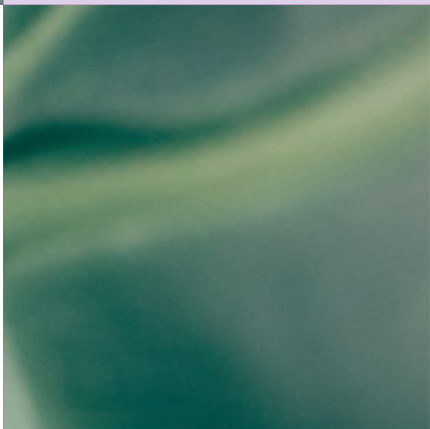
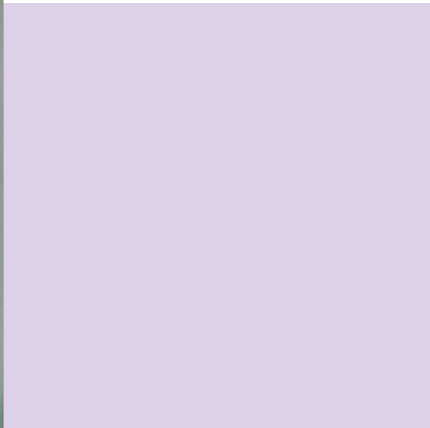
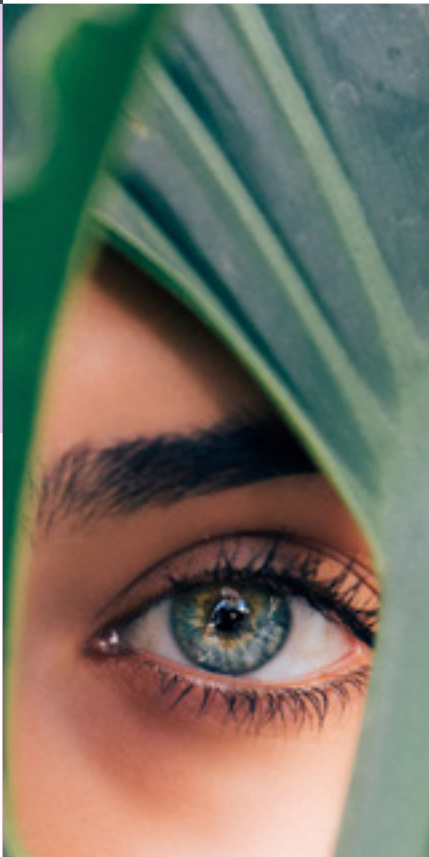
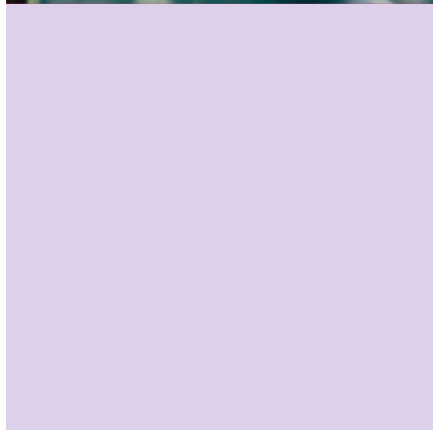
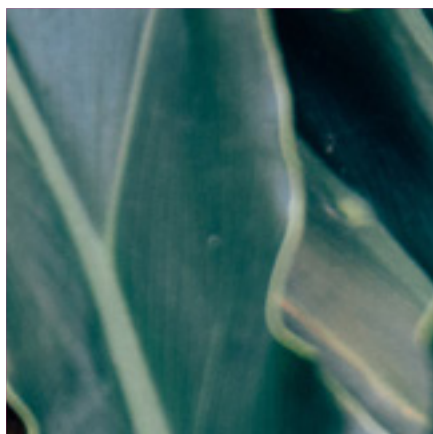


2021

SUSTAINABILITY REPORT



BANQUE
INTERNATIONALE
À LUXEMBOURG



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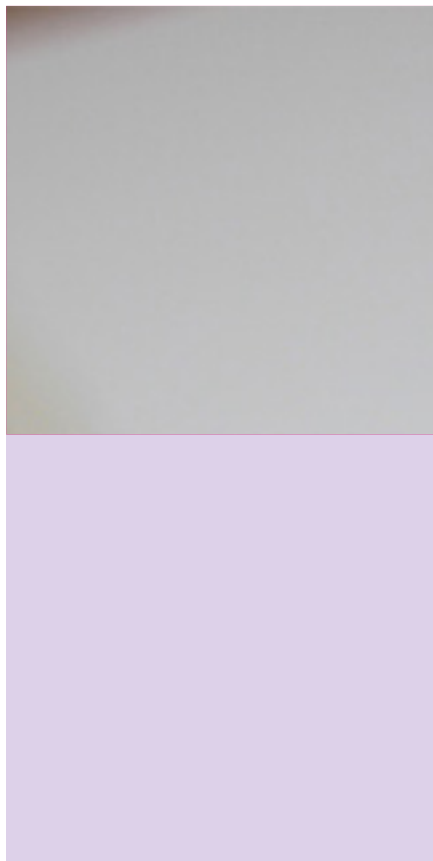


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MESSAGE FROM THE SENIOR MANAGEMENT BOARD

GRI 102-14

1.1

MESSAGE FROM THE MANAGEMENT BOARD

As a major player in Luxembourg's finance industry, Banque Internationale à Luxembourg is committed to building a more sustainable and balanced economy. In 2021, the bank introduced a sustainability strategy focused on responsible governance, sustainable and responsible products, and the aims of being an employer of choice and having a positive impact on our environment and local communities.

This roadmap for our development seeks to guarantee the bank's stability and ability to offer clients long-term support, and it forms an integral part of the BIL group's Energise Create Together 2025 strategy.

As a signatory to the UNEP FI (UN Environment Programme Finance Initiative) Principles for Responsible Banking and to the UN Global Compact principles, BIL is committed to working towards the goals of the United Nations 2030 Agenda for Sustainable Development. The bank's membership of these two programmes means that it will, from 2022 onwards, use methodologies already applied by over 180 banks around the world to measure the environmental and social impact of its business activities and establish an action plan to improve its contribution to international sustainability goals.

Throughout 2021, amid the economic disruption caused by the health crisis, BIL prided itself on fulfilling its role as an essential cog in the economic machinery. Ensuring continuity of service, while also keeping clients and staff as safe as possible, was the priority. This was made possible, in large part, by an increased focus on remote services and support for clients as yet unfamiliar with the technology. Lastly, BIL is working closely with corporate clients to find solutions for those severely affected by the crisis.

As far as sustainable development is concerned, 2021 marked a true turning point in the bank's transformation. And yet, this is only the start of the long process of ensuring that public commitments are translated into commercial strategy, embedded within products and services as well as the operational processes behind most of the bank's services, and then monitored and managed through strong and steady governance.



1.2

MESSAGE FROM THE CEO

As financial intermediaries at the heart of the economy, banks have the capacity to direct capital flows towards sustainable activities. This represents a radical change affecting most banking products and services – a transformation that requires organisation, planning and the involvement of all staff members to see it through to completion.

With this in mind, we used 2021 to lay the groundwork and make tangible changes. Defining our strategy was an essential prerequisite. All our stakeholders took part in this process, including clients, staff, shareholders and partners.

Incorporating ESG criteria into our investment process was another important step forward. To achieve this, we partnered with an asset manager that is a leader in the ESG sphere to improve our access to data. Thanks to this partner, we are now in a position to understand and incorporate ESG data into our investment decisions and conduct more in-depth risk/return analysis. This has also led to us being awarded the ESG label by LuxFLAG for four subfunds of our BIL Invest investment fund. The sustainable investment policy we have defined also applies to the bank's investment portfolio. Sustainable bonds already make up 10.5%, or EUR 800 million, of our total investments. On the financing front, we have carried out ESG risk-mapping and are working towards rollout. A major training programme for our experts underpins these achievements, as well as future initiatives. Over 70 staff members received training in 2021, and we will be redoubling these efforts in the coming months.

Regulatory evolution will remain a point of attention in 2022. In the coming months and years, we will need to rethink our value chains and processes and turn the incorporation of ESG criteria into an operational reality. Developing sustainable products and services to meet our clients' expectations will also be a priority in the years ahead.



Marcel LEYERS, Chief Executive Officer

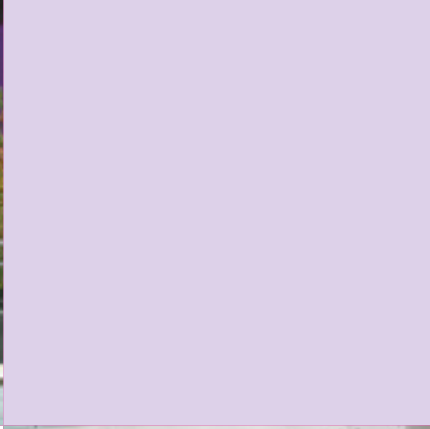
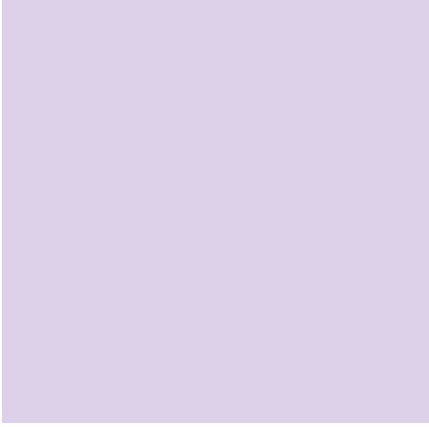


2022 TARGETS

- Deploy Sustainability Strategy, and strengthen governance
- Enhance transparency and monitoring
- ESG integration into the business strategy and bank processes
- Enforce risk management framework towards ESG and the 2022 ECB climate stress tests
- Develop a purposeful culture programme for ESG
- Develop ESG skills
- Evolution of bank product offer and product impact analysis
- Positive impact initiatives



**IN THE COMING MONTHS AND YEARS,
WE WILL NEED TO RETHINK OUR VALUE
CHAINS AND PROCESSES AND TURN THE
INCORPORATION OF ESG CRITERIA INTO AN
OPERATIONAL REALITY.**



INTRODUCTION - ABOUT BIL

2.1 MARKET TRENDS

Changes to the regulatory landscape

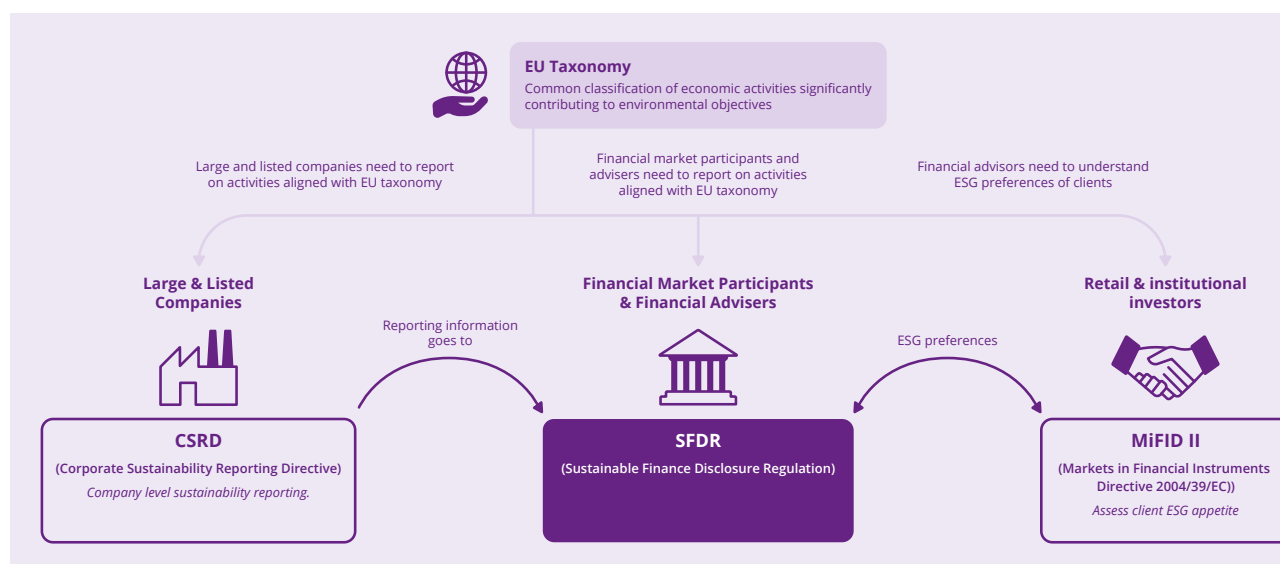


Figure: Main interactions between current ESG regulations

It is now obvious that while clients are demanding businesses to embrace sustainable finance, and employees and investors are expecting firms to get on board with it, regulators are now mandating it.

In this respect, 2021 was a landmark year for the regulation of sustainable finance in Europe and BIL expects this trend to continue and even accelerate.

For context, the EU's adoption of the EU Climate Law 2021/1119, enshrined the EU's objective of becoming climate neutral by 2050 in law; the intermediate target of reducing net greenhouse gas (GHG) emissions by at least 55% by 2030 is the most obvious catalyst. The European Climate Law is a central element of the European Green Deal, and its adoption sets the stage for a coming wave of "green" regulatory initiatives in the EU aimed at achieving the EU's climate objectives.

In March 2021, the European Union's Sustainable Finance Disclosure Regulation (SFDR) started to apply to financial firms, advisers and investment products & services. Although the next phase of the SFDR – the so-called 'Level 2' requirements – has now been pushed back to 2023, its impact will be increasingly felt in 2022. It continues to be the most important piece of sustainable finance regulation, and is influencing global regulators and investors looking to apply best practice before local rules are imposed. Despite further delays to the more detailed disclosure requirements

under SFDR, investors will need to start collecting data on the principal adverse impact indicators of their investee companies from June 2022 to facilitate annual reporting a year later.

In April 2021, the EU released the technical criteria for the first two environmental objectives of the EU taxonomy on climate change mitigation and adaptation. In June, it adopted the guidelines on the content and display of non-financial information to be disclosed under EU taxonomy regulation and finally, in December, it released the technical criteria on the remaining four environmental objectives.

It is also broader than just the investment landscape; in mid-2021, new EBA guidelines on loan origination and monitoring became applicable to all European credit institutions. Under those guidelines, ESG factors and associated risks now have to be integrated into lending processes.

In the first ever exercise of its kind, the European Central Bank comprehensively assessed the state of climate-related and environmental risk management in the banking sector. As such, 112 European banks, including BIL, had to perform a self-assessment with regard to the climate change risks of their business model & strategy, governance, risk appetite, risk management, and disclosures.

With the release by the ECB of a detailed roadmap for climate-change related actions, many agenda items are due to be worked on over the course of 2022, including integrating climate risks into economic modelling, climate stress-testing of banks' balance sheets, disclosure of the Green Asset Ratio (based on the EU taxonomy) and declaration of mitigation actions to address climate risks.

Finally, with the reporting requirements under the CSRD (Corporate Sustainability Reporting Directive) in 2024, BIL is planning to enhance its non-financial reporting, starting with the adoption of the GRI (Global Reporting Initiative) Standards for its 2021 Sustainability Report.

At BIL, regulatory compliance is key. In 2021, the bank set up dedicated projects to address these new requirements as well as a global ESG governance framework to ensure that synergies and independences are identified and managed. These projects will remain major initiatives in 2022.

Sustainability mega trends

Disruptive ideas, innovation, economic forces, and natural events keep reshaping the world in which we live. Companies will have to address new 'mega trends' to be fit for a future that is aligned with the triple bottom line (people, profit, planet).

BIL's investment processes currently consider **five key sustainability megatrends when analysing business activities**: climate change, resource depletion & waste management, digitalisation & innovation, healthy living & well-being, and demographic shifts.

In order to respond to the major challenges facing the planet, companies today need to consider the following aspects:



CLIMATE CHANGE

Companies need to define adaptation and mitigation roadmaps to decarbonise business activities, deploy renewable energy and transition towards a climate neutral economy.



RESOURCE DEPLETION & WASTE MANAGEMENT

Companies need to scale up waste recovery and recycling capabilities to mitigate the impact of their business activities on ecosystems, preserve biodiversity and transition towards a circular economy.



DIGITALISATION & INNOVATION

Companies should seize the opportunity to drive higher industrial and resource efficiency via innovation and digital technology, while protecting data privacy and supporting strong and resilient digital networks, supporting an inclusive economy.



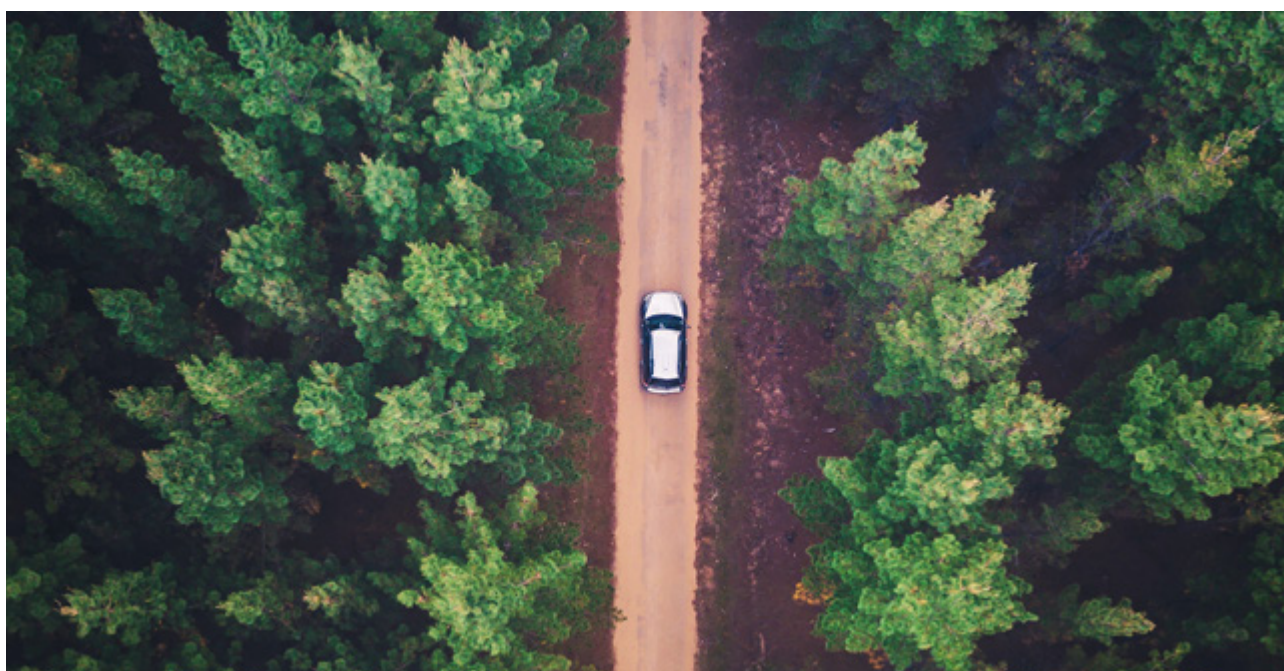
HEALTHY LIVING & WELL-BEING

Companies need to actively invest in human capital (job creation, gender equality and working conditions), R&D and universal access to healthcare.



DEMOGRAPHIC SHIFTS

Companies have to prepare for the requirements arising from an ageing population or the demographic boom in some emerging countries (infrastructure investments, food supply chain, etc.) fostering an inclusive economy and quality of life.



2.2 COMPANY PRESENTATION

About us

GRI 102-3 | GRI 102-4 | GRI 102-6 | GRI 102-45



BIL was founded in 1856 in Luxembourg, making it the country's oldest multi-business bank. It has always played an active role in the financing and development of the Luxembourg economy. BIL has wealth management offices in Switzerland and China, as well as trading rooms in Luxembourg and Zurich.

In addition, the subsidiaries of the BIL group in Luxembourg offer specialised services: Belair House (family office and real estate), BIL Manage Invest (alternative fund management) and BIL Lease (leasing solutions).

Thanks to this international network, the BIL group 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.

To serve its international clientele, BIL operates in the recognised wealth management hubs of Luxembourg, Switzerland and China.

BIL Switzerland is the cornerstone of the group's international business. Its offices in Zurich, Geneva and Lugano offer a full suite of services, ranging from wealth management for high net worth individuals to financing and advice for companies.

BIL also has a presence in China, with a representative office in Beijing and a wealth management centre in Hong Kong (BIL Wealth Management Limited).

GRI 102-10

BIL has been actively optimising its organisational structure and enhancing its operational efficiency. In 2020, BIL decided to close its Dubai branch and move its business in the Middle Eastern market to Switzerland (effective in the second half of 2021). On March 23, 2021, BIL announced the sale of its fund and corporate services subsidiary, BIL Fund & Corporate Services S.A. (BFCS) to ZEDRA, a leading fund formation and administration provider. The transaction has been fully approved by the regulatory authorities and is expected to close on March 15, 2022. As BIL pursued greater focus for an improved service in 2021, it transferred its activity in Denmark to Ringkjøbing Landbobank (the transaction was closed on July 1, 2021 and the concerned business transferred at the end of 2021).

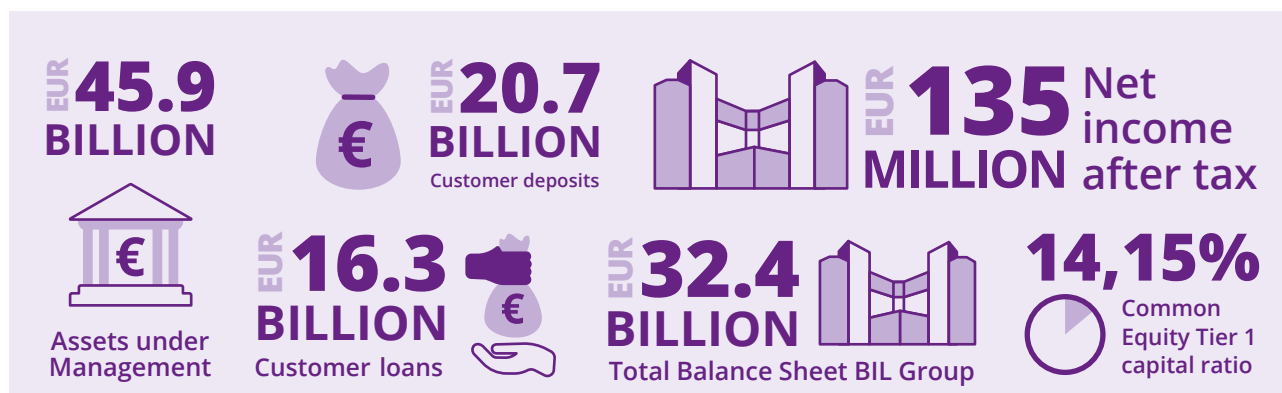
> For more detailed financial information, the 2021 Annual Report is available at www.bil.com.



