V1 February 2024

Article 8 SFDR – Website Disclosure
FDC SICAV Global Equities – Active 1
LEI: 5493000TXROJXU550H96

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Robeco Institutional Asset Management BV ("Robeco") as portfolio manager of its sub-fund FDC SICAV Global Equities – Active 1 (the "Sub-Fund"). The management of the FDC Sub-Fund has been classified under Article 8 of SFDR[1].

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

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristic of the financial product

The Sub-Fund has the following E/S characteristics:

1. The Sub-Fund promotes certain minimum environmental and social safeguards through applying exclusion criteria with regards to products and business practices that Robeco believes are detrimental to society and incompatible with sustainable investment strategies.
2. The Sub-Fund scrutinizes investment in companies that are in breach of the International Labour Organization's (ILO) labour standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs), UNGC or the OECD Guidelines for Multinational Enterprises.
3. The Sub-Fund's weighted average ESG score is better than that of the general market index.
4. The Sub-Fund promotes having a lower environmental footprint than the general market index.
5. The Sub-Fund promotes investments in a portfolio that avoid significant harm to the Sustainable Development Goals (SDGs).

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

Investment Strategy

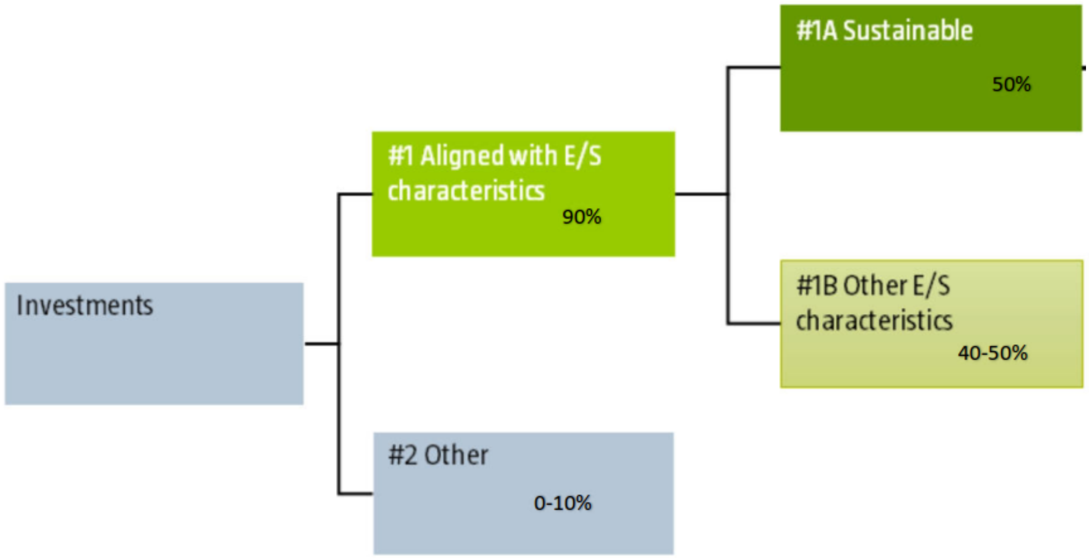
The Sub-Fund is an actively managed sub-fund that invests in stocks in developed countries across the world. The selection of these stocks is based on a quantitative model. The Sub-Fund integrates sustainability indicators on a continuous basis as part of the stock selection process. Amongst others, the Sub-Fund applies norms-based and activity-based exclusions, Robeco's good governance policy and considers Principal Adverse Impacts (PAIs) in the investment process.

To assess good governance practices of the investee companies, including with respect to sound

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

management structures, employee relations, remuneration of staff and tax compliance, Robeco has a Good Governance policy to assess governance practices of companies. Robeco's Good Governance policy applies to the Sub-Fund. For more information, please refer to https://www.robeco.com/docm/docu-robeco-good-governance-policy.pdf.

Proportion of 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.

