Sustainability Report 2023

BIL
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2023 was characterised by a complex geopolitical environment and a general slowdown of the economy. Pressure on consumer prices remained high, although global inflation showed signs of decline, thanks to a fall in energy prices. Monetary authorities remained determined to reduce underlying inflationary pressures and interest rates continued to rise throughout 2023. In the euro zone, higher rates have reduced the financing capacity of households and businesses. The energy crisis, combined with severe natural and humanitarian disasters, have made corporate social reponsibility and environmental transition central concerns.

BIL delivered a sound performance, while staying focused on proactively helping clients in this uncertain environment. Our ambition remains to be the best bank in Luxembourg – a solid and reliable bank generating sustainable growth by convincing all our stakeholders to join us on our journey. Regarding sustainability, major milestones were achieved in 2023 and we are committed to maintaining our efforts to become an even more sustainable bank in the years to come.

It is essential to set targets in order to deliver on our promises. We have worked on defining our first ESG targets that have enabled us to better manage risks and to exploit opportunities through high-level engagement. This initial set of targets primarily focuses on improving our data quality. Improved data will help us to establish more tangible targets in the future for reduction of the Bank's greenhouse gas emission, which will be aligned with global decarbonisation scenarios. This is a first step: these targets will evolve over time as we gain experience and will be based on the financed emissions calculations that we are progressively extending and improving.

To better assess the materiality of ESG concerns in order to gain a clear vision of where we stand and what to improve in the future, BIL solicited its first non-financial rating from Sustainalytics. The results are promising, with an overall ESG risk rating score of 11.2 (low).

Improving our range of sustainable products and services is also a strategic priority and one that is demanded by our clients. We can be proud of the progress made in 2023. Financing is the key to effective action to support our clients with their energy transition. We have developed our green financing range for individuals considering environmental projects such as insulating their home, changing their heating system, producing clean electricity, or purchasing an environmentally friendly vehicle, thanks to a partnership with a Luxembourgish company - Reckinger..

Sustainable investment products are also central to our sustainable development strategy. These products are relatively new on the market and the regulatory environment is still evolving. It is essential that we provide transparent and detailed information about these products so that our clients understand what they entail and can make informed investment decisions. Obtaining the Luxflag ESG label for an increasing number of our investment funds will help gain the trust of clients. To support these initiatives, we have committed substantial resources to train our employees.

Acting as a responsible employer, BIL ensured that its staff was trained to the new core banking system, with an average of 44 training hours per employee. BIL also signed the Women in Finance Charter, thus committing to promote the advancement of women at all levels while being fully transparent on levels of gender diversity throughout the Bank and the senior and board levels.

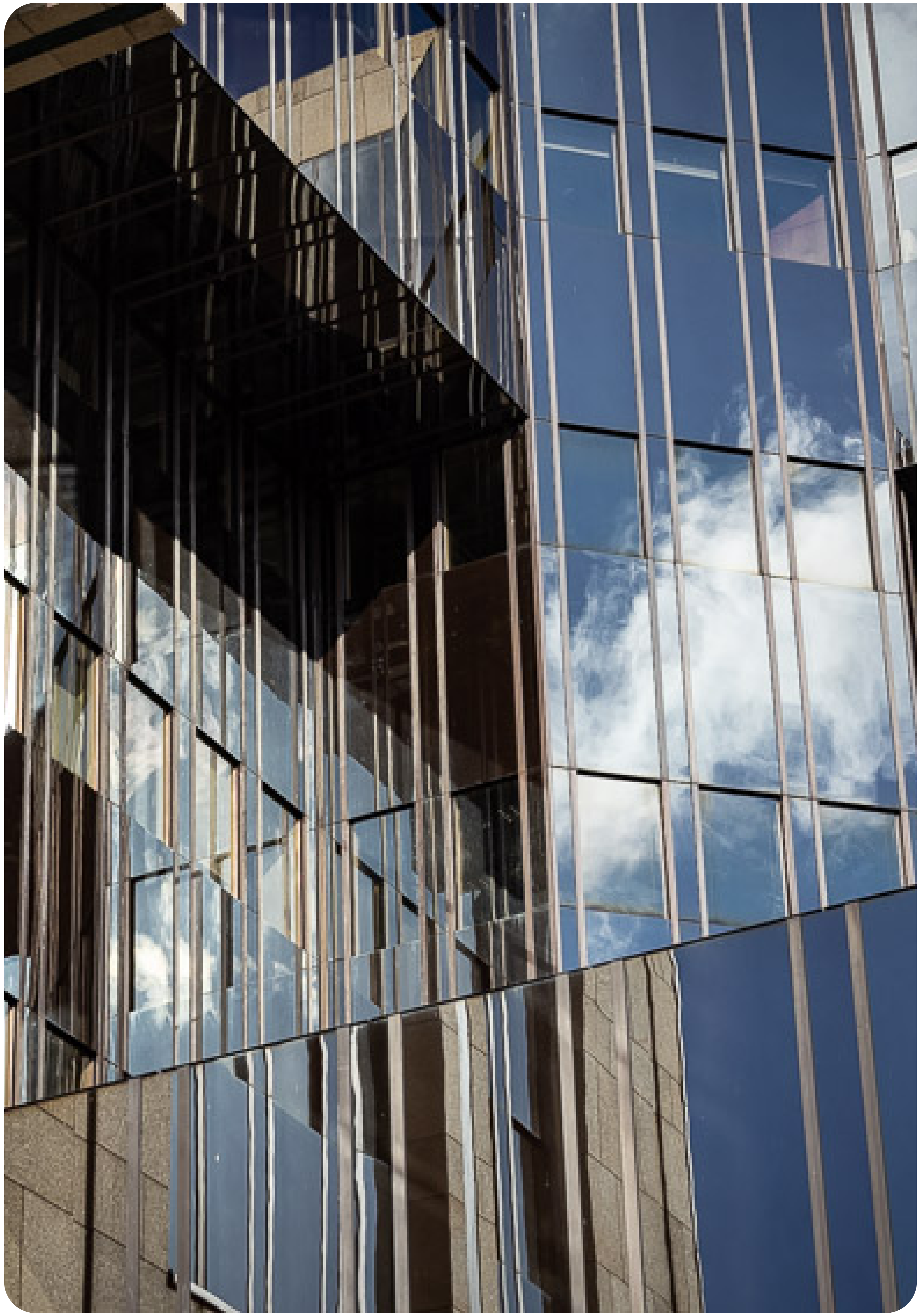
BIL also continued to support the community through donations and sponsorships, volunteering programmes as well as awareness-raising sessions on financial education and circular economy.

Finance is, by nature, complex. Sustainable finance is a cultural shift and we must ensure that all stakeholders – clients, staff, providers and society at large – are on board. Raising awareness, training and educating will continue to be our focus for the years to come. BIL is committed to embedding sustainability in its strategy and to being a driver of the transition to a low carbon economy.

Marcel Leyers
Chief Executive Officer

Jing Li
Chair of the Board

About this report



About this report

The 2023 Sustainability Report presents BIL Group's sustainable development strategy, business model, governance, risks and opportunities, and overall performance along with the strategic outlook of the Bank. This report guides BIL's stakeholders and any external readers to understand the group's values, initiatives and overall progress made regarding sustainability in 2023.

This report is BIL's opportunity to guide its stakeholders, and any external readers, in their understanding of the group's values, initiatives and overall progress made with regard to sustainability in 2023.

The contents of this report have been created on an individual basis but are to be read in conjunction with the 2023 BIL Annual Report to ensure a thorough and comprehensive understanding of the group's overall performance. The information and data contained in this report cover the period from 1 January 2023 to 31 December 2023, unless otherwise stated.

The scope of this report is BIL Group. This includes BIL Luxembourg, its branches and its subsidiaries in Luxembourg (BIL Belair House, BIL Manage Invest and BIL Lease and abroad (Switzerland and China)).

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core Option) 2021 and the first set of the European Sustainability Reporting Standards (ESRS) to meet the European Union's Corporate Sustainability Reporting Directive (CSRD). BIL is currently in the process of standardising and industrialising data collection and this process will continue to improve as we fully implement the CSRD project within the Bank. The GRI Sector Standards for Financial Services has been incorporated into this report. The GRI contents index and the ESRS contents index can be found in the Appendix section.

The contents of this report are determined by economic, environmental and social topics considered from the perspective of impact materiality and financial materiality, in line with the principle of double materiality provided in Chapter 3 of ESRS 1 General Requirements. The United Nations Sustainable Development Goals (SDGs) are also used as a reference to highlight key strategic topics and achievements as they provide us with an important framework for our value creation and material topics. In addition, the reporting for the United Nations Principles for Responsible Banking (UN PRB) and the United Nations Global Compact (UNGC) Progress Index can be found in the Appendix.

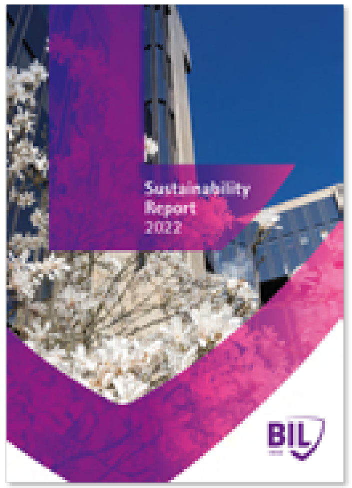
ESRS 2 BP-1 · ESRS 2 BP-2 | GRI 2-1 · GRI 2-3

EVOLUTION OF THE REPORT

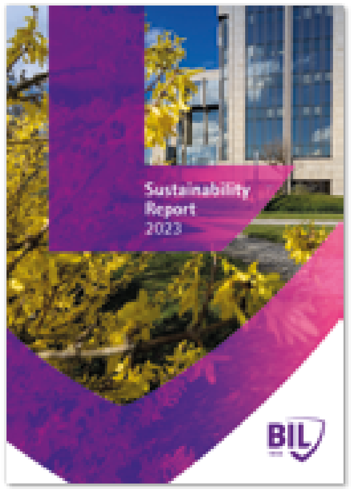
- **2018 – 2020 : Transparency on BIL's sustainability performance**
  BIL published its very first Non-Financial Report for 2018 in 2019. The report responded to requirements of the Non-Financial Reporting Directive (NFRD) and communicated on the Bank's sustainability efforts. Since then, BIL publishes its progress on sustainability matters annually.

- **2021: Setting the foundations of sustainability at BIL**
  2021 marks the year of building the foundation and setting the Bank's 4-Pillar Sustainability Strategy. The 2021 Sustainability Report was the first to be prepared in accordance with the Global Reporting Initiative (GRI) Standards 2016 (core option) with references made to the Sustainability Accounting Standards Board (SASB) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, UNEP FI Principles for Responsible Banking (also known as United Nations Principles for Responsible Banking – UN PRB) and the principles of the United Nations Global Compact (UNGC).

- **2022: Shift from a report on achievements to an impact and progress report**
  The 2022 Sustainability Report builds on the approach established in 2021. It communicates on the progress made on the Bank's sustainability efforts and provides transparency on the Bank's range of products and services and their performance. This report was drawn up in compliance with the GRI Standards 2021. It also incorporates the GRI Standards Financial Services Sector Supplement to ensure full transparency.



- **2023: A "transitional" impact report to reflect European regulatory requirements**
  The 2023 Sustainability Report is a "transitional" report which aims to respond to the Corporate Sustainability Reporting Directive and is thus aligned with the European Sustainability Reporting Standards (ESRS). This publication has been drawn up in compliance with the GRI Standards 2021 along with the ESRS in accordance with [Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council](#).



BIL publishes its Sustainability Report on an annual basis; reports from previous years can be found at www.bil.com. For any questions related to ESG issues, please contact the Sustainability Team at sustainability@bil.com. The Sustainability Team is responsible for drafting this report, which is then reviewed by a reading committee of members drawn from across the Bank and approved by BIL's Executive Committee.

EXTERNAL ASSURANCE

In order to further increase transparency, BIL aims to obtain external assurance on its sustainability data in the future, starting in 2025 for the 2024 report.

GLOSSARY

A glossary defining the various abbreviations used in this report is available in the Appendix.

PART I
General **Information**

1. About BIL

1.1 Global environment and challenges

In an era where global consciousness converges with financial landscapes, BIL stands at the forefront of change. At a time when sustainable development is high on the global agenda, the banking sector plays a crucial role in shaping a responsible future.

In 2023, the banking sector encountered multifaceted sustainability challenges. Escalating climate risks pose threats to investments and financial stability. Regulatory pressures required stringent adherence to ESG standards, adding complexity to operations and requiring new skills and competences. Society's expectations rose, requiring a delicate balance between profit and societal well-being. Embracing technological advancements while ensuring cybersecurity and data privacy further complicated our journey.

As a financial intermediary, our role in promoting sustainability is of paramount importance. We act as a bridge between capital and sustainable projects, influencing the direction of funds towards ecologically and socially responsible companies. This intermediary role of "Transition Facilitator" comes with the responsibility of scrutinising the environmental and social implications of financial decisions and thus progressively integrating ESG considerations in all our business and decision processes.

Navigating these challenges forms the essence of our Sustainability Strategy, a roadmap for a resilient and responsible future.

Nonetheless, implementing this strategy brings with it several challenges that we are tackling both internally and through dialogue with other professionals, experts, and specialists in the field of sustainable development:

- **Reliable ESG data:** ESG due diligence must be based on reliable information that is updated regularly. We invest heavily in improving our data environment in which ESG data plays a key role. Since September 2022, a dedicated ESG Data Officer helps with assessing and mapping the data needs of the business and control functions, as well as defining a clear ESG Data Governance framework.
- **Dependence on our clients' transition:** to move forward and engage realistically and pragmatically, we must work in close collaboration with the clients we finance, who must in turn assess their own impact.
- **Bringing clients on board and training staff:** educating our clients and training our staff stands as a unique challenge in our sustainability journey. Many clients are still navigating the complexities of sustainable finance, requiring us to be both educators and advisors. Similarly, internally, our staff needs to be equipped with the knowledge and tools to seamlessly integrate sustainability considerations into their roles. Bridging this knowledge gap requires comprehensive training programs and ongoing awareness-raising initiatives.

As an important player in the Luxembourg economy and a signatory of the UN Principles of Responsible Banking, BIL supports Luxembourg's Integrated National Energy and Climate Plan (PNEC).

Luxembourg's Integrated National Energy and Climate Plan (PNEC) defines national climate objectives for the coming years, in line with European Union targets.

Intermediate targets for the period up to 2030 are:
- to reduce greenhouse gas emissions by 55% compared with 2005, excluding the European Emissions Trading Scheme and Land Use, Land-Use Change and Forestry (LULUCF),
- to achieve a 35-37% share of renewable energies in final consumption,
- to improve energy efficiency by 44%,
- to reinforce targets for renewable energies and energy efficiency (ambitious deployment of wind power, solar power, heat pumps and electromobility).

The long-term objective is to achieve climate neutrality, or "net zero emissions" in Luxembourg by 2050 at the latest.

BIL supports the country's green transition by making improvements in its own operations and by encouraging its clients to reduce their emissions and invest sustainably.

At the same time, we always seek to adopt an approach that considers the social aspects of our decisions. Indeed, it is our role to contribute to societal well-being as well as to economic growth, and the challenge is to find the right balance between economic prosperity, social well-being, and environmental health.

1.2 BIL's key figures

BIL GROUP

	31/12/2023 (IN EUR BILLION)	31/12/2022 (IN EUR BILLION)	EVOLUTION (%)
Total Balance sheet	30.5	32.4	-5.8%
Customer deposits	18.5	21.0	-12.3%
Customer loans	16.3	16.5	-0.9%
Assets under Management (AuM)	43.8	43.5	0.7%
Net income after tax	0.202	0.153	32%
Common Equity Tier 1	13.37%*	14.03%	/

* Before profit allocation

BIL GROUP RATINGS

	S&P (20/10/2023)	Moody's (19/07/2023)
Long-term rating	A-	A2
Outlook	Stable	Stable
Short-term rating	A-2	P-1

1.3 BIL's global strategy

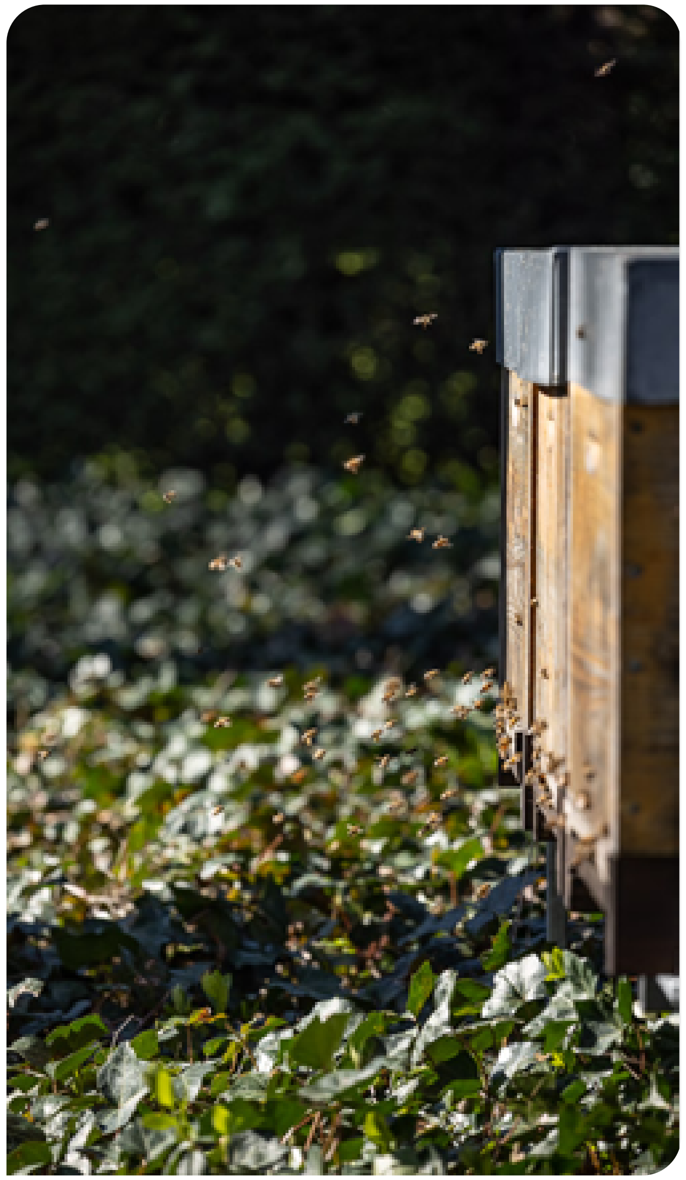
ENERGISE CREATE TOGETHER (ECT) 2025: FULL STEAM AHEAD

2023 marked a pivotal year for BIL, as the Bank successfully achieved one of the key milestones underpinning its ECT 2025 plan, by going live with its new Core Banking system. The new Core Banking system will provide a solid backbone for BIL's future development, allowing the Bank to operate more efficiently and serve its clients better. In this context, 2023 also marked the year when the Bank launched its Target Operating Model Programme, which will enhance BIL's ways of working to fully take advantage of the Bank's new platform and better address changing needs in the modern world.

As the global economy is changing rapidly, in 2024, BIL's primary focus will be on client-centricity: fostering robust client relationships, reaching a higher level of quality of service, and constantly adapting the value proposition to client needs.
BIL will continue to deliver value for its clients and to adapt its commercial activities where necessary, while staying focused on its longer-term goals defined in its strategy Energise Create Together 2025. BIL will remain focused on the implementation of the five key initiatives of its strategic plan, whose purpose is to prepare the Bank for the future.

BIL will carry out the following measures to further enhance its competencies:

- Enhance its unique universal bank business model to become the best bank for entrepreneurs and remain one of the leading banks in Luxembourg.
- Diversify BIL's Wealth Management business, an essential activity in the Bank's business model that will continue to play a key role in fostering growth and resilience.
- Develop its Chinese business step by step with the ambition to become a leading bank for European clients wanting to invest in China, and Chinese clients wanting to invest in Europe.
- Leverage its new and reliable core banking system, to drive future growth.
- Continue to implement its new target operating model set to create a robust and dynamic bank ready to face the future with confidence.



1.4 BIL's business model

Founded in 1856 to support Luxembourg's economic development, BIL is an important player in the country's economy. It provides its local and international clients, individuals, entrepreneurs corporations large and small, with the services and solutions they need for their development. We listen to their needs and respond with appropriate solutions. Our client base is cosmopolitan, and so are the 2,000 BIL employees.

As a local bank, our decision-making centre is in Luxembourg. More than 215,000 clients enjoy the benefit of our recognized expertise in banking and financial services, as well as our international reach, as evidenced by our physical presence in Switzerland and China. This international network and the expertise of our staff make us a solid partner, able to provide our clients with the means to seize the new opportunities they seek.

RETAIL BANKING

In Luxembourg, our specialised advisors support clients with their plans, whether buying a new home, investing, making retirement arrangements, or seeking a loan.

BIL's range of services is adapted to its clients' needs and expectations, and provided through a nationwide branch network, a digital banking platform and cash distributors (or ATMs).

There are three types of branches offering tailored advice: BIL Office, Shop and House. The choice of location depends on a combination of economic and demographic factors to ensure optimal coverage for our clients. Branches have flexible opening hours from as early as 8:00am to as late as 7:00pm by appointment.

For even greater freedom, BIL offers access through its 24/7 remote banking service. BILnet gives clients considerable real-time autonomy and lets them carry out routine transactions online without having to visit a branch.

Answers to any questions about banking services can be found in the FAQ on www.bil.com, while the Bank's Client Care Centre can be reached via secure messaging on BILnet or by telephone on +352 4590-5000 from 8:30am to 6:00pm, Monday to Friday.

WEALTH MANAGEMENT

For generations, we have supported wealthy clients to preserve, grow, and manage their assets. Providing customised solutions to assist clients in achieving their ambitions, our relationship managers handpick services best suited to their clients' needs, family situation, assets and business. Since 1985, our presence in Switzerland – the world's leading wealth management centre – has strengthened our expertise and services for international clients. We are also developing our business in China. In 2019, BIL took the step of creating a representative office in Beijing; in 2020 it continued its expansion with the inauguration of BIL Wealth Management Limited in Hong Kong.

By establishing a network across Luxembourg, Switzerland and China, we have developed multi-faceted expertise that makes us the gold standard in wealth management for entrepreneurial clients.

CORPORATE BANKING

BIL plays an essential role in financing companies based in Luxembourg and is a key partner in their development. Self-employed, SMEs, retailers, large companies and financial intermediaries – all benefit from personalised financial services in capital markets, financing, cash management and payment methods.

BIL also offers unique investment banking services, based on two solutions: advisory services and lending. By combining these two strands for our clients' benefit, we can offer a one-stop approach to all aspects of structured finance, including advice on debt, equity, and mergers and acquisitions.

	Headcount of employees	
Markets served	Male	Female
Luxembourg	1003	901
Switzerland	72	33
China	6	8

ESRS 2 SBM-1 | GRI 201-1

1.5 Value creation

INPUT	VALUE CREATED	SUSTAINABLE IMPACTS
Human and educational capital A skilled and committed workforce is vital for operational efficiency, risk mitigation, innovation, compliance, and competitiveness at BIL. We therefore invest in the training and development of our employees to ensure that professionalism is reflected across all our services.	**Human and educational capital** • 2023 employees under BIL Group • A total of 266 million EUR of total salaries and benefits • 5.45 training days per employee	
Digital and intellectual capital BIL offers innovative digital solutions which provides our clients with multi-channel access. An online application gives clients 24/7 access to our products and services. Cybersecurity is a key topic given the large volumes of data handled digitally. BIL ensures that it stays up to date with the latest security standards.	**Digital and intellectual capital** • 171,228 active BILnet users • 4.6 rating for the BILnet application on App store and 3.0 on Google Play Store • 553 employees trained on cybersecurity	
Relationship capital BIL's relationship managers are the heart of our business. They provide professional and tailored advice to individual and corporate clients.	**Relationship capital** • 74% positive client satisfaction score • 13% market share for corporate clients and 23% for retail clients • 22 bank branches in Luxembourg	
Financial capital Financial capital allows us to grant loans to businesses and individuals, fostering economic growth. It also supports the development of diverse financial products and services, catering to the needs of our broad client base.	**Financial capital** • Net income of EUR 202 million • 13.37% CET 1* • Total customer deposits of EUR 18.5 billion • Total customer loans of EUR 16.3 billion • EUR 40.5 million of green car financing (+88% vs. 2022) • 70 renewable energy loans	
Social capital BIL supports local communities through donations and philanthropic action. We uphold our commitment to regulatory responsibility, to the communities we serve by fulfilling our tax obligations transparently and diligently.	**Social Capital** • Total taxes paid of EUR 29 million • Donations of EUR 99,720 • 133 volunteers active throughout the year	
Environmental capital We recognize the profound impact that our activities can have on the ecosystems in which we operate. By integrating eco-friendly initiatives into our activities and fostering a culture of environmental responsibility, we aim to contribute positively to the preservation and enhancement of our environmental capital.	**Environmental capital** • EUR 442.7 million outstanding of green bonds issued • 58% share of electric vehicles in BIL's leasing fleet • 61% of AuM in in-house funds are Article 8 and 9. • 20.79% ESG share in bank portfolio • 100% renewable energy used in BIL's headquarter building	

* Before 2023 profit allocation

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

BIL GROUP (in EUR Million)	31/12/2023	31/12/2022
Economic value generated (Bank Margin)	**762**	**645**
Value adjustments	(81)	(76)
Distributions from the income statement	**(479)**	**(416)**
of which staff costs	(266)	(245)
of which non-staff related general expenses	(184)	(159)
of which taxes	(29)	(12)
Income for the year	202	153
Change in valuation in own funds	3	51
Total comprehensive income for the year	204	203
Distributions from own funds	**(80)**	**(60)**
of which distribution to shareholders	(80)	(60)
Economic value retained after distribution (change in own funds)	**124**	**143**
In 2023, BIL distributed a total economic value of	**(559)**	**(476)**

Economic value generated (Bank Margin) = revenues (the sum of interest & dividend income; fee income; income on securities & financial instruments and other net income).
Value Adjustments = amortisation of tangible and intangible and right-of-use assets, impairments on financial instruments and provisions for credit commitments, impairment on goodwill and provisions for legal litigations.
Change in valuation in own funds (other comprehensive income) contains: actuarial gains(losses) on defined pension plans and the change in valuation of the bank's holdings in the economy.
Dividend paid on 2023 net profit to BIL's main shareholders Legend Holdings Corporation (89.98%), the Government of the Grand Duchy of Luxembourg (9.99%) and minority shareholders.
Sum of the "Distributions from the income statement" and "Distributions from own funds" headings.

[2] As per TNS Retail Banking Survey 2023

ESRS 2 SBM-1 | GRI 2-22 · GRI 2-23 · GRI 2-24 · GRI 2-25

2. Our Sustainability Strategy

BIL's Executive Committee and Board of Directors are fully aware of the strategic role that BIL, as a financial actor, must play in the transition to a sustainable world, and ESG factors are being gradually incorporated on two levels:

- **As a responsible company,** ESG considerations are embedded in our corporate practices. This approach includes managing the environmental impact of the Bank's premises, reducing paper usage, adopting sustainable procurement and responsible human capital management policies, and integrating ESG considerations in our risk management framework.
- **As financial intermediaries,** banks play a crucial role in transforming corporate models. Our objective is to make a positive impact through our activities as a bank. We can do this, firstly, by actively participating in financing the economy and supporting companies with their own energy transition and, more broadly, their consideration of all CSR issues. Secondly, we can make a positive impact through our private banking activities, by offering sustainable investment product ranges to our clients to enable them to support this transition.

These two levels are reflected in the Bank's 4-pillar Sustainability Strategy, which addresses the development of sustainable practices at corporate level and the development of sustainable products and services. The overall objective is:

- **To manage ESG risks ensuring resilience and profitability**
- **To limit any potential negative impacts and increase positive impacts on people and the planet**

In July 2022 BIL's Executive Committee, with the support of the Bank's Board of Directors, expressed its ambition to "**become a key transition facilitator**". This mainly implies:

- Developing our range of financing solutions and advice to support our individual and corporate clients in their own transition journeys.
- Progressively adapting our ESG investment product portfolio to ensure a complete range of ESG and sustainable solutions.

Pillar 1

Defining 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

Offering 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

Being a 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

Having a positive impact: the ambition is to continue to make a positive impact on the local economy and communities and prepare solid ground for future generations.

ESG POLICIES

- **Sustainability Strategy:**
  The *Sustainability Strategy* highlights the Groups' commitments for sustainable development and corporate responsibility in the scope of its management practices and impacts on local communities.
- **ESG Integration Framework:**
  The *ESG Integration Framework* explains the commitments, the implementation and governance for integrating ESG considerations into the Bank's activities and operations.
  These initiatives are followed-up by the Sustainable Development team to ensure global consistency and alignment to the bank's overall Sustainability Strategy.

The Sustainability Strategy and the ESG integration framework are directly applicable to all employees of BIL Luxembourg. Entities can launch specific initiatives linked to sustainable development but need to discuss them with the Sustainable Development department. Both documents are approved by the Executive Committee of the bank and reviewed on an annual basis.

> "We are an international bank that provides strong support to the local economy and communities. We are engaging with our employees to facilitate the transition to sustainable banking, conscious of our responsibilities and keen to develop products that allow us, together with our clients, to have a positive impact and build solid foundations for future generations."
>
> Marcel Leyers

2.1 Developments in our ESG strategy

BIL continued to implement its Sustainability Strategy in 2023, with initiatives underway in each of its pillars:

- The Bank has strengthened its overall ESG governance and defined initial targets that will be monitored by the Executive Committee and Board of Directors using a dedicated ESG Dashboard. BIL's Risk Management function has progressively integrated the management of ESG risks, with a special focus on climate related risks, throughout the whole organization using its global risk framework.
- A broader range of ESG products and services was developed, and advisors were trained to address customer sustainability preferences when advising on investments, and to support homeowners in their renovation projects. BIL measures and screens its balance sheet as well as its investment portfolios for managing exposure to various ESG risks and supporting the strategic commitments to sustainability.

2.1.1. ESG highlights in the investment process

In 2023, BIL made several important developments in "Pillar 2: Offering Sustainable Products and Services".

Firstly, the Bank defined its Sustainable Investment Framework, formalising the in-house definition of a "sustainable investment" which allows us to classify each type of asset and align these with our clients' sustainability preferences. BIL also obtained two new LuxFlag ESG Label accreditations for the BIL Invest Bonds EUR Corporate Investment Grade and BIL Invest Equities Europe funds, both are classified as SFDR Article 8 funds from 2023. Finally, BIL published its first Principal Adverse Impact (PAI) Report in June 2023.

2.1.2. ESG highlights in the lending process

In 2023, BIL continued the work started in the previous year on identifying, understanding and assessing the most material risks and impacts in connection with its lending portfolio. This has led to better consideration of ESG criteria in lending process.

While improving the visibility and content of its sustainable finance range of product and services, BIL has also focused on raising client awareness and training staff on the issue of energy transition.

2.1.3. Positive actions to promote ESG values

As a responsible employer, BIL continued with its awareness-raising and educational initiatives on diverse sustainability-related topics for employees.

In its external myLIFE blog, BIL published various articles on sustainability topics, contributing to the financial education of readers. As in the previous year, the Bank supported a variety of non-profit organisations in Luxembourg.

2.1.4. ESG Dashboard and target setting

FIRST SET OF ESG TARGETS FOR BIL

High-level ESG commitment improves the financial performance of banks by ensuring that they remain resilient and adaptable in an evolving business landscape and align the bank's operations with global sustainability goals and regulatory requirements, thus, fostering long-term stability and growth.

In July 2022, BIL defined its strategic ambition to "become a key transition facilitator". This high-level ambition has subsequently been translated into tangible targets forming part of the Bank's overall strategy. The aim is to:

- Maximise any business opportunities that emerge – especially but not solely from climate-change adaptation and mitigation by financing/investing in opportunities resulting from the transition.
- Identify and adapt to business disruptions that emerge from climate change, which includes both, physical impacts and impacts resulting from policy and technology changes.

Translating a strategic business ambition into tangible targets and commitments is a complex process. BIL must define in detail the impact it wishes to make as a financial intermediary, as well as how to manage its own operational impact on environmental and social considerations.

In October 2023, BIL defined an initial set of ESG targets to enable it to better manage ESG risks and exploit any opportunities that may arise. In 2023, these targets were approved by the highest management bodies – the Executive Committee and the Board of Directors, with the aim of setting the pace and encouraging the integration of non-financial considerations into the Bank's strategy.

Defining a climate strategy is part of the target-setting process as it demonstrates the Bank's commitment to managing climate risks, whilst at the same time, seizing opportunities in the transition to a low-carbon economy and to national and global sustainability goals. As a signatory of the UN PRB, BIL is committed to reaching net zero by 2050.

Although BIL has not yet set specific deadlines for decarbonisation targets, we have nevertheless decided to set intermediate objectives to better assess the effectiveness of our actions. Improving the monitoring of our impacts, calculating our carbon footprint, in particular our financed emissions, systematically collecting ESG data and engaging with our clients to assess their transition readiness are key preliminary steps to defining and committing to a concrete climate strategy.

With this in mind, BIL has identified the following major business activities where there are material impacts, risks and opportunities in relation to sustainability matters on which it will monitor progress:

- **ESG risks & opportunities linked to BIL's Real Estate Lending Portfolio:** BIL's Real Estate Lending Portfolio is exposed to physical and transition risks, as well as to some social risks. Transition risks are the most material due to potential changes in ESG factors. Energy performance is a key consideration in real estate portfolios. Indeed, properties with superior energy performance may see increased demand, higher tenant satisfaction and be better positioned to navigate regulatory changes related to energy efficiency standards. In this context, managing and improving energy performance is integral to mitigating risks, enhancing an asset's market appeal, and ensuring long-term viability within the evolving landscape of real estate.

  As a facilitator of our clients' transition, and to mitigate our own transition risk, it is our mission **to support our clients in their energy transition by collecting and improving the energy performance data for the real estate that we finance.**

  As real estate properties contribute to GHG emissions mainly through their energy consumption, this involves gradually improving the average energy performance class of the real estate lending portfolio, either by gradually increasing the proportion of properties with a high energy efficiency rating, or by encouraging clients to carry out renovation work to improve energy efficiency. The Energy Performance Certificate (EPC) is essential to effective monitoring. ESG targets related to BIL's Real Estate Lending Portfolio therefore cover the training of our Housing Advisors, EPC data collection, the proportion of new mortgages granted for properties with a high energy efficiency rating and commercial targets for renewable energy loans (please refer to section 7.1.1. for more details on action undertaken in the real estate business).

ESRS 2 SBM-1

- **ESG risks & opportunities linked to BIL's Motor Vehicle Lending Portfolio:** As a facilitator of our clients' transition, it is our mission to support them in their e-mobility transition by improving the share of electric cars. New targets have been proposed for loans and leases for green cars (please refer to section 7.1.2.).

- **ESG risks & opportunities linked to BIL's Corporate Lending Portfolio:** BIL is indirectly exposed to ESG risks through its corporate portfolio as poor ESG performance can lead to financial losses, reputational damage, and regulatory issues. The main risks with regards to climate and environment come from clients with high emission levels, through their exposure to transition risks. It is therefore important for the Bank to engage with these clients to address their transition plans and an engagement target has therefore been defined (please refer to section 7.1.3.). This will enable the Bank to better assess the challenges facing its clients and determine how best to support them. In 2024, BIL aims to define a transition policy on how it intends to adapt its support based on its assessment of clients' transition risks.

- **ESG risks & opportunities linked to BIL's Bank Investment Portfolio:** BIL has integrated ESG considerations into its investment processes, as described in its Sustainability Risk Policy, implemented under Sustainable Finance Disclosure Regulation (SFDR) – (please refer to section 7.3).

  As well as applying ESG investment strategies to mitigate ESG risk factors, BIL has set a target of sustainable investments within its bank investment portfolio, reducing the likelihood of reputational damage and enhancing the portfolio's global resilience (please refer to section 7.3.2.).

- **Risks & opportunities linked to BIL's Client Investment Portfolios:** To mitigate ESG risks in clients' investment portfolios, BIL has integrated ESG considerations into its investment processes, as described in its Sustainability Risk Policy, implemented under SFDR (please refer to section 6.7). The consideration of PAIs will also help mitigate ESG risks and BIL will continue to enhance the process for considering PAIs. As well as applying ESG investment strategies, BIL is committed to developing ESG products and progressively increasing the assets under management (AuM) in its in-house ESG products, in line with market and client demand. The level of client demand requires assessment and a collection target for "client sustainability preferences", which has also been set (please refer to section 7.2.8.).

  ESG risks & opportunities linked to BIL's Operational Carbon Footprint: The operational carbon footprint refers to the total amount of GHG emissions produced as a result of an organisation's day-to-day operations. A high carbon footprint poses several risks, ranging from financial and regulatory concerns to reputational and operational challenges. Positioning itself as a transition facilitator, BIL therefore needs to lead by example and address its own operational footprint. This will help to reduce reputational risks, create stakeholder engagement and enhance operational efficiency. BIL has thus been measuring its operational carbon footprint since 2022 and has defined a medium-term target of a reduction of at least 2% per year until 2025 (please refer to section 12).

- **ESG risks & opportunities linked to BIL's Human Capital Management:** Alongside its focus on "environmental targets", BIL has also reflected on social targets to address any Human Capital risks and to contribute positively to its employees' well-being and performance (please refer to section 15).

These initial ESG targets reflect a dynamic commitment to environmental, social and governance responsibility. Recognising the everchanging landscape of sustainable practices and societal expectations, these targets are designed to adapt and improve over time. Our ambition is to stay responsive to emerging challenges, integrate new industry standards and continuously enhance our positive impact.

ESG DASHBOARD

In parallel with the definition of its ESG targets, BIL also established an initial version of an ESG Dashboard that enables us to monitor key qualitative and quantitative indicators in relation to ESG risks and to track and take advantage of any ESG opportunities that may arise. Indeed, introducing an ESG Dashboard as a key monitoring tool is a major step towards transparent and effective sustainability management.

Based on current trends in disclosure and regulatory requirements and investor preferences, the purpose of the ESG Dashboard is to provide a complete overview of ESG challenges, risks and opportunities. Its objective is to ensure that ESG topics are discussed at senior management level, to progressively enhance the ESG competences of directors and key stakeholders and to ensure that ESG is embedded in overall board processes. The ESG Dashboard serves as a centralised hub, providing a complete overview of the Bank's ESG performance. It enables all stakeholders to track progress, measure risks and impacts and make informed decisions.

The ESG Dashboard was approved in 2023 by the highest management bodies – the Executive Committee and the Board of Directors. From the end of 2023 onwards, the ESG Dashboard will be submitted on a regular basis to the ESG Steering Committee and bi-annually to the Executive Committee and the Board of Directors.

Monitoring our progress in sustainability through key performance indicators is part of our commitment to transparency. We invest heavily in improving our data environment, as data availability and quality remain important challenges in ESG.

The ESG Dashboard will evolve over time in line with the Bank's experience of ESG-related topics, its commitments and objectives, and the availability and quality of data.

2.2 ESG highlights of 2023

Responsible Governance

Sustainalytics ESG Rating
11.2
(low-risk)

100%
of our staff trained

100% of our Housing Advisors
trained on ESG topics, renovation works and state aids

New ESG Strategic Steering Committee

Setting of first ESG targets & definition of an ESG Dashboard

Sustainable products and Governance

ESG funds
6/17 in-house funds are Article 8 (SFDR) funds promoting environmental and social characteristics

20.7% of ESG assets*
in discretionary portfolio mandates

26% of ESG assets*
in advisory mandates

Sustainable Investment Framework
establishment of a methodology for categorising the sustainability of financial instruments

34% share
of new hybrid/electric vehicles in 2023 personal loans and leasing

20.79% green, social and sustainable bonds
in Bank's investment portfolio

BIL Green Bonds
25 new issuances of
EUR 442.7 million
(outstanding)

Responsible Employer

43.64 average training hours per employee

1,927 employees trained in the framework of the Bank's new Core Banking System

6 $MyCO_2$ training
sessions for employee carbon footprint calculations

29 Sports and cultural sections of the GPOS

4 visits to the in-house waste sorting centre

Displaying the carbon footprint
of canteen meals for awareness creation

39 number of projects supported by the Fondation Indépendance

39,600 hours
of teleworking by employees

Signature of the Women in Finance Charter

Positive Impact

Community support:
- 27 charities supported in 2023 through financial donations and events
- EUR 99,720 donated

26 g average CO_2 emission for ordered cars (-18 g vs. 2022)

45 kg of honey
collected,
EUR 3,340
donated to the Hëllef fir d'Natur foundation

15 school classes benefited from awareness-raising workshops on circular economy through BIL MuD donation

100% electricity
renewably sourced at BIL headquarter in Luxembourg

SuperDrecksKëscht Label

10% reduction
in operational carbon footprint in 2023

* As defined under BIL's Sustainable Investment Framework (SIF)

2024 AMBITION

Building on our ESG achievements in 2023, our ambitions for 2024 reflect an ongoing commitment to sustainable practices and responsible business. Over the past year, we have successfully enhanced our ESG risk management framework, continued to develop our ESG product range, focused on training our advisors in sustainability issues and defined our preliminary ambition based on newly defined ESG objectives, supported by monitoring at the highest level using our ESG Dashboard.

Looking forward, our 2024 ambitions include:

- Further enhancing our adherence to ESG regulations (notably the Taxonomy, ESG MiFID requirements, SFDR reporting and CSRD) and ensuring transparency at product and entity level.
- Reflecting on long-term targets, including considerations of our climate strategy, sector implications and the impact on our business model and strategy.
- Enhancing our ESG Risk framework to better identify, assess and mitigate ESG risks. The overall ambition is to continue integrate ESG considerations into our broader risk management strategy, ensuring that potential risks and opportunities associated with sustainability factors are proactively addressed.
- Amplifying client awareness of ESG products and services through targeted outreach, engaging content and tailored communication.
- Expanding and enhancing our ESG product range, including our ESG Discretionary Portfolio Management service.
- Enhance the accessibility and content of ESG documentation to provide stakeholders with a comprehensive understanding of our ESG policies.
- Refining ESG data collection processes to ensure higher quality and expand the scope of the information.
- Providing tailored training to our employees to enhance their understanding of ESG principles, industry trends, and the integration of sustainable practices into daily operations.

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2.3 Supported standards and labels

Our adherence to ESG labels and frameworks signifies our adherence to stringent standards and showcase our commitment to sustainable banking. The perspectives, feedback and expectations of the various standards and labels act as valuable benchmarks, helping us to refine our ESG practices and serving as catalysts for improvement, pushing us to be more accountable and impactful in our ESG approach.

United Nations Principles of Responsible Banking (September 2021): BIL signed the United Nations Principles for Responsible Banking (UN PRB) in 2021 and became a part of an international initiative to contribute to the development of a sustainable banking system. By adopting these principles, BIL strives to align its strategy and practices with the vision that society has set for its future in the Sustainable Development Goals and the Paris Climate Agreement.

United Nations Global Compact (November 2021): BIL became a signatory to the UN Global Compact, which encourages companies to voluntarily apply the universal principles of sustainable development. By following the UN Global Compact guidelines and benefiting from their training resources and feedback, BIL is gradually gaining maturity in implementing its sustainability strategy. BIL submitted its first Communication on Progress (CoP) report in 2023.

Luxembourg Women in Finance Charter (March 2023): On 8 March 2023 – International Women's Day, BIL signed the Luxembourg Women in Finance Charter (WiF), a Charter by Luxembourg Sustainable Finance Initiative (LSFI) which promotes gender diversity, equality and inclusivity across the Luxembourg financial sector. As signatories, BIL aims to promote the advancement of women at all levels while being fully transparent on levels of gender diversity throughout the Bank and the senior and board levels.

Diversity Charter Luxembourg (since September 2012): Since September 2012, BIL has been a signatory of the Charte de la Diversite Lëtzebuerg (Diversity Charter Luxembourg) in an aim to confirm our commitment towards inclusion, diversity and equity throughout the Bank and its activities. Thus, BIL ensures equal career opportunities for men and women and sets ambitious targets towards gender balance.

Entreprise Socialement Responsible (since 2015): Every three years, BIL's social responsibility is independently assessed by the Institut National pour le Développement durable et la Responsabilité sociale des entreprises (INDR – National Institute for Sustainable Development and Corporate Social Responsibility). In 2021, BIL renewed its CSR label "Socially Responsible Company" for the third time, reflecting the bank's continuous progress on sustainability issues. The next renewal will take place in 2024.

IMS (Inspiring More Sustainability) Luxembourg (since 2015): IMS is a leading network for Sustainable Development in Luxembourg. IMS's mission is to inspire responsible strategies and practices among national economic actors through collaborative and federating projects. Through its membership to IMS – Inspiring More Sustainability – BIL has been exchanging and collaborating with other members on sustainability issues since 2015.

LUXFLAG: Luxflag, Luxembourg Finance Labelling Agency, is an independent and international non-profit association created in Luxembourg in 2006. The primary objective of the LuxFLAG ESG Label is to reassure investors by awarding a recognizable label to eligible investment vehicles. In 2023, two further BIL Invest SICAV funds promoting environmental and/or social characteristics received the LuxFLAG ESG label, bringing to 6 the number of BIL inhouse funds awarded the label as of October 1, 2023.

ABBL: BIL is a member of ABBL (the Luxembourg Bankers' Association) and an active contributor to the working groups on sustainability projects coordinated by ABBL on ESG Financial Markets, ESG Risks, Taxonomy and Labels, CSR, Financial Education and Diversity.

SuperDrecksKëscht: BIL receives the SDK Label for implementing and respecting the extensive concept for waste management proposed by the SuperDrecksKëscht. The label is renewed every year after a control from SuperDrecksKëscht.

OTHER LABELS SUPPORTED

Ecobox: Since May 2019, the Bank has been offering ECOBOX to its employees at the company restaurant. The multiple use of these ECOBOXs makes it possible to eliminate single-use packaging, as employees can take away their meals or leftovers to enjoy later.

Fairtrade: Internally, BIL selects FairTrade products for its company restaurant to promote sustainability throughout its value chain and align with responsible procurement practices.

2.3.1. United Nations Principles for Responsible Banking

As a signatory member since 2021 of the United Nations Principles for Responsible Banking (UNEPFI PRB), BIL joined this voluntary international initiative to contribute to the development of a sustainable banking system.

BIL has an initial 4-year period (until September 2025) to create the foundations to continuously mainstream and embed these Principles into the core of its business. During this initial period, the Bank must:

1. Run an impact analysis to understand the impacts associated with its portfolio
2. Set a minimum of two ambitious targets to address the most significant impacts
3. Annually disclose its audited progress.

After completing the "Impact Analysis" phase in 2022, BIL continued its implementation by focusing on the "Performance Assessment" exercise in 2023.

Please refer to our second UNEP FI Principles for Responsible Banking Report in the Appendix for a complete review of our self-assessment and commitment to the 6 Principles aligned with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

2.3.2. United Nations Global Compact – Communication on Progress (COP)

BIL signed the United Nations Global Compact in November 2021 with a commitment to:

- Do business responsibly by aligning our strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption; and
- Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

As an initial exercise, BIL filed a Communication on Progress (CoP) report in 2023, sharing its performance and alignment with the Ten Principles of the Global Compact. To maintain its commitment, BIL will report each year its progress on incorporating the Ten Principles into its business model and value chain.

The United Nations Global Compact content index can be referred to in the Appendix of this report. For details on BIL as a participant, please refer to the UNGC's website.

3. BIL's Governance Bodies

The ***Corporate Governance Charter*** of BIL aims to ensure a coherent and efficient corporate governance framework, that enables BIL Group to effectively manage business operations in line with the strategic priorities defined by the Board of Directors. BIL's corporate governance complies with the high standards laid down in the applicable laws and recognises the importance of a good and solid corporate governance.

The Corporate Governance defines the functions, responsibilities and authorities of BIL's corporate bodies and their members and constitutes BIL Group's primary governance guidelines to be applied to all subsidiaries, branches (if any) and representative offices of BIL Group and which shall prevail in case of conflicting rules, without prejudice to mandatory local law.

The principles set out in the Corporate Governance Charter are applicable groupwide and should be adjusted to the specific situation of the relevant Group entity, taking the proportionality principle into account, without prejudice to approving their own policies based on mandatory local regulations.

In accordance with Luxembourg regulations, BIL has a robust central administration in Luxembourg, which comprises, in a broad sense, the supervision, management, execution and control functions which enable the Bank to retain control over all its activities. The administrative centre of BIL includes in particular a sound administrative, accounting and IT organisation which ensures, at all times, the proper administration of securities and assets, accurate and complete recording of operations and the production of accurate, complete, relevant and understandable management information available without delay.

The corporate governance of BIL is articulated around the below organs:

A. GENERAL MEETING OF SHAREHOLDERS (GM)

The General Meeting of Shareholders has the widest powers to adopt or ratify any action related to BIL. The annual GM receives a management report from the Board on the Company's activities in the previous financial year and approves the balance sheet and profit and loss account.

The annual GM also proceeds to appoint the Directors and, where necessary, their replacements, without prejudice to the legal provisions on the representation of salaried staff or the statutory right for the directors, in case of vacancy, to appoint a new director temporarily.

The extraordinary GM has the authority as described in the applicable laws, among others to amend the Company's corporate object or legal form or to decide on any other amendments to the articles of association, such as those arising from capital increases or reductions.

B. BOARD OF DIRECTORS (THE BOARD)

The Board has overall responsibility for BIL. It defines, monitors, and bears the responsibility for the implementation of robust central administration, governance and internal control arrangements ensuring sound and prudent management of the Bank. Among its missions, the Board is responsible for setting and overseeing the overall business and risk strategy, including the risk appetite statements and the risk appetite framework of BIL Group.

2024 DIVERSITY
IN BIL'S MANAGEMENT BODIES

BIL sees increasing diversity at management body level as an important element in maintaining a competitive advantage and ensuring a variety of views within the Bank's management. Diversity leads to a broader range of experience, knowledge, skills and values, and is one of the factors that enhance the operation of the management body. The Bank's ***Diversity Charter*** documents the principles, commitment, and measurable objectives in relation to diversity upon which the BIL group entity forms and implements its nomination strategy for its Management Bodies (Executive Committee and Board of Directors).

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The Board is assisted by four specialised committees:

1. **Board Audit and Compliance Committee (BACC)**

   Monitors and controls the effective implementation and proper adherence to the Bank's approved charters, policies and procedures, accounting standards and legal and regulatory requirements such as but not limited to the AML Risk Appetite Statement and accordingly makes appropriate recommendations to the Board or the CEO and/or the Management Board

2. **Board Strategy Committee (BSC)**

   Assists the Board in setting the strategic direction. It advises the Board on the overall Bank's strategy and budget and gives recommendations to the Board in this respect.

3. **Board Risk Committee (BRC)**

   Ensures that all material risk matters are addressed and oversees all current and anticipated risks, even indirect, within the BIL Group which could jeopardise the Bank's financial and liquidity capacities and its ability to conduct its activities in a sound manner and in line with the approved risk appetite. Among others, the BRC is responsible for reviewing and challenging the Internal Capital and Liquidity Adequacy Assessment Processes (ICLAAP) and their conclusions for recommendation to the Board, at least on a yearly basis and more often if deemed necessary.

4. **Board Remuneration and Nominations Committee (BRNC)**

   Sits separately in nomination and remuneration matters. The role of the BRNC is to assist and advise the Board on topics such as the definition of a global Remuneration Charter for the Bank. It also assists and advises the Board on matters such as the suitability assessment and the appointment/dismissal/revocation process for the members of the Board or Management Board as well as the suitability assessment of the members of the Executive Committee (ExCo).

C. MANAGEMENT BOARD (MB) AND EXECUTIVE COMMITTEE (EXCO)

The Board of Directors delegate the daily management of the Bank to the Management Board (MB) and the CEO. The MB consists of the MB members authorised by the European Central Bank (Supervisor). The overall objective of the MB is to lead, direct and manage BIL, to implement the strategy and achieve the business objectives in line with the risk appetite set by the Board. The MB is collegially responsible for the effective day-to-day management of the Bank. It meets, in principle, on a weekly basis as an integral part of the ExCo and on an ad-hoc basis, as needed.

The ExCo consists of the Authorised Managers, as well as designated heads of support functions and business lines. The ExCo and the MB are chaired by the CEO. The Chief Compliance Officer as well as the Chief Internal Auditor are permanent invitees to the ExCo, with direct reporting lines to the Chair of the Board and to the Chair of the Board Audit and Compliance Committee (amongst other Directors).

The MB Members acting as a collegial body, are jointly responsible for the overall management of the Bank and are co-responsible for all the decisions made by the MB.

MB Members are recommended by the BNRC-N (Board Remuneration and Nomination Committee - Nomination matters) in its sub-meeting dedicated to nomination matters for election by the Board subsequent to a positive suitability assessment carried out in accordance with the standards defined in the ***Suitability & Succession Charter***.

ExCo members are recommended by the BRNC-N in its sub-meeting dedicated to nomination matters for election by the MB subsequent to a positive suitability assessment carried out in accordance with the standards defined in the ***Suitability & Succession Charter***.

The Executive Committee of BIL Group, as of 1 January 2024

D. MANAGEMENT COMMITTEES

In order to further enhance its effectiveness on transversal topics falling within the MB scope, which are either technical and/or require specific emphasis, the MB delegates its decision-making powers in certain areas to a number of Management Committees composed of MB members and technical experts.

3.1 Organizational structure and role of supervisory bodies

Names	Board of Directors	Board Strategy Committee	Board Risk Committee	Board Audit and Compliance Committee	Board Remuneration and Nominations Committee
Jing LI	Chair	Chair	Vice-Chair	Member	Chair
Peng LI	Vice-Chair				
Maurice LAM	Member			Chair	
Marcel LEYERS	Member	Permanent Invitee	Permanent Invitee	Permanent Invitee	Permanent Invitee
Pierrot RASQUE	Member			Member	
CHARLES LI QUAN	Member		Member		
Vincent THURMES	Member	Member	Member		Member
Chris VAN AEKEN	Member		Chair		
Ashley GLOVER*	Member				
Benoît MIGEAUX*	Member				
Claude STEFFEN*	Member				Member (BRNC-R)
Marc TERZER*	Member				

* Staff representatives

	2023	2022
Percentage of independent members (Staff representatives included)	25%	30%
Percentage of independent members (Staff representatives excluded)	38%	44%
Percentage of male members*	87.5%	89%
Percentage of female members*	12.5%	11%
Average female to male ratio of board members	1:7	

* Staff representatives excluded in line with EBA guidelines

Please refer to section 19 for a detailed presentation of diversity metrics at management level.

For a general overview of the composition and roles of these governance bodies, please refer to the Corporate Governance chapter in BIL's Annual Report and Pillar 3 report.

3.2 Governance of ESG topics

Including ESG considerations, and specifically climate and environmental risks, in all layers of the bank and across all business processes and activities is key to the Bank's long-term stability.

3.2.1. Board of Directors' involvement in ESG matters

The ESG strategy is fully integrated into our Energise Create Together 2025 (ECT2025) corporate strategy and is therefore monitored by the Board of Directors. Indeed, the Board of Directors defines and oversees the implementation of the ESG strategy: targets and ambitions, risk appetite and risk approach, evolution of sustainable finance initiatives and the progressive integration of ESG considerations in policies and processes.

- A quarterly update on the implementation of the ESG strategy is included in the ECT2025 dashboard and presented to the Board of Directors / Board Strategy Committee.
- A more detailed report on the ESG programme is presented to the Board of Directors on a quarterly basis. In 2023, the Board of Directors validated an initial set of ESG targets and a new ESG Dashboard (please refer to section 2.1.4.), which monitors key qualitative and quantitative indicators relating to ESG risks and to ensure that the Bank tracks and takes advantage of any ESG opportunities that may arise. From 2024 onwards, the ESG Dashboard will serve as a global monitoring tool and will be systematically presented to the Board of Directors twice a year.

ESG risks are also specifically addressed in the overall Risk Governance procedures. Following European Central Bank (ECB) and European Banking Authority (EBA) guidance, ESG factors are not included in the Bank's Risk Taxonomy as "stand-alone" risks but are treated as drivers and are therefore assessed on the basis of their impact on all other existing risks. ESG topics (ESG stress tests, ESG Risk Cartography, etc.) have been progressively incorporated into the global Risk Dashboard which is presented on a quarterly basis to the Management Body (Executive Committee and Board of Directors).

3.2.2. BIL's ESG Strategic Steering Committee

At executive management level, the CEO is the sponsor of the SustainaBILity Strategy, which is a recurring item on the agenda of the Executive Committee.

To strengthen ESG governance, a new ESG Strategic Steering Committee was created in January 2023 which covers all ESG projects at BIL. The main objective of this new committee is to ensure that the business side of the Bank is fully committed to driving this transformation, not only from a regulatory perspective, but also from a commercial and strategic standpoint.

The ESG Strategic Steering Committee, is composed of seven permanent members, all members of the Executive Committee (including four members of the Authorized Management (*)), and the Group Head of Sustainability:

- Head of Strategy and Financial Markets
- Chief Risk Officer (*)
- Head of Wealth Management
- Head of Luxembourg Market and CIB (*)
- Head of Human Resource (*)
- Chief Financial Officer (*)
- Chief Compliance Officer

In addition, permanent invitees ensure that all programme / business / control and support functions are represented, including the 3 Lines of Defence. This level of management involvement ensures that the ESG strategy is properly planned and managed for BIL and BIL Group.

The ESG Steering Committee is sponsored by the Head of Strategy and Financial Markets and meets every six weeks to manage all initiatives.

