

Corporate Social Responsibility

REPORT 2018



SPUERKEESS

REPORT 2018

**CORPORATE
SOCIAL
RESPONSIBILITY**

“ *Our contributions
to sustainable
development* ”

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01 MESSAGE FROM THE EXECUTIVE COMMITTEE

(GRI 102-14)

Corporate social responsibility (CSR) plays a key role at Spuerkeess, forming an integral part of the Bank's corporate culture and global strategy. With the economic and social duties entrusted to it by its Organic Law, Spuerkeess' position when it comes to CSR is clear from its nature, reflected in its specific responsibility to Luxembourg society in all its forms. Examples include focusing on the local network, encouraging entrepreneurial activities in general and social entrepreneurship in particular, actively promoting school savings or granting housing loans as well as allocating credits based on social and environmental criteria.

Significant market share in the Luxembourg banking sector and a leading position in the financing market make Spuerkeess an economic player with a considerable impact on economic growth and job creation on a national scale. Customers are the central focus more so than ever, and the Bank places particular emphasis on ensuring their needs and expectations are met. These expectations are constantly changing within a context where the economic environment and digital transformation are becoming increasingly more complex.



(GRI 102-14)

The first non-financial report in 2017 gave us the opportunity to present Spuerkeess' strategic priorities when it comes to CSR, as well as the resulting concrete actions. These priorities covered four United Nations Sustainable Development Goals (SDGs): 'Good health and well-being', 'Quality education', 'Decent work and economic growth' and 'Climate action'.

Recognising that economic and financial success goes hand in hand with socially responsible behaviour, Spuerkeess kept its focus for 2018 on its CSR goals and was able to fulfil its commitments at various levels. Just like in previous years, the Bank continues to pursue its efforts on behalf of all of its stakeholders, among whom the Spuerkeess Staff holds a fundamental place.

Since the Spuerkeess Staff is the driving force behind the Bank's success, the Executive Committee invited all of its employees to meetings informing them about Spuerkeess' strategic direction, together with the associated opportunities and challenges. At the same time, the Committee took the opportunity to conduct a survey of employees' major concerns in order to listen to their needs and requirements throughout the implementation of Spuerkeess' new strategic objectives.

In terms of energy consumption, Spuerkeess signed an agreement with its electricity supplier at the end of 2018 for the delivery of 100% green electrical power from 1 January 2019 across all of its sites. The Bank is also continuing its project to gradually replace the current lighting with an LED (light-emitting diode) solution.

Simultaneously, Spuerkeess has been showcasing its historical partnership with ETIKA with a view to financing numerous projects for the fight against climate change. For example, the Bank is working with ETIKA to provide funding for wind farms in Luxembourg and holds a leading position in this field.

Beyond direct contributions to the sustainable development of the country's economy, Spuerkeess also takes steps to include its customers and partners in the fight against climate change. Accordingly, in an effort to raise awareness among an audience of finance professionals regarding the impacts of climate change, Spuerkeess organised a conference on sustainable finance: the 'EU's latest action plan & Luxembourg Sustainable Finance Roadmap' at the historic 19 Liberté building, which met with great success.

In a different setting, combining cultural promotion and artisanal achievement, and constantly taking care to promote and develop Luxembourg's artisans, the Bank hosted the **De Mains De Maîtres** exhibit for the second time in its locations. From 29 November to 3 December 2018, Spuerkeess therefore welcomed thousands of visitors to 19 Liberté, all able to admire the arts and crafts of some 60 artisans and creators hailing either from Luxembourg or from neighbouring countries.

Forecasts and outlook

In March 2018, the European Commission published an action plan, the purpose of which is to involve the EU's financial sector more in the process of meeting objectives set by the Paris Agreement on Climate Change, thus ensuring the long-term sustainable development of the green economy. Luxembourg's government has also developed its own Sustainable Finance Roadmap for Luxembourg.

These recent developments show that new challenges arising from the increasingly demanding expectations, not only of society but also of supranational institutions, in terms of CSR are emerging. However, they also create new opportunities that need to be seized.



02 ABOUT THIS REPORT

(GRI 102-10, GRI 102-45, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56)

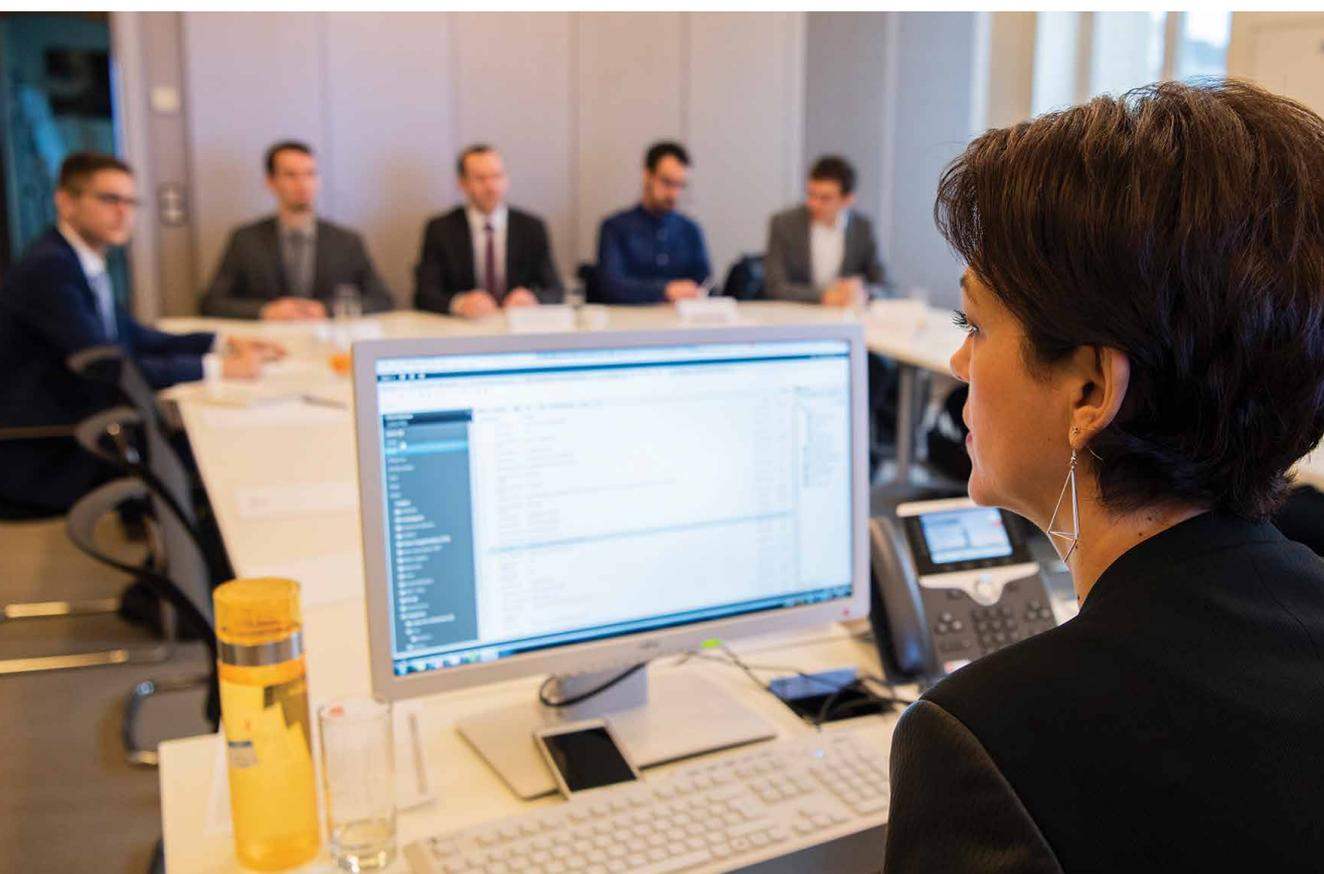
This report is the second official publication of achievements and performance regarding corporate social responsibility (CSR), in accordance with the Law of 23 July 2016, transposing into national law European Directive 2014/95/EU on non-financial disclosure. The CSR Report provides an inventory of the CSR actions led by the Bank and announces Spuerkeess' goals for the short term.

This report has been prepared in accordance with the GRI Standards: Core option. For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report. This service was performed on the French version of the report.

The report covers all activities, without exception, of the Group's main legal entity: the **Banque et Caisse d'Epargne de l'Etat, Luxembourg**, in line with the annual management report. The reporting period runs from 1 January 2018 to 31 December 2018, with an *annual reporting cycle*. No significant changes were made compared to the previous reporting periods regarding the list of material topics and the scope of those topics. The previous report was published in April 2018 for the 2017* financial year. The next publication will come out in March 2020 and will refer to the data for 2019. The report is also published on the Bank's website: www.bcee.lu.

For all other information, please contact the CSR Committee by e-mail: RSE@bcee.lu.

* No restatements were made regarding the information published in the previous CSR Report.



03 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-1, GRI 102-3, GRI 102-5, GRI 102-18)



Spuerkeess, established by the Law of 21 February 1856 (then **Caisse d'Epargne de l'Etat**) and governed by the Law of 24 March 1989, is an autonomous public institution endowed with legal personality. Ultimate responsibility for the institution lies with the Government Minister with responsibility for the Treasury.

The Bank's registered office is located at 1, place de Metz, Luxembourg.

Spuerkeess is governed by a Board of Directors and an Executive Committee. The Board of Directors defines the Bank's general policy and is responsible for management control of the Executive Committee. All administrative acts and measures necessary or relevant to the Bank's purpose fall within the responsibility of the Executive Committee. Further details as well as the organisational chart are published in Spuerkeess' Annual Report for the 2018 financial year.

03 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-2, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-8)

Key figures

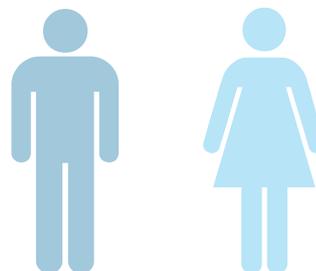
Spuerkeess' bank margin¹, which is the sum of interest income, fees, income from securities and income from financial instruments, was EUR 537,0 million and net income came to EUR 175,4 million in 2018.

As at 31 December 2018, the Bank has 1.866 employees, all on permanent contracts. The breakdown by gender is 58% men and 42% women, remaining identical to the previous year.

The Spuerkeess network comprises 65 branches and 11 finance centres (as at 31 March 2019) spread across Luxembourg.

