Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Banque Internationale à Luxembourg, LEI 9CZ7TVMR36CYD5TZBS50

Summary

Please find also the French and German versions of the Summary.

Banque Internationale à Luxembourg, LEI 9CZ7TVMR36CYD5TZBS50, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the individual statement on principal adverse impacts on sustainability factors of Banque Internationale à Luxembourg (BIL), and does not take into account the impacts of its subsidiaries.

This PAI Statement includes assets and products that are held by the client within their Discretionary Portfolio Management managed by BIL Luxembourg and excludes assets and products held by the clients under Advisory mandates, "execution-only" business service, custody assets, external asset managers, etc.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

This statement describes how BIL considers Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors and summarises its investment due diligence policies in respect of the associated processes. In order to address the regulatory reporting requirements under Article 4 of Regulation (EU) 2019/2088 (SFDR) and Chapter II of the Commission Delegated Regulation (EU) 2022/1288 (RTS), as well as improve its data processing, BIL internalised the calculation of the PAI indicators for the first time during 2023. For further information on calculations, the assumptions, and methodology used, please refer to Annex 1 of this document.

To increase the data coverage disclosed in last year's report, BIL took several concrete actions:

BIL performed a look-through for BIL Invest and Private One funds held in discretionary mandates' portfolios and calculated their respective PAI based on their different underlying assets.

BIL has contracted an additional data package with the Environmental, Social, and Governance (ESG) data provider, Refinitiv, and is structuring all the provided ESG data within BIL's databases.

At this stage, the calculation of the PAIs does not include derivatives, as well as the information on the value chains of investee companies, as this information is not available through our data provider.

BIL is committed to measuring all mandatory principal adverse impacts as well as two additional ones, which we believe are important for the planet and society. In this respect, BIL's Exclusion Policy focuses specifically on PAI 10, which focuses on violations of UN Global Compact principles and OECD Guidelines, as well as PAI 14, which addresses exposure to controversial weapons, reflecting severe ethical concerns and long-lasting harm. During 2024, BIL contracted a specific module from Sustainalytics called Global Standards Screening (GSS), which qualitatively assesses companies' compliance with the United Nations' Global Compact Principles, identifying companies violating or at risk of violating these principles. BIL makes use of the Sustainalytics GSS data for excluding companies that are not compliant with serious violations regarding the United Nations Global Compact (UNGC) Principles. The exclusions are based on our data provider's norms-based and controversial activity analysis, where issuers are excluded following repeated and significant violations, lack of appropriate response or change in behaviour, and thresholds on controversial activities.

The BIL quarterly average snapshots for the financial year 2024 give the following portfolio composition:

Investee Funds (Indirect)	Investee Companies (Direct)	Sovereign, Supranational & Agencies	Real Estate	Other
55.44%	40.82%	2.56%	0.23%	0.96%

BIL's objective is to closely monitor the evolution of PAIs, with a plan to review its position and engage in a reflective process in the following years. This review will encompass possible adjustments to the overall PAI approach or the establishment of specific Environmental, Social, and Governance targets.

In order to consider the adverse impact on sustainability factors, BIL addresses the Principal Adverse Impacts of its investments on sustainability factors through several ESG integration tools, such as ESG scoring models, ESG analysis, norm-offence diagnostics, and controversial activity exclusions. Due diligence procedures are part of a broader investment process that considers ESG risk management. BIL is continuously seeking additional ways to consider adverse impacts in a robust and meaningful way.

The methodology used for PAI consideration will include further enhancements of existing procedures and processes, focusing on expanding PAI data sources and the prioritization and review of PAIs in accordance with BIL's firm-wide sustainable development priorities. BIL has put in place a governance process to ensure the transparency and clear reporting of PAIs. As of 1st January 2025, the ESG Oversight Committee monitors BIL's ESG journey.

BIL ensures that its investment portfolio managers and research teams are trained regarding sustainability issues, and sustainability experts are available for advice on issues.

Description of the principal adverse impacts on sustainability factors

The SFDR requires mandatory reporting of PAI indicators, which are divided into a "core set of universal mandatory indicators" and "additional opt-in indicators." BIL considers all mandatory PAI indicators from Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288, in addition to two other optional PAI indicators from the same Annex: PAI indicator number 4, as set out in Table 2 of Annex I for "Additional climate and other environment-related indicators"; and PAI indicator number 15, as set out in Table 3 of Annex I for "Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters."

For 2024, BIL continued strengthening its efforts on data recovery. With manual and deeper research, BIL has made the decision not to use any proxies for the purpose of PAI assessment, rather focusing on exploiting and improving the processing of the data supplied by its data provider. The report is based solely on available data either provided by investee companies or via the EET (European ESG Template) reports made by funds.

In the table below, BIL has listed the 18 mandatory PAI indicators given in Table 1, Annex I of Commission Delegated Regulation (EU) 2022/1288 and the other two previously mentioned additional PAI indicators (number 4 from Table 2 and number 15 from Table 3) of that same Annex, as well as the related actions taken by BIL relating to each indicator.

Indicators applicable to investments in investee companies					
Adverse Sustainability Indicator	**Metric**	**Impact [year 2024]**	**Impact [year 2023]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions	51 488,67 TCO2e	62 208,31 *	The eligibility of this indicator is of 52,60% (12,63% for indirect	Throughout 2024, BIL performed the monitoring of the greenhouse gas emissions indicators in its investment

					investments and of 39,99% for direct investments). This indicator has a coverage of 12,19% for indirect investments and 27,88% for direct investments.	portfolio and continued to work on expanding its access to data.

