



Corporate Social Responsibility

REPORT 2019



CSR REPORT 2019

CORPORATE SOCIAL RESPONSABILITY

*“ Our contributions
to sustainable
development ”*

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01 MESSAGE FROM THE EXECUTIVE COMMITTEE

(GRI 102-14)



The year 2019 was marked by an abundance of initiatives, recommendations and regulations in terms of sustainable finance, some of which will be coming into effect over the next few years. It goes without saying, therefore, that the financial centre has therefore begun preparations to meet the new requirements arising not only from the regulators but also from customers, who are asking for an active contribution from the banks to environmental, social and governance (ESG) issues – especially when it comes to combating climate change.

In light of the economic and social mandates it has been given since its founding, Spuerkeess is particularly sensitive to ESG issues and seeks to be the standard-bearer for the various economic players in Luxembourg. Accordingly, and as the leading bank in the Luxembourg financial centre, Spuerkeess

signed the "Principles for Responsible Banking" of the UNEP FI (United Nations Environment Programme Finance Initiative) in October 2019. With its commitment to these six principles, the Bank undertakes to strengthen its contribution to achieving the United Nations Sustainable Development Goals as well as the targets set by the Paris Climate Agreement. The six principles of the UNEP FI will be a cornerstone of the Bank's global strategy. Recognising that a contribution is necessary from all players to achieve these goals, Spuerkeess hopes that this commitment will serve to motivate all of its stakeholders, namely its staff, customers and suppliers, to take part in this movement.

In 2019, Spuerkeess continued to expand its efforts in the three areas of corporate social responsibility: environmental, social and governance.

(GRI 102-14)

As adopted in its Organic Law of 1989, the Bank actively contributes to the country's economic development through several initiatives. In this respect, Spuerkeess has been further developing its support for young entrepreneurs and businesses by signing a partnership with the Chamber of Commerce's initiative, Nyuko asbl, which works to promote entrepreneurship and the creation of start-ups. This collaboration covers both the business aspect for companies, including support throughout the initial phases of their creation, and the need for financing, supplemented by a specific banking solution "Welcome Créateurs d'Entreprises" (Welcome Entrepreneurs) by Spuerkeess.

In an effort to contribute to climate action, the source of electrical energy consumed within Spuerkeess has been 100% "green" since 1 January 2019. This means that the Bank has eliminated a major source of CO₂ emissions, which in turn led to an estimated reduction in carbon emissions of more than 58% compared to 2018. It is also worth highlighting that Spuerkeess was able to reduce its overall electricity consumption by 3% thanks to continuous improvements to equipment and adjustments to the running of the technical facilities. It should be noted that the Bank's property portfolio includes branches using decentralised networks, as well as certain sites with historic architecture. Improvements to these sites contributing to the Bank's overall energy performance require structural development efforts expected to extend over a number of years.

As for the social aspect, Spuerkeess places a particular focus on financial education. Within this field, one of the year's highlights was the "From Climate Risks to Credit Risks" conference, which was held in November 2019 at the "19 Liberté" Banking Centre, introduced by Mr Pierre Gramegna, Luxembourg's Minister of Finance. Many experts had the opportunity to offer professionals from the financial sector their thoughts on the impact of climate change on the various economic sectors – particularly the banking sector.

In 2019, Spuerkeess continued implementing measures to improve working conditions and promote the personal development of its employees. With this in mind, around 24.500 enrolments in various courses were registered, which corresponds to an average of 43 hours of training per employee throughout the year. What's more, 2019 saw the start of the "Leadership

Programme", designed to support team leaders in their role as supervisors and aiming, in particular, to support employees in their professional development.

Last but not least, aiming to promote and support Spuerkeess' internal digital transformation and prepare it to accept the challenges of a rapidly changing working environment, the "CONNECT" Project was launched in 2019. This was a chance to collect ideas among all of the Bank's Staff on how to optimise the work processes. This initiative demonstrates just how much importance Spuerkeess places on the participation of all its employees in preparing the Bank for the future.

Forecasts and outlook

With its commitment to the "Principles for Responsible Banking" of the UNEP FI, Spuerkeess undertakes to define a CSR strategy focused on the major ESG impacts arising from the Bank's activities, as well as those contributing to the priorities set by the "Luxembourg Government in its Comprehensive National Energy and Climate Plan" (PNEC). In the coming months, the Bank will be conducting an in-depth analysis with a view to defining and implementing concrete internal and commercial actions with positive ESG impacts. To this end, Spuerkeess will be lending its support, for example, to environmentally and socially-oriented initiatives, such as the "Zero Single-Use Plastic" movement to reduce single-use plastic consumption.

At the same time, the Bank will be closely monitoring changes in the regulations and, more specifically, the implementation of the "EU Green Taxonomy", drawn up by the European Commission, in order to incorporate them in its banking activities.

SPUERKEESS'S KEY CONTRIBUTIONS IN 2019



PAGE 20

investing in staff **professional development**

12.900 more hours than in 2018

more than 81.600 hours of training in 2019

PAGE 26

22% of employees work part-time

helping employees improve their **work/life balance**

50 employees took **parental leave**



The employees

68 new employees **in 2019**

Randstad Award

being an attractive employer

2nd place 2019

PAGE 26

caring about employees' **well-being**

hearing protection

flu shots

PAGE 17

CONNECT
internal transformation project

staff consultation and engagement programme

PAGE 18

raising customers' awareness of the fight against



Ecoprêt, an eco-loan to finance energy efficiency transformation and improvement work in buildings



LUXBOND GREEN, the new Green Bond sub-fund of the Lux-Bond SICAV



ETIKA :
1.136 savers have deposited EUR 54,2m

environmentally-friendly waste management:

«SuperDrecksKëscht fir Betriber» label since 1996



The environment

saving energy:



in **energy consumption** between 2008 and 2019

making a commitment towards green energy:



100% green electricity consumed since January 2019



-58% in carbon emissions compared with 2018

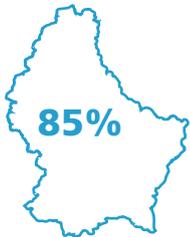
funding for environmental projects:

- wind farms
- cogeneration stations
- decarbonisation of public transport

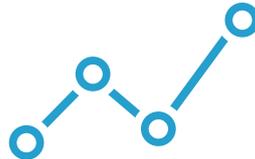


EUR 54m

sourcing **locally** :



of procurement expenditure with **Luxembourg companies**



The national economy

contributing to the growth of Luxembourg's **economic fabric:**

generation of **EUR 604m in economic value**, distribution of **EUR 395m**, in economic value to stakeholders



helping entrepreneurs in collaboration with



Nyuko asbl

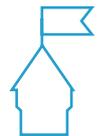
"Welcome Entrepreneurs" banking offering

caring about our customers' **satisfaction:**



Spuerkeess Direct Remote services branch

modernisation of the branch network



CSR-NEWS

Visit Spuerkeess's CSR page at <http://www.spuerkeess.lu/rse-news>

02 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-2, GRI 102-6)

Spuerkeess' products and services

In line with the social duties entrusted to it, Spuerkeess openly declares its ambition to become the benchmark in Luxembourg's financial centre when it comes to CSR, with particular focus on:

- private home financing (particularly for first-time buyers) and savings collection activities, in which Spuerkeess is the leader in the Luxembourg market,
- granting loans based on the principle of "responsible lending" to protect customers from over-indebtedness,
- promoting school savings and all other forms of savings,
- financing for the growth of businesses active in its market, especially small and medium-sized enterprises,
- financing for local public and parapublic authorities.

Accordingly, as a universal bank, Spuerkeess offers a comprehensive range of banking and finance products and services and caters for all customer categories (private, professional, institutional, etc.) in all sectors, 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**: an exclusive club for young savers (ages 6–12),
- **Axxess**: a banking and non-banking offering for secondary school students, university students and young workers,
- **Zebra / Zebra Premium**: a banking offering with a flat-rate monthly price for retail clients,
- **Zebra Business / Zebra Business Plus**: an all-inclusive banking offering for professional clients and SMEs,
- **S-Bank**: the densest network of automated teller machines with new interfaces and features,
- **S-Net / S-Net Mobile**: an Internet & Mobile Banking solution,
- **Spuerkeess Direct** : the remote banking services branch, accessible by phone or email,
- **Mobile Branch**: mobile infrastructure where customers can carry out basic transactions and consult with Spuerkeess agents,
- **Speedinvest**: a digital automated investment product,
- **"My Intelligent Assistant" (MIA) app**: a digital, customised and freely accessible financial assistant,
- **Digitised personal loan**: a digital solution for granting personal loans,
- **Lease Plus**: an all-inclusive car leasing for retail clients.



02 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-2)

Lux-Bond Green

In 2019, the Bank launched a new "Green Bond" sub-fund of the Lux-Bond SICAV, for which it acts as promoter. The aim of Lux-Bond Green is to help investors achieve a level of return at least equivalent to that of the bond market and the global credit market, all the while contributing to energy transition. The management policy takes environmental, social and good governance (ESG) criteria into account in addition to the standard financial criteria when selecting securities.

