a financing scheme dedicated to innovative companies.

The InnovFin guarantee allows BIL to finance Mid-Caps, SME and Start-ups while sharing the risk with European Investment Funds (EIFs). The InnovFin program is key in BIL gaining recognition as a start-up and innovation friendly bank.

Concretely, we support more than 70 companies through over 90 different loans. BIL was the first bank to sign with InnovFin, followed by its competitors.

## ESG investment

On the topic of sustainable finance, the bank has also established a structure to efficiently address ESG issues and promote the development of its product range. In 2020, BIL decided to join forces with Candriam to gain access to ESG data. Today, BIL has partnered up with a leading player in this area, and we are in a position to understand and integrate ESG factors into our investment choices, thereby adding an additional aspect to our risk/return analysis. Given the proliferation of ESG data and suppliers, but primarily in light of the lack of generally accepted standards for this data, we decided that the optimal approach was a partnership with a company whose core business focuses on data mining. More precisely, this approach allows us to focus on data quality and relevance, and not simply on the quantity of data.

2020 also represents the first full financial year of our SRI approach within our BIL Invest SICAV in the wealth management subfunds. Offering a choice of external funds that meet our specific SRI management criteria, these four subfunds delivered an outstanding performance in what was clearly a favourable environment for a responsible management approach.

## Innovation in our banking technology

Following the launch of Apple Pay in January, BIL also started the gradual roll out of a new tablet-based onboarding experience in branches.

In April, at the height of the COVID-19 pandemic, BIL quickly deployed an e-signature solution for several contracts and moratoriums on loans, saving time and unnecessary visit to local branches to support all companies during this difficult period.

In July, BIL announced the launch of instant payments between BIL accounts, and the launch with third-party banks (banks available via the TIPS network (Treasury Inflation-Protected Securities) in September, and the bank significantly increased the number of banks that can be reached by joining the RT1 (Settlement Finality Directive) network.

Finally, at the same time, all teams continued to work on the renewal of the core banking system and the data ecosystem. An initial milestone was achieved with the first release on the risk and finance data warehouse.

# Local Impact

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Our Corporate Social Responsibility commitment to local society and our sponsorship activities are structured around innovation, art and culture, education and healthcare. This policy is put into practice through sustainable partnerships and support for numerous initiatives.

## Support for the Luxembourg innovation ecosystem

Innovating means constantly striving to surpass existing achievements, and is one of our core values. Through our dedicated innovation department, we are looking to develop a stand-out range of services for retail and business clients. We have secured partnerships with major local players, most notably incubators that support the development of the Luxembourg economy by encouraging innovation. In this way, we are supporting the entrepreneurial ecosystem. In addition, BIL supports innovative projects by means of direct investments, and regularly organises conferences and events to promote FinTech start-ups.

Through our dedicated innovation centre, we have secured partnerships with major local players. In this way, we are supporting the entrepreneurial ecosystem.

- BIL is a partner of several Luxembourgish start-up support platforms including Technoport, Paul Wurth InCub.
- BIL has its own space within The Office-City that can host up to three start-ups for a six-month period.

## Art and culture

Our bank sees supporting the creation of art and promoting it by providing suitable spaces for artistic expression as a means of staying engaged in Luxembourg's economic, social and cultural development.

Art and culture are synonymous with freedom, expression, exploration and renewal.

These are values and ways of being upon which we draw daily, in our search for answers that will allow us to look to the future with optimism. BIL has been supporting local artists for several decades, as their work inspires us and pushes us to go ever further.

### Art gallery "Indépendance"

BIL has its own impressive art gallery "Indépendance". Each year, it hosts temporary exhibitions showcasing Luxembourg artists, including works by individuals as well as productions created and presented by artist collectives.

The gallery is open from Monday to Friday, 8am to 6pm, and is located in the entrance hall of the bank's head office at 69, route d'Esch, Luxembourg City. Parking is also available.

