



# SUSTAINABILITY RISK POLICIES (ARTICLE 3 SFDR)

February 2024

As a financial adviser, your Insurance Intermediary is subject<sup>1</sup> to certain **transparency requirements**, especially concerning **sustainability risk policies**.

A sustainability risk means “an environmental, social or governance (ESG) event or condition that, if it occurs, could cause a negative material impact on the value of the investment”.

To this end, BIL must disclose information on the consideration of sustainability risks when it gives insurance advice.

Which insurance products are covered by these transparency requirements?

These requirements only concern insurance-based investment products (IBIP) as well as individual pension products exposed to market fluctuations.

What does “consideration of sustainability risks”, in the context of the insurance advice you receive, mean in practice?

In accordance with the SFDR, your Intermediary tries, to the extent described below, to consider the main sustainability risks of the insurance products proposed when offering insurance advice.

The granularity of BIL’s analysis depends on the type of product/vehicle proposed:

- The insurance product’s sustainability risks are taken into account during the process of **selecting underlying assets from the BIL investment universe**.

BIL offers its clients investment vehicles such as:

- BIL INVEST PATRIMONIAL funds, which have received the national LUXFLAG ESG label, certifying compliance with sustainable investment standards and strategies across the whole investment portfolio;
- BIL Invest Equity Europe and BIL Invest Bonds EUR Corporate Investment Grade, which structurally and systematically factor ESG criteria into the process for assessing companies. The result is an investment solution that combines financial and sustainability criteria.

- In particular, the following principles are applied when a **BIL discretionary management mandate** is linked to an insurance policy:

- (1) Exclusion: to minimise the ESG risks associated with exposure to certain business activities or sectors presenting high reputational risk and unsustainable business models, BIL’s investment teams use **an exclusion list** of companies (equities and bonds) and countries (sovereign debt) in which BIL does not invest and does not recommend investing.

The aforementioned exclusion list is drawn up on the basis of data supplied by external service providers, and is updated regularly to give maximum consideration to investors’ interests.

Whenever a company is added to the exclusion list, the portfolio managers will divest as soon as possible, taking into account the impact on the portfolio in the light of market conditions, liquidity, and portfolio construction constraints.

<sup>1</sup> within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR)

The exclusion list is used solely when selecting and analysing direct investments in transferable securities.

(2) ESG integration: this means that our investment teams factor ESG criteria into their analyses to identify significant risks and growth opportunities.

**For any other vehicle/underlying asset and/or insurance product**, consideration of this risk during the assessment process is possible only to the extent that the insurance partner is able to provide such information.

Please refer to the sustainable finance/ESG/SFDR page available on the websites of the insurance companies with which we work, for more information on the way in which they factor sustainability risks into their products and vehicles.

Banque Internationale à Luxembourg also takes sustainability risks into account by carrying out due diligence when selecting and periodically reviewing the insurance companies with which it works, and integrating sustainability risk analyses into the assessment process carried out before any insurance advice is given, based on the information available on the “ESG recommendation form”.

If you would like to find out more, BIL’s approach to this matter is described in the Sustainability Risk Policy, available on the Sustainability page of the website: <https://www.bil.com/sustainability/politique-risques-durabilite-en.html>.