The Lux-Bond Green portfolio is made up primarily of securities which follow green bond principles such as the Social Bond Principles, Green Bond Principles and Sustainability Bond Guidelines published by the International Capital Market Association. Furthermore, the portfolio meets the criteria for certification issued by the Climate Bonds Initiative NGO, which promotes green transition and covers instruments in a bond market worth more than USD 100 billion. Green bonds are instruments designed for exclusively financing new or existing green projects, aiming to address key areas of concern like climate change, depletion of natural resources, loss of biodiversity and/or pollution control.

Spuerkeess "ENERGY Eco-Loan" and "Severe-weather loan"

In 2008, Spuerkeess introduced its "ENERGY Eco-Loan" product, aimed at financing work for energy efficiency transformation and improvement work in buildings. The product also offers attractive financing for customers looking to buy zero-emission vehicles, such as electric or hydrogen-powered cars.

The "Severe-weather loan" was set up in 2016 to help the flood victims in Luxembourg finance the damage repair. In 2019, following the tornado that devastated certain regions in the south of the country, this product was relaunched with the same purpose.

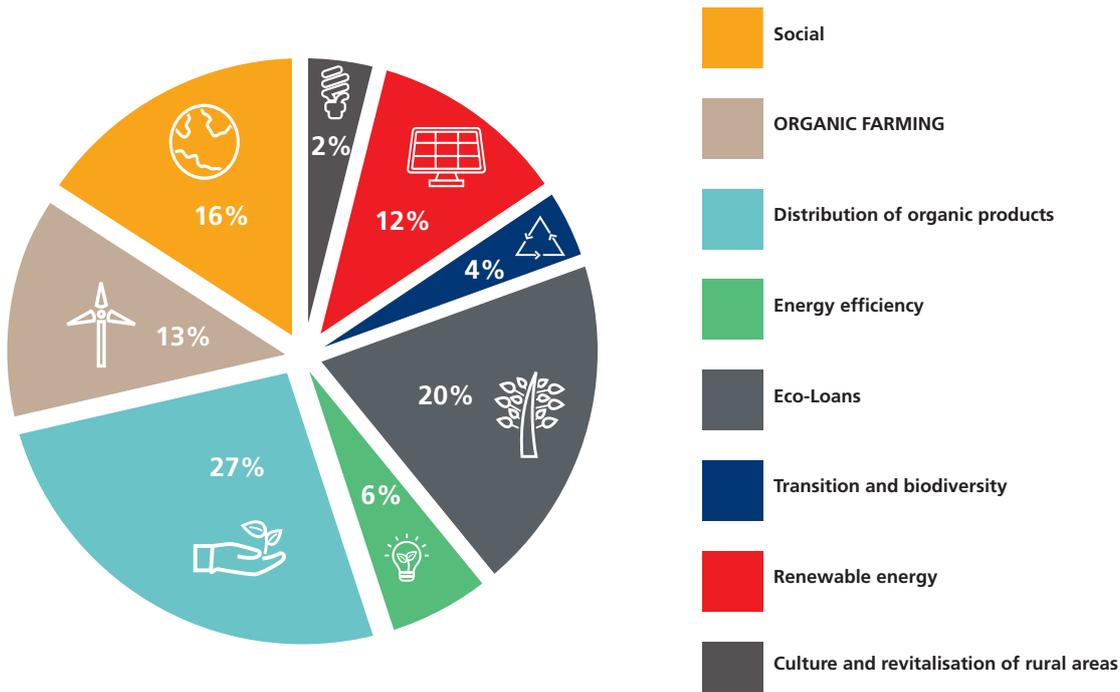
Alternative Savings

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. This collaboration operates on the principle of "Alternative Savings/Alternative Loans", so that,

- on the one hand, the customers requesting financing can undertake their social and environmental projects while benefiting from loans with favourable rates, and;
- on the other hand, the holders of an Alternative Savings Account get a socially responsible investment with the following characteristics: guaranteed return and insured capital (security), immediate availability of funds (liquidity), positive contribution for the environment and society (responsibility) and regular information about the nature and purpose of the projects backed (transparency), as well as a portion of the interest on the savings account being waived in favour of the beneficiaries of alternative loans (solidarity).

(GRI 102-2)

As at 31 December 2019, 1.136 savers have deposited EUR 54,2 million into Alternative Savings Accounts, approximately 60% of which are currently converted into loans to finance various projects¹:



Drawing on the experience acquired over more than 20 years of ETIKA's existence, and with a view to more efficient reuse of the funds available thanks to Alternative Savings, Spuerkeess and ETIKA continuously adjust the investment mechanisms for the funds raised in order to further increase their impact for initiatives contributing to the country's sustainable development.

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. Since October 2017, the fund has made seven investments in Costa Rica, Nicaragua and Guatemala with a commitment of USD 6 million. These two projects are expected to generate more than 2,2 million tonnes of sequestered CO₂ over the life of the investment. The fund is also working on additional upcoming 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 10 years. The fund's objective is to help reduce

poverty by supporting organisations which promote empowerment and the development of entrepreneurial activities in Africa, Latin America and Asia, 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 are now approaching EUR 40 million, having supported 235.000 entrepreneurs around the world.

Spuerkeess will thus be able to capitalise on the experience gained through its participation in these public-private partnership (PPP) projects to look to the future with further commitments to PPPs focusing on local CSR and environmental objectives.

¹ ETIKA 2018/2019 Report

02 GENERAL OVERVIEW OF SPUERKEESS

(GRI 102-9, GRI 102-10, GRI 102-11, GRI 102-12, GRI 102-13)

Value chain²

The Bank's core activity consists of collecting deposits and granting loans and credits to the national economy. Consequently, more than two-thirds of Spuerkeess' liabilities are made up of deposit inflows from local private and institutional customers, thus representing its main source of financing. The policy on granting loans and credits applied by Spuerkeess follows the principle of "responsible lending", the goal of which is to protect the customer from over-indebtedness by conducting a careful assessment of the customer's repayment capacity.

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 funding programmes (ECP, USCP and EMTN³), as well as own funds allowing it to post, year after year, liquidity and solvency ratios that are considerably higher than the minimum regulatory requirements.

Spuerkeess is the leader in its domestic market, in terms of both savings products and loans, and has successfully built a portfolio of commitments in the local market characterised by a cautious risk profile. Its granting of loans/credits and investment in debt securities ("investment grade" rating) in international financial markets also follow a cautious risk profile. Its reputation as a sound financial institution has been reinforced for years 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

Since 1996, Spuerkeess has held the "**SuperDrecksKëscht fir Betriber**" label for its environmentally friendly waste management. In keeping with its environmental efforts, the Bank will be joining the "**Zero Single-Use Plastic**" movement started by the IMS in order to contribute to the global reduction of single-use plastic consumption.

In 2006, the Bank demonstrated its long tradition of 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**".

Then, in 2008, Spuerkeess became a member of **Inspiring More Sustainability (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.

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 et la Responsabilité sociale des entreprises**" (National Institute for Sustainable Development and Corporate Social Responsibility / INDR).

Another major milestone was reached by Spuerkeess in October 2019, as it became the first bank from the Luxembourg financial centre to adhere to the "**Principles for Responsible Banking**" of the UNEP FI (United Nations Environment Programme Finance Initiative).

The Bank's efforts to operate as a "responsible, attractive employer" when it comes to CSR were acknowledged in particular by its ranking first (2017) and second (2019) respectively as the **Most Attractive Employer in Luxembourg** – an honour bestowed by the Randstad Group.

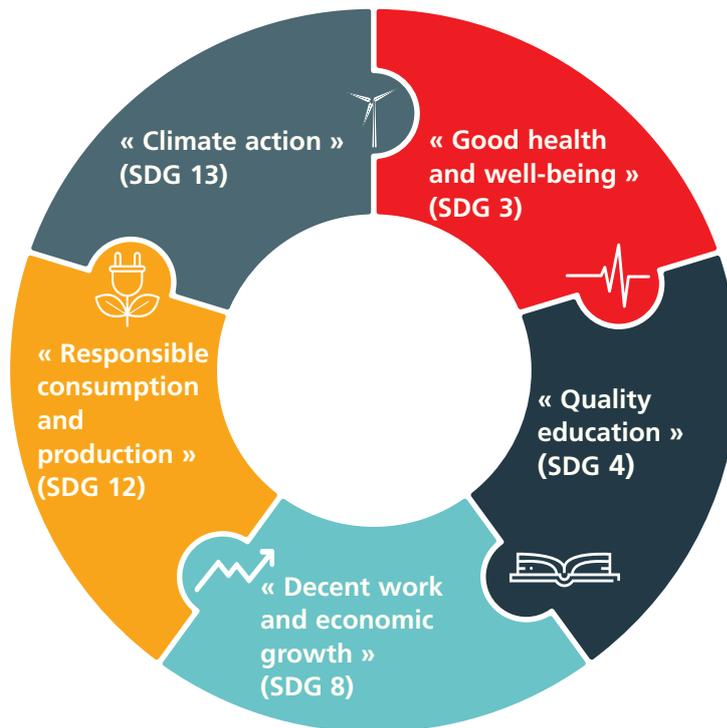
What's more, the Bank is also a member of several organisations in the financial sector, namely the "**Luxembourg Bankers' Association**" (ABBL) and the "**European Savings Banks Group**" (ESBG).