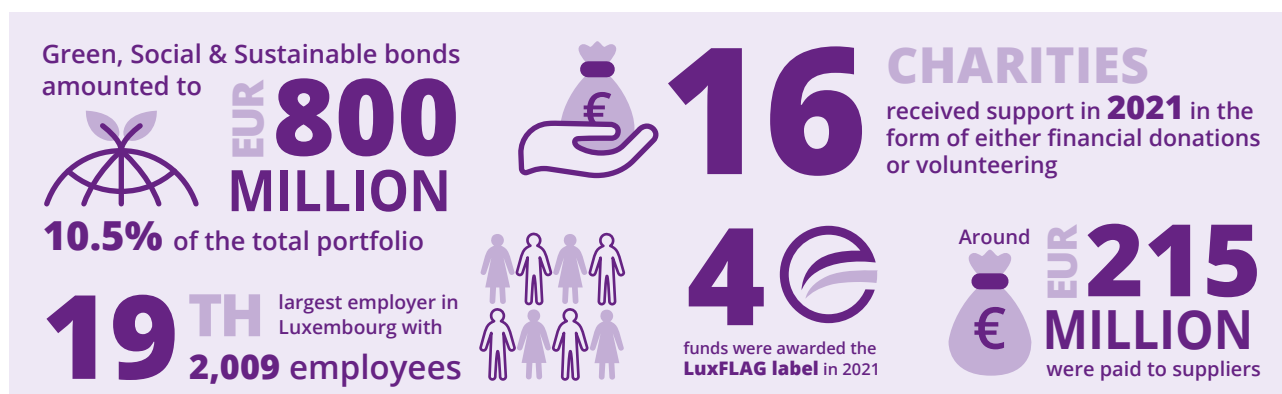
GRI 102-7 | GRI 102-8 | GRI 201-1 | GRI 103-1 | 103-2 | 103-3

key figures

2021 BIL GROUP KEY FIGURES – EXTRACT FROM 2021 ANNUAL REPORT



SUSTAINABILITY AT A GLANCE



BIL GROUP RATINGS

Ratings	S&P (23/11/2020)	Moody's (07/05/2018)
Long-term rating	A-	A2
Outlook	Stable	Stable
Short-term rating	A-2	P-1

> For more detailed financial information, the 2021 Annual Report is available at www.bil.com.

Our value propositions: Products, activities, markets served

GRI 102-2 | GRI 102-6

Retail banking and online banking

The bank's relationship managers help clients achieve their goals in relation to payments, savings, investments, property purchases and financing of various kinds.

Every client benefits from the expertise of the bank's specialists, who analyse their needs and suggest services tailored to their situation.

- **Day-to-day banking services:** bank accounts, payments and cards
- **Financing/borrowing:** mortgage, personal loan, car loan, student loan
- **Savings:** savings account, home savings plan, supplementary pension
- **Investments:** funds, securities, structured products, life insurance

Private banking and wealth management

The BIL group offers wealth management services to European and international clients through expertise centres located in Luxembourg, Switzerland and China.

The bank's specialists draw on an analysis of the personal circumstances of each client and offer tailored solutions based on their objectives. Belair House, a family office and bank subsidiary, brings together the skills and expertise required to assist families with every aspect of protecting and growing their assets, generation after generation.

Banking for professionals and entrepreneurs

BIL is a dependable partner to companies of all sizes, financial institutions and the public sector, offering a comprehensive range of services and advice.

It therefore offers tailored solutions for professional clients

- **Entrepreneurs, employees and management:** professional (creating, acquiring and developing a business) and personal (wealth management, pension savings, etc.) advice.
- **SMEs and large enterprises:** BIL supports companies throughout their lifecycle – from inception to sale or transfer. In addition to financing solutions, its services include investment advice, custody, routine banking operations and staff incentive schemes.
- **Financial institutions:** BIL offers a comprehensive suite of services, ranging from routine banking operations to custody of securities, bespoke financing for alternative investment funds and services for independent financial advisers.

BIL group governance

GRI 102-5 | GRI 102-18 | GRI 102-19

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

Approved by BIL management bodies, these internal governance rules comply with all applicable legal and prudential requirements. The implementation of robust policies and governance processes is in the best interests of all BIL's stakeholders.

The main shareholders of the Bank are Legend Holdings Corporation with a holding of 89.9804% and the Luxembourg State with a holding of 9.9978%. The remaining 0.0218% is held by the Public.

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

BIL S.A.'s management bodies consist of the Board of Directors and the Executive Committee.

The Board of Directors has 13 members, two of whom are representatives of Legend Holdings Corporation and two of whom represent the Grand Duchy of Luxembourg, the CEO, four independent directors and four elected employee representatives. The Board of Directors has the overall responsibility for BIL and defines, monitors and bears the responsibility for the implementation of robust central administration, governance and internal control arrangements ensuring a sound and prudent management of the Bank. It is assisted by four specialised committees: the Board Strategy Committee, Board Audit and Compliance Committee, Board Risk Committee, Board Remuneration and Nomination Committee.

The Executive Committee, which is chaired by the CEO, leads, directs and manages BIL, in order to achieve the strategy and the business objectives set by the Board of Directors.

➤ Additional information on BIL's corporate governance can be found on www.bil.com.

Our values and our purpose

GRI 102-16

BIL's purpose 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 its clients and BIL as a service provider. BIL's purpose helps to identify what makes BIL's offering unique and combines a sense of optimism with the peace of mind the bank gives to its clients. By peace of mind, BIL means that the bank strives to make life as pleasant as possible for its clients, for example by offering mobile services that are available 24/7, and discretionary portfolio management. The main message BIL wishes to convey to clients is that the bank wants to:



**MAKE YOUR LIFE EASIER
AND HELP YOU TO ACHIEVE
YOUR GOALS SO THAT
YOU CAN LOOK TO THE
FUTURE WITH OPTIMISM.**

Our purpose

To simplify people's daily life and make their plans possible so that they can take on the future with optimism





We

Create
Collaborate
Care

Shape a brighter future.
Every day.



BIL's corporate values support this purpose. In reality, they are more than just values; they are ways of behaving:

- BIL has 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 BIL's second key value in a changing regulatory and market environment, which it is hard to follow. The only way of doing so is to join forces.
- The third value is **Care**. A supportive work environment promotes teamwork and trust.

2.3 CREATING VALUE FOR AND WITHIN SOCIETY

GRI 102-9 | GRI 102-10 | GRI 401-1



2.4 RISK MANAGEMENT @BIL

GRI 102-11

BIL group's Financial Risk Management framework relies on robust governance allowing prudent and sound management of risks, which is essential for the bank's long-term stability.

Governance is defined by:

- The responsibilities of the Board of Directors (assisted by the Board Risk Committee) and the Management Board and their roles in decision-taking and risk management;
- A set of Management Committees related to risk topics of which at least one member of the Management Board is a member
- Other formalised Risk committees including experts and operational teams taking decisions related to the bank's risk monitoring as well as specific practices;
- Consistency with the bank's risk appetite, charters, policies, procedures, user guides and reporting explaining:
 - The activities
 - The definition of limits for risk-taking by operational units
 - The process of detection
 - The assessment and measurement of the risks incurred by the bank's financial activities
 - The reporting to the management

The framework outlines the principles for effective, cross-disciplinary and consistent oversight of financial risk management at BIL. These principles are aligned with the best market practices and are compliant with regulatory requirements.

In the coming months and years, regulatory requirements linked to sustainable finance and ESG risk management will increase. The Risk Management function will therefore progressively enhance its Risk Identification and Assessment Process, including ESG risk mapping across the bank's operations, as explained in the "Monitor ESG Risks" section.



2.5

THE BIL GROUP'S SUSTAINABILITY GOALS

Alessandra SIMONELLI
Chief Sustainability Officer BIL Group

In 2021, the bank aimed to refine its responsible development strategy and thereby strengthen its efforts to contribute towards a more sustainable world, in addition to responding to the various societal challenges and forthcoming regulatory changes.

In order to define the bank's SustainaBILity Strategy and in accordance with the international principles governing sustainable development policies (UN PRB, UNGC and SDGs, etc.), the bank has rolled out an important engagement plan to consult its stakeholders in April and May 2021: individual and corporate clients, members of the Board of Directors, members of the Executive Committee and all employees.

GRI 102-21

The results of this engagement plan as well as BIL's materiality matrix can be found in the Methodology section.

BIL's Executive Committee and Board of Directors are fully aware of the strategic role, BIL, as a financial actor, has to play in the transition to a sustainable world, and ESG factors will progressively be incorporated at two levels:

- **As a responsible company**, this means reviewing the bank's processes and determining to what extent it makes sense to incorporate ESG factors, whether in terms of product creation, human resource management, risk management, or management of the environmental impact of the bank's buildings, etc.
- **As financial intermediaries**, banks play a crucial role in transforming corporate models, because they hold financial instruments offered to clients and therefore contribute towards the transition through the investments offered to clients and the projects they finance.



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.

2.6

OUR FOUR STRATEGIC PILLARS

BIL's SustainaBILity Strategy is based on four pillars and 19 commitments, which have been defined from its materiality analysis, as well as its stakeholder engagement plan.



PILLAR 1 SUSTAINABLE GOVERNANCE AND STRATEGY

The ambition is to structure the organisation to face ESG (Environment, Societal, Governance) challenges and to support the bank's long-term growth and stability.

PILLAR 2 RESPONSIBLE AND SUSTAINABLE PRODUCTS AND SERVICES

As pointed out by BIL's major stakeholders, the bank needs to develop a responsible product and service offering. This will both create value for its clients and support the transition to sustainability.

PILLAR 3 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 4 POSITIVE IMPACT

The ambition here is to 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.





SUSTAINABLE PRODUCTS & STRATEGY

=

Develop responsible products and services that create value for our clients whilst supporting the global ecological and social transition

6.

Perform on ESG Product Impact Analysis

7.

Disclose Product Impacts

8.

Define targets/limits to reduce negative impacts and decline into product policies

9.

Identify client ESG preferences

10.

Reinforce & develop new sustainable products



POSITIVE IMPACT

=

Act for a positive impact on local economy and communities and prepare ground for future generations

11.

Support entrepreneurs and sustainable innovation

12.

Create awareness on sustainable products and their impact

17.

Define a recurrent engagement plan with our stakeholders

18.

Launch local impact initiatives on priority SDGs

19.

Environmental footprint & Paperless

2.7 COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

Although the 17 Sustainable Development Goals form a coherent whole and are all interlinked, BIL has decided to focus its impact on nine priority SDGs at corporate level, each linked to one of its four strategic pillars:



2.8 MEMBERSHIP, COMPACTS, CHARTERS AND LABELS

GRI 102-12 | GRI 102-13 | GRI 102-41



In 2021, BIL became an official Signatory of the UN Principles for Responsible Banking (UN PRBs) – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

Marcel Leyers said: “We are very proud to be an official signatory of the UN Principles for Responsible Banking. This commitment is another step in our efforts towards a sustainable future. Step by step, we are learning, making progress and delivering on our commitments. And this is just the beginning!”



In 2021, BIL became a signatory to the UN Global Compact which encourage companies to voluntarily apply universal principles of sustainable development, including 10 principles relating to human rights, labour, the environment and anti-corruption.



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. As at 31 December 2021, four of the BIL Invest funds, the BIL Invest Patrimonial sub-funds, promote Environmental and/or Social characteristics and obtained the LuxFLAG ESG label in October 2021.





BIL's corporate social responsibility is independently assessed every three years by the *Institut National pour le Développement durable et la Responsabilité sociale des entreprises* (INDR – National Institute for Sustainable Development and Corporate Social Responsibility). A label is thus awarded following a two-day audit carried out by a specialised consultancy commissioned by the INDR. On 18 November 2021, BIL was again awarded this label, which covers the activities of BIL's head office and, for the first time, the activities of the national subsidiaries: BIL Lease, BIL Manage Invest and Belair House.



BIL is also a founding member of IMS. IMS – Inspiring More Sustainability – has been the leading network of Luxembourg companies involved in Corporate Social Responsibility (CSR) for more than 10 years.



BIL is a member of ABBL (the Luxembourg Bankers' Association) and active contributor to the working groups on sustainability projects coordinated by ABBL:

- ESG Financial Markets
- ESG Risks
- Taxonomy and Labels
- CSR
- Financial Education
- Diversity

BIL is also a signatory to the most stringent charters in terms of corporate social responsibility:

On a social level:

- The Luxembourg Diversity Charter
- BIL is a signatory to the collective bargaining agreement for the financial sector in Luxembourg

On an environmental level:

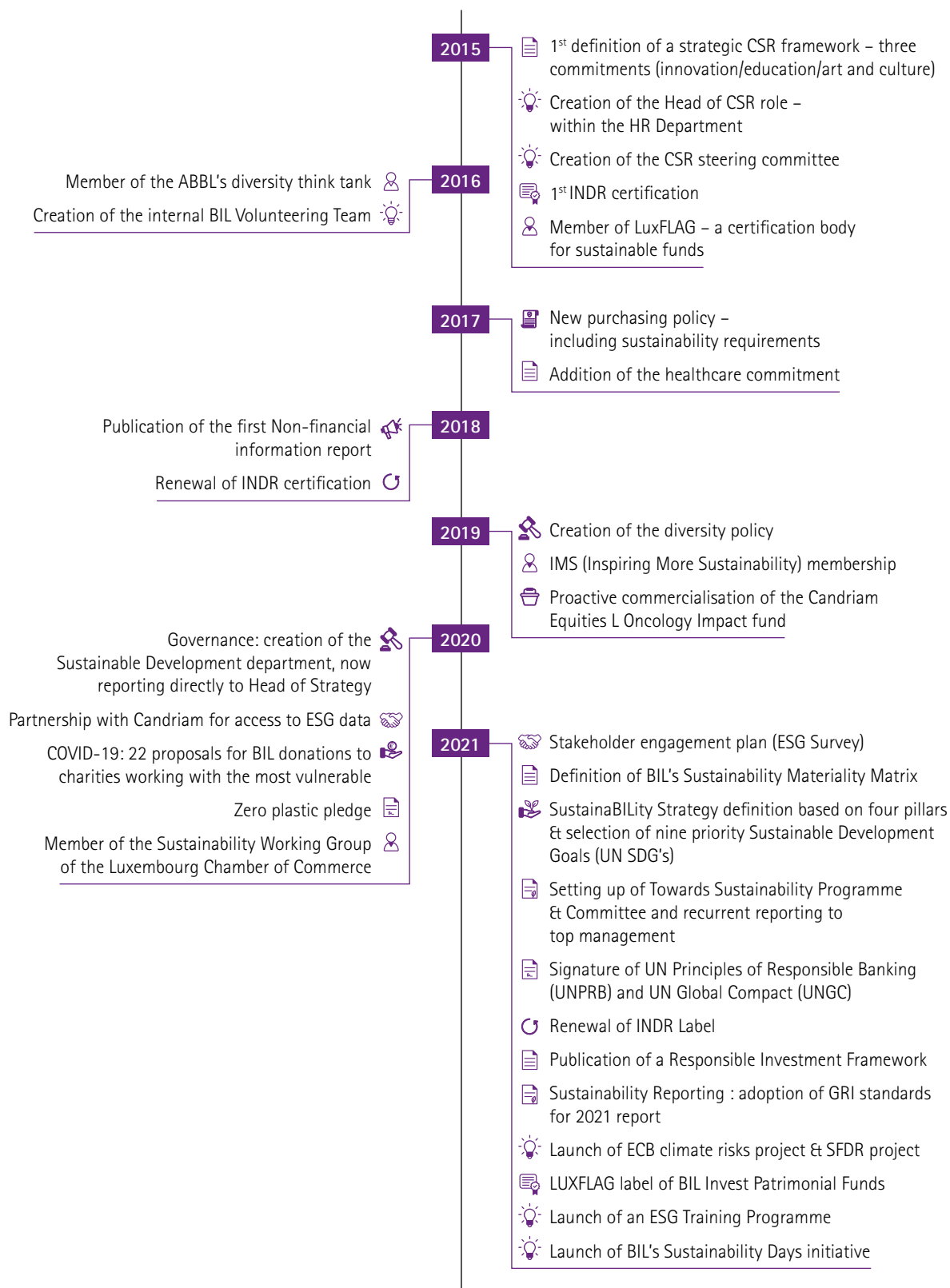
- IMS Luxembourg's Zero Single-Use plastic pledge, a formal commitment to eliminating single-use plastic within the company
- "SuperDrecksKëscht Fir Betreiber" (SDK) environmental management label



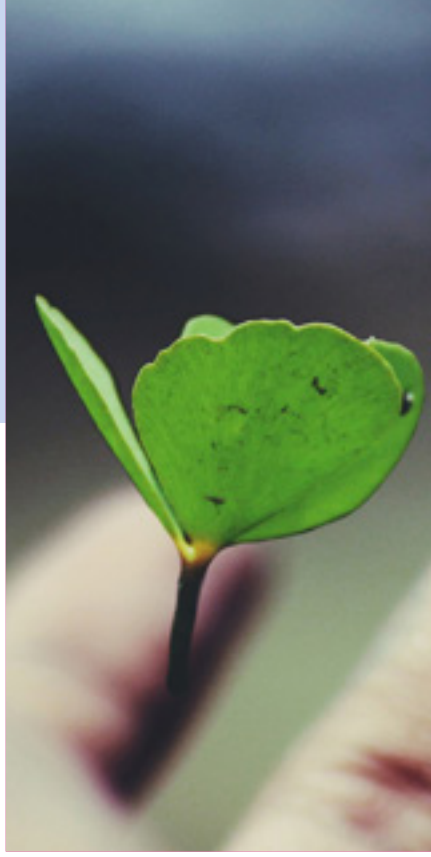
2.9

HISTORY OF SUSTAINABILITY @BIL

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 the bank's daily operations.



PILLAR 1



**SUSTAINABLE
GOVERNANCE
AND STRATEGY**



3.1 DEFINE A SUSTAINABILITY STRATEGY AND RELATED TARGETS

The definition of BIL's SustainaBILity Strategy this year was the first step in setting a framework for the bank's sustainability journey. The four strategic pillars and the related commitments have been communicated internally, making sure to engage all the bank's departments in this transformation programme, called the "Towards SustainaBILity Programme", of which the CEO is the main sponsor.

The initiatives and projects linked to the programme are monitored through the Towards Sustainability Steering Committee, a cross-disciplinary committee comprising representatives from all business lines and support functions. It meets every two months, is headed by the Group Head of Sustainability and is responsible for supervising the implementation of the SustainaBILity strategy within the different lines. In 2021, the bank had over 40 sustainability initiatives related to the four strategic pillars.



2022 TARGET

Signing **UN PRB** and **UN Global Compact** gives access to tools for impact analysis & concrete target setting which are the next steps in making the bank's engagements more tangible and specifying its public commitments.

3.2 DEFINE ESG GOVERNANCE, MONITOR ESG OBJECTIVES & ACT FOR BUSINESS ETHICS

ESG Governance

GRI 102-18 | GRI 102-20

A specific governance framework defines the responsibilities for the implementation of BIL's SustainaBILity Strategy:

- At management level, the CEO is sponsor of the SustainaBILity Strategy, which is a recurring item on the agenda of the Executive Committee and the Board of Directors
- The Group Head of Sustainability reports, since March 2021, directly to the Executive Committee Member in charge of the bank's Strategy, proof that the subject is an important focus of the bank's development
- The Group Head of Sustainability leads the sustainability team and conducts a systematic dialogue on ESG issues with key internal and external stakeholders. She also leads the Towards Sustainability Committee and reports directly to the Executive Committee.



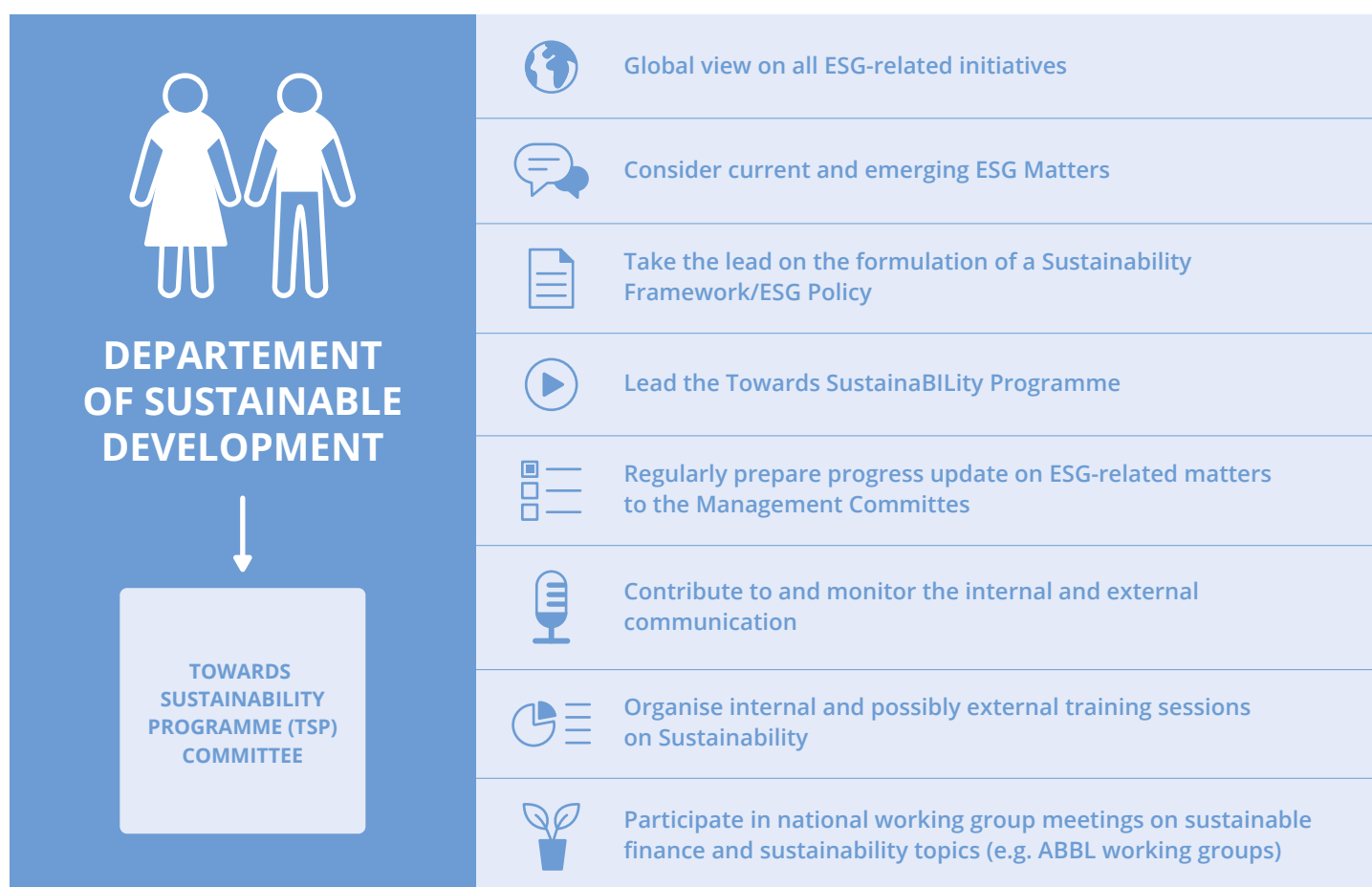


Figure: role of Department of Sustainability



2022 TARGET

Governance is continuously reinforced to better reflect the cross-disciplinary nature of the topic and clear accountability at the highest levels. The **Towards Sustainability Committee** today is a cross-disciplinary platform enabling progress sharing on all ESG initiatives, but not a management committee.

