

Non-financial report

EN

2021



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Pierre Ahlborn



Banque de Luxembourg
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governance, human resources, society, environment page 22



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method used page 63





Speaking out

Pierre Ahlborn

ADMINISTRATEUR DÉLÉGUÉ,
BANQUE DE LUXEMBOURG



The global community is experiencing ongoing demographic, economic and social challenges, with the recent geostrategic context compounded by the period of health fragility we have experienced over the last two years. Other issues, including climate change, present additional risks that may lead to supply concerns, or even food shortages and famines. Together with global overpopulation, these phenomena have combined to form a dangerous cocktail for security, public health and biodiversity, and are giving rise to major migratory flows.

For this reason, it is imperative that we all act to mitigate the adverse effects of such phenomena. Our Bank intends to take its share of responsibility, and is determined to make a positive contribution to the creation of a better world. We are committed to continuously improving our business model in this regard and have identified a series of priorities, which we detail in this report.

As an asset manager, custodian of our clients' assets and credit provider, we are an intermediary in the allocation of capital, a resource that is naturally scarce, but which is necessary for sustainable economic development, such as financing the ecological transformation. By contributing to a responsible allocation of resources, we will have made a small contribution to the building of a better world.

Our planet is an ecosystem; everything is interconnected and only collective action, the combined total of all our individual efforts, will enable us to turn threats into opportunities. We are all actors with a shared responsibility for change.

Our approach is progressive and evolving. Last year we published our first non-financial report and clear annual targets. The publication of this report is an opportunity for us to report on our progress, to define the challenges we face, and to unveil our goals for the future.



“Our Bank intends to take its share of responsibility, and is determined to make a positive contribution to the creation of a better world.”

1. GRI 102-14 statement from senior decision-maker



Banque

de Luxembourg²

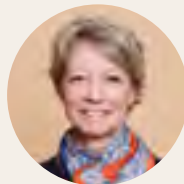
2. GRI 102-1 name of the organisation

INFORMATION AND KEY FIGURES³

EXECUTIVE COMMITTEE



Pierre Ahlborn,
Administrateur Délégué
Businesses & Entrepreneurs



Nicole Dochen,
Talents, Diversity &
Collaborative Models



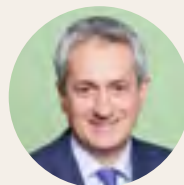
Benoit Elvinger,
Dealing Room &
Financing



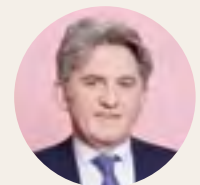
Étienne Planchard,
Risk Management and Compliance



Fernand Reiners,
Professional Banking



Luc Rodesch,
Private Banking



Romain Weiler,
Organisation & IT,
Finance & Operations

DIRECTORS, HEADS OF DIVISION



Georges Heinrich,
Secrétaire Général



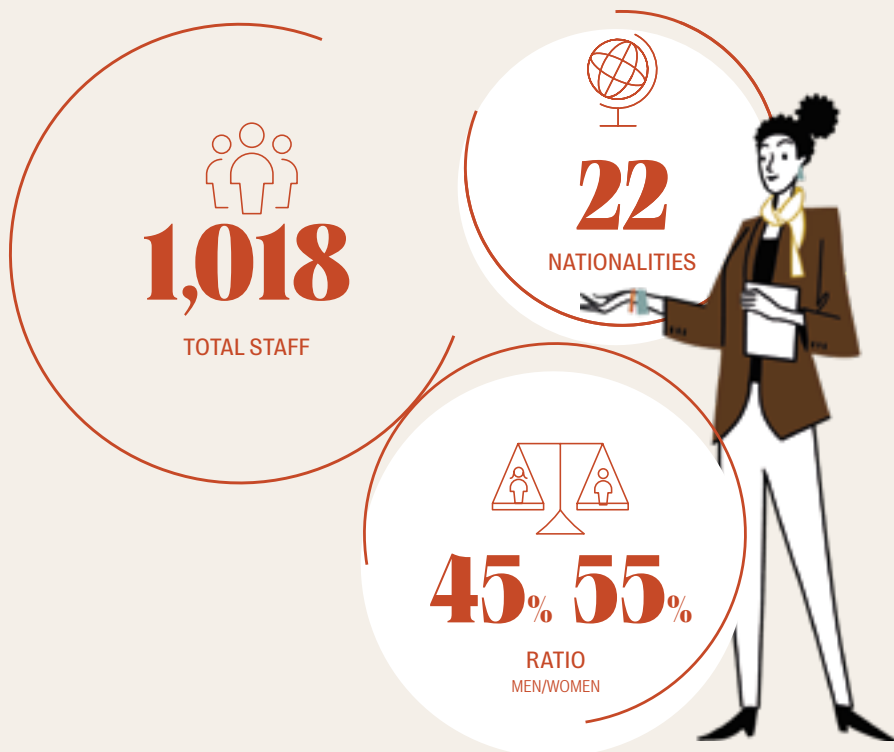
Fanny Nosetti,
BLI – Banque de Luxembourg Investments



David Schmidt,
Head of Belgian branch

3. GRI 102-18 governance structure

OUR EMPLOYEES⁴



Figures at 31 December 2021

4. GRI 102-1 name of the organisation
GRI 102-7 scale of the organisation
GRI 102-8 information on employees and other workers

EMPLOYEES DEDICATED TO CSR



CSR Team



Georges Heinrich,
CSR Manager



Laura Giallombardo,
CSR Coordinator



Philippe Depoorter,
CSR Ambassador

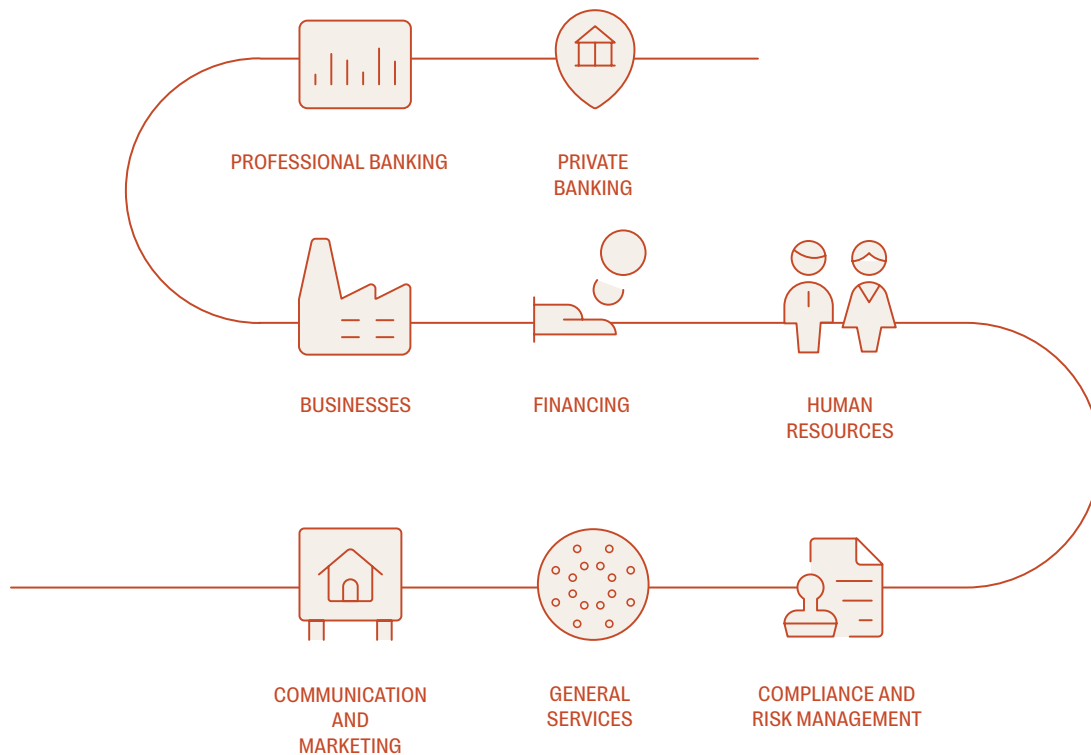
The CSR team is responsible for compiling, monitoring and developing the CSR strategy, and for coordinating the initiatives that result from it.

CSR Committee

The CSR team also relies on the expertise of the CSR Committee, which meets each quarter. The CSR Committee brings together staff from the Bank's primary teams in order to promote a representative, inclusive and coherent CSR strategy.

Internal experts

The definition and implementation of our CSR initiatives is also based on the daily commitment of our internal experts. Within their respective teams, whether commercial or technical, our experts give concrete expression to our commitments on a daily basis and actively participate in defining and implementing our targeted goals.





€1.023 bn
EQUITY CAPITAL

LIQUIDITY COVERAGE RATIO (LCR) **125.8%**

SOLVENCY RATIO **23.93%**

CONSOLIDATED NET INCOME FROM BANKING OPERATIONS **€331.6m**

LOANS AND ADVANCES TO CLIENTS **€3.732bn**

CONSOLIDATED NET PROFIT **€84.1m**

CLIENT DEPOSITS **€86.247bn**

OF WHICH CASH **€12.177bn** SECURITIES **€74.070bn**

5. GRI 102-7 scale of the organisation

OUR ACTIVITIES⁶



6. GRI 102-2 activities, brands, products and services
GRI 102-3 location of headquarters
GRI 102-4 location of operations
GRI 102-6 markets served

PARTICIPATION AND MEMBERSHIPS⁷



Signatory of:



BLI – Banque de Luxembourg Investments
has been a signatory to the UN Principles
for Responsible Investment
since 2017.



Banque de Luxembourg
is an active member of the main
professional and
sector associations in Luxembourg.



Main partner



7. GRI 102-12 external initiatives
GRI 102-13 membership of associations

Via dedicated working groups and events, the Bank supports and participates in national and sectoral initiatives related to corporate social responsibility and sustainable finance.



Member of Inspiring More Sustainability,
Signatory of the Diversity Charter
since 2013



Signatory of
SuperDrecksKëscht fir Betriber



For many years,
we have adopted a responsible approach
to relations with our clients,
our employees and the countries that host
our business activities. We are aware that the
sustainable development challenges facing us are
numerous and complex, and require everyone's
commitment. This is why corporate social and
societal responsibility is a core part of our strategy,
and underpins our business culture and know-how.
Our reflections were guided by and built on the Global
Reporting Initiative (GRI) standards, references to
which you will find at the foot of the relevant pages.

