

LuxFLAG ESG Insurance Product Label

Eligibility Criteria

In order to obtain a LuxFLAG ESG Insurance Product Label, an Applicant Insurance Product and its Insurer must comply with the following Eligibility Criteria set out by LuxFLAG:

1) The Applicant Insurance Product shall:

- respect the following limitations:

For products which are under discretionary management of the insurance company:¹ 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 as an Article 8 or Article 9 financial product within the meaning of the Sustainable Finance Disclosure Regulation (“SFDR”).

For unit-linked life insurance policies (basket of funds):³

- For new insurance products:⁴ at least a minimum of 66% of its underlying offered funds⁵ must be classified as Article 8 or Article 9 financial products in the meaning of the SFDR and at least a minimum of 50% of its underlying invested funds⁶ must be classified as Article 8 or Article 9 financial product in the meaning of the.
- For existing insurance products: at least a minimum of 50% of its underlying offered funds must be classified as Article 8 or Article 9 financial products within the meaning of the SFDR and at least a minimum of 33% of its underlying invested funds must be classified as Article 8 or Article 9 financial products within the meaning of the SFDR.
- submit documentation related to Responsible Investment Strategies incorporated into the investment process and investment decisions;⁷ and

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 As defined by Eurosif, available here: <http://www.eurosif.org/responsible-investment-strategies/>. Compliance with this criterion may also be achieved by investing in products which have been awarded with an internationally recognized Sustainability Label / certification or confirmation of its alignment with internationally recognized standards.

³ This category encapsulates those instances where a list of funds (including - but not limited to - ‘Fonds Général’) is made available to the client.

⁴ New insurance products refer to products that have been launched within the last twelve (12) months and approved by the regulator.

⁵ This percentage refers to a list of funds made available for subscription, but not necessarily subscribed by policyholders.

⁶ This percentage refers to funds in which policyholders have invested all or a part of their premiums.

⁷ As defined by Eurosif, available here: <http://www.eurosif.org/responsible-investment-strategies/>. The requested documentation may cover without limitation elements such as the definition of the non-financial objective, collection of ESG research, construction of investment universe, investment decision, ongoing monitoring and divestments.

- comply with LuxFLAG's ESG Label Exclusion Policy.

2) The promoter/insurer of the Applicant Insurance Product shall:

- demonstrate best market practices;⁸ and
- be duly authorized by a competent supervisory authority of an EU Member State, or subject to a regulatory and/or supervisory regime that is equivalent to that of EU Member States.⁹

⁸ This documentation could be such as but not limited to CSR/Sustainability guidelines/policy, Annual CSR/Sustainability report, Engagement policy, Active ownership policy, etc. published at the level of the Manager of the Applicant Discretionary Mandate or at the level of its group.

⁹ The equivalence of regulatory and/or supervisory frameworks of non-EU countries with the EU framework will be assessed premised on the equivalence decisions of the European Commission and the Luxembourg national supervisory authority.

Appendix 1: Documentation to be submitted by the Applicant Insurance Product (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 <i>(Luxembourg: Law of 27 October 2010)</i> | Overview of insurer’s process with regard 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 |