1.866 employees

58% 42%



SPUERKEESS' products and services

As a universal bank, Spuerkeess offers a comprehensive range of banking and financial products and services and caters for all customer categories (retail, business, etc.), satisfying their needs for day-to-day management, financing, savings and investments, means of payment, and more.



Certain products and services are marketed under specific brands, namely:

TWEENZ-CLUB	Exclusive club for young savers (ages 6–12)
AXXESS	Banking and non-banking offering for secondary school students, university students and young workers
ZEBRA ZEBRA PREMIUM	Banking offering with a fixed monthly price for retail clients
ZEBRA BUSINESS ZEBRA BUSINESS PLUS	All-inclusive banking offering for professional clients and SMEs
S-NET / S-NET MOBILE	<i>Internet & Mobile Banking solution</i>

True to its reputation as an innovative bank, Spuerkeess launched the following services over the course of 2018:

SPEEDINVEST	Digital automated investment product
'MY INTELLIGENT ASSISTANT' (MIA)	Digital, customised and freely accessible financial assistant
LEASE PLUS	All-inclusive car leasing for retail clients
DIGITISED PERSONAL LOAN	Digital solution for granting personal loans

03 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-2)

BCEE ECOPRÊT

In 2008, Spuerkeess introduced the **EcoPrêt** (eco-loan), aimed at financing energy efficiency transformation and improvement work in buildings. What's more, the **EcoPrêt** loan offers attractive financing for customers looking to buy zero-emission vehicles, such as electric or hydrogen-powered cars.

ALTERNATIVE SAVINGS

In 1997, Spuerkeess and ETIKA a.s.b.l. ('Initiativ fir Alternativ Finanzéierung') created the Alternative Savings Account, which offers savers full transparency in supporting initiatives which contribute to the country's sustainable development.

The funds raised through the solidarity of Alternative Savings Account holders are the source for financing projects selected jointly by ETIKA and Spuerkeess based on environmental, social and economic viability criteria. With complete transparency, savers are informed by ETIKA and Spuerkeess on how their financial contributions are used. By subscribing to this product, the saver is playing a key role in a more solidarity-based and sustainable economy.

As at 31 December 2018, 1.130 savers have deposited EUR 55,7 million into Alternative Savings Accounts, helping to finance projects in the following areas:

- energy efficiency;
- distribution and marketing of organic products / biotrade;
- social and health sector;
- international solidarity sector; and
- organic farming.

LUXEMBOURG PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE INVESTMENT

Spuerkeess, through the Forestry and Climate Change Fund, is actively involved in financing for SMEs, communities and organisations of farmers striving for the sustainable management and use of secondary and/or degraded tropical forests in Latin America. In April and August 2018, the fund made its first two investments in Nicaragua and Guatemala, committing around 6% of its total capital. The two projects are expected to generate savings of more than 2 million tonnes of CO₂ over the life of the investment. The fund is also working on three upcoming additional investments in Central and Latin America.

Spuerkeess is a founding shareholder and has been actively contributing to the Luxembourg Microfinance and Development Fund for over nine years. The fund's objective is to help reduce poverty by supporting organisations which promote empowerment and the development of entrepreneurial activities, particularly for the most excluded populations. The fund facilitates access to responsible financing by establishing a connection between investors, microfinance institutions and final beneficiaries. The fund's resources now exceed EUR 30 million, and it has completed more than 100 transactions, supporting 155.000 entrepreneurs around the world.

(GRI 102-9, GRI 102-11, GRI 102-12, GRI 102-13)

Value chain*

The Bank's core activity consists of collecting deposits and granting loans and lending to the national economy. More than two-thirds of Spuerkeess' liabilities are made up of deposit inflows from private and institutional customers, thus representing its main source of financing.

The Bank also has two other sources of financing: short-term and, to a lesser extent, medium-term financial market debt contracted via its three refinancing programmes (ECP, USCP and EMTN²), as well as own funds allowing it to post, year after year, a solvency ratio that is considerably higher than the minimum regulatory requirements.

As the leader in its domestic market, in terms of both savings products and mortgage loans, Spuerkeess has always been able to demonstrate sound risk management when it comes to granting loans/credits and investing in debt securities ('investment grade' rating) in international financial markets. Its reputation as a sound financial institution was ultimately reinforced by its ranking in the top quintile of European banks by both of the US rating agencies (Moody's and S&P).

Commitments, memberships and recognition

Non-profit commitments and affiliations IMS a.s.b.l. – Inspiring More Sustainability (formerly *Institut pour le Mouvement Sociétal*)

In 2008, Spuerkeess joined the **Institut pour le Mouvement Sociétal** (Institute for Societal Development / IMS), which is an association of businesses committed to the development of corporate social responsibility policies in Luxembourg. IMS Luxembourg is the national branch of CSR Europe: Europe's leading promoter of corporate social responsibility.

IMS promotes the exchange of good practices and collaborative work between members regarding CSR. To do this, the association provides expertise (publications), concrete solutions and necessary information (campaigns, training, workshops,

etc.). The network currently represents 15% of Luxembourg's payroll and continues to grow as it regularly welcomes businesses, experts and organisations among its new members.

The Bank further demonstrated its social and environmental responsibility through signing the Charter of Corporations for Social Responsibility and Sustainable Development, and the ESBG (European Savings Banks Group) Charter for Responsible Business.

Spuerkeess is subject to the supervisory mechanism organised at the EU level. The Bank is also a member of several organisations in the financial sector (non-exhaustive list):

- Luxembourg Bankers' Association (ABBL)
- **Fonds de Garantie des Dépôts, Luxembourg** (FGDL)
- European Savings Banks Group (GECE)
- **Système d'Indemnisation des Investisseurs** (SIIL)



* No significant changes were observed in the value chain

² ECP = European Commercial Paper, USCP = US Commercial Paper, EMTN = Euro Medium-Term Note

03 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-12)

Key recognition

Since 1996, Spuerkeess has held the **SuperDrecksKëscht fir Betriber** label for its environmentally friendly waste management.

Spuerkeess was awarded the Corporate Health Prize by the Luxembourg Ministry of Health in 2010.

In 2013, the Bank won the Green Facility Management Award for its energy concept in its buildings, which has allowed significant energy savings and helped limit CO₂ emissions.

For the fourth Green Business Summit in April 2014, organised under the high patronage of the Ministry of Sustainable Development and Infrastructure, the Bank received the Green Finance Award in recognition of its special efforts to angle its business model towards a green, ethical economy.

In 2017, Spuerkeess was awarded 'Most Attractive Employer in Luxembourg 2017' by the Randstad Group.

In May 2018, for the third time after 2012 and 2015, Spuerkeess was awarded the **Entreprise Socialement Responsable – ESR** (socially responsible company) label from the **Institut National pour le Développement Durable** (National Institute for Sustainable Development and Corporate Social Responsibility / INDR).



04 CSR: AN INTEGRATED APPROACH

(GRI 102-16, GRI 102-41)

CSR holds a special place at Spuerkeess, due mainly to its status as a public institution. For more than 160 years, Spuerkeess has developed its role as a socially responsible company. The objective of social responsibility is enshrined in Article 5 of the Organic Law of 24 March 1989:

“As a State Bank, Spuerkeess seeks to:

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

In line with the social duties entrusted to it, Spuerkeess has proven itself to be the benchmark in Luxembourg’s financial centre when it comes to CSR, with particular focus on:

- private home financing and savings collection activities, in which Spuerkeess is the undisputed leader in the Luxembourg market;
- granting loans based on social and environmental criteria;
- promoting school savings and all other forms of savings;
- financing for the growth of small and medium-sized enterprises as well as large companies;
- acquisition of shareholdings in the capital of major Luxembourg companies; and
- financing for public and parapublic authorities.

As a responsible employer, Spuerkeess ensures the implementation of the Staff Code of Conduct, which groups all Staff into one community of values, following the major principles relating to human rights and stressing the importance of confidentiality, data protection, management of conflicts of interest, combating corruption, combating money laundering and the financing of terrorism.

The Staff Code of Conduct includes an internal alert system, also known as ‘whistleblowing’, in accordance with the legal requirements regarding the obligation to report crimes and offences. This system means members of Spuerkeess’ Staff can confidentially report any problems or negligence to the person responsible for whistleblowing, such as infringement of a law, a

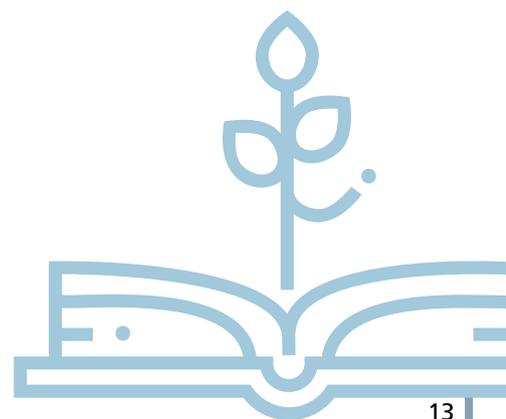
regulation or the Staff Code of Conduct. Additionally, the Bank’s Staff are regularly briefed on bankers’ ethical principles at various training sessions (some mandatory, some optional).

The status of Spuerkeess and its Staff guarantees the principle of non-discrimination on the grounds of religion or beliefs, disability, age, sexual orientation and race or ethnicity. The status also validates the principles of equal pay between men and women (meaning that a collective bargaining agreement is not applicable to Spuerkeess), access to training and equal opportunities for professional promotion.

In the fight against climate change, in 2006, Spuerkeess began developing an energy concept that combines sustainable construction, modernisation and optimised management of technical facilities, helping to reduce energy consumption substantially.

Simultaneously, the Bank is committed to complying with the requirements arising from the European Commission’s action plan for a greener and cleaner economy, and will be closely monitoring the Sustainable Finance Roadmap for Luxembourg, which is an initiative led by the Ministry of Finance and the Ministry of the Environment, offering both a framework and recommendations for promoting the development of sustainable finance within the country.

As a result, Spuerkeess’ overall strategy is fully immersed in CSR.



05 CSR STRUCTURE AND GOVERNANCE / INTERNAL CSR ORGANISATION

(GRI 102-18)

CSR Committee

Since 2007, a group of approximately ten Spuerkeess employees has been meeting on a regular basis to promote the CSR approach in-house as well as outside the Bank. Briefing the Bank's Staff on CSR matters had been identified as a priority for creating the foundations of a sound CSR approach.