#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*

Consideration of Principal Adverse Impact Indicators

Pre-investment, the following principal adverse impacts on sustainability factors are considered:

- Via the applied normative and activity-based exclusions, the following PAIs are considered:
  - Exposure to companies active in the fossil fuel sector (PAI 4, Table 1).
  - Violations of the UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10, Table 1).
  - Activities negatively affecting biodiversity-sensitive areas (PAI 7, Table 1). The consideration of this PAI is currently restricted to applying exclusions to palm oil producing companies and for any breaches to the UNGC, UNGP and OECD Guidelines for Multinational Enterprises in relation to biodiversity.
  - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons (PAI 14, Table 1).

- Via the environmental footprint performance targets of the Sub-Fund, the following PAIs are considered:
  - Carbon footprint (PAI 2, Table 1).
  - Water and waste indicators (PAI 7-9, Table 1). Robeco will use only water and waste footprint until data quality and coverage of the PAIs will improve.

Post-investment, the following principal adverse impacts on sustainability factors are taken into account:

- Via Robeco's entity engagement program, the following PAIs are considered:

- All indicators related to climate and other environment-related indicators (PAI 1-9, Table 1)
- Violations of the UN GC and OECD Guidelines for Multinational Enterprises (PAI 10, Table 1).
- In addition, based on a yearly review of Robeco'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 Robeco's Principal Adverse Impact Statement: https://www.robeco.com/docm/docu-robeco-principal-adverse-impact-statement.pdf

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

Monitoring of environmental or social characteristics

1. All exclusions are coded in Robeco’s Trading & Compliance module, through which investing in an excluded asset is not possible. In addition, post-trade checks take place.
2. The second line of defence (Robeco Risk Management) monitors a) the carbon, water, and waste footprint, b) the weighted average ESG score and c) all SDG scores of the Sub-Fund’s portfolio versus the reference index on a daily basis and facilitates pre-trade compliance.
3. Engagement results are periodically assessed by an internal and external audit. Unsuccessful engagement might lead to exclusion. All exclusions are coded in Robeco’s Trading & Compliance module, through which investing in an excluded asset is not possible. In addition, post-trade checks take place.

Methodologies for environmental or social characteristics

Robeco maintains comprehensive methodology documents of its proprietary analytical frameworks on Robeco’s website. These whitepapers go into greater depth, provide further insight into data sources and processes applied within their respective domains. More information in relation to these methodologies can be found at https://www.robeco.com/en/key-strengths/sustainableinvesting/sustainability-reports-policies.html.

In addition, for some social and environmental characteristics, Robeco relies on externally sourced content for which we aim to select the best of breed vendor for each of Robeco’s target characteristics. Each vendor will have its own approach and set of internal processes, over which we have only limited influence as an end consumer. More information with regards to these methodologies can be found at https://www.robeco.com/docm/docu-robeco-sfdr-data-disclosures.pdf.

Data sources and processing

Robeco uses the following data sources:

1. Robeco uses Sustainalytics as primary data source for its exclusion screening process. The quality of this screening is enhanced with Robeco in-house analysis. For the screening on palm iil production from RSPO-certified plantations, data from RSPO.org is used. More information on the methodology, and potential limitations can be found at https://www.robeco.com/docm/docu-exclusion-policy.pdf.
2. The enhanced engagement program uses data derived from a Robeco internal process.
3. The Sub-Fund's environmental footprint is calculated based on Trucost environmental data.
4. The Sub-Fund's ESG scores are based on Sustainalytics data.
5. The SDG framework uses data derived from a Robeco internal process.

Robeco scrutinises the data quality of each provider during due diligence assessments that includes reviewing the data model, performing statistical checks and evaluating coverage. Data processing takes places in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

It is currently complex to report sufficiently accurate yet broad numbers on the proportion of data that is estimated. Robeco has calculated the weighted proportion of assets covered per PAI within Robeco’s standard equity and fixed income benchmarks. These figures have been calculated per provider and, where relevant, Robeco used this coverage figure as a determining factor in Robeco's choice of vendor for that PAI since, ceteris paribus, Robeco prefers higher coverage for its investible universe.

