Fonds de Compensation de la Sécurité Sociale, SICAV-FIS (the "Fund")

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: FDC SICAV GLOBAL EQUITIES SMALL CAP – ACTIVE 1 (the "Sub-Fund")
LEI: 549300KELW4CYE982M12
Fund manager (by sub-delegation): Allianz Global Investors UK Limited (the "Fund Manager")

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.

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:** ___%	☒ 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 **20.00%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Sub-Fund is managed according to the Fund Manager's "Sustainability Key Performance Indicator Strategy (Absolute Threshold)" which targets a specific minimum allocation into Sustainable Investments. Sustainable investments are investments in economic activities which contribute to environmental and/or social objectives, for which the Fund Manager uses as reference frameworks the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy. In addition, exclusion criteria apply.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is required to exclude companies from the Sub-Fund's portfolio referenced on the Fund's proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. The Fund's exclusion list is available at https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on:

- The actual percentage of Key Performance Indicator (KPI) coverage of the Sub-Fund's portfolio (portfolio in this respect does not comprise non-rated derivatives and instruments that are non-rated by nature (e. g., cash and deposits)).
- The actual weighted average sustainable investment share of the Sub-Fund assets.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.
- The Sub-fund has to follow an exclusion list with a certain number of companies who are not in line with international conventions and standards or linked to controversial weapons.

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?

The Sub-Fund is managed according to the Fund Manager's "Sustainability Key Performance Indicator Strategy (Absolute Threshold)" which targets a specific minimum allocation into Sustainable Investments. The proportion of assets which do not have a Sustainable Investment share assessment is expected to be low. Examples of instruments not having a Sustainable Investment share assessment are cash and deposits or investments for which data is not available.

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?

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objective, the Fund Manager is leveraging the PAI indicators, whereby significance thresholds have been defined to identify significantly harmful issuers. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impact. Otherwise, if the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as sustainable investments.

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

PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectorial or absolute basis. Significance thresholds have been defined and they refer to a qualitative or quantitative criteria.

Recognizing the lack of data coverage for some of the PAI indicators equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In case of securities which finance specific projects contributing to environmental or social objectives equivalent data at project level might be used to ensure that sustainable investments do not significantly harm any other environmental and/or social objective. The Fund Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund's proprietary exclusion list screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Securities issued by companies having a severe violation of these frameworks will be restricted from investment universe. Equally excluded are companies linked to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

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?

Yes. The Fund Manager has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.

Due to the commitment to the Net Zero Asset Manager Initiative, the Fund Manager aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Fund Manager will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.

The Fund Manager considers PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Fund Manager's investment process through the means of exclusions as further described in the "binding elements" section.

The data coverage for the data required for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered through exclusion of securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues. Therefore, the Fund Manager will strive to increase data coverage for PAI indicators with low data coverage. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

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

What investment strategy does this financial product follow?

The Sub-Fund objective is to invest in global equity markets with a focus on theme and stock selection in accordance with the Fund Manager's "Sustainability Key Performance Indicator Strategy (Absolute Threshold)". The Sub-Fund's strategy is to target a specific minimum allocation into Sustainable Investments.

The proportion of assets which do not have a Sustainable Investment share assessment is expected to be low. Examples of instruments not having a Sustainable Investment share assessment are cash and deposits or investments for which data is not available.

The Sub-Fund's general investment approach is described in the Fund's Issue Document.

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 binding elements are:

- Minimum of 20% of weighted-average Sustainable Investment share at Sub Fund assets. If the Fund Manager acquires a use of proceed security, which finance specific projects contributing to environmental or social objectives, the overall investment is considered to contribute to environmental and/or social objectives according to the Sustainable Investment methodology.
- Minimum of 80% of the Sub-Fund's portfolio shall be invested in companies which have been assessed according to the Sustainable Investment methodology (portfolio in this respect does not comprise derivatives and instruments that are non-evaluated by nature (e. g., cash and deposits)).
- Application of the following exclusion criteria for direct investments:
    - securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
    - securities issued by companies that derive more than 10% of their revenue from thermal coal extraction,
    - securities issued by utility companies that generate more than 20% of their revenues from coal,
    - securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues,
    - sovereign issuers with an insufficient freedom house index score,
    - securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues,
    - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons,

biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

The exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

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

The Sub-Fund does not commit to reduce the scope of the investments by a certain minimum rate.

