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 1 (the "Sub-Fund")
LEI: 5493000TXROJXU550H96
Fund manager (by delegation): Robeco Institutional Asset Management BV (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 **50%** 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 has the following E/S characteristics:

- The Sub-Fund promotes certain minimum environmental and social safeguards through applying exclusion criteria with regard to products and business practices that the Fund Manager believes are detrimental to society and incompatible with sustainable investment strategies.
- The Sub-Fund promotes having a lower environmental footprint than the general market index.

- The Sub-Fund promotes adherence to and conducting business activities in accordance with the UN Universal Declaration of Human Rights, the International Labor Organisation’s (ILO) labor standards, the UN Guiding Principles for Business and Human Rights (UNGPs), the UN Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises, by scrutinizing companies that violate these principles.
- The Sub-Fund promotes having a weighted average ESG score that is better than that of the general market index.
- The Sub-Fund promotes investments in a portfolio that avoid significant harm to the Sustainable Development Goals (SDGs).

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.

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?

The Sub-Fund has the following sustainablity indicators:

- The percentage of investments in securities that are on the Fund Manager’s exclusion list as result of the application of the Fund Manager’s Exclusion Policy.
- The Sub-Fund’s weighted carbon, water and waste footprint score compared to the general market index.
- The number of companies that are in violation of international conventions and standards such as the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises, and hence are a part of the Fund Manager’s enhanced engagement program.
- The Sub-Fund’s weighted avergae ESG score compared to the general market index.
- The proportion of companies that hold a high negative SDG score (-3) based on an SDG framework internally developed by the Fund Manager.

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 sustainable investments aim to contribute to the UN SDGs, that have both social and environmental objectives. The Fund Manager uses its proprietary SDG framework and related SGDs scores to determine which issuers constitute sustainble investments. Positive SDG scores (+1, +2, +3) are regarded 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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The sustainable investments do not significant harm to any environmental or social sustainable objective by considering a principal adverse impact and aligning with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, sustainable investments score positively on the Fund Manager's SDG framework, and therefore do not cause significant harm.

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

A detailed description of the incorporation of principal advers impacts (PAIs) is available via the Fund Manager's Principal Adverse Impact Statement published on the Fund Manager's website. In this statement, the Fund Manager sets out its approach to identifying and prioritising principal adverse impacts, and how principal advers impacts are considered as part of the Fund Manager's investment due diligence process and procedures relating to research and analysis, exclusions and restrictions and/or engagement. For sustainable investments, the PAI indicators have been taken into account by ensuring that the investments do not significant harm to any environmental or social objective. For this purpose, many PAI indicators are either directly or indirectly included in the Fund Manager's SDG framework to determine whether a company has significant impacts on the SDGs related PAI indicators.

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

The sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via both the Fund Manager's Exclusion Policy as well as the Fund Manager's SDG framework.

The Fund Manager's Exclusion Policy includes an explanation of how the Fund Manager acts in accordance with the International Labor Organisation's (ILO) standards, the UN Guiding Principles for Business and Human Rights (UNGPs), the UN Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises and is guided be these international treaties to assess the bahaviour of companies. The Fund Manager continously screens the investments for breaches of these principles. In case of a breach, the company will be excluded or engaged with, and is not considered a sustainable investment.

The Fund Manager's SDG framework screens for breaches on these principles in the final step of the framework. In this step, the Fund Manager checks whether the company concerned has been involved in any controversies. Such involvment will result in a negative SDG score for the company, meaning it is not a sustainable investment.

On top, 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 following PAIs are considered pre-investment:

- Via the applied normative and activity based exlcusions, the following PAIs are considered:
    - Exposure to companies active in the fossil fuel sector (PAI 4)
    - Violation of the UNGC and the OECD Guidelines for Multinational Enterprises (PAI 10).
    - Activities negatively affecting biodiversitiy-sensitive areas (PAI 7). The consideration of this PAI is currently restricted by applying exclusions to palm oil producing companies and for any breaches to the UNGC, the UNGP and the OECD Guidelines for Multinational Enterprises in relation to biodiversity.
    - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons) (PAI 14).
- Via the environmental footprint performance targets of the Sub-Fund, the following PAIs are considered:
    - Carbon footprint (PAI 2).

- Water and waste indicators (PAI 7-9). The Fund Manager will use on water and waste footprint until data quality and coverage of the PAIs will improve.

Post-investment, the following PAIs are taken into account via the Fund Manager's entity engagement program:

- All indicators related to climate and other environment-related indicators (PAI 1 - 9).
- Violation of the UNGC and the OECD Guidelines for Multinational Enterprises (PAI 10).
- In addition, based on a yearly review of the Fund Manager's performance on all mandatory and selected voluntary indicators, holdings of the Sub-Fund that cause adverse impact might be selected for engagement.

More information is available via the Fund Manager's Principal Adverse Impact Statement published on the Fund Manager's website.

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 is actively managed and invests in stocks in developed countries across the world. The selection of these stocks is based on a quantitative model. The strategy integrates sustainability indicators on a continous basis as part of the stock selection process. Amongst others, the Sub-Fund applies norm-based and activity-based exclusions, the Fund Manager's good governance policy and consider PAIs in the investment process.

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 Sub-Fund has the following binding elements:

- The Sub-Fund's portfolio complies with the Fund Manger's Exclusion Policy (https://www.robeco.com/docm/docu-exclusion-policy.pdf) that is based on exclusion critera with regard to products and business practices that the Fund Manager believes are detrimental to society and incompatible with sustainable investment strategies. This means that the Sub-Fund has 0% exposure to excluded securities, taking into account a grace period.
- The Sub-Fund's weighted carbon, water and waste footprint score is 20% better than that of the general market index.
- The Fund Manager scrutinizes investment in companies that are in breach of the ILO standards, the UNGPs, the UNGC and the OECD Guidelines for Multinational Enterprises. If a company in the porfolio breaches one of the international guidelines during the investment period, the company will become part of the Fund Manager's enhanced engagement program. On top, the Fund's proprietary exclusion list applies. 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 Sub-Fund's weighted average ESG Risk Rating is 10% better than that of the general market index.
- The Sub-Fund excludes all high negative SDG scores (-3) based on an SDG framework internally developped by the Fund Manager.

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.

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

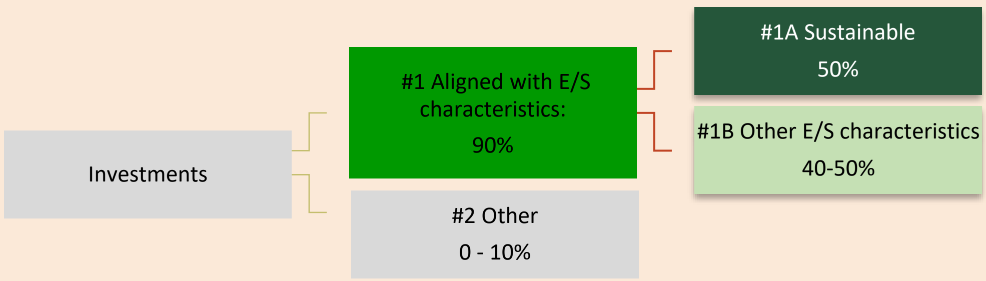
What is the policy to assess good governance practices of the investee companies?

The Fund Manager has a Good Governance policy to assess governance practices of companies. The policy describes how the Fund Manager determines if and when a company does not follow good governance practices and is therefore excluded from the initial investment universe. The Fund Manager's Good Governance policy applies to the Sub-Fund and tests on a set of governance criteria that reflect widely recognized industry-established norms and include topics as employee relations, management structure, tax compliance and remuneration. A link to the good governance test is made available at the final section of this document.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

At least 90% of the investments are aligned with E/S characteristics of the Sub-Fund. It is planned to make a minimum of 50% sustainable investments, measured by positive scores via the Fund Manager's SDG framework. The investments in the category "#2 Other", estimated between 0 and 10%, are mostly in cash and cash equivalents. The planned asset allocation is monitored continuously, and evaluated on a yearly basis.



#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? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 invest in fossil gas and/or nuclear energy related activities that comply 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.

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.

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 intends to make sustainable investments, measured as positive scores via the Fund Manager's SDG framework. Among those could be investments with environmental objectives that do not qualify as Taxonomy-aligned. The environmental objectives of the Sub-Fund are attained by investing in companies that score positively on SGD 12 (Responsible consumption and production), SDG 13 (Climate action), SDG 14 (Life below water) and SDG 15 (Life on land) in the Fund Manager's framework. While the sum of investments with an environmental objective and socially sustainable investments always add up to the Sub-Fund's minimum proportion of 50% sustainable investments, the Sub-Fund does not commit to a minimum share in sustainable investments with an environmental objective.

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

What is the minimum share of socially sustainable investments?

The Sub-Fund intends to make sustainable investments, measured as positive scores via the Fund Manager's SDG framework. Among those could be investments with social objectives. The social objectives of the Sub-Fund are attained by investing in companies that score positively on SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 3 (Good health and well-being), SDG 4 (Quality

[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.

education), SDG 5 (Gender equality), SDG 6 (Clear water and sanitation), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 10 (Reduced inequalities), SDG 11 (Sustainable cities and communities), SDG 16 (Peace, justice and strong institutions) and SDG 17 (Partnerships for the goals) in the Fund Manager's framework. While the sum of socially sustainable investments and investments with an environmental objective always add up to the Sub-Fund's minimum proportion of 50% 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.

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 product-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

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 2 (the "Sub-Fund")
LEI: 5493008WCHO1JXOQ1B16
Fund manager (by sub-delegation): HSBC Global Asset Management (UK) Limited (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 **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 environmental and/or social characteristics are promoted by this financial product?

The management of the Sub-Fund promotes the following environmental and social characteristics by:

- Giving an active consideration of environmental and social issues through engagement on certain securities held in the Sub-Fund.
- Excluding business activities that are deemed harmful to the environment such as companies:
  - involved with weapons banned by international conventions, including anti-personnel mines, biological weapons, binding laser weapons, chemical weapons, cluster munitions and non-detectable fragments as defined by the Fund Manager and set out in its the Responsible Investment Policy;

    - involved with tobacco production and distribution as determined by the Fund Manager.

- Analysing ESG scores as well as carbon, water and waste intensities of companies in the universe to ensure the Sub-Fund has a better ESG score and environmental footprint (defined as carbon, waste and water intensities) than its benchmark.

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 on website: https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html.

Thus, the Sub-Fund is considering responsible business practices in accordance with UN Global Compact and excluding companies that do not comply with international standards as enshrined in the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and the fight against corruption as set, on one hand, by the Fund's exclusion list and implemented by the Fund Manager and, on the other hand, set by the Fund Manager's specific exclusions.

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

More information on the responsible investment policy of the Manager is available on website https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing#openTab=0.

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

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

Sustainability indicators are a key consideration in our investment decision making process.

The primary sustainability indicators are ESG scores and carbon intensity, water intensity and waste intensity data sourced from well-established financial data providers. They are used to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund which includes:

- Carbon Intensity relative to the benchmark;
- Water Intensity , relative to the benchmark;
- Waste Intensity relative to the benchmark;
- E, S and G Pillar Scores, relative to the benchmark;
- ESG Score, relative to the benchmark.

The Sub-Fund also considers the Principal Adverse Impacts (PAIs) that are listed below:

- PAI n°3 - Green house gas intensity of investee companies (Scope 1 & Scope 2);
- PAI n°8 - Emissions to water;
- PAI n°10 - Violation of UNGC principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- PAI 14 - Exposure to controversial weapons.

The Sub-Fund also excludes investment in companies carrying out business activities that are deemed harmful to the environment. This means that the Sub-Fund will not invest in equities and equity equivalent securities of companies with specified involvement in specific excluded activities (the "Excluded Activities") that are listed above.

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?

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.

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.

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

Yes, the approach taken to consider PAIs means that, among other things, the Fund Manager will scrutinise companies' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. The Fund Manager also pays attention to the robustness of corporate governance and political structures which include the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies, as well as audit trails.

The Sub-Fund also considers the PAIs that are listed below:

- Green house gas intensity of investee companies (Scope 1 & Scope 2);
- Emission to water;
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Exposure to controversial weapons.

What investment strategy does this financial product follow?

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

The Sub-Fund's objective is to outperform its benchmark, the MSCI World Total Return (net) expressed in USD and converted into EUR. The Sub-Fund invests in normal market conditions in equities and equity-equivalent securities included in its benchmark which captures large and mid-cap representation across developed markets.

The Fund Manager uses a multi-factor investment process, based on five factors (value, quality, momentum, low risk and size), to identify and rank stocks in its investment universe with the aim of maximising the Sub-Fund's portfolio's risk-adjusted return. Although the investment process currently uses these five factors, it is subject to ongoing research regarding the current and potential additional factors.

In order to lower the environmental footprint and raise the Sub-Fund's ESG score, all holdings in the Sub-Fund's portfolio are assessed for their individual carbon intensity, water intensity, waste intensity and ESG scores.

A Fund Manager's proprietary systematic investment process is then used to create a portfolio which:

- maximises exposure to higher ranked stocks, and
- aims for a lower carbon intensity, lower water intensity, lower waste intensity and higher ESG score than the Sub-Fund's benchmark.

Each individual metric (carbon intensity, water intensity, waste intensity and ESG score) for the Sub-Fund and its benchmark are being calculated as a weighted average of the corresponding metric of the Sub-Fund's investment and of the constituents of the benchmark respectively.

The Sub-Fund is actively managed and the investment strategy is implemented on a continuous basis through compliance and monitoring of the binding elements as listed below.

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:

  - The Sub-Fund aims for a weighted average E,S and G scores to be at least as good as those of its benchmark.
  - The Sub-Fund aims for an improvement in its weighted average ESG score versus that of its benchmark.
  - The Sub-Fund aims for a reduction in its weighted average carbon intensity versus that of its benchmark.
  - The Sub-Fund aims for a reduction in its weighted average water intensity versus that of its benchmark.
  - The Sub-Fund aims for a reduction in its weighted average waste intensity versus that of its benchmark.
  - The Sub-Fund will not invest in Excluded Activities.

  The Fund Manager may rely on expertise, research and information provided by well established ESG data providers to identify those companies and to tilt portfolios using ESG scores and envorinmental metrics in its quantitative investment process.

  Consideration will also be made on the products sustainability indicators a continuous basis.

- ***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?***

  The quality of governance is assessed on the basis of criteria specified in the investment process which include, among others, business ethics, corporate culture and values, governance framework, corruption etc.

  The Fund Manager determines governance materiality both on an absolute basis, focusing in particular on the governance framework, controversies and compliance with the UN Global Compact and OECD Guidelines for multinational enterprises, and on a relative basis, by comparing the quality of the company's governance pactices to those of its industry peers.

  In addition, issuers in violation of one or more of the 10 principles of the United Nations Global Compact and the OECD Guidelines for multinational entreprises are excluded.

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

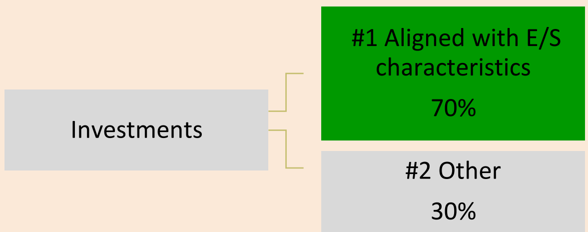
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund invests in normal market conditions in equities and equity-equivalent securities included in the benchmark, the MSCI World Index, which captures large and mid-cap representation across developed markets.

The Fund Manager uses a multi-factor investment process, based on five factors (value, quality, momentum, low risk and size), to identify and rank stocks in its investment universe with the aim of maximising the Sub-Fund's portfolio's risk-adjusted return. Although the investment process currently uses these five factors, it is subject to ongoing research regarding the current and potential additional factors. In order to lower the environmental footprint and raise the Sub-Fund's ESG rating, all holdings in the Sub-Fund's portfolio are assessed for their individual carbon intensity, water intensity, waste intensity and ESG scores.

Notwithstanding the above and without prejudice to the provisions of the Fund's Issue Document, the Sub-Fund may hold up to 30% in other investments including cash for the purposes of liquidity management and financial derivative instruments. Financial derivative instruments may be used for hedging and efficient portfolio management purposes.



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

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

- ***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.

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 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 nucelar energy related activities that comply with the EU Taxonomy[1]?

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 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.

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 corresponding to the best performance.

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

What is the minimum share of 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.

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 product-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

Schedule of changes :		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 **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 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 CO_2 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.

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?

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 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 decribed 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 decribed 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.

