



ESG CHARTER



BIL ESG (Environmental, Social, and Governance) Charter



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Executive Summary

The BIL ESG Charter (the “Charter”) embodies our dedication to sustainable banking practices that not only drive economic growth but also contribute positively to society and the environment.

Defining Sustainability and ESG

*- **Sustainability** refers to the practice of meeting the needs of the present without compromising the ability of future generations to meet their own needs. It encompasses a holistic approach that balances economic growth, environmental protection, and social well-being. At BIL, sustainability is at the core of our mission, guiding our efforts to create long-term value for our stakeholders while preserving the planet and enhancing the quality of life for all.*

*- **Environmental, Social and Governance (ESG)** stands for Environmental, Social, and Governance, which are a set of criteria used to evaluate the sustainable and responsible business practices of companies:*

- **Environmental:** This includes how a company impacts the natural environment. It includes considerations such as reducing carbon emissions, managing waste and resource usage.*

- **Social:** This covers the company’s responsibilities towards people and communities. It includes issues like diversity and inclusion, labor practices, community engagement and safeguarding human rights.*

- **Governance:** Governance pertains to the systems and processes that ensure organizations operate with integrity, transparency, and accountability. It includes strong leadership, ethical business practices, risk management, and compliance with laws and regulations. Effective governance is essential for maintaining stakeholder trust and achieving sustainable success.*

The Charter establishes a set of guiding principles that serve as the foundation for our commitment to sustainability and responsible banking. These principles are designed to ensure that our environmental, social, and governance (ESG) values are consistently reflected across all aspects of our operations. These guiding principles are progressively integrated into the Bank’s various policies (eg. lending and investment policies, human resources policies, risk management policies, procurement policies, corporate governance policies) ensuring that ESG considerations are embedded in our decision-making processes and operational practices.

By progressively integrating ESG aspects into our policies, BIL ensures that our commitment to sustainability is not just a statement, but a practice embedded in our daily operations. This approach enables us to create lasting value for our stakeholders and contribute to a more sustainable and equitable future.

1 Introduction

1.1 Background and context

In the banking sector, the context surrounding Environmental, Social, and Governance (ESG) considerations is particularly significant due to the industry's influential role in the global economy. Banks are uniquely positioned to drive sustainable development by directing capital towards environmentally and socially responsible projects. As financial intermediaries, banks can influence corporate behavior through their lending and investment decisions, promoting practices that mitigate climate change, enhance social equity, and uphold strong governance standards. Additionally, regulatory pressures and stakeholder expectations are increasingly pushing banks to adopt comprehensive ESG frameworks. This not only helps in managing risks and complying with regulations but also opens new opportunities for innovation and growth. By integrating ESG principles, banks can build trust, enhance their reputation, and contribute to a more sustainable and resilient financial system.

1.2 Regulatory environment

European banks are navigating a complex and evolving ESG regulatory environment, driven by the European Union's commitment to sustainability and climate goals. Key regulations include the **EU Taxonomy Regulation**, which provides a classification system for environmentally sustainable economic activities, and the **Sustainable Finance Disclosure Regulation (SFDR)**, which aims to increase transparency in the financial markets regarding sustainability risks and impacts, thereby reducing greenwashing and ensuring that investors have reliable information to make informed decisions.

The **ESG amendments to MiFID II** suitability and product governance, are designed to integrate sustainability considerations into the investment process, through the collection of clients' sustainability preferences and the design of products that answer to clients' preferences.

Additionally, the European Banking Authority (EBA) has issued **guidelines on the management of ESG risks**, requiring banks to identify, measure, manage, and monitor these risks as part of their overall risk management framework.

The **Corporate Sustainability Reporting Directive (CSRD)** also plays a crucial role, expanding the scope and detail of non-financial reporting requirements for companies.

Last but not least, the **Corporate Sustainability Due Diligence Directive (CSDDD)** mandates that companies identify, prevent, mitigate, and account for adverse human rights and environmental impacts in their operations and value chains¹². Financial undertakings are therefore required to perform these actions for the upstream part of their chain of activities. These regulations collectively aim to enhance the sustainability of the financial system and ensure that banks contribute to the EU's climate-neutral objectives by 2050.