Robeco intends to investigate a methodology for determining the proportion of data that has been internally enriched to support wider applications, e.g., by cascading to the broader corporate structure or using sector averages as proxies. Evaluating the proportion of vendor sourced data that is estimated remains a challenge due to insufficient metadata.

More information in relation to data quality and processing can be found in the SFDR data disclosures available at https://www.robeco.com/en/key-strengths/sustainableinvesting/sustainability-reports-policies.html.

Limitations to methodologies and data

The primary limitation to the methodology or data source is the lack of corporate disclosure. Like many other financial market participants, Robeco struggles to find adequate information on PAIs. To overcome this issue, Robeco has resorted to using multiple data providers, since each has its own respective strengths and weaknesses. Robeco does not expect the corporate reporting landscape to change significantly until the anticipated introduction of the Corporate Sustainability Reporting Directive (CSRD) in 2025.

In terms of methodology, Robeco frequently sees divergence in the way that data vendors deal with certain topics. For instance, for GHG emissions, some vendors blend corporate reporting with modelled data. It has been a common experience to note that 'reported' data can vary between providers due to conflicting policies, quality assurance and other case-by-case factors. Robeco is not alone in this view as evidenced by the numerous reports from industry associations and trade bodies such as EuroSIF and IOSCO on the quality and transparency of ESG data products. Robeco's environmental objectives are predominantly linked to more mature themes, specifically carbon, water and waste. Disclosure is far greater today within these areas and so Robeco is able to evaluate a satisfactory proportion of its universe to be able to perform tasks such as exclusions and comparisons between portfolio and benchmark.

More information in relation to data quality and processing can be found in the SFDR data disclosures available at https://www.robeco.com/en/key-strengths/sustainableinvesting/sustainability-reports-policies.html.

Due diligence

Robeco has incorporated the sustainability aspects of the investment strategies into adequate investment due diligence processes and procedures for the selection and monitoring of investments, amongst others taking into account Robeco's risk appetite and sustainability risk management policies.

Specific details on investment due diligence are available in Robeco's Investment Due Diligence Policy as described at https://www.robeco.com/docm/docu-robeco-sfdr-data-disclosures.pdf.

Engagement policies

The holdings of the Sub-Fund are subject to Robeco's enhanced engagement program that focuses on companies that severely breach minimum standards which Robeco has set out in terms of corporate behaviour, climate and biodiversity. In evaluating corporate behaviour, Robeco expects companies to comply with internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency such as the UNGC and OECD Guidelines for Multinational Enterprises. In the areas of climate change and biodiversity, Robeco expects companies to make sufficient progress against Robeco's climate traffic light score or against the RSPO certification, respectively. The process for enhanced engagement theme selection is a formal part of Robeco's exclusion policy. Enhanced Engagement program includes the themes 'Global controversy', 'Acceleration to Paris', and 'Palm oil'.

In addition, the holdings of the Sub-Fund are subject to the selection process of Robeco's value engagement program that consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Although this type of engagement is not directly related to the environmental or social investment strategy of the Sub-Fund, it can be that adverse sustainability impacts are addressed via the value engagement program.

More information can be found in Robeco's Stewardship Policy available at https://www.robeco.com/docm/docu-robeco-stewardship-policy.pdf.

Designated reference benchmark

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

V1 February 2024

Article 8 SFDR – Website Disclosure Summary
FDC SICAV Global Equities – Active 2
LEI: 5493008WCHO1JXOQ1B16

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed HSBC Global Asset Management (France) as the portfolio manager of its sub-fund FDC SICAV Global Equities – Active 2 (the "Sub-Fund"). The management of the Sub-Fund has been delegated by HSBC Global Asset Management (France) to HSBC Global Asset Management (UK) Limited (collectively "HSBC") and is classified under Article 8 of SFDR[1].