Our responsible approach⁸



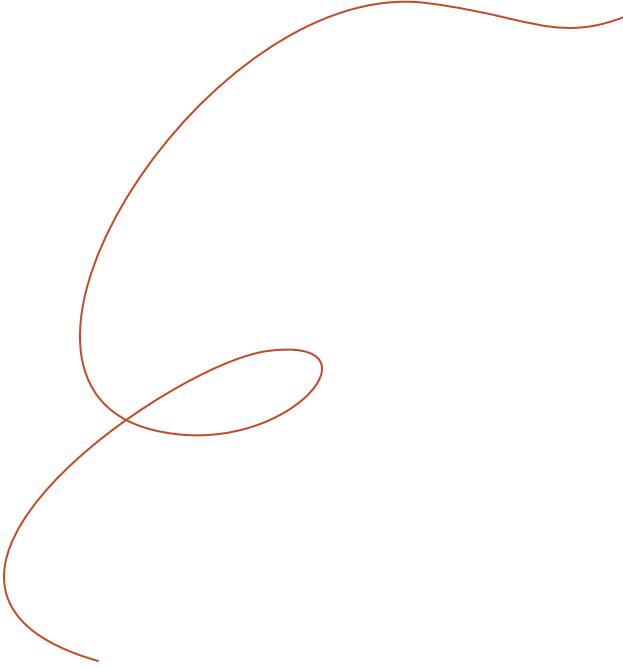
8. GRI 102-54 claims of reporting in accordance with the GRI standards

THE APPROACH OF OUR SHAREHOLDER

The Bank's CSR strategy is aligned with the Social and Mutualist Responsibility (SMR) approach of our shareholder, Crédit Mutuel Alliance Fédérale.

In October 2020, Crédit Mutuel Alliance Fédérale became the first mission-driven bank in France.

Following a participatory reflection process with its elected representatives and employees, Crédit Mutuel Alliance Fédérale adopted a purpose in line with its values ("Listen and act, together"). The aim was to successfully complete five missions now part of the corporate purpose of Caisse Fédérale de Crédit Mutuel and CIC. In this light, Crédit Mutuel Alliance Fédérale has just announced 14 specific commitments applicable from 2022.



"The first mission-driven bank, Crédit Mutuel Alliance Fédérale and its main subsidiary, CIC, are asserting their desire to be the best they can be: an entire company dedicated to serving clients and members based on their needs, being a bank for everyone and fighting for the regions, solidarity and the climate."

Nicolas Théry,

CHAIRMAN OF
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

THE FIVE MISSIONS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE



Mission 1

As a cooperative and mutualist organisation, we support our clients and members in their best interests.

- **Commitment 1:** since a mutual bank is strong and differentiated thanks to the commitment of its elected representatives and members, we are committed to doubling the number of members voting at our general meetings.
- **Commitment 2:** since we put our clients' interests first, we guarantee each client and member a dedicated non-commissioned adviser.
- **Commitment 3:** since we wish to bring all groups together, we encourage young people to present themselves as candidates in order to achieve parity on Boards of Directors.

Mission 2

As a bank for everyone, members and clients, employees and elected representatives, we act for all and reject any form of discrimination.

- **Commitment 4:** since we are committed to a more inclusive world, we will train all our employees and elected representatives in the fight against discrimination.
- **Commitment 5:** since everyone is needed to build the future, we will recruit 25% of work-study trainees from priority urban neighbourhoods and rural areas.
- **Commitment 6:** since we stand for equality and merit, we make equal pay for women and men a priority at all levels of the bank.

Mission 3

Respectful of privacy for all, we put technology and innovation at the service of people.

- **Commitment 7:** since not all data have a price, we guarantee our clients' privacy by processing 99.9% of their data in our infrastructure and systems located in France.
- **Commitment 8:** since technology should always serve people, we invest our productivity gains from artificial intelligence in employment and development.

Mission 4

As a solidarity-based enterprise, we contribute to local development.

- **Commitment 9:** since decisions should be made on the ground, as close as possible to the client, we base our decision-making centres in local regions, with more than 90% of credit decisions made in our savings banks or branches.
- **Commitment 10:** since those who commit themselves should be protected, we provide public liability insurance to heads of associations.
- **Commitment 11:** since a mutual bank should be a driving force in the French economy, we invest 5% of our equity capital in innovative French companies.

Mission 5

As a responsible company, we work for a fairer and more sustainable society.

- **Commitment 12:** since the ecological transition starts at home, by the end of 2022, we will reduce our own (group) carbon footprint by 20% and that of our investment portfolios by 12%.
- **Commitment 13:** since the climate is everyone's business, we will no longer fund new oil and gas projects as from now.
- **Commitment 14:** since health should be no obstacle to owning property, we provide real estate credit to loyal clients without any medical formalities.

PILLARS OF OUR STRATEGY⁹

Our responsible approach is built on 4 pillars and 14 themes, all of which stem from:

- Stakeholder consultation and our materiality matrix (see annex)
- Our own convictions

In line with the GRI method, the themes from our materiality matrix are accompanied by precise goals and indicators. Moreover, according to the matching methodology developed by GRI, Banque de Luxembourg contributes indirectly to seven Sustainable Development Goals (see Annex I).



Governance

Guaranteeing our performance over the long term

1. Guaranteeing integrity and professional ethics in business conduct
2. Ensuring transparent communication
3. Diversifying the composition of decision-making bodies
4. Supporting participatory governance



9. GRI 102-44 key topics and concerns raised
GRI 102-46 defining report content and topic boundaries

GRI 102-47 list of material topics
GRI 102-54 claims of reporting in accordance with the GRI standards



Social

Forging long-term, caring relationships

1. Supporting long-term employment and continuously developing employee skills
2. Promoting diversity and equal opportunities
3. Guaranteeing staff well-being



Societal

To support the ecological, social and societal transition

1. Offering our clients innovative products with social, societal and environmental impact
2. Financing and supporting the local economy
3. Protecting our clients' wealth
4. Encouraging commitment at every level



Environmental

Reducing our footprint

1. Reducing our emissions
2. Reducing our energy consumption
3. Managing in-house waste, materials and consumables
4. Evaluating our suppliers' practices



Our
commitments



GOVERNANCE: Guaranteeing our performance over the long term

As a major player in the financial sector, our future as a business is intrinsically linked to our reputation, which is in turn based on ethical business conduct and a strong culture of compliance. However, we feel that good governance goes far beyond following anti-money laundering rules, combatting market abuse, preventing corruption or even mitigating conflicts of interest. Accordingly, we are turning transparent communication, diversified decision-making bodies and participatory governance into the cornerstones of our future.



GUARANTEEING INTEGRITY AND PROFESSIONAL ETHICS IN BUSINESS CONDUCT¹⁰



Aware of our responsibilities, we know that we must be beyond reproach in our conduct, compliant with regulations, careful in our advice and mindful of our own and our clients' reputations. We thus make it a point of honour to conduct our business in an ethical manner, allowing our values to shape our commercial decisions in order to protect both our clients and ourselves.

Business ethics

Our Code of Ethics is the basis for the respect of our values and professional obligations by all the Bank's employees.

- We organise a "Compliance with the Code" campaign each year.
 - Each employee is asked to confirm their understanding of and compliance with the principles set out in the various sections of the document.
 - These campaigns are accompanied by training/FAQ sessions where all employees are reminded, among other things, of the main points of the Code and the definition of a conflict of interest.
- Since 2020, certain employees in sensitive¹¹ positions have been monitored.
 - The aim is to facilitate controls over securities transactions conducted within (and outside) the Bank.
- The Bank also maintains a register of potential conflicts of interest.
 - The register is updated annually by the Compliance department and sets out the mitigation measures in place and the corrective actions to be taken.
- The Bank also has an internal whistleblowing system with a dedicated whistleblowing procedure.
 - This system allows all Bank staff to draw attention to important and legitimate internal governance concerns.

10. GOV.1.3 Guaranteeing ethical business conduct and fighting against corruption
GRI 102-11 precautionary principle or approach
GRI 102-16 values, principles, standards, and norms of behaviour
GRI 103-1 explanation of the material topic and its boundary
GRI 103-2 the management approach and its components
GRI 103-3 evaluation of the management approach

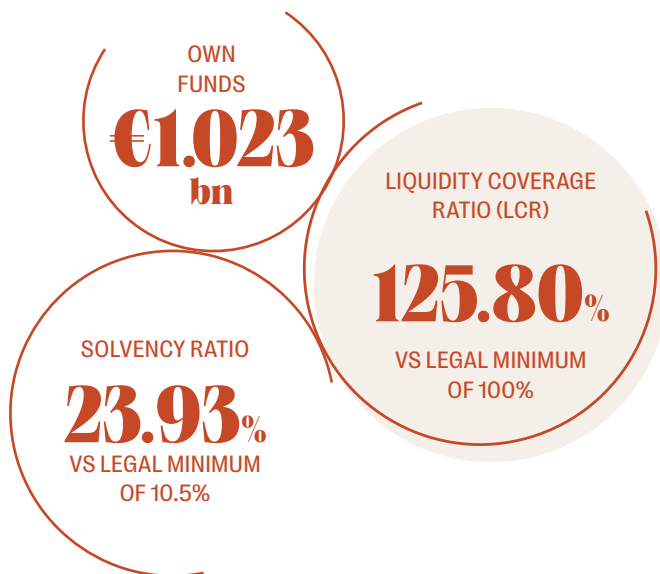
11. Employees in sensitive positions are those who, because of their role, activity, committee membership or personal situation, are particularly likely to possess privileged or confidential information or to be in a situation of conflict of interest.

Use our values to further our objectives

Our values are deeply rooted in our corporate culture and reflected in all of our actions. They enable us to cultivate responsible and ethical behaviour among employees and clients, which is at the core of our culture of compliance.


responsibility
engagement
rigour
agility

Prudential indicators that exceed regulatory requirements



Firm stances

To protect the Bank and its stakeholders, we take firm stances:

- Refusing to enter into a relationship with clients whose activities are likely to violate human dignity.
- Constantly reinforcing our anti-money laundering and anti-terrorist financing procedures, implemented in close consultation with our Group.
- A sector policy for Private Banking governing relations with non-resident clients, in order to ensure they comply with local laws and AML-TF standards.

In line with its shareholder, Crédit Mutuel Alliance Fédérale, the first bank with the legal status of a “mission-led bank” in France, Banque de Luxembourg amended its Articles of Association in April 2021, extending its mission:

- Article 3a: “The Bank [Banque de Luxembourg] has set itself the goal of generating a significant positive social, societal and environmental impact when carrying out its activities.”
- Article 12a: “The shareholders want the Board of Directors to be committed to considering the social, environmental, economic and legal consequences of its decisions in the exercise of its duties. In particular, the Board of Directors should take into account, in addition to the interests of its shareholder, the interests of the company’s employees, its clients, the community affected by the company’s activities and the local and global environment, as well as the company’s short and long-term interests. This broader mission of the company as described in Article 3a above, as well as in the provisions of this Article, are solely an expression of the wishes of the company’s shareholders. They do not constitute a formal commitment by the company, do not form a quasi-contract between the company and a stakeholder, and do not generate any rights for third parties.”

Over the next few years, we will strive to realise this statement of intent through all our products and processes in order to develop our business model and the role we wish to play for our stakeholders.