1.3 Scope

The Charter is relevant to all BIL and its Subsidiaries and directly applicable to all employees of BIL Luxembourg. Local entities can launch specific initiatives linked to sustainable development but need to discuss them with BIL Group Sustainable Development Department.

Major ESG initiatives are followed-up by the BIL Group Sustainable Development Department through a dedicated ESG Program and reported through the Bank's

Sustainability Report (available online). The key objectives of the ESG Program are to centralize, monitor and deliver all ESG Bank initiatives while raising awareness around sustainability.

In addition to this, the ESG Strategic Steering Committee monitors the implementation of the ESG Program, to ensure global consistency and reporting.

BIL always complies with applicable rules, laws, and regulations of the different countries where it operates.

2 Driving Sustainability: Our Commitment, Vision, Strategy and Mission

2.1 Our Commitment

At BIL we recognize that sustainable and responsible banking is not only essential for the well-being of our planet and society but also fundamental to our long-term success.

We therefore commit to integrate ESG principles into every facet of our operations and uphold the highest standards of governance and transparency. As proud signatories of the UN Principles for Responsible Banking (UN PRB) and UN Global Compact, we are dedicated to aligning our strategies and practices with these globally recognized frameworks.

We actively collaborate with national initiatives and align our practices with local labels such as the Institut National pour le Développement durable et la Responsabilité Sociale des Entreprises (INDR) and LuxFLAG. These collaborations enable us to obtain external assessments of our efforts, ensuring that we meet local and international standards.

We pledge to engage with our stakeholders, set ambitious ESG goals, and regularly review and enhance our practices to ensure we adopt the latest global standards and labels. By doing so, we aim to contribute positively to the communities we serve and the global sustainability agenda. Furthermore, we commit to transparency by adopting the latest reporting standards, providing clear and comprehensive disclosures of our ESG performance.

This commitment is strongly supported by our highest management bodies, ensuring that ESG principles are embedded at the core of our strategic decision-making.

2.2 Our Vision and Strategy

“We are an international bank that strongly supports local economy and communities. We engage with our employees to transition towards sustainable banking, conscious of our responsibility and willing to develop products that allow us together with our clients to have a positive impact and to prepare sound grounds for future generations.”

Through our **Sustainability Strategy**, BIL is committed to developing initiatives around four major pillars to ensure resilience and profitability, while limiting any potential negative impacts and increasing positive impacts on people and the planet.

Pillar 1: Sustainable Governance & Strategy

Objective: Structure the organization to address ESG challenges and support the Bank's long-term stability and growth.

- **Governance Framework:** Implement a robust governance framework that integrates ESG considerations into all levels of decision-making.
- **Business Ethics:** Uphold the highest standards of business ethics by promoting integrity, accountability, and ethical conduct throughout the organization. This includes implementing strict anti-corruption policies, ensuring compliance with all relevant laws and regulations, and fostering a culture of ethical behavior.
- **Risk Management:** Develop comprehensive risk management strategies that include ESG risks to enhance resilience.
- **Stakeholder Engagement:** Engage with stakeholders to understand their expectations and incorporate their feedback into our ESG strategies.
- **Transparency and Reporting:** Ensure transparent reporting on ESG performance and progress towards sustainability goals.

Pillar 2: Sustainable Products & Services

Objective: Develop responsible products and services that create value for our clients while supporting the global ecological and social transition.

- **Impact Analysis:** Perform comprehensive impact analyses to assess the environmental and social effects of our products and services. This involves evaluating the positive and negative impacts, setting measurable targets, and continuously monitoring performance to ensure alignment with our sustainability goals.
- **Sustainable Investment Products:** Develop investment products that prioritize ESG criteria and support sustainable development.
- **Client Education:** Provide clients with information and tools to make informed decisions about sustainable financial products.
- **Collecting Client ESG Preferences:** Ensure that our products and services align with the ESG preferences of our clients. This includes incorporating client feedback into product development and offering tailored solutions that meet their sustainability goals.
- **Transition Facilitator:** Act as a facilitator for the transition to a sustainable economy by supporting clients in their journey towards more sustainable practices. This involves providing advisory services, financing options, and resources to help clients reduce their environmental footprint and enhance their social impact.
- **Green Financing:** Offer financing solutions for renewable energy projects, energy efficiency improvements, and other sustainable initiatives.

