

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **WE-IMPACT**

Legal entity identifier: **[complete]**

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**



**No**

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The assets included in We-Impact (the life insurance or capitalization contract) include environmental and/or social themes. The assets also primarily take into account the main negative impacts on the environment, social and personnel issues, respect for human rights and the fight against corruption and corrupt practices. Furthermore, the assets are also

invested in (at least in one) an economic activity whose measurable objective is to make a positive contribution in terms of the environment and/or social issues, all in compliance with the principles of good governance (as defined by the SFDR "Sustainable Finance Disclosure Regulation").

For example:

- o economic activity that contributes to an environmental objective, measured, for example, by key indicators of resource efficiency relating to the use of energy, renewable energies, raw materials, water and land, waste production and greenhouse gas emissions, or effects on biodiversity and the circular economy;
- o economic activity that contributes to a social objective, i.e. that helps combat inequality or promotes social cohesion, social integration and labor relations;
- o investment in human capital or economically or socially disadvantaged communities, i.e. an investment that does not cause significant harm to human capital and that invests in companies that apply good governance practices, in particular with regard to sound management structures, employee relations, remuneration of competent staff and compliance with tax obligations.

- The assets of the life insurance or capitalization contract are invested in sustainable investments whose primary objective is to make a substantially positive contribution to a measurable environmental objective, in compliance with the principles of good governance. By environmental objective is meant mitigation of or adaptation to climate change, sustainable use and protection of aquatic and marine resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems (as defined by the EU Taxonomy Regulation).

For example :

- o economic activity that contributes to climate change mitigation by producing hydroelectric power, without causing significant damage to biodiversity or polluting the environment, and while respecting internationally recognized standards in terms of social aspects and governance.
- o economic activity that contributes to climate change mitigation by producing hydroelectric power, without causing significant damage to biodiversity or polluting the environment, and while respecting internationally recognized standards in terms of social aspects and governance<sup>1</sup>.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

*The environmental and social characteristics of WE-IMPACT are linked to the specificities of the assets which compose it and which have all received a sustainability label from LuxFlag and/or Towards Sustainability, both leading labelling organisations active in sustainable finance and investments. Selecting funds who have been awarded either of these labels constitutes the core of our responsible investment strategy for this product. The individual approach for each label complements the other in support of robust sustainability screening which constitutes the most advanced considerations in the responsible investment space in full alignment with the current legislative requirements. Through this combined approach we attain the following elements:*

*For Towards Sustainability, the basis for awarding the label entail for the financial product to have established ESG characteristics which are trifold:*

- a) Have explicit ESG characteristics and/or objectives (positive angle);
- b) Avoid harm (negative angle);
- c) Be transparent about implementation of a) and b

For LuxFLAG ESG Insurance product label, the criteria revolve around the capabilities of the product to facilitate the transition to mitigate and adapt to the climate crises, as well as other environmental and social issues

<sup>1</sup> Entirely sourced from 'CONSOLIDATED\_FR\_Precontractual info and advice\_SFDR section' available in O:\Exchange\Projets\_Transverses\ESG Product\3. Label Applications\Luxflag\Application 2023

embedded in the UNSDGs. The minimum requirements to receive the label are as follows:

- a) LuxFLAG ESG exclusions
- b) A minimum of 3 ESG strategies
- c) The mandatory disclosure of a and b

The above criteria foreseen by each label projects a level of complementarity of criteria which respond to the highest criteria of sustainable investment.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

- *WE-Impact includes a selection of article 8 and article 9 funds and to this extent a positive contribution to sustainable investment as part of the overall strategy of each fund is contemplated. These characteristics are tracked regularly from the EET documentation made available at fund level and recorded accordingly.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