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?***

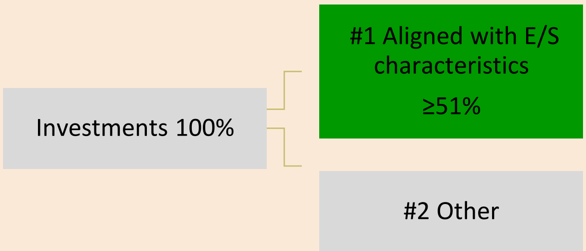
  A prerequisite for purchasing securities in accordance with the Fund Manager's investment strategy is that the issuers of these securities practise good corporate governance.

  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 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.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?



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

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

The 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 Taxonomy[1]?

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 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.

Schedule of changes :		
V1	*October 2023*	*Intitial version*
V2	*February 2024*	*Review in terms of form*
V3	*December 2024*	*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)*

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.

Product name: FDC SICAV Global Equities Selection – Indexed (the "Sub-Fund")
LEI: 5493008I18XQUKZ8LO20
Fund manager (by sub-delegation): State Street Global Advisors Limited (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 ___% 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**

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

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

The Sub-Fund promotes certain environmental characteristics through investments in companies which exhibit lower carbon emissions in the way of current emissions and future emissions (measured by fossil fuel reserves), produce green revenues and are better positioned for the physical risks posed by climate change. In addition to this, further environmental and social characteristics are promoted by a negative and norms-based screen applied by the Fund Manager to the Sub-Fund's portfolio to screen out securities based on an assessment of their adherence to ESG criteria.

Specifically, the Fund Manager does not proceed to investments in companies which violate UN Global Compact principles relating to environment (Principles 7 to 9) and which are active in thermal coal, arctic oil & gas exploration, and oil sands extraction. The Fund Manager does also not proceed to investments in companies which violate UN Global Compact Principles relating to human rights (Principles 1 and 2), labour standards (Principles 3 to 6), anti-corruption (Principle 10) and companies associated with controversial weapons, civilian firearms, and tobacco.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is also 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.

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?

The attainment of the environmental characteristics is measured through the higher exposure of the Sub-Fund's portfolio (relative to the MSCI World Index ("Index")) to companies that are mitigating greenhouse gas emissions and adapting to climate related risks by constructing the portfolio that aims to:

a) Minimise:

- carbon emission intensity (emissions scaled by revenue);
- brown revenues;
- fossil fuel reserves;
- sensitivity to climate risks;
- implied temperature rise; and
- climate value at risk.

b) Maximise green revenues.

c) Improve the carbon risk rating.

A further attainment of the environmental and social characteristics promoted by the Fund is measured through: % of the portfolio invested in securities that are included in the negative and norms based screen specifically related to environmental and social characteristics.

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, the Sub-Fund considers Principal Adverse Impacts ("PAI") on sustainability factors by applying the negative and norms-based ESG screen prior to the construction of the Sub-Fund's portfolio.

Specifically, the Sub-Fund considers:

- Greenhouse gas emissions.
- Carbon footprint.
- Greenhouse gas intensity of investee companies.
- Exposure to companies active in the fossil fuel sector.
- Share of non-renewable energy consumption and production.
- Violations of UN Global Compact Principles.
- Exposure to controversial weapons.

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 objective is to replicate its benchmark, the MSCI World Total Return (net) expressed in USD and converted into EUR while aligning its investments with the Paris Agreement goal of limiting global warming to well below 2°C. The Sub-Fund invests in normal market conditions in equities and equity-equivalent securities included in its benchmark which captures large and mid-cap representation across developed markets.

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?***

  In implementing this strategy, the Fund Manager employs a quantitative process to construct a portfolio of securities taking into account certain ESG factors such as: carbon intensity (emissions scaled by revenue, fossil fuel reserves, green revenues, brown revenues and ratings for climate adaptation. The resulting portfolio of the Sub-Fund intends to provide higher exposure (relative to its benchmark) to companies that are mitigating and adapting to climate related risks. The securities in the Sub-Fund are selected from the constituents of the benchmark and the Fund Manager applies the negative and norms-based ESG screen prior to the construction of the portfolio of the Sub-Fund and on an ongoing basis.

  Application of the ESG screens results in the exclusion of any securities from the portfolio based on an assessment of their adherence to certain ESG criteria defined by the Fund Manager. The Fund Manager will screen out securities of issuers identified as being non-compliant with UN Global Compact Principles. More precisely, the Fund Manager does not proceed to investments in companies which violate UN Global Compact principles relating to environment and which are active in thermal coal, arctic oil & gas exploration, and oil sands extraction. The Fund Manager does also not proceed to investments in companies which violate UN Global Compact Principles relating to human rights, labour standards, anti-corruption and companies associated with controversial weapons, civilian firearms, and tobacco. The Fund Manager may use additional ESG screens from time to time in order to exclude securities of issuers based on their involvement with an activity that is deemed noncompliant with one or more of such ESG criteria.

  The assessment of good governance practices is implemented through the negative screening utilised by the Fund Manager. Companies deemed by SSGA to not violate UN Global Compact Principles are considered to exhibit good governance.

- ***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.

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?***

  The assessment of good governance practices is implemented through the negative and norm-based screening described above.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Fund Manager employs a binding ESG methodology which aims to build a portfolio where at least 98% of the Sub-Fund's assets are invested in securities which are aligned with environmental and social characteristics promoted by the Sub-Fund. The remaining portion (<2%) of the portfolio, consisting for example of cash or derivatives held at the Fund Manager's discretion, will not be aligned with the promoted environmental and social characteristics.

Investments

#1 Aligned with E/S characteristics: min. 98%

#2 Other: max. 2%

#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.

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? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

[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.

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 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.

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?

The Sub-Fund may hold a portion of its assets in cash or cash equivalents, including financial derivative instruments employed for efficient portfolio management, hedging or liquidity management purposes, at the Fund Manager’s discretion, which are classified under #2 Other in the above table.

Given the nature of cash or cash equivalents or including financial derivative instruments employed for efficient portfolio management, hedging or liquidity management purposes, such assets will not be aligned with environmental and social characteristics nor will there be any environmental or social safeguards associated with such assets in place.

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://www.ssga.com/us/en/institutional/ic/capabilities/esg

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*
V3	*March 2025*	*Upgrade of the climate strategy (changes within share of brown revenues, fossil fuel reserves, green revenues as well implementation of additional metrics (Carbon Risk Rating, Climate Value-at-Risk, Climate Beta and Implied Temperature Rise)).*
V4	*May 2025*	*Sub-Fund name change*

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

Product name: FDC SICAV Global Equities Selection – Active 1 (the "Sub-Fund")
LEI: 5493004TM0317R6JDQ88
Fund manager (by sub-delegation): Impax Asset Management 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.

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: 90%** ☐ 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 sustainable investment objective of the Sub-Fund is to invest in environmental solutions and companies that are well-positioned in the transition to a more sustainable global economy. The Sub-Fund invests globally in companies active in the growing resource efficiency and environmental markets. These markets address a number of long term macro-economic themes: growing populations, rising living standards, increasing urbanisation, rising consumption, and depletion of limited natural resources.

The Sub-Fund's investment universe is built through the Fund Manager's classification system, supported by a revenue threshold aligned to that classification system.

The Sub-Fund seeks to address the above themes by making investments in companies which have more than 20% of their underlying revenue generated by sales of environmental products or services in the energy efficiency, renewable energy, water, waste and sustainable food and agriculture markets.

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 sustainable investment objective of the Sub-Fund.

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?***

The following sustainability indicators are used to measure the attainment of the sustainable investment objective of the Sub-Fund:

- the weighted average percentage of the Sub-Fund which is invested in environmental markets as set out above, as measured through revenue;
- the percentage of the Sub-Fund invested in sustainable investments (as defined in SFDR);
- the net carbon impact for the Sub-Fund (tCO2 per $10m invested for one year), by comparing net carbon impact emissions of Sub-Fund investee companies with the emissions of current and Paris-aligned economy scenarios; and
- how the Sub-Fund considers PAIs on sustainability indicators in accordance with SFDR.

The following metrics for the Sub-Fund are also reported, linking to the markets mentioned in the penultimate paragraph of the section above: water provided/saved/treated; renewable energy generated; materials recovered/waste treated.
Also, 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 the sustainable investments that the Sub-Fund intends to make do not cause significant harm to any environmental or social sustainable objective, the Sub-Fund assesses each investment against a set of indicators of adverse impacts by conducting proprietary Fundamental ESG analysis for all portfolio holdings. The ESG analysis aims to identify the quality of governance structures, the most material environmental and social harms for a company or issuer and assesses how well these harms are addressed and managed.

The Fund Manager seeks robust policies, processes, management systems and incentives as well as adequate disclosure, as applicable. Additionally, the Fund Manager assesses any past controversies identified. A proprietary aggregate ESG score is then assigned for each company or issuer taking into account the indicators as set out below, based on a qualitative judgement. The highest rated will be those assessed as managing which are not deemed to cause significant harm will be subject to a weighting cap within the portfolio for risk management purposes. The Fund Manager considers it important to engage with companies and issuers and to analyse company and issuer disclosures and reports. The ESG process is proprietary to the Fund Manager, although the Fund Manager uses external ESG-research as an input.

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?

Indicators for adverse impacts on sustainability factors have been taken into account in the Fund Manager's fundamental ESG analysis as follows - the data considered, in accordance with SFDR, by the Fund Manager to assess the relevant indicator is set out in the first paragraph under each indicator below:

Mandatory Indicators

<u>GHG emissions, carbon footprint and GHG intensity of investee companies</u>

Data considered: an investee company's absolute scope 1, 2 and 3 GHG emissions, and its enterprise value and revenue.

Companies are tiered between those providing full disclosure of Scopes 1, 2, 3 emissions across the majority of their operations; reporting across all four pillars prescribed by the Task Force on Climate related Financial Disclosures (TCFD); having set stretching short-medium term target (3+ years), as well as a Net zero/Paris Agreement aligned/Science-based long term target (10-30 years) and detailed actions plans versus those with no emission disclosure in place, no targets and no clear commitment to setting one.

<u>Exposure to companies active in the fossil fuel sector</u>

Data considered: an investee company's exposure to fossil fuel revenues.

The Fund Manager evaluates a company's transition to a low carbon economy by working towards ambitious science-based Paris-aligned decarbonisation targets and by strategically phasing out any fossil fuel exposure.

Share of non-renewable energy consumption and production, and energy consumption intensity per high impact climate sector

Data considered: an investee company's total energy consumption and production as well as the consumption and production from non-renewable energy sources, and an investee company's output metric as the basis of energy intensity.

Companies are tiered between those providing state of the art management processes and reporting for all environmental key issues through certified management systems referencing international or industry standards, challenging long term and interim targets relevant to key issues, relevant KPIs and reporting aligned with internationally recognised frameworks prescribed by the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) and the CDP, versus companies with limited management processes and reporting, for example providing only qualitative KPIs and anecdotal disclosures.

Activities negatively affecting biodiversity-sensitive areas

Data considered: an investee company's sites/operations located in or near to biodiversity- sensitive areas.

The Fund Manager uses external tools and research as well as its own proprietary analysis in assessing companies' management of nature-related harms. The Fund Manager seeks investment in companies or issuers that have addressed the harm with robust policies, processes, management systems and incentives that are scaled appropriately to the importance of the harm. Site-level geolocation data and regional exposure are not always easily available or disclosed by companies and issuers. The Fund Manager engages with companies to achieve geo-location data and to assess the potential harm at the specific locations of interest, for example highlighting habitats of IUCN Red List species (the International Union for Conservation of Nature), protected areas and key biodiversity areas in the vicinity.

Emissions to water, and hazardous waste and radioactive waste ratio

Data considered: an investee company's generated tones of emissions to water, and tones of hazardous waste and radioactive waste.

Companies are tiered between those providing state of the art management processes and reporting for all environmental key issues through certified management systems referencing international or industry standards, challenging long term and interim targets relevant to key issues, relevant KPIs and reporting aligned with internationally recognised frameworks such as ISSB, GRI and CDP, versus companies with limited management processes and reporting, for example providing only qualitative KPIs and anecdotal disclosures.

Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Data considered: an investee company's involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.

The Fund Manager screens the Fund's investments against adherence to global standards such as the UN Global Compact principles and OECD Guidelines for Multinational Enterprises. An external research provider is used to support this screening activity. A company found to be in breach of these international norms and standards is excluded from the investable universe and divested. Where a company is flagged for potential breaches, the Fund Manager will monitor and seek to engage, as appropriate.

Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Data considered: instances where an investee company is lacking policies to monitor compliance with the UNGC Principles or OECD Guidelines.

The Fund Manager uses external tools and research to assertain the existence/non- existence of these policies and identify those companies that do not satisfy credible policy standards in all those areas that speak to UNGC principles or the OECD Guidelines.

Unadjusted gender pay gap

Data considered: an investee company's average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.

Companies are assessed for their pay equity through review of the pay gap, where available, alongside a broader set of KPIs related to Equality, Diversity & Inclusion (ED&I). Companies are tiered between those demonstrating state of the art management processes and those with no ED&I disclosure.

Board gender diversity

Data considered: an investee company's number of women on the board of directors and percentage of board members that are female.

Companies are assessed for their board gender diversity alongside other key roles which influence company strategy alongside a broader set of metrics related to leadership diversity. Companies are tiered between those achieving 40%-60% women on the board and in executive management as well as demonstrating diversity in key roles and those with no women on the board or in executive management.

Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Data considered: an investee company's exposure to controversial weapons through business activity and ownership.

Companies are screened by business activity in an effort to ensure, using a combination of screen activity and the Fund Manager's qualitative judgement that they are not involved in the activity of manufacturing tailor-made components, using, repairing, putting up for sale, selling, distributing, importing or exporting, storing or transporting controversial or indiscriminate weapons such as anti-personnel mines, submunitions, inert ammunition and armour containing depleted uranium or any other industrial uranium, weapons containing white phosphorus, biological, chemical or nuclear weapons. The Fund Manager seeks to exclude all companies with any involvement in controversial weapons from investment, and in addition uses qualitative judgement as part of the analysis. If the Fund Manager determines that one of these activities takes place within a subsidiary, the direct parent company is also considered to be involved in controversial weapons if it holds a majority equity interest in the subsidiary. Likewise, if one of the above-mentioned activities is determined to take place within a parent company, any majority-owned subsidiary of this parent company is also deemed to be involved.

Voluntary Indicators

Investments in companies without carbon emission reduction initiatives

Data considered: instances where an investee company is lacking of all of the following: near- term GHG reduction target, long-term GHG reduction target (10+ years), science-based GHG reduction target, Net Zero commitment.

The Fund Manager actively seeks to engage with companies to encourage the implementation of effective performance management systems, with the objective to establish GHG emissions baseline data (scope 1, 2 and 3), set science-based long-term carbon emission reduction targets with a viable action plan to deliver on these targets, and regularly report.

Water usage and recycling

Data considered: an investee company’s operational water use (cubic meters of water consumed), and water management (percentage of water recycled and reused).

Companies are tiered between those providing state of the art management processes and reporting for all environmental key issues through certified management systems referencing international or industry standards, challenging long term and interim targets relevant to key issues, relevant KPIs and reporting aligned with internationally recognised frameworks such as ISSB, GRI and CDP, versus companies with limited management processes and reporting, for example providing only qualitative KPIs and anecdotal disclosures.

Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

Data considered: an investee company’s number of convictions per severity category in the past three to five years (three years for minor controversies or incidents; five years for more significant controversies or incidents).

The materiality and severity of convictions and fines for violation of anti-corruption and anti- bribery laws are reviewed as part of the Fundamental ESG analysis.

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 Manager uses a Global Standards Screening which assesses companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. The underlying research provides assessments covering the OECD Guidelines for Multinational Enterprises and the UN's Global Compact Principles, as well as International Labour Organization's (ILO) Conventions, and the UN Guiding Principles on Business and Human Rights (UNGPs). A company found to be in breach of these international norms and standards is excluded from the investable universe and divested. Where a company is flagged for potential breaches, the Fund Manager will monitor and seek to engage, as appropriate.

On top of the Fund Manager's specific assessment, the Fund's specific 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 considers principal adverse impacts (PAIs) on sustainability factors by identifying, assessing, and managing negative effects of portfolio-related investment decisions on environmental, social and employee matters, respect for human rights, and anti-bribery & corruption matters.

The following illustrates how it is intended that this exposure is managed, once identified and assessed, taking into account each of the mandatory and voluntary indicators listed above.

1. All companies and other issuers must meet financial and ESG criteria before entering the Sub-Fund's list of investable companies. When all the data is gathered, an ESG report is written and a proprietary aggregate ESG score assigned. The highest rated will be those assessed as managing the risks identified as part of the ESG analysis most effectively. The lowest rated will be assessed as not managing ESG risks to a standard acceptable enough to warrant investment and will be excluded from eligibility for Sub-Fund investment. Companies/issuers managing such risks at a lower, but still acceptable, standard will be subject to a weighting cap within the

portfolio for risk management purposes. The Fund Manager does not seek to exclude a certain number or percentage of companies or issuers, but rather seeks an absolute level of ESG quality based on a qualitative judgement.

