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Principles for
Responsible Banking



SPUERKEESS

Reporting and Self-Assessment Template 2023

Principles for Responsible
Banking

Spuerkeess 2023



Reviewed version (V2) from September 2022



In October 2019, Spuerkeess signed the Principles for Responsible Banking (denominated “the Principles” hereafter) of the United Nations Environment Programme Finance Initiative (UNEP FI). The implementation of the Principles is part of our overall sustainability strategy and commitments. Signing the “Principles” implies aligning progressively the Bank’s strategy and management with the Sustainable Development Goals and the Paris Agreement, establishing objectives and reporting annually on the progress being made towards compliance. The below tables set out the reporting and self-assessment requirements for signatories of the “Principles”. It is where we provide our response and self-assessment in relation to the “Principles” and provide references and links to where the required information and documentation can be found, both as part of our existing reporting and in the public domain.


INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE STATEMENT

on selected responses within Spuerkeess's Principles for Responsible Banking Self-Assessment

Foréthix ("the Independent Practitioner") have been engaged by the Management of Spuerkeess to perform a limited assurance engagement on the Self-Assessment of the Principles for Responsible Banking for the reporting period from January, 1st 2023 to December, 31st 2023, disclosed in the Sustainable Development Report 2023. With regard to the Spuerkeess' Self-Assessment of its commitments as a signatory of the Principles for Responsible Banking (PRB), the assurance engagement has covered the following areas for the period 2023, including the responses to the questions subjected to assurance defined by UNEP Finance Initiative (UNEP Finance Initiative's PRB Reporting and Self-Assessment Template questions V2 from September 2023¹) : [2.1] Impact Analysis, [2.2] Target Setting, [2.3] Target Implementation and Monitoring, [5.1] Governance Structure for Implementation of the Principles.

Company's responsibility

Spuerkeess is responsible for preparing the Sustainability Information in accordance with the reporting criteria as set out in the Sustainable Development Report 2023, the Global Reporting Initiative Standards (2021), the Global GHG Accounting and Reporting Standard for the Financial Industry (2020) of the Partnership for Carbon Accounting Financials (PCAF), the European Banking Authority Pillar 3, the Net Zero Banking Alliance and the Principles for Responsible Banking from United Nations Environment Programme Finance Initiative (UNEP FI). This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the answers provided in the Principles for Responsible Banking Self-Assessment and in alignment with the AA1000 AccountAbility Principles (2018) : Materiality, Inclusivity, Responsiveness and Impact. We conducted our limited assurance engagement in accordance with the international standard : AA1000 Assurance Standard V3.

Practitioner's independence & quality control

We are an AA1000 Assurance Provider firm, specialized in responsible investment and corporate responsibility. We have implemented a Code of Practices aligned with AA1000AS V3 to maintain high ethical standards in the assurance missions. We are particularly careful to avoid any conflict of interest. All members of the assurance team are independent from their client including any ongoing or potential relationships (including financial, report preparation, governance, and ownership positions) that could be perceived to affect the assurance provider's ability to provide an independent and impartial statement.

Methodology

Our assurance engagement was planned and performed during the time period from beginning to end of April 2024. Our work consisted of, amongst others, the following procedures:

1. Interviewing two staff members, responsible for sustainability reporting practices, to understand the mechanisms and processes, and governance structure for preparing, presenting, monitoring and controlling disclosure of the Assured PRB Self-Assessment Responses.
2. Reviewing the relevant processes and systems with regard to the documentary evidences provided by Spuerkeess : methodological note and results of the impact assessments, internal policies, governance practices, ESG risk management approach, PCAF computing, climate reports (NZBA, EBA Pillar 3), etc.
3. Testing the accuracy and completeness of the information from original documents between the Principles for Responsible Banking Self-Assessment and the Sustainability report from Spuerkeess.
4. Considering the disclosure and presentation of sustainability information.

Limited Assurance Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Spuerkeess' information, from the responses of the self-assessment of the Principles for Responsible Banking, for the reporting period ended 31 December 2023 is not prepared, in all material respects, in accordance with the reporting standard. The inherent limitations to the accuracy and completeness of the Principles for Responsible Banking Self-Assessment information and data should be taken into consideration. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Spuerkeess for our work, for this report, or for the conclusions that we have reached.

Recommendations

1. Strengthen the formalization and transparency of ESG governance with the bank's managerial and operational bodies.
2. Develop and strengthen the analysis of the "DNSH" on the set objectives, which Spuerkeess is set to begin in 2024.
3. Strengthen the integration and quantification of ESG criteria in the remuneration system at the level of executive bodies.
4. Report for the next fiscal year on progress on the new targets set for 2023 related to financial inclusion.

 Luxembourg, April 29th, 2024



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Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

We are a universal bank operating in Luxembourg. We offer a comprehensive range of banking and finance products and services. We cater to all customer categories (private, professional, institutional, etc.) in all sectors, with the objective to satisfy their needs for day-to-day management, financing, savings and investments, means of payment, and more.

Our core activity consists of collecting deposits and granting loans and credits to the national economy. More than two-thirds of Spuerkeess' liabilities are therefore made up of deposits from our individual, SME (businesses) and institutional customers in Luxembourg.

Residential mortgage loans constitute a main activity in the lending portfolio.

Our lending and credit policy follows the principle of "socially responsible lending". We protect our customers from excess debt by making a prudent assessment of their debts service capacities.

Our global objective of our strategic plan 2025 is to guarantee the sustainable profitability of our business model.

More information about our key financial figures and our products and services can be found in our sustainability development report 2023 in the following chapter: "Partie I. – 2.1. Spuerkeess op ee Bléck – Chiffres clés 2023" & "Partie I. – 2.2. Nos secteurs d'activité" & "Partie I. – 2.4. Nos produits et services"

Information about the Bank's on-balance sheet portfolio:

Portfolio of activities : Main activities/Business areas	Main Geographies
Lending Portfolio	Luxembourg
Investment Portfolio	Luxembourg
	France
	United States
	Netherlands Germany
Deposits	Luxembourg

Portfolio of activities : Main activities/Business areas	Main Segments/sectors
Lending Portfolio (47% of total assets)	Retail (69% of total lending)
	Corporate and SMEs (20% of total lending)
Investment Portfolio (30% of total assets)	Financials (55% of total investment)
	Corporates (28% of total investment)
	Public Sector (16% of total investment)
Deposits (76% of total liabilities)	Retail (46% of total deposits)
	Institutional (22% of total deposits)

See chapter "Partie I. – 1.1. Notre raison d'être et nos valeurs" in our NFR 2023 (NFR : Non financial reporting – Rapport de développement durable RNF)

See chapter « Partie III. – 3.9. Rentabilité durable » in our NFR 2023

See chapter "Partie I. – 2.1. Spuerkeess op ee Bléck – Chiffres clés 2023" in our NFR 2023

See chapter "Partie I. – 2.2. Nos secteurs d'activité" in our NFR 2023

See chapter "Partie I. – 2.4. Nos produits et services" in our NFR 2023

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: **EBA ESG Pillar III Reporting**
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: **Pacte national "Entreprise et Droits de l'Homme"**
 None of the above

Spuerkeess has been applying the GRI standards since 2018 and was the first Luxembourgish bank to sign the Net Zero Banking Alliance (NZBA) in October 2021, after signing the Principles for Responsible Banking (PRB) in October 2019. By adhering to these Principles, we are progressively aligning Spuerkeess' strategy with the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement. In addition, we comply with national frameworks such as the Integrated National Energy and Climate Plan for the period 2021-2030 (NECP). Since September 2023, we have also been a signatory to the National Pact on Business and Human Rights, a national pact launched by the Ministry of Foreign and European Affairs to which companies, wishing to implement the United Nations Guiding Principles, commit voluntarily.