The Committee is responsible for:

1. Defining and implementing BIL's ESG Strategy:

- **At Entity level:**
  - Selecting and prioritising initiatives for launch
  - Addressing the initial strategic aspects such as climate strategy, target settings and business approach, before making proposals at a higher level
  - Monitoring ESG performance at entity level
- **At the Products & Services level:**
  - Ensures strategic consistency
  - Validating the proposed commercial strategy
  - Selecting and prioritising new products and services or major key existing products and services for submission to the New Products Committee (NPC)
  - Validating front change management approach
  - Monitoring the performance of ESG products
- **At Regulatory level:**
  - Monitoring regulatory compliance
  - Approving cases of risk acceptances to be submitted to the Internal Control Committee (ICC) / ExCo and other governance bodies (BSC, BRC, etc.)

2. Resolving inter-project dependencies and deliverables issues

Coordinating with other committees (Asset and Liabilities Committee (ALCO), Credit Risk, Green Bond, etc.).

A regular update of this steering committee is provided to the Executive Committee, with the Head of Strategy and Financial Markets and the Head of Sustainability presenting a quarterly report. Ad hoc presentations are included on the agenda if deemed necessary, in addition to regular updates. In 2023, this was the case for approval of the initial ESG targets, the validation of the Bank's ESG engagement plan (Materiality Assessment) and the ESG Dashboard.

To ensure ESG awareness and ownership at Executive Committee and Board level, two dedicated ESG sessions were organised in 2023 for the Bank's management bodies:

- On 7 February 2023, the Executive Committee and the Board of Directors attended an ESG training session focusing on the ESG regulatory landscape, which provided an in-depth look at the regulations with which the Bank must comply and explained the opportunities, challenges and interdependencies arising from them.
- On 6 March 2023, the Executive Committee held an in-depth workshop to discuss ESG targets and climate strategy. 13 objectives were discussed, divided into 5 categories: (i) reducing financed emissions, (ii) integrating ESG into business objectives, (iii) improving environmental impact, (iv) improving social impact and (v) ensuring good governance. The management bodies approved the proposed categories of objectives and gave their support to continue working on more quantitative objectives which were approved in the second half of the year (please refer to section 2.1.4. on targets)

3.2.3. ESG data governance

BIL is aware that strong ESG data governance is crucial to ensuring the quality, reliability, and integrity of ESG data. This involves establishing clear protocols for data collection, verification, and reporting, in order to promote consistency and accuracy.

For this reason, the ESG programme has set up a dedicated, cross-functional data and reporting stream to support all ESG projects, as detailed in the next section. An ESG Data Officer has been appointed to assess and map the data needs of the business and control functions (risk, compliance, financial markets, sustainability, finance, value chains and front office) across all initiatives, while ensuring compliance with the Bank's data governance principles.
Given that ESG data is a relatively new area for both the Bank and the market, BIL adopts a pragmatic approach tailored to the needs of the different projects.

BIL is therefore progressively assessing the type of data that is required in order to determine whether it is already available, requires collecting from clients or via an open source for external data, or purchasing from a third party. BIL also takes part in discussions at market level and engages in dialogue with its peers.

Given this pragmatic approach, it is also the role of the ESG Data Officer to ensure the overall consistency of the data used by all stakeholders, as well as any potential synergies.

3.2.4. Management of sustainability matters through a dedicated ESG Programme

The Group Head of Sustainability leads the sustainability team and engages in systematic dialogue on ESG issues with key internal and external stakeholders.

The position of Group Head of Sustainability, which also covers the role of CSR Officer in the definition used by the INDR in its CSR Guide, is mainly tasked with:

- coordinating the Bank's ESG efforts (including sustainable finance, CSR, carbon footprint);
- creating, managing and participating in inter-group ESG projects;
- contributing to the ESG and CSR strategy;
- monitoring the implementation of the ESG strategy (e.g., KPIs);
- reporting to decision-making bodies; and
- representing BIL internally and externally on ESG and CSR matters.

The Group Head of Sustainability reports directly to the Member of the Executive Committee with responsibility for the Bank's strategy and is assisted by an ESG Core Team with the implementation of the ESG programme.

The ESG Core Team is composed of sustainability experts, enterprise and credit risk experts, a data officer, and members of the Project Office, and deals with the various cross-functional ESG initiatives to address risk, reporting, data, product development and ESG awareness issues.

The "Towards Sustainability Platform": because the deployment of the ESG strategy cannot be achieved without cross-functional efforts from all employees, the sustainable development team runs an ESG information platform, the "Towards Sustainability Platform", open to all bank employees, to raise awareness of key ESG and CSR issues and inform them of the bank's main advances in this area. Participants in this platform come from all the bank's departments and constitute a privileged **ESG community** for infusing best practices throughout the bank and identifying new initiatives for the future. The Platform is held regularly (five times in 2023).

The ESG Programme is organised around three pillars:

- **ESG Strategy and Governance:** this involves work on ESG governance, target setting, strategy, client engagement approaches and integration of ESG aspects in the Bank's business model and strategy, as required by the regulator.
- **ESG Products and Services:** as a financial intermediary, BIL plays a crucial role in transforming corporate models, by integrating ESG considerations into the financial instruments and solutions offered to our clients. Our objective is two-fold: to identify material ESG risks to which our clients are exposed and to identify growth opportunities in line with our business ambition of "becoming a key transition facilitator".
- **ESG at Corporate level:** this covers all projects that involve the integration of ESG factors into the Bank's processes or activities which do not have a direct impact on our clients, as well as the more traditional CSR initiatives such as donations, community support and matters of social and environmental impact.

Cross-functional ESG data management and ESG training workflows complete the overall structure of the ESG Programme. ESG data needs are assessed across all initiatives, while ensuring compliance with the Bank's data governance principles. Training and communication needs are centralized to ensure consistent delivery.

3.2.5. Remuneration based on sustainability-related performance

BIL's ***Remuneration Charter*** and its associated practices aim to define remuneration within BIL Group with a view to protecting the interests of our clients, suppliers, employees, and shareholders, as well as the Bank's financial sustainability over the long term.

For most of the staff members, variable remuneration is discretionary and is based on a reference amount that depends on the results of the year-end performance review.
In line with requirements set by the European Central Bank (ECB), ESG objectives have been defined for most of the Bank's departments and are progressively cascaded down from the Executive Committe (ExCo) to all people managers and specific functions.

Performance is assessed from two perspectives:
- on "What", which refers to specific targets (a mix of individual, collective, financial, and non-financial targets), and
- on "How", which takes account of the Bank's values and behavioural goals (such as care, compliance, and business ethics, etc.).

ESG considerations are included in both perspectives.

Both performances are evaluated separately with a rating based on a colour scale, resulting in a final overall colour "average". There is consequently an indirect link between variable pay and sustainability-related targets. Moreover, the "How", in terms of care, compliance and business ethics notably, avoids the use of quantitative commercial criteria that may create conflicts of interest or incentives that could lead the employee to favour their own interests or the Bank's.

The variable remuneration envelope is approved by the BoD upon recommendation from the BRNC. The launch of incentive schemes is also subject to the prior approval of the BRNC or Executive Committee (depending on the scheme).

3.3 Sustainability due diligence process

	Core elements of Due Diligence	Paragraph in the Sustainability Report
a)	Embedding due diligence in governance, strategy and business model	Section 6.1 - Section 6.8 Section 19.1 Section 24 Section 25
b)	Engaging with affected stakeholders in all key steps of the due diligence	Section 4 Section 6.9 Section 21 Section 26
c)	Identifying and assessing adverse impacts	Section 5 Section 6.7 Section 9.2 Section 9.3 Section 11
d)	Taking actions to address those adverse impacts	Section 9 Section 10 Section 11 Section 12 Section 13
e)	Tracking the effectiveness of these efforts and communicating	Section 2.1.4 Section 2.3.1 Section 2.3.2 Section 4 Section 5 Section 21

4. Engaging with our Stakeholders

Stakeholders are an important part of BIL. These stakeholders are defined as any individual or group of individuals with a direct or indirect impact on the Bank's activities or who, through their actions, can influence the organisation's ability to achieve its objectives. Regular dialogue, engagement and consultation with stakeholders ensure that they are heard, and their enquiries and points of view are included to improve the operations of the Bank.

The table below provides a concise overview of our most important stakeholders, how we engaged in dialogue with them in 2023, and the most important topics of conversation.

Category of stakeholder	Mode of dialogue	Main topics of discussion and purpose
Clients (retail, wealth and corporate)	• Relationship managers and advisors • Bank branch offices (physical channel) • BILnet – BIL's banking application (through secure messaging) • Digital channels (website, social media channels) • Client satisfaction (ILRES) surveys and engagement surveys • Complaints handling and management process (details given under Section 26.2 of this report) • Client events and conferences	• Product awareness, services, transparency • Access to financial services and education • Satisfaction, suggestions and complaints from client • Suggestions and opinions on the Bank's future strategic plans
Employees of BIL Group	• Regular feedback culture between employees and managers, based on the Feedback Model Policy of the Bank. • E-NPS (Employee Net Promoter Score) survey that allows employees to voice their opinions on the internal operations of the Bank (more details given under Section 21 of this report) • Regular townhall meetings and webinars given by top and senior management with Q&A • Blink – the Bank's internal social channel • Representation in social bodies and a network of union representatives • A network for psycho-social support	• Training and education • Fair and competitive remuneration as per the Collective Bargaining Agreement and the Bank's Remuneration Charter • Coaching and career guidance • Healthy and safe working conditions • Transparency around the Bank's strategy, organisation, policies, results, and performance
Suppliers	• Regular dialogue with the Bank's suppliers • CSR surveys	• Supplier selection process • Collaboration and performance • Contractual and payment-related dialogue

Shareholder	• Regular consultation and operational contacts with Legend Holdings Corporation	• Transparency around company performance and results • Ad hoc information for answering external questions • Risk management
Non-profit organisations and communities	• Various event and collaborative sessions for charitable causes • Dialogue with various organisations and associations (more details under Section 13 and 23 of this report)	• Selection of environmental and social themes and challenges where BIL can have the greatest positive impact • Feedback and expectations of non-profit organisations vis-à-vis BIL
Governments and regulators	• Regular and ad hoc exchanges with supervisors and regulators in the context of Banking Supervision (European Central Bank, Commission de Surveillance du Secteur Financier, Single Resolution Board, Banque Centrale du Luxembourg, etc.)	• Compliance with regulations and statutory obligations • Proper financial and non-financial reporting • Topics falling within the scope of the supervision of significant banking institutions such as governance, risks to capital, risks to liquidity, business model
Rating agencies, sustainability experts and consultants	• Active engagement with rating agencies (more details given under Section 6.9 of this report) • ESG performance assessments	• Transparency regarding how the business is conducted, proper financial and non-financial communication
Supranational organisations focused on sustainability	• Periodic reports to the UN Global Compact (UNGC) on progress as an early adopter through the enhanced Communication on Progress (CoP) • Impact analysis and annual reports on progress on the UNEP FI Principles for Responsible Banking (PRB), as required • Participation in the Women in Finance initiative by the Financial Sector Diversity Charter	• 10 UNGC principles relating to human rights, labour, the environment and anti-corruption • 6 UNEP FI PRB principles relating to governance, alignment of business with SDGs and the Paris Agreement, impactful target setting, transparency and accountability and building & sharing ESG expertise • Measuring and rebalancing gender differences at every level of the company
ABBL	• Regular expert meetings • Conferences / events	• Evolution of the banking sector • Risks and opportunities • Collaborative actions and initiatives • Regulatory watch

BIL is aware that each of its stakeholders attaches a specific degree of importance to each individual sustainability theme. BIL uses feedback to enhance its sustainability strategy and approach, in accordance with its purpose.

5. Materiality Assessment

In Q1 2023, BIL conducted a materiality assessment with the aim of identifying all material impacts, risks, and opportunities. The objective was two-fold: to confirm that our strategy and sustainability commitments are tackling issues that our stakeholders consider to be relevant and to identify any additional topics that are a priority for those stakeholders.

5.1 Evolution of the materiality assessment process

BIL conducted its very first materiality assessment in 2021. The materiality assessment is revisited on a regular basis to identify new risks and opportunities faced by the Bank, to adapt to changing stakeholder expectations, to enhance transparency, and to keep abreast of changes in the business environment. The second materiality assessment was conducted in 2023. The evolution in the process is highlighted below

5.1.1. Materiality assessment processes in the past

The 2021 materiality assessment was conducted with the support of an independent third-party. Topics were identified with the help of sustainable development standards, such as the GRI Standards, Principles of Responsible Banking, the Sustainable Development goals, the SASB materiality matrix specific to the financial sector, the Task Force on Climate-Related Financial Disclosures (TCFD) and comparative analysis of reports by other players in the market. Various modes of communication were used to engage in effective dialogue with internal and external stakeholders. A detailed questionnaire was distributed to different client groups, employees and management asking for their opinion on the importance of 38 environmental, social, governance, and economic topics. Results were weighted using a pre-defined methodology and highlighted 18 material topics for the Bank. The materiality assessment was conducted at Luxembourg level.

The materiality assessment conducted in 2021 was revisited in 2022 to address new priorities determined by the management. A more detailed explanation can be found in BIL's Sustainability Report of 2022.

5.1.2. Materiality assessment process performed in 2023

In anticipation of the mandatory application of the Corporate Sustainability Reporting Directive (CSRD), our 2023 assessment was carried out on the basis of the "double materiality" principle provided under Chapter 3 of ESRS 1 General Requirements. This year, the assessment covered BIL Group in its scope.

5.2 Identification and determination of material topics

5.2.1. Assessment of relevance and impact of topics

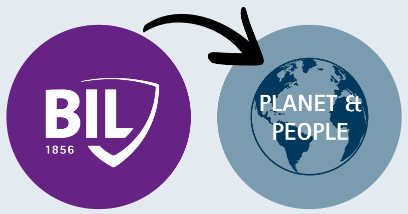
The initial set of material topics were based on the sustainability matters provided under AR 16. of ESRS 1 General Requirements. Several other standards, such as, the SASB materiality matrix specific to the financial sector, GRI 3: Material Topics 2021, UN PRB, the UNGC and the UN SDGs were used, along with the external rating exercise carried out by Sustainalytics and a peer review, in order to finalise a list of 33 topics.

The materiality, relevance and impact of the 33 topics identified was determined through a detailed online survey sent to eight stakeholder groups – retail clients, wealth management clients, corporate clients, employees, the management, shareholder, suppliers and non-profit organizations. Stakeholders were asked to review each topic based on the concept of impact materiality and financial materiality. Two questions were asked on each topic:

I. What impact does BIL have on the planet and its people through the topic?
II. What is the impact of this topic on BIL's business performance?

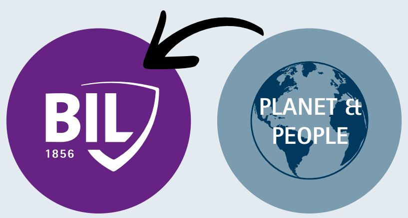
Both questions were based on a rating scale of 1-3, with 1 - *very low impact*, 2 - medium impact and 3 – *high impact.*

I. Impact on society



IMPACT MATERIALITY

II. Impact on BIL's business performance



FINANCIAL MATERIALIY

5.2.2. Determination of material topics

The results of the survey were analysed and weighted through a pre-defined methodology. The exercise identified 16 topics as material for the Bank based on double materiality.

The full table of the material topics identified along with the sub-topics in each category can be found in the Appendix.

BIL conducted its very first External ESG Rating process with Sustainalytics. The exercise identified 6 material topics for the Bank:

i. Data privacy and security,
ii. Human capital,
iii. Product governance,
iv. ESG integration – financials,
v. Corporate governance,
vi. Business ethics

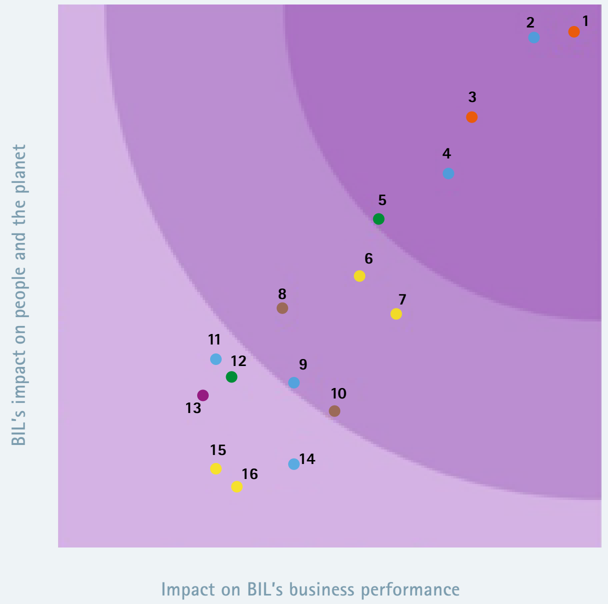
The material topics identified during the external rating process were in line with BIL's own materiality assessment and confirmed its results. The next materiality assessment will use the results of the external rating process at a more detailed level. Information on BIL's ESG External Rating process can be found in Section 6.9 The 16 material topics were reviewed and approved by the Executive Committee of BIL in September 2023.

5.3 Results

The 16 material topics identified by the materiality assessment are in the form of a materiality matrix. The x-axis of the matrix represents the impact of the topics on BIL's business performance while the y-axis represents BIL's impact on people and the planet through this topic. The colour scheme creates a distinction between the importance of the material topics, with the top right-hand third of the chart being critical, the middle third being major and the bottom left-hand third being important.

The activities plotted on the materiality matrix highlight key environmental, social, governance and economic topics which have a high impact on BIL's business performance, and in which BIL has a high impact on people and the planet.

When comparing changes versus the previous assessment, *Responsible products and services offering* remained the most important topic for both stakeholders and BIL's management. *Data protection, security and ethical use of personal data* showed a huge increase in importance on both axes. This can be explained by the Bank's constant efforts to minimize financial fraud and ensure compliance with EU General Data Protection Regulation (GDPR) in the face of an overall rise in cybersecurity threats and digitalization. *Financing green innovation and infrastructural projects* also rose in importance and has been identified as material on the double materiality basis. *Responsible business conduct, Technology transition & digitalization, Responsible travel and commuting, and Environmental & social risks and opportunities management* were topics that were assessed as material for the first time this year. *Responsible environmental impact*, previously a major topic, became a topic of critical importance due to a rise in climate change awareness. *Responsible procurement practices* and *Dialogue, engagement and consultation with stakeholders* maintained their positions as important topics.



1. Responsible products and services offering
2. Data protection, security and ethical use of personal data
3. Financing green innovation and infrastructural projects
4. Responsible business conduct
5. Responsible environmental impact
6. Access to financial services and education
7. Health, well-being and development of employees
8. Technology transition and digitalization
9. Environment & Social risk and opportunities management
10. Business continuity and profitability
11. Transparency and disclosure
12. Responsible travel and commuting
13. Local community support and philantropy
14. Responsible procurement practices
15. Dialogue, engagement and consultation with stakeholders
16. Diversity and inclusion

Environmental topics · Social topics · Governance topics
Products and services topics · Economic topics · CSR topics

ESRS 2 IRO-1 | GRI 3-2 · GRI 3-3 · GRI 201-2

The material impacts, risks and opportunities relating to the identified topics were analysed in order to determine their interaction with the Bank's strategy and business model.

BIL'S MATERIAL TOPICS	IMPACTS IDENTIFIED		ACTION PLAN
	Positive impacts (if BIL were to take action on the material topic)	Negative impacts (if BIL were to take no action on the material topic)	
Responsible products and services offering	• Enhanced reputation and positive image, more client trust • Better long-term relationships with clients • Risk mitigation in terms of reputational and regulatory risks • Avoidance of financial losses • Market competitiveness • Long-term sustainable growth	• Decline in business growth and reputation • Reduced competitive advantage • Reduced product range • Loss of clients • Risk of non-alignment with client preferences • Missed opportunities and financial losses	Please refer to Section 7 of this report for a detailed explanation of BIL's action on Responsible Products and Services Offering.
Data protection, security and ethical use of personal data	• Enhanced reputation and client trust • Compliance with regulations • Stronger banking platform that is less prone to cyber-attacks • Client retention	• Loss in confidence and faith of clients and investors • Increased risk of cyber-attacks and fraudulent behaviour. • Risk to business continuity and growth • Regulatory penalties	Please refer to Section 25 of this report for a detailed explanation of BIL's actions on Data Protection, Security and Ethical Use of Personal Data.
Financing green innovation and infrastructural projects	• Increase in green infrastructural projects • Alignment with the NetZero by 2050 goal of the Luxembourg state • Development of the Bank's client base • Stronger client relationships • Increased client and investor trust • Open to future business opportunities	• Loss in confidence and faith of clients • Decline in business growth • Missed opportunities • Loss of client and investor trust	Please refer to Section 7.1 of this report for a detailed explanation of BIL's actions on Financing Green Innovation and Infrastructural Projects.
Responsible business conduct	• Enhanced reputation and image of the Bank • Strong business continuity and sustainable growth • Attractive to responsible investors • Improved stakeholder relations • Employee retention and boost in morale	• Loss of faith in the Bank, penalties and legal fees from regulatory authorities • Lower client and investor base • Competitive disadvantage • Public scrutiny	Please refer to Section 24 of this report for a detailed explanation of BIL's actions on Responsible Business Conduct.
Responsible environmental impact	• Lower carbon footprint • Trust and confidence of clients • Attraction of sustainably conscious clients and employees • Alignment with international sustainability standards • Reduced costs in the long run • Regulatory compliance	• Loss of confidence in the Bank's strategy and values • Impact on Bank's reputation • Less attractive as a service provider and employer • Increased future resource costs • Possibility of facing scrutiny from regulatory in case of non compliance	Please refer to Part II of this report for a detailed explanation of BIL's actions on Responsible Environmental Impact.
Access to financial services and education	• Increase in client base • Financial inclusion • Growth of the Bank • Alignment with United Nations SDGs	• Undermines the economic and social role of the Bank • Inability of clients to understand products and services offered resulting in financial loss for the Bank	Please refer to Section 23.2 of this report for a detailed explanation of BIL's actions on Access to Financial Services and Education.
Health, well-being and development of employees	• Employee retention, better products and services range, business growth of the Bank, ability to meet client' needs. • Increased employee morale and enhanced productivity • Talent attraction and retention • Healthier workforce and higher employee satisfaction • Improved ability to meet client needs • Overall growth of the Bank • Compliance with workplace standards	• High employee turnover • Dissatisfied employees • Increased costs • Inability to meet clients' needs, financial loss.	Please refer to Part III of this report for a detailed explanation of BIL's actions on Health, Well-Being and Development of Employees.
Technology transition and digitalization	• Providing latest and most advance products and services range • Better response to client • Better client and employee experience • Market competitiveness • Access to new markets • Improved security measures • Adaptation to changing consumer behaviour	• Outdated product and services range • Slower and inefficient banking operations • Dissatisfied clients and employees • Reduction in competitive advantage.	Please refer to Section 7.5 of this report for a detailed explanation of BIL's actions on Technology Transition and Digitalization.
Environmental & social risks and opportunities management	• Awareness of future risks • Better management of business processes • Better use of opportunities	• Likelihood of financial loss • Impact on the long-term performance of the Bank	Please refer to Section 6 of this report for a detailed explanation of BIL's actions on Environmental & Social Risks and Opportunities Management.

ESRS 2 IRO-1 | GRI 3-2 · GRI 3-3 · GRI 201-2

Business continuity and profitability	• Financial stability • Larger products and services range • Risk mitigation • Profitability enhancement • Better returns for investors and shareholders • Competitive advantage	• Lower returns for clients and investors • Likelihood of financial losses • Stability of the Bank jeopardized	Please refer to Section 1 and Part IV of this report for a detailed explanation of BIL's actions on Business Continuity and Profitability.
Transparency and disclosure	• Enhanced trust • Investor and client confidence • Stakeholder engagement • Regulatory compliance • Increase in attractiveness as a bank and employer • Financial profitability for the Bank	• Loss of trust • Financial loss • Difficulty in retaining clients • High employee turnover • Scrutiny from regulatory authorities. • Competitive disadvantage	Please refer to Section 26.3 of this report for a detailed explanation of BIL's actions on Transparency and Disclosure.
Responsible travel and commuting	• Decrease in Bank's carbon footprint • Positive impact in employer branding • Cost efficiency • Healthier workforce • Alignment with international sustainability standards	• Increase in overall carbon footprint • Scrutiny from regulatory bodies • Increased costs	Please refer to Section 20 of this report for a detailed explanation of BIL's actions on Responsible Travel and Commuting.
Local community support and philanthropy	• Addressing local needs • Improved reputation • Improved community relations • Enhanced social responsibility image • Enhanced client and employee base • Partnership and collaboration opportunities	• Decline in business growth and reputation • Less support from local communities • Difficulties in retaining employees and clients	Please refer to Section 13 and Section 23 of this report for a detailed explanation of BIL's actions on Local Community Support and Philanthropy.
Responsible procurement practices	• Stronger supplier relations • Lower carbon footprint of the Bank • Support to local value chain • Mitigation of supply chain risks • Alignment of environment and social values • Contribution to UN's SDGs	• Higher emissions in the value chain • Increased risk of non-compliance with regulations • Decreased reputation of the Bank • Likelihood of financial loss	Please refer to Section 28 of this report for a detailed explanation of BIL's actions on Responsible Procurement Practices.
Dialogue, engagement & consultation with stakeholders	• Improved morale and productivity of employees • Higher employee retention • Larger client base • Better and faster decision making by the Bank • Valuable inputs to grow the Bank's strategy • Satisfied stakeholders	• Increase in the risk of dissatisfaction among external and internal stakeholders • Impact on Bank's growth • Inefficiency in decision making and project management • Less customized advice and product offering	Please refer to Section 4 and Section 21 of this report for a detailed explanation of BIL's actions on Dialogue, Engagement & Consultation with Stakeholders.
Diversity and inclusion	• Talented and diverse workforce • Increase in attractiveness as an employer • Increase in innovation • Trust from investors and clients	• Loss of highly skilled and talented employees • Less competitive advantage • Decrease in innovation and creativity • Less attractive employer and services provider	Please refer to Section 19 of this report for a detailed explanation of BIL's actions on Diversity and Inclusion.

OMITTED MATERIAL TOPICS

The materiality topics identified are used to determine the topical ESRS and the related disclosure requirements to be followed in this year's Sustainability Report. Topical ESRS E1 Climate Change, S1 Own workforce and G1 Business Conduct govern the contents of Part 2, Part 3, and Part 4 of this Report, respectively.

Topical standards *E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems, E5 Resource use and circular economy, S2 Workers in the value chain, S3 Affected communities and S4 Consumers and end-users* have not been applied, and thus, are omitted. Some material information related to these omitted standards have been disclosed in Parts 2, 3 and 4 of this Report. We are progressively working towards improving our disclosure in line with the ESRS and aim to achieve full compliance by 2025. The content index with the complied Disclosure Requirements can be found in the Appendix.

2024 AMBITION

The Materiality Assessment will be revisited in 2024 with a more in-depth review of the concept of double materiality. BIL will ensure that the assessment is conducted in line with the ESRS guidelines as determined by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council along with the upcoming Implementation Guidelines on Double Materiality by EFRAG.

6. Risk management

In order to establish a robust Risk Management framework and develop an integrated risk culture, the Bank has set up an effective Risk Management function that is consistent with its activities and covers all relevant risks associated with those activities.

The Risk Management function has been designed to support the Management Board in achieving its defined objectives in line with the BIL strategy and regulatory requirements.

MISSION

The mission of the Risk Management function is to implement and promote a prudent and sound management of actual and potential risks in support of the Management Board and in compliance with the strategies, risk appetite and governance principles laid down by the Board of Directors.

As the Second Line of Defence, the Risk Management function must ensure that the internal risk objectives and limits are robust and compatible with the regulatory framework, internal strategies and policies, activities, and the organisational and operational structure of the Group.

As detailed in the ***Three Lines of Defence (3 LoD) Charter***, the role of Risk Management also includes providing guidance to the First Line of Defence, in the form of frameworks, policies, limits, tools and techniques to support risk management by the First Line of Defence; the Risk Management function draws on the expertise and contribution of the First Line of Defence when developing these. Risk Management also has the responsibility for identifying, monitoring, analysing, measuring, managing and reporting risks and forming a holistic view on all risks on an individual and consolidated basis. It challenges, advises and assists in the implementation of risk management measures by the business lines.

OBJECTIVES

The main objectives of the Risk Management function are to:

- Ensure that all risks are under control by identifying, measuring, assessing, mitigating and monitoring these on an on-going basis. Risk charters, policies and procedures define the framework for controlling all types of risk by describing the methods used and the limits defined, as well as escalation procedures;
- Provide the Management Body (the Board of Directors, the Board Risk Committee and the Management Board) and all other relevant stakeholders with a comprehensive, objective and relevant overview of risks;
- Ensure that risk limits are compatible with the risk appetite framework, which defines the level of risk the Bank is willing to take to achieve its strategic and financial objectives;
- Ensure compliance with banking regulatory requirements regarding risk management by submitting regular reports to the supervisory bodies, taking part in regulatory discussions and analysing all new requirements;
- Ensure an early-stage review of the Bank's strategy to ensure alignment with the risk strategy.

GENERAL PRINCIPLES

According to CSSF Circular 12/552 (as amended), the Risk Management function is one of the three distinct internal control functions (together with Internal Audit and Compliance).

The BIL Group ***Risk Management Framework*** is based on a governance structure which enables prudent and sound management of risks. This governance structure 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 .
- The roles of the various management committees focused on specific risk topics and in which at least one member of the Management Board participates and holds a veto right.
- The roles of other formal risk committees which include experts and operational teams, and which take decisions related to the Bank's risk monitoring and specific practices.
- Charters, policies, procedures and reports which are consistent with the Bank's risk appetite and explain:
  - the activities of the Bank
  - the limits defined for risk-taking by operational units,
  - the processes for detecting risk,
  - the assessment and measurement of risks resulting from the Bank's activities,
  - management reporting procedures.

As a general principle, the internal risk functions of each BIL entity report to the appropriate risk functions at BIL Head Office, from a hierarchical and operational perspective for branches, and from an operational perspective for subsidiaries.

You will find more details on the Risk framework (including ESG Risks) in our latest annual Risk Management Report (Pillar III Report).

[3] The Board of Directors has the responsibility for defining the existing and future risk appetite and strategy (including with regards to ESG and climate risk), as well as for monitoring implementation. They also monitor BIL's progress, and any deviations and potential delays in the execution of the ESG Programme and related action plans, notably on a quarterly basis via dedicated indicators included in our risk appetite framework.

6.1 ESG risk management

In accordance with the guidelines of the European Central Bank (ECB) on its Climate and Environmental Risk Guide and the European Banking Authority (EBA) in its Report on Management and Supervision of Environmental, Social and Governance Risks, the Risk Management function is gradually integrating the management of ESG risk drivers throughout the organisation using the following themes:

- **Risk identification and materiality assessment**
- **Business model and strategy**
- **Risk appetite and governance**
- **Risk management framework**
- **Reporting**

A detailed description of the integration of ESG considerations into risk management can be consulted in our publicly accessible policy document, ***ESG integration Framework*** and our latest Risk Management report (Pillar III reports), which explain our commitments and implementation and governance procedures for incorporating ESG criteria into the Bank's business activities.

The Supervisory assessment performed in the context of the ECB's 2022 Thematic Review of climate-related and environmental risk strategies, governance and risk management frameworks, required BIL to take action to address several ESG recommendations.

During 2023, building on the ECB Climate and Environmental Risk Guide and moving forward on its level of preparedness and the adequacy of its ESG implementation plans, the Bank worked to address and resolve the shortcomings that were identified.

The main achievements are as follows:

- BIL conducted an ESG risk materiality assessment in its 2023 ESG risk mapping exercise, with the objective of identifying the transmission channels for climate-related risk drivers on financial and non-financial risks, based on a medium to long-term horizon.
- BIL improved the data coverage of its ESG data, created qualitative and quantitative indicators in internal reporting, introducing an ESG Dashboard to monitor the impact of climate change and environmental degradation on its business activities, key sectors and portfolios.
- BIL applied ESG stress testing scenarios for the first time to identify potential weaknesses, challenge the business strategy and gain an overview of the impacts of ESG drivers on credit, market, liquidity and non-financial risks.
- BIL set ESG objectives and financial targets in the context of climate risk, taking into consideration the relevance of client-specific mitigation measures following scientific transition pathways.

In 2023, apart from the review of BIL's Risk Appetite Framework for ESG classifying the loan book exposures according to the SASB criteria, the Bank also realised a more granular identification of the exposures subject to the Biodiversity Risk. Moreover, interbank exposures are considered from an ESG perspective in the Global Risk Dashboard, starting from Q3 2023. This Global Risk Dashboard is presented quarterly to the Management Body (Management Board and Board of Directors).

Other risk management policies of the Bank include:

RISK MANAGEMENT GOVERNANCE POLICIES

- ***Global Risk Charter***
- ***Credit Risk Appetite Framework***
- ***Stress testing Charter***
- ***ICAAP Specification Policy and ICLAAP Framework***
- ***Liquidity Risk Policy***
- ***MRM – Model Risk Management Framework***
- ***Operational Risk Management***
- ***Risk identification and assessment Policy***

6.2 ESG integration in Pillar 3

Since the publication of EBA binding standards on Pillar 3 disclosures on ESG risks in January 2022, the Risk teams along with other Bank departments have been working on addressing these requirements, to ensure that stakeholders are properly informed about BIL's exposure to ESG risk drivers and ESG considerations with an impact on the business model and strategy, and to embed a sustainable pathway towards the Paris Agreement goals.

This includes the disclosure of prudential information based on both qualitative and quantitative data on environmental, social and governance (ESG) risks:

- Tables of qualitative disclosures on environmental, social and governance risks
- Templates with quantitative disclosures on transition risk in relation to climate risk
- Template with quantitative disclosures on physical risk in relation to climate risk
- Templates with quantitative information and key performance indicators (KPIs) on climate change mitigation measures, including the Green Asset Ratio (GAR) on Taxonomy-aligned activities according to Regulation (EU) 2020/852, and extended information on the Taxonomy alignment of exposures in the banking book and other mitigating actions.

The Pillar 3 framework on prudential disclosures on ESG risks provides transparency on how ESG-related risks and vulnerabilities, particularly climate change, may negatively impact other risks in the balance sheet. Financial institutions are required to disclose how they are mitigating those risks, including information on measures and actions supporting their clients and counterparties in the adapting to climate change and in the transition towards a more sustainable economy.

In line with the current regulatory requirements, BIL published in 2023 its ESG prudential disclosures in the 2022 Annual Pillar III Report.

GRI FS2

6.3 ESG in risk cartography

In its report (EBA/REP/2021/18), the EBA defines a framework describing how ESG factors could impact various traditional categories of risk:

- ESG factors are environmental, social or governance matters that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.
- ESG risks are the risks of any negative financial impact on the institution stemming from the current or prospective impact of ESG factors on its counterparties or invested assets. They can materialise through financial or non-financial categories of risk such as credit, market, liquidity or operational risks.

Institutions are required to assess the potential financial impact of ESG risks across different time horizons, with a comprehensive and forward-looking view. As part of a risk-based approach, this allows ESG risks to be integrated into the institution's business strategies, internal governance and risk management framework. In this context, the Risk Cartography identifies and provides an initial high-level view of the materiality of the different risks.

The Bank's Risk Cartography is an annual exercise and ESG factors are included in the overall analysis as part of an iterative assessment. The Bank's response to the management of ESG-related risks will be embedded in the existing mitigation techniques for traditional risks.

For 2023, the ESG Cartography exercise has been built following the same approach as is used for the Bank's Global Risk Cartography. This combined process ensures that the same methodology is followed and that a common list of stakeholders contribute to the exercise. There is a clearly defined, dedicated ESG section to better consider the inclusion of medium to long-term horizons in all areas of climate-related and environmental risk assessments.

Following ECB and EBA guidance, ESG factors are not included in the Bank's Risk Taxonomy as stand-alone risks but are treated as drivers and assessed through their impact on all other existing risks. This approach allows us to manage ESG factors in all aspects of the Bank activities under the scope of the Risk Taxonomy.

The main elements of the ESG Cartography presented in 2023 are the following:

- Although ESG factors are considered as drivers, they are managed based on the risk management methodology for the risk materiality assessment levels. This approach is built on the expertise of several departments and determines a materiality threshold for determining the gross risk (frequency/monetary impact), and the key controls/mitigation action undertaken to arrive at the net view.
- The impact (frequency and severity) of each scenario is identified and assessed based on existing traditional risks (financial and non-financial), which are documented in the Bank's internal Risk Taxonomy. Subsequently, the controls and actions undertaken to mitigate those risks are applied to determine the residual level of risk.
- The participants for the risk mapping process are selected from various business lines and control functions across BIL Group entities, to ensure that all Bank activities are covered in scenario drafting. Thus, the questionnaires are collected from a list of selected experts requested to participate, from both the First and Second Lines of Defence.

The results of the Global Risk Cartography and the ESG dedicated section will be disclosed in the 2023 Annual Pillar III Report, available on the BIL website in Q2 2024.

GRI FS2

6.4 Stress testing/Scenario analysis

In line with the lessons learned from the 2022 ECB Climate Risk Stress Testing Exercise and the ESG Thematic review recommendations, the Risk teams created a set of ESG scenarios in 2023.

The aim of this exercise was to provide an initial overview of the potential impacts of ESG drivers (focused on climate and the environment) on financial and non-financial risks.

These scenarios specifically cover: Credit Risk, Market Risk, Liquidity Risk, and from a more global standpoint, ESG impacts on Operational Risk, Compliance Risk, Enterprise Risk and ICT Risk.

This exercise is currently carried out on a quarterly basis and presented to management, namely the Executive Committee, the Board Risk Committee and the Board of Directors.

The main elements of the ESG scenarios are as follows:

CREDIT RISK:

With regards to credit risk, BIL has assessed ESG impacts on GDP, unemployment, inflation, equity and interest rates (including a view by sector of activity). These variables are used to forecast the expected credit losses (ECL) (risk-weighted asset (RWA) projections are also included).

As for the traditional ECL forecasts, the risk teams have used Moody's Data Buffet, based on the state-of-the-art scenarios provided by Network for Greening the Financial System (NGFS). BIL analyses are based on three scenarios, which are:

(i) Up – Early Policy +1.5°C with Carbon Dioxin Remove (CDR), corresponding to the NGFS Orderly scenario,
(ii) Down – Late Policy +1.5°C with Carbon Dioxin Remove (CDR), corresponding to NGFS Disorderly scenario (also call Delayed +1.5°C) and,
(iii) Base – Current Policy + 3°C, corresponding to NGFS Current Policies scenario:

- **For the Current Policy:** ECL increase over the long term as no policies are introduced to limit climate change;
- **Late Policy:** ECL follow the same dynamic as under the Current Policy scenario until 2030. Thereafter, the implementation of new policies to catch up on decarbonization leads to a more disruptive transition and a recession starts in the early 2030s, resulting in a sharp increase in ECL. A slow recovery is then observed from the mid-2030s leading to a stabilisation and reduction of ECL over the long term;
- **Early Policy:** governments continue the efforts to implement climate change policies, resulting in ECL increasing in the short term. However, over the long term, this scenario outperforms the other two. ECL decrease over the long term;
- In terms of RWA, the impacts are less pronounced (in relative terms). Please note that work is on-going to include Basel IV impacts and a non-constant balance-sheet view (the same applies to ECL stress scenarios).

MARKET RISK:

BIL's quantification of its ESG impacts on market risk is currently based on the scenario provided by the French Prudential Supervision and Resolution Authority (ACPR). It is important to highlight that this scenario is the result of ECB and European Systemic Risk Board (ESRB) collaboration based on the NGFS scenarios. The ACPR scenario corresponds to the Disorderly scenario of the NFGS, in which policies are implemented late, creating instantaneous economic shocks with sharp rises in carbon prices, and triggering transitional risks that translate into shocks on financial variables including stock market indices and credit risk spreads.

The risk teams have applied this scenario to the Bank's bond portfolio and the Bank participation: overall, the market value depletion on the basis of this scenario is around 5%.

LIQUIDITY RISK:

The main idea behind this approach, as suggested in a paper by Italy's central bank - Banca d'Italia, is to apply the SASB classification (ESG classification method) to our depositors based on the following scenario: "The need for some counterparties to incur some expenses in order to finance their green transitions could lead to a reduction of their deposits". The process for determining the Liquidity Risk exposure was based on the following method:

(i) Liability exposures are classified by type of counterparty based on SASB classification (based on NACE codes) and,
(ii) Sectors are allocated by ESG scores, to which sensitivity tests (% outflows) are applied.

At this stage, this scenario results in a small decrease in the liquidity coverage ratio (LCR).

NON-FINANCIAL RISKS:

With regards to non-financial risks (NFR), in the absence of adequate data coverage linking ESG drivers to their impact on NFR, our initial approach has been to look at the descriptive statistics implied by the 2023 ESG risk mapping results with a dedicated focus on NFR.

It leads to the following impacts in term of scenarios loss (EUR M):

Non-Financial Risks	Scenario loss (EUR M)
Compliance Risk	1.5
Enterprise Risk	12.9
ICT	0.5
ORM	9.2
Total	**24**

More details regarding ESG scenarios can be found in the Annual 2023 Pillar III Report available in Q2 2024.

6.5 ECB One-off Fit-for-55 climate risk scenario analysis

Starting in 2024, the Bank has been requested to participate in this top-down exercise launched in December 2023 and focused on climate data collection, which is coordinated by the European Banking Authority (EBA), in collaboration with the ECB and the European Systemic Risk Board (ESRB).

This analysis aims to measure the resilience of the financial sector in supporting the transition to a lower carbon economy under condition of stress.

In 2024, participating banks will receive a specific report containing findings and benchmarks, with the objective of assisting them to identify areas where more efforts are needed and highlighting progress and good practices in handling climate-relevant data.

GRI FS2

6.6. Assessing Lending Portfolio risks

6.6.1. Credit risk appetite

Following the ECB Guide dated November 2020, BIL has incorporated climate-related and environmental risks as drivers of existing risk categories into its management framework, with a view to managing, monitoring and mitigating these risks over a sufficiently long-term horizon. In addition, as requested in ECB guidelines, BIL is expected to identify and quantify these risks as part of the Bank's overall process of ensuring capital adequacy.

Credit Risk Management (CRM) has therefore introduced several steps to enhance ESG integration in the credit granting and monitoring process. As part of the Bank's Risk Appetite Framework presented in the ***Global Risk Charter***, CRM has developed a credit risk appetite by economic sector based on ESG factors in conjunction with the Sector Vulnerability Index (SVI). BIL has defined sector limits as part of its Global Risk Appetite Framework. The Credit Risk Appetite is aligned with the Bank's 2025 Strategy.

The Credit Risk Appetite takes into consideration ESG factors based on the SASB Materiality Map. SASB is a market recognised standard for ESG assessment. The SASB Materiality Map identifies likely material sustainability issues on an industry-by-industry basis (including the real estate sector). The Materiality Map serves as a snapshot of potential material sustainability issues, covering transition and physical risks. As described in more detail in our 2021 Risk Management report, this framework was also included in our internal ***Credit Risk Appetite Framework*** procedure in March 2022.

Assessing ESG exposure as part of our credit risk appetite enables BIL to assess how ESG factors impact a borrower's ability to repay a loan. Indeed, companies with high ESG risks may face regulatory risks or operational challenges in the future, affecting their creditworthiness.

At the end of September 2023, our exposure to sectors with high ESG risks was minimal (1.32%) and under control, with defined exposure limits not yet reached (exposure of EUR 305 million versus a limit of EUR 725 million).

In 2023, an update to the credit risk appetite introduced a new limit for transition deals in sectors with high ESG risks. The budget for transition deals has been set at EUR 100 million. This specific limit will allow the Bank to assist its clients with their transition strategy and thus support its ambition of being a transition facilitator.

The ***Credit Charter*** sets out a general framework for the Bank's credit portfolio, which defines the principles, governance, authorities, responsibilities and risk strategy for credit, including:

- Prohibited sectors, countries and industries
- Credit risk appetite and lending caps
- Maximum exposures

The ***Credit Risk Appetite Framework*** describe more in details the quantitative limits per key economic sectors which is part of the overall Risk Appetite Statement documented in the Bank's ***Global Risk Charter***.

6.6.2. ESG borrower's assessment

The Credit Risk Management department, in collaboration with the Sustainable Development and Enterprise Risk Management departments, has developed an ESG assessment for new credit transactions with Corporate and MidCorp counterparties. The ESG assessment is a qualitative approach developed to provide an ESG classification for each new credit transaction that is considered.

The materiality of ESG factors to credit risks is assessed at sector, counterparty/borrower and transaction level (i.e., from three perspectives) and is used to determine an overall ESG score.

The overall ESG score is a combination of 3 sub-scores:

- the sector materiality score (accounting for 25% of the overall ESG score);
- the counterparty score (accounting for 35% of the overall ESG score); and
- the transaction score (accounting for 40% of the overall ESG score).

For the counterparty and transaction scores, an ESG questionnaire is completed by the Relationship Manager and reviewed by Credit Risk Management at loan origination.

The ESG assessment is applied to all new MidCorp and Corporate transactions on a risk-based approach, i.e., counterparties are subject to an ESG assessment based on both their ESG risk level by sector (SASB Materiality Map) and the transaction amount. An assessment is required for counterparties meeting the following conditions:

- counterparties in a sector with high ESG risk for a transaction above EUR 1.5 million;
- counterparties in a sector with medium ESG risk for a transaction above EUR 3 million;
- counterparties in a sector with low ESG risk for a transaction above EUR 5 million

The Bank uses the ESG score as an additional consideration alongside the existing credit score. It is used as a stand-alone score and is not integrated into the credit rating. The possible recommendations resulting from the ESG assessment are as follows:

- a credit rating downgrade in the event of a high ESG score;
- a credit rating upgrade in the event of a low ESG score; and
- no impact on the credit rating in the event of a medium ESG score.

The potential to override the credit rating will affect the Probability of Default (PD) of the borrower.

6.6.3. ESG Data Utility Project

Following on from the internal initiative described above, namely the ESG borrower's assessment, it is worth mentioning and welcoming the following initiative by the ABBL, The Luxembourg Banker's Association, in conjunction with several banks in Luxembourg during the second half of 2023: the ESG Data Utility Project.

This project involves the development of a single questionnaire dedicated to organizations not subject to CSRD, mainly SMEs, to collect sustainability information in a uniform manner across all banks, thus simplifying the experience of SMEs. Several workshops have since been held, highlighting the willingness of the banks present to work on a common questionnaire for all SMEs.

The main objectives and benefits of this joint approach for both banks and SMEs would be to simplify dialogue by collecting ESG data through one uniform channel, and to prepare SMEs for upcoming regulatory and societal expectations. In 2024, the participating banks aim to collectively define the questionnaire and choose a collective platform in order to enhance and facilitate interaction with SMEs on ESG considerations.

6.6.4. Energy Performance Certificate (EPC) Collection Process

The most material ESG risk factor for our real estate portfolio is the transition risk linked to climate change, particularly the energy performance of our financed real estate. As a facilitator of our clients' transition, and to mitigate our transition risk, it is our mission to support our clients in their energy transition by collecting and improving the energy performance of our financed real estate.

As described more in details in the section 7.1.1, several initiatives were implemented in 2023, including two with risk management perspectives:

- the compulsory collection of the Energy Performance Certificate for any new residential property used as a collateral to secure a loan, and
- the inclusion of the energy class of the property financed into the retail mortgage pricing policy.

2024 AMBITION

Physical Risk Assessment:
Given that residential real estate represents a material proportion of the Bank's portfolio and that real estate investments are uniquely vulnerable to climate change, it is crucial for BIL to evaluate the impact of physical risk on its mortgage portfolio.

In 2024, BIL will start to assess physical risk as an important factor requiring consideration in its lending strategies. The main objective will be data collection and the identification of a range of physical risks in different locations.

Transition Risk Assessment:
Since 2022, BIL has been calculating the carbon footprint of the financed emissions from its credit and bank investment portfolios on an annual basis. The calculation of financed emissions is mainly used to assess transition risk exposure.

As described in more detail in the section 7.1.3, BIL will launch two ongoing initiatives:

- BIL is carrying out an assessment of the alignment of its credit portfolio and its bank investment portfolio with the Net Zero Emissions by 2050 Scenario (NZE Scenario) of the International Energy Agency (IEA).
- BIL will launch a pilot scheme whereby two teams from its Corporate department will visit their highest emitting clients with a questionnaire to assess their plans for a transition to a low-carbon economy.

ESG data collection:
As described above, BIL will continue to be actively involved in the ESG Data Utility Project to develop a single questionnaire dedicated to organizations not subject to CSRD, mainly SMEs.

GRI FS2

6.7. Assessing Client Investment Portfolio risks

BIL is committed to responsible investment practices, integrating environmental, social and governance criteria into the investment decision-making process.

BIL addresses sustainability risk within the investment process and advisory services through a comprehensive approach laid out under the ***Sustainability Risk Policy***:

- For direct investments, BIL implements both ESG exclusion and ESG integration.
- For products over which BIL has only limited control, notably indirect investments, BIL conducts thorough due diligence and verifies the investment strategies.

It is important to note that as of today, BIL does not engage with invested companies on sustainability-related matters.

BIL manages sustainability risk by integrating the aforementioned approach into an analysis of the risk/return assessment during the securities selection process. This selection process applies to discretionary portfolio management and to in-house BIL Invest funds. In our advisory services, our advisors rely on BIL's carefully selected investment universe, which undergoes the selection process described above, and allows advisors to be in a position to provide clients with information about potential sustainability risks.

In accordance with Article 3 of the SFDR, this Sustainability Risk Policy applies to Banque Internationale à Luxembourg, Banque Internationale à Luxembourg (Suisse) SA. and BIL Wealth Management Limited (referred to collectively as "the Group" or "BIL") in the following contexts:

a. **for discretionary portfolio management and the in-house fund management investment decision-making process,**
b. **for the provision of investment advice, and**
c. **for the provision of insurance advice.**

Reviewed every year and developed using expertise within the Bank, the policy is approved by the NPC and aligned with UNGC Principles; sanctions of the UN, EU, or the Office of Foreign Assets Control (OFAC). The policy is publicly available to employees, regulators, NGOs, investors and clients on BIL's Sustainability website in English and French.

RESPONSIBLY MANAGED ASSETS

Responsibly managed assets **are assets managed in compliance with ESG practices and strategies, such as screening companies/activities based on their environmentally/socially controversial activities (exclusion criteria) and positive/negative selection according to defined ESG criteria, etc.**

In line with our Sustainability Risk Policy, client assets within mandates (advisory and discretionary) are covered by ESG sustainability risk management and subject to exclusion criteria and ESG integration strategies. The same is true for the Bank's investment portfolio, for which investment guidelines clearly integrate ESG considerations (exclusion and integration). Client assets within mandates and client cash which is reinvested in the Bank's portfolio (ALM activity) are thus responsibly managed; such assets represent **31.3%** of the Bank's total assets.

The Bank has **EUR 43.8 billion** AuM, of which EUR 8.66 billion of cash used for the Bank's portfolio investments (ALM activity), EUR 2.51 billion managed via Discretionary Mandates and EUR 2.46 billion managed via Advisory Mandates. Thus, in total, **EUR 13.63 billion** responsibly managed assets.

6.7.1. Sustainable Finance Disclosure Regulation (SFDR)

The SFDR (Sustainable Finance Regulation) requires financial market participants and financial advisers to disclose information on how they integrate ESG factors into their investment processes. SFDR aims to enhance transparency, allowing investors to make more informed decisions based on the sustainability characteristics of financial products. SFDR also requires financial market participants to disclose how they integrate these risks into their investment decision-making processes.

FIRST PRINCIPAL ADVERSE IMPACT REPORT

On 30 June 2023, as required by Article 4 SFRD, BIL published its first Principal Adverse Impact report. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

The statement describes how the Bank considers the PAI of its investment decisions on sustainability factors and summarises our investment due diligence policies in respect of the associated processes.

To assess potential mitigation options for the PAI identified, our initial approach has involved ongoing monitoring throughout 2023. Additionally, we conducted an assessment of the materiality of each PAI, considering its significance to our organisation at entity level. This assessment will enable us to identify the key PAI that we consider essential at entity level. By prioritising these PAI, we aim to focus our resources and efforts on areas that have the greatest impact on our ESG performance and align with our strategic objectives. This process will refine our approach to reporting and enhance our ability to effectively monitor and mitigate PAI. It is important to highlight that for some specific in-house products that are classified as Article 8 or Article 9 funds under the SFDR, the PAI that we prioritise may differ from those determined for the entity level.
The detailed processes are described in the Principal Adverse Impacts report which is foreseen to be reviewed on an annual basis.

RESPONSIBLE INVESTMENT MANAGEMENT

This year, in terms of responsible investment management, BIL has focused on compliance with regulatory requirements, enhancing internal processes, identifying weak points and establishing a proposal for potential future commitments. The enhancement of internal processes involved a comprehensive review of our internal procedures, leading to the decision to integrate the full ESG investment process into a dedicated Responsible Investment Policy, scheduled for publication in 2024.

In 2023, BIL recruited an ESG Officer for our investment processes and a dedicated ESG legal counsel.

The ESG Officer has a central role in overseeing BIL's responsible investment processes. She reports to the Chief Investment Officer and is responsible for carrying out ex-post control procedures on the ESG characteristics of any securities/funds added to the BIL investment universe, as well as monitoring the evolution of portfolio/fund exposure to PAI. The ESG Officer also supports product development and portfolio management efforts on sustainable investment solutions, works together with portfolio managers on constructing and reporting on various product programmes, and coordinates with the investment management team, supporting managers with ESG due diligence, integration and improvements.

In addition, BIL works together with Refinitiv, a leading provider of ESG data and solutions for financial markets and organisations worldwide. BIL also invested in training for investment portfolio managers and advisors to strengthen awareness of ESG risks.

Recognising a deficiency in our ESG knowledge in recent years, a key objective of our efforts during 2023 was the upskilling of our workforce. In addition to the training focus for Front Office employees in particular, there was a concerted focus on improving the capabilities of employees directly responsible for managing ESG investments and/or the selection process, such as portfolio managers and fund managers.

6.8. Assessing Bank Investment Portfolio risks

In addition to its role as a provider of investment solutions to private and institutional investors, BIL also manages an investment portfolio for it's own account. This portfolio is strategically managed as a liquidity buffer with a sound balance between risk and opportunities. Central to this strategy is the integration of ESG metrics, which serves a dual purpose: enhancing risk assessment and promoting sustainable societal impacts.

The Bank's investment approach is carefully aligned with its exclusion policy and the newly implemented Sustainable Investment Framework (please refer to section 7.2.2). This Sustainable Investment Framework makes sure the Bank has a clear definition of what can be considered sustainable and is therefore able to carry out appropriate due diligence and avoid the risk of greenwashing. In our commitment to uphold high ESG standards, we have divested companies that do not meet our ESG standards and incorporated an ESG and controversy analysis into our traditional credit review process.

6.9. BIL's External ESG Risk Rating

In July 2023, BIL requested assessment by an external expert on its ESG performance, in order to gain an independent view of its ESG implementation, and to understand how it compares to competitors and peers. BIL chose to be evaluated by Sustainalytics, a Morningstar company and a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

The ESG rating offers clear insights into company-level ESG risk by measuring the size of an organization's unmanaged ESG risk. Sustainalytics focuses on what ESG factors are most significant and impactful for a company. By identifying material ESG issues, Sustainalytics ensures that their assessment reflects the aspects that truly matter in terms of financial performance and risk management and ensures it only considers issues which have a potentially substantial impact on the company's economic value.

6 material topics were identified for BIL:

- Data privacy and security
- Human capital management
- Product governance
- ESG integration in Bank's processes
- Corporate governance
- Business ethics

The final result ranks BIL as having low overall exposure to ESG risks and strong overall management of important ESG issues, putting it in a very good position compared with similar banks. The detailed report is available on the BIL's website.

> "Our commendable ESG rating signifies a step forward in our ongoing journey towards sustainability. It reflects the progress we've made in integrating environmental, social and governance considerations. While we appreciate the recognition, we acknowledge that this is an evolving process. We remain committed to learning, adapting, and further integrating responsible practices into our operations. Our journey doesn't end here, it is a continuous effort to contribute positively to our community and global sustainability goals."

Alessandra Simonelli
Head of Sustainability, BIL Group

ESG Risk Rating

11.2 Last Full Update Sep 15, 2023 — Not available Momentum

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

MORNINGSTAR | SUSTAINALYTICS
ESG 2024
INDUSTRY
TOP RATED

7. Sustainable Finance initiatives

BIL is committed to contributing to a more sustainable financial landscape through its banking activities. Through its responsible lending practices, investment choices that consider ESG criteria and a commitment to transparency, we strive to be an actor in the transition towards a sustainable future.

7.1. Sustainable Financing solutions

With EUR 16.3 billion of loans and advances to its clients (-0.9% vs 2022), BIL is a key player in financing the plans and initiatives of individuals, SMEs, large corporates and institutions. This is particularly true in Luxembourg, where 13% of mortgages (source: Ilres 2023) and 26% of business loans (source: Ilres 2022) are taken out with BIL.

Luxembourg is aiming for net zero carbon emissions by 2050 at the latest. This target presents huge challenges and opportunities, and therefore borrowing requirements in areas such as construction and energy retrofit, electric mobility, and renewable energy for everyone in the country.

BIL appreciates the decisive role that it must play in supporting this movement, which is why in July 2022 the members of its Executive Committee decided to plan for the future as both sustainable finance experts and energy transition enablers for its clients. In 2023, BIL turned this ambition into tangible commitments and goals.

BIL must be clearer not only about the impact that it wishes to have as a financial intermediary, but about the way in which it manages the ESG risks inherent to its lending business. It is now recognised that the most material ESG risks for BIL's lending portfolio are transition risks attached to the energy efficiency of property it has financed, and to the financed emissions of its corporate clients. In both cases, BIL aims to support its clients with this decarbonisation process.

In 2023, BIL continued work started the previous year on various initiatives:

- identifying, understanding and assessing the most material risks and impacts in connection with its lending portfolio;
- incorporating ESG criteria into its lending process;
- raising client awareness and training staff on the issue of energy transition; and
- showcasing and improving its sustainable finance range.