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

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristic

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

1. Active consideration of better environmental footprint (defined as carbon, waste and water intensities) and ESG scores compared to the Sub-Fund's benchmark.
2. Exclusion of issuers in violation of the principles of the United Nations Global Compact.
3. Active consideration of environmental and social issues through engagement initiated with certain companies held in the Sub-Fund;
4. Exclusion of shares of companies involved in banned and controversial weapons;
5. Exclusion of shares of companies involved in the production (with an annual turnover above 5% for related products) and the distribution (with an annual turnover above 15%) of tobacco and related products.

More information on HSBC's responsible investment policy is available on following website: https://www.assetmanagement.hsbc.fr/fr/professional-investors/about-us/responsible-investing.

Investment Strategy

The Sub-Fund's objective is to outperform its benchmark, the MSCI World Total Return (net) expressed in USD and converted into EUR ("Reference Benchmark"). The Reference Benchmark is used for comparison purpose only.

The Sub-Fund 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

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

Sub-Fund's portfolio's risk-adjusted return while achieving a lower carbon intensity, lower water intensity, lower waste intensity and a higher ESG score than the Reference Benchmark.

Proportion of Investment

- Aligned with environmental or social characteristics promoted by the Sub-Fund: 70% minimum
- Others: 30% maximum. These other instruments include the remaining investments of the Sub-Fund, which are not aligned with the environmental or social characteristics: cash and cash equivalents, financial derivative instruments and also the investments that are not aligned for other reasons such as corporate actions and non-availability of data.

Monitoring Environmental or Social Characteristic and Methodologies

HSBC conducts ongoing and periodical monitoring to ensure that the Sub-Fund meets the non-financial criteria and, where applicable, internally established thresholds (such as the portfolio's average ESG score or exclusions).

Data Sources and Processing

In order to measure how the environmental characteristics promoted by the Sub-Fund are met, HSBC uses ESG data provided by third party research and data providers that is processed via the quantitative equity technology team which is responsible for delivering the architectural, the design and the implementation aspects of the informational flow consumed by HSBC's quantitative analysts and portfolio managers.

In addition, HSBC monitors changes and quality of data from 3rd party vendors on an on-going basis. This process ensures the integrity and appropriateness of the data used in the Sub-Fund.

Limitations to Methodologies and Data

HSBC is subject to certain operational and data quality risks associated with reliance on third-party service providers and data sources. Furthermore, data coverage may be limited depending on the type of issuer and by the geographical area of the issuer. When non-financial data are not available in HSBC's suppliers' databases, HSBC applies a proprietary quantitative methodology to fill missing data at security level. HSBC is not aware of any methodological limitations likely to prevent the attainment of the environmental and social characteristics pursued by the Sub-Fund.

Due Diligence

HSBC's monitoring of companies held in the Sub-Fund is done by several teams: analysts, investment management teams, investment restriction team, and the risk department. This monitoring is quantitative and includes indicators such as, financial and non-financial performance constraints, risks, capital structure, social and environmental characteristics and corporate governance. For this monitoring, HSBC uses its own in-house technology, research and the research of brokers and other independent research providers.

HSBC also benefits from enhanced due diligence process done for companies that are commonly held by the Sub-Fund and other active portfolios that HSBC manages, that may be high risk due to violations of the principles of the UN Global Compact and/or because they are not aligned with anti-financial crime standards.

Engagement Policies

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.

HSBC 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 practices to those of its industry peers.

Article 8 SFDR – Website Disclosure
FDC SICAV Global Equities – Active 2

LEI: 5493008WCHO1JXOQ1B16

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed HSBC Global Asset Management (France) as the portfolio manager of its sub-fund FDC SICAV EUR Bonds – Active 2 (the "Sub-Fund"). The management of the Sub-Fund has been delegated by HSBC Global Asset Management (France) to HSBC Global Asset Management (UK) Limited (collectively "HSBC") and is classified under Article 8 of SFDR[2].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

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

- giving an active consideration of environmental and social issues through engagement on certain companies 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 HSBC and as set out in its Responsible Investment Policy;
    - involved with controversial weapons, including anti-personnel mines, cluster bombs, nuclear weapons, depleted uranium weapons, white phosphorous weapons as well as chemical and biological weapons;
    - involved in the production (with an annual turnover above 5% for related products) and the distribution (with an annual turnover above 15%) of tobacco and related products.
- 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:
- 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.