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

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

Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Fund Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Fund Manager believes that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, the Fund Manager is committed to actively encourage open dialogues with investee companies on corporate governance and broader sustainability issues. The Fund Manager's approach to company engagement is set out in the Fund Manager’s Stewardship Statement[1].

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

Minimum 80% of the Sub-Fund’s assets (excluding cash, and derivatives) are used to meet the environmental or social characteristics promoted by the Sub-Fund. A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Example of such instruments are derivatives, cash and deposits or investment with temporarily divergent or absent environmental, social, or good governance qualifications. Minimum 20% of the Sub-Fund's assets will be invested in Sustainable Investments.

The Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy nor to a minimum share of environmentally Sustainable Investments that are not aligned with the EU Taxonomy.

The Sub-Fund does not commit to a minimum share of socially sustainable investments.

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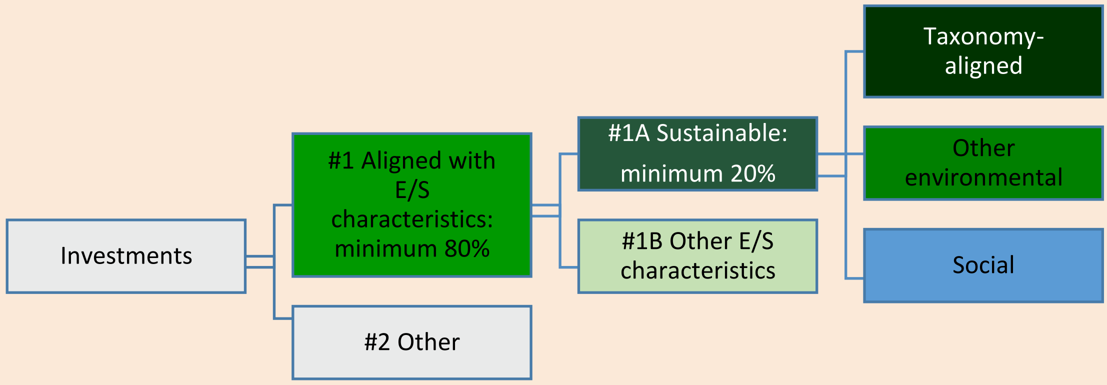
[1] Downloadable at: https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports.

While the Sub-Fund cannot commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to within the Sub-Fund's aggregated sustainable investment commitment disclosed (minimum 20%).



#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.

#2Other 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.

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 companies.

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

The Fund Manager does not use derivatives to attain the environmental or social characteristics of the Sub-Fund.

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

The Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

To comply with 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 rules.

Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?

The Sub-Fund does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. Nevertheless, as

[2] 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.

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.

result of this investment strategy investments may occur in corporates, which are also active in these activities.

- ***What is the minimum share of investments in transitional and enabling activities?***

  The Sub-Fund does not commit to a minimum share in transitional and enabling activities.

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

Taxonomy-aligned investments are considered a sub-category of Sustainable Investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally sustainable investment provided it complies with all criteria. The Sub-Fund does not commit to a minimum share of environmentally sustainable investments that are not aligned with the EU Taxonomy. The overall sustainable investment share may also include investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy, and while the Sub-Fund cannot commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to within the Sub-Fund aggregated sustainable investment commitment disclosed (minimum of 20%).

What is the minimum share of socially sustainable investments?

The Fund Manager defines sustainable investments based on internal research, which uses, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks. The Sub-Fund does not commit to a minimum share of socially sustainable investments, as the SDGs contain environmental as well as social objectives. The overall sustainable investment share may also include investments with a social objective, and while the Sub-Fund cannot commit to a minimum share of environmentally or socially sustainable investments, such investments may be freely allocated to within the Sub-Fund aggregated sustainable investment commitment disclosed (minimum of 20%).

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

Under "#2 Other" the Sub-Fund may hold cash, cash equivalents and financial derivative instruments for the purposes of efficient portfolio management and/or risk hedging. For those investments no environmental or social safeguards are applied.

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

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 reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

Where can I find more specific information online?

More product-specific information can be found on websites:

- https://www.fdc.lu
- https://fdc.public.lu/en/investissement-responsable/approches-durables-gerants-fdc.html

More information about the Fund Manager can be found on website:

- https://regulatory.allianzgi.com/SFDR

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS (the "Fund")

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

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.

