

Report Human Rights

National Pact on Business and Human Rights
1st / 2nd exercise, 2023

Based on the UN Guiding Principles Reporting Framework



Luxembourg Finance Labelling Agency

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Organization Information

Preliminary data

Organization Name: LuxFLAG

Date of signature of the Business & Human Rights Pact: 06/07/2022

Number of employees in Luxembourg: 11

Number of employees outside Luxembourg: 0

Number of entities involved Through this report: 0

Name of Affected Entities: N/A

Framing data

What industry does your organization operate in?

Other

List the 10 most important countries in which you operate (*max. 10*):

Luxembourg

List the 10 most important countries you source from (*max. 10*):

Luxembourg

Questionnaire

PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

According to **Principle 16** of the United Nations Guiding Principles on Business and Human Rights, in order to anchor accountability for respect for human rights, the company must publicly articulate its commitment through a policy statement that: (a) is endorsed at the highest level of the company, (b) is established using internal and/or external expertise, (c) sets out what the company expects from staff, business partners and other parties directly related to its human rights activities, products and services, (d) is publicly available and is subject to internal and external communication.

A1 : ENGAGEMENT PUBLIC

The adoption of a human rights policy is the first important step in integrating respect for human rights into the company's values, as it will trigger the adoption and development of internal policies and procedures to meet this commitment. The policy communicates externally and internally the company's minimum standard for responsible behavior, including management's expectations of how all employees and business partners should act, and it shows an understanding of risks and opportunities.

UNGP	Information & Objectives	Answers
A1	<p>What are your company's public statements regarding its commitment to respect human rights?</p>	<p><i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i></p> <p>LuxFLAG signed the “Charte du Pacte National Entreprises et Droits de l’homme” in 2022. We report on an annual basis based on this charter and publish the report on our website.</p> <p>Additionally, we are original signatory/founder of the Women in Finance Charter which was founded in March 2023.</p> <p>Lastly, we have the "ESR" label since 2015 and we report on this label every three years.</p>
A1.1	<p>How was public engagement developed?</p>	<p>Through an internal consultative process that contributed to the development of the public commitment and the approval by the Management and the Board.</p>

A1.2	<p>Who is public engagement in human rights for?</p>	<p>LuxFLAG’s employees and contractors</p> <p>Workers in our value chain</p> <p>Affected communities</p> <p>Customers & end-users</p> <p>Other vulnerable groups</p>
A1.2	<p>What are the human rights mentioned in your commitment?</p> <p><i>(Please check the identified human rights. The Human Rights and Associated Risks Mapping can help you better answer this question.)</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Right to self-determination <input checked="" type="checkbox"/> Right to life <ul style="list-style-type: none"> <input type="checkbox"/> Right not to be subjected to torture or cruel, inhuman and/or degrading treatment or punishment <input checked="" type="checkbox"/> Right not to be subjected to slavery, servitude or forced labour <input checked="" type="checkbox"/> Right to liberty and security of person <ul style="list-style-type: none"> <input type="checkbox"/> Right of detainees to be treated humanely <input type="checkbox"/> Right to freedom of movement <input type="checkbox"/> Aliens have the right to a fair trial in the event of a threat of expulsion <input type="checkbox"/> Right to a fair trial <input type="checkbox"/> Right not to be subject to retroactive criminal legislation <input type="checkbox"/> Right to recognition as a person before the law <input checked="" type="checkbox"/> Right to privacy <ul style="list-style-type: none"> <input type="checkbox"/> Right to freedom of thought, conscience and religion <input type="checkbox"/> Right to freedom of opinion and expression <input type="checkbox"/> The right not to be subjected to propaganda in favour of war or advocacy of national, racial or religious hatred <input checked="" type="checkbox"/> Right to freedom of assembly <input checked="" type="checkbox"/> Right to freedom of association <ul style="list-style-type: none"> <input type="checkbox"/> Right to protection of the family and the right to marry