In 2022, together with the main stakeholders, BIL will continue to define how each initiative should be monitored within existing (or new, if deemed appropriate) decision bodies, in order to strengthen the global sustainability governance. As such, detailed integration of ESG risks in the bank's risk management charters and policies will be an important project for 2022.

Sustainability will be 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.



Act for Business Ethics

Business ethics

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 205-2 | FS15

The bank seeks to set up a strong compliance and business ethics culture aiming at empowering all employees to ensure the group as a whole adheres to applicable laws, rules and regulations. This is achieved by setting a clear tone from the top; reinforcing individual accountability and risk-awareness through appropriate policies and training; and supporting open communication through accessible tools, behavioural standards and reward structures.

- On external aspects, these procedures define the rules for accepting new clients, monitoring financial transactions, preventing financial crime (money laundering and terrorist financing) and communicating transparently with clients on product and service offerings.
- On internal aspects, the procedures concern the monitoring of private transactions, preventing conflicts of interest, fraud and anti-corruption measures as well as ensuring whistleblowing schemes and the code of ethics to be adhered to by all employees and members of the management. The Compliance department also ensures that all employees and members of the management remain up-to-date with regulatory requirements on these topics through recurrent training.

The group policies that are specifically relevant to sustainability include:

- Code of Ethics
- Anti-bribery & Corruption Policy
- Financial Crime Prevention Policy
- Sanctions Policy
- Compliance Policy
- Conflict of Interest Policy
- Credit Policy
- Market Abuse Policy
- Remuneration Policy
- IT Security Policy
- Whistleblowing Policy
- Data protection policy

In terms of Governance, the Head of Compliance is a permanent invitee to the Executive Committee and reports directly to the Management Board. The Head of Compliance also has an escalation line to the CEO and to the Chairman of the Board and Audit and Compliance Committee, supporting the independence of the Compliance Function.

BIL group is deeply committed to preserving its integrity and reputation, not only for itself but also in relation to its clients, the relevant authorities, and other financial market actors.

As a gatekeeper to the financial system, BIL group is strongly committed to fighting against money laundering and terrorist financing. It has therefore implemented effective and efficient

legal, regulatory and operational measures through charters, policies, internal procedures and controls in order to prevent financial crime.

In 2021, the group revised its AML risk appetite in order to better focus on markets for which the group is best positioned to serve clients, while containing its geographical risks. Several Financial Crime Prevention initiatives were implemented within the group to reinforce our AML framework.

BIL group has established policies and procedures to ensure the group and its staff members (including authorised management and Board members) comply with good professional practice and conduct their business in an honest, loyal and professional manner, in the best interest of its clients and of the group. Specific BIL group policies covering Inducements, Best Execution, Product Governance, Financial Promotion and Marketing, and Client Claims handling, among others, have been established by the Compliance Department and supplemented by entity policies/procedures where deemed necessary.

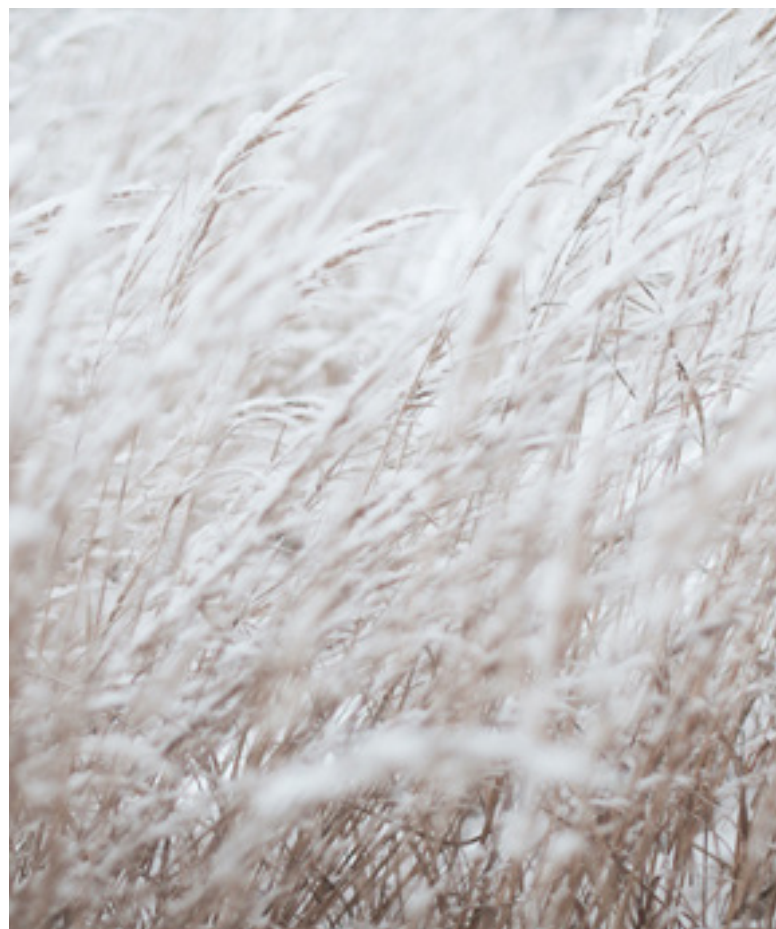
In 2021, BIL was not involved in any material litigation cases other than those mentioned in the annual report.

Every year, the bank aims to reach close to 100% of regulatory training completion by its staff.



2022 TARGET

In 2022, regulatory matters will remain a priority for the group. The bank intends to further increase its awareness of business ethics and sustainability through further training and initiatives.





Data Protection

BIL is subject to Regulation (EU) 2016/679 relating to the protection of personal data, referred to as the GDPR. Consequently, the bank has to comply fully with this European regulation and remains liable for any failure to apply it.

The bank had to implement concrete measures to ensure the protection of personal data of any natural person (clients, prospects, employees, visitors, counterparties, representatives, etc.). This was implemented by the Data Protection team, which works full-time on the application of the GDPR at BIL. In addition to all the missions laid down in the GDPR, the Data Protection team pursues the following missions at BIL:

- Ensure the “daily compliance” of BIL with the GDPR (record of processing activities, management of data breaches and exercises of rights, transfer of personal data, privacy by design, management of contracts with third parties, etc.);
- Assist BIL’s teams with the implementation of new projects to make sure that they comply with all the requirements set out in the GDPR;
- Advise and help BIL’s teams with any technical or operational issue relating to the protection of personal data;
- Raise awareness about the GDPR by providing training sessions or sending reminders to employees;
- Cooperate with the *Commission Nationale pour la Protection des Données*, to which the bank remains accountable.

Many procedures and policies have been drafted and implemented at BIL to make sure that personal data are securely processed by BIL and that data subjects’ rights are respected.

To ensure transparency, prospects and clients are informed of any processing activities carried out by BIL in the bank’s Terms and Conditions, or the policy on the processing of personal data.

Cybersecurity

The increased reliance on information technologies, systems and networks, the extensive use of the internet as a distribution channel, and the increasing digitalisation of banking and financial activities within BIL, opens new avenues for business opportunities but yet poses serious risks and threats linked to cyber security that need to be properly measured and monitored.

Managing cyber security is therefore a key element for identifying the risks arising from the use of information technologies within BIL and determining the relevant controls required to limit the bank’s exposure in an effective and efficient manner, and in accordance with its risk appetite.

BIL has defined an *ICT & Security Risk Management Framework* aiming at identifying, evaluating and controlling the risks associated with the use of information technologies, including those related to cyber security. This framework relies on an *ICT & Security Risk Management Charter* in which governance and responsibilities are described:

- The Board of Directors is responsible for validating this charter and for supervising its implementation. The Board Risk Committee and Board of Directors are regularly notified of its status of implementation (at least annually).
- The Executive Committee of BIL and each BIL group entity are responsible for ensuring the proper implementation of the ICT & Security risk management framework. The authorised management of each BIL group entity shall in particular define policies to ensure the proper implementation of this charter and ensure that sufficient resources are available to meet the defined targets.
- The ICT & Security Risk Committee (ISRC) is a management committee and is mandated by BIL’s Executive Committee to oversee the ICT & Security risks linked to BIL and BIL group’s use of information technologies.

Roles and responsibilities are divided based on the three lines of defence model for the management of ICT & Security risks. This model clarifies roles and responsibilities related to risk management, and ensures independence among operational teams and teams performing control functions.

Technical measures are in place to detect and prevent potential attacks that could threaten the confidentiality of data.

BIL has also defined a cyber security program that is updated every year to respond to emerging threats and is broken down across a set of projects to implement additional security measures.

In 2021, security controls were enhanced in the following areas:

- Infrastructure security, with the aims of setting up strong authentication for individuals accessing our information system and to improve security monitoring. The roadmap to ensure cyber resilience in case of cyberattacks has also been defined;
- Data security: deployment of a Data Leakage Prevention solution aimed at detecting and blocking large data disclosure;
- Threat management to better identify, understand and protect from multiple types of advanced targeted cyberattacks and insider threats.

BIL has defined a control assurance programme that regularly assesses the compliance of its security measures with the security framework. Deviations are presented to the ISRC and closely followed until remediation. The technical security measures in place are regularly tested by internal experts and by external consultants to evaluate their effectiveness. Moreover, our providers processing or storing the bank’s data are subject to dedicated monitoring to ensure that they apply an equivalent level of security.

As part of the three lines of defence model, the internal audit team also includes a cyber security audit in its audit plan. Results are presented to an independent management committee.



An annual status on ICT & Security risks is reported to the BRC and BoD, during which the charter is reviewed and amended if required.

Except in the event of personal data breaches, for which GDPR fines can reach 4% of global turnover, it is not possible to evaluate the financial impact of cyber incidents. However, all these risks have been assessed as very high (the maximum score) without taking into account the measures implemented to reduce them.

3.3 INTEGRATE ESG INTO SELECTED FUNCTIONS AND SELECTED POLICIES, PROCESSES, ROLE DESCRIPTIONS

GRI 102-11 | FS1 | FS4 | GRI 103-1 | GRI 103-2 | GRI 103-3

Meeting the bank's commitments requires the involvement and awareness of all departments and employees. This is why the bank's ambition is to make sure that ESG factors are taken into account in all its activities.

In 2021, ESG considerations were already integrated into two of the bank's key processes namely the launch and creation of new products and the project management process:

- The Products and Services Governance Policy now makes it compulsory to consider ESG factors when describing the business case/strategic fit of a new product.
- The Project Inflow process now also considers ESG factors when initiating a new project at the bank.

Identifying ESG factors and associated risks (and opportunities) has also become key within risk management processes and the main business activities. These indicators will gradually be embedded within day-to-day operations and decision-making processes, as explained in section "Monitor ESG Risks".

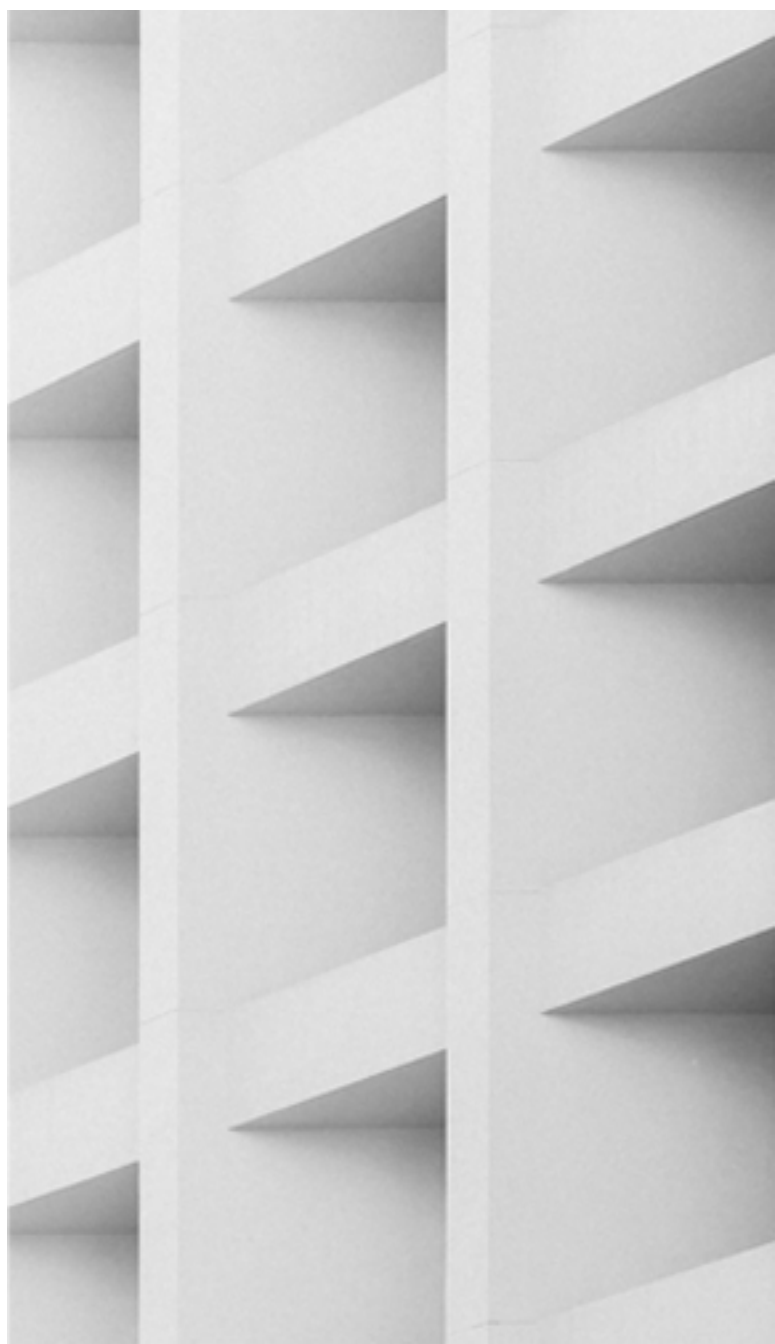
The proactive integration of ESG considerations within the bank depends above all on employees' understanding of the issues. For this reason, upskilling and reskilling key functions on ESG considerations was key this year and will continue in 2022 (see ESG Training section).



2022 TARGET

Objective is to continue to integrate ESG considerations into key functions. BIL will focus on:

- **Procurement:** BIL will review its procurement policy to systematically integrate environmental, social and governance (ESG) considerations into its supplier selection process.
- **People, Culture and Communication (PCC):** BIL will integrate ESG aspects into several PCC processes: feedback and objective setting, creating ESG awareness by integrating the topic into the New Joiner's Programme when onboarding at BIL, identifying ESG issues at exit interviews, etc.
- **Risk management:** as expected by the ECB for the management of ESG Risk (including Loan origination processes).



3.4 MONITOR ESG RISKS

FS1

ESG issues, such as the threat of climate change or major changes in client behaviour, present growing areas of risk for the bank's business activities. Integrating ESG considerations and having a responsible approach are crucial to ensuring that these risks are properly identified, assessed and managed in order to ensure BIL's resilience and long-term stability.

ESG Risk identification

GRI 201-2 | GRI 103-1 | GRI 103-2 | GRI 103-3

In 2021, BIL started working on the foundation of ESG risk management via a materiality analysis that identified the most important ESG factors and risks for the company. In 2021, the Global Risk Cartography was supplemented with ESG features through a dedicated process, clearly distinguishing between physical and transition risks. The focus this year was on the E of ESG. The other dimensions will be assessed later on in the first half of 2022. A detailed description of these new processes can be found in the Risk Management Report 2021.



2022 TARGET

Risk Cartography lays the groundwork for reviewing and adapting the bank's risk management framework, which will be a main focus in 2022.

Sustainable lending practices

As a major player in the Luxembourg market, BIL can contribute towards significant positive and negative environmental and social externalities through its lending practices. Environmental, social, and governance (ESG) factors can have material implications for the underlying companies, assets, and projects to which the bank lends, across a range of economic sectors. It is therefore increasingly necessary to examine ESG factors when determining the quality of collateral and the environmental impact of the financed activity.

The Credit Risk Management department is responsible for reviewing the management approach through periodic reviews of credit policies, procedures and risk appetite. Integrating ESG considerations means that practices need to evolve and a dedicated project was launched in 2021 to address the evolution of policies, procedures and metrics, aligned with the bank's strategy and new regulatory requirements.

The Risk teams undertake regular training, especially on ESG matters in order to stay up-to-date with all developments in this area in the EU and worldwide. In 2021, the CRM team also onboarded ESG experts in order to ensure more rapid upskilling.

The Loan Origination and Monitoring Policy defines the bank's credit lending practices and governance arrangements in order to ensure that it has vigorous and sensible lending standards. This in turn should guarantee that newly originated loans are of high credit quality and contribute in the future to lower levels of non-performing exposures and credit losses. This policy also aims to ensure that the lending practices are aligned with consumer protection rules, respect fair treatment of consumers and now also account for ESG factors. More concretely, it describes how ESG considerations are taken into account across different areas of the value chain:

1- Client acceptance criteria: new applicants must not be exposed to high physical risks e.g. financed real estate property must not be located in regions prone to flooding.

2- Risk analysis: borrower assessments should include a view on the exposure to climate change, cyber security and disruptive technologies, pandemics, changes in consumer behaviour and competitive landscape, geopolitical conflicts, as well as other emerging risks, depending on the nature, size and complexity of the borrower and the financing scheme.

3- Lending decision: when applicable, the exposure to ESG factors will constitute an integral part of the decision-making process for loan approval and extension and should be managed in a proactive way to analyse the appropriate mitigation strategies in accordance with the bank's ESG policy and risk appetite.

4- Reserves and provisions: reserves and provisions shall be subject to regular review in order to account for changes in market behaviours, increased exposure to ESG factors, significant increases in credit risk, etc.

5- Credit monitoring: is part of the monitoring process. The bank will check whether borrowers were (a) adversely affected by climate change risk factors, (b) a victim of a cyberattack, (c) adversely affected by a pandemic and/or social risk event, (d) highly exposed to geopolitical risks, and (e) adversely affected by changes in consumer behaviour.



2022 TARGET

While the target is clear, the operational implementation is still in the early stages and the objective for 2022 and 2023 is to enhance the ESG assessment grids for BIL's counterparties.



Since early 2021, BIL has been producing internal reporting of credit exposures by economic sectors.

As per the latest figures, BIL's contribution to high GHG emission sectors is limited. The main exposures can be found in the Luxembourg real estate sector, noting that BIL only finances the construction of highly energy efficient properties, as imposed by Law.



2022 TARGET

BIL will continue measuring its impacts in 2022 using different methodologies, such as the Carbon Footprint measurement and the SASB standards, which identify sustainability issues that are likely to affect the financial condition or operating performance of companies within a given economic sector. The SASB impact assessment provides management and shareholders with a tool to better understand their individual counterparties and to better understand the ESG performance of the bank's existing portfolios, or potential future portfolios, before making an investment decision.

The result of the analysis will be translated into the bank's Credit Risk Appetite in order to define the bank's position on each industry, based on the level of economic vulnerability related to each one of them in addition to the level of ESG risk materiality associated with them. The objective is to embed a sectorial approach in day-to-day business.

Sustainable investment

In 2020, BIL partnered with Candriam, an established SRI asset manager and founding member of the UN Principles for Responsible Investment. In accordance with the European Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector (SFDR), BIL publicly disclosed in March 2021 on the integration of sustainability risks.

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, providing a framework from which a unified outcome can be drawn. ESG factors and scores are derived from the assessment of what companies produce, which services they deliver and how their business activities contribute to sustainability, as well as how companies are positioned towards their stakeholders.

In March 2021, BIL implemented its sustainable and responsible investment framework, articulated around an exclusion policy and an explicit and systematic integration of ESG factors in every investment analysis, processes and investment decisions to all advisory and discretionary products and services delivered from Luxembourg.

Details of BIL's exclusion policy, as well as BIL's ESG integration policy is available via: <https://www.bil.com/en/bil-group/documentation/Pages/sfdr.aspx>



2022 TARGET

Responsible investment practices are constantly developing and evolving. New risks may arise, public opinion may change, and new market standards may be introduced. BIL's sustainable investment framework will, as such, be reviewed and, if necessary, adjusted on a recurring basis to incorporate these changes. Revisiting exclusion criteria in accordance with societal trends and priorities is part of the bank's engagement.





Investment Portfolio

The sustainable investment framework has also been applied to the bank's portfolio and its Investment Guidelines, which were adapted in 2021. The objective of BIL group's Investment Portfolio is to generate a reasonable risk-adjusted return and to serve as a liquidity reserve for the bank.

On 31 December, Green, Social and Sustainable bonds accounted for 10.5% of the total portfolio, for a total amount of EUR 800 million.

