

INFORMATION ON THE CARDIF LUX VIE GENERAL FUND

THAT PROMOTES ENVIRONMENTAL OR SOCIAL CHARACTERISTICS



CARDIF LUX VIE
BNP PARIBAS GROUP

The insurer
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world

INFORMATION ON FINANCIAL PRODUCTS THAT PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

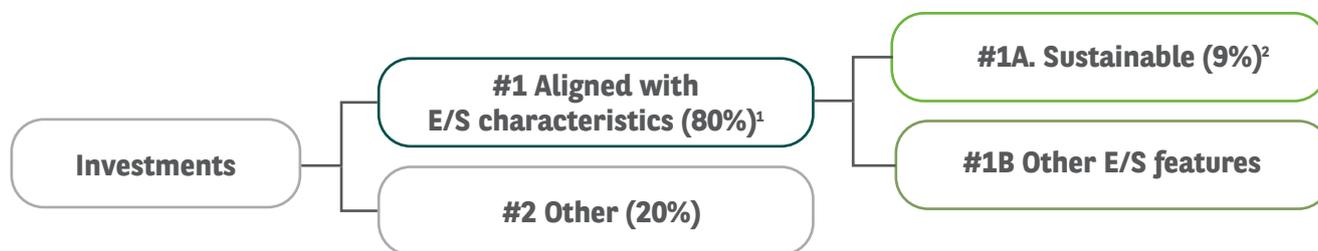
SECTION A- SUMMARY

Cardif Lux Vie's General Fund meets the definition of Article 8 of the European Regulation (EU) 2019/2088 known as SFDR, namely that it promotes a combination of environmental and social characteristics, while respecting good governance practices. While not aiming for sustainable investment, the General Fund is committed to a minimum of 9% sustainable investments.

The Cardif Lux Vie General Fund takes ESG criteria into account when analysing the assets in which it invests. This analysis can be qualitative and/or quantitative. Cardif Lux Vie's approach as a responsible investor is structured in several stages.

Cardif Lux Vie collects ESG data specific to each asset class, which is then analysed and integrated into the investment process. In addition, countries and companies with the lowest ESG (Environment, Social and Governance) ratings are excluded, with the aim of improving the environmental and social performance of its real estate portfolio. It also promotes positive-impact investments that aim to generate a measurable social, societal and/or environmental impact.

Cardif Lux Vie's General Fund investments are distributed as follows:



The achievement of the environmental or social characteristics promoted by the Cardif Lux Vie General Fund can be measured using five indicators:

1. **Country selection based on ESG criteria:** the General Fund excludes countries that perform poorly on these issues.
2. **Selection of companies according to ESG criteria:** the General Fund uses a best-in-class approach by sector.
3. **Carbon footprint (scopes 1 and 2)³ of equities and corporate bonds held directly (tCO₂e/M€ invested) carbon footprint:** Cardif Lux Vie's General Fund is committed to phasing out thermal coal by 2030 for European Union and OECD countries, and by 2040 for the rest of the world.
4. **Positive impact investments:** Cardif Lux Vie's General Fund will bear the brunt of the commitment, targeting an additional 400 million euros in positive-impact investments between the end of 2020 and the end of 2025.

Environmental and social characteristics and related sustainability indicators are monitored at least annually by a dedicated committee. Consideration of the main negative impacts on General Fund investments is part of Cardif Lux Vie's risk management policy.

To calculate these indicators, Cardif Lux Vie relies on external and/or internal data, depending on the asset class. When selecting an external data provider, the quality of each supplier's data is examined, including the methodologies used and the scope of coverage.

Cardif Lux Vie does, however, have limitations regarding the data used. Indeed, the latter often result from insufficiently detailed publications of the companies in which the General Fund is invested, and much of the data is currently estimated and unpublished.

1- Of which 80% in direct exposure.
Of which 20% other exposure.
2- This minimum share is expressed as a % of total investments in the financial product.
3- Scope 1 : Direct greenhouse gas emissions (from the company's fixed or mobile installations).
Scope 2 : associated indirect emissions (consumption of electricity, cooling and heating)

What's more, in the absence of regulatory standardization and market standards for certain indicators, there are significant methodological differences between the various suppliers of non-financial data.

For Cardif Lux Vie, due diligence is carried out through a dedicated finance governance structure and the implementation of an investment policy that includes the application of normative and sectoral filters; as well as the inclusion of environmental, social and governance criteria in the management process.