In the interest of centralising and boosting Spuerkeess' CSR efforts, the Bank set up a CSR Committee in 2016, responsible for coordinating the actions to be taken in that area. The Committee is also tasked with producing the CSR Report according to the GRI Standards.

Members:

- Rudi BELLI – Secretary General;
- Myriam BALTES – Compliance;
- Mato DURIC – Secretary General;
- Sandra SCHENGEN – Staff Management;
- Dzemal TOMIC – Institutional Clients.

Assistant:

Cindy DE SOUSA – Secretary General.

CSR Representatives

To promote constructive discussion between the Bank's Staff and the CSR Committee, some 50 CSR representatives have been appointed from among the Staff to represent and involve all the Bank's business lines. The representatives will contribute to a proactive, constructive CSR approach.

CSR Strategy

Since its creation in 1856, Spuerkeess has had a keen sense of its special role within Luxembourg's society and economy. Consequently, all actions, whether relating to its core activity or to secondary activities, have always been characterised by a responsible approach focusing on the long term and on sustainability. As such, the Bank's CSR strategy is built on solid foundations, adhering not only to its long tradition but also to Spuerkeess' status itself. This CSR strategy is deeply rooted in the corporate culture and conforms to the United Nations Sustainable Development Goals (SDGs).

In this respect, the Bank addresses the four most relevant SDGs, taking into account its context and its status:

- Good health and well-being (SDG 3);
- Quality education (SDG 4);
- Decent work and economic growth (SDG 8); and
- Climate action (SDG 13).

Corporate social responsibility as adopted and experienced within Spuerkeess is intended to be participatory, transparent and progressive in its approach.

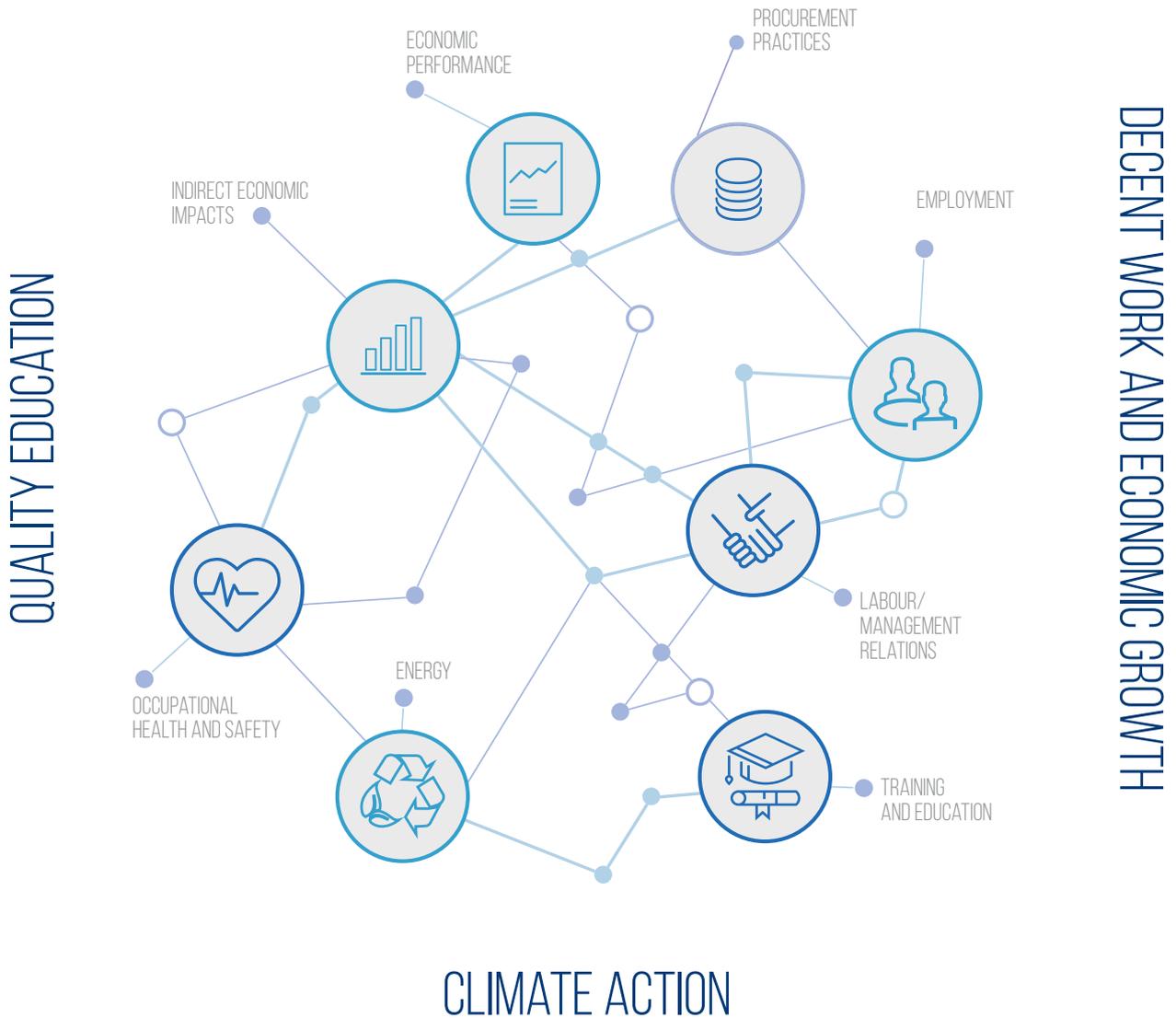
Participation from stakeholders consists of their involvement in defining the indicators, objectives and important topics which have a certain impact for the Bank. Likewise, it extends into the day-to-day contribution of those involved in order to meet objectives and take relevant concrete action. It is the integration of a responsible, sustainable philosophy within all activities connected to the Bank's business and beyond.



FOUR GOALS

EIGHT PATHS

GOOD HEALTH AND WELL-BEING



Transparency is the desire to report on all aspects of the CSR policy and to take note of what is working well without hiding what could be working better. This transparency ensures credible communication both internally and externally.

Development of the strategy in terms of CSR is essential if the Bank is to continue responding to the realities and challenges of an ever-changing world. The CSR strategy at Spuerkeess is constantly being revised and adapted where necessary.

06 SDG 3: GOOD HEALTH & WELL-BEING

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 403-1)



Occupational health and safety

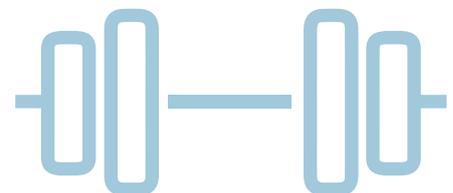
The Bank continues its efforts to promote and protect the health, well-being and safety at work of its Staff. In fact, health and safety is a priority for the Bank when it comes to the labour/management relationship. A Safety Committee was therefore created in 1991, which has since been responsible for coordinating all related matters. The committee is made up of members of the Executive Committee, the staff representative body, the Human Resources unit and the Organisation unit. Whether through continued professional development, high-quality equipment, appropriate procedures or employee awareness, a vast array of concrete measures contribute to the safety of all Staff.

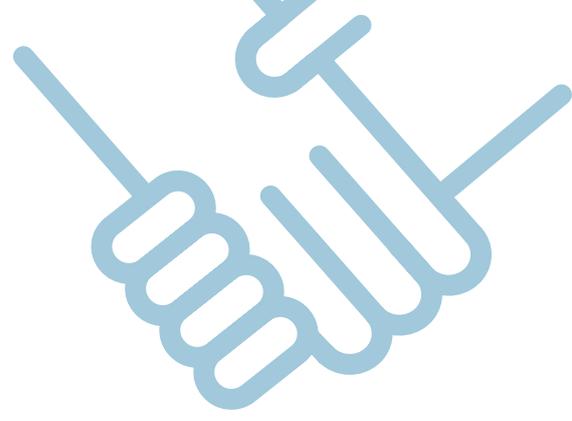
What's more, Spuerkeess continues to implement its responsible policy in terms of maintaining the health capital of its employees, which is not limited simply to the legal and statutory obligations. In 2018, the Bank worked with a specialist medical centre to organise a new edition of its medical screening programme, where some 750 employees benefited from this preventive medicine initiative. At the same time, an initial series of conferences held by external experts sought to raise awareness among the Bank's employees regarding the topics of mental and physical health. As part of the S-Fit fitness centre, the extra classroom at 19 Liberté was specially arranged to emphasise training for relaxation and stress relief. These classes are free to attend for employees, and the turnout is constantly on the rise. Furthermore, the Bank has re-formed the *Éischtbetreier* team set up in 2008, dedicated to the first line of care for employees having faced hold-up situations, fires, bomb threats and any other incidents which might result in trauma.

As in the past, the absenteeism rate is closely monitored by the Bank's Human Resources unit with a psychologist, who offers personalised support to people facing difficult times. For this, the Human Resources unit collaborates with the Psychosocial, Occupational Medicine and Public Service Oversight departments (whenever the need arises). This support from the Bank is provided throughout the professional career of its employees, without distinction.

Objectives:

In order to further develop the efforts with regard to occupational health and safety, Spuerkeess intends to launch a new wave of conferences with a reminder of good health practices, focusing on the themes addressed in the review of the screening programme. Another action in this regard is the provision of a hearing protection solution for Staff working in open spaces or exposed to sources of noise related to their professional equipment. The Human Resources unit also plans to develop the procedural aspect and the tools used for monitoring occupational health and safety. This exercise includes determining how to react in the event of an incident and how to apply psychological tests, as well as the development of IT tools for monitoring health and safety.





(GRI 103-1, GRI 103-2, GRI 103-3, GRI 402-1)

Labour/management relations

Spuerkeess, like any other bank in the market, is faced with a rapidly changing environment. Digital transformation and an increasingly demanding regulatory framework require a certain openness to change from the Bank and, therefore, its employees. Against this backdrop, the right communication is paramount.

The Human Resources unit has been tasked with building a *change management* concept centred on aspects such as lateral communication and the optimisation of leadership combined with ongoing professional development (item detailed in the 'Quality education' section).

At the same time, the Executive Committee launched several conferences on the Bank's strategic direction aimed at all Staff, with the goal of providing an insight into the current challenges that the Bank faces and how the services or products offered meet these requirements. It should be noted that the presentations were prepared using a general preliminary survey on change management and employees' level of information in relation to the progress of digitisation.

This approach especially illustrates the attention that the Executive Committee pays to the opinion, perception and concerns of its employees, as well as the management team's efforts in addition to the annual meetings it holds with the unions and Staff representatives.