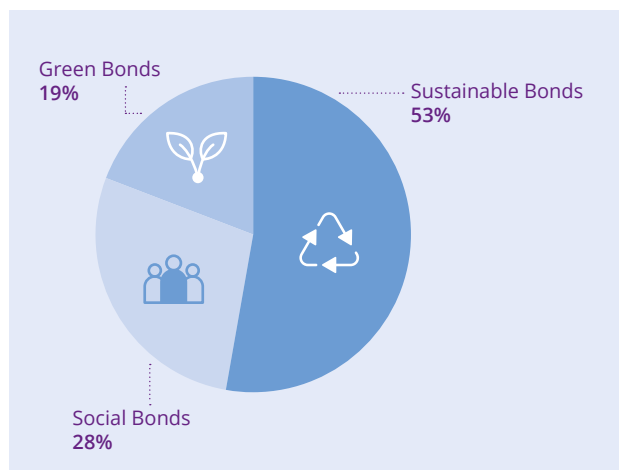


Figure: Breakdown of BIL's Green, Social and Sustainable

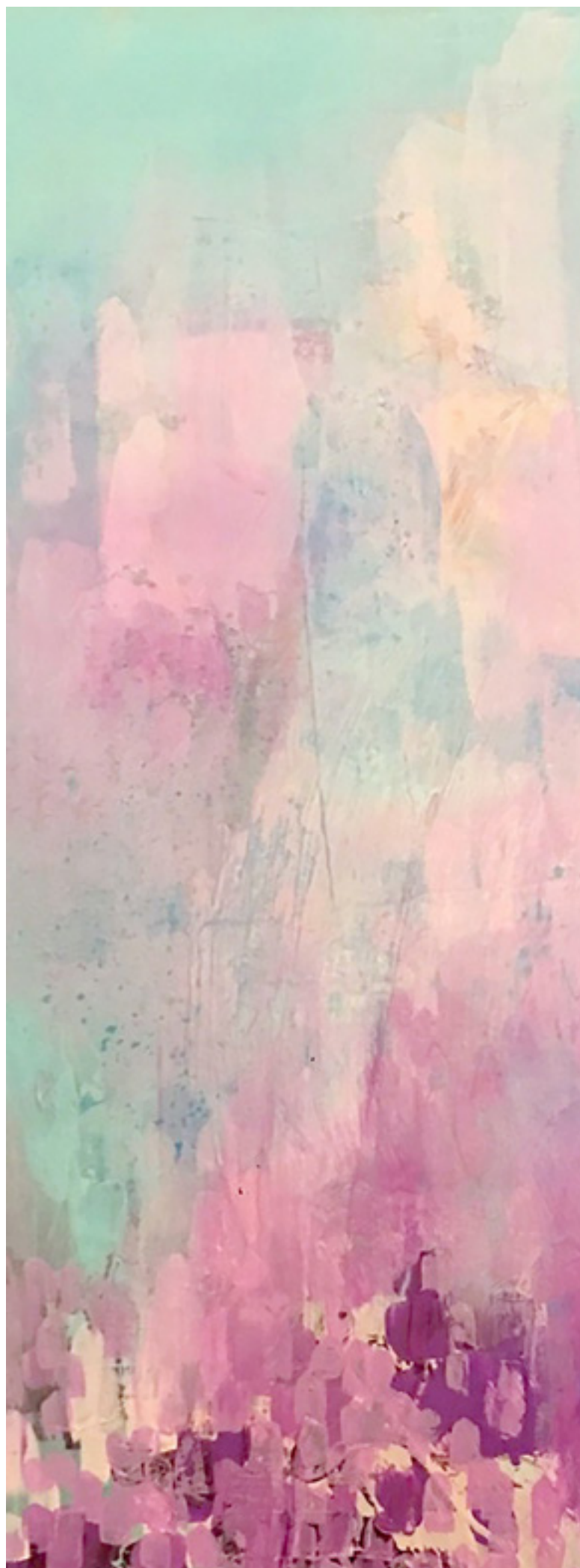


2022 TARGET

The investment portfolio has been positioned so that by the end of 2025, at least 30% of the total portfolio will consist of Green, Social and Sustainable Bonds. By integrating strong minimum proportions of Green, Social and Sustainable Bonds and prioritising such investments, BIL encourages issuers to integrate ESG considerations into their issues while supporting the sustainability transition.

BIL commits to building up the ESG portfolio in a step-up mode based on the following schedule:

Year-End	Minimum Share	Maximum Share
2021	10%	100%
2023	20%	100%
2025	30%	100%





3.5 BE COMPLIANT WITH DISCLOSURE AND TRANSPARENCY REQUIREMENTS

As a Luxembourg credit institution, BIL operates in a rapidly evolving regulatory environment. It is therefore important for BIL to have sound governance in place to ensure that new regulations impacting it are detected in an accurate and timely manner and their requirements implemented within the deadlines imposed. A 'regulatory watch system' has therefore been developed by Compliance with the support of the Supervisory & Regulatory Department, and consists in collecting all new regulations, assessing their impact on the bank, allocating ownership, and ensuring follow-up of their implementation.

THE EU ACTION PLAN:

The EU has set up a dedicated Action Plan on Financing Sustainable Growth in order to increase investments that have a positive environmental and social contribution.

As the topic gains momentum, the European regulator is putting in place legislation that requires more transparency from banks on their sustainability impact, with the aim of aligning with the 2015 Paris agreement (COP21). Three pieces of legislation frame banks' activities in this sense: the **Sustainable Finance Directive Regulation (SFDR)**, governing the development of financial products; the **European Union Taxonomy**, which aims to determine ESG activities in order to have a single reading grid; and finally, the **Corporate Sustainability Reporting Directive (CSRD)**, which aims to make Sustainability Reporting available to the general public, thus ensuring full transparency of the various organisations' initiatives.

In 2021, BIL set up dedicated projects to address the new ESG requirements.



2022 TARGET

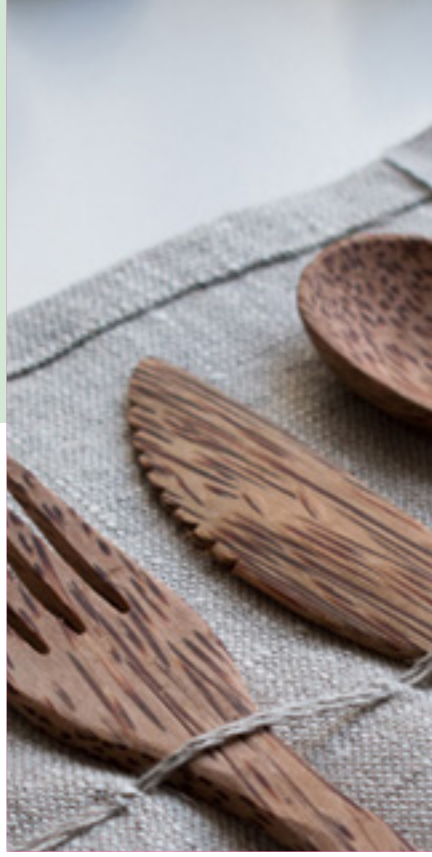
SFDR/Taxonomy: following the implementation of phase 1 requirements (applicable as of 10 March 2021), phase 2 will be launched in January targeting 2022 regulations deadlines addressing transparency of investment product ESG impacts as well as the simplified reporting requirements of Article 8 of the Taxonomy Regulation.

ECB-Guide on climate risk project: efforts are ongoing on various workstreams that were defined to address all the requirements, including a dedicated workstream relative to disclosure on ESG risks.

In 2022, BIL will publish its **first report according to GRI standards** in order to increase the transparency of its impact on the economy, environment and people and thus preparing for the upcoming CSRD Directive.



PILLAR 2



**RESPONSIBLE
PRODUCTS
AND SERVICES**



4.1

PERFORM AND DISCLOSE ESG PRODUCT IMPACT ANALYSIS

Measuring and screening the bank's balance sheet as well as its investment portfolios is crucial for managing exposure to various ESG risks and supporting the strategic commitments to sustainability.



2022 TARGET

The assessment started in 2021 and will continue in 2022 to get a clear view of the ESG risk sensitivity of the bank's assets across the different economic sectors, as well as the impact of the bank's activities.

4.2

DEFINE TARGETS AND LIMITS TO REDUCE NEGATIVE IMPACTS AND DECLINE INTO PRODUCTS

Once the impact analysis is finalised, BIL will, from 2022 onward, take appropriate risk mitigation and adaptive measures to minimise the impact of these risks and align with its commitment to support the sustainable transition.





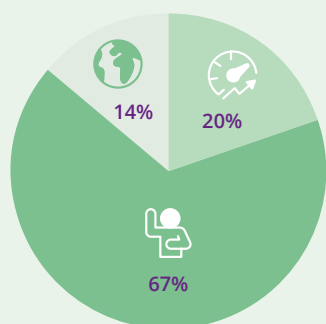
4.3

IDENTIFY CLIENTS' ESG PREFERENCES

The scale of investment needed to transition to a sustainable and green economy is beyond the capacity of the public sector. Investors have a role to play in driving positive change for the better by rechanneling capital towards sustainable businesses and innovations, contributing to the creation of a low-carbon, climate-resilient and circular economy, while strengthening efforts to eradicate social injustices across the globe. More savers want a better idea of what their money gets up to.

Taking the European regulatory momentum into consideration, it's obvious that ESG is now embedded as a central tenet of the investment landscape. With institutional investors prioritising non-financial impacts alongside financial returns, BIL expects this trend to be mirrored by retail investors. Beyond that, it even expects that 2022 will be the year that investors' ESG preferences will have to be integrated into their suitability assessments, alongside financial objectives, risk profiles (incl. capacity and willingness to bear loss) and knowledge and experience of investment and finance.

In April 2021, BIL engaged with its clients to globally capture their expectations on ESG matters: 81% of its clients said they take ESG criteria into account in their investment choices.



- Performance investors (seek to maximise return)
- Responsible investors (seek positive return through investments that take into account social and environmental characteristics)
- Impact investors (seek to maximise contribution to financing a more sustainable world)



2022 TARGET

A dedicated project has been launched in order to **identify and clarify impacts** from the Commission Delegated regulations amending the Delegated Regulation as regards the integration of ESG factors, risks and preferences. In accordance with this regulation.

- BIL will need to consider ESG preferences as of August 2022
- BIL will develop investment advice to raise awareness among its clients about sustainable investment

4.4

REINFORCE AND DEVELOP NEW SUSTAINABLE PRODUCTS

BIL commits to developing products and services that both create value for its clients and support the transition to sustainability.

ESG investment solutions

FS7 | FS8 | GRI 103-1 | GRI 103-2 | GRI 103-3

ESG investing is increasingly important for BIL, with the idea that the financial system is the bloodstream of the economy, and that financial products and services are an essential lever for action and an important part of the toolbox to create solid foundations for future generations.

At BIL, ESG investing is not a golden ticket to outperformance but an indispensable tool to scope out sound investments, identify opportunities, generate returns and manage risks. In 2022, BIL will continue to focus on both governance and environmental factors, while observing increased value in leveraging the "S" in ESG factors.



GRI 103-2



Jérôme NÈBLE, Strategy and Financial Markets, member of the Executive Committee



Quote from Jérôme Nèble, Strategy and Financial Markets, member of the Executive Committee, **“While the COVID-19 crisis supported significant outperformance of ESG-aligned assets, we also believe that the performance gap will continue to widen with a further shift in investor sentiment in favour of ESG investments and a societal acknowledgment of sustainability risks and identification of sustainability opportunities. Our conviction is that this is not just another product on the investor shelf, and it will be more and more difficult for fund managers to be both ESG and non-ESG. The full impact of the European regulatory overhaul won’t be felt for several years, but we believe this is the time for investors to sit down with their asset manager or financial adviser and future-proof their portfolio.”**

Within the BIL Invest product range, four products are classified as SFDR Art 8, products that promote ESG characteristics: BIL Invest Patrimonial Defensive, BIL Invest Patrimonial Low, BIL Invest Patrimonial Medium and BIL Invest Patrimonial High. Those four products recently obtained the LuxFLAG ESG label, as a first concrete example of BIL’s commitment to responsible finance.



These funds are also accessible for smaller investors through the bank’s Flexicav solution, an investment fund savings scheme.

Total assets in BIL Invest Article 8 funds as at 31/12/2021 were EUR 344 million, an increase of 37% compared to 2020.

Overall, out of all investments in funds held by clients, the share of Article 8 and Article 9 funds represents 33.8% versus 29% in 2020.

Through proactive distribution of ESG funds (Art 8 & Art 9), BIL increased its contribution to sustainable investment to EUR 900 million.



2022 TARGET

BIL will continue to develop its sustainable investment offering in order to respond to client expectations.

In parallel, BIL is working on tailor-made solutions that will eventually take into account clients’ ESG considerations.

BIL will enhance the transparency of its investment products in line with the Sustainable Finance Disclosure regulation.



GRI 103-2

ESG Financing

The bank plays a key role in funding sustainable projects. Measuring the impact of this funding is a priority for the bank, both to ensure proper risk management and above all to support clients who want to make their own contribution to the transition to a more sustainable world. The bank already offers solutions enabling clients to commit to this goal:

- **Climate loans** (at a reduced rate and zero rate): loans subsidised by the Luxembourg government to promote energy renovations
- **Photovoltaic loans**: a dedicated product at a preferential rate focused on the financing of solar panel installations (especially for retail clients)

The bank also supports green mobility solutions for which preferential terms apply:

- **financing** for electric and hybrid cars
- **leasing** of electric and hybrid cars

Financing options for sustainable projects represent a growth area for the coming years. To that end, the bank will progressively:

- Develop methods aimed at incorporating ESG considerations into its assessment of counterparties.
- Enhance the ESG assessment of its real estate loans.
- Support its clients in their transition by making them aware of the advantages of energy retrofitting and assisting them in their efforts, including as regards applying for public and private subsidies.

Client feedback: an essential part of the continuous improvement process

Client satisfaction is a key driver of the bank, which takes every opportunity to strengthen this approach.

Since 2018, a "Client complaints handling" policy has been in place at BIL, describing the handling of complaints. Client feedback, suggestions or needs are analysed and feed Problem Management and Quality Management Meetings in order to continuously improve the bank's services.

Major claims

In accordance with CSSF CIRCULAR 17/671 amended by CSSF CIRCULAR 18/698: table listing the claims recorded by the professional (Article 16(3) paragraph 1 of CSSF Regulation No 16-07 on disputes), BIL communicates how it meets the CSSF requirements each year.

The following three categories of claims represent the majority of BIL's claims:

- Account and Payment Services and ATMs (285 claims)
- Investment activity (63 claims)
- Real estate lending (55 claims)

As part of the bank's continuous improvement processes, BIL identifies recurring problems and takes the necessary corrective action.



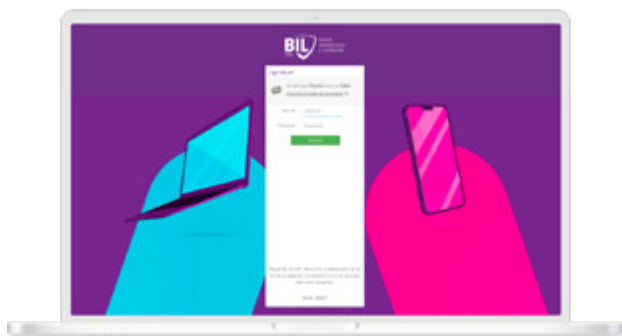
2022 TARGET

- In order to reduce service quality issues, BIL will continue to encourage its clients to file complaints. This will allow to detect issues earlier and to propose a fitting solution for the client.
- A tighter collaboration between the different stakeholders (Claims Management, Operational Risk Management, Legal and Front) will be implemented by regular collaborative meetings/workshops on a monthly basis.
- Recurring issues due to human errors will be addressed via dedicated trainings in collaboration with BIL Academy.



Digitalisation of services

FS13 | FS14 | GRI 103-1 | GRI 103-2 | GRI 103-3



Why does it matter? Digitalisation and innovation are of vital importance to the bank because they make a direct contribution to BIL's goal of making everyday life easier for clients:

- Social commitment: Simple access to the bank's services for all clients thanks to digital solutions available to them 24 hours a day: BILnet, Open Banking API, MultiLine
- Environmental commitment: An emphasis on electronic communication between the bank and its clients aimed at reducing paper consumption and non-essential travel, especially through online onboarding, "e-Signature" and the "paperless" service
- Long-term commitment: High-quality monitoring of the client relationship through internal training and the use of a CRM tool from the start of the relationship; this also allows the bank to stay competitive by keeping costs under control

Since the start of the pandemic, the bank has accelerated the rollout of concrete digital solutions to ensure the continuity of its business and commercial operations, by ensuring staff are able to continue serving clients and moving projects forward remotely.

These solutions continue to meet the need for simplicity, flexibility and autonomy expressed by clients. The bank is also investing in person-to-person support to help clients become proficient in using new technologies. This frees up time relationship managers can spend sharing their expertise at key milestones in the client's life (e.g. purchasing property, or founding or passing on a company).

In 2021, to increase the bank's capacity to further enhance these digital solutions, the teams in charge of digital distribution channels, document management and client engagement were brought together within a single division tasked with developing efficient multi-channel services to improve the client experience.

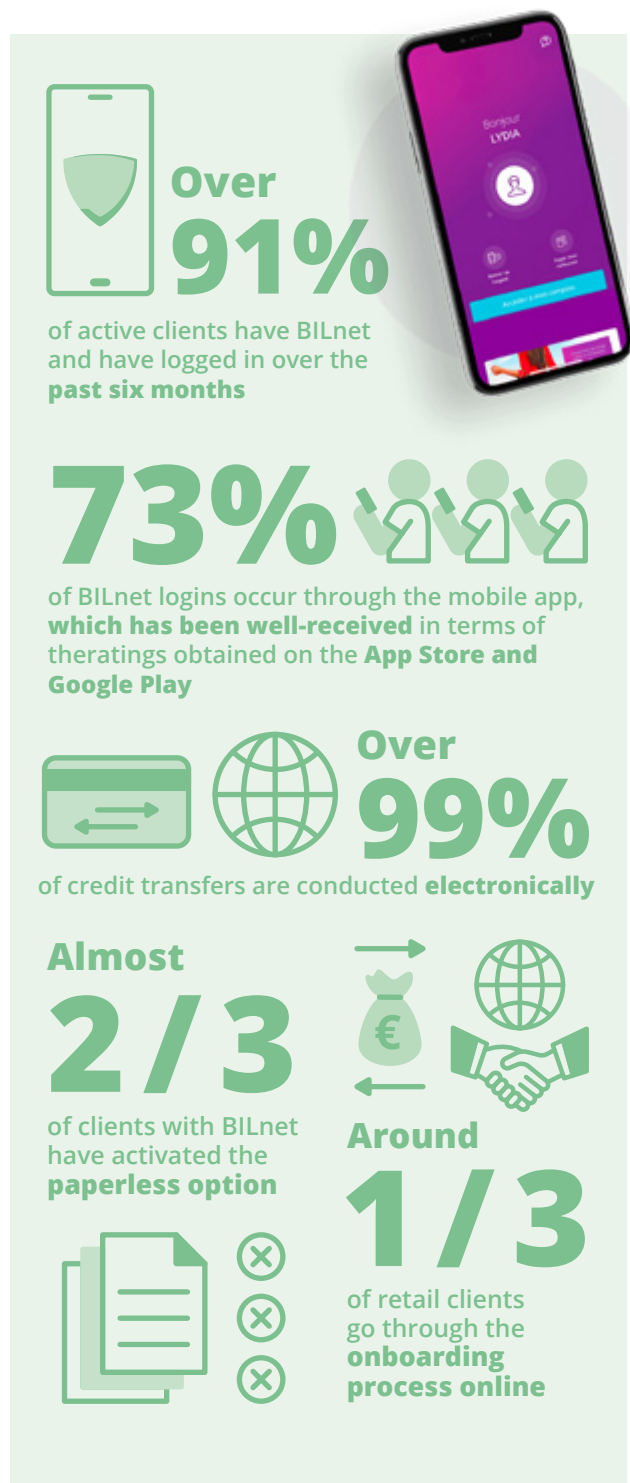
Targets in relation to the use of digital channels are also incorporated into the business plans on an annual basis and the bank is pursuing its goal of providing clients with a range of digital processes, coupled with human support at key moments, so as to combine simplicity and personalised support.

Adoption of digital tools by clients and employees is monitored on a regular basis and presented to the bank's Executive Committee each quarter.

This assessment offers transparency as regards changes in client habits and helps the bank tailor its actions and prices so as to provide the best possible response to newly identified expectations and needs.

Client satisfaction surveys and external benchmarks showing how BIL is positioned in relation to market trends also enable the bank to add to and adapt its digital strategy.

This constant assessment therefore enables the bank to maximise the value added perceived by the client and has led to very high adoption rates:





This monitoring also offers BIL an opportunity to identify areas in which progress can be made and it can help its clients in future:

- Clients only use LuxTrust Mobile to validate 14% of their online transactions
- Around 40% of loan agreements are signed electronically

In 2021, the bank launched a number of initiatives to facilitate access to its digital solutions:

- Regular campaigns aimed at clients and relationship managers to encourage adoption of BILnet, e-Signature for loans, the paperless service and the LuxTrust Mobile app
- National communication campaign to raise awareness of the benefits of digital by having dedicated digital coaches help clients, in branch or by appointment, access the tools they need
- Provision of a dedicated website in several languages offering step-by-step tutorials
- Extension of the “e-Signature” solution via BILnet to include the ordering of eligible credit cards by retail clients as well as companies
- Presence of employees named as “digital coaches” in several branches to help clients adopt the bank’s digital solutions. In the same vein, clients are also offered training sessions.



2022 TARGET

The bank is committed to continuing to pursue investment in the digital sphere in future and has set itself ambitious goals for 2022, including:

- 5% rise in logins via BILnet Mobile, ensuring access to the bank’s services at any time
- 14% rise in clients with LuxTrust Mobile to simplify access to digital solutions and 3D Secure online payments
- 100% of new clients having the paperless option activated and a 10% rise among existing clients
- A rise of between 10% and 15% in loan agreements signed electronically to simplify interactions with clients and reduce unnecessary travel

As regards the use of BIL digital solutions, while these improve comfort and efficiency for clients, it remains the case that some clients require support. The bank therefore has members of staff available in branches to provide practical support to those who would like it. Physical meetings are arranged for clients who bring their own devices, marking the start of a progressive training process.

While digital products and services offer undeniable benefits in terms of avoiding physical journeys and reducing unnecessary energy use, they were also the ideal solution in the context of pandemic-related restrictions.