7.1.1. Real estate financing

According to the European Commission, buildings account for around 40% of the EU's energy consumption, and 36% of its greenhouse gas emissions. At present, some 35% of buildings in the EU are more than 50 years old, while nearly 75% of all building stock is energy inefficient. Meanwhile, only about 1% of building stock is renovated each year.

To make buildings more energy efficient, the EU has established a legal framework that includes the Energy Performance of Buildings Directive (EPBD, 2010/31/EU) and the Energy Efficiency Directive (2012/27/EU). Together, these directives promote policies that should contribute to the development of a highly energy efficient, net zero carbon building stock by 2050.

Following on from the aforementioned directives, Luxembourg's integrated national energy and climate plan (PNEC) forms the basis of its energy and climate policy. Near Zero Energy Building (nZEB) certification has been mandatory in Luxembourg for all new builds since the beginning of 2017, with standards now close to those of a passive house. Whereas the EPBD provides for renovation rules for residential buildings, there are no such plans for Luxembourg according to the PNEC. Luxembourg continues to prioritise renovation incentives, through policies and measures such as the "Klimabonus" scheme of government subsidies. However, to encourage more landlords to carry out energy retrofits, the introduction of minimum energy efficiency requirements are planned.

In light of the recent energy crisis and surge in fuel prices, the time is now right for energy retrofitting, especially while incentives are still available and before such work becomes mandatory. The government's "Klimabonus" scheme, local grants, private "enoprimes" and the Nova Naturstroum fund can be combined for energy retrofitting work.

GRI 3-3 · GRI FS1 · GRI FS3 · GRI FS7 · GRI FS8

Given the weight of mortgages in its lending portfolio, BIL has intensified efforts to give its clients the best possible support in their energy transition.

Environmental risks could also have an impact on the value of mortgage-backed securities due to both transition and physical risks, and on losses in the event of default.

This is why BIL is aiming to "green up" its mortgage portfolio, as regards both new acquisitions and the renovation of existing properties. The prerequisite to this is better data collection on the energy performance of financed buildings.

KEY FIGURES

Real Estate Financing

	2023	2022
Share of A/B class in new production (%)	Best scenario 49%*, Worst scenario 38%*	Best scenario 52%*, Worst scenario 42%*
Number of renewable energies loans	70	43
Outstanding of renewable energies loans	EUR 2,000,288	EUR 2,270,000
Number of housing advisors trained	40 (100%)	N.A.

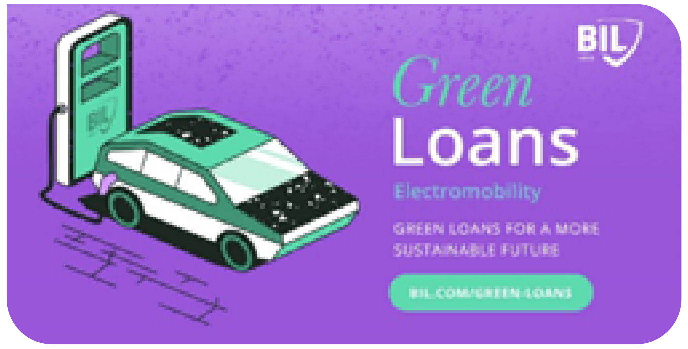
* Best scenario: the figure is based solely on EPC data actually collected / Worst scenario: the figure is based both on EPC data actually collected and, for the inaccurate part, on the following national statistics: https://wdocs-pub.chd.lu/docs/exped/0137/159/275599.pdf

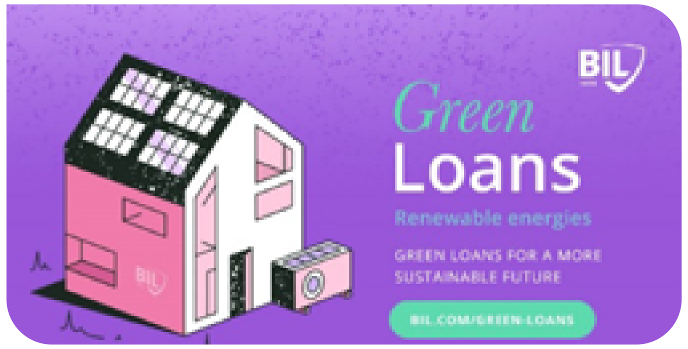
GREEN LOANS

BIL currently offers two specific sustainable finance products:

- low-interest climate loans – loans subsidised by the Luxembourg government to encourage energy retrofitting; and
- renewable energies loans – special preferential rate loans to finance the installation of solar panels, heat pumps and geothermal systems (especially for retail clients).

However, most of BIL's sustainable financing comes through more traditional products such as mortgages and consumer loans for individuals, and business loans for corporate and institutional clients. BIL is trying to raise the quality of its non-financial data in order to better identify its sustainable financing in the future; for example, it will be in a position to identify financing for energy retrofitting work from 2024 onwards.





Alongside eco-transport finance, this product range has been showcased this year with the BIL Green Loans label, especially on our website, bil.com, and through internal (mostly on our BILnet app) and external (digital and print media) marketing campaigns, the high point being National Housing Week.

BIL has taken advantage of the BIL Green Loans launch to announce its partnership with Alfred Reckinger SA for the financing of heat pumps and solar panels. Alfred Reckinger SA is a family-owned business and one of Luxembourg's leading players in the energy sector.

ENERGY PERFORMANCE CERTIFICATE (EPC) COLLECTION PROCESS

Better data collection on energy performance is essential if BIL is to "green up" its mortgage portfolio.

Moreover, regulations have been introduced to require more transparency from banks in the energy performance breakdown of their mortgage portfolio, through quantitative disclosures on ESG risks under Pillar 3, in accordance with Article 449a of the Capital Requirements Regulation (CRR, EBA/ITS/2022/01), or through the disclosure of the Green Asset Ratio as described in the Delegated Act, Article 8.

Since 1 October 2023, BIL has required an EPC for any new residential property used as a collateral to secure a loan. This document is mandatory and must be submitted before the loan is provided.

Looking beyond the Bank's monitoring needs, data collection must coincide with discussions to encourage and support clients with their energy retrofit work, based on the current energy performance of the property being financed, and to inform them of the help available.

FACTORING ESG CONSIDERATIONS INTO THE PRICE

To reflect transition risks, energy performance classes have been factored into the retail mortgage pricing policy since 1 September 2023

TRAINING HOUSING ADVISORS

During September 2023, all 40 of our Housing Advisors, as well as their direct management, received training during four sessions on ESG issues and more specifically on the following topics:

- sustainable development, sustainable finance and the regulatory environment;
- ESG risks and, more specifically in their context of their specific line of work, mortgages; and
- energy retrofitting for housing along with the full range of public and private subsidies available to individuals and the steps to be taken to obtain this, in the presence of experts from the energy consultancy energieagence.

Three-hour sessions held in person set out the Housing Advisors' role as the first line of defence in assessing the physical and transition risks in their real estate business. These members of staff can now advise clients on renovation options and guide them towards the appropriate bodies in order to access the wide variety of subsidies and support available.

TARGET SETTING

As described before, it is imperative that BIL works on "greening up" its mortgage portfolio. As buildings' contribution to CO_2 emissions is mainly through their energy consumption, the Bank needs to gradually improve the average energy performance of its property portfolio:

- either by steadily increasing the proportion of buildings with the best energy classes (A/B) in new loans that it issues
- or by encouraging clients to carry out work to improve the energy efficiency of their existing properties.

The EPC will be essential for effective monitoring.

2024 targets for BIL's mortgage portfolio therefore include:

- the systematic collection of energy performance certificate for 100% of new residential property used as a collateral to secure a loan;
- increasing the weight of high energy classes in new loans granted to 50% A/B.

Within the constraints of the energy performance data that is currently available, BIL has modelled the potential evolution of its mortgage portfolio and set this target to align with the decarbonisation goal for building stock in Luxembourg by 2030, as presented in the PNEC.

TARGETS ON REAL ESTATE PORTFOLIO

REAL ESTATE PORTFOLIO	Baseline value (2023)	2024	Scope of target	Base Year	Absolute/ Relative target
Energy Performance Certificate (EPC) collection for new production	53.00%	100.00%	BIL Luxembourg - Residential Real Estate	2023	Relative
Share of A/B class in new production	Best scenario 49%* Worst scenario 38%*	50.00%	BIL Luxembourg - Residential Real Estate	2023	Relative
Number of renewable energies loans	70	100	BIL Luxembourg	2023	Relative

* Best scenario: the figure is based solely on EPC data actually collected / Worst scenario: the figure is based both on EPC data actually collected and, for the inaccurate part, on the following national statistics: https://wdocs-pub.chd.lu/docs/exped/0137/159/275599.pdf

However, given the current difficulties facing the Luxembourg real estate market, a prerequisite for the achievement of this goal will be a pick-up in the construction of new buildings, which is currently in relative decline;

- sales targets for renewable energies loans – 100 new loans.

This target has been set on the basis of solar panel installations in Luxembourg over recent years, and BIL's share of the mortgage and personal loan market.

BIL'S ROLE IS TO REASSURE ITS CLIENTS

Interest rates were highly volatile in 2023, especially on the upside, in direct correlation to the energy crisis and resultant inflation. The rise in interest rates raised general fears regarding the over-indebtedness of households, particularly as regards loans.

To this end, BIL has been openly performing stress tests on all new loan applications to assess the affordability of loan repayments. These stress tests simulate potential borrowers' ability to cover any future rate increases with their disposable income. The Bank's aim is not only to meet its clients' financing needs, but more importantly to do this while minimising financial risk for the Bank and the risk of over-indebtedness for clients.

Similar checks are regularly carried out on the existing consumer loan portfolio. This aims to anticipate any potential financial difficulties for clients in the future, and to avoid any situations of over-indebtedness which would require the Bank to open default proceedings.

2024 AMBITION

Continuing the work undertaken since 2022, BIL's ambition for 2024 is:

- to step up the collection of energy performance data for new and existing mortgage loans;
- to make its clients more aware of these issues; and
- to gauge more accurately the other major risk to the mortgage portfolio, namely physical risks such as floods.

What Belair House, BIL's Real Estate experts are doing

Our one-stop-shop services cover the entire spectrum of real estate transactions from initial acquisition to eventual exit strategies. We offer a seamless integration of services including structuring, valuation, asset management, project ownership delegation, and leasing coordination.

BELAIR HOUSE
Family Office & Investment Management

- **Environmentally:**

In the Real Estate assets under our management, we are promoting environmental awareness for building owners and applying the same environmental policies as for BIL's assets, especially in terms of energy and water savings (replacement of traditional lighting by LED, energy and water savings yearly objectives, waste sorting).

For these assets, we are also working on the Environmental certification (BREEAM in use) of the assets, and, whenever applicable, we are promoting photovoltaic panels deployment.
These actions are visible in our everyday missions, and we are striving for improvement year after year.

As for our development projects, they are all aiming at the highest Environmental standards, high-grade internationally acknowledged Environmental certifications (BREEAM Excellent and/or Well Platinum) and our refurbishment projects always involve significant improvement of the building shell to reduce their carbon footprint.

- **Socially:**

The Real Estate Development projects we are working on are always mixing functions in order to improve life quality in the neighbourhoods, as well as accessibility to retail and services.

They are analysed with an eye kept on the housing problematics of Luxembourg, so that they include co-living and/or moderate-priced housing.

Whenever possible, the integration of retirement homes and day care is studied as another sign of the multi-generational approach in our projects.

As a more and more meaningful part of our clients' reflections, ESG Criteria are included in our commercial approach.

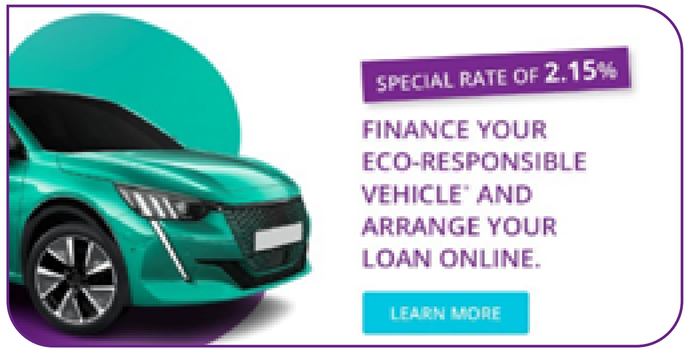
Our goal is to participate in the definition of new living standards for Luxembourg in 2030.

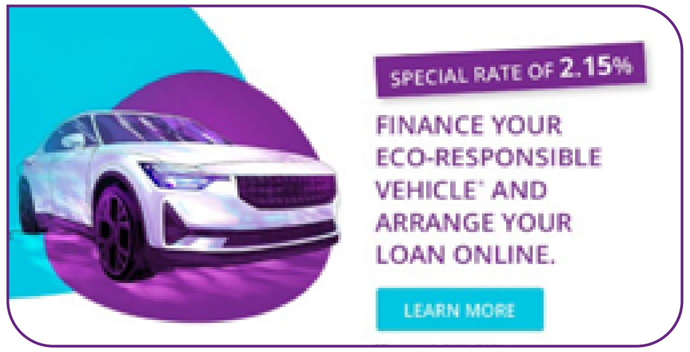
7.1.2. Motor vehicle financing

In 2023, the 27 Member States of the European Union confirmed a ban on combustion engines in new cars from 2035. By this date, new vehicles must not emit any CO_2 when driven. Legislation thus effectively prohibits new petrol, diesel and hybrid engines and requires new vehicles to be fully electric. This reflects the EU goal of net zero carbon emissions by 2050.

Given the short-term nature of vehicle financing, the transition risk associated with emissions from vehicles that are either leased or financed via consumer loans is deemed to be minimal.
As a facilitator of its clients' energy transition, BIL has nonetheless set itself the goal of assisting and enabling its clients in their transition to e-mobility.

BIL supports e-mobility by offering special terms for the financing of hybrid/electric vehicles on both consumer loans for retail clients and on finance leases for business clients provided through BIL Lease.





	2023	2022
Personal Loans		
New production of personal loans for green cars* (number)	135	119
New production of personal loans for green cars* (outstanding)	EUR 4,144,220	EUR 3,837,290
Share of green cars* within the new production of personal loans	14%	14%
Leasing		
New production of leasing for green cars* (number)	726	318
New production of leasing for green cars* (outstanding)	EUR 36,356,998	EUR 17,737,845
Share of green cars* within the new production of leasing	48%	35%
Personal loans and Leasing		
TOTAL new production of personal loans & leasing for green cars* (number)	861	437
TOTAL new production of personal loans & leasing for green cars* (outstanding)	EUR 40,501,218	EUR 21,575,135
TOTAL share of green cars* within the new production of personal loans & leasing	34%	24%

* Green cars in 2022 and 2023: Hybrid and electric, Green cars in 2024: Electric

TARGET SETTING

While the Bank may encourage the financing of electric vehicles, advisors have little-to-no influence over the choice of vehicle, at least for retail clients.

For this reason, BIL has decided to align its goals with the transition of the Luxembourg market, and more specifically to align the percentage of electric vehicles financed via new finance leases and consumer loans with the proportion of electric cars in Luxembourg's new vehicle registrations.

To help achieve this commercial goal, BIL will continue to support its clients' green transport aspirations with financial incentives as well as marketing and awareness campaigns (especially on the myLife website).

For Taxonomy alignment purposes, BIL changed its definition of green vehicles in the fourth quarter of 2023 to exclude hybrid vehicles and limit its scope to full-electric vehicles.

TARGETS ON PERSONAL LOANS PORTFOLIO	2024	2025	Scope of target	Base Year	Absolute/ Relative target
Share of electric cars in new production (consumer loans and leasing combined)	22%*	25%*	BIL Luxembourg, BIL Lease	2024	Relative

* The target is to align the share of electric cars in our new consumer loans and finance leases with that of new car registrations in Luxembourg. The quantitative target for 2024 and 2025 are proxies that have been defined based on an average share of 25% of electric vehicle sales by 2025 in Europe, with a gradual annual increase before a boom expected in 2025. These figures are based on an average of projections from various sources such as Schmidt Automotive Research, Bernstein Research and S&P Global Mobility.

7.1.3. Corporate lending

As a partner to entrepreneurs since its foundation in 1856, BIL plays a key role in financing the Luxembourg economy. BIL offers a wide range of financing options and bespoke solutions to help Luxembourg enterprises of all sizes (freelancers, start-ups, SMEs and large firms) and international corporations develop their business in Luxembourg and abroad.

BIL is convinced that the long-term viability of these clients cannot be separated from their ability to move towards and adapt to a low-carbon world. With a strong tradition of providing banking services to entrepreneurs, BIL naturally wishes to actively support its clients in this new challenge of energy transition.

The ESG risks to which businesses are exposed vary considerably by sector and depend on the business itself, its practices, geographic location and size. Through its financing, BIL is indirectly exposed to these risks, which could ultimately result in financial loss, reputational damage and regulatory problems.

At this point, BIL considers its financed emissions to be one of the most relevant criteria for measuring the ESG (transition) risks linked to its corporate lending portfolio. Indeed, the corporates with the highest CO_2 emissions and/or operate in the highest emitting sectors are generally more exposed to climate risks, and transition risks in particular.

It is therefore important for the Bank to identify these clients, gauge their emissions and enter into dialogue with them to learn about, assess and support their transition plans.

PROGRESSIVELY INTRODUCING MORE ADVANCED GHG EMISSIONS' MONITORING

BIL has been calculating the financed emissions from its lending portfolio and bank investment portfolio since 2022. As described in the section 11.2, most of its lending portfolio's emissions are attributable to business loans. An in-depth analysis helped us identify the highest emitting sectors and clients, for which the transition risk is greatest and therefore in need of mitigation.

BIL organised a conference for these clients in April 2023: "Net zero together: challenges, issues and strategies for embarking on the energy transition". In partnership with experts from energieagence, BIL's aim was to raise the awareness of the most emitting clients of the following issues:

- decarbonisation targets by industry at global, European and Luxembourg levels;
- the advantages to corporates of embarking on a medium- and long-term decarbonisation process;
- ideas on how to lower carbon emissions in the industrial, transport and construction sectors; and
- existing and future government and private grants and subsidies.

Meanwhile, BIL conducted the first assessment of the alignment of its lending portfolio and bank investment portfolio with the Net Zero Emissions by 2050 Scenario (NZE Scenario) of the International Energy Agency (IEA). The results are due out in the first half of 2024 and will therefore be included in the Bank's 2024 Sustainability Report.

In the fourth quarter of 2023, BIL also started looking at introducing a client engagement model based on the ACT (Assessing low-Carbon Transition) initiative. This will enable BIL to actively support its clients' transition plans and factor sustainability considerations into its relationship management practices.

One of the deliverables will be a tool to assess the plans of its highest emitting clients for transitioning towards a low-carbon economy, while respecting the Carbon Disclosure Project (CDP) evaluation criteria and drawing inspiration from the methodology of the ACT initiative.

The assessment will mainly focus on clients' qualitative data and maturity matrices, in order to limit subjectivity, but will also consider quantitative aspects based in particular on targets for reducing carbon emissions.

In 2024, BIL will launch a pilot scheme whereby two teams from its Corporate department will visit their highest emitting clients and deliver this questionnaire.

This is a key stage in the Bank's development of a net zero strategy, insofar as these client engagement meetings will give a clearer view of the situation, maturity and trajectory of these high-emitting clients as regards the transition to a low-carbon world.

SUSTAINABILITY-LINKED LOANS

In 2024, BIL will also continue to reflect on the products and services it can offer to finance its clients' energy transition.

Through its tailor-made financing solutions, BIL Corporate Finance has already put in place several sustainability-linked loans, where a portion of the interest rate is linked to the borrower's ability to meet specific pre-defined sustainability targets.
In 2023, three major financing deals were structured by the Corporate Finance team, totalling EUR 202.5 million (thereof EUR 73 million for BIL's balance sheet) in:

- acquisition financing
- general corporate financing
- corporate infrastructure financing to support the European energy transition.

Moreover, the Credit Portfolio & Syndication team participated in an additional ESG-linked financing for general corporate purposes with an amount of EUR 20 million.

For acquisition financing, the selected ESG key performance indicators (such as employee training hours, reduction of carbon intensity, circularity) will be based on the borrower's annual ESG compliance certificate.

The above financing deals contain a potential margin change for the borrower, depending on the future ESG rating results (e.g. minimum DGNB "Platinum" certification).

SUPPORTING OUR CLIENTS IN DIFFICULT TIMES

It is also important to mention that BIL is one of the major Luxembourg banks participating in the state-guaranteed loan scheme set up by the Law of 15 July 2022 to support the Luxembourg economy against the backdrop of the war in Ukraine. This system aims to meet the liquidity needs of companies affected by the consequences of the war in Ukraine, in particular due to the substantial rise in commodity and energy prices, by ensuring that banks continue to extend credit to the real economy. The system is modelled on a scheme that proved its worth during the COVID-19 crisis. By participating in this guaranteed loan scheme, BIL reaffirms its support for Luxembourg companies and the national economy. At the end of 31 December 2023, the total amount of loans granted under the scheme by BIL was the equivalent of EUR 11 million.

TARGET SETTING

As mentioned above, in 2024 BIL will launch a pilot scheme whereby two teams from its Corporate department will visit their highest emitting clients and assess their transition plans.

BIL has been able to identify these clients by calculating the financed emissions of its lending portfolio, by focusing on the highest emitters in the manufacturing, energy, transport, construction and real estate sectors, which are considered the sectors with the highest emissions in the respective portfolios.

TARGETS ON CORPORATE PORTFOLIO CLIENT ENGAGEMENT

CORPORATE PORTFOLIO	2024	Scope of target	Base Year	Absolute/ Relative target
Number of client engagement meetings with high emitting clients	55	BIL Luxembourg	2024	Relative
Share of financed emission in business loans	20%	BIL Luxembourg	2024	Relative

2024 AMBITION

Continuing the work undertaken since 2022, BIL's ambition for 2024 is:

- to step up the collection of non-financial data needed to calculate its carbon footprint and Green Asset Ratio;
- to look further at its range of products and services used to finance clients' energy transition;
- to make its clients more aware of these issues; and
- to test and develop a client engagement model in order to assess the most emitting clients and support them in their transition.

7.2. Sustainable Investment solutions

BIL is active in providing both discretionary portfolio management and investment advisory services, aimed at helping clients to manage their estates.

Fiduciary responsibility is a key pillar of the portfolio management and advisory activities of banks, which require a high standard of care and integrity when handling clients' financial affairs. BIL believes that the risk inherent in ESG considerations forms an integral part of this fiduciary responsibility and must therefore be taken into account when managing client portfolios or providing investment advice.

POLICIES

- *Advisory Investment Guidelines*
- *SFDR – ESG Fund Selection*
- *SFDR – Fund Selection*
- *Principle Adverse Impact (PAI) Statement*
- *SFDR – Equity Selection*
- *SFDR – Fixed income Selection*
- *SFDR – Investment Decision*
- *SFDR – Advisory Investment Guidelines*
- *MiFID – Safeguarding of Client's Assets*
- *MiFID - Financial Promotion and Marketing Communication related to the Distribution of MiFID & SFDR-regulated (BIL/NON-BIL) Financial Instruments Policy*
- *MiFID - Gifts, Benefits and Invitations policy*
- *MiFID - Record Keeping Policy*
- *MiFID Obligations Policy*

7.2.1. New sustainable products

BIL is committed to developing its ESG range to offer sustainable products to clients with an interest in sustainable investing.

Two additional BIL Invest funds (BIL Invest Bonds EUR Corporate Investment Grade and BIL Invest Equities Europe) have been classified and approved by the CSSF as Article 8 funds (with consideration of PAI) under the SFDR.

BIL achieved a new milestone towards responsible investment practices by renewing its BIL Invest Patrimonial LuxFlag ESG Label accreditation, whilst also obtaining the new LuxFlag ESG Label for its two new Article 8 funds (BIL Invest Bonds EUR Corporate Investment Grade and BIL Invest Equities Europe). 6 of BIL Invest's 17 in-house funds are now ESG products, representing 58% of the assets under management in BIL Invest.

Assets under Management in Article 8 Funds (EUR Million)	2023	2022	2021
BIL Invest Patrimonial Defensive	5	4	5
BIL Invest Patrimonial Low	141	144	175
BIL Invest Patrimonial Medium	121	109	121
BIL Invest Patrimonial High	46	40	43
NEW - BIL Invest Bonds EUR Corporate Investment Grade	181	-	-
NEW - BIL Invest Equities Europe	136	-	-
Total AuM	**630**	**297**	**344**

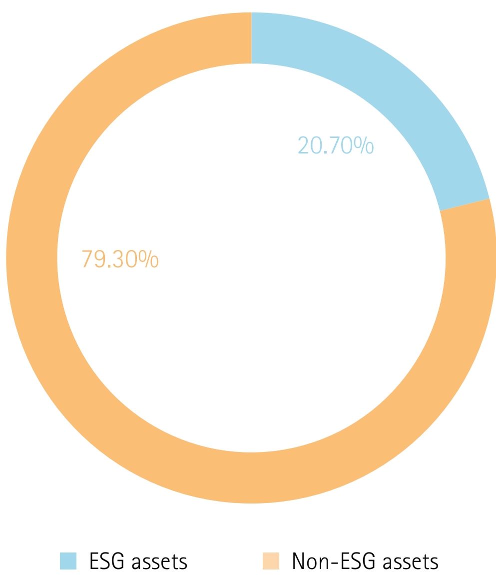
7.2.2. Sustainable Investment Framework

In light of the evolution of various ESG regulations, current market demand, and operational and data issues, in 2023, BIL established its Sustainable Investment Framework in accordance with SFDR requirements, to identify areas requiring improvement in order to continue enhancing its alignment with regulatory guidelines when defining sustainable investments.

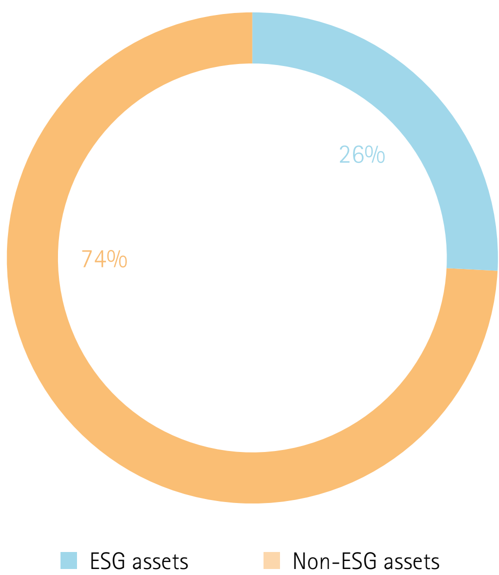
The Sustainable Investment Framework is integrated into BIL's ***Sustainable Investment Policy*** (the "SI Policy"). The SI Policy aims to establish a consistent and comprehensive methodology for classifying financial instruments into two distinct categories: sustainable and non-sustainable. This SI Policy provides the foundations for meeting the objectives and needs of investors on sustainability preferences and ensuring alignment with the requirements set forth in MiFID II (Markets in Financial Instruments Directive II). Furthermore, it aims to establish a unified and consistent definition of sustainable investment criteria within the Bank's investment portfolio.

The SI Policy strengthens the Bank's ability to meet the growing demand for sustainable investment products and services that comply with regulatory standards.

ESG assets under Discretionary Portfolio Mandates



ESG assets under Advisory Mandates



7.2.3. Training advisors

Training advisors in their fiduciary duties is crucial to ensuring that they act in the best interests of their clients. Understanding these duties helps advisors to prioritise the client's financial well-being, make informed and objective recommendations, and avoid conflicts of interest.

Ensuring that Relationship Managers (RMs) only provide advice on assets that are included in BIL's approved investment universe is one of the risks that we must manage.

To mitigate this risk, training sessions have been organised covering the operational aspects of investment for Wealth Management clients and covering the following processes:

- Investment pre-requisites (cash account, existing relationship)
- Managing fees, discounts and special conditions
- Managing a portfolio and an investment cash account
- Becoming an investor client (with MiFID constraints)
- Managing the investment profile
- Processing an investment order instruction (execution only) - IFA included
- Advising the client on investments
- Managing options and futures execution
- Managing a term deposit (Invest)
- Deal a DOCU (FX Deposit)
- Executing a securities transfer
- Managing a reversal on securities
- Executing a corporate action
- Closing a discretionary or advisory investment service

The guidelines for RMs on providing advice on investments included in the BIL's Investment Universe were shared during these training sessions.

Additionally, training sessions were organized for selected new joiners in Wealth Management focused on understanding economics, financial markets, financial products, and asset management. Ongoing training related to MiFID is also provided for new joiners, covering financial markets and financial products.

Training investment advisors on ESG issues is crucial as it equips them with the knowledge and skills to navigate the evolving landscape of sustainable finance. Understanding ESG factors enables advisors to better assess the risks and opportunities associated with socially responsible investments. It not only aligns with regulatory requirements but also empowers advisors to meet the growing demand from clients for sustainability preferences.

More than 250 employees from various departments attended training on ESG investment topics. Trainings focused on ESG awareness, client ESG preferences, BIL Sustainable Investment Solutions, ESG Client Conversation and SFDR related disclosures.

Additional trainings that were given include:

- the BIL Investment Universe – Fixed Income
- the BIL Investment Universe – Equities
- the Derivatives: options and futures
- the BIL Investment Universe – Structured Products
- the BIL Investment Universe – Funds & BIL Invest
- MiFID II Refresher module
- ESG awareness
- ESG preferences
- BIL Sustainable Investment Solutions
- ESG Client Conversation
- SFDR Sustainability-Related Disclosures

Furthermore, all of our client facing advisors were provided with market data from either Bloomberg or Refinitiv, which gives them the opportunity to share additional information on the SFDR-related performance of companies with clients, thus adding real value to our client advisory approach.

7.2.4. BIL Green Bonds

In April 2022, BIL was the first bank in Luxembourg to set up a Green Bond Framework dedicated to issuing green bonds. BIL has implemented its Green Bond Framework with a clear commitment to supporting the growth of the sustainable finance market. Since its inception, the Green Bond Framework has become an essential tool in enlarging our investor base, strengthening our access to liquidity and offering our clients investments that support the transition to an environmentally sustainable future. 2023 confirmed the relevance of this investment range.

Following a promising start and EUR 90 million of new issues in 2022 (primarily in the form of private placements as detailed in our Allocation and Impact Report), the total amount raised by BIL in Green Bonds stood at over EUR 440 million equivalent as of end-2023. The demand emerged from local and international institutional investors for tailor-made transactions. The appetite for this product among our retail and private banking network was also more successful than expected, with a single public offering of EUR 105 million. At institutional level, the green format enabled BIL to widen its scope of issuance, with an inaugural transaction denominated in Chinese Renminbi.

Our Green Bond issuance has been supported by the strong ESG rating awarded to BIL by Sustainalytics. This was granted on the back of strong management of material ESG issues such as corporate governance and business ethics.

BIL has set up a dedicated Green Bond Committee to ensure the compliance of the bonds issued with the Green Bond Framework. The Green Bond Committee is chaired by the Chief Financial Officer and composed of the ALM Committee[5], the head of Sustainable Development and the head of Long-Term Funding. The Green Bond Committee meets at least annually.

BIL Green Bonds	2023	2022
Number of issuances (Target Market: Institutional and Professional)	20	7
Number of issuances (Target Market: Retail eligible)	5	1
Outstanding amount (million euros)	**442.70**	**93.00**

[5] The ALM Committee is currently composed of the Chief Executive Officer - Chief Financial Officer - Chief Risk Officer - Chief of Luxembourg Market and CIB – Head of Financial Markets - Head of Financial Risk Management - Head of Asset & Liability Management

7.2.5. Serenio ESG

BIL also obtained its first LuxFLAG ESG Discretionary Mandate Label for Serenio ESG. The objective of this mandate is to enable investors to benefit from trends in financial markets through a portfolio comprised of direct investments in equities, bonds, structured products and undertakings for collective investment (UCIs) selected by the management team. Investments are also selected based on ESG criteria using an internally developed methodology. Serenio ESG promotes E/S characteristics and assesses the governance practices of underlying assets, however it is important to note that this mandate does not have sustainable investment as its objective.

Serenio ESG was awarded the LuxFLAG ESG Discretionary Mandate Label for a one-year period starting on 1 October 2023. The LuxFLAG ESG Discretionary Mandate Label is recognized for its high standards and rigorous assessment of the applicant fund's investment strategy and integration of ESG into the investment analysis and decision-making process. Its eligibility criteria also include transparency towards investors.

The commercial development of Serenio ESG is planned for 2024.

7.2.6. Markets in Financial Instruments Directive (MiFID)

The MiFID II Directive encompasses the rules and guidelines on governance, products, investor protection and information disclosure. The MiFID legal framework is evolving in light of sustainability-related requirements, as regards both the definition of clients' sustainability preferences, and requirements relating to product governance. Since 2 August 2022, banks have been required to obtain information about clients' sustainability preferences and ensure that they take these into account when providing advice.

In 2023, the Bank continued to collect client ESG preferences using the first version of its MiFID questionnaire. In parallel, BIL is developing the MiFID questionnaire to collect more granular data and this new version will be launched in 2024. On the product side, the Bank has established the sustainability investment framework which provides a common and documented framework for the eligibility criteria for classifying financial instruments as sustainable. In 2024, BIL will continue to improve its approach and product range for clients in line with developments in the market and data availability.

7.2.7. Insurance Distribution Directive (IDD)

The Insurance Distribution Directive (IDD) was introduced by the European Parliament and the Council with the aim of strengthening the rules governing the design and distribution of insurance products. It applies to the sale of all insurance products in the EU.

BIL's insurance brokerage activities have had to comply with IDD requirements regarding sustainability preferences and the related product oversight and governance since 2 August 2022. An ESG questionnaire has been added to the IDD profile to respond to these requirements and we have started to collect clients' ESG preferences. A specific ESG due diligence questionnaire has also been sent to the insurance companies whose products we distribute as part of our insurance brokerage activities.

In 2024, BIL remains committed to enhancing the processes for collecting client preferences, exploring opportunities in ESG product ranges, and prioritising the improvement of the internal procedures required to fulfil its obligations.

7.2.8. Target setting

BIL is committed to developing its ESG products and to progressively increasing the assets under management in its ESG in-house products, in line with market demand and clients' sustainability preferences.

MONITORING

Progress will be monitored and assessed by the ESG Strategic Steering Committee and will be regularly presented to BIL's Executive Committee. Please refer to section 2.1.4 on the targets and dashboard.

2024 AMBITION

Following on from the work carried out since 2022, BIL's ambition for 2024 is to:

- Strengthen internal processes and procedures on the integration and consideration of ESG matters.
- Transform its investment fund savings scheme into an ESG solution. Indeed, by focusing our basic investment products on ESG criteria, we aim to align our financial services with our commitment to act as a transition facilitator and to provide clients with a clear understanding of the positive impact that their investments can have.

GRI FS11

7.3. Investing responsibly as a Bank

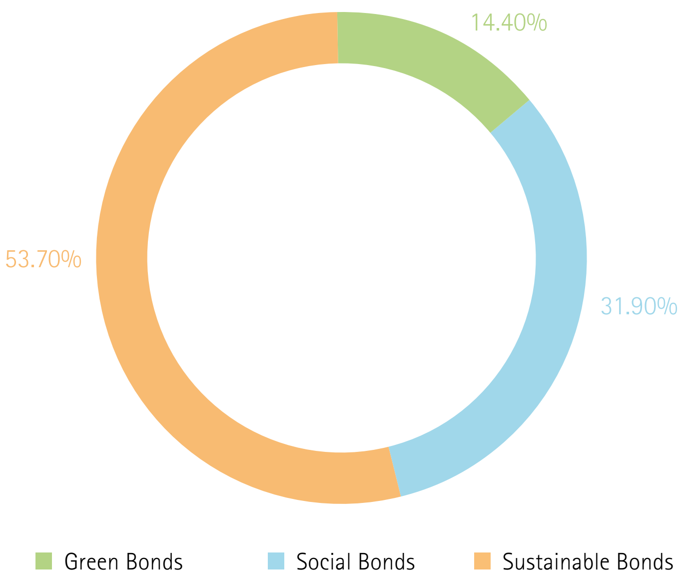
In addition to its role as a provider of investment solutions to private and institutional investors, BIL also manages an investment portfolio for it's own account.

It is important to note that 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 prioritizing such investments, BIL encourages issuers to integrate ESG considerations into their issues while supporting the sustainability transition.

The ESG Dashboard of the Bank's portfolio is presented quarterly at the ALM Committee and at least half-yearly to the Board Risk Committee and the Board of Directors.

As on 31 December 2023 Green, Social and Sustainable bonds accounted for 20.79% of the total portfolio, for a total amount of EUR 1,800 million in (+31% versus 31 December 2022).

Bank's Investment Portfolio	2023	2022
Share of ESG assets (%)	20.79%	15.8%
Amount in ESG assets (EUR million)	1,800	1,377



BREAKDOWN OF BIL'S GREEN, SOCIAL AND SUSTAINABLE BONDS	2023	2022
Green Bonds	14.40%	13.50%
Social Bonds	31.90%	29.50%
Sustainable Bonds	53.70%	57.00%

7.3.1. Governed policy

BIL's ***Investment Portfolio Guidelines Charter*** generates a reasonable risk-adjusted return and serves as a liquidity reserve for the Bank. The Charter sets out a general framework, which defines the guidelines for the Bank's investment portfolio and covers the:

- The Investment Portfolio Guidelines,
- The Portfolio Management Decision Process and,
- The Breach Treatment Process

The Charter applies to the portfolios of BIL Luxembourg and BIL Switzerland and has been developed internally with contributions from the Secretary General Office and in consultation with the Audit, Legal, Compliance, Operational Risk Management departments and the Chief Information Security Officer (CISO).

7.3.2. Target setting

BIL's target-setting approach for sustainable investments is very ambitious. By 2025, 30% of the Bank's portfolio should be invested in sustainable investments. In setting this target, BIL closely monitored general market trends in ESG bonds. This involves understanding market dynamics and identifying growth opportunities in the ESG bond market. BIL also considered maturities within the existing portfolio to ensure that reinvestment is focused on sustainable bonds. This process is key to gradually increasing the proportion of sustainable investments in the portfolio.

In addition to these strategies, BIL actively engages with issuers' plans to develop green or sustainable bond frameworks and actively encourages them in these endeavours.

Lastly, BIL keeps abreast of relevant regulations, such as the EU Green Bond Standard.

BANK INVESTMENT PORTFOLIO	Baseline value (2023)	2025	Scope of target	Base Year	Absolute/ Relative target
Share of sustainable investment	20.79%	30.00%	Liquidity portfolio of BIL Group	2023	Relative

7.4. Our daily banking services

Digitalization and innovation are of vital importance to the bank as they directly contribute to BIL's purpose, which is making everyday life easier for clients, while responding to three main needs:

ACCESSIBILITY

The digital solutions (BILnet, Open Banking API and Multiline) aim to provide a 24-hour access to the Bank's services for all clients, and to speed up the processing of their requests.

These solutions are coupled with human support at key moments in the client's life (e.g.: buying a house), to combine autonomy and personalised support. BIL is also investing in person-to-person support to help clients become proficient in using new technologies: during 2023, digital coaches were hired in our call centre and across the branch network to support our clients with the activation process for the LuxTrust Mobile app.

This year, BIL worked on the implementation of a virtual assistant, initially to deal with card- related topics. This has been implemented for family & friends and after this beta testing it will be available to all clients in 2024.

The seamless integration of a virtual assistant aligns with BIL's strategic goals, delivering an innovative solution, fostering digital autonomy and accessibility, and improving overall efficiency within BIL's client call centre.

SECURITY

To ensure best practice with its digital services, BIL focuses all efforts on the security of client data. During 2023, a significant number of phishing prevention campaigns were rolled out across various channels (BILnet, BIL.com, ATM, branches), to educate clients, raising their awareness of the danger of phishing attacks and teaching them how to recognize and avoid such attacks.

To limit the risk of fraud, BIL is strongly encouraging its clients to replace their physical LuxTrust Token with the LuxTrust Mobile solution. In fact, this technology offers a higher level of security as it shows all the details of the pending transaction, allowing clients to verify transactions before confirmation. 80% of BIL clients had already activated LuxTrust Mobile by December 2023. The adoption of the app by all of BIL's clients will be the biggest digital challenge for 2024, as the use of physical Tokens will be phased out for all banks by 31 December 2024.

Additionally, in parallel with the roll out of our new core banking system (please refer to the Digitalization section), in 2023, BIL improved its antifraud solution, which is now ex-ante rather than ex-post, meaning that suspicious transactions can be automatically rejected or put on hold for approval, for example via client call-back, before execution.

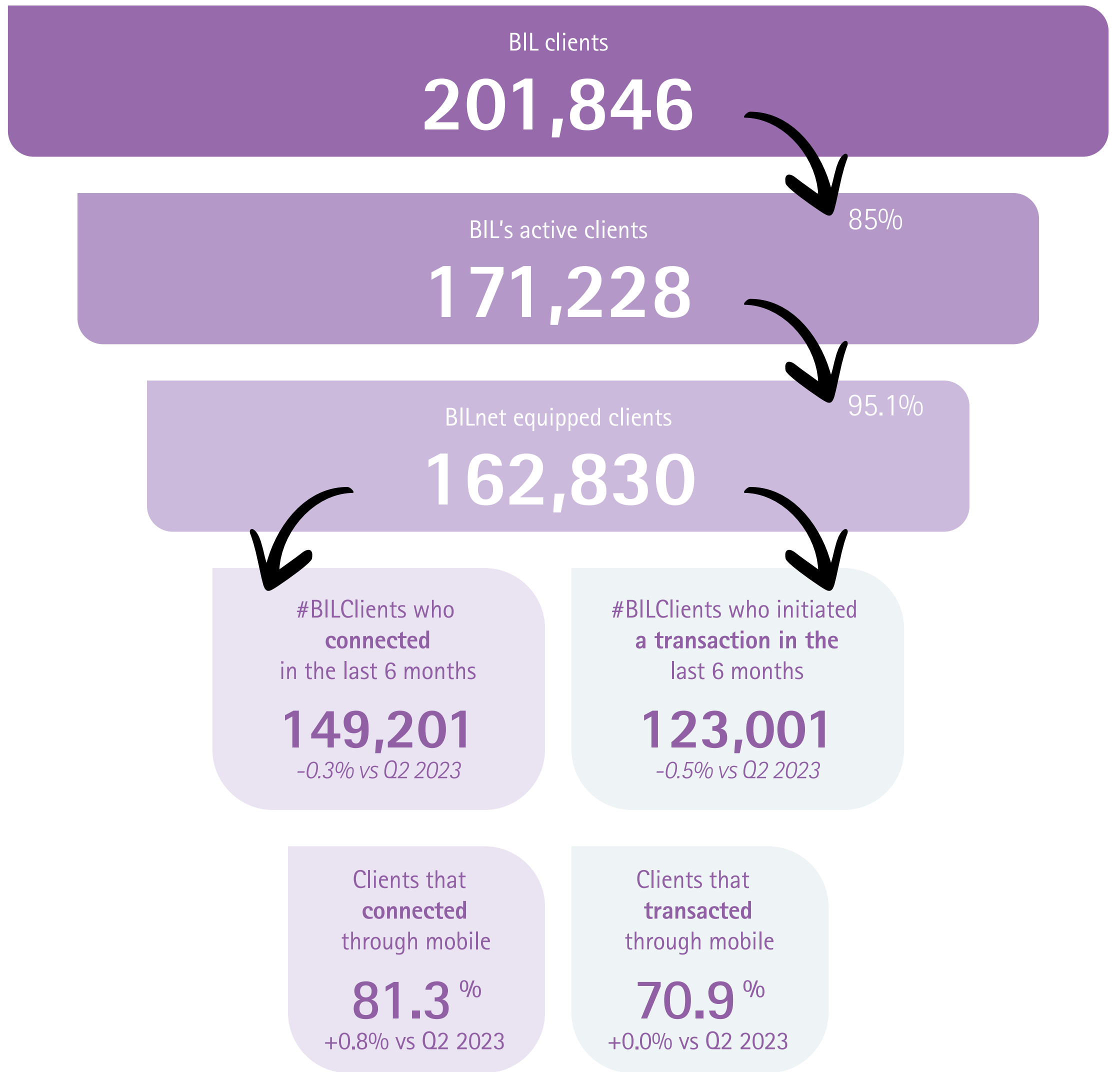
ENVIRONMENT

Through the digitalization of the client experience, BIL aims to improve the level of this client experience whilst also reducing its environmental impact. The Bank offers the option of electronically signing several types of loan and credit card documents remotely via the client's BILnet account, in order to save time and avoid non-essential trips to the branch network. In addition, to reduce paper consumption, all new clients are automatically subscribed to the "paper free" service meaning that documents are received via BILnet online banking rather than by post.

Additionally, all our servers now use green energy, meaning that clients using our eBanking services, digitally storing their documents and statements, and – from 2024 – retrieving their pin code for payment cards are decreasing the carbon footprint of their banking. Furthermore, from 2024, BIL will use 100% recycled PVC for its debit and credit cards, and thanks to this new step, no new materials are used in providing a banking card. This fulfils our goal of reducing our use of plastic.

BIL is part of a major initiative announced at the end of 2023 to create a unique national ATM network in Luxembourg. Having a unique network will increase the accessibility of cash services for all of our clients in the near future. Additionally, the electricity used by the new machines will be 30% less than for the existing machines due to a reduction in the number of ATMs, despite maintaining national coverage at the current level. Energy consumption for cash management purposes will also be lower, as the number of refilling journeys required for this unique network will be lower than for the six independently managed networks that are currently in use. Accessibility is a crucial element of this new network which aims to deliver as many of the ATMs as possible with access that is suitable for disabled people as well as a future network taking into account the needs of visually impaired clients.

BIL digitalisation rates as of 10/2023



2024 AMBITION

- LuxTrust Mobile app: all BILnet clients migrated by the end of 2024
- Expand the scope of virtual assistant beyond cards
- New digital onboarding platform
- New e-signature & e-archiving platform
- Launch of 100% recycled PVC payment cards

7.5. Digitalisation: a new core banking system for BIL

THE TRANSFORMATION OF BIL'S CORE BANKING SYSTEM: A MONUMENTAL LEAP FORWARD

At BIL, we are committed to providing the best products and services to support our clients. This ambition recently led us to embark on one of the most significant projects in our history: the transformation of our core banking system.

For the uninitiated, a core banking system (CBS) is the backbone of any bank's operations. It supports various banking data and activities, including managing all client accounts, loans, deposits, investments and processing transactions.

Three decades ago, when our former core banking system was put in place, the banking landscape was vastly different. Technology was in a different era, regulations were not as stringent or evolved, and consumer habits leaned towards traditional banking methods. As the world progressed, the need for a modern, standardised system – aligned with industry benchmarks – became evident.

A modernised system ensures that we remain a strong, robust bank in the face of evolving challenges, always ready to help our clients to achieve their financial aspirations. This transition was a strategic move, grounded in the belief that to best serve our clients, we must evolve with the times and anticipate the needs of tomorrow.

Changing a core banking system is comparable to performing a heart transplant on a marathon runner while he is still running. The complexity and scale of this undertaking cannot be understated. Every piece of data, every transaction record, every client's account details had to be migrated from the old system to the new with limited disruption of our day-to-day operations. Behind the scenes of this monumental shift, lay an equally monumental preparation phase. Spanning nine years, the groundwork required to make this transition was immense. The final two years, in particular, witnessed a flurry of activity, with our dedicated staff going above and beyond their regular duties. Many sacrificed their holidays, worked extended hours, and dedicated their weekends to ensure that our new core banking system would be operational and efficient. This wasn't just a technical transition. It was a testament to the dedication, resilience, and unwavering commitment of the BIL team. Their efforts underscore our collective promise to prioritize our clients' needs and showcase our unwavering dedication to delivering best-in-class products and services.

Upgrading our CBS has equipped us with state-of-the-art technology, enabling us to introduce innovative products faster, serve our clients better, and remain at the forefront of the banking industry.

We recognize that with change, especially of this magnitude, come challenges. Our clients have experienced some disturbances post transition. Although the Bank undertook several dress rehearsals to be ready for the migration, some challenges could only be addressed when live and connected to the external world. This is primarily because, as the core system changed, many interconnected systems and processes needed recalibration. We deeply apologize for any inconvenience caused and assure our clients that our teams are working tirelessly to iron out these issues.

BIL's decision to transform its core banking system is a commitment to growth, innovation and above all, to delivering the best services to our clients.

PART II
Environment

8. Disclosures Pursuant to Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation")

EU TAXONOMY REGULATION

In 2020, the European Parliament and the EU Council adopted Regulation (EU) 2020/852, hereinafter the EU Taxonomy Regulation, which establishes uniform and common criteria in the European Union to determine if an economic activity can be considered environmentally sustainable.

The EU Taxonomy is a classification system that defines the criteria used to determine the environmental sustainability of a specific economic activity.

This classification is based on the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

An economic activity must meet the following conditions to be considered taxonomy-aligned:

- Substantially Contributing (SC) to one or more of the six EU environmental objectives
- Doing No Significant Harm (DNSH) to the other five EU environmental objectives
- Complying with Minimum Safeguards covering social and governance standards (MSS)

To ensure that an economic activity substantially contributes to one of these objectives, while not doing significant harm to any of the other five objectives, the EU sets performance criteria (so called "technical screening criteria") in delegated acts.

Eligibility vs alignment:

Eligibility definition: an eligible activity is an economic activity that is described and has technical screening criteria set out in the taxonomy. Such an activity is 'eligible' under the taxonomy and all revenue; CAPEX and OPEX for this economic activity are therefore taxonomy eligible.

Taxonomy alignment refers to an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labour standards. The revenue, CAPEX and OPEX for such an activity is aligned or in alignment. An economic activity that is eligible and does not meet the technical screening criteria and minimum social safeguards is not aligned.

DISCLOSURE REQUIREMENTS

Article 8 of the Taxonomy Regulation imposes sustainability disclosure obligations on actors in the EU market that are subject to the Non-Financial Reporting Directive (NFRD), namely large public interest companies (listed companies, banks, insurance companies that meet certain criteria relative to their size) and groups, with more than 500 employees.

Disclosure on eligibility of economic activities

In response to this disclosure requirement, BIL firstly published the eligibility ratio in its 2022 and 2023 Sustainability reports. This ratio shows the proportion of activities on BIL's balance sheet that are included in the list of EU Taxonomy activities, but without determining if they are aligned.

Disclosure on alignment of economic activities

For the first time in 2023, non-financial companies were required to report on the alignment of their activities by quantifying the proportion of their activities deemed environmentally sustainable. This assessment is based on technical screening criteria as described above. The percentage of Taxonomy-alignment is based on the turnover of companies but also on their capital and operating expenditures (CapEx and OpEx).

In 2024, BIL and other financial institutions are required to report their Taxonomy-alignment for the first time, partly based on the information reported by their counterparties, as described previously. The main indicator for measuring this alignment is the Green Asset Ratio (GAR), which establishes the percentage of assets covered by the banking group that are used for activities that meet the criteria of the Taxonomy. The GAR is the ratio of the volume of assets intended for activities that meet the requirements of the Taxonomy and the assets covered.

All the templates documenting the calculation of the GAR as well as those relating to disclosure on exposure to economic activities involving fossil gas and nuclear energy are available in appendix 34. EU Taxonomy disclosures.

This disclosure exercise poses many challenges for BIL, as it does for the financial sector as a whole: these are also described in this appendix, along with the methodology used for this first exercise and the projects and targets for improving the calculation exercise in the future.

9. Addressing Climate Change Mitigation and Adaptation

9.1 Strategy

Climate change is one of the greatest challenges the world has ever faced. It transcends national borders, and its impacts – such as rising temperatures, extreme weather events and sea-level rise – have widespread and far-reaching consequences on our economy and society.

To meet these challenges and contribute to solutions, BIL assesses its exposure to climate risks and measures the environmental impact of its activities. As part of its sustainability strategy, BIL is committed to measuring and screening the Bank's balance sheet as well as its investment portfolios in order to manage exposure to various ESG risks and supporting the strategic commitments to sustainability.

With regards to exposure to environmental risks, BIL's Risk Management function is progressively integrating the management of climate-related risks throughout the whole organization via its global risk framework.

For the environmental impact, developing reliable and comprehensive corporate GHG footprint accounting is the first step in managing climate performance. Additionally, BIL progressively integrates tools and methodologies to fine-tune its impact assessments. This is an integral part of BIL's climate journey that will enable the Bank to set and achieve meaningful climate targets.

BIL supports the country's green transition by the work it carries out in its own operations and by encouraging its clients to reduce their emissions and invest sustainably.

9.1.1. Supporting global standards and regulations

In July 2022 BIL's Executive Committee was supported by the Bank's Board in its ambition to "become a key transition facilitator". By signing up to the principles of the UNGC and the UN PRB, we are committing to helping to create a better society while rendering it sustainable for future generations. As an important player in the Luxembourg economy and a signatory of the UN PRB, BIL supports Luxembourg's PNEC, which defines the country's climate objectives for the coming years, which are compatible with European Union targets.

As a financial intermediary, we depend on the actions taken by other stakeholders such as governments and our clients. We therefore believe that the word 'facilitator' is more suitable than 'driver'. Indeed, we have defined several actions and initiatives to ensure that we play an active role and respond to our commitments.

HOW?

- Transitioning to net-zero requires the use of transition pathways based on scientific evidence in the strategy. BIL will progressively define its own transition plan and has set intermediate targets that will help the Bank gain a clear view of how this will impact its business model and the concrete commitments that it can make. This will imply defining clear guidelines on what we choose to do and what we choose not to do, including commitments on how BIL intends to reduce the negative impact of its activities by discontinuing or limiting support for non-sustainable activities.
- Addressing the transition to climate neutrality primarily means helping clients and counterparties to achieve climate neutrality in their own activities. Creating client awareness on sustainable finance and supporting them in their transition projects is a key element of our sustainability strategy.
  - Through its lending activities, BIL is committed to support individual and corporate clients in their own transition towards more sustainable activities (please refer to Section 7.1).
  - With regard to its investment activities, the Bank promotes sustainable solutions and monitors their impact with the aim of gradually reducing their PAI.

9.1.2. Policies related to climate change

The ***ESG Integration Framework*** describes the set of policies and charters to integrate ESG considerations and thus reflect the action undertaken by the Bank to limit exposure to environmental risks and minimise negative impacts.

ESRS E1-2 | GRI 201-2

9.2 Climate change impact

9.2.1. How climate change impacts BIL

More than half of the most serious risks facing the world in the short and long-term are environmental, according to the Global Risks Report 2023 of the World Economic Forum.

BIL is aware of the variety of environmental risks: extreme weather events, degradation of biodiversity, air and water pollution, climate change, deforestation and the overuse of natural resources.

Given its inability to address all of these risks, BIL has focused primarily on climate-related issues, and consequently on the physical and transitional risks to which it is exposed:

- **Physical risks:** physical risks in the banking sector are associated with direct, tangible environmental threats that can cause material damage, such as earthquakes, floods, hurricanes or fires. These threats can result in physical damage, leading to asset devaluation or default.
- **Transition risks:** transition risks in the banking sector are financial risks arising from the transition to a sustainable, low-carbon economy. These risks are often associated with changes in the policies, technologies and market dynamics that accompany the transition to a more environmentally friendly future.

The financial impact of these risks depends on BIL's direct exposure to these risk factors and its indirect exposure through its clients and their assets (real estate and collateral, equities, bonds).

Institutions are required to assess the potential financial impact of ESG risks across different time horizons, with a comprehensive and forward-looking view. As part of a risk-based approach, it allows ESG risks to be integrated into the institution's business strategies, internal governance and risk management framework. In this context, the Risk Cartography identifies and provides a high-level view of the materiality of the different risks. The outcomes of the Global Risk Cartography and the dedicated ESG section will be disclosed in the 2023 Annual Pillar III Report, available on the BIL website in Q2 2024.

ASSESSING BIODIVERSITY RISK

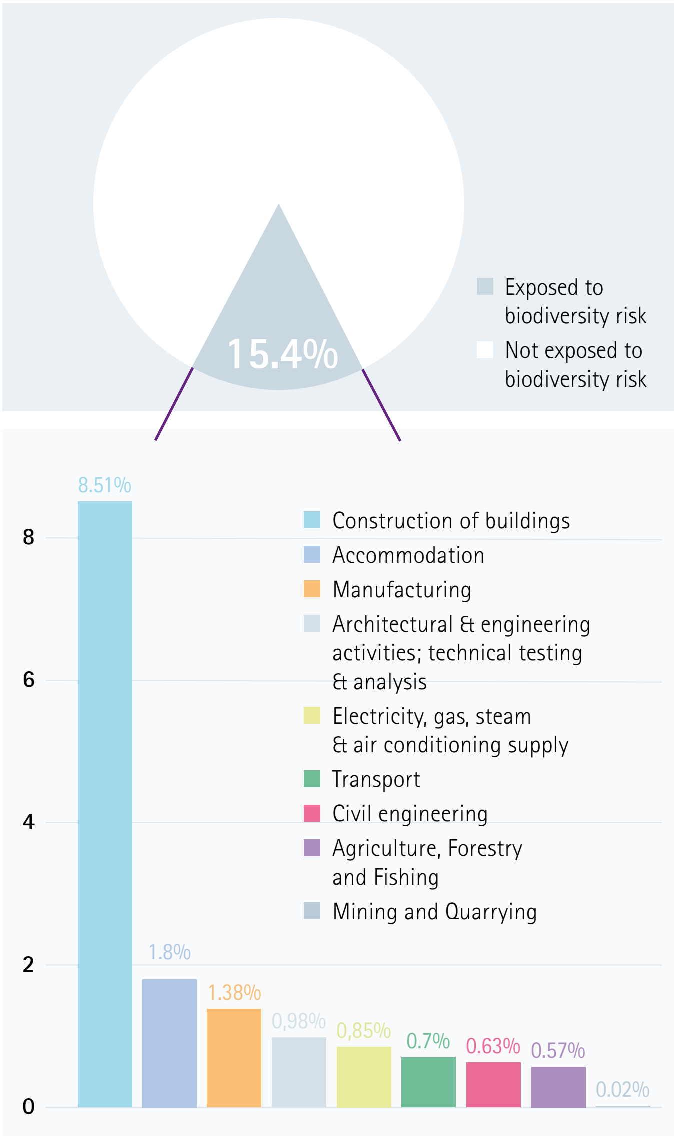
Besides climate change, the preservation of biodiversity is also critical to ensuring financial stability. According to the WEF report, The Future of Nature and Business, food, land and ocean use systems currently represent over a third of the global economy and provide up to two-thirds of all jobs.