We aim to create a positive impact in terms of our management (corporate operations), our products and services (banking activities), as well as our territorial impact on communities. Thus, from our existing capital and through our business model and ESG strategy, we create value for our ecosystem of stakeholders and maximize our contribution to the United Nations Sustainable Development Goals (SDGs).

As a member of the NZBA, Spuerkeess commits to reach carbon neutrality by 2050 (or earlier) and to define intermediate scientific objectives for 2030, which will be aligned with the Paris Agreement, by focusing on the most highly intensive sectors within the climate relevant ones. An action plan has been defined in order to reduce the transitions risk inter alia the alignment gap of the Paris Agreement of the most emitting GHG sectors and activities. For our Residential mortgage loans portfolio, we use the decarbonisation rate from the National Energy and Climate Plan (NECP) for the Luxembourg's real estate sectors. For our Corporate bonds and equities portfolio, we selected the TPI framework (based on IEA climate scenarios) to track the climate transition pathway alignment of companies across four of the most carbon-intensive sectors represented in our portfolios.

Furthermore, our exclusion policy is based on the analysis of the UN Global Compact in order to detect significant controversies which can lead to an exclusion in our investment portfolio.

For further details, see question 2.2.a) of the present document.

[Informations générales \(spuerkeess.lu\)](#) – Chapter 19

See chapter « 2.1. Strategic climate priorities » in our Net Zero Climate Target Report 2023

See chapter « 2.2. About this report » in our Net Zero Climate Target Report 2023

See chapter « 2.5. Our climate strategy and SDG alignment » in our Net Zero Climate Target Report 2023

See chapter « 6.2.3. Setting targets » in our Net Zero Climate Target Report 2023

See chapter "Partie I. – 4.2. ESG op ee Bléck" in our Sustainability Development Report 2023

[Spuerkeess: Statement of the ESG exclusion policy](#)

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In 2023, Spuerkeess performed a new impact analysis by using the version 3 of the "Portfolio Impact Analysis Tool for Banks for Institutional Banking" and by injecting financial data from our balance sheet as from 31/12/2023.

The following activities were not included in the 2023 impact analysis tool:

- Residential mortgage loans
- Households retail activities (packages and personal loans, deposits etc)
- Private Banking activities (personal loans and other services)
- Financial Institutions

Those activities were excluded from the impact analysis as they :

- do not fall into the scope of the tool;
- are not climate relevant.

Furthermore, we did not yet extend the impact analysis to exposures on financial institutions. This will be addressed at a later stage when more granular ESG banking data is available and financial institutions comply to CSRD.

51% of our assets have been covered from our total balance sheet which incorporate credit institutions, general governments, non-financial corporate corporations, non-financial retail corporations and other financial corporations.

Residential mortgage loans are not being covered in the impact analysis tool but as it is one of our main business activity, we decided to consider it in our analysis, which increases the coverage from 51% to 79%.

The following table is based on the 79% coverage mentioned above but we decided to focus the rest of the questions from the "principles for responsible banking" on the following portfolios and asset classes presented below. Furthermore, corporate and SMEs, corporate bonds as well as our corporate equities portfolio only cover "non-financial corporations".

See chapter « IMPACT ANALYSIS METHODOLOGY NOTE » (NFR 2020 page 57) for further details on our 2 main impacts

See chapter "Partie I. – 2.4. Nos produits et services (activités bancaires)" in our NFR 2023

Portfolio of activities: Main activities/Business areas	Climate relevant exposures		Main geographies
	Asset Class	Exposure (in mio EUR)	Country
Lending Portfolio	Residential Mortgage Loans	15.908,00	LU
	Corporate and SMEs	4.796,00	LU
Investment Portfolio	Corporate Bonds	2.760,00	US, FR, NL
	Corporate Equities	831,00	LU

*Corporate Bonds: US (32%), NL (18%) and FR (15%)

Other additional impacts have been identified in the new impact analysis from 2023 but we decided to further focus on the main relevant impacts namely **Climate Change** and **Financial Inclusion**. The impact analysis from 2020, showed that Climate Change had to be considered as a relevant impact area for the Bank.

As we, through our mission, have to contribute to the economic and social development of the country, we focused, beside Climate Change, on Financial Inclusion representing our second relevant impact area. The objective of social responsibility is enshrined in Article 5 of the Organic Law of 24 March 1989: "As a state-owned Bank, Spuerkeess seeks to:

- contribute to the economic and social development of the country in all areas through its activities;
- and promote all forms of savings."

Climate Change and Financial Inclusion are fully incorporated in our internal Strategy paper 2025.

The impact analysis from the UNEP FI tool will be performed every 2 to 3 years as the business model of Spuerkeess does not vary significantly. However, Spuerkeess will conduct on an annual basis a materiality analysis (see the sustainability development report for further details) and the results will be aligned with the outcome of the UNEP FI impact analysis.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Our portfolio composition broken down to the main activities/business areas, assets classes/products/type of customers, sectors and share in portfolio presents as follows:

Portfolio of activities : Main activities/Business areas	Asset classes and Climate relevant key sectors	Climate relevant share in Portfolio
Lending Portfolio	Retail - Residential Mortgage Loans	59% (of total lending)
	Business Loans: Corporate and SMEs	18% (of total lending)
	of which : Construction	31%
	of which : Manufacture	8%
	of which : Electric utilities	7%
Investment Portfolio	of which : Transportation & storage	11%
	Corporate Bonds	16% (of total investment)
	of which : Oil & Gas	8%
	of which : Power Generation	10%
	of which : Automotive	8%
	Corporate Equities	5% (of total investment)
	of which : Passenger airline	51%
of which : Freight airline	42%	

The composition of our portfolio per geographical scope can be found in the question 2.1 a).

Additional and more recent information on the exposure per asset and on the most climate relevant sectors can be found in our "Sustainable development report 2023", in our "Net Zero Climate target report 2023" and in our "EBA ESG Pillar 3 reporting 2023".