In 2024, BIL made efforts to improve data processing and its calculations. As from 2025, quarterly meetings will be organized to monitor, challenge, and review the evolution of PAI. |
| | | Scope 2 GHG emissions | 13 367,38   TCO2e | 16 067,89   * | The eligibility of this indicator is of 52,62% (12,63% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 12,19% for indirect investments and 27,89% for direct investments. | |
| | | Scope 3 GHG emissions | 436 059,39   TCO2e | 523 633,39   * | The eligibility of this indicator is of 50,53% | |

					(10,54% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 10,09% for indirect investments and 26,67% for direct investments.
		Total GHG emissions	500 915,44 TCO2e	601 909,59 *	The eligibility of this indicator is of 52,38% (12,40% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 12,10% for indirect investments and28,04% for direct investments.

No.	Indicator		Value		Value		Description	
							The total GHG emissions has been calculated as the sum of Scope 1 GHG emissions, Scope 2 GHG emissions, and Scope 3 GHG emissions (for more details, see the Annex 1).	
2.	Carbon footprint	Carbon footprint	32 892 914,13	TCO2e/€M	45 006 901,78	*	The eligibility of this indicator is of 51% (11,01% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 10,81% for indirect investments and 28,04% for direct investments.	
3.	GHG intensity of	GHG intensity of investee companies	289,02	TCO2e/€M	337,04	*	The eligibility of this indicator is of	

	investee companies				50,94% (10,95% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 11,12% for indirect investments and 28,04% for direct investments.
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4,62 %	5,02 %*	The eligibility of this indicator is of 50,78% (10,79% for indirect investments and of 39,95% for direct investments). This indicator has a coverage of 11,31% for indirect investments and 2,96% for direct investments.

	5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	23,73 %	30,49 %*	The eligibility of this indicator is of 48,03% (8,04% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 8,43% for indirect investments and 18,82% for direct investments. For 2023 statement, we decided to report one combined figure for consumption and production to be consistent with the figures reported for equities and bonds, and funds by our data provider.

6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	7 216,88 MWH/€M (NACE A — AGRICULTURE, FORESTRY AND FISHING)	10 165,47 MWH/€M (NACE A — AGRICULTURE, FORESTRY AND FISHING)	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.	
			129 108,79 MWH/€M	265 378,71 MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments).	

			(NACE B - MINING AND QUARRYING)	(NACE B - MINING AND QUARRYING)	This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.
			72 416,62　　MWH/€M (NACE C – MANUFACTURIN G)	112 889　　MWH/€M (NACE C – MANUFACTURIN G)	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.
			413 650,29　　MWH/€M	534 457,79　　MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99%

					for direct investments).
			(NACE D - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY)	(NACE D - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY)	This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.
			73 269,09　　MWH/€M	133 015,28　　MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments).

				This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.	
			(NACE E - WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES)	(NACE E - WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES)	
		11 414,71 MWH/€M	46 298,90 MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.	
		(NACE F - CONSTRUCTION)	(NACE F - CONSTRUCTION)	

			16 964,22	MWH/€M	32 772,00	MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.	
				(NACE G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES)		(NACE G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES)		
			181 262,32	MWH/€M	239 586,70	MWH/€M	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99%	

			(NACE H - TRANSPORTATION AND STORAGE)	(NACE H - TRANSPORTATION AND STORAGE)	for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.
			37 715,11 MWH/€M (NACE L - REAL ESTATE ACTIVITIES)	78 339,1 MWH/€M (NACE L - REAL ESTATE ACTIVITIES)	The eligibility of this indicator is of 75,61% (35,62% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 37,33% for indirect investments and 14,11% for direct investments.

Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	12,26 %	10,54 *	The eligibility of this indicator is of 42,36% (2,37% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 2,35% for indirect investments and 28,23% for direct investments. The reported impacts are still awaiting methodological harmonisation between third-party data providers, as the current methodologies for taking into account PAI 7 vary from one provider to another. As a result, and	Based on the lack of standards and reliable data (see column explanation on the left side), for 2024, BIL has decided to focus its efforts on improving data coverage and research, as previously explained in the document. Nevertheless, BIL is pending the outcome of a market-level methodological harmonisation in order to better assess which mitigation actions might be required to properly address this PAI.

					given that our coverage of this PAI is currently rather low for indirect investments, the reported impacts on PAI 7 should be viewed with caution.	
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	42 359 376,01　　tonnes/€M	78 675 885,82　　*	The eligibility of this indicator is of 43,02% (3,03% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 0,19% for indirect investments and 4,06% for direct investments.

| | | | | | | The reported impacts are still awaiting methodological harmonisation between third-party data providers, as the current methodologies for taking into account PAI 8 vary from one provider to another. As a result, and given that our coverage of this PAI is currently rather low for indirect investments, the reported impacts on PAI 8 should be viewed with caution. | |
| Waste | 9. | Hazardous waste and radioactive waste ratio | Tonnes of hazardous waste and radioactive waste generated | 1 701,18   tonnes/€M | 2 467,96   * | The eligibility of this indicator is of 51,13% | Based on this lack of standards and reliable data (see column explanation), as well |

| | | by investee companies per million EUR invested, expressed as a weighted average | | | (11,14% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 4,25% for indirect investments and 17,51% for direct investments. The reported impacts are still awaiting methodological harmonisation between third-party data providers, as the current methodologies for taking into account PAI 9 vary from one provider to another. As a result, and given that our coverage of this PAI is | as the low impact, in 2024, BIL has not taken any actions other than efforts to improve data coverage and research, as previously explained in the document.

Nevertheless, BIL is pending the outcome of a methodological harmonisation in order to better assess which mitigation actions might be required to properly address this PAI. |

					currently rather low for indirect investments, the reported impacts on PAI 9 should be viewed with caution.	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines	21,94　　%	19,58　　　%*	The eligibility of this indicator is of 46,82% (6,49% for indirect investments and of 39,99% for direct investments).	BIL's investment process excludes companies with serious violations regarding the United Nations Global Compact (UNGC) Principles. Therefore, although BIL also

	and Development (OECD) Guidelines for Multinational Enterprises	for Multinational Enterprises			This indicator has a coverage of 6,70% for indirect investments and 21,86% for direct investments.	adheres to the UN Guiding Principles on Business and Human Rights and to the OECD's Due Diligence Guidance for Responsible Business Conduct, its exclusion methodology is not based on the same international instruments chosen by the regulator for this PAI. Following its efforts to internalize data processing and faced with a lack of data on

| | | | | | | breaches of these specific international principles and guidelines, BIL has chosen to go beyond what is required by regulators.