In 2023, the Bank identified and measured, for the first time, its exposure to the sectors most at risk from biodiversity loss, via a mapping exercise based on the 17 SDGs and the SASB industry sectors.

BIL Exposure to Biodiversity Risk

The first estimation of the Bank's exposure to biodiversity risk was calculated as of September 2023 and will be updated on a quarterly basis and included in both the Risk Dashboard and the ESG Dashboard.

The overall exposure to biodiversity risk constitutes only 15.4% of the BIL total lending portfolio as at Q3 2023. The highest exposure is related to the construction of buildings sector representing 8.51% of the Bank's loan portfolio where the relevant disclosure topics according to the SASB are Land Use & Ecological Impacts.



9.2.2. How BIL impacts climate change

BIL, like all players in the financial sector, has an impact on the climate through its own activities, but above all through its financing and investment activities. These impacts are measured by calculating the Bank's carbon footprint, including the emissions financed through credit and investment activities. The scale of the impact depends heavily on the type of client and the composition of the portfolio. High-emitting clients contribute to climate change by engaging in activities that release significant amounts of greenhouse gases, such as carbon dioxide and methane. This can include industries such as fossil fuels, manufacturing and agriculture with intensive emissions. A high level of exposure to high-emitting clients therefore translates into a significant negative impact on the climate.

BIL has been measuring its carbon footprint since 2021. The measurement includes scope 1, scope 2 and scope 3 emissions and is improving in quality and scope (please refer to section 11.1 and 11.2).

On the other hand, banks can be transition facilitators by helping clients to move towards sustainable practices. This includes providing financial incentives for eco-friendly initiatives, offering expertise in sustainable investments, and developing products that support environmentally responsible behaviour. By aligning their services with the principles of sustainable finance, banks can play a crucial role in fostering positive economic and environmental transitions.

We are well aware of the role that we must play in helping our clients in their transition. Our teams are working to offer all our clients the most appropriate financing and investment solutions and the advice needed to facilitate their approach. Please refer to section 7 on Sustainable Finance initiatives.

In addition, as a signatory member since 2021 of the UN PRB, in 2022 BIL carried out an impact analysis to understand the impacts associated with its lending portfolio. The ultimate objective is to set a minimum of two ambitious targets to address the most significant area of impact.

The most relevant and potential positive impact area associated with BIL's credit portfolio in Luxembourg is: housing (availability, accessibility, affordability & quality).

The most relevant and potential negative impact areas associated with BIL's credit portfolio in Luxembourg are climate stability, resource intensity & waste.

BIL therefore decided to pursue the following impact areas in our performance measurement and target- setting exercise:

- Climate stability
- Housing (and more especially energy-efficient housing in relation with the first impact area of climate stability)

Please refer to our second UN PRB Report in the Appendix for a full review of our impact analysis in the section "Principle 2: Impact and Target Setting".

9.3 Decarbonisation pathway and transition plan

9.3.1. Operational carbon footprint

BIL has been measuring emissions linked to its own operations as well as to its financed emissions since 2021.

Positioning itself as a transition facilitator, BIL needs to lead by example and address its own operational carbon footprint (please refer to section 11.1 on BIL's operational carbon footprint). Although not all actions are directly quantifiable and given that the bank does not control all emissions but also depends on the behaviour of employees and suppliers, an initial reduction target has been defined with the help of Energieagence of -2% per year for 2024 and 2025.

9.3.2. Financed emissions

As for financed emissions (please refer to section 11.2) in 2021, BIL signed the UN PRB. Within this framework, we strive to set, measure and transparently communicate clear GHG emissions reduction targets within 4 years of joining, in line with the ambitions of the Paris Agreement and based on the latest climate science.

Translating a high-level business ambition into tangible targets and commitments is a process that we wish to undertake **carefully, pragmatically and step by step.** Our main initial target is to **establish more advanced monitoring of GHG emissions** to gain a clear overview of the alignment of our credit portfolio and the Bank's investment portfolio with the Paris Agreement and science-based targets. Based on this analysis, we will know how business decisions have a positive or negative impact on financed emissions and be in a position to take informed decisions for the future.

Banks are expected to reach net zero targets by 2050, with intermediary targets for 2030. While it is at this stage difficult to commit to a decarbonization trajectory given the Bank's dependency on its clients' progress and relatively limited experience of collecting this data, it is nevertheless possible to commit to intermediate targets and actions as explained in section 2.1.4.

9.3.3. Aligning with the Bank's overall strategy and financial planning

The validation and monitoring of the ESG Dashboard is the first step in aligning the Bank's sustainability efforts with the overall strategy. The Bank will continue to ensure that ESG gradually becomes an integral part of the budgeting process.

In 2024, BIL will launch work on defining its strategic plan for the 2025-2030 period. As a part of its preliminary work to prepare the definition of priorities, BIL will consider key information on the environment, including ESG considerations, for example by looking at the ESG Risk Assessment, ESG Scenarios, and ESG Dashboard, together with research on key trends and considerations in ESG, as well as the Bank's guidance on sectors from a sustainability perspective. Furthermore, before submitting the document to the decision-making bodies, the Strategy team, as first line of defence will assess whether there will be any material impacts on BIL's physical or transition risks due to the strategy and highlight these to the decision-making bodies.

9.4 Actions towards climate change

As explained in section 2.1.4, BIL has identified the activities most involved in climate change mitigation. The ESG Dashboard enables the Bank to have a global view of the climate-related risks to which it is exposed and to address climate-related business opportunities, including sustainable finance initiatives as detailed in section 7.

OUR IMPACT AS A FINANCIAL INTERMEDIARY

BIL can be a transition facilitator through its lending and investment range. The Bank can focus on the share of sustainable investments it would like to reach, but it must also engage with its counterparties, support their transition to a net-zero economy, and assist them to build their physical resilience, in accordance with the Paris Agreement. The following actions have been taken to support our progress on target setting:

- Commitment to a number of client engagement meetings with high-emitting clients within our corporate lending portfolio and discussions which will allow us to assess business opportunities, the maturity of clients and, ultimately, the efforts needed to achieve net zero.
- BIL carried out the PAI reporting exercise for client investment portfolios for the first time in 2023 and will continue to enhance this reporting to assess where and how negative impacts can progressively be reduced.
- The UN PRB Framework sets out impacts of priority on which the Bank should focus to contribute to the global sustainable development goals: reduce carbon emissions of our corporate clients and develop the energy efficiency of our real estate portfolio.
- Business targets, i.e., a commitment to provide a specified amount of finance to industries or companies that are transitioning to a low-carbon economy. These metrics will help assess how well the Bank is doing in supporting the transition to a net-zero economy and transforming the transition into a business opportunity.

Step by step, we will be able to understand the impact of all these action on our overall transition trajectory and on our financed emissions in particular. Establishing advanced GHG monitoring of our financed emissions and a clear understanding of how our business decisions affect these, positively or negatively, will be key to developing and, at some point, committing to a defined transition trajectory.

10. Resource Consumption

10.1 Energy

Rising energy prices and the climate crisis are factors that have led the Bank to work on improving its energy efficiency.

BIL aims to become more energy-efficient, so that it is no longer dependent on non-renewable energy and price volatility. Our headquarter building currently runs on 100% renewable energy. In 2024, a part of the building's electricity will be produced by photovoltaic panels installed on the roof. At branch level, our Dudelange branch is heated using wood pellets, also a renewable energy source.

Monitoring energy consumption is the first step to efficient energy management and BIL has implemented several tools to improve its global overview. In 2023, a specific monitoring system was introduced, making it possible to distinguish between energy consumption on the basis of the different types of energy source.

ENERGY CONSUMPTION AND MIX

BIL Group		2023	2022
(1)	Fuel consumption from coal and coal products (MWh)	0.00	0.00
(2)	Fuel consumption from crude oil and petroleum products (MWh)	355.22	554.57
(3)	Fuel consumption from natural gas (MWh)	3,126.05	3,649.98
(4)	Fuel consumption from other fossil sources (MWh)[6]	11.90[7]	13.24
(5)	Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources (MWh)	363.24	387.28
(6)	**Total energy consumption from fossil sources in MWh** Share of fossil sources in total energy consumption (%)	**3,856.51** 31.51%	**4,605.07** 33.66%
(7)	**Total energy consumption from nuclear sources in MWh** Share of nuclear sources in total energy consumption (%)	**0.00** 0%	**0.00** 0%
(8)	Of which Fuel consumption for renewable energy sources	0.00	0.00
(9)	Of which Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	8,007.12	9,075.35
(10)	Of which Consumption of self-generated non-fuel renewable energy	0.00	0.00
(11)	**Total renewable and low carbon energy consumption in MWh** Share of renewable and low carbon sources in total energy consumption (%)	**8,007.12** 67.50%	**9,075.35** 66.30%
Total energy consumption in MWh [(6) + (7) + (11)]		**11,863.63**	**13,680.42**

The scope of the energy consumption figures correspond to our Luxembourg entities (headquarter building, branches and subsidiaries) and our Switzerland offices.

Energy Performance Ratio (KWh /UDD)	**838**	**721**

The purpose of the Unified Degree Day (UDD) is to weigh our energy consumption according to the severity of the climate and to compare energy consumption objectively over several years.
The "KWh /UDD" makes it possible to bring heating consumption back to a standard, characterised by the UDD, thus helping in eliminating the strong variations in the climate.

6 Fuels of organic origin, stationary sources
7 An average of 5 MWh is generated from 1 kilogram of wood pellet

Since 2022, BIL has implemented an energy-saving programme. In 2023, the following measures were taken:

- To reduce energy consumption in BIL's headquarters, the control system and room temperature sensors in wings of the first floor of the building were replaced. This new technology combines optimum comfort with energy efficiency.
- The lighting of the headquarters is being progressively shifted to LED. In 2023, the canteen, ground floor lounges, wings of the 4th floor, the 5th floor core and the washrooms were switched to LED. In 2024, the lighting in corridors will also be replaced with LED to reduce overall energy consumption.
- The Bank also replaced the transmission systems in the B wing ventilation unit. Replacing the transmission systems has the advantage of improving energy efficiency. Replacing the pulleys and belts with the latest generation equipment improves the transmission efficiency between the motor and the fan, thereby reducing the electricity consumption required to ventilate the B wing. In 2024, this approach will be replicated for all ventilation units in the office areas. The Bank also lowered the temperature thermostat by 1°C (20°C) for all offices.

Finally, outdoor lighting is limited, with partial shutdown between 10:00 pm and 6:00 am. The same is true for the lighting of the branches.

EXPECTED IMPACT IN 2024 DUE TO INDOOR LIGHTING REPLACEMENT

BIL Luxembourg (headquarter)

ACTION IN 2023	ASSUMPTIONS	ESTIMATED 2024 IMPACT (KWH)
LED lighting replacement for company restaurant and OCD core	Estimated annual operating hours	718 kwh/year
Replacing the lighting in the toilet blocks with LEDs (old downlights)	Estimated annual operating hours	8,925 kwh/year
Replacement of +4EF wing lighting with LEDs	Estimated annual operating hours	26,600 kwh/year
Replacement of 0F lounge lighting with LEDs	Estimated annual operating hours	13,300 kwh/year
Replacement of meeting room lighting -1 with LEDs	Estimated annual operating hours	13,300 kwh/year

2024 AMBITION

In 2024, BIL aims to reduce its electricity consumption by 3% versus 2023 on a like-for-like basis. The addition of 50 electric car charging points at the end of 2023 will be taken into account in the overall electricity consumption of the PLM building in 2024. This same target of a 3% reduction compared to 2023 also applies to energy consumption related to heating facilities.

10.2 Water

The City of Luxembourg provides the Bank with clean water, of which an average of 60% comes from the City's own springs in Muhlenbach, Septfontaines, Pulvermuhl, Grunewald, Kopstal and Birelergrund. 40% of the drinking water supply is covered by surface water from the Lac de la Haute Sûre. Before being discharged into watercourses, the city's wastewater is collected in the sewage system and taken to a wastewater treatment plant (Beggen) then discharged into the Alzette river. Before this step, any wastewater collected in the car parks is sent to a hydrocarbon separator before being discharged into the municipal network, in accordance with regulations.

Quarterly analyses are carried out to check that open or closed water distribution installations (pipes, softeners, osmosis units booster pumps, etc.) have not been altered and, if necessary, to take the necessary corrective measures on the sanitary networks (domestic hot water, cooking water) in order to ensure that the drinking water supply networks are in a good state of hygiene (that the water is potable, presence of germs, legionella and bacteria), as well as monitoring run-off water from the cooling towers (prevention of the proliferation of legionella).

At BIL, water is used in the cooling towers, maintenance activities and in the day-to-day running of the buildings (cleaning, kitchens, sanitation). These operations are carried out in compliance with the instructions given by BIL on the proper management of water consumption.

CONSUMPTION OF WATER

Water Consumption	2023	2022	2021
Total Water Withdrawal (m^3)	23,920	22,188	22,029

Scope: BIL headquarter and BIL Switzerland

In 2023, multiple initiatives were introduced to reduce the consumption of water in the Luxembourg headquarter buildings. BIL has chosen to limit its use of water by:

- Reducing water flow rates at the sink mixer taps in the various toilet blocks.
- Reducing the flushing time of urinals.

2024 AMBITION

In 2024, BIL aims to reduce its water consumption by 3% versus 2023.

10.3 Waste

The Bank has different waste fractions related to its logistical operations and banking processes. Almost all this waste is generated by the Bank's IT processes and logistics needs. BIL is assisted and monitored by two companies in the management of its waste:

- First, SuperDrecksKëscht controls and validates compliance with the waste sorting requirements. It awards an SDK Label, which is renewable every two years. Due to our continuous efforts towards complying to these sorting requirements, SuperDrecksKëscht has awarded BIL with a diploma that is now renewable every five years.
- Secondly, the company Lamesch takes back all our various waste fractions for recycling/disposal, in accordance with existing legislation.

Lamesch's annual waste collection reports specify what they do with each fraction (recovery/incineration), and whether this is done by themselves or by a third-party company. The small number of fractions collected by companies other than Lamesch work on the same principle as Lamesch.

We have made our suppliers aware of the importance of using less packaging. For example, the main supplier of our company restaurant has switched to returnable transport boxes for product deliveries. We have also eliminated the use of single-use plastic consumables.

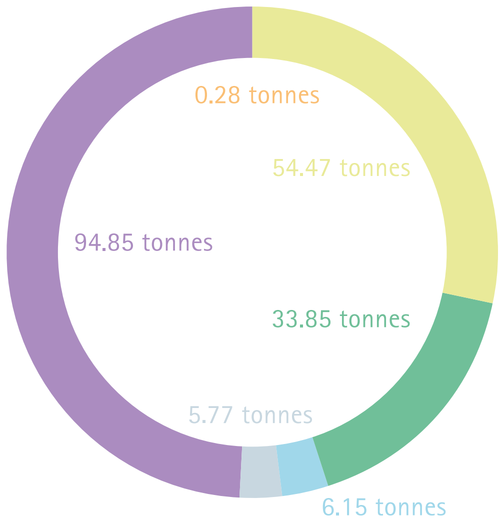
WASTE MANAGEMENT

		2023 (tonnes)	2022 (tonnes)	Evolution (2022 to 2023)
ORGANIC	recycled and then reused in other forms	33.85	27.27	24.13%
PLASTIC	recycled and then reused in other forms	6.15	4.56	34.87%
GLASS	recycled and then reused in other forms	5.77	6.72	-14.14%
NON-RECYCLABLE	incinerated	94.84	80.79	23.05%
NORMAL AND HALOGEN BULBS	partially recycled and rest destroyed	0.28	0.08	221.84%
PAPER AND CARDBOARD	recycled and then reused in other forms	57.47	76.21	-24.59%
TOTAL (tonnes)		**202.93**	**195.64**	**3.73%**
Toners (units)	recycled and then reused in other forms	1251	1490	-16.04%

** Uncategorised waste worth 2.93 tonnes were not included in the total for the year 2023 to ensure comparability throughout the years. For more details on BIL's waste management efforts, please refer to the publicly available reports from Ministry of Environment and SuperDrecksKëscht.*

Scope of data		*BIL Luxembourg and Luxembourg subsidiaries*	*BIL Luxembourg and Luxembourg subsidiaries*

Waste management at BIL



In 2023, a few of our branches in Luxembourg were closed. This resulted in additional waste when the various locations were emptied.

In addition to this, we relocated two of our entities – BIL Manage Invest and BIL Lease – to our main headquarters building. Due to this relocation, their paper and household waste which could not be accounted for separately was included in BIL's waste streams, resulting in higher volumes than previously.

Additionally, employees of the Corporate Real Estate department at BIL participated in two seminars organised by IMS Luxembourg on the subject of reducing food waste and waste produced in a company restaurant. These seminars highlighted ways that we can potentially change how our restaurant operates.

2024 AMBITION

The ideas gathered at two seminars in 2023 will enable us to challenge our current operations with regard to the flows in our in-house restaurant, as well as in the kitchen itself, which is managed by our external service provider, with the aim of reducing food waste.

11. BIL's Carbon Footprint

BIL measures emissions linked to its own activities on an annual basis. Through the help of a third-party, our carbon footprint calculations span all three scopes of greenhouse gas emissions in accordance with the GHG Protocol and the Partnership for Carbon Accounting for Financials (PCAF). The exercise involves calculating the Bank's emissions on two bases – operational and financed. BIL applies the PCAF's Global GHG Accounting and Reporting Standard Part A: Financed Emissions.

BIL Group's carbon footprint for 2023 is shown in the table below.

		RETROSPECTIVE		
		2023 (tCO_2e)	Base year 2022 (tCO_2e)	Evolution (2022 to 2023)
1-1	Direct emissions from stationary combustion sources	668	819	-18%
1-2	Direct emissions from mobile sources with combustion engine	852	950	-10%
1-3	Direct emissions from non energy processes	0	0	0%
1-4	Direct fugitive emissions	6	3	101%
	Scope 1	**1,526**	**1,772**	**-14%**
2-1	Indirect emissions from electricity consumption (location-based)	3,033	3,287	-8%
2-2	Indirect emissions from steam, heat or cooling consumption	136	161	-16%
	Scope 2 (Location-based)	**3,169**	**3,449**	**-8%**
Upstream emissions of Scope 3				
3-1	Purchases of products and services	7,563	9,083	-17%
3-2	Capital goods	0	203	-100%
3-3	Emissions related to fuels and energy (not included in scope 1 and scope 2)	617	694	-11%
3-4	Upstream freight and distribution	1,232	1,164	6%
3-5	Waste generated	114	117	-2%
3-6	Business travels	544	300	81%
3-7	Employees commuting	2,552	2,706	-6%
3-8	Upstream leased assets	0	0	0%
	Other indirect emissions	0	0	0%

Downstream emissions of Scope 3				
3-9	Downstream freight and distribution	0	0	0%
3-10	Processing of sold products	0	0	0%
3-11	Use of sold products	0	0	0%
3-12	End-of-life of sold products	0	0	0%
3-13	Downstream leased assets	0	0	0%
3-14	Franchises	0	0	0%
	Scope 3 (Location-based)	**12,844**	**14,268**	-10%
Total Scope 1-3 (location-based)		**17,540**[9]	**19,489**[10]	-10%
Reduction market-based		-3,010	-3,367	-11%
2-1	Indirect emissions from electricity consumption	225	142	59%
3-3	Emissions related to fuels and energy (not included in scope 1 and scope 2)	416	473	-12%
Total Scope 1-3 (market-based)		**14,529**	**16,122**	**-10%**
3-15	Investments	unavailable[8]	**4,924,713**	unavailable
	of which Lending Portfolio	unavailable[8]	2,519,711	unavailable
	of which Bank Investment Portfolio	unavailable[8]	2,405,002	unavailable
	Other indirect emissions	0	0	0
Total Scope 1-3 (incl. Financed emissions)			**4,940,835**	

Based on the emissions above, the GHG intensity per net revenue for BIL was as follows:

GHG INTENSITY PER NET REVENUE	2023 (t CO_2e/ EUR million)	2022 (t CO_2e/ EUR million)	Evolution (2022 to 2023)
Total GHG emissions (location-based) per net revenue	23.0	30.2	-23.84%
Total GHG emissions (market-based) per net revenue	19.1	25.5	-25.1%

[8] Emissions related to Category 15: Investment (financed emissions) are currently being calculated and will be available in BIL's 2024 Sustainability Report.
[9] Uncertainties of +/- 2,600 tCO_2e can be expected in the operational carbon footprint exercise.
[10] Uncertainties of +/- 2,537 tCO_2e can be expected in the operational carbon footprint exercise.

ESRS E1-6 | GRI 305-1 · GRI 305-2 · GRI 305-3

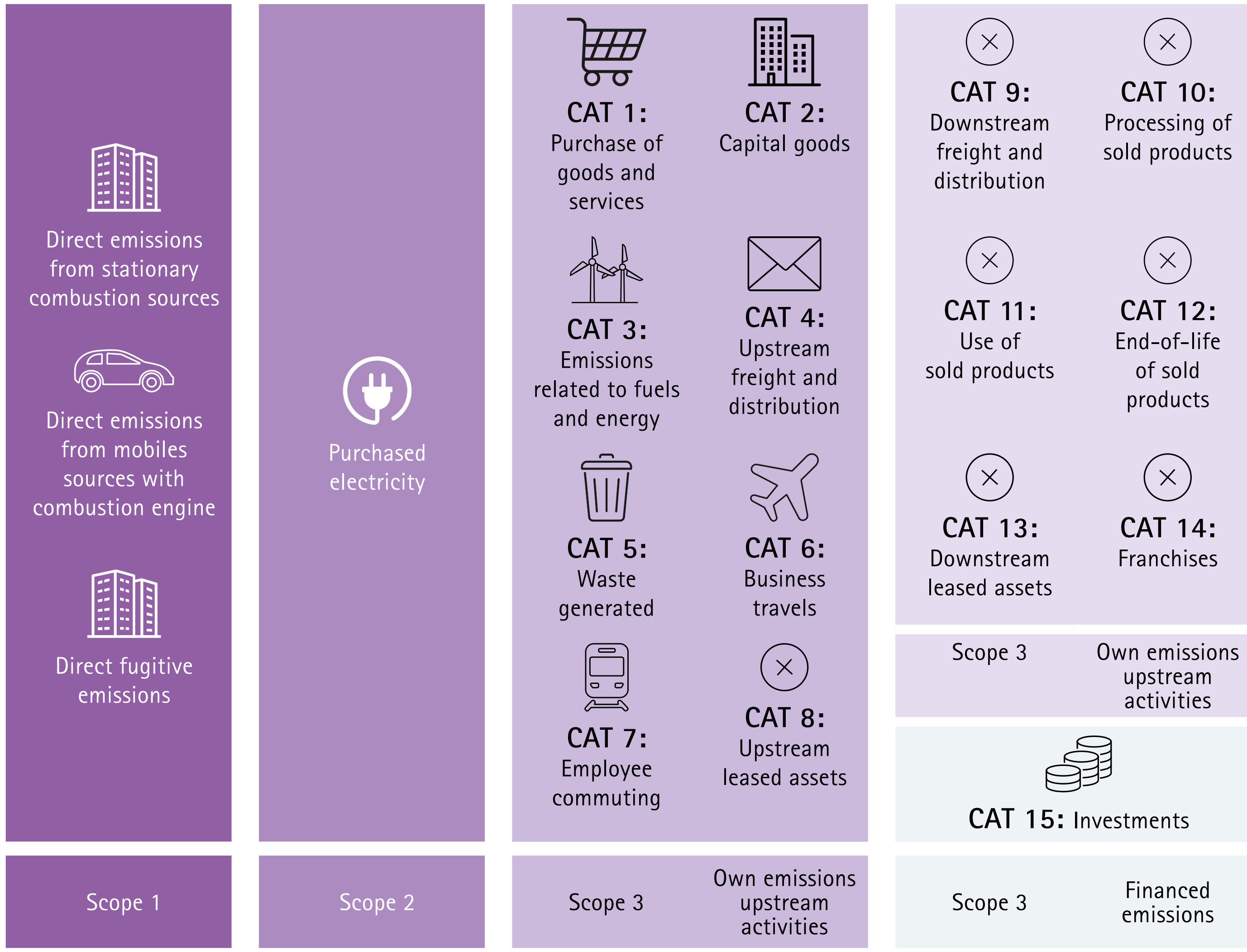
11.1. BIL's operational emissions

SCOPE AND METHODOLOGY

The calculation of BIL Group's carbon footprint has been carried out using the Bilan carbone® method, initially developed by ADEME (the French Agency for Ecological Transition) in 2004. The method is, first and foremost, a process to assess a company's operational GHG emissions and to reduce them. The Bilan carbone® spreadsheets contain European and Luxembourg emission factors, which are based on life-cycle assessments. The calculation carried out also complies with the requirements of ISO 14069 and the Greenhouse Gas Protocol (GHG Protocol).

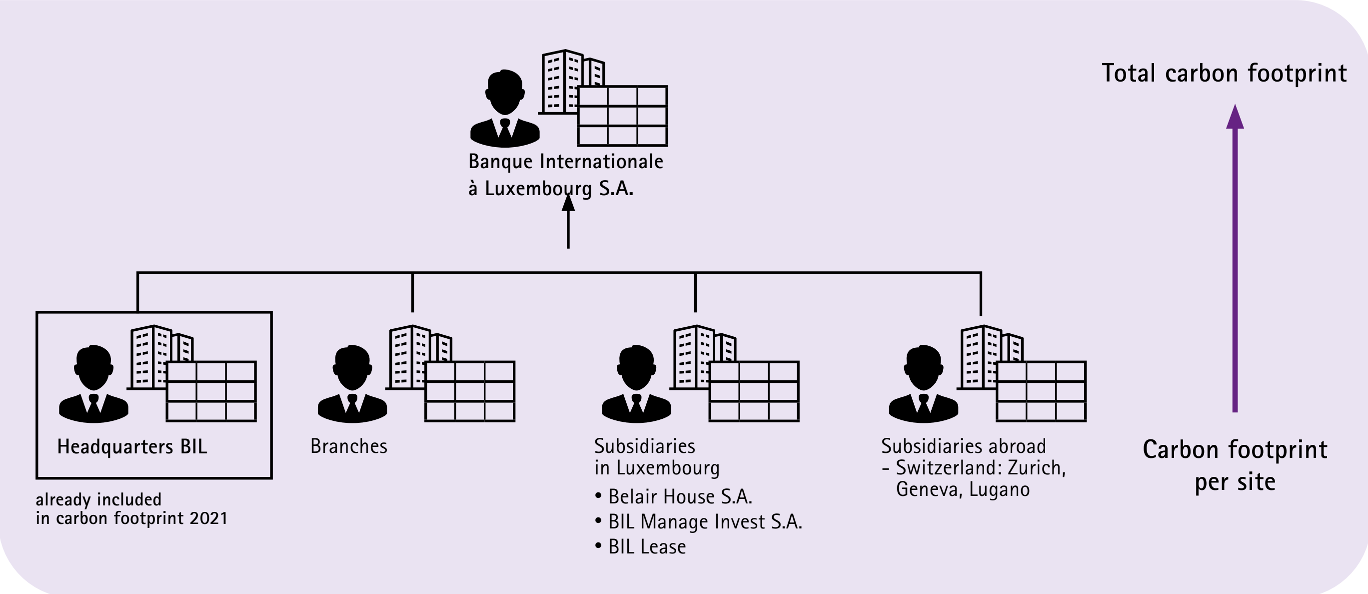
The following greenhouse gases were considered under the Bilan carbone®:

- Carbon dioxide (CO2),
- Methane (CH4),
- Nitrous oxide (N2O),
- Fluorinated hydrocarbons (HFCs, PFCs, SF6, CFCs, HCFCs),
- Non-Kyoto/Paris-protocol: Ozone (O3), Water (H2O).



Categories not in scope of BIL's operational carbon footprint

In 2022, we expanded our scope and integrated the entire BIL Group into our carbon footprint calculation. The organisational scope has been extended and includes, in addition to the headquarters, the Luxembourg subsidiaries (Belair House, BIL Manage Invest and BIL Lease), the branch network, and the offices in Switzerland (Zurich, Geneva and Lugano). This expanded scope will act as a foundation for all future assessments.



Scope 1 emissions include emissions directly produced on our site, stemming from our heating needs (gas consumption and heating oil), losses of refrigerant gases from cooling systems, as well as the use of our company cars.

Scope 2 emissions relate to our electricity consumption and the emissions occurring on the site of our electricity provider and are considered indirect.

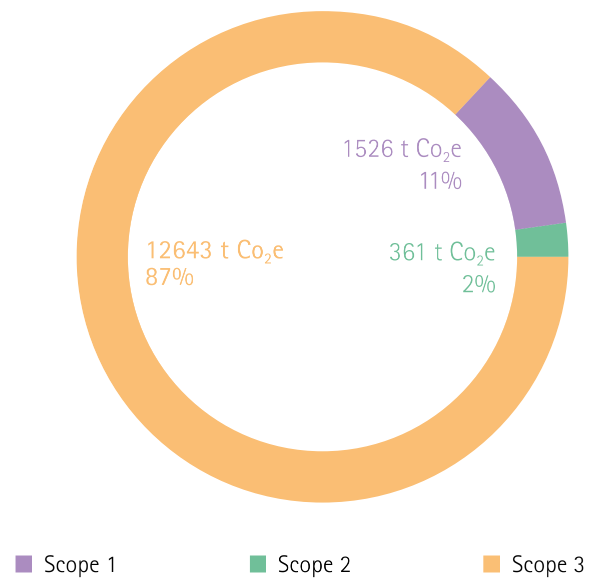
Scope 3 emissions are indirect emissions occurring in our value chain and are responsible for the majority of our carbon footprint. In this report, we have broken down scope 3 emissions into upstream and downstream emissions and provide detailed emissions by category following the GHG Protocol. Upstream emissions come from the production of our products and services, while downstream emissions come from the use of our services by our clients and our franchises.

EMISSIONS FOR 2022 AND 2023

The table below highlights the split in emissions between BIL's entities in Luxembourg and Switzerland. The total of the two figures make up the total emissions for BIL Group.

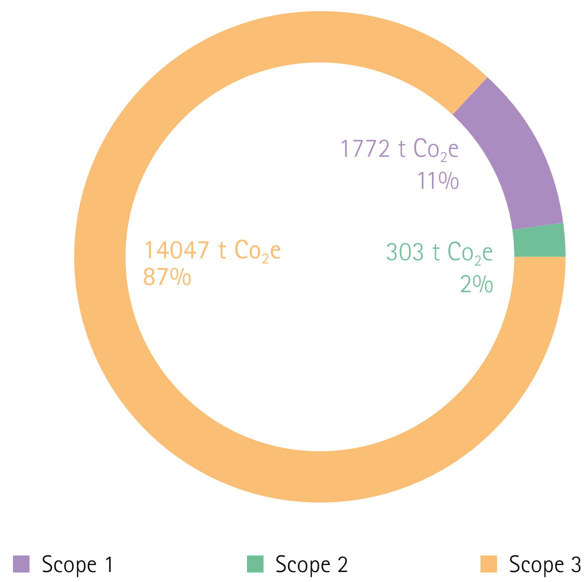
BIL's operational carbon footprint by source	BIL Luxembourg		BIL Switzerland	
Reporting Period	2023	2022	2023	2022
TOTAL SCOPE 1 – DIRECT OWN OPERATIONS	1,482	1,724	44	49
TOTAL SCOPE 2 (market based) – INDIRECT – OWN OPERATIONS	307	219	54	84
TOTAL SCOPE 3 – INDIRECT OWN OPERATIONS	12,415	12,199	226	1,845
Upstream Scope 3 emissions	12,415	12,199	226	1,845
Downstream Scope 3 emissions excluding financed emissions	0	0	0	0
TOTAL EMISSIONS – OWN OPERATIONS FOOTPRINT (MARKET BASED)	14,203	14,142	326	1,980
TOTAL EMISSIONS – OWN OPERATIONS FOOTPRINT (LOCATION BASED)	*17,204*	*17,496*	*335*	*1,993*

GHG Emissions per scope (market-based) in 2023



BIL Group's operational emissions for 2023

GHG Emissions per scope (market-based) in 2022



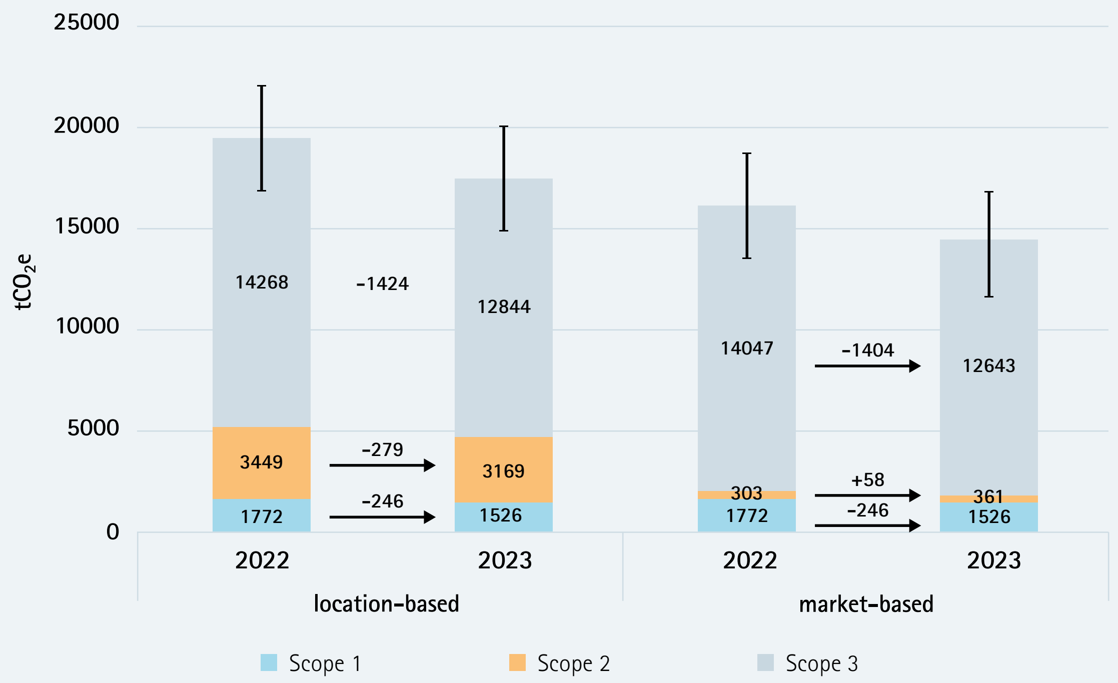
BIL Group's operational emissions for 2022

ESRS E1-6 | GRI 305-1 · GRI 305-2 · GRI 305-3

ZOOMING IN ON THE RESULTS

BIL's operational emissions consist of all direct (scope 1) and indirect (scope 2 & 3) emissions, with the exception of financed emissions (see section 11.2). In 2021, BIL conducted its very first operational carbon footprint, keeping the scope limited to BIL's Luxembourg headquarter. The total emissions for 2021 amounted to 5,071 tCO_2e (market based). In 2022, these emissions represented 14,142 tonnes of CO_2e (market based). The significant increase in amounts of CO_2e reported was due to the broader scope of entities taken into account and the revised methodology for part of our scope 3 emissions. In 2023, a 10% reduction in the overall emissions was seen.

FROM 2022 TO 2023



GHG Emissions per scope (market-based)

Location-based emissions:
A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

Market-based emissions:
Emissions are calculated based on the electricity the company has specifically purchased, which is often specified in contracts or instruments such as renewable energy certificates.

Our emissions can be split into three categories – building-related, mobility-related and input-related.

	2023		2022	
	t CO_2e (market based)	Share	t CO_2e (market based)	Share
Building	1,120	8%	1,542	10%
Mobility / Transport	5,846	40%	5,497	34%
Input	7,563	52%	9,083	56%
TOTAL (tonnes)	**14,529**	**100%**	**16,122**	**100%**

Building-related emissions reduced from 1,542 tCO_2e to 1,120 tCO_2e. This 16% reduction can be explained through the decrease in heating-related emissions throughout the BIL's offices. Additionally, with the relocation of BIL Lease and BIL Manage Invest offices into the headquarter building, this decrease in emissions was expected. A 39 tCO_2e reduction in heating-related emissions was seen for BIL branches as a result of closure of 7 different branches across Luxembourg. Furthermore, no new buildings were purchased in 2023. BIL Switzerland also saw a reduction of GHG emissions by 28% due to a reduction in fuel and gas consumption.

Mobility-related emissions saw a rise of 349 tCO_2e in GHG emissions. There was an increase in the number of business travels and trips travelled in Business Class (33% in 2023 vs. 5% in 2022). GHG emissions linked to leased cars increased by 1% as a result of a rise in the number of kilometres driven by our employees as well as the increased physical presence of employees at BIL's offices. Additionally, emissions associated with travelling to work and vice versa reduced as the overall usage of thermal cars by our employees decreased.

Input-related emissions reduced by 1,520 tCO_2e from 2022 as a result of fewer purchases of IT equipment and furniture along with fewer renovation costs. The reduction is linked to food and drink consumption at the headquarter canteen. We see a slight reduction in the proportion of meat consumed (10.88% in 2023 vs. 11.8% in 2022). The decrease can also be explained due to the update in the Agribalyse emission factor database.

ESRS E1-6 | GRI 305-1 · GRI 305-2 · GRI 305-3

11.2. BIL's financed emissions

SCOPE AND METHODOLOGY

Banks have an impact on the climate not only through their own business but also, more importantly, through the financed emissions from their lending and investment activities, which account for 99% of BIL's total carbon footprint. BIL has been calculating the financed emissions from its lending portfolio and bank investment portfolio since 2022.

The calculation method is based on the GHG Protocol of the Partnership for Carbon Accounting Financials (PCAF). BIL has estimated emissions linked to the following five asset classes defined in this methodology: listed equity & corporate bonds, sovereign debt, business loans & unlisted equity, mortgages & commercial real estate and motor vehicle loans.

BIL has assessed 73% of the Group's total balance sheet covering EUR 23.7 billion of outstanding loans and investments. The calculation included 95% of this exposure for scope 1 & 2 financed emissions and 50% for scope 3 (not all activity sectors disclose their scope 3 emissions as yet).

Data quality

According to the PCAF standard, financed emissions are obtained by multiplying the emissions of the investee times the appropriate attribution factor. However not all investees provide the same level of disclosure of their GHG emissions. To tackle this issue, the standard provides a Data Quality Score based on the information found for the investees, which is directly linked to the uncertainty of the GHG emissions of the investee.

Lower scores are associated with lower uncertainty and are therefore desirable: a score of 1 generally represents the best data quality for the company's or property's real emissions, whereas a score of 5 represents the broadest estimates based on the industry average of the activity being financed.

BIL aims to be as transparent and objective as possible in the calculation of its carbon footprint: improving its data quality score is therefore a priority for the Bank when it performs this annual task.

Based on the first two years of this exercise, the Bank has identified a number of data sets that are critical to improving the quality of the overall result:

- **Real estate loans: data quality score 5**
  To improve this score, BIL has stepped up its efforts to obtain energy performance certificates for its financed properties.
- **Motor vehicle loans: data quality score 4**
  To improve this score, BIL needs to record the type of engine in the financed vehicle, or ideally the exact model. This is something that BIL Lease already does.
- **Business loans: data quality score 4.7**
  To improve this score, BIL will collect data on its counterparties' real emissions if available, or if not will gather more detailed financial data to produce more accurate estimates, prioritising the highest emitting industries.

It is important to note that, since the first calculation in 2022, data quality scores have already improved from 5 to 4.9 for the lending portfolio, and from 4.3 to 2.2 for the bank investment portfolio, in respect of scope 1&2 financed emissions.

FINANCED EMISSIONS FOR 2022

Portfolios & Asset classes	Total outstanding loan and investments (in EUR million)	Total Financed Emissions (tCO_2e)	Scope 1 & 2				Scope 3			
			Scope 1 & 2 Financed Emissions (tCO_2e)	Scope 1 & 2 Intensity (tCO_2e / million EUR invested	Scope 1 & 2 Data Quality Score	Scope 1 & 2 Analysed Coverage (%)	Scope 3 Financed Emissions (tCO_2e)	Scope 3 Intensity (tCO_2e / million EUR invested	Scope 3 Data Quality Score	Scope 3 Analysed Coverage (%)
BIL	**23,690**	**4,924,713**	**2,472,982**	**110**	**3.9**	**95%**	**2,451,731**	**209**	**3.2**	**50%**
LENDING PORTFOLIO	**14,149**	**2,519,711**	**741,121**	**53**	**4.9**	**99%**	**1,778,590**	**559**	**4.7**	**23%**
Business Loans	3,288	2,435,930	657,340	207	4.7	97%	1,778,590	559	4.7	97%
Real Estate Loans	10,606	79,930	79,930	8	5.0	100%	-	-	-	-
Motor Vehicle Loans	254	3,852	3,852	15	4.0	100%	-	-	-	-
BANK INVESTMENT PORTFOLIO	**9,541**	**2,405,002**	**1,731,861**	**203**	**2.2**	**90%**	**673,141**	**79**	**2.6**	**90%**
Listed Instruments	9,241	2,267,692	1,633,814	198	2.2	89%	633,878	77	2.5	89%
of which Sovereign and Municipal Bond	*5,354*	*2,063,200*	*1,534,604*	*287*		*100%*	*528,595*	*99*		*100%*
of which Corporate Bond	*3,140*	*177,564*	*93,981*	*33*		*90%*	*83,582*	*30*		*90%*
of which Funds	*56*	*26,929*	*5,229*	*100*		*93%*	*21,700*	*414*		*93%*
Private equity	300	137,309	98,046	327	4.1	100%	39,263	131	4.1	100%

ZOOMING IN ON THE RESULTS

Total financed emissions as of 31 December 2022 were estimated to be 4,924,713 tCO_2e: 2,472,982 tCO_2e for scope 1 & 2 financed emissions and 2,451,731 tCO_2e for scope 3.

The **lending portfolio's** financed emissions as of 31 December 2022 were estimated to be 2,519,711 tCO_2e:

- Most emissions (96.7%) can be attributed to business loans, which only account for 23% of outstanding loans. An in-depth analysis helped us identify the highest emitting sectors and clients, for which the transition risk is greatest and therefore in need of mitigation. A number of initiatives have been taken with this in mind and are described in section 7.1.3.

  Importantly, BIL conducted the first assessment of alignment of its lending portfolio and bank investment portfolio with the IEA's NZE by 2050 Scenario. The results are due in the first half of 2024 and will therefore be included in the Bank's 2024 Sustainability Report.

- Although the mortgage portfolio makes up 75% of outstanding loans, it accounts for just 3.2% of emissions. As mentioned earlier, the biggest challenge at this stage is to improve data quality scores, and with this in mind BIL has stepped up its efforts to obtain energy performance certificates for its financed properties.

  And as detailed in the section 7.1.1, BIL is aiming to "green up" its mortgage portfolio, as regards both new acquisitions and the renovation of existing properties. A number of initiatives were taken during the year to help retail clients with their energy transition.

- The motor vehicle lending portfolio accounts for just 0.2% of emissions. This figure should drop further as the share of electric vehicles increases.

  For this reason, BIL has decided to align its goals with the transition of the Luxembourg market, and more specifically to align the percentage of electric vehicles financed via new finance leases and consumer loans with the proportion of electric cars in Luxembourg's new vehicle registrations.

The **bank investment portfolio's** financed emissions as of 31 December 2022 were estimated to be 2,405,002 tCO_2e:

- Most emissions (86%) can be attributed to government and sovereign bonds, which make up 56% of investments.

  In line with the Financial Sector Science-Based Targets Guidance published in August 2022, this type of product is considered to be out-of-scope and cannot be covered by available methods for decarbonisation targets.

- The remaining emissions can be attributed to investments in corporate bonds, listed equities and funds.

  As described in the section 7.3, it is important to note that 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.

12. Targets on Climate Change

In 2023, BIL, along with the help of a third-party agency, defined an initial reduction target on its operational carbon footprint. This reduction target of -2% per year refers to our own operations and thus, will allow us to reduce emissions controlled by the Bank.

DEFINING TARGETS ON CLIMATE CHANGE

	2024 & 2025
Carbon footprint reduction of our own operations	-2% per year

Scope: BIL Group

Given the multitude of components involved in calculating the carbon footprint and the elements not directly under the Bank's control, this objective will be accompanied by more 'qualitative' initiatives, such as:

- Employee awareness on energy consumption in office, paper consumption, soft mobility, sustainable eating
- Green mobility actions
- Launch of reflections on Green IT
- Incorporation of ESG considerations in Procurement Process
- Sustainable food actions (canteen)

The Bank performed an Energy audit in late 2023. Results will enable BIL to identify further actions and confirm the above ambition.

13. Positive Environmental Impact

BIL recognizes the importance of safeguarding and contributing to the protection of the environment and biodiversity. In line with its strategy, BIL has financially supported local associations and initiatives devoted to raising awareness and protecting the environment and biodiversity at local level.

Reporting Period **BIL Luxembourg**	2023
The budgeted amount set aside for Environmental initiatives	23,340.00 €

BIL supported the following environmental associations:

HËLLEF FIR D'NATUR FOUNDATION

A total of 360 jars of honey (125g each) were collected once again this year, from beehives installed on the grounds of BIL's head offices. These jars were put on sale in the staff canteen during a given period in December 2023. The total sum raised by this sale was doubled up using the CSR budget, and the full amount was then donated to the Hëllef fir d'Natur foundation, which operates to protect local environment and biodiversity.

Reporting Period **BIL Luxembourg**	2023	2022
Amount of donation by BIL (in EUR)	3,340.00 €	3,000.00 €

MUSÉE DU DÉCHET

BIL provided financial support to the Luxembourg Musée du Déchet to support its educational activities for high school classes in the country, which is focused on the circular economy, the environment and pollution.

Reporting Period **BIL Luxembourg**	2023
Amount of donation by BIL (in EUR)	15,000 €
Number of classes that benefitted from BIL's donation	15

90 JÖER LËTZBUERGER PRIVATBESCH

BIL was one of the sponsors of the 90 Jöer Lëtzebuerger Privatbësch – Lëtz'reGenerate event which was held on 27 September 2023. This event was focused on the regenerative contribution of Luxembourg's forests and on the importance of maintaining these forests in good condition as they too suffer from the impacts of climate change.

Reporting Period **BIL Luxembourg**	2023
Amount of donation by BIL (in EUR)	5,000 €

WHAT BIL SWITZERLAND IS DOING

ALMIGHTY TREE FOUNDATION

BIL Switzerland engaged in planting 100 trees in 2023 instead of gifting Christmas presents to clients. The trees planted will absorb roughly 26 tCO_2e.

Almighty Tree

PART III
Social

14. Being a Responsible Employer

The success of our business is driven by the people who work for us, our human capital. Our goal is to build relationships based on trust and respect for employees at all levels, and aligned with our core values – Create, Collaborate and Care. These are values that bring out the best in people:

- 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. To meet today's challenges, we need to work with diverse perspectives and amplify our collective strengths.
- The third value is **Care**. A supportive work environment promotes teamwork and trust. BIL considers diversity an important aspect of its management as a responsible employer. We are committed to creating an inclusive workplace that enables everyone to participate in achieving our strategic and sustainable goals with a real sense of belonging, and that encourages individual development with equal opportunities for all.

The core of BIL's ambition is to empower its people through a variety of initiatives, a strong culture of feedback, a flexible working approach, and a range of training opportunities for employees.

14.1.1. Policies related to our human capital

BIL's ***Responsible Employer Policy*** discloses the Bank's commitments to ensuring a sustainable and supportive workplace that promotes integrity, employee well-being and community engagement. The policy highlights how all aspects of human capital management at BIL are carried out not only in the interests of the Bank but also considering our responsibility as an employer. The policy details the principles related to all human resource practices, with an eye on inclusiveness, two-way communication and grievance procedures.

Other policies governing BIL employees include:

Policy/Charter	Objective of the policy/charter	
PCC Governance related to branches, subsidiaries and representative offices	The Human Resources (HR) department acts as the centre of expertise on how all HR matters are managed at BIL. All entities of BIL follow the same approach, with the exception of any deviations required by differing national legislation (e.g., payroll, time management and some details on bonuses). The aim is to align all processes to ensure that the strategy is respectful and clear for all employees.	Internal
Feedback Model Policy	This policy describes the Bank's feedback model, whose main aim is to encourage continuous improvement and a constructive exchange between employees and their managers.	Internal
Flexitime Management Policy	This policy describes the flexibility BIL offers to its employees to enable them to freely manage their working time with increased flexibility based on their personal wishes and constraints, subject however to operational needs and the organisation of work.	Internal
Diversity Charter	This Charter documents the principles, commitment and measurable objectives in relation to diversity upon which BIL forms and implements its nomination strategy for its Management Body.	Internal
*Remuneration Charter**	The Charter defines the remuneration principles applicable to all employees within BIL. The Charter is defined around the following pillars: maintaining a sound and effective risk management framework, attracting and retaining talent with competitive remuneration packages, ensuring the primacy of clients' interests, compliance with the regulatory framework, fostering transparency, ensuring consistency and promoting ESG considerations.	Public
Policy against psychological and sexual harassment	BIL has a zero-tolerance policy on harassment, fostering a respectful and inclusive workplace where every individual is treated with dignity and fairness.	Internal
Recruitment Policy	The Recruitment Policy aims to ensure that talent acquisition is conducted in a fair and transparent manner offering an effective talent approach to the business and ensuring a positive experience for candidates.	Internal
Teleworking Charter	This Charter describes the flexible working arrangements that empower employees to effectively contribute to their roles while enjoying the benefits of a remote work environment.	Internal
Leave and Absence policy	The Leave and Absence Policy outlines guidelines for various types of leave, promoting transparency and fair treatment for all employees.	Internal

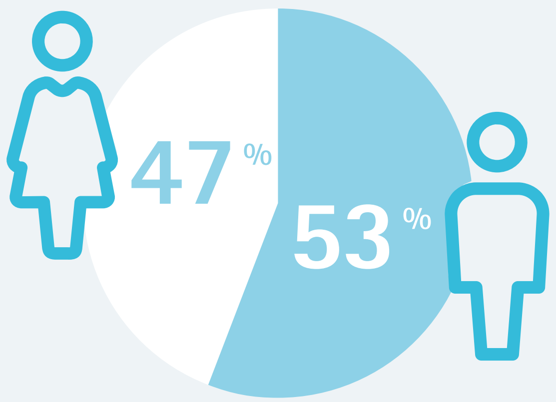
** Page 153 of the Pillar 3 report contains the Remuneration Charter and its principles.*

ESRS S1-6 | GRI 2-7

14.1.2. Characteristics of employees

Gender

BIL'S WORKFORCE IS COMPOSED OF



BIL GROUP EMPLOYEE HEADCOUNT BY GENDER (AS OF 31 DECEMBER 2023)

1081 MALE EMPLOYEES

942 FEMALE EMPLOYEES

BREAKDOWN OF EMPLOYEES BY GENDER

Reporting Period **BIL Group**	2023	2022
GENDER	Number of employees (headcount)	
Male	1081	1067
Female	942	933
Total employees (headcount)	**2023**	**2000**
GENDER	Number of employees (FTE)	
Male	1056.15	1042.93
Female	866.28	849.46
Total employees (FTE)	**1922.43**	**1892.39**

Scope: BIL GROUP (BIL Luxembourg, Belair House, BIL Manage Invest, BIL Lease, BIL Switzerland, BIL China and BIL Hong Kong).

The "other" category is not applicable for BIL employees.

BREAKDOWN OF EMPLOYEES BY COUNTRY

Reporting Period **BIL Group**	2023	2022
COUNTRY	Number of employees (headcount)	
Luxembourg	1904	1882
Switzerland	105	103
China and Hong Kong	14	15
Total employees (headcount)	**2023**	**2000**
COUNTRY	Number of employees (FTE)	
Luxembourg	1806.92	1777.89
Switzerland	101.5	99.5
China and Hong Kong	14	15
Total employees (FTE)	**1922.43**	**1892.39**

ESRS S1-6 | GRI 401-1

14.1.3. Outflow

TURNOVER OF EMPLOYEES BY GENDER

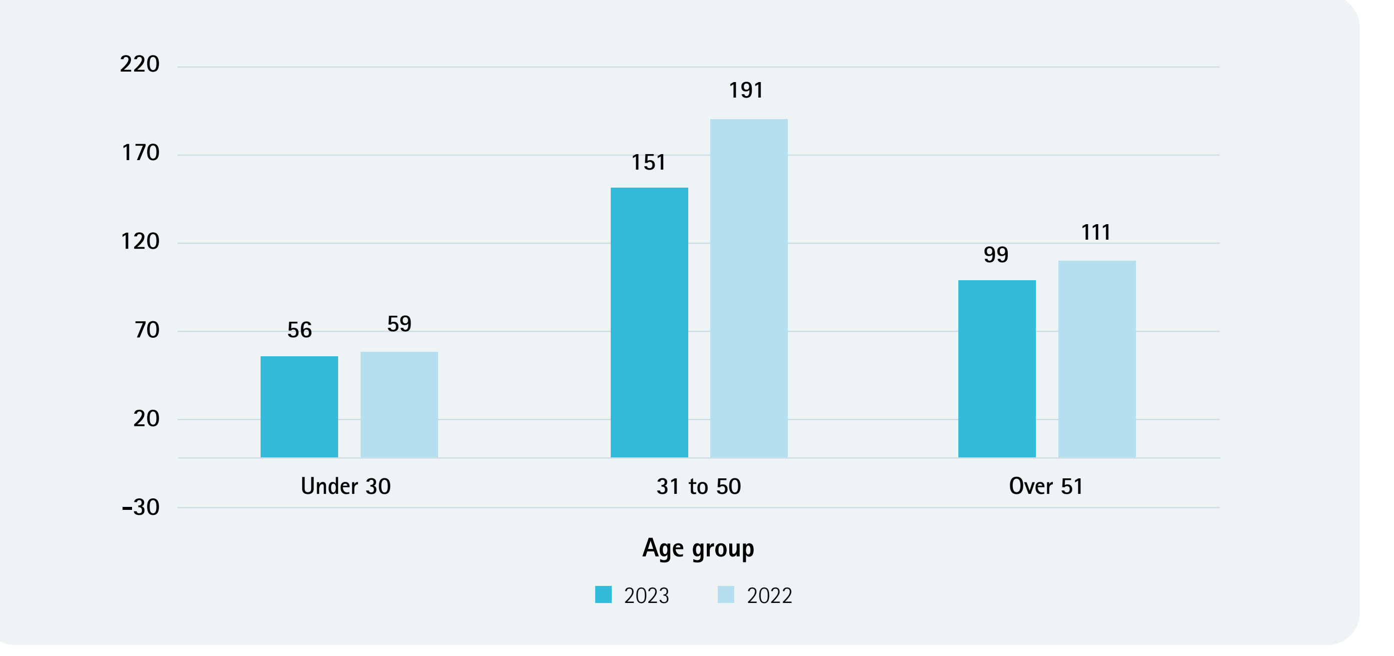
Reporting Period **BIL Group**	2023	2022
GENDER	Number of employees (headcount)	
Male	158	189
Female	148	172
Total employee turnover (headcount)	**306**	**361**
GENDER	Number of employees (FTE)	
Male	152.75	163.35
Female	136.47	146.29
Total employee turnover (FTE)	**289.22**	**309.64**

Scope: BIL GROUP (BIL Luxembourg, Belair House, BIL Manage Invest, BIL Lease, BIL Switzerland, BIL China and BIL Hong Kong).

Reporting Period **BIL Group**	2023	2022
Total turnover of employees (headcount)	306	361
Rate of employee turnover	15.13%	18.1%

Scope: BIL GROUP (BIL Luxembourg, Belair House, BIL Manage Invest, BIL Lease, BIL Switzerland, BIL China and BIL Hong Kong).

TURNOVER OF EMPLOYEE BY AGE



15. Human Capital targets

BIL defined human capital targets for the first time in 2023. The aim of the exercise was to define tangible targets in the following areas:

- Diversity
- Training
- Turnover

TARGET DEFINITION FOR HUMAN CAPITAL

HUMAN CAPITAL	Baseline value (2023)	2024	2026	2028	Scope of target	Base Year	Absolute/ Relative target
Diversity (% of female senior management with PJC* ≥ 18 as per Collective Bargaining Agreement)	24.80%	26.00%	/	30%	BIL Luxembourg and Luxembourgish subsidiaries	2023	Absolute target
Training (Number of training days per employee)	3.1	4	/	5	BIL Luxembourg and Luxembourgish subsidiaries	2023	Absolute target
Turnover (All outflows per average yearly headcount)	15.13%	<15%	10%	/	BIL Luxembourg and Luxembourgish subsidiaries	2023	Absolute target

** PJC: Personal Job Class*

BIL has determined these targets based on factors such as future skills requirements, employee development, talent retention, and alignment with overall business objectives.

These targets take into account BIL's strategic roadmap and the ESG ambitions of the Bank. The expected results will contribute to organizational growth, employee satisfaction, and compliance with relevant internal policies such as the ***Diversity Charter, Recruitment Policy*** and ***Responsible Employer Policy***.

16. Collective Bargaining Agreement and Social Dialogue

The employees of most Luxembourgish banks are protected by a collective bargaining agreement.

This is reached between the industry's various unions and directors, i.e., members of the ABBL (Association of Luxembourg Banks and Bankers), usually for three years. The current agreement is for 2021-2023 and negotiations for 2024-2027 are under way. The collective bargaining agreement mainly covers general workers but a number of its clauses also apply to managers and executives.