See chapter "Partie I. – 2.2. Nos secteurs d'activité » in our NFR 2023

See chapter «2.4. Our carbon footprint of our banking activities at a glance» in our Net Zero Climate Target report 2023

See chapter "Partie I. – 2.4. Nos produits et services (activités bancaires)» in our NFR 2023

See chapter « ESG Risks » in our EBA ESG Pillar 3 report

The following table presents some main figures of the portfolio composition module extracted from the impact analysis tool:

Size of business of the main 5 geographies	Luxembourg	France	United States of America	Spain	Netherlands
Percentage of total business	34,70%	10,41%	6,09%	5,82%	5,46%
Percentage of total outstanding SME loans	50,64%	2,50%	0,14%	0%	0,74%

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

As the main business activities of Spuerkeess are mainly concentrated in Luxembourg, the main challenges and priorities of the Bank and its clients are linked to the core aspects of the sustainable development applied in Luxembourg. Following the SDG Index, there are several significant and major challenges remaining, especially for the SDG 13 Climate Action. This is underlined and confirmed by the Climate Policy Observatory (CPO), a national scientific council evaluating the current climate policy of the Luxembourgish government. Hence, the transition to a low-carbon economy and the achievement of the target of reducing global warming to 2°C (and even the target of 1.5°C) remains one of the major challenges. Such a transition still harbours a number of uncertainties and risks, and in particular the long-term (beyond 2030) transition plan remains very uncertain. Consequently, when analysing the impact of such a transition, the Bank relies on a scenario analysis (based on different Network for Greening the Financial System (NGFS) climate scenarios) and tries to integrate the results into the Bank's risk management and strategic planning. A distinction is made between three different types of scenarios, namely "current policy", "disorderly" and "orderly" scenarios. All three have different effects on the Bank's various portfolios and pursue different transition paths. In summary, it can be concluded that the construction and real estate sector, the transport sector and the industrial sector are facing the greatest challenges of transition in Luxembourg.

Regarding social inclusion and social inequalities, Spuerkeess is convinced that Luxembourg is on the right track and recognises a positive evaluation trend. Even if the current evaluation for the SDG 8 (Decent work and economic growth) and the SDG 10 (Reduced inequalities) indicates some challenges remaining, Luxembourg is among the top performers. The major challenge in our opinion is the Gini coefficient, which decrease slightly last year, however, has risen significantly in the two years since then.

The various links between the context explained above and Spuerkeess, is presented in our Net Zero Climate Target Report 2023 in section 2.5. and 5. as well as in our Sustainability Development report 2023 in Part I. – Sections 1.2. & 2.3 and Part II. Section 1.3. The context has also been taking into account and extensively analysed in our internal document dedicated to our strategy 2025.

Interests and concerns of our main stakeholders in these 2 topics are summarized as follows (cf. Principle 4):

Stakeholder engagement	Climate Change	Financial Inclusion
SPK owner	x	x
Customers	x	x
Equity Interests	x	
Industry	x	x
Science	x	

Further details about our materiality assessment which includes a cartography of our main stakeholders (their dependence and influence), as well as the main impacts that result from this assessment, are explicitly explained in our "sustainable development report 2023". Our materiality analysis is in line with our PRB impact analysis as climate change as well as social inclusion have been mapped as relevant and material to Spuerkeess.

<https://dashboards.sdqindex.org/profiles/luxembourg>

<https://opc-luxembourg.lu/en/>

<https://www.ngfs.net/ngfs-scenarios-portal/>

[Gini index | Data \(worldbank.org\)](#)

See chapter « Partie II. – 1. Processus d'analyse de matérialité de la durabilité » in our NFR 2023

See chapter « 2.5. Our climate strategy and SDG alignment » in our Net Zero Climate Target Report 2023

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

We performed a new impact analysis in 2023 and we identified the following positive impacts:

- Livelihood
- Healthy economies
- Accessibility, availability, affordability, quality of resources and services

and the following negative impacts:

- Health and Safety
- Circularity
- Biodiversity

As already mentioned and explained in question 2.1. a), Spuerkeess will prioritize 2 significant impacts resulted from its first impact analysis of 2020, namely **Climate Change** and **Financial Inclusion**.

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

Climate Change

As **climate change** has been identified as being one of the areas where our impacts are most significant based on the "Portfolio Impact Analysis" methodology provided by UNEP FI, we concentrated in 2023 on climate relevant sectors (Code NACE A-H & L) which represent 46% of our total assets as of December 31, 2023.

Our "Net Zero Climate Target Report 2023" report presents the breakdown of our main assets by showing their related **financial exposure** as well as their **financed GHG emissions**. Our total exposure on climate relevant sectors was 25.967 mio € in 2023 from which about 93% were covered by our financed GHG emissions calculation. Our financed GHG emissions from climate relevant sectors were 1,1 million tons of Scope 1 & 2 CO₂ equivalent, whereas 3,4 million tons of Scope 3 CO₂ equivalent were disclosed.

Regarding our **corporate bonds** portfolio, the following sectors have been prioritized as they are responsible for the strongest actual negative impacts in our portfolio (Scope 1, 2 and 3 of the corporate bonds portfolio are being presented):

	Scope 1 & 2 (in tons of CO ₂ e)	Scope 3 (in tons of CO ₂ e)
Automotive	1.982	331.438
Power Generation	23.913	85.828
Oil & Gas	57.758	588.014

Regarding our **corporate equities** portfolio, the following sectors have been prioritized as they are responsible for the strongest actual negative impacts in our portfolio (Scope 1 and 2 of the corporate equities portfolio are being presented):

	Scope 1 & 2 (in tons of CO ₂ e)
Airlines	416.428
of which: Passenger airline	53.379
of which: Freight airline	363.049

Regarding our **business loans** portfolio, the following sectors have been prioritized as they are responsible for the strongest actual negative impacts in our portfolio (Scope 1, 2 and 3 of the business loans portfolio are being presented):

	Scope 1 & 2 (in tons of CO ₂ e)	Scope 3 (in tons of CO ₂ e)
Construction	36.567	1.011.216
Transportation and storage	133.010	125.226
Manufacturing	110.760	229.735
Electric utilities	114.486	62.842

Our **residential mortgage loans** portfolio generated 89.262 t CO₂e (Scope 1 and 2) and represents the highest exposure in our portfolio with a financial exposure of 15,9 billion €.

Further details regarding the following topics can be found under the referenced chapters:

See chapter « Partie III. – 3.11.2. Gestion des risques ESG » in our NFR 2023

See chapter « 6.2.1. Measuring emissions » in our Net Zero Climate Target Report 2023

See chapter « 2.4. Our carbon footprint of our banking activities at a glance » in our Net Zero Climate Target Report 2023

See chapter « Partie III. – 1.1.2. L'empreinte carbone de nos activités bancaires » in our NFR 2023

See chapter « 2.2. About this report » in our Net Zero Climate Target Report 2023

See chapter « Partie II. – 1. Processus d'analyse de matérialité de la durabilité » in our NFR 2023

- *Our approach:* See chapter « 6.2.1. Measuring emissions » and “6.2.3. Setting targets” (Net Zero Climate Target Report 2023)
- *Methodology of our calculation of our financed emissions:* See chapter « 7.1. Calculation of our financed emissions» (Net Zero Climate Target Report 2023)
- *Data limitations:* : See chapter « 6.3. Challenges and Limitations“ (Net Zero Climate Target Report 2023)

Financial Inclusion

Financial Inclusion has also been considered to be of one of the most important impacts in our country and strongly linked to our activities. As a socially responsible Bank, Spuerkeess sees financial inclusion as a tool for promoting social inclusion. In order to fulfil its social and economic mission, Spuerkeess has always been committed to the development of sustainable inclusive finance. As already mentioned in question 2.1.a), Spuerkeess decided to focus on this impact through its mission presented in Article 5 of the Organic Law of 24 March 1989 and in order to be aligned with the outcome of its materiality analysis which also foresees financial inclusion as a significant and relevant impact.