As stated in the last non-financial report, Spuerkeess develops a communication plan for all significant operational changes on a case-by-case basis.

In 2018, a project was initiated in favour of a new commercial approach to communicating with customers. This project will bring about considerable change, especially for the Staff at the branches. To set up the project and test its effectiveness, one finance centre was chosen as the pilot. As for the communication

aspect, the branch managers have been addressed and informed of the changes to come. Subsequently, workshops were organised with the Staff at the finance centre in question. All Spuerkeess Staff were then informed about this project at the strategy meetings.

The Bank has therefore continued its human-centred staff policy, promoting healthy working relationships.

In this context, social conflict over the promotion system, which had long been an issue and sharpened since 2017 while being subject to a conciliation process, followed by mediation, was resolved in early 2019 based on the concessions made on both sides by the Executive Committee and the union in question. This was thanks to the pursuit of the primary objective shared by everyone involved within the Bank: ensuring that Spuerkeess is and remains a great place to work, which combines safety at work and the possibility of a career with recognition of effort and commitment in a competitive environment.

Objectives:

To maintain and develop its position in the Luxembourg market, the Bank will need to be even more sensitive to organisational and operational changes in the future. In this context, the proposals related to the *change management* strategy and a suitable communication plan will need to be pursued and further formalised.

07 SDG 4: QUALITY EDUCATION

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-2)

Training and education

As in past years, in 2018 the Bank continued a comprehensive professional training policy, allowing employees to:

- update their knowledge and adapt to technological and organisational changes;
- upgrade their qualifications in the existing business lines; and
- develop new business and managerial skills.

In a constantly changing environment and with digitisation across all sectors, it is crucial to adopt a training policy which takes into account the Bank's current strategic target while developing employees' skills.

The Bank therefore offered its employees a training programme covering various subjects and aspects regarding digitisation. In this same context, Spuerkeess is also participating in the Ministry of the Economy and the Ministry of Labour, Employment and the Social and Solidarity Economy's pilot project – Luxembourg Digital Skills Bridge. The goal of the programme is to pre-empt technological change and actively guide businesses and employees towards a new organisational structure, new roles and new jobs.

The regulatory aspect is another of the Bank's training priorities. Particular focus has been placed on the training programme for MiFID II. In order to comply with the regulator's requirements, all investment advisors in the branch network and the Private Banking unit have had to follow a programme adapted to MiFID II that was finalised by the monitoring of learning achievements.

Like in previous years, the Bank publishes a training catalogue that covers the concrete training needs of employees selected with their manager at individual interviews. A section of the catalogue specifically aimed at managers and team leaders lists the leadership and change management training available.

What's more, the Bank decided to purchase a Learning Management System (LMS), so that training content can be delivered to all bank employees via a computer platform. In February 2019, the first e-learning sessions were launched via the LMS on cybersecurity and the Bank's IT security policy.

In 2018, Spuerkeess organised more than 67.000 hours of training, representing around 10.000 hours more than the previous year, due primarily to the intense training programme on MiFID II. Accordingly, the Bank was able to take some 11.600 registrations for the different training initiatives, which represents an average of nearly five days of training per employee. Among the training initiatives, 78% were dedicated to technical courses relating to banking business lines and 22% to increasing employees' interpersonal skills (soft skills).





(GRI 103-2, GRI 103-3, GRI 404-1, GRI 404-3)

Breakdown of training hours by type and by treatment group for 2016, 2017 and 2018:

(‘treatment group’ refers to the wage category determined by the employee’s initial qualification)

			2016	2017	2018
Average number of training hours	Total		30,01	31,60	35,72
Average number of training hours	Treatment group A1	Men	41,59	46,65	48,89
Average number of training hours	Treatment group A1	Women	30,31	36,59	51,74
Average number of training hours	Treatment group A2	Men	39,75	48,35	65,24
Average number of training hours	Treatment group A2	Women	56,18	43,07	53,84
Average number of training hours	Treatment group B1	Men	33,55	36,63	31,90
Average number of training hours	Treatment group B1	Women	32,75	26,69	31,83
Average number of training hours	Treatment group C1 and D3	Men	9,19	11,06	16,17
Average number of training hours	Treatment group C1 and D3	Women	9,16	9,80	18,08

It should be noted that access to training is open to all of the Bank’s employees, regardless of employment level or professional category, provided by a follow-up of the registration process. No discriminatory selection criteria are applied, and training authorisation is based on the employee’s need for professional or personal development and the limits of the available budget.

Individual annual interviews are carried out, aiming to promote dialogue between employees and their managers as well as to define, amongst other things, the needs for training and mobility. Alongside these interviews, employees eligible for a non-automatic promotion are evaluated as part of Professional Performance Assessments. In 2016, 52%, in 2017, 4% and in 2018, 30% of employees were involved in this procedure.

Objectives:

In 2019, Spuerkeess will be continuing its efforts to develop the skills of its Staff and paying particular attention to training in the implementation of regulatory projects. The Law of 10 August 2018 transposed into Luxembourg law Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD – Insurance Distribution Directive). Spuerkeess will therefore have to prepare, in conjunction with its partner Lalux, training for the Bank’s licensed insurance agents, taking into account the new requirements of the regulation. The leadership training and support programme and the concepts of change management will be further formalised and will form an integral part of the training plan. Lastly, the Bank will be intensifying its efforts to develop e-learning courses so it can offer its Staff greater flexibility, namely those who are unable to travel for classroom training.

08 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 201-1)

Economic performance: economic value generated and distributed

The economic value generated by the company first and foremost must satisfy the 'distribution' of financial flows intended for stakeholders and, ultimately, contribute to boosting own funds.

For the sake of consistency with the accounting methodology adopted by the Bank in the financial statements, we equate the 'economic value generated' as defined by the GRI to the notion of 'Banking Income'³.

The notion of 'value distributed' is specific to the item GRI 201-1 and consists mainly of:

- staff wages and benefits;
- non-personnel-related general expenses (including community investments*);
- payments to the State (mainly taxes); and
- dividends paid to the shareholders/owners.

The table below explains the mechanism for distribution of the economic value generated:

In millions of euros ⁴	31/12/2016	31/12/2017	31/12/2018
Economic value generated (Banking Income)	573,7	606,9	537,0
Value adjustments**	4,5	-15,4	-12,1
Distributions from the income statement	-337,7	-350,7	-349,4
<i>of which personnel expenses</i>	-199,1	-207,3	-221,7
<i>of which non-personnel-related general expenses</i>	-82,6	-87,9	-85,7
<i>of which taxes</i>	-56,0	-55,5	-42,0
Income for the year	240,5	240,8	175,4
Change in measurements in own funds***	-139,4	-132,1	182,1
Total Comprehensive Income for the year	101,1	108,7	357,5
Distributions in own funds	-40,0	-40,0	-40,0
<i>of which distribution to the State as an owner</i>	-40,0	-40,0	-40,0
Value after distribution (change in own funds)	61,1	68,7	317,6

Faced with a change in own funds of EUR 317,6 million in 2018, EUR 68,7 million in 2017 and EUR 61,1 million for 2016, the Bank recorded a total distributed value of EUR 389,4 million in 2018 compared to EUR 390,7 million in 2017 and EUR 377,7 million in 2016.

In the interest of ensuring sustainable economic performance, the Bank is pursuing a long-term development strategy that builds on sound corporate governance. In this respect, Spuerkeess has created various committees to support these developments which report either to the Executive Committee or to the Board of Directors, the most important among them being:

- the Audit Committee;
- the Risk Committee;
- the Compliance Committee;
- the Asset Liability Management Committee;
- the Commercial Coordination Committee;
- the Risk Management Committee;
- the Data Protection Committee;
- the Digital Banking Management Committee.

Customer satisfaction: the key to success in the banking sector

Spuerkeess is focused on the continuous improvement of the customer experience in an effort to satisfy the needs of a customer base open to new banking technologies, including the youngest generations in particular. As the competition intensifies in the banking market due to the entry into force of PSD II, the keywords for customer loyalty and customer acquisition will be:

- quality of service;
- speed of processing;
- simplification of products and services; and
- personalisation of customer service.

In response to these challenges, Spuerkeess first of all began modernising its network of branches by creating an open-space concept, which is designed to further develop in-branch advice and support for its customers in a more pleasant environment. Implementation of this concept has been ongoing since 2018 and will extend over the next few years.

³ Banking Income = sum of interest income, fees, income from securities and income from financial instruments

⁴ Source: Annual Report 2018 (Reports and Balance Sheet 2018)

* Community investments (sponsoring, humanitarian aid, etc.) came to EUR 428.632,97 for 2018 and constitute an integral part of non-personnel-related general expenses. What's more, the Bank places a great deal of importance on cultural activities, organising guided tours through the Bank Museum and art exhibits in the Bank's locations (e.g. De Mains de Maîtres), open to the public. The related costs are not included in the amount of community investments.

** The 'Value adjustments' section contains allowances for impairment of tangible and intangible assets, net allowances for individual and collective credit risks, provisions and reversals of provisions, and profit from non-current assets.

*** The 'Change in measurements in own funds' section contains the actuarial gains/losses on pension funds and the net measurement results of operations on financial instruments.



08 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 103-2, GRI 103-3)

Furthermore, by meeting the needs of a customer base that prefers to communicate digitally with its bank, Spuerkeess has been constantly improving both the accessibility and navigation of its S-net Desktop and S-net Mobile Internet Banking solutions while targeting the expectations of the different customer categories with dedicated content.

Along these same lines, Spuerkeess has also launched three new products:

SPEEDINVEST

A 'Robo-Advisor', a digital automated investment product aimed at both beginner and experienced investors looking to diversify their savings. With this new product, Spuerkeess is offering an alternative to the conventional savings account, as well as a modern and original way to invest.

MIA – MY INTELLIGENT ASSISTANT

A personal assistant that helps our customers to manage their budget in a simple, intelligent way thanks to a better understanding of their financial situation via classification of receipts and expenses according to their purposes. MIA is also equipped with predictive management capable of forecasting the customer's budget up to a future date.