### The Indépendance foundation by BIL

The Indépendance foundation was established in 1999 by Banque Internationale à Luxembourg.

It aims to promote culture and art, particularly of a contemporary nature, through its various forms of expression.

The Foundation only participates in one-off projects, with a focus on young creators.

Prospective projects must be of high quality, cultural value and professional in their approach, while a human, educational and social dimension is desirable.

### Den Atelier

BIL is the main sponsor of music event organiser Den Atelier. We have the shared goal of promoting music and the local and international arts scene. As well as increasing the visibility of upcoming events, this partnership allows us to offer our clients concert tickets for Den Atelier, as well as other concert halls in the country such as Rockhal and the Philharmonie.

## Education

Education is not only vital to personal development, it is also a major factor in driving progress. We recognise the key role that education plays in developing a highly skilled workforce in Luxembourg. Beyond training our own staff members through programmes that encourage continuous learning and innovation, BIL is committed to education as a whole.

### JEL

We are one of the main sponsors of Jonk Entrepreneuren, a Luxembourg initiative that aims to foster entrepreneurial spirit among young people, and our volunteers offer assistance to students as they create their fictional company. We are a proud supporter of their Alumni community.



## Lëtzebuerger Guiden a Scouten

BIL is a long-standing sponsor of Lëtzebuerger Guiden a Scouten, the largest youth organisation in Luxembourg with around 5,000 members divided into 58 local scout and guide groups. BIL provides support for an environmental education programme, various initiatives that involve working locally in certain developing countries, and training for members and scout leaders.

## myLIFE

Launched by BIL in 2017, myLIFE is a content platform designed to provide relevant information about managing your finances and inspire you to achieve your personal and professional goals. myLIFE is built on a simple promise: not marketing oriented, just financial education through topical information that focuses exclusively on your needs.

## Daycare

For the children supported by CARE, the contribution of Luxembourg companies is made through financial support. As such, at BIL, the bank makes a donation to CARE in addition to welcoming Luxembourg students.

In Luxembourg, this DayCare day is an opportunity for companies to offer secondary school students the chance to discover the world of work and thus gain a more concrete idea of the professional world that awaits them.

## Woch vun de Suen

This initiative aims to teach children of the 4th cycle of primary education in Luxembourg the basic rules of responsible money management. The priorities of the project include understanding the value of money, teaching young people aged 10 to 12 to better manage their money and savings, and thus raising awareness of the importance of budget control for their future.

In a context of increasing incentive consumption, it is essential to introduce financial literacy from an early age in order to help young people become thoughtful and responsible consumers. Thanks to the BIL volunteers' commitment, the students got to take part in a fun two-hour activity in their respective classes.

The initiative is organised annually by the ABBL Foundation for Financial Education with the support of the Chamber of Commerce, and is part of the "European Money Week" organised by the European Banking Federation. The "Woch vun de Suen" has the support of the Ministry of National Education, Childhood and Youth.

## Healthcare

The BIL group supports the NGOs working tirelessly to make people's lives better and bring them comfort.

## Médecins du Monde Luxembourg

We actively support Médecins du Monde, which strives to help the least fortunate by providing medical care in Luxembourg and around the world. This involves collecting medicine and hygiene products from our colleagues, hosting a stand on BIL premises, participating in charity concerts, furniture donations, etc.

## Art2Cure

For the past 5 years, BIL has opened its gallery to the Art2Cure exhibition. The concept of the exhibition is to sell the works on display and donate the proceeds to research on diseases such as COVID-19 in 2020.

## Fondation Cancer

Many of us have experience with cancer, whether we were (or still are) personally affected, or a loved one or acquaintance falls ill. This is why BIL actively supports the Fondation Cancer and our employees participate in the annual "Relais pour la vie" event, which is a powerful show of solidarity and fundraising.

## Our donations and support for society in 2020

2020 was a year like no other. In this historically challenging time for clients, BIL continued to provide support to help people and businesses through the social and economic impact of the COVID-19 pandemic (additional documentation is available on our annual financial report)

From the beginning of the pandemic until the end of December, BIL took action to provide discretionary and concrete help on the ground to people in need.