Accessibility to bank services

GRI 102-2



Whether working in branch or remotely (over the telephone, video calls, secure messaging, etc.), our relationship managers help retail clients achieve their life goals (taking out a mortgage, funding their children’s studies, preparing for retirement, investing, etc.) and companies achieve their professional goals (accessing capital, funding manufacturing tools, etc.). With relationship managers available for appointments between 8.00 am and 7.00 pm, clients can rest assured that an expert is on hand to offer solutions tailored to their needs at the time that suits them.

Our network of **37 branches** includes four types of branch:

- BIL HOUSE offers our full suite of services and is accessible between 9.00 am and 12.00 pm and between 1.30 pm and 5.00 pm without an appointment. This is where our clients can carry out any routine operations that cannot be handled remotely. Advisers are present to guide them.
- BIL SHOP is accessible between 9.00 am and 12.00 pm and between 1.30 pm and 5.00 pm without an appointment. This is where dedicated staff assist our clients with any questions they may have in relation to BILnet.
- BIL OFFICE, open by appointment only, is where clients can come to discuss projects requiring careful attention and specific expertise.
- BIL Home, our online-only branch, is perfect for clients who prefer the flexibility of a remote service. Relationship managers at the BIL Home branch are available by phone, videoconferencing and secure messaging.



4.5 SUPPORT ENTREPRENEUR AND SUSTAINABLE INNOVATION

Support entrepreneurs

BIL plays an active role in the economic development of Luxembourg and supports its professional clients in their projects, especially in difficult times:

- As regards loans linked to the COVID-19 pandemic, BIL actively recommended loans backed by the Luxembourg government (PGE – prêt garantie par l'État) to eligible clients throughout the offer period, with a view to protecting the country's future economic and social life from the effects of the economic slowdown.
- The impact of the July 2021 floods were felt by many BIL clients, with some suffering severe repercussions. In the aftermath, BIL demonstrated its willingness to provide temporary or permanent support for affected clients by offering financial aid to tide them over until they received compensation and/or to allow the client to make the necessary investments.

For the 2021/2022 school year, BIL will be supporting JEL's flagship Mini-Companies project, which encourages teenagers to develop a flair for business and entrepreneurship. The pupils run a mini-company for a year, making decisions and taking responsibility as they manage and overcome the challenges any business has to face. To ensure each mini-company is being run professionally, bank staff are organising a pool of entrepreneur-advisers and coaches to offer assistance from outside of the school.



Support innovation

Innovating means constantly striving to surpass existing achievements, and it is one of BIL's core values. Through its dedicated innovation centre, BIL is looking to develop a stand-out range of services for retail and business clients. The bank has secured partnerships with major local players, most notably incubators that support the development of the Luxembourg economy by encouraging innovation. In this way, BIL is 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 its dedicated innovation centre, the bank has secured partnerships with major local players.

- BIL is a partner of several Luxembourg start-up support platforms, including Technoport and 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.



4.6

ESG MARKETING: CREATE AWARENESS ON SUSTAINABLE PRODUCTS AND THEIR IMPACTS

FS5 | FS16 | GRI 103-1 | GRI 103-2 | GRI 103-3

Raising awareness and fostering understanding of sustainability issues is a key focus of advice to clients. To better assist clients in their investment choices, the bank has developed:

WEBINARS FOR CLIENTS ON THE THEME OF RESPONSIBLE INVESTMENT.



Sustainable and Responsible Investment: what is it and why is it important?

EDUCATIONAL CONTENT AIMED AT CLIENTS ON THE MYINVEST PLATFORM



Sustainability: doing nothing is a perfect failure !"



Sustainable Investment: a toolkit for investors



Invest wisely and help save the planet

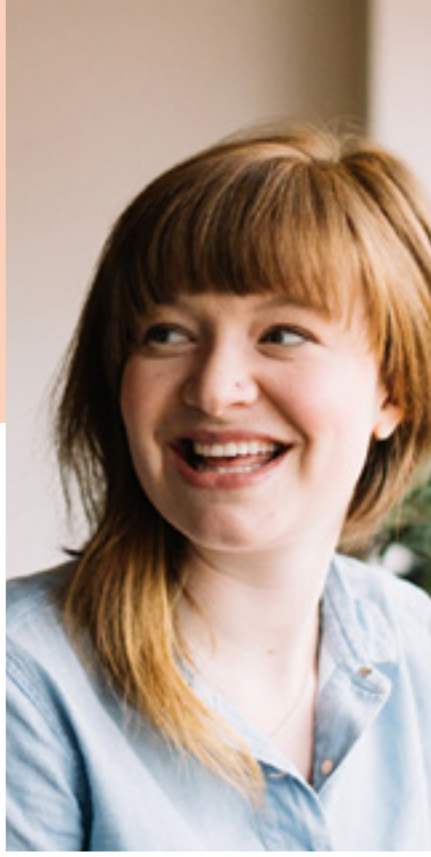
- More generic informative content about retail clients' finances, as well as more specialist articles with a sustainability focus on the BIL Investment Insights platform
- BIL Investment Outlook, in which the BIL group Chief Investment Officer shares his perspective on the impacts of sustainable development on the economy
- Marketing campaigns, such as "Do you want to contribute to a more sustainable world?". This was launched in two waves in 2021: the first to highlight the incorporation of ESG criteria into the four BIL Invest Patrimonial funds and the second to announce that these funds had received the LuxFLAG ESG label.



2022 TARGET

- The bank will continue to roll out its ESG training programme to ensure that relationship managers have sufficient knowledge of sustainable finance to properly advise their clients.
- The bank will continue to produce editorial content designed to help clients make informed choices.

PILLAR 3

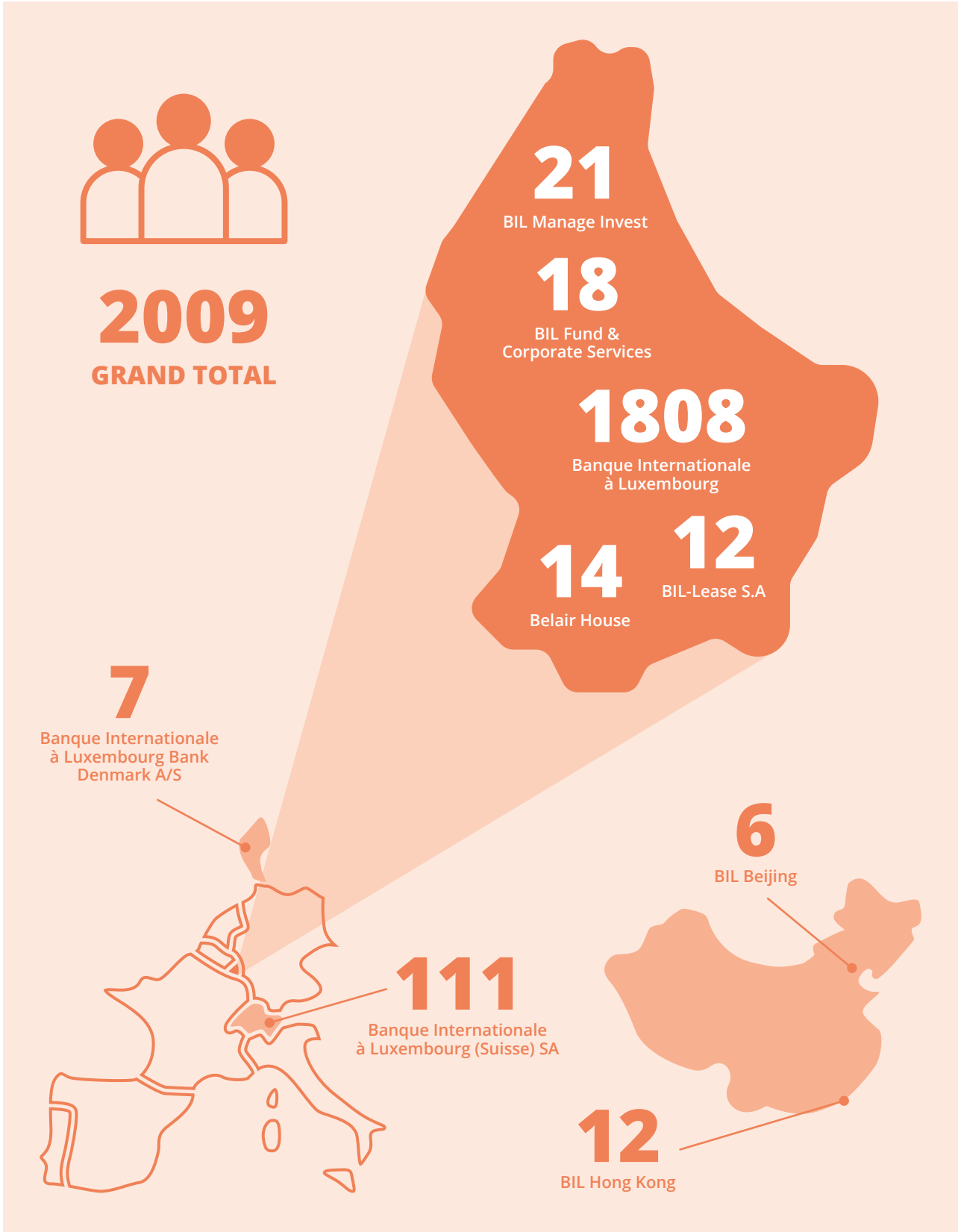


**RESPONSIBLE
EMPLOYER**



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 BIL's success.

BIL group employs 2,009 people of 49 different nationalities.





5.1 COMPLIANCE WITH LABOUR LAWS AND SECURITY

Compliance with labour laws

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

- BIL's Code of Conduct references ILO core conventions; in Luxembourg, labour laws meet the objectives of the International Labour Organisation. 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.
- BIL's 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 Organisation, signed in Geneva on 11 June 2014.
- The Code of Conduct covers child labour: Law of 6 December 1876 concerning child labour.
- The 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.
- The 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.
- The 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.
- The 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.



5.2 ENSURE EMPLOYEE HEALTH AND WELL-BEING, INCLUDING A RECURRENT AND QUALITATIVE DIALOGUE WITH EMPLOYEES

Staff involvement and consultation

GRI 102-43

Surveys

BIL consults its employees regularly in order to factor in the needs and expectations of staff. The subjects studied differ depending on the current situation.

Among others, the major dialogues launched in 2021 were:



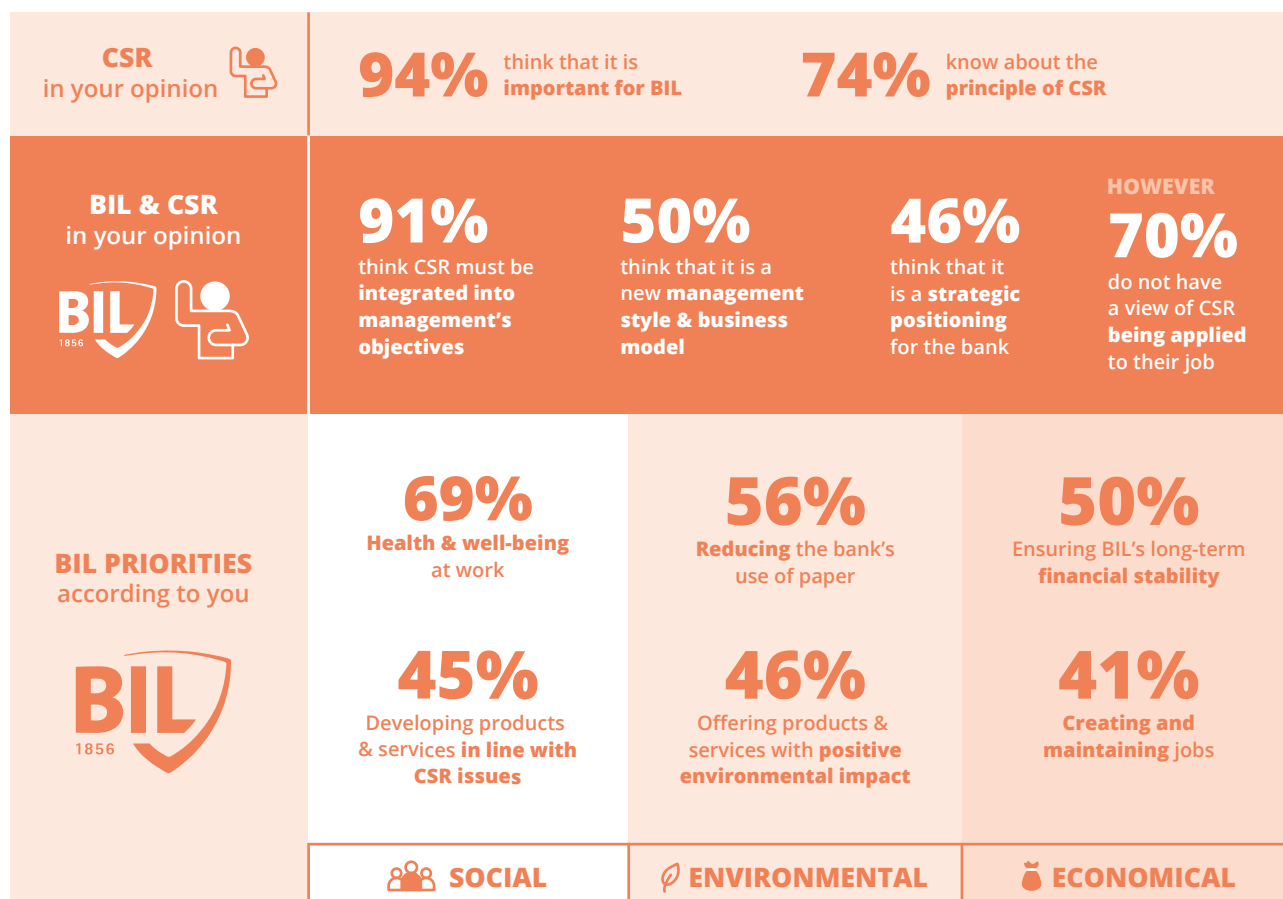
SUSTAINABILITY STRATEGY SURVEY FROM END-APRIL 2021 TO 15 MAY 2021

In April, the bank invited all employees to participate in defining BIL's SustainaBILity Strategy. The questions asked can be summarised as follows: what issues are most important to you? What do you expect from a responsible and sustainable bank? What do you expect from BIL?

GENERAL OVERVIEW



581
RESPONDENTS



E-NPS

Aware that client service above all comes from its staff, BIL launches a Net Promoter Score® (NPS) survey twice a year to measure staff members' propensity to 1) act as external ambassadors for the bank, 2) advocate for the BIL2020-25 strategy, 3) support action taken to allow personal development and skills acquisition for us all.

The questions that are asked are:

- How likely is it that you would recommend BIL as an employer?
- How likely is it that you would recommend BIL products and services?
- How likely is it that you would act as an ambassador for «Energise Create Together 2025»?
- How likely is it that you would recommend BIL as a partner in your personal development?
- How likely is it that you will start 2022 with optimism?



2022 TARGET

The E-NPS survey will be reviewed in 2022 in order to capture regular feedback on its "Responsible Employer Pillar"



STAFF DELEGATION – ATMOSPHERE @BIL SURVEY (SEPTEMBER 2021)

To get an objective idea of employees' spirit, the staff delegation launched a survey to identify the state of employees' well-being within the company. To carry out this survey, the staff delegation has relied in particular on the expertise of Association pour la Santé au travail des secteurs Tertiaire et Financier (ASTF). 913 employees responded to the survey ensuring a good degree of representation.

In a critical health context, the findings show that team spirit does exist within the company, that relations between teams are working, and that in other respects, there is a need to transform BIL's organisation. These transformations are the subject of a dialogue with the management to find ways of improving together.

THE FEEDBACK MODEL

The feedback model – a system that fosters dialogue between staff members and their line manager – plays a key role in ensuring the success of BIL's corporate culture. The model was designed to encourage constructive discussion of each employee's strengths and how they could improve their performance. At an individual level, each person can identify up to three focus points for the following year. Focus points can be linked to the employee's priorities, personal development points or professional aspirations.



2022 TARGET

A decision was made to set ESG objectives at both individual and team level for specific functions. These changes are due to take effect in 2022. BIL will hence introduce two new ESG criteria. On the one hand, ESG criteria allowing the bank to ensure that people managers identify initiatives, within the scope of their remit, that contribute to the bank's sustainability strategy.

On the other hand, ESG objectives will be set at both individual and team level for specific functions.



Staff management and recruitment

The pandemic fuelled the adoption of digital tools within recruitment. Despite changes to the health situation, BIL has decided to continue to use digital solutions on a daily basis, as they offer a wide array of benefits. These include:

- Saving time and money for the candidate and the bank
- Additional flexibility, whether in terms of not needing to book rooms, potential for rescheduling and the option to book shorter time slots
- Lower carbon impact

The key concern in recruitment at present is how to configure solutions to attract new staff and retain existing staff. To that end, BIL uses benchmarks to assess the sector's human resources management models. But it also studies non-bank employers as these are potential competitors in this area.

New joiners' programme

GRI 401-1 | GRI 103-1 | GRI 103-2 | GRI 103-3

BIL has set up a specific event designed to provide new employees with the information they need to understand how the bank is structured. The aim here is simply to introduce the various business lines that work together within the bank on a daily basis.



2022 TARGET

New hires will be informed of the SustainaBILity strategy to ensure they take the BIL group's ESG outlook and ambitions on board from day one.



BIL benefits package to promote health and work-life balance

BIL social Fund

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

- Glasses
- Contact lenses (once a year)
- Hospital expenses
- Accessories (orthotic insoles, wheelchairs, etc.)
- Dentures, dental operations or adjustments
- Courses 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.

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

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 (e.g. death, suicide or suicidal risk, accident, etc.).

They 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 vaccination for staff, in partnership with the Association for Occupational Health for the Financial Sector (ASTF).



2022 TARGET

Although considerable effort has already gone into prevention, BIL will further strengthen its action plans in this regard.

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 programmes involving the various sports and cultural sections of the GPOS (29 sections). These programmes are managed in close collaboration with union representatives.

BIL owns its own fitness centre "FIT4BIL", which is open to all employees and was completely renovated during the COVID-19 pandemic.

BIL's objective is to improve mental and physical health through sport and culture.





FIT4BIL programme



In 2021, BIL presented an initiative to its employees to take care of their health during one week in May and one other week in October, by getting involved in sporting activities, healthy eating and taking part in challenges. The initiative, called Fit4BIL, was aimed at both sports enthusiasts and complete beginners and comprised several themes:

- Online sports sessions;
- Healthy menus for the whole week;
- Healthy recipes online;
- Individual and collective challenges related to the theme of wellness and health



2022 TARGET

BIL will keep the Fit4BIL programme running in a slightly different format so that participants can continue to learn about the importance of health and well-being throughout the year.

BIL Coffee Break

In the context of the pandemic, and to create and foster links between BIL group employees, the BIL Coffee Break initiative has been extended to include BIL Switzerland and the Hong Kong and Beijing entities. These events enable members of staff to meet colleagues and develop their network within BIL through virtual coffee breaks twice a month.

Mobile working

Mobile working is now available to all employees. It goes without saying that this transformation in day-to-day work patterns has led to a shift in culture in terms of the employee-employer relationship. The old model of micro-management and continuous checking of tasks has given way to a model based on trust and results-oriented performance. BIL is helping its managerial staff get to grips with these cultural changes.

COVID-19 support measures

BIL had to quickly adapt to this unprecedented crisis, without being prepared for it and without being able to identify its needs for its proper functioning upstream. The COVID-19 crisis gave rise to a great number of questions, concerns and uncertainty amongst staff.

Depending on their health, personal and family constraints, and their professional activity, employees experienced the various lockdowns and the evolution of the pandemic in different ways.

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)
- Notifying colleagues who were contact cases
- Coordinating with managers, facilities and physical safety
- Providing advice and assistance
- Coordinating with ASTF and the Ministry of Health managing vulnerable people

Winter Feelings, a novel event format for staff



Winter Feelings is a concept created by staff in the Corporate Real Estate department.

The pandemic meant that it was impossible to organise an end-of-year staff party, so the bank looked for another way to share a precious moment of human connection over the holiday season. A little Christmas market was held on bank premises by teams from the Corporate Real Estate department, with assistance from external companies.

And BIL even served delicious nibbles for staff and visitors to enjoy in a wonderfully festive setting.



2022 TARGET

As the idea was well-received by employees who were on site over the period, a second "Winter Feelings" is in the pipeline for 2022.



The security of employees and clients

GRI 403-1 | GRI 103-1 | GRI 103-2 | GRI 103-3

The security strategy is built around three imperatives: to prevent, to inform and to react. It seeks to alert and communicate as widely as possible, while also mobilising specialist resources.

Nonetheless, this reinvestment is only possible with solid protocols and structures. It must be combined with redefined and operational concepts tailored to the threats we face.

For many years, BIL has had special provisions in place that apply to the areas of supervision, organisation and control. This has enabled the bank to develop relationships with external partners (government bodies, European institutions, banking and financial associations, etc.). BIL has also analysed the vulnerabilities of its premises (how they may be targeted, what may be targeted, identifying physical vulnerabilities and possible chains of events including internal threats) and organised itself from a structural, infrastructural, technological and operational standpoint to enhance the protection of its sites (video surveillance, anti-intrusion system, fire prevention system, creation of an armed 24-hour safety control room, access management, emergency response, professional security agents, round-the-clock Physical Security Services, standards-based operational reference frameworks)

Systems designed to mobilise appropriate resources and skills as quickly as possible are in place to protect staff at work and the bank's moveable goods. Every idea must be based on detailed analysis of all risks, assessed in a logical order. Hence, safety and security are achieved through adequate surveillance and protection measures that must be interconnected so as to mutually strengthen one another. Within BIL, the structure is neither uniform nor even adapted, but rather fully modelled around the needs of the institution, in constant interaction with its environment.

A Security Control Room was installed in June 2013. It is manned 24 hours a day, all year round, by professional security agents whose main role is to respond effectively.

As far as staff safety is concerned, BIL has a team of qualified people to anticipate, manage and report on three types of risks to individuals:

- Fires
- Malicious acts (e.g. armed robbery, assault)
- Threats to the health of staff, clients or visitors (e.g. illness, accidents)

In terms of keeping property safe, the bank has sought out security engineering experts to analyse the material resources that must be mobilised to keep bank premises secure.