		<input checked="" type="checkbox"/> Children's right to protection <ul style="list-style-type: none"> <input type="checkbox"/> Right to participate in public life <input checked="" type="checkbox"/> Right to equality before the law, equal protection of the law and freedom from discrimination <ul style="list-style-type: none"> <input type="checkbox"/> Minority rights <input type="checkbox"/> Right to work <input checked="" type="checkbox"/> Right to just and favourable conditions of work <input checked="" type="checkbox"/> Right to form and join trade unions and the right to strike <input checked="" type="checkbox"/> Right to social security, including social insurance <ul style="list-style-type: none"> <input type="checkbox"/> Right to family life <input checked="" type="checkbox"/> Right to an adequate standard of living <input checked="" type="checkbox"/> Right to health <ul style="list-style-type: none"> <input type="checkbox"/> Right to education <input type="checkbox"/> The right to take part in cultural life and to participate in scientific progress and the right to the protection of the moral and material interests of authors and inventors <input checked="" type="checkbox"/> Other rights: Destruction of the natural basis of life through environmental pollution and violation of land rights
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A1.3	How is public engagement disseminated?	LuxFLAG's website
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Part A1 Progress Plan

The LuxFLAG's legal team is currently reviewing our Codes of Conduct (one for employees and one for vendors). Once approved by the Management, there will be publicly displayed on the LuxFLAG's website. We also want to share the commitment with external stakeholders so, we could incorporate external inputs.

An initial human rights risk assessment will be carried out internally and will be included in our public commitment.

A2: MAINSTREAMING RESPECT FOR HUMAN RIGHTS

UNGP	Information & Objectives	<p style="text-align: center;">Answers</p> <p><i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i></p>
A2	<p>How does your company demonstrate the importance it attaches to the implementation of its commitment to human rights?</p>	<ul style="list-style-type: none"> • As signatories of the Pact, we are publicly committed to the cause. We attend events/meetings that sensitize people to human rights’ issues. Additionally, the company has provided a training to our employees on the subject. The training took place on the 28th of March 2023. This was the agenda of the training session. <p>Corporate Social Responsibility: LuxFLAG is labeled ESR by INDR and must follow rules (LuxFLAG is audited every 3 years)</p> <ul style="list-style-type: none"> • Environmental social responsibility • Ethical/human rights social responsibility • Economic corporate responsibility <p>Pacte national Entreprise des Droits de l'Homme : LuxFLAG is committed to respecting the fundamental principles of human rights and must publish a report</p> <p>Women in Finance : the “Women Finance Charter” was created on 8 of March 2023, with LuxFLAG as one of the founding partners</p>
A2.1	<p>How is the day-to-day responsibility for respecting human rights organized within your company, and why?</p>	<p>We have appointed a human rights coordinator that is in charge of any issues that may relate to human rights’ breaches. We will be documenting this in our Code of Conduct.</p>
A2.2	<p>What types of human rights issues are discussed by senior management and the board of directors, and why?</p>	<p>Senior management adopts an open door policy and is always ready to exchange on employees’ rights and human rights concerns, including the encouragement given to LuxFLAG’ staff to contribute to good causes. Moreover, we created an internal CSR Committee (currently composed of 5 employees) which gathers on a quarterly basis in order to internally discuss human rights related questions and our</p>

		engagement as an association and as individuals. We find ways and brainstorm on how we can contribute to the well-being of our societies through benevolent activities. The Board of Directors is kept informed at quarterly board meetings.
A2.3	How are employees and contract workers sensitized to how respect for human rights should guide their decisions and actions?	We organise internal trainings for all employees and senior management. We are additionally working on a internal Code of Conduct aiming at guiding our employees on better decision making and actions in relation to human rights.
A2.4	How does your company clearly indicate in its business relations the importance it attaches to respect for human rights?	<p>We have a strict policy when it comes to the financial products we label with our LuxFLAG ESG Labels. According to our ESG Exclusion Policy (published on LuxFLAG's website), applicants shall respect the United Nations Global Compact (UNGC) 10 principles encompassing human rights, labour, environment, anti-corruption and/or OECD Guidelines for Multinational Enterprises and/or equivalent internationally recognised standards to assess the behaviour of companies. In case of significant breaches of these principles and guidelines, we engage with those companies. If this engagement does not lead to the desired change in a pre-defined period (e.g. two years) from the start of the engagement, we request the applicant fund to exclude a company from its investment universe.</p> <p>As to our members and partners, we verify they comply with legal standards and human rights principles before entering into an agreement and we ensure to close any relationship with parties implicated in violations thereof, whether they are subject to investigations or they appear in negative press releases.</p>
A2.5	What lessons did your company learn during the reporting period on how to ensure respect for human rights and what changes resulted?	From the reporting, we learned that it is important to have documents highlighting our Association's commitment to human rights' issues and the importance to publicly disclose these documents. Which is why we have made it a priority to draft legal related documents (e.g. Codes of Conduct). As an Association we do not have direct negative impacts on human rights through our diverse activities, it is very