- 240 boxes of medical supplies from Legend Holdings for hospitals in the Grand Duchy of Luxembourg



- Significant discretionary donation to Croix Rouge.



**#HëlleftEisHëllef**  
croix-rouge  
luxembourgeoise  
*Manchen hëllef*

- Significant discretionary donation to the Robert Schuman Foundation to help Mrs Eva Ferranti in the fabrication of Tyvek suits with her network of seamstresses.



- Significant discretionary donation to Relais pour la Vie



- Support for an employee printing Covid-19 masks.



- Passerell - Refugee reception centre - voucher for school supplies



- Collection of 70 kg of medicines and healthcare products for Médecins du Monde



- Donation to *La main tendue Angela asbl* (approved by Luxembourg's Ministry for Family and Integration and Ministry of Education), support for dealing with the Covid-19 situation.



- Art2Cure exhibition whose sales proceeds will be used to fund research in education and mental health in the context of the Covid-19 global pandemic.



- 15 Lenovo Yoga Book tablets donated to Médecins du Monde Luxembourg



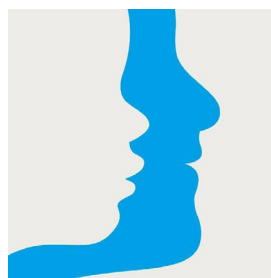
- At the end of June, we decided to take advantage of the exceptional economic situation by launching an investment campaign in the health sector called "Summer Boost".



WEBINAIRE  
Les points  
forts du secteur  
de la santé



- In late July, discretionary donation to Lëtzeburger Kannerduerf.



- Significant discretionary donation to Médecins du Monde Luxembourg "special Covid".



- Discretionary donation to "Des Sardines pour des sans toit" (Sardines for the homeless).





- Donation of five Lenovo tablets and five iPhone 6's to a centre taking care of children



- Significant discretionary donation to SOS Villages d'Enfants Monde



- Donation to Friendship Luxembourg. The NGO makes quality sanitary masks and sells them in its pop-up store at La Belle Etoile. The money collected helps poor and isolated communities in Bangladesh.



- UNICEF initiative - blue lighting - call for a COVID donation



- Donation of stocks of note pads and desk pads to 3 NGOs



# Glossary

<b>ABBL</b>	Luxembourg Bank Association
<b>ASTF</b>	Association for Occupational Health for the Financial Sector
<b>ATM</b>	Automated teller machine
<b>EIF</b>	European Investment Fund
<b>ESG</b>	Environmental Social Governance
<b>ESR</b>	Socially responsible company
<b>FCCF</b>	Forestry and Climate Change fund
<b>GPOS</b>	Gestion Paritaires des Œuvres sociales (sports and cultural clubs)
<b>ICMA</b>	International Capital Market Association
<b>ILO</b>	International Labour Organization
<b>IMS</b>	Inspiring More Sustainability
<b>INDR</b>	National Institute for Sustainable Development and Corporate Social Responsibility
<b>JEL</b>	Jonk Entrepreneuren Luxembourg (young entrepreneurs Luxembourg)
<b>LAR</b>	Luxembourg Air Rescue
<b>pdf</b>	printable document format
<b>RT 1</b>	Settlement Finality Directive
<b>SDK</b>	Super Drecks Kescht (environmental management label)
<b>servibank</b>	ATM
<b>TIPS</b>	Treasury Inflation-Protected Securities
<b>UN SDG</b>	United Nations Sustainable Development Goals

# About this report



The methodology used for this report complies with the national framework laid down in the law of 23 July 2016. This report has been the subject of internal checks and approvals at Banque Internationale à Luxembourg SA (ESG Steering Committee). It has been made available to stakeholders at [www.bil.com](http://www.bil.com). For financial and operational information, the 2020 annual report can be viewed at [www.bil.com](http://www.bil.com).





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