² In 2019, no significant changes were observed within the organisation and in the value chain

³ ECP = European Commercial Paper, USCP = US Commercial Paper, EMTN = Euro Medium-Term Note

03 CSR STRATEGY: AN INTEGRATED APPROACH

(GRI 102-16)



CSR holds a special place at Spuerkeess, due in large part to its status as a public institution. For nearly 165 years, Spuerkeess has thus been developing 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:

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

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 and combating corruption, as well as combating money laundering and the financing of terrorism.

The status of Spuerkeess and its Staff guarantees the principle of non-discrimination on the grounds of gender, religion or beliefs, disability, age, sexual orientation and race or ethnicity. This status also validates the principles of equal pay between men and women, access to training and equal opportunities for professional promotion. The Bank undertakes to promote diversity among both the Staff and the governing bodies.

Based on the Staff Code of Conduct, an internal alert system, also known as "whistleblowing", in accordance with the applicable legal requirements, was set up. This system means members of Spuerkeess' Staff can confidentially report any problems or negligence to the person designated for handling whistleblowing, such as infringement of a law, a regulation or the Staff Code of Conduct. Additionally, the Bank's Staff is regularly briefed on bankers' ethical principles through various training sessions (some mandatory, some optional).

With the implementation of the Global Reporting Initiative (GRI) Standards in 2017, the Bank analysed the materiality of the CSR topics (see methodology in Section 11), which helped centre the CSR policy around five SDGs deemed to be the most relevant, 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),
- "Responsible consumption and production" (SDG 12),
- "Climate action" (SDG 13).

03 CSR STRATEGY: AN INTEGRATED APPROACH

(GRI 102-16)

Progressive development of the CSR policy in the context of the Principles for Responsible Banking

In October 2019, Spuerkeess became the first bank from the Luxembourg financial centre to adhere to the "Principles for Responsible Banking (PRBs)" of the "UNEP FI (United Nations Environment Programme Finance Initiative)".

Adherence to the PRBs reflects Spuerkeess' desire to further align its corporate strategy with the Sustainable Development Goals (SDGs) and the Paris Agreement, as well as the "Comprehensive National Energy and Climate Plan (PNEC)". Through greater awareness of its ESG impacts generated by its banking and finance activities, Spuerkeess will be able to optimise its environmental, social and economic footprint.

The PRBs are made up of six principles that the Bank must follow within four years from the time of signing:

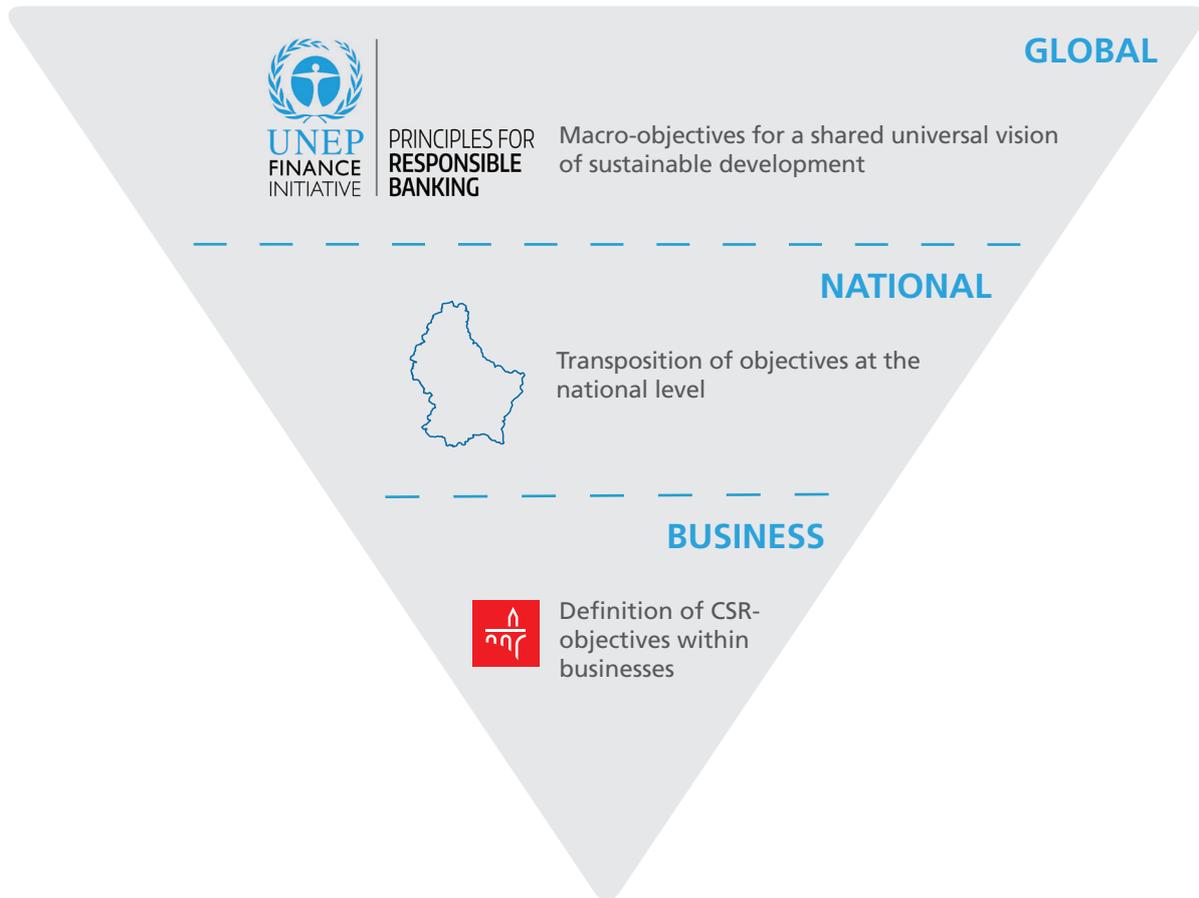
1. Alignment of the Bank's strategy with the SDGs, the objectives set in the Paris Agreement and the relevant national initiatives,
2. Assessment of the main ESG impacts of Spuerkeess' activities and setting goals to increase positive and reduce negative impacts,
3. Awareness-raising and guidance for customers regarding sustainable behaviour to create shared prosperity for the generations of today and tomorrow,
4. Consultation of stakeholders and discussion with them to achieve the goals set,
5. Development and promotion of a culture which encourages implementation of the PRBs within Spuerkeess,
6. Transparency and honest communication regarding performance in relation to the goals set.

Françoise Thoma, Chief Executive Officer of Spuerkeess:

"As the market leader in various areas of banking in Luxembourg, our commitment has special and trendsetting impact. The resolute support of the Luxembourg Government in establishing our country as an ESG landmark makes it all the more natural for us to officialise formally, by adhering to the UNEP FI principles, what has been integrated in our DNA for a long time and what we are now making a flagship of our strategic choices."

By adhering to the PRBs, in 2020 Spuerkeess will therefore be developing its "Roadmap to Sustainable Finance", contributing through its key activities to Luxembourg's transition towards a sustainable economy, focusing on the key priorities determined by the Luxembourg Government as part of the "Luxembourg Sustainable Finance Roadmap" and the PNEC with due regard to social inclusion.

"Inverted pyramid" breaking down the SDGs in Spuerkeess' CSR strategy:



In 2020, Spuerkeess will identify and assess significant ESG impacts of its banking and finance activities ("portfolio impact analysis") in order to determine an ESG strategy structured around managing the impacts (positive and negative) deemed to be the most significant for its activities. This will involve adapting the risk management systems, the respective credit and investment policies, and the financial advisory activity. Spuerkeess also foresees creating commercial opportunities for the Bank and its stakeholders.

In particular, Spuerkeess has a period of four years from signing the PRBs to comply with them fully. Through its annual non-financial report, the Bank will communicate about the progress of the implementation of the PRBs, the goals set and its performance in the area of ESG.

04 CSR STRUCTURE AND GOVERNANCE / INTERNAL CSR ORGANISATION

(GRI 102-18)

CSR Committee

As early as 2007, a group of ten or so Spuerkeess employees had been meeting on a regular basis to promote the CSR approach both in-house and outside the Bank. Briefing the Bank's Staff on CSR matters is considered 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, reporting directly to its Executive Committee and responsible for identifying CSR initiatives to implement within the Bank and for coordinating the resulting actions. This 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,
- Luc Sinner – Marketing,
- Dzemal Tomic – Institutional Clients.

Assistant:

Cindy De Sousa Ferreira Gonçalves.

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, from all levels of authority, to represent all of the Bank's business lines. These representatives contribute to a proactive, constructive approach to CSR by ensuring everybody is involved in achieving the goals set under the PRBs.