important for us to raise awareness for our employees as well as our stakeholders and partners.

Part A2 Progress Plan

We aim to achieve the following: increase the number of active employees that are members of our internal CSR Committee and the scope of our CSR activities with a focus on human rights' issues; increase the number of internal trainings on human rights' issues and encourage our stakeholders and partners to adopt a similar approach.

We will keep engaging with external parties to ensure they are up to date and in line with human rights' standards and include a human rights' provisions into any new contract entered into by LuxFLAG and monitor their respect.

We will publicly disclose our engagement policies related to human rights once approved.

PART B: DEFINE THE REPORTING AXIS

According to **Principle 18** of the United Nations Guiding Principles on Business and Human Rights, in assessing human rights risks, companies should identify and assess all **actual or potential adverse human rights impacts** in which they may have a share either through their own activities or as a result of their business relationships.

Identifying and assessing actual and potential adverse impacts is an essential step in ensuring an adequate human rights due diligence process. This will allow you to take appropriate action. A proper assessment must take into account all areas of the business, across operations and relationships (including supply chains) where human rights risks are most likely to be present and most significant. The assessment should go beyond identifying material risks to the business and include risks to rights holders.

UNGP	Information & Objectives	Answers <i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
B1	<p>Statement of Highlights Statement: Indicate the human rights highlights related to your company's business activities and relationships during the reporting period.</p> <p><i>(Please check the identified salient risks and/or add other identified risks. The Human Rights and Associated Risks Mapping can help you better answer this question.)</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Risks related to the acquisition, construction or operations on Indigenous Peoples territory <ul style="list-style-type: none"> <input type="checkbox"/> Risks related to the health and safety of consumers, company workers, neighbouring communities and within the value chain <input checked="" type="checkbox"/> Risks related to workers' mental health or deteriorating working conditions <input checked="" type="checkbox"/> Risks related to forced labour (e.g. use of temporary workers) <input checked="" type="checkbox"/> Risks associated with illegal work situations <ul style="list-style-type: none"> <input type="checkbox"/> Risks related to subcontracting or value chain <input checked="" type="checkbox"/> Risks related to fair and equitable working conditions (hours of work (e.g. pressures to work outside the contract), pay, breaks, etc.) <ul style="list-style-type: none"> <input type="checkbox"/> Legal and reputational risk due to retroactive criminal legislation <input checked="" type="checkbox"/> Risks related to discriminatory practices (gender, family status, people with disabilities, age, residence, etc.), violence and harassment in the workplace

