

LuxFLAG Sustainable Insurance Product Label

Eligibility Criteria

In order to obtain a LuxFLAG Sustainable Insurance Product Label (“LSIP”), an Applicant Insurance product must comply with the following Eligibility Criteria set by LuxFLAG:

Criteria 1 – Investment holdings: The applicant insurance product must respect the following limitations.

For products which are under discretionary management of the insurance company¹: at least a minimum of 66% of its underlying investments must be screened against or selected through multiple Responsible Investment strategies² and the product must be classified under Article 8 or Article 9 under SFDR.

For unit-linked life insurance policies³(basket of funds)⁴:

- For new insurance products⁵: at least a minimum of 66% of its underlying offered funds⁶ must be classified as Article 8 or Article 9 under SFDR and at least a minimum of 50% of its underlying invested funds⁷ must be classified as Article 8 or Article 9 under SFDR.
- For existing insurance products: at least a minimum of 50% of its underlying offered funds must be classified as Article 8 or Article 9 under SFDR and at least a minimum of 33% of its underlying invested funds must be classified as Article 8 or Article 9 under SFDR.

Criteria 2 – Investment process: The applicant insurance product should identify and incorporate Responsible Investment strategies⁸ into its investment process and submit relevant documentation to LuxFLAG.

Criteria 3: Exclusions: The underlying investments of the applicant insurance product must comply with LuxFLAG’s LSIP Exclusion Policy.

¹ Type of management of a portfolio of assets or of a fund whereby the financial manager takes the investment decisions itself on behalf of its client, often in the context of a predefined investment profile.

² **Responsible Investment strategies** as defined by Eurosif on <https://www.eurosif.org/responsible-investment-strategies/>

Compliance with this criteria may also be achieved by investing in products which have been awarded with an **internationally recognized independent Sustainability Label** / certification or confirmation of its alignment with internationally recognized standards.

³ Those instances where a list of funds (including Fonds Général but not limited to) is made available to the client.

⁴ Those instances where a list of funds (including Fonds Général but not limited to) is made available to the client.

⁵ Launched within the last 12 months and approved by the regulator.

⁶ List of funds made available for subscription but not necessarily actually subscribed by policyholders.

⁷ Funds in which policyholders have actually invested all or a part of their premiums.

⁸ As defined by Eurosif, available here: <http://www.eurosif.org/responsible-investment-strategies/>

Criteria 4 – Insurer profile: The promoter/insurer of the applicant insurance product must demonstrate adherence to applicable best market practices in terms of CSR/ Sustainability and must submit relevant documentation⁹.

Criteria 5 – Transparency and Disclosure: The insurer must disclose publicly sustainability related information on a regular basis.

Criteria 6 – Accompanying legal documentation to be provided (as applicable):

| | Regulation | Document to be provided |
|---------------------------------------|--|---|
| Access to the insurance market | | |
| INSURER LEVEL | The insurer has been licenced and is under the supervision of an insurance supervisor The insurer only distributes products in countries for which it received a proper license to operate. | Copy of the license to operate of the insurer, including the list of countries where the insurer is allowed to operate / or copy of the license to operate of the insurer for each country where it intends to distribute the labelled product. |
| DISTRIBUTOR LEVEL | The insurer distributes its products only through licenced intermediaries (own employees, agents or brokers) | Overview of the distribution network of the insurance company |
| PRODUCT LEVEL | The labelled product is in line with the technical requirements imposed by its Home supervisory authority | E.g. Luxembourg based insurer should provide the “fiche technique” to be submitted to the CAA |
| Conduct of business | | |
| INSURER LEVEL | Product Oversight and Governance (POG) | Copy of the POG of the insurer |
| | Conflicts of interests (including conflicts of interest relating to remuneration) (art 19, 28 IDD) <i>(Luxembourg: Law on the insurance sector of 7 December 2015)</i> | Copy of the Conflicts of interest policy of the insurer |
| | Sustainable Finance Disclosure Regulation (from March 2021) | Copy of the sustainability risk policy of the insurers as shown on its website Copy of the due diligence policy Methodology for products with ESG characteristics Remuneration policies: sustainability risks are taken into account |
| | Anti-Money Laundering (AML) regulations <i>(Luxembourg: Law of 12 November 2004)</i> | Overview of insurer’s AML process |
| | International financial sanctions | Overview of insurer’s process with regard |

⁹ This documentation could be in a form of CSR/Sustainability guidelines/policy, Annual CSR/Sustainability report, etc. published at the level of the insurer or at the level of its group.

| | | |
|--|---|--|
| | <i>(Luxembourg: Law of 27 October 2010)</i> | to the international sanction regime |
| | General Data Protection Regulation (GDPR) procedures to protect personal data of customers, employees and other partners. | Copy of the GDPR policy of the insurer |