We consider three levers in our strategy to stimulate financial inclusion:

- Financial literacy and education,
- Accessible and affordable banking,
- Avoiding and fighting poverty.

How we measure financial inclusion:

– **Access indicator:** The access indicator reveals how specific target groups categorised by age, gender or disadvantage, have access to financial literacy and banking services/infrastructure. Further details regarding this indicator and its key types of customers, products and services can be found under the referenced chapters in our Non Financial Report (NFR):

- *Partie III. – 2.2. Nos solutions bancaires socialement avantageuses*
- *Partie III. – 2.2.1. Les services bancaires accessibles*
- *Partie III. – 2.2.6. L'accès à l'éducation*
- *Partie III. – 2.2.7. Le financement à impact social*

– **Affordability indicator:** The affordability indicator presents the affordability of banking for more vulnerable target groups such as children or elderly and clients with specific assistance. This is mainly expressed in fees.

Further details regarding this indicator and its key types of customers, products and services can be found under the referenced chapters in our NFR 2023:

- *Partie III. – 2.2. Nos solutions bancaires socialement avantageuses*
- *Partie III. – 2.2.2. Les services bancaires abordables*
- *Partie III. – 2.2.3. L'accès abordable au logement*
- *Partie III. – 2.2.4. L'accès abordable aux produits d'investissement*
- *Partie III. – 2.2.5. L'accès aux investissements socialement responsables*

– **Usage indicator:** The usage indicator shows how efficient the usage of banking services is for certain target groups. This is expressed in average savings balance or number of transactions.

Please find below a summary of our main financial inclusion indicators :

Financial Inclusion Indicators
Number of branches per financial center
Number of branches with wheelchair accessibility
Number of customers served
Electronic transactions
Number of clients (per type of clients)
Number of young clients having access to 3 type of banking services
Number of loans (residential)
Number of banking guarantees for rental agreements
Number of "Plan d'épargne-logement BHW"
Granted amounts of "Plan d'épargne-logement BHW"
Number of "Prêt Flexibilité"
Granted amounts "Prêt Flexibilité"
Number of "Prêt Nouveau Logement"
granted amount of "Prêt Nouveau Logement"
Number of contracts "Speedinvest"
AuM "Speedinvest"
Number of Student loans
Granted amounts of Students loans
Number of UNIF loans
Granted amounts of UNIF loans
Financing contributing to educational objectives
Financing contributing to affordable housing
Financing contributing to healthcare, unemployment and others

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- | | | | |
|--------------------------|---|--------------------------------------|--|
| Scope: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Portfolio composition: | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input type="checkbox"/> No |
| Context: | <input type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input checked="" type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes | <input type="checkbox"/> In progress | <input checked="" type="checkbox"/> No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change and financial inclusion

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

Based on our impact assessment, we identified and linked the following frameworks with our climate and financial inclusion strategy in order to cover our needs to reach our targets and to contribute to the various initiatives and goals.

Climate Change

We considered the following policy frameworks in our approach to align these with our targets and indicators:

- *The goals of the Paris Agreement to reduce our own operations and banking activities GHG emissions to net zero by 2050 (or sooner).*
 - *The UNEP FI Guidelines for Climate target Setting for Banks for our target setting approach through our Net-Zero Banking Alliance (NZBA) membership.*
 - *The methodology of the Partnership for Carbon Accounting Financials (PCAF) has been applied to our corporate bonds, corporate equities, residential mortgage loans and business loans portfolio to calculate the financed GHG emissions. The methodology also allows to measure how data quality improves over the years (Data quality score).*
 - *The Transition Pathway Initiative (TPI) to align our corporate bonds and equities portfolios with 1,5 and/or 2 degrees transition pathways benchmarks established by the International Energy Agency's (IEA).*
 - *We use the decarbonisation rate from the National Energy and Climate Plan (NECP) for Luxembourg's real estate sector and apply it to our national residential mortgage portfolio. This rate consists of a 64% reduction from 2005 until 2030. We also contribute to the objectives as defined in Luxembourg's "Plan national de Développement Durable (PNDD)".*
 - *The European Climate Law's ambition is to reach the carbon neutrality by 2050 and to reduce the GHG emissions by at least 55% in 2030. By being a member of the NZBA, we committed to become net-zero by 2050.*
 - *The Sustainable Development Goals (See section 2.5. in our Net Zero Climate target report 2023 to understand the link between the SDGs and our climate strategy):*
 - 7: Affordable and clean energy
 - 11: Sustainable cities and communities
 - 12: Responsible consumption and production
 - 13: Climate Action
 - 15: Life on land
- go along with our approach to become carbon neutral in 2050.*

Financial Inclusion

- *We foster financial education and access to our financial services for all by supporting the following Sustainable Development Goals (See Part I. – Section 4.2. in our Sustainability Development Report 2023 to understand the link between the SDGs and our commitments taken for those):*
 - 4: Quality Education
 - 9: Industry, innovation and infrastructure
 - 10: Reduced inequalities
- *Charte Diversité & Inclusion de l'IMS (Inspiring more sustainability) (October 2020) : On 23 May 2023, the day Luxembourg celebrated its 8th Diversity Day, Spuerkeess, as a*

See chapter « 2.1. Strategic climate priorities » in our Net Zero Climate Target Report 2023

See chapter « 2.2. About this report » in our Net Zero Climate Target Report 2023

See chapter « 2.5. Our climate strategy and SDG alignment » in our Net Zero Climate Target Report 2023

See chapter « 6.2.3. Setting targets » in our Net Zero Climate Target Report 2023

See chapter "Partie III. – 2.3.2. Le soutien aux communautés - Exposition Trisomie 21 » in our NFR 2023

signatory of the Diversity Charter and keen to contribute actively to creating a more inclusive society, organised an exhibition of photographic portraits of people with Down's syndrome people.

- Spuerkeess follows the “European Accessibility Act Directive”:
- Acte législatif européen sur l’accessibilité (2019)
- Directive relative à l’accessibilité numérique dans le secteur public (2016)
- in order to improve and to ensure the accessibility of products and services to the public sector.
- Since September 2023, Spuerkeess is signatory of the “Pacte national – Entreprise et Droits de l’Homme” and commits to implement the Guiding United Nations Principles on Business and Human Rights.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

We set 2022 as baseline year for Climate Change and Financial Inclusion to avoid any unusual fluctuations from the Covid-19 period. For any new indicator defined after 2022, we use the year of the KPI definition as a baseline year.

Climate Change

We compared our financed GHG emissions of 2023 of our corporate bonds and equities portfolio as well as our residential mortgage loans portfolio with the carbon footprint of our banking activities in 2022. Further details on the current level of alignment can be found in our Net Zero Climate Target Report 2023 in the chapter “6.2.3. Setting targets”.