Pillar 3: Responsible Employer

Objective: Offer a safe, inclusive, and healthy work environment to enable our employees to develop their potential.

- **Diversity and Inclusion:** Promote a diverse and inclusive workplace where all employees feel valued and respected.
- **Health & Well-being:** Prioritize the health and well-being of our employees by offering comprehensive health benefits and facilities and mental health support.



- **Professional Development:** Provide opportunities for continuous learning and career development to help employees reach their full potential.
- **Dialogue and Engagement:** Foster open dialogue and active engagement with employees to understand their needs and concerns. This includes regular surveys, feedback mechanisms, and town hall meetings.
- **Fostering an ESG Culture:** Cultivate a culture that embraces ESG values. This involves training and awareness programs to educate employees about ESG principles and encouraging them to contribute to our sustainability goals.

Pillar 4: Positive Impact

Objective: Act for a positive impact on the local economy and communities and prepare the ground for future generations.

- **Philanthropic Approach:** Support charitable organizations and initiatives through donations and sponsorships. Focus on causes that align with our ESG values, such as health, education, and environmental conservation.
- **Stakeholder Engagement:** Maintain ongoing engagement with stakeholders, including community leaders, non-profit organizations, and local businesses, to understand their needs and collaborate on impactful initiatives.
- **Environmental Impact Reduction:** Implement measures to reduce the environmental footprint of our own operations. This includes energy-efficient buildings, waste reduction programs, and sustainable procurement practices.
- **Future Generations:** Develop programs that educate and empower future generations to contribute to a sustainable future. This includes supporting educational initiatives and providing resources for young people to engage in sustainability efforts.

2.3 Our Mission

2.3.1 Our Mission as Corporate Citizen

As a **responsible corporate citizen**, we recognize our duty to operate with integrity, transparency, and accountability. Our responsibilities include upholding the highest standards of ethical conduct, minimizing our environmental footprint, and committing to social challenges, including diversity, community development and safeguarding human rights.

2.3.2 Our Mission as Financial Intermediary

As a **financial intermediary**, we channel capital towards sustainable and responsible investments. We provide financing solutions that support environmentally and socially responsible projects, such as renewable energy, energy efficiency, and social infrastructure.

By integrating ESG risks into our risk management frameworks, we strive to ensure the long-term stability and resilience of our financial operations.

Transparency is key to our approach, and we ensure clear reporting on how we integrate ESG factors into our investment and lending decisions, enabling our clients and stakeholders to make informed choices.

Additionally, we educate our clients about the importance of ESG considerations and provide them with the tools and information they need to make sustainable investment decisions.

2.3.3 Our Mission as Transition Facilitator

As a **transition facilitator**, we support the global shift towards a sustainable economy. We offer expert advice and guidance to our clients on integrating ESG principles into their business strategies and operations.

Our financial products and services are designed to facilitate the transition to a low-carbon and inclusive economy.

We continuously seek to collaborate with other financial institutions, governments, and non-profit organizations to drive collective action towards sustainability goals.

By continuously measuring and reporting the impact of our financing activities on the environment and society, we set ambitious targets to enhance our positive contributions.

3 ESG Integration

3.1 ESG Integration definition

ESG integration refers to the process of incorporating Environmental, Social, and Governance (ESG) factors into an organization's decision-making frameworks, strategies, and operations. This approach ensures that sustainability considerations are embedded in all aspects of the business, from risk management and investment decisions to product development and stakeholder engagement.

At BIL, integrating Environmental, Social, and Governance (ESG) principles into our operations is a fundamental aspect of our commitment to sustainability.

3.2 Impacts, Risks and Opportunities

Integrating ESG (Environmental, Social, and Governance) factors into an organization's operations helps address impacts, manage risks, and seize opportunities effectively.

