

## Article 8 SFDR – Website Disclosure Summary FDC SICAV Global Equities – Active 3

LEI: 549300WOSUX92CV9P605

### Overview

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Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Union Investment Institutional GmbH ("Union") as the portfolio manager of its sub-fund FDC SICAV Global Equities – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR<sup>1</sup>.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, Union is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' 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. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

### No sustainable investment objective

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This financial product promotes an environmental or social characteristic but does not have as its objective a sustainable investment.

### Environmental or social characteristic

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The Sub-Fund invests predominantly in assets selected on the basis of sustainability criteria. Sustainability is understood to mean environmental (Environment - E) and social (Social - S) criteria, as well as good corporate and government 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, investments are made in assets of issuers that apply good governance practices.

Environmental and/or social characteristics are taken into account with this financial product. Investments shall avoid significantly compromising environmental and/or social objectives. To this end, the economic activities of the issuers in whose assets investments are made, are reviewed on the basis of certain indicators. Based on these indicators, an analysis is carried out to determine whether investments in issuers may have a material adverse impact on sustainability factors ("Principal Adverse Impact" or "PAI"). For this Sub-Fund, PAIs are considered when securities are purchased. Indicators used to determine PAI through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employment. For investments in securities, indicators in the environmental and social categories are taken into account.

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

For example, companies whose business practices have a material adverse effect on the categories described above are excluded. The PAI categories described previously are also considered when collecting the sustainability scores. Adverse impacts on sustainability factors may result in a lower sustainability score. In addition, the intention is to achieve a reduction in adverse impacts by taking PAIs into account in corporate dialogues.

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<sup>1</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("SFDR").

The OECD Guidelines for Multinational Enterprises, the core labour standards of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights are also used in decisions on sustainable investments. Internal guidelines have been issued to address these sets of rules. These guidelines are the "Human Rights Policy Statement" and the "Union Investment Engagement Policy".

## **Investment Strategy**

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

Exclusion criteria are set by Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' 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.

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.

The most important adverse effects on sustainability factors are taken into account as part of the investment strategy.

For the Sub-Fund, assets 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.

No benchmark has been identified to determine whether the Sub-Fund is aligned with the advertised environmental and/or social characteristics.

The assets of the Sub-Fund are divided into different categories. First of all, these are those that are focused on environmental or social characteristics. In addition, the category "other investments" is shown, in which no ecological and/or social characteristics are taken into account.

## **Monitoring Environmental or Social Characteristic and Methodologies**

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The fulfilment of the Sub-Fund's ecological and social characteristics is measured via the so-called sustainability indicators (consisting of sustainability ratios and exclusion criteria). For example, the portfolio management analyses the individual assets with regard to compliance with the exclusion criteria defined as part of the investment strategy.

The sustainability indicators of this Sub-Fund are:

- Exclusion criteria
- Sustainability score

Data used to analyse issuers and/or assets with regard to sustainability indicators is obtained from external service providers. Various service providers are used in order to benefit from the highest possible data quality. Currently, only certain companies are required to publish sustainability information in their annual reports.

Where a complete assessment of companies and/or assets with regard to the fulfilment of environmental and social characteristics is not possible due to a lack of data availability, recourse can be made to in-house research.

## **Due Diligence and engagement policies**

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The Fund Manager is committed to the fiduciary principle and acts solely in the interests of investors. This principle is integrated into the investment company's business processes. Within the framework of the Sub-Fund's sustainable investment strategy, the investment company strives to enter into a constructive dialogue with the invested companies acting as a responsible and active asset manager, either alone or in

collaboration with other investment managers. This approach is referred to as engagement (active ownership). The primary objective is to actively influence companies in terms of opportunities and risks related to ESG factors.

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### Overview

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It should be noted that, in implementing its investment strategy and as an overarching binding restriction, Union is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' 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. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html>.

### No sustainable investment objective

This financial product promotes an environmental or social characteristic but does not have as its objective a sustainable investment.

### Environmental or social characteristic of the financial product

The Sub-Fund invests primarily in assets selected on the basis of sustainability criteria. Sustainability is understood to mean ecological (Environment - E) and social (Social - S) criteria as well as good corporate and government management (Governance - G). Corresponding criteria include CO2 emissions, protection of natural resources, biodiversity and water (Environment), anticorruption measures, tax transparency (Governance) and health and safety at work (Social). When considering environmental and social characteristics, investments are made in assets of issuers that apply good governance practices.