2. Bottom-up company-specific engagement: As part of the Fund Manager's ongoing, proprietary company and issuer-level ESG analysis, it identifies company and issuer-specific matters and risks and actively engages with companies and issuers about these matters. For the bottom-up, company specific engagements, the objective is typically to solve or improve the issue that has been identified as part of ESG analysis and when that objective has been achieved, move to the next objective or pause the engagement.

   Top-down strategic engagement: Every year the Fund Manager assesses and outlines the engagement priorities for the next 12 months. These priorities are based on market developments and emerging sustainability issues that are considered relevant and material for companies and issuers. The Fund Manager then identifies the companies and issuers which it considers are most exposed to these topics and focuses its engagement on specific companies and issuers. For the strategic engagement areas, the Fund Manager sets up specific steps as objectives that it seeks to reach with the engagements. The strategic engagement areas have analysts assigned as leads for each of the areas of engagement.

3. Where the Fund Manager identifies unmanaged risk, and its usual management approach to engagement fails to produce positive outcomes, its Escalation Policy takes hold.

If the Fund Manager views the investee company or issuer as unresponsive to engagement or unwilling to consider alternative options posing less significant risks to shareholders, the Fund Manager will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company or issuer
- Intervening or engaging together with other shareholders
- Intervening or engaging together with other institutions or organisations (multi- stakeholder)
- Highlighting the issue and/or joint engagements regarding the issue through institutional platforms and/or
- Filing or o-filing resolutions at General Meetings

If interventions are unsuccessful and the Fund Manager considers that the risk profile of the company has significantly deteriorated or company strategy/governance structures have altered because of an incident, to a degree where the return outlook and the company's strategy and quality no longer meet expectations, the company would be excluded from the investable universe and/or sold.

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

What investment strategy does this financial product follow?

This Sub-Fund is actively managed and invests in equities from issuers across global equity markets, in accordance with the Sub-Fund's investment restrictions.

The Sub-Fund follows a thematic approach which means that the Sub-Fund invests in companies that provide products and services providing solutions to specific environmental and/or social challenges, seeking to benefit from future growth anticipated in these areas while contributing capital towards the transition towards a more sustainable economy. With respect to this Sub-Fund's thematic strategy, the applicable environmental challenges focus on a number of long term macro-economic themes: growing populations, rising living standards, increasing urbanisation, rising consumption, and depletion of limited natural resources.

The thematic approach is implemented by investing in equities of companies which have more than 20% of their underlying revenue generated by environmental sales of products or services in the energy efficiency, renewable energy, water, waste and sustainable food and agriculture markets.

The Sub-Fund will apply the Fund Manager's fossil fuel policy. Categories of fossil fuel companies include companies that the Fund Manager determines are:

- deriving any revenues or profits (defined as EBITDA) from fossil fuel exploration and production[1]; or
- deriving > 5% of revenues or profits (defined as EBITDA) from fossil fuel refining, processing, storage, transportation and distribution, as well as utility power generation[2].

The Fund Manager will not invest in companies in the first category above as he believes they face significant climate transition risks. Nor will the Fund Manager invest in companies in the second category above, unless the Fund Manager has determined that they have credible plans for climate risk mitigation aligned with the transition to net zero.

The Fund Manager will not have any exposure to traditional (upstream) exploration and production companies. The Fund Manager's focus is on investing in those companies well positioned to benefit from the transition to a more sustainable economy. This may include, in limited cases, companies that either displace higher carbon activity (in the case of emerging markets) and/or have credible plans to transition their businesses to align with a Net Zero economy.

[1] Whether coal mining, or conventional oil and gas, or non-conventional sources such as shale gas.

[2] The fossil fuel policy does not apply to companies with indirect exposure to fossil fuels such as automotives, transport, industrials and financials. For example, emerging market utility, storage or distribution companies, as these companies are providing transitional air quality solutions, e.g., replacing coal in regions where coal represents a high proportion of the energy mix in the grid system.

The Fund Manager's Sustainability & Stewardship team is responsible for the oversight, peer-review and scoring of the ESG analysis (into which the PAI process is integrated), coordination of focus areas of engagement and further development of ESG, sustainability and stewardship approaches and methodologies. Additional oversight comes from the Fund Manager's Compliance team, which conducts monitoring on the investment process, with investment risk oversight.

The Sub-Fund´s investment approach is detailed 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 Sub-Fund has a revenue threshold in place which ensures that, with respect to sustainable investments, investments are made in companies which have more than 20% of their underlying revenue generated by sales of environmental products or services in the energy efficiency, renewable energy, water, waste and sustainable food and agriculture markets.

The Fund Manager also ensures sustainable investments do not cause significant harm to any environmental sustainable investment objective via its ESG analysis. As described above, for a number of indicators companies are tiered and assessed based on certain data, or, for PAI 10 (Violation of UN global compact principles & OECD guidelines for Multinational Enterprises), a screening process is used, supported by an external research provider.

On top of this, the Fund's specific 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).

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

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

<u>Pre investment</u>

The Fund Manager analyses companies' governance structures taking into account what constitutes common and best global practice for governance and identifying potential outliers. Once the governance and other ESG analytical data is gathered, an ESG report is produced and a proprietary ESG score is assigned as part of the Fundamental ESG analysis as described above.

<u>Post investment</u>

The Fund Manager's proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration. When practicable, the Fund Manager seeks to engage with the investee company before voting against management's recommendation on an AGM resolution. The

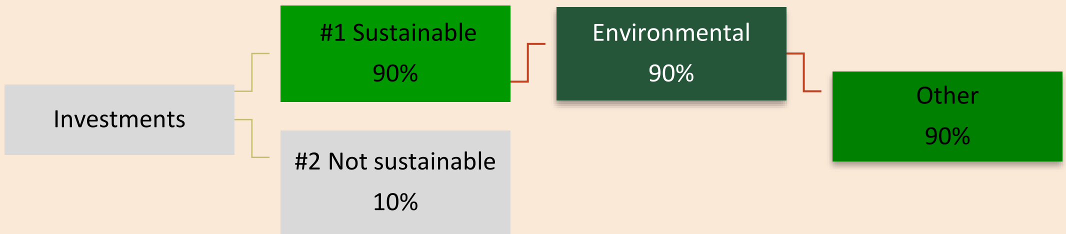
Fund Manager is also in dialogue with companies throughout the year to discuss and comment on proposed governance structures. The exercise of voting rights does not fall within the competence the Fund Manager for this Sub-Fund.

Asset allocation describes the share of investments in specific assets.

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

The Sub-Fund will invest in equities as described herein, and will invest a minimum of (i) 90% of total investments in sustainable investments with an environmental objective, and (ii) 0% of total investments in sustainable investments with a social objective. The Sub-Fund does not commit to a minimum share of Taxonomy-aligned investments. The Sub-Fund may hold up to 10% of total investments in "#Not sustainable" investments, which may subject to the Sub-Fund's investment restrictions in the Fund's Issue Document, be in cash, cash equivalents, derivative transactions, and exchange traded or money market funds, and may be used for treasury or liquidity purposes, or for hedging/efficient portfolio management purposes.

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 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

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.

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.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?

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

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.

[3] 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.

The Sub-Fund does not aim or commit to invest in 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.

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

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

The Sub-Fund will make a minimum of 90% of total investments in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Fund Manager has determined that the economic activities contribute to an environmental objective without using the EU Taxonomy classification system. The Fund Manager has determined that such economic activities contribute to an environmental objective due to the fact that investments are made in companies which have more than 20% of their underlying revenue generated by sales of products or services in environmental markets.

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?

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of the Sub-Fund.

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

  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 product-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

Schedule of changes :		
V1	*October 2023*	*Initial version*
V2	*May 2024*	*Review in terms of form as well as changes within the investment strategy followed by the financial product (update of the applicable fossil fuel policy)*
V3	*May 2025*	*Sub-Fund name change*

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 SMALL CAP – ACTIVE 1 (the "Sub-Fund")
LEI: 549300KELW4CYE982M12
Fund manager (by sub-delegation): Allianz Global Investors UK Limited (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 **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 ☒ 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 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?

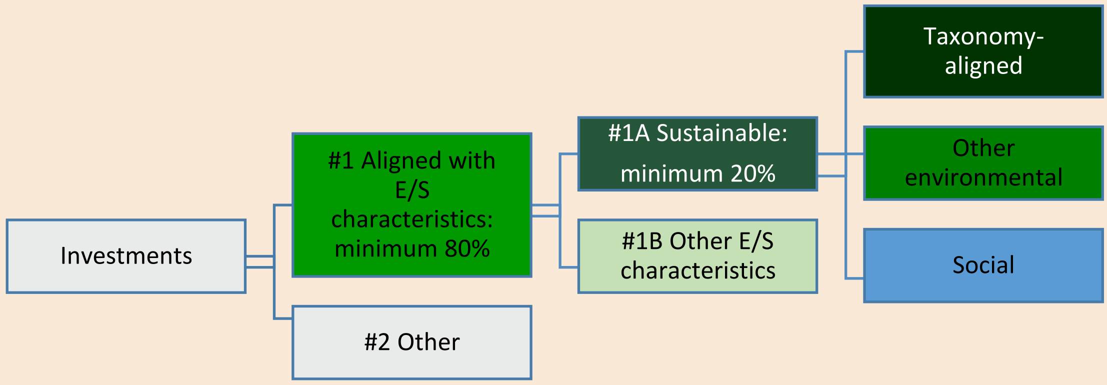
Minimum 80% of the Sub-Fund's assets (excluding cash, and derivatives) are used to meet the environmental or social characteristics promoted by the Sub-Fund. A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Example of such instruments are 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.

[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

Schedule of changes :		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 EMMA EQUITIES – ACTIVE 1 (the "Sub-Fund")
LEI: 5493001RY2CXEC2F6E83
Fund manager (by sub-delegation): MFS International (U.K.) Limited (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___% 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 Fund Manager and its affiliates (collectively "MFS") are a global long-term investment manager. Effective 31 May 2022, the Sub-Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the Sub-Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

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.

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?

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the Sub-Fund, depending on the composition of the portfolio assets at the time:

- Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the Sub-Fund's website disclosure.
- Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the Sub-Fund's website disclosure.
- Climate Criterion 3 - Measuring "net-zero" issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at "net-zero" determined in accordance with the methodology set out in the Sub-Fund's website disclosure.

In addition, 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 does not commit to make sustainable investments.

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

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

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.

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

Yes. MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyse various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the Sub-Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the GHG emissions (scope 1 and 2, and 3 where available) and GHG intensity of investee companies principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: carbon footprint, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector (collectively, the "Additional Emissions Indicators").

At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic.

MFS also makes available to investment professionals the following social principal adverse impact indicators: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises and board gender diversity. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement and industry collaborations (as appropriate).

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

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

What investment strategy does this financial product follow?

In pursuing the Sub-Fund's investment objective set out in the Fund’s Issue Document, it will also promote the MFS Low Carbon Transition Characteristic.

Blending fundamental with quantitative research and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses.

By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the Sub-Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and/or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the Sub-Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the Sub-Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the Sub-Fund's website disclosure.

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 Sub-Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and/or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the Sub-Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertake a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

In addition, 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 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.

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?

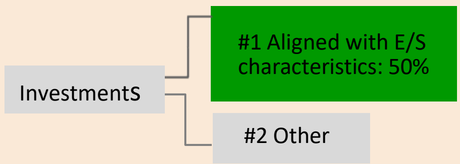
MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the Sub-Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

Asset allocation describes the share of investments inspecific assets.

What is the asset allocation planned for this financial product?

As set forth and further detailed in the Fund’s Issue Document, the Sub-Fund invests in eligible equity securities. The Sub-Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the Sub-Fund (i.e. # 1) from the Transition Date.

Taxonomy-aligned activities are expressed as a shareof:
- **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. fora 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.

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

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 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 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.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 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 in sustainable investments with an environmental objective.

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

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?

The aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the Sub-Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria.

The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as 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.

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.

Where can I find more product-specific information online?

More product-specific information can be found on the websites:

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

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 EMMA BONDS – ACTIVE 1 (the "Sub-Fund")
LEI: 549300PKNWI29Z372U97
Fund manager (by sub-delegation): Amundi (UK) Limited (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 **1.00%** 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 and/or social characteristics by aiming to have a higher ESG Score, higher Carbon Policy – Sovereign Index Score and lower Carbon Footprint than that of the investment universe. In determining the ESG score of the Sub-Fund and the investment universe, ESG performance of sovereign issuers is assessed on three ESG characteristics of environmental, social and governance. For the purpose of this measurement, the investment universe is defined as 100% JP Morgan Government Bond Index - Emerging Markets (GBI - EM) Global Diversified Composite Unhedged Index. To assess the Carbon policy – Sovereign Index Score and the Carbon Footprint of the Sub-Fund and investment universe, the Portfolio Manager utilises proprietary methodologies that weigh in several data points, coming from different sources, including open source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases.

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.

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?

The sustainability indicators used to measure the the attainment of the environmental or social characteristics promoted by the Sub-Fund are:

1) ESG score
2) Carbon Policy – Sovereign Index Score
3) Carbon Footprint.

The Sub-Fund aims to perform better than its investment universe for all three indicators.

The Fund Manager has developed its own in-house ESG sovereign scoring methodology to assess the ESG performance of sovereign issuers. E, S and G factors can have an impact on the issuer's ability to repay its debt in the medium and long-term. They can also reflect on how countries are faring in dealing with major sustainability issues that affect global stability. The Fund Manager's methodology relies on a set of about 50 ESG indicators deemed relevant by the Fund Manager's ESG researh to address sustainability risks and sustainability factors. The Fund Manager has defined the weights of each ESG indicator contributing to the final Fund Manager sovereign ESG scores, and its various sub-components (E, S and G). Each indicator can weigh in several data points, coming from different sources, including open source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases.

All indicators have been grouped into 8 categories, each category falling into one of the pillars E, S or G:

- Environment : Climate Change - Natural Capital

- Social : Human Rights - Social Cohesion - Human Capital - Civil Rights
- Governance: Government Effectiveness -Economic Environment

Issuers' ESG score is translated in an ESG rating ranging from A to G. The Fund Manager ESG rating is the letter output of the ESG quantitative score. The ESG rating scale, for sovereigns is based on a seven grade letter scale, ranging from A (the best scores universe) to G (the worst). In the Fund Manager ESG Rating scale, the securities belonging to its exclusion list correspond to a G.

For more information on Amundi's ESG rating methodology for sovereigns, please refer to the Fund Manager's Responsible Investment Policy available at: www.amundi.com.

For more information on the Fund Manager's carbon footprint methodology, please refer to the Fund Manager's Climate and Sustainability Report available at: https://www.amundi.com/institutional/Responsible-investment-documentation.

Regarding the Carbon Policy – Sovereign Index Score, this index score is developed by an external proprietry methodology which allows the Sub-Fund to assess a country's potential for more stringent greenhouse gas emissions reduction policies to be implemented and the degree to which they are likely to have material implications for business. The index deems countries to be higher risk when they demonstrate little or no actions to deploy greenhouse gas emissions reduction policies, capturing the reputational risk with operating in these locations. The index is composed of three pillars – Emissions Gap, Capacity and intent to implement carbon policies, and Economic transition, with each pillar having associated sub-indicators to assess a sovereign's current positioning on an issue. The index's output is a numerical score from 0-10, with 10 being the best. This index allows the Sub-Fund to qualify where a sovereign issuer situates themselves in regards to their climate policy measures.

Finally, 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 only invests in sovereign issuances, but only green, social and sustainable ("GSS") debt instruments ("GSS") issued by sovereigns are considered sustainable investments.

GSS, as defined by the International Capital Market Association ("ICMA"), and structured in accordance with its principles or guidelines contribute by design to an environmental or social objective and are deemed to pass the Contribution Test, provided that the GSS instruments have been analysed by the Fund Manager's ESG analysts and comply with the Fund Manager's GSS requirements (including funding rationale, issuer ESG performance, project analysis and transparency).

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

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

The Fund Manager already considers specific Principal Adverse Impacts for sovereign issuers within its exclusion policy as part of the Fund Manager's Responsible Investment Policy and in the Fund Manager's proprietary ESG scoring methodology for sovereigns.

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

Principal Adverse Impacts are taken into account via the exclusions from the Sub-Fund (G-rated sovereign issuers), based on the Fund Manager's sovereign ESG rating methodology.

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 OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into the Fund Manager's ESG scoring methodology. The Fund Manager's proprietary ESG rating tool assesses issuers using available data from our data providers. Furthermore, the Fund Manager conducts controversy monitoring on a, at minimum, quarterly basis which includes companies/issuers identified for human rights violations. When controversies arise, the Fund Manager's analysts will evaluate the situation and apply a score to the controversy (using the Fund Manager's proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.