Main areas of progress
2021

- Creation of the HR Monitoring & Ethics function (level 2 of 1st line of defence) to ensure that:
 - the controls and processes applied to our clients are also applied to employee accounts, all while respecting account confidentiality;
 - and
 - ethical and conflict of interest aspects are specifically monitored to ensure compliance with the Code.
- Amendment of the Code of Ethics to include sanctions for non-compliance with the Code or professional and regulatory obligations
- Creation of the Mandate Acceptance Committee to centralise and analyse employees' professional and personal mandates
- Creation of a dedicated CSR team and the functions of CSR Manager and CSR Coordinator
- Amendment of our Articles of Association

Our goals for 2022

- Establish an ethics committee (2021 objective postponed)
- Increase participation in local and international sustainability initiatives

ENSURING TRANSPARENT COMMUNICATION¹²



Our strategic choices and decisions take the needs of our stakeholders into account and are communicated to them in a transparent way. In terms of internal communication, the following was of note:

- The Business Line Forum – a fortnightly forum where all team leaders meet to share the latest thinking and decisions of the Executive Committee and to review the major projects and initiatives underway at the Bank.
- A bimonthly internal newsletter informing our employees about the reflections of the Executive Committee, current projects and future deadlines.
- The internal communication portal which includes the Bank's news, key information, procedures and regulations.



- Publication of our first non-financial report. Although we are not legally required to issue non-financial reporting, we have opted for transparency in this area
- Publication, pursuant to the SFDR, of various policies on our sites:
 - ESG risk policy
 - Engagement policy
 - Remuneration policy
 - Declaration on the consideration of PAI risks



- Finalise our donation and sponsorship policy (2021 objective in progress as at 31 December 2021)
- Publish a bimonthly newsletter dedicated to our CSR initiatives and actions
- Highlight the personal commitment of our employees through dedicated videos and articles on our intranet
- Ensure transparent communication of information on the highest governance bodies (education, professional experience, mandate) (2021 objective postponed)

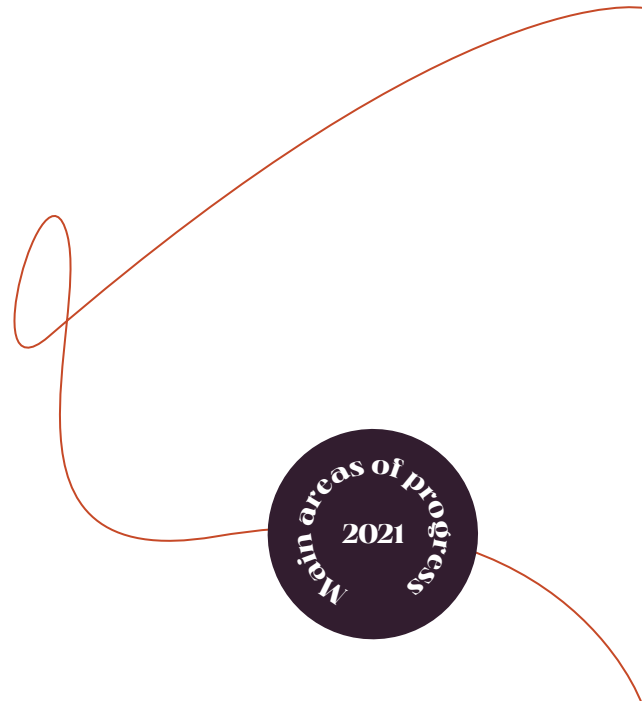
12. GOV.1.2 Transparent and trustworthy communication
GRI 102-46 defining report content and topic boundaries

DIVERSIFYING THE COMPOSITION OF DECISION-MAKING BODIES¹³



The diversity of a company's governance bodies is essential to ensuring that they are representative of employees, clients and the society in which the business operates. At present, our first milestones in terms of diversity mainly relate to encouraging gender equality. Over the past few years, the Bank has introduced numerous initiatives to promote more women to leadership positions, including to the Board of Directors and Executive Committee. For now, these efforts seem encouraging, but there is still room for improvement in coming years. This commitment to diversity is actively supported by the Bank's Executive Committee and by our shareholder, the Crédit Mutuel Alliance Fédérale group. In addition to gender equality, Banque de Luxembourg also pays close attention to other aspects of diversity, such as intergenerational and cultural diversity.

9	1
men on the Board	woman on the Board
7	1
men on the Executive Committee	woman on the Executive Committee (+1 compared with 2021)
22	8
male directors (+2 compared with 2021)	female directors (+2 compared with 2021)
1	0
man promoted to director in 2021 (+1 compared with 2021)	woman promoted to director in 2021 (-2 compared with 2021)



- Official assignment of the theme of diversity at Banque de Luxembourg to the Executive Committee
- Approval by the Executive Committee of an approach that encourages more women being placed in positions of responsibility

13. GRI 102-40 list of stakeholder groups
GRI 102-43 approach to stakeholder engagement

SUPPORTING PARTICIPATORY GOVERNANCE¹⁴



Banque de Luxembourg has opted for a participatory organisational model that favours the committed involvement of its various stakeholders. Accordingly, the Executive Committee regularly engages with all employees on all commercial, regulatory and governance matters.

Meetings between management, the Human Resources department and staff representatives have become an institution and take place at least once every quarter, depending on the prevailing context.

Every year, all executives are invited to a “Discussion and Reflection Day” to exchange views with management on strategic directions of travel.

The decision-making power at Banque de Luxembourg is strengthened by management committees with an increased diversity of skills, experience, age and gender.

Since 2019, we have consulted our stakeholders when defining our CSR commitments, with an identical weighting given to the views of each stakeholder consulted (2019/2021): clients/employees/suppliers/shareholders/Luxembourg Bankers’ Association (Association des Banques et Banquiers du Luxembourg, ABBL). The next consultation, to be held in 2023, will be more extensive.



- Organisation of a dedicated CSR webinar where all employees were able to discuss our approach and commitments with the CSR team and management
- Expansion of the CSR Committee to include all key commercial and support functions within the Bank
- Mobilisation of all teams concerned by the SFDR and related texts in order to implement the stated requirements



- Integrate ESG risks and considerations into each business line (2021 objective in progress)
- Formalise the materiality exercise and stakeholder engagement (2021 objective postponed)
- Encourage commitment by offering a paid day off for volunteering to each employee
- Support exchanges on the themes of diversity and inclusion at the Bank so that each employee can participate actively in the definition of quantitative and qualitative goals in this area

14. EC O.1.1 Achieve economic performance that creates sustainable value while listening to stakeholders

GRI 102-40 list of stakeholder groups
GRI 102-43 approach to stakeholder engagement

Governance summary

OUR OBJECTIVES FOR 2021 AND OUR GOALS FOR 2022



45%
OF OBJECTIVES
ACHIEVED

33%
OF OBJECTIVES
IN PROCESS OF BEING
ACHIEVED

22%
OF OBJECTIVES
POSTPONED UNTIL 2022

OBJECTIVES FOR 2021	ACHIEVED	IN PROGRESS AS OF 31 DECEMBER 2021	POSTPONED UNTIL 2022
Formalise the materiality exercise and stakeholder engagement			X
Encourage our employees to commit to and take part in our responsible approach	X		
Integrate ESG risks and considerations into each business line		Objective related to regulatory requirements currently being defined	
Monitor compliance with regulations	X		
Publish annual non-financial report	X		
Formalise and publish a donation and sponsorship policy		Willingness to thoroughly review our support procedure and principles	
Transparency of data relating to the highest governance bodies			Ensure compliance of our procedures and practices with the new requirements of CSSF Circular 12/552
Set up an Ethics Committee and formalise feedback and complaint mechanisms outside direct lines of command		Creation of the Ethics Committee delayed by the creation of a new function dedicated to ethics	
Reinforce our CSR governance	X		

This table shows the objectives for 2021 and their current status.



- Officially launch the Ethics Committee
- Increase participation in local and international sustainability initiatives
- Finalise our donation and sponsorship policy
- Publish a bimonthly newsletter dedicated to our CSR initiatives and actions
- Highlight the personal commitment of our employees
- Ensure transparent communication of information on the highest governance bodies (education, professional experience, mandate)
- Integrate ESG risks and considerations into each business line
- Formalise the materiality exercise and stakeholder engagement

SOCIAL: Forging long-term, caring relationships

As a caring employer, we manage our resources with compassion. We provide personalised support to our employees at all stages of their career, offering them the best conditions for their professional development and dynamic career management.

We support all of our employees in developing their skills and maintaining their employability.

- Internal mobility is encouraged: the variety of our business lines, their constant transformation and the emergence of new jobs are all opportunities for professional growth.
- Supporting our staff: a manager and an HR partner provide employees with guidance throughout their professional career. They are also assigned a tutor or mentor when they arrive at the Bank or join a new team.
- Supporting our employees' skills: the Individual Development Plan (IDP) is a structured development aid that sets out one or more formal development objectives identified and validated by both the manager and the employee, as well as the means that will be used to achieve these objectives.
- Diversified training offering: alongside training specific to our business lines and managerial support, we offer programmes focused on professional and personal balance and development for the various target groups. In the context of remote working, we have introduced new themes through multiple formats (hybrid, blended, e-learning, etc.)



SUPPORTING LONG-TERM EMPLOYMENT AND CONTINUOUSLY DEVELOPING SKILLS¹⁵



Statistics on Training

25.413
TRAINING HOURS

531
DIFFERENT
TRAINING COURSES

PERMANENT
CONTRACTS
99.4%

• We have adopted a new approach to planning business training, the aim of which is to align training investment choices with strategic business priorities. Thus, several major cross-functional programmes in line with the Bank's strategy have been conceptualised and put in place since the beginning of 2022. These include: Diversity, Equity & Inclusion, CSR and Sustainable Finance, and Digital Culture.



- Provide training to all staff on sustainable development and the main principles of corporate social responsibility (2021 objective in progress as at 31 December 2021)
- Provide training to all sales staff, decision-makers and control functions on the regulatory requirements arising from SFDR and the Taxonomy Regulation (2021 objective in progress as at 31 December 2021)
- Offer dedicated support to employees and high potential managers

15. SOC.1.7 Working towards long-term employment of employees
SOC.1.8 Continuously enhancing employee expertise and professional development opportunities
GRI 404-1 average hours of training per year per employee
GRI 404-2 programmes for upgrading employee skills and transition assistance programmes

GRI 404-3 percentage of employees receiving regular performance and career development reviews
G4-FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines

PROMOTING DIVERSITY AND EQUAL OPPORTUNITIES¹⁶



As a responsible employer, we attach great importance to the diversity of our employees' profiles. When recruiting, we pay particular attention to whether a gender is underrepresented in certain roles, with the aim of achieving greater parity.



41
PEOPLE
TOOK PARENTAL LEAVE
INCLUDING

16
WOMEN

25
MEN

At the same time, we offer programmes dedicated to supporting women and young employees.

Impact 6

Personal development programme, dedicated to female leadership. More than 100 employees have participated since its launch over a decade ago.

Open UP

Fast-track development programme for young talent. Nearly 65 young employees from various Bank departments have participated over the past four years. Despite an imbalanced pool of potential candidates, parity within the group of participants has been a requirement.

During the annual review campaign, our managers are made particularly aware of unconscious biases and stereotypical judgements, and of the need for intergenerational support.

We also pay special attention to employees returning from parental leave.