- **Addressing Impacts:** By embedding ESG principles, BIL strives to reduce its environmental footprint, promote social well-being, and uphold strong governance practices. The bank addresses the identification, assessment, management, and remediation of its material impacts, risks, and opportunities through a comprehensive materiality assessment. This process involves identifying significant impacts and risks and evaluating strategies to mitigate them. By systematically assessing these factors, the bank ensures effective management and remediation efforts, aligning its operations with ESG challenges, including climate change mitigation and adaptation goals.
- **Managing Risks:** ESG integration allows us to identify and mitigate various risks. Environmental risks like climate change and resource scarcity, social risks such as labor disputes and community relations, and governance risks including unethical behavior and poor management practices are all addressed. This proactive risk management enhances the organization's resilience and stability.

- **Seizing Opportunities:** ESG integration fosters innovation and growth by encouraging the development of sustainable products and services. It attracts investment by appealing to sustainability-conscious investors, provides a competitive edge, and ensures regulatory compliance. This approach not only drives revenue growth but also strengthens the Bank's market position and reputation.

To make ESG integration concrete, we continuously undertake efforts to:

- implement a structured framework that embeds ESG considerations into every aspect of our operations.
- define ESG objectives, define actionable plans and continuously monitor progress.
- engage with stakeholders to understand their expectations and incorporate their feedback into our strategies.
- collectively develop our culture of positive impact and sustainability.
- strive for innovative solutions and partnerships, combining support for our customers and benefits for the world around us.
- provide transparent reporting on our ESG performance.

3.3 Key processes

Integrating ESG (Environmental, Social, and Governance) principles into our Bank's operations involves embedding these considerations into several key processes. Our ambition is to progressively integrate ESG factors into these processes, leading to updates in our policies and comprehensive reporting in our non-financial report.

ESG integration affects all main aspects of the Bank's operations, from risk management to customer relations. Main processes concerned:

- **Risk Management:** ESG risks are incorporated into our overall risk management framework and risk appetite. This includes assessing environmental risks like climate change, social risks such as labor practices, and governance risks related to ethical conduct.
- **Lending Decisions:** ESG criteria are applied in our lending decisions to thoroughly assess and manage ESG and specifically climate risks. Specific financing solutions are proposed to clients in their transition, projects, and sustainability practices.
- **Investment Decisions:** ESG factors are systematically evaluated prior to investment decisions to mitigate risks and ensure alignment with the Bank's exclusion policy.
- **Clients** are informed about the sustainability impacts and risks associated with their portfolios and provided with products and services that focus on their sustainability preferences.
- **Bank Investment Portfolio:** The Bank has integrated ESG considerations into its investment processes, following its Sustainability Risk Policy as mandated by the Sustainable Finance Disclosure Regulation (SFDR) and the Sustainability Investment Framework. In addition to applying ESG factors in its investment strategies to mitigate risk factors, the Bank has set a target for sustainable investments within its Bank investment portfolio. This proactive approach reduces the risk of reputational damage and enhances the portfolio's overall resilience.
- **Product Development and Sustainable Finance Initiatives:** BIL develops products and services that integrate ESG factors, such as green bonds, loans, and sustainable investments.

- **Client Onboarding:** During the client onboarding process, ESG criteria are systematically incorporated into the screening procedures. This integration ensures that potential clients are evaluated not only on financial metrics but also on their adherence to sustainable and ethical practices.
- **Procurement:** ESG criteria are incorporated into our procurement processes, prioritizing suppliers who demonstrate strong environmental and social performance.
- **Human Resources:** ESG principles are embedded in our HR processes, including recruitment, training, target setting, remuneration and employee development. This ensures a diverse, inclusive, and engaged workforce.
- **Employee Engagement:** ESG training and awareness programs are provided to employees, fostering a culture of sustainability within the organization.
- **Corporate Governance:** ESG principles are embedded in our governance practices, ensuring ethical conduct, transparency, and accountability.
- **Environmental Impact:** the Bank strives to reduce its carbon footprint and promote sustainable practices.
- **Human Rights:** Respecting human rights is fundamental to our operations as our decisions significantly affect individuals and communities. We are committed to ensuring dignity, equality, and well-being through all our processes, impacting clients, employees, and suppliers.

The progressive integration of ESG considerations necessitates the continuous updating of the Bank policies to reflect the evolving ESG standards and practices.

