

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 GLOBAL EQUITIES – ACTIVE 3 (the “Sub-Fund”)

LEI: 549300WOSUX92CV9P605

Fund manager (by delegation): Union Investment Institutional GmbH (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:** ___%



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**



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

The Sub-Fund invests primarily in assets that have been selected according to sustainability criteria. Sustainability is understood to mean environmental (Environment - E) and social (Social - S) criteria as well as good corporate and governmental management (Governance - G). Corresponding criteria include CO2 emissions, protection of natural resources, biodiversity and water (environment), anti-corruption measures, tax transparency (governance) and health and safety at work (social). When considering environmental and social characteristics, the Sub-Fund’s fund manager invests in assets of issuers that apply good governance practices.

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>.

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

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

The attainment of the Sub-Fund's environmental and social characteristics is measured by means of sustainability indicators. The sustainability indicators of this Sub-Fund are:

Exclusion criteria

Exclusion criteria are set by the Fund's proprietary exclusion list. In addition, exclusion criteria are established by the Fund Manager for the acquisition of certain assets. For example, securities and money market instruments of companies involved in the production and transfer of landmines, cluster bombs and nuclear weapons are excluded.

Sustainability score

Depending on the type of issuer, the sustainability score can include the dimensions of environment, social affairs, governance, sustainable business and controversies and assesses the ESG profile of the issuer. In the environmental area, the ESG profile is measured on the basis of topics such as the reduction of greenhouse gas emissions, preservation of biodiversity, water intensity or the reduction of waste. In terms of social affairs, the ESG profile is measured on the basis of issues relating to, for example, the treatment of employees, the guarantee of health and safety standards, labour standards in the supply chain or the safety and quality of products and services. In the area of good corporate governance and governmental management, the Fund Manager analyses compliance with good governance standards on the basis of data from various providers and research by advisors on voting rights. The ESG profile is measured, for example, on topics such as corruption, compliance, transparency and risk and reputation management..

In the Fund Managers portfolio optimisation system, the portfolio managers can call up various sustainability scores simultaneously at any time and adjust them if necessary. In this way, the Fund Manager monitors and controls the fulfilment of environmental and social characteristics. The regular production of internal analyses also enables the fulfilment of the environmental and social characteristics of the Sub-Fund to be tracked over time. Technical control mechanisms are a fixed

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

component of the Fund Manager's investment process (e.g. in the trading systems) to monitor and ensure investment restrictions defined in the investment strategy so as to meet the environmental and social characteristics (e.g. the application of exclusion criteria or minimum requirements for sustainability scores). The Fund Manager obtains data used to analyse companies and/or assets with regard to sustainability indicators from external service providers. The Fund Manager takes its data from various service providers (e.g. MSCI ESG Research LLC, S&P Trucost, ISS ESG) in order to benefit from the highest possible data quality. In addition to diversification, the Fund Manager ensures high data quality through automated, random checking mechanisms. Raw data flows into a software for sustainable portfolio management, which processes the corresponding data automatically. Only a very small proportion of these data is estimated due to a lack of reporting at company level. In doing so, we draw on average values for industries or sectors.

Principal adverse impact

The principal adverse impact of investments on sustainability factors ("Principal Adverse Impact" or "PAI") is taken into account when acquiring securities. Indicators used to determine these adverse impacts on sustainability factors through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employment.

When selecting securities, PAI is taken into account in particular by (1) defining exclusion criteria, (2) evaluating them with the aid of a sustainability figure and (3) conducting company dialogues.

For example, companies whose business practices have a significant adverse impact on the categories described above are excluded. The previously described PAI categories are also taken into account when collecting the sustainability scores.

Adverse impacts on sustainability factors may result in a lower sustainability score.

- ***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 does not commit to make sustainable investments.

- ***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?***

Not applicable.

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

Not applicable.

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

Not applicable.

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.



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.

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

Yes, as part of the Fund Manager’s investment strategy, the main adverse impacts on sustainability factors are taken into account in those investments made to achieve the environmental and/or social characteristics.

As described above, the principal adverse impact of investments on sustainability factors ("Principal Adverse Impact" or "PAI") is taken into account when acquiring securities. Indicators used to determine these adverse impacts on sustainability factors through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employment.

When selecting securities, PAI is taken into account in particular by (1) defining exclusion criteria, (2) evaluating them with the aid of a sustainability figure and (3) conducting company dialogues.

For example, companies whose business practices have a significant adverse impact on the categories described above are excluded. The previously described PAI categories are also taken into account when collecting the sustainability scores. Adverse impacts on sustainability factors may result in a lower sustainability score.

Adverse impacts on sustainability factors may result in a lower sustainability score (as described in the section “Which sustainability indicators are used to measure the achievement of each environmental or social characteristic promoted by this financial product?”).



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

Furthermore, the Fund Manager intends to achieve a reduction of adverse impacts with the consideration of PAI in corporate dialogues.

What investment strategy does this financial product follow?

The Fund Manager's investment strategy follows an ESG approach, in which the sustainable orientation of the Sub-Fund is to be ensured by taking into account various sustainability factors.

Exclusion criteria as described above are set for the acquisition of certain assets.

Securities, whose issuers take ethical, social and ecological criteria into account may not be acquired if the Sub-Fund is invested to a total of more than ten per cent in assets of issuers that generate their turnover from the production of nuclear power or if the Sub-Fund is invested to a total of more than five per cent in assets of issuers that generate their turnover from the extraction of fossil fuels including coal, oil sands, shale oil and shale gas.