16. GRI 401-3 parental leave



- Equity of treatment on return from maternity leave: the Bank has adapted its system so as not to penalise women returning from maternity leave in terms of their salary package.
- Creation of the Diversity, Equity & Inclusion Committee, which aims to promote diversity by first prioritising the goal of gender balance, particularly when recruiting young talent and in supervisory functions, and secondly by reflecting on our inclusion goal for underrepresented categories and by defining appropriate initiatives.
- HR training: HR have been trained to identify and manage cognitive biases. Moreover, a training and awareness programme on openness and inclusion will be implemented in 2022. This programme is intended for all employees and all levels.
- Diversity Day: as signatories of the Lëtzebuerg Diversity Charter (2013), we organised a conference on the challenges facing dual-career couples for Diversity Day 2021.



- Raise awareness about the subject of Diversity, Equity & Inclusion among all management and employees via exchange workshops, training courses and communications – with gender diversity being the focus of 2022.
- Host student refugees: a pilot project to host student refugees in Luxembourg as interns will take place during the summer of 2022.

ENSURING THE WELL-BEING OF OUR EMPLOYEES¹⁷



We care about the well-being of our employees and ensure that each has a high-quality and sustainable working environment.

- Medical check-up: each employee can take part in the annual seasonal flu vaccination campaign, and has the option to receive a medical check-up suited to their age group once every three years.
- Prolonged illness: personalised support is organised to help employees returning to the workplace after a prolonged illness.
- Sport, culture and volunteering: a wide array of sporting and cultural activities are offered within and outside the workplace, in addition to volunteering activities offered by committed employees.
- Optional stress management training

*Work/Life
balance*

129

DIFFERENT WORKING PATTERNS



FLEXIBLE WORK PATTERNS



OPTION TO PURCHASE DAYS OFF

25%

OF EMPLOYEES WORKING
PART-TIME



- Remote working: to further improve our employees' work/life balance in the wake of the health crisis, a remote working model will be introduced in 2022.

17. SOC.1.2 Providing a working environment that reconciles performance with health and well-being

Social summary

OUR OBJECTIVES FOR 2021 AND OUR GOALS FOR 2022



25%
OF OBJECTIVES
ACHIEVED

50%
OF OBJECTIVES
IN PROCESS OF BEING
ACHIEVED

25%
OF OBJECTIVES
POSTPONED UNTIL 2022

OBJECTIVES FOR 2021	ACHIEVED	IN PROGRESS AS OF 31 DECEMBER 2021	POSTPONED UNTIL 2022
Train all employees in sustainable development and corporate social responsibility by the end of 2021		Training was designed in 2021 and provided to all staff at the beginning of 2022, with an 80% participation rate	
Train all sales and control function staff in sustainable finance and the requirements of current and future European regulations		Training has been delayed due to regulatory changes in this area in 2021	
Promote diversity, by first prioritising the goal of gender balance, particularly when recruiting young talent and in supervisory functions	X		
Review our goals for the inclusion of underrepresented categories and define suitable initiatives			A pilot project to host student refugees in Luxembourg as interns will take place during the summer of 2022

This table shows the objectives for 2021 and their current status.



- Provide training to all staff on sustainable development and the main principles of corporate social responsibility (2021 objective in progress as at 31 December 2021)
- Provide training to all sales staff, management and control functions on the regulatory requirements arising from SFDR and the Taxonomy Regulation (2021 objective in progress as at 31 December 2021)
- Offer dedicated support to employees and high potential managers
- Raise awareness about diversity among all employees via dedicated exchange workshops, training courses and communications.
- Host student refugees: a pilot project to host student refugees in Luxembourg as interns will take place during the summer of 2022.
- To further improve our employees' work/life balance in the wake of the health crisis, a remote working model will be introduced in 2022.

SOCIETAL: Supporting the ecological, social and societal transition

As a committed economic player, we support our clients in a responsible approach to investment and entrepreneurship. Our commitment is reflected through partnership relationships with our local suppliers, and sponsorship and volunteer schemes.



OFFERING OUR CLIENTS INNOVATIVE PRODUCTS WITH SOCIAL, SOCIETAL AND ENVIRONMENTAL IMPACT¹⁸



The investment funds managed by our subsidiary and asset manager, BLI – Banque de Luxembourg Investment, and the underlying investment philosophy, constitute the core of the responsible and sustainable products we offer to our clients. The prominence of BLI funds in the investment solutions the Bank offers to its private clients means that the BLI management philosophy is largely reflected in these solutions, and is reinforced through a dedicated management mandate in sustainable and responsible funds.

Our investment philosophy

BLI's investment philosophy was designed with a long-term focus. The first ESG policy (in 2017) was drawn up after BLI became a signatory to the Principles for Responsible Investment, and was seen as a means to reduce risks within portfolios. Since then, this strategy has gradually evolved.

Today, BLI focuses on companies and bond issuers that are committed to sustainable growth, not only in the interests of shareholders and creditors, but in those of all stakeholders and the environment.

This ESG policy has been developed in a manner consistent with the historical investment philosophy built on long-term, conviction-based management.

A wide cross-section of ESG factors are taken into account throughout the different phases of our investment process.

18. P&S.2.2 Offering financial products with a long-term view
P&S.2.3 Offering financial products focused on environmental impact
P&S.2.4 Offering financial products focused on social impact

G4-FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose
G4-FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose

EQUITIES*

INTEGRATION AT EVERY STAGE OF THE PROCESS

BEFORE INVESTING

- Exclusions
- Monitoring of controversies

DURING THE ANALYSIS

- Integration of ESG factors into the valuation model

AFTER INVESTING

- Active engagement and voting at GM
- Monitoring of controversies

BONDS

A COMBINATION OF DIFFERING APPROACHES BASED ON SET OBJECTIVES

ESG OPTIMISATION

- Sovereign issuers
- Corporate bonds

LIQUIDITY IMPACT

- Integration of ESG factors into the valuation model

ALTERNATIVE IMPACT

- Microfinance

MULTI-MANAGEMENT

ANALYSIS OF THE OFFERS AVAILABLE AS PART OF THE RESEARCH PROCESS

MANAGEMENT COMPANY SCORE

- Commitment to various initiatives
- ESG policies/CSR approach

FUND SCORE

- Exclusion policies
- ESG strategies in place
- Potential impact objectives

ANALYSIS OF THE IMPACT OF ESG POLICIES ON THE PORTFOLIO STRUCTURE

*Shared minimum standard: some labelled funds or those seeking a label adopt a stricter strategy.

ADOPTING AN ENTREPRENEURIAL MINDSET WHEN TAKING AN ACTIVE STAKE IN A COMPANY

ESG factors are integrated systematically at the level of the valuation model by adjusting the cost of capital. In practice, this means that a company with a strong ESG profile will be assigned a lower cost of capital, resulting in higher intrinsic value, while a company that lags behind on ESG will be penalised with a proportionately higher cost of capital and consequently lower intrinsic value.

As an active shareholder, BLI has gradually strengthened and formalised its engagement efforts. This engagement consists of constructive dialogue between institutional investors and investee companies, to understand how the latter manage non-financial risks and assess the opportunities associated with the challenges of sustainability. In addition, BLI votes on matters related to sustainable development at general meetings of the companies in which it invests. This approach applies to all equity and mixed funds.

SEEKING ISSUERS COMMITTED TO A VIRTUOUS CIRCLE OF STABLE OR IMPROVING QUALITY AND REDUCING THE COST OF DEBT

ESG optimisation involves taking ESG factors into account when analysing and selecting issuers. This approach can be applied to both sovereign and corporate issuers. For the sovereign component, BLI has developed its own internal rating system with a view to optimising the portfolio (in other words, constructing a portfolio with an ESG rating higher than that of a representative market index). A second stage relates to "Impact Investing", with a distinction drawn between two types:

- Green bonds are debt securities whose exclusive purpose is to finance projects that help us adapt to and reduce climate change, as well as all types of projects related to sustainability themes.
- Microfinance investments focus mainly on the least-developed countries and aim to reach the poorest and most excluded people and communities in order to offer them a means of financing their projects.

IDENTIFYING THIRD-PARTY FUNDS THAT MEET SPECIFIC QUANTITATIVE AND QUALITATIVE REQUIREMENTS

The aim is to analyse management companies and their respective funds. Our asset management team has drawn up a specific questionnaire permitting it to understand the management company's positioning on sustainable investment, its philosophy and the specific measures it has implemented. The responses to the questionnaire will also determine whether a fund is eligible for investment in BL-Fund Selection Smart Evolution, an SRI fund of funds launched in October 2020.

Fund	Exclusions	ESG Integration	Monitoring of controversies	Commitments	Reduction of the universe	SDG Impact or Focus	Micro-finance	Green Bonds
------	------------	-----------------	-----------------------------	-------------	---------------------------	---------------------	---------------	-------------

Equities

BL-American Smaller Companies	✓	✓	✓	✓				
BL-Emerging Markets	✓	✓	✓	✓				
BL-Equities America 	✓	✓	✓	✓	✓			
BL-Equities Asia	✓	✓	✓	✓				
BL-Equities Dividend	✓	✓	✓	✓				
BL-Equities Europe 	✓	✓	✓	✓	✓			
BL-Equities Japan	✓	✓	✓	✓				
BL-European Family Businesses	✓	✓	✓	✓				
BL-European Smaller Companies	✓	✓	✓	✓				
BL-Global Equities	✓	✓	✓	✓				
BL-Sustainable Horizon 	✓	✓	✓	✓	✓	✓		

Mixed Funds

BL-Global Flexible EUR	✓	✓	✓	✓				
BL-Global Flexible USD	✓	✓	✓	✓				
BL-Global 30 / 50 / 75	✓	✓	✓	✓				

Bonds

BL-Bond Dollar	✓							
BL-Bond Euro	✓					✓		✓
BL-Bond Emerging Markets Sustainable	✓	✓				✓	✓	✓
BL-Bond Emerging Markets Euro	✓							
BL-Corporate Bonds Opportunities	✓	✓						✓
BL-Global Bond Opportunities	✓	✓				✓	✓	✓

Multi-management

BL-Fund Selection Smart Evolution	✓	✓				✓		
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SIGNATORY OF THE PRINCIPLE FOR RESPONSIBLE INVESTMENTS SINCE 2017, RATED 'A' IN 'GOVERNANCE AND STRATEGY' IN 2020