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 considers all the mandatory Principal Adverse Impacts as per the RTS applying to the Sub-Fund's strategy and relies on a combination of exclusion policies, ESG rating integration into the investment process and engagement approaches:

- Exclusion: the Fund Manager has defined normative, activity-based and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the SFDR Disclosure Regulation.
- ESG factors integration: the Fund Manager has adopted minimum ESG integration standards applied by default (exclusion of G rated issuers and better weighted average ESG score higher than the applicable benchmark).
- Engagement: engagement is a continuous and purpose driven process aimed at influencing the activities or behaviour of investee companies. The aim of engagement activities can fall into two categories: to engage an issuer to improve the way it integrates the environmental and social dimension as well as to engage an issuer to improve its impact on environmental, social, and human rights-related or other sustainability matters that are material to society and the global economy.
- Controversies monitoring: the Fund Manager has developed a controversy tracking system that relies on three external data providers to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth assessment of each severe controversy, led by the Fund Manager's ESG analysts and the periodic review of its evolution.

For any indication on how mandatory Principal Adverse Impact indicators are used, please refer to Fund Manager ESG Regulatory Statement available at the Fund Manager's website: www.amundi.com.

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

What investment strategy does this financial product follow?

Objective: the Sub-Fund seeks to outperform the benchmark associated to it.

Benchmark: JP Morgan Government Bond Index - Emerging Markets (GBI - EM) Global Diversified Composite Unhedged expressed in USD and converted in EUR.

Investments: to meet its investment objective, the Sub-Fund invests in bonds included in the benchmark at the moment of investment; in bonds to be included in the benchmark in the next sixty business days as well as eligible Global Depository Notes (GDNs) (the Eligible Assets). The Sub-Fund makes use of derivative financial instruments traded on a Regulated Market whose underlying assets consist of one or more Eligible Assets; and OTC derivatives (swap contracts) in order to manage the duration. The Sub-Fund may execute foreign exchange forward transactions.

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?***

  All securities held in the Sub-Fund are subject to an ESG assessment. This is achieved through the use of the Fund Manager's proprietary methodology and/or third party ESG information. In addition, there will be no investments into tge Fund's proprietary exclusion list.

  The Sub-Fund first applies the Fund Manager's exclusion policy on sovereigns:
  Countries on the European Union (EU) sanction list with a sanction consisting of asset freezing, and a sanction index at the highest level (considering both United States and EU sanctions) are excluded, after formal review and validation from the Fund Manager's Rating Committee. The exclusion policy can be found in the Responsible Investment Policy available at: www.amundi.lu.

  The Sub-Fund has three binding elements:

  1. The Sub-Fund aims to have a higher ESG score than the ESG score of the investment universe. The Sub-Fund's ESG Criteria apply to at least 75% of debt securities and money market instruments with a high yield credit rating; and sovereign debt issued by emerging market countries.

     However it should be noted that it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments The ESG calculation methodology will not include those securities that do not have an ESG rating, nor cash, near cash, some derivatives and some collective investment schemes.

  2. The Sub-Fund aims to have a higher Carbon Policy – Sovereign Index Score than its investment universe

  3. The Sub-Fund aims to have a lower Carbon Footprint than its investment universe

  Furthermore, there is a minimum commitment of 1% of sustainable investments.

- ***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.

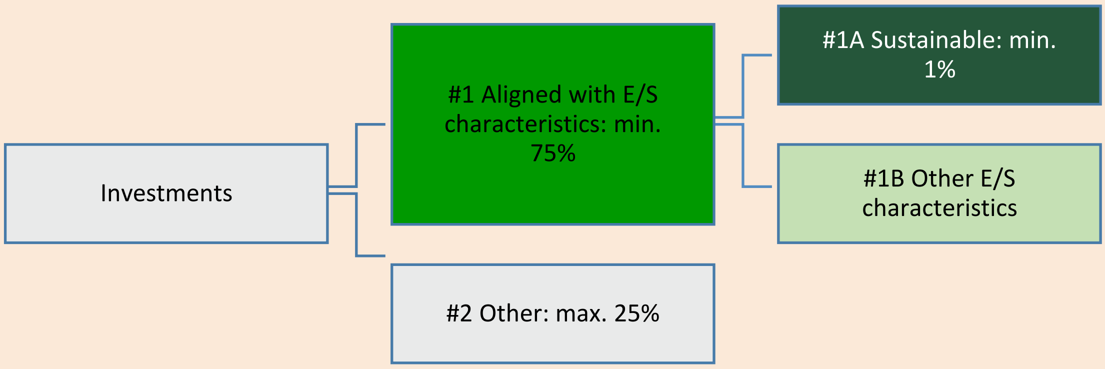
What is the policy to assess good governance practices of the investee companies?

The good governance requirement is not applicable as the Sub-Fund is only investing in sovereign issuers.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

At least 75% of the investments of the Sub-Fund will be used to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy. The Sub-Fund commits to have a minimum of 1% of sustainable investments.



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

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

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

***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.

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 what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 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.

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 corresponding to the best performance.

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

The Sub-Fund has a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy of 1%.

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. It may also include ESG unrated securities for which data needed for the measurement of attainment of environmental or social characteristics is not available. For those investments no environmental or social safeguards are applied.

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

[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.

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 product-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

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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.

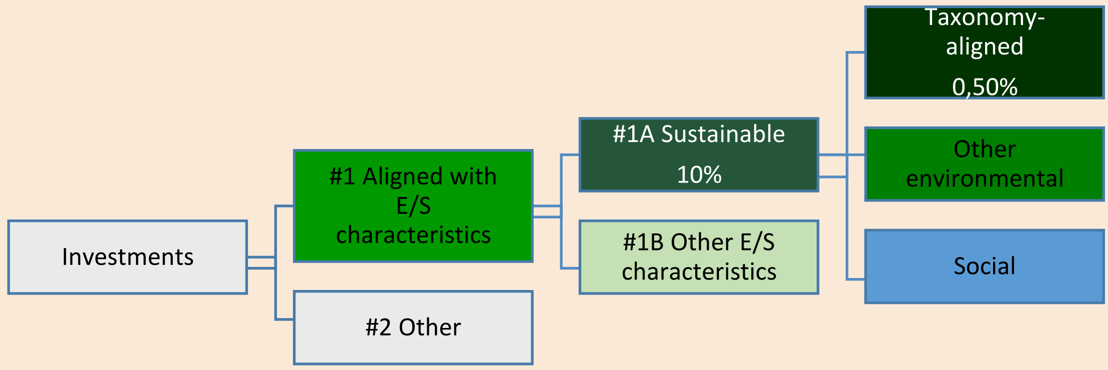
What is the asset allocation planned for this financial product?

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*?**

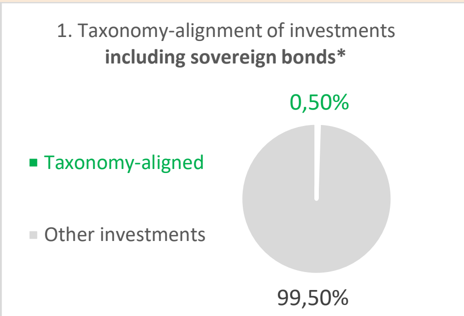
  The Fund Manager does not use derivatives to attain the environmental or social characteristics of the Sub-Fund.

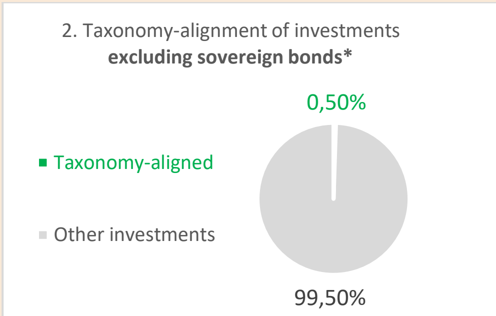
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

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[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.

- ***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.

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 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.

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 2 (the "Sub-Fund")
LEI: 549300CEX6HNG5T1LU95
Fund manager (by delegation): HSBC Global Asset Management (France) (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 ___% 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 management of the Sub-Fund promotes environmental and social characteristics by assessing underlying investments against Environmental, Social, and Governance (ESG) criteria, by using the ESG internal proprietary methodology of the Fund Manager and, by investing in issuers that demonstrate good environmental, social and governance practices.

The first step of the investment process consists of excluding issuers considered by the Fund Manager as:

- involved with weapons banned by international conventions, including anti-personnel mines, biological weapons, binding laser weapons, chemical weapons, cluster munitions and non-detectable fragments. This exclusion will not apply to companies that provide nonweapons related products and/or services to the military or defense industry. For example, telecommunications services, transportation of non-weapon products, software, or data management.
- involved in the tobacco production (with an annual turnover above 5%) and distribution (with an annual turnover above 15%) as determined by the Fund Manager.
- to not comply with international standards as enshrined in the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and the fight against corruption. The Manager will consider responsible business practices in accordance with UN Global Compact and exclude companies that do not comply with the standards.

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.

Thus, the Sub-Fund is considering responsible business practices in accordance with UN Global Compact and excluding companies that do not comply with international standards as enshrined in the ten principles of the United Nations Global Compact covering human rights, the environment, international labour standards and the fight against corruption as set, on one hand, by the Fund's proprietary exclusion list and implemented by the Fund Manager and, on the other hand, set by the Fund Manager's specific exclusions.

The second stage of the process consists in :

- analysing company ESG ratings as well as carbon intensity scores for issues of corporate issuers and;
- analysing sovereign risk according to an ESG approach for governement issuers.

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

More information on the responsible investment policy of the Manager is available on website https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing#openTab=0.

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?

Sustainability indicators are a key consideration in our investment decision making process.

The percentage of the Sub-Fund's portfolio covered by ESG analysis based on the ESG Fund Manager's internal proprietary methodology shall be above 70%.

The Fund Manager includes the identification and analysis of an issuer's ESG credentials (the "ESG Credentials") as an integral part of the investment decision making process to reduce risk and enhance returns. ESG Credentials includes, but are not limited to:

- environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation;
- corporate governance practices that protect minority investor interests and promote long term sustainable value creation.

ESG Credentials are proprietary to the Fund Manager, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the Excluded Activities as detailed below, the inclusion of a issuer in the Sub-Fund's investment universe is at the discretion of the Fund Manager. Issuers with improving ESG Credentials may be included when their credentials are still limited.

The Sub-Fund also considers the Principal Adverse Impacts (PAIs) that are listed below:

- PAI n°3 - Green house gas intensity of investee companies (Scope 1 & Scope 2);
- PAI n°10 - Violation of UNGC principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- PAI 14 - Exposure to controversial weapons.

The Sub-Fund also excludes investment in companies carrying out business activities that are deemed harmful to the environment. This means that the Sub-Fund will not invest companies with specified involvement in specific excluded activities that are listed above (the "Excluded Activities").

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.

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

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

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.

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

Yes, the approach taken to consider PAIs means that, among other things, the Fund Manager will scrutinise companies' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. The Fund Manager also pays attention to the robustness of corporate governance and political structures which include the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies, as well as audit trails.

Governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance, will also be taken into account.

The Sub-Fund also considers the PAIs that are listed below:

- Green house gas intensity of investee companies (Scope 1 & Scope 2);
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Exposure to controversial weapons.

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 objective is to outperform its benchmark, the Bloomberg Barclays Euro Aggregate - Ex Securitized Total Return Index, expressed in EUR, while integrating a sustainable and socially responsible investment approach in its investment strategy and inherent decision-making processes. The Sub-Fund invests in normal market conditions in bonds and bond-equivalent securities included in its benchmark.

Without prejudice to compliance with the Fund's exclusion list, the Fund Manager applies its group's Responsible Investment Policy including norm-based screens, exclusion lists and stewardship activities when taking into account ESG criteria in the investments of the Sub-Fund, as well as its own ESG integration methodologies.

The Sub-Fund is actively managed and the investment strategy is implemented on a continuous basis through compliance and monitoring of the binding elements as listed below.

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:

  - The Sub-Fund aims to have a higher ESG rating, calculated as a weighted average of the ESG ratings given to the issuers of the Sub-Fund's investments, than the weighted average of the constituents of its benchmark.
  - The Sub-Fund will not invest in Excluded Activities.

  The Fund Manager may rely on expertise, research and information provided by well established financial data providers to identify companies exposed to Excluded Activities

  Furthermore, the management of the Sub-Fund is based on, a binding and significant ESG integration approach at each step of the investment process with the aim to improve its ESG profile compared to its benchmark, alongside fundamental financial considerations.

Proprietary ESG rating: the Fund Manager calculates an aggregate 0 (worst) to 10 (best) ESG rating. The Fund Manager's company ESG analysis relies on a proprietary ESG analysis model, supplied by data from extra-financial rating agencies and internal research. The Fund Manager has developed a proprietary methodology to produce issuer ratings, issuer rankings and ESG portfolio evaluations. Each company receives four ratings: an E, S, or a G rating and an aggregated one making it possible to rank companies.

These ratings are essential to integrating ESG considerations in the Fund Manager's qualitative security assessment processes: based on the Fund Manager's assessment of materiality, the ESG weights are sector-specific. The Fund Manager has developed a bespoke 30 sector segmentation and assigned a weighting for the E, S and G pillars depending on the sector characteristics and specificities. The Fund Manager has defined the main ESG risk criteria specific to each sector; each of them being assigned a weight, which contributes to the overall internal rating. Depending on the industry, ESG factors can contribute 8% to 30% of an issuer's operational risk assessment. The Fund Manager's ESG sector specific weights, are the result of the Fund Manager's in depth research produced by internal analysts.

In the case where an ESG score of an issuer is in the bottom 5% of their industry sector or where an issuer breached one or more of the ten principles of the United Nations Global Compact, the issuer will be subject to enhanced due diligences and during these diligences, new investments are not permitted or are restricted

- ***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?***

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

The quality of governance is assessed on the basis of criteria specified in the investment process which include, among others, business ethics, corporate culture and values, governance framework, corruption etc. The Fund Manager determines governance materiality both on an absolute basis, focusing in particular on the governance framework, controversies and compliance with the UN Global Compact and OECD Guidelines for Multinational Enterprises, and on a relative basis, by comparing the quality of the company's governance pactices to those of its industry peers. When significant and/or impacting governance risks are identified, companies are subject to enhanced due diligence, which at a minimum requires manaement teams to conduct additional analysis.

The Fund Manager exercises two types of engagement activities:

- Direct engagement: the Fund Manager's credit analysts and managers are responsible for engaging with the issuers, generally through calls and meetings with management and in company roadshows.
- Collaborative engagement: the Fund Manager participates actively in collective engagement initiatives on a various themes run by industry groups he is a member.

The dialogue or engament with the company, is then monitored over time and recorded.

Finally, issuers in violation of one or more of the 10 principles of the United Nations Global Compact and the OECD Guidelines for multinational entreprises are excluded.

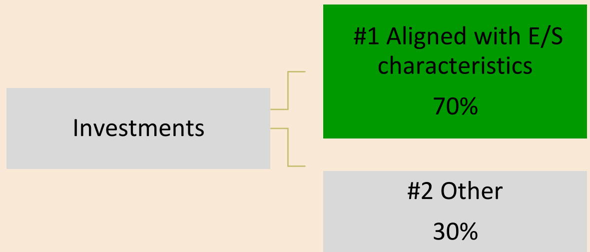
Asset allocation describes the share of investments in specific assets.

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.

What is the asset allocation planned for this financial product?

The Sub-Fund invests in normal market conditions in Euro denominated Investment Grade rated fixed income and other similar securities which are either issued or guaranteed by governments, government agencies, supranational bodies or by companies which are domiciled in, based in, or carry out the larger part of their business in any country including developed markets and emerging markets. Notwithstanding the above and without prejudice to the provisions of the Fund's Issue Document, the Sub-Fund may hold up to 30% in other investments including cash for the purposes of liquidity management and financial derivative instruments. Financial derivative instruments may be used for hedging and efficient portfolio management purposes.



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

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

- ***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 sustainable investment objective of the Sub-Fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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

[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.

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.

The Sub-Fund does not aim or commit to invest in 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.

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

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 product-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

Schedule of changes :		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 3 (the "Sub-Fund")
LEI: 549300HFGVJKUIRN0L49
Fund manager (by delegation): Amundi S.A. (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 **5.00%** 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 and/or social characteristics by aiming to have a higher ESG score than the ESG score of its benchmark, the Bloomberg Barclays Euro Aggregate – Ex Securitized Index (the "Benchmark"). In determining the ESG score of the Sub-Fund's portfolio and the Benchmark, ESG performance is assessed by comparing the average performance of a security against the security issuer's industry, in respect of each of the three ESG characteristics of environmental, social and governance. The Benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the Sub-Fund. Thus, no reference benchmark has been designated.

