

CARDIF LUX VIE

SUSTAINABILITY-RELATED DISCLOSURE COMMITMENTS




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CARDIF LUX VIE
BNP PARIBAS GROUP

**The insurer
for a changing
world**



In compliance with Regulation (EU) 2019/2088, the Sustainable Finance Disclosure Regulation (SFDR)¹, which introduces new sustainability-related disclosure obligations, Cardif Lux Vie confirms the following:

1. POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION MAKING PROCESS (ARTICLE 3 OF THE SFDR)

Cardif Lux Vie's investment decision-making process can be analysed in two parts:

1.1. INVESTMENTS MADE IN THE GENERAL FUND

Cardif Lux Vie takes account of environmental, social and governance (ESG) criteria when analysing the companies in which it invests.

Cardif Lux Vie's responsible investment policy is applied to all asset classes in portfolio and also incorporates the application of the BNP Paribas Group's sector policies² for the asset classes concerned (securities held directly). The sector policies cover investment in sensitive sectors presenting environmental and social risks.

Cardif Lux Vie's responsible investment approach is thus structured in three steps:

■ 1st step: ESG analysis

The ESG analysis allows a rating to be given to each investment based on the extent to which it takes account of ESG criteria. For the non-financial analysis of its investments, Cardif Lux Vie collects ESG data specific to each asset class from external providers, analyses them and incorporates them into the management and/or filtering processes of the various investment universes.

An ESG analysis coverage rate is thus calculated. It represents the percentage of assets held by Cardif Lux Vie for which ESG analyses have been possible and applied. This rate has steadily increased over the past few years.

1- The SFDR is available in all EU languages on the official EU website: [link to Regulation SFDR EU 2019/2088](#)

2- [Link to BNP Paribas sector policies](#)



■ 2nd step: Level of ESG integration

For each asset, Cardif Lux Vie qualifies the level of consideration of ESG issues according to their extra-financial strategy, their process of integrating ESG criteria, compliance with international conventions or treaties, their labels and certifications.

Cardif Lux Vie favors investments with the best levels of integration.

■ 3rd step: Identification of Climate risks

Cardif Lux Vie analyses climate and biodiversity-related risks in its investment process:

- ✓ **Physical risks:** the analysis covers various climatic hazards that may affect the activity of the companies present in the portfolios: fires, cold snaps, heatwaves, flooding, hurricanes. Cardif Lux Vie applies here the most pessimistic RCP 8.5 scenario prepared by the Intergovernmental Panel for Climate Change for 2050.
- ✓ **Transition risks:** Cardif Lux Vie analyses transition risk around two areas, namely the portfolio's exposure to the future carbon price (2 Degrees Scenario by 2100) and to "stranded" assets.

Companies identified as the most exposed to physical and transition risks under binding scenarios are included in a watch list.

These non-financial criteria are an integral part of fundamental financial analysis, and contribute to better identification of sustainability risks. This concern for sustainability is a source of medium and long-term performance.

The impact of Cardif Lux Vie's long-term sustainable investment strategy is difficult to measure in the shorter term. The contribution to returns will be seen in the long-term resilience of its investments in the face of sustainability risks.





1.2. INVESTMENTS MADE IN THE FORM OF UNITS OF ACCOUNT AND/OR UNITS IN FUNDS (INTERNAL DEDICATED OR COLLECTIVE FUNDS, ETC.)

Cardif Lux Vie distributes life insurance, capitalisation and pension contracts (hereinafter “insurance products”) to various insurance intermediaries (banks and wealth management advisers).

The latter are expected to propose the most suitable insurance product and financial vehicle or investment option to their clients, notably in terms of risk profile and investment horizon, but also taking into account their appetite for sustainability and impact through investments within insurance products.

The decision to offer financial vehicles or sustainable investment strategies is therefore made in the first instance by the insurance intermediary. Cardif Lux Vie does not therefore apply any specific exclusion based on ESG criteria to investments in units of account or in units of funds.