Amongst other things, the agreement determines the remuneration and job description of general workers (pay scales for grades A to D, loyalty bonuses, percentage of staff to receive a pay rise, 13th month, etc.).

Other terms apply to all staff, including managers and executives, such as statutory leave and additional holiday, training entitlement, flexible working hours, and notice periods in the event of resignation, dismissal or redundancy.

The table below highlights the percentage of employees that are covered under the Collective Bargaining Agreement on the basis of remuneration. 100% of the employees in BIL Luxembourg are covered under this agreement for the rest of the terms and conditions. BIL Switzerland, Belair House, BIL Manage Invest, BIL China and BIL Hong Kong are not governed by the Collective Bargaining Agreement.

EMPLOYEES COVERED UNDER THE COLLECTIVE BARGAINING AGREEMENT IN LUXEMBOURG

Reporting Period	2023	2022
	LUXEMBOURG	
Number of employees (headcount) covered by the collective bargaining agreement in terms of remuneration	954	965
% of employees covered by the collective bargaining agreement in Luxembourg (based on remuneration)	50.11%	51.28%
% of employees covered by the collective bargaining agreement in Luxembourg (based on other benefits)	100.00%	100.00%

COLLECTIVE BARGAINING COVERAGE

Reporting Period	2023		2022	
Coverage Rate	**Employees** (headcount) - EEA (Luxembourg)	**Employees** (headcount) - Non-EEA (Switzerland)	**Employees** (headcount) - Non-EEA (Switzerland)	**Employees** (headcount) Non-EEA (Switzerland)
0-19%		Europe*		Europe*
20-39%				
40-59%	Luxembourg		Luxembourg	
60-79%				
80-100%				

* In this case, Europe includes only Switzerland as the criteria asks for non-EEA countries. Thus, it does not include Luxembourg.

ESRS S1-4 | GRI 201-3 · GRI 3-3

17. Health and Well-being of Employees

17.1 Health benefits and psycho-social support

BIL has always attached great importance to the health and well-being of its employees as a means to preserve and protect its human capital. Well-being at work is an important factor in employee commitment. It directly impacts performance, reduces absenteeism, reduces psychosocial risks, improves quality of life at work, helps to attract and retain talent while also increasing employees' sense of belonging and loyalty towards the Bank.

BIL provides a wide range of information on health and well-being via its internal communication channels covering the following topics:

- **Fonds Social (Social Fund):** the Bank provides financial assistance to its employees and their families (medical treatment, hospital expenses, etc.)
- **Medicis Confort:** any employee who so wishes can take out a Medicis Confort supplementary health insurance policy at a preferential rate, with no trial period or preliminary medical questionnaire.
- **ASTF (Association pour la Santé au Travail des secteurs Tertiaire et Financier):** BIL offers one free and confidential medical check-up with ASTF to all employees aged 40 years old and above.
- **Luxembourg Air Rescue (LAR):** BIL offers free LAR membership to BIL employees and their families. LAR provides its members with a personalised and professional air repatriation service 24/7.
- **Flu vaccination campaign:** every year the Bank organises a free flu vaccination campaign in collaboration with ASTF.
- **Pension plan:** BIL employees are affiliated to a supplementary pension scheme that provides coverage for retirement, disability and death.

The People Care team is dedicated to monitoring BIL employees (long term illness, disability, life accidents, harassment, addiction, over-indebtedness, bereavement, suicide, etc.) with strict anonymity rules (bound by confidentiality, neutral contacts). The People Care team works on and develops prevention processes and actions in close collaboration with stakeholders and other parties where required. They provide follow-up and support in the event of a critical event (e.g., death, suicide or suicidal risk, accident, etc.). They assist people with 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 ASTF as well as health check-ups for employees from the age of 40. The People Care team at BIL identifies and monitors the risks and opportunities associated with employee well-being and has an annual budget of EUR 10,000 to implement initiatives to promote health and well-being throughout the Bank.

People Care also assists employees with the transition to a new phase in life and preparations for retirement on a private level. As in previous years, in 2023 BIL organized a conference with GERO's pension coach for employees aged 57 and over.

GERO conference

Reporting Period **BIL Luxembourg**	2023
GERO Conference 57+	
Number of participants in the conference	42

AN EXTRAORDINARY FRAMEWORK FOR A MILESTONE YEAR

In 2023, BIL implemented a new core banking system, via the Go Live 2022 (GL22) project (please refer to section 7.5). This was a key element of strategy as it represents a major pillar on which to build a bank for the future with a more solid IT backbone. The project represented a considerable amount of work, involving hundreds of people. Thanks to strong governance and the mobilisation of resources across the Bank, the project was a success.

The main health risk identified in 2023 concerned the impact of the GL22 project on stress, fatigue and the commitment of employees of whom a lot had already been asked in 2022, and who had to deal with another two delays, with new restrictions on leave in particular.

To address the above issues, a specific framework was negotiated with the social partners to cover the six weekends when dress rehearsals for GL22 took place. This framework included recovery days and overtime payments, monitoring the employees most affected by additional working hours, the provision of hotel rooms for people working on Saturdays and Sundays, taxi arrangements, and special services such as in-house massages for quick breaks, specials meals, and longer opening hours of the canteen.

Weekly/monthly monitoring of the GL22 project was carried out jointly by the HR and employee representatives throughout the year, with various adjustments.

17.2 Fitness & well-being

Sport and culture at BIL are promoted through a number of programmes involving the various sports and cultural sections of the Gestion Paritaire des Œuvres Sociales (GPOS) (29 sections), such as badminton, cycling, baking, sewing, photography, volleyball and winter sports. These programmes are managed in close collaboration with union representatives.

BIL promotes sports and physical activity within the workplace and outside of work. This not only fosters a healthy environment but also enhances team morale and productivity:

- FIT4BIL: BIL has its own fitness room offering a range of machines for bodybuilding and cardio exercise, which is available to all employees free of charge. Employees can also benefit from free sessions and advice from on-site sports coaches.
- BIL reimburses up to 50% of subscriptions and entry fees for external sport and fitness clubs, swimming pools and health centres with an annual maximum of EUR 300 per employee.
- Different types of massages including reflexology and reiki are offered on BIL's premises at very attractive prices.

To offer employees the opportunity to try out new relaxation methods, in 2023 BIL organized a sophrology introductory session in collaboration with the Luxembourg company, Kinside, enabling employees to try out different elements of sophrology.

Sophrology discovery session

17.3 Allowances and employee benefits

The BIL Education Fund offers grants to help the children dependent on BIL employees to complete their studies. BIL supports its employees during key family events with grants for marriage, civil partnership (Luxembourg), PACS (France) and legal cohabitation (Belgium), births and adoptions.

BIL employees also benefit from the following advantages:

- Meal vouchers for branch employees
- A subsidized canteen at head office
- A free Sympass card, offering special privileges at merchants and for all kinds of events
- Advantageous pricing terms with strategic partners
- Favourable terms for banking products, for example, lower rates on mortgage loans and free VISA credit cards.
- In-house services such as drycleaning and catering by Schnekert.

17.4 Social protection

The social security rules in Luxembourg are governed by Luxembourg's national legislation. Please find below some key information regarding social security in Luxembourg and its application:

- **Affiliation:** anyone working in Luxembourg is generally affiliated with the social security system. Cross-border workers may also be subject to this system.
- **Health insurance:** the National Health Fund (Caisse Nationale de Santé or CNS) manages health insurance. Contributions are deducted from salary and provide access to healthcare, with a portion covered by the CNS.
- **Pension insurance:** the National Pension Insurance Fund (Caisse Nationale d'Assurance Pension or CNAP) manages pension insurance in Luxembourg. Contributions are deducted from salary and contribute to building a pension for the future.
- **Dependency insurance:** there is mandatory dependency insurance in place for workers in Luxembourg. CNAP manages this branch of social security.
- **Workplace accidents insurance:** employers are required to subscribe for workplace accidents insurance with Luxembourg's Association d'Assurance Accident (AAA).
- **Family allowance:** the Caisse pour l'Avenir des Enfants or CAE (formely, Caisse Nationale des Prestations Familiales or CNPF) manages family allowance payments to families to help with the costs associated with raising children.
- **Unemployment insurance:** the National Employment Agency (Agence pour le Développement de l'Emploi or ADEM) manages unemployment benefits. Workers who have contributed to the system may receive allowances in the event of job loss.
- **Social contributions:** social contributions are deducted from salaries and are the responsibility of both the employer and the employee. They fund various social security schemes.
- **Maternity:** maternity leave in Luxembourg typically consists of a total of 16 weeks. It is divided into two parts: prenatal leave and postnatal leave. During maternity leave, health benefits are provided, and the insured individual receives maternity benefits. These benefits aim to replace a portion of salary during the period of absence.
- **Sickness:** if an employee is unable to work due to illness, sickness benefits may be provided. These benefits are designed to partially replace lost income during the period of incapacity. Luxembourg provides access to healthcare services through the CNS and when an individual falls sick, they can access medical services covered by the CNS. During a period of sickness, the individual's healthcare coverage is generally maintained, ensuring continued access to the required medical services.

Social security rules and their application may change, and we recommend that individuals check with Luxembourg's social security administrations regarding their personal situation.

17.5 Work-life balance

BIL's ***Responsible Employer Policy*** highlights the commitment to providing all employees with adequate working conditions and decent working hours. Every employee of the Bank is entitled to family-related leave in a gender equitable manner. Family-related leave includes paid annual leave, maternity and parental leave, extraordinary leave, sick leave, union leave, social leave to encourage employees' participation in their local community, and family leave in compliance with Luxembourg legislation and the Collective Bargaining Agreement. The ***Leave and Absence Policy*** of the Bank details how leave and absences are managed and awarded at BIL. It describes the legal framework for statutory and extraordinary leave, as well as the different types of absence and how they are reported.

The management of employees' working time is defined through our internal ***Flexitime Management Policy***. The policy provides the flexibility for employees to freely manage their working hours based on their personal schedules and constraints, while also bearing in mind the Bank's priorities. A significant portion of our Bank's workforce embraces a part-time flexible work arrangement, reflecting our commitment to fostering a diverse and accommodating workplace culture. This approach allows employees to balance their professional responsibilities with personal commitments, promoting greater work-life harmony and overall employee satisfaction.

In April 2022, BIL adopted the ***Teleworking Policy*** which allows each employee of the Bank to work from home on a regular basis. The table below highlights the number of teleworking days that were taken by our employees in 2023 as compared to 2022:

	2023	2022
Number of days **teleworked**	**39,600**	**55,346**

There was a decline in the number of teleworking days due to the requirement for employees to be onsite for the implementation on the new core banking system.

BIL will implement a ***Right to Disconnect Policy*** at the beginning of 2024, which will apply to BIL Group and promote work-life balance and the freedom to unplug from work-related communication outside of designated working hours.

17.6 Security

The security strategy is built around three imperatives: to prevent, to inform and to react. BIL has also analysed the vulnerabilities of its premises and organised itself from a structural, infrastructural, technological and operational standpoint to enhance the protection of its sites. 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)

The importance that BIL attaches to protecting the health and safety of its employees is enshrined in its policies, and thus constitutes one of the pillars of the Bank's approach to social responsibility.

BIL's *Occupational Health & Safety Policy* defines the measures put in place by BIL to protect the health and safety of employees. For several years, the Bank has followed a Security Reference Framework based on the concept of the management system and the principles of constant improvement. This approach forms part of the Bank's overall management with the adoption of such a system reflecting a holistic approach to professional risk prevention.

In accordance with the legal and regulatory framework, since 2007, BIL has appointed designated workers who are responsible for measures to help the Bank minimize occupational hazards in the workplace. Such measures include providing information and training, working to prevent occupational hazards and ensuring safety in the workplace.

The *Occupational Health & Safety Policy* details the Designated Worker's general role, notably:

- To define the Bank's strategy for promoting the health and safety of employees;
- To analyse health and safety risks, and offer advice on how to eliminate or reduce these;
- To manage safety registers and monitor regulatory obligations
- To evaluate the Bank's overall situation in terms of health and safety at work, notably by monitoring working methods, the means implemented, risk assessments and studies, and accident prevention provisions;
- To establish, update and distribute health and safety plans, warning and alarm plans, and intervention and evacuation plans;
- To manage relations with the ITM, supervisory bodies and the occupational health service with which the Bank is affiliated, as well as with other health and safety supervisory authorities, and accident and fire rescue services.

BIL is currently finalizing the Occupational Health and Safety Management System. The Designated Workers play a central role in this process, their main concern being to establish best practices and ensure that these are known to and adopted by all employees. BIL has appointed two designated workers within the Bank, and a third will be appointed in 2024.

Within this overall framework for managing the security of BIL staff and clients, safety work undertaken in 2023 focused on five main themes:

EMPLOYEE AWARENESS

- Wearing personal protective equipment (for employees exposed to particular risks).
- Respect for road signs and traffic rules in parking lots and around BIL buildings.
- Employee training in first aid procedures.
- Branch safety visits (prevention of musculoskeletal disorders, prevention of psychosocial disorders, health and well-being at work).
- Numerous interventions on the subject of workstation ergonomics and the design of workspaces adapted to employees' pathologies.
- Updating the safety register.
- Reinforcement and raising awareness on fire-fighting resources (replacement of extinguishers with new, more environmentally friendly models).

TRAINING AND COMMUNICATION

- For new recruits on health and safety at work, and for all staff with announcements on BIL radio about specific issues relating to branch security in 2023. Client-facing staff were also trained in managing stress and aggression, and receptionists and management support employees in the use of special warning measures. Central cash desk workers were given an update on protection, prevention and alarm measures and practices. 93 people were involved in the overhaul and training of first aid teams as part of the emergency evacuation process.

A DOCUMENTARY REVIEW OF OUR SAFETY POLICIES AND PROCEDURES

- Emergency evacuation procedure (new routes, update to signs, different stages of an emergency evacuation)
- Health and Safety procedure (redefinition of specific risks and the roles of the different stakeholders)
- BIL's *Occupational Health & Safety Policy* (new distinction between danger and risk, incorporation of nine principles for managing risks based on the ITM and AAA methodology, redefinition of each stakeholder's role, more information on matters including alcohol consumption, and the addition of sections on drug use and sexual harassment).
- *Physical and Environmental Policy* (list of critical areas, update to standards and frameworks)
- Updates to some 800 evacuation plans for the head office and branches (new visuals that take into account colour blindness, for example, update to changes after building work, location of fire extinguishers, update to assembly points outside branches).

DAY-TO-DAY IMPROVEMENTS IN WORKING CONDITIONS AND HEALTH

- Provision of special equipment for 17 employees, in coordination with ASTF.
- Upgrading of equipment including fire extinguishers, first aid kits, defibrillators

SAFETY MEASURES

- Safety campaign for pedestrians and drivers.
- Separate parking areas for electric vehicles and non-motorised means of transport.
- Use of the RENITA communication network to establish an automatic connection to the fire and police services by radio.

ESRS S1-14 | GRI 403-1 · GRI 403-2 · GRI 403-4 · GRI 403-7 · GRI 403-9

POLICIES GOVERNING THE SAFETY AND SECURITY OF EMPLOYEES:

- *BIL Occupational Health & Safety Policy*
- *Health and Safety Policy*
- *Physical and Environmental Security Policy*
- *Physical Access and Physical Protection Policy*
- *The Car Park Management Policy*
- *The Branch Security Procedure*
- *The Third-party Security Policy*
- *The Visitor and Client Movements Procedure*
- *The Emergency Evacuation Procedure*

Reporting Period **BIL Luxembourg and Luxembourg entities**	2023	2022	2023	2022
	Number of employees (headcount)		Number of non-employees (headcount)	
Number of people covered by the health & safety management system	1904	1882	734	/
Number of fatalities due to work-related injuries & ill health	0	0	0	0
Number of work-related accidents	5	2	0	0
Rate of work-related accidents (incl. fatalities) as per Frequency Rate (FR)*	5%**	/	/	/
Number of cases of recordable work-related ill health	0	0	0	0
Number of days lost to work-related injuries and fatalities	101	104	0	0
Number of work-related accidents/injuries while commuting to work	19	19	0	0

* Frequency Rate (FR) = (Number of cases/Number of hours worked) x 100000
** Frequency Index (FI) = 8.8% [FI = number of accidents/effected salary) x 1000]
Severity Rate (SR) = 0.021% [SR = (number of days lost due to temporary injury/number of hours worked x 1000]

18. Training and Skill Development

BIL offers diverse learning opportunities to ensure that its employees continually enhance their skills, ensuring a workforce that stays ahead in an ever-evolving landscape. In 2023, focus was on mandatory training to comply with the various regulations, as well as training sessions regarding the new core banking system.

BIL offers a very diverse training catalogue, with in-person, hybrid or online formats that all employees can take advantage of and access at their own pace and according to their needs. The catalogue covers both professional and personal development trainings, provided by both in-house and external trainers. This flexibility enables employees to be proactive in both their professional and personal development.

TRAINING OF EMPLOYEES BY GENDER

Reporting Period **BIL Group**	2023	2022
GENDER	**Number of employees (headcount)**	
Male employees trained	1081	1067
Female employees trained	942	933
Total employees trained (headcount)	**2023**	**2000**
% of male employees trained (based on total headcount)	100%	100%
% of female employees trained (based on total headcount)	100%	100%

Scope: employees of BIL Luxembourg, Luxembourg entities and BIL Switzerland.

TRAINING HOURS PER EMPLOYEE BY GENDER

Reporting Period **BIL Group**	2023	2022
GENDER	**Number of hours trained**	
Number of training hours for male employees	41,940.21	26,739.37
Number of training hours for female employees	46,348.38	24,265.29
Total employee training hours	**88,288.59**	**51,004.66**
Average training hours per employee	**43.64**	**25.50**
Average training hours per male employee	38.80	25.06
Average training hours per female employee	49.20	26.01

Scope: employees of BIL Luxembourg, Luxembourg entities and BIL Switzerland.

TRAINING OF EMPLOYEES BY LEVEL

Reporting Period **BIL Group**	2023	2022
EMPLOYEE CATEGORY	**Number of employees (headcount)**	
Senior management trained	186	183
Middle management trained	832	804
Junior staff trained	1005	1013
% of senior management trained	**100%**	**100%**
% of middle management trained	**100%**	**100%**
% of junior management trained	**100%**	**100%**

Scope: employees of BIL Luxembourg, Luxembourg entities and BIL Switzerland.

Reporting Period **BIL Group**	2023	2022
EMPLOYEE CATEGORY	**Number of hours trained**	
Number of training hours for senior management	47,658.71	1,427
Number of training hours for middle management	38,960.55	23,644.85
Number of training hours for junior staff	1,639.89	25,909.44
Average training hours for senior management	**257.61**	**7.88**
Average training hours for middle management	**47.39**	**29.74**
Average training hours for junior management	**1.63**	**25.67**

Scope: employees of BIL Luxembourg, Luxembourg entities and BIL Switzerland.

TRAINING OF EMPLOYEES BY TOPIC

Reporting Period **BIL Group**		2023 Number of employees (headcount)		2022 Number of employees (headcount)	
TRAININGS	**TRAINING TOPICS COVERED**	Staff	Managers and Supervisory Bodies	Staff	Managers and Supervisory Bodies
Languages		56	7	67	5
IT – Office Automation	Cyber security	481	72	339	64
Management – Leadership	Anti-discrimination and human rights	941	186	598	271
Finance - Accounting - Legal	Corruption, anti-bribery and GDPR	1655	264	1656	296
Quality - ISO - Security		1246	202	719	107
Technical - Professions	Go-Live-22 (GL22)	1641	286	1681	302
International subsidiaries		95	31	99	27

18.1 Fit for the future

In 2023, the Bank's learning strategy focused on the following priorities:

- Protecting the Bank: mandatory training sessions were organised to comply with various regulations (cross-border activities, risk appetite, anti-money laundering, MiFID II, GDPR, market abuse, cybersecurity, FATCA/CRS/QI, etc.). For each regulation, the target audience received a training to maintain the right level of awareness or understanding, to remain up-to-date and, above all, to ensure that all risks are covered. In addition, ESG became a growing topic for training, whether it be regarding credit, investment or risk management.
- Getting ready to operate with the Bank's new tools and processes: employees required training on the new core banking system (please refer to section 7.5), which resulted in changes to a large proportion of operational processes. Over 1550 employees participated in 781 training sessions on this topic.

The training approach used for the core banking system implementation programme relied on the following principles:

- First tool discovery sessions to introduce employees to their future tools and raise awareness on changes.
- Leveraging a pool of more than 180 internal trainers to deliver hands-on training sessions to all impacted employees, based on a training plan customised by business line and by job-type within the Bank.
- Implementation of a 10/20/70 training approach to make learning sustainable - 10% of learning from training, 20% from coaching or guidance provided by experts, and 70% from practice. To support this concept, we organised regular rehearsal sessions involving hundreds of people operating as if they were using the new systems.

To support employees in their day-to-day business, we also implemented a digital adoption platform that provides online user guides and process references. In addition, internal coaches referred to as "scouts" have been mobilised across the Bank to support employees with their initial questions when using the new tools, thus establishing a change agent community in every impacted department to support colleagues on the ground after going live.

Participants spent

5.45 days in training sessions

delivered by more than **180**

internal trainers.

18.2 Talent management

TALENT APPROACH

Talents are BIL's "High Potentials" and "High Performers" and can be found anywhere in the organisation, regardless of their grading, gender or age.

The criteria considered for the identification are as follows:

- **For High Potential employees:**
  - ability to learn new functions / technologies
  - are strategic across different areas
  - prefer maximum diversity in others
  - are creative and innovative
  - ability to adapt quickly to changing environments
  - are change-driven
- **For High Performers:**
  - are recognised as experts
  - prefer to be around those with shared interests
  - are good at developing the skills of others
  - are product, technology or relationship driven

On a yearly basis, an identification exercise is performed in collaboration with the respective HR Business Partner and line managers.

CAREER DIALOGUE

After pilots in 2022, in 2023 we launched a new process in the field of talent management and development, named Career Dialogue. All employees were offered the opportunity to reflect on their professional aspirations, and to discuss these with their managers, in order to define a development plan. This plan was to include both training and development opportunities on the job, based on the 10/20/70 learning principle. In 2023, the process was optional, with employees free to engage in the process if and when the time is right for them. In total, around 450 employees initiated the Career Dialogue process.

The objective is to define a meaningful direction for them, wherever they may be on their career path.

Last, and not least, we believe that if managers engage in structured dialogue on the development of each employee, they will be more aware of their employees' aspirations and commitment. This should also help them to be less biased when they suggest employees for our development programmes.

In 2023, we also started a new cohort on our development programmes for high-potential employees.

YOUNG SALES PROGRAMME

Additionally, we are ready to start the Young Sales Programme in January 2024. We have designed a solid rotation programme and defined learning objectives with Single Point of Contacts (SPOCs) of the various areas. We are very proud to have two internal participants of the rotation programme that highlighted our encouragement towards internal career moves.

18.3 New joiners programme

BIL organizes an onboarding day to provide new employees with the information they need to understand the structure and operations of the Bank.

In 2023, all new joiners participated in onboarding training during their first day, featuring a welcome speech from a member of the Executive Committee supplemented by informative presentations from various departments across the Bank. Throughout the day, the Bank's business lines are presented in a friendly and interactive atmosphere to generate interest and commitment. Finally, the HR department closes the day, allowing new colleagues to ask more personal questions. Emphasis is placed on speeding up the assimilation process and ensuring that each individual feels seamlessly integrated and valued so that they can swiftly transition into their roles with confidence and proficiency.

As part of the monthly welcome day, a slot was covered by the Sustainability team to onboard each new employee on BIL's sustainable development strategy. Following this presentation, an email is sent to each new employee containing useful content and links regarding the Bank's sustainability initiatives.

Reporting Period **BIL Luxembourg**	2023
Presentation of ESG to new joiners	
Number of sessions over the year	**11**

18.4 Leadership programmes

Leadership is essential because it sets the tone, inspires innovation and ensures that everyone understands the collective vision and objectives.

Our identity as a BIL leader needs to be a lever in the quality of our relationships with our clients. Through our initiatives and communications, our clients need to understand who we are and how BIL can support them.

To guarantee good leadership, the Bank has developed career paths to support managers at key moments in their careers. A tailor-made approach has been designed to consider the specificities of each environment (coaching, team coaching - mentoring), as well as soft and behavioural skills.

HR Business Partners prepare and sound the succession plans for critical roles with business representatives.

WHAT BIL SWITZERLAND IS DOING

LEADERSHIP JOURNEY

BIL Switzerland initiated "Leadership journey", a program that convened two Leadership Days with all leaders dedicated to fostering, advocating, and cultivating a responsible leadership approach, leveraging extensive preparatory measures, thereby aligning with ESG principles through promoting BIL's core values and BIL's leadership aspiration.

2024 AMBITION

To develop and maintain the expertise of employees, specifically, to:

- Co-build a training catalogue for every type of job, which offers a clearer development path
- Support growth by further developing the sales training modules
- Develop better general banking knowledge across the Bank, by offering training programmes covering topics such as: fundamentals of banking, overview of banking products and channels, awareness of digital trends (e.g., blockchain, AI, etc.)
- Support the learning of languages to foster inclusion and develop business relationships
- Improve the onboarding experience and operational readiness of new joiners and employees moving internally within the Bank
- Comply with regulatory training requirements
- Support the implementation of strategic initiatives, including the need for new skills
- Support the ESG agenda
- Continuously improve digital solutions for training

ESRS S1-4, ESRS S1-9 | GRI 3-3 · GRI 405-1

19. Diversity and Inclusion

BIL believes that diversity helps improve the Bank's collective performance, as it brings a broader range of viewpoints, backgrounds and strengths to the organisation. It also enables the Bank to:

- Ensure employees feel valued and welcome, 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

BIL is committed to and is a signatory of the Luxembourg Diversity Charter, which promotes:

CHARTE de la DIVERSITE LËTZEBUERG

- Raising awareness of and training and involving management and staff in diversity issues
- Defining a diversity charter and implementing best practices and action plans
- Applying the principles of equality, opportunity and promotion
- Evaluating the effects and results of the applied principles
- Sharing the Bank's commitments and the results of action undertaken with all stakeholders
- Encouraging work that combats discrimination and promotes diversity

An important part of diversity management is recognising and appreciating different qualities and abilities.

BIL has a strong commitment to equal career opportunities for men and women, and we have ambitious targets for gender balance.

When analysing our diversity data, we identified that women are underrepresented at senior management level in some job areas. In particular, management roles in the fields of Risk Management, IT and sales-related functions are predominantly occupied by men. In contrast, men are underrepresented in senior management positions in the areas of Compliance and Audit.

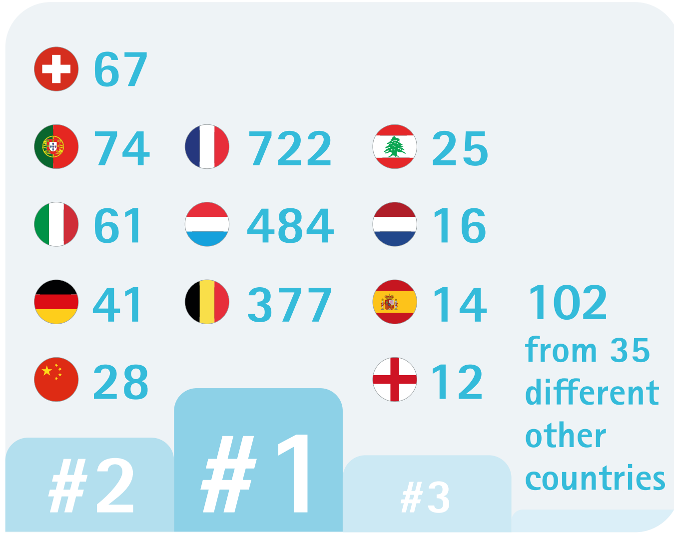
Various actions are being implemented by the HR department to remediate this situation in the coming years. For instance, we ensure that no discriminatory decisions are taken across HR processes, including during recruitment, onboarding and career, promotion, mobility and bonus discussions, etc. The HR department also monitors diversity KPIs to verify how we are performing against our diversity targets and to evaluate whether remedial action needs to be taken.

While we promote diversity, we are also careful not to create any type of collateral discrimination. Our internal ***Responsible Employer Policy*** highlights the need to prevent any discrimination across all HR processes and decisions.

WHAT BIL SWITZERLAND IS DOING

BIL Switzerland implemented a targeted hiring and conscientious promotion approach, resulting in a 3.23% increase in female representation within senior management positions.

BIL's employees come from a range of countries and backgrounds:



BREAKUP OF NATIONALITIES BY JOB CLASSES

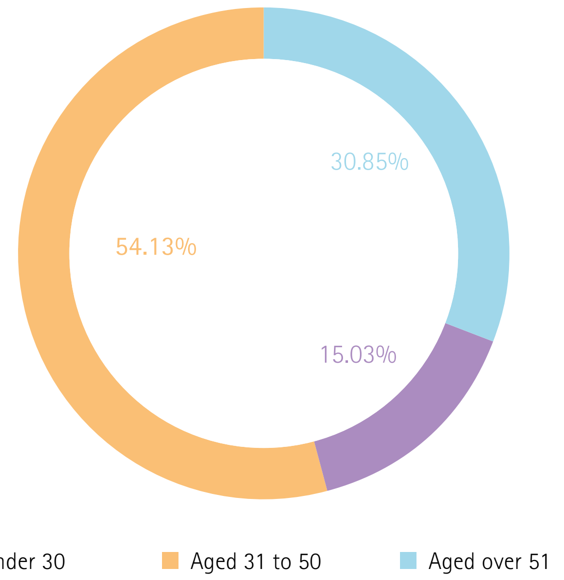
BIL Group	2023					2022				
NATIONALITY	Staff (Job class A-D)	1st Management Level	Senior executive	Top management	Total	Staff (Job class A-D)	1st Management Level	Senior executive	Top management	Total
French	36%	35%	37%	27%	**36%**	34%	35%	37%	26%	**34%**
German	1%	2%	7%	4%	**2%**	1%	3%	7%	6%	**2%**
Luxembourgish	29%	18%	20%	24%	**24%**	31%	18%	21%	26%	**25%**
Belgian	15%	22%	23%	37%	**19%**	16%	23%	25%	30%	**20%**
Others	19%	23%	12%	8%	**20%**	18%	22%	11%	13%	**19%**

Base: Headcount of active employees as at 31/12/2023
Scope: BIL Group (Luxembourg headquarter, branches and national subsidiaries)

BREAKUP OF EMPLOYEES BY AGE

Reporting Period **BIL Group**	2023	2022
AGE	Number of employees (headcount)	
Under 30	304	264
Aged 31 to 50	1,095	1,094
Aged over 51	624	642
Total employees (headcount)	**2023**	**2000**
AGE	Number of employees (FTE)	
Under 30	302.4	262.85
Aged 31 to 50	1047.85	1043.45
Aged over 51	572.18	586.08
Total employees (FTE)	**1922.43**	**1892.39**

Breakup of employee by age



Last but not least, BIL put a specific focus on gender diversity in 2022 by defining a dedicated action plan which it implemented in 2023. BIL has a strong commitment towards equal professional opportunities for both men and women, and we have ambitious targets for gender balance, as explained in Section 15. We strive to become a more diverse organisation with a balanced leadership. We strongly believe that this focus will positively impact other diversity aspects as the implementation of the action plan will globally address cultural and behavioural.

The table below highlights the gender distribution at BIL's top management level.

GENDER DISTRIBUTION AT BIL'S TOP MANAGEMENT*

Reporting Period **BIL Group**	2023	2022
GENDER	Number of employees (headcount)	
Male	40	39
Female	9	8
Total employees in the top management (headcount)	**49**	**47**
% of male employees in the top management	81.63%	82.98%
% of female employees in the top management	18.37%	17.02%

Scope: BIL Group (Luxembourg headquarter, branches and national subsidiaries)
** BIL's top management refers to Executive Members (Personal Job Class 20 – 22).*

PEOPLE WITH DISABILITIES

Reporting Period **BIL Group**	2023	2022
GENDER	Number of employees (headcount)	
Male	16	14
Female	16	16
Total employees in the top management (headcount)	**32**	**30**
% of employees with disabilities	1.68%	1.59%
% of male employees with disabilities	1.60%	1.41%
% of female employees with disabilities	1.60%	1.61%

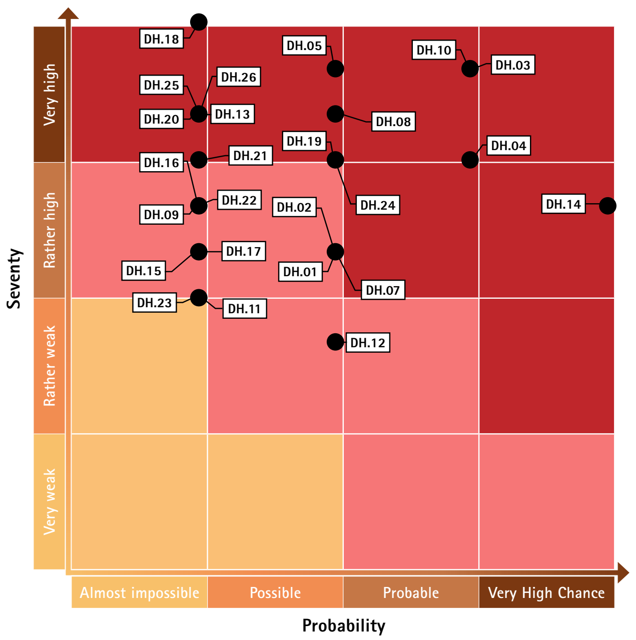
Scope: BIL Luxembourg and Luxembourg entities

19.1 Human rights

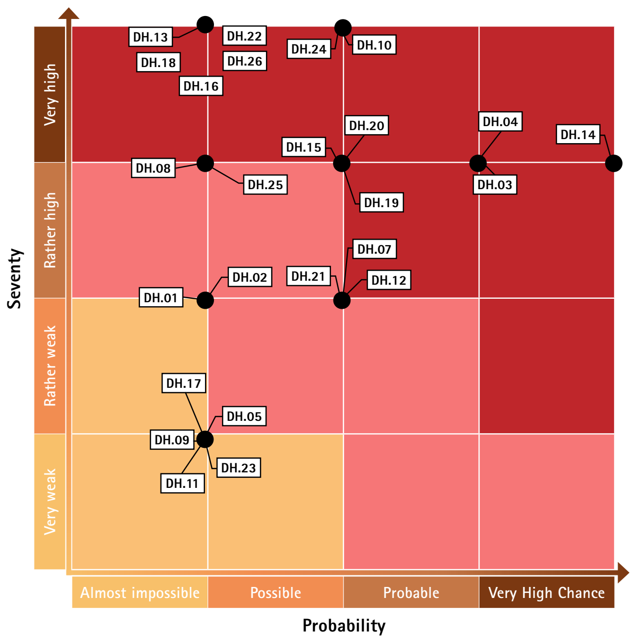
Human rights are fundamental to ensuring the dignity, equality, and well-being of every individual. They are grounded in universal principles of justice, and their importance transcends borders and business sectors. In the context of the banking sector, respecting human rights is of particular importance. Banks play a crucial role in the global economy, and their decisions can have a significant impact on the lives of individuals and communities.

In July 2023, two workshops were held to establish the human rights due diligence process within the HR process. The aim of the workshops was to establish a common language on human rights and to assess the severity of the risks (real or potential) of non-compliance with human rights to individuals, as well as the severity of the risks to BIL's value. The result was two different risk matrices:

PREJUDICE FOR THE PEOPLE



PREJUDICE FOR THE BANK



First zone of attention   Second zone of attention   Third zone of attention

The human rights issues most at risk for individuals and the company are those highlighted in red. They represent the bank's salient risks and call for special attention to be paid to reducing risks, managing them and providing appropriate remedies in the event of violations.

In the following list, the most significant risks for individuals are in orange, those for the company are in bold, and if they are significant for both, then they are in bold and orange.

HUMAN RIGHTS (DH):

DH.01: Freedom and equality
DH.02: Prohibition of discrimination
DH.03: Right to life, liberty and security
DH.04: Prohibition of forced labour
DH.05: Prohibition of torture
DH.07: Equality before the law
DH.08: Right to an effective remedy
DH.09: The right to be presumed innocent
DH.10: Right to privacy
DH.11: Freedom of movement
DH.12: Right to marry with free consent
DH.13: Prohibition of deprivation of property
DH.14: Right to freedom of thought, conscience and religion
DH.15: Right to freedom of opinion and expression
DH.16: Right to freedom of peaceful assembly and association
DH.17: The right to public office
DH.18: Right to social security
DH.19: The right to work, to free choice of employment and to just conditions of work
DH.20: Right to rest and leisure
DH.21: Right to an adequate standard of living
DH.22: Right to education
DH.23: Right to take part in cultural life
DH.24: Right to a national and international order
DH.25: Respect for the rights of others
DH.26: Access to a clean, healthy and sustainable environment
DH.06: Right to recognition as a person before the law, has been highlighted as not applicable to BIL

The exercise enabled the HR department:

- to concretely apply human rights to their operations;
- to identify existing measures to address some of these human rights issues;
- to identify potential risks in relation to operations; and
- to develop an action plan to tackle the gaps identified.

The action plan is reflected in BIL's policies, namely the ***Health and Safety Policy***, ***Flexitime Management Policy***, ***Anti-harassment Policy*** and ***Right to Disconnect Policy*** and led to a better communication on employee benefits. Last but not least, a dedicated whistleblowing refresher e-learning module was launched for all employees in Q4 2023.

INCIDENTS ON HUMAN RIGHTS (METRICS)

BIL Group	2023	2022
Number of incidents of discrimination (incl. harassment)	0	2
Number of complaints filed on discrimination through grievance channels	0	0
Total amount of material fines, penalties and compensation for damage due to discrimination and harassment incidents	0	0
Number of employee grievances investigated in the area of human rights and compliance	0	0
Total amount of material fines, penalties and compensation for damage due to human rights incidents	0	0

19.2 Developments in 2023

WOMEN IN FINANCE CHARTER

On 8 March 2023 – International Women's Day – BIL signed the Women in Finance Charter to contribute to the improvement of gender diversity in the Luxembourg financial sector. With the signature of this charter, BIL committed to reaching a ratio of 30% of women on the management board and in senior management by 2028.

HUMAN RESOURCE INDICATORS IN THE ESG DASHBOARD

Human Resources indicators, including diversity figures, have been integrated in the Bank's ESG Dashboard to ensure that human capital management is a major focus when addressing ESG issues and ambitions and is thus monitored at ExCo and Board level.

EQUALITIES COMMITTEE (COMMISSION À L'EGALITÉ)

The Bank's Equalities Committee (Commission à L'Egalité), composed of members of the staff delegation and HR representatives, met regularly in 2023 to discuss diversity challenges and action plans.

INTERNATIONAL DIVERSITY DAY

On 23 May 2023 – Luxembourg Diversity Day – BIL organised a session open to all employees on intercultural communication. BIL's workforce is composed of 47 different nationalities. We also welcome service providers from different cultural backgrounds onto our premises and have a client base spanning a large range of nationalities. For this reason, understanding cultural differences, as well as acknowledging and embracing them, is important for BIL.

WHAT BIL SWITZERLAND IS DOING

DIVERSITY AND INCLUSION PROGRAMME

During 2023, BIL Switzerland launched its Diversity and Inclusion (D&I) programme with Maryann Umoren Selfe, Head of Investment Solutions, as Chair and with the sponsorship of Hans-Peter Borgh, CEO of BIL Switzerland. The programme will be introduced to all BIL Switzerland employees in 2024 and it is designed to champion diversity, embed an inclusive culture and create a space where everyone can learn, be heard, grow and participate.

2024 AMBITION

- To leverage the pool of talents at middle management level by supporting their development to senior management roles or at higher expert levels (career coaching and a specific leadership training programme to be offered).
- To promote gender diversity across skill sets via the following HR processes: recruitment, promotion, succession.
- To leverage mobility across the Bank in order to offer new career paths.
- To raise awareness through the launch of diversity training

20. Responsible Travel and Commuting

The aim of the Bank's mobility policy is to reduce car journeys by proposing alternative solutions and encouraging staff to use sustainable means of transport such as walking, cycling and public transport, while offering new services such as carsharing, a ridesharing app (BlaBlaCar), new charging stations, additional bicycle parking spaces on Bank premises, and information about transport options such as times, routes and services offered by the City and Government of Luxembourg.

By promoting mixed mobility and wider use of the solutions available, the Bank hopes to address congestion, pollution and carbon emission problems, while giving staff cheaper and more convenient transport options.

The Bank has set a CO_2 cap for all company car orders. This can be reviewed each year as technology advances. The aim is to gradually reduce the rate of CO_2 emissions of BIL's car fleet.

The following solutions are available to BIL employees:

FAIRPARK PARKING

The Fairpark parking app is dedicated to ensuring the dynamic use of parking spaces. It provides a better parking experience for employees and promotes a convenient and eco-friendly commuting experience.

ELECTRIC CHARGING STATIONS

As a response to the growing popularity of electric and hybrid vehicles, BIL expanded its charging network to a total of 81 stations.

CAR SHARING

BIL implemented a new carsharing solution with five electric cars (charged with green electricity) which can be flexibly used by employees: an employee can drive home with one of the cars, even if they came in the morning by public transport or use a car during the day if needed. The cars are also available to hire for a weekend or a long weekend at a very attractive rate. The solution was largely promoted for short-distance business trips as well.

BICYCLE LEASING

In order to encourage everyone to embrace sustainable mobility, BIL has introduced its bicycle leasing programme with a purchase option at 5% or 10% and a duration of 24, 36 or 48 months.

SOFT MOBILITY

BIL expanded its bicycle and e-scooter storage space increasing capacity from 21 spaces to 60. Additionally, we offer 18 dedicated spaces for scooter storage along with special hanging hooks for speed bikes and spaces for cargo bikes.

CAR ALLOWANCE (ELIGIBLE EXECUTIVE EMPLOYEES ONLY)

- Mobility card – the fuel card has evolved into a versatile mobility card. This card can be used for both purchasing fuel and for covering soft mobility options such as bicycles, e-scooters, safety equipment, and payments at recharging points, etc.
- Supporting electric mobility – to promote sustainable travel, BIL offers several options. Employees eligible for a company car can finance their personal electric vehicle charger within their leasing budget, making it easier for them to own an electric vehicle; a car sharing solution is available for all staff in order to test the "electric" experience.

PUBLIC TRANSPORTATION

Employees can access our live bus and train timetables, which offer real-time tracking for both buses stops (two bus stops closest to the head office) and trains at Luxembourg train station.

MOBILITY WEEK

BIL organised information sessions during the mobility week in September 2023, promoting and providing information on the different solutions offered to BIL employees

2024 AMBITION

BIL will continue to develop soft mobility solutions:

- BIL will continue to reduce CO_2 emissions from its car leasing fleet. The target is to keep average CO_2 emissions less than 30 g on cars ordered in 2024.
- We will organize presentation sessions and workshops to communicate on best practices.
- BIL will partner with a carpooling solution to increase carpooling options.
- The electricity consumption of the electric charging stations will be isolated from that of the rest of the headquarters to evaluate the electricity consumption of the electric charging stations.

BIL'S LEASING FLEET

		2023		2022		2021		2020	
		111		111		164		127	
Total orders	Diesel	13	11%	17	15%	39	24%	46	36%
	Gasoline	2	2%	5	4%	11	6%	40	32%
	Electric	64	58%	28	25%	30	18%	12	9%
	Hybrid	32	29%	61	55%	84	51%	29	-3%
Average CO_2 emissions per car ordered			**26g**		**44g**		**63g**		**116g**

21. Engagement with our Employees

Dialogue is a key concept at BIL. The context and complexity of projects within the Bank are evolving. Clear and transparent communication is crucial to employee performance as it fosters clarity, cooperation, and a shared understanding, which helps to enhance overall productivity and morale within the organization. In the interests of its employees, BIL maintains a constant dialogue with the Staff Delegation and trade unions.

STAFF DELEGATION AND TRADE UNIONS

The primary objective of the Staff Delegation is to advocate for the welfare and rights of the Bank's employees concerning their working conditions, job security, and social standing. Luxembourg's legal framework empowers staff representatives with significant resources, granting them access to information about major Bank initiatives. Before crucial decisions involving technical, economic, or financial matters are finalized, the management is required to inform and consult with the Staff Delegation. This procedural transparency aims to safeguard employees' well-being and job security, with the primary emphasis on their health. Furthermore, employees may consult a member of the Staff Delegation on a strictly confidential basis.

Trade unions play a vital role in the banking sector, benefiting both the institution and its employees. For the Bank, trade unions serve as a channel for effective communication and negotiation, helping to address employee concerns, enhance workplace conditions, and promote fair labour practices. They contribute to maintaining a harmonious work environment, fostering employee satisfaction, and ultimately improving productivity and performance. For employees, trade unions provide collective representation, ensuring their voices are heard in decision-making processes and advocating for their rights, including fair wages, benefits, and job security. Additionally, unions offer support, guidance, and resources to employees, empowering them to address workplace issues and achieve better working conditions. Overall, trade unions serve as a crucial mechanism for fostering cooperation, balance, and mutual respect between banks and their workforce.

JOINT COMMISSIONS

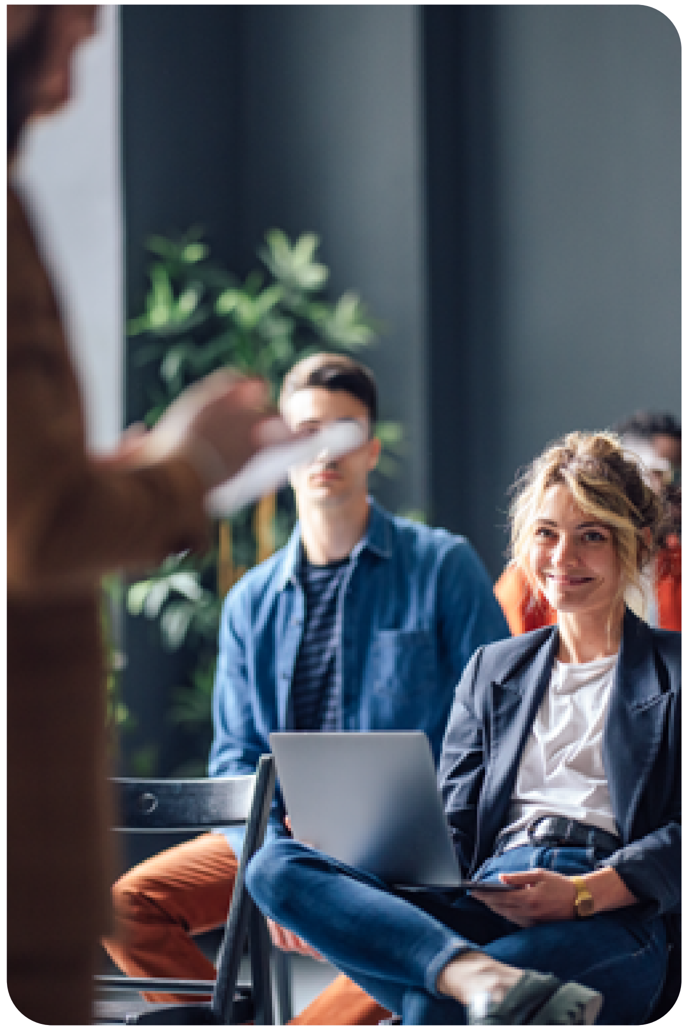
Ongoing dialogue is maintained between the various joint commissions and the People Care, Benefits & Solutions department and management. Regular meetings are organized throughout the year to ensure monitoring and to discuss labour relations topics.

Joint commissions (ALEBA & LCGB & OGBL & 1-Pact)

- GPOS
- Time commission
- Mobility / Parking commission
- Social fund commission
- Harassment commission
- Equality / Diversity commission

According to the observations made during the meetings between the joint committees and People Care, Benefits & Solutions or the management of the Bank, some issues are addressed through specific working groups, such as –

- Canteen and dining area
- Security, health and hygiene
- Work organization and working conditions



EMPLOYEE SATISFACTION SURVEY

BIL consults its employees on a regular basis to monitor expectations and satisfaction levels within the Bank. Aware that client service is primarily driven by its staff, BIL conducts a Net Promoter Score® (NPS) survey once a year to measure staff members' propensity to 1) act as external ambassadors for the Bank, 2) advocate for the BIL2020-25 strategy, and 3) support action taken to allow personal development and skills acquisition for everyone. The survey is conducted at group level. The e-NPS (Employee Net Promoter Score) focuses on personal development and alignment with Bank strategy. In 2023, the Bank decided to revise the survey and the new version will be launched in 2024. The aim is to carry out the survey once a year, and for the Bank and HR department to work on improvement measures based on the results of each survey.

The People Care, Benefits and Solutions team oversees engagement and feedback surveys, with the People Care, Benefits and Solutions Manager leading the organisational process. Survey results are thoroughly analysed, and an action plan is devised to make any improvements that are feasible.

ANNUAL FEEDBACK

The annual feedback process is one of the cornerstones of personal development at BIL. It is conducted through an interview between employees and their manager. It represents an opportunity for both employee and manager to reflect on the past year, to highlight any objectives that have been achieved and to identify areas for personal development. The Feedback Policy describes the Bank's feedback procedure, whose main aim is to encourage the continuous improvement of employees, and a constructive exchange between employees and their managers.

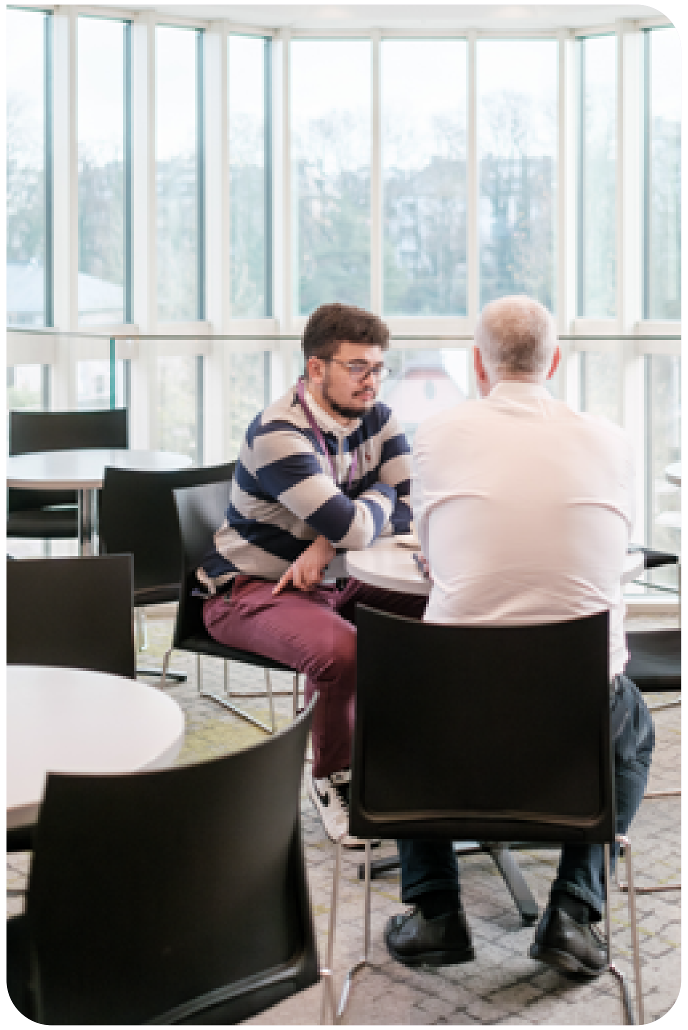
21.1. Grievance mechanism

The grievance mechanism is a process established to enable employees to report employment-related issues, concerns or complaints in a confidential and fair manner. This can include issues such as harassment, unfair working conditions, violations of Bank policies, or any other matters of concern. Having such a mechanism in place is crucial, as it gives employees a safe channel to express their concerns and helps to maintain a healthy and respectful working environment. By providing a formal mechanism for addressing issues, the grievance mechanism helps to prevent conflict, build employee trust and promote an organisational culture based on transparency, accountability and mutual respect.

Any employee facing work-related issues can contact a number of key interlocutors, in the first instance, their manager or HR Business Partner, where this is appropriate.

Subsequently, an employee can also contact the Staff Delegation as well as the People Care, Benefits and Solutions team.

Should the problem remain unsolved after following the above steps, the employee can activate the whistleblowing procedure as explained in section 24.3.



ESRS S1-2

21.2. Collaborative employee initiatives

21.2.1. BIL's ESG Community

Committed to continually engaging with and educating its employees on sustainable development topics, BIL organised a series of events, workshops and initiatives during 2023 on health, social and environmental issues.

BIL hosted a conference on (Re)Connecting to Nature held by the non-profit organisation, Université dans la Nature about the benefits of nature on our cognitive functions and health based on scientific facts.

(Re)Connecting to Nature conference

Reporting Period **BIL Luxembourg**	2023
(Re)Connecting to Nature conference	
Number of participants in the conference	**24**

During the year, six $MyCO_2$ sessions enabling employees to calculate their personal carbon footprint were organised, as well as four visits to the in-house waste sorting centre to raise awareness on proper sorting practices.

Reporting Period **BIL Luxembourg**	2023
$MyCO_2$ sessions	
Number of participants over the year	**39**
Number of sessions over the year	**6**

Awareness-raising initiatives were also organized in the canteen every first week of the month from May 2023 onwards, calculating the carbon footprints of some dishes served in order to raise awareness of our food carbon footprint.

***BIL's canteen menus** showing carbon footprint calculations of the meals*

The Sustainability team began preparations in 2023 for a sustainability week to be held in the first half of 2024.

Information regarding volunteering initiatives can be found in the sections 23.1 and 23.2.

21.2.2. BIL's networking initiatives

Fostering internal networking initiatives is essential to cultivating cooperation, forging strong connections across the Bank, and promoting cross-departmental synergies. The main initiatives organized in 2023 were:

- **"Townhall" meetings:** several virtual and physical Townhall meetings were held in 2023 in order to keep staff informed on an ongoing basis about results, changes, project follow-ups, and the general direction of the Bank. Executive Committee members were present to discuss and respond to employees' concerns. The aim of these Townhall meetings is to increase internal communication and employee engagement.
- **Summer drinks:** BIL community events are part of the corporate culture at BIL and several summer drinks were organised to allow employees to meet in a more festive setting to develop and strengthen cooperation.
- **Staff night:** a staff night was organised at the end of the year to enable employees to get together in a festive setting.
- **Christmas market:** throughout December, BIL held its Christmas market on the terrace of the canteen, enabling employees to enjoy the Christmas atmosphere and enjoy some typical Christmas dishes in-house.
- **Saint Nicolas Day:** the Saint Nicolas party, organized by the GPOS for staff children, was held in December.
- **Blink:** BIL's internal social media channel, Blink, was introduced in early 2022 with the aim of modernising and strengthening internal communication. It includes various information sections, including a corporate newsfeed, a social section where employees can comment freely, and a virtual collaborative space where all employees can share information. To diversify the news content, BIL has also launched the option of podcast recording. This tool is widely used internally, and remains highly flexible, constantly evolving in line with internal needs.
- **Teams:** the Teams tool was launched at the end of 2022 to improve the efficiency of collaborative working practices.

BIL's Christmas Market

22. Remuneration at BIL

Remuneration at BIL is defined around the following pillars:

- Maintaining a sound and effective risk management framework
- Attracting and retaining talent with competitive remuneration packages
- Ensuring the primacy of clients' interests
- Linking performance and remuneration
- Compliance with the regulatory framework
- Fostering transparency
- Promoting ESG matters
- Ensuring group consistency

BIL's ***Remuneration Charter*** defines the principles of remuneration applicable to all BIL employees. The Charter is reviewed annually and approved by the Executive Committee of the Bank.

REMUNERATION STRUCTURE AND PAY OUT MODELS AT BIL

Employees at BIL are paid an adequate wage that is in line with the benchmarks set by Luxembourg requirements.

Remuneration at BIL Group is structured around **fixed** and **variable** remuneration.

As BIL Group operates in several countries, it sometimes needs to align its practices with the local regulatory framework (e.g., labour, social security and tax laws, codes, rules, circulars issued by the local regulator, etc.) and with local remuneration market practices. Accordingly, the structure and components of remuneration packages may differ slightly from one country to another.

Part-time employees and employees under contracts with a definite time period receive the same level and composition of remuneration as compared to full-time employees, generally on a pro rata time basis.

FIXED REMUNERATION

Fixed remuneration is based on the skills, position and experience of staff members and is paid in cash (base salary plus additional cash elements) and in fringe benefits (such as a company car, occupational pension scheme, loans, etc.). Fixed remuneration is guaranteed irrespective of performance and is regularly benchmarked internally and externally to ensure that the Bank remains attractive and competitive in terms of its remuneration structure and gender neutrality.

VARIABLE REMUNERATION AND ITS LINK WITH PERFORMANCE

Variable remuneration represents a portion of total remuneration and is determined on the basis of two elements, "What" and "How". "What" includes a mix of individual, collective, financial and non-financial performance criteria, including ESG targets cascaded through all departments of the Bank.

The Bank also considers behavioural goals, the "How", defined in terms of compliance, risk, business ethics and the Bank's values. Through this model, the Bank encourages its staff members to adopt the values of the Bank and show responsible ownership and leadership. Moreover, in the event of poor performance or inappropriate behaviour, the variable remuneration can be reduced or set to zero.

Please also note that the variable remuneration budget is primarily based on the results of the Bank – it is never guaranteed and can be reduced to zero for any reason that might affect the financial health and sustainability of the Bank.

Variable remuneration is awarded in cash and/or partly in equity-linked instruments in order to align the interests of the beneficiaries and the Bank.

Retention programmes are also set up for key senior management members and selected categories of staff whose engagement, competencies or potential the Bank needs to retain in the short, medium or long term.

Specific principles and restrictions govern the payment of variable remuneration to material risk takers, notably in terms of deferral period, payment in cash/instruments, ratio between fixed and variable remuneration, conditions of vesting and the timing of payments.