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.

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?

The sustainability indicator used is the ESG score of the Sub-Fund's portfolio that is measured against the ESG score of the Benchmark.

The Fund Manager has developed its own in-house ESG rating process based on the "Best-in-class" approach (the " Amundi ESG Ratings"). Ratings adapted to each sector of activity aim to assess the dynamics in which companies operate.

The Amundi ESG Ratings used to determine the ESG score is an ESG quantitative score translated into seven grades, ranging from A (the best scores universe) to G (the worst). In the Amundi ESG Ratings scale, the securities belonging to the above exclusions correspond to a G. For corporate issuers, ESG performance is assessed globally and at relevant criteria level by comparison with the average performance of its industry, through the combination of the three ESG dimensions:

- Environmental dimension: this examines issuers' ability to control their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity.

- Social dimension: this measures how an issuer operates on two distinct concepts: the issuer's strategy to develop its human capital and the respect of the human rights in general.

- Governance dimension: This assesses capability of the issuer to ensure the basis for an effective corporate governance framework and generate value over the long-term.

The methodology applied by the Amundi ESG Ratings uses 38 criteria that are either generic (common to all companies regardless of their activity) or sector specific which are weighted according to sector and considered in terms of their impact on reputation, operational efficiency and regulations in respect of an issuer. Amundi ESG Ratings is likely to be expressed globally on the three E, S and G dimensions or individually on any environmental or social factor.

For more information on ESG scores and criteria, please refer to the Amundi ESG Regulatory Statement available at the Fund Manager's website www.amundi.com.

Finally, 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 objectives of the sustainable investments are to invest in investee companies that seek to meet two criteria:

1. follow best environmental and social practices; and
2. avoid making products or providing services that harm the environment and society.

In order for the investee company to be deemed to contribute to the above objective it must be a "best performer" within its sector of activity on at least one of its material environmental or social factors.

The definition of "best performer" relies on the Fund Manager's proprietary ESG methodology which aims to measure the ESG performance of an investee company. In order to be considered a "best performer", an investee company must perform with the best top three rating (A, B or C out of a rating scale going from A to G) within its sector on at least one material environmental or social factor. Material environmental and social factors are identified at a sector level. The identification of material factors is based on the Fund Manager's ESG analysis framework which combines extra-financial data and qualitative analysis of associated sector and sustainability themes. Factors identified as material result in a contribution of more than 10% to the overall ESG score. For energy sector for example, material factors are: emissions and energy, biodiversity and pollution, health and security, local communities and human rights. For a more complete overview of sectors and factors, please refer to the Amundi ESG Regulatory Statement available at the Fund Manager's website www.amundi.com.

To contribute to the above objectives, the investee company should not have significant exposure to activities (e.g. tobacco, weapons, gambling, coal, aviation, meat production, fertilizer and pesticide manufacturing, single-use plastic production) not compatible with such criteria.

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?

To ensure sustainable investments do no significant harm ('DNSH'), the Fund Manager utilises two filters:

- The first DNSH test filter relies on monitoring the mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the regulatory technical standards (the "RTS"), designed to provide further guidance on the implementation of Regulation (EU) 2019/2088 (the "Disclosure Regulation") where robust data is available (e.g. GHG intensity of investee companies) via a combination of indicators (e.g. carbon intensity) and specific thresholds or rules (e.g. that the investee company's carbon intensity does not belong to the last decile of the sector).
- The Fund Manager already considers specific Principle Adverse Impacts within its exclusion policy as part of its Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, violations of UN Global Compact principles, coal and tobacco. Beyond the specific sustainability factors covered in the first filter, the Fund Manager has defined a second filter, which does not take the mandatory Principal Adverse Impact indicators above into account, in order to verify that the company does not badly perform from an overall environmental or social standpoint compared to other companies within its sector which corresponds to an environmental or social score superior or equal to E using Amundi ESG Ratings.

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?

The indicators for adverse impacts have been taken into account as detailed in the first DNSH filter above. The first DNSH filter relies on monitoring of mandatory Principal Adverse Impacts indicators in the RTS where robust data is available via the combination of following indicators and specific thresholds or rules:

- Have a CO2 intensity which does not belong to the last decile compared to other companies within its sector (only applies to high intensity sectors),
- have a Board of Directors' diversity which does not belong to the last decile compared to other companies within its sector,
- be cleared of any controversy in relation to work conditions and human rights, and
- be cleared of any controversy in relation to biodiversity and pollution.

The Fund Manager already considers specific Principle Adverse Impacts within its exclusion policy as part of its Responsible Investment Policy. These exclusions, which apply on the top of the tests detailed above, cover the following topics: exclusions on controversial weapons, violations of UN Global Compact principles, coal and tobacco.

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 OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are also integrated into the Fund Manager's ESG rating methodology. The Fund Manager's proprietary ESG rating tool rates issuers using data available from our data providers. For example, the model has a dedicated criterion called "Community Involvement and Human Rights" which is applied to all sectors in addition to other human rights criteria, including socially responsible supply chains, working conditions and labor relations. In addition, the Fund Manager tracks controversies on a minimum quarterly basis, which includes companies identified for human rights abuses. When controversies arise, the Fund Manager's analysts assess the situation and apply a score to the controversy (using the Fund Manager's proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track trend and remediation efforts.

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 considers all the mandatory Principal Adverse Impacts as per the RTS applying to the Sub-Fund's strategy and relies on a combination of exclusion policies (normative and sectorial), ESG rating integration into the investment process and engagement approaches:

- Exclusion: the Fund Manager has defined normative, activity-based and sector-based exclusion rules covering some of the key adverse sustainability indicators listed by the Disclosure Regulation.
- ESG factors integration: the Fund Manager has adopted minimum ESG integration standards applied by default (exclusion of G rated issuers and better weighted average ESG score higher than the applicable benchmark).

The 38 criteria used in Amundi ESG Ratings approach were also designed to consider key impacts on sustainability factors, as well as quality of the mitigation undertaken are also considered in that respect.

- Engagement: engagement is a continuous and purpose driven process aimed at influencing the activities or behaviour of investee companies. The aim of engagement activities can fall into two categories: to engage an issuer to improve the way it integrates the environmental and social dimension as well as to engage an issuer to improve its impact on environmental, social, and human rights-related or other sustainability matters that are material to society and the global economy.

- Controversies monitoring: the Fund Manager has developed a controversy tracking system that relies on three external data providers to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth assessment of each severe controversy, led by the Fund Manager's ESG analysts and the periodic review of its evolution.

For any indication on how mandatory Principal Adverse Impact indicators are used, please refer to the Amundi ESG Regulatory Statement available at the Fund Manager's website: www.amundi.com.

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

What investment strategy does this financial product follow?

Objective: the Sub-Fund seeks to outperform the benchmark associated to it, while achieving an ESG score greater than the benchmark.

Benchmark: the Bloomberg Barclays Euro Aggregate – Ex Securitized Index, an index that does not take into account environmental, social or governance (ESG) factors. The Benchmark is used for return and ESG outperformance, risk monitoring and portfolio construction.

Investments: to meet its investment objective, the Sub-Fund invests in bonds included in the benchmark at the moment of investment; and in bonds to be included in the benchmark in the next sixty business days (the Eligible Assets). The Sub-Fund makes use of derivative financial instruments traded on a Regulated Market whose underlying assets consist of one or more Eligible Assets; and OTC derivatives (swap contracts) in order to manage the duration.

Management Process: the Sub-Fund integrates sustainability factors in its investment process as outlined in more detail in section "Sustainable Investment" of the present disclosure Information. The investment team analyses interest rates and economic trends (top-down) to identify the bond market segment that appear likely to offer the best risk-adjusted returns. The investment team then uses both technical and fundamental analysis, including credit analysis, to select issuers and securities (bottom-up) and to construct a diversified portfolio.

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?

All securities held in the Sub-Funds portfolio are subject to the ESG Criteria. This is achieved through the use of Fund Manager's proprietary methodology and/or third party ESG information.

Firstly applies an exclusion policy including the following rules:

- exclusions on controversial weapons (anti-personnel mines, cluster bombs, chemical weapons, biological weapons and depleted uranium weapons, etc.);
- 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, and
- the sectoral exclusions of the Fund Manager's group on Coal and Tobacco.

The Fund Manager also applies the following rules:

- exclusion of issuers rated E, F and G on purchase;
- the weighted average ESG rating of the Sub-Fund's portfolio must be higher than the weighted average ESG rating of the applicable benchmark;
- the coverage rate is 90%.

It should be noted that it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The ESG calculation methodology will not include those securities that do not have an ESG rating, nor cash, near cash, some derivatives and some collective investment schemes.

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.

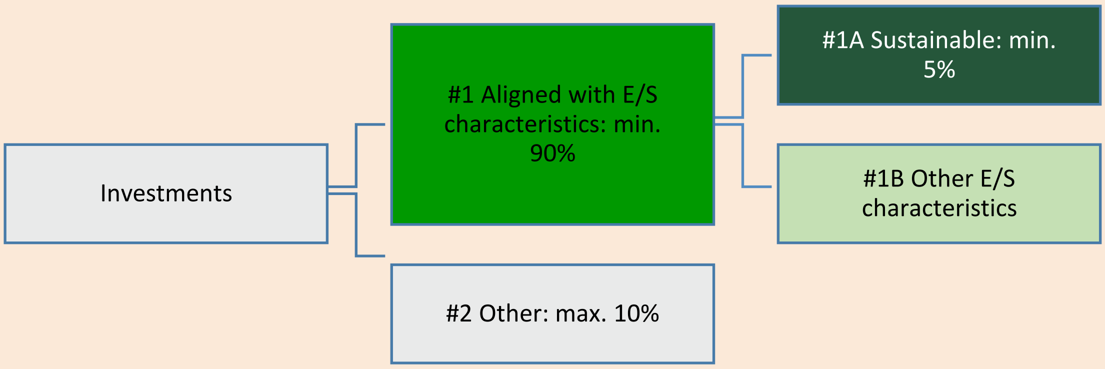
What is the policy to assess good governance practices of the investee companies?

The Fund Manager relies on Amundi ESG scoring methodology. Amundi's ESG scoring is based on a proprietary ESG analysis framework, which accounts for 38 general and sector-specific criteria, including governance criteria. In the Governance dimension, the Fund Manager assesses an issuer' ability to ensure an effective corporate governance framework that guarantees it will meet its long-term objectives (e.g. guaranteeing the issuer's value over the long term). The governance criteria considered are: board structure, audit and control, remuneration, shareholders' rights, ethics, tax practices and ESG strategy. Amundi ESG Ratings scale contains seven grades, ranging from A to G, where A is the best and G the worst rating. G-rated companies are excluded from the investment universe.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

At least 90% of the investments of the Sub-Fund will be used to meet the environmental or social characteristics promoted by the Sub-Fund in accordance with the binding elements of the investment strategy. The Sub-Fund commits to have a minimum of 5% of sustainable investments and the remaining proportion of the investments will be invested in assets with environmental and social characteristics.



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

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

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

- ***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.

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 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.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 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 has a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy of 5%.

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.

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 product-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

Schedule of changes		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 Bonds Selection – 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?

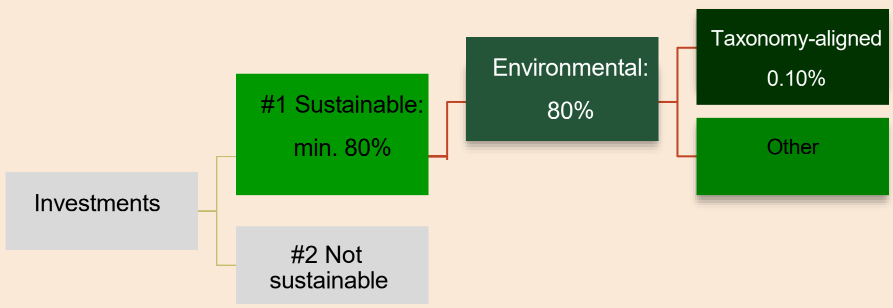
Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having 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.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as 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.

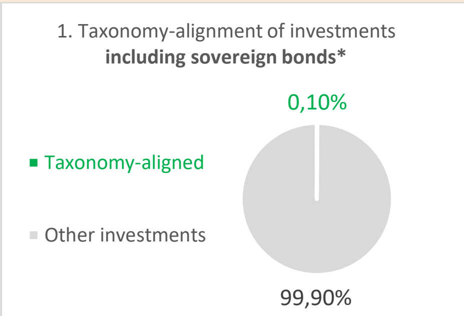
Transitional activities are activities for which low-carbon alternatives are not yet available ad among others have greenhouse gas emission levels corresponding to the best performance.

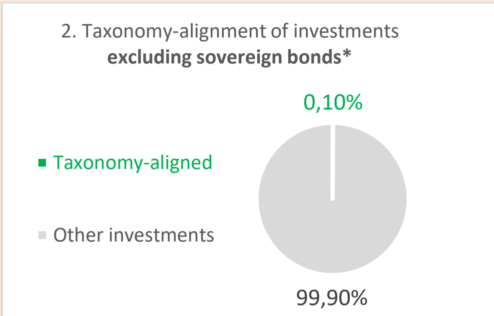
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*
V3	*May 2025*	*Sub-Fund name change*

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 MONEY MARKET – Active 1 (the "Sub-Fund")
LEI: 5493004JJDKD1JAS8T48
Fund manager (by delegation): AXA Investment Managers S.A. (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 __% 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 environmental and social characteristics promoted by the Sub-Fund consist of investing in issuers considering the ESG score further described below.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Sub-Fund also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil sand activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco

In this context, 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 not 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?

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

The attainment of the environmental and social characteristics promoted by the Sub-Fund and described above is measured with the following sustainability indicator: the weighted average ESG Score of the Sub-Fund.

The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. The Fund Manager's analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by the Fund Manager's dedicated internal governance body.

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 holding 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.

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?

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.

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

Yes. Principal adverse impacts are considered with both i. qualitative and ii. quantitative approaches:

i. Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the Fund Manager's ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis. Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Sub-Fund will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

   On top, the Fund's proprietry exclusion list excludes bonds 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, as well as bonds issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

Through those exclusions and stewardship policies the Sub-Fund takes into consideration potential negative impact on those specific PAI indicators:

	Relevant Fund Manager	**PAI indicators**
Climate and other environment related indicators	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1,2 and 3)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
Social and employee respect for human rights, anti-corruption and anti-bribery matters	Engagement policy with criteria linked with board gender diversity	PAI 13: Board Gender diversity
	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

ii. Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. The Fund Manager measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

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 Fund Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in the Fund Manager's Sectorial Exclusion and ESG Standards Policies.

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 Financial Product bindingly applies at all times the following elements described below.

The Fund Manager bindingly applies at all times a first exclusion filter, encompassing areas such as controversial weapons, climate risks, soft commodities and ecosystem protection and deforestation. The Sub-Fund also apply the Fund Manager's Environmental, Social and Governance standards policy ("ESG Standards") integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises ; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a low ESG quality (which is currently below 1.43 (on a scale of 0 to 10, such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of human rights are observed are also banned.

On top, the Fund's proprietry exclusion list excludes bonds 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, as well as bonds issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

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.

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?

The Sub-Fund doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on human rights, society, labor and environment. The Fund Manager relies on an external provider's screening framework and excludes any companies that have been assessed as "non compliant" to UN's Global Compact Principles, International Labor Organization's (ILO) conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the Fund Manager's engagement policies. The Fund Manager implemented a comprehensive active ownership strategy where the Fund Manager acts as stewards of investments made on the clients' behalf. The Fund Manager views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that Fund Manager feels legitimate to engage in a constructive but demanding dialogue with them.

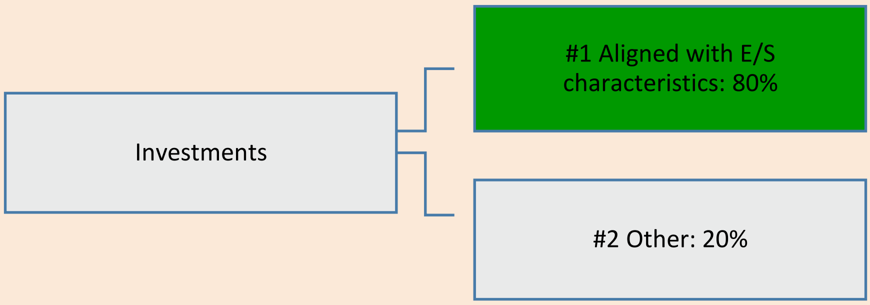
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund aims to plan its assets' allocation as presented in the graph below. This planned asset allocation might deviate on a temporary basis. The planned minimum proportion of the investments of the Sub-Fund used to meet the environmental or social characteristics promoted by the Sub-Fund is 80%. The remaining "Other" investments will represent a maximum of 20%.