73%
OF ASSETS UNDER MANAGEMENT TAKE ESG FACTORS INTO ACCOUNT*



26%
OF ASSETS LABELLED SRI

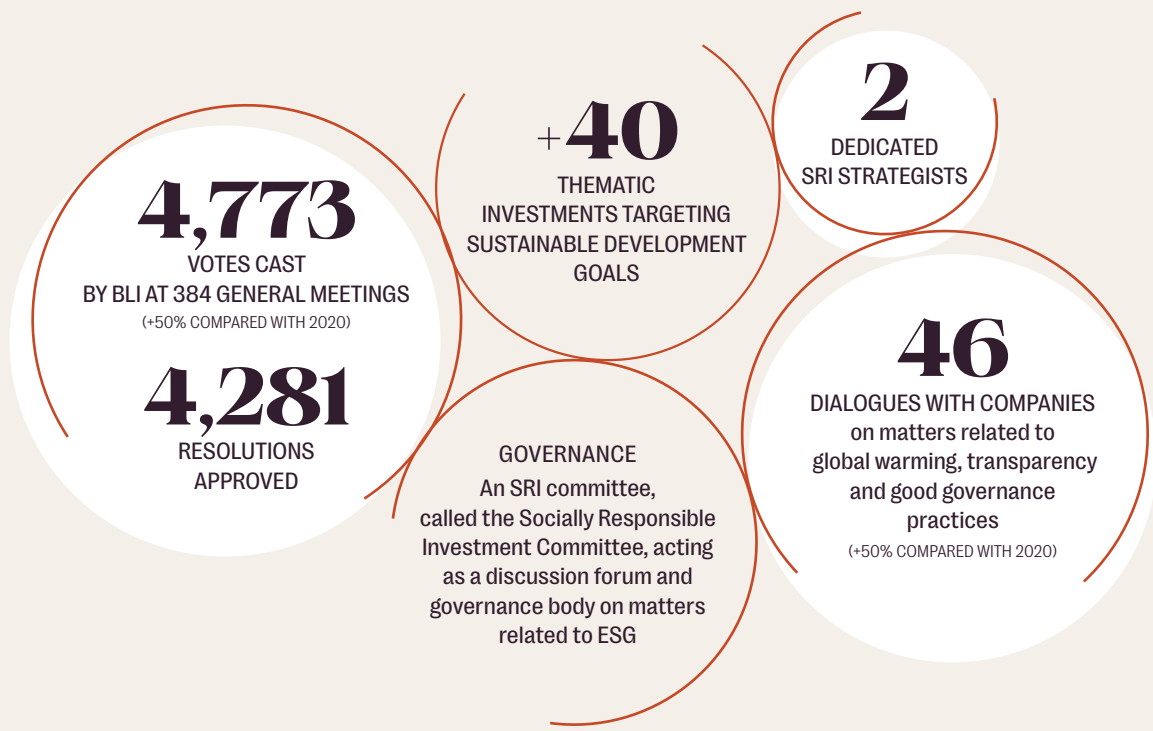
3
FUNDS LABELLED SRI
BL EQUITIES EUROPE
BL EQUITIES AMERICA
BL SUSTAINABLE HORIZON



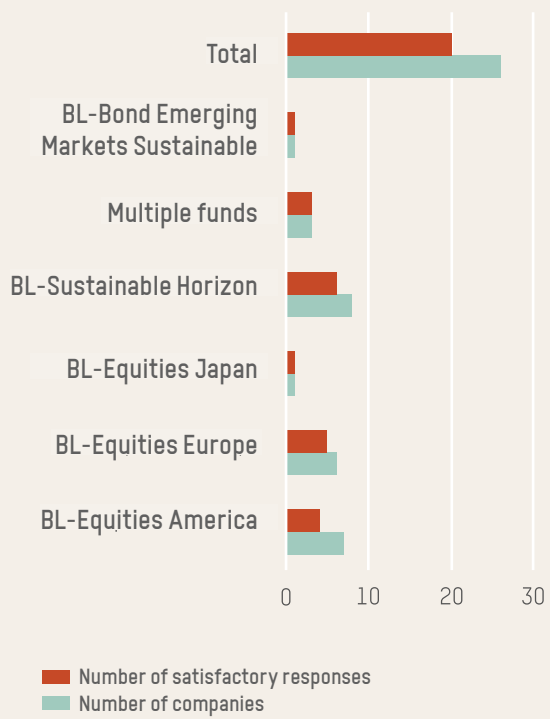
BL SUSTAINABLE HORIZON

* Via the methods described on the previous page

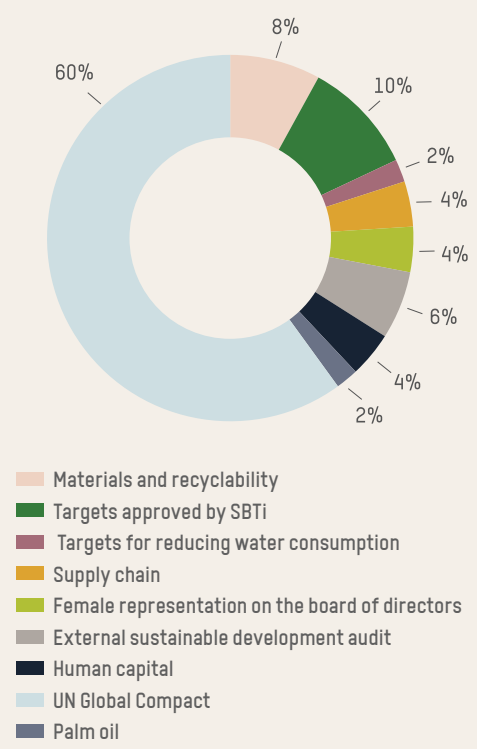
Figures at 31 December 2021



Satisfactory commitments¹⁹



Topics



19. GRI G4-FS5 interactions with clients/investees/business partners regarding environmental and social risks and opportunities

OUR SUSTAINABLE AND RESPONSIBLE PRODUCTS AND OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The BL Sustainable Horizon Fund – BLI's flagship SRI fund

The fund invests at least 75% of its assets in high-quality companies with a sustainable competitive advantage. In addition to financial criteria, the selection process integrates environmental (E), social (S) and governance (G) factors.

Selection is then made based solely on ESG factors, through two complementary approaches:

- Quantitative screening based on MSCI ratings; companies must have an average score (each factor being equally weighted) greater than 5 and no individual score (for factors E, S and G) less than 4 in order to be included in the portfolio;
- Thematic selection aimed at investing in companies whose activity contributes, directly or indirectly, to the achievement of the UN Sustainable Development Goals (SDGs).

Sonova is a leading provider of hearing care solutions, positively contributing to broader social goals as well as several SDGs by improving quality of life for people with hearing loss and creating equal opportunities, including through its work with the Hear the World Foundation.



Geberit contributes to the SDGs by creating positive externalities from its products through the provision of affordable sanitation solutions, a more sustainable and resource-efficient infrastructure, improved drinking water quality and transferral of skills.



Waters Corporation is one of the world's premier specialty measurement companies, focused on improving the health and well-being of communities by applying analytical technologies and scientific expertise. Through its products and companies, it actively contributes to the advancement of fundamental research.



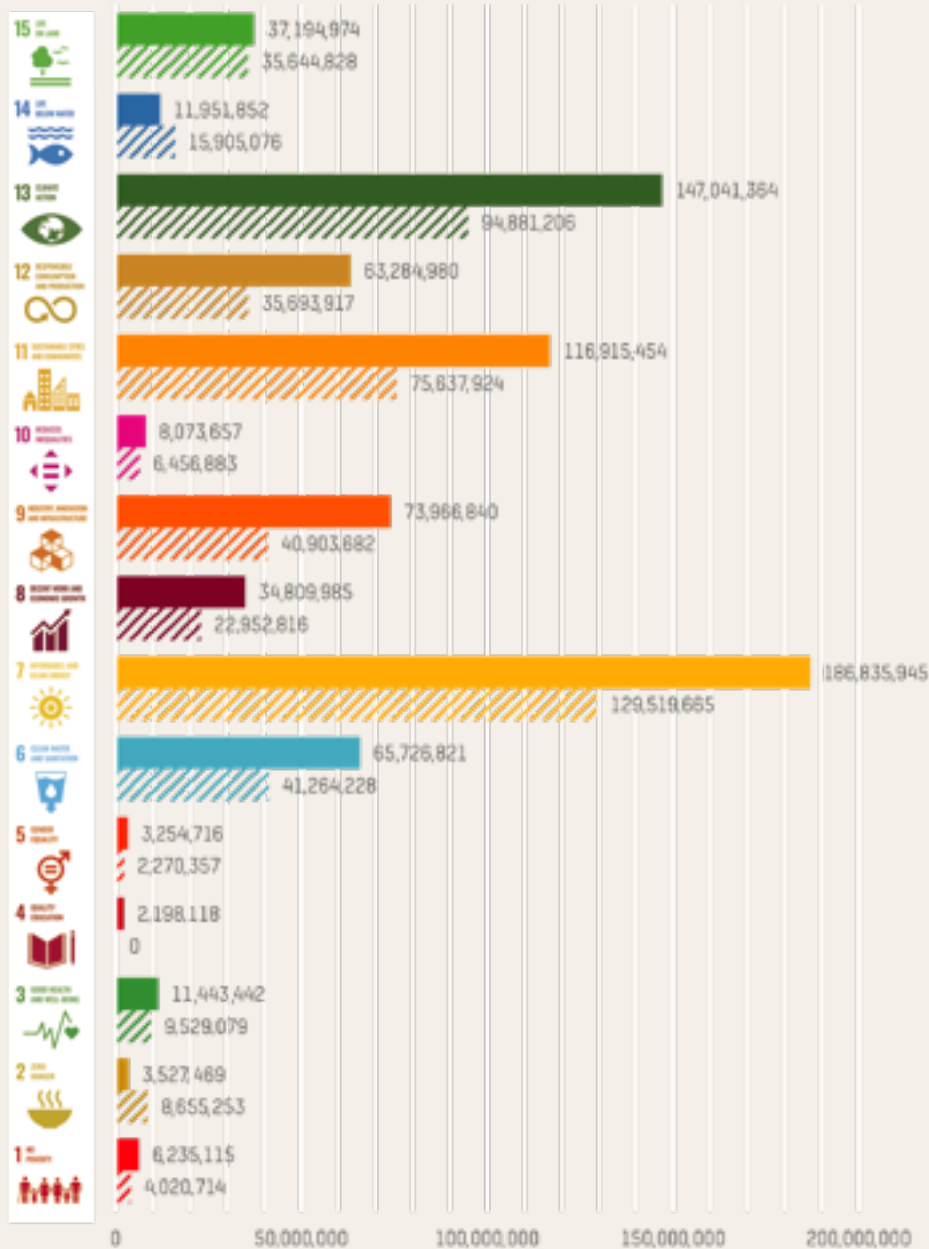
More specifically, the asset manager chiefly prioritises concrete environmental, social and governance objectives, i.e. limiting global warming, quality working conditions within companies, respect for Human Rights (as defined by the United Nations), and independent and gender-balanced Boards of Directors. In addition to BLI's formal exclusion policy, the asset manager excludes from the investment universe companies **that generate more than 5% of their revenue in the following sectors: weapons, tobacco, gambling, GMOs, alcohol, nuclear energy and fossil fuels.**

Impact investing

Bonds are the ideal asset class for directly targeting the Sustainable Development Goals. Out of €1 billion under management across six funds, 22% (or €237 million) is invested in impact strategies. Of this amount, 98% is invested in green bonds and 2% in alternative impact strategies. Since September 2020, we have seen a net increase in investments in green bonds from €146.1 million to €232.9 million, an increase of 59.3% compared with last year, and of 7.8% in terms of total bond assets under management.