However, Cardif Lux Vie has put in place regular monitoring arrangements for external funds: identification of the responsible funds by reference to their certification.

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2. MANAGEMENT OF ADVERSE IMPACTS ON SUSTAINABILITY (ARTICLE 4 OF THE SFDR)

The governing bodies of Cardif Lux Vie take part in defining and deploying the CSR strategy. They keep watch on its responsible investment. Cardif Lux Vie’s ESG governance is based on the board of directors and various board committees. These include:

- ✓ **Asset management committees:** which make sure that the sustainable investment policy is implemented operationally in managing assets.
- ✓ **The “Investment CSR” body of BNP Paribas CARDIF, to which Cardif Lux Vie belongs:** has a watching brief and a role of internal exchanges about all the problems concerning responsible investment. These problems include regulation, competition, and green, solidarity saving. This committee also coordinates the initiatives of the business lines.

3- [Link to the IPCC report on Climate Change](#)





Cardif Lux Vie takes into account the sectoral policies of the BNP Paribas Group and sometimes its more specific ones, which makes it possible to reduce the negative impact of investments. These sectoral policies provide a framework for direct investments (equities, bonds) in sensitive sectors presenting environmental and social issues.

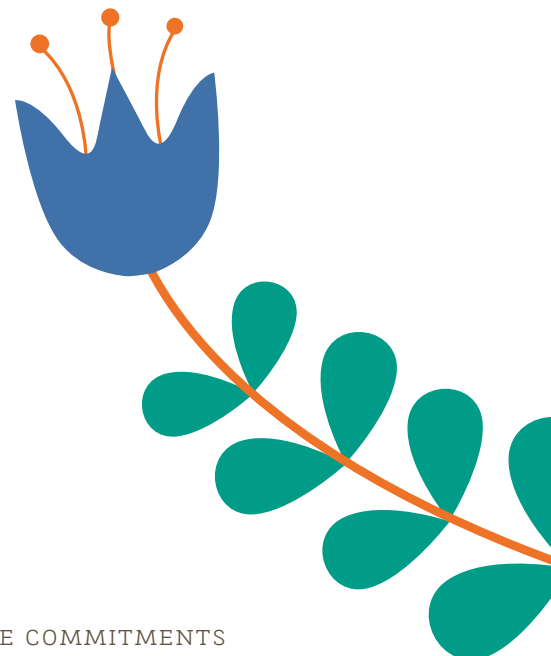
The analysis of Climate risks falls within the framework of aligning Cardif Lux Vie's investment strategy with the recommendations of the TCFD (Task Force on Climate related Financial Disclosure).

In the context of the publication of its updated CSR report, **Cardif Lux Vie exhibits indicators of the main adverse impacts on sustainability:**

- ✓ **Measurement of the carbon footprint** of companies whose securities are held directly (scopes 1 and 2).
- ✓ **Measurement of temperature and 2-degree alignment.**
- ✓ **The energy mix of electricity producers and distributors** whose securities are held directly: relative to the 2-degree scenario of the International Energy Agency.
- ✓ **Exposure to stranded assets** in the securities held directly: these assets, which depend on fossil energy sources, might depreciate or become liabilities, unexpectedly or sooner than expected, during the energy transition. This loss of value is mainly linked to substantial changes which represent a transition risk for the portfolio of assets.

You can find more information in the Cardif Lux Vie CSR report available on the website www.cardifluxvie.com.

Climate indicators presented may contain methodological bias and limitations. The process of topographic standardisation of these indicators has started but will take time. Cardif Lux Vie has decided to make use of a number of these data in order to better understand the climate issues associated with investment decisions.



3. REMUNERATION POLICIES IN RELATION TO THE INTEGRATION OF SUSTAINABILITY RISKS (ARTICLE 5 OF THE SFDR)

Cardif Lux Vie's commitment to society involves the promotion of sustainability and the limitation of sustainability risks, in other words ESG risks. To promote the involvement of its employees in these issues, Cardif Lux Vie integrates sustainability risks into its remuneration policy.

