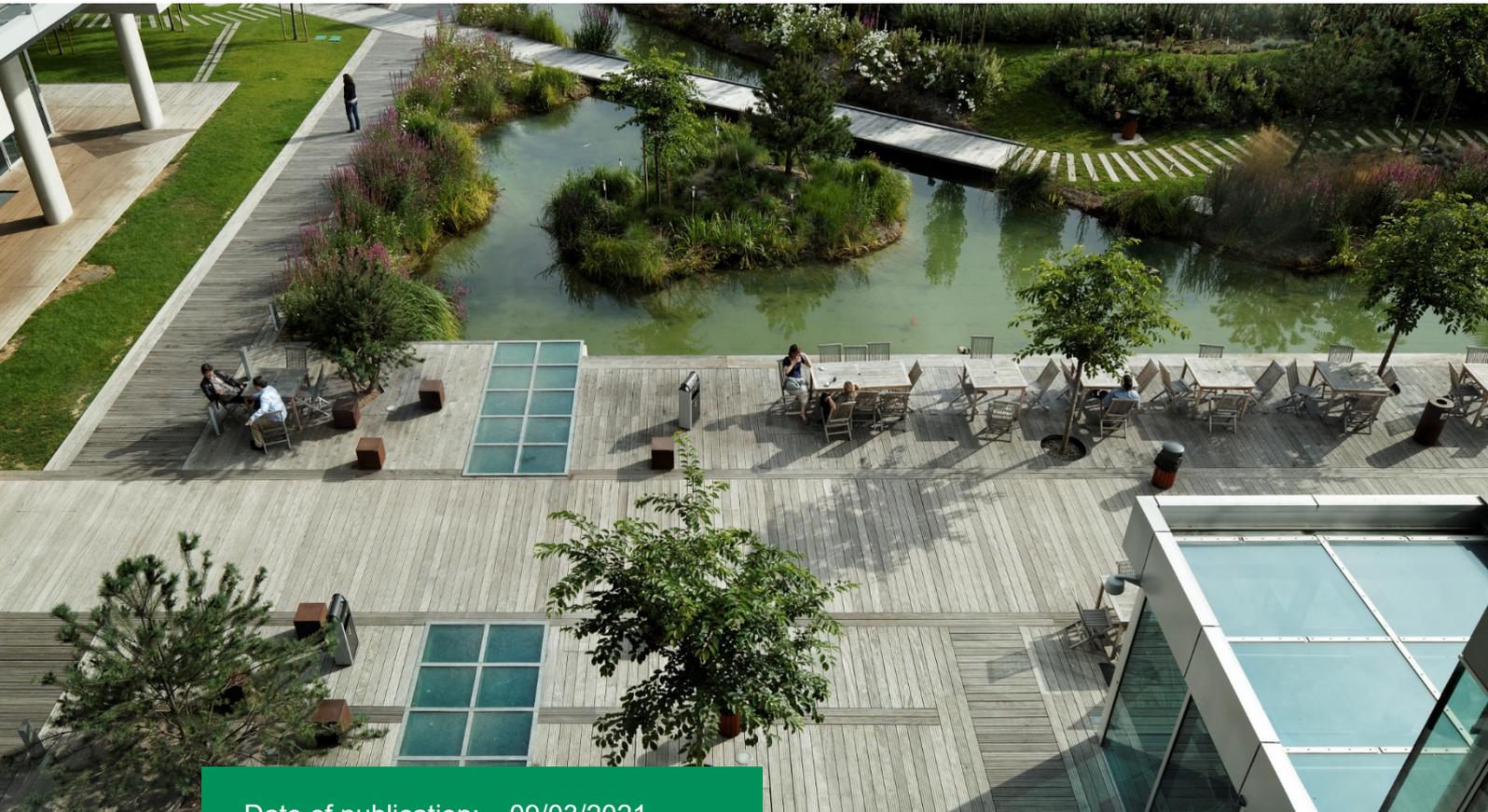


# CARDIF ASSURANCE VIE DISCLOSURE COMMITMENTS IN TERMS OF SUSTAINABILITY



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**BNP PARIBAS  
CARDIF**

L'assureur  
d'un monde  
qui change

*In compliance with European regulation (EU) 2019/2088 « Sustainable Finance Disclosure Regulation » (SFDR)<sup>1</sup> which introduces new disclosure requirements in terms of sustainability, Cardif Assurance Vie, subsidiary of BNP Paribas Cardif, publishes following information on its own behalf and of its branches based in the European Union:*

## 1) Policies on sustainability risks in investment decision-making process (SFDR article 3)

The investment decision-making process of Cardif Assurance Vie can be analyzed along two axes:

### 1.1) Investments made within the General Fund

Cardif Assurance Vie takes Environmental, Social and Governance criteria (ESG) into account when analyzing its investments.