Green Bonds

An analysis of our positions as regards their contribution to the SDGs shows that most of these bonds target several SDGs. SDGs 7, 11 and 13 are targeted most often, in line with the general objectives of green bonds.



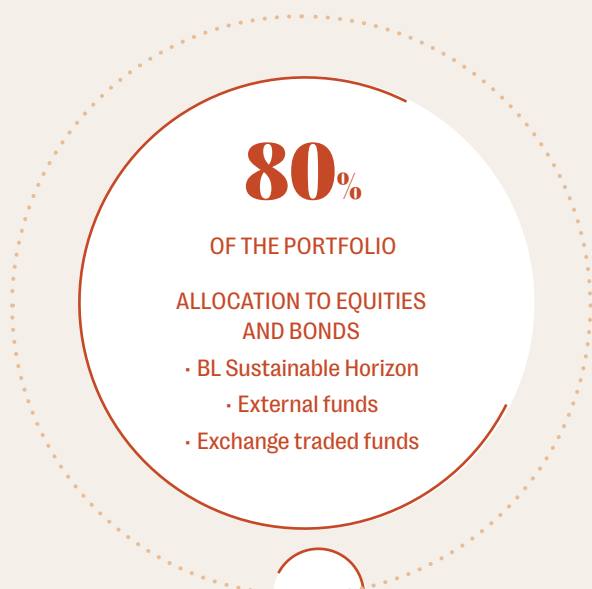
A sustainable and responsible management mandate for our private clients

We provide a responsible product range in all our management mandates. In particular, the socially responsible fund mandate is our most advanced range in this area. It is split between:

- A core portfolio consisting of funds that integrate various approaches to responsible investment (taking ESG criteria into account, exclusions, monitoring of controversies, etc.). This core portfolio has a diversified geographic and sectoral allocation.
- A satellite component which is invested in themes selected for their long-term characteristics, such as the fight against climate change or the supply/demand imbalance in the water sector.

The funds are selected both for their ESG approach and for the strength of their investment process. Moreover, many of the funds in the mandate are labelled by agencies such as Luxflag or the French SRI Label. We also use an external ESG data provider to assess the qualitative aspects of our fund selection. The mandate has a top ESG rating (AA on the MSCI ESG scale, which ranges from CCC to AAA), reflecting a strict and rigorous selection process.

In 2021, this mandate was very popular among clients, who wish to combine diversified management with a responsible approach. In 2022, we aim to expand our range, provide more transparency to our clients on responsible investments, and pick up on their sustainability preferences.



OBJECTIVES & CHALLENGES²⁰



In light of the European Union's strategy on sustainable finance, the expectations of our clients and our desire to actively participate in the transition towards more sustainable and inclusive finance, our objective is to further develop our product range.

Convinced of the merits of this approach, both in terms of sustainability and performance for our clients, we will be devoting considerable efforts to it in the months and years to come.

As we are aware of the many challenges we face today and the complexity of the process, we intend to continue with a gradual approach by building on our solid, traditional principles.

Naturally, factoring non-financial data into the investment process is not without its difficulties. As a small bank and asset manager, Banque de Luxembourg and BLI apply a 'best efforts' approach.

There remains a great deal of subjectivity in sustainable investing when it comes to making investment decisions. Take exclusions, for example – the practice of not investing in securities issued by companies whose business activities are deemed unethical and detrimental not only to the company itself but also to the community as a whole. These exclusions depend in particular on the specific contexts of each country as well as on the education and values of the person concerned. In this regard, we do not claim to have universal answers, which is why the choice was made to apply exclusions based on international standards and our shareholder's sectoral policies, while leaving other forms of exclusions at the discretion of each fund manager.

We view our approach to sustainable and responsible investing as a learning process and our strategy will continue to evolve as advances are made in the field, so that it reflects our ESG view as accurately as possible.



- Broadening of our range of ESG and sustainable investment solutions in light of European regulations in this field

20. GRI G4-FS 7, G4-FS8 monetary value of products and services designed to deliver a specific social/environmental benefit for each business line, broken down by purpose



- Impact investing: launch an internal working group dedicated to impact finance whose aim is to submit concrete proposals for products to be developed
- Create an SRI committee within the Bank, composed of members of the Private Banking Investments team and the CSR team, responsible for the ESG analysis of portfolios and the management of controversies
- Continue implementing regulatory requirements
- Educate and raise awareness among our clients on the subject of sustainability (2021 objective postponed until 2022)
- Assess impact of our products on the Sustainable Development Goals, setting out targeted goals and performance indicators

STANDING ALONGSIDE INVESTMENT FUND MANAGERS



In 2021, we continued to support our investment fund manager clients in implementing the Taxonomy and related regulations, as well as sustainability reporting (SFDR). We have also developed a governance model for investment funds and their management companies that better defines the roles and responsibilities of each. This model will be shared with any of our clients who wish to better define their governance model.

We have reviewed our acceptance policy for professional clients to better take into account certain ESG criteria. For example, the Bank will no longer accept funds with a core strategy of investing in assets which, by their nature, may not be compatible with the Bank's ESG policy.

We have strengthened our relationships with our impact investment fund clients, launching new innovative products and expanding the assets of existing funds.



- A new collaborative effort with young impact managers selected by the International Climate Finance Accelerator, a Luxembourg public-private partnership that offers an acceleration programme for early-stage climate finance funds.
- During the year, we secured six new management mandates for funds with a clear ESG or impact finance focus, for a total of €800 million.
- 45 professional banking clients have subscribed to our proxy voting service
- We notified our clients of 4,247 general meetings through our proxy voting service, a 75% increase on 2020.
- Our clients voted at 1,538 general meetings using our proxy voting service, an increase of 31% over 2020.



- Provide all our employees with targeted training to give them a solid grounding in ESG matters.
- Engage with our clients in a more systematic way on this issue and better understand their level of awareness in relation to it.

FINANCING AND SUPPORTING THE LOCAL ECONOMY²¹



Ever since our founding, we have sought to be a key player in Luxembourg's economic fabric and to actively contribute to its long-term development.

This is reflected in our support for entrepreneurs established in the Grand Duchy, helping them to finance their projects and to develop, manage, and safeguard the wealth generated from their business. To that end, we have chosen to work with a limited number of clients so as to be able to offer them tailor-made and long-term support, in the style of a private banker.

This support for the Luxembourg economic fabric is also reflected in our desire to establish genuine partnerships with our local suppliers.

In order to provide our clients with the best possible support, we wish to make them aware of the issues we consider essential today. Sustainability issues are thus systematically raised during meetings with our clients.



- Consideration of sustainability issues in company financing applications by applying sectoral policies.
- Adapted financing solutions, enabling us to support our clients in the energy transition in particular.
- In 2021, 90% of our partners were from Luxembourg or the Greater Region.



- Strengthen our efforts to raise awareness and to support our clients on sustainability issues through workshops dedicated to corporate social responsibility
- Provide dedicated support to social and solidarity economy actors
- Prepare for future regulatory requirements in this area

A new partnership with microlux

Following the creation of a partnership with microlux, a Luxembourg microcredit institution, at the end of 2021, we have finalised the financing of zero-interest loans for entrepreneurs – available since January 2022.

“We do not currently offer dedicated support to micro-enterprises or start-ups, whose complex operations require innovative financing solutions. However, these companies have an important impact on job creation and economic dynamism. We are therefore pleased to partner with microlux, alongside Funds For Good, in supporting these initiatives, which have a strong positive impact on the local economic and social fabric.”

Georges Heinrich

SECRÉTAIRE GÉNÉRAL AND CSR MANAGER

21. P&S.2.6 Offering financial products focused on financing the local economy and infrastructure

PROTECTING OUR CLIENTS' WEALTH²²



For our entrepreneur clients in particular, and their families, protecting their wealth also includes supporting them at every stage of their business's lifecycle. We thus provide assistance in transferring the company in order to ensure its continued existence, while preserving family harmony.

Convinced that a successful transfer requires the full support of current and future generations, we have developed particular expertise in preparing the transfer phases and integrating the Next Gen. For over a decade, we have provided dedicated support programmes in this area.



• Continuing our programmes despite the pandemic: we were able to organise two of our three programmes aimed at the Next Gen and a series of entrepreneurial workshops on business continuity.



STATUS REVIEW, INTERVIEWS WITH STAKEHOLDERS



DIAGNOSIS, MAPPING OF NEEDS



ROAD MAP, SEQUENCING OF LEVELS OF INTERVENTION



ACTION PLANS, IMPLEMENTATION OF DECISIONS TAKEN

22. P&S.1.1 Educating and raising awareness among clients
P&S.1.3 Protecting our clients' financial wealth

GRI G4-FS16 initiatives to enhance financial literacy by type of beneficiary



The Summer Academy

DECIDING WHETHER OR NOT TO JOIN THE FAMILY BUSINESS

The programme aims to make each participant the master of their own choices and to create a team spirit useful both during and after the seminar. More than 300 participants from Luxembourg, Belgium and France have taken part in the programme over the last decade.



Family Business Junior Executive Programme

HOW TO GO FROM BEING THE BOSS'S CHILD TO A LEGITIMATE COMPANY DIRECTOR

This programme is aimed at the children of entrepreneurs, aged between 25 and 35, who have recently joined the family business with a view to taking it over one day. The focus is on establishing legitimacy, working alongside parents and finding one's own area of expertise.



An immersion trip to Bangladesh

APPROACHING LEADERSHIP FROM A DIFFERENT PERSPECTIVE

The purpose of this trip is to invite participants – through meetings with local family business owners, learning about the actions of an NGO long supported by Banque de Luxembourg, and discussion and reflection workshops – to consider three aspects of leadership: flexibility, innovation and responsibility.

In addition to providing support for the transfer of a business, we offer a framework for exchange between peers on issues of interest to entrepreneurs.



- Organise workshops on the theme of business development
- Integrate CSR into the curriculum of our Next Gen programmes
- Present the results of research on the limits of the family business model, in partnership with the University Chair in Family Enterprises at HEC Liège

ENCOURAGING COMMITMENT AT EVERY LEVEL



Our Bank attaches great importance to its role as a responsible economic actor.

Continuing our tradition of patronage, we offer long-term support to our partners in the socio-cultural sector in Luxembourg and Belgium, providing them with access to voluntary work from our employees, the skills of our teams, and financial, material and logistical resources.

- Hëllef Hëllef: internally, our various initiatives contribute to staff retention and commitment. Through our 'Hëllef Hëllef' Fund, we support employees in their personal social, educational or humanitarian projects. In Luxembourgish, "Hëllef Hëllef" literally means "help to help".
- Our initiatives to support philanthropy include: seeking to make an active contribution to reflections on and the evolution of philanthropic practices, which we have been promoting for more than 10 years, through numerous projects aimed at showcasing community-based initiatives, and encouraging donations and volunteering.

For many years, we have been advising individuals, families and companies wishing to undertake a philanthropic project. Our aim is to support them, alongside experts and partners, in finding the right way to engage with and implement such projects.