Product name: FDC SICAV EUR BONDS – ACTIVE 1 (the "Sub-Fund")
LEI: 549300SY1HLREV26JE11
Fund manager (by delegation): Allianz Global Investors GmbH (France Branch) (the "Fund Manager")

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:** ___%	☒ 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 **10.00%** of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ 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	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Sub-Fund promotes environmental, social, human rights, governance, and business behaviour factors (this domain does not apply for sovereigns issued by a sovereign entity) through the integration of a best-in-class approach into the Sub-Fund's investment process. This encompasses the evaluation of corporate or sovereign issuers based on an SRI Rating that it is used to construct the portfolio.

In addition, the Fund Manager applied following exclusion criteria for direct investments:

- securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
- securities issued by companies that derive more than 10% of their revenue from thermal coal extraction,
- securities issued by utility companies that generate more than 20% of their revenues from coal,
- securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues,
- sovereign issuers with an insufficient freedom house index score are excluded.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is required to exclude companies from the Sub-Fund's portfolio referenced on the Fund's proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. The Fund's exclusion list is available at https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html.

The above exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

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

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the fiscal year end:

- The actual percentage of the Sub-Fund's portfolio (portfolio in this respect does not comprise non-rated derivatives and instruments that are non-rated by nature (e. g., cash and deposits)) invested in best-in-class issuers (issuers with a minimum SRI Rating of 2 out of a scale from 0-4; 0 being the worst rating and 4 the best rating).

- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.

- The Sub-fund has to follow an exclusion list with a certain number of companies who are not in line with international conventions and standards or linked to controversial weapons.

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?

Sustainable investments contribute to environmental and/or social objectives, for which the Fund Manager uses as reference frameworks, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy:

1. Climate Change Mitigation
2. Climate Change Adaptation
3. Sustainable Use and Protection of Water and Marine Resources
4. Transition to a Circular Economy
5. Pollution Prevention and Control
6. Protection and Restoration of Biodiversity and Ecosystems

The assessment of the positive contribution to the environmental or social objectives is based on a proprietary framework which combines quantitative elements with qualitative inputs from internal research. The methodology applies first a quantitative break down of an investee company into its business activities. The qualitative element of the framework is an assessment if business activities contribute positively to an environmental or a social objective.

To calculate the positive contribution on the Sub-Fund level the revenue share of each issuer attributable to business activities contributing to environmental and/or social objectives is considered provided the issuer is satisfying the Do No Significant Harm ("DNSH") and good governance principles, and an asset-weighted aggregation is performed as a second step. Moreover, for certain types of securities, which finance specific projects contributing to environmental or social objectives the overall investment is considered to contribute to environmental and/or social objectives, but also for these a DNSH as well as a good governance check for issuers is performed.

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?

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objective, the Fund Manager is leveraging the PAI indicators, whereby significance thresholds have been defined to identify significantly harmful issuers. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impact. Otherwise, if the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as sustainable investments.

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

PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectorial or absolute basis. Significance thresholds have been defined and they refer to a qualitative or quantitative criteria.

Recognizing the lack of data coverage for some of the PAI indicators equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In case of securities which finance specific projects contributing to environmental or social objectives equivalent data at project level might be used to ensure that sustainable investments do not significantly harm any other environmental and/or social objective. The Fund Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund's proprietary exclusion list screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Securities issued by companies having a severe violation of these frameworks will be restricted from investment universe. Equally excluded are companies linked to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

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?

Yes. The Fund Manager has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.

Due to the commitment to the Net Zero Asset Manager Initiative, the Fund Manager aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Fund Manager will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.

The Fund Manager considers PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Fund Manager's investment process through the means of exclusions as described in the "environmental and/or social characteristics" section.

The data coverage for the data required for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered through exclusion of securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues. Therefore, the Fund Manager will strive to increase data coverage for PAI indicators with low data coverage. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

Additionally, PAI indicators are, among other sustainability factors, applied to derive the SRI Rating. The SRI Rating is used for the portfolio construction. Applicable to corporate issuers, the following PAI indicators are considered:

- GHG Emissions
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste ratio

- Violation of UN Global Compact principles
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles
- Board gender diversity
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers the following PAI indicators are considered:

- Investee countries subject to social violations

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

What investment strategy does this financial product follow?