As described above, the most important adverse effects on sustainability factors, as described above, are taken into account as part of the investment strategy.

For the Sub-Fund, shares can be acquired from the asset classes that are classified as sustainable on the basis of the sustainability figure and the exclusion criteria. The Sub-Fund's assets are invested by the Fund Manager flexibly depending on the market situation, which can lead to a change of investment focus at any time. When deciding on the acquisition of assets, economic and sustainable aspects are weighted equally.

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?***

As described below, the binding elements of the investment strategy used to attain the environmental and social characteristics are the exclusion criteria.

- ***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 minimum rate prior to the application of the investment strategy.

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

A prerequisite for purchasing securities in accordance with the Fund Manager's investment strategy is that the issuers of these securities practise good corporate governance.

Exclusion criteria are defined that are aligned with the ten principles of the United Nations Global Compact. The ten principles of the Global Compact provide guidance

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

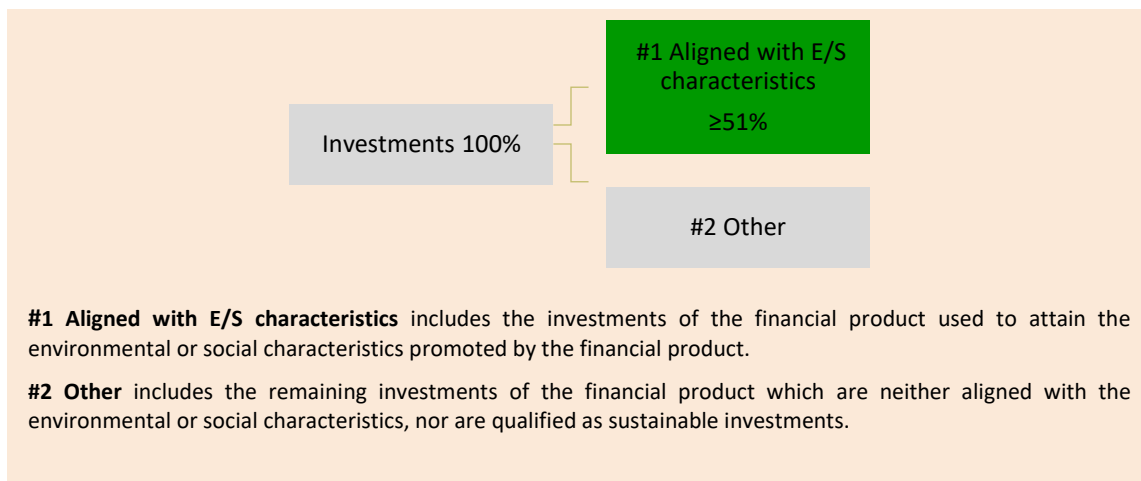
on human rights, labour rights, the environment and anti-corruption. They call on companies to respect the protection of international human rights and make sure that they are not complicit in human rights abuses. Companies should support the abolition of child labour, the elimination of all forms of compulsory labour and the elimination of discrimination in respect of employment and occupation. They should accelerate the development and use of environmentally friendly technologies, promote environmental responsibility and support a precautionary approach to environmental challenges. And they should work against corruption in all its forms, including extortion and bribery.

Furthermore, the Fund Manager calls on issuers in whose securities the Sub-Fund is already invested to comply with standards of good corporate governance, e.g. with regard to shareholder rights, the composition and remuneration of management boards and supervisory boards, corporate actions, independent auditors and transparency. To this end, the Fund Manager analyses the issuers' corporate governance practices. This analysis is based on sources such as the issuers' annual reports and other business reports, plus data from a variety of providers and research conducted by proxy advisory services.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



The Sub-Fund's assets are divided into various categories as shown in the chart below.

“Investments” includes all assets that can be purchased for the Sub-Fund less the loans taken out and other liabilities (if any).

The category “#1 Aligned with environmental or social characteristics” comprises those investments included under the investment strategy in order to attain the promoted environmental or social characteristics.

The category “#2 Other investments” includes, for example, derivatives, credit balances with banks and financial instruments for which insufficient data is available to be able to assess them for the purpose of the Fund Manager's sustainable investment strategy.

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.

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 and among others have greenhouse gas emission levels

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

● **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? Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

The Sub-Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

The Sub-Fund does not aim or commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

● **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?

The Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

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



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.

¹ 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. Fossil gas criteria include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. Nuclear energy criteria include comprehensive safety and waste management rules. The full criteria are laid down in Commission Delegated Regulation (EU) 2022/1214.



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://union-investment.com/home/Competencies/Sustainable Investments.html](https://union-investment.com/home/Competencies/Sustainable%20Investments.html).

<i>Schedule of changes :</i>		
<i>V1</i>	<i>October 2023</i>	<i>Intitial version</i>
<i>V2</i>	<i>February 2024</i>	<i>Review in terms of form</i>
<i>V3</i>	<i>December 2024</i>	<i>Review in terms of form as well as adaption of the document due to change of the exclusion criteria (main updates within the indicators that are used to measure the attainment of each of the environmental or social characteristics promoted by the financial product, the principal adverse impacts on sustainability factors as well as the investment strategy followed by the financial product)</i>