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

More information on HSBC's responsible investment policy is available on following website: https://www.assetmanagement.hsbc.fr/fr/professional-investors/about-us/responsible-investing.

Investment Strategy

a) The Sub-Fund's objective is to outperform its benchmark, the MSCI World Total Return (net) expressed in USD and converted into EUR ("Reference Benchmark"). 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 Sub-Fund 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 are assessed for their individual carbon intensity, water intensity, waste intensity and ESG scores.

A HSBC 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 Reference Benchmark.

Each individual metric (carbon intensity, water intensity, waste intensity and ESG score) for the Sub-Fund and the Reference 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.

b) 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 and corruption.

HSBC determines the materiality of governance 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 practices 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 enterprises are excluded.

Proportion of investments

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

The Sub-Fund 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 are assessed for their individual carbon intensity, water intensity, waste intensity and ESG scores with the following constraints:

- 70% minimum of the Sub-Fund assets will be invested in instruments aligned with environmental or social characteristics promoted by the Sub-Fund.
- 30% maximum of the assets will be invested in other instruments. These other instruments include the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. These investments include notably the cash and cash equivalents, the financial derivative instruments and also the investments that are not aligned for other reasons such as corporate actions and non-availability of data.

Monitoring of environmental or social characteristics

HSBC conducts ongoing monitoring to ensure that the Sub-Fund meets the non-financial criteria and, where applicable, internally establishes monitoring thresholds (such as the portfolio's ESG score or exclusions). HSBC also performs a monthly quantitative screening based on controversies linked to anti-money laundering risk of issuers and based on qualitative assessments of companies that breach the thresholds through third-party provider data.

First-level controls are performed by HSBC's restriction control teams and risk teams that are independent from the investment teams:

- Contractual non-financial investment restrictions are coded and monitored pre and post trade by the investment restriction team;
- Environmental, Social, and Governance performance indicators identified according to the strategy are monitored on a monthly basis by the risk department.

Methodologies

HSBC uses several ESG data provided by third party research and data providers to measure how the environmental or social characteristics promoted by the Sub-Fund, as listed above, are met.

Data sources and processing

- HSBC uses ESG data from a number of external providers such as Sustainalytics, ISS ESG, MSCI ESG Research, RepRisk and S&P Trucost to ensure that the Sub-Fund meets the environmental or social characteristics that it promotes.
- The data used as part of HSBC's investment process is processed via the quantitative equity technology team responsible for delivering the architectural, the design and the implementation aspects of the informational flow consumed by quantitative analysts and portfolio managers.

HSBC monitors changes and quality of data from 3rd party vendors on an on-going basis. This process ensures the integrity and appropriateness of the data used in the Sub-Fund.

Limitations to methodologies and data

- HSBC relies on non-financial data providers. As a result, HSBC is subject to certain operational and data quality risks associated with reliance on third-party service providers and data sources. Furthermore, data coverage may be limited depending on the type of issuer (small caps, certain high-yield issuers) and by the geographical area of the issuer (particularly for emerging countries). When non-financial data are not available in HSBC's suppliers' databases, HSBC applies a proprietary quantitative methodology to fill missing data at security level.

- HSBC is not aware of any methodological limitations likely to prevent the attainment of the environmental or social characteristics pursued by the Sub-Fund.

Due diligence

As an integral part of HSBC's investment process, HSBC quantitatively monitors and analyses companies in the Sub-Fund's portfolio both before and during the period of its investment.