DIGITISED PERSONAL LOAN

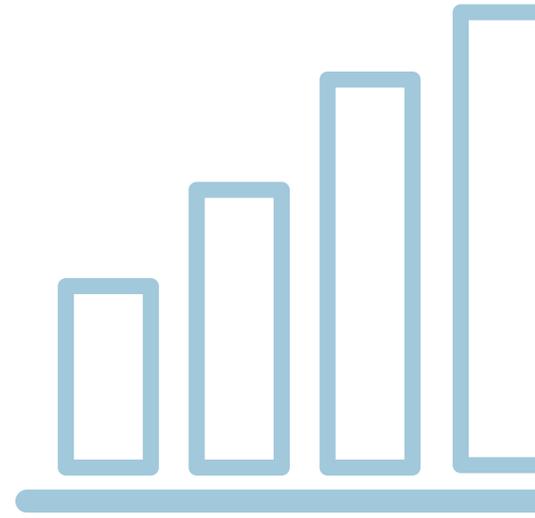
The personal loan was digitised with a view to accelerating the loan granting process/the provision of funds based on criteria reflecting the customer's solvency.

But the innovation does not stop at digitising banking services. It is also seen in the marketing of all-inclusive solutions addressing the needs of mobility, assistance, insurance and maintenance to make everyday life easier for our customers.

To this end, Spuerkeess entered into a partnership with LeasePlan Luxembourg S.A. in November 2018 to market the new service:

LEASE PLUS

An operational leasing solution which, in return for payment of a fixed monthly lease, includes the primary services for vehicles, mainly mobility, assistance, insurance and maintenance.



Indirect economic impacts

'Spuerkeess – Äert Liewen. Äer Bank': Spuerkeess' slogan reflects the Bank's responsibility to its customers, moving beyond a customer relationship based simply on business. Spuerkeess aims to create a lasting customer relationship where parties can meet on a level playing field and benefit equally from this commercial partnership. The following examples illustrate the Bank's contribution to developing the financial skills and capabilities of its customers, whether retail or business.

1) Financial education

Spuerkeess attaches great importance to financial education by contributing to skills development through access to information on how the banking world works. The ultimate goal is the Bank's contribution to the financial inclusion of all social classes. From a very young age, responsible asset management needs to become second nature and a habit to be picked up. With this in mind, the Bank has developed activities targeting primary school pupils in a bid to familiarise them with the basic products and savings. The so-called **Schoulspuerfester** are organised as fun, lively festivities to get children interested in savings. What's more, Spuerkeess has joined the **Woch vun de Suen** initiative, which comprises activities to stimulate the financial literacy of primary schoolchildren.

Spuerkeess has also put together programmes aimed at secondary school and university students to offer them a more in-depth overview of the Bank's business lines. As in past years, in 2018 Spuerkeess organised a contest for students, offering them virtual money to invest in the stock market. This way, students learn to understand how the mechanisms work in the financial markets that control the investments.

Another activity promoted by Spuerkeess for several years is the dayCARE project, which was launched by the CARE charity. In this context, the Bank hosts and supervises pupils from different secondary schools around the country for a full day to show them the Bank's business lines. That way, the children can improve their knowledge and discover the possibilities and career opportunities that the financial sector has to offer.

For the adult population, Spuerkeess organises multiple conferences throughout the year to raise awareness surrounding financial management. For example, we can list conferences dealing with the themes of:

- general finance news;
- housing loans;
- asset management;
- taxation; and
- estates.

Beyond these activities, the Bank has been growing its social media presence in order to spread practical information both about banking products and services and about current events in the world of finance. In 2018, the Bank launched the 'BCEE blog' on its site, with advice and information on the products and services offered. What's more, the Bank's specialists address current economic topics and regularly publish articles in the blog, which are also shared on Facebook, LinkedIn and Spuerkeess' Twitter account.

08 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 103-2, GRI 103-3, GRI 203-2)

2) Support for innovation

One of the main missions enshrined in Spuerkeess' Organic Law is contributing to the country's economic development. This mission may be structured in various ways, including support for innovation, which is crucial for the emergence of a diversified and sustainable economy. With this in mind, the Bank has joined several initiatives created to facilitate the viability of start-ups and young businesses.

INNOVFIN

In 2018, the Bank joined the InnovFin programme, which is a joint initiative of the European Investment Bank (EIB), the European Investment Fund (EIF) and the European Commission to promote financing for research and innovation within the economy.

For the first two years, Spuerkeess – also an EIF shareholder – announced its participation in the InnovFin programme for EUR 40 million, to be used for financing innovative projects from Luxembourg businesses.

Spuerkeess selects which businesses might benefit from financing based on eligibility criteria predefined by the EIF, which vary depending on the projects and social scope of the respective businesses: new information and communication technologies, scientific research, development of renewable energy, etc.

For its part, the EIF acts as a guarantor by issuing guarantees for up to 50% of the financing granted to innovative businesses.

ICFA

In 2017, the Ministry of Finance and the Ministry of the Environment, Climate and Sustainable Development (formerly known as the Ministry of Sustainable Development and Infrastructure), together with actors of the Luxembourg financial centre, launched an initiative called International Climate Finance Accelerator Luxembourg (ICFA) to contribute to the fight against climate change by supporting managers of investment vehicles and of vehicles specialised in financing for climate action.

In 2018, Spuerkeess expressed its desire to take part in this project, which is also backed by the EIB, by granting credit lines to this type of investment fund.

To gain access to credit lines, investment funds must meet ESG (Environmental, Social and Governance) criteria and invest their capital in activities related to mitigating climate change.

JONK ENTREPRENEUREN LUXEMBOURG A.S.B.L.

For many years, Spuerkeess has been committed to supporting and promoting the entrepreneurial spirit of the nation's younger generations. In collaboration with the association *Jonk Entrepreneuren*, whose primary mission is to 'inspire and prepare young people to innovate, create, take initiative and be responsible', the Bank actively participates in the initiatives which encourage entrepreneurial skills development in students at each level of Luxembourg's education system (primary, secondary, higher), adhering to the principle of 'learning by doing'.

The year 2018 saw the launch of the My First Enterprise (MFE) programme, the aim of which is to raise awareness among students aged 15–17 surrounding group work, project management and effective contact with suppliers and consumers. Around 200 school students took part in the programme, the goal of which was to develop a product or service. Spuerkeess gave each team a budget, which they had to determine how best to invest.

On 19 April 2018, three prizes were awarded to the top teams based on originality and presentation of the product or service created. The final was hosted by Spuerkeess at '19 Liberté' with a panel of judges made up of representatives from Enovos, La Luxembourgeoise-Vie, Grosbusch and Spuerkeess.

Employment

A good employer-employee relationship is a key factor in the success of a business. Aware of the fact that Spuerkeess' strength is drawn from that of its employees, the Bank has always implemented a human resources policy characterised by mutual respect, loyalty and trust. The Human Resources unit is therefore always actively listening to employees, taking on board their grievances and issues and helping them closely in the achievement of their career plans.

Just like in previous years, the Bank pursues an attractive, dynamic and sensible recruitment policy in line with the continued modernisation of its services. The Bank therefore seeks not only to contribute to gradual Staff turnover but also to recruit specialist profiles, such as in the field of regulatory matters or risk management, as well as in cutting-edge commercial business lines.

It should be noted that recruiters go to considerable effort to attract the top profiles in the market and get them interested in the Bank's different business lines. To this end, numerous tours and talks with secondary schools and universities, together with participation in recruitment fairs, are on the agenda to present Spuerkeess and its career opportunities.

The Bank's workforce remains stable with 1.866 employees as at 31/12/2018, of whom 1.686,75 FTE (full-time equivalent). While the focus was on finding profiles that satisfy the new requirements, staff turnover in number terms led to the hiring of 92 new employees during the 2018 financial year.

The status of the Bank's employees ensures favourable conditions and allows them a great work-life balance. In fact, the introduction of shared parental leave in 2016 and additional

part-time rates (e.g. 50%, 75%, 80%) in 2018 led to 55 employees (24 women, 31 men) benefiting from parental leave in 2018. Among employees, 20,31% took advantage of a part-time work scheme over the same period. Note that the Bank allows all employees to reintegrate based on their business line, position and interests, so that all employees return after their parental leave. It should also be noted that the introduction of the time savings account (CET) offers employees greater flexibility to manage their working hours.

Add to this a whole range of non-banking benefits, where each employee gets the same fringe benefits, allocated regardless of employment level:

Group Insurance

Spuerkeess has taken out a supplementary group insurance policy for the Bank's Staff, covering expenses relating to any inpatient curative treatment, following any admission to a recognised hospital facility located in a European country.



08 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 103-3, GRI 401-1)

NEW HIRES 2016, 2017 AND 2018:

		2016		2017		2018	
Number of employees	Total	1.814	100,00%	1.844	100,00%	1.866	100,00%
	Men	1.053	58,05%	1.076	58,35%	1.089	58,36%
	Women	761	41,95%	768	41,65%	777	41,64%
Number of new employees*	Total	68	3,75%	75	4,07%	92	4,93%
	Men	46	2,54%	55	2,98%	58	3,11%
	Women	22	1,21%	20	1,08%	34	1,82%
Number of new employees aged under 30*	Total	56	3,09%	57	3,09%	66	3,54%
	Men	38	2,09%	43	2,33%	40	2,14%
	Women	18	0,99%	14	0,76%	26	1,39%
Number of new employees aged 30–50*	Total	11	0,61%	18	0,98%	25	1,34%
	Men	7	0,39%	12	0,65%	17	0,91%
	Women	4	0,22%	6	0,33%	8	0,43%
Number of new employees aged over 50*	Total	1	0,06%	0	0,00%	1	0,05%
	Men	1	0,06%	0	0,00%	1	0,05%
	Women	0	0,00%	0	0,00%	0	0,00%

* Calculated based on workforce (all categories included) at the end of the year



(GRI 103-3, GRI 401-1, GRI 401-2)

Mutual provident fund for the Staff of *Banque et Caisse d'Epargne de l'Etat*

All employees have the option to join this mutual fund, which:

- reimburses part of the medical expenses over a certain limit;
- allows members to insure themselves with the CMCM (Caisse Médico-Complémentaire Mutualiste);
- pays a death benefit.

Relief fund

The Executive Committee has established a relief fund with the goal of providing financial assistance to employees who, for a period of 12 months, have had to pay very high medical and paramedical expenses.

Working conditions, measures to improve work-life balance, investments in continued professional development and many other aspects contribute to the satisfaction of the Bank's employees and their sense of belonging. These efforts for employee retention are reflected in an extremely low turnover rate at Spuerkeess of just 3,75% in 2018, almost two-thirds of which (2,30%) is made up of senior employees aged over 50 and therefore, in large part, of employees taking their retirement.