4 Climate Risks

Climate change is one of the most significant challenges the world has ever faced, transcending national borders, and impacting our economy and society through rising temperatures, extreme weather events, and sea-level rise. To address these challenges and contribute to solutions, we assess our exposure to climate risks and measure the environmental impact of our activities.

To address climate change and adaptation, BIL undertakes several key initiatives:

- **Materiality Assessment:** We identify and prioritize significant environmental impacts and risks focusing our efforts where we can make the most substantial difference.
- **Environmental Risk Management:** Our Risk Management function is progressively integrating climate-related risk management, including transition risks, throughout the organization using a global risk framework.
- **Sustainable Finance:** We offer green bonds, loans for energy-efficient buildings, and financing for renewable energy projects, supporting our clients in their transition to a low-carbon economy.
- **ESG Integration:** ESG criteria are incorporated into our procurement policies and investment decisions, ensuring alignment with our sustainability goals.
- **Environmental impact & Energy Efficiency:** As a key player in Luxembourg's economy and a signatory to the United Nations Principles for Responsible Banking (UN PRB), BIL actively supports Luxembourg's National Energy and Climate Plan (PNEC). The PNEC outlines the country's ambitious climate goals for the coming years, aligning with European Union targets. At BIL, we define energy efficiency as the strategic optimization of energy use. Our goal is to reduce consumption and minimize environmental impact while maintaining or even improving service levels. By prioritizing energy efficiency, we aim to move away from dependence on non-

renewable energy sources and mitigate the effects of price volatility. Notably, our headquarters building already operates on 100% renewable energy, demonstrating our commitment to sustainable practices and a cleaner future.

- **Carbon Footprint Management:** We are developing reliable and comprehensive corporate greenhouse gas (GHG) footprint accounting and gradually adopting tools and methodologies to enhance impact assessments. These steps are integral to our climate journey and will enable us to set and achieve meaningful climate targets. The bank manages greenhouse gas (GHG) emissions in its value chain by assessing both upstream and downstream activities. This includes evaluating the environmental impact of suppliers through a procurement policy that prioritizes ESG considerations. By selecting suppliers who meet stringent ESG criteria, the bank ensures that its entire value chain aligns with its sustainability goals. We actively monitor and manage the carbon footprint of our operations and our value chain, including initiatives to reduce energy consumption and promote the use of electric vehicles.
- **Stakeholder Engagement:** We engage with clients, employees, and local communities to promote sustainability and raise awareness about climate change.
- **Transition Plan:** We are committed to developing and implementing a robust transition plan to support the Paris Agreement's goals. This includes setting clear, actionable targets to reduce our carbon footprint and align our operations with global climate objectives.
- **Reporting and Transparency:** We are committed to transparent reporting on our sustainability performance, regularly publishing detailed reports on our progress towards climate goals.

5 ESG Targets

Setting and achieving ESG targets is essential for fulfilling our commitment to sustainable and responsible banking. By defining clear targets, integrating them into our business strategy, and regularly monitoring and reporting our progress, we can ensure that we meet our ESG objectives in accordance with our sustainability strategy.

- **Defining ESG Targets:** our ESG targets align with global standards like the UN Principles for Responsible Banking and are shaped by stakeholder engagement and materiality assessments. This ensures we focus on the most significant ESG issues for our Bank.
- **Implementing ESG Targets:** we integrate ESG targets into our business strategy and policies, ensuring all employees are engaged and trained to achieve these goals. This includes embedding ESG considerations into annual plans and performance reviews.
- **Monitoring and Reporting:** We establish key performance indicators (KPIs) to track progress and provide regular updates through our sustainability reports. External assessments, like ESG ratings, validate our efforts. The Bank's internal ESG Dashboard monitors key qualitative and quantitative indicators in relation to ESG risks and ensures that ESG opportunities are monitored and seized.

Our ESG targets are designed to comprehensively address both the activities of our clients and the impacts of our own operations. This dual approach ensures that we lead by example and encourage sustainable practices across our entire value chain.

6 ESG Dashboard

The Bank's **ESG Dashboard** allows monitoring of qualitative and quantitative indicators related to ESG risks and opportunities. It serves as a central hub, providing an overview of the Bank's ESG performance.