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.



#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.

***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 the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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

[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.

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.

The Sub-Fund does not aim or commit to invest in 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.

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

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

The Fund Manager 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 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.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments.

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 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 product-specific information online?

More product-specific information can be found on the websites:

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

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 BONDS - ACTIVE 1 (the "Sub-Fund")
LEI: 5493001Y3KJ9PT6IU416
Fund Manager: Franklin Templeton Investment Management 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 **6%** 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 environmental and/or social characteristics promoted by the Sub-Fund vary by the composition of the portfolio and inter alia include reduction of greenhouse gasses emissions, energy conservation, biodiversity protection, responsible solid and water waste management, alignment with the international business conduct principles and/or board gender diversity. The Fund Manager seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition; and
- implementing negative screens as part of its investment process, as further detailed in the next section.

Moreover, the Sub-Fund has a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives and a minimum allocation of 1% of its portfolio to sustainable investments in economic activities that contribute to social objectives.

The Sub-Fund uses a variety of ways to assess its environmental and/or social performance but does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Sub-Fund promotes.

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.

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?

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds;
- percentage of investments in social bonds;
- percentage of investments in sustainability bonds;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions");
- exposure to the principle adverse impacts (the "PAIs") indicators compared to the benchmark; and
- the list of issuers, with which the Fund Manager engages.

For the purpose of calculating the sustainability indicators above:

- Environmental Champions are defined as sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix, and corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.
- A Sub-Fund-level weighted average of each of all the mandatory PAIs indicators under consideration is calculated every quarter for both the Sub-Fund and its benchmark.

While the Sub-Fund is not committing to have a Sub-Fund level PAIs average better than its benchmark's average, the difference between those two metrics informs how successful the Sub-Fund is in attaining environmental and social characteristics.

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 objective of the sustainable investments is, amongst others, to Sub-Fund and promote either:

- the efficient use of energy, raw materials, water, and land;
- the production of renewable energy;
- the reduction of waste, and greenhouse gas emissions, and lower impact of economic activities on biodiversity;
- the development of a circular economy;
- tackling inequalities and fostering social cohesion;
- social integration;
- good labour relations; or
- investments in human capital, including disadvantaged communities.

The Sub-Fund's sustainable investments include a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives.

This is achieved by investing in bonds labelled as being green or in any other securities whose:

- proceeds are used on eligible environmental projects;
- framework adheres to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

The use of proceeds for these bonds is clearly defined and aligned with the objectives above.

Additionally, the Sub-Fund commits to include a minimum allocation of 1% of its portfolio to sustainable social activities. This is achieved by investing in bonds labelled as being social or in any other securities, whose:

- proceeds are used on eligible social projects;
- framework adheres to international standards (including but not limited to, ICMA Social Bond Principles); and
- issuers do not significantly harm other environmental and social objectives while demonstrating good governance practices.

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?

The Fund Manager uses proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the Sub-Fund's portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from third-party providers to identify issuers involved in harmful economic activities and/or controversies and exclude such issuers from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranks the remaining sovereign issuers in the universe according to their greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe.

Another tool, ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the Sub-Fund's portfolio.

Additionally, sovereign issuers are subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 6% of the Sub-Fund's portfolio committed towards environmental and social objectives, the Fund Manager applies additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

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?

Adverse impact indicators, including PAIs and other data points deemed by the Fund Manager as proxies for adverse impact, are used to:

- remove issuers that are considered to do significant harm from the Sub-Fund's portfolio; and
- inform the Fund Manager about the risk associated with adverse impact and take appropriate action – that includes due diligence, qualitative scrutiny and/or engagement (for details of an engagement see sections regarding PAIs and the investment strategy of the Sub-Fund of this disclosure).

While assessing eligible green and social bonds, the Fund Manager reviews and documents the materiality of the relevant PAIs for the project and how the project's implementation affects the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g., solar/PV panels), the Fund

Manager ascertains that financed projects score well on PAIs linked to greenhouse gas emissions.

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. PAIs indicators are considered for the purpose of:

- identifying best-in-class issuers;
- restricting the Sub-Fund's investable universe; and
- guiding thematic engagement.

<u>Identifying best-in-class issuers</u>

The Sub-Fund invests in bonds issued by corporates and sovereigns deemed by the Fund Manager to be Environmental Champions. Environmental champions are identified using two proprietary ESG rankings:

- the EETI ranks sovereign issuers energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product, CO_2e/GDP); and
- the ESG Credit App ranks corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories.

Restricting Sub-Fund's investable universe

Sovereign issuers falling within the bottom 20% of the investment universe based on the EETI and corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App are also excluded from the Sub-Fund's portfolio.

Equally excluded are bonds 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, as well as bonds issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

Guiding thematic engagement

The Fund Manager commits to engage with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics.

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 Fund Manager employs a proprietary ESG rating methodology with the aim to avoid investment in issuers that are lagging in the transition to support a low-carbon economy. The ESG rating methodology is binding for the Sub-Fund's portfolio construction.

In relation to corporate issuers, the Sub-Fund Fund Manager uses a combination of external and internal data inputs to determine climate transition performance (i.e., the extent to which an issuer is responding to the threat of climate change, for example by engaging in a combination of decarbonisation of products and services, establishing low or no emissions infrastructure, and reducing or eliminating reliance on fossil fuels, including revenue generated from fossil fuels), including but not limited to issuers' direct emissions trajectory relative to peers, decarbonisation of product and services portfolio, and the assessment of opportunities in clean technology and energy.

In relation to government and government-related issuers, the Sub-Fund's Fund Manager uses a combination of data inputs to determine climate transition performance, including but not limited to issuers' environmental risk exposure and environmental risk management. These include data relating to energy resource management, resource conservation, water resource management, environmental performance, management of environmental externalities, energy security risk, productive land and mineral resources, vulnerability to environmental events and environmental externalities.

The Sub-Fund's Fund Manager uses a selectivity approach in order to exclude issuers (corporates and sovereigns) that score in the bottom 20% of its investment universe in terms of these metrics.

In addition, specific ESG exclusions are applied. The Sub-Fund shall not invest in issuers that:

- repeatedly and seriously violate the United Nations Global Compact principles, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, such as:
    - protection of international human rights;
    - no complicity in human rights violations;
    - respect for freedom of association and the right to collective bargaining;
    - elimination of forced labour;
    - abolition of child labour;
    - elimination of discrimination in respect of employment and occupation;
    - precautionary principle in dealing with environmental problems and/or approach to environmental challenges;
    - promoting greater environmental awareness and/or responsibility;
    - development and dissemination and/or diffusion of environmentally friendly technologies; and
    - working and/or standing up against corruption in all its forms;
- have "Not Free" status according to the Freedom House Index for sovereign issuers;
- manufacture controversial weapons such as those that are defined as being indiscriminate; or those that manufacture components intended for use in such weapons;
- derive more than 5% of their revenue from production of conventional weapons;
- manufacture tobacco or tobacco products; or those that derive revenue from such products that exceeds the Fund Manager's 5% threshold;
- derive more than 5% of their revenue from gambling or adult entertainment;
- derive more than 5% of their revenue from the mining of thermal coal and its sale to external parties;
- derive more than 5% of their revenue from the most polluting fossil fuels;
- exceed the Fund Manager's 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonization targets for electricity generation;
- negatively affect biodiversity-sensitive areas; and
- score an ESG rating of CCC according to MSCI.

If a security held by the Sub-Fund falls under at least one of the above exclusions, the Fund Manager will divest from such security as soon as practicable and at the latest within a period of six months.

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 of the investment strategy can be summarized as follows:

- the commitment to invest at least 6% of the Sub-Fund's portfolio into sustainable investments, mainly but not limited to, investing in green bonds and social bonds;
- the exclusion of the bottom 20% of the investment universe based on the EETI and ESG Credit App;
- the commitment to engage with the 5% of holdings which are considered as underperformers in terms of their PAIs metrics;
- the application of the ESG exclusions further described in the investment strategy section of this disclosure;
- the exclusion of a certain number of companies who are not in line with international conventions and standards or linked to controversial weapons.

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 excludes from its portfolio issuers that score in the bottom 20% of its investment universe, based on EETI (for sovereign issuers) and the ESG Credit App (for corporate issuers).

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

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

Assessment of good governance is achieved on both quantitative and qualitative levels.

For the quantitative assessment of corporate and sovereign issuers, the issuers not following governance practice are determined using data points included into PAI Risk App and are deemed un-investible.

For the qualitative assessment of corporate issuers, the Fund Manager considers governance factors, such as board composition (including but not limited to gender, independence, skill set), governance practices or shareholders protection.

For the qualitative analysis of sovereign issuers, the Fund Manager investigate factors such as political liberties, rule of law, government effectiveness, among others.

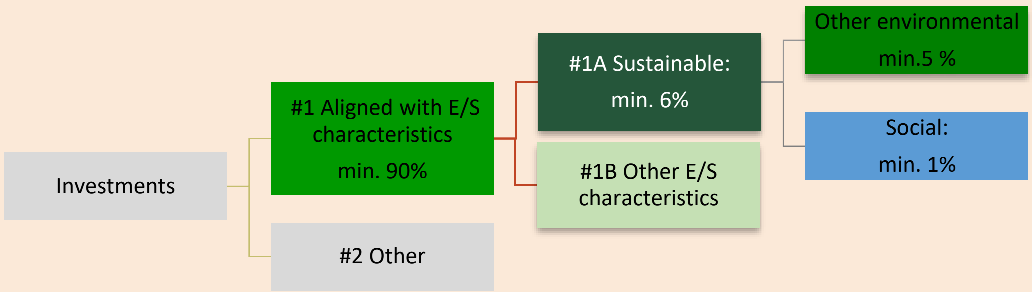
Issuers not passing PAI Risk App initial test and/or with qualitatively assessed governance deficiencies are deemed un-investible.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Fund Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Sub-Fund's portfolio. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

Out of the Sub-Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Sub-Fund's Fund Manager undertakes a further commitment to invest a minimum of 6% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics.



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

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

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social

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

For asset-based derivatives, the Fund Manager subjects the assets to all relevant ESG screenings. The ESG screenings depend on the nature of the asset.

If it is impossible to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), the Fund Manager assesses the ESG credentials of a derivative contract counterparty. If a counterparty is a subsidiary without separate ESG reporting scheme, the ESG characteristics of a parent company apply. The Sub-Fund does not engage in derivatives with financial institutions which are not meeting the Fund Manager's ESG criteria. To qualify as eligible counterparty, a financial institution must meet at least two of the following criteria:

- MSCI ESG rating of BBB or above – or in absence of MSCI rating, being above industry average rating as judged by alternative third party ESG data providers;
- signatory to the Equator Principles;
- signatory to Task Force on Climate-Related Financial Disclosures; and
- is committed to set a Science Based Target initiative (the "SBTi") target.

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 what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 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.

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 corresponding to the best performance.

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

The Sub-Fund commits to have a minimum share of 5% of its sustainable investments with an environmental objective aligned with SFDR in its portfolio. These investments could be aligned with the EU Taxonomy but the Fund Manager is not currently in a position to specify the exact proportion of the Sub-Fund’s underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position is kept under review as the underlying rules are finalized and the availability of reliable data increases over time.

What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1% of the Sub-Fund’s portfolio.

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.

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

[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.

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 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 product-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://www.ftinstitutionalemea.com/our-company/sustainable-investing.

V1	*October 2023*	*Intitial version*
V2	*May 2024*	*Review in terms of form as well as changes within the environmental and/or social characteristics promoted by the financial product*

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 BONDS – ACTIVE 2 (the "Sub-Fund")
LEI: 549300ELGSB8R78E4T58
Fund manager (by delegation): AXA Investment Managers S.A. (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 __% 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 environmental and social characteristics promoted by the Sub-Fund consist of investing in issuers considering the ESG score further described below.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Sub-Fund also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil sand activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco

In this context, 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 not been designated for the purpose of attaining the environmental or socialcharacteristics 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?***

  The attainment of the environmental and social characteristics promoted by the Sub-Fund and described above is measured with the following sustainability indicator: the weighted average ESG Score of the Sub-Fund.

  The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. The Fund Manager's analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by the Fund Manager's dedicated internal governance body.

- ***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 holding 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.

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?

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.

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

Yes. Principal adverse impacts are considered with both i. qualitative and ii. quantitative approaches:

i. Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies.

Exclusion policies as part of the Fund Manager's ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis. Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Sub-Fund will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

On top, the Fund's proprietry exclusion list excludes bonds 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, as well as bonds issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

Through those exclusions and stewardship policies the Sub-Fund takes into consideration potential negative impact on those specific PAI indicators:

	Relevant Fund Manager	PAI indicators
Climate and other environment related indicators	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1,2 and 3)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
Social and employee respect for human rights, anti-corruption and anti-bribery matters	Engagement policy with systematic criteria linked with board gender diversity	PAI 13: Board Gender diversity
	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

ii. Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. The Fund Manager measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

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 Fund Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in the Fund Manager's Sectorial Exclusion and ESG Standards Policies.

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 Financial Product bindingly applies at all times the following elements described below.

The Fund Manager bindingly applies at all times a first exclusion filter, encompassing areas such as controversial weapons, climate risks, soft commodities and ecosystem protection and deforestation. The Sub-Fund also apply the Fund Manager's Environmental, Social and Governance standards policy ("ESG Standards") integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises ; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a low ESG quality (which is currently below 1.43 (on a scale of 0 to 10, such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of human rights are observed are also banned.

On top, the Fund's proprietry exclusion list excludes bonds 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, as well as bonds issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).

- ***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.

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?***

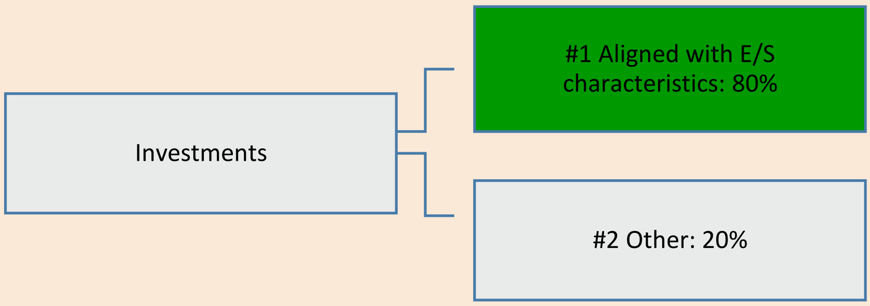
The Sub-Fund doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on human rights, society, labor and environment. The Fund Manager relies on an external provider's screening framework and excludes any companies that have been assessed as "non compliant" to UN's Global Compact Principles, International Labor Organization's (ILO) conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the Fund Manager's engagement policies. The Fund Manager implemented a comprehensive active ownership strategy where the Fund Manager acts as stewards of investments made on the clients' behalf. The Fund Manager views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that Fund Manager feels legitimate to engage in a constructive but demanding dialogue with them.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund aims to plan its assets' allocation as presented in the graph below. This planned asset allocation might deviate on a temporary basis. The planned minimum proportion of the investments of the Sub-Fund used to meet the environmental or social characteristics promoted by the Sub-Fund is 80%. The remaining "Other" investments will represent a maximum of 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.

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

***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.

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 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.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

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 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 Fund Manager 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 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.

Environmental or social safeguards are applied and assessed on all “other” assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments.

[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.

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 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 product-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

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*February 2024*	*Review in terms of form but not content*

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 Bonds – Active 3 (the "Sub-Fund")
LEI: 5493001IV2TY6TVTFJ91
Fund manager: Neuberger Berman Asset Management Ireland Limited (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 **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 environmental and/or social characteristics are promoted by this financial product?

As part of the investment process, the Fund Manager considers a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using a proprietary Neuberger Berman ESG rating system ("**NB ESG Quotient**"). The NB ESG Quotient is built around the concept of sector specific ESG risk and opportunity, and produces an overall ESG rating for issuers by assessing them against certain ESG metrics.

Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("**NB**") materiality matrix, which focuses on the ESG characteristics that are considered to be the most likely to be the material drivers of ESG risk and opportunity for each sector. The NB materiality matrix enables the Fund Manager to derive the NB ESG Quotient rating, to compare sectors and issuers relative to their environmental and social characteristics.

The Fund Manager uses the NB ESG Quotient to promote the environmental and social characteristics listed below by prioritising investment in securities issued by issuers with a favourable and/or an improving NB ESG Quotient rating. Pursuant to this, the Fund Manager will not invest in an issuer with a poor NB ESG Quotient rating unless there is a commitment to engage with the issuer with an expectation that the NB ESG Quotient rating will improve over time.