The responsible investment policy of Cardif Assurance Vie applies to all asset classes in the portfolio. The policy includes specific sector policies defined at BNP Paribas Group<sup>2</sup> level concerning directly held assets. Sector policies provide a framework for financing and investing in sensitive sectors with environmental and social issues.

Three steps thus structure the responsible investor approach of Cardif Assurance Vie:

#### ○ 1<sup>st</sup> step : ESG analysis

For the extra-financial analysis of its investments, Cardif Assurance Vie collects ESG data from external suppliers, analyzes them and integrates them into the management processes of the various investment universes.

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

#### ○ 2<sup>nd</sup> step : ESG integration level

For each asset, Cardif Assurance 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 Assurance Vie favors investments with the best levels of integration.

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<sup>1</sup> The European SFDR regulation is available in all languages on the official EU website : [link to the SFDR EU regulation 2019/2088](#)

<sup>2</sup> [Link to the sector policies of BNP Paribas Group](#)

### ○ 3<sup>rd</sup> step : Identification of climate-related risks

Cardif Assurance 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 Assurance Vie applies here the most pessimistic RCP 8.5 scenario prepared by the Intergovernmental Panel for Climate Change for 2050<sup>3</sup>;
- ✓ **Transition risks:** Cardif Assurance 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.

### 1.2) Investment made through units-linked

Cardif Assurance Vie markets life insurance contracts to various partners (banks, wealth management advisers). Distributors are in charge of offering the most suitable financial solution to their clients, particularly on risk profile, management process, but also taking into account their appetite for sustainability and impact.

Therefore, the supplier has the opportunity to offer sustainable investment vehicles.

Cardif Assurance Vie has set up a regular monitoring system to identify responsible funds based on compliance with at least one of the following criteria:

- (i) the fund is labeled by an independent body;
- (ii) the fund has a level of ESG integration among the best, in accordance with the methodology used for the general fund.

## 2) Management of adverse sustainability impacts (SFDR article 4)

Cardif Assurance Vie governance bodies participate in defining and implementing the CSR<sup>4</sup> strategy. They ensure its responsible investment dimension.

ESG governance is built around the Board of Directors and various committees: the Asset Management Committees, the CSR-Investment Committee, Financial-Actuarial, Risk and the Compliance Committee.

Cardif Assurance 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.

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<sup>3</sup> [Link to the IPCC Climate Change Report](#)

<sup>4</sup> CSR: Corporate Social Responsibility

The climate-related risk analysis is part of the alignment of Cardif Assurance Vie investment strategy in line with the TCFD<sup>5</sup> recommendations.

As part of its publication of the SRI report, Cardif Assurance Vie publishes indicators contributing to the assessment of the main negative adverse sustainability impacts via the measurement of:

- ✓ carbon footprint of directly-held securities and real estate assets,
- ✓ temperature in line with the 2-degree trajectory set by the Paris Agreement (COP21),
- ✓ the energy mix of electricity producers and distributors in directly-held securities,
- ✓ other environmental issues (biodiversity, waste management or air quality),
- ✓ exposure to “stranded” assets.

Climate indicators include methodological bias and coverage limitations. The process to standardize indicators has begun, but will take time. Cardif Assurance Vie has chosen to use some of these to better understand the climate issues related to investment decisions.

Find more information in the SRI<sup>6</sup> report published on BNP Paribas Cardif website: [BNP Paribas Cardif SRI report](#)

### 3) Remuneration policies in relation to the integration of sustainability risks (SFDR article 5)

BNP Paribas Cardif’s social commitment<sup>7</sup> involves promoting sustainable investments while ensuring that sustainability risks are limited, that is to say environmental, social or governance risks. To promote the involvement of its employees in these matters, BNP Paribas Cardif incorporates sustainability risks into its remuneration policy.

BNP Paribas Cardif’s remuneration principles require that the variable remuneration of financial market participants does not encourage excessive risk-taking with respect to sustainability risk for investment and financial products related to the European SFDR regulation.

At Paribas Cardif level, the remuneration policy aims to promote professional behavior in accordance with the standards defined in the BNP Paribas Group code of conduct<sup>8</sup>.