The ESG Dashboard ensures ESG discussions at top management level, enhances competencies, and embeds ESG in board processes. Regularly submitted to committees, it tracks progress, measures risks, and informs decisions. Improving data quality remains a priority for transparency, and the dashboard will evolve based on experience and data availability.

7 Roles and Responsibilities

Effective governance is crucial for the successful integration of ESG principles. This chapter outlines the main stakeholders involved in our ESG governance framework and their respective roles and responsibilities.

7.1 Board of Directors

The Board of Directors is responsible for overseeing ESG integration within the Bank. They are tasked with setting the overall ESG strategy and related targets, ensuring it aligns with the Bank's long-term goals. The Board reviews and approves ESG-related policies and initiatives, providing strategic oversight to ensure that the Bank's ESG efforts are on track. Regular monitoring of ESG performance and progress towards targets is also a key responsibility of the Board, ensuring accountability at the highest level.

7.2 Executive Committee

Executive Management is responsible for implementing the ESG strategy and policies approved by the Board of Directors. They ensure that ESG principles are integrated into daily operations and decision-making processes. This involves allocating the necessary resources to achieve ESG targets and providing regular updates to the Board on ESG performance and progress.

7.3 ESG Strategic Steering Committee

The ESG Strategic Steering Committee oversees all ESG projects at BIL. Its primary objective is to engage the business side of the Bank in driving this transformation, not only from a regulatory standpoint but also from a commercial and strategic perspective.

The Steering Committee is sponsored by the Head of Strategy, SGO & Balance Sheet Management and comprises seven permanent members, all of whom are part of the Executive Committee, including four members of the Authorized Management, and the Group Head of Sustainability.

The members are:

- The Head of Strategy, SGO & Balance Sheet Management
- The Head of Risk Management (Authorized Management)
- The Head of Wealth Management
- The Head of Luxembourg Market and CIB (Authorized Management)
- The Head of CEO Office (Authorized Management)

- The Chief Financial Officer (Authorized Management)
- The Chief Compliance Officer

Additionally, permanent invitees ensure representation from all main relevant programs, business, control, and support functions, including the Bank's three lines of defense. This management structure ensures effective oversight of the ESG Strategic Plan for BIL and the BIL Group.

The committee's composition reflects the cross-disciplinary nature of ESG, ensuring that all main related aspects, including commercial, regulatory, and risk management, are considered.

The Committee's responsibilities include:

- Monitoring the ESG Program, which addresses all key initiatives related to sustainability topics and implements the transformation.
- Monitoring regulatory compliance.
- Assessing ESG risks and opportunities.
- Ensuring transparency and reliable reporting.

7.4 Head of Sustainability and Sustainable Development Department

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

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

- Coordinating the Bank's ESG efforts (including sustainable finance, CSR, carbon footprint).
- Creating, managing, and participating in inter-group ESG projects.
- Contributing to the ESG and CSR strategy.
- Monitoring the implementation of the ESG strategy (e.g., KPIs)
- Reporting to decision-making bodies.
- Representing BIL internally and externally on ESG and CSR matters.

The Group Head of Sustainability reports directly to the Member of the Executive Committee with responsibility for the Bank's strategy and is assisted by an ESG Core Team with the implementation of the ESG Programme. The ESG Core Team is composed of sustainability experts, enterprise and credit risk experts and members of the Project Office, and deals with the various cross-functional ESG initiatives to address risk, reporting, data, product development and ESG awareness issues.

The role of the Sustainable Development Department is to:

- **Develop and align the Bank's sustainability strategy** with its global objectives and stakeholder's expectations through ongoing dialogue.
- **Oversee all sustainability initiatives** across the BIL group to ensure coordinated and consistent ESG/Sustainability actions.
- **Evaluate current and emerging ESG issues** that may impact the Bank's business, operations, performance, or clients, and recommend adjustments to policies, practices, and disclosures to address trends and regulations.
- **Provide regular, structured updates** on ESG-related matters to the Management Committees.

- **Collaborate with Marketing and Communication** to manage internal and external sustainability communications, including reports, and actively manage ESG ratings to focus on key assessed dimensions.
- **Enhance the Bank's expertise in sustainability** and foster global awareness of sustainability throughout the group.