Payments related to retention plans and/or deferred variable remuneration is dependent on good/bad leaver conditions and ex-post risk assessment adjustment based on a multi-year period which can lead to the application of malus or clawback provisions. In addition, variable remuneration can only be guaranteed on an exceptional basis when recruiting new staff members and for the first year of employment.

Compensation for and the buy-out of previous employment contracts is only permissible in exceptional circumstances and is subject to strict payout conditions.

"Golden parachutes" are prohibited, and severance payments are not awarded in the event of obvious failures.

The Board of Directors, Board Remuneration and Nomination Committee, Management Board and Internal Control Functions are deeply involved in the design and implementation of remuneration principles.

More detailed information about the Remuneration Charter and Principles of BIL Group are disclosed publicly in the Pillar III report.

GENDER PAY GAP

Reporting Period **BIL Luxembourg**	2023	2022
Gender pay gap (%)	-1.1%	0.14%

Methodology: The average hourly salary of each female employee within the Bank was individually compared to the average hourly salary of male employees.

23. Positive Social Impact

As part of its sustainable development strategy, BIL allocates a portion of its CSR and sponsorship funds to supporting various local associations. BIL sponsors numerous Luxembourg initiatives ranging from sports, music and singing clubs to trade bodies and cultural events.

The **BIL Volunteers** community is a dynamic network of dedicated individuals who often participate in initiatives throughout the year. In addition to financial donations, these volunteers bring an unparalleled energy, offering their time, skills, and determination to charitable causes. Their active support is vital, amplifying our impact and creating valuable human links within our community.

23.1. Positive impact through health

BIL assigns a healthcare budget every year, particularly aimed at supporting associations in the health area.

Reporting Period **BIL Luxembourg**	2023	2022
BIL Health Budget		
The budgeted amount set aside for Health initiatives	55,630.00 €	50,000.00 €

The budget allowed BIL to support the following events in 2023:

RELAIS POUR LA VIE

BIL took part in the Relais pour la Vie held on 25 and 26 March 2023. Over a 24-hour period, many BIL volunteers walked or ran in support of cancer research. BIL also sponsored and actively assisted a face-painting stand, with all proceeds from the stand going to the Fondation Cancer.

Reporting Period **BIL Luxembourg**	2023
Relais pour la Vie	
Number of BIL runners/volunteers	126

Both online and in-person teams accumulated 173 hours of walking or running during the "Relais pour la vie".

Relais pour la Vie

LËTZ GO GOLD

BIL took part in the 6th edition of the Lëtz Go Gold charity run on 23 September 2023. The aim of this family-friendly race is to raise funds for pediatric cancer research. BIL employees contributed in a variety of ways, either by taking part in the solidarity race, or by helping the Kriibskrank Kanner association throughout the day.

Reporting Period **BIL Luxembourg**	2023	2022
Lëtz Go Gold		
Number of BIL runners/volunteers	12	N.A.[11]
Amount of money BIL raised within the event's framework	4,970.00 €	N.A.[11]
Amount of sponsorship for the event	5,000.00 €	5,000.00 €

Lëtz Go Gold

[11] Information not tracked in 2022.

SOLIRUNBIKE

BIL supported the Solirunbike solidarity event held on 8 June 2023, whose aim was to form teams to alternate between running and cycling alongside disabled people.

Reporting Period **BIL Luxembourg**	2023
Solirunbike	
Amount donated for the event (in EUR)	3,000.00 €

BROSCHTKRIIBSLAF

The Broschtkriibslaf solidarity race was also supported by BIL in 2023. Its aim was to highlight and raise funds for breast cancer research.

Reporting Period **BIL Luxembourg**	2023
Broschtkriibslaf	
Amount donated for the event (in EUR)	1,500.00 €

HEALTH CARE WEEK LUXEMBOURG

BIL sponsored the first edition of Healthcare week Luxembourg, held from 20 – 22 September 2023. This event welcomed numerous exhibitors and brought together many healthcare professionals, decision-makers and researchers, providing a valuable opportunity to exchange knowledge, ideas and experiences in the healthcare field.

Reporting Period **BIL Luxembourg**	2023
Healthcare week Luxembourg	
Amount of sponsorship (in EUR)	10,000.00 €

DONATION DRIVES

In 2023, BIL organized 3 in-house charity drives. These included donations to support those affected by the earthquakes in Syria and Turkey in February, and in Morocco in September.
Another charity drive was conducted to benefit Stëmm vun der Strooss, which helps the homeless and people in distress.

In line with its CSR strategy, BIL has, over and above its health budget, made the following donations to support various healthcare associations in Luxembourg. Each association has a specific objective and is fundamental to the community.

- Kriibskrank Kanner
- Les Ateliers du Tricentenaire
- SOS Villages d'enfants
- Télévie Luxembourg
- Fondation Cancer
- ALAN Maladies rares Luxembourg
- Chiens Guides d'Aveugles au Luxembourg
- La Main Tendue
- Île aux Clowns
- Fondation Autisme
- Stëftung Hëllef Doheem
- Médecins du monde

23.2. Positive impact through education

BIL participated in several initiatives related to financial education, through various projects run by the ABBL Foundation, such as our participation in the Woch vun de Suen, and our contribution to the development of the Money Odyssea app which aims to increase financial literacy through interactive games.

By welcoming high-school students to our premises throughout the year, we also strive to share with them, through presentations, the principles of banking, as well as, more recently, a focus on sustainable finance education.

In 2023, BIL partnered with MAGRID, an early math learning solution for preschool and young children. MAGRID is an effective and evidence-based pedagogical programme for improving the development of early visual-spatial, cognitive and mathematical abilities in children aged 3-9. It is a solution that can also be adapted for children on the autism spectrum, those with dyslexia, dyspraxia, dyscalculia and hearing difficulties, children with language-related disorders and children who are not proficient in the language of instruction.

BIL employees benefit from a special discount on this solution for their children.

In 2023, through its myLIFE (www.my-life.lu) blog, the Bank published roughly 90 new pieces of content, with 14 articles specifically focused on sustainability and ESG services/products, and 10 on broader ESG themes. Furthermore, special features have focused on "Automobiles", "Loans", "Budget" and "Money and Happiness" addressing topics including electromobility, responsible financing and budget pitfalls.

Reporting Period **BIL Luxembourg**	2023	2022
BIL Education Budget		
The budgeted amount set aside for Education initiatives	52,850.00 €	45,831.00 €

WOCH VUN DE SUEN

In March, BIL took part in the Woch vun de Suen, a week dedicated to financial education. Several BIL volunteers attended schools in Luxembourg to raise awareness and educate young children about financial topics such as budget management.

Reporting Period **BIL Luxembourg**	2023
Woch vun de Suen	
Number of BIL volunteers that visited schools	6

MINI-ENTERPRISES PROJECT

BIL sponsors the Mini-Enterprises project of the non-profit organization JEL and offers each participating mini-enterprise the opportunity to open an account with BIL. The Mini-Enterprises educational project is based on the objective of connecting young students to the business world. It's a concrete, collective project in which a group of young students experiment with entrepreneurship in a fun, professional way.

Reporting Period **BIL Luxembourg**	2023	2022
Mini-enterprise project		
Number of accounts opened	24	N.A [12]
Amount of sponsorship (in EUR)	15,000.00 €	15,000.00 €

[12] Information not tracked in 2022.

JONK ENTREPRENEUREN LUXEMBOURG (JEL) ALUMNI

On 15 December 2023, BIL again hosted the JEL Alumni event, with this year's topic being the Future of Banking, focused on topics such as artificial intelligence and cybersecurity. The event provided an opportunity for all JEL alumni to meet and exchange thoughts on these topics in relation to the financial sector, with an interactive panel discussion featuring expert speakers.

Jonk Entrepreneuren Alumni

LYCÉE MICHEL-RODANGE

In March, BIL welcomed 15 students from the Lycée Michel-Rodange for a one-day bank discovery program. As part of the day's activities, students were able to discover BIL's premises and participate in several presentations of different internal departments such as human resources, communications, marketing and sustainable development.

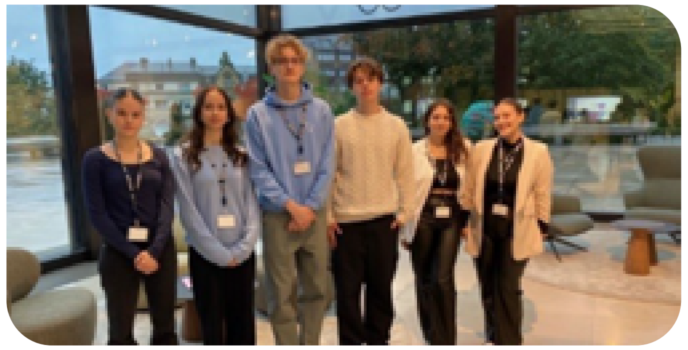
Reporting Period **BIL Luxembourg**	2023	2022
Lycée Michel-Rodange		
Number of students present	15	11

Visit of the Lycée Michel-Rodange

DAYCARE ORGANISED BY CARE ASSOCIATION

Within the framework of the DayCare event by Care association held on 25 October 2023, BIL welcomed six students for an immersive day in five different departments such as corporate real estate, human resources, communication, marketing and sustainable development. Each student had the opportunity to share the day with one or more employees and to discuss their day-to-day missions with them.

Reporting Period **BIL Luxembourg**	2023	2022
DayCare		
Number of students that visited the Bank	6	8
Number of departments involved	5	2



Daycare

LA FONDATION INDÉPENDANCE

Fondation Indépendance by BIL was established in 1999. Its aim is to promote art and culture, particularly of a contemporary nature, through its various forms of expression.

It participates in one-off projects of cultural interest, with a human, educational or social dimension. The focus is placed on young creators.

In 2023 the total budget was EUR 150,000. Fondation Indépendance supported 39 projects in 2023.

GRI FS14 · GRI FS16

In line with its CSR strategy, BIL has also made following donations to support various educational non-profit organisations in Luxembourg:

- **MuD (Musée du Déchet)** - BIL provided financial aid to the Musée du Déchet to support its activities focused on educating high school classes in Luxembourg about the circular economy, the environment and pollution.
- **LUkraine asbl** - BIL provided financial support LUkraine for educational projects such as providing books for their library.
- **Digital Inclusion** - BIL provided financial support to Digital Inclusion to sponsor laptops and smartphones.
- **Gaialux** - BIL provided financial support to Gaialux to develop an exhibition project featuring a work of art for each UN SDG.

Other financial donations were made to the Confédération Nationale de Danse and Lëtzebuerger Guiden a Scouten to support their activities, which are deeply rooted in the life of the local community.

2024 AMBITION

Our ambition is to continue supporting local associations and their projects as part of our commitment to community development and empowerment.

WHAT BIL SWITZERLAND IS DOING

PHOTO DAY FUNDRAISER

As part of enhancing our social impact, we decided to do a photo day fundraiser event in our Zurich Office in December 2023. During the event, employees could take a professional picture and in exchange donate to Make-A-Wish Foundation of Switzerland. During the initiative we collected 1,700 CHF that went directly to support ill children.

PART IV
Governance

24. Responsible Business Conduct

Responsible business conduct in the financial sector is vital to building a sustainable global economy.

Within BIL Group, compliance is everyone's responsibility. This implies a strong commitment to regulations, adherence to high ethical standards and responsible corporate behaviour throughout BIL.

Certain characteristics of the sector, including diverse and extensive business relationships, a complex landscape of regulatory obligations, and the nature of various transactions increase our exposure to certain risks such as corruption and bribery. Managing these risks is an integral part of our business.

BIL GROUP COMPLIANCE CHARTER

The Board of Directors (where necessary, with the assistance of the Board Audit and Compliance Committee (BACC)) promotes the integrity of the organisation and its reputation for professional and ethical conduct. In this context, the Board of Directors formally approves the ***Compliance Charter***, which provides the necessary foundations for an effective compliance culture. The Board of Directors oversees and monitors the implementation of internal governance and the internal control framework to ensure compliance with applicable requirements, especially in the context of the prevention of money laundering and terrorism financing. The Board approves BIL's anti-money laundering and counter terrorist financing strategy and oversees its implementation.

The ***Compliance Charter*** outlines the following:

- It defines the position of the Compliance function within the organisation chart of the Bank and specifies its key characteristics (independence, permanence, objectivity, integrity, competences, authority and adequacy of resources);
- It recognises the compliance function's right to initiate inquiries or investigations on all BIL activities at its entities in Luxembourg and abroad, to access all documents, materials, and minutes of the consultative and decision-making bodies of BIL, and to meet with all persons working within BIL, to the extent required to fulfil its mission;
- It defines the responsibilities and reporting lines of the Chief Compliance Officer;
- It describes the relationships with the risk control and internal audit functions as well as potential delegation and/or coordination requirements;
- It defines the conditions and circumstances applicable to the use of external experts;
- It establishes the right for the Chief Compliance Officer to, directly and at their own initiative, contact the Chair of the Supervisory Body or, where appropriate, members of the Internal Control Committee or the Board Audit and Compliance Committee, as well as the CSSF.

24.1. BIL's compliance programme

BIL's ***Code of Ethics*** describes its values and the main principles for the protection and preservation of its integrity and reputation and for the promotion of honest and ethical conduct towards staff members, clients and partners. The BIL Board of Directors is responsible for defining the guidelines, ethical principles and corporate values for professional and ethical conduct. It is also responsible for reviewing these on a regular basis and at least every three years.

The Code of Ethics focuses on key principles such as integrity, loyalty, professionalism, mutual respect and confidentiality and is the standard policy from which more detailed policies are developed.

INTEGRITY

- **Observance of laws and regulations:** the Bank seeks to set up a strong compliance and business ethics culture aimed at empowering all employees to ensure that the Bank 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.

  BIL's ***Whistleblowing Charter*** provides employees, under full discretion, the possibility to report any breach, abuse or malfunction of which they are aware, which could potentially cause serious harm to the Bank.
- **Financial crime prevention:** as a gatekeeper to the financial system, BIL is committed to the fight against money laundering and terrorist financing and has therefore implemented effective and efficient policies and procedures defining the rules for accepting new clients, monitoring financial transactions and preventing financial crime (money laundering and terrorist financing). These policies include:
  - The ***Financial Crime Prevention Charter*** and ***Policy*** along with the ***AML Risk Appetite Statement*** [13] which clarify BIL's strong commitment to AML and financial crime prevention.
  - The ***Sanctions Policy***, which aims to ensure regulatory compliance with sanctions laws and programs and to establish an internal framework that minimises the risk of sanctions breaches, in complement to Financial Crime Prevention Charter.
  - The ***Anti-bribery and Corruption Charter*** [14] describes the restrictions placed on BIL employees which ensure a zero-tolerance approach to bribery and corruption.
- **Integrity towards financial markets:** BIL ensures that its activities are organised in such a way as to preserve the integrity of financial markets. It has therefore implemented effective and efficient policies and procedures covering integrity towards financial markets, and in particular the prevention of market abuse through its *Market Abuse Prevention Charter*.

LOYALTY, PROFESSIONALISM AND MUTUAL RESPECT

- **Loyalty towards BIL Group:** staff members are expected to act in line with the conduct and ethical values established by BIL group and via their actions contribute to preserving the integrity and reputation of their entity and the Bank as a whole.
- **Loyalty and professionalism towards the client and external stakeholders:** staff members should act in a balanced, fair, clear and accurate way when communicating with clients, and ensure the greatest possible transparency in their relations with clients. BIL has established charters and policies to ensure that the Bank 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 interests of clients and the Bank. Specific BIL policies covering *Inducements, Best Execution, Product Governance, Financial Promotion and Marketing,* and *Client Complaints handling*, among others, have been established by the Compliance Department and are supplemented by procedures were deemed necessary.

  Additionally, BIL has established a ***Conflicts of Interest Charter*** covering the identification, prevention and monitoring of conflicts of interest. As part of the prevention of conflicts of interest, transparency and rules described in the ***Gifts, Favours and Invitations Policy*** must be followed when granting or accepting gifts and favours.
- **Mutual respect:** BIL's objectives should be achieved in an atmosphere of tolerance and mutual respect, both towards individuals and the work performed. Discrimination on the basis of, inter alia, race, gender, religion, language, or opinions on philosophical, political or trade union matters is not tolerated. BIL has established a policy covering *Psychological and Sexual Harassment*.

[13] The AML Risk Appetite Statement is an internal document. The AML certification is the public version of the AML Risk Appetite Statement.
[14] The Anti-corruption Policy is a public document. The Anti-corruption Charter is an internal document.

24.2. Reviewing business conduct matters

The Board of Directors are responsible for laying down, in writing, the guiding conduct and ethical principles as well as the corporate values of BIL Group for the professional and ethical conduct. The Board of Directors are assisted in this task by Compliance and Risk departments, in collaboration with the HR department with:

i. drafting of the guiding conduct and ethical principles and the BIL Group corporate values for the professional and ethical conduct;
ii. developing the *Code of Ethics*;
iii. reviewing the Code of Ethics and providing a comprehensive analysis of the impacts associated with any proposed changes to the Code of Ethics.

With oversight by BIL Boards of Directors, the BIL Management Boards are responsible for the implementation of the ***Code of Ethics***.

BIL's compliance officers implement the ***Code of Ethics*** into the local Compliance Framework and introduce any required supplementary procedures and monitor compliance with the Code of Ethics, charters, policies and procedures.

All staff members are individually responsible for adhering to and complying with the values and the principles set out in this Code. Staff members commit to abiding by all rules applicable to them. Observance of the Code and all provisions set up by BIL Group charters, policies or procedures constitutes a professional obligation. Non-compliance with the applicable provisions may result in disciplinary action that could ultimately lead to dismissal. A dedicated investigation team has been established to internal investigate fraud and/or any misconduct.

The Disciplinary Committee includes the Head of HR, Chief Internal Auditor, Secretary General and General Counsel, and the member of the ExCo responsible for the relevant business or support line. It has the following roles and responsibilities:

- To perform an in-depth analysis of the files submitted
- To decide upon adequate sanctions for the employee(s) involved, ranging from no sanctions to dismissal
- If appropriate or if so requested, to hear the employee(s) involved
- To ensure any employee(s) involved have been informed of the decisions taken by the Disciplinary Committee against them
- If appropriate, to propose measures to limit the risk of future fraud or misconduct
- To inform the Variable Remuneration Committee of any employee misconduct

Employee representatives are informed of all interviews with staff members concerning disciplinary action taken in relation to breaches of BIL's Code of Ethics.

Compliance has a dedicated session regarding fraud on its annual compliance activity report that is presented to the BoD and submitted to the regulator.

COMPLIANCE-RELATED POLICIES AND PROCEDURES

- ***Compliance Monitoring Methodology***
- ***Country Watch List (CWL) Policy***
- ***Gifts, Favours & Invitations Policy***

24.3. Detecting and monitoring practices

24.3.1. Business conduct matters

BIL's business conduct is governed by Article 506-1 of the Luxembourg Penal Code and the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing.

Compliance-related policies apply in conjunction with other BIL charters and policies, in particular the ***Compliance Charter, Remuneration Charter, Inducements Policy, Personal Account Dealing Policy, Corporate Governance Charter***, and the ***Personal Data Protection Charter***. These charters and policies are approved by the Board of Directors and are managed by the Compliance Department. They are under permanent review and updated when needed.

In terms of Governance, the Chief Compliance Officer is a permanent invitee to the Executive Committee and reports directly to the Management Board. The Chief Compliance Officer 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.

The Internal Audit department follows all related governance rules. Internal Audit covers all activities of the Bank in a three-year audit cycle, through an Internal Audit plan based on a risk assessment. Business ethics and anti-corruption performance may be the subject of Internal Audit assignments, based on theoretical risks identified during the risk assessment. Recommendations issued are subject to continuous follow-up by the Internal Audit department.

PROTECTING WHISTLEBLOWERS

BIL has implemented a ***Whistleblowing Charter*** at Group Level that covers all wrongdoing, be it of a general, operational or financial nature, including potential irregularities in financial reporting, the transmission of false or misleading information to regulators, authorities and internal or external auditors, weak governance or the existence of conflicts of interest. It also covers all types of fraud, obvious mistakes and serious neglect in clear violation of internal rules (e.g., internal charters, policies, memorandums and working procedures) or external rules (e.g., laws, regulations, accounting rules and rules on market abuse, insider trading, professional secrecy, personal data protection, money laundering, terrorist financing, theft, fraud, corruption, etc.).

Information related to the internal reporting channel:

When a BIL employee is aware of or reasonably suspects wrongdoing, or that a reprehensible act has occurred or is about to occur, they can raise an internal alert.

The whistleblower can present their concerns by any means of communication (letter, e-mail, telephone, private interview etc.). For a private interview or unregistered call, a complete and accurate transcription of the conversation will be made with the opportunity for the whistleblower to verify, correct and approve the meeting/call transcription by signature. The whistleblower may be asked for a written presentation describing the facts or the discussions that lead them to make use of the internal whistleblowing alert system.

The Chief Compliance Officer is in charge of processing the alert (reception and follow-up of the reports, communication with the reporting person and with the competent authority), or their deputy in the event of absence.

If the alert involves the Compliance department, the Head of the BIL General Inspection department is in charge of processing of the alert (reception and follow-up of the reports, communication with the reporting person and with the competent authority), or their deputy in the event of absence.

Training

Whistleblowing is part of the Code of Ethics training and a dedicated Whistleblowing e-learning course was launched for all employees in Q4 2023.

Staff receiving the alerts

As mentioned below, the designated persons are members of Compliance and/or Investigation team who are used to handling such alerts.

Measures to protect against retaliation

BIL ensures that any whistleblowers presenting their concerns in good faith will suffer no negative consequences.

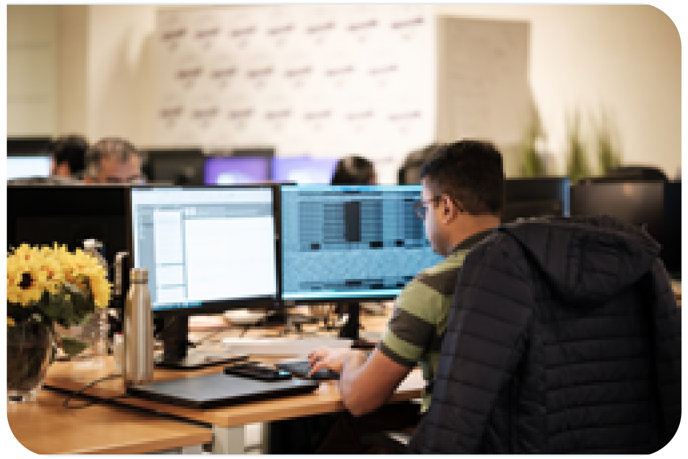
The confidentiality of the whistleblower's identity and of the concerns raised will be ensured; this is essential to avoid retaliation.

Confidentiality also applies to any information from which the identity of the reporting person can be directly or indirectly deduced. The identity of the whistleblower will only be communicated to those in charge of the investigation led by the designated person, based on strict observance of the "need to know" rule.

Investigations are subject to strict ethical rules, in particular, they are bound by obligations of privacy and exercise of a duty of self-restraint. Investigations must be confidential and must protect the reporting persons. Investigations are anonymized for anyone outside the whistleblowing investigation team.

Monitoring

The Chief Compliance Officer will maintain a log of all whistleblowing cases handled. All data collected via the whistleblowing system is saved only for the time strictly necessary for the resolution of the investigation, with the exception of data transmitted to a regulatory authority or an official state body. In the annual compliance progress report to the Board of Directors, the Chief Compliance Officer will report on the number of whistleblowing cases received during the year and on the number of cases that have been investigated.



24.3.2. Corruption and anti-bribery

The detection and prevention of corruption and bribery incidents mostly relies on existing controls such as the Financial Crime Prevention Monitoring Program that includes client due diligence and transaction monitoring. Other controls related to fraud (internal or external), gift policy or the respect of the code of ethics are also used for anti-bribery and corruption purposes.

Process for reporting incidents to administrative, management and supervisory bodies:

Suspicions of corruption identified during AML controls are escalated to the Compliance Incident Committee which ultimately decides on any necessary action (declaration to the authorities, client offboarding, etc.). Monitoring results are reported on a quarterly basis to the Internal Control Committee and statistical data is included in the semi-annual Compliance Activity Report. The Compliance Activity Report is presented to the ICC and further escalated to the Board Audit and Compliance Committee (BACC) and the Board of Directors.

24.3.3. Monitoring incidents

	2023	2022
Number of convictions for violation of anti-corruption and anti-bribery laws	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	0	0

	2023	2022
Total number of confirmed incidents of corruption or bribery	**1**	**0**
Total number of confirmed incidents in which **own workers** were dismissed or disciplined	1	0
Total number of confirmed incidents relating with **business partners** that were terminated or not renewed due to violation related to corruption or bribery	0	0

24.3.4. Political influence and lobbying activities

BIL Group does not allow charitable donations, sponsorships, or direct or indirect contributions to political parties or organisations, as these could be used as a cover for bribery.

ESRS G1-1, ESRS G1-3

24.4. Training and raising awareness

BOARD MEMBERS

Training sessions are an important tool and are organized to ensure the suitability of Board members and to improve their skills, competence and knowledge.

There are two types of training:

- initial induction programme for new members of the Management Body enabling them to understand the structure, business model, risk profile and governance arrangements
- annual ongoing training plans to ensure an understanding of the operations of the Bank and their role, as well as to update and train skills.

The Bank must ensure that there are sufficient human and financial resources for the training targets established.

OTHER EMPLOYEES

The entities of BIL undertake to give all staff members the means to respect the values and principles described in its Code of Ethics. The charters, policies and procedures applicable are easily accessible. Awareness-raising initiatives are undertaken by the Compliance Department and the HR Department, among others, in respect of the values and principles stated in this Code. Each BIL entity must have an ongoing training and awareness programme for staff members as defined by local regulations, to ensure that all employees, including the Board of Directors and the authorised management, are properly qualified. Depending on the subject, training courses are updated annually, or at most every two to three years, with ad hoc training cycles organised for certain profiles. Each employee has access to their own training plan via the BIL Academy, which is monitored by Human Resources and Compliance. Measures are taken in the event of any non-completed mandatory training courses.

The table below highlights metrics related to training held on anti-bribery and anti-corruption for BIL's staff, managers and top management.

TRAINING OF EMPLOYEES ON ANTI-BRIBERY AND ANTI-CORRUPTION

Reporting Period			2023
Training coverage (headcount)	(Junior) Staff	Managers	Top Management
Total number of employees	998	976	49
Total number of employees that receiving training	843	812	35
Delivery method and duration	(Junior) Staff	Managers	Top Management
Classroom training/physical training (in hours)	N.A.	N.A.	N.A.
Computer-based training (in hours)	884.35	691.94	30.04
Voluntary computer-based training (in hours)	N.A.	N.A.	N.A.
Frequency	(Junior) Staff	Managers	Top Management
How often training is required	yearly	yearly	yearly
Topics covered	(Junior) Staff	Managers	Top Management
Definition of corruption	379.04	206.06	9.01
Policy	344.87	360.27	16.07
Procedures on suspicion / detection	160.44	125.61	4.96

24.5. Developments in 2023

In 2023, we have ramped up our commitment to compliance by refining our framework, emphasising documentation and standardising our working methods. Our collaboration with client-facing employees has been strengthened, underscoring the Compliance Department's pivotal role as an advisor, particularly in MiFID and cross-border matters.

Compliance actively engaged in key initiatives such as the Three Lines of Defence programme and ESG implementation projects, contributing significantly to enhancing the Bank's regulatory and governance landscape.

Notably, we have revised major governance and conduct charters and policies in 2023, including the ***Conflicts of Interest Charter***, the ***Code of Ethics***, the ***Whistleblowing Charter***, and the ***Financial Crime Prevention Charter***, aligning them with the latest regulatory updates.

The Bank continues its client database review in line with the latest anti-money laundering and anti-terrorist financing requirements. Finally, in 2023, we introduced targeted training programmes covering whistleblowing and anti-money laundering updates, fostering awareness among employees about market abuse, MiFID and cross-border considerations to ensure ongoing compliance vigilance.

25. Confidentiality, Data Protection and Cyber Security

25.1. Data Protection

Due to the nature of their activities, financial institutions process a significant amount of data. With the adoption of digital technologies in the financial sector, as well as remote working structures accelerated by the pandemic, data privacy has become an increasingly central topic for financial institutions.

BIL is subject to Regulation (EU) 2016/679 on the protection of personal data, referred to as the GDPR. As a responsible bank, BIL is committed to fully protecting the data privacy of its clients, providers, employees and candidates. The confidentiality and information security of personal data have always been of the utmost importance to BIL as it is crucial to retain the trust of clients, employees and providers. The respect for privacy, fundamental rights and freedoms is paramount for BIL. This is ensured by the Data Protection team, which works full-time on the application of the GDPR at BIL. Due to its size and the volume of personal data processed, BIL has officially appointed a Data Protection Officer (DPO) who is also in charge of GDPR compliance for BIL's Luxembourgish entities. The DPO is independent and reports to the Chief Compliance Officer. The DPO reports on a quarterly basis to the Internal Control Committee (ICC), which is a management committee composed of members of the Executive Committee. The DPO also contributes to the annual Compliance Activity Report which is presented to the Board Audit and Compliance Committee (BACC), and which is sent to the regulators.

The Data Protection team performs the following activities at BIL, in line with the missions laid down in the GDPR:

- Ensuring the "daily compliance" of BIL with the GDPR (record of processing activities, management of data breaches and exercises of data subjects' rights, transfer of personal data, privacy by design, management of contracts with third parties, etc.);
- Assisting BIL teams with the implementation of new projects or products to ensure that they comply with all requirements set out in the GDPR. All documents covering the implementation of new projects and products incorporate a dedicated GDPR compliance section;
- Advising and helping BIL teams with any technical or operational issues relating to the protection of personal data;
- Raising awareness about data protection requirements by providing training sessions and following-up the completion of the sessions by all staff members;
- Cooperating with the Luxembourg Commission Nationale pour la Protection des Données (CNPD), to which the Bank remains accountable.

In order to increase transparency, many policies have been drafted and implemented to make sure that personal data are securely processed by BIL and that data subjects' rights are respected:

- ***Personal Data Protection Charter*** and ***Policy***
- Privacy Notice for employees of BIL and its Luxembourg-based entities published internally and sent to new joiners
- Privacy Notice for Third-Party staff communicated to external staff carrying out work at BIL
- Privacy Notice for applicants published on the BIL recruitment website.
- Privacy Notice for clients and prospects to inform them on any processing activities carried out by BIL. This Privacy Notice is joined to the Bank's General Terms and Conditions but also separately available on BIL's website.

Additionally, BIL undertakes not to sell personal data and continuously works on transparency surrounding the processing of personal data with third parties. All contracts with third parties are analysed and a data protection agreement is required when personal data is processed by the third party. International transfers are only allowed once all safeguards have been put in place.

BIL has set up a register of processing activities where all data controllers have to key in their personal data processing activities. A Privacy by Design document has been set up in order to collect all relevant information in the event of new activities and outsourcing.

A dedicated Third-Party and Outsourcing Committee attended by the DPO, the Chief Information Security Officer (CISO), the IT Security Officer (ITSO), and the Legal and Procurement departments has been set-up to discuss and analyse all new initiatives proposed by the different stakeholders.

Where a processing activity is likely to result in a high risk to the rights and freedoms of data subjects, before the processing activity begins, BIL carries out a Data Protection Impact Assessment (DPIA) of the envisaged processing activity on the protection of data subjects' personal data.

BIL has set-up procedures in order to handle any data breaches and data subjects' requests to exercise their GDPR rights on a timely basis.

In the event of a data breach, the incident is duly analysed by the DPO team and depending on the assessment of the risk for the data subject, a decision is taken on whether to notify the Luxembourg data protection authority, the Commission Nationale pour la Protection des Données (CNPD). If there is a high risk for the data subject, the latter will be duly informed of the data breach. All data breaches are keyed into BIL's incident handling tool and followed-up by the DPO team until closure of the incident.

	2023	2022	2021
Number of substantiated complaints received concerning breaches of client privacy	0	0	0
Number of identified personal data breaches	135	57	77

The number of reported data breaches increased from 2022 due to the various awareness campaigns organised in the course of 2023 to increase the visibility of the Data Protection team. The staff is getting more and more sensitive on this topic and reports data breaches to the DPO team. The main root cause is similar to the one of the preceding year: human error (errors in email addresses and documents sent). Remediation action consisted in deleting/destroying the emails/documents from the erroneous recipients.

BIL undertakes to respect the timeline of 30 days to respond to data subjects exercising their GDPR rights:

- Right to be forgotten
- Right to be informed
- Right to rectification
- Right of access
- Right to restriction of processing
- Right to data portability
- Right to object
- Right to object to automated decision making and profiling

A dedicated form is available on BIL.com to facilitate access to such requests for all clients, prospects, candidates and third parties.

GDPR requests	2023	2022
Deletion	24	35
Opposition	1	1
Access	21	2
To be informed	9	6

Clients and Prospects are becoming more a nd more aware of their data protection rights and thus, the number of requests increases constantly.

The training and awareness of all staff members are important features in ensuring that personal data is processed in compliance with GDPR.

The DPO team regularly publishes articles and information on the intranet in order to raise awareness on data protection topics and ensure that employees are up to date with best practices when handling personal data.

All staff members must follow an annual refresher on GDPR. The training is mandatory and must be completed within 3 months. Not completing the training may lead to disciplinary sanctions.

BIL has acquired a new tool to manage data protection topics, including the register of processing activities and the handling of data breaches and data subjects' requests. This tool will be implemented at the beginning of 2024.

On top of carrying out the missions laid down in the GDPR for BIL and its Luxembourg-bases entities, the DPO team also assists BIL entities abroad in complying with GDPR requirements.

25.2. Cyber security

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 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 in 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).
- BIL's Executive Committee and each entity of BIL is responsible for ensuring the proper implementation of the ICT & Security Risk Management Framework. The authorised management of each BIL entity must 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 and security risks linked to BIL's use of information technologies.

Roles and responsibilities are divided based on the Three Lines of Defence model for the management of ICT and 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. In particular, a data leakage prevention solution is deployed to detect and block large data disclosures. BIL has also defined a cyber security programme that is updated every year to respond to emerging threats and is broken down across a set of projects to implement additional security measures.

To raise awareness around cyber security, eLearning courses on cyber security topics have been developed to help our employees to be part of our cyber security model. In 2023, 99% of employees followed these eLearning courses.

BIL has defined a control programme that regularly assesses the compliance of its security measures with the security framework. Deviations are presented to the ISRC and are monitored until remediation. The technical security measures in place are regularly tested by internal experts and by external consultants to evaluate their effectiveness. Moreover, the 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 update on ICT and security risks is presented to the Board Risk Committee and Board of Directors, 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.

In 2023, as part of ongoing improvements, enhancements to the security framework have been made in the following areas:

- Stronger security monitoring;
- Enhanced protection and monitoring of IT privileged access;
- Implementation of a data governance solution for data repositories;
- First stage in the establishment of a cyber resilience solution for mass storage and recovery;
- Move to a new security operation centre to enhance our security monitoring capabilities;
- Improvements to the business continuity plan including a full review of critical processes.

	2023	2022
Number of Cyber security attacks / phishing attempts	29	126
Number of attacks prevented or mitigated	29	126
Number of attacks solved	N/A*	N/A*

* No attacks were successful and had to be resolved.

2024 AMBITION

The main objectives for 2024 are:
- To strengthen awareness of the security program;
- Implementation of Digital Operational Resilience Act (DORA) framework
  - Roadmap DORA
    - Review of the ICT framework documentation
    - Comparison with DORA and Regulatory Technical Standards (RTS) requirements and organisation of a workshop per pillar to discuss assessment of person – day cost of compliance implementation
  - Digital Operational Resilience Strategy
  - Identification of BIL's ICT supply chain risk profile and risk mitigation strategy
  - ICT Third Party Risk Management Strategy
    - Identification of BIL's ICT supply chain risk profile and risk mitigation strategy.

26. Listening to our Clients

26.1. Measuring client satisfaction

BIL attaches great importance to client satisfaction, which it measures regularly. Regular surveys are conducted on the Bank's key processes (e.g., account opening, loan application, investment product subscription, etc.) in order to gather client feedback following their interactions with the bank.

For each key process, the following indicators are measured and monitored on a monthly basis:

- Recommendation rate
- Overall satisfaction
- Effort score (or simplicity of the process) as well as some specific criteria related to the process analysed

These criteria are based on BIL's new relational footprint, which we began rolling out in March 2023 through the BIL Studio project (BIL's Kirchberg branch has become the training academy for the front-office teams). This relational footprint is built on three pillars: hospitality, empathy and support. Every month, the Client Centricity Department (now, named Customers & Markets Department) trains new front-office joiners in this BIL relational footprint.

Results are analysed and shared with the process owners to ensure continuous review and improvement. Ad hoc surveys are also conducted to address specific issues. In 2023, for example, a study regarding our engagement plan concerning ESG was carried out.

2024 AMBITION

- The Bank's new target operating model / organisation will be based on four pillars: client centricity, people centricity, efficiency and robustness. The new organisation of the Bank is structured around client processes with 10 client processes representing 80% of the Bank's activity.
  - The Bank will also launch a new client centricity programme in 2024, designed to prioritise and enhance the overall client experience. The programme will be based on four pillars: get the basics right, make client centricity a priority for everyone, listen to client feedback, and invest in client service.
  - This approach aims to build strong, lasting relationships by focusing on client satisfaction, engagement and feedback.

26.2. Complaints management

BIL recognizes the paramount importance of client satisfaction and is committed to addressing and re-solving client complaints with the utmost diligence.

In accordance with CSSF circular 17/671, as amended by CSSF circular 18/698: table listing the claims registered 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 governance around complaints handling mobilises all the necessary teams to study each complaint. This collaborative work makes it possible to respond in a fair and impartial manner and to carry out continuous improvements to the internal process.

Since 2018, the ***Client Complaints Handling Policy*** has been put in place to define what constitutes a complaint, and the golden rules that must be applied to optimise the quality and speed of complaints processing. The procedure defines the roles and responsibilities of the Complaints Handling Officer, the Client Relationship Manager, the Compliance Manager, the Operational Risk Manager, the Head of the Litigation Department and the General Inspection Department. The aim of this Policy is to make each player accountable for their role, in order to provide an effective solution and respond as efficiently as possible to our clients' needs.

Client satisfaction is at the heart of BIL's concerns, so we put maximum energy into managing and handling claims.

26.2.1. Complaint handling process

Any complaint that the Bank receives is forwarded by email to the Complaints department, which is responsible for analysing it before close of business. The department subsequently contacts the Relationship Manager to gather all the information needed to draft a reply, and enters the details in the Salesforce complaints database, which includes all client details, the type of complaint, the allegations made against the Bank, the date of receipt and the date on which a reply is sent to the client. The reply is systematically sent to the Complaints Handling Officer and the Relationship Manager's superior for review and approval. Should a complaint reveal a failing at the Bank, the operational risk department will be informed directly so that it can investigate and resolve the problem as quickly as possible.

Each month the Complaints Handling Officer emails Executive Committee members and the departments concerned, drawing their attention to problems that clients have encountered. The aim of this process is to provide detailed and transparent information to the Bank's various bodies about clients' specific grievances so that solutions can be found to improve our products, services and processes.

Since 2 October 2023, the Bank has been using a new client relations management app (Salesforce) with a semi-automated workflow, specially designed to centralise all correspondence with clients to increase efficiency. The aim in 2024 is to take advantage of this new complaints management tool to more quickly identify sources of client dissatisfaction in the different services provided, and to come up with solutions and improvements. Our ambition is to always serve our clients' interests in the best possible way by providing the quality service needed to secure long-term relations.

The efficiency of complaints management is judged at several levels. Firstly, efficiency means speed, and we responded to clients within a reasonable time frame of under 30 days. The second criterion for assessing the efficiency of complaints management is ensuring that client complaints are fully satisfied by our initial response and that no follow-on correspondence is necessary. Lastly, optimal complaints management is made possible by the new management tool introduced in October 2023, which is used to track every complaint, its progress, correspondence and interactions with the client, and the date on which each case is closed.

	2023	2022	2021
Number of complaints received	862	686	490

Complaints relating to payment accounts and services increased significantly between 2022 and 2023. Three quarters of complaints are related to fraud of all kinds. Communications and anti-phishing measures were quickly put in place to warn our clients. Awareness was generated through BILnet and information campaigns on phishing attempts were run across branches and via alerts on the Bank's intranet.

Additionally, following the migration of our IT services to the new Core Banking system, several complaints on accessing the Bank's services were received.

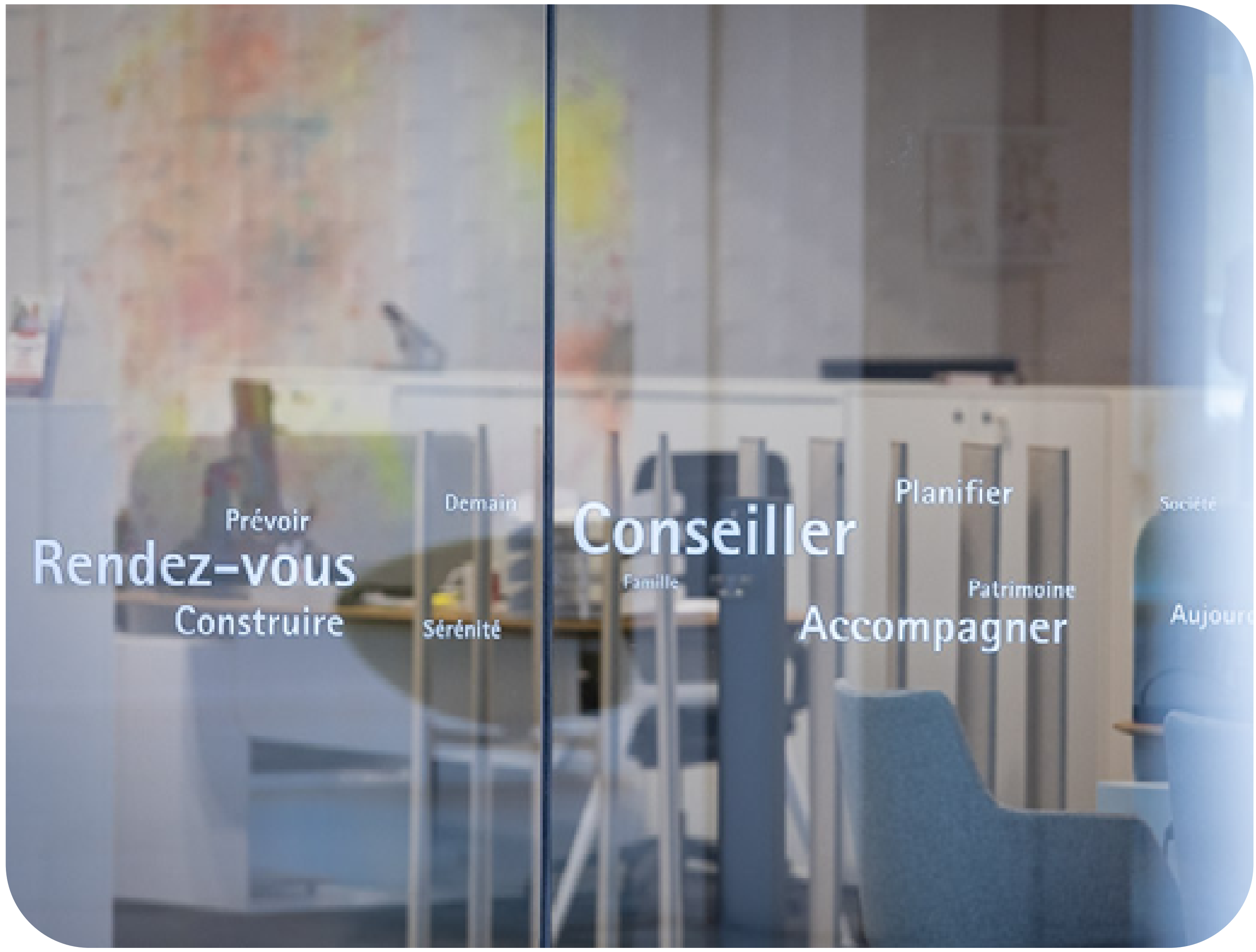
2024 AMBITION

The aim in 2024 is to take advantage of this new complaints management tool to more quickly identify sources of client dissatisfaction in the different services provided, and to come up with solutions and improvements. Our ambition is to always serve our clients' interests in the best possible way by providing the quality service needed to secure long-term relations.

26.3. Transparency

Transparency is a cornerstone principle that guides the operations and reporting of BIL in its commitment to sustainable and responsible banking practices. At BIL, we recognize that transparency is not just a regulatory requirement but a fundamental element of building trust with our stakeholders and contributing to a resilient and ethical financial ecosystem.

In our pursuit of transparency, we aim to provide a comprehensive and clear account of our environmental, social, and governance practices. This commitment aligns with our broader sustainability strategy, reflecting our dedication to creating long-term value for our clients, shareholders, employees, and the communities we serve. For more information, please refer to About this Report section.



27. Product and Services Governance

BIL's ***Products and Services Governance Charter*** sets out the principles applicable to BIL Group in respect of product oversight and governance. It clarifies the guiding principles governing the approval, significant changes to and closure of activities and ensures that the interests, objectives and characteristics of consumers are considered, avoiding potential consumer detriment and minimizing conflicts of interest.

Before a decision is made, the New Product approval process must include information on the following aspects: regulatory compliance, accounting, pricing models, the legal environment, impacts on the Bank's risk profile, capital adequacy and profitability, compatibility with the ESG strategy, availability of adequate front, back and middle office resources, the requirement for additional training courses, and the adequacy of internal tools and expertise for understanding and monitoring the associated risks.

BIL will issue an analysis of the risks on this basis, ensuring that the interests, objectives and characteristics of the target market(s) are considered, any potential harm to consumers is avoided, and conflicts of interest are minimised.

BIL's ***Remuneration Charter*** sets out appropriate governance to prevent remuneration structures which may incentivise a staff member to act contrary to their responsibilities, regulatory requirements or the ***Code of Ethics***. It ensures that commercial interests of BIL and its staff members are aligned with the effective management of conflicts of interest, and with risk management objectives regarding conduct of business standards. This ensures that clients are treated fairly and that their interests are not adversely affected by BIL's incentive and remuneration practices in the short, medium and long term. An appropriate balance between fixed and variable components of remuneration will always be maintained, so that the remuneration structure does not favour the interests of BIL against the interests of any client.

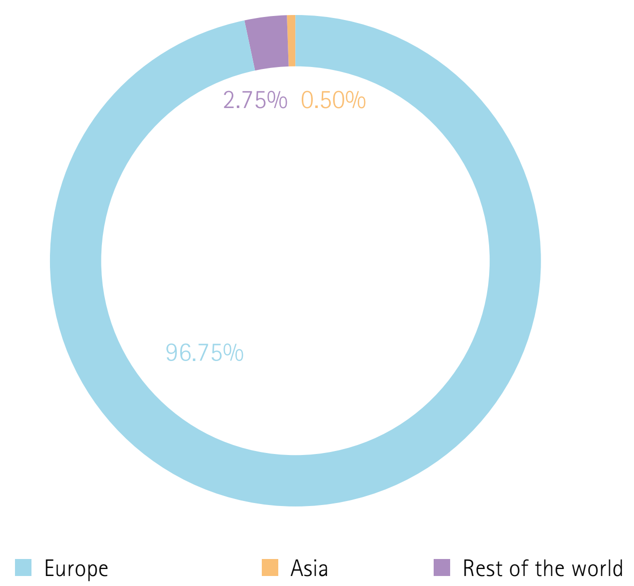
28. Responsible Procurement Practices

At BIL, we aim to include all our stakeholders in our journey towards a sustainable future and therefore actively engage with our suppliers on this ambitious project. We are committed to meeting our stakeholders' expectations, while creating value through a sustainable procurement policy that considers economic, social and environmental aspects. BIL's ***Procurement Policy*** undertakes to work with suppliers who meet the minimum labour, health and safety, environmental, and ethical standards set out to protect human rights. The material topics addressed by this Policy include respect for human rights, respect for labour standards, health & safety requirements, respect for and protection of the environment, ethical business conduct. Governance and implementation are the responsibility of the Procurement Department. The Policy is approved by the Chief Financial Officer and reviewed every 3 years.

Supplier region	Number of suppliers
Europe	1,551
of which Luxembourg	1,020
Asia	8
of which China	4
of which Hong Kong	4
Rest of the World	44
TOTAL	**1,603**

As a universal bank, BIL works with service providers who are also its clients for corporate, wealth management and retail services (particularly in the areas of corporate real estate and facilities). BIL has the status of a systemic bank in Luxembourg and, through its interactions with the economic players in the financial centre, it uses many local suppliers (very small to large).

Supplier geography



28.1. Management of supplier relationships

28.1.1. Supplier management and evaluation process

BIL's ***Managing BIL Group Purchases Policy*** sets out all the criteria taken into account when selecting a supplier. The Policy also highlights the controls carried out from a financial perspective when awarding additional business to an existing supplier or when onboarding a new supplier.

Some providers are identified specifically as "outsourcing providers" (more critical than just service providers). These outsourcing providers are governed by the ***Outsourcing and Cloud Computing Policy*** which defines the controls and tasks to be carried out before entering into any commercial relationship, the contractual clauses to be included, and the monitoring to be carried out on these service providers based on their degree of criticality.

28.1.2. Monitoring and process control

Supplier relations are monitored through existing internal policies that highlight the main principles to be followed and respected throughout the life of a contract and/or a single and simplified act of purchase, including those governing the relationship with service providers.

All request for prices (RFP) packages systematically include the ***Code of Conduct for Providers***, which encompasses a range of ESG principles.

28.1.3. Training and remuneration criteria

BIL Buyers are professionals with proven experience and expertise in their fields of activity. Depending on the opportunities, they receive specific training (e.g., regarding ESG, outsourcing, human rights). The Procurement team received training from an external consulting company on ESG principles in 2023. The team carried out an in-depth exercise on social matters, applying human rights principles to the procurement process.

There are no salary incentives based on the Procurement team's ability to onboard service providers who meet ESG criteria. Their performance is evaluated every year according to the objectives set at the beginning of the year (including ESG awareness this year). This assessment results in a bonus paid in March every year.

BIL is currently in the process of defining a service providers assessment grid to further implement it in our RFP and agreements. So far, each RFP sent out includes the "Corporate Social Responsibility" document which encompasses the minimum requirements expected from our supplier base.

28.2. Payment practices

Reporting Period **BIL Luxembourg**	2023
Payment practices	**Number of days**
Average number of days taken to pay an invoice	8-10 days

On average, BIL takes between 8 to 10 days to process a supplier invoice. This period includes the receipt of the invoice, dispatch to our external service provider for scanning, approval by the official signatory and lastly, the final payment.

All invoices received are treated in the same way, regardless of the supplier or supplier category.

2024 AMBITION

- Implementation of a Provider Scorecard to identify maturity and ESG awareness
- Integration of ESG criteria into the ***Managing BIL Group Purchases Policy***
- Review of service providers identified as "ESG: critical" and integration of ESG principles into contractual frameworks

Appendices

29 UNEP FI Principles for Responsible Banking report

Banque Internationale à Luxembourg signed the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) in September 2021.

BIL has an initial 4-year period (by September 2025) to build the foundation to continuously mainstream and embed the Principles into the heart of its operations. In this first period, the Bank should:

i. **Conduct an impact analysis to understand the impacts associated with its portfolio;**
ii. **Set a minimum of two ambitious targets to address the most significant impacts; and**
iii. **Annually disclose its audited progress.**

BIL would like to emphasise that it is very grateful to the United Nations Environmental Programme Finance Initiative for its support and guidance on this journey, in particular through its first Individual Feedback & Support Meeting held on 18 July 2023. This transparent and constructive exchange enabled BIL to get feedback on the efforts made in previous years and to give direction to its future priorities.

In accordance with the PRB's four-year implementation journey, this second UNEP FI PRB report provides BIL' stakeholders our self-assessment and commitment towards the 6 Principles in line with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement. As there are no significant changes in the Bank's strategy, the content of the portfolio and the context in which the Bank operates, the Bank has not conducted a new impact analysis this year and focused on the performance assessment exercise: this is why the input given under the headings relating to the impact analysis is partly unchanged as compared to 2022.

Requirements	Bank's response and self-assessment	Reporting reference
Principle 1	**Alignment**	

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Founded in 1856 to support Luxembourg's economic development, a century and a half later BIL is still an important player in the country's economy. As a local Bank, our decision-making centre is in Luxembourg. Our more than 215,000 clients enjoy the benefit of our recognized expertise in banking and financial services, as well as our international experience, as reflected in our physical presence in Switzerland and China. BIL provides its local and international clients, be they individuals, entrepreneurs corporations big and small, with the services they need for their development:

- **Retail Banking:** BIL offers services tailored to the needs and expectations of its customers through 22 branches throughout the country, digital channels and ATMs. Branches aim to offer personalized advice through 3 distinct formats: BIL Office, Shop and House. BILNet is BIL's remote banking service 24/7. The Client Care Center is accessible by secure messaging via BILnet, or by telephone on 4590-5000, Monday to Friday, 08:30 to 18:00.
- **Wealth Management:** Since 1985, our presence in Switzerland, the world's premier wealth management centre, has strengthened our expertise and services for international clients. We are also developing our business in China. In 2019, BIL took its first step by creating a representative office in Beijing, and in 2020, BIL continued its expansion with the inauguration of BIL Wealth Management Limited in Hong Kong.

  By establishing a network across Luxembourg, Switzerland and China, we have developed a multi-faceted expertise that makes us the gold standard in wealth management for entrepreneurial clients.
- **Corporate Banking:** BIL plays an essential role in financing companies based in Luxembourg and is a key partner in their development. Self-employed, SMEs, retailers, large companies and financial intermediaries – all benefit from personalized financial services in capital markets, financing, cash management and payment methods.

  BIL also offers its unique investment banking services, based on two solutions: advisory services and lending. By combining these two strands for our customers' benefit, we can offer a one-stop-shop approach for everything to do with structured finance, including advice on debt and equity, as well as in the field of mergers and acquisitions.

Reporting reference: See section "1.4 BIL's business model", BIL 2023 Sustainability report

Refer to our website bil.com, the specific page "The Bank"

and the "investor presentation" for corporate data

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes ☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights
☐ International Labour Organization fundamental conventions
☒ UN Global Compact
☐ UN Declaration on the Rights of Indigenous Peoples
☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:
  ○ final draft implementing technical standards (ITS) on Pillar 3 disclosures on Environmental, Social and Governance (ESG) risks
  ○ European Banking Authority (EBA) Report on Environmental, Social and (ESG) risks management and supervision
  ○ European Central Bank (ECB) guide on climate-related and environmental risks
☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:
  ○ final draft implementing technical standards (ITS) on Pillar 3 disclosures on Environmental, Social and Governance (ESG) risks
  ○ European Banking Authority (EBA) Report on Environmental, Social and Governance (ESG) risks management and supervision
  ○ European Central Bank (ECB) guide on climate-related and environmental risks
☐ None of the above

BIL's "Energise Create Together 2025" strategic plan, focuses on 5 key levers to become the best Bank for entrepreneurs in Luxembourg.

ESG aspects have been considered from a business perspective as well as risk perspective when establishing the strategy of the Bank and are consistently integrated in each of the key strategic pillars.

In July 2022 BIL's Executive Committee was supported by the Bank's Board in its ambition to "become a key transition facilitator". Addressing transition to climate neutrality is above all done by helping clients and counterparties achieve their own climate neutrality. Creating client awareness on sustainable finance and supporting them in their transition projects is a key element of our sustainability strategy.

- Through its lending activities, BIL is committed to support individual and corporate clients in their own transition towards more sustainable activities.
- With regard to its investment activities, the Bank promotes sustainable solutions and monitors their impact with the aim of gradually reducing their negative impact.

Transitioning to net-zero requires the use of transition pathways based on scientific evidence in the strategy. BIL will progressively define its own transition plan and has set intermediate targets that will help the Bank having a clear view on how this impacts its business model and to what it can concretely commit to. This will imply defining clear guidelines on what we choose to do and what we choose not to, including commitments on how BIL intends to reduce the negative impact of its activities by discontinuing or limiting support of non-sustainable activities.

Through its 4 -pillar Sustainability Strategy, BIL is progressively embedding ESG considerations into its decision-making processes. In 2023:

- The Bank has strengthened its overall ESG governance and defined initial targets that will be monitored at ExCo and Board level through a dedicated ESG Dashboard. BIL's Risk management function progressively integrated the management of ESG risks, with a special focus on climate related risks, throughout the whole organization via its global risk framework.
- A broader range of ESG products and services was developed, and advisors were trained to address customer sustainability preferences when advising on investments, and to support homeowners in their renovation projects. BIL measures and screens its balance sheet as well as its investment portfolios for managing exposure to various ESG risks and supporting the strategic commitments to sustainability.

The validation and monitoring of the ESG Dashboard are the first step in aligning the Bank's sustainability efforts with the overall strategy and the Bank will continue to ensure ESG is gradually becoming an integral part of the budgeting process.

In 2024, BIL will launch work on defining its strategic plan for the 2025-2030 period. As a part of its preliminary work to prepare the definition of priorities, BIL will consider the key information on the environment, including ESG considerations, for example by looking at the ESG Risk Assessment, ESG Scenarios, and ESG Dashboard, but also desk research on key trends and considerations into ESG, as well as the Bank's guidance in terms of sectors from a sustainability perspective. Furthermore, before submitting the document to the decision bodies, strategy as first line of defence will assess whether there will be any material impacts on BIL's physical or transition risks due to the strategy and highlight these to the decision-making bodies.

BIL also applies European and international frameworks, such as the Global Reporting Initiative (applied since 2021), SASB, UN Global Compact and the Partnership of Carbon Accounting Financials (PCAF) methodology to calculate Financed GHG emissions.