### Investment Strategy

*Investment strategy to meet the environmental and/or social characteristics of the financial product.*

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

Exclusion criteria are set by Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' 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.

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.

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<sup>2</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("SFDR").

The most important adverse effects on sustainability factors 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.

#### *Policy to assess good governance practices of the investee companies*

The acquisition of securities as part of the Sub-Fund's sustainable investment strategy is subject to the condition that the issuers of these securities apply good corporate governance practices. To this end, exclusion criteria are defined that are based on the ten principles of the United Nations Global Compact.

The ten principles of the Global Compact include guidelines for dealing with human rights, labour rights, corruption and environmental violations. For example, companies should respect the protection of international human rights and ensure that they are not complicit in human rights abuses. They should work for the abolition of child labour and the elimination of all forms of forced labour, as well as the elimination of discrimination in respect of employment and occupation. They shall accelerate the development and diffusion of environmentally friendly technologies, promote environmental awareness, and follow the precautionary principle in dealing with environmental problems. They shall work against all forms of corruption, 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.

### **Proportion of investments**

The Sub-Fund's assets are divided into various categories in the chart below. The respective share of the Sub-Fund's assets is shown as a percentage. "Investments" includes all assets that can be acquired for the Sub-Fund, net of borrowings and other liabilities incurred.

The category "#1 Aligned with environmental / social characteristics" comprises the assets that are transacted as part of the investment strategy to achieve the advertised environmental or social characteristics.

Any reporting of a ratio greater than 100 percent in this category results from the fact that short-term liabilities, cash balances, and derivative transactions have been included.

The category "#2 Other (Other Investments)" includes, for example, derivatives, bank balances, or financial instruments for which there is insufficient data to evaluate them for the Sub-Fund's sustainable investment strategy.



## Monitoring of environmental or social characteristics

The fulfilment of the Sub-Fund's environmental and social characteristics is measured by the so-called sustainability indicators (consisting of sustainability ratios and exclusion criteria). The sustainability indicators are described in the "Methodologies" section. In-house software is used to calculate the sustainability indicators for each asset on an ongoing basis and aggregate them at Sub-Fund level. For example, the Fund Manager analyses the individual assets with regard to compliance with the exclusion criteria defined as part of the investment strategy. To monitor and manage the individual investments, the sustainability indicators relevant to the investment strategy are also reported at Sub-Fund level.

In addition, the regular preparation of internal analyses makes it possible to track the fulfilment of the Sub-Fund's environmental and social characteristics over its life cycle. Technical control mechanisms are also implemented in the Fund Manager's trading systems to monitor and ensure investment restrictions defined in the investment strategy to fulfil the Sub-Fund's environmental and social characteristics (e.g., the application of exclusion criteria and minimum requirements for sustainability score).

## Methodologies

The achievement of the Sub-Fund's environmental and/or social characteristics is measured using sustainability indicators. The sustainability indicators of this Sub-Fund are:

### *Exclusion criteria*

Exclusion criteria are set by Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list. In addition, exclusion criteria are established by the Fund Manager for the acquisition of certain assets. For example, securities 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 ESG score can include the dimensions environment, social affairs, governance, sustainable business and controversies and assesses the ESG profile of the issuer. In the environmental area, the sustainability level is measured using topics such as the reduction of greenhouse gas emissions, preservation of biodiversity, water intensity or reduction of waste. In the social area, the sustainability level is measured on the basis of topics relating, for example, to 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 governance management, compliance with good governance standards is analysed on the basis of data from various providers and research by proxy advisors. The level of sustainability is measured, for example, on topics such as corruption, compliance, transparency, and risk and reputation management. Sustainability ratings and ESG indicators from external providers are also taken into account to obtain a comprehensive picture of the issuers' sustainability profile.

In the Fund Manager's 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 component of our 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, the Fund Manager draws on average values for industries or sectors.

## **Data sources and processing**

Data used to analyse issuers and/or assets with regard to sustainability indicators is obtained from external service providers. Various service providers (e.g. MSCI ESG Research LLC) are used in this context in order to benefit from the highest possible data quality.