In July 2019, an internal conference was held for all the CSR Representatives to discuss the latest regulatory developments concerning climate action, as well as the national and international initiatives regarding CSR, namely the "Principles for Responsible Banking".

In order to get the CSR Representatives more involved in Spuerkeess' CSR process, two co-creation workshops were organised in October 2019. The goal was to draw up a responsible purchasing policy to be implemented by Spuerkeess and, respectively, to identify and promote everyday CSR actions in an effort to further establish CSR as second nature in staff behaviour.



05 SDG 3: GOOD HEALTH & WELL-BEING

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

Health and well-being at work

Health, safety and well-being at work have always been among the Bank's priorities. A Safety Committee reporting directly to the Executive Committee was therefore created in 1991, which was later split into two groups in 2019: (i) the Physical Security Coordination Group (GCSP) and (ii) the IT Security Group (GCSI). Both coordination groups are advisory bodies intended to assist the Executive Committee in governing activities related to the physical security of property and the safety of all employees and anyone else present at the Bank's sites, as well as IT security. The main objective of the GCSP and the GCSI is to formulate opinions, among other things, on the "Safety Policy" in general, incident monitoring, improvement and awareness projects and regulatory aspects.

What's more, Spuerkeess continues to implement its responsible policy in terms of maintaining the health capital of its employees. In 2019, together with a supplier, the Bank organised hearing protection solutions for a pilot group of a dozen employees exposed to noise caused either by the machinery and tools used or by the presence of a large number of colleagues in "open-space" offices. It will therefore be possible to implement appropriate measures for the individual needs of those employees.

Just like in previous years, in 2019 Spuerkeess organised a seasonal flu campaign, during which some 177 Staff were vaccinated. Additionally, the absenteeism rate is closely monitored by the Bank's Human Resources unit and a corporate psychologist, who offers personalised support to people facing difficult times. In this context, and alongside its regular discussions with the Occupational Medicine and Oversight unit, the Human Resources unit expanded its group of stakeholders, working actively with a medical centre specialised in professional and personal burnout. This support from the Bank is provided throughout the professional career of its employees, without distinction.

Objectives:

In order to further develop efforts for health and well-being at work, the Human Resources Department plans to continue the actions already under way in 2019, such as conferences on good health practices and implementing IT tools for monitoring health and safety. Above all, this will involve targeting initiatives to protect employee health and safety at work, focusing primarily on preventing professional and personal burnout.

Post-balance-sheet events

Following the growth of the COVID-19 epidemic in Europe, Spuerkeess took part in the national collective effort to contain the virus through various preventive measures. Accordingly, Spuerkeess has adopted personal protection measures with the provision of disinfectant products, increasing daily cleaning of premises according to the standards of the ECDC (European Centre for Disease Prevention and Control), reminding staff of health advice and releasing employees at risk of infection with the virus from service to follow a health quarantine period.

To ensure dedicated support for the Staff, the Human Resources unit has set up a "hotline" for any questions regarding COVID-19. What's more, as a first step, specific restrictions have been determined, followed by stopping all gatherings of people, whether employees, customers or external experts, at the Bank's locations.

To maintain continuity in Spuerkeess' activities and the level of quality of its customer service without sacrificing the health of the Staff, extraordinary organisational measures have been taken so that many of the Staff can work remotely via teleworking.

Management-Staff relations

Keen to secure the Staff's adherence to Spuerkeess' strategic priorities, in 2018 the Executive Committee held conferences on the Bank's strategic direction, where all Staff was given an insight into the current challenges and how the products or services offered will evolve to meet them.

These conferences were prepared following a general preliminary survey on change management and employees' level of information in relation to the progress of digitisation. The Executive Committee pays particular attention to the opinion, perception and concerns of its Staff, thus demonstrating the respect that the management team has for its employees, going well beyond semi-annual meetings with trade union associations and the Staff Representative Body.

In line with these efforts, in 2019 the Bank launched the "CONNECT" Project, which is a staff consultation and involvement programme for digitisation challenges. To this end, the Executive Committee entered a new and important phase in its relationship with all of the Staff: actively involving the employees in Spuerkeess' digital transformation. It is also important to highlight that, for any operational changes resulting from the Bank's strategic direction and/or the various initiatives involving Spuerkeess' Staff, a communication and support plan is drawn up on a case-by-case basis⁴ to help the employees concerned properly prepare for future tasks and positions, within a reasonable time frame.

The digital transformation will have a significant impact on the Bank's business lines. With communication between the Bank's customers and advisors no longer occurring exclusively via local advisors at the branches, the technological transformation and the social impact that it might have on employees are therefore closely related. In this context, a positive approach to changes in banking activities as well as involvement at all levels in defining new methods of working are essential for ensuring Spuerkeess' Staff a long-term support in their employability.

In April 2019, all of the participants in the "CONNECT" programme met for three days of immersion. With methodological support from an external consultant, the project team was able to define the framework for implementation as well as the future steps ahead, namely:

- drawing up a manifesto;
- appointing ambassadors; and
- defining pilot projects.

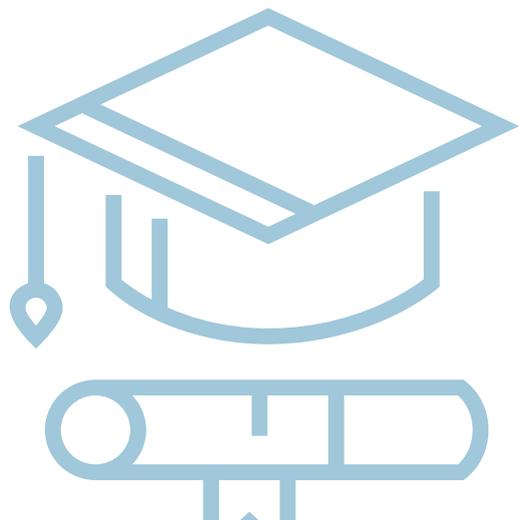
To guarantee the involvement of all the Staff and efficient communication about the project, information sessions were organised, following which "CONNECTors" (employee volunteers) were able to express their interest in more actively participating in the next phases of the digitisation project. To this end, an intranet platform was made accessible to all employees, offering a chance to collect some 130 ideas among the Bank's Staff on how to optimise the work processes. A selection of the best ideas were then presented by the employees behind them during a Hackathon. A panel of five judges, including two members of the Executive Committee, picked four winning ideas to be implemented during 2020.

The commitment and innovation shown in the implementation of the "CONNECT" programme earned Spuerkeess and its consultant the "Digital Transformation Project of the Year" award from IT ONE in December 2019. In fact, the ideas and projects selected from the 2019 initiatives for the CONNECT Project have already allowed the Bank to be among the fastest to implement teleworking tools in support of the prevention measures taken for COVID-19.

⁴ The status of Bank employee does not require consultation of the Staff or trade union associations in the event of operational changes, nor a notice period before implementing such changes.

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

The "CONNECT" Project will give the Bank the opportunity to review the work processes and methods currently in place and to take advantage of new technologies in order to offer its Staff a working environment that lives up to their personal expectations. At the same time, Spuerkeess expects to be able to benefit from digitisation-related opportunities to reduce its environmental footprint by lowering its consumption of paper and other office supplies or CO₂ emissions caused by business travel.



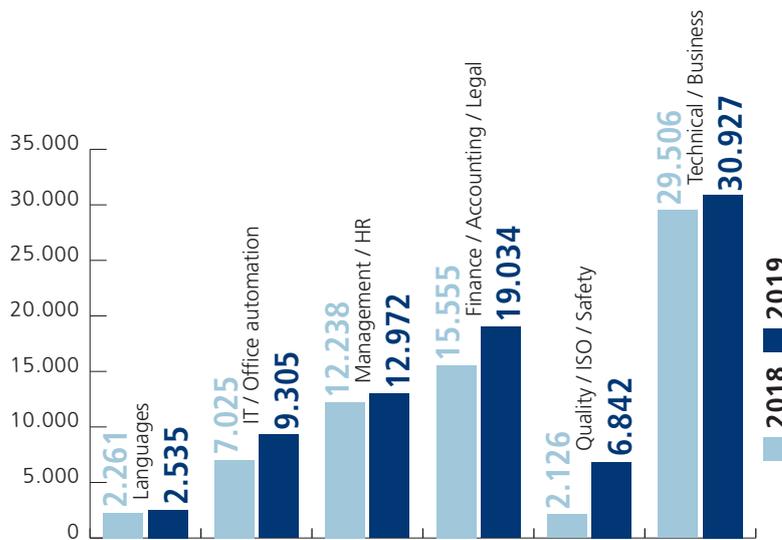
06 SDG 4: QUALITY EDUCATION

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

Training and education

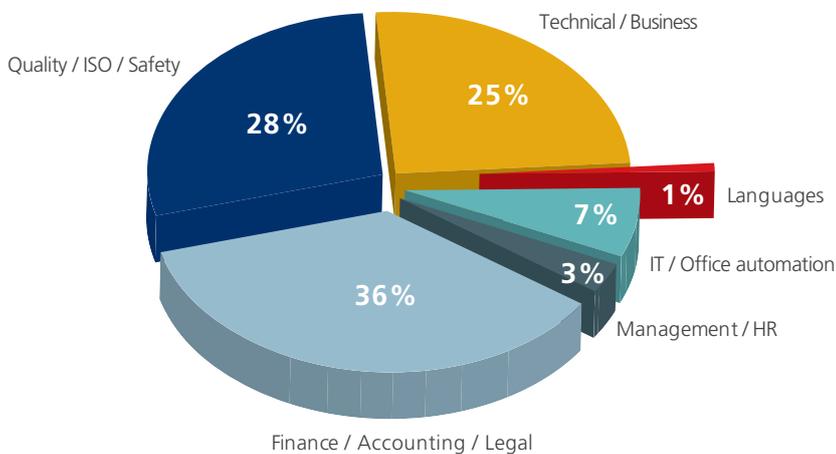
In line with previous years, in 2019 Spuerkeess provided more than 81.600 hours of training, representing a remarkable increase of 12.900 hours (or 18,77%) compared to 2018:

Evolution of training hours by category



In 2019, Spuerkeess therefore recorded some 24.500 enrolments in different training courses, with +/- 30% relating to regulations and the rest being offered by Spuerkeess as part of the personal and professional development of its employees. On average, each employee was trained for 43 hours over 2019.

