



LifeStar Insurance p.l.c.

Environmental, Social and Governance Policy

1. Purpose and Rationale

- 1.1 The aim of this document is to set out the environmental, social and governance (“**ESG**”) policy (the “**Policy**”) of LIFESTAR INSURANCE P.L.C (the “**Company**”) and how this is applied when the Company makes available an insurance-based investment product (“**IBIP**”) and/or a pension product. This policy has been adopted in accordance with the provisions 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**”).
- 1.2 The Board of Directors of the Company (the “**Board**”) is satisfied that this document is consistent with the risk-profile, long-term business strategy, objectives, values, and interests of the Company. The Board recognises that sustainability is key to generating value for all stakeholders.
- 1.3 The Board will periodically review this document to ensure that it remains up-to-date and consistent with the Company’s regulatory obligations under applicable law, as well as its risk appetite. The Board shall be responsible for initiating and facilitating an annual review of this document and its implementation, which review shall be carried out in light of legal and business developments as well as the Company’s experiences in its implementation.
- 1.4 All changes or material exceptions to this document are to be approved by the Board, whether in relation to the annual review or otherwise.

2. Regulatory Status of the Company

- 2.1 The Company is incorporated under the laws of Malta, with company registration number C 29086 and registered office address at LifeStar, Testaferrata Street, Ta’ Xbiex, XBX1403, Malta.
- 2.2 The Company is authorised by the Malta Financial Services Authority (“**MFSA**”) to carry-on long-term business of insurance under the Insurance Business Act (Cap. 403 of the Laws of Malta) in relation to the following classes of insurance business:
 - Class I - Life and Annuity (I)
 - Class III - Linked long term (I)

3. Regulatory Obligations

- 3.1 The Company qualifies as a Financial Market Participant in terms of the SFDR. As a result, the Company is required to have in place policies and procedures setting out the approach adopted by the Company in relation to the integration of sustainability factors in its investment decision-making processes, as well as within its risk management framework. The SFDR defines “sustainability factors” as “...*environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters...*” (the “**ESG Factors**”).
- 3.2 For the avoidance of doubt, the ESG Factors include, but are not limited to:
 - a. Environmental: climate change; air/water pollution; biodiversity; deforestation; energy efficiency; carbon intensity; depletion of finite resources; and product evolution (energy-efficient products/renewable energy).
 - b. Social: human rights; unethical supply chains; severe labour controversies; brand and reputational issues; and illegal working conditions.

c. **Governance:** transparency & integrity; inadequate management of conflicts of interests; corporate governance failures; employee rights guarantees; data protection guarantees; lack of appropriate board oversight; shareholder rights; bribery and corruption.

3.3 The Company is required to publish on its website information regarding its policies on the integration of sustainability risks in its investment decision-making processes. The SFDR defines 'sustainability risk' as an "environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment" (the "ESG Risk").

3.4 The Company is also required to include in its remuneration policy (or policies) information on how this policy (or policies) is consistent with the aforementioned integration of ESG Risks into the Company's investment decision-making processes, as well as include a description of the following matters in its pre-contractual disclosures to end-investors:

- a. the manner in which ESG Risks are integrated into its investment decision-making processes; and
- b. the result of its assessment of the likely impact/s of ESG Risks on the returns of the IBIPs and/or pension products which it makes available to the end-investors.

4. ESG Investment Guidelines

4.1 The Company does not currently assess ESG Factors with a view to determining whether these may have any ramifications on its investment decision-making processes. Nor does it currently assess ESG Factors in the context of determining whether these may have a material impact on the long-term financial performance of a particular investment or investments, since the assets managed by the Company are limitedly exposed to ESG Risks.

4.2 In other words, the Company does not at this stage consider the integration of ESG Risks into its investment decision-making processes as being directly relevant to the offering of an IBIP and/or a pension product.

4.3 Without prejudice to that stated in Sections 4.1 and 4.2 above, the Company shall reasonably endeavour to steadily implement, on a best-efforts basis, the United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance¹ by, *inter alia*, integrating ESG considerations into its recruitment, training and employee engagement programmes. Furthermore the Company is setting up an ESG committee to implement the sustainability strategy and monitor the ESG performance. The aim of the Committee is to identify sustainability factors and consider the potential impacts on the Company's investment decisions. Sustainable Finance was identified as a strategic priority both by EIOPA and MFSA, hence the Company committed to join forces with the other market players to achieve the carbon net zero target by 2050.

4.4 Additionally, the Company shall reasonably endeavour to engage internal and/or external investment managers subject to set criteria which will allow the Company to better assess whether the candidate/s in question is/are able to take into account ESG considerations in line with the Principles for Responsible Investment (PRI)² endorsed by the United Nations.

5. Principal Adverse Impacts

¹ <https://www.unepfi.org/psi/the-principles/>

² <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

5.1 Principal adverse impacts (“PAIs”) are those impacts arising from the Company’s investment decisions that have a negative effect on ESG Factors.

5.2 The Company does not undertake an assessment of the PAIs of its investment decisions on ESG Factors owing to a number of reasons, namely:

- a. the assets managed by the Company are limitedly exposed to ESG Risk;
- b. due to the novelty of the ESG space, and the limited pool of qualified individuals who are sufficiently conversant in the topic, the Company will first need to undergo adequate training prior to considering the assessment of PAIs;
- c. there is currently a lack of readily available data to comply with the technical reporting requirements of the PAI regime.
- d. the Company’s assets under management are less than EUR €200M; and
- e. the Company is not actively involved in the internal governance of the target companies in which it invests.

Notwithstanding the Company’s decision to not undertake an assessment of the PAIs at this point in time, it remains committed to subjecting this position to regular review.

5.3 The Company shall disclose on its website that it does not undertake an assessment of the PAIs of its investment decisions on ESG Factors.

6. Negative Screening

6.1 The Company shall develop and define criteria to identify, where possible, any activities or industries that should be excluded or restricted from its investment decision-making processes.

6.2 When investing in companies or holding securities, the Company is implementing the below risk appetite and tolerance limits for investment risk:

Risk Type	Risk Appetite Goals	Tolerance Levels
Company invests in ESG noncompliant investments	<ul style="list-style-type: none"> • The Company incorporates ESG factors into its investment decisions • Exclude or limit exposures to companies that are engaged in arms manufacturing, tobacco production, gambling. 	<ul style="list-style-type: none"> • At least 10% of the portfolio should have an ESG rating above 70.
	<ul style="list-style-type: none"> • The Company intends to invest in green securities. 	<ul style="list-style-type: none"> • The total investment portfolio should not allocate more than 5% to investments in companies that are engaged in arms manufacturing, tobacco production, gambling. • At least 5% of the investment portfolio should be allocated to green securities.

ESG reputational issues	<ul style="list-style-type: none"> • The Company complies with ESG requirements such as climate change, violation of human rights, pollution, health and safety of employees. • The company should have policies in place to promote and safeguard equal opportunities and diversity. 	<p>The Company participates in Corporate Social Responsibility (CSR) activities 3 times in a year. These activities may include cleaning public spaces, such as beaches or parks, making donations and attending events related to cancer awareness.</p>
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The scope of the above restrictions is reviewed on a regular basis and the ESG Policy shall be updated accordingly.

7. ESG Labelled/Themed Investing

7.1 The Company does not promote any products which are specifically labelled as ESG products.

8. Review of this policy

8.1 This document shall be reviewed by the Board annually. Any changes to this document shall be approved by the Board.