Cardif Lux Vie's principles of remuneration require that financial market operators' variable remuneration does not encourage the taking of excessive sustainability risks when investing in financial products governed by the SFDR.

At the level of Cardif Lux Vie the remuneration policy aims to promote professional conduct in accordance with the standards defined in the BNP Paribas Code of Conduct⁴. This Code presents the rules and requirements of BNP Paribas for upholding its aspirations to contribute to a responsible and sustainable worldwide development and to have a positive impact on society in the broadest sense. This involvement is based on three pillars:

- (i) promoting respect for human rights,
- (ii) protecting the environment and fighting climate change,
- (iii) acting responsibly in public representation.

Within Cardif Lux Vie, the variable portion of employees' individual remuneration takes account of compliance with the BNP Paribas Group's Code of Conduct, along with other criteria.

4- [Link to the BNP Paribas Group Code of Conduct](#)





4. RANGE OF CARDIF LUX VIE INSURANCE PRODUCTS WITHIN WHICH THE INVESTMENT VEHICLES PROMOTE, AMONG OTHER THINGS, ENVIRONMENTAL OR SOCIAL CHARACTERISTICS (ARTICLE 8 OF THE SFDR) OR HAVE SUSTAINABLE INVESTMENT AS THEIR OBJECTIVE (ARTICLE 9 OF THE SFDR) WITHIN THE MEANING OF EU LAWS AND REGULATIONS (ARTICLE 10 OF THE SFDR)

As part of its activity, Cardif Lux Vie sells unit-linked life insurance products on the Luxembourg market and under the Freedom to Provide Services regime in the main European markets. Among the investment vehicles offered within our insurance products, some have been identified as meeting the definition under Articles 8 or 9 of the SFDR.

4.1. THE GENERAL FUND (ARTICLE 8 OF THE SFDR)


Cardif Lux Vie **considers that its General Fund promotes**, among other characteristics, **a combination of environmental and social characteristics**, while verifying that the companies in which the investments of these products are made apply good governance practices.

- ✓ **The ESG coverage of the investments is at a high level** with a demanding classification of the levels of integration:
 - more than 90% of assets are covered by an ESG analysis, and 99% of these assets are held directly.

- ✓ As an insurer, Cardif Lux Vie is a long-term holder of assets. It assumes its responsibility as shareholder by strengthening its commitment. This intention is expressed in three key ways:
 - participation **in voting**,
 - dialogue **with the businesses**,
 - engagement **with asset management companies**.

This dialogue with businesses and asset management companies allows us to encourage them to communicate and strengthen their ESG practices and to integrate the impacts of climate change into their investment and management decisions.



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- ✓ Cardif Lux Vie, In order to assess the main negative adverse sustainability impacts of its portfolio, uses or measures the following indicators:
 - carbon intensity and carbon footprint,
 - electricity mix of electricity producers and distributors (share of fossil fuels),
 - temperature of equity and corporate bond portfolios,
 - assessment of potential losses linked to climatic events (extreme or trend),
 - transition risks: assessment of losses linked to a depreciation in the valuation of companies with "carbon" activities,
 - CO2 emissions avoided over the life of the projects,
 - other environmental issues: biodiversity, waste management, air quality.

In addition to these indicators, Cardif Lux Vie has established an exit strategy from thermal coal: definitive exit from this sector by 2030 at the latest in the OECD area / European Union countries and by 2040 at the latest for the rest of the world.

Cardif Lux Vie also communicates on its wish to develop investments **with a positive impact**, with an objective of €400 million more at the end of 2025 than in 2020.

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4.2. OTHER INVESTMENT VEHICLES (EXTERNAL FUNDS, INTERNAL FUNDS, ETC.)

4.2.1. External funds (Articles 8 and/or 9 of the SFDR)

The lists of external funds within our insurance products at the date of publication of this document for which the management company has indicated that, either:

- they promote environmental or social characteristics (Article 8 of the SFDR); or
- they have sustainable investment as their objective (Article 9 of the SFDR), are attached to the pre-contractual documentation available from your usual contact person.