7.5 Other major stakeholders

Various stakeholders play critical roles in integrating ESG principles throughout the Bank.

- **Risk Management:** Quantifies, analyzes, and proactively addresses ESG risks, integrating these into existing frameworks and enhancing risk modeling.
- **Compliance:** Ensures adherence to business ethics and regulatory standards, supporting ESG development and project implementation.
- **Human Resources:** Aligns the employee value proposition with ESG goals, ensuring incentives and performance indicators reflect these principles.
- **Front-line Departments:** Incorporate customer ESG preferences into product sales and advisory services.
- **Corporate Real Estate:** Measures and reduces environmental impacts.
- **Procurement:** Manages ESG risks within the supply chain.
- **Product Management & Value Chains:** Designs products and services with sustainability features, managing ESG risks in investments and financing.
- **Strategy:** Integrates ESG considerations into the business model.
- **IT and Data:** Deploys assets to support ESG product development and regulatory compliance.
- **Finance:** Incorporates climate-related risks and ESG considerations into pricing, financial planning, and reporting.

8 Reporting

ESG reporting is essential for ensuring transparency and accountability in our sustainability efforts. This chapter outlines our approach to ESG reporting, ensuring comprehensive and accurate disclosure of our ESG performance.

- **Reporting Frameworks and Standards:** We adhere to globally recognized frameworks such as the GRI, ESRS, SASB, and TCFD, ensuring our disclosures are consistent and credible.
- **Reporting Processes:** Our process includes data collection from various departments, rigorous verification, analysis, and report preparation. This ensures our reports are accurate and meet the requirements of the chosen frameworks.
- **Regular Updates and Communication:** We provide annual ESG reports and interim updates through various channels. Regular stakeholder engagement helps us gather feedback and address concerns.
- **Transparency and Accountability:** We strive for clear, honest disclosures, detailing our initiatives, performance metrics, and progress. Third-party assessments & benchmarking ensure objectivity and credibility and help us to benchmark our current ESG performance against industry standards.
- **Continuous Improvement:** We continuously enhance our reporting practices by staying updated on standards, gathering stakeholder feedback, and leveraging innovative technologies.

9 Review

The Bank will periodically review this Charter to evaluate its continued relevance, monitor compliance and drive continual improvement. We also welcome feedback from, and dialogue with interested parties. All feedback and comments on this Charter should be sent to sustainability@bil.com.

10 Appendix

Documents related to the Bank's ESG Charter

This policy should be read in conjunction with the following documents:

Document Name	Type	Description
Diversity & Inclusion Charter	Charter	The Diversity & Inclusion Charter at BIL promotes equality and prevents discrimination by fostering an inclusive environment. It outlines strategies for diverse recruitment and fair promotion processes, emphasizing the importance of diversity at all levels to drive innovation and growth.
Remuneration Charter	Charter	The Remuneration Charter at BIL outlines the principles and regulatory requirements for remuneration within the group. It ensures that remuneration practices do not encourage excessive risk-taking. For material risk takers, variable remuneration is subject to specific pay-out and vesting conditions to maintain responsible financial practices.
BIL Code of Ethics	Charter	The Code of Ethics at BIL promotes integrity, loyalty, professionalism, mutual respect, and confidentiality. It ensures compliance with laws, prevents financial crimes, and sets rules for fair conduct, transparency, and avoiding conflicts of interest.
Anti-Bribery & Corruption Charter	Charter	The Anti-Bribery Charter at BIL outlines principles to combat bribery and corruption, ensuring compliance with local and international regulations. It prohibits bribery, defines unacceptable practices, and promotes an anti-bribery culture through internal communication and awareness.
Whistleblowing Charter	Charter	The Whistleblowing Charter at BIL outlines the regulatory obligations and principles for managing and monitoring whistleblowing within the group. It ensures that staff, shareholders, and others can report fraud, misconduct, or serious negligence confidentially.
BIL Group Compliance Charter	Charter	The purpose of the Compliance Charter is to describe the approach and the compliance governance principles within BIL Group and furthermore to describe the role of and domains covered by the BIL Group Compliance Function
Conflict of Interest Charter	Charter	The Conflict of Interest Charter at BIL ensures that the Group and its staff conduct business honestly and professionally, prioritizing the best interests of clients and the Group. It defines conflicts of interest, outlines roles and responsibilities for managing them, identifies main sources of conflicts, and details procedures to prevent or manage such conflicts.
Market Abuse Prevention Charter	Charter	The Market Abuse prevention Charter sets out BIL Group's position in relation to any acts which could be deemed as market abuse. The aim of this charter is to establish general guidelines for the prevention of market abuse, the detection and reporting of suspicious transactions and for the publication of inside information applicable to BIL as the issuer of financial instruments. This charter also regulates personal transactions of relevant persons of all subsidiaries and branches of BIL Group governed by any regulation requiring personal transactions monitoring
Human Rights Policy	Policy	The Human Rights Policy outlines a company's commitment to respecting international human rights standards.
Sustainability Risk Policy	Policy	In this Policy, BIL addresses sustainability risk within the investment process and advisory services through a comprehensive approach
Responsible Employer Policy	Policy	The "Responsible Employer Policy" outlines BIL's commitment to creating a workplace where everyone can contribute to our strategic and sustainable goals while fostering a true sense of belonging
BIL Occupational Health & Safety Policy	Policy	BIL's Health and Safety Policy is a fundamental component of the bank's corporate social responsibility, ensuring adherence to Luxembourg's legal and regulatory standards. The principle of Health and Safety at Work is value-driven, emphasizing that work should not negatively impact employees' health, safety, or well-being.