The Sub-Fund’s investment objective is to invest in investment grade debt securities denominated in EUR in accordance with a SRI best-in-class approach.

As part of the SRI best-in-class approach, the Sub-Fund takes environmental, social, human rights, governance, and business behaviour factors into account as follows:

- The aforesaid sustainability factors are analysed through SRI Research by the Fund Manager in order to assess how sustainable development and long-term issues are taken into account in the strategy of an issuer. SRI Research means the overall process of identifying potential risks as well as potential opportunities of an investment in securities of an issuer related to the analysis of sustainability factors. SRI Research data combines external research data (which might have some limitations) with internal analyses.
- Based on a combination of the results of the external and/or internal analyses of the sustainability factors, an internal rating is derived monthly (SRI Rating) and is afterwards assigned to a corporate or sovereign issuer.

This internal SRI Rating is used to rank and select or weight securities for the portfolio construction.

The Sub-Fund’s general investment approach is described in the Fund’s Issue Document.

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 binding elements are:

- Minimum rating coverage: at least 90% of Sub-Fund’s portfolio are required to have an SRI Rating (portfolio in this respect does not comprise non-rated derivatives and instruments that are non-rated by nature (e.g., cash and deposits)). While most holdings of the Sub-Fund will have a corresponding SRI Rating some investments cannot be rated according to the SRI Research methodology. Examples of instruments not attaining to the SRI Rating include, but are not limited to cash, deposits, target funds and non-rated investments.

- Minimum 90% of the rated instruments are adhering to the minimum rating threshold of 2 (out of a rating scale from 0-4; 0 being the worst rating and 4 the best rating).
- Application of following exclusion criteria for direct investments:
  - securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
  - securities issued by companies that derive more than 10% of their revenue from thermal coal extraction,
  - securities issued by utility companies that generate more than 20% of their revenues from coal,
  - securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues,
  - sovereign issuers with an insufficient freedom house index score are excluded,
  - securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues,
  - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

The exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

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

The Sub-Fund does not commit to reduce the scope of the investments by a certain minimum rate.

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

Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Fund Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Fund Manager believes that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

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

In addition, the Fund Manager is committed to actively encourage open dialogues with investee companies on corporate governance and broader sustainability issues. The Fund Manager's approach to company engagement is set out in the Fund Manager’s Stewardship Statement[1].

Asset allocation describes the share of investments in specific assets.

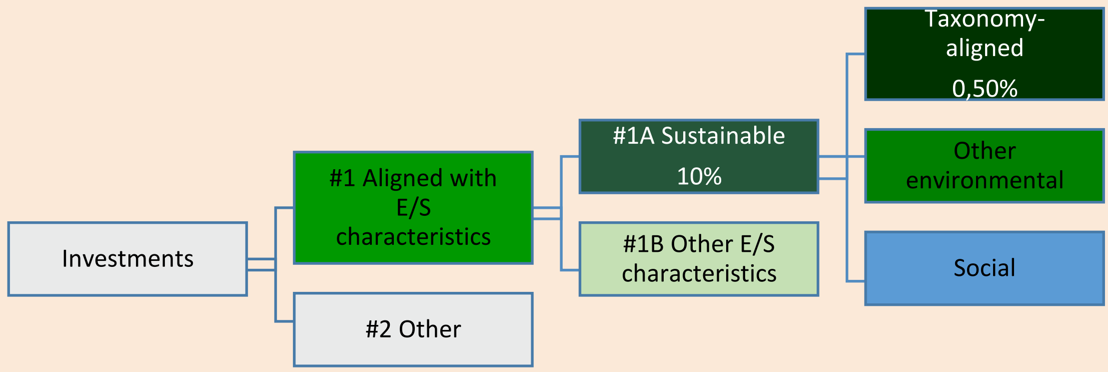
What is the asset allocation planned for this financial product?

The majority of the Sub-Funds’ assets are used to meet the environmental or social characteristics promoted by this Sub-Fund. A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Examples of such instruments are derivatives, cash and deposits, some target funds and investment with temporarily divergent or absent environmental, social, or good governance qualifications.

The Sub-Fund commits to have a minimum of 10% of sustainable investments and the remaining proportion of the investments will be invested in assets with environmental and social characteristics.