To obtain all the environmental and social information on each of these external funds, reference should be made to the prospectus or the key investor information document (KIID) or other documentation relating to each of these funds.



4.2.2. Internal funds and specialised insurance funds

In cases where the insurance product is invested in an internal dedicated or collective fund or a specialised insurance fund, reference should be made, before investing, to the documentation made available on the website of the financial manager or provided by the insurance intermediary or adviser in order to obtain all the information on environmental and social aspects or on investment with a sustainable objective relating to this investment vehicle

4.3. INSURANCE PRODUCTS ARTICLE 8

As regard its activity, Cardif Lux Vie considers that the following generic insurance products meet the definition of Article 8 of the SFDR in view of the investment vehicles proposed (see from paragraph 4 above).

Since it does not sell any insurance products for which all the investment vehicles have sustainable investment as their objective, Cardif Lux Vie considers that no insurance product meets the definition of Article 9 of the SFDR.

All networks	BGL BNP Paribas Network	Luxembourg Brokers Network
CAP SECURE Belgique	OptiLib	My Pension +
CAP SECURE France	OptiLife2	My Prolife
CAP SECURE Luxembourg	OptiPension +	
Cardif Private Insurance Italia	OptiSave +	
Euro Oportunidad Vida		
L21 Belgique		
L21 France		
L21 International		
L21 Luxembourg		
L21 Portugal		





GLOSSARY:

SFDR (Sustainable Finance Disclosure Regulation):

Sometimes also referred to as the “Disclosure Regulation”, is an EU Regulation which places transparency about sustainability at the heart of the requirements, at the level of both entities and investment products.

‘Article 8’ Investment:

A financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

‘Article 9’ Investment:

A financial product having sustainable investment as its objective.

Dual materiality:

Taking account at the same time of both sustainability risks and adverse impacts in an investment process.

Sustainability risk:

An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Adverse sustainability impacts:

Les incidences des décisions d’investissement et des conseils
Negative effects of investment decisions and advice on sustainability factors.

ESG criteria: Source Novethic

This international abbreviation is used by the financial community to designate the Environmental, Social and Governance (ESG) criteria that generally constitute the three pillars of non-financial analysis. They are taken into account in socially responsible investment. The ESG criteria make it possible to evaluate companies’ exercise of responsibility vis-à-vis the environment and their stakeholders (employees, business partners, sub-contractor and customers).

- The environmental criterion takes account of: waste management, the reduction of greenhouse gas emissions and the prevention of environmental risks.
- The social criterion takes account of: the prevention of accidents, training of personnel, respect for employees’ rights, the supply chain and social dialogue.
- The governance criterion verifies: the independence of the board of directors, the management structure and the presence of an audit committee.

Responsible investment:

General term encompassing investments that incorporate ESG (environmental, social and governance) criteria, socially responsible investment (SRI) and impact investment.

Socially responsible investment (SRI):

Applies more pronounced ESG criteria such as thematic approaches or exclusions. Some SRI funds are certified.

Impact investment:

A more restrictive definition, since the market participant must be able to demonstrate that the project supported is determined by the wish to have a social and/or environmental impact and to measure it.

General Fund:

Also called “fund in euros”, these funds are vehicles for life insurance policies, traditionally composed of bonds, equities and real estate. For general funds, the insurer’s commitment is a value expressed in euros

Units of account:

Units of Account represent investments in External Funds made within the life insurance, capitalisation or pension contract.

Fund units:

Internal Fund units represent investments in the Internal Collective or Dedicated funds made within the life insurance, capitalisation or pension contract.

The insurer commits only on the number of Units of Account or Internal Fund Units, not on their value; the value of these Units of Account or Internal Fund Units, which reflects the value of underlying assets, is not guaranteed but is subject to fluctuations upwards or downwards depending in particular on movements on the financial markets.



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