The following table shows if Spuerkeess’ practices are aligned to the requirements of UNEP FI exposed in the appendix of UNEP FI’s Progress Report.

See Annex

Financial Inclusion

The following table shows if Spuerkeess’ practices are aligned to the requirements of UNEP FI exposed in the appendix of UNEP FI’s Progress Report.

See Annex

See chapter « 6.2.3. Setting targets » in our Net Zero Climate Target Report 2023

See chapter “2.3. Our climate achievements at a glance” in our Net Zero Climate Target Report 2023

c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate Change

We have set specific targets for a part of our corporate equities and bonds portfolio as well as for our residential mortgage loans portfolio. Please find below a table summarizing the objectives in the following sectors:

Sector / Activities	Outstanding Amount (in mio EUR) 2022	Outstanding Amount (in mio EUR) 2023	Metric	Pathway / Scenario	Baseline 2022	2023			Target 2030
					Portfolio Value	Pathway Value	Portfolio Value	Alignment	Pathway Value
Oil & Gas	287	220	gCO2e/MJ	IEA 2°C	71,05	62,88	70,01	● 11,34%	52,76
Power generation	226	151	gCO2e/Mwh	IEA 1,5°C	0,16	0,35	0,16	● -54,29%	0,14
Automotive	147	190	gCO2e/km	IEA 2°C	129,60	127,94	125,00	● -2,30%	80,91
Cargo airlines	535	349	gCO2e/FTK	IEA 1,5°C	488,00	673,80	513,00	● -23,86%	370,00
Passenger airlines	496	422	gCO2e/RTK	IEA 1,5°C	1.052,00	1.123,00	1.004,00	● -10,60%	616,00
Mortgage loans	15.257	15.908	kgCO2e/sqm	NPCE 1,5°C	28,89	/	28,43	/	24,10

● Below pathway ● <10% above pathway ● >10% above pathway

See chapter “2.3. Our climate achievements at a glance” in our Net Zero Climate Target Report 2023

See chapter “Partie III. – 1.1.2. L’empreinte carbone de nos activités bancaires” in our NFR 2023

Financial Inclusion

Regarding the second impact area, we decided to focus on the following 2 targets:

- Number of social inclusion KPIs tracked
- Number of initiatives with an educational and formative purpose to improve financial literacy

	2025	2030	2050
Number of social inclusion KPIs tracked	2	3	5
Number of initiatives with an educational and formative purpose to improve financial literacy			
of which: Interventions in private schools	6	12	18
of which: Podcasts	3	5	10
of which: Conferences	2	4	8

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Climate Change

Spuerkeess has defined transition pathways for its corporate equities and bonds portfolio as well as for its residential mortgage loans portfolio.

- Oil & gas,
- Power generation,
- Automotive,
- Airline,
- Real estate.

We have prioritised those sectors based on the Bank's financial exposure and/or on their relative share of our financed emissions.

The five sectors were prioritised based on an initial top-down assessment of the overall Spuerkeess portfolio, which indicated that they represent over 72% of the Bank's total climate relevant assets and 35% of Spuerkeess' financed emissions.

Furthermore, we will continue to engage with top emitting companies from our business loans to SMEs portfolio based on emission data and exposure levels by helping in defining decarbonisation targets and in supporting the transition to net zero by 2050.

Over time, other non-climate-relevant sectors and asset classes will be included as data availability and data quality will evolve and as we refine and expand our net zero approach.

Further details on the action plan of the following asset classes can be found under the referenced chapters in our Net Zero Climate Target Report 2023:

- Corporate bonds Portfolio: See chapter "6.2.3.1. Corporate bonds portfolio"
- Corporate equity Portfolio: See chapter "6.2.3.2. Corporate equity portfolio"
- National residential mortgage loans portfolio: See chapter "6.2.3.3. National residential mortgage loans"
- Business loans to SMEs portfolio: See chapter "6.2.3.4. Business loans to SMEs"

Spuerkeess has also elaborated on other significant potential indirect impacts (other environmental risks such as biodiversity) in its Net Zero Climate Target Report 2023 in chapter "4.4. Other environmental risks".

Financial Inclusion

The following actions will be implemented in order to meet the set targets:

- Draft a Social and Financial Inclusion policy that would identify and summarize these principles, and review it regularly to ensure its relevance and consistency over time.

See chapter "6.2.3. Setting targets" in our Net Zero Climate Target Report 2023

See chapter "6.2.4. Taking actions" in our Net Zero Climate Target Report 2023

- Review the Product Policy to integrate the "ESG by design" principle into the process of creating new products.
- Strengthen the coordination of the financial inclusion area by focusing on the coordination between the various Bank's departments concerned, on the centralization and development of social and financial inclusion initiatives, on the monitoring and reporting of the progress of social and financial inclusion initiatives / KPIs.
- Increase the interventions in private schools.
- Create podcasts and conferences to raise awareness among our customers especially our young customers.
- Increase the number of KPIs related to financial inclusion.

Spuerkeess takes into account other potential indirect impacts within the impact area financial inclusion such as over-indebtedness. Spuerkeess' lending policy is based on the "socially responsible lender" principle. Our responsibility as Bank is to protect our customers from over-indebtedness by making a prudent assessment of their ability to reimburse their loans. In addition, as part of our role as a "socially responsible lender", we contacted our most vulnerable customers during the interest rate hike to assist in finding an appropriate reimbursement plan to overcome the crisis.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	Climate Change	Financial Inclusion	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Spuerkeess has made progress since its last report. We did conduct a new impact analysis with the "Portfolio Impact Analysis Tool for Banks" from the UNEP FI with more recent data and we were able to increase the coverage rate. Furthermore, we performed a new materiality analysis in our sustainability report 2023 and we defined new material topics. In order to be compliant with the CSRD requirements, Spuerkeess will undertake a double materiality assessment for the 2024 reporting year.

Climate Change

The evolution and progress of our carbon footprint can be found in our Net Zero Climate Target Report 2023 in chapter "2.4. Our carbon footprint of our banking activities at a glance".

A significant decrease in our Scope 1 & 2 financed emissions from our corporate bonds portfolio has been reached mainly through :

- the reduction of companies' absolute emissions,
- the reinvestment in companies with a lower carbon profile,
- the improvement of the data quality.

Furthermore, we increased our coverage rate of our financed emissions calculation by including the Scope 3 emissions for all the climate relevant sectors of our corporate bonds and business loans portfolio.

We undertook some stakeholder engagement with the companies from our equity portfolio and we defined transition pathways and some concrete measures in order to reach the set objectives. (See chapter "6.2.3.2. Corporate equity portfolio" in our Net Zero Climate Target report 2023 for further details).

A more elaborated action plan has also been defined for our corporate bonds portfolio. (See chapter "6.2.3.1. Corporate bonds portfolio" in our Net Zero Climate Target report 2023 for further details). Regarding our business loans portfolio, we are engaging with some of our most important corporate and SMEs in order to prepare them to the future reporting requirements such as the EU Taxonomy and the CSRD. By preparing an harmonized ESG questionnaire with specific questions, we aim to assess and to improve their ESG Maturity and define together future steps.