		<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Risks related to discrimination or persecution against individuals because of their religious beliefs, opinions or practices <input checked="" type="checkbox"/> Risks related to private life (for employees: questions related to the organisation of work when working from home or the risk of misuse of a surveillance camera) <input checked="" type="checkbox"/> Risks related to non-respect of individual freedom, censorship, or retaliation for the expression of dissenting opinions. <input checked="" type="checkbox"/> Risks related to respect for freedom of association and collective bargaining (e.g. discrimination against unionized employees, lack of means for representation, negotiation, etc.) <input checked="" type="checkbox"/> Risks related to the prohibition of child labour (e.g. interns on construction sites) <input checked="" type="checkbox"/> Risks related to the marginalization or unjustified exclusion of individuals from decision-making processes and public affairs <input checked="" type="checkbox"/> Risks related to the deterioration of working conditions <input checked="" type="checkbox"/> Risks related to fair and equitable working conditions (hours of work (e.g. pressures to work outside the contract), pay, breaks, etc.) <ul style="list-style-type: none"> <input type="checkbox"/> Risks related to economic insecurity, poverty, and inadequate access to basic needs, which can compromise human well-being and dignity <input type="checkbox"/> Risks related to lack of access to adequate health care, discrimination in the provision of health services <input type="checkbox"/> Risks related to the prohibition of participation in cultural life and scientific progress, as well as to the protection of the moral and material interests of creators <input type="checkbox"/> Other risks identified:
B2	<p>Identification of Highlights of Issues: Describe how the human rights highlights were identified, including any input from stakeholders.</p>	<p>Although LuxFLAG respects the Luxembourg Labour Code, human rights’ risks were selected because of potential exposure every workplace could have to these issues.</p>

B3	Choice of main geographical areas: If your report on the main human rights issues focuses on particular geographical areas, explain how this choice was made.	N/A
B4	Other Serious Impacts: Report any serious human rights impacts that occurred or are still being addressed during the reporting period that do not relate to the salient human rights issues and explain how it was managed.	N/A

Part B Progress Plan

To make our employees aware of these human rights’ risks and relevant norms, so that they can keep an eye out for any human rights’ breaches that could happen in the workplace or outside their working environment: internal trainings; employees’ Code of Conduct listing some internal principles to be respected (e.g. non-discrimination and non-retaliation).

To make a formal risk assessment (using appropriate criteria such as severity) and develop a statement highlighting the Association’s salient human rights’ risks identified: to include in the vendor Code of Conduct and to disclose it.

PART C: MANAGEMENT OF HUMAN RIGHTS ISSUES

[Part C is optional for new 2023 signatories.]

According to **Principle 19 and 20** of the UN Guiding Principles on Business and Human Rights, in order to prevent and mitigate adverse impacts on human rights, companies should consider the results of their impact assessments for the full scope of relevant internal functions and processes and take appropriate measures. To monitor whether adverse human rights impacts are being addressed, companies should monitor the effectiveness of the measures they have taken.

SPECIFIC POLICIES

UNGP	Information & Objectives	Answers <i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C1	Does your company have specific policies in place to deal with salient human rights issues and if so, which ones?	We have an employee handbook and are currently reviewing our internal employee Code of Conduct (not publicly disclosed) as well as the one for vendors.
C1.1	How does your company communicate the relevance and importance of these policies to those who need to implement them?	Team meetings and internal trainings

Part C1 Progress Plan

The LuxFLAG legal team is currently reviewing our employees Code of Conduct and our vendors Code of Conduct. Both will be disseminated to employees and counterparties once approved.

STAKEHOLDER ENGAGEMENT

UNGP	Information & Objectives	Answers <i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C2	What is your company's approach to stakeholder engagement on each salient human rights topic?	<p>For Associate Members of LuxFLAG, we do a screening check to ensure that they are not subject to ongoing investigations or sanctions.</p> <p>The same applies to employees, which needs to provide a copy of their criminal record prior to be hired.</p>
C2.1	How does your company identify the stakeholders it collaborates with on each of the salient topics and what is the timing and nature of this collaboration?	N/A
C2.2	During the reporting period, which stakeholders did the company collaborate with on each of the salient topics and why?	N/A
C2.3	During the reporting period, how did stakeholder opinions influence the company's understanding of each salient topic and/or how it handled them?	N/A

Part C2 Progress Plan

The LuxFLAG legal team is currently working on an AML framework to closely screen and monitor all our stakeholders.

This is our intention to include, in new or renewed contracts, human rights' provisions that are aligned with international human rights standards and monitor how there will be respected by our stakeholders.