For 2019, the enrolments per training category break down as follows:



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

Breakdown of training hours by type and by wage group for 2017, 2018 and 2019:

("wage group" refers to the wage category determined by the employee's qualification)

			2017	2018	2019
Average number of training hours	Total		31,60	35,72	43,68
Average number of training hours	Wage group A1	Men	46,65	48,89	51,21
Average number of training hours	Wage group A1	Women	36,59	51,74	55,33
Average number of training hours	Wage group A2	Men	48,35	65,24	74,82
Average number of training hours	Wage group A2	Women	43,07	53,84	67,82
Average number of training hours	Wage group B1	Men	36,63	31,90	42,21
Average number of training hours	Wage group B1	Women	26,69	31,83	42,54
Average number of training hours	Wage groups C1 and D3	Men	11,06	16,17	21,49
Average number of training hours	Wage groups C1 and D3	Women	9,80	18,08	33,58

In 2019, the "leadership" training and support programme was launched, with the aim of giving team managers the necessary skills and knowledge for them to effectively perform their role as supervisors.

The training offer is published in an in-house catalogue which lists all of the courses organised over the year. Access to training is open to all of the Bank's employees, regardless of their employment level or professional category.

Along with annual individual interviews designed to encourage discussion between employees and their managers and to define, among other things, their needs in terms of training and mobility, employees eligible for a promotion are invited to take part in an evaluation as part of the Professional Performance Assessments (PPAs). In 2017 4%, in 2018 30%, and in 2019 5% of employees were involved in this procedure.

Highlighting areas for development for the person being assessed, the PPA is a professional development tool based on the individual training plan.

Objectives:

In 2020, the regulatory aspect will continue to dominate training priorities. Courses will be further adapted to meet personal and professional development needs as closely as possible, as well as to keep up with changes in the sector. There will be more training content offered via "S-Learn" in order to provide easy access to knowledge for everyone.

At the same time, the "leadership" training and support programme will be expanded to include a greater number of team managers, equipping them with the management tools they need to offer the best support they can for their employees in terms of change and the current digital transformation. Other, more targeted, business-line-specific courses are currently being put together for a perfect match between the skills of our employees and the requirements of the job.

07 SDG 8: DECENT WORK & ECONOMIC GROWTH

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

Economic performance: direct economic value generated and distributed

The direct 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 "direct economic value generated" as defined by the GRI to the notion of "Bank Margin⁵".

The notion of "value distributed" is specific to GRI Standards indicator 201-1 and consists mainly of:

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

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

In millions of euros ⁶	31/12/2017	31/12/2018	31/12/2019
Direct economic value generated (Bank Margin)	606,9	537,0	603,6
Value adjustments**	-15,4	-12,1	-64,8
Distributions from the income statement	-350,7	-349,4	-354,9
of which personnel expenses	-207,3	-221,7	-229,7
of which non-personnel-related general expenses	-87,9	-85,7	-87,2
of which taxes	-55,5	-42,0	-38,0
Income for the year	240,8	175,4	183,9
Change in measurements in own funds ***	-132,1	182,1	-66,0
Total Comprehensive Income for the year	108,7	357,5	117,9
Distributions from own funds	-40,0	-40,0	-40,0
<i>of which distribution to the State as an owner</i>	<i>-40,0</i>	<i>-40,0</i>	<i>-40,0</i>
Value after distribution (change in own funds)	68,7	317,6	77,9

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

Faced with a change in own funds of EUR 77,9 million in 2019 (compared to EUR 317,6 million in 2018 and EUR 68,7 million in 2017), the Bank recorded a total distributed value⁷ of EUR 394,9 million in 2019 (compared to EUR 389,4 million in 2018 and EUR 390,7 million in 2017).

In the interest of ensuring sustainable economic performance, Spuerkeess has created a number of committees that report directly to either the Executive Committee or the Board of Directors, among which the most important are:

- the Audit Committee,
- the Risk Committee,
- the Appointment and Compensation Committee,
- the Compliance Committee,
- the Asset Liability Management Committee,
- the Commercial Coordination Committee, and
- the Digital Banking Management Committee.

Customer satisfaction and modernisation go hand in hand at Spuerkeess

Modernisation of the Bank's infrastructures, including that of the branch network, continued in 2019, equipping the sales staff with new tools such as "signing pads" and the automated teller machines with new interfaces and withdrawal functions. At the same time, the Bank created "Spuerkeess Direct", a highly user-friendly remote services branch accessible to everyone without having to go anywhere.

To provide its customers with state-of-the-art tools, Spuerkeess produced a new version of S-net and S-net Mobile, developed new digital tools on the site <http://www.spuerkeess.lu/> such as the loanable amount simulator, and began offering "Apple Pay" in November 2019, which enables in-store or online payments using Apple devices without a physical bank card.

In November 2019, the Bank was awarded a rating of 8,049 in the "Customer Experience Excellence" Report by KPMG Luxembourg, naming Spuerkeess the most popular brand in the financial sector and the second favourite overall (all sectors included) among Luxembourgers for 2019⁸ in terms of customer satisfaction.

⁵ Bank Margin = sum of interest income, fees, income from securities and income from financial instruments

⁶ Source: 2019 Annual Report (2019 Reports and Balance Sheet)

⁷ Sum of "Distributions from the income statement" and "Distributions from own funds" sections

⁸ KPMG Customer Experience Report 2019

* Community investments (sponsorship, humanitarian aid, etc.) came to EUR 540.997 for 2019 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 Maitres), 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.



07 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-2)

Indirect economic impact

Spuerkeess' responsibility to its customers goes beyond simple customer relations limited to commercial objectives. The Bank aims to create a lasting relationship with all of its stakeholders, where everyone can meet on a level playing field and benefit equally from this commercial partnership.

Likewise, Spuerkeess places particular emphasis on young people and, more specifically, young entrepreneurs. These generations are the pillars of future knowledge, labour and expertise for the country. Sharing the Bank's expertise with young people is part of Spuerkeess' long-term vision and will help to develop the skills and expertise of future customers, stakeholders or employees. The Bank is keen to support start-ups and young self-employed people in their development, as they represent an important segment of the economy and a catalyst for many innovations contributing to the growth and diversification of Luxembourg's economic fabric.

1) Education (financial)

Education is necessary for the success of social inclusion for each and every person. Conscious of its responsibility to the local society, over the years Spuerkeess has developed various financial education programmes and has partnered with a wide range of organisations active in the field of education.

From a very young age, responsible savings management needs to become second nature and a habit to be picked up. With this in mind, the Bank has developed targeted initiatives for primary and secondary schoolchildren. For several decades now, the Bank has organised "Schoulspuerfester" – fun 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. Another activity that it has promoted for the past several years is the "dayCARE" project, which was started by the CARE charity, where Spuerkeess hosts and supervises pupils from different secondary schools around the country for a full day to show them the Bank's business lines. The goal is also to help them discover the possibilities and career opportunities in the financial sector.

New in 2019 was the introduction of coding courses for children. Together with Code Club Luxembourg, Spuerkeess organises sessions for children based on a fun way of learning to prepare young people for the world of tomorrow by teaching them vital skills for flourishing in an

increasingly digital environment. The goal is not only to teach them programming but also to develop their computing, problem-solving, planning, design, creative and collaborative abilities. So far, the Bank has held around 30 courses in two languages, each time with 25 children and representatives from the Spuerkeess Code Club, bringing together stakeholders from the IT sector.

In 2019, Spuerkeess renewed its partnership with the "Association des Cercles d'Étudiants" (Luxembourg student clubs association – ACEL), having been the exclusive official partner for over 20 years. Renewing the sponsorship agreement was an opportunity for Spuerkeess to reaffirm its desire to be the preferred banking partner for young people and the bank to turn to for students and future graduates. Collaboration with the ACEL consists of distributing publications issued by the association, such as the "Guide for Future Students", in Spuerkeess' branches, as well as sharing information about job openings within the Bank.