For the purposes of calculating this indicator, BIL captured and accounted for any "controversy" related to the investee company as a "violation," with no distinction as to how directly or indirectly it may be connected to these international standards.

Nevertheless, BIL will continue seeking to move closer to the regulatory requirements for this indicator by investigating the possibility of using one or more alternative data providers. In 2025, BIL will work to enhance the data behind the calculation and thoroughly analyse |

						the concerned investments. Quarterly meetings will be organized to monitor, challenge, and review the evolution of the PAI.
	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for	26,52 %	25,96 %*	The eligibility of this indicator is of 48,73% (8,74% for indirect investments and of 39,99% for direct investments).	BIL's investment process excludes companies with serious violations regarding the United Nations Global Compact (UNGC) Principles. Therefore, although BIL also

| | Compact principles and OECD Guidelines for Multinational Enterprises | Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | | | This indicator has a coverage of 8,71% for indirect investments and 20,40% for direct investments. | adheres to the UN Guiding Principles on Business and Human Rights and to the OECD's Due Diligence Guidance for Responsible Business Conduct, its exclusion methodology is not based on the same international instruments chosen by the regulator for this PAI.

Following its efforts to internalize data processing and faced with a lack of data on |

						breaches of these specific international principles and guidelines, BIL has chosen to go beyond what is required by regulators.

For the purposes of calculating this indicator, BIL captured and accounted for any "controversy" related to the investee company as a "violation," with no distinction as to how directly or indirectly it may be connected to these international standards. |
| 12. | Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | 6,98 % | 6,13 %* | The eligibility of this indicator is of 48,67% (8,68% for indirect investments and of 39,99% for direct investments).

This indicator has a coverage | Given the current limited coverage of this PAI, BIL is not yet able to fully assess what mitigating actions can be undertaken, as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI to evaluate its |

					of 2,47% for indirect investments and 12,42% for direct investments.	level of impact and whether mitigation actions for it must be prioritized.
13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	16,08 %	16,91 %*	The eligibility of this indicator is of 51,94% (11,95% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 11,72% for indirect investments and 28,23% for direct investments.	Gender diversity at all levels enhances corporate governance, talent attraction, and human capital development, which improves value creation. Assessment of board gender diversity is an important component; however, given the current limited coverage of this PAI, BIL is not yet able to fully assess what mitigating actions can be undertaken, as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI and, for direct investments, is identifying issuers that have a higher adverse impact.

| 14. | Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons | 0,06 | % | 0,07 | %* | The eligibility of this indicator is of 41,25% (1,26% for indirect investments and of 39,99% for direct investments).

This indicator has a coverage of 1,23% for indirect investments and 28,23% for direct investments. The reported PAI value can be explained by a slight difference in the definition of "controversial weapons" | In order to mitigate the exposure to controversial weapons in its investment portfolios, BIL's exclusion policy is applied. BIL excludes companies involved in controversial weapons activities. BIL will continue to apply the exclusion policy to all its direct investments and is aiming to monitor the evolution of this PAI. BIL will also further analyse the underlying instruments that form part of the exposure. |

			between BIL exlusion list and the data provider.	

Indicators applicable to investments in sovereigns and supranationals					
Adverse sustainability indicator		**Metric**	**Impact [year 2024]**	**Impact [year 2023]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environment al	15. GHG intensity	GHG intensity of investee countries 0,0047 tCO2e/€M	0,0043 *	The eligibility of this indicator is of 2,56% (0,00% for indirect investments and of 2,56% for direct investments). This indicator has a coverage of 2,68% for direct investments. BIL is leveraging on publicly available information provided by a third party to calculate this indicator.	Given the current limited coverage of this PAI, BIL is not yet able to fully assess what mitigating actions can be undertaken, as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI to evaluate its level of impact and whether mitigation actions for it must be prioritized.

| Social | 16. | Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law | 0,05 % | - | The eligibility of this indicator is of 2,56% (0,00% for indirect investments and of 2,56% for direct investments).

BIL is leveraging on publicly available information provided by a third party to calculate this indicator. However, in the absence of a clear methodology, BIL was unable to properly exploit the data source to calculate this | BIL is not yet able to fully assess what mitigating actions can be undertaken as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI to evaluate its level of impact and if mitigation actions for it must be prioritized |

					PAI. BIL is committed to improving its methods in order to report a result for this indicator next year.	

<table>
<tr><td colspan="7" align="center">Indicators applicable to investments in real estate assets</td></tr>
<tr><td colspan="2" rowspan="2">Adverse sustainability indicator</td><td rowspan="2">Metric</td><td rowspan="2">Impact [year 2024]</td><td rowspan="2">Impact [year 2023]</td><td>Explanation</td><td>Actions taken, and actions planned and targets set for the next reference period</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Fossil fuels</td><td>17. Exposure to fossil fuels through real estate assets</td><td>Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels</td><td>-</td><td>-</td><td>This indicator could not be calculated due to lack of data and scope of PAI calculations for 2024. The eligibility of this indicator is of 0,25% (0,00% for indirect investments and of 0,25% for direct investments). This indicator has a coverage</td><td>BIL is not yet able to fully assess what mitigating actions can be undertaken, as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI to evaluate its level of impact and whether mitigation actions for it must be prioritized.</td></tr>
</table>

				Impact [year 2024]	Impact [year 2023]		
						of 0,00% for indirect investments and 0,00% for direct investments.	
Energy efficiency	18.	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0,24 %	0,27 %	The eligibility of this indicator is of 0,23% (0,00% for indirect investments and of 0,23% for direct investments). This indicator has a coverage of 0,00% for indirect investments and 0,24% for direct investments.	BIL is not yet able to fully assess what mitigating actions can be undertaken, as well as their potential efficiency and overall effects on this indicator. BIL continues to monitor the evolution of this PAI to evaluate its level of impact and whether mitigation actions for it must be prioritized.