- 1• Defining an engagement profile
- 2• Planning the engagement
- 3• Identifying a portfolio of projects
- 4• Monitoring and reporting
- 5• Investment policy and endowment management



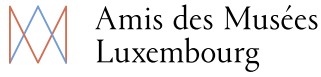
- Fondation Solina: financial support for young people in difficulty, particularly in the post-Covid period
- EME: annual skills sponsorship for the preparation of annual reports
- Stëmm vun der Strooss: financial support for people in significant need, earmarked for the construction of the association's new headquarters in Sanem (official opening scheduled for 2022)
- Fondation Cancer: annual support for Relais pour la Vie (Relay for Life), in the form of financial assistance and the provision of teams of runners (and volunteers, except during the health crisis)



- Support skills sponsorship for our partner associations, engaging all staff
- Organise two annual internal challenges with a social or environmental objective

Culture

Solidarity and health



La philanthropie,
ÇA MARCHÉ!



Raising awareness at government level through the submission of a white paper on the development of philanthropy in Luxembourg.



Societal summary



33%
OF OBJECTIVES
ACHIEVED

66%
OF OBJECTIVES
IN PROCESS OF BEING
ACHIEVED



- Broadening of our range of ESG and sustainable investment solutions in light of European regulations in this area

- A new collaborative effort with young impact managers selected by the International Climate Finance Accelerator, a Luxembourg public-private partnership that offers an acceleration programme for early-stage climate finance funds.

- During the year, we secured six new management mandates for funds with a clear ESG or impact finance focus, for a total of €800 million.

- 45 professional banking clients have subscribed to our proxy voting service

- We notified our clients of 4,247 general meetings through our proxy voting service, a 75% increase on 2020.

- Our clients voted at 1,538 general meetings using our proxy voting service, an increase of 31% over 2020.

- Consideration of sustainability issues in company financing applications by applying sectoral policies.

- Adapted financing solutions, enabling us to support our clients in the energy transition in particular.

- In 2021, 90% of our partners were from Luxembourg or the Greater Region.


- Continuing our programmes despite the pandemic: we were able to organise two of our three programmes aimed at the Next Gen and a series of entrepreneurial workshops on business continuity.

OBJECTIVES FOR 2021	ACHIEVED	IN PROGRESS AS OF 31 DECEMBER 2021	POSTPONED UNTIL 2022
Broaden our range of ESG and sustainable investment solutions in light of European regulations in this area	X		
Educate and raise awareness among our clients on the subject of sustainability		The project has been delayed in order to take into account ongoing European regulatory developments in this area	
Support our entrepreneur clients and make them aware of general and sector-specific sustainability practices		The project has been delayed in order to take into account ongoing European regulatory developments in this area	

This table shows the objectives for 2021 and their current status.



Our goals for 2022

- Continue implementing regulatory requirements
 - Educate and raise awareness among our clients on the subject of sustainability (2021 objective postponed until 2022)
 - Dedicated training: provide all our employees with targeted training to give them a solid grounding on ESG matters.
 - Impact investing: launch an internal working group dedicated to impact finance whose aim is to submit concrete proposals for products to be developed
 - Create an SRI committee within the Bank, composed of members of the Private Banking Investments team and the CSR team, responsible for the ESG analysis of portfolios and the management of controversies.
 - Strengthen our efforts to raise awareness and to support our clients on sustainability issues through dedicated workshops
 - Integrate each company's CSR approach into client files
 - Integrate CSR into the curriculum of our Next Gen programmes
 - Present the results of research on the limits of the family business model, in partnership with the University Chair in Family Enterprises at HEC Liège
 - Support skills sponsorship for our partner associations, engaging all staff
 - Organise two annual internal challenges with a social or environmental objective
 - Assess the impact of our activities and products on the Sustainable Development Goals and on the objectives of the Paris Agreement, setting out targeted goals and performance indicators (2025)
- 

ENVIRONMENT: Reduce our footprint

Like any business, our activity has an impact on the environment. Over a number of years, we have identified and implemented many practices to reduce our harmful impact on the world around us.



REDUCING OUR EMISSIONS²³



We aim to continuously reduce the emissions generated by our business activities, employee travel and building management.

Building management: 95% of energy supply 'green'.

Employee travel: we aim to give preference to soft mobility and public transport when our employees travel to work, and to soft or electric mobility when they travel on business.

- Provision of shared electric bicycles
- Leasing policy aimed at limiting CO₂ emissions to 150 g/km. This policy applies to all vehicle renewals by our employees, so that the fleet may be fully renewed in accordance with these new principles by 2023.
- Infrastructure for employees who walk or cycle to work (changing rooms, showers and covered bicycle shelters)



- Construction of new charging stations for electric cars
- Systematic replacement of combustion engine vehicles in fleet with hybrid and electric vehicles.



- Carry out the first carbon footprint assessment for Banque de Luxembourg (scope 1, 2 and 3)

23. ENV.1.2 Reducing the organisation's emissions

Framework for our investment and financing activities

Our financing and investment activities are governed by sectoral policies applicable to sectors with high levels of greenhouse gas emissions as well as an impact on healthcare and/or the environment. The purpose of these sectoral policies is to exclude the most polluting companies, to help clients transform their business model and thus to contribute to the fight against global warming, biodiversity loss and environmental degradation.



TRANSPORT



COAL



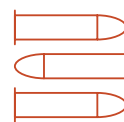
HYDROCARBONS
(OIL & GAS)



MINING



CIVIL
NUCLEAR
ENERGIES



DEFENCE AND
SECURITY

The Bank also participated in the Climate Scenario Analysis organised by the 2 Degrees Investing Initiative in collaboration with the Luxembourg Sustainable Finance Initiative. The objective of this study was to analyse the carbon impact of financing granted by banks operating in Luxembourg to companies active in the coal, oil, chemicals and mining sectors.

The analysis showed that, because of our business model and choice of clients, we have almost no exposure to these activities and that the carbon impact of our financing in this area was therefore minimal.

REDUCING OUR ENERGY CONSUMPTION²⁴



Since 2018, we have upgraded the electrical installations in our buildings to improve our energy consumption. All of these efforts have enabled us to reduce our electricity consumption by 10%.

2018 ENERGY	
Total energy consumption (kWh)	10,003,143
of which electricity (kWh)	7,033,617
of which gas (kWh)	2,969,525

2019 ENERGY	
Total energy consumption (kWh)	9,354,505
of which electricity (kWh)	6,484,521
of which gas (kWh)	2,869,984

25

2021 ENERGY	
Total energy consumption (kWh)	9,068,734
of which electricity (kWh)	5,445,502
of which gas (kWh)	3,745,792



- New accurate metering system, in collaboration with Energieagence, allowing us to better measure our energy consumption and implement reduction or optimisation plans.

- Construction of a bicycle shelter at the Howald site equipped with an autonomous recharging system fully powered by photovoltaic panels

- Replacement of several energy-intensive air-conditioning units

- Changing the settings for our air conditioning and heating systems

- Replacement of the ventilation system in the car park of our building located at 14, Boulevard Royal

- Data Deletion Week: organisation in April 2021 of the first Data Deletion Week, the aim of which is to make all employees aware of how to properly store emails and files, and of the need to delete non-essential items.

Results:

- Deletion of over 1.5 million emails, or 50 GB
- Deletion of nearly 2 million files, or 500 GB

24. ENV.1.1 Reducing the organisation's energy consumption
GRI 302-1 energy consumption within the organisation
GRI 302-4 reduction of energy consumption

25. We are deliberately ignoring 2020; the broader context means that this year does not reflect the reality at the Bank in this regard, mainly because most employees were working from home.

MANAGING IN-HOUSE WASTE, MATERIALS AND CONSUMABLES



As part of our bid to preserve the environment, we launched an ecological management plan for our waste, which obtained the ‘SuperDrecksKëscht fir Betriber’ label – a designation of quality for companies that manage their waste responsibly issued by the Ministry of Sustainable Development and Infrastructures, the Chamber of Trades and the Chamber of Commerce.

Reducing paper use: numerous initiatives to reduce paper use, such as increasing the digitalisation of our clients and communications, has resulted in a 46% reduction in our paper consumption since 2018. We have deliberately excluded 2020 in order to avoid distorting the analysis.

2018	
PAPER CONSUMPTION (in-house and external)	51.9 tonnes
2019	
PAPER CONSUMPTION (in-house and external)	44.3 tonnes
2021	
PAPER CONSUMPTION (in-house and external)	27.5 tonnes

Waste management

- Raising awareness among employees about waste management and the reduction of food waste.
- Takeaway solution with the national Ecobox system in one of our company restaurants.
- Eco-friendly food packaging in our two company restaurants, including cups made from corn starch.



- Significant reduction of in-house paper use (2022 objective achieved in 2021)
- Roll out of 100%-recycled and CO₂-neutral paper
- Completion of the installation of recycling bins in all our buildings



- Eradicate single-use plastic in-house
- Continue our efforts towards reducing water consumption

EVALUATING OUR SUPPLIERS' PRACTICES



For several years now, we have been integrating environmental criteria into our supplier selection process, giving priority to the following considerations: short circuits, products used, waste sorting, corporate social responsibility, application for an ecological label. If possible, we give preference to companies based in Luxembourg or the Greater Region.

Our internal procedure for identifying, establishing relationships with and monitoring key suppliers involves checking factors such as CSR controversies for potential new suppliers. If a CSR controversy is found to exist, the CSR committee will have to decide on whether it is advisable to enter into a contractual relationship with the supplier in question. Moreover, we consider whether or not our key suppliers have a corporate social responsibility plan as part of our annual assessment of the service.



- Selection of a company to decontaminate and seal the windows of one of our buildings based on the environmental quality of its products.



- Raise awareness among our suppliers to improve their performance on sustainability

Environmental summary

OUR OBJECTIVES FOR 2021 AND OUR GOALS FOR 2022



OBJECTIVES FOR 2021	ACHIEVED	IN PROGRESS AS OF 31 DECEMBER 2021	POSTPONED UNTIL 2022
Introduce indicators to determine our actual impact, in particular our greenhouse gas emissions (Scope I, II & III)			The carbon footprint assessment and the definition of an action plan will be finalised in autumn 2022
Align our strategy and objectives with the goals of the Paris Agreement and national initiatives in this area			This objective requires the completion of the Bank's carbon footprint assessment, available from the end of 2022

This table shows the objectives for 2021 and their current status.



100%
OF OBJECTIVES
POSTPONED UNTIL 2022



- Carry out the first carbon footprint assessment for Banque de Luxembourg (scope 1, 2 and 3)
- Eradicate single-use plastic in-house
- Continue efforts towards reducing our water consumption
- Raise awareness among our suppliers to improve their performance on sustainability



Annexes



NOTE ON MATERIALITY METHODOLOGY

In preparing this report, Banque de Luxembourg carried out a materiality analysis to identify the priority subjects to be addressed in accordance with the principles of stakeholder inclusion and materiality, with the support of Forethix, the sustainable development and responsible investment advisory company.

The purpose of this note is to set out the principles governing the content of the report according to standard 101 of the Global Reporting Initiative (hereinafter referred to as GRI), applied by Banque de Luxembourg.