As for the adult population, Spuerkeess organises multiple conferences throughout the year to raise awareness surrounding the various issues affecting the banking and finance world. For professionals in the financial sector, a special mention should be made for the "From Climate Risks to Credit Risks" conference, which was held on 13 November 2019 at the "19 Liberté" Banking Centre. Many guests had the opportunity to speak, including Mr Pierre Gramegna, Luxembourg's Minister of Finance, to give a concrete, scientific overview of the impact of climate change on the country's various sectors and the resulting consequences for the financial sector.

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. Since it was launched in 2018, the Bank has published 97 articles on its "blog" at www.spuerkeess.lu, as well as on Facebook, LinkedIn and Twitter, reaching more than 140.000 readers.

Aware of the importance of financial education in contributing to building a civil society that has the knowledge necessary to ensure sound wealth management for everyone, and by simultaneously taking action to reduce the risk of indebtedness and prevent the risk of poverty related to retiring employees, Spuerkeess will be intensifying its financial education efforts. With this in mind, the Bank's commitment in this area will be a fundamental component of Spuerkeess' CSR strategy.

2) Support for innovation, entrepreneurs and environmental projects

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. The Bank has also contributed through the granting of loans for environmental projects in Luxembourg.

Stimulating Entrepreneurship

On 25 January 2019, Spuerkeess signed an agreement with Nyuko asbl, which is an initiative of the Luxembourg Chamber of Commerce. The purpose of this association is to stimulate entrepreneurial spirit and encourage the creation of businesses in Luxembourg, particularly through support for project leaders and the rollout of activities to promote local entrepreneurship. The ideas and business plans are critically analysed in the initial phase by Nyuko advisors and later submitted to Spuerkeess' SME advisors.

To date, some 500 potential project leaders have been welcomed by Nyuko advisors, and 26 businesses have been set up thanks to their support.

To this end, Spuerkeess launched in June 2019 a specific banking package called "Welcome Créateurs d'Entreprises" (Welcome Entrepreneurs) to support business starters as they take their first steps in the life of an entrepreneur. This package offers all the basic services for everyday banking transactions free of charge for the first 12 months, as well as a rent payment guarantee without corresponding consideration for up to EUR 3.000. Since its launch, more than 80 customers have taken advantage of this offer.

For many years now, Spuerkeess has supported the association "Jonk Entrepreneuren" and actively participated in projects encouraging the development of entrepreneurial skills among Luxembourg's younger generations. As a result, the Bank announced that it will be organising the first "young entrepreneurs" competition for 2020. The goal will be to showcase the diversity of the businesses created since 2018, to help these young entrepreneurs gain visibility and to give the winner a financial boost.

Supporting innovation

Since 2018, Spuerkeess has participated in the "InnovFin" programme by dedicating EUR 40 million for the first two years to be used in financing the projects of innovative Luxembourg businesses. "InnovFin" 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.

Supporting environmental transition

Over the course of 2019, Spuerkeess wanted to grow its financial support for promotion and development projects regarding the use of renewable energy sources. Accordingly, the Bank granted financing for projects involving photovoltaic systems, wind farms and cogeneration stations in the amount of EUR 14 million.

As much as 35% of greenhouse gas emissions all over the world are attributable to road traffic. In light of this, Spuerkeess supports projects for the electrification of Luxembourg's bus routes and, with that, the decarbonisation of Luxembourg's public transport. In 2019, Spuerkeess therefore granted EUR 40 million in financing to passenger transport companies, making it the No. 1 lender for this type of project.

At the same time, in 2019 Spuerkeess emphasised its desire to take part in the "International Climate Finance Accelerator Luxembourg" (ICFA) initiative, launched in 2017, to help in the fight against climate change by supporting managers of investment vehicles and of vehicles specialised in financing for climate action. In this context, four fund managers over the year were granted the financing needed to cover the costs relating to working capital, human capital, rents and other charges incurred in the funds' launch phase.

For 2020, Spuerkeess will be adopting a credit policy on financing and investment with climate impact by implementing an "Impact Strategy" focused on climate risk management and opportunities for investment in projects with a positive climate impact.

07 SDG 8: DECENT WORK & ECONOMIC GROWTH

(GRI 102-7, GRI 102-8, GRI 102-41, GRI 103-1, GRI 103-2, GRI 103-3, GRI 401-1, GRI 401-2, GRI 401-3)

Employment

Spuerkeess remains keenly aware of its social responsibility to its employees. The Human Resources unit strives to support the Bank's employees as effectively as it can throughout their career in achieving their professional goals.

As at 31/12/2019, the number of employees comes to 1.871, or 1.687,45 FTE (full-time equivalent), all on open-ended contracts, the majority of which are covered by the favourable provisions of the state employee status and a wage agreement signed between the CGFP (Luxembourg General Confederation of Civil Servants) and the Bank in February 2019.

At the end of 2019, the breakdown of Staff by gender was 58% men and 42% women, and thus identical to the previous year. During 2019, Spuerkeess hired 68 new employees.

In 2019, 50 employees (22 women and 28 men) took parental leave and 409 employees (352 women and 57 men) worked part-time over the same period. Note that the Bank allowed all employees to rejoin its units at the end of their parental leave, taking into account their business line, role and interests. It should also be noted that the time savings account (CET) offers employees greater flexibility to manage

their working hours.

Several benefits are also available in the interest of the health of the Staff, regardless of their employment level:

- the **Spuerkeess Staff Mutual Provident Fund**, which reimburses a portion of medical expenses and pays a death benefit;
- the **relief fund**, which provides financial assistance for employees affected by very high medical and paramedical expenses; and
- **group insurance** with DKV Luxembourg, which covers expenses relating to any inpatient curative treatment.

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 are reflected in a low employee turnover rate, which stood at 3,37% in 2019, while emphasising the fact that retirement accounts for the majority of this turnover rate.



(GRI 401-1)

New hires 2017, 2018 and 2019:

		2017		2018		2019	
Number of employees	Total	1844	100,00%	1866	100,00%	1871	100%
	Men	1076	58,35%	1089	58,36%	1090	58,26%
	Women	768	41,65%	777	41,64%	806	41,74%
Number of new employees*	Total	75	4,07 %	92	4,93%	68	3,63%
	Men	55	2,98%	58	3,11%	46	2,46%
	Women	20	1,08%	34	1,82%	21	1,12%
Number of new employees aged under 30*	Total	57	3,09%	66	3,54%	29	1,55%
	Men	43	2,33%	40	2,14%	19	1,02%
	Women	14	0,76%	26	1,39%	10	0,53%
Number of new employees aged 30–50*	Total	18	0,98%	25	1,34%	38	2,03%
	Men	12	0,65%	17	0,91%	27	1,44%
	Women	6	0,33%	8	0,43%	11	0,59%
Number of new employees aged over 50*	Total	0	0,00%	1	0,05%	1	0,05%
	Men	0	0,00%	1	0,05%	0	0,00%
	Women	0	0,00%	0	0,00%	1	0,05%

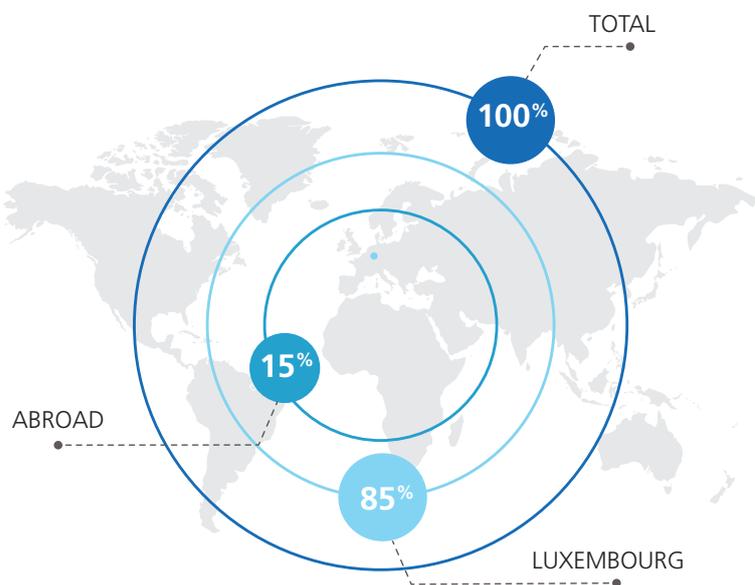
Turnover rate 2017, 2018 and 2019:

		2017		2018		2019	
Number of employees	Total	1844	100,00%	1866	100,00%	1.871	100,00%
	Men	1076	58,35%	1089	58,36%	1.093	58,42%
	Women	768	41,65%	777	41,64%	778	41,58%
Number of departures*	Total	46	2,49%	70	3,75%	63	3,37%
	Men	32	1,74%	45	2,41%	42	2,24%
	Women	14	0,76%	25	1,34%	21	1,12%
Number of departures aged under 30*	Total	12	0,65%	15	0,80%	14	0,75%
	Men	7	0,38%	10	0,54%	9	0,48%
	Women	5	0,27%	5	0,27%	5	0,27%
Number of departures aged 30–50*	Total	8	0,43%	12	0,64%	13	0,69%
	Men	5	0,27%	6	0,32%	6	0,32%
	Women	3	0,16%	6	0,32%	7	0,37%
Number of departures aged over 50*	Total	26	1,41%	43	2,30%	36	1,92%
	Men	20	1,08%	29	1,55%	27	1,44%
	Women	6	0,33%	14	0,75%	9	0,48%

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

08 SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

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



TOTAL PROCUREMENT EXPENDITURE

Supplier's residence	2017	2018	2019
Luxembourg	88%	88%	85%
Abroad	12%	12%	15%

Responsible purchasing practices

As an important player in Luxembourg's economic fabric, Spuerkeess supports the Luxembourg economy not only as a provider of banking services but also as a customer of Luxembourg's businesses and self-employed workers. The environmental, social and good governance choices made by Spuerkeess in its supply chain will also have a positive impact on the CSR policies of its suppliers and counterparties. In accordance with its purchasing practices, where Spuerkeess also prioritises local products over imported products as much as possible, the Bank continues to post high procurement expenditure in Luxembourg.