Financial Inclusion

We haven't set any targets for the second impact area last year. Therefore, it is very difficult to present the Bank's progress since the last report. Nevertheless, we are able to present some indicators related to the financial inclusion in question 2.1.d) as well as to indicate their baseline year (question 2.2. b.). The progress of the different indicators can be found in the sustainability development report 2023 in chapter "Partie III. – 2.2. Nos solutions bancaires socialement avantageuses". Furthermore, 2 targets were defined in question 2.2.c) as well as some measures for the action plan (question 2.2.d)) in order to reach those targets.

To promote sustainable inclusive finance and to raise awareness amongst children and students, Spuerkeess has organized a range of events and projects in 2023:

- Schoulspuerfester (children from 6 to 7 years old)
- Club Tweenz (children from 6 to 12 years old)
- Woch vun den Suen – Global Money Week (children from 10 to 12 years old)
- Stock Market Learning (young people from 18 to 30 years old)
- Spuerkeess Blog
- Webinars
- The financial inclusion ABBL foundation
- Workshops at the St. George's International School and at the European School
- Start2invest

See chapter "Partie III. – 2.2. Nos solutions bancaires socialement avantageuses" in our NFR 2023

See chapter "Partie III. – 2.3. Communautés" in our NFR 2023

See chapter "2.4. Our carbon footprint of our banking activities at a glance" in our Net Zero Climate Target Report 2023

See chapter "Partie III. - 3.13 Sensibilisation ESG" in our NFR 2023

See chapter « Partie II. – 2. Taxonomie européenne » in our NFR 2023

See chapter « Partie II. – 1. Processus d'analyse de matérialité de la durabilité » in our NFR 2023

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Spuerkeess continues to be fully committed to its role as a "Transition enabler" and takes very seriously its mission to support its clients in their transition to an operation and consumption mode that is more respectful to the environment and the human beings. Firstly, by taking action at the level of the Bank, in particular through education and awareness campaigns aimed at its customers and clients; but also through advisory initiatives aimed at customers wishing to develop their ESG results.

Furthermore, the partnership with Greenomy will enable us to strengthen our position as a "Transition Enabler" by offering our customers a complete reporting and consultancy package (in collaboration with one of our consultant), while promoting sustainability within the Luxembourg economy. As already mentioned in question 2.3. of this document, we are engaging with some of our most important corporates and SMEs in order to prepare them to the future reporting requirements such as the EU Taxonomy and the CSRD. By preparing an harmonized ESG questionnaire with specific questions, we aim to assess and to improve their ESG Maturity and define together future steps.

Spuerkeess has published various policies which aim to encourage sustainable practices and to increase positive as well as to decrease negative impacts. The following policies can be found under the referenced websites links:

- *Fair advertising and marketing policy*
- *Debt collection policy*
- *ESG exclusion policy*
- *Responsible Credit & Investment portfolio policy*

In addition, we engage with our equity stakeholders (aviation sectors) and our business loans and SMEs companies by helping in defining decarbonisation targets and in supporting the transition to net zero by 2050.

Moreover, we have created a team dedicated to innovation and product development for our retail and professional customers. Our ambition is to further develop the ESG dimension in our business solutions.

Additionally, by having interviews, conferences, podcasts and blogs that promote ESG, we educate our customers to make conscious choices about investing into sustainable products. We guide them on

See chapter "Partie III. - 1.4. Nos solutions bancaires aux bénéfiques environnementaux" in our NFR23

See chapter "Partie III. - 2.2. Nos solutions bancaires socialement avantageuses" in our NFR23

See chapter "Partie I. - 4.3. Nos réalisations, engagements, challenges" in our NFR23

See chapter "Partie III. - 2.3.5 La collaboration avec Greenomy" in our NFR23

See chapter "Partie III. - 2.3.3 Notre rôle de « Transition Enabler »" in our NFR23

[Spuerkeess: Statement of the ESG exclusion policy](#)

[Spuerkeess: Statement of the Debt collection policy](#)

[Spuerkeess: Statement of the Fair advertising and marketing policy](#)

how to manage their finances properly through our products and services that go hand in hand with initiatives to help them in their day-to-to management.

Finally, Spuerkeess undertakes other several initiatives in order raise awareness and to support its clients in their transition for example by (Part I. - Section 4.3. in our NFR):

- Accelerating the e-mobility (preferential financing terms as well as cooperation with other partners such as ACL, Enovos etc);
- Contributing to the digitalization (financing digitalization and innovation projects, collaboration with the EIF (European Investment Fund);
- Supporting energy efficiency projects (Green Eligibility Checker, Ecobonus, Aid and finance advice, etc.).

More details about our banking solutions with environmental and social benefits can be found in the next question.

[Spuerkeess: CSR Policy of Spuerkeess – Statement of the Responsible Credit & Investment portfolio policy](#)

See chapter “6.2.3.2. Corporate equity portfolio” & “6.2.3.4. Business loans to SMEs” in our Net Zero Climate Target Report 2023

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

A summary of our products and services with a particular contribution to sustainability, can be found in our NFR 2023 in “Part I. – Chapter 2.4.”.

Through our sustainable products and services with environmental as well as with social benefits, we create strategic business opportunities in relation to the increase of positive and the reduction of negative impacts. An exhaustive list as well as further details of our banking environmental solutions (Part III. – 1.4. in our NFR 2023) and social (Part III. – 2.2. in our NFR 2023) can be found in our “sustainable development report 2023”. Information on sustainable products developed in terms of value, such as the granted amount in numbers and in mio of €, are also available in our “sustainable development report 2023”.

Our value chain from 2023, presented in our “sustainable development report 2023” in “Part I. – Chapter 2.3.” indicates in which Sustainable Development Goals (SDGs) we are striving to in order to create positive impact or reduce negative impact.

See chapter “Partie I. – 2.4. Nos produits et services (activités bancaires)” in our NFR23

See chapter “Partie I. – 2.3. Notre chaîne de valeur et ses contributions ESG” in our NFR23

See chapter “Partie III. - 1.4. Nos solutions bancaires aux bénéfiques environnementaux” in our NFR23

See chapter “Partie III. - 2.2. Nos solutions bancaires socialement avantageuses” in our NFR23

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

We engage with the following stakeholders for a clear purpose to achieve agreed outcomes:

- Regulators of the financial centre (EBA, ECB, ESMA, European Commission)
- State of Luxembourg (sole shareholder)
- Customers
- Staff of the Bank
- Staff's Representatives
- ESG Partnerships (researchers, consultants, UNEP-FI)
- Scientific Advisory Board
- Professional Associations (i.e. ABBL)
- Suppliers
- Luxembourgish Population
- Media
- Local Associations
- NGO
- Rating Agencies
- Industrial subsidiaries
- Companies from our corporate equity portfolio
- Companies from our business loans to SMEs portfolio

Further details on the identification of our stakeholders can be found in chapter 3 ("Contenu et matérialité") of the beginning of the report (NFR 2023), on our stakeholders in chapter 2.5 from part I, on the stakeholder mapping in chapter 1.1. from part II (NFR 2023), the management of the them in chapter 3.7. from part III (NFR 2023).