The following environmental and social characteristics are considered, where relevant to the specific industry and issuer, as part of the NB ESG Quotient rating for corporate issuers:

- **Environmental Characteristics**: biodiversity & responsible land usage; carbon footprint reduction; environmental management; greenhouse gas ("**GHG**") emissions; opportunities in clean technologies; opportunities in green building; opportunities in renewable energy; responsible raw material sourcing; responsible & transparent underwriting; toxic emissions & waste; waste management and water management.

  The Fund Manager intends to reduce the Sub-Fund's carbon footprint across scope 1, 2, and material scope 3 GHG emissions, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions.

- **Social Characteristics**: access to finance; access to medicines; affordability & fair pricing; business ethics & transparency of government relations; chemical safety; community relations; controversial sourcing; corporate behaviour; drug safety & side effects management; ethical marketing & practices; health & nutrition; health & safety; human capital development; labour management; data privacy & security; product safety & quality and litigation & related controversy.

The following environmental and social characteristics are promoted as part of the NB ESG Quotient rating for sovereign issuers:

- **Environmental Characteristics:** sovereign energy efficiency; climate change adaptation; deforestation; GHG emissions; air and household pollution; and unsafe sanitation.

  For sovereign issuers, the Fund Manager will target investment in governments which demonstrate a better preparedness and resilience for climate transition risks. This is measured through the Fund Manager's sovereign climate transition risk indicator, which combines data focused on climate risk mitigation, climate adaptation and GHG emissions.

- Social Characteristics: progress towards UN Sustainable Development Goals ("**SDGs**"); health and education levels; regulatory quality; political stability and freedoms; gender equality; and research & development.

  For sovereign issuers, the Fund Manager will target investment in government issuers which show progress towards achieving the SDGs, with a particular focus on improving access to and quality of public health and education.

Performance in relation to these environmental and social characteristics will be measured through the NB ESG Quotient.

The NB materiality matrix will evolve over time and all sector specific ESG characteristics included there in are reviewed annually to ensure that the most pertinent sector specific ESG characteristics are captured through the NB materiality matrix. Accordingly, the environmental and social characteristics considered as part of the NB ESG Quotient are subject to change. For the avoidance of doubt, if the environmental or social characteristics considered as part of the NB ESG Quotient change, this pre-contractual disclosure document will be updated accordingly.

Exclusions are also applied (as further set out below) as part of the construction and ongoing monitoring of the Sub-Fund's portfolio. These represent additional environmental and social characteristics promoted by the Sub-Fund. In this context, 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 ("**UNGC Principles**"), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("**OECD Guidelines**") and the UN Guiding Principles for Business and Human Rights ("**UNGPs**"). 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/fdc-exclusion-list.html.

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

A reference benchmark has not been designated for the purpose of attaining the environmental or socialcharacteristics 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?***

  As part of the investment process, the Fund Manager considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Sub-Fund. These are listed below:

  1. The NB ESG Quotient:

     The NB ESG Quotient (as explained above) is used to measure the environmental and social characteristics promoted by the Sub-Fund. Foundational to the NB ESG Quotient is the proprietary NB materiality matrix (as explained above), which focuses on the ESG characteristics that are considered to be the most likely to be the material drivers of ESG risk for each sector. Each sector criteria is constructed using third party and internally derived ESG data and supplemented with internal qualitative analysis, leveraging the Fund Manager's analyst team's significant sector expertise.

     The NB ESG Quotient assigns weightings to environmental, social and governance characteristics for each sector to derive the NB ESG Quotient rating. While the NB ESG Quotient rating of issuers is considered as part of the investment process, there is no minimum NB ESG Quotient rating to be attained by an issuer prior to investment. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of being included in the Sub-Fund's portfolio. Issuers with a poor NB ESG Quotient rating, especially where a poor NB ESG Quotient rating was not being addressed by an issuer, are more likely to be removed from the investment universe or divested from the Sub-Fund's portfolio. In addition, constructive engagements are undertaken with issuers that have a poor NB ESG Quotient rating, in order to assess whether concerns are being addressed adequately. The success of the Fund Manager's constructive engagement efforts with issuers will depend on each of the issuer's receptiveness and responsiveness to such engagement.

  2. Climate Value-at-Risk:

     ClimateValue-at-Risk ("**CVaR**") measures the exposure to transition and physical climate risks and opportunities for corporate issuers. CVaR is a scenario analysis tool evaluating economic risks and opportunities under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by the Fund Manager's portfolio managers and analysts. CVaR provides a framework for identifying climate-risk over the long-term to assist in understanding how corporate issuers can shift their operations and risk practices over time. The scenario analysis can serve as a starting point for further bottom-up analysis and identifying potential climate-related risks to address through issuer engagement. Due to data limitations, CVaR is not applied across all issuers held by the Sub-Fund and is instead limited to the corporate issuers for which the Fund Manager has sufficient and reliable data. The analysis from CVaR is reviewed at least once a year.

3. ESG exclusion policies:

   To ensure that the environmental or social characteristics promoted by the Sub-Fund can be attained, the Fund Manager will implement the Sub-Fund's proprietary exclusion list (as outlined above).

   Additionally, the Sub-Fund will not invest in sovereign issuers which the Fund Manager identifies as having weak ESG practices, and such issuers will be excluded from the Sub-Fund using the Fund Manager's NB ESG Quotient (which includes a sovereign screening tool).

   Such exclusions will be based on a number of ESG criteria including the following:

   - Sovereign issuers which are ranked in the bottom decile based on the NB ESG Quotient, with no near-term improvement prospects;
   - Sovereign issuers which are ranked in the bottom quartile and deteriorating based on the proprietary human rights indicator of the Fund Manager or where top officials have been sanctioned by the UN Security Council based on human rights violations; Sovereign issuers which are assessed as having high and increasing GHG intensity levels; Sovereign issuers which are non-compliant with the standard put forth by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes; or
   - Sovereign issuers that are classified as a high-risk jurisdiction subject to a call for action by the Financial Action Task Force ("**FATF**").

   In addition, the Sub-Fund will not invest in securities issued by issuers whose activities breach, or are not consistent with, the Fund Manager's Controversial Weapons Policy, the Fund Manager's Thermal Coal Involvement Policy, and the Fund Manager's Sustainable Exclusion Policy.

   Furthermore, investments held by the Sub-Fund will not invest in securities issued by issuers whose activities have been identified as breaching, or are not consistent with, the Neuberger Berman Global Standards Policy which excludes identified violators of (i) the UNGC Principles, (ii) the OECD Guidelines, (iii) the UNGPs and (iv) the International Labour Standards ("**ILO Standards**"). The Full policies can be accessed through the link under the 'More product-specific information can be found on the website' section of this disclosure.

The Fund Manager will track and report on the performance of the above sustainability indicators namely, (i) the NB ESG Quotient; (ii) the CVaR; and (iii) the adherence to the ESG exclusion lists applied to the Sub-Fund. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Sub-Fund.

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 holding 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.

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?

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?

The Sub-Fund does not commit to holding sustainable investments, however the Fund Manager will not invest in issuers whose activities have been identified as breaching the OECD Guidelines, UN GC Principles, ILO Standards and UNGPs, captured through the Neuberger Berman Global Standards Policy as detailed above.

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 will consider the following principal adverse impacts, namely: GHG intensity and investee countries subject to social violations ("**Sovereign PAIs**") for the sovereign issuers; and GHG emissions, carbon footprint, GHG intensity, fossil fuel exposure, board gender diversity, UN GC & OECD violations and controversial weapons for the corporate issuers (together the "**Product Level PAIs**").

The Fund Manager utilises third party data and proxy data along with internal research to consider the above Product Level PAIs.

Additionally, the Fund Manager has conducted a letter campaign where they have written to select corporate issuers asking for direct disclosure on the PAIs in order to offer high-quality disclosures to investors.

The Fund Manager will continue to work with issuers to encourage disclosure and to gather wider and more granular data coverage on the PAIs.

The Product Level PAIs that are taken into consideration are subject to there being adequate, reliable and verifiable data coverage for such indicators (in the Fund Managers subjective view), and may evolve with improving data quality and availability. Where such data is not available the relevant Product Level PAI will not be considered until such time as the data becomes available. The Fund Manager will keep the list of Product Level PAIs they consider under active review, as and when data availability and quality improves.

Consideration of the Product Level PAIs by the Fund Manager will be through a combination of:

- Monitoring the Sub-Fund's portfolio, in particular where it falls below the quantitative and qualitative tolerance thresholds set for each Product Level PAI by the Fund Manager.
- Setting engagement objectives where theSub-Fund's portfolio falls below the quantitative and qualitative tolerance thresholds set for a Product Level PAI.
- Application of the ESG exclusion policies referenced above, which includes consideration of several of the Product Level PAIs.

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 investment objective of the Sub-Fund is to seek to achieve an attractive level of total return (income plus capital appreciation) from global fixed income markets. The Sub-Fund will invest primarily in investment grade debt securities issued by governments and agencies from OECD countries, and investment grade debt securities issued by corporations, which have their head office or exercise an overriding part of their economic activity in OECD countries.

The Fund Manager considers and evaluates ESG characteristics, as an important component of their credit analysis discipline, when making investment decisions. The Fund Manager utilises the NB ESG Quotient criteria as part of the Sub-Fund's portfolio construction and investment management process. As noted above, NB ESG Quotient assigns weightings to environmental, social and governance characteristics for each sector to derive the NB ESG Quotient rating. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Sub-Fund's portfolio. Issuers with a poor NB ESG Quotient rating especially where these are not being addressed by that issuer, are more likely to be removed from the investment universe or divested from the Sub-Fund's portfolio.

The ESG analysis is performed internally, with the support of third-party data, and is not outsourced.

In addition, credit worthiness is complemented by fundamental analysis aimed at assessing the issuer’s financial performance such as revenue/earnings before interest, tax, depreciation, and amortisation ("**EBITDA**") growth, cash flow growth, capital expenditures, leverage trends and liquidity profile.

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?***

  ESG characteristics are considered at three different levels:

  1. Integrating proprietary ESG analysis:

     The NB ESG Quotient ratings are generated for issuers in the Sub-Fund's portfolio.The NB ESG Quotient rating for issuers is utilised to help to better identify risks and opportunities in the overall credit and value assessment.

     The NB ESG Quotient is a key component of the internal credit ratings and can help to identify business risks (including ESG risks), which would cause deterioration in an issuer’s credit profile. Internal credit ratings can be notched up or down based on the NB ESG Quotient rating, and this is monitored by the Fund Manager as an important component of the investment process for the Sub-Fund.

     By integrating the investment team’s proprietary ESG analysis (the NB ESG Quotient) into their internal credit ratings, there is a direct link between their analysis of material ESG characteristics and portfolio construction activities across their strategy.

     Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Sub-Fund's portfolio. Issuers with a poor NB ESG Quotient rating especially where these are not being addressed by that issuer, are more likely to be removed from the investment universe or divested from the Sub-Fund.

  2. Engagement:

     The Fund Manager engages directly with management teams of issuers through a robust ESG engagement program.

     The Fund Manager engages with sovereign issuers in developed and emerging market countries. As part of its sovereign engagement, the Fund Manager's portfolio managers and analysts speak regularly to government officials, policy makers and international financial organisations, such as the International Monetary Fund, World Bank and Asian Development Bank, with on site visits whenever possible, and utilises such meetings to engage with sovereign issuers on ESG topics, where the Fund Manager sees scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to Sustainable Development Goals ("**SDGs**") under the UN Global Compact, and the UNGP. In addition, the Fund Manager monitors and engages with countries on reducing GHG emissions based on the Climate Watch Net-Zero Tracker managed by World Resources Institute. Sovereign engagement may also be carried out with jurisdictions under increased monitoring, who are actively working with the FATF to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in the Fund Manager's engagement tracker.

The Fund Manager views this direct engagement with issuers, as an important part of its investment process (including the investment selection process). Issuers that are not receptive to engagement are less likely to be held (or to continue to be held) by the Sub-Fund.

This program is focused on in-person meetings and conference calls to understand ESG risks, opportunities, and assess good corporate governance practices of issuers. As part of the direct engagement process, the Fund Manager may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and centrally in the Fund Manager's engagement tracker.

In addition, constructive engagements are undertaken with issuers which have high impact controversies controversies (such as corporate issuers placed on the Fund Manager's Global Standards Policy's Watch List), or which have a poor NB ESG Quotient rating, in order to assess whether those ESG controversies or what the Fund Manager deems as weak ESG efforts, are being addressed adequately.

The Fund Manager firmly believes this consistent engagement with issuers can help reduce credit risk and promote positive sustainable corporate change. It is an important tool to identify and better understand an issuer's risk factors and performance. The Fund Manager also uses it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders. Direct engagement when paired with other inputs, creates a feedback loop that allows analysts in the investment team to evolve their ESG scoring process and prioritise risks that are most relevant to a sector.

3. ESG sectoral exclusion policies:

   To ensure that the environmental and social characteristics promoted by the Sub-Fund can be attained, the Sub-Fund will apply the ESG exclusion policies referenced above, which places limitations on the investable universe.

- ***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.

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?

Governance factors that the Fund Manager tracks may include: (i) senior management experience and sector expertise; (ii) ownership/board experience and alignment of incentives; (iii) corporate strategy and balance sheet strategy; (iv) financial and accounting strategy & disclosure; and (v) regulatory/legal track record.

Engagement with management is an important component of the Sub-Fund's investment process, and the Fund Manager engages directly with management teams of issuers through a robust ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks, opportunities and assess good corporate governance practices of investee issuers. The Fund Manager views this direct engagement with issuers, as an important part of its investment process.

While the prioritisation assessment is ongoing, the timing of the engagement may be reactionary in certain cases, opportunistic in cases of industry events or pre-planned meetings, or proactive where time allows and without undue restrictions such as during quiet periods or merger and acquisition events that may prevent outreach actions. Ultimately, the Fund Manager aims to prioritise engagement that is expected, based on the Fund Manager's subjective analysis, to have a high impact on the protection of and improvement to the value of the Sub-Fund's portfolio, be it through the advancement of actionable disclosure, understanding of risks and risk management at an issuer, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

The Fund Manager may take into account other governance factors as appropriate from time to time.

As described above, the Sub-Fund will only invest in securities issued by issuers whose activities do not breach the Fund Manager's Global Standards Policy which identifies violators of the (i) UNGC Principles, (ii) OECD Guidelines, (iii) UNGPs, and (iv) ILO Standards.

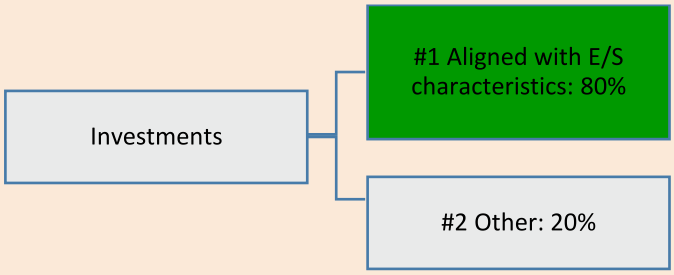
Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Sub-Fund aims to hold a minimum of 80% investments that are aligned with the environmental or social characteristics promoted by the Sub-Fund. The Sub-Fund does not commit to holdings ustainable investments. The Sub-Fund aims to hold a maximum of 20% investments that are notaligned with the environmental or social characteristics promoted by the Sub-Fund and are not sustainable investments, and which fall into the "Other" section of the Sub-Fund's portfolio. The "Other"section in the Sub-Fund's portfolio is held for a number of reasons that the Fund Manager feels will be beneficial to the Sub-Fund, such as, but not limited to, achieving risk management, and/or to ensure adequate liquidity, hedging and collateral cover. The "Other" section may also include investments or asset classes for which the Fund Manager does not have sufficient data to confirm that they are aligned with the environmental or social characteristics promoted by the Sub-Fund. Further details on the "Other" section are set out below.

Please note that while the Fund Manager aims to achieve the asset allocation targets outlined above, these figures may fluctuate during the investment period and ultimately, as with any investment target, may not be attained.

The Manager has calculated the proportion of investments aligned with the environmental and/or social characteristics promoted by the Sub-Fund's portfolio: i) that hold either an NB ESG Quotient rating or a third party equivalent ESG rating that is used as part of the portfolio construction and investment management process of the portfolio; and/or ii) with whom the Manager has engaged directly. The calculation is based on a mark-to-market assessment of the Sub-Fund's portfolio and may rely on incomplete or inaccurate issuer or third party data.



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

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

- ***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 the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

The analysis and disclosure requirements introduced by the Taxonomy Regulation are very detailed and compliance with them requires the availability of multiple, specific data points in respect of each investment which the Sub-Fund makes. The Manager is not committing that the Sub-Fund will invest in investments that qualify as environmentally sustainable for the purposes of the Taxonomy Regulation and in investments in fossil gas and/or nuclear energy related activities that comply with the Taxonomy Regulation. As such, the minimum proportion of the Sub-Fund's investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation will be 0%. It cannot be excluded that some of the Sub-Fund's portfolio's holdings qualify as Taxonomy-aligned 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.