2020 objectives

Driven by a desire to further optimise procurement flows in environmental and social terms, Spuerkeess will be finalising its responsible purchasing policy over the 2020 financial year, introducing environmental, social and governance (ESG) criteria applicable to the procurement process. The initial components of this policy had been drawn up at co-creation workshops with the help of Spuerkeess' CSR Representatives.

Among the ideas formed, reducing the use of plastic was chosen as one of the priorities for a responsible purchasing policy.

Following up on this observation, the Bank signs the IMS "Zero Single-Use Plastic" manifesto on 8 January 2020, which in turn triggered a positive dynamic among the Staff, who are cooperating with the reduction of single-use plastic in all its forms.

In order to limit the wasting of materials in general, in 2020 Spuerkeess will be centralising the procurement of materials via a single supplier/delivery partner, which will manage material stock at its site and handle the individual relationships with retail suppliers. The beneficial impacts will be twofold: a reduction in the carbon footprint through the grouping of orders (reduced delivery frequency) and better management of orders and consumption, with positive impacts in both environmental (reduced waste) and economic terms due to more efficient monitoring of orders for materials for the Bank.

09 SDG 13: CLIMATE ACTION

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 302-1)

Energy consumption

Like in previous years, and with the goal of actively contributing to combating climate change by reducing its direct environmental footprint, in 2019 Spuerkeess continued its programme to improve its technical equipment and gradually replace the lighting with light-emitting diodes ("LEDs") at its locations. Additionally, the supply of electrical energy has been 100% "green" since 1 January 2019 and comes from renewable sources.

With this in mind, the substantial efforts to modernise technical equipment made since 2009, the constant monitoring of energy consumption and the new technologies which have been installed have all helped to reduce energy consumption at the Head Office by **40% between 2008 and 2019**.

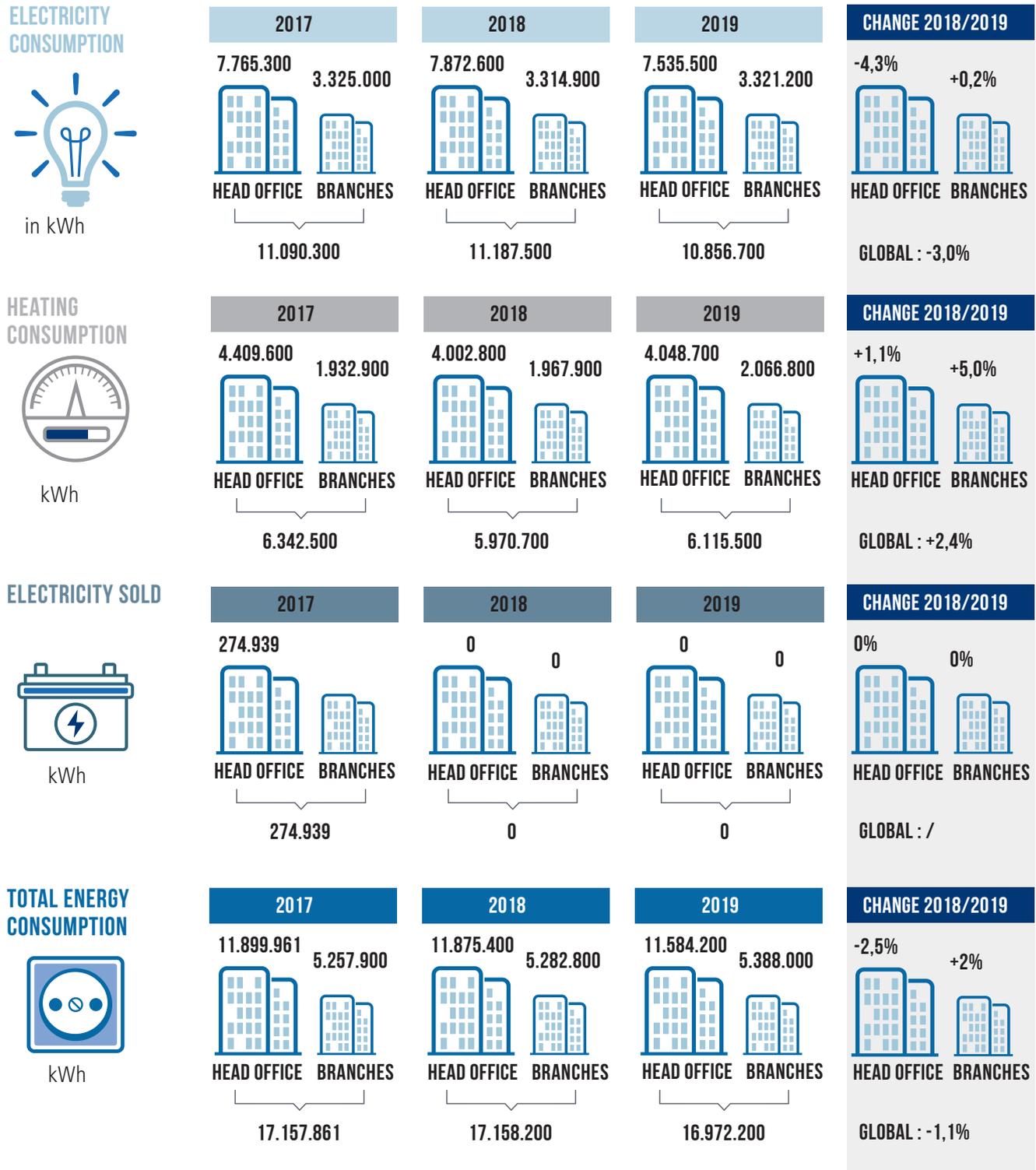
It should be noted that the Bank's property portfolio includes branches using decentralised networks, often leased within third-party buildings, as well as certain sites classified as having historic architecture. Improvements to these sites contributing to the Bank's overall energy performance require structural development efforts expected to extend over a number of years.



09 SDG 13: CLIMATE ACTION

(GRI 302-1)

The changes in the Bank's energy consumption between 2017 and 2019 are presented in the table below:



Electricity consumption was successfully reduced in 2019 through adjustments in the running of technical facilities at the head office, even despite a very hot summer. Spuerkeess' ceaseless efforts to improve its technical equipment were therefore able to compensate for the weather conditions. It should also be noted that total energy consumption was down 1,1% compared to 2018.

The information on heating consumption in the branches using decentralised networks may vary from one year to the next depending on the meter-reading arrangements implemented by the building owners.

CO₂ emissions

Spuerkeess' CO₂ emissions now only come from heating its buildings and branches with gas or fuel-oil boilers, as the emissions related to electricity consumption have been reduced to zero since 1 January 2019 following the purchase of 100% green electrical energy.

CO₂ emissions in t/year



	 ELECTRICITY	 GAS/FUEL OIL
2017	2.292	1.597
2018	2.307	1.419
2019	0	1.445
CHANGE 2018/19	-100%	+1,8%

HEAD OFFICE

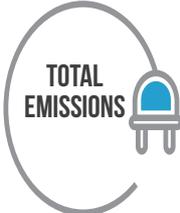
Emissions CO₂ en tonnes/an



	 ELECTRICITY	 GAS/FUEL OIL
2017	526	509
2018	534	519
2019	0	545
CHANGE 2018/19	-100%	+5,0%

BRANCHES

CO₂ EMISSIONS IN T/YEAR



2017	4.925
2018	4.779
2019	1.990
CHANGE 2018/19	-58,4%

TOTAL EMISSIONS

The table above shows the change in CO₂ emissions for Spuerkeess' Head Office and branch buildings over the past three years. It should be stressed that the Bank succeeded in continuously improving its carbon footprint over this period and was able to heavily reduce its emissions by 58,4% in 2019 compared to 2018, due in large part to purchasing green electrical energy.

10 ABOUT THE BANK

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-10, 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. The Bank also manages a network of branches and financial centres across 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 the Bank's Annual Report for the 2019 financial year.