BIL has established a sophisticated security system whose performance is subject to continuous assessment in terms of the reactions of stakeholders and the measured quality of each intervention. Once conducted, this assessment and the responses given are constantly refreshed to meet the real needs of the companies and their employees.

As regards staff safety, to cite just one example of the provisions introduced by BIL, simulation exercises are regularly carried out with the assistance of the ASTF, social partners and the police. These simulations are covered in debriefing sessions, enabling BIL to address any vulnerabilities that are identified.

As regards the security of property, all spaces that are to be renovated or built will be subject to a preliminary study. The recommendations arising from this study will be implemented by the Corporate Real Estate department. Later, an assessment will occur after the fact to check that the work has been carried out in accordance with the initial recommendations made by the security engineering team.

In addition to these two systems to manage risks to people and security, BIL has a digital security system to underpin them. As a result, the bank has 30,000 alert triggers that are monitored constantly through dedicated infrastructure and that respond to business continuity planning (BCP) requirements.

2021 STATISTICS



36

Number of security agents in the BIL pool

58

Number of times individuals received assistance



16

Number of accidents (12 related to travel)

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 L.311-1 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.



5.3

STAFF DELEGATION

In view of the elections for the Staff Delegation, the different groups standing for election set out their strategy to staff.

Trade Union Social Elections

Social elections are very important because they allow employees to elect the representatives (staff delegates) who will represent them for the next five years.

Staff delegation – General Mission

The general mission of the staff delegation is to safeguard and defend the interests of the company's salaried staff in terms of working conditions, job security and social status.

Luxembourg legislation provides staff representatives with fairly substantial resources and staff delegations have the right to be informed of any large-scale projects that the company intends to develop.

The staff delegation must be informed and consulted by the management before any important decisions are made in technical, economic and financial matters. The aim of this information and consultation procedure is to protect employees and their jobs.

Employee protection must also take into account employee health. The Staff Delegation and, in particular, the Health and Safety Delegate are responsible for this important aspect of the Delegation's work. The Equality Delegate ensures that the company complies with the legislation and the charters in force. In order to facilitate dialogue, the Delegation has contact persons in the Human Resources department.

Board of Directors

The Board of Directors consists of at least nine directors, and members of the staff delegation represent at least 33% of the board.

One of these staff directors must also sit on the Board Remuneration and Nomination Committee (BRNC).

Right to communicate

The various social partner parties have a right to communicate on the bank's intranet. This includes blogs that can be accessed on the intranet by all employees.

Meetings to promote social dialogue

- **Meeting of the staff delegation** which brings together all the representatives of the various trade union divisions.
- **Delegation and management meeting** with all the representatives of the various trade union divisions and all the members of the bank's Executive Committee.
- **Meeting of the Economic and Social Entity Delegation**, which brings together the trade union representatives of the various subsidiaries of BIL group.

The minutes of these meetings are posted to the bank's intranet and are therefore accessible to all employees.





5.4 DIVERSITY AND EQUAL OPPORTUNITIES

GRI 405-1 | GRI 103-1

Why is it important?

BIL is firmly of the opinion that diversity contributes towards increasing the collective performance of the bank's organisation, as it allows the bank to create an environment of trust and cooperation, to have a positive impact on BIL's culture and to foster BIL's values.

BIL believes diversity helps increase the collective performance of BIL's organisation, as it enables the bank to:

- Ensure employees feel valued and welcomed and creates an environment of trust and cooperation
- Have a positive impact on BIL's culture and boost BIL's values: Create, Collaborate and Care
- Remain an employer of choice and attract and retain key talent



**THE MOST IMPORTANT POINT IS THAT OUR VALUES –
CREATE, COLLABORATE AND CARE – ARE INCLUSIVE
AND UNIFYING. WHEN A PERSON FEELS HAPPY IN THEIR
OWN SKIN, THEY'RE ABLE TO BE TRUE TO THEMSELVES.
WE WANT EVERYONE WHO WALKS THROUGH OUR DOORS
IN THE MORNING TO KNOW THAT BIL IS A PLACE WHERE
THEY DON'T HAVE TO ACT THE PART AND WHERE THEY CAN
BE THEMSELVES. DIVERSITY IS WHEN YOU'RE INVITED
TO THE PARTY; INCLUSION HAPPENS WHEN
SOMEONE ASKS YOU TO DANCE.**

Karin SCHOLTES
people, Culture & Communication
member of the executive committee



GRI 103-2 | GRI 103-3

Diversity Charter



BIL is committed to and is a signatory of the Luxembourg diversity charter. BIL's 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

Action plan

BIL's 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 employees come from a range of different countries and backgrounds, the bank has created videos that are posted to the bank's intranet on the national days of each country represented by our staff. Each video focuses on a specific country, where one of our employees comes from. It highlights some of the country's demographics as well as its history, customs, national anthem, and typical dishes.



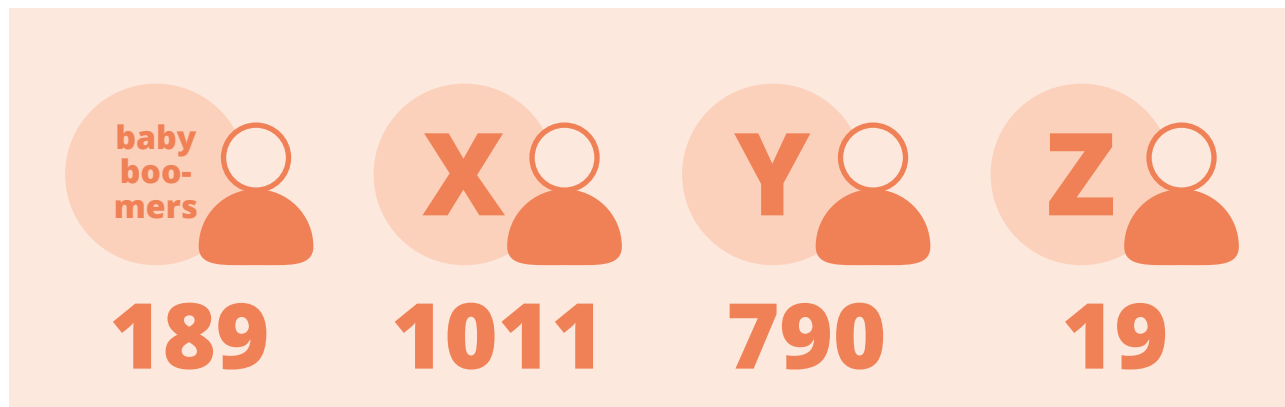


GRI 103-2 | GRI 103-3



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 BIL is able to benefit from the various abilities and characteristics of each generation.



Illness and Disability

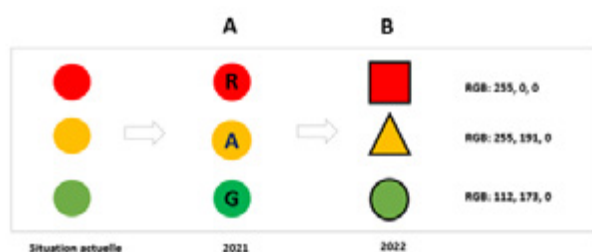
In 2020, BIL launched Solidarity Leave, an initiative that allows employees to donate time off to their colleagues who need it. This means that if a colleague is going through a difficult time or their family member or loved one needs their support, another employee can donate some of their days off to this colleague anonymously.

In 2021, BIL has decided to take into consideration the constraints experienced by colour-blind people.

Colour blindness affects an average of 8% of men and 0.5% of women, i.e. almost 1 in 10 men. This vision disorder therefore affects a silent part of BIL's employees but also of BIL's clients.

The impact of colour blindness is particularly noticeable in times of COVID-19 and especially in remote meetings when colour codes are used extensively in communication materials. If you can't tell the difference between red and green, it becomes very difficult to decipher a project tracking table that uses these colours to display the status of different activities.

In this context, the bank has decided to change its project progress indicators. This may seem trivial in terms of achievement, but it represents a real improvement in the readability of information for colour-blind employees.



The bank has also redone all the signage in its car parks to meet the needs of colour-blind users. People with colour blindness were consulted and asked to share their opinion.





Sexual orientation

BIL participates in Pride and important days such as the International Day against Homophobia, Transphobia, and Biphobia. It also educates employees on issues facing the LGBTI community to enable us to learn and improve.



Gender

BIL'S WORKFORCE IS COMPOSED OF



44%
WOMEN



56%
MEN

EMPLOYEE HEADCOUNT BY GENDER (AS OF 31 DECEMBER 2021)

887

FEMALE EMPLOYEES



1122

MALE EMPLOYEES



THE NUMBER OF EMPLOYEES TRAINED (AS OF 31 DECEMBER 2021)



850



958



PARENTAL LEAVE

BIL can confirm that the bank has a balance between men and women in the conventional functions of the bank. This applies to both salary and parental leave, for instance.

GRI 401-3 | GRI 103-1 | GRI 103-2 | GRI 103-3

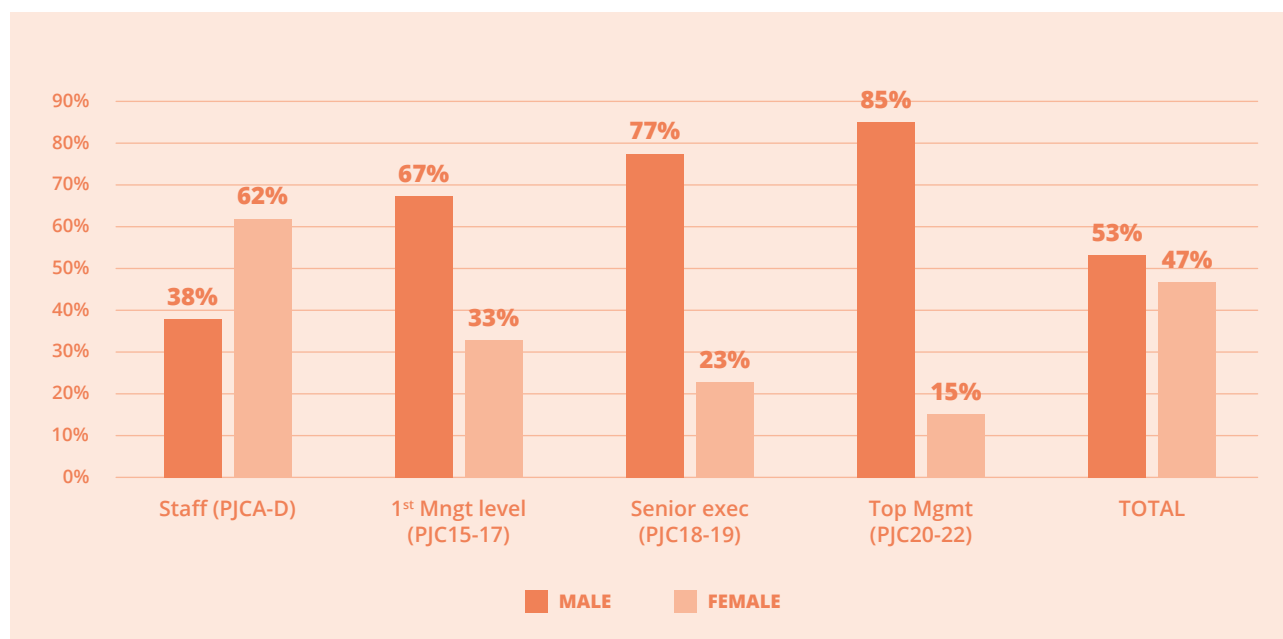
2021

28 ♂
MALE

36 ♀
FEMALE



Gender representation per job class (Luxembourg)



2022 TARGET

BIL will need to boost the talent pool of women at all levels, so parity in all levels of the organisation can be achieved over time.





5.5 TRAINING & DEVELOPMENT

GRI 103-1 | GRI 103-2 | GRI 103-3

Remote and hybrid training

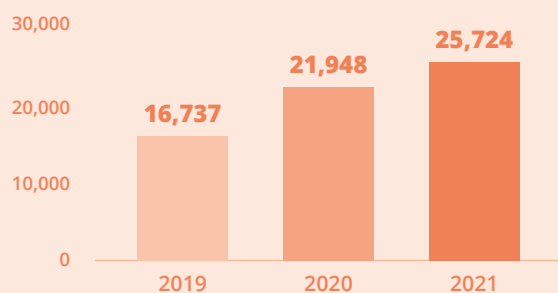
GRI 404-1

In 2021, with the pandemic dragging on, the bank had to continue to **adapt its services** to **guarantee the employability** of its staff in a rapidly changing environment.

Since then, the human resources department has **focused on remote and hybrid training** for staff in order to better respond to the reality of the situation. With the help of internal trainers, the bank has developed learning kits tailored to the needs of its employees to boost individuals' professional skill level. These kits, in the form of **e-learning materials**, have been made available on the **BIL Academy platform**, which can be used on a laptop, tablet or mobile.

The training catalogue has expanded since 2019 while the workforce has remained stable.

HOURS OF TRAINING GIVEN



Regulatory trainings

The bank continued to **expand its regulatory services** in 2021, added content developed internally as well as by external service providers (e.g. AML-CTF, FATCA-QI – Market abuse, etc.).



GRI 205

ESG training

FS4 | GRI 404-3

Addressing the concrete challenges of sustainable development to build capacity and capability, BIL has been working to define appropriate governance, leadership and incentives. But in practice, most rely on the upskilling and reskilling of BIL human capital in sustainable education and training. In that context, BIL decided to deploy multiple training paths for its employees.

An internal training course was set up in 2021 and articulated to enable every employee to understand the theoretical and practical issues at stake, as well as issues specific to the bank while promoting an ESG culture and awareness within the company.

After a successful pilot session organised in July 2021, it was decided that all employees would be targeted within three different formats:

- a full day of training for investment and financial markets 'experts'
- a half-day session for relationship managers, business developers, credit structurers
- an e-learning course (training format to be released in 2022)



2022 TARGET

Train all employees starting with the remaining "key stakeholders".

For control functions, an external certifying training course will start in early 2022.

An e-learning will additionally be made available to all employees

Target 2022	#	Done in 2021	Target 2022
Training for "key stakeholders" (full & half-day sessions)	291	71	220
Control functions	125	0	125



GRI 103-2 | GRI 103-3

BIL ACADEMY

Additional information sessions for staff were devised in 2021: the “Fresque du climat” and the “Conference on Sustainable Finance with LSFI”. These two information sessions complemented the training range on offer within BIL Academy.

Training	Number of participants	Service provider
Climate Murals	15	KLIMA Consulting
“Sustainable Finance” conference	76	LSFI

Specific training courses covering the pandemic

Given the impact of the pandemic on employees and the organisation of our working lives, the bank has continued to offer a range of modular **training courses focused on various aspects of healthcare, security and organisational measures, and individual support**. Examples include the lunchtime “Feed your mind” modules on topics such as maximising work-life balance and performance when working from home and how to maintain a remote client relationship. “Resilience” talks and workshops were organised with Potential Project, and there was a “responsibilities and opportunities” cycle of managerial talks with speakers from Neurolead.

In order to provide ongoing support for its managers in this unprecedented period, BIL expanded its **Leadership** and **Growth Mindset** programmes. These courses were designed to meet the needs of operational leaders/managers so that they could support their teams while also adapting their management style to suit different people as well as different circumstances.

Training	Number of participants
Leadership 3.0	20
Growth Mindset	12
Positive Leadership	16





GRI 103-2 | GRI 103-3

Talents programme

In 2021, BIL continued to enhance its training for high-potential members of staff (**Talents**). This training takes the form of **Mentoring-Learning Journey** programmes and **“Lead&Impact”** sessions.

As part of the mentoring programme, employees identified as “Talents” are allocated a mentor tasked with supporting their progression and professional development plan. 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 achieving 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.

Training	Number of participants	Service provider
Lead & Impact	17	Blue Train & Co
Mentoring Learning Journey	88	Blue Train & Co

A **one-to-one mentoring programme** has been introduced to provide high-potential employees with a more senior mentor who can help them draw up their professional development plan.

Young Sales programme

2021 saw the launch of the Young Sales programme: BIL hired **five talented young people** with the intention of preparing them to **take on a sales role** after 15 months immersed in the bank’s various departments.

This rotation programme allows them to acquire a broad base of knowledge from across the bank’s business lines. These employees also received training to strengthen their banking and financial knowledge.

GL22 – new core system

BIL is currently developing a new IT system for all banking operations. This is a project of paramount strategic importance. It is known by the code “GL22”, which is short for GoLive in 2022. As the name suggests, the rollout of the new system is scheduled to take place in 2022.

To prepare for the creation of the GL22 training programme, which will reach its height in terms of **Change Management** from 2022. 2021 was a year in which firm foundations were laid and the bank took several preliminary steps:

- **Work began** on certain training materials (mainly T24 and Salesforce content),
- Certain members of staff received the **actual training** on the new T24 Core Banking System,
- And **experts in the future Salesforce CRM** (Customer Relationship Management tool) received **training**, and in some cases certification, that will help them provide better support to end users in 2022.





GRI 103-2

5.6

CREATE ESG AWARENESS

FS4

SustainaBILity Days



On the back of strong participation in the 2021 internal sustainability survey, BIL is currently rolling out a plan to raise awareness among employees of its sustainable development strategy. The bank put this aim into practice by dedicating an entire week to this topic between 22 and 26 November.

The programme included a range of special events such as talks, workshops, quizzes and special menus in the staff canteen. High levels of engagement were observed despite the pandemic. For example, over 20% of staff attended talks and some spontaneously shared relevant ideas.



2022 TARGET

In keeping with this focus on getting everyone involved, BIL is planning monthly “sustainaBILity” days in 2022.



PILLAR 4



**POSITIVE
IMPACT**



6.1 DEFINE A RECURRING ENGAGEMENT PLAN WITH BIL STAKEHOLDERS

Proximity and client satisfaction

FS13 – FS14 | GRI 102-43 | GRI 103-1 | GRI 103-2

Client satisfaction is naturally a priority for BIL. The bank has gradually increased its investments in this regard in order to have even more robust management processes. And these investments will last for the medium to long term.

In 2018, the bank created a department called “client centricity” responsible for setting up client satisfaction management processes in the bank’s three business lines: retail banking, wealth management and corporate and institutional banking.

Two systems are currently operational:

1. MEASUREMENT OF CLIENT SATISFACTION AT KEY STAGES IN THE CLIENT RELATIONSHIP

The first process addresses client satisfaction at a specific stage of their interactions with the bank (e.g. opening an account or taking out a loan). The second process is aimed at assessing the likelihood that the client would recommend the bank’s services to other consumers.

The first process is therefore a snapshot of the client’s viewpoint at a specific moment in time, whereas the second assesses long-term views.

2. MEASUREMENT OF THE LEVEL OF EXCELLENCE OF THE CLIENT EXPERIENCE

In addition to these two processes, the bank assesses the level of excellence of the client experience. This analysis is based on six criteria that characterise the client experience at BIL:



These analyses are published in a quarterly “Client Dashboard” report.

As regards the satisfaction measurements (KPI) taken at key stages in the client relationship, the bank bases its assessments on what are classed as top-priority interactions:

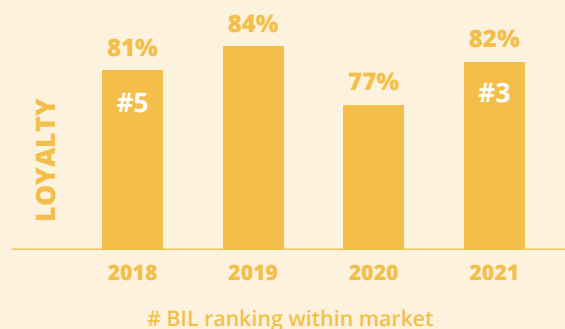
- Opening an account (since 2018)
- Mortgage (since 2018)
- Personal loan (since 2019)
- BIL Pension savings products (since 2020)
- Flexicav investment product (since 2020)
- And on the Serenio and Advisio investment products (since 2021)

The Client Centricity department uses these KPI to constantly monitor client satisfaction, to identify top-priority areas in which clients expect the bank to correct issues or effect change, and lastly to ensure that corrective measures are long-lasting.

The “Client Dashboard” report allows for the identification of areas in which there is scope to improve client interaction processes. This leads to specific action plans for each type of interaction.



LUXEMBOURG MARKET SURVEYS 2021 – INDIVIDUALS



THE BANK ALSO MEASURES

- Positive trend for affluent & self-employed
- Downward trend for young generation
- Clear USPs for BIL are: Relationship Manager soft skills, expertise & competence, reliability
- Main weaknesses remain accessibility, transparency and proactivity



2022 TARGET

In 2022, the bank will roll out a new client satisfaction measurement process via the interpersonal impact process for each client interaction channel. This involves measuring the interpersonal impact as shown by the client's emotions during the interaction: I am important to this bank, I feel supported, etc.

This system will be activated across the following contact channels:

- BIL Care Center (client contact centre)
- BIL Home (online branches)
- BILnet (BIL's direct banking solution)
- MultiLine (the solution aimed at businesses)
- And, of course, Relationship Managers (who use contact technology such as videoconferencing)

A support and change management system is in place to ensure that this new process is understood and assimilated as a continuous improvement tool

In the medium term, BIL hopes to implement artificial intelligence solutions that will allow for semantic analysis of the wording of written communications with clients.

Another medium-term aim is to share feedback with clients. And BIL is targeting clients who have expressed a high degree of dissatisfaction as a priority.

6.2

LAUNCH LOCAL IMPACT INITIATIVES

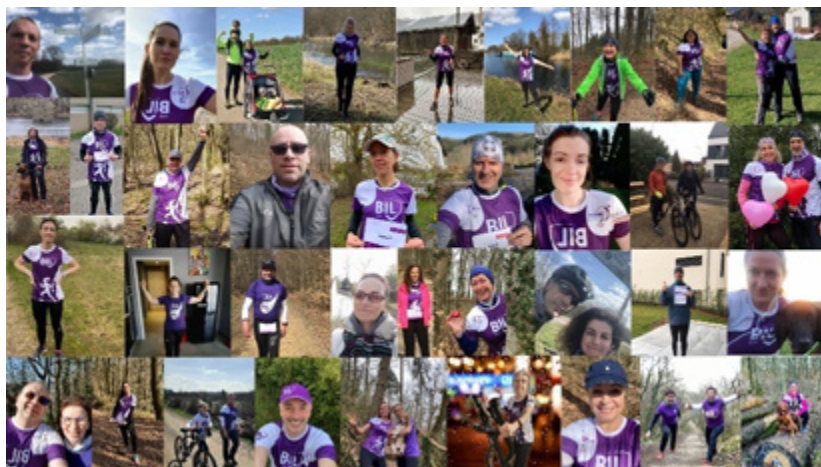
GRI 203-1 | GRI 103-1 | GRI 103-2 | GRI 103-3

BIL's Corporate Social Responsibility commitment to local society and the bank's sponsorship activities are structured around the two pillars of education and healthcare. This policy is put into practice through sustainable partnerships and support for numerous initiatives.