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 corresponding to the best performance.

[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.

Disclosures and reporting on Taxonomy alignment will develop as the EU framework evolves and data is made available by issuers.

The Fund Manager will keep the extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy under active review as data availability and quality improves.

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

What is the minimum share of 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 Fund Manager 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 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.

As noted above, the Sub-Fund will be invested in compliance with ESG exclusion policies, on a continuous basis. This ensures that investments made by the Sub-Fund seek to align with international environmental and social safeguards such as the UN GC Principles, UNGPs, OECD Guidelines and ILO Standards.

The Manager believes that these policies prevent investment in issuers that most egregiously violate environmental and/or social minimum standards and ensures that the Sub-Fund can successfully promote its environmental and social characteristics.

The above steps ensure that robust environmental and social safeguards are in place.

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 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 websites:

- https://www.nb.com
- https://www.nb.com/en/global/esg/reporting-policies-and-disclosures
- https://www.nb.com/en/global/esg/reporting-policies-and-disclosures#0A63D195342B424C8C1F115547F2784A

Schedule of changes:		
V1	*October 2023*	*Initial version*
V2	*June 2024*	*Review in terms of form but not content*

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 BONDS SELECTION – INDEXED (the "Sub-Fund")
LEI: 636700K117AUIZ4W4U54
Fund manager (by delegation): BlackRock Investment Management (UK) Limited (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 **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**

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

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

The Sub-Fund is passively managed against the Bloomberg Global Aggregate Ex-Securitized Index (the "Parent Index") while promoting certain environmental and social characteristics of the Bloomberg MSCI Global Aggregate ex-Securitized Climate Select Index Hedged EUR (the "Benchmark Index"):

1. exclusion of corporate issuers deemed to be involved in certain activities considered to have negative environmental and/or social outcomes;
2. exclusion of corporate issuers deemed to be involved in very severe ESG related controversies;
3. exclusion of corporate issuers deemed to be involved in severe or very severe

controversies relating to environmental issues;

4. exposure to corporate issuers which have been selected and weighted to align with the climate commitments i.e. reduction in greenhouse gas emissions (“GHG emissions”) versus Parent Index and year on year decarbonisation pathways;
5. exposure to sovereign issuers which have been selected and weighted to meet a reduction in GHG emissions versus Parent Index.

These environmental and social characteristics are incorporated through the selection of constituents in the Benchmark Index at each index rebalance (as further described below).

The Benchmark Index excludes issuers from the Parent Index based on their involvement in certain activities deemed to have negative environmental or social outcomes. Corporate issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities):

- controversial weapons
- tobacco
- thermal coal
- power generation
- nuclear weapons
- civilian firearms
- oil and gas (including unconventional oil and gas)
- conventional weapons
- weapons systems, components, support systems and services.

The index provider defines what constitutes “involvement” in each restricted activity. This may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received. In particular, non-corporate issuers may be treated akin to corporate issuers to avoid exposure that is not aligned with the activities criteria described herein, subject to available data.

The Benchmark Index also excludes corporates from the Parent Index which are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental) or which have a ‘red’ MSCI ESG controversy flag (based on an MSCI ESG controversy score of 0). An MSCI ESG controversy score measures an issuer’s involvement (or alleged involvement) in serious controversies based on an assessment of an issuer’s operations, products and/or services which are deemed to have a negative ESG impact. An MSCI ESG controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI ESG controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity. Companies with a ‘red’ or ‘orange’ MSCI environment controversy flag (based on an MSCI environment controversy score of 1 or below) are also excluded from the Benchmark Index.

For corporate issuers and agencies for which MSCI has completed research for climate change metrics, issuers will only be included if they have an MSCI ESG rating and the rating is B or higher. An MSCI ESG rating is designed to measure an issuer's resilience to long-term industry material ESG risks and how well it manages ESG risks and opportunities relative to industry peers. The index provider may consider the following environmental themes when determining an issuer's ESG score as part of the ESG rating methodology: climate change mitigation based on GHG emissions, waste and other emissions, land use and biodiversity. The index provider may also consider the following social themes when determining an issuer's ESG score as part of the ESG rating methodology: access to basic services, community relations, data privacy and security, human capital, health and safety and product governance. The MSCI ESG rating methodology recognises that certain environmental and social issues are more material based on the type of activity that the issuer is involved in by weighting the issues differently in the scoring methodology. Those issuers with higher MSCI ESG scores are determined by the index provider to be those issuers that may be better positioned to manage future ESG-related challenges and risks compared to their industry peers.

Following the application of the above exclusionary criteria, the constituents of the Benchmark Index are selected and weighted using the index provider's optimisation process at each index rebalance. The optimisation process is conducted per sector, keeping overall sector weights neutral to the Parent Index, net of exclusions. Sectors could be further sub-divided where needed to assure that the overall optimisation outcome aligns with financial risk and return objectives and constraints with the Parent Index, as detailed below.

Sectors will be associated with one of two trajectories of emissions reductions, to account for the need of different emission metrics (e.g. for corporate vs. sovereign issuers), their likely emissions trajectory, as well as overall feasibility of constructing a solution that jointly satisfies sustainable and financial considerations detailed herein.

"Trajectory A" seeks to:

- reduce the weighted average absolute GHG emissions (Scope 1+2+3) by 50% compared to the Parent Index;
- reduce the weighted average GHG emissions (Scope 1+2+3) by 10% on an annual basis;
- reduce the weighted average carbon intensity by 50% compared to the Parent Index;
- reduce the weighted average carbon intensity by 10% on an annual basis;
- increase the weighted average green revenue relative to the Parent Index;
- achieve a minimum green to fossil-fuel based ratio relative to the Parent Index;
- increase the weighted exposure to issuers setting carbon reduction targets relative to the Parent Index.

"Trajectory B" seeks to:

- reduce the weighted average absolute GHG emissions by 30% compared to the Parent Index;
- reduce the weighted average GHG emissions by 7% on an annual basis;
- reduce the weighted average carbon intensity and/or efficiency by 20% compared to the Parent Index;
- increase the share of green bonds relative to the Parent Index.

Corporates, as well as Agencies, Local Authorities, and Supranational issuers that are covered by MSCI Climate Metrics Research are to follow Trajectory A, while Treasury and Sovereign issuers are to follow Trajectory B. Remaining sectors (Agencies, Local Authorities, and Supranational issuers that are not covered by MSCI Climate Metrics Research) are held in the same proportion that they are held in the Parent Index.

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.

For more information on where details of the methodology of the Benchmark Index can be found (including further details of the exclusionary screens and optimisation constraints applied by the index provider), please refer to below section "Where can the methodology used for the calculation of the designated index be found?".

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

  The following sustainability indicators form part of the ESG selection criteria of the Benchmark Index tracked by the Sub-Fund:

  1. The exclusion of corporate issuers involved in certain activities deemed to have negative environmental and/or social outcomes as described above.
  2. The exclusion of companies classified as violating United Nations Global Compact principles by the Benchmark Index as described above.
  3. The exclusion of corporate issuers identified as being involved in ESG related controversies as described above.
  4. The weighted average absolute GHG emissions relative to the Parent Index as described above.
  5. The decarbonisation rate of the weighted average GHG emissions per year as described above.
  6. The weighted average carbon intensity and/or carbon efficiency relative to the Parent Index as described above.
  7. The decarbonisation rate of the weighted average carbon intensity per year as described above for sectors following Trajectory A.
  8. The weighted average green revenue relative to the Parent Index.
  9. The weighted average ratio of overall green revenue to fossil fuels-based revenue as described above.
  10. The exposure to companies with credible carbon reduction targets as described above.
  11. The consideration of the principal adverse impacts on sustainability factors as identified in the table of section "Does this financial product consider principal adverse impacts on sustainability factors?".

The ESG selection criteria of the Benchmark Index is applied by the index provider at each index rebalance. At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Sub-Fund is also rebalanced in line with its Benchmark Index. Where the Sub-Fund's portfolio ceases to meet any of these characteristics in between index rebalances, the Sub-Fund's portfolio will be re-aligned at the next index rebalance (or as soon as possible and practicable thereafter) in accordance with the Benchmark Index. Where a constituent is removed from the Benchmark Index in between index rebalances, the Sub-Fund's portfolio will be re-aligned thereafter as soon as possible and practicable (in the Fund Manager's view) to align with the Benchmark Index.

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 investing in 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?

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.

Not applicable as the Sub-Fund does not commit to investing in sustainable investments.

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

Not applicable as the Sub-Fund does not commit to investing in sustainable investments.

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

While the Sub-Fund does not commit to make sustainable investments, the Fund Manager will not invest in companies on the Fund's proprietary exclusion list screening out companies based on their involvement in controversial practices against international norms. The core normative framework consisted 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 with severe violations of these frameworks were restricted from the investment universe. Equally excluded were companies linked to controversial weapons being antipersonnel 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 Sub-Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain environmental and social criteria in the selection of index constituents.

The Fund Manager has determined that those principal adverse impacts (PAIs) marked as "X" in the table below are considered as part of the selection criteria of the Benchmark Index at each index rebalance.

	PAI Description	Benchmark Index Selection Criteria				
		Min % reduction of GHG emissions and carbon intensity	Exclusion of issuers based on certain environmental screens (listed above)	Exclusion of issuers based on an MSCI ESG Controversy Score	Exclusion of issuers determined to have any tie to controversial weapons	Minimum weighted green to fossil-fuel based ratio
Greenhouse Gas (GHG) emissions	1.(a) GHG emissions (Scope 1/2)	X				
	1.(b) GHG emissions (Scope 3)	X				
	2.Carbon footprint	X				
	3.GHG intensity	X				
	4.% in Fossil Fuels		X			
	5.Non-Renewable/ Renewable %					X
	6.High impact sector energy consumption					
Biodiversity	7.Negative impact to Biodiversity sensitive areas			X		
Water	8.Emissions to Water			X		
Waste	9.Hazardous Waste			X		
Social and employee matters	10. UNGC and OECD Violations			X		
	11.UNGC and OECD Process, Monitoring					
	12.Unadjusted gender pay gap					
	13.Board gender diversity					
	14.Controversial weapons				X	
Indicators applicable to investment in sovereigns and supranationals	15.GHG intensity of investee countries	X				
	16.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 is passively managed against the Parent Index while promoting certain environmental and social characteristics of the Benchmark Index. The Sub-Fund invests in a portfolio of fixed income securities that as far as possible and practicable, taking into account the environmental and social characteristics noted above, consists of the component securities of the Benchmark Index and thereby comply with the environmental and social characteristics of its Benchmark Index. The index methodology of its Benchmark Index is described above (see section "What environmental and/or social characteristics are promoted by this financial product?"). By investing in the constituents of its Benchmark Index, the Sub-Fund's investment strategy enables it to comply with the environmental and social characteristics of its Benchmark Index as determined by the index provider. In the event that any investments cease to comply, the Sub-Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Fund Manager's view) to liquidate the position.

The Sub-Fund may use optimisation techniques in order to achieve a similar return to the Benchmark Index which means that it is permitted to invest in securities that are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. If the Sub-Fund does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers of the Parent Index that meet the environmental and social characteristics of the Benchmark Index at the time of purchase. If such securities cease to comply with the environmental and social characteristics of the Benchmark Index, the Sub-Fund may hold such securities only until the next portfolio rebalance and when it is possible and practicable (in the Fund Manager's view) to liquidate the position. The strategy is implemented at each portfolio rebalance of the Sub-Fund, which follows the index rebalance of its Benchmark Index.

The Fund Manager carries out due diligence on the index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

- ***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 of the investment strategy are that the Sub-Fund will invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the environmental and social characteristics of its Benchmark Index.

  As the Sub-Fund is able to use optimisation techniques and may invest in securities that are not underlying constituents of the Benchmark Index, where it does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers of the Parent Index that otherwise meet the environmental and social characteristics of the Benchmark Index at the time of purchase.

In the event that any investments cease to comply with the environmental and social characteristics of the Benchmark Index, the Sub-Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and/or it is possible and practicable (in the Fund Manager's view) to liquidate the position.

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 referenced on the Fund's proprietary exclusion list as described above.

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

There is no committed minimum rate to reduce the scope of the Sub-Fund's investments.

The Sub-Fund's Benchmark Index seeks to reduce the number of constituents from the Parent Index through the application of the environmental and social selection criteria. However, there is no minimum rate of reduction applied or targeted by the index provider in the selection of constituents for the Benchmark Index.

The rate of reduction may vary over time depending on the issuers that make up the Parent Index. For example, if issuers in the Parent Index engage in fewer activities that are excluded from the Parent Index based on the environmental and social selection criteria applied by the Benchmark Index, the rate of reduction may reduce over time. Conversely, if the index provider increases the environmental and social selection criteria in the Benchmark Index as the environmental and social selection criteria standards evolve, the rate of reduction may increase over time.

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

Good governance checks are incorporated within the methodology of the Benchmark Index. The index provider excludes companies from the Benchmark Index based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) which includes the exclusion of companies that are classified as violating United Nations Global Compact principles (see also section "What environmental and/or social characteristics are promoted by this financial product?"). Companies that cannot be assessed for an ESG controversy score where data is not available are also excluded from the Benchmark Index.

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

In addition, the Fund Manager is required to exclude companies from the Sub-Fund referenced on the Fund's proprietary exclusion list as described above.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

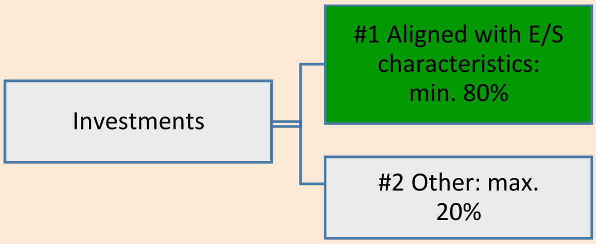
The Sub-Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

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.

It is expected that at least 80% of the Sub-Fund's assets will be invested in either securities within the Benchmark Index or in securities that meet the ESG selection criteria of the Benchmark Index. As such, at each index rebalance, the portfolio of the Sub-Fund will be rebalanced in line with its Benchmark Index so that at least 80% of the Sub-Fund's assets will be aligned with the ESG characteristics of the Benchmark Index (as determined at that rebalance).

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index, the Sub-Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index (or otherwise cease to meet the ESG selection criteria of the Benchmark Index) and it is possible and practicable (in the Fund Manager's view) to liquidate the position.

The Sub-Fund may invest up to 20% of its assets in other investments ("#2 Other").



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

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

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.

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

The Sub-Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the environmental or social characteristics promoted by the Sub-Fund. Where the Sub-Fund uses derivatives for promoting environmental or social characteristics, any ESG rating or analyses referenced above will apply to the underlying investment.

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.

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

The Sub-Fund does not currently commit to investing more than 0% of its assets in sustainable investments with an environmental objective aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

No, the Sub-Fund does not currently 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 currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.

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

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

Not applicable as the Sub-Fund does not commit to investing in sustainable investments with an environmental objective.

What is the minimum share of socially sustainable investments?

This Sub-Fund does not currently commit to investing more than 0% of its assets in investments in socially sustainable investments.

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

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging. Any ESG rating or analyses applied by the index provider will apply only to the derivatives relating to individual issuers used by the Sub-Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments will not be considered against minimum environmental or social safeguards.

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?

Yes, this Sub-Fund seeks to achieve the environmental and social characteristics it promotes by tracking the Bloomberg MSCI Global Aggregate ex-Securitized Climate Select Index Hedged EUR, its Benchmark Index, which incorporates the index provider’s ESG selection criteria.

[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 - 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.

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

At each index rebalance, the index provider applies the ESG selection criteria to exclude issuers that do not meet such ESG criteria.

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

At each index rebalance (or as soon as reasonably possible and practicable thereafter), the portfolio of the Sub-Fund is also rebalanced in line with its Benchmark Index.

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

As a result of the application of the ESG selection criteria of the Benchmark Index, the portfolio of the Sub-Fund is expected to be reduced compared to the Bloomberg MSCI Global Aggregate Ex-Securitized Index, a broad market index comprised of fixed income securities.

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

The methodology of the Sub-Fund's Benchmark Index can be found here:
https://assets.bbhub.io/professional/sites/10/Bloomberg-Methodology_38491.pdf

Where can I find more product 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

Schedule of changes:		
V1	*August 2024*	*Initial version*
V2	*June 2025*	*Sub-Fund name change, update of the environmental and/or social characteristics promoted in relation to Agencies, Local Authorities and Supranational issuers as well as update of sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted (inclusion of new items 8, 9 and 10)*