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator	Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period

Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	31,57 %	32,00 %	The eligibility of this indicator is of 45,83% (5,84% for indirect investments and of 39,99% for direct investments). This indicator has a coverage of 5,79% for indirect investments and 28,23% for direct investments.	BIL's primary objective is to continue closely monitoring the development of PAIs. As from 2025, as part of this process, we plan to further improve our data coverage.
Anti-corruption and anti-bribery	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations	0,51 %	0,65 %	The eligibility of this indicator is of 43,75% (3,77% for indirect investments and of 39,99% for direct investments).	Throughout 2024, BIL continued to monitor companies' policies on anti-corruption and anti-bribery, consistent with the United Nations Convention against Corruption. BIL's

	Convention against Corruption			This indicator has a coverage of 3,74% for indirect investments and 28,23% for direct investments.	primary objective is to continue closely monitoring the development of PAIs. As part of this process, we plan to further improve our data coverage.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The processes and methods related to PAI consideration and management were integrated into the existing investment-related policies of the Bank.

These policies were amended and validated by the New Product Committee throughout 2024 and early 2025:

Sustainability Risk Policy (public policy: https://www.bil.com/sustainability/politique-risques-durabilite-en.html) (Published: 30/12/2024)

SFDR Investment Decision Policy (internal policy) (Published: 04/01/2025)

Responsible Investment Policy (internal policy) (Published: 26/03/2024)

The New Product Committee is a management committee where representatives of the Executive Committee from the different business lines are permanent members, along with the Risk and Compliance functions, among others. The Committee is responsible for approving and monitoring any product and service manufactured and/or distributed.

The consideration of ESG related criteria when making investments decisions comprises the following principles:

1. BIL Exclusion :

   BIL's Exclusion Policy commits to reducing ESG-related risks exposure to controversial activities by excluding certain sectors or activities that run unsustainable business models. Excluded companies are identified as those presenting unacceptable harm to our society and are ineligible for investment. The exclusion list is based on available information, relies on third-party providers and is updated regularly.

2. ESG Integration:

As part of ESG integration at BIL, our investment decision processes apply ESG factors as part of the analysis to identify and assess material risks and growth opportunities. ESG scores are integrated into our investment decision-making processes. This integration helps us identify companies that are better equipped to address ESG factor-related challenges and leverage opportunities related to sustainability and responsible business practices. ESG scores are supplied by third-party providers and are converted into equivalent BIL ESG Scores using an internal methodology. BIL ESG Scores are updated on a quarterly basis and are used to identify companies in terms of ESG factor risk.

For Discretionary Portfolio Management (DPM), ESG factors and risks are considered by using securities/funds that have already been screened and selected by the research team. ESG factors are considered in the selection process and comply with BIL's exclusion and integration principles as disclosed in the above-mentioned policies. In addition, based on the information available, portfolio construction might also take ESG factors into account—amongst other factors—when comparing and contrasting individual securities and viewing the portfolio as a whole.

BIL's ESG exclusion and integration processes are carried out in the pre-investment phase as well as during the investment timeframe in order to identify sustainability impacts.

The responsibility for implementing these policies within the organisation is allocated across several levels:

As a first line of defence, the Portfolio Manager is responsible for assessing the ESG risks of any security added to portfolios and/or funds under their responsibility. They will therefore control the ESG-related criteria of the securities, as well as their impact on the portfolio/fund's overall ESG characteristics and PAIs. They will also monitor, on an ongoing basis, the evolution of respective ESG and PAI indicators.

The ESG Officer has a central role in overseeing BIL's responsible investment processes. They report to the Chief Investment Officer and are responsible for conducting ex-post controls of ESG-related criteria for any securities/funds added to the BIL Group Investment Universe, as well as monitoring the evolution of portfolio/fund exposure to PAIs. In case of disagreement, the ESG Officer can escalate the issue to the Chief Investment Officer and the Head of Sustainable Development, each of whom holds a veto right over any investment decision.

By 30th June each year, BIL, as an entity, reports on principal adverse impacts as required by SFDR. The ESG Strategic Committee oversees BIL's consideration of PAIs, evaluates, and acknowledges the PAI report.

In 2024, to strengthen ESG governance, the ESG Strategic Steering Committee oversaw the implementation of the ESG Programme, which covered all ESG projects at BIL. The ESG Strategic Steering Committee was composed of seven permanent members, all members of the Executive Committee (including four members of the Authorised Management) and the Group Head of Sustainability.

As of 1st January 2025, the ESG Oversight Committee has replaced the ESG Strategic Steering Committee and provides global guidance on key ESG topics and monitors essential KPIs effectively. This transition involves governance changes, moving from a programme management approach to a "business as usual" ESG Oversight Committee.

The way BIL can practically consider the PAIs as an entity depends on various aspects such as the type of asset class, investment objectives, the type of services, and the availability of reliable data, as significant gaps still exist between the level and type of information provided and reported by companies on sustainability topics. We are—and will continue—seeking additional ways to consider adverse impacts in a robust and meaningful way.

Margin of error with our methodologies

The calculation of PAI indicators is inherently reliant on data availability and quality. The data we receive from our data provider is reviewed and assessed for the purposes of data quality control to the extent possible. In this context, the calculations are done on a best-effort basis.

As may be observed in some of the calculated PAI indicators above, the limited data availability for indirect investments, e.g., fund-of-fund investments, poses a severe limitation on the data coverage. In 2025, BIL will continue to seek possibilities for data improvement.