WE-Impact is a Life Insurance product that supports the promotion of sustainable investments redirecting capital flows towards these types of investments. The product launched in Belgium can be launched in other markets in the future as well. The sustainable character of the product is underpinned by its digital-only format and enhanced transparency, but it is mainly realised through its exclusive offer of funds with a sustainable characteristic. The sustainability funds are funds that use environmental, social, and corporate governance (ESG) criteria to evaluate investments or assess their societal impact. They may pursue a sustainability-related theme or explicitly aim to create measurable social impact. The main goal of this latter category – also known as SRI or Sustainable Responsible Investing – is to produce a tangible social output. WEALINS S.A. is accompanied by an external and independent provider for the fund selection which is regularly updated. The product offers a fund universe of minimum 40 funds. The criteria for selecting funds is a combination of sustainable, product and company requirements. The Sustainability criteria is linked to the specificities of the labels (Luxflag and Toward Sustainability).

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

*The selection of the funds is made based on their attainment of the (either of the two) labels. Wealins S.A. outsources the methodology conducive to the attainment of the characteristics and potential objectives to the labels directly. Wealins SA has set up a methodology to ensure that the criteria are respected and that there is no breach of the same. Wealins SA also relies on service providers to ensure the proper checks are in place.*

- *PWC Luxembourg will be our main data provider. PWC collaborate with FundSquare to collect EET information and documents for our fund universe. The EET information will be saved in our Policy Administration System and will be used to verify which funds are compliant with the durability profile of the client. Additionally, we count on using it to provide an ESG insight and score for a client's portfolio (at this moment this is not yet defined by the lack of qualitative data). The fund documents will be published on our public website (<https://wealins.com/fr/liste-des-fonds>) and will be referred to as part of the precontractual documentation for the client.*
- *Shelter IM defines the fund universe for the product. They check the compliancy of the universe with our selection criteria as defined in the "ESG Fund Selection procedure" – amongst which the TS-label is one – and they make recommendations for the inclusion of new or the exclusion of certain existing funds. Having the TS-label is a knock-out criteria!*

*As the "ESG Fund Selection procedure" prescribes, the fund universe will be reviewed on a bi-annual basis. While the setup of new funds might take more time (collection of data, documents and getting the approval of the fund house for trading), the exclusion of funds because they are no longer compliant can be done immediately. We work with 1 central system, excluding the fund from the product means it cannot no longer be chosen by the intermediary for new investment or switches and means the fund is immediately excluded from the – dynamically generated – fund list.*

There will be an evaluation of the fund universe every 6 months in which we verify that our fund universe is still 100% TS labelled. If needed or recommended, we can increase this frequency. We could even automate this when there is an API or structured list publicly available. In such ideal scenario, the exclusion of a fund could be done on a daily basis.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:** See previous answer.



*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

For detailed information on each fund, we refer to the specific funds information that we make accessible through our [website](#).

Yes, \_\_\_\_\_

No



## What investment strategy does this financial product follow?

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **As per the above answer:**

The selection of the funds is made based on their attainment of the (either of the two) labels. Wealins S.A. outsources the methodology conducive to the attainment of the characteristics and potential objectives to the labels directly. Wealins SA has set up a methodology to ensure that the criteria are respected and that there is no breach of the same. Wealins SA also relies on service providers to ensure the proper checks are in place.

- PWC Luxembourg will be our main data provider. PWC collaborate with FundSquare to collect EET information and documents for our fund universe. The EET information will be saved in our Policy Administration System and will be used to verify which funds are compliant with the durability profile of the client. Additionally, we count on using it to provide an ESG insight and score for a client's portfolio (at this moment this is not yet defined by the lack of qualitative data). The fund documents will be published on our public website (<https://wealins.com/fr/liste-des-fonds>) and will be referred to as part of the precontractual documentation for the client.
- Shelter IM defines the fund universe for the product. They check the compliancy of the universe with our selection criteria as defined in the "ESG Fund Selection procedure" – amongst which the TS-label is one – and they make recommendations for the inclusion of new or the exclusion of certain existing funds. Having the TS-label is a knock-out criteria!