The Sub-Fund does commit to a minimum share of 0.5% of sustainable investments with an environmental objective that are aligned with the EU Taxonomy while the Sub-Fund’s does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy nor to a minimum share of socially sustainable investments. While the Sub-Fund cannot commit to such minimum shares, such investments may be freely allocated to within the Sub-Fund's aggregated sustainable investment commitment disclosed (minimum 10%).

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 companies.



#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.

#2Other 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.

[1] Downloadable at: https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports.

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

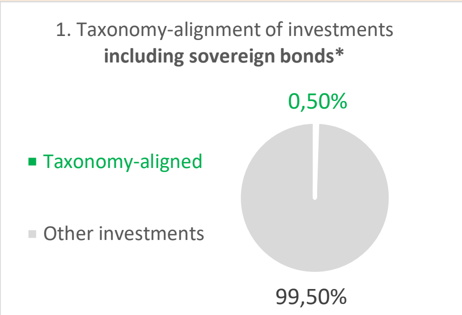
  The Fund Manager does not use derivatives to attain the environmental or social characteristics of the Sub-Fund.

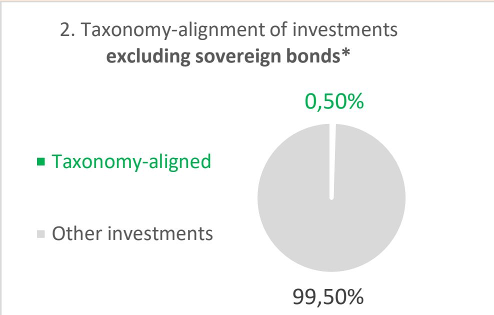
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with 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 rules.

The Taxonomy-aligned investments include debt and/or equity in environmentally sustainable economic activities aligned with the EU-Taxonomy. Taxonomy-aligned data is provided by an external data provider. The Fund Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not reflect any data in government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds. Taxonomy-aligned activities are based on share of turnover.

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.





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

- ***Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?***

The Sub-Fund does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. Nevertheless, as result of this investment strategy investments may occur in corporates, which are also active in these activities.

[2] 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.

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

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

The Sub-Fund does not commit to a minimum share in transitional and enabling activities.

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

Taxonomy-aligned investments are considered a sub-category of sustainable investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally sustainable investment provided it complies with all criteria. The Sub-Fund does not commit to a minimum share of environmentally sustainable investments that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The Fund Manager defines sustainable investments based on internal research, which uses, among others, the UN Sustainable Development Goals (SDGs), as well as the objectives of the EU Taxonomy as reference frameworks. The Sub-Fund does not commit to a minimum share of socially sustainable investments, as the SDGs contain environmental as well as social objectives.

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

Under “#2 Other” the Sub-Fund may hold cash, cash equivalents and financial derivative instruments for the purposes of efficient portfolio management and/or risk hedging. For those investments no environmental or social safeguards are applied.

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

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 reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

Where can I find more specific information online?

More product-specific information can be found on websites:

- https://www.fdc.lu
- https://fdc.public.lu/en/investissement-responsable/approches-durables-gerants-fdc.html

More information about the Fund Manager can be found on website:

- https://regulatory.allianzgi.com/SFDR.

February 2024

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS (the "Fund")

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

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.

Product name: FDC SICAV EUR Green Bonds – Active 1 (the "Sub-Fund")
LEI: 549300OISD1TL8QQD792
Fund manager (by delegation): Allianz Global Investors GmbH (France Branch) (the "Fund Manager")

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 80%** ☒ 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 **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 will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Sub-Fund follows the "Green Bond Strategy". The Green Bond Strategy's objective is to mobilize capital markets towards the transition to a low carbon society, natural capital preservation and adaptation to climate change. Green bonds are designated debt securities intended to encourage sustainability and to support climate-related or other types of special environmental projects. The Sub-Fund invests primarily in green bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy. The Sub-Fund will invest minimum 80% of its assets in sustainable investments.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is required to exclude companies from the Sub-Fund's portfolio referenced on the Fund's proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. The Fund's exclusion list can be viewed at https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html.