Data Sources

The calculation of the PAI indicator was completed on the basis of a range of data, including values, scores, and weights sourced from investee companies and third-party data providers. As a summary, the following data sources may be highlighted for the different types of assets:

For investments in investee companies considered as direct investments, the required ESG data was sourced from the ESG data provider Refinitiv.

For investment funds considered as indirect investments, the required ESG data was sourced from the EET from the ESG data provider Refinitiv.

For investments in sovereign and supranationals, the required ESG data was sourced from publicly available data points, including the Emissions Database for Global Atmospheric Research (EDGAR) and the 'Varieties of Democracy' (V-Dem).

The external data providers and other data sources are assessed on an ongoing basis for data quality, coverage, and other attributes.

More information about the external data sources used is available upon request.

Engagement policies

As of today, BIL does not engage with investee companies on sustainability-related matters.

Based on Directive (EU) 2017/828 (Shareholder Rights Directive II or SRD II) and the Luxembourg Law of 1 August 2019, for the discretionary management service, BIL has made the choice to not have a dedicated engagement policy and does not consider, as such, shareholder engagement in its investment strategy. The reason behind this decision is based on the asset class included in our mandates, which are mainly unlisted investment funds. In the case of an investment in a listed company, BIL's representation is considered to be minor. BIL will reconsider the approach as soon as its investment strategy changes.

Being committed to combining financial performance with environmental and social responsibility, as well as sound governance practices, our broad priorities are to enhance our competence and knowledge regarding ESG aspects relevant for investment in relation to our products. We are also committed to improving our products to enable our customers to make informed decisions on ESG, in accordance with their preferences, and to be transparent about such aspects and impacts.

References to international standards

Banque Internationale à Luxembourg (BIL) is progressively integrating Environmental, Social, and Governance (ESG) factors into its financing and investment decision-making processes.

BIL's Global Commitments to Sustainability Standards:

- Signatory to the UNEP FI Principles for Responsible Banking
- Signatory to the UN Global Compact
- Supports the UN 2030 Agenda for Sustainable Development and the Paris Agreement
- Founding member of LuxFLAG, promoting sustainable finance
- Founding member of IMS Luxembourg, the leading CSR network in Luxembourg
- Regularly assessed by INDR (National Institute for Sustainable Development and CSR); awarded the CSR label in November 2024
- Aligns sustainability reporting with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)

While BIL is committed to international sustainability standards, it does not currently measure adherence linked to Principal Adverse Impacts (PAIs) to the UN Principles for Responsible Banking (UNPRB) or other international standards, nor does it measure or monitor alignment with the Paris Agreement through its investment decision-making processes. The bank acknowledges the importance of these frameworks and continues to monitor developments in data availability and methodological robustness. However, the current focus remains on building a solid foundation of reliable ESG data and integrating exclusionary criteria to avoid harmful practices.

We do not use forward-looking climate scenarios in our investment decision making process. At this stage, we consider that such scenarios might limit the view of the future due to a certain level of uncertainty and the presence of significant difficulties with availability and quality of data. BIL will keep monitoring developments and consider such scenarios when data becomes more accurate and relevant.

Historical comparison

A historical comparison is virtually impossible given the changes:

1- in the scope of the report - the report now includes different or additional elements compared to previous versions, making direct comparisons misleading or irrelevant;

2- the internalisation of the calculation of PAIs - previously, PAI indicators may have been calculated using external methodologies or data sources. Now that the calculations are done internally, the assumptions, data inputs, or methods may differ, leading to inconsistencies with past results;

3- the substantial increase in coverage rates for the majority of indicators - the expanded coverage can significantly alter the results, making them appear better or worse simply due to more comprehensive data collection, not actual changes in performance.

We hope to have better comparability in the future.

Annex 1:

Principal Adverse Impact (PAI) Calculations: Assumptions and Methodology

Table of Contents

1.   CONTEXT AND REGULATION

The Commission Delegated Regulation (EU) 2022/1288 supplements the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (referred to as "SFDR" hereafter) with additional requirements regarding the disclosures applicable to Financial Market Participants (FMPs) and Financial Advisers (FAs). In particular, the Delegated Regulation (referred to as "RTS" hereafter) contains the additional requirements regarding SFDR's Article 4 on disclosure requirements for the Principal Adverse Impacts (referred to as "PAIs" hereafter) on sustainability factors. As an FMP based in Luxembourg with over 500 employees, BIL falls under the requirements of Article 4 of SFDR and needs to publish a statement on due diligence policies with respect to those PAIs as well as report annually at entity level on its investment decisions' PAIs. To address these regulatory reporting requirements under Article 4 of the SFDR and Chapter II ("Transparency about adverse impacts on sustainability factors") of the RTS as well as the European Supervisory Authorities (ESAs) or the European Commission (EC) guidelines1, BIL describes in the present document the assumptions and methodology used to calculate the PAI indicators set out in Table I of Annex I of the RTS as well as the two optional additional PAI indicators from Tables II and III, respectively, of the same Annex I. The methodology used by BIL is in line with the RTS and guidelines given by regulators at the time of publication of this document. Assumptions were only taken where the regulation is not yet clear and/or completed by more precise guidelines or does not directly address the specific details of BIL's portfolio and data sources available to compute PAI indicators.

From 2023, BIL internalized its calculations of PAI indicators based on the data received from its ESG Data Provider.

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[1] On the 12th of April 2023, the ESAs released a regulatory update regarding the calculations of PAI indicators as a part of the ongoing Consultation Paper to amend the current RTSregulation. These amendments were not considered as a part of the methodology and assumptions of this document. As the consultation period of this draft regulation is still ongoing, it was confirmed by the CSSF that updates contained in this new draft consultation do not yet have the necessary legal empowerment from the EC so that FMPs may fully apply them in their PAI calculations.