TURNOVER RATE* 2016, 2017 AND 2018:

		2016		2017		2018	
Number of departures**	Total	47	2,59%	46	2,49%	70	3,75%
	Men	33	1,82%	32	1,74%	45	2,41%
	Women	14	0,77%	14	0,76%	25	1,34%
Number of departures aged under 30**	Total	7	0,39%	12	0,65%	15	0,80%
	Men	7	0,39%	7	0,38%	10	0,54%
	Women	0	0,00%	5	0,27%	5	0,27%
Number of departures aged 30–50**	Total	4	0,22%	8	0,43%	12	0,64%
	Men	3	0,17%	5	0,27%	6	0,32%
	Women	1	0,06%	3	0,16%	6	0,32%
Number of departures aged over 50**	Total	36	1,98%	26	1,41%	43	2,30%
	Men	23	1,27%	20	1,08%	29	1,55%
	Women	13	0,72%	6	0,33%	14	0,75%

* Adaptation of the formula, which now takes into account only departures

** Calculated based on workforce (all categories included) at the end of the year

09 SDG 13: CLIMATE ACTION

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 204-1)

Procurement practices

In line with one of Spuerkeess' main missions, the Bank continues its support for the development of Luxembourg's economy by encouraging work with national businesses which not only offer products certified as environmentally responsible (e.g. *SuperDrecksKëscht fir Betriber*) but also conform to environmental standards (e.g. ISO 14001: environmental management systems).

Taking into consideration the current context of 'responsible finance', Spuerkeess is also tasked with making sure its service providers uphold the same values as the Bank.

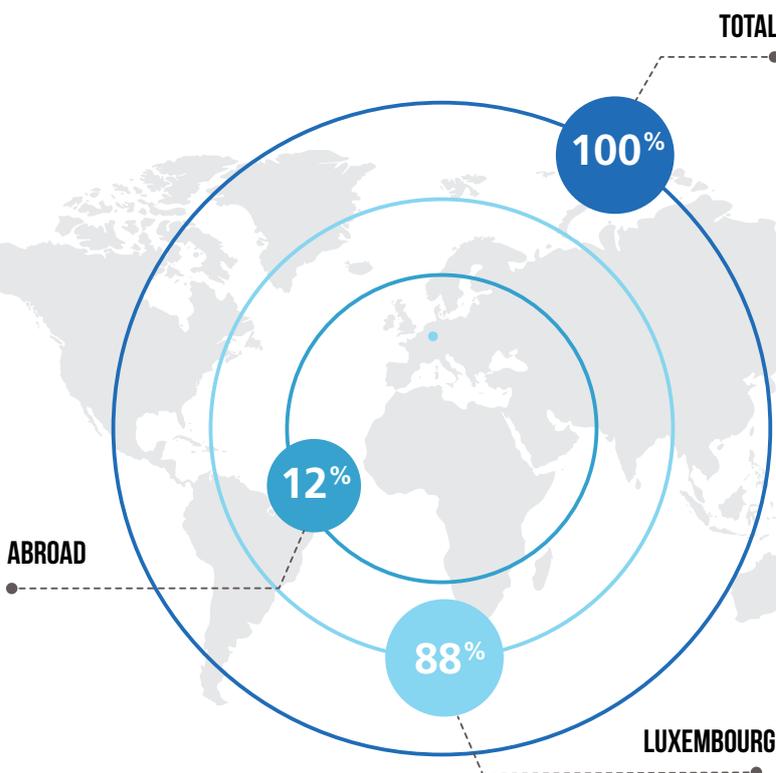
In addition to the supplementary clauses on CSR to be added to the various supplier contracts, Spuerkeess is currently considering a number of possibilities for involving its suppliers in its sustainable development policy. The potential short-term options are:

TOTAL

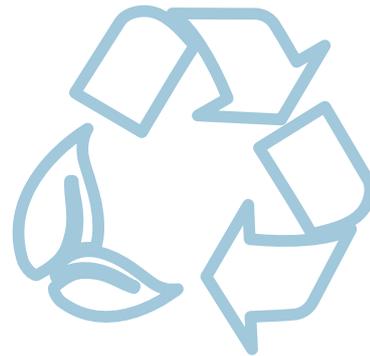
- firstly, producing a CSR questionnaire for suppliers to assess their social and environmental policy (CSR) and to take an inventory of their practices for sustainable development; and
- secondly, a CSR Charter formalising the expectations/commitments required by the Bank for its suppliers, and which must be fulfilled in order to guarantee effective future collaboration

Both of these practices will help the Bank ensure that its suppliers pursue the same interests in terms of CSR and contribute to achieving the SDG: 'Responsible consumption and production'.

With a view to the ongoing standardisation and improvement of procedures in terms of calls for tenders, Spuerkeess is continuing its in-house initiative to align procedures on purchasing practices. In the long term, this will ensure the same high standard for CSR in all types of purchasing, regardless of the nature of the purchase concerned.



The procurement expenditure devoted to local suppliers remains at the same level as in the previous year (88% of total expenditure).



Energy

Throughout 2018, the Bank continued its improvement programme for its technical equipment and for the gradual replacement of lighting with light-emitting diodes (LEDs) at its locations.

In March, Spuerkeess entered negotiations with its energy supplier to sign a new contract offering the possibility to use 100% green hydroelectric power at all of its sites. Since 1 January 2019, the supply of electricity is thus 100% green and will come entirely from renewable sources. However, self-generation of electricity, for example using solar, thermal or photovoltaic collectors as well as wind turbines, is prohibited for Spuerkeess' buildings, which belong to a protected area of the Bourbon Plateau.

In accordance with the Law of 5 July 2016 on the rational use of energy and the requirement to carry out an energy audit, a full audit was conducted by an external expert, whose final report was presented to the heads of the Buildings and Logistics Support unit. The audit extended to the four blocks of the Spuerkeess head office.

The report contains:

- an analysis of electricity and thermal consumption based on annual usage and various factors measured on-site;
- a quantitative assessment of the possibilities for reducing energy consumption; and
- recommendations for monitoring energy performance indicators.

In light of the substantial efforts to modernise technical equipment made since 2009 and the continuous monitoring of energy consumption, the recommendations issued from the audit regarding the Heating, Ventilation and Air Conditioning (HVAC) installations, sanitary facilities, regulation and control equipment and lifts were only minor.

However, the auditor did identify potential further savings for the lighting in certain areas.

The organisation in place and the choice of technology used helped to reduce energy consumption at the head office by **36,4% between 2008 and 2018**.

Considering the major progress made to date by Spuerkeess and highlighted by the energy audit, the potential for improvement is limited for the next few years, which is reflected in the figures shown below.

Electricity consumption was controlled in 2018, despite a scorching summer. Spuerkeess' ceaseless efforts to improve its technical equipment were able to compensate for the weather conditions.

Heating consumption was down in 2018, mainly due to the year's weather influence. The assessment of total energy consumption in 2018 remained stable compared to 2017.

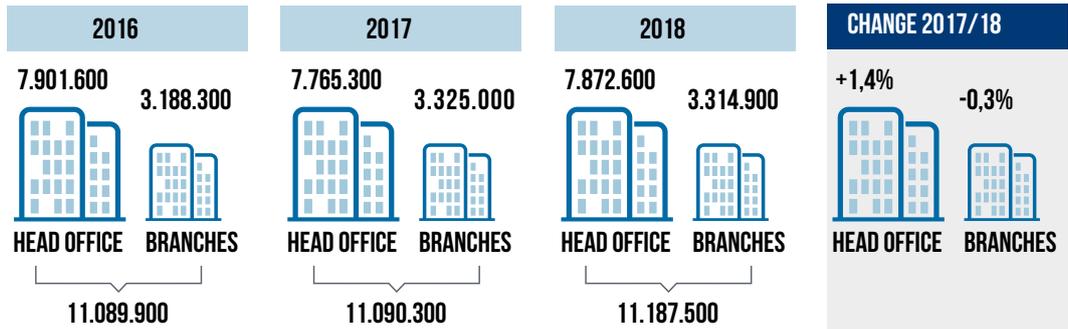
09 SDG 13: CLIMATE ACTION

(GRI 103-3, GRI 302-1)

ELECTRICITY CONSUMPTION



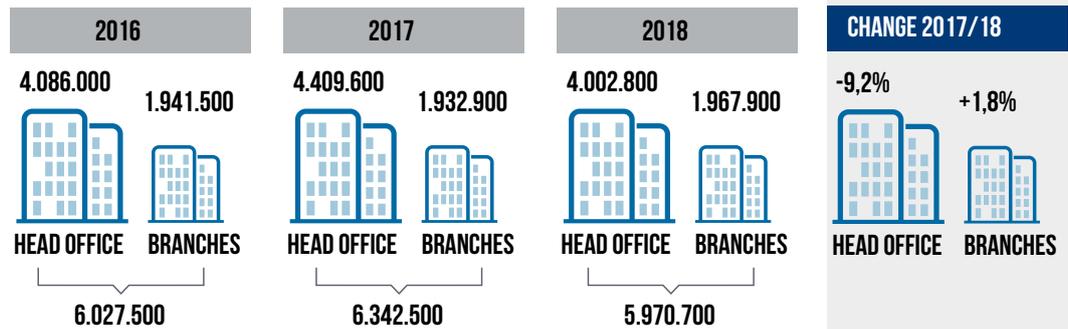
kWh



HEATING CONSUMPTION



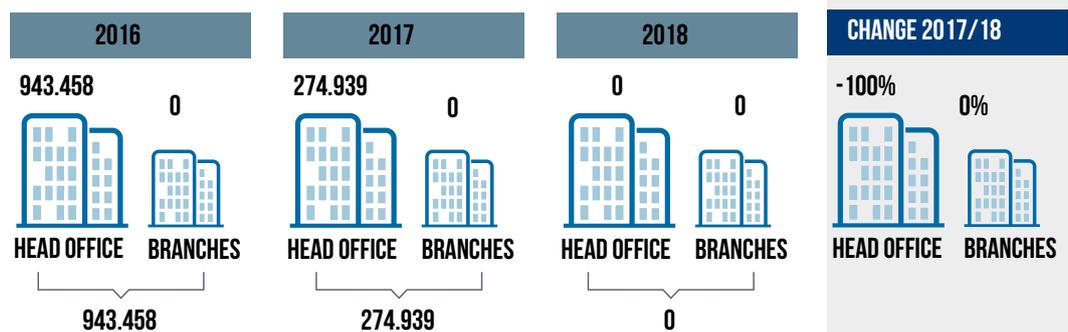
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ELECTRICITY SOLD