A reference benchmark has been designated for the purpose of meeting the sustainable investment objective.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

To measure the attainment of the sustainable investment objective the following sustainability indicators are used and reported on, at the fiscal year end:

- The actual percentage of the Sub-Fund's assets invested in green bonds.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.
- Actual sustainable investment share.
- Adherence to a minimum SRI Rating of 1 for green bonds held in the portfolio (out of a scale from 0-4; 0 being the worst rating and 4 the best rating).
- The Sub-Fund has to follow an exclusion list with a certain number of companies who are not in line with international conventions and standards or linked to controversial weapons.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

In order to ensure that sustainable investments Do Not Significantly Harm (DNSH) any other environmental and/or social objective, the Fund Manager is leveraging the PAI indicators, whereby significance thresholds have been defined to identify significantly harmful issuers. Issuers not meeting the significance threshold can be engaged for a limited time period to remediate the adverse impact. Otherwise, if the issuer does not meet the defined significance thresholds twice subsequently or in case of a failed engagement, it does not pass the DNSH assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as sustainable investments.

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

PAI indicators are considered either as part of the application of the exclusion criteria or through thresholds on a sectorial or absolute basis. Significance thresholds have been defined and they refer to a qualitative or quantitative criteria.

Recognizing the lack of data coverage for some of the PAI indicators equivalent data points are used to assess PAI indicators when applying the DNSH assessment, when relevant, for the following indicators for corporates: share of non-renewable energy consumption and production, activities negatively affecting biodiversity-sensitive areas, emissions to water, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; for sovereigns: GHG Intensity and investee countries subject to social violations. In case of securities which finance specific projects contributing to environmental or social objectives equivalent data at project level might be used to ensure that sustainable investments do not significantly harm any other environmental and/or social objective. The Fund Manager will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund's proprietary exclusion list screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Securities issued by companies having a severe violation of these frameworks will be restricted from investment universe. Equally excluded are companies linked to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

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

Yes. The Fund Manager has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.

Due to the commitment to the Net Zero Asset Manager Initiative, the Fund Manager aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Fund Manager will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.

The Fund Manager addresses PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Fund Manager's investment process through the means of exclusions as described in the "sustainable investment objective" section.

The data coverage for the data required for the PAI indicators is heterogenous. Additionally, the data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered through exclusion of securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues. Therefore, the Fund Manager will strive to increase data coverage for PAI indicators with low data coverage. The Fund Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

Additionally, PAI indicators are considered as part of the requirement of the Sub-Fund to invest minimum 80% of its assets into sustainable investments. PAI indicators are used as part of the DNSH assessment. Investments in securities of issuers who do not pass the DNSH assessment are not counted as sustainable investments.

Applicable to corporate issuers, the following PAI indicators are considered:

- GHG Emissions
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste ratio
- Violation of UN Global Compact principles
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers, the following PAI indicators are considered:

- GHG intensity
- Investee countries subject to social violations

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

What investment strategy does this financial product follow?

The Sub-Fund's investment objective is to invest in investment grade rated green bonds of the global bond markets denominated in EUR in accordance with the Green Bond Strategy. The Green Bond Strategy's aim is to invest into green bonds that are a specific asset category where the bond proceeds are specifically earmarked to raise money for climate and environmental projects.

The Fund Manager analyses the bond structure to determine whether it is in line with the Green Bond Principles or not. The respect of those four principles below is a prerequisite for a bond to be considered a green bond:

- A formal statement in the use of proceeds section of the bond prospectus in question stating that the proceeds will be used to finance "green"/climate projects.
- Internal process by the issuer to identify qualifying projects based on sound methodology and clear criteria.
- Management of the proceeds to make sure that they will be allocated to the identified projects and not to other general expenses/investments.
- Reporting, at least annually, of the status of the use of proceeds, the status of projects and the actual environmental impact.

In addition, the Fund Manager analyses the projects financed by the green bond's proceeds. To be eligible, those projects must be part of the green projects list defined internally by the Fund Manager based on research from the Climate Bonds Initiative (CBI), a world-class reputation organisation, which provides a science-based evaluation of the climate change mitigation impacts of the different types of projects.

The Fund Manager completes this analysis by also considering the Environment, Social, Governance, Human Rights and Business behaviour factors in the selection process of an issuer. The aforesaid sustainability factors are analysed through SRI Research by the Fund Manager in order to assess how sustainable development and long-term issues are taken into account in the strategy of an issuer. SRI Research means the overall process of identifying potential risks as well as potential opportunities of an investment in securities of an issuer related to the analysis of sustainability factors. SRI Research data combines external research data (which might have some limitations) with internal analyses. Based on a combination of the results of the external and/or internal analyses of the sustainability factors, an internal rating is derived monthly (SRI Rating) and is afterwards assigned to a corporate or sovereign issuer. In case the sustainability profile of the issuer is poor as measured by the average SRI Rating, the bonds issued by or from this issuer would not be eligible according to the Green Bond Strategy.