See sections "1.3 BIL's global strategy" and "2. Our Sustainability Strategy", BIL 2023 Sustainability report

Requirements	Bank's response and self-assessment	Reporting reference
Principle 2	**Impact and Target Setting**	

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[1] and fulfil the following requirements/elements (a-d)[2]:

a) *Scope:* What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

As there are no significant changes in the Bank's strategy, the content of the portfolio and the context in which the Bank operates, the Bank has not rerun an impact analysis this year and focused on the performance assessment exercise: this is why the input given under the headings relating to the impact analysis is partly unchanged compared with 2022.

With EUR 16.3 billion in loans and advances granted to its clients (-0.9% compared to 2022), BIL is a key player in financing the projects and initiatives of individuals, SMEs, large companies and institutions. In Luxembourg in particular, BIL accounts for 13% of real estate loans (source Ilres 2023) and 26% of investment loans (source Ilres 2022).

See section "7.1. Sustainable Financing solutions", BIL 2023 Sustainability report

Aware of the major role it has to play in redirecting capital flows towards sustainable projects, BIL has decided to position itself in the future as an expert in sustainable financing and as a facilitator in the energy transition of its clients.

Thus, when BIL initiated its impact analysis in 2022, it was only natural that it decided to start by covering the lending portfolio of the BIL Luxembourg entity, including finance leases operated via the BIL Lease entity, on the basis of the outstanding amount indicator as of 31/03/2022, and this for all its clients: individuals, SMEs, large companies and institutions.

By choosing to focus on the four risk countries Germany, Belgium, France and Luxembourg, the coverage rate of the impact analysis is 91% (77% for Luxembourg alone), which demonstrates the relevance of the scope of the analysis.

In a second phase, it is planned to extend the scope to the lending portfolio of the BIL Switzerland entity, even if it is important to point out that it only represents around 3% of BIL's total lending portfolio.

In terms of product coverage, all financing products have been included: personal loans, credit lines, real estate loans, Lombard loans and investment loans for private, corporate and institutional clients.

b) *Portfolio composition:* Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries[3] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

As mentioned above, the coverage rate of the impact analysis is 91% (77% for the Luxembourg risk country alone)

For Individuals clients, mortgage loans represent by far the largest share of outstanding amount, i.e., 90% of the total loans covered by the impact analysis.

For corporate and institutional clients, the most exposed sectors are real estate and construction (35% and 20% respectively) and the financial sector (45%).

These results were obtained through the "Identification Module" of the "Impact Analysis Tool" made available by UNEP FI.

c) *Context:* What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[4] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

[1] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

[2] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

[3] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

[4] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

In order to identify the main challenges and priorities related to sustainable development in Luxembourg, BIL used the "Context Module" of the "Impact Analysis Tool" provided by UNEP FI.

For each country and impact area, the tool indicates a level of need on a scale of 1 to 4 (1 for a low level of need, 2 for a moderate level of need, 3 for a high level of need and 4 for a very high level of need).

As a result, BIL has identified:

- 3 impact areas with a very high level of need: Climate Stability, Resource Intensity and Waste
- 5 impact areas with a high level of need: Food, Housing, Healthcare & Sanitation, Mobility and Waterbodies.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)[5]? Please disclose.

The positive and negative impact areas have been identified by combining the conclusions of:

- the scope: 77% of the amount outstanding is carried out in Luxembourg (and even 91% for the Individual and Corporate consumers)
- the 8 identified challenges specific to the most exposed countries, in this case Luxembourg
- the most significant impact areas of the products or sectors of activity with the largest exposures, respectively mortgage loans and the Real Estate, Construction and Financial sectors of activity

The most relevant and potential positive impact area associated with BIL's credit portfolio in Luxembourg is: Housing (Availability, accessibility, affordability & quality).

The most relevant and potential negative impact areas associated with BIL's credit portfolio in Luxembourg is: Climate stability, Resource intensity & Waste.

The most significant impact areas selected at this stage to pursue our performance measurement are as follows:

- Climate stability
- Housing (and more especially energy-efficient housing in relation with the 1st impact area climate stability)

d) *For these* (min. two prioritized impact areas): *Performance measurement:* Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Climate stability

Banks have an impact on the climate not only through their own business but also, more importantly, through the financed emissions from their lending and investment activities, which account for 99% of BIL's total carbon footprint. BIL has been calculating the financed emissions from its lending portfolio and Bank investment portfolio since 2022.

See section "11.2. BIL's financed emissions", BIL 2023 Sustainability report

The calculation method is based on the GHG Protocol of the Partnership for Carbon Accounting Financials (PCAF) BIL has estimated emissions linked to the following five asset classes defined in this methodology: listed equity & corporate bonds, sovereign debt, business loans & unlisted equity, mortgages & commercial real estate and motor vehicle loans.

BIL has assessed 73% of the Group's total balance sheet covering EUR 23.7 billion of outstanding loans and investments. The calculation included 95% of this exposure for scope 1 & 2 financed emissions and 50% for scope 3 (not all activity sectors disclose their scope 3 emissions as yet).

FINANCED EMISSIONS FOR 2022

Portfolios & Asset classes	Total outstanding loan and investments (in EUR million)	Total Financed Emissions (tCO_2e)	Scope 1 & 2				Scope 3			
			Scope 1 & 2 Financed Emissions (tCO_2e)	Scope 1 & 2 Intensity (tCO_2e / million EUR invested	Scope 1 & 2 Data Quality Score	Scope 1 & 2 Analysed Coverage (%)	Scope 3 Financed Emissions (tCO_2e)	Scope 3 Intensity (tCO_2e / million EUR invested	Scope 3 Data Quality Score	Scope 3 Analysed Coverage (%)
BIL	**23,690**	**4,924,713**	**2,472,982**	**110**	**3.9**	**95%**	**2,451,731**	**209**	**3.2**	**50%**
LENDING PORTFOLIO	**14,149**	**2,519,711**	**741,121**	**53**	**4.9**	**99%**	**1,778,590**	**559**	**4.7**	**23%**
Business Loans	3,288	2,435,930	657,340	207	4.7	97%	1,778,590	559	4.7	97%
Real Estate Loans	10,606	79,930	79,930	8	5.0	100%	-	-	-	-
Motor Vehicle Loans	254	3,852	3,852	15	4.0	100%	-	-	-	-
BANK INVESTMENT PORTFOLIO	**9,541**	**2,405,002**	**1,731,861**	**203**	**2.2**	**90%**	**673,141**	**79**	**2.6**	**90%**
Listed Instruments	9,241	2,267,692	1,633,814	198	2.2	89%	633,878	77	2.5	89%
of which Sovereign and Municipal Bond	*5,354*	*2,063,200*	*1,534,604*	*287*		*100%*	*528,595*	*99*		*100%*
of which Corporate Bond	*3,140*	*177,564*	*93,981*	*33*		*90%*	*83,582*	*30*		*90%*
of which Funds	*56*	*26,929*	*5,229*	*100*		*93%*	*21,700*	*414*		*93%*
Private equity	300	137,309	98,046	327	4.1	100%	39,263	131	4.1	100%

Energy-efficient housing

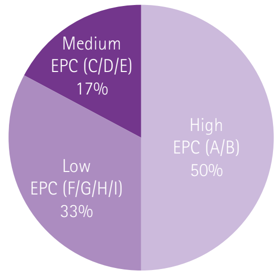
According to the European Commission, buildings account for around 40% of the EU's energy consumption, and 36% of its greenhouse gas emissions. At present, some 35% of buildings in the EU are more than 50 years old, while nearly 75% of all building stock is energy inefficient. Meanwhile, only about 1% of building stock is renovated each year.

See section "7.1.1. Real estate financing", BIL 2023 Sustainability report

As described in the impact analysis section, mortgages constitute the bulk of loans to individuals (i.e. 90% of the total loans to individuals covered by the impact analysis). BIL therefore wants to better assess the impact of its real estate lending portfolio and make it greener.

In order to monitor the energy performance of its mortgage portfolio, BIL is sorely lacking one piece of data at this stage: the energy performance class. It has only been collected since July 2022 for new production on a best-effort approach and has only become compulsory since October 2023. During this period, 58% of new applications were processed with an indication of the energy performance class, which concerned more than 900 loan applications.

BREAKDOWN OF NEW PRODUCTION BY ENERGY PERFORMANCE CLASS COLLECTED SINCE JULY 2022:



That is why BIL can mainly work on estimates today in order to assess the performance measurement on this theme, at least for the existing stock. The Minister for the Environment, Climate and Sustainable Development, the Minister for Energy and the Minister for Housing has assessed a total of 13,218 EPCs for residential buildings in Luxembourg and published the breakdown by energy performance class in the following ministerial response dated 7 February 2023.

Self-assessment summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?[6]

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☐ Yes	☒ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

The most potential impact areas are Housing, Climate change, Resource intensity and Waste.
The most significant impact areas selected at this stage to pursue our performance measurement are as follows:

- Climate stability
- Housing (an d more especially energy-efficient housing in relation with the 1st impact area climate stability)

How recent is the data used for and disclosed in the impact analysis?

☐ Up to 6 months prior to publication

☐ Up to 12 months prior to publication

☒ Up to 18 months prior to publication (31/12/2022 for the Performance measurement, i.e. the carbon footprint calculation)

☐ Longer than 18 months prior to publication (31/03/2022 for the following steps: Scope, Portfolio composition and Context)

As there are no significant changes in the bank's strategy, the content of the portfolio and the context in which the bank operates, the bank has not rerun an impact analysis this year and focused on the performance assessment exercise.

[5] To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

[6] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) *Alignment:* which international, regional or national policy frameworks to align your bank's portfolio with[7] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

- With regard to the calculation of our financed emissions, the calculation method is based on the GHG Protocol of the Partnership for Carbon Accounting Financials (PCAF), which is the world's most commonly used standard for measuring greenhouse gas emissions.) — See section "11.2. BIL's financed emissions", BIL 2023 Sustainability report
- Meanwhile, BIL conducted the first assessment of the alignment of its lending portfolio and Bank investment portfolio with the Net Zero Emissions by 2050 Scenario (NZE Scenario) of the International Energy Agency (IEA). — See section "7.1.3. Corporate lending", BIL 2023 Sustainability report
- At this stage, BIL has not yet defined decarbonisation objectives, but will align itself with the ambitions of the Paris Agreement and the European Green Deal, as well as with Luxembourg's national objectives under the National Integrated Energy and Climate Plan (PNEC), particularly in terms of energy efficiency in housing.

b) *Baseline:* Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate Change mitigation	... ...	

Impact area	Indicator code	Response
Finantial health & inclusion	... ...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Climate stability

1) Action indicators

- A.1.1 Climate strategy
  Status: In progress

  In July 2022 BIL's Executive Committee was supported by the Bank's Board in its ambition to "become a key transition facilitator".

  Translating a high-level business ambition into tangible targets and commitments is a journey that we want to undertake carefully, pragmatically and in stages.

  Our main initial target is to set up a more advanced GHG emissions' monitoring to have a clear view on our Credit and Bank Investment portfolios' alignment to the Paris Agreements and the Science-based Targets. Thanks to this analysis, we will take informed decisions for the future, especially in terms of target setting.

  Although BIL has not yet set specific, time-limited decarbonization targets, we have nevertheless decided to set intermediate objectives to better assess the effectiveness of our actions in terms of impacts, risks and opportunities. Please find more details about these KPIs later in section 2.2.c) SMART targets.

  See section "9.3. Decarbonisation pathway and transition plan", BIL 2023 Sustainability report

- A.1.2. Paris alignment target
  Status: No

  No long-term portfolio-wide Paris-alignment target has yet been set.

- A.1.3. Policy and Process for client relationship
  Status: Yes

  The Bank has implemented a Credit Risk Appetite Statement, including credit strategy and quantitative limits per key economic sector. The Credit Risk Appetite takes into consideration Environmental, Social and Governance (ESG) factors based on the Sustainable Accounting Standard Board (SASB)'s Materiality Map. The map serves as a snapshot of likely material sustainability issues, which covers the transition and physical risks. In 2023, an update to the credit risk appetite introduced a new limit with respect to transition deals for high ESG risks sectors. This limit will allow the Bank to assist its clients in their transition strategy.

  See section "6.6. Assessing Lending Portfolios risks", BIL 2023 Sustainability report

  In addition, an ESG assessment has been developed for large new credit transactions with Corporates and MidCorp counterparties. The Bank uses the ESG Score as an additional consideration alongside the existing credit score. As a result, a credit rating downgrade or upgrade is recommended depending on the ESG score.

- A.1.4 Portfolio analysis
  Status: Yes

  BIL has been calculating the financed emissions from its lending portfolio and Bank investment portfolio since 2022. BIL has assessed 73% of the Group's total balance sheet covering EUR 23.7 billion of outstanding loans and investments. The calculation included 95% of this exposure for scope 1 & 2 financed emissions and 50% for scope 3 (not all activity sectors disclose their scope 3 emissions as yet).

  See section "11.2. BIL's financed emissions", BIL 2023 Sustainability report

- A.1.5. Business opportunities and financial product
  Status: Yes

  BIL currently offers two specific sustainable finance products to retail customers: the low-interest climate loans (subsidised by the Luxembourg government) and the renewable energies loans. In terms of e-mobility, special conditions are granted through consumer loans for financing electric vehicles.

  See section "7.1. Sustainable Financing solutions", BIL 2023 Sustainability report

  Corporate customers can also benefit from special terms and conditions on financing leases for electric vehicles. Through its tailor-made financing solutions, BIL Corporate Finance has also put in place several Sustainability-Linked Loans, where a portion of the interest rate is linked to the borrower's ability to meet specific pre-defined sustainability targets.

  For more details on the financial volume of these financing products, please refer to the section "7.1. Sustainable Financing solutions" in our BIL 2023 Sustainability report.

  In terms of Sustainable Investment solutions, BIL is committed to develop its ESG offering to promote sustainable investments to clients with sustainability preferences. 6 out of 17 BIL invest in-house funds are now ESG products, representing 61% of the assets in BIL Invest.

  See section "7. Sustainable Finance initiatives", BIL 2023 Sustainability report

  Finally, in April 2022, BIL was the first bank in Luxembourg to set up a Green Bond Framework dedicated to the issuance of green bonds. Following a promising EUR 90 million new issue production in 2022 (primarily in the form of private placements as detailed in our Allocation and Impact Report), the total outstanding raised by BIL via green bonds amounts to EUR 440 million as of end-2023.

  See our Green Bond Framework and our Allocation and Impact Report publicly available in our website bil.com

2) Output indicators

- A.2.1. Client engagement process
  Status: Setting it up

  BIL has been calculating the financed emissions from its lending portfolio and Bank investment portfolio since 2022. As described previously, most of its lending portfolio's emissions are attributable to business loans. An in-depth analysis helped us identify the highest emitting sectors and clients, for which the transition risk is greatest and therefore in need of mitigation.

  See section "7.1.3. Corporate lending", BIL 2023 Sustainability report

  In the fourth quarter of 2023, BIL also started looking at introducing a client engagement model based on the ACT (Assessing low-Carbon Transition) initiative. This will enable BIL to actively support its clients' transition plans and factor sustainability considerations into its relationship management practices.

  In 2024, BIL will launch a pilot scheme whereby two teams from its Corporate department will visit their highest emitting clients and deliver a questionnaire in order to assess their plans for transitioning towards a low-carbon economy.

- A.2.2. Absolute financed emissions
  Metric: 4 924 713 tCO2e

  For more details about this figure and its scope, please refer to section "11.2. BIL's financed emissions" in our BIL 2023 Sustainability report

- A.2.3. Sector-specific emission intensity
  Status: In progress

  Following on from the calculation of its financed emissions, BIL is currently carrying out, for the first time, an assessment of the alignment of its credit portfolio and its Bank investment portfolio with the IEA's NZE 2050 scenario. As part of this exercise, BIL will transpose the results of its absolute financed emissions into sector-specific emission intensities for the relevant sectors.

  See section "7.1.3. Corporate lending", 2023 Sustainability report

- A.2.4. Proportion of financed emissions covered by a decarbonization target
  Metric: 0%

No decarbonization target has yet been set for the financed emissions.

3. Outcome indicators

- A.3.1. Financial volume of green assets/low-carbon technologies
  Status: In progress

  On 10 December 2021, the European Commission adopted the Article 8 Delegated Act specifying the content and methodology of the new disclosures required for undertakings by the Taxonomy Regulation. The main reporting requirements for credit institutions set by the Delegated Act became applicable on 1 January 2024. Financial undertakings (subject to the NFRD/CRSD) shall disclose KPIs illustrating the green share of their assets financed and/or invested in Taxonomy-aligned economic Activities including the Green Asset Ratio (GAR).

  See section "8. Disclosure Pursuant to Article 8", BIL 2023 Sustainability report

  These indicators are currently being calculated and will be published in our 2023 Sustainability report, later this year by the end of June 2024.

- A.3.2. Financial volume lent to / invested in carbon intensive sectors and activities and transition finance
  Status: In progress

  As described previously, BIL is currently carrying out, for the first time, an assessment of the alignment of its credit portfolio and its Bank investment portfolio with the IEA's NZE 2050 scenario. As part of this exercise, BIL will have a better view of its exposure regarding the carbon intensive sectors.

  See section "7.1.3. Corporate lending", BIL 2023 Sustainability report

[7] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

4. Impact indicators

- A.4.1. Reduction of GHG emissions
  Metric: N/A

  As described previously, BIL has been calculating the financed emissions from its lending portfolio and Bank investment portfolio since 2022. With regard to its first two calculations, BIL has identified a major challenge, namely improving the quality of its data in order to improve the quality of the overall result. At this stage, therefore, BIL does not consider the result of its financed emissions as a reference value on which to base either the definition of reduction targets or comparisons from one year to the next.

See section "11.2 BIL's financed emissions", BIL 2023 Sustainability report

- A.4.2. Portfolio alignment
  Metric: N/A

  As described previously, BIL is currently carrying out, for the first time, an assessment of the alignment of its credit portfolio and its Bank investment portfolio with the IEA's NZE 2050 scenario. As part of this exercise, BIL will be able to give the percentage of its portfolio aligned with Paris Agreement.

See section "7.1.3. Corporate lending", BIL 2023 Sustainability report

Energy-efficient housing

As indicated in section "2.1 Performance measurement", the energy performance class is the key data used to estimate the impact of the real estate lending portfolio. Nevertheless, BIL is sorely lacking this piece of data at this stage: only 4% of its entire portfolio has this information. That is why BIL can mainly work on estimates today in order to assess the performance measurement and thus determine a baseline to assess the current level of alignment, at least for the existing stock.

Within the constraints of the energy performance data that is currently available, BIL has modelled in 2023 the potential evolution and alignment of its mortgage portfolio. Firstly, the natural evolution of the mortgage portfolio was estimated by gradually replacing the current stock with new production, which naturally has a higher proportion of high energy class properties. As described in section "2.1 Performance measurement", the breakdown by energy performance class of the existing stock is based on estimates of the national stock, while that of new production is based on actual data collected since July 2022. This evolution was then compared with Luxembourg's national objectives under the National Integrated Energy and Climate Plan (PNEC) in terms of reducing CO_2 emissions from the building stock.

The conclusion of this exercise was the implementation of the first intermediate targets as described in the following section "2.2 SMART targets": systematic collection of energy performance data and share of high energy classes in new production.

As described previously, BIL is currently carrying out, for the first time, an assessment of the alignment of its credit portfolio and its Bank investment portfolio with the IEA's NZE 2050 scenario. As part of this exercise, BIL will be able to give the percentage of its Residential Real Estate portfolio aligned with Paris Agreement.

c) *SMART targets* (incl. key performance indicators (KPIs)[8]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

As described previously, although BIL has not yet set specific, time-limited decarbonization targets, we have nevertheless decided to set intermediate objectives to better assess the effectiveness of our actions in terms of impacts, risks and opportunities. Improving the monitoring of our impacts, calculating our carbon footprint, in particular our financed emissions, systematically collecting ESG data and engaging with our customers to assess their transition readiness are key preliminary steps to setting and committing to a concrete climate strategy. Indeed, ensure advanced GHG monitoring and having a clear understanding of how our business decisions affect them positively or negatively will be key to maturing and, at some point, committing to a defined transition trajectory.

See section "9.3. Decarbonization pathway and transition plan", BIL 2023 Sustainability report

Please find hereafter the intermediate objectives by major activities linked to the lending activity, all the other objectives being described in the section "2.1.4 ESG Dashboard and target setting" in our BIL 2023 Sustainability report, such as operational carbon footprint reduction or share of ESG investments in our Bank investment portfolio.

These targets where approved in 2023 by the highest management bodies; the Executive Committee and the Board, with the aim to set the pace and encourage the integration of non-financial considerations into the Bank's strategy.

- **Real Estate Lending Portfolio:**

	2023	2024
EPC collection for new production		100%
Share of A/B class in new production		50%
Number of renewable energy loans		100
Number of housing advisors trained on physical and transition risks and ESG opportunities	100%	

See section "7.1.1 Real estate financing", BIL 2023 Sustainability report

- **Motor Vehicle Lending Portfolio:**

	2023	2024
Share of electric cars in new production (consumer loans and leasing combined)		22%

See section "7.1.2. Motor vehicle financing", BIL 2023 Sustainability report

- **Corporate Lending Portfolio:**

	2023	2024
Number of client engagement meetings with high emitting clients		55
Representing X% of financed emissions in business loans		20%

See section "7.1.3. Corporate Lending", BIL 2023 Sustainability report

d) *Action plan:* which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

As previously indicated, BIL has not yet set SMART targets for its first and second area of most significant impacts. However, the intermediate objectives presented above are a first step towards setting them and partly describe the action plan and milestones for achieving them.

In parallel with the definition of its ESG targets, BIL also defined a first version of an ESG Dashboard aimed at monitoring key qualitative and quantitative indicators in relation to ESG risks and ensuring that ESG opportunities are monitored and seized.

See section "2.1.4 ESG Dashboard and target setting", BIL 2023 Sustainability report

The ESG Dashboard was approved in 2023 by the highest management bodies; the Executive Committee and the Board. From end 2023 onwards, the ESG Dashboard will be submitted on a regular basis to the ESG Steering Committee and bi-annually to the management bodies, namely the Executive Committee and the Board of Directors.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

	… first area of most significant impact: **Climate stability**	…second area of most significant impact: **Energy-efficient housing**
Alignment	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
Baseline	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
SMART targets	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

As described previously, BIL have set intermediate objectives with milestones set for 2024 and 2025. Through the ESG Dashboard, internal monitoring will be carried out at regular basis in 2024 and will be published for the first time as part of our next Sustainability and UNPRB report.

However, one objective specific to the Lending business was set for 2023 and has been met insofar as all of our 40 Housing Advisors and their managers were trained in ESG issues during 4 sessions in September 2023.

See section "7.1.1 Real estate financing", BIL 2023 Sustainability report

[8] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Requirements	Bank's response and self-assessment	Reporting reference
Principle 3	**Clients and Customers**	

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers[9] in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[10]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Client engagement

Clients and customers of BIL are regularly consulted and involved in dialogue in order to gather their preferences, measure satisfaction, address complaints and reflect on any suggestions towards the Bank's future strategic plans. The objective of this exercise is to ensure that we are listening to our clients and meeting their needs through our products and services offering and tailored advice with utmost transparency. Our Bank's relationship managers and advisors are equipped with the skills to propose the right advice to each client depending on their needs and awareness level. With multiple bank branches spread out evenly throughout Luxembourg, clients can physically approach their RMs for dialogue. BILnet, BIL's banking application allows clients to have access to their account digitally at anytime and anywhere. Other digital channels include our website www.bil.com and our social media channels (Facebook, LinkedIn, Instagram, Tik Tok and Twitter). BIL also holds several client's events and conferences throughout the year to engage with its various clients.

See section "4. Engaging with our Stakeholders", BIL 2023 Sustainability report

The European Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector, the so-called Sustainable Finance Disclosure Regulation (SFDR), requires financial market participants and financial advisors in the EU, to disclose on the integration of sustainability risks and the consideration of adverse sustainability impacts in their investment processes.

See section "6.7.1 SFDR", BIL 2023 Sustainability report

BIL addresses sustainability risk within the investment process and advisory services through a comprehensive approach laid out under the Sustainability Risk Policy.

See our Sustainability Risk Policy publicly available in our website bil.com

On 30th of June 2023, as required by article 4 of SFRD, BIL has successfully published its first Principal Adverse Impact report.

The statement describes how the Group considers Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors and summarises our investment due diligence policies in respect of the associated processes.

See our Principal Adverse Impact report publicly available in our website bil.com

The MiFID II Directive encompasses the rules and guidelines on governance, products, investor protection and information disclosure. Since 2 August 2022, banks have been required to obtain information about clients' sustainability preferences and ensure they take them into account when providing advice.

In 2023, the Bank has continued to collect ESG preferences from clients through its first version of its MiFID questionnaire. In parallel, BIL is developing its MiFID questionnaire to collect more granular data which shall be launched in 2024. On offer side, the Bank has implemented the sustainability investment framework in order to have a common and document framework to define why and how financial instruments are considered sustainable. BIL will continue in 2024 enhancing its approach and offer to clients as the market and data are developing as well.

Employee training

As one of the biggest employers in the banking sector here in Luxembourg, BIL sees its role as an important contributor in raising the awareness. One of the prerequisites for this is training and awareness of employees in direct contact with our customers.

During September 2023, all 40 of our Housing Advisors, as well as their direct management, received training during four sessions on ESG issues. Three-hour sessions held in person set out the Housing Advisors' role as the first line of defence in assessing the physical and transition risks in their real estate business. These members of staff can now advise clients on renovation options and guide them towards the appropriate bodies in order to access the wide variety of subsidies wand support available.

See section "7.1.1 Real estate financing", BIL 2023 Sustainability report

More than 250 employees from various departments were also trained in ESG invest topics. The trainings were focused on ESG awareness and client ESG preferences, BIL Sustainable Investment Solutions, ESG Client Conversation and SFDR Related Disclosures. Training investment advisors on ESG is crucial as it equips them with the knowledge and skills to navigate the evolving landscape of sustainable finance. Understanding ESG factors enables advisors to better assess the risks and opportunities associated with socially responsible investments. It not only aligns with regulatory requirements but also empowers advisors to meet the growing demand from clients with sustainability preferences.

See section "7.2.3. Training advisors", BIL 2023 Sustainability report

Client awareness

In 2023, through its blog myLIFE, the Bank published roughly 90 new pieces of content, of which 14 articles were specifically focused on sustainability and ESG services/products aspects and 10 were related to broader ESG themes. Furthermore, special features are dedicated to "Auto", "Loans", "Budget" and "Money and Happiness" addressing among others electromobility, the responsible financing dimension and budget pitfalls to avoid.

BIL organised a conference for its Corporate clients in April 2023: "Net zero together: challenges, issues and strategies for embarking on the energy transition".

See section "7.1.3. Corporate Lending", BIL 2023 Sustainability report

One of our priorities for 2024 will be to further raise our customers' awareness of ESG issues.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Green financing

BIL currently has two products specifically dedicated to sustainable financing: Climate loans (loans subsidised by the Luxembourg government to promote energy renovations, currently under review) and Renewable energies loans (a dedicated product at a preferential rate focused on financing of the installations of solar panels, heat pumps and other technologies to produce green energy) : 70 projects were subscribed in 2023 for a total amount of €2 million.

See section "7.1. Sustainable Financing solutions", BIL 2023 Sustainability report

However, the majority of sustainable financing at BIL is currently done through more traditional financing products such as home loans and consumer loans for individuals or investment loans for corporate and institutional clients.

BIL is working to improve the quality of its non-financial data so that it can better identify sustainable financing in the future, such as the identification of financing for energy renovation work, which will be possible from 2024.

This work has already been initiated for the subject of electric mobility, which BIL supports via preferential conditions granted for hybrid or electric vehicles through the following two types of financing: consumer loans and leasing (respectively 135 and 726 contracts were subscribed in 2023 for a total amount of €40.1 million (+88% compared to 2022).

It's also important to mention that BIL is one of the main Luxembourg banks to participate in the state-guaranteed loan scheme set up by the law of 15 July 2022 in favour of the Luxembourg economy in the context of the war in Ukraine. At the end of December 31, 2023, the total amount of loans granted under the scheme by BIL is equivalent to EUR 11 million.

BIL will continue to expand its sustainable finance offering in terms of product and service. Through its tailor-made financing solutions, BIL Corporate Finance has already put in place several Sustainability-Linked Loans, where a portion of the interest rate is linked to the borrower's ability to meet specific pre-defined sustainability targets. In 2023, three major financings were realized, totalling EUR 202.5 million (thereof EUR 73 million for BIL's balance sheet).

Sustainable investments

In 2023 BIL made several important decisions to contribute into Products and Services Pillar. Firstly, BIL has concluded its own Sustainable Investment Framework, which gives the in-house definition of "sustainable investment" and allows BIL to classify each type of assets and align them with client's sustainability preferences. Also, 2 additional BIL Invest funds (BIL Invest Bonds EUR Corporate Investment Grade and BIL Invest Equities Europe) were categorized and validated by CSSF as article 8 (with PAI consideration) as per the SFDR. In addition to renewal of the BIL Invest Patrimonial LuxFlag ESG Label accreditation, BIL also obtained the new LuxFlag ESG Label for its two additional article 8 funds (BIL Invest Bonds EUR Corporate Investment Grade and BIL Invest Equities Europe.). 6 out of 17 BIL invest in-house funds are now ESG products, representing 58% of the assets in BIL Invest.

See section "7.2. Sustainable Investment solutions", BIL 2023 Sustainability report

In April 2022, BIL was the first bank in Luxembourg to set up a Green Bond Framework dedicated to issuing green bonds. BIL has implemented its Green Bond Framework with a clear commitment to supporting the growth of the sustainable finance market. Following a promising start and EUR 90 million of new issues in 2022 (primarily in the form of private placements as detailed in our Allocation and Impact Report), the total amount raised by BIL in Green Bonds stood at EUR 440 million as of end-2023.

See our Green Bond Framework and our Allocation and Impact Report publicly available in our website bil.com

Bank investment portfolio

In addition to its role as a provider of investment solutions to private and institutional investors, BIL manages also its own portfolios of investment instruments.

See section "7.3. Investing responsibly as a Bank", BIL 2023 Sustainability report

It is important to note that 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. On 31 December, Green, Social and Sustainable bonds accounted for 20.79% of the total portfolio, for a total amount of EUR 1,800 million in December 2022 (+31% in amount compared to 31/12/2021). BIL targeted 20% of the investment portfolio by the end of 2023.

[9] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

[10] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Requirements	Bank's response and self-assessment	Reporting reference
Principle 4	**Stakeholders**	

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups[11]) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Stakeholders are an important part of BIL. These stakeholders are defined as any individual or group of individuals having a direct or indirect impact on the Bank's activities or who, through their actions, can influence the organisation's ability to achieve its objectives. Regular dialogue, engagement and consultation with stakeholders ensure that they are heard, and their enquiries and points of view are included to improve the operations of the Bank.

Reporting reference: See section "5. Materiality Assessment", BIL 2023 Sustainability report

Stakeholders are engaged through the Materiality Assessment process. This year, BIL conducted a double materiality process that took into account impact materiality and financial materiality. As a Bank, BIL follows a thorough process to identify, consult, engage and maintain regular dialogues with our stakeholders. Stakeholders were identified and selected by understanding the level of dependence and influence. Stakeholders pertinent to the Bank were identified as follows:

- clients (retail, wealth and corporate),
- employees of BIL,
- suppliers,
- shareholder,
- non-profit associations,
- rating agencies, sustainability experts and consultants,
- governments and regulators
- supranational sustainability-linked organisations
- non-profit associations and communities

Stakeholder feedback is regularly integrated into decision-making at BIL. An ILRES survey is distributed to individuals and corporates clients annually to understand their level of satisfaction with the products, services, and operations of the Bank. Similarly, an e-NPS survey for BIL employees is circulated to understand their expectations and opinions. The results are discussed internally, and decisions are implemented to integrate meaningful feedback. BIL maintains periodic consultations with its shareholder to be transparent on company performance, results, risk management, and responding to external queries.

These methods of communication enable us to identify and rate the relevance of material issues that are important to us and our stakeholders. The key material issues that were identified were: Responsible products and services offering, Data protection, security & ethical use of personal data, Financing green innovation and infrastructural projects, Responsible business conduct, Responsible environmental impact, Health, well-being and development of employees and Technology transition and digitalization.

BIL engages with regulators such as the ABBL through regular expert meetings and by attending conferences and events focusing on different sustainability-related topics. The Bank has period engagement with supranational sustainability-linked organisations such as the United Nations Global Compact and UNEP FI Principles for Responsible Banking (PRB) in the form of yearly reports. BIL also has active engagement with rating agencies on ESG performance assessments.

BIL will continue to actively engage with its stakeholders in order to foster collaborative partnerships, enhance transparency, and address their evolving needs, ensuring a sustainable and mutually beneficial relationship for the long term.

[11] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Requirements	Bank's response and self-assessment	Reporting reference
Principle 5	**Governance & Culture**	

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Board of Directors, with the support of the Board Strategy Committee, is responsible of defining the strategy of the Bank and overseeing its implementation by Management.

The ESG strategy is completely integrated in our corporate strategy ECT2025 and is therefore monitored by the Board of Directors and the Board Strategy Committee.

Reporting reference: See section "3. BIL's Governance Bodies", BIL 2023 Sustainability report. Refer to our BIL ESG Integration Framework and our BIL Sustainability Strategy

A specific governance framework defines the responsibilities for the implementation of BIL's ESG Programme as described in the "ESG Governance" section.

A new ESG Strategic Steering Committee was created in January '23 to cover all ESG projects at BIL. The main objective was to further engage the business side of the Bank to drive this transformation, not only from a regulatory perspective, but also from a commercial and strategic approach.

The **ESG Steering Committee**, is composed of seven permanent members, all members of the Executive Committee (of which 4 are members of the Authorized Management (*)), and the Group Head of Sustainability:

- The Head of Strategy and Financial Markets
- The Chief Risk Officer (*)
- The Head of Wealth Management
- The Head of Luxembourg Market and CIB (*)
- The Head of People, Culture and Communication (*)
- The Chief Financial Officer (*)
- The Chief Compliance Officer

In addition, permanent invitees ensure that all program / business / control & support functions are represented, including the 3 Lines of defence. This level of management ensures ESG Strategic plan management for BIL and BIL Group.

The ESG Steering Committee is sponsored by the Head of Strategy and Financial Markets and meets every 6 weeks to manage all initiatives.

BIL's Remuneration Charter and its associated practices aim at defining the remuneration within BIL Group with a view to protect the interests of BIL Group's clients, providers, employees, shareholders as well as BIL Group's financial sustainability in a long-term perspective. Please refer to the online version of the Charter (https://www.bil.com/Documents/documentation-legale/RemunerationCharter-en.pdf), to find the description of the remuneration policies for the highest government bodied as well as the processes in place to determine the relevant remuneration, including ESG-related considerations

5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Responsible employer

BIL has always attached great importance to the physical and mental health and well-being of its employees to preserve and protect its human capital. These include a wide range of health and psychosocial benefits, such as the Social Fund, complementary health and pension benefits, a free medical check-up offered in collaboration with the ASTF, membership of Luxembourg Air Rescue and in-house flu vaccinations.

Reporting reference: See section "17.1 Health benefits and psycho-social assistance", BIL 2023 Sustainability report

In addition, the "People Care" team is dedicated, under strict conditions of anonymity, to the internal monitoring of employees in the context of various situations such as amongst others long-term illness, disability or harassment.

The team works on preventive processes and actions to address all the listed situations.

Within the framework of the implementation of the new core banking system, social risks linked to stress, fatigue and employee commitment have been identified and addressed during the year 2023. To best meet employees' needs, measures have been taken to improve their working conditions.

Fitness and well-being at BIL are promoted through various initiatives and programmes involving the sports and cultural sections of the GPOS. Furthermore, BIL promotes sports and physical activity within the workplace through its FIT4BIL internal fitness room where employees can benefit from free sport coaching sessions.

Reporting reference: See section "17.2 Fitness and well-being", BIL 2023 Sustainability report

Among other benefits, BIL reimburses part of the cost of memberships or entries to a well-defined list of sporting activities outside BIL.	
BIL provides its employees with financial support regarding other topics such as amongst others the BIL education fund, birth allowances, marriage or civil partnership and favourable conditions for banking products.	See section "17.3 Allowances and Employee benefits", BIL 2023 Sustainability report
Ensuring a healthy work-life balance is key for BIL. To meet this requirement, BIL has a set of internal policies, such as the Responsible Employer Policy which is compliant with Luxembourgish legislations and the Collective Bargaining Agreement, as well as the Leaves and Absences policy, the Flexitime Management Policy and the Teleworking Policy. In 2024, the Right to Disconnect policy will be applied within BIL.	See section "17.5 Work-life balance", BIL 2023 Sustainability report
BIL has analysed the vulnerabilities of its premises and organised itself from a structural, infrastructural, technological and operational standpoint to enhance the protection of its sites. BIL's Occupational Health & Safety policy defines the measures put in place by BIL to address them.	See section "17.6 Security", BIL 2023 Sustainability report
Training and skill development constitute a large part of the responsible employer pillar. In 2023, the employees took part in mandatory training to comply with the various regulations, as well as training sessions regarding the new core banking system. BIL offers a wide range of training courses, which employees can take advantage of at their own pace to enhance their personal development. In 2023, BIL launched a new talent management and development process called career dialogue.	See section "18. Training and skill development", BIL 2023 Sustainability report
BIL believes that diversity helps increase the Bank's collective performance, as it brings a broader range of viewpoints, backgrounds and strengths to the organisation. BIL is a signatory to the Luxembourg Diversity Charter and is working on internal diversity targets. In 2023, human resources indicators, including diversity figures, were integrated into the Bank's ESG dashboard and are monitored at ExCo and Board level. In 2023, BIL officially signed the Women in Finance Charter to contribute to the improvement of gender diversity in the Luxembourgish financial sector. As Human Rights are fundamental to ensuring the dignity, equality, and well-being of every individual, BIL conducted in 2023 two workshops to establish the due diligence process within the HR process.	See section "19. Diversity and inclusion", BIL 2023 Sustainability report
The Bank's mobility policy aims to reduce the use of combustion-powered cars through alternative solutions and to encourage employees to commute more sustainably by offering new services such as a car sharing solution, a carpooling solution, new electric charging stations, bike leasing options, and by increasing bicycle accommodation capacity. Dialogue is key at BIL to fosters clarity and collaboration within the organization.	See section "20. Responsible travel and commuting", BIL 2023 Sustainability report
At BIL, dialogue with employees is maintained through various channels, such as discussions with trade unions and staff delegations, as well as through townhalls held throughout the year. The blink internal social media is also a major source of internal information sharing. In addition, BIL conducts an e-NPS (Employee Net Promoter Score® survey on a regular basis. This tool was reviewed and modified during 2023, enabling the new version to be launched in 2024. Furthermore, any employee facing a work-related issue can invoke the grievance mechanisms which is a process enabling employees to report employment-related issues, concerns or complaints in a confidential and fair manner. Committed to continually engaging and educating its employees on sustainable development topics, BIL organized a series of events, workshops and initiatives during 2023 on health, social and environmental aspects. Organized initiatives include a conference on (Re)Connecting to Nature held by the Université dans la Nature about the benefits of nature on our cognitive functions and health through scientific facts as well as MyCO_2 sessions enabling employees to calculate their personal carbon footprint, in-house sorting centre visits to raise awareness on proper sorting practices and awareness-raising initiatives in the canteen every first week of the month since May through the calculation of the carbon footprints of some dishes served to raise awareness on our food carbon footprint.	See section "21. Engagement with our employees", BIL 2023 Sustainability report
Positive impact	
In line with its sustainability strategy, BIL supported several associations related to health, education and environmental protection through donations, sponsorship or volunteering activities. The BIL Volunteers and BIL Runners were notably active in 2023 in a number of events such as the Relais pour la Vie and the Lëtz Go Gold but also the Woch vun de Suen. The Fondation Indépendance by BIL, created by BIL, also financially supported 39 projects in the field of art and culture, in connection with contemporary creation.	See section "21.2 Collaborative employee initiatives", BIL 2023 Sustainability report
Every year, the Bank calculates its operational carbon footprint with the aim to measure its emissions and implement actions that reduce its negative impact. In 2023, BIL widened its scope of calculation and measured its carbon footprint throughout BIL Group. In 2023, BIL's total market based operational GHG emissions (Scope 1, Scope 2 and Scope 3, excluding Investments) were 14,529 tCO2e BIL shall continue to enhance its carbon calculation and reporting.	See section "11.1. BIL's operational emissions", BIL 2023 Sustainability report

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?[12] Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

A detailed description of the integration of ESG aspects in risk management could be retrieved in our publicly accessible policy "ESG integration framework" and our Risk Management report explaining the commitments, the implementation and governance for incorporate ESG criteria into the Bank's business activities.	See section "6.1. ESG risk management", BIL 2023 Sustainability report
In accordance with the guidelines of the European Central Bank (ECB) and the European Banking Authority (EBA) through the ECB Climate and Environmental Risk Guide and the EBA Report on Environmental, Social and Governance risks management and supervision, the Risk Management function is progressively integrating the management of the ESG risks in the whole organization through the following thematic: • Risk identification and materiality assessment • Business model and strategy • Risk appetite and governance • Risk management framework • Reporting The Supervisory assessment performed in the context of the 2022 Thematic Review of climate-related and environmental risk strategies, governance and risk management frameworks, resulted in the ECB expectation that the BIL would take action to address several ESG recommendations. During 2023, building on the ECB Guidelines and moving forward on its level of preparedness and the adequacy of its ESG implementation plans, the Bank worked to address and resolve the identified shortcomings. The main achievements are the following: • BIL conducted an ESG risk materiality assessment through its 2023 ESG Risk Cartography, with the intent to further identify the transmission channels of climate-related risk drivers to financial and non-financial risks, considering a medium to long-term horizon. • BIL improved the data coverage of its ESG data, created qualitative and quantitative indicators in the internal reporting, introducing an ESG Dashboard, to monitor the impact of climate change and environmental degradation on its business activities, important sectors and portfolios • BIL applied for the first time ESG stress testing scenarios to identify potential weaknesses, to challenge the business strategy and to have a view on the impacts of the ESG drivers on the credit, market, liquidity and non-financial risks • BIL set ESG objectives and financial targets in the context of climate risk, considering the relevance of client-specific mitigation measures following scientific transition pathways. To conclude, we could also mention our Sustainability Risk Policy applicable (i) to the discretionary portfolio management and in-house fund management investment decision making process, (ii) to the provision of investment advice and (iii) to the provision of insurance advice. A Sustainability Risk Policy and solid processes are essential on the journey towards sound investing.	See our ESG integration framework and our Sustainability Risk Policy publicly available in our website bil.com

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ No

[12] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Requirements	Bank's response and self-assessment	Reporting reference
Principle 6	**Transparency & Accountability**	

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

Response *Links and references*

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI
☐ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☐ TCFD
☒ Other: CSRD

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[13], target setting[14] and governance structure for implementing the PRB)? Please describe briefly.

On the basis of the first phase so called "Impact identification" performed in 2022, the most significant impact areas selected at this stage to pursue our performance measurement are as follows: Climate stability and Housing (and more especially energy-efficient housing in relation with the 1st impact area climate stability).

In 2023, BIL has started the 2nd phase so called "Performance measurement" phase which it will have to pursue in 2024 in order to define by September 2025 at least two SMART targets as agreed in the PRB's four-year implementation journey.

As described previously, BIL will continue in 2024 to calculate the financed emissions linked to its lending and Bank investment portfolios, with the aim of gradually improving the quality of its data in order, ultimately, to improve the quality of the overall result.

In order to complete this performance assessment exercise on this theme, BIL is currently working on two complementary initiatives:

- For the most climate relevant sectors, BIL is carrying out an assessment of the alignment of its credit portfolio and its investment Banking portfolio with the IEA's NZE 2050 scenario.
- BIL will initiate a pilot on two teams of its Corporate department with the objective of meeting their most emitting customers and administering a questionnaire to them in order to assess their plans for transition to a low-carbon economy.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

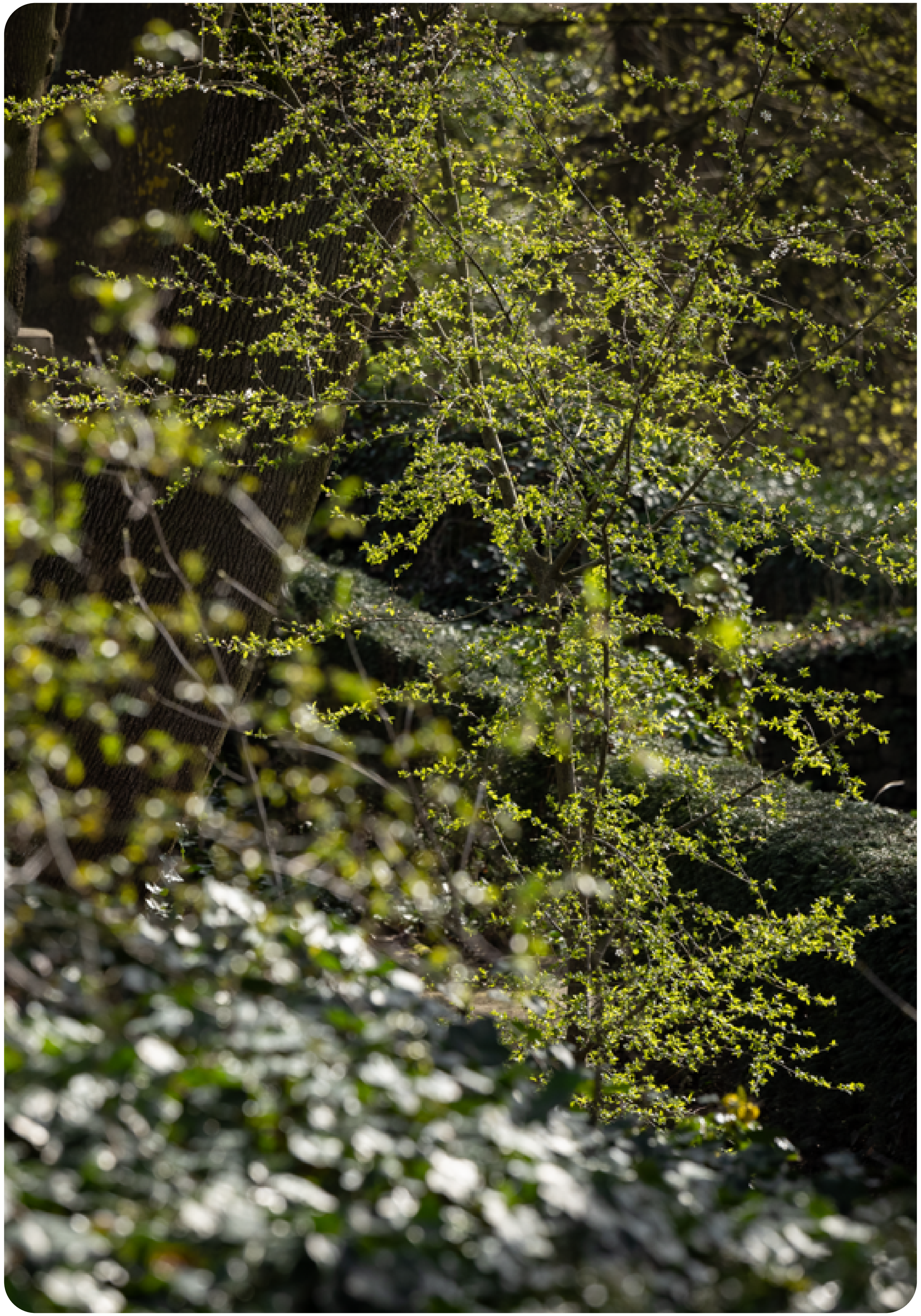
What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance	☐ Customer engagement
☐ Gaining or maintaining momentum in the bank	☐ Stakeholder engagement
☐ Getting started: where to start and what to focus on in the beginning	☒ Data availability
☐ Conducting an impact analysis	☒ Data quality
☐ Assessing negative environmental and social impacts	☐ Access to resources
☐ Choosing the right performance measurement methodology/ies	☐ Reporting
☒ Setting targets	☐ Assurance
☐ Other: ...	☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

[13] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
[14] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



30 GRI Index

GRI standard	Disclosure		Location (Section number)	Omission	Comment	GRI SECTOR STANDARD REF. NO.	Target SDGs	BIL's material topics
GRI 2 – General Disclosures 2021	GRI 2-1	Organizational details	3					
	GRI 2-2	Entities included in the organization's sustainability reporting	About this Report		Banque Internationale à Luxembourg S.A; Banque Internationale à Luxembourg (Suisse) S.A; Société Luxembourgeoise de Leasing BIL- LEASE S.A.; Belair House S.A, BIL Manage Invest S.A; BIL Reinsurance S.A; BIL Wealth Management Limited; Banque Internationale à Luxembourg S.A. Beijing Representative Office			
	GRI 2-3	Reporting period, frequency and contact point	About this Report					
	GRI 2-4	Restatements of information	Appendix		There is no restatement of information			
	GRI 2-5	External assurance	Appendix		This report is not yet externally assured			
	GRI 2-6	Activities, value chain and other business relationships	1.4					
	GRI 2-7	Employees	1.4, 14.1.2.					
	GRI 2-8	Workers who are not employees	Appendix		Data collection process under construction			
	GRI 2-9	Governance structure and composition	3					Responsible business conduct
	GRI 2-10	Nomination and selection of the highest governance body	3					
	GRI 2-11	Chair of the highest governance body	3.1					
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	3.2.1., 3.2.2., 3.2.4.					
	GRI 2-13	Delegation of responsibility for managing impacts	3.2.1., 3.2.2., 3.2.4.					
	GRI 2-14	Role of the highest governance body in sustainability reporting	3.2, 3.2.1., 3.2.2., 3.2.4.					
	GRI 2-15	Conflicts of interest	24.1					
	GRI 2-16	Communication of critical concerns	21.1, 24.1, 24.3					
	GRI 2-17	Collective knowledge of the highest governance body	3					
	GRI 2-18	Evaluation of the performance of the highest governance body	3.2.5					
	GRI 2-19	Remuneration policies	3.2.5., 22					
	GRI 2-20	Process to determine remuneration	3.2.5., 22					
	GRI 2-21	Annual total compensation ratio	Appendix		Data collection process under construction			
	GRI 2-22	Statement on sustainable development strategy	2, 9.1					
	GRI 2-23	Policy commitments	2, 6.1, 7.2, 9.1.2, 14.1.1, 17.6, 24, 25, 26.2, 28		Throughout the report in several sections			
	GRI 2-24	Embedding policy commitments			Throughout the report in several sections			
	GRI 2-25	Processes to remediate negative impacts	2					
	GRI 2-26	Mechanisms for seeking advice and raising concerns	21.1, 26.2					
	GRI 2-27	Compliance with laws and regulations	About this Report					
	GRI 2-28	Membership associations	2.3					
	GRI 2-29	Approach to stakeholder engagement	4					
	GRI 2-30	Collective bargaining agreements	16					
	GRI 3-1	Process to determine material topics	5,2					
	GRI 3-2	List of material topics	5,3					

GRI standard	Disclosure		Location (Section number)	Omission	Comment	GRI SECTOR STANDARD REF. NO.	Target SDGs						
GRI 201: Economic Performance 2016	GRI 3-3	Management of material topics	5, 5.2										Business continuity and profitability
	GRI 201-1	201-1 Direct economic value generated and distributed	1.2, 1.5			G4-EC1	8.1	8.2	9.1	9.4	9.5		
	GRI 201-2	201-2 Financial implications and other risks and opportunities due to climate change	5.3, 9.2				13.1						
	GRI 201-3	201-3 Defined benefit plan obligations and other retirement plans	17										
GRI 205: Anti-corruption 2016	GRI 3-3	Management of material topics	5.3, 24.1										Responsible business conduct
	GRI 205-1	205-1 Operations assessed for risks related to corruption	24.3.1				16.3						
	GRI 205-2	205-2 Communication and training about anti-corruption policies and procedures	24.1				16.5						
	GRI 205-3	205-3 Confirmed incidents of corruption and actions taken	24.3.3										
GRI 302: Energy 2016	GRI 3-3	Management of material topics	5.3, 10.1										Responsible environmental impact
	GRI 302-1	302-1 Energy consumption within the organization	10.1				13.1	7.2	7.3	8.4	12.2		
	GRI 302-3	302-3 Energy intensity	10.1				13.1		7.3	8.4	12.2		
	GRI 302-4	302-4 Reduction of energy consumption	10.1				13.1		7.3	8.4	12.2		
GRI 303: Water and Effluents 2018	GRI 3-3	Management of material topics	5.3, 10.2										Responsible environmental impact
	GRI 303-1	303-1 Interactions with water as a shared resource	10.2				6.3	6.4	6.6	12.4			
	GRI 303-2	303-2 Management of water discharge-related impacts	10.2				6.3						
	GRI 303-5	303-5 Water consumption	10.2				6.4						
GRI 305: Emissions 2016	GRI 3-3	Management of material topics	5.3, 9.1										Responsible environmental impact
	GRI 305-1	305-1 Direct (Scope 1) GHG emissions	11			G4-EN 15	12.4	13.1	14.3	15.2	3.9		
	GRI 305-2	305-2 Energy indirect (Scope 2) GHG emissions	11			G4-EN 16	12.4	13.1	14.3	15.2	3.9		
	GRI 305-3	305-3 Other indirect (Scope 3) GHG emissions	11			G4-EN 17	12.4	13.1	14.3	15.2	3.9		
GRI 306: Waste 2020	GRI 3-3	Management of material topics	5.3, 10.3										Reduce consumption and carbon footprint
	GRI 306-1	306-1 Waste generation and significant waste-related impacts	10.3				12.4	12.5	6.3	6.6	11,6		
	GRI 306-2	306-2 Management of significant waste-related impacts	10.3				12.5	3.9	6.3	8.4	11.6	12.4	
	GRI 306-3	306-3 Waste generated	10.3			G4-EN23	12.5	15.1	3.9	6.6	11.6	12.4	
	GRI 306-4	306-4 Waste diverted from disposal	10.3			G4-EN23	12.5	3.9	11.6	12.4			
	GRI 306-5	306-5 Waste directed to disposal	10.3			G4-EN23							
GRI 401: Employment 2016	GRI 3-3	Management of material topics	5.3, 17.4										Health, well-being, and development of employees
	GRI 401-1	401-1 New employee hires and employee turnover	14.1.3				10.3	5.1	8.5	8.6			
	GRI 401-2	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix		No discrepancies at BIL		3.2	5.4	8.5				
	GRI 401-3	401-3 Parental leave	17.4				5.1	5.4	8.5				

GRI standard		Disclosure	Location (Section number)	Omission	Comment	GRI SECTOR STANDARD REF. NO.	Target SDGs							
GRI 402: Labor/Management Relations 2016	GRI 3-3	Management of material topics	4, 5.3											**Dialogue, engagement, consultation**
	GRI 402-1	402-1 Minimum notice periods regarding operational changes	Appendix		Nothing foreseen in the law or the banking convention	G4-EC1	8.8							
GRI 403: Occupational Health and Safety 2018	GRI 3-3	Management of material topics	5.3, 17											**Health, well-being, and development of employees**
	GRI 403-1	403-1 Occupational health and safety management system	17.6				8.8							
	GRI 403-2	403-2 Hazard identification, risk assessment, and incident investigation	17.6				8.8							
	GRI 403-3	403-3 Occupational health services	17.4				8.8							
	GRI 403-4	403-4 Worker participation, consultation, and communication on occupational health and safety	17.6, 21.1				8.8	16.1						
	GRI 403-5	403-5 Worker training on occupational health and safety	18			G4-DMA	8.8							
	GRI 403-6	403-6 Promotion of worker health	17.4				3.7	3.8	3.3	3.5	3.7			
	GRI 403-7	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	17.6				8.8							
	GRI 403-9	403-9 Work-related injuries	17.6				8.8	16.1	3.6	3.9				
GRI 404: Training and Education 2016	GRI 3-3	Management of material topics	5.3, 18											**Dialogue, engagement, consultation with stake-holders**
	GRI 404-1	404-1 Average hours of training per year per employee	18				4.3	4.4	4.5	5.1	8.2	8.5	10.3	
	GRI 404-2	404-2 Programs for upgrading employee skills and transition assistance programs	18				8.2	8.5						
	GRI 404-3	404-3 Percentage of employees receiving regular performance and career development reviews	18				8.5	10.3	5.1					
GRI 405: Diversity and Equal Opportunity 2016	GRI 3-3	Management of material topics	5.3, 19											**Diversity and Inclusion**
	GRI 405-1	405-1 Diversity of governance bodies and employees	19				5.1	5.5	8.5					
GRI 418: Customer Privacy 2016	GRI 3-3	Management of material topics	5.3, 25											**Data protection, security, and ethical use of personal data**
	GRI 418-1	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	25				16.3	16.10						
Financial Services Sectorial standards	GRI 3-3	Management of material topics	5.3, 7											**Responsible products and service offering**
	FS1	Policies with specific environmental and social components applied to business lines (former FS1)	7											
	FS2	Procedures for assessing and screening environmental and social risks in business lines (former FS2)	6											
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions (former FS3)	7											
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines (former FS4)	7.1.1, 7.2.3											
	FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities (former FS5)	26.1											

GRI standard		Disclosure	Location	Omission	Comment	GRI SECTOR STANDARD REF. NO.	Target SDGs	
Financial Services Sectorial standards	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	7.1, 7.2					Responsible products and service offering
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	7.1, 7.2					
	FS9	Coverage and frequency of audits to assess implementation of environ-mental and social policies and risk assessment procedures (former FS9)	24					
	FS10	Percentage and number of companies held in the institution's portfolio which the reporting organisation has interacted on environmental or social issues	N/A					
	FS11	Percentage of assets subject to positive and negative environmental or social screening	7.3					
	FS15	Policies for the fair design and sale of financial products and services (former FS15)	27					
Financial Services Sectorial standards Not relevant for 2022 BIL report	FS6	Percentage of the portfolio for business lines by specific region, size (e.g micro/sme/large) and by sector	N/A					Responsible products and service offering
	FS13	Access points in low populated or economically disadvantaged areas by type	N/A		Considered as not relevant as BIL is active in Luxembourg, not considerd as low populated or economically disadvanteged area			
	FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting (former FS12)	N/A		No voting policy			
	FS14	Initiatives to improve access to financial services for disadvantaged people	23.2		No new initiative in 2023			
	FS16	Initiatives to enhance financial literacy by type of beneficiary (former FS16)	23.2					