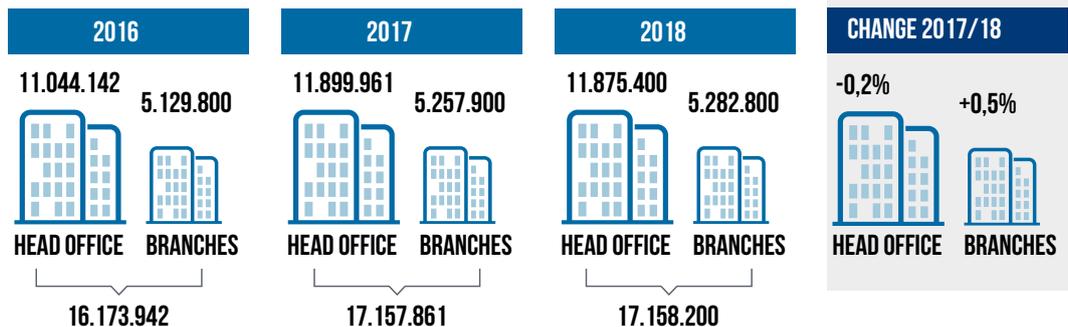
kWh



TOTAL ENERGY CONSUMPTION



kWh

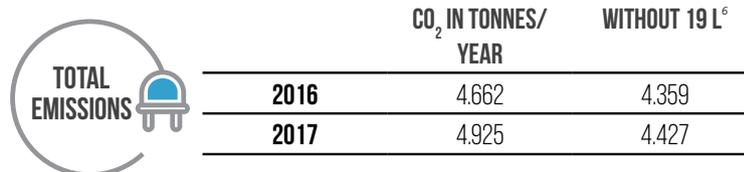
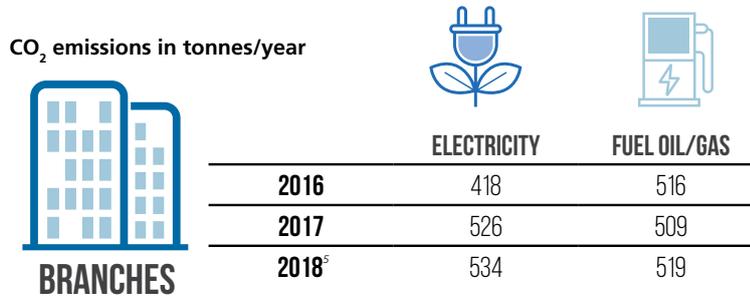
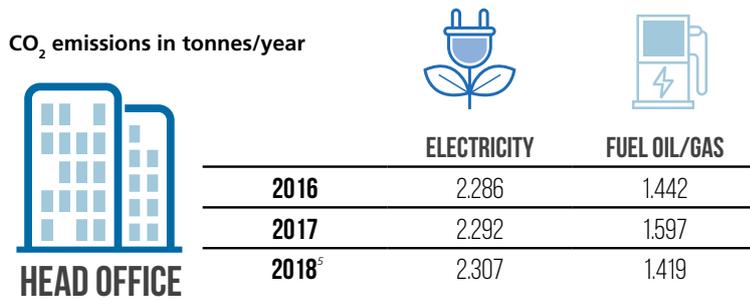


Spuerkeess' CO₂ emissions

Spuerkeess' CO₂ emissions come from heating the buildings and branches with gas-fired and fuel-oil boilers on the one hand, and power for the technical equipment and sites on the other.

Since 1 January 2019, electricity has been supplied entirely from renewable sources. Consequently, only thermal energy consumption for heating the buildings and branches generates CO₂ emissions.

It should be noted that the use of digital signage in the branches during 2016 and 2017 caused an increase in energy consumption and that, at the same time, commissioning of the '19 Liberté' building in July 2016 caused an increase in the carbon footprint of 7% in 2016, 11% in 2017 and 10% in 2018.



⁵ As electricity labelling for 2018 will only be known in July 2019, the emissions for 2018 have been calculated with the specific emissions from products in 2017

⁶ Gas and electricity consumption for the 19 L building is only counted from the move-in date in July 2016

10 METHODOLOGY NOTE ON REPORT CONTENT PRINCIPLES

(GRI 102-40, GRI 102-42, GRI 102-43, 102-44, GRI 102-46)

The purpose of this note is to provide details of the methodology followed, in line with the core criteria of the GRI Standards. It covers achievements and completed work, with the support of an external consultant, between 01/09/2017 and 30/10/2017, coordinated by the CSR Committee across all of the Bank's activities. In an effort to ensure continuity and comparability in the information published in the CSR Reports, the same results arising from the relevance analysis activities below were used to create the CSR Report 2018.

1. Background

In 2017, the CSR Committee launched its first programme to engage stakeholders in the reporting process, in order to identify, select and rank the priority CSR reporting topics with regard to the context of sustainability, strategic priorities and the expectations of the Bank's stakeholders. The outcome of this programme led to the construction of the topic materiality matrix (environmental, social, societal and economic), based on dialogue with an initial group of priority stakeholders: employees, the Executive Committee and the Board of Directors.

2. Methodology

As part of the preparation of the 2017 CSR Report, the approach taken to determine the relevance of the reporting topics was built according to the following steps:

2.1. Identification of topics

Topics are identified using the ISO 26000 and GRI Standards multisectoral CSR reference systems, combined with an analysis of the most represented CSR topics in the financial centre and in the sector, based on the Financial Services supplement of the Global Reporting Initiative (GRI) G4 Guidelines. This process, led by the CSR Committee in conjunction with the Bank's Executive Committee, helped to select 13 priority topics among the three pillars of corporate social responsibility (economic, social, environmental).

Economic pillar:

- Economic performance
- Indirect economic impacts
- Procurement practices

Social pillar

- Employment
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Occupational health and safety
- Labour/management relations

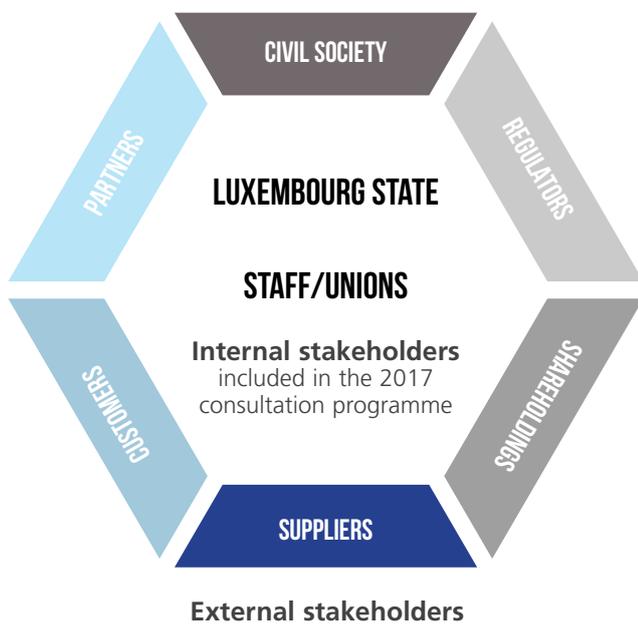
Environmental pillar:

- Energy
- Materials
- Water
- Environmental compliance

2.2. Selection of stakeholders

As part of the 2017 consultation programme, the CSR Committee identified, assessed and categorised the groups of internal and external stakeholders according to two criteria: the degree of influence over the Bank and the level of expectations in terms of non-financial information. This process resulted in the following map of stakeholders representing:

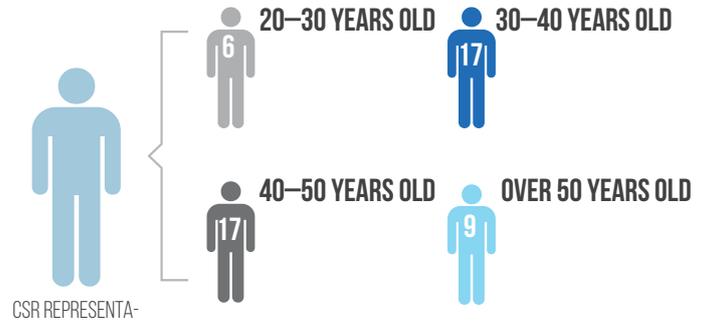
- internal stakeholders: the Bank's Staff and its union representatives, as well as the Luxembourg State, sole owner of the Bank, represented by a majority of the members of the Board of Directors; and
- external stakeholders represented by customer categories (retail, professional, business and public sector), Luxembourg civil society, financial centre regulators, partners, shareholdings and suppliers.



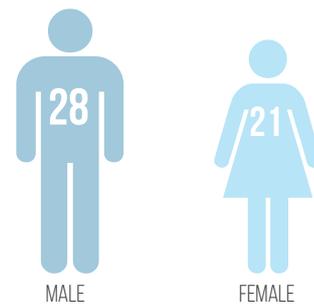
Based on this analysis of Spuerkeess’ stakeholders, the Executive Committee and the CSR Committee chose to select the Bank’s main internal stakeholders for rolling out its 2017 stakeholder consultation programme in the process of producing its CSR Report, namely:

- Spuerkeess’ sole owner, the Luxembourg State, represented by the Bank’s Board of Directors, made up of the representative members including the Ministry of Finance, the Chamber of Trades, the Ministry of the Economy, the Chamber of Employees and the Staff Representatives; and
- the Bank’s Staff and the two union associations, represented by a sample of 49 employees appointed as the Bank’s CSR Representatives. These Representatives were selected ensuring equal representation of gender, age, job level and activities for the Bank’s employees.

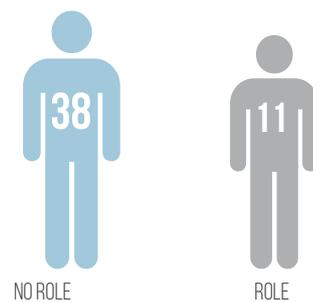
BREAKDOWN OF CSR REPRESENTATIVES BY AGE:



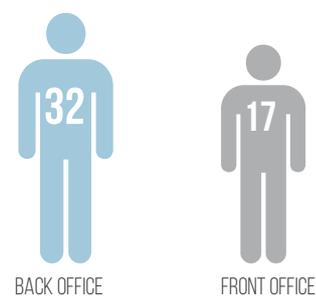
BREAKDOWN OF CSR REPRESENTATIVES BY GENDER:



BREAKDOWN OF CSR REPRESENTATIVES BY ROLE:



BREAKDOWN OF CSR REPRESENTATIVES BY FRONT OR BACK OFFICE:



10 METHODOLOGY NOTE ON REPORT CONTENT PRINCIPLES

(GRI 102-43, GRI 102-44, GRI 102-46, GRI 102-47)

Targeted and prioritised, these categories of stakeholders were briefed on the CSR challenges and consulted in the creation of the reporting process for the 2017 financial year, in an effort to determine the relevance of the reporting topics.