HSBC's monitoring of companies held in the portfolio is done by several teams: analysts, investment management teams, investment restriction team, and the risk department. This monitoring is quantitative and includes indicators such as, financial and non-financial performance constraints, risks, capital structure, social and environmental characteristics and corporate governance. For this monitoring, HSBC uses its own in-house technology, research and the research of brokers and other independent research providers.

HSBC also benefits from enhanced due diligence done by other HSBC investment management teams for companies that are commonly held by other active portfolios and the Sub-Fund, that may be high risk due to violations of the principles of the UN Global Compact, and/or because they are not aligned with anti-financial crime standards.

For more details on HSBC's internal and external controls, please refer to the information provided in the "Monitoring of environmental or social characteristics" section.

Engagement policies

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.

HSBC 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 practices to those of its industry peers.

HSBC's priority engagement themes are detailed on its website www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible-investing/stewardship.

For HSBC's full Engagement Policy, please visit www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

Designated reference benchmark

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

FONDS DE COMPENSATION

Union Investment

V2 December 2024

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

LEI: 549300WOSUX92CV9P605

Overview

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

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

No sustainable investment objective

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

Environmental or social characteristic

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

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

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

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

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

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

Investment Strategy

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

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

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

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

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

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

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

Monitoring Environmental or Social Characteristic and Methodologies

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

The sustainability indicators of this Sub-Fund are:

- Exclusion criteria
- Sustainability score

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

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

Due Diligence and engagement policies

The Fund Manager is committed to the fiduciary principle and acts solely in the interests of investors. This principle is integrated into the investment company's business processes. Within the framework of the Sub-Fund's sustainable investment strategy, the investment company strives to enter into a constructive dialogue with the invested companies acting as a responsible and active asset manager, either alone or in collaboration with other investment managers. This approach is referred to as engagement (active ownership). The primary objective is to actively influence companies in terms of opportunities and risks related to ESG factors.

Article 8 SFDR – Website Disclosure

FDC SICAV Global Equities – Active 3

LEI: 549300WOSUX92CV9P605

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Union Investment Institutional GmbH ("Union") as the portfolio manager of its sub-fund FDC SICAV Global Equities – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR[2] .

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

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

Investment Strategy

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

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

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

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

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

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

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

Policy to assess good governance practices of the investee companies

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

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

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

Proportion of investments

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

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

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

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

Monitoring of environmental or social characteristics

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

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

Methodologies

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

Exclusion criteria

Exclusion criteria are set by Fonds de Compensation de la Sécurité Sociale, SICAV-FIS’ proprietary exclusion list. In addition, exclusion criteria are established by the Fund Manager for the acquisition of certain assets. For example, securities of companies involved in the production and transfer of landmines, cluster bombs and nuclear weapons are excluded.

Sustainability Score

Depending on the type of issuer, the ESG score can include the dimensions environment, social affairs, governance, sustainable business and controversies and assesses the ESG profile of the issuer. In the environmental area, the sustainability level is measured using topics such as the reduction of greenhouse gas emissions, preservation of biodiversity, water intensity or reduction of waste. In the social area, the sustainability level is measured on the basis of topics relating, for example, to the treatment of employees, the guarantee of health and safety standards, labour standards in the supply chain, or the safety and quality of products and services. In the area of good corporate governance and governance management, compliance with good governance standards is analysed on the basis of data from various providers and research by proxy advisors. The level of sustainability is measured, for example, on topics such as corruption, compliance, transparency, and risk and reputation management. Sustainability ratings and ESG indicators from external providers are also taken into account to obtain a comprehensive picture of the issuers' sustainability profile.