In line with its commitment policy, Cardif Lux Vie exercises its voting rights at the general meetings of the companies in which it is a shareholder, throughout the duration of its ownership of invested companies, thereby contributing to the proper orientation of corporate governance. In addition, when investing in external funds, Cardif Lux Vie dialogues with fund management companies to encourage them to integrate non-financial issues into their management processes.

SECTION B - WITHOUT SUSTAINABLE INVESTMENT OBJECTIVES

The General Fund promotes environmental or social characteristics, but does not aim for sustainable investment.

The General Fund is committed to investing a minimum of 9% in sustainable investments. These are defined by Cardif Lux Vie for each asset class; some examples are:

- green, social or sustainable bonds issued by governments or companies, meeting the requirements of international standards;
- listed and unlisted funds in proportion to their sustainable investment;
- and renewable energy infrastructure;
- real estate assets that meet demanding environmental and/or social standards.

The sustainable investments of the General Fund follow Cardif Lux Vie's responsible investment strategy, which takes into account the main negative impacts. Methodology for qualifying sustainable investments - as set out above - helps to limit harm to environmental and social sustainability objectives.

The main negative impacts are taken into account by setting up exclusions applicable to all companies and countries invested in. An additional governance filter is applied to companies to qualify them as sustainable investments. Consideration of the main negative impacts on General Fund investments is part of Cardif Lux Vie's risk management framework. Indicators relating to these negative impacts are taken into consideration through three levers:

- sectoral policies,
- an ESG analysis and integration process,
- and a shareholder engagement policy.

These levers are detailed in Cardif Lux Vie's main negative sustainability impact statement. Cardif Lux Vie regularly improves each of these levers in line with best market practices, new issues to be taken into account and available information.

The General Fund applies a specific filter at company level on compliance with the ten principles of the United Nations Global Compact. These principles cover serious, systemic and structural violations of international labour standards, human rights, the environment and the fight against corruption, as laid down by the United Nations. Companies that do not operate in line with these principles are therefore excluded from the investment universe.

SECTION C - ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

Cardif Lux Vie's General Fund meets the definition of Article 8 of the European Regulation (EU) 2019/2088 known as SFDR, namely that it promotes a combination of environmental and social characteristics, while respecting good governance practices.

It excludes countries and companies with the lowest ESG ratings, and strives to improve the environmental and social performance of its real estate portfolio. It also promotes positive-impact investments that aim to generate a measurable social, societal and/or environmental impact.

To reinforce its commitment to the fight against global warming, BNP Paribas Cardif (parent company of Cardif Lux Vie) joined the Net-Zero Asset Owner Alliance (NZAOA) in 2021, a United Nations-backed initiative bringing together international insurers and pension funds. The insurer is committed to aligning its investment portfolio with a carbon-neutral trajectory by 2050. This commitment is integrated into the management of the Cardif Lux Vie General Fund.

SECTION D - INVESTMENT STRATEGY

The General Fund takes ESG criteria into account when analysing the assets in which it invests. This analysis can be qualitative and/or quantitative. Cardif Lux Vie's responsible investor approach is structured in different stages. Cardif Lux Vie collects ESG data specific to each asset class, which is then analysed and integrated into the investment process.

a) The selection and investment processes are adapted as follows:

■ Investments in sovereign and supranational bonds:

Cardif Lux Vie analyses the ESG performance of countries in order to exclude from the investment universe those countries that perform poorly on these criteria.

■ Investment in companies:

In addition to the country exclusions to which companies are also subject, the responsible investment process for securities held directly by Cardif Lux Vie follows the following steps:

- A filter is applied to compliance with international standards and treaties. The country in which the company is headquartered must not be under embargo or subject to financial sanctions;
- Sectoral exclusions are applied;
- A "Best in class" ESG filter is applied to exclude companies whose ESG score is in the bottom 3 deciles of their sector;
- A carbon transition filter completes the ESG process.

■ Investments in real estate assets:

Direct investment in real estate assets involves the acquisition, management and disposal of real estate assets held by the General Fund of Cardif Lux Vie. The following practices are deployed on environmental issues: Systematic certification / labelling of buildings under construction (Breeam Excellent etc.). In this sense, Cardif Lux Vie also favours construction methods that generate lower CO2 emissions.

With regard to management and works, the aim is always to improve environmental performance.