Providers of sustainability data are checked during the selection process with regard to the quality of the data they are to supply. Control actions are carried out as part of the delivery of data. These are, in particular, checks on the regular receipt of data and whether data have been supplied in the manner defined by the Fund Manager. In addition, checks are made to ensure that the data supplied has been correctly imported into internal systems.

Raw data flows into software for sustainable portfolio management, which processes the corresponding data automatically. On the basis of these results, it can be checked for the Sub-Fund, for example, whether the specified exclusion criteria are met.

Only a very small proportion of this data is estimated due to a lack of reporting at company level. In this case, average values of industries or sectors are used as a substitute.

## **Limitations to methodologies and data**

Currently, only certain companies are required to publish sustainability information in their annual reports. Where a complete assessment of companies and/or assets with regard to the fulfilment of environmental and social characteristics is not possible due to a lack of data availability, own research can be used. In these cases, sustainability indicators are assigned to the issuers, thus enabling the Sub-Fund to fulfil its environmental and/or social characteristics.

Furthermore, company dialogues address content that is more difficult to measure or quantify due to a lack of reporting. Analysis of the issuers and/or assets of the Sub-Fund as well as the engagement is carried out on a regular basis, i.e. at least annually as well as on an event driven basis. For more information on engagement, please refer to the section "Engagement Policy".

Despite of partially limited data, it can therefore be achieved through the measures described that the ecological and/or social characteristics advertised with the financial product are fulfillable.

## **Due diligence**

The Fund Manager is committed to the fiduciary principle and acts exclusively in the interests of investors. This principle is integrated into Union's business processes. To this end, an internal system of guidelines and processes has been established, which must be observed by all departments and is monitored by the responsible compliance department on a risk-oriented basis.

In addition to complying with the relevant applicable laws and regulatory requirements, the Sub-Fund's sustainable investment process is based on leading national and international standards that serve as a benchmark for action.

In particular, Union relies on the following sets of rules:

- the United Nations Principles for Responsible Investment (PRI)
- the UN Global Compact
- the Oslo Convention on Cluster Munitions
- the Ottawa Convention on the Prohibition of Anti-Personnel Mines
- the BVI Code of Conduct
- the BVI Guidelines for Sustainable Real Estate Portfolio Management
- the Sustainability Code of the Real Estate Industry

In the acquisition and ongoing analysis of the Sub-Fund's assets, sustainability risks are considered as part of the Union's general due diligence obligations and in the risk analysis.



## Engagement policies

As part of the Sub-Fund's investment strategy, Union strives to engage in constructive dialogue with invested companies, either alone or in collaboration, as a responsible and active asset manager. This approach is referred to as engagement. The primary objective is to actively influence companies in terms of opportunities and risks related to ESG factors. On the one hand, these dialogues examine whether and to what extent sustainability is part of the business strategy of the companies invested or targeted. On the other hand, it is generally required to consistently pursue sustainability to the extent that it is beneficial for the investor.

Responsible corporate management is expected to take into account not only purely economic targets, but also social, ethical and environmental aspects. These target figures are particularly endorsed by society if they promote the long-term interests of shareholders and creditors and thus the long-term value of the company. Companies are required to comply with good corporate governance standards with regard to, among other things, shareholder and creditor rights, the composition and compensation of the Executive Board and Supervisory Board, corporate actions, auditors and transparency.

Union's Engagement Policy forms a guideline for direct corporate dialogue as part of engagement activities, from which deviations are only made in justified individual cases. Given policy is updated annually and can be found at following link: <https://institutional.union-investment.de/home/expert-views.html>.

By doing this, a positive contribution can be made to sustainably increasing the value of the invested company while at the same time enforcing responsible corporate governance.

In the event of serious violations of, for example, the principles of the UN Global Compact or the labour standards of the International Labour Organization (ILO), provided no positive result has been achieved through engagement dialogues with issuers, it may in extreme cases lead to the exclusion of issuers from the investment universe.

## Designated reference benchmark

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the portfolio.



<i>Schedule of changes :</i>		
<i>V1</i>	<i>February 2024</i>	<i>Initial version</i>
<i>V2</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.</i>