IMPACT ASSESSMENT

UNGP	Information & Objectives	Answers
		<i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C3	How does your company identify changes in the nature of each salient human rights topic over time?	Our internal CSR Committee does a periodic progress report on human rights related questions and policy developments.
C3.1	During the reporting period, were there any notable trends or patterns in impacts related to a salient topic, and if so, which ones?	No
C3.2	During the reporting period, did it identify any serious impacts associated with a salient topic and, if so, which ones?	No
Part C3 Progress Plan N/A		

INTEGRATION OF RESULTS AND RESPONSES

Identifying actual and potential impacts will allow you to adequately prioritize your resources to prevent, mitigate, and remediate negative impacts on human rights. Having an adequate governance structure in place to ensure that responsibility is assigned to the appropriate level and function and that sufficient resources are available to implement the measures is essential for proper integration into business practices.

UNGP	Information & Objectives	Answers
		<i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C4	How does your company incorporate its findings on each salient human rights topic into its	LuxFLAG takes into account each salient human rights topic in the context of its internal and external activities.

	decision-making processes and actions?	This is a main driver in our decision-making at all levels withing the Association.
C4.1	How are departments in the company whose decisions and actions may affect the management of salient topics involved in finding and implementing solutions?	N/A
C4.2	When tensions arise between preventing or mitigating impacts related to a salient topic and other business objectives, how are these tensions managed?	N/A
C4.3	During the reporting period, what action did the company take to prevent or mitigate the potential impacts associated with each of the salient topics?	LuxFLAG took part in several sectoral initiatives to raise awareness about human rights and implemented stricter rules within its operations to prevent any potential impact of the salient risks.

Part C4 Progress Plan

Considering the role of our Association and our activities, we are not largely impacted by this part of the report.

PERFORMANCE MONITORING

According to **Principle 21** of the UN Directors on Business and Human Rights, in order to report on how companies address their human rights impacts, companies should be prepared to report externally, especially when concerns are raised by or on behalf of relevant actors.

UNGP	Information & Objectives	Answers
		<i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C5	How does your company know if its efforts to address each salient	We were awarded the ESR label in 2015 as a result of our effort to address human rights' issues.

	human rights issue are effective in practice?	
C5.1	During the reporting period, what are some examples of the effectiveness of managing salient topics?	N/A

Part C5 Progress Plan

Our aim is to have a qualitative and quantitative monitoring of salient human rights' issues to be able to conduct a human rights report and impact assessment that would be published on our website. However, because of the nature of our activities, we do not have such exposure to human rights' violations but at the contrary are contributing to fight them.

REPAIR

According to **Principle 29**, the UN Guiding Principles on Business and Human Rights, in order for grievances to be addressed promptly and directly remediated, commercial enterprises should establish or participate in effective grievance mechanisms at the operational level for potentially harmed individuals and communities. An effective complaints mechanism is a crucial tool for the subsequent identification of adverse human rights impacts, as it allows you to identify possible negative human rights impacts in a timely manner. It can also help build good relationships with your stakeholders, as it shows that you are aware and serious about the fact that negative impacts can occur despite the processes in place and that there is a proactive attitude to restore them if they occur.

UNGP	Information & Objectives	Answers <i>[Please insert your answers in this column. The examples in grey are for your inspiration only.]</i>
C6	How does your company provide an effective remedy if people are harmed by its actions or decisions in relation to salient human rights issues?	N/A

C6.1	By what means can your company receive complaints or claims related to each of the salient topics?	Claims and complaints can freely be addressed to the management. A grievance and complain mechanism will be soon in place.
C6.2	How does your company ensure that people feel empowered and empowered to make a complaint or claim?	Both our CEO and the Head of Office have an open door policy and are open to any complaints/claims.
C6.3	How does your company handle complaints and evaluate the effectiveness of the results?	Internal escalation procedures.
C6.4	During the reporting period, what trends and patterns characterized complaints or claims and their resolution under each of the salient topics, and what lessons did the company learn?	No complaints nor claims were issued during the course of the reporting year.
C6.5	During the reporting period, did your company propose or facilitate the use of real-world impacts on a salient topic and, if so, can you provide representative examples?	N/A

Part C6 Progress Plan

We are foreseeing to put in place effective grievance and complaints mechanisms. Internal escalation procedures will also be formalized. These procedures will be publicly available and the effectiveness of any potential complaints will be regularly reviewed.