The last step of the Fund Manager’s analysis is focused on the credibility of the respective issuer’s approach regarding its transition to a low carbon model. The Fund Manager’s intention is to favour green bonds from such issuers which have set up a sound strategy to mitigate the negative environmental impacts of their activities. The Fund Manager tries to identify such issuers which only make use of the green bond market solely for communication/marketing purposes and therefore will not invest in bonds issued by such issuers.

The Sub-Fund´s general investment approach is described in the Fund’s Issue Document.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The investment strategy adheres to the following binding elements to attain the sustainable investment objective:

- Minimum 85% of the Sub-Fund's assets are invested in green bonds.
- Green Bonds held in the portfolio are adhering to the minimum SRI rating threshold of 1 (out of a rating scale from 0-4; 0 being the worst rating and 4 the best rating) .
- Commitment to a minimum sustainable investment (SI) share of 80%.
- The application of the following specific exclusion criteria for direct investments:
    - securities issued by companies having a severe violation/breach of principles and guidelines such as the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues,
    - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
    - securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
    - securities issued by companies involved in the production of tobacco, and securities of companies involved in the distribution of tobacco with more than 5% of their revenues,
    - securities issued by companies that derive more than 30 % of their revenue from thermal coal extraction and securities issued by utility companies that generate more than 30% of their revenues from coal.
- Direct investments in sovereign issuers with an insufficient freedom house index score are excluded.

The specific exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

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

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

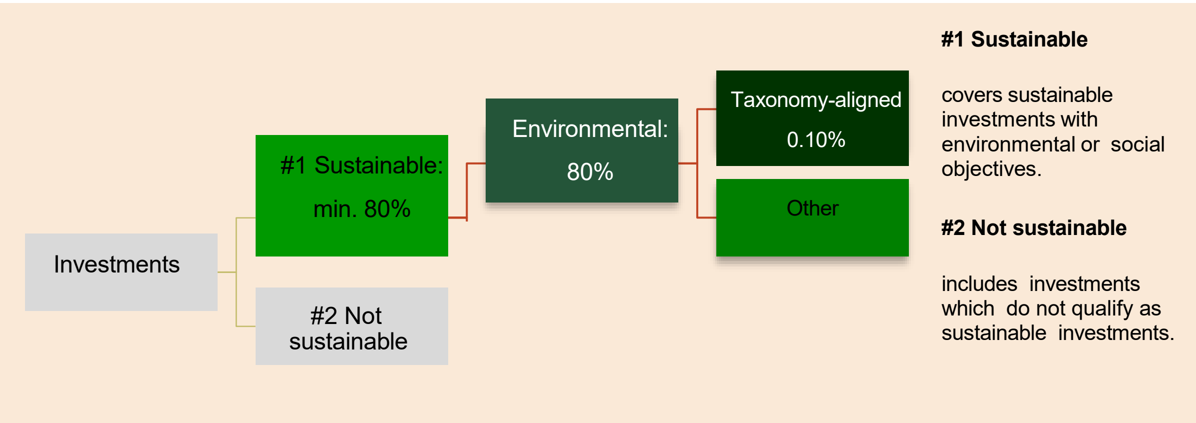
Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Fund Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Fund Manager believes that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, the Fund Manager is committed to actively encourage open dialogues with investee companies on corporate governance and broader sustainability issues in advance of shareholder meetings. The Fund Manager's approach to company engagement is set out in the Management Company’s Stewardship Statement[1].

Asset allocation describes the share of investments in specific assets.

What is the asset allocation and the minimum share of sustainable investments?

In order to mobilize capital markets towards the transition to a low carbon society, natural capital preservation and adaptation to climate change the Sub-Fund invests primarily in green bonds and has set a minimum proportion of 80% into sustainable investments.



How does the use of derivatives attain the sustainable investment objective?

The Fund Manager does not use derivatives to attain the sustainable investment objective of the Sub-Fund.