GRI 103-3

Poverty alleviation, donations, volunteer activities



SIGNIFICANT DISCRETIONARY
DONATION TO RELAIS POUR LA VIE



END OF JULY, DISCRETIONARY DONATION
TO "LETZEBUERGER KANNERDUERF" NGO



ART2CURE EXHIBITION WHOSE SALES PROCEEDS
ARE USED TO FUND RESEARCH ON EDUCATION AND
MENTAL HEALTH IN THE CONTEXT OF PEOPLE WITH
REDUCED MOBILITY



SIGNIFICANT DISCRETIONARY
DONATION TO MÉDECINS
DU MONDE LUXEMBOURG
"MEDICAL CONSULTATIONS
DEDICATED TO WOMEN"



SIGNIFICANT DISCRETIONARY DONATION
TO ALAN MALADIES RARES



SIGNIFICANT DISCRETIONARY DONATION
TO "L'ÎLE AUX CLOWNS"



GRI 103-3



FEALU – FEMALE ENTREPRENEURSHIP AMBASSADORS LUXEMBOURG



UNICEF INITIATIVE – BLUE LIGHTING – CALL FOR A DONATION



CONFÉDÉRATION NATIONALE DE DANSE



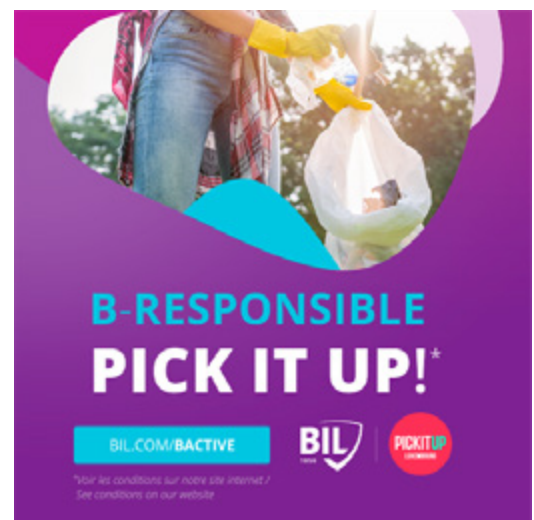
"Mets tes baskets" is a corporate challenge that aims to unite employees around a one-day race, which consists of taking as many steps as possible in order to help combat leukodystrophy.

Within BIL group, 161 people walked more than 1,200,000 steps and a donation was made in relation to the employees' sporting performance.

ELA – EUROPEAN LEUKODYSTROPHIES ASSOCIATION



CHARITY RACE BY BIL RUNNERS – LETZ GO GOLD 2021



MARKETING CAMPAIGN FOR PRODUCTS DEDICATED TO YOUNG CLIENTS WHOSE PURCHASES SUPPORT THE PICKIT UP ASBL



GRI 103-3



AFRICAN SCHOOL CHILDREN IN BIL BRANDED T-SHIRTS



TOY COLLECTION IN PARTNERSHIP WITH WILDGEN



10% OF THE MANAGEMENT FEES FOR THE CANDRIAM EQUITIES L ONCOLOGY IMPACT FUND DONATED TO THE NOT-FOR-PROFIT ORGANISATION KRIIBSKRANK KANNER



DONATION OF A PALETTE OF MUGS WITH THE HELP OF VISA TO MÉDECINS DU MONDE



GUIDE DOGS FOR THE VISUALLY IMPAIRED IN LUXEMBOURG



GRI 103-1 | GRI 103-2 | GRI 103-3

Education

Education is not only vital for personal development, it is also a major factor in driving progress. BIL recognises the key role that education plays in developing a highly skilled workforce in Luxembourg. Beyond training BIL's own staff members through programmes that encourage continuous learning and innovation, BIL is committed to education as a whole with the 2021 budget of EUR 19,800.

JEL



BIL is one of the main sponsors of Jonk Entrepreneuren, a Luxembourg initiative that aims to foster entrepreneurial spirit among young people, and BIL's volunteers offer assistance to students as they create their fictional companies. The bank is 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 finances and to inspire clients to achieve their personal and professional goals. myLIFE is built on a simple promise: it is not marketing oriented, and it simply provides financial education through topical information.

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.

Woch vun de Suen



This initiative aims, with the help of BIL volunteers, to teach the basic rules of responsible money management to children in the 4th cycle of primary education in Luxembourg in order to help young people become thoughtful and responsible consumers. 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.

Luxembourg School of Business and Management (ECG)



Financial education is a top priority for BIL, and an area in which the bank is particularly active. BIL has collaborated with ECG for a number of years to give its students the opportunity to gain first-hand experience of the bank's business lines by working on business cases with coaching from the bank's experts.



Diplom+



The Diplom+ programme is aimed at young people to help them run an Innovation Project. They learn about how companies are created and about the process from the initial idea to the sale of the product or service to the client. The modules offered by the Ministry of Education and by Jonk Entrepreneuren Luxembourg run in parallel and constitute a complete offer in which the trainees develop various skills. BIL's role in this programme is to make its staff available to provide coaching to participants.

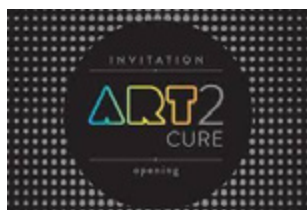
GRI 103-1 | GRI 103-2 | GRI 103-3

Healthcare

"Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." WHO constitution

Much like education, health and well-being are pillars of personal fulfilment and fundamental to human progress. Alongside the measures taken by employees, BIL group supports NGOs that work tirelessly to make people's lives better and bring them comfort. BIL's annual budget for 2021 was EUR 34,000.

Art2Cure



The concept of the exhibition on the bank's premises is to sell the works on display and donate the proceeds to research on diseases such as Parkinson's and Zellweger syndrome.

Fondation Cancer



Many of us have experience with cancer. This is why BIL actively supports Fondation Cancer and employees participate in the annual «Relais pour la vie» event, which is a powerful show of solidarity.

6.3

ENVIRONMENTAL FOOTPRINT

BIL is aware of its responsibility and endeavours to reduce its operational impact on the environment by lowering its energy consumption and waste production.

Carbon footprint

Developing reliable and comprehensive corporate GHG footprint accounting is the first step in managing climate performance. Understanding the GHG footprint of a company's value chain provides the basis for developing a successful climate strategy. The bank engaged in the first exercise of this type in 2021 in collaboration with South Pole (South Pole works with businesses and governments around the world to help to achieve deep decarbonisation pathways across industries).

This is an integral part of BIL's climate journey that will enable the bank to set and achieve meaningful climate targets. With South Pole's support, BIL seeks to advance its understanding of its operational and financed footprint.

This first operational emissions assessment will provide a solid baseline for further climate action.



2022 TARGET

Capitalise on this first exercise and make it an annual exercise as of 2022 in order to disclose progress and identify room for improvement and set targets.





Energy management

GRI 302-1 | GRI 103-1 | GRI 103-2 | GRI 103-3

The bank's direct energy consumption is primarily linked to BIL's real estate portfolio (heating, lighting, etc.).

L'INDÉPENDANCE - BIL'S HEADQUARTERS

- Electricity consumption was slightly lower in 2021 than in 2020 (-2.6%), a total decrease of 14.6% since 2019 due to the reduced use of electrical and IT equipment.
- Gas consumption was slightly lower (-2.5%) than in 2020 but still 27% higher than in 2019 due to the fact that since 13 March 2020, the air to be heated by the bank ventilation units was 100% external air (30% in normal times). This was due to the recommendations of the Luxembourg government in the fight against the COVID-19.
- Water consumption remained stable in 2021 compared with 2020 (+5%), but was 32% lower than in 2019. Consumption depends directly on the number of occupants in the building, which was a very uncertain figure in 2021 (teleworking).



Headquarters: replacement of lighting with LED lighting in office areas. This work was carried out over several months. The CO2 reduction is estimated at 332,500 kWh/year

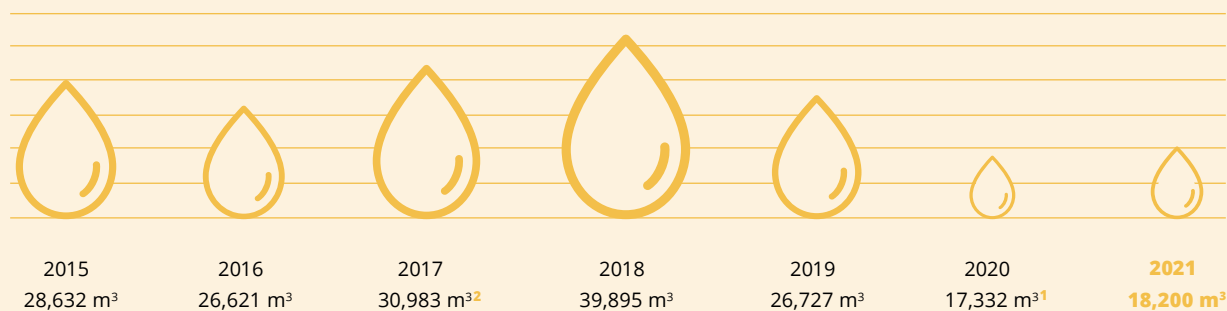


Headquarters: Replacement of façade lighting with LED lighting. The CO2 reduction is estimated at 42,482 kWh/year

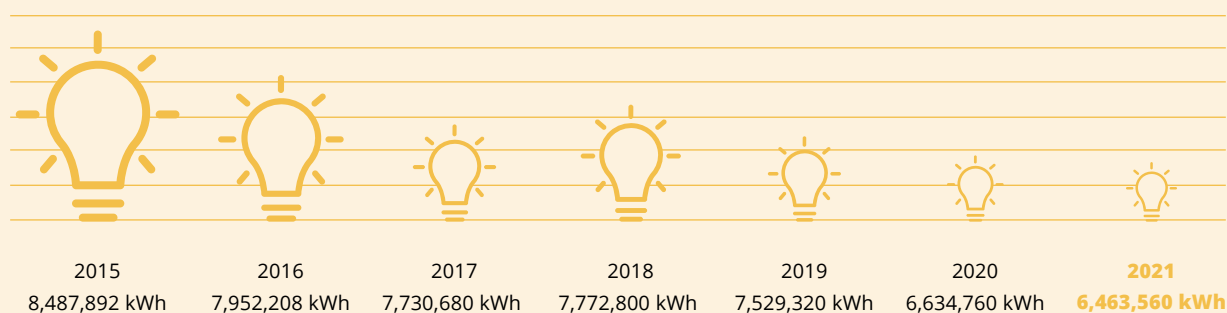


GRI 103-3

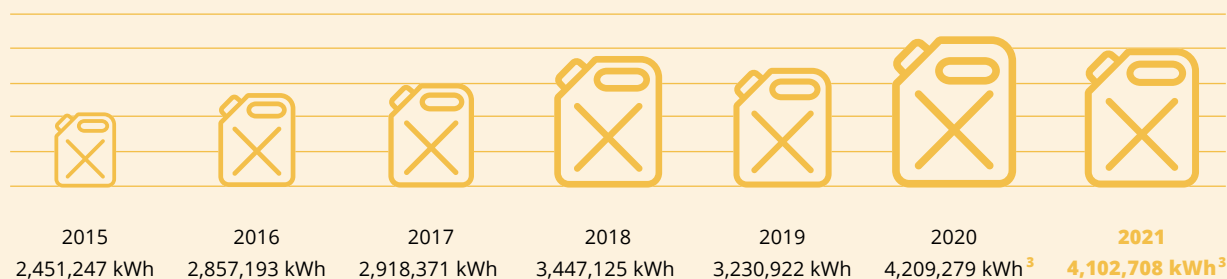
WATER CONSUMPTION - BIL'S HQ L'INDÉPENDANCE



ENERGY CONSUMPTION - BIL'S HQ L'INDÉPENDANCE



THERMAL ENERGY CONSUMPTION (GAS AND FUEL) - BIL'S HQ L'INDÉPENDANCE

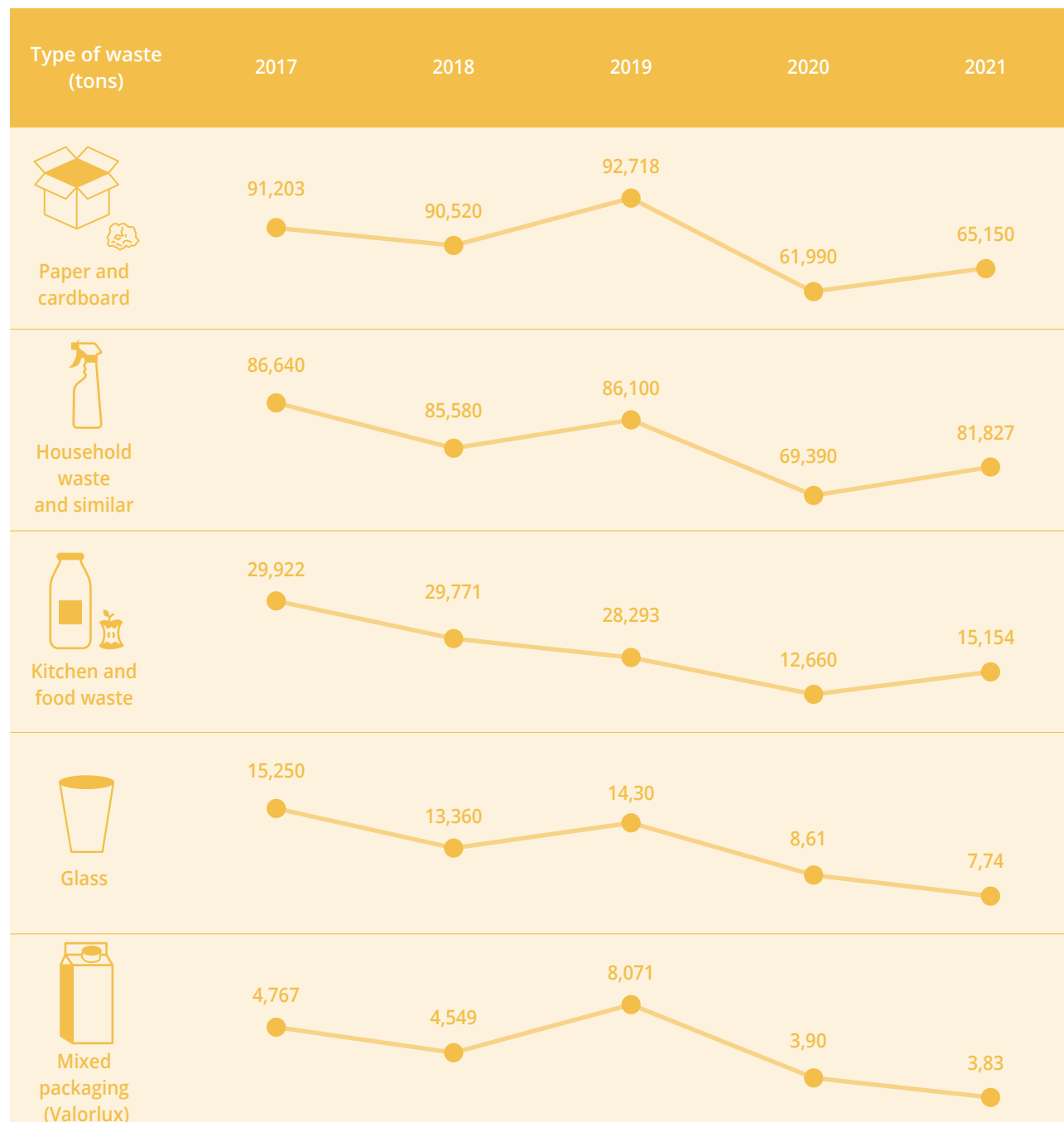
¹ Reduced water use due to teleworking arrangements adopted on a broad scale during the COVID-19 health crisis.² Hot and long summer, malfunction of a valve in an emergency unit.³ Air conditioning using 100% fresh air (versus 30%) in compliance with government requirements for managing the COVID-19 crisis.



Waste management

GRI 306-2 | GRI 306-3 | GRI 103-1 | GRI 103-2 | GRI 103-3

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 audited each year.



Since 2020, the figures include waste from the branches and from the Headquarter. These were only partially taken into account in previous years.

The bank has seen a significant decrease due to the pandemic in 2020 and 2021.



Car policy adaptation

GRI 305-3 | GRI 103-1 | GRI 103-2 | GRI 103-3

In 2021, the bank launched a new parking management tool as part of its mobility plan, *Creating tomorrow's commute*. This was one of the initiatives set up to create a smarter and more sustainable commute for all BIL employees.

In a next step towards becoming a more sustainable bank, the decision has been taken to adapt the internal car policy with immediate effect, with the ambition of reducing the carbon footprint of company cars.

All different categories and budgets remain the same as before. In addition to that, a 145g CO2 cap has been added. Indeed, from 2021 it is no longer possible to order a car with CO2 emissions of more than 145g (WLTP standard). Employees opting for a car with higher carbon emissions than the new 145g CO2 cap were asked to choose another engine or to opt for the mobility allowance instead of car leasing.



2022 TARGET

The bank's objective is to review and validate, based on technological improvements, a new CO2 target that is aligned with the market and BIL's future environmental targets each year. Its ambition is to decrease BIL's CO2 emissions gradually over the coming years.

Suppliers/supply chain

Purchasing practices

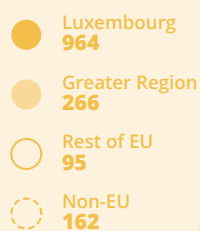
BIL ensures that its providers and entities comply with regulatory obligations through a process set out in the Managing BIL group Purchases Policy and the Outsourcing and Cloud Computing Policy.

BIL maintains full control of all outsourced activities. As such, oversight is organised by 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.

GEOGRAPHIC BREAKDOWN OF SUPPLIERS (1 JANUARY 2021 – 31 DECEMBER 2021)



Requests for Proposals

An application guide on corporate social responsibility specifically dedicated to providers is part of the documentation that the bank sends out 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 BIL agreements, enabling BIL to conduct an audit at supplier's premises at BIL's sole discretion (reasons and frequency).

The CSR (*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 Proposals. Responding to the RFP automatically means that service providers commit to complying with all of these principles. Measures are taken in advance to cover BIL against any deviations by service providers.



2022 TARGET

In 2022, the bank will analyse how to integrate ESG considerations into the contracting of new suppliers as well as the due diligence process of existing suppliers.



Paperless

In a sustainable development survey launched on 28 April 2021, clients identified responsible use of paper as one of the nine priorities the bank should address. The bank has therefore spent time over recent weeks trying to understand how it uses paper.

To that end, the bank focused on several questions, including:

- Is the paper used in the printers sustainable?
- What's the state of play with the paperless purchasing policy in general?
- What's the state of play with the bank's printer management systems?
- Is specific attention paid to the use of client-facing documents and products by the central IT system?

PAPERLESS: IS THE PAPER USED IN THE PRINTERS SUSTAINABLE?

BIL uses DISCOVERY brand paper with a weight of 75 g/m² in all 478 of its multi-function printers. This paper has a number of certifications to show that it meets sustainable development standards including:

- EU ecolabel
- FSC MIX – Licence code C008924
- Rainforest Alliance Certified

PAPERLESS: WHAT'S THE STATE OF PLAY WITH BIL'S PAPERLESS POLICY?

BIL has taken a number of steps to reduce paper use:

- Printing fewer brochures and forms intended for clients
- Discontinuing the automatic printing of account statements, also leading to a reduction in the number of envelopes used
- Buying paper in bulk boxes containing 2,500 sheets rather than separately wrapped batches of 500 sheets
- Discontinuing/producing fewer of certain items such as calendars and desk blotters
- Minimising packaging of office supplies delivered by our stationary supplier Fiducial
- Using 75 g paper (instead of the 80 g paper used previously) that meets environmental standards

PAPERLESS: WHAT'S THE STATE OF PLAY WITH PRINTER MANAGEMENT SYSTEMS?

In 2021, the bank completed the printer replacement project, resulting in a 35% reduction in the number of printers. There are now 481 machines rather than 734 across all buildings.

In terms of consumption, the COVID-19 crisis inevitably had a significant impact on print volumes; the bank's consumption fell by over 30%.

Printer settings were changed to ensure that double-sided, black and white printing is the default.

The bank assessed printer output on a monthly basis through monitoring organised by the supplier Charles Kieffer. This monitoring drew on an array of indicators:

- Quantity of machines
- Upgrades and relocations
- Printing formats used (A3 and A4)
- Colour and monochrome printers
- Total printouts per machine
- Toner volumes

IS SPECIFIC ATTENTION PAID TO THE USE OF CLIENT-FACING DOCUMENTS AND PRODUCTS BY THE CENTRAL IT SYSTEM?

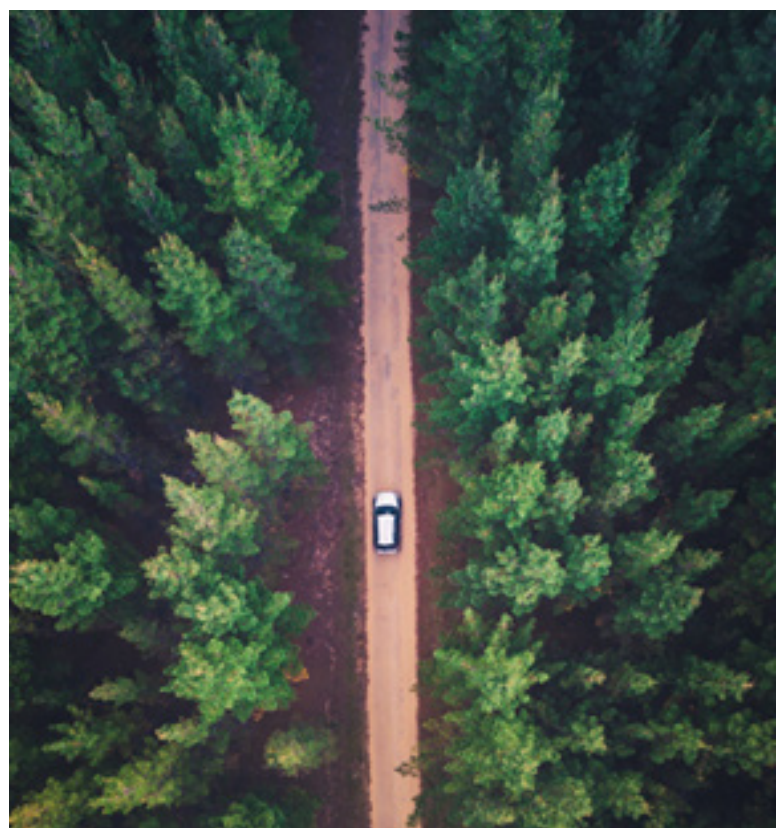
BIL is improving its efficiency through innovation and the adoption of digital technology. In addition to protecting the confidentiality of client data and the performance of its commercial services, the digitalisation of the bank's services leads to a significant reduction in the use of paper (see section "Digitalisation of Services").