2. DATA SOURCES

In the calculation of the PAI indicators, BIL requires various input data that is neededwithin the context of the regulatory requirements as outlined by the RTS.

The data sources include:

1) **BIL Proprietary Data:** Quarterly DPM portfolio snapshots as well as BIL Invest fund compositions including the asset types (see section 4 below for more information on the scope of calculations).

2) **European ESG Template (EET) Extracts:** Except for BIL Invest funds, the ESG data inputs for indirect investments (investments in funds) were sourced from EET extracts. Currently EETs are still only being updated on a yearly basis by market participants. Therefore, the EETs that were available at the extraction date (June 2024) were treated as constant for the annual calculation and no quarterly average could be calculated.

3) **ESG Data Provider:** ESG data inputs such as GHG emissions or other financial data inputs such as enterprise value and revenue were obtained from our external ESG data provider, Refinitiv. For investments in sovereigns and supranationals, the required ESG data was sourced from publicly available data points.

Please see below an overview of the ESG data inputs that we used in the calculation of the PAI indicators:

Data Input	Description	Data Owner
Position Type	Position type of the position as defined in the Annex I of this document (Investee Company, Funds, Real Estate, Sovereign, Other).	BIL
Position Value	Value in EUR of the investment made by the financial product.	BIL
Total Value of Positions (Total AUM)	The value in EUR of all investments by the financial market participant.	BIL
Total Net Asset (TNA) Value	Total value of assets of an investee fund used for the calculation of indicators for investee funds.	BIL
Currency Exchange Rates	An exchange rate is the rate at which one currency can be exchanged for another currency. This data was extracted for 31/03/2024, 30/06/2024, 30/09/2024 and 31/12/2024.	BIL
Enterprise Value	The sum, at fiscal year-end, of the market capitalization of ordinary shares, the market capitalization of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents.	ESG Data Provider and EET
Enterprise Revenue	Revenue in EUR of the investee company.	ESG Data Provider and EET

Scope 1, 2 and 3 GHG emissions	Scope of greenhouse gas emissions referred to in subpoints (i) to (iii) of point (1)(e) of Annex III of Regulation (EU) 2016/1011. This data is related to investee companies.	ESG Data Provider and EET
Renewable Energy Use / Supply	Renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas.	ESG Data Provider and EET
Total Energy Use / Supply	Energy sources other than those referred to in point (renewable energy sources).	ESG Data Provider and EET
Energy Consumption	Energy consumption of the investee company, expressed in Gwh.	ESG Data Provider and EET
NACE Code	Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.	ESG Data Provider
Biodiversity Impact	As per the regulation, the impact on biodiversity is measured by investee companies which have 'activities negatively affecting biodiversity-sensitive areas. This term means activities that are characterized by all of the following: (a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated; (b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented: (i) Directive 2009/147/EC of the European Parliament and of the Council (9); (ii) Council Directive 92/43/EEC (10); (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council (11); (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii).	ESG Data Provider and EET
Emissions to water	Direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council (6) and direct emissions of nitrates, phosphates and pesticides.	ESG Data Provider and EET
Hazardous waste	Hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council (7); 'radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom (8).	ESG Data Provider and EET
Violations of UNGC and OECD standards	No SFDR RTS explicit definition.	ESG Data Provider and EET
Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD standards	No SFDR RTS explicit definition.	ESG Data Provider and EET
Gender Pay Gap	Difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.	ESG Data Provider and EET

Board gender diversity	Number of female members at the Board over the total number of members at the Board, where 'board' means the administrative, management or supervisory body of a company.	ESG Data Provider and EET
Controversial Weapons	Antipersonnel mines, cluster munitions, chemical weapons and biological weapons.	ESG Data Provider and EET
GHG emissions by GDP of countries	Greenhouse gas emissions (GHG) as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council, divided by the GDP (sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.)	EDGAR - Emissions Database for Global Atmospheric Research
"Global score" from WJP Rule of Law Index	The WJP Rule of Law Index® provides citizens, governments, policymakers, donors, businesses, media, academics, and civil society organizations with a uniquely comparative analysis of how well countries adhere to universal rule of law principles.	World Justice Project

3. ASSUMPTIONS AND METHODOLOGY FOR THE CALCULATION OF PAIS

BIL lists below the assumptions taken where the data sources leave room for interpretation compared to the regulation. The PAI calculation is a working document intended to support the reporting exercise. BIL remains the ultimate owner of this report and its content.

Assumptions

- **General assumptions**

#ID	Description
A01	• When data from the EET extracts for a given underlying investment was blank, it has been considered to be "not covered". BIL has not developed estimations of the GHG emissions, exposure to fossil fuels etc. of the investee companies or underlying investments of investee funds.
A02	• A value "Blank" in the input data file has been considered "not covered". However, when a value provided in the input data file is "0", this has been assumed as a valid data input and thus also used accordingly in the PAI calculations (e.g., considering that for example, it would be valid to have a 0% exposure to fossil fuels).
A03	• EET extracts provide the coverage of PAI values for each investee funds. Due to the limited data availability of EET extracts, the eligibility and/or the coverage of the calculated PAI values for the investee funds sometimes remains empty. When no data is provided on the alignment percentage of the PAI values retrieved from the EET of investee funds, then it is assumed, in a conservative approach that 0% of the investee fund is eligible and/or covered for the calculated PAI indicator.
A04	• For the calculation of PAI values expressed as a "weighted average" the RTS indicates that the Enterprise Value must be used to calculate these indicators. For all indirect investments, the TNA value was used as an equivalent to Enterprise Value.