2.3. Support and engagement programme

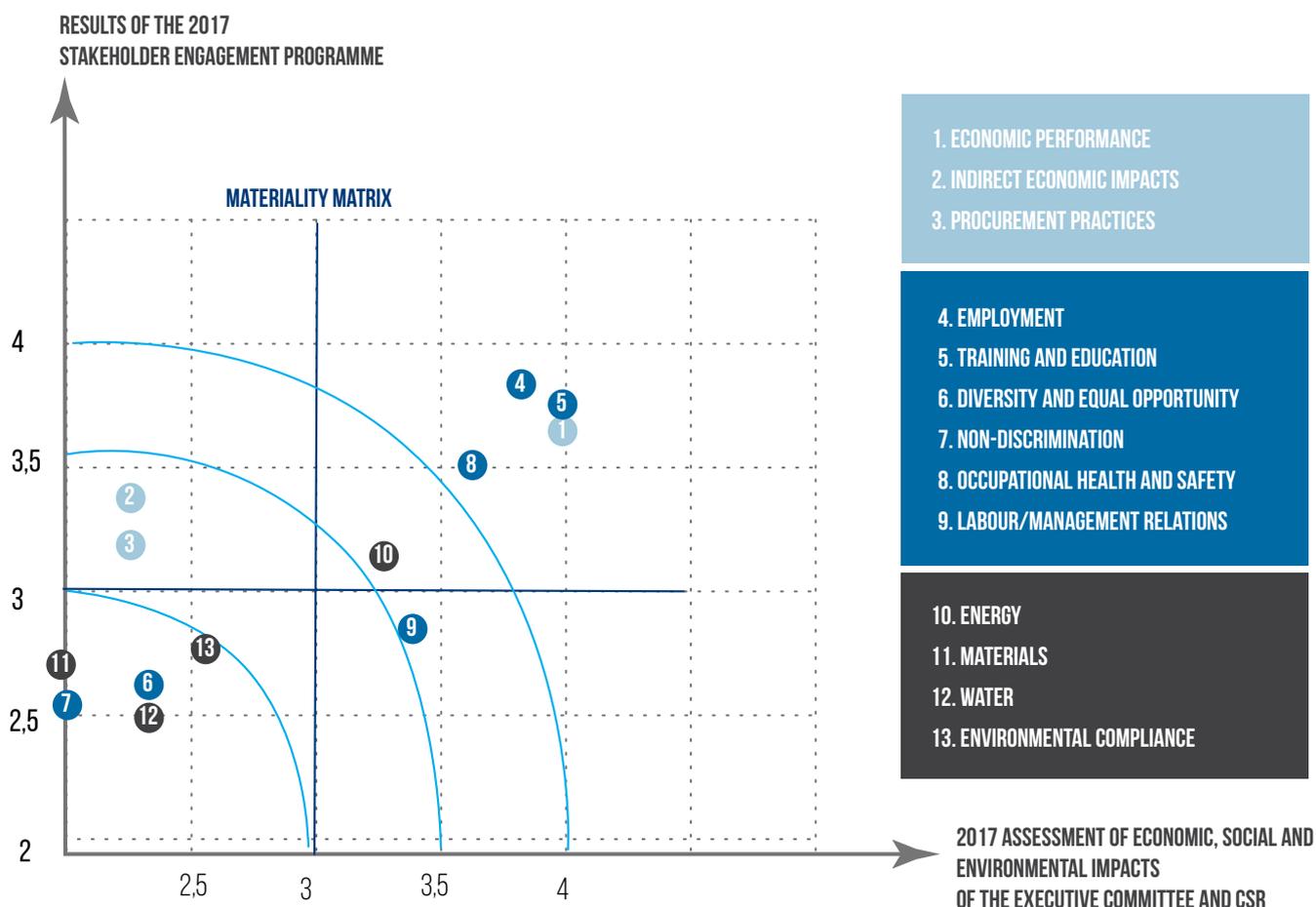
The 2017 stakeholder engagement programme was created, between 01/09/2017 and 30/10/2017, by rating and evaluating the level of importance of the preselected topics, on a scale from 1 (not at all important) to 4 (very important) regarding the Bank's challenges and Luxembourg's financial sector via an online questionnaire.

3. Consultation results

Following analysis of the results of the 2017 stakeholder engagement programme, we noted the following main observations:

- a stakeholder participation rate of **93,1%** in the 2017 stakeholder engagement programme;
- **96,3%** of stakeholders wish to keep up to date with Spuerkeess' CSR approach via the following channels: e-mail, brochure, press releases and thematic workshops; and
- the topics related to employment, professional training, economic performance, occupational health and energy consumption in connection with the Bank's activities were identified by the stakeholders as being the most relevant.

Based on analysis of the 2017 consultation process, the materiality matrix is as follows:



(GRI 102-46, GRI 102-47)

In order to select only material topics, a relevance threshold was set at 3/3. All topics with a score of 3 or more were selected for breakdown of the associated indicators and for reporting in the 2017 financial year. The following eight topics were thus retained for reporting in the 2017 financial year: Employment, Training and education, Economic performance, Occupational health and safety, Energy, Labour/management relations, Indirect economic impacts and Procurement practices.

When establishing materiality, the averages calculated without applying other coefficients, based on consultation with the Executive Committee and the CSR Committee for the 13 preselected topics, were used as the y-axis. The averages from the consultation of stakeholders engaged in 2017, namely the Board of Directors and the CSR Representatives Committee, were used as the basis for building the x-axis of the materiality matrix.

4. Next steps

Rooted in a process of continuous improvement and dialogue with its stakeholders, the Bank's CSR approach draws on a gradual and inclusive stakeholder engagement programme. This programme will be repeated periodically to ensure the continued involvement of new stakeholder categories.



11 GRI CONTENT INDEX

(GRI 102-55)

For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report. This service was performed on the French version of the report.

Disclosure	Description	Pages
GRI 101	FOUNDATION 2016	
GRI 102	GENERAL DISCLOSURES 2016	
Organisational profile		
GRI 102-1	Name of the organisation	7
GRI 102-2	Activities, brands, products and services	8, 9, 10
GRI 102-3	Location of headquarters	7
GRI 102-4	Location of operation	8
GRI 102-5	Ownership and legal form	7
GRI 102-6	Markets served	8
GRI 102-7	Scale of the organisation	8
GRI 102-8	Information on employees and other workers	8, 25
GRI 102-9	Supply chain	11
GRI 102-10	Significant changes to the organisation and its supply chain	6
GRI 102-11	Precautionary Principle or approach	11
GRI 102-12	External initiatives	11, 12
GRI 102-13	Memberships of associations	11
Strategy		
GRI 102-14	Statement from senior decision-maker	4, 5
Ethics and integrity		
GRI 102-16	Values, principles, standards, and norms of behaviour	13
Governance		
GRI 102-18	Governance structure	14
Stakeholder engagement		
GRI 102-40	List of stakeholder groups	32, 33
GRI 102-41	Collective bargaining agreements	13
GRI 102-42	Identifying and selecting stakeholders	32, 33
GRI 102-43	Approach to stakeholder engagement	32, 34
GRI 102-44	Key topics and concerns raised	32, 34
Reporting practices		
GRI 102-45	Entities included in the consolidated financial statements	6
GRI 102-46	Defining report content and topic Boundaries	32, 34, 35
GRI 102-47	List of material topics	34, 35
GRI 102-48	Restatements of information	6

(GRI 102-55)

GRI 102-49	Changes in reporting	6
GRI 102-50	Reporting period	6
GRI 102-51	Date of the most recent report	6
GRI 102-52	Reporting cycle	6
GRI 102-53	CSR contact point	6
GRI 102-54	Claims of reporting in accordance with the GRI Standards	6
GRI 102-55	GRI content index	36, 37, 38
GRI 102-56	External assurance	6

Disclosure	Description	Pages
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MATERIAL TOPICS

ECONOMY

Material topic: GRI 201 - Economic Performance 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	20
GRI 103-2	The management approach and its components	20, 21, 22
GRI 103-3	Evaluation of the management approach	20, 21, 22
GRI 201-1	Direct economic value generated and distributed	20, 21

Material topic: GRI 203 - Indirect Economic Impacts 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	23
GRI 103-2	The management approach and its components	23, 24
GRI 103-3	Evaluation of the management approach	23, 24
GRI 203-2	Significant indirect economic impacts	23, 24

Material topic: GRI 204 - Procurement Practices 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	28
GRI 103-2	The management approach and its components	28
GRI 103-3	Evaluation of the management approach	28
GRI 204-1	Proportion of spending on local suppliers	28

ENVIRONMENT

Material topic: GRI 302 - Energy 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	29
GRI 103-2	The management approach and its components	29
GRI 103-3	Evaluation of the management approach	29, 30
GRI 302-1	Energy consumption within the organisation	29, 30

11 GRI CONTENT INDEX

(GRI 102-55)

SOCIAL

Material topic: GRI 401 - Employment 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	25
GRI 103-2	The management approach and its components	25
GRI 103-3	Evaluation of the management approach	25, 26, 27
GRI 401-1	New employee hires and employee turnover	25, 26, 27
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	27
GRI 401-3	Parental leave	25

Material topic: GRI 402 - Labour/Management Relations 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	17
GRI 103-2	The management approach and its components	17
GRI 103-3	Evaluation of the management approach	17
GRI 402-1	Minimum notice periods regarding operational changes	17

Material topic: GRI 403 - Occupational Health and Safety 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	16
GRI 103-2	The management approach and its components	16
GRI 103-3	Evaluation of the management approach	16
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	16

Material topic: GRI 404 - Training and Education 2016

GRI 103 Management Approach 2016

GRI 103-1	Explanation of the material topics and its Boundary	18
GRI 103-2	The management approach and its components	18, 19
GRI 103-3	Evaluation of the management approach	18, 19
GRI 404-1	Average hours of training per year per employee	18, 19
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	18
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	19





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