Client Complaints Handling Policy	Policy	This Policy outlines the regulatory obligations and BIL Group principles for managing client complaints.
Managing BIL Group Purchases	Policy	The “Managing Group Purchases” Policy at BIL outlines the procurement process, roles, and responsibilities, and governance principles like tendering and contract management. It emphasizes cost control and reduction, highlighting the Procurement department’s role in managing purchases efficiently.
Sustainability Investment Policy	Policy	The Sustainable Investment Policy establishes a clear methodology for categorizing financial instruments as sustainable or non-sustainable. It aligns with MiFID II requirements, providing definitions, criteria, and indicators to ensure transparency. This policy helps meet investor needs for sustainable investments and ensures the Bank’s compliance with regulatory standards.
Financial Crime Prevention Policy	Policy	This policy is based on the BIL Group prevention of financial crime charter, which aims to define the practical measures applicable within the BIL Group in relation to the fight against money laundering (AML) and terrorist financing (CFT), and tax compliance (TC). These principles are grouped together in the Financial Crime Prevention (FCP) category
Group Sanctions Policy	Policy	The purpose of this Policy is to set the internal framework within which BIL Group must act to comply with the sanctions laws and programs. This document gives practical guidance on the management of sanctions imposed against physical persons, legal entities, vessels, organizations and/or countries by the United Nations (UN), the European Union (EU), the US Treasury department Office of Foreign Assets Control (OFAC) and by local authorities in the countries where BIL Group Entities operate.
Loan Origination and Monitoring Policy	Policy	The objective of this policy is to describe BIL’s practices and associated governance arrangements, processes and mechanisms in relation to credit granting and monitoring, to ensure that the Bank have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of low credit risk, building on the Guidelines issued by the European Banking Authority (EBA) on loan origination and monitoring.
Personal Data Protection Policy	Policy	The Personal Data Protection Policy outlines the implementation of the guiding principles for processing personal data as defined by the Personal Data Protection Charter. It aims to provide BIL Group with a comprehensive framework for data protection, detailing clear roles, responsibilities, obligations, and rights.
ESG Integration Framework	Other	The “ESG integration framework” explains the commitments, the implementation and governance for integrating ESG considerations into the Bank’s activities and operations.
Risk Management Report (Pillar III)	Other	The Pillar 3 framework mandates financial institutions to disclose how ESG risks, particularly climate change, affect balance sheet risks. They must also share their strategies for helping clients and partners adapt to climate change and move towards a sustainable economy.
Non-Financial Report	Other	The BIL Non-Financial Report provides insights into Banque Internationale à Luxembourg’s (BIL) sustainability efforts and social responsibility initiatives.