- **PAI Indicator Specific Assumptions**

Indicator	Indicator specific assumptions
Table 1. Indicator 1.4 Total GHG emissions	• The total GHG emissions has been calculated as the sum of Scope 1 GHG emissions, Scope 2 GHG emissions, and Scope 3 GHG emissions rather than relying on the "GHG Intensity of Investee Companies Scope 1, 2 and 3 Value" of the EET files, to maintain consistency between the values of GHG emissions reporting (Total GHG emissions being equal to Scope 1 GHG emissions + Scope 2 GHG emissions + Scope 3 GHG emissions) • The same approach has also been taken for the calculation of the total GHG emissions for direct investments, where the sum of Scope 1, 2 and 3 GHG emissions were used for the calculation of this indicator instead of the proprietary data field provided by the ESG Data Provider.

This approach was taken in order to avoid confusion in the final PAI Report and to comply with the regulation. If the three scopes of emissions were not summed directly, the total GHG emissions may result in a lower total than the total sum. This is due to the fact that data inputs reported in the EETs and by the ESG Data Provider do not systematically include scope 3 emissions.

- **Assumption linked to PAI categories to determine the eligibility**

Label from Portfolio snapshot		Mapping to PAI Category
BONDS	ASSET BACKED SECURITIES	Investee Companies
BONDS	BONDS POOLFACT.(EXCEPT ABS/MBS)	Investee Companies
BONDS	CONVERTIBLES	Investee Companies
BONDS	DEXIA STRUCTURED PRODUCTS	Investee Companies
BONDS	FRENCH GOV TREASURY BONDS	Investee Companies OR sovereign exposure
BONDS	ITALIAN GOV TREASURY BONDS	Investee Companies OR sovereign exposure
BONDS	LINEAR BOND	Investee Companies OR sovereign exposure
BONDS	MORTGAGE BONDS (Danish)	Investee Companies
BONDS	NOT APPLICABLE	Investee Companies
BONDS	REVERSE CONV. DBIL (OBLIPLUS)	Investee Companies
BONDS	STRUCTURED PRODUCT	Investee Companies
BONDS	TREASURY BONDS/NOTES US/AU	Investee Companies
DERIVATIVES	STRUCTURED PRODUCT	Others*
DERIVATIVES	WARRANTS	Others*
EQUITIES	ADR	Investee Companies
EQUITIES	DIVIDEND RIGHT CERTIFICATE	Investee Companies

EQUITIES	GDR	Investee Companies
EQUITIES	H-SHARE	Investee Companies
EQUITIES	NOT APPLICABLE	Investee Companies
EQUITIES	PARTICIPATION CERTIFICATE	Investee Companies
EQUITIES	REIT (REAL ESTATE INV.TRUST)	Investee Companies
EQUITIES	RIGHTS	Investee Companies
EQUITIES	SOCIAL PARTICIPATION	Investee Companies
EQUITIES	SPONSORED ADR	Investee Companies
FUNDS	EXCHANGE TRADED FUNDS (ETF)	Funds
FUNDS	FUND	Funds
FUNDS	OPEN-END INVESTMENT TR. DEXIA	Funds
FUNDS	OPEN-END INVESTMENT TRUST	Funds
FUNDS	REIT (REAL ESTATE INV.TRUST)	Funds
MONEY MARKET	TREASURY BILLS	Others*
PRECIOUS METALS	COIN	Others*
PRECIOUS METALS	INGOT	Others*
NO ISIN	NO ISIN	Others*

* Note that "Other" are assets for which we have considered that PAIs are not existing as per the RTS, i.e., non-eligible assets. In line with the regulation, the value of "Other" has been used in the denominator for calculating all PAI indicators at the Portfolio level.

Calculation of PAI Indicators using Portfolio Weights

As per the regulatory requirements of the RTS, the PAI calculations were done based on the computation of quarterly weights. This is done by taking the quarterly weights and averaging them over the year as it was clarified in Q&A published by the ESAs on the 17th of November 2022. Please see below an illustrative example to show how this was done in the practice:

Holdings	BIL AUM									
	Q1		Q2		Q3		Q4		Annual	
	NAV	%	NAV	%	NAV	%	NAV	%	NAV*	%**
Investment 1	10 000	21.28%	13 000	27.66%	11 000	26.51%	9 000	20.69%	10 750	24.02%
Investment 2	20 000	42.55%	18 000	38.30%	14 000	33.73%	17 000	39.08%	17 250	38.55%
Investment 3	5 000	10.64%	6 000	12.77%	5 500	13.25%	4 500	10.34%	5 250	11.73%
Investment 4	12 000	25.53%	10 000	21.28%	11 000	26.51%	13 000	29.89%	11 500	25.70%
Total	47 000		47 000		41 500		43 500		44 750	

* Annual NAV is calculated with the following formula: ('NAV Q1'+ 'NAV Q2'+ 'NAV Q3' + 'NAV Q4')/4 = 'Annual NAV'

** Annual Weight is calculated with the following formula: ('% Q1'+ '% Q2'+ '% Q3' + '% Q4')/4 = 'Annual %'

In general terms, PAI values of the underlying investments have been weighted against the position weight to calculate the PAI results. Please note there are some nuances as per the requirement to perform a "sum" in the case of specific PAIs such as for GHG emissions. Further details are available in the calculation file and can be provided upon request. Please see below an illustrative example to show how this was done in practice:

Holdings	Annual		Enterprise Value (M €)	GHG Emissions (Scope 1)	PAI_1*
	NAV	%			
Investment 1	10 750	24.02%	14 285	29 423	22 141.91
Investment 2	17 250	38.55%	21 486	1 856	1 490.08
Investment 3	5 250	11.73%	83 952	57 518	3 596.93
Investment 4	11 500	25.70%	59 254	48 516	9 415.97
Total	44 750				36 644.90

* The formula given by the RTS is applied: ('NAV Annual'/'Enterprise Value') * 'GHG Emissions (Scope 1)' = 'PAI_1'

Calculation of Coverage and Eligibility

Generally speaking, eligibility has been calculated according to the following formula:

Eligibility Formula	Example for PAI_1
$$\frac{Total\ Eligible\ Assets}{Total\ AUM}$$	$$\frac{Total\ Assets\ in\ Investee\ Companies}{Total\ AUM}$$

➔ Specificity for funds :

The eligibility of each fund is specified in the EET. The total eligibilty is calculated as the sum of the marginal contributions of the funds in the scope in relation to the total scope of the funds.