■ Investments in external funds:

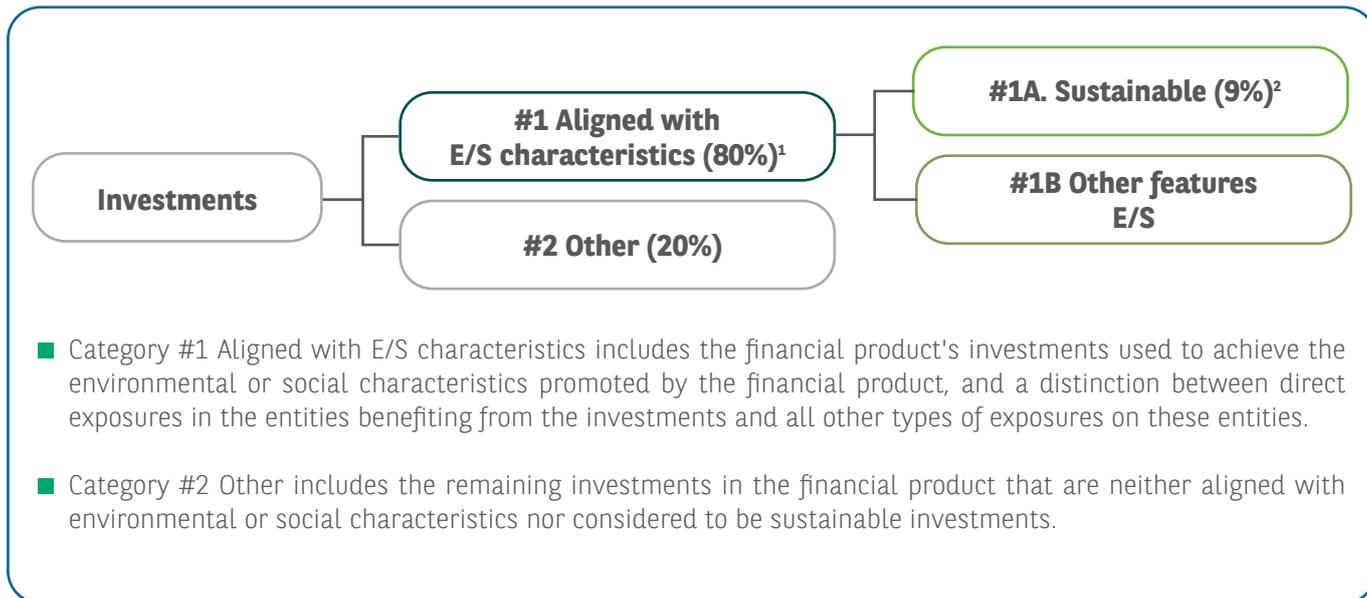
- For listed funds (equity funds, bond funds), Cardif Lux Vie carries out an ESG analysis of the management company and the fund, in particular through "due diligence" questionnaires which, via an internal rating, make it possible to measure the fund's level of integration of ESG criteria.
- For unlisted funds (private equity funds, private debt funds, infrastructure funds), management companies are questioned about their process for integrating ESG criteria: firstly, at the level of the management company and its governance, then at the level of the companies financed by the fund. This due diligence enables us to establish an internal ESG rating that will be taken into account when validating the investment.

b) Evaluation of good corporate governance practices:

Cardif Lux Vie's General Fund applies a specific filter on compliance with the ten principles of the United Nations Global Compact. The good governance practices of invested companies are assessed through an ESG rating that includes a Governance pillar taking into account several criteria including corruption, remuneration policy and internal controls.

In addition, Cardif Lux Vie exercises its voting rights at general meetings of the companies in which it is a shareholder, thus contributing to the proper orientation of corporate governance.

SECTION E - PROPORTION OF INVESTMENTS



SECTION F - CONTROL OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The environmental and social characteristics and associated sustainability indicators detailed in sections 2 and 3 are subject to at least annual checks, and are monitored by a dedicated Sustainable Finance committee that brings together the business lines and control functions (Risk and Compliance).

With regard to exclusion lists, the companies and countries on these lists are identified in the order placement and position-keeping tool. Two types of checks are in place: a check before orders are placed, which applies to flows, and a check on securities in positions, which applies to inventory. A dedicated control follow-up system enables any anomalies detected to be dealt with.

SECTION G - METHODS APPLICABLE TO ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The achievement of the environmental or social characteristics promoted by the financial product can be measured using five indicators:

- 1. Country selection based on ESG criteria:** Cardif Lux Vie's General Fund excludes the worst-performing countries on these issues, through the application of BNP Paribas Group country policies, supplemented by an analysis of the ESG performance of individual countries. This ESG filter applies to securities issued directly by countries (government bonds) and securities issued by companies (equities and corporate bonds) headquartered in excluded countries.
- 2. ESG criteria are used to select companies:** Cardif Lux Vie's General Fund uses a best-in-class sectoral approach. An ESG filter is used to exclude the worst-performing companies within each business sector. The application of sectoral policies provides a framework for investment in sensitive areas (tobacco, thermal coal, oil and gas, etc.).
- 3. Carbon footprint (scopes 1 and 2)³ of directly-held corporate equities and bonds (tCO₂e/M€ invested):** The Cardif Lux Vie General Fund contributes to BNP Paribas Cardif's commitment to reduce this footprint by at least 23% between the end of 2020 and the end of 2024.
- 4. Carbon intensity of directly-owned office buildings (in kgCO₂e/m² occupied):** Cardif Lux Vie's General Fund contributes to BNP Paribas Cardif's commitment to reduce this intensity by at least 12% between 2020 and 2030.
- 5. Positive impact investments:** These investments include sustainable bonds, renewable energy infrastructure and additional intermediate-rent housing.

1- Of which 80% in direct exposure.
Of which 20% other exposure.

2- This minimum share is expressed as a % of total investments in the financial product.

3- Scope 1 : Direct greenhouse gas emissions (from the company's fixed or mobile installations).
Scope 2 : associated indirect emissions (consumption of electricity, cooling and heating)

SECTION H - DATA SOURCES AND PROCESSING

Cardif Lux Vie's non-financial data may come from:

- Internal analyses: to qualify positive-impact investments (these analyses can integrate external data for certain asset classes).
- BNP Paribas, in particular for the application of the sectoral policies defined by the Group.
- Non-financial suppliers such as:
 - Moody's ESG Solutions for ESG ratings
 - S&P Trucost for carbon footprint calculations of corporate assets.

When selecting an external data provider, Cardif Lux Vie examines the quality of each supplier's data, including the methodologies used and the scope of coverage. Cardif Lux Vie is working to automate the integration of non-financial data into its order placement and position-keeping tools, in order to reduce the risk of manual errors.

It is currently difficult to report precise figures on the proportion of data that is estimated. Cardif Lux Vie favours the integration of communicated data when available. BNP Paribas Cardif dialogues with its partners to improve the methodologies used and thus ensure the most accurate ESG information on invested assets.

SECTION I - LIMITS TO METHODS AND DATA

The main limitation of the data used stems from insufficiently detailed publications of the companies in which the financial product is invested. Much of this data is currently estimated and unpublished. This limitation will be progressively reduced with the entry into force of the new European requirements on the publication of non-financial reports by companies. Cardif Lux Vie's suppliers of non-financial data obtain information deemed reliable but cannot guarantee the accuracy and/or completeness of the data provided.

What's more, in the absence of regulatory or market standards, there are major methodological discrepancies between different suppliers when it comes to collecting and estimating non-financial data, as well as calculating certain indicators.

The limitations described above may affect the reliability of ESG ratings and indicator calculations used to monitor the environmental or social characteristics promoted by the financial product.

However, Cardif Lux Vie keeps a close watch on regulatory developments and participates in industry working groups to reduce these limitations in terms of data quality and methods.

SECTION J - DUE DILIGENCE

For Cardif Lux Vie, due diligence is exercised in particular through governance dedicated to sustainable finance and the implementation of the investment policy, which includes the application of normative and sectoral filters as well as the inclusion of environmental, social and governance criteria in the management process.

Cardif Lux Vie's risk management system also takes into account non-financial risks, and in particular includes checkpoints on compliance with exclusion lists.

SECTION K - HIRING POLICIES

Cardif Lux Vie exercises its voting rights at the general meetings of the companies in which it is a shareholder throughout the duration of its ownership, thereby contributing to the proper orientation of corporate governance.

In addition, in order to strengthen its efforts to combat global warming, BNP Paribas Cardif (parent company of Cardif Lux Vie) joined the Climate Action 100+ initiative in 2021. Its signatories work together to encourage the world's largest emitters of greenhouse gases to take the necessary steps to combat global warming.

In addition, when investing in external funds, Cardif Lux Vie dialogues with fund management companies to encourage them to integrate non-financial issues into their management processes. Commitment to the latter is a two-stage process:

- A specific questionnaire on ESG practices is sent to management companies. This is used for mapping and to engage in a dialogue, particularly with regard to the sectoral exclusion practices applied by the management companies and the extent to which they integrate ESG criteria.
- An analysis of management companies' shareholder engagement policies is carried out using the PRI1 (Principles for Responsible Investment) questionnaire.

Cardif Lux Vie has also set up a system to manage any controversies to which the companies it invests may be exposed. This system combines control functions and makes it possible to take freeze or divestment decisions depending on the criticality of the controversy.

1- PRI: The PRI define responsible investment as a strategy and the practice of taking ESG issues into account in investment decisions and shareholder engagement.



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