See chapter "Partie II. - 1.1.1 Cartographie et cotation des parties prenantes" in our NFR23

See chapter "6.2.3.2. Corporate equity portfolio" in our Net Zero Climate Target Report 2023

See chapter "6.2.3.4. Business loans to SMEs" in our Net Zero Climate Target Report 2023

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

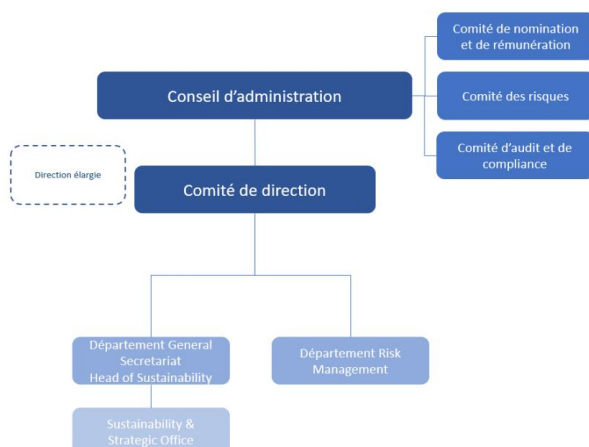
Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Please refer to the first annex of the “sustainable development report 2023” in order to find an exhaustive list of all our Spuerkeess’ sustainability policies in place. Some of them have been disclosed on our website under the following link: [Spuerkeess: CSR Policy of Spuerkeess](#)

The Board of directors, the Executive Committee and the Extended Management are involved in the setting and monitoring of the sustainability strategy. They receive a quarterly report from our ESG Progress Report in order to have an overview of the ESG progress.

The Governance structure of our main and important committees and departments, involved in ESG subjects, is the following:



Responsibilities on ESG-related themes, among others the implementation of the Principles, have been assigned to the CEO, president of the Executive Committee.

In 2022, the Executive Committee granted decision-making power on sustainability and climate-related issues to the Extended Management. The Extended Management acts in close partnership with the Bank’s General Secretariat and the Head of Sustainability, and ensures that the objectives of the Bank’s strategy are met within the given timeframe. A more detailed explanation about the governance

See annexe 1 « Politiques de durabilité » in our NFR23

See « Partie I. – 2.3. Notre chaîne de valeur et ses contributions ESG » in our NFR23

See chapter « 3. ESG Governance » in our Net Zero Climate Report 2023

[Spuerkeess: CSR Policy of Spuerkeess](#)

See chapter “Partie I. - 3. Gouvernance d’entreprise et organisation” in our NFR23

See chapter “Partie III. - 2.4.2 Governance” in our NFR23

structure as well as their tasks can be found in the “Sustainability development report 2023” and the “Net Zero Climate target report 2023” referenced on the right sight of the table.

Our remuneration policy does contain ESG aspects as from 2024. Further details will follow in the next sustainability development report 2024 and further details about our 2023 remuneration policy can be found under the following chapters in our “sustainable development report 2023”:

- “Partie I. – 3.5. Politique de rémunération des membres de l’organe de gouvernance le plus élevé »
- « Partie III. – 2.4.2. Gouvernance – g) »
- « Partie III. – 3.8. Politique de rémunération des employés de la Banque »

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

In 2023, Spuerkeess developed a sustainability learning programme. The Bank offered a general e-learning on ESG matters to their staff as well as specific ESG training courses focused on business and practice. These trainings will be completed with additional modules specific to the Bank’s different professions in 2024 and will be continuously updated as regulations evolve.

In addition, we regularly share an ESG glossary to familiarize our employees with sustainability. In fact, we have a dedicated internal “Sustainability page” which is accessible to all the employees. Employees can look up all specific related ESG terminology in a dictionary as well as recent ESG news.

To continuously foster an environmentally- and socially- conscious work culture, Spuerkeess also organized a successful plugging session for the second time in 2023 as well as a “Zéro mégot” project.

Furthermore, a podcast called “Evergreens by Spuerkeess” has been created in order to have some exchanges around the table with economic players about sustainability, technology and the future of banking and finance.

Additionally, Spuerkeess created bi-monthly blog called “Why does it matter?”. It is a series of articles focusing on global topics related to ESG (environmental, social and governance) and digitalization. These articles aim to promote the energy transition by giving a voice to experts.

Spuerkeess developed and implemented a Talent Management Program aiming to the continuous development of technical, transversal and leadership skills, to facilitate the planning of the succession of key positions within the Bank and to detect promising talents. Over the coming years, Spuerkeess will implement a leadership program, which intends to support employees with future leadership responsibilities. Further details on the actual leadership program can be found in chapter “Part III. – 2.1.1. Onboarding, professional development & Leadership” in the “sustainability development report 2023”.

We gave our employees the opportunity to work closely and on a voluntary basis on ESG topics. The so called “ESG connectors” meet regularly with the “Strategic and Sustainability Office” to exchange on important ESG subjects and in order to be updated on all the Spuerkeess-ESG projects. They can contribute to the various projects by proposing new ideas and by helping the “Strategic and Sustainability Office” with their expertise.

See chapter “Partie III. - 3.13 Sensibilisation ESG” in our NFR2023

See chapter « 3. ESG Governance » in our Net Zero Climate Target Report 2023

See chapter “Partie III. - 2.3.3 Notre rôle de « Transition Enabler »” in our NFR2023

See chapter “Partie III. - 2.1.3 Talent Management»” in our NFR2023

See chapter « Partie III. – 3. Gouvernance@ESG » in our NFR2023

See chapter « Partie III. – 2. Sociale@ESG » in our NFR2023

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Information about identification, management, assessment, mitigation and monitoring environmental and social risks can be found in the following reportings:

- Chapter 5. Risk Management (Net Zero Climate target Report 2023)
- Partie III. – 2.4. Informations qualitatives sur le risque social (NFR 2023)
- Partie III. – 3.11. Cadre de gestion des risques (NFR 2023)

The following policies address environmental and social risks:

- **Exclusion Policy:** Defines a list of high-risk climate sectors that the Bank excludes from its investments as well as the exclusion procedure based on controversies.
(Chapter “Part III. – 3.12.1. Notre politique de traitement des exclusions et des controverses » - NFR 2023)
- **Responsible Credit & investment portfolio policy:** Defines the strategy for integrating ESG risks and opportunities into our lending (loan portfolio) and corporate bond investments (investment portfolio) in line with the PRB and NZBA commitments made.
(Chapter “Part III. – 3.12.2. Notre politique de financement et d’investissement responsables » - NFR 2023)
- **General policy on credit risk management:** Describe the roles, the principles, of the procedure as well as the applied approach regarding the management of credit risks linked to climate, environment as well as social considerations.
(Chapter “Part III. – 3.12.3. Notre politique générale relative à la gestion du risque de crédit » - NFR 2023)

See annexe 1 « Politiques de durabilité » in our NFR23

[Spuerkeess: Statement of the ESG exclusion policy](#)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

The assurance statement on our PRB commitments has been performed by the independent assurer "Forethix" and can be found on the first pages of this report.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Spuerkeess has been applying the GRI standards since 2018 and signed the Principles for Responsible Banking (PRB) in 2019.