See example:

		Total Net Asset value	Total BIL investment in fund	Proportion fund in the BIL funds scope	Eligibility in EET	Eligibility of the BIL PAI
Total funds in scope	Fund A	150	40	40%	90%	36%
	Fund B	200	30	30%	80%	24%
	Fund C	125	10	10%	50%	5%
	Fund D	300	5	5%	20%	1%
	Fund E	150	15	15%	60%	9%
	TOTAL (SUM)	925	100	100%		75%

Similarly, coverage was calculated using the following formula:

Coverage Formula	Example for PAI_1
$$\dfrac{Total\ Assets\ with\ ESG\ data}{Total\ Eligible\ Assets}$$	$$\dfrac{Total\ Assets\ with\ GHG\ scope\ 1\ emissions}{Total\ Assets\ in\ Investee\ Companies}$$

➔ Specificity for funds:

The coverage of each fund is specified in the EET. The total coverage is calculated as the sum of the marginal contributions of the funds in the scope in relation to the total scope of the funds.

See example:

		Total Net Asset value	Total BIL investment in fund	Proportion fund in the BIL funds scope	Eligibility in EET	Eligibility of the BIL PAI
Total funds in scope	Fund A	150	50	38%	75%	29%
	Fund B	200	25	19%	50%	10%
	Fund C	125	30	23%	60%	14%
	Fund D	300	15	12%	70%	8%
	Fund E	150	10	8%	55%	4%
	TOTAL (SUM)	**925**	**130**	**100%**		**65%**

In line with the regulatory requirements, BIL Luxembourg reports on PAIs at entity level to comply with the requirements of Article 4 of Regulation (EU) 2019/2088 (SFDR). In this context, an analysis was conducted to assess the composition of BIL Luxembourg's portfolio and how this may affect the PAI calculations.

As such, the calculations includes assets and products that are held by the client within their Discretionnary Portfolio Management managed by BIL and excludes assets and products held by the clients under Advisory mandates, "execution only" business service, custody assets, external asset managers, etc.

Moreover, none of the investments conducted by BIL Luxembourg as a Financial Adviser or as "Execution Only" were included in the scope of the PAI calculations.

Analysis of BIL Portfolio Composition

The quarterly snapshots for FY24 give the following portfolio composition:

Investee Funds (Indirect)	Investee Companies (Direct)	Sovereign, Supranational & Agencies	Real Estate	Other
55.44%	40.82%	2.56%	0.23%	0.96%

Please note that, as outlined in the section above "Data Sources", this means that the data sources used to calculate PAIs are essentially EET extracts since investee funds are the primary composition of the BIL LU.

4. LIMITATIONS FOR THE PAI CALCULATION OF INDIRECT INVESTMENTS (INVESTEE FUNDS)

This section outlines the key points of attention that should be considered with regards to the input data for the PAI calculations of indirect investments (EET files of the investee funds).

Key points of attention

- The BIL asset portfolio is essentially composed of indirect investments (see section 4 above for more details) which implies that a majority of the PAI calculations cannot be performed using the ESG data for the underlying assets of each investee fund. Therefore, for external funds, the EET extracts where investee funds provide the calculated PAI values of their funds in a numerical and machine-readable format were used to facilitate this process. For in-house funds, the calculation was made on the underlying assets.

- Using the EET extracts to compute PAI indicators for external indirect investments is less accurate than if the direct calculations were done on the underlying assets of each investee fund. However, to do this, BIL would need to extract the exact portfolio composition containing the quarterly snapshots of the holdings of each investee fund. After conducting a feasibility analysis, it was concluded that the BIL portfolio contains 779 different investee funds for which this data would need to be extracted quarterly which would in turn result in more than 3 116 snapshots. Moreover, each of these snapshots would need to be pro-rated to only account for the amount that was invested by BIL into each investee fund. These snapshots would then need to be consolidated into a single aggregated file which would require IT development linked to a substantial financial investment which would impact the cost of "PAI assessment" production.

- After extracting the EET data for all investee funds, it became apparent that the data availability of the input files extracted from the EET is variable. This materially impacts the capability to perform the PAI calculation with high qualitative outcomes.

- The lack of data availability from the EET extracts is linked to multiple reasons including the fact that EET reporting is not a mandatory regulatory requirement but rather a market standard. In addition, not all funds are reporting on all EET data fields that are required (PAI EET data fields 30020-31160 are not mandatory EET fields). This incongruity of how asset managers are completing the EET files on the market leads to a low data availability and quality to calculate PAI values. We expect that as general PAI data availability and EET market practice merge and improve, this data availability for indirect investments will also improve in the coming the years.

- There is a significant risk of misinterpretation in the use of these results. For investments in funds, the PAI indicators have a low coverage within the overall BIL portfolio.

30.06.2025

Other points of attention

- The data availability of the EET extracts was equally limited regarding PAI values applicable to sovereign and real estate exposures. These PAI indicators were therefore calculated based on the limited data available.

5. BEST EFFORT

BIL did not make use of any estimations or proxies to calculate the PAI indicators and instead considers having performed its PAI calculations on a best effort basis thanks to the following actions:

- Internalisation and automation of PAI calculation
- Look through methodology for BIL Invest Funds under discretionary mandates
- External data providers
- Manual research
- Contact with the external fund manager to collect direct data

BIL views the practice of using estimates as being reserved for specific data, where reliable assumptions can be made based on the nature and context of the portfolio and asset composition. BIL will pursue its efforts and improve upon its best-efforts methodology for the coming years.