As the "ESG Fund Selection procedure" prescribes, the fund universe will be reviewed on a bi-annual basis. While the setup of new funds might take more time (collection of data, documents and getting the approval of the fund house for trading), the exclusion of funds because they are no longer compliant can be done immediately. We work with 1 central system, excluding the fund from the product means it cannot no longer be chosen by the intermediary for new investment or switches and means the fund is immediately excluded from the – dynamically generated – fund list.

There will be an evaluation of the fund universe every 6 months in which we verify that our fund universe is still 100% TS labelled. If needed or recommended, we can increase this frequency.

We could even automate this when there is an API or structured list publicly available. In such ideal scenario, the exclusion of a fund could be done on a daily basis.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Information not available at this stage

- **What is the policy to assess good governance practices of the investee companies?**

Some of the funds in which WE-Impact invests use engagement and stewardship as a sustainable investment strategy and therefore actively interact with the company's management to positively influence their steering.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee



**Asset allocation** describes the share of investments in specific assets.

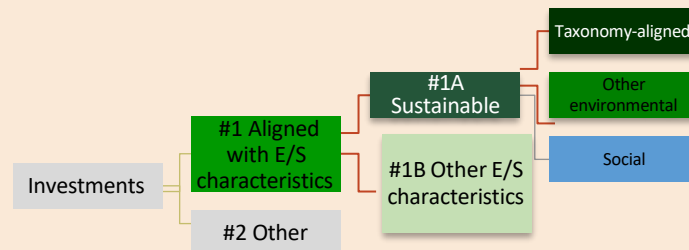
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

## What is the asset allocation planned for this financial product?

As already detailed in previous parts of this document, the fund is composed of 100% funds that have received either the LuxFlag or the Towards Sustainability label.

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Information not available at this stage

### ● activities that comply with the EU Taxonomy<sup>1</sup>?

Yes:

### ● Does the financial product invest in fossil gas and/or nuclear energy related

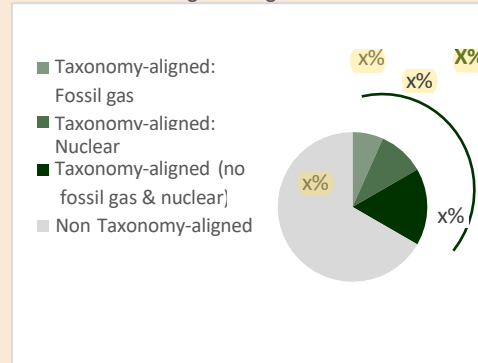
In fossil gas  In nuclear energy

No

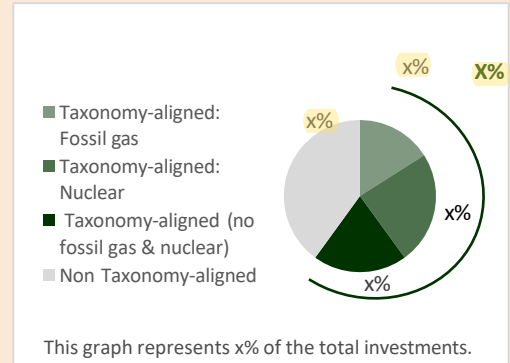
The Towards Sustainability quality standard does not a priori exclude the conventional oil and gas sector, nor electricity generation based on natural gas or nuclear power. However, the label seeks to reward the efforts of companies in these sectors that are ambitious, and that are credibly and demonstrably committed to transitioning to environmentally friendly business processes.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### ● What is the minimum share of investments in transitional and enabling activities?

Information not available at this stage



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Information not available at this stage

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.





### What is the minimum share of socially sustainable investments?

Information not available at this stage



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Information not available at this stage



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*
- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*
- *How does the designated index differ from a relevant broad market index?*
- *Where can the methodology used for the calculation of the designated index be found?*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



### Where can I find more product specific information online?

For a complete list of the funds distributed by WEALINS S.A. which include also WE-Impact, please visit our [website](#).