In fact, the report was prepared in accordance with the Global Reporting Initiatives (GRI) 2021 standards and with reference to the European Financial Reporting Advisory Group's (EFRAG) of the European Sustainability Reporting Standards (ESRS). Spuerkeess communicated its data in accordance with the GRI standards from January, 1 in 2023 to December, 31 in 2023.

Furthermore, we report our sustainability information in accordance with the Article 8 of the EU Taxonomy Regulation, with the UN Principles for Responsible Banking and with the PCAF methodologies for our GHG financed emissions.

We joined the Net Zero Banking Alliance (NZBA) in October 2021 and committed to reach net zero emissions in our own operations and to align all our lending and investment portfolios with the Paris Agreement goals by 2050 (or sooner).

NZBA also partially takes TCFD requirements into account such as the necessity to disclose metrics and to define and to monitor SMART target setting in a climate-related reporting.

See chapter "About this report" in our NFR23

See chapter "2.2. About this report" in our Net Zero Climate Target Report 2023

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

Spuerkeess performed a materiality analysis for the reporting year 2023 and will undertake a double materiality analysis over the next 12 months in order to be in line with the CSRD reporting requirements and with the outcome of the PRB impact analysis. The double materiality consists of 2 perspectives, "inside-out" and "outside-out", as well as a stakeholder engagement in order to identify the most pertinent impacts.

As part of our commitment to net zero and our ambition to decarbonise our portfolios to become Paris aligned, we intend to

- review our intermediate goals and set further intermediate targets on a regular basis to be sure to align portfolios to net zero by 2050,
- continue defining client-related targets and commitments together with our stakeholders for sectors where transition pathways do not yet exist,
- continue developing concrete action plans to decarbonise our portfolios and reaching the defined targets,
- develop climate friendly products and services to reorientate capital flows towards more sustainable assets,
- increase our data quality over time.

Spuerkeess will continue to make progress regarding the implementation of the six PRB principles during the 12 months reporting period. As data quality and data availability will improve overtime, we aim to strengthen our targets and our action plan for both impact areas (Climate change and Financial inclusion) to align with net-zero pathways, with the Paris Agreement goals and to support our customers in the green transition.

See chapter "Partie II. – 1. Processus d'analyse de matérialité de la durabilité » in our NFR23

See chapter "6.2.4. Taking actions" in our Net Zero Climate Target Report 2023

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input checked="" type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

Regarding corporate clients subject to the Non-Financial Reporting Directive (NFRD), from 2024 on Spuerkeess will be inviting them to log on to the Greenomy platform to complete a taxonomy questionnaire of which we will be able to determine the eligibility and taxonomy alignment of the commitments that Spuerkeess holds in relation to this type of client.

As a result, the quality and the availability of data will improve overtime.

Annex

Impact area	Practice (pathway to impact)									Impact		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes – See Net Zero Climate Target Report 2023 (Chapter 4.Climate Strategy)	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes – Corporate Equities, Business Loans (mainly Luxembourg) and Residential Mortgage Loans	A.3.1	Financial volume of green assets/low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	<u>Lending:</u> - Financing of low carbon renovations and renewable energies (< EUR 100.000): 41% - Financing of low carbon renovations and renewable energies (> EUR 100.000): 15,97% <u>Investment:</u> 931 mio EUR Green Bonds	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	See table “2.4. Our carbon footprint of our banking activities at a glance” in our Net Zero Climate Report 2023
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes – Net-zero by 2050 and see other targets for 2030 in table “2.3. Our climate achievement at a glance” in our Net Zero Climate Report 2023	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Scope 3 financed GHG emissions : - Corporate Bonds : 1.884.662 t CO2e - Business Loans : 1.568.087 t CO2e	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive	25.967 mio EUR - Chapter “2.4. Our carbon footprint of our banking activities at a glance” in our Net Zero Climate target Report 2023	A.4.2	Portfolio alignment: How much of your bank’s portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	See table “2.3. Our climate achievement at a glance” in our Net Zero Climate Target Report 2023

					investment portfolio?	- Total: 3.452.749 t CO2e		sectors and activities? How much does your bank invest in transition finance?			
A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	See table "2.3. Our climate achievements at a glance" in our Net Zero Climate Report 2023 – Covered sectors: Oil & Gas, Power Generation, Automotive, Freight airlines, Passenger airlines, residential Mortgage loans						
A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes – <u>Lending:</u> residential + business loans <u>Investment:</u> corporate bonds + equities	A.2.4	Proportion of financed emissions covered by a decarbonization target: What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	35% ("6.2.3. Setting targets" in our Net Zero Climate Report 2023)						

	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes - and in progress – See table “Partie I. – 2.4. Nos produits et services (activités bancaires)” in our NFR 2023 and see our table “Partie III. – 1.4. Nos solutions bancaires aux bénéfiques environnementaux” for the financial volume in our NFR 2023		a transition plan in place?							
C. Financial Inclusion	C.1.1 *	# of products and services in the portfolio with a focus on financial inclusion	See chapter “Partie III. - 2.2. Nos solutions bancaires socialement avantageuses » in our NFR 2023	C.2.1	# of individuals supported with dedicated and effective financial and/or digital education initiatives	See chapter “Partie III. - 2.2. Nos solutions bancaires socialement avantageuses & 2.3. Communautés » in our NFR 2023	C.3.1 *	% of individuals with a good and/or very good level of financial skills	Non applicable	C.4.1	% of customers with 2 or more active financial products, from different categories, with the bank	This indicator has not been computed yet but further details can be found in chapter “Partie III. - 2.2. Nos solutions bancaires socialement avantageuses » in our NFR 2023
	C.1.2 *	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	This indicator has not been computed yet.	C.2.2	% of customers with effective access to a basic banking product	See chapter “Partie III. - 2.2. Nos solutions bancaires socialement avantageuses » in our NFR 2023	C.3.2	% of customers supported with dedicated customer journey/advisory services	This indicator has not been computed yet.			
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	- Woch vun den Suen – Global Money Week (by ABBL) - Spuerkeess participates in several social inclusion events and projects of the	C.2.3	# of new customers per month	This indicator has not been computed yet.	C.3.3 *	% of customers actively using the online/mobile banking platform/tools	37.623.000 customers used electronic transactions among others online/mobile platforms in 2023.			

			<p>financial inclusion ABBL foundation - Spuerkeess organized 3 workshops at the St. George's International School and at the European School - The "Aid and Funding Advice" service, which is provided via the tool on the Klima-Agence.lu website and various training courses, aim to support our customers in their energy efficiency projects and to make them aware of the aid, grants and subsidies available. We have set up tools to identify eligible projects, help our customers through the process, offer them the type of loan best suited to their projects and support them in their ecological, energy and sustainable projects. - An additional partnership with "diego Luxembourg" offers advice on the installation of photovoltaic panels.</p>								
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			See chapter "Partie III. - 2.3. Communautés » in our NFR 2023									
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