31 Additional GRI indicators

BREAKUP OF EMPLOYEES BY AGE

Reporting Period BIL Group	2023	2022
AGE		Number of employees (headcount)
Under 21	2	1
Aged 21 to 30	302	263
Aged 31 to 40	551	523
Aged 41 to 50	544	571
Aged over 50	624	642
Total employees (headcount)	**2023**	**2000**
AGE		Number of employees (FTE)
Under 21	2	1
Aged 21 to 30	300.4	261.85
Aged 31 to 40	536.5	507.6
Aged 41 to 50	511.35	535.85
Aged over 50	572.18	586.08
Total employees (FTE)	**1922.43**	**1892.39**

Scope: BIL Group

BREAKDOWN OF EMPLOYEES BY REGION

Headcount of employees by region					
Reporting Period		2023			2022
Number of employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
2009	14	**2023**	1985	15	**2000**
Number of permanent employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
1963	10	**1973**	1978	10	**1988**
Number of temporary employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
50	4	**54**	7	5	**12**
Number of non-guaranteed hours employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
0	0	**0**	0	0	**0**
Number of full-time employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
1502	14	**1516**	1459	15	**1474**
Number of part-time employees (headcount)					
EUROPE	ASIA	**TOTAL**	EUROPE	ASIA	**TOTAL**
507	0	**507**	526	0	**526**

Scope: BIL Group

BREAKDOWN BY EMPLOYEE CATEGORY

Headcount of employee category					
Reporting Period		2023			2022
Number of employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
942	1081	**2023**	933	1067	**2000**
Number of permanent employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
912	1058	**1970**	927	1061	**1988**
Number of temporary employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
30	23	**53**	6	6	**12**
Number of non-guaranteed hours employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
0	0	**0**	0	0	**0**
Number of full-time employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
575	941	**1516**	545	929	**1474**
Number of part-time employees (headcount)					
FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
367	140	**507**	388	138	**526**

Scope: BIL Group
Definition of permanent employees: employees with a permanent contract as on 31/12/23
Definition of temporary employees: employees with a fixed-term contract as on 31/12/23
Definition of full-time employees: employees working 40 hours a week (legal basis in Luxembourg)
Definition of part-time employees: employees working less than 40 hours a week

NEW JOINERS AT BIL

	2023
Number of male new joiners	173
Number of female new joiners	145
Total new joiners	**318**
% of new staff at BIL	**15.72%**
Number of new employees in Europe (Luxembourg + Switzerland)	316
Number of new employees in Asia	2

Scope: BIL Group

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE REVIEWS

Reporting Period **BIL Group**	2023	2022
Employee performance review		
Percentage of employees receiving yearly performance reviews	100%	100%

TURNOVER OF EMPLOYEES BY AGE

Reporting Period **BIL Group**	2023	2022
AGE	Number of employees (headcount)	
Under 21	0	0
Aged 21 to 30	56	59
Aged 31 to 40	93	106
Aged 41 to 50	58	85
Aged over 50	99	111
Total employees turnover (headcount)	**306**	**361**
AGE	Number of employees (FTE)	
Under 21	0	0
Aged 21 to 30	56	52.75
Aged 31 to 40	90.7	92.45
Aged 41 to 50	54.8	69.85
Aged over 50	87.72	94.59
Total employees turnover (FTE)	**289.22**	**309.64**

Scope: BIL Group

TURNOVER OF EMPLOYEES BY REGION

Reporting Period	2023	2022
REGION	Number of employees (headcount)	
Europe	303	354
Asia	3	7
Total employees turnover (headcount)	**306**	**361**
REGION	Number of employees (FTE)	
Europe	286.22	302.64
Asia	3	7
Total employees turnover (FTE)	**289.22**	**309.64**

Scope: BIL Group

32 European Sustainability Reporting Standards (ESRS) Index

Disclosure requirement	Details	Location in the report
ESRS 2 BP-1	Basis for preparation	About this report
ESRS 2 BP-2	Basis for preparation	About this report
ESRS 2 GOV-1	Governance	Section 3. BIL's Governance Bodies
ESRS 2 GOV-2	Governance	Section 3.2 Governance of ESG topics
ESRS 2 GOV-3	Governance	Section 3.2.5 Remuneration based on sustainability-related performance
ESRS 2 GOV-4	Governance	Section 3.3 Sustainability due diligence process
ESRS 2 GOV-5	Governance	About this report
ESRS 2 SBM-1	Strategy and business model	Section 1. About BIL Section 2. Our Sustainability Strategy
ESRS 2 SBM-2	Strategy and business model	Section 4. Engaging with our Stakeholders
ESRS 2 SBM-3	Strategy and business model	Section 5.3 Results
ESRS 2 IRO-1	Impacts, risks, and opportunities management	Section 5. Materiality Assessment
ESRS 2 IRO-2	Impacts, risks, and opportunities management	Section 5.3 Results
ESRS E1	Climate Change	Part II: Environment
ESRS E1-1	Transition plan for climate change mitigation	Section 9.3 Decarbonisation pathway and transition plan
ESRS E1-2	Policies related to climate change mitigation and adaptation	Section 9.1 Strategy
ESRS E1-3	Actions and resources in relation to climate change policies	Section 9.4 Addressing Climate Change Mitigation and Adaptation
ESRS E1-4	Targets related to climate change mitigation and adaptation	Section 12. Targets on Climate Change
ESRS E1-5	Energy consumption and mix	Section 10.1 Energy
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Section 11. BIL's Carbon Footprint
ESRS E2	Pollution	*Not material for BIL*
ESRS E3-4	Water and marine resources	Section 10.2 Water
ESRS E4	Biodiversity and ecosystems	*Not material for BIL*
ESRS E5	Resources and circular economy	*Not material for BIL*
ESRS S1	Own workforce	Part III: Social
ESRS S1-1	Policies related to own workforce	Section 14. Being a Responsible Employer
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	Section 21. Engaging with our Employees
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Section 21.1. Grievance Mechanism

Disclosure requirement	Details	Location in the report
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Section 17. Health and Well-being of Employees Section 18. Training and Skill development Section 19. Diversity and Inclusion Section 20. Responsible Travel and Commuting
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Section 15. Human Capital Targets
ESRS S1-6	Characteristics of the undertaking's employees	Section 14.1.2. Characteristics of employees Section 14.1.3. Outflow
ESRS S1-8	Collective bargaining coverage and social dialogue	Section 16. Collective Bargaining Agreement and Social Dialogue
ESRS S1-9	Diversity indicators	Section 19. Diversity and Inclusion
ESRS S1-10	Adequate wages	Section 22. Remuneration at BIL
ESRS S1-11	Social protection	Section 17.4. Social protection
ESRS S1-12	Persons with disabilities	Section 19. Diversity and Inclusion
ESRS S1-13	Training and skills development indicators	Section 18. Training and Skill Development
ESRS S1-14	Health and safety indicators	Section 17.6. Security
ESRS S1-15	Work-life balance indicators	Section 17.5. Work-life balance
ESRS S1-16	Gender pay gap and remuneration ratio	Section 22. Remuneration at BIL
ESRS S1-17	Incidents, complaints and severe human rights impacts and incidents	Section 19.1. Human Rights
ESRS S2	Workers in the value chain	*Not material for BIL*
ESRS S3	Affected communities	*Not material for BIL*
ESRS S4	Consumers and end-users	*Not material for BIL*
ESRS G1	Business Conduct	Part IV: Governance
ESRS G1-1	Business conduct policies and corporate culture	Section 24. Responsible Business Conduct Section 24.3.1. Business conduct matters Section 24.4. Training and raising awareness
ESRS G1-2	Management of relationships with suppliers	Section 28.1. Management of supplier relationships
ESRS G1-3	Procedures to address corruption and bribery	Section 24.3.2. Corruption and anti-bribery Section 24.4. Training and raising awareness
ESRS G1-4	Confirmed incidents of corruption or bribery	24.3.3. Monitoring incidents
ESRS G1-5	Political influence and lobbying activities	24.3.4. Political influence and lobbying activities
ESRS G1-6	Payment practices	Section 28.2. Payment practices

33 Materiality topics

	Category	Material topic	Sub-topics covered
1.	Products and services	Responsible products and services offering	Environmental-related products and services offering
			Social-related products and services offering
			Product governance*
			Responsible marketing of products and services
			ESG integration in the financials of the Bank*
			Product awareness
2.	Governance	Data protection, security and ethical use of personal data*	Information security and protection of sensitive data
			Cyber security
			Protection of client information and ethical use of their data
			Awareness towards protection against phishing and fraud attempts
3.	Products and services	Financing green innovation and infrastructural projects	Financing real estate
			Financing motor vehicles
			Sustainable leasing
			Transparent information on lending products
			Support local financing and entrepreneurship
4.	Governance	Responsible business conduct	Ethical business practices (business ethics)*
			Consumer financial protection
			Maintaining proper corporate governance*
			Compliance and management of legal and regulatory framework
			Implementing and maintaining anti-corruption measures
5.	Environment	Responsible environmental impact	Reduce consumption (water, materials, waste)
			Energy efficiency
			Supporting & accelerating sustainability transition
			Reducing GHG emissions of the Bank
			Supporting biodiversity
6.	Social	Access to financial services and education	Providing access to financial services for all
			Providing financial education and awareness to all
			Awareness on financial troubles (over indebtedness, excess payments)
			Financial education to young population (budgeting, finance management)
7.	Social	Health, well-being and development of employees*	Health of employees
			Well-being of employees
			Safe and comfortable working environment
			Setting work-life balance measures
			Training and skill development
			Fair and responsible recruiting
			Fair compensation

	Category	Material topic	Sub-topics covered
8.	Economic	Technology transition and digitalization	Digitalization of products and services offering
			Upgrading technologies
			Technology innovation
			Revolutionizing the banking system
9.	Governance	Environmental and Social risk and opportunities management	Assessing and managing environmental risks and opportunities
			Assessing and managing social risks and opportunities
			Integrating ESG in the overall risk management of the Bank
10.	Economic	Business continuity and profitability	Resilience towards the dynamic banking environment
			Long-term oriented financial performance
11.	Governance	Transparency and disclosure	Maintaining transparency about business performances
			Tax transparency
			Regular disclosures of financial and non-financial performances
			Crisis communication and incident reporting
			Transparent information on products and services
12.	Environment	Responsible travel and commuting	Favour green commuting
			Support responsible business travel
13.	CSR	Local community support and philanthropy	Social community support and philanthropy
			Environmental community support and philanthropy
			Community engagement and volunteering programs
			Support to art and culture
14.	Governance	Responsible procurement practices	Purchases made only from sustainable sources
			Incorporating ESG in the value chain process
			Maintaining relationships with suppliers
			Integrating ESG in the supplier-selection process
15.	Social	Dialogue, engagement and consultation	Dialogue with employees
			Engagement with clients
			Consultations from ESG experts and regulators
16.	Social	Diversity and inclusion	Equal Employment Opportunities
			Diverse Workforce Representation
			Inclusive Leadership and Management
			Diversity Training and Education
			Inclusive Workplace Policies
			Pay Equity
			Inclusive Recruitment Practices
			Measuring and Reporting Diversity Metrics

*Topics identified as material during the ESG External Rating process by Sustainalytics.

Environmental topics · Social topics · Governance topics · Products and services topics · Economic topics · CSR topics

34 EU Taxonomy disclosures

Reporting principles

The preparation of the EU Taxonomy reporting is based on prudential consolidation of BIL SA. The consolidation is in accordance with the supervisory reporting of financial institutions as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council, and the Commission Implementing Regulation (EU) 2021/451 (FINREP).

Furthermore, the preparation of the reporting is based on the Delegated Act supplementing Article 8 of the Taxonomy Regulation (Disclosures Delegated Act 2021/2178).

Template description

Following background information supports the information presented in the various tables in Appendix:

TEMPLATE 0. Summary of KPIs

The KPIs are presented in a summary as introduction to the tables that follow.

TEMPLATE 1. Assets for calculation of Green Asset Ratio

The on-balanced sheet exposures aligned to the EU Taxonomy and included in the numerator are :

- Aligned exposures to financial and non-financial corporations subject to NFRD based on the alignment ratio publicly disclosed by the counterparties (both CapEx and turnover based alignment).
- Aligned exposures in the household loan portfolio: residential property loans (mortgages), building renovation loans and motor vehicle loans.
- Aligned exposures to local governments

TEMPLATE 2. GAR sector information

A detailed breakdown of the row "non-financial companies". The tables presents exposures in the banking book to various companies, presented by their principal activity, broken down at the 4 NACE level, with information on the reported gross carrying amount and amounts that are environmentally sustainable within the various climate objectives.

TEMPLATE 3. GAR KPI STOCK

Detailed information on the different asset rows in relation to the percentages of all covered assets in the denominator.

TEMPLATE 4. GAR KPI flow

Detailed information on the different asset rows in relation to the percentages of all covered assets in the denominator. Unlike the GAR KPI stock, this GASR KPI flow is limited to new exposures in 2023.

TEMPLATE 5. KPI off-balance sheet exposures

Detailed information on the various off-balance sheet exposures regarding the percentages in relation to all Taxonomy-eligible off-balance sheet assets.

As far as AuMs are concerned, BIL addressed the following scope: BIL Luxembourg (Discretionary Portfolio Mandates).

Templates relating to exposure to economic activities involving fossil gas and nuclear energy

Five tables with detailed information regarding the six identified economic activities within nuclear power and fossil gas- related activities.

BIL's approach

TAXONOMY OBJECTIVES

For this reporting period, BIL has the obligation to report only on the alignment on the first two objectives: Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA). The current granularity of the data collected did not allow us to obtain eligibility and alignment results for each of the two objectives separately. By default, they were attributed to the CCM objective alone.

Reporting eligibility and alignment for the remaining four environmental objectives can only be accomplished using information published by counterparties. As 2023 is the first reporting year for non-financial counterparties that are subject to reporting eligibility on the four remaining objectives, we cannot disclose eligibility or alignment on those objectives yet.

DISCLOSURE REFERENCE DATE

For this reporting period, BIL should have disclosed not only its exposures at 31/12/2023 but also those at 31/12/2022.
As explained below, BIL is dependent on the publication of eligibility and alignment data by its own counterparties. However, at reporting date, non-financial undertakings have not published data for 2023. Consequently, for BIL's exposures at 31/12/2023, the Taxonomy reporting of eligibility and alignment is based on published data from 2022.

BIL considered that it did not make much sense to carry out the same exercise for exposures at 31/12/2022 as they would also have been based on the same data published for 2022. As a result, there would have been no change between the 2022 and 2023 results. On the other hand, BIL has calculated its GAR flow, which seems to be more appropriate for identifying the effort made in 2023 alone.

APPROACH FOR EXPOSURES TO FINANCIAL AND NON-FINANCIAL CORPORATIONS SUBJECT TO NFRD

- At this stage, BIL has no internal flag enabling it to identify whether a company is subject to NFRD, nor does it have access to a public database listing such companies. The categorisation was therefore based on internal customer segmentation.
- BIL determined the Taxonomy eligibility and alignment of its financial and non-financial counterparties using the published percentages in their annual reports or sustainability reports. This data was collected via our external ESG data provider.

  Assessment of whether non-financial and financial undertakings fulfil the requirement in terms of Substantial Contribution (SC), Do No Significant Harm (DNSH) criteria and compliance with Minimum Safeguards covering social and governance Standards (MSS) is based on the undertakings' own published Taxonomy reporting.
- The Taxonomy KPIs are based on published financial information.
  - For non-financial undertakings:
    At reporting date, non-financial undertakings have not published data for 2023; consequently, the Taxonomy reporting of eligibility and alignment is based on published data from 2022.
  - For financial undertakings:
    Taxonomy alignment data was not available at reporting date as, in 2024, financial institutions are required to report their Taxonomy-alignment for the first time.

APPROACH FOR EXPOSURES IN THE HOUSEHOLD LOAN PORTFOLIO : RESIDENTIAL PROPERTY LOANS (MORTGAGES), BUILDING RENOVATION LOANS AND MOTOR VEHICLE LOANS

- In terms of Eligibility Assessment, 100% of these three types of exposures are eligible.
- BIL could have identified exposures aligned with the taxonomy for mortgages and motor vehicle loans based solely on the SC criteria, respectively based on the energy performance of the collateral and the emissions of the vehicles financed.

  However, BIL is currently unable to assess the technical screening criteria of the EU Taxonomy in terms of DNSH criteria, respectively based for example on the physical risk assessment for mortgage lending or information about the tyres for the motor vehicle loans.

  In a prudential approach, BIL has therefore decided, to set the alignment of all three types of exposure at 0%.

APPROACH FOR EXPOSURES TO LOCAL GOVERNMENTS

Local governments do not report Taxonomy data : BIL is therefore unable to determine the Taxonomy eligibility and alignment of this type of counterparties.

BIL's results

For its first exercise, BIL's GAR on stock is 0.06% and 0.17% based respectively on the Turnover and CAPEX KPIs of the counterparties.

This ratio may seem minimal, but it can be largely explained by several criteria, such as the BIL's business model and the type of clientele, the problem of data accessibility and the very strict framework of taxonomic criteria, in particular DNSH.

Like many of its peers, BIL has preferred to adopt a very cautious approach and to report 0% alignment for a certain number of exposures, as it is currently not feasible to meet all technical screening criteria set by the EU Taxonomy and to collect all the necessary information (without using proxies as required by the Taxonomy) despite all the efforts already made by BIL.

This in no way affects BIL's determination to improve both the quality of its data in the future and its Green Asset Ratio by supporting its customers in their transition.

In order to understand the final result, here's how the main indicator, GAR on stock, was calculated:

- **Total Assets:** €30,272 million,
  of which the following exposures are excluded (Sovereigns, Central Banks, trading book) for an amount of €7.972 million.

  It is important to note here that a majority of the investments made through BIL's bank investment portfolio are Sovereigns, and therefore not included in the calculation of the GAR.

- **Total GAR Assets:** €22,301 million,
  of which the following exposures are excluded from the numerator
  - Non-financial corporations not subject to NFRD (mainly SMEs or non-UE corporate) for an amount of €4,997 million. It is important to note here that a majority of the financing made through BIL's lending portfolio goes to SMEs, and is therefore ineligible and non-alignable, while helping to inflate the denominator and thus lower the GAR.
  - Derivatives, on demand interbank loans, cash and cash-related assets and other assets (e.g. Goodwill, commodities etc.) for an amount of €1,518 million.

- **GAR – Covered assets in both numerator and denominator:** €15,786 million.

  Only these exposures are potentially eligible and alignable, i.e. 71% of the assets covered by the GAR.
  - As indicated above for exposures in the household loan portfolio, BIL has decided to set the alignment of all three types of exposure at 0%.

    Yet these are our biggest exposures in terms of amount: €7,764 million, i.e. 49.2% of the covered assets in the numerator the GAR.
  - As indicated above for exposures to financial corporations, they are required to report their Taxonomy-alignment for the first time in 2024. Their eligibility and alignment data was therefore mainly not available at the reporting date.

    Yet it is the second largest terms of amount: €6,692 million, i.e. 42.4% of the covered assets in the numerator the GAR.
  - As indicated above, local governments do not report Taxonomy data: BIL is therefore unable to determine the Taxonomy eligibility and alignment for exposures to local governments (for an amount of €42 million, i.e. 0.2% of the covered assets in the numerator the GAR).
  - This is why the main exposures for which BIL has been able to calculate alignment this year are those to non-financial corporations subject to NFRD, for an amount of €1,290 million, i.e. only 8,2% of the covered assets in the numerator the GAR.

    Of this amount, based on the data published by our counterparties in 2023, we have identified €51 million eligible and €6 million aligned, which gives GAR on stock of 0.06%.

Limitations and data availability

- **Asymmetry of the GAR calculation**

  The numerator and denominator are not symmetric. BIL has 22% of the total GAR assets (GAR denominator) to non-financial corporations not subject to NFRD (mainly SMEs and companies from outside EU), which cannot be included as eligible or aligned financing, therefore environmentally sustainable.

  A bank's business model, its market and its type of customer therefore have a major impact on the scope of eligible assets and therefore on the GAR result.

- **Complexity to meet all technical screening criteria**
  To be aligned means to be able to prove that you respect all technical screening in terms of substantial contribution and DNSH.

  Some of these are currently unattainable due to a lack of data collected in the past and raise questions about the role of the bank in the future, for example in the case of motor vehicle loans, where we have to prove that tyres comply with external rolling noise requirements.

- **Limited availability of information from the counterparties**
  The Taxonomy is still in the implementation phase, so the figures reported by the counterparties are also limited.

  In addition, as indicated above, for financial companies, the alignment information is not yet available, as 2024 is the first year in which they will have to publish it.

BIL's ambition

BIL is determined to improve the quality of its data in the future and its Green Asset Ratio by supporting its customers in their transition.

- Firstly, by 2025, BIL will be able to calculate the eligibility and alignment of its exposures to financial corporations, based on the GAR that they will have calculated and published in 2024 in the same way as BIL.
- With the application of the new Corporate Sustainability Reporting Directive (CSRD) in 2025, this disclosure obligation will later enlarge the scope of companies subject to this new disclosure framework, which will also apply to large unlisted EU companies, small and medium listed companies and even to entities outside the European Union with relevant activity in the EU.

  Consequently, this will increase the number of counterparties potentially eligible for the Taxonomy, to be included in the numerator of the GAR and which could have a positive impact on BIL's GAR result.

  However, most of BIL's counterparties are not subject to NFRD/CSRD, which greatly reduces the scope of the eligible assets.
- And finally, in 2024, BIL will reach a new milestone in the assessment of the physical risk of its real estate lending portfolio. The Bank plans to enhance its data set by using a third-party data provider to provide additional physical risk information and therefore complete the analysis. This exercise will be carried out taking into account its potential impact on BIL's future ability to assess the technical screening criteria of the EU Taxonomy in terms of DNSH criteria for mortgages.

  Coupled with the collection of energy performance certificates, this will have an effect on the taxonomy-alignment of mortgages. As these exposures represent a significant proportion of its total GAR assets, BIL is confident that this will allow to increase its GAR considerably in the next financial year.

KPI OF CREDIT INSTITUTIONS

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Disclosure reference date : 31 December 2023		Total environmentally sustainable assets (in € millions)	KPI [1]	KPI [2]	% coverage (over total assets) [3]	% of assets excluded from the GAR's numerator (article 7, sections 2 and 3, and Annex V, section 1.1.2)	% of assets excluded from the GAR's denominator (article 7, section ,1 and Annex V, section 1.2.4)
Main KPI	**Green asset ratio (GAR) stock**	**12**	**0,06%**	**0,17%**	**74%**	**22%**	**26%**

		Total environmentally sustainable assets (in € millions)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the GAR's numerator (article 7, sections 2 and 3, and Annex V, section 1.1.2)	% of assets excluded from the GAR's denominator (article 7, section ,1 and Annex V, section 1.2.4)
Additional KPIs	*GAR (flow)*	0	0,00%	0,00%	83%	20%	17%
	Trading book [4]	N/A	N/A	N/A			
	Financial guarantees	0	0,00%	0,00%			
	Assets under management [5]	6	0,73%	2,21%			
	Fees and commissions income [6]	N/A	N/A	N/A			

[1] based on the Turnover KPI of the counterparty

[2] based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

[3] % of assets covered by the KPI over banks´ total assets

[4] For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

[5] As far as AuMs are concerned, BIL addressed the following scope: BIL Luxembourg (Discretionary Portfolio Mandates).

[6] Fees and commissions income from services other than lending and AuM

1.Assets for the calculation of GAR on turnover

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Million EUR		Total gross carrying amount	Disclosure reference date : 31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which adaptation	Of which enabling			Of which Use of Proceeds	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15.786	6.972	12	-	-	-	-	-	-	-	-	6.972	12	-	-	-
2	**Financial corporations**	**6.692**	**51**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51**	**6**	**-**	**-**	**-**
3	Credit institutions	3.152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	996	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	2.015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	142	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	3.540	51	6	-	-	-	-	-	-	-	-	51	6	-	-	-
8	of which investment firms	395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	356	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	19	-	-		-	-	-	-		-	-	-	-		-	-
12	of which management companies	728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0	-	-		-	-	-	-		-	-	-	-		-	-
16	of which insurance undertakings	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
20	**Non-financial corporations**	**1.290**	**71**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71**	**6**	**-**	**-**	**-**
21	Loans and advances	753	71	6	-	-	-	-	-	-	-	-	71	6	-	-	-
22	Debt securities, including UoP	537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24	**Households**	**7.764**	**6.849**	**-**	**-**	**-**	**-**						**6.849**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	6.739	6.739	-	-	-	-						6.739	-	-	-	-
26	of which building renovation loans	26	26	-	-	-	-						26	-	-	-	-
27	of which motor vehicle loans	83	83	-	-	-	-						83	-	-	-	-
28	**Local governments financing**	**37**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**-**
29	Housing Financing	0	0	-	-	-	-	-	-	-	-	-	0	-	-	-	-
30	Other local government financing	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	2	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	**6.515**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
33	**Non-financial corporations**	**4.997**															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4.697															
35	Loans and advances	4.432															
36	of which loans collateralised by commercial immovable property	1.400															
37	of which building renovation loans	23															
38	Debt securities	-															
39	Equity instruments	266															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	299															
41	Loans and advances	275															
42	Debt securities	23															
43	Equity instruments	1															
44	**Derivatives**	**547**															
45	**On demand interbank loans**	**215**															
46	**Cash and cash-related assets**	**68**															
47	**Other assets (e.g. Goodwill, commodities etc.)**	**689**															
48	**Total GAR assets**	**22.301**	**6.972**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.972**	**12**	**-**	**-**	**-**
49	**Other assets not covered for GAR calculation**	**7.972**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
50	**Sovereigns**	**5.334**															
51	**Central banks exposure**	**2.618**															
52	**Trading book**	**19**															
53	**Total assets**	**30.272**	**6.972**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.972**	**12**	**-**	**-**	**-**
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																	
54	Financial guarantees	790	11	-	-	-	-	-	-	-	-	-	11	-	-	-	-
55	Assets under management	696	34	6	-	-	-	-	-	-	-	-	34	6	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1.Assets for the calculation of GAR on CAPEX

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
			Disclosure reference date : 31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
	Million EUR	Total gross carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which adaptation	Of which enabling			Of which Use of Proceeds	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15.786	7.013	37	-	-	-	-	-	-	-	-	7.013	37	-	-	-
2	**Financial corporations**	**6.692**	**60**	**16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60**	**16**	**-**	**-**	**-**
3	Credit institutions	3.152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	996	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	2.015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	142	-	-		-	-	-	-		-	-	-	-		-	-
7	Other financial corporations	3.540	60	16	-	-	-	-	-	-	-	-	60	16	-	-	-
8	of which investment firms	395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	356	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	19	-	-		-	-	-	-		-	-	-	-		-	-
12	of which management companies	728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0	-	-		-	-	-	-		-	-	-	-		-	-
16	of which insurance undertakings	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
20	**Non-financial corporations**	**1.290**	**102**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**102**	**21**	**-**	**-**	**-**
21	Loans and advances	753	93	21	-	-	-	-	-	-	-	-	93	21	-	-	-
22	Debt securities, including UoP	537	10	0	-	-	-	-	-	-	-	-	10	0	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
24	**Households**	**7.764**	**6.849**	**-**	**-**	**-**	**-**						**6.849**	**-**	**-**	**-**	**-**
25	of which loans collateralised by residential immovable property	6.739	6.739	-	-	-	-						6.739	-	-	-	-
26	of which building renovation loans	26	26	-	-	-	-						26	-	-	-	-
27	of which motor vehicle loans	83	83	-	-	-	-						83	-	-	-	-
28	**Local governments financing**	**37**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**-**
29	Housing Financing	0	0	-	-	-	-	-	-	-	-	-	0	-	-	-	-
30	Other local government financing	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	2	2	-	-	-	-	-	-	-	-	-	2	-	-	-	-
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	6.515	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
33	**Non-financial corporations**	**4.997**															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4.697															
35	Loans and advances	4.432															
36	of which loans collateralised by commercial immovable property	1.400															
37	of which building renovation loans	23															
38	Debt securities	-															
39	Equity instruments	266															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	299															
41	Loans and advances	275															
42	Debt securities	23															
43	Equity instruments	1															
44	**Derivatives**	**547**															
45	**On demand interbank loans**	**215**															
46	**Cash and cash-related assets**	**68**															
47	**Other assets (e.g. Goodwill, commodities etc.)**	**689**															
48	**Total GAR assets**	**22.301**	**7.013**	**37**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.013**	**37**	**-**	**-**	**-**
49	**Other assets not covered for GAR calculation**	7.972	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50	**Sovereigns**	**5.334**															
51	**Central banks exposure**	**2.618**															
52	**Trading book**	**19**															
53	**Total assets**	**30.272**	**7.013**	**37**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.013**	**37**	**-**	**-**	**-**
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																
54	Financial guarantees	790	10	-	-	-	-	-	-	-	-	-	10	-	-	-	-
55	Assets under management	696	48	17	-	-	-	-	-	-	-	-	48	17	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2. GAR sector information based on turnover

	a	b	c	e	f	h	i	k	l	n	o	q	r
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	C11.0.1 DISTILLING, RECTIFYING AND BLENDING OF SPIRITS	20	0,0			20	0			20	0,0		
2	C16.2.1 MANUFACTURE OF VENEER SHEETS AND WOOD-BASED PANELS	14	0,0			14	0			14	0,0		
3	C16.2.9 MANUF. OTHER PROD. OF WOOD-ART. OF CORK-STRAW/PLAITING MATER	23	0,0			23	0			23	0,0		
4	C20.0.0 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	9	0,0			9	0			9	0,0		
5	C20.1.1 MANUFACTURE OF INDUSTRIAL GASES	14	0,0			14	0			14	0,0		
6	C20.5.9 MANUFACTURE OF OTHER CHEMICAL PRODUCTS NEC	14	0,0			14	0			14	0,0		
7	C22.1.1 MANUF. OF RUBBER TYRES, TUBES-RETREAD./REBUILD. RUBBER TYRES	14	0,0			14	0			14	0,0		
8	C23.4.0 MANUFACTURE OF OTHER PORCELAIN AND CERAMIC PRODUCTS	15	0,0			15	0			15	0,0		
9	C24.4.3 LEAD, ZINC AND TIN PRODUCTION	15	1,2			15	0			15	1,2		
10	C25.6.1 TREATMENT AND COATING OF METALS	6	0,0			6	0			6	0,0		
11	C26.5.1 MANUF. INSTRUM., APPLIANCES FOR MEASURING/TESTING/NAVIGATION	19	0,0			19	0			19	0,0		
12	C27.9.0 MANUFACTURE OF OTHER ELECTRICAL EQUIPMENT	7	0,0			7	0			7	0,0		
13	C28.2.2 MANUFACTURE OF LIFTING AND HANDLING EQUIPMENT	40	0,0			40	0			40	0,0		
14	C29.1.0 MANUFACTURE OF MOTOR VEHICLES	10	0,9			10	0			10	0,9		
15	C30.1.0 BUILDING OF SHIPS AND BOATS	5	0,0			5	0			5	0,0		
16	C32.5.0 MANUFACTURE OF MEDICAL AND DENTAL INSTRUMENTS AND SUPPLIES	9	0,0			9	0			9	0,0		
17	D35.1.0 ELECTRIC POWER GENERATION, TRANSMISSION AND DISTRIBUTION	36	1,7			36	0			36	1,7		
18	F41.1.0 DEVELOPMENT OF BUILDING PROJECTS	0	0,0			0	0			0	0,0		
19	F43.0.0 SPECIALISED CONSTRUCTION ACTIVITIES	25	0,0			25	0			25	0,0		
20	G46.6.9 WHOLESALE OF OTHER MACHINERY AND EQUIPMENT	0	0,0			0	0			0	0,0		
21	G46.7.2 WHOLESALE OF METALS AND METAL ORES	34	0,0			34	0			34	0,0		
22	G46.9.0 NON-SPECIALISED WHOLESALE TRADE	0	0,0			0	0			0	0,0		
23	G47.1.1 RETAIL SALE NON-SPECIAL. STORES-FOOD/BEVER./TOBACCO PREDOM.	71	0,0			71	0			71	0,0		
24	H49.1.0 PASSENGER RAIL TRANSPORT, INTERURBAN	24	0,0			24	0			24	0,0		
25	H51.2.1 FREIGHT AIR TRANSPORT	0	0,0			0	0			0	0,0		
26	H52.2.0 SUPPORT ACTIVITIES FOR TRANSPORTATION	0	0,0			0	0			0	0,0		
27	I55.1.0 HOTELS AND SIMILAR ACCOMMODATION	79	0,0			79	0			79	0,0		
28	J58.0.0 PUBLISHING ACTIVITIES	10	0,0			10	0			10	0,0		
29	J58.2.9 OTHER SOFTWARE PUBLISHING	15	0,0			15	0			15	0,0		
30	J62.0.1 COMPUTER PROGRAMMING ACTIVITIES	14	1,0			14	0			14	1,0		
31	J62.0.2 COMPUTER CONSULTANCY ACTIVITIES	14	0,0			14	0			14	0,0		
32	J63.1.1 DATA PROCESSING, HOSTING AND RELATED ACTIVITIES	25	0,0			25	0			25	0,0		
33	K64.0.0 FINANCIAL SERVICE ACTIV. EXCEPT INSURANCE/PENSION FUNDING	50	0,0			50	0			50	0,0		
34	K64.2.0 ACTIVITIES OF HOLDING COMPANIES	20	0,0			20	0			20	0,0		
35	K64.2.0 FINANCIAL HOLDING	9	0,0			9	0			9	0,0		
36	L68.1.0 BUYING AND SELLING OF OWN REAL ESTATE	42	0,0			42	0			42	0,0		
37	L68.2.0 RENTING AND OPERATING OF OWN OR LEASED REAL ESTATE	69	1,6			69	0			69	1,6		
38	L68.3.1 REAL ESTATE AGENCIES	2	0,0			2	0			2	0,0		
39	L68.3.2 MANAGEMENT OF REAL ESTATE ON A FEE OR CONTRACT BASIS	5	0,0			5	0			5	0,0		
40	M70.1.0 ACTIVITIES OF HEAD OFFICES	54	0,0			54	0			54	0,0		
41	M70.2.2 BUSINESS AND OTHER MANAGEMENT CONSULTANCY ACTIVITIES	4	0,0			4	0			4	0,0		
42	M71.1.2 ENGINEERING ACTIVITIES AND RELATED TECHNICAL CONSULTANCY	3	0,0			3	0			3	0,0		
43	M71.2.0 TECHNICAL TESTING AND ANALYSIS	17	0,0			17	0			17	0,0		
44	M72.0.0 SCIENTIFIC RESEARCH AND DEVELOPMENT	26	0,0			26	0			26	0,0		
45	M73.1.1 ADVERTISING AGENCIES	26	0,0			26	0			26	0,0		
46	M74.9.0 OTHER PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES NEC	0	0,0			0	0			0	0,0		
47	N77.1.1 RENTING AND LEASING OF CARS AND LIGHT MOTOR VEHICLES	20	0,0			20	0			20	0,0		
48	N77.4.0 LEASING INTELL. PROPERTY/SIMILAR PROD. EXC COPYRIGHTED WORKS	0	0,0			0	0			0	0,0		
49	N82.1.1 COMBINED OFFICE ADMINISTRATIVE SERVICE ACTIVITIES	1	0,0			1	0			1	0,0		
50	N82.9.9 OTHER BUSINESS SUPPORT SERVICE ACTIVITIES NEC	0	0,0			0	0			0	0,0		
51	S96.0.0 OTHER PERSONAL SERVICE ACTIVITIES	348	0,0			348	0			348	0,0		

2. GAR sector information based on CAPEX

	a	b	c	e	f	h	i	k	l	n	o	q	r
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	C11.0.1 DISTILLING, RECTIFYING AND BLENDING OF SPIRITS	20	0,0			20	0			20	0,0		
2	C16.2.1 MANUFACTURE OF VENEER SHEETS AND WOOD-BASED PANELS	14	0,0			14	0			14	0,0		
3	C16.2.9 MANUF. OTHER PROD. OF WOOD-ART. OF CORK-STRAW/PLAITING MATER	23	0,0			23	0			23	0,0		
4	C20.0.0 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	9	0,0			9	0			9	0,0		
5	C20.1.1 MANUFACTURE OF INDUSTRIAL GASES	14	0,0			14	0			14	0,0		
6	C20.5.9 MANUFACTURE OF OTHER CHEMICAL PRODUCTS NEC	14	0,0			14	0			14	0,0		
7	C22.1.1 MANUF. OF RUBBER TYRES, TUBES-RETREAD./REBUILD. RUBBER TYRES	14	0,0			14	0			14	0,0		
8	C23.4.0 MANUFACTURE OF OTHER PORCELAIN AND CERAMIC PRODUCTS	15	0,0			15	0			15	0,0		
9	C24.4.3 LEAD, ZINC AND TIN PRODUCTION	15	8,6			15	0			15	8,6		
10	C25.6.1 TREATMENT AND COATING OF METALS	6	0,0			6	0			6	0,0		
11	C26.5.1 MANUF. INSTRUM., APPLIANCES FOR MEASURING/TESTING/NAVIGATION	19	0,0			19	0			19	0,0		
12	C27.9.0 MANUFACTURE OF OTHER ELECTRICAL EQUIPMENT	7	0,0			7	0			7	0,0		
13	C28.2.2 MANUFACTURE OF LIFTING AND HANDLING EQUIPMENT	40	0,0			40	0			40	0,0		
14	C29.1.0 MANUFACTURE OF MOTOR VEHICLES	10	3,5			10	0			10	3,5		
15	C30.1.0 BUILDING OF SHIPS AND BOATS	5	0,0			5	0			5	0,0		
16	C32.5.0 MANUFACTURE OF MEDICAL AND DENTAL INSTRUMENTS AND SUPPLIES	9	0,0			9	0			9	0,0		
17	D35.1.0 ELECTRIC POWER GENERATION, TRANSMISSION AND DISTRIBUTION	36	7,2			36	0			36	7,2		
18	F41.1.0 DEVELOPMENT OF BUILDING PROJECTS	0	0,0			0	0			0	0,0		
19	F43.0.0 SPECIALISED CONSTRUCTION ACTIVITIES	25	0,0			25	0			25	0,0		
20	G46.6.9 WHOLESALE OF OTHER MACHINERY AND EQUIPMENT	0	0,0			0	0			0	0,0		
21	G46.7.2 WHOLESALE OF METALS AND METAL ORES	34	0,0			34	0			34	0,0		
22	G46.9.0 NON-SPECIALISED WHOLESALE TRADE	0	0,0			0	0			0	0,0		
23	G47.1.1 RETAIL SALE NON-SPECIAL. STORES-FOOD/BEVER./TOBACCO PREDOM.	71	0,0			71	0			71	0,0		
24	H49.1.0 PASSENGER RAIL TRANSPORT, INTERURBAN	24	0,0			24	0			24	0,0		
25	H51.2.1 FREIGHT AIR TRANSPORT	0	0,0			0	0			0	0,0		
26	H52.2.0 SUPPORT ACTIVITIES FOR TRANSPORTATION	0	0,0			0	0			0	0,0		
27	I55.1.0 HOTELS AND SIMILAR ACCOMMODATION	79	0,0			79	0			79	0,0		
28	J58.0.0 PUBLISHING ACTIVITIES	10	0,0			10	0			10	0,0		
29	J58.2.9 OTHER SOFTWARE PUBLISHING	15	0,0			15	0			15	0,0		
30	J62.0.1 COMPUTER PROGRAMMING ACTIVITIES	14	0,2			14	0			14	0,2		
31	J62.0.2 COMPUTER CONSULTANCY ACTIVITIES	14	0,0			14	0			14	0,0		
32	J63.1.1 DATA PROCESSING, HOSTING AND RELATED ACTIVITIES	25	0,8			25	0			25	0,8		
33	K64.0.0 FINANCIAL SERVICE ACTIV. EXCEPT INSURANCE/PENSION FUNDING	50	0,0			50	0			50	0,0		
34	K64.2.0 ACTIVITIES OF HOLDING COMPANIES	20	0,1			20	0			20	0,1		
35	K64.2.0 FINANCIAL HOLDING	9	0,0			9	0			9	0,0		
36	L68.1.0 BUYING AND SELLING OF OWN REAL ESTATE	42	0,0			42	0			42	0,0		
37	L68.2.0 RENTING AND OPERATING OF OWN OR LEASED REAL ESTATE	69	0,9			69	0			69	0,9		
38	L68.3.1 REAL ESTATE AGENCIES	2	0,0			2	0			2	0,0		
39	L68.3.2 MANAGEMENT OF REAL ESTATE ON A FEE OR CONTRACT BASIS	5	0,0			5	0			5	0,0		
40	M70.1.0 ACTIVITIES OF HEAD OFFICES	54	0,0			54	0			54	0,0		
41	M70.2.2 BUSINESS AND OTHER MANAGEMENT CONSULTANCY ACTIVITIES	4	0,0			4	0			4	0,0		
42	M71.1.2 ENGINEERING ACTIVITIES AND RELATED TECHNICAL CONSULTANCY	3	0,0			3	0			3	0,0		
43	M71.2.0 TECHNICAL TESTING AND ANALYSIS	17	0,0			17	0			17	0,0		
44	M72.0.0 SCIENTIFIC RESEARCH AND DEVELOPMENT	26	0,0			26	0			26	0,0		
45	M73.1.1 ADVERTISING AGENCIES	26	0,0			26	0			26	0,0		
46	M74.9.0 OTHER PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES NEC	0	0,0			0	0			0	0,0		
47	N77.1.1 RENTING AND LEASING OF CARS AND LIGHT MOTOR VEHICLES	20	0,0			20	0			20	0,0		
48	N77.4.0 LEASING INTELL. PROPERTY/SIMILAR PROD. EXC COPYRIGHTED WORKS	0	0,0			0	0			0	0,0		
49	N82.1.1 COMBINED OFFICE ADMINISTRATIVE SERVICE ACTIVITIES	1	0,0			1	0			1	0,0		
50	N82.9.9 OTHER BUSINESS SUPPORT SERVICE ACTIVITIES NEC	0	0,0			0	0			0	0,0		
51	S96.0.0 OTHER PERSONAL SERVICE ACTIVITIES	348	0,0			348				348	0,0		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock based on turnover

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date : 31 December 2023															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	31,26	0,06	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	31,26	0,06	0,00	0,00	0,00	52,15
2	**Financial corporations**	**0,23**	**0,03**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,23**	**0,03**	**0,00**	**0,00**	**0,00**	**22,11**
3	Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	10,41
4	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3,29
5	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,66
6	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,47
7	Other financial corporations	0,23	0,03	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,23	0,03	0,00	0,00	0,00	11,70
8	of which investment firms	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,31
9	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,18
10	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,07
11	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,06
12	of which management companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	2,41
13	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,42
14	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,99
15	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
16	of which insurance undertakings	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,44
17	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,44
18	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
20	**Non-financial corporations**	**0,32**	**0,03**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,32**	**0,03**	**0,00**	**0,00**	**0,00**	**4,26**
21	Loans and advances	0,32	0,03	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,32	0,03	0,00	0,00	0,00	2,49
22	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,77
23	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
24	**Households**	**30,71**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**30,71**	**0,00**	**0,00**	**0,00**	**0,00**	**25,65**
25	of which loans collateralised by residential immovable property	30,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	30,22	0,00	0,00	0,00	0,00	22,26
26	of which building renovation loans	0,12	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,12	0,00	0,00	0,00	0,00	0,09
27	of which motor vehicle loans	0,37	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,37	0,00	0,00	0,00	0,00	0,27
28	**Local governments financing**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,12**
29	Housing Financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
30	Other local government financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,12
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00	0,00	0,00	0,01
48	**Total GAR assets**	**31,26**	**0,06**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**31,26**	**0,06**	**0,00**	**0,00**	**0,00**	**73,67**

3. GAR KPI stock based on CAPEX

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	% (compared to total covered assets in the denominator)	Disclosure reference date : 31 December 2023															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	31,45	0,17	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	31,45	0,17	0,00	0,00	0,00	52,15
2	**Financial corporations**	**0,27**	**0,07**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,27**	**0,07**	**0,00**	**0,00**	**0,00**	**22,11**
3	Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	10,41
4	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3,29
5	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,66
6	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,47
7	Other financial corporations	0,27	0,07	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,27	0,07	0,00	0,00	0,00	11,70
8	of which investment firms	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,31
9	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,18
10	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,07
11	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,06
12	of which management companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	2,41
13	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,42
14	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,99
15	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
16	of which insurance undertakings	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,44
17	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,44
18	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
20	**Non-financial corporations**	**0,46**	**0,10**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,46**	**0,10**	**0,00**	**0,00**	**0,00**	**4,26**
21	Loans and advances	0,41	0,09	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,41	0,09	0,00	0,00	0,00	2,49
22	Debt securities, including UoP	0,04	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,00	0,00	0,00	1,77
23	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
24	**Households**	**30,71**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**30,71**	**0,00**	**0,00**	**0,00**	**0,00**	**25,65**
25	of which loans collateralised by residential immovable property	30,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	30,22	0,00	0,00	0,00	0,00	22,26
26	of which building renovation loans	0,12	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,12	0,00	0,00	0,00	0,00	0,09
27	of which motor vehicle loans	0,37	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,37	0,00	0,00	0,00	0,00	0,27
28	**Local governments financing**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,12**
29	Housing Financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
30	Other local government financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,12
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00	0,00	0,00	0,01
48	**Total GAR assets**	**31,45**	**0,17**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**31,45**	**0,17**	**0,00**	**0,00**	**0,00**	**73,67**

4. GAR KPI flow on turnover

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	% (compared to total covered assets in the denominator)	Disclosure reference date : 31 December 2023															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	20,24	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	20,24	0,00	0,00	0,00	0,00	62,85
2	**Financial corporations**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**32,82**
3	Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	13,35
4	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,49
5	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8,87
6	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
7	Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19,46
8	of which investment firms	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,60
9	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,60
10	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
12	of which management companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,37
13	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3,41
14	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,96
15	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
16	of which insurance undertakings	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50
17	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50
18	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
20	**Non-financial corporations**	**0,46**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,46**	**0,00**	**0,00**	**0,00**	**0,00**	**11,70**
21	Loans and advances	0,46	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,46	0,00	0,00	0,00	0,00	5,20
22	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,49
23	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
24	**Households**	**19,73**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**19,73**	**0,00**	**0,00**	**0,00**	**0,00**	**18,29**
25	of which loans collateralised by residential immovable property	18,96	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	18,96	0,00	0,00	0,00	0,00	15,76
26	of which building renovation loans	0,14	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,14	0,00	0,00	0,00	0,00	0,11
27	of which motor vehicle loans	0,63	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,63	0,00	0,00	0,00	0,00	0,52
28	**Local governments financing**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,01**
29	Housing Financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
30	Other local government financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,01
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,00	0,00	0,04
48	**Total GAR assets**	**20,24**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**20,24**	**0,00**	**0,00**	**0,00**	**0,00**	**83,12**

4. GAR KPI flow on CAPEX

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date : 31 December 2023															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	20,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	20,25	0,00	0,00	0,00	0,00	62,85
2	**Financial corporations**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**32,82**
3	Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	13,35
4	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,49
5	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8,87
6	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
7	Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	19,46
8	of which investment firms	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,60
9	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,60
10	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
12	of which management companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,37
13	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3,41
14	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,96
15	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
16	of which insurance undertakings	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50
17	Loans and advances	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50
18	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
20	**Non-financial corporations**	**0,47**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,47**	**0,00**	**0,00**	**0,00**	**0,00**	**11,70**
21	Loans and advances	0,47	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,47	0,00	0,00	0,00	0,00	5,20
22	Debt securities, including UoP	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,49
23	Equity instruments	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00	0,00		0,00	0,00	0,00
24	**Households**	**19,73**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**19,73**	**0,00**	**0,00**	**0,00**	**0,00**	**18,29**
25	of which loans collateralised by residential immovable property	18,96	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	18,96	0,00	0,00	0,00	0,00	15,76
26	of which building renovation loans	0,14	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,14	0,00	0,00	0,00	0,00	0,11
27	of which motor vehicle loans	0,63	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,63	0,00	0,00	0,00	0,00	0,52
28	**Local governments financing**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,01**
29	Housing Financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
30	Other local government financing	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,01
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,00	0,00	0,04
48	**Total GAR assets**	**20,25**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**20,25**	**0,00**	**0,00**	**0,00**	**0,00**	**83,12**

5. KPI off-balance sheet exposures on turnover

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
% (compared to total eligible off-balance sheet assets)		Disclosure reference date : 31 December 2023														
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	1,44	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,44	0,00	0,00	0,00	0,00
2	Assets under management (AuM KPI)	4,31	0,73	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	4,31	0,73	0,00	0,00	0,00

5. KPI off-balance sheet exposures on CAPEX

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
% (compared to total eligible off-balance sheet assets)		Disclosure reference date : 31 December 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	1,29	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,29	0,00	0,00	0,00	0,00
2	Assets under management (AuM KPI)	6,07	2,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,07	2,21	0,00	0,00	0,00

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	**Fossil gas related activities**	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 2 Taxonomy-aligned economic activities (denominator) on turnover

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
2.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
3.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
4.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
5.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
6.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**12**	**0,06%**	**12**	**0,06%**	**-**	**0,00%**
8.	**Total applicable KPI**	**22.301**	**100%**	**22.301**	**100,00%**	**-**	**0,00%**

Template 2 Taxonomy-aligned economic activities (denominator) on CAPEX

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
2.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
3.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
4.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
5.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
6.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	-	0,00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**37**	**0,17%**	**37**	**0,17%**	**-**	**0,00%**
8.	**Total applicable KPI**	**22.301**	**100%**	**22.301**	**100,00%**	**-**	**0,00%**

Template 3 Taxonomy-aligned economic activities (numerator) on turnover

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
2.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
3.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
4.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
5.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
6.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**12**	**100%**	**12**	**100%**	**-**	**0,00%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**12**	**100%**	**12**	**100%**	**-**	**0,00%**

Template 3 Taxonomy-aligned economic activities (numerator) on CAPEX

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
2.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
3.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
4.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
5.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
6.	Amount and proportion of taxonomy- aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%	0	0%	-	0,00%
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**37**	**100%**	**37**	**100%**	**-**	**0,00%**
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**37**	**100%**	**37**	**100%**	**-**	**0,00%**

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities on turnover

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
2.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
3.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
4.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
5.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
6.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of th applicable KPI**	**6.960**	**100%**	**6.960**	**100%**	**-**	**0,00%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**6.960**	**100%**	**6.960**	**100%**	**-**	**0,00%**

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities on turnover

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
2.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
3.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
4.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
5.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
6.	Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%	0	0%	-	0,00%
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of th applicable KPI**	**6.976**	**100%**	**6.976**	**100%**	**-**	**0,00%**
8.	**Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI**	**6.976**	**100%**	**6.976**	**100%**	**-**	**0,00%**

Template 5 Taxonomy non-eligible economic activities on turnover

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	26	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**15.303**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in th denominator of the applicable KPI’**	**15.329**	**100%**

Template 5 Taxonomy non-eligible economic activities on CAPEX

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	26	0%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0%
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**15.262**	**100%**
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in th denominator of the applicable KPI'**	**15.288**	**100%**

35 Glossary

AAA .... Luxembourg's Association d'Assurance Accident
ABBL .... Luxembourg Bank Association
ACPR .... French Prudential Supervision and Resolution Authority
ACT .... Assessing low-Carbon Transition
ADEM .... Agence pour le Développement de l'Emploi
AI .... Artificial Intelligence
ALEBA .... Association Luxembourgeoise des Employés De Banque Et D'Assurance
AML .... Anti-Money Laundering
AR .... Application Requirements under ESRS
ASTF .... Association for Occupational Health for the Financial Sector
ATM .... Automated Teller Machine
AuM .... Assets under management
BACC .... Board Audit and Compliance Committee
BIL .... Banque Internationale à Luxembourg
BoD .... Board of Directors
BRC .... Board Risk Committee
BREEAM .... Building Research Establishment Environmental Assessment Methodology
BRNC .... Board Remuneration and Nomination Committee
BRNC-N .... Board Remuneration and Nomination Committee – Nomination matters
BRNC-R .... Board Remuneration and Nomination Committee - Remuneration Matters
BSC .... Board Strategy Committee
CAE .... Caisse pour l'avenir des enfants
CBS .... Core banking system
CDP .... Carbon Disclosure Project
CDR .... Carbon Dioxin Remove
CEO .... Chief Executive Officer
CET .... Common Equity Tier
CHF .... Swiss Franc
CISO .... Chief Information Security Officer
CNAP .... Caisse Nationale d'Assurance Pension
CNPD .... Luxembourg Commission Nationale pour la Protection des Données
CNPF .... Caisse Nationale des Prestations Familiales
CNS .... Caisse Nationale de Santé
CO_2 .... Carbon Dioxide
CoP .... Communication on Progress (under UN GC)
CRM .... Credit Risk Management
CRR .... Capital Requirements Regulation
CRS .... Common Reporting Standard
CSR .... Corporate Social Responsibility
CSRD .... Corporate Sustainability Reporting Directive
CSSF .... Commission de Surveillance du Secteur Financier
CWL .... Country Watch List
DGNB .... Deutsche Gesellschaft für Nachhaltiges Bauen
DORA .... Digital Operational Resilience Act
DPIA .... Data Protection Impact Assessment
DPO .... Data Protection Officer
EBA .... European Banking Authority
ECB .... European Central Bank
ECL .... Expected credit losses
ECT .... Energise create together
EPC .... Energy Performance Certificate
ESG .... Environmental Social Governance
ESRB .... European Systemic Risk Board
ESRS .... European Sustainability Reporting Standards
EU .... European Union
EUR .... Euro
ExCo .... BIL's Executive Committee
FATCA .... Foreign Account Tax Compliance Act
FTE .... Full-time equivalent
FX .... Foreign Exchange
GAR .... Green Asset Ratio
GDPR .... General Data Protection Regulation
GHG .... Green House Gases
GL22 .... Go-Live 2022
GM .... General Meeting of Shareholders
GPOS .... Gestion Paritaires des Œuvres sociales (sports and cultural sections)
GRI .... Global Reporting Initiative
HR .... Human Resources
ICAAP .... Internal Capital Adequacy Assessment Process
ICC .... Internal Control Committee
ICLAAP .... Internal Capital and Liquidity Adequacy Assessment Process
ICT .... Information Communications Technology
IDD .... Insurance Distribution Directive
IEA .... International Energy Agency
ILO .... International Labour Organisation
IMS .... Inspiring More Sustainability
INDR .... National Institute for Sustainable Development and Corporate Social Responsibility
ISRC .... ICT & Security Risk Committee
IT .... Information Technology
JEL .... Jonk Entrepreneueren Luxembourg (young entrepreneurs Luxembourg)
KPI .... Key performance indicators
LAR .... Luxembourg Air Rescue
LCGB .... Lëtzebuerger Chrëschtleche Gewerkschafts-Bond
LCR .... Liquidity coverage ratio

LED .... Light-emitting diode
LoD .... Lines of Defense
LSFI .... Luxembourg Sustainable Finance Initiative
LULUCF .... European Emissions Trading Scheme and Land Use, Land-Use Change and Forestry
MB .... Management Board
MIFID .... Markets in Financial Instruments Directive
MRM .... Model Risk Management Framwork
MuD .... Musée du Déchet
MyCO_2 .... My Carbon Footprint
NACE .... Nomenclature of Economic Activities
NFRD .... Non-Financial Reporting Directive
NGFS .... Network for Greening the Financial System
NGO .... Non-Governmental Organization
NPC .... New Products Committee
NPS .... Net Promotor Score
NZE Scenario .... Net Zero Emissions by 2050 Scenario
nZEB .... Near Zero Energy Building
OFAC .... Office of Foreign Assets Control
OGBL .... Onofhängege Gewerkschaftsbond Lëtzebuerg
ORM .... Operational Risk Management
PACS .... The Civil Solidarity Pact
PAI .... Principal Adverse Impact
PCAF .... Partnership for Carbon Accounting for Financials
PD .... Probability of Default
PLM .... Plateau Maria (BIL Headquarters name)
PNEC .... Luxembourg's Integrated National Energy and Climate Plan
QI .... Qualified Intermediaries
RFP .... Request for prices
RM .... Relationship Manager
RSE .... Responsabilité Sociétale des Entreprises
RTS .... Regulatory Technical Standards
RWA .... Risk-weighted asset
S&P .... Standard & Poor's
SASB .... Sustainability Accounting Standards Board
SDG .... Sustainable Development Goals
SDK .... Super Drecks Kescht (environmental management label)
SFDR .... Sustainable Finance Disclosure Regulation
SI .... Sustainable Investment
SICAV .... Société d'Investissement à Capital Variable
SMEs .... Small-medium enterprises
SPOC .... Single Point of Contact
TCFD .... Task Force on Climate-related Financial Disclosures
tCO_2e .... Carbon dioxide equivalents in tonnes
UCI .... Undertakings for collective investment
UDD .... Unified Degree Day
UN .... United Nations
UN GC .... United Nations Global Compact
UN PRB .... United Nations Principles for Responsible Banking
UN SDG .... United Nations Sustainable Development Goals
UNEP FI .... United Nations Environment Programme Finance Initiative

Banque Internationale à Luxembourg SA
69, route d'Esch
L-2953 Luxembourg
RCS Luxembourg B-6307
T (+352) 4590-1
F (+352) 4590-2010
www.bil.com

BIL 1856
BANQUE
INTERNATIONALE
À LUXEMBOURG