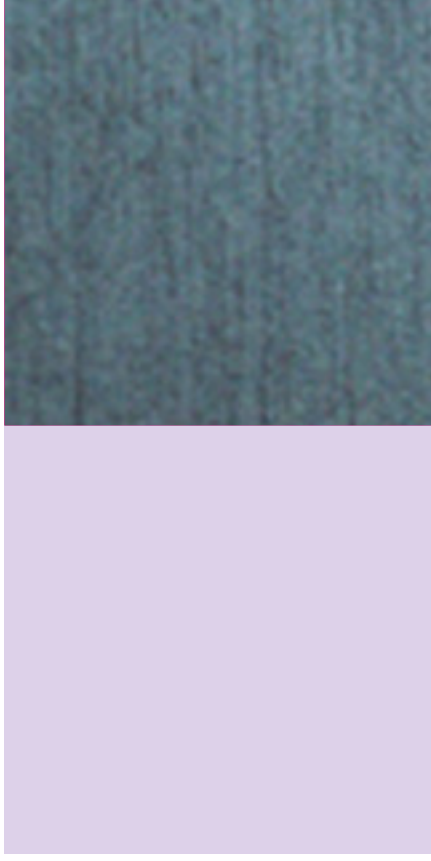
Mobile working

Finally, addressing the impact of employee travel is a key focus. Indeed, business travel contributes to 26% of BIL's total operational emissions, and employee commuting contributes approximately 19%. Both topics are thus carefully analysed in order to identify potential for improvement:

In 2021, the bank revised its Travel Policy to maximise the sustainability of the journeys employees make as part of their job: this policy limits travel, for example by encouraging virtual conversations and ensuring that business trips are justified

The bank will engage in further reflection in 2022 to address these two sources of impact.





METHODOLOGICAL NOTE

7.1 ABOUT THE REPORT

GRI 102-45 | GRI 102-48 | GRI 102-49 | GRI 102-50 | GRI 102-51 | GRI 102-52 | GRI 102-53 | GRI 102-54 | GRI 102-56

The 2021 sustainability report describes how BIL group addresses corporate sustainability and contributes towards making a positive impact for a sustainable financial system. There have been no significant changes to the group's size, structure or ownership during the reporting period.

BIL group maintains an annual reporting cycle to disclose its Environmental, Social and Governance (ESG) performances, achievements of the year as well as targets for the future. The present report covers the period from 1 January to 31 December 2021, corresponding to the company's fiscal year. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2016 (core option) and the AA1000 Standards 2018. References have been made to the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, UNEP FI Principles for Responsible Banking and the principles of the United Nations Global compact (UNGC).

All of our publications are available on our website: www.bil.com. BIL group is available to provide any other information on its sustainability approach. To this end, a dedicated email address exists for our stakeholders, who we encourage to give feedback on their expectations and concerns: sustainability@bil.com.

7.2 METHODOLOGY

GRI 102-46

In preparation for this report, BIL group conducted a materiality analysis in 2021 to identify the priority topics to report on according to the Stakeholder Inclusiveness and Materiality principles, with the support of the sustainability advisory firm Forethix. The purpose of this document is to describe the methodology followed by BIL to prepare its report using GRI standards 2016 and 2021. The materiality analysis process used to prepare this report is grounded on both an internal and external stakeholder engagement programme, which consists of the following steps:

IDENTIFY AND ASSESS IMPACTS ON AN ONGOING BASIS			DETERMINE MATERIAL TOPICS FOR REPORTING	MAKING IMPACT
Engage with relevant stakeholders and experts Consultation of more than 3,775 stakeholders or their representatives.				
1. Understand the organisation's context	2. Identify actual and potential impacts	3. Assess the significance of the impacts	4. Prioritise the most significant impacts for reporting	5. Monitor, measure and be accountable for how our actions affect our broader ecosystems
<ul style="list-style-type: none"> ESG scores analysis (rating agencies) ESG frameworks and regulations (GRI 2021 and financial sector standard, SASB, TCFD, CDP, SDGs, CSRD, EU Taxonomy, CSRD, SFDR, MiFID II) Comparative sectoral study in the financial sector Global megatrends analysis 	Quantitative and qualitative evaluation questionnaire on a list of ESG-related questions and SDGs priorities completed by the Sustainability Committee		Materiality matrix, having the final matrix of material topics approved by senior management	Disclosures of performances, assurance on material data, sustainability roadmap

GRI 102-40 | GRI 102-42 | GRI 102-43

Understand BIL group’s context

In order to create a list of ESG topics to assess and consider in the stakeholder consultations, we based our methodology on:

- 1. A documentary analysis:** the Global Reporting Initiative’s standards, the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Carbon Disclosure Project (CDP) and BIL’s key internal documents, along with the regulatory and normative requirements of the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, the Sustainable Finance Disclosures Regulation (SFDR) and MiFID II.
- 2. A comparative sectoral study:** of sustainability consulting companies based on their sustainability reports.

69 topics were identified and subsequently underwent an impact analysis and a stakeholder assessment.

Analysis of significant economic, environmental & social impacts

BIL’s Sustainability Committee had identified its actual and potential impacts on the economy, environment, and people, including impacts on their human rights, across the organisation’s activities and business relationships.

The significance of the economic, social, and environmental impacts of BIL’s activities was assessed through a quantitative evaluation questionnaire completed in 2021 by the Sustainability Committee. A quantitative survey was used to collect the maximum number of responses. 18 participants responded. Two assessment criteria were taken into account:

- 1.** The impact level (from 1 (not significant) to 4 (very significant));
- 2.** The expertise level (from 1 (very high expertise) to 4 (low expertise)).

A rating scale of 1 to 4 was used to avoid averaging. The criteria were weighted identically (without a multiplier), giving each participant the same weight. The position of the areas on the matrix’s x-axis corresponds to the average results for the three criteria.

SDGs prioritisation

In order to refine the impact analysis carried out as part of the materiality matrix, a risk and opportunity analysis throughout the value chain was organised. The analysis was structured according to the UNGC and GRI recommendations (Integrating the SDGs into corporate reporting: a practical guide, 2018) in order to identify strategic contributions to the SDGs. An assessment scale from 1 (low) to 4 (very significant) was used to assess the positive and negative impacts throughout the value chain. We prioritised 9 SDGs representing the most significant impacts, risks and opportunities regarding our activities, products and services.

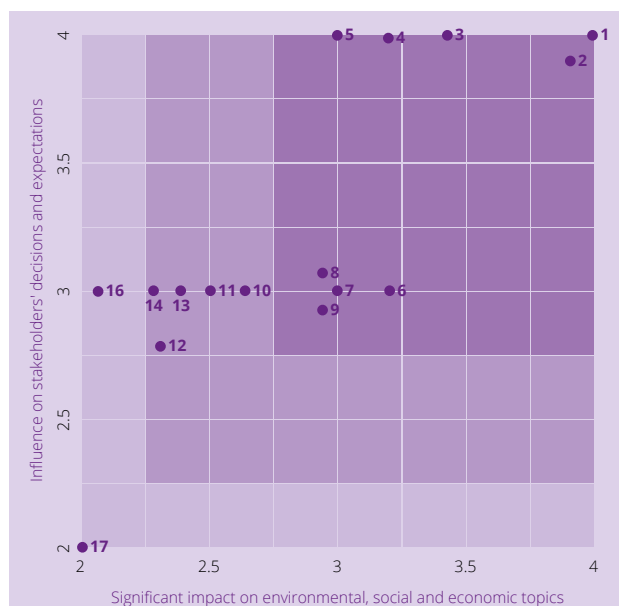
Stakeholders identification & engagement

IDENTIFICATION	CONSULTATION
<p>The internal and external stakeholder groups were first mapped by the Sustainability Committee. Stakeholders were then ranked based on their influence on the organisation and their dependence vis-à-vis the organisation according to the AA1000 Stakeholders Engagement Standards.</p>	<p>The following groups of stakeholders were approached to complete a questionnaire or participate in an oral consultation:</p> <ul style="list-style-type: none"> • Management & committees • Employees • Clients • Rating agencies <p>The stakeholders were asked to rate topics that would influence their opinion of the organisation and decision. A rating scale of 1 to 4 was used to avoid averaging. More than 3,775 stakeholders participated in our consultation.</p>

GRI 102-44 | GRI 102-47

Prioritisation of the most significant impacts for reporting

By analysing economic, social, and environmental impacts and consulting both internal and external stakeholders, the following materiality matrix was created:



1. Responsible products & services offering
2. Health & well-being
3. Paperless
4. Economic sustainability
5. Business Ethics & Diversity
6. Dialogue, Engagement et Consultation
7. Supporting entrepreneurship and sustainable innovation
8. Access to financial services
9. Promoting education
10. Clean impact financing
11. Support to local financing
12. Reduce consumption (water, paper, waste) & carbon footprint (Green IT, buildings, business travels)
13. Fighting over indebtedness (Education)
14. Data protection, security & ethical use of personal data
15. Responsible purchasing practices
16. Transparency and communication
17. Art and culture

The materiality threshold was defined by the Sustainability Committee and approved by the Board of Directors and includes all topics with coordinates equal or superior to (2.75;2.75). Nine material topics have been identified and have been disclosed in the ESG report.

Monitor, measure and be accountable for how actions affect our broader ecosystems

Following the qualitative, quantitative or monetised measurement of its performance on material issues, BIL group conducts ongoing monitoring of the indicators to ensure proper management processes and progress towards the targets.

Next steps

BIL's ESG approach is based on a process of continuous improvement and dialogue with stakeholders through a progressive stakeholder engagement programme. The materiality assessment will be further developed in order to include both environmental and financial materiality in a double materiality assessment.



7.3

GRI CONTENT INDEX

GRI 102-55

Disclosures			Omission	Pages
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
Organisational profile				
	GRI 102-1	Name of the organisation		6
	GRI 102-2	Activities, brands, products, and services		13, 39
	GRI 102-3	Location of headquarters		11
	GRI 102-4	Location of operations		11
	GRI 102-5	Ownership and legal form		13
	GRI 102-6	Markets served		11, 13
	GRI 102-7	Scale of the organisation		12
	GRI 102-8	Information on employees and other workers		12
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	GRI 102-12	External initiatives		20
	GRI 102-13	Membership of associations		20
Strategy				
	GRI 102-14	Statement from senior decision-maker		7
Ethics and integrity				
	GRI 102-16	Values, principles, standards, and norms of behaviour		14
Governance				
	GRI 102-18	Governance structure		13, 24
	GRI 102-19	Delegating authority		13
	GRI 102-20	Executive-level responsibility for economic, environmental and social topics		24
	GRI 102-21	Consulting stakeholders on economic, environmental, and social topics		16
Stakeholder engagement				
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Reporting practice				
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Disclosures			Omission	Pages
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Material theme: GRI 201 – Economic performance				
GRI 103: Management approach 2016				
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	GRI 103-2	The management approach and its components		12
	GRI 103-3	Evaluation of the management approach		12
	GRI 201-1	Direct economic value generated and distributed		12
	GRI 201-2	Financial implications and other risks and opportunities due to climate change		29
Material theme: GRI 203 – Indirect economic impacts 2016				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		62, 66, 67
	GRI 103-2	The management approach and its components		62, 66, 67
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	GRI 203-1	Infrastructure investments and services supported		62
Material theme: GRI 205 – Anti-corruption 2016				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		26
	GRI 103-2	The management approach and its components		26
	GRI 103-3	Evaluation of the management approach		26
	GRI 205-2	Communication and training about anti-corruption policies and procedures		26
ENVIRONMENT				
Material theme: GRI 302 – Energy 2016				
GRI 103: Management approach 2016				
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Material theme: GRI 305 – Emissions 2016				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		71
	GRI 103-2	The management approach and its components		71
	GRI 103-3	Evaluation of the management approach		71
	GRI 305-3	Other indirect (Scope 3) GHG emissions		71
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GRI 103: Management approach 2016				
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	GRI 103-2	The management approach and its components		70
	GRI 103-3	Evaluation of the management approach		70
	GRI 306-2	Management of significant waste-related impacts		70
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SOCIAL				
Material theme: GRI 401 – Employment 2016				
GRI 103: Management approach 2016				
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	GRI 103-2	The management approach and its components		46, 54
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	GRI 401-1	New employee hires and employee turnover		15, 46
	GRI 401-3	Parental leave		54

Material theme: GRI 403 – Occupational health and safety 2018				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		49
	GRI 103-2	The management approach and its components		49
	GRI 103-3	Evaluation of the management approach		49
	GRI 403-1	Occupational health and safety management system		49
Material theme: GRI 404 – Training and education 2016				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		56
	GRI 103-2	The management approach and its components		56, 57, 58
	GRI 103-3	Evaluation of the management approach		57, 58
	GRI 404-1	Average hours of training per year per employee		56
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews		56
Material theme: GRI 405 – Diversity and equal opportunity 2016				
GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		51
	GRI 103-2	The management approach and its components		52, 53, 54
	GRI 103-3	Evaluation of the management approach		52, 53, 54
	GRI 405-1	Diversity of governance bodies and employees		51
Material theme: GRI 413 – Local communities 2016				
GRI 103: Management approach 2016				
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PRODUCTS & SERVICES				
Material topic: Product portfolio				
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	GRI 103-2	The management approach and its components		28, 41, 56, 59
	GRI 103-3	Evaluation of the management approach		56, 57
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		28, 56, 59
	FS5	Interactions with clients/investors/commercial partners regarding environmental and social risks and opportunities		41
Disclosures			Omission	Pages
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GRI 103: Management approach 2016				
	GRI 103-1	Explanation of the material topic and its boundary		26, 28, 29, 35, 41
	GRI 103-2	The management approach and its components		26, 28, 29, 36, 37, 41
	GRI 103-3	Evaluation of the management approach		26, 28, 29, 41
	FS1	Policies with specific environmental and social components applied to business lines		28, 29
	FS7	Monetary value of products and services designed to offer a specific social benefit for each business sector, broken down by aim		35
	FS8	Monetary value of products and services designed to offer a specific environmental benefit for each business sector, broken down by aim		35
	FS15	Policies for the equitable design and sale of financial products and services		26
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7.4

BIL DISCLOSURES RELATIVE TO THE DELEGATED ACT ON ARTICLE 8

Article 8 of the Taxonomy Regulation requires undertakings covered by the Non-Financial Reporting Directive («NFRD») to publish information on how and to what extent their activities are associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. Hereunder the required information:

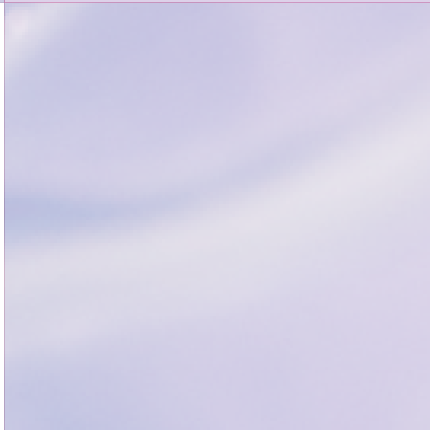
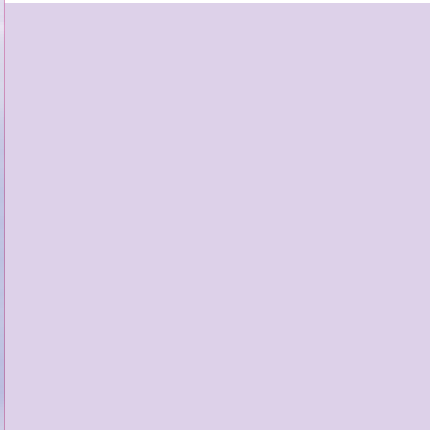
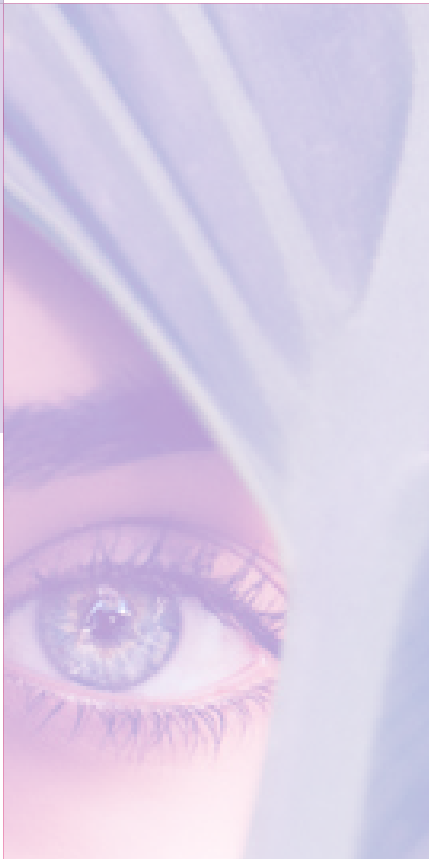
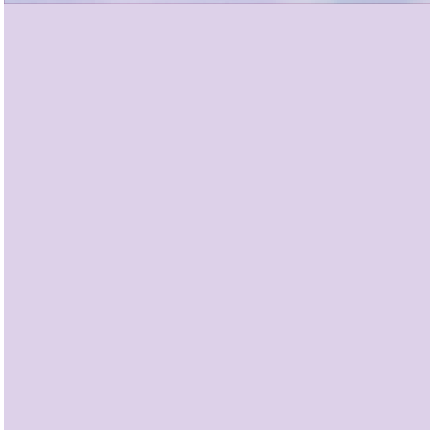
			Taxonomy eligible	Taxonomy non-eligible	% coverage (over total assets)
Article 10	2(a)	TOTAL ASSETS	5,084,808,204	27,360,907,436	84.3%
		of which trading portfolio and on demand inter-bank loans in total assets	0	570,886,962	1.8%
	2(b)	Total exposure to central governments, central banks and supranational issuers	/	5,796,503,153	17.9%
		Total exposure to derivatives	/	131,527,726	0.4%
		Total exposure to non-NFRD companies	/	18,803,435,083	58.0%
Article 10	2(d)	ANNEX XI DISCLOSURES			
		<i>Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation</i>	The figures are based on the FINREP report as of Q4 2021. The eligibility was defined by mapping the NACE code of the different assets to the source EU taxonomy NACE alternate classification mapping . The Non-NFRD companies were defined by excluding all counterparties complying with the NFRD definition based on our internal segmentation.		
		<i>Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties</i>	Please refer to section "Monitor ESG Risks" of this report to understand how BIL is progressively integrating ESG factors in the main bank processes: risk management, investment and lending practices.		
		<i>Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity.</i>	In line with EBA regulatory corpus (EBA standards on ESG risks guidance on Pillar III disclosure-January 2022), the Bank has committed to progressively disclose main risk quantitative and qualitative elements referring to ESG features according to the proposed time scheme in the EBA previously mentioned standards. For the 2021 annual Pillar III report (scheduled to be presented to the Management Body in June/July 2022 and disclosed publicly afterward), some elements will be presented: (i) ESG Risk roadmap project, (ii) Main outcomes of the ESG Risk Cartography, (iii) Main elements in line with the ESG Risk Appetite Statement of which the ones related to Credit Risk and, (iv) A first set of quantitative indicators related to EU-taxonomy exposures and/or ECB identified sectors considered as non-climate friendly.		

7.5

GLOSSARY

ABBL	Luxembourg Bank Association
AML	Anti-Money Laundering
API	Application Protocol Interface
ASTF	Association for Occupational Health for the Financial Sector
ATM	Automated Teller Machine
BCP	Business Continuity Planning
BRNC	Board Remuneration and Nomination Committee
CRM	Client Relationship Management System
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTF	Counter-Terrorism Financing Rules
EBA	European Banking Authority
ECB	European Central Bank
ECG	Ecole de Commerce et de Gestion (Luxembourg School of Business and Management)
EIF	European Investment Fund
ESG	Environmental Social Governance
SRE	Socially responsible enterprise
FATCA	Foreign Account Tax Compliance Act
FCCF	Forestry and Climate Change Fund
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GPOS	Gestion Paritaires des Œuvres sociales (sports and cultural sections)
GRI	Global Reporting Initiative
ICMA	International Capital Market Association
ICT	Information Communications Technology
ILO	International Labour Organisation
IMS	Inspiring More Sustainability
INDR	National Institute for Sustainable Development and Corporate Social Responsibility
JEL	Jonk Entrepreneuren Luxembourg (young entrepreneurs Luxembourg)
LAR	Luxembourg Air Rescue
LSFI	Luxembourg Sustainable Finance Initiative
MiFID	Markets in Financial Instruments Directive
NGO	Non-Governmental Organisation
NPS	Net Promotor Score
PCS	Process Control System

pdf	printable document format
PGE	State-backed loan
PLM	Plateau Maria (name of headquarters)
QI	Qualified Intermediaries
R&D	Research & Development
RFP	Request for Proposal
RGSS	General Health and Safety Rules
RM	Relationship Manager
CSR	Corporate Social Responsibility
RT 1	Settlement Finality Directive
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SDK	Super Drecks Kescht (environmental management label)
SFDR	Sustainable Finance Disclosure Regulation
TIPS	Treasury Inflation-Protected Securities
UN GC	United Nations Global Compact
UN PRB	United Nations Principles for Responsible Banking
UN SDG	United Nations Sustainable Development Goals
USP	Unique Selling Proposition
WHO constitution	Constitution of the World Health Organization
WLTP standard	Worldwide Harmonised Vehicle Test Procedure



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