The materiality analysis process used for the preparation of this report is based on a 2019-2020 internal and external stakeholder engagement programme that includes the various steps described below.

Identification of themes in the financial sector

In 2019, Banque de Luxembourg's CSR Committee identified the Bank's positive and negative, existing and potential impacts on the sustainable development pillars. An exhaustive list of Environmental, Social and Governance (ESG) issues was compiled on the basis of in-depth documentary research on current market trends using a comparative analysis specific to the financial sector. The analysis was supplemented with the GRI's sector-specific 'Sector Disclosure for Financial Services' document, the UNEP-FI 'Principles for Responsible Banking' and the SASB materiality matrix specific to the financial sector.

Following this analysis, 43 topics covering environmental, social and economic aspects were identified as priority impacts from our activities. These impacts were assessed in three areas: the impacts of our activities on our support businesses, on our business functions and products, and on our local ecosystem.

Rating of impacts

As early as 2019, an initial materiality analysis was carried out by the CSR Committee of Banque de Luxembourg in a dedicated workshop. The 43 aforementioned issues were ranked in order of priority according to the members' assessment of the level of impact and management of the issues. The position of the themes on the X axis of the materiality matrix shown below reflects the average results of the two criteria.

Mapping and rating of stakeholders

The stakeholder rating was carried out by the CSR Committee on the basis of an analysis of each category of stakeholder according to the level of dependence and influence ('can the stakeholder influence the Bank's decisions, actions and performance?'). Based on this rating, a matrix linking the criteria of influence and dependence made it possible to differentiate the most appropriate dialogue methods within the CSR materiality exercise for each category of stakeholder.

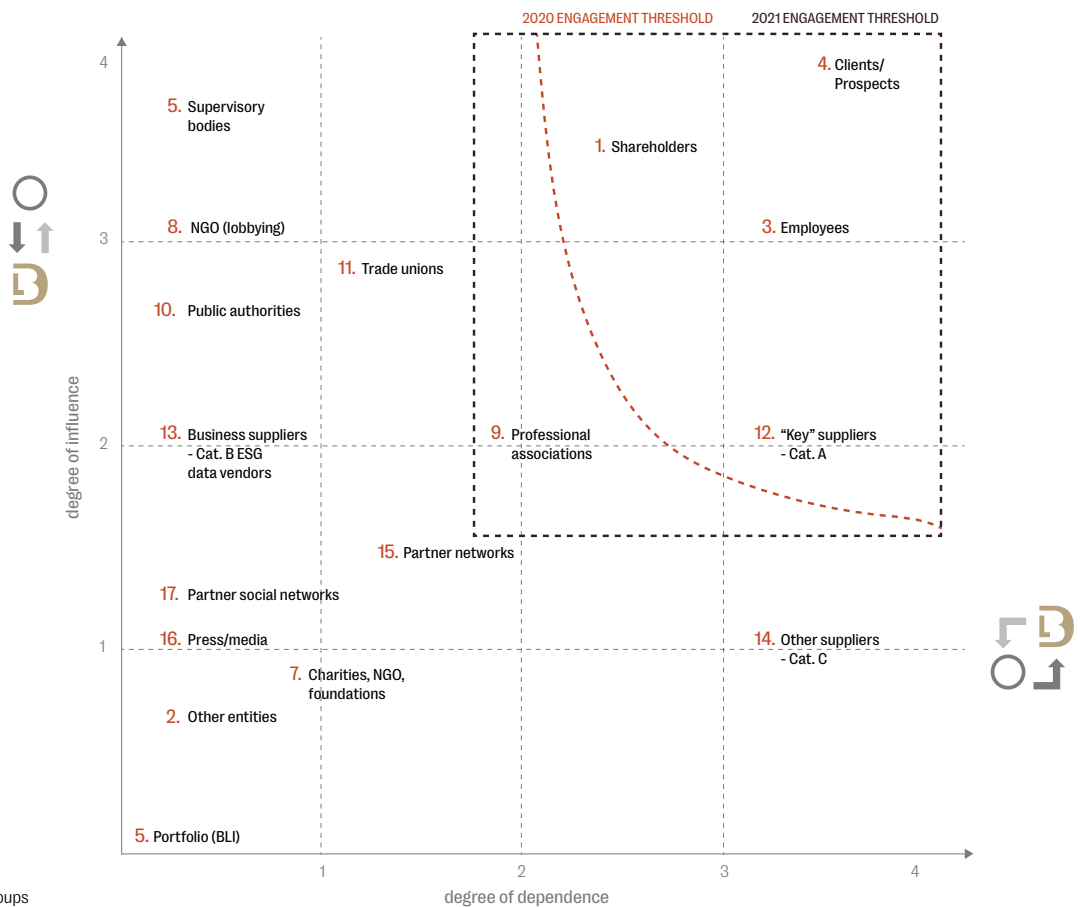


GRI 102-40 list of stakeholder groups
 GRI 102-42 identifying and selecting stakeholders
 GRI 102-43 approach to stakeholder engagement

Stakeholder consultation and engagement

In 2020, an initial stakeholder engagement exercise was undertaken by Banque de Luxembourg. An online questionnaire was sent to 21 stakeholder representatives based on the length of their relationship with Banque de Luxembourg and their impact on the organisation, broken down as follows: 7 clients, 11 employees and 3 suppliers. Two rating criteria were taken into account: the level of expectations among stakeholders and the level of management by Banque de Luxembourg. All stakeholders received an identical weighting. No multiplier according to the level of influence or dependence was applied to the results.

Drawing on a firm commitment to the process of constant improvement, the Bank expanded its stakeholder consultation programme in early 2021. This programme included new categories of stakeholders in the materiality analysis, including the Association des Banques et Banquiers du Luxembourg (ABBL) and a larger sample of the stakeholders consulted in 2020.



GRI 102-40 list of stakeholder groups
 GRI 102-42 identifying and selecting stakeholders
 GRI 102-43 approach to stakeholder engagement

An online survey was distributed to over 500 stakeholder representatives (519 exactly), including 490 employees, 15 clients (private, professional and corporate), 4 suppliers, ABBL, and the shareholder of Banque de Luxembourg.

In order to incorporate the particular characteristics of each category consulted, the rating criteria were specified as follows:

	LEVEL OF EXPECTATIONS	LEVEL OF MANAGEMENT	LEVEL OF INFLUENCE ON ENGAGEMENT AND DECISION-MAKING	LEVEL OF SATISFACTION
Shareholder	X			
Employees	X	X		
Clients			X	X
Professional association	X			
Suppliers	X			

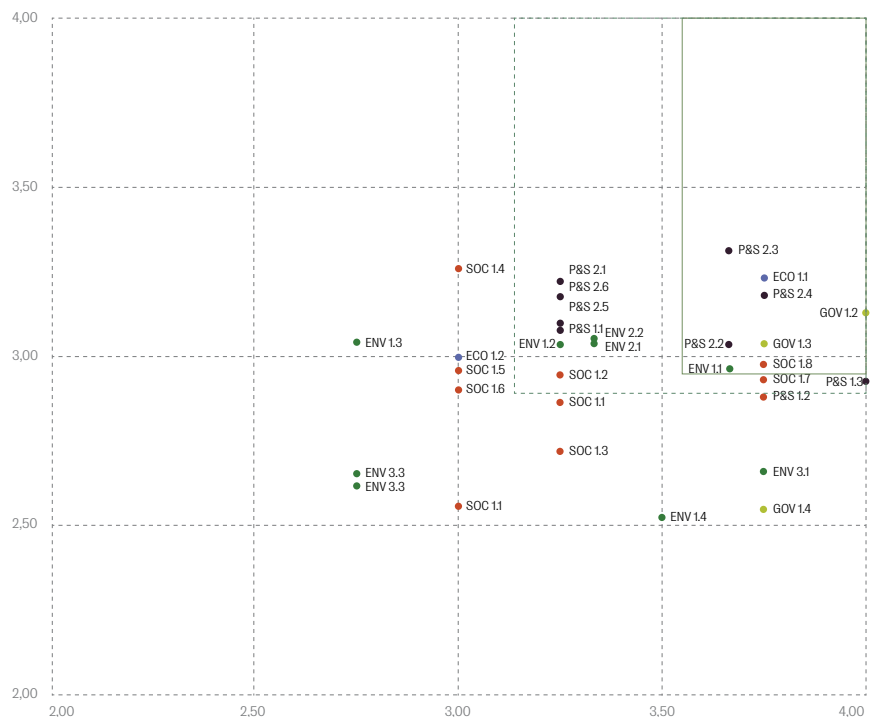
18 telephone interviews supplemented the survey results, in order to further clarify the expectations and priority issues for the stakeholders consulted.

The results of the materiality analysis from the 2020 and 2021 consultation programme were consolidated by averaging the results. All stakeholders were weighted identically, with the exception of clients, whose

representativeness in terms of number and impact on Banque de Luxembourg was ensured. A multiplier was applied to private, professional and corporate clients in order to ensure that results were representative according to their impact on Banque de Luxembourg and its activities.

Prioritisation of material themes*

Through the exercise of analysing the economic, social and environmental impacts of the Bank's activities, combined with the results of the 2020-2021 programme of consultation with internal and external stakeholders, the Bank has defined its priority CSR themes, according to the following materiality matrix:



* The priority of the themes was established using a materiality threshold of (3.50; 2.96) for the priority subjects and (3.24; 2.94) for the secondary subjects. These were determined collectively by in-house Banque de Luxembourg experts and validated by Senior Management.

ECONOMIC THEMES

ECO.1.1 Achieve economic performance that creates sustainable value while listening to stakeholders

GOVERNANCE THEMES

GOV.1.2 Transparent and trustworthy communication

GOV.1.3 Guaranteeing ethical business conduct and fighting against corruption

ENVIRONMENTAL THEMES

ENV.1.1 Reducing the organisation's energy consumption

ENV.1.2 Reducing the organisation's emissions

ENV.2.1 Having responsible purchasing practices in relations with suppliers

ENV.2.2 Evaluating the environmental and social practices of suppliers

SOCIAL THEMES

SOC.1.2 Providing a working environment that reconciles performance with health and well-being

SOC.1.7 Working towards long-term employment of employees

SOC.1.8 Continuously enhancing employee expertise and professional development opportunities

THEMES LINKED TO PRODUCTS AND SERVICES

P&S.1.1 Educating and raising awareness among clients

P&S.2.1 Innovating in terms of the financial products offered to clients

P&S.2.2 Offering financial products with a long-term view

P&S.2.3 Offering financial products focused on environmental impact

P&S.2.4 Offering financial products focused on social impact

P&S.2.5 Offering financial products focused on societal impact

P&S.2.6 Offering financial products focused on financing the local economy and infrastructure

Next steps

For each theme assessed as a priority, an action plan is drawn up and regularly monitored in order to achieve the ambitious objectives presented in this report. The performance results relating to these goals will be communicated annually through the non-financial report. The materiality analysis exercise will be reinforced every two years on the basis of our stakeholder engagement programme used in the preparation of the report.

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GRI 102: GENERAL INFORMATION ELEMENTS 2016

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