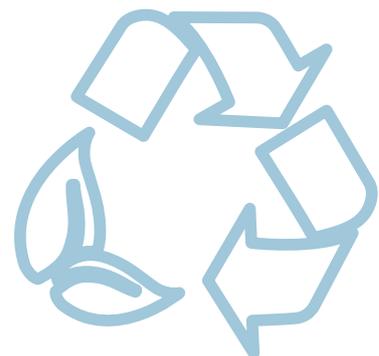
About this report

This report is the third 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 the disclosure of non-financial information. 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. With regard to the GRI Content Index Service, the GRI services conducted a review to ensure that the GRI Content Index is clearly presented and that the references for all the information provided match the appropriate sections in the main body of the report. The 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 2019 to 31 December 2019, 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 for the 2018 financial year was published in April 2019. The next publication will come out in March 2021 and will refer to the data for 2020. The report is also published on the Bank's website: www.spuerkeess.lu.

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



11 METHODOLOGY NOTE ON REPORT CONTENT PRINCIPLES

(GRI 102-40, GRI 102-42, GRI 102-43, GRI-102-44, GRI 102-46, GRI 102-47)

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 2018 CSR Report.

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 priority 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:

- EC1: Economic performance
- EC2: Indirect economic impact
- EC3: Responsible purchasing practices

Social pillar:

- SO1: Employment
- SO1: Training and skills development
- SO2: Diversity and equal opportunities
- SO3: Non-discrimination policy
- SO4: Health, well-being and safety at work
- SO5: Labour/management relations

Environmental pillar:

- EN1: Energy consumption related to activities
- EN2: Materials management
- EN3: Wastewater and waste management
- EN4: Environmental compliance

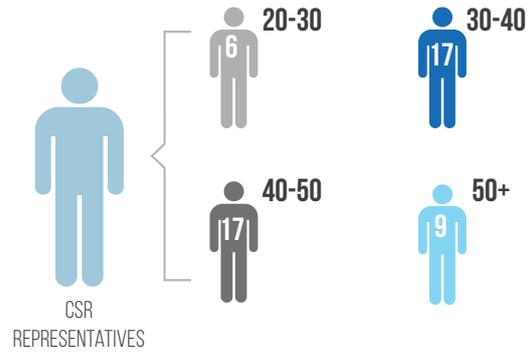
2.2. Selection of stakeholders

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:

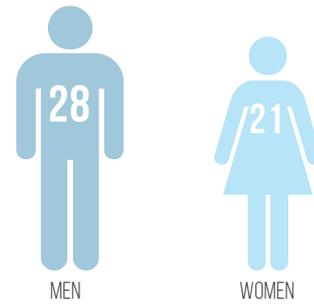
- Internal stakeholders: the Bank's Staff, including the staff representatives as well as the Luxembourg State, sole owner of Spuerkeess, through the Bank's Board; and
- External stakeholders represented by customer categories (retail, professional, business and public sector), Luxembourg civil society, financial centre regulators, partners, shareholdings and suppliers.



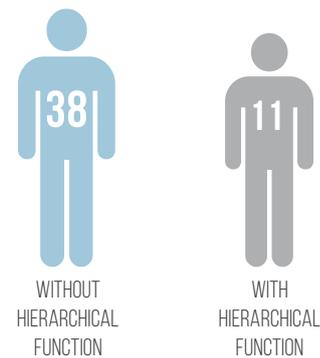
BREAKDOWN OF CSR REPRESENTATIVES BY AGE:



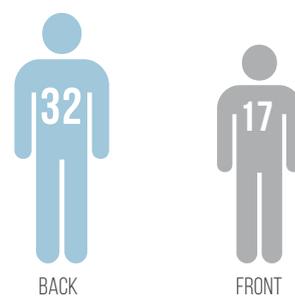
BREAKDOWN OF CSR REPRESENTATIVES BY GENDER:



BREAKDOWN OF CSR REPRESENTATIVES BY ROLE:



BREAKDOWN OF CSR REPRESENTATIVES BY FRONT OR BACK:



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:

- The Luxembourg State, sole owner of Spuerkeess, through the Bank's Board, which also includes the staff representatives; and
- The Bank's Staff and the two trade 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.

11 NOTE MÉTHODOLOGIQUE DE PRINCIPES DE CONTENU DU RAPPORT

(GRI 102-43, 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

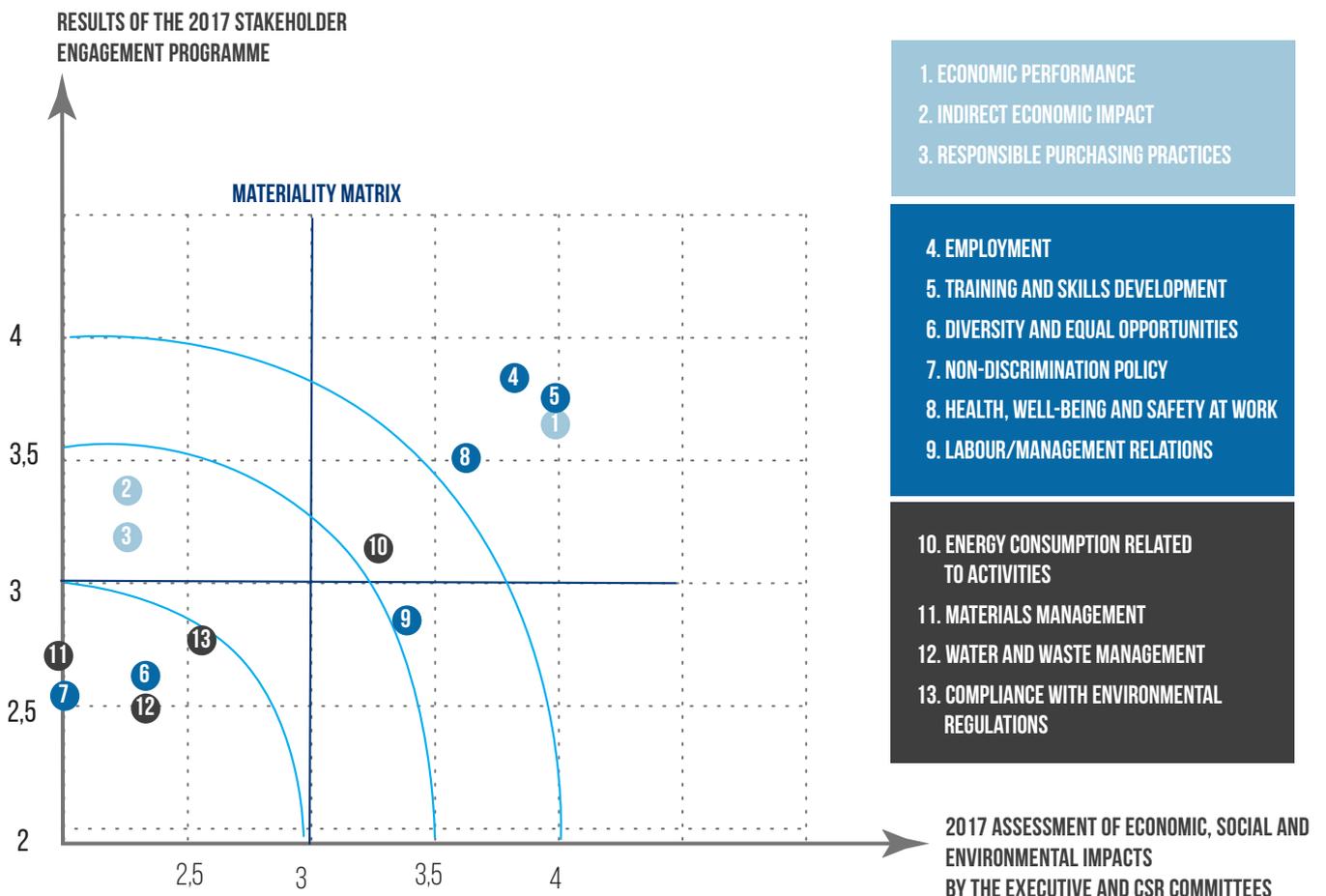
The 2017 stakeholder engagement programme was created, between 01/09/2017 and 30/10/2017, from a process to rate and evaluate the level of importance of the preselected topics regarding the Bank's challenges and Luxembourg's financial sector via an online questionnaire.

3. Consultation results

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

- aA 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 102-44, 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 are included in the reports for the 2017–2019 financial years. The following eight topics were thus selected for reporting in the 2017–2019 financial years: Employment, Training and skills development, Economic performance, Health, well-being and safety at work, Energy consumption related to activities, Labour/management relations, Indirect economic impact and Responsible purchasing 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.







12 GRI CONTENT INDEX

(GRI 102-55)

With regard to the GRI Content Index Service, the GRI services conducted a review to ensure that the GRI Content Index is clearly presented and that the references for all the information provided match the appropriate sections in the main body of the report. The service was performed on the French version of the report.

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GRI 103 : Management approach 2016

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(GRI 102-55)

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