[1] Downloadable at: https://www.allianzgi.com/en/our-firm/esg/documents#keypolicydocumentsandreports.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with 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 rules.

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

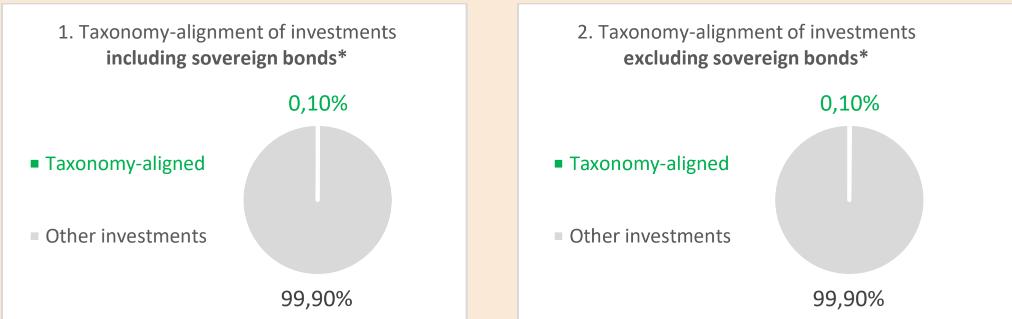
Transitional activities are activities for which low-carbon alternatives are not yet available ad among others have greenhouse gas emission levels corresponding to the best performance.

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

The Taxonomy-aligned investments include debt and/or equity in environmentally sustainable economic activities aligned with the EU-Taxonomy. Taxonomy-aligned data is provided by an external data provider. The Fund Manager has assessed the quality of such data. The data will not be subject to an assurance provided by auditors or a review by third parties. The data will not reflect any data in government bonds. As of today, there is no recognized methodology available to determine the proportion of Taxonomy-aligned activities when investing in government bonds. Taxonomy-aligned activities in this disclosure are based on share of turnover.

Taxonomy-aligned data is only in rare cases data reported by companies in accordance with the EU Taxonomy. The data provider has derived Taxonomy-aligned data from other available equivalent public data.

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.



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

Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?

The Sub-Fund does not pursue any investments in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy. Nevertheless, as result of this investment strategy investments may occur in corporates, which are also active in these activities.

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

The Sub-Fund does not commit to a minimum share in transitional and enabling activities.

[2] 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.

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

Taxonomy-aligned investments are considered a sub-category of sustainable investments. If an investment is not Taxonomy-aligned since the activity is not yet covered under the EU Taxonomy or the positive contribution is not substantial enough to comply with the Taxonomy technical screening criteria, the investment can still be considered an environmentally sustainable investment provided it complies with all criteria. The total share of environmentally sustainable investments including EU Taxonomy of the Sub-Fund is at least 80%.

What is the minimum share of sustainable investments with a social objective?

The Sub-Fund's does not commit to a minimum share of sustainable investment with a social objective.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Under "#2 Other" the Sub-Fund may hold cash, cash equivalents and financial derivative instruments for the purposes of efficient portfolio management and/or risk hedging. For those investments no environmental or social safeguards are applied.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Yes, the Sub-Fund has assigned the Bloomberg Barclays MSCI Euro Green Bond Ex Securitized index as a benchmark.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

  The Sub-Fund uses a green bond benchmark which is however not completely aligned with the sustainable investment objective promoted by the Sub-Fund. The Bloomberg Barclays MSCI Euro Green Bond Ex Securitized index tracks the performance of securities issued for qualified "green" purposes. Qualifying bonds must have a clearly designated use of proceeds that is solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles. The specific screening and exclusion criteria might deviate from the Sub-Fund's investment strategy.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund`s investment strategy.

- ***How does the designated index differ from a relevant broad market index*?**

The benchmark tracks the performance of securities issued for qualified “green" purposes.

- ***Where can the methodology used for the calculation of the designated index be found?***

Details of the benchmark’s methodology may be found on websites https://www.msci.com/documents/1296102/26180598/BBG+MSCI+Green+Bond+Indices+Primer.pdf and https://www.msci.com.

Where can I find more specific information online?

More product-specific information can be found on websites:

- https://www.fdc.lu
- https://fdc.public.lu/en/investissement-responsable/approches-durables-gerants-fdc.html

More information about the Fund Manager can be found on website:

- https://regulatory.allianzgi.com/SFDR.