This code of conduct sets out BNP Paribas Group’s rules and requirements to support its aspirations to contribute to responsible and sustainable global development and to have a positive impact on society. This involvement is based on three pillars:

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

Within BNP Paribas Group, the variable part of individual employee remuneration takes into account compliance with the BNP Paribas Group code of conduct, alongside other criteria.

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<sup>5</sup> TCFD: Task Force on Climate related Financial Disclosure

<sup>6</sup> SRI : Socially Responsible Investment

<sup>7</sup> The employees working for BNP Paribas Group in France are employed by the GIE BNP Paribas Cardif, which makes its employees available to member companies of the GIE, including Cardif Assurance Vie. The compensation policy described therefore applies to employees who work for Cardif Assurance Vie.

<sup>8</sup> [Link to the BNP Paribas Group code of conduct](#)

#### 4) Cardif Life Insurance range: the promotion of environmental or social characteristics and of sustainable investments products (SFDR article 10)

##### 4.1) Investment products promoting environmental or social characteristics, or a combination of these characteristics (SFDR article 8)

European SFDR regulation allows the categorization of the investment product (investment option) and the insurance contract (multi-option product):

###### ○ Investment products categorized in "article 8":

The General Fund of Cardif Assurance Vie meets the definition of the European SFDR regulation set out in article 8, namely that it promotes, among other characteristics, a combination of environmental and social characteristics, while verifying that the companies in which the investments of these products are produced using good governance practices.

ESG coverage of investments reaches a high level with a demanding classification of integration levels. More than 90% of assets are thus covered by an ESG analysis, including all of the assets held directly.

As an insurer, Cardif Assurance Vie is a long-term asset owner. Shareholder responsibility is implemented on three areas:

- ✓ participation in voting,
- ✓ dialogue with companies,
- ✓ asset management company engagement.

This dialogue established encourages asset management companies to strengthen and communicate about their ESG practices and to develop their climate risk management.

Cardif Assurance Vie uses the following sustainability indicators by measuring:

- ✓ 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 Assurance 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 Assurance Vie is strengthening its investments with a positive impact, with an additional investment target of 5 billion euros between 2019 and the end of 2024.

###### ○ Life insurance & pension contracts categorized in "article 8":

These are contracts relating to the standard ranges open to marketing in the various partner networks of Cardif Assurance Vie.

These contracts include:

- ✓ the support in euros described in this document promoting environmental and social characteristics (Article 8 of the SFDR European regulation);
- ✓ in the case of collective investment undertaking (UCI), several unit-linked vehicles for which the asset management company has indicated to promote environmental and social characteristics (Article 8 of the SFDR European regulation). The prospectus of each of these UCIs contains all the environmental and social information;
- ✓ if applicable for UCI, one or more unit-linked investment vehicles of which the asset manager has sustainable investment as its primary objective (Article 9 of the SFDR European regulation). The prospectus of each of these UCIs contains all the environmental and social information.

The processes relating to UCIs under French law (OPCVM, OPCI and SCPI) can be consulted on the website: <https://geco.amf-france.org/Bio/>

The list of these investments vehicles pursuant to Article 8 or, if applicable, to Article 9 of the SFDR European regulation appears in the Information Notice of each of the listed contracts (more precisely in the part of the contractual documentation listing the investment supports available).

The Insurance contracts listed in the tables below meet the definition of the European SFDR Regulation set out in article 8:

#### BNP Paribas French Retail Banking network:

Assurance Vie Hello!
BNP Paribas Multiplacements 2
BNP Paribas Multiplacements Avenir - Formule Découverte
BNP Paribas Multiplacements Avenir - Formule Placement
BNP Paribas Multiplacements Privilège
BNP Paribas Multiplacements Privilège Donation
BNP Paribas Multiplacements Privilège Plus
BNP Paribas Multiciel Privilège 2
BNP Paribas Multiciel Privilège 2 Personnes Morales
Multiciel Opportunités
Multiplacements Opportunités
BNP Paribas Multiplacements PER

#### Digital Brokerage network:

Cardif Elite Vie
Cardif Elite Capi
Cardif Elite Capi Personne Morale

#### AEP network:

NOVA ACTIF
NOVA ACTIF +
NOVA PREMIUM

FINAVEO
CIC BANQUE PRIVÉE PRIVILEGE
TRANSATLANTIQUE EXCELLENCE
AMYTIS SELECT
OPEN CAPITAL 2
OPEN STRATÉGIES 2
SAINT-HONORÉ LATITUDE3
COMPOSITION CAPI 2
RÉFLEXION 3
COMPLICE VIE
SOPRANE 1818 OPUS 4.D v2
NORTIA CAPI +
PANTHEA
PRESTIGE RMM
UBS MULTI OPPORTUNITÉS 2

### Savings & Retirement Companies:

The standard “collective retirement” contracts, manufactured by BNP Paribas ERE<sup>9</sup> and marketed to companies, meet the definition of the European SFDR regulation set out in article 8:

PER Obligatoire (PERO)
Préférence PER Obligatoire (lancement en avril 2021)
Indemnités de fin de carrière (IFC):
- Préférence IFC
- Partenaire IFC

Note: the employee of the company who adheres to the product is not considered to be the subscriber under the SFDR regulation.

### 4.2) Investment products having sustainable Investment as their objective (SFDR Article 9)

No life insurance and pension contract meets the definition the European SFDR regulation set out in article 9.

<sup>9</sup> ERE : Epargne & Retraite Entreprises (Savings & Retirement Companies)

## Glossary

- **ESG criteria (source : Novethic):**

This international acronym is used by the financial community to name the Environmental, Social and Governance (ESG) criteria as the three cornerstones of non-financial analysis. These criteria are used as a standard approach to Sustainable Responsible Investment. Thanks to ESG criteria, it is possible to assess the exercise of corporate responsibility towards the environment and their stakeholders (employees, partners, subcontractors and customers):

  - ✓ The environmental criterion takes into account: waste management, greenhouse gas reduction and environmental risk prevention ;
  - ✓ The social criterion takes into account: accident prevention, staff training, respect for employees rights, subcontracting chain and social dialogue ;
  - ✓ The governance criterion takes into account: the independence of the board of directors, the management structure and the presence of an audit committee.
  
- **General Funds (GF):**

Also known as « euro funds », these funds are life insurance vehicles, traditionally comprising bonds, equities, and real estate assets. For General Funds, the amount of the insurer's commitment is expressed in euros.
  
- **Principal Adverse Sustainability Impacts (PASI):**

Principal impacts of investment decisions and advice that result in negative effects on sustainability factors.
  
- **« Article 8 » Investment:**

It is a financial product promoting a combination of environmental and social characteristics, as it verifies that the companies invested in follow good governance practices.
  
- **« Article 9 » Investment:**

A financial product has sustainable investment as its primary objective.
  
- **Responsible investment (RI) or Socially Responsible Investment (SRI):**

General term which encompasses investments incorporating ESG criteria (Environment, Social, Governance). Some SRI funds are labeled.
  
- **Positive impact investment:**

It is defined as an investment made with the intention of generating a positive and measurable social, societal and / or environmental impact, while generating a return on investment. Three criteria are usually used:

  - ✓ Intentionality corresponds to the investor's explicit desire to contribute to generating a measurable social or environmental benefit;
  - ✓ Additionality is the specific and direct action or contribution of the investor allowing the company invested or the project financed to increase the net positive impact generated by its activities;
  - ✓ Measurability refers to impact indicators that are used and communicated in impact assessments and reports.

It should be noted that the additionality criterion is often difficult to grasp, in particular, for listed assets, due to a lack of data.
  
- **Corporate Social Responsibility (CSR):**

Corporate Social Responsibility encompasses companies actions and policies in order to uphold sustainable development. It means that a company practicing CSR seeks to have a positive impact on society, respect the environment and be economically viable. The company relies on continuous dialogue with its various stakeholders, that is to say its employees, customers, suppliers, shareholders

or regional stakeholders. Companies that undertake to set it up will therefore integrate, on a voluntarily basis, these dimensions beyond the legal obligations by putting in place good practices.

- **Sustainability risk :**

Event or condition in the environmental, social or governance areas that, if it occurs, could cause actual or potential material impact on the value of the investment.

- **Stranded assets:**

Investments or assets that lose value due to market changes. This devaluation of assets is mainly related to significant and sudden changes in legislation, environmental constraints or technological innovations, which then render assets obsolete before their full depreciation. This concept has gained in importance in particular because of environmental and climatic concerns.

- **Sustainability risk:**

An environmental, social or governance event or situation which, if it occurs, could have a material adverse effect on the value (return) of an investment.

- **SFDR (Sustainable Finance Disclosure Regulation) :**

Sometimes also called « regulation disclosure » is a European regulation which provides disclosure requirements on the degree of sustainability. They are both entities and investments products level requirements.

- **Unit-linked (UL) :**

Like the General Funds, the unit-linked vehicles are life insurance investment vehicles. For unit-linked contracts, the insurer's commitment is expressed in units, the value of which varies to market fluctuations.