In the Fund Manager’s portfolio optimisation system, the portfolio managers can call up various sustainability scores simultaneously at any time and adjust them if necessary. In this way, the Fund Manager monitors and controls the fulfilment of environmental and social characteristics. The regular production of internal analyses also enables the fulfilment of the environmental and social characteristics of the Sub-Fund to be tracked over time. Technical control mechanisms are a fixed component of our investment process (e.g. in the trading systems) to monitor and ensure investment restrictions defined in the investment strategy so as to meet the environmental and social characteristics (e.g. the application of exclusion criteria or minimum requirements for sustainability scores). The Fund Manager obtains data used to analyse companies and/or assets with regard to sustainability indicators from external service providers. The Fund Manager takes its data from various service providers (e.g. MSCI ESG Research LLC, S&P Trucost, ISS ESG) in order to benefit from the highest possible data quality. In addition to diversification, the Fund Manager ensures high data quality through automated, random checking mechanisms. Raw data flows into a software for sustainable portfolio management, which processes the corresponding data automatically. Only a very small proportion of these data is estimated due to a lack of reporting at company level. In doing so, the Fund Manager draws on average values for industries or sectors.

Data sources and processing

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

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

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

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

Limitations to methodologies and data

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

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

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

Due diligence

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

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

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

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

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

Engagement policies

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

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

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

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

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

Designated reference benchmark

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

Schedule of changes :		
V1	*February 2024*	*Initial version*
V2	*December 2024*	*Review in terms of form as well as adaption of the document due to change of the exclusion criteria.*

V3 May 2025

Article 8 SFDR – Website Disclosure
FDC SICAV Global Equities Selection – Indexed
LEI: 5493008I18XQUKZ8LO20

Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed State Street Global Advisors Europe Limited as the portfolio manager of its sub-fund FDC SICAV Global Equities Selection – Indexed (the "Sub-Fund"). The management of the Sub-Fund has been delegated by State Street Global Advisors Europe Limited State Street Global Advisors Limited UK (collectively "SSGA") and is classified under Article 8 of SFDR[1].

SSGA's investment policy is to invest 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 while screening out securities based on an assessment of their adherence to ESG criteria (i.e. international norms in relation to environmental protection, human rights, labour standards, anti-corruption and controversial weapons).

In this way, the Sub-Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

SSGA 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 of the portfolio, consisting for example of cash or derivatives held at SSGA's discretion, will not be aligned with the promoted environmental and social characteristics.

The attainment of the environmental characteristics is measured through the higher exposure of the Sub-Fund's portfolio 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; and
c) improve carbon risk rating.

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

SSGA adopts a systematic mitigation and adaptation approach that targets Paris-aligned reductions in carbon emissions and reallocation of capital towards companies benefiting from low-carbon technologies. SSGA aims to achieve the following criteria in relation to climate categories utilised in the portfolio construction process: minimise carbon emission intensity, brown revenues, fossil fuel reserves, sensitivity to climate risks, implied temperature rise as well as climate value at risk, maximise green revenues and improve carbon risk rating. In addition, a negative and norms-based screen is applied to the portfolio of the Sub-Fund by the Fund Manager to screen out the following exclusion criteria:

- Controversial weapons
- UN Global Compact violations
- Thermal coal
- Arctic oil and gas exploration
- Oil sands extraction
- Civilian firearms

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

- Tobacco

SSGA uses the following data sources:

a) MSCI and ISS for climate related data;
b) MSCI and Sustainalytics for ESG screens.

SSGA implements an ongoing due diligence process in relation to ESG data providers resulting in regular data quality reports and may engage with the relevant data providers in relation to any data issues identified by the SSGA teams.

ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. Given the developing and innovative nature of data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

The Sub-Fund 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 to the portfolio of the Sub-Fund by the Fund Manager to screen out securities based on an assessment of their adherence to ESG criteria, i.e. international norms in relation to environmental protection, human rights, labour standards, anti-corruption and controversial weapons.

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.

SSGA may use additional ESG screens from time to time in order to exclude securities based on their involvement with an activity that is deemed non-compliant with one or more of such ESG criteria.

For further details of the exclusions applied by SSGA please refer to section "Methodology" below.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, SSGA 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.

Investment Strategy

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.

In implementing its strategy, SSGA 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 SSGA applies the negative and norms-based ESG screen prior to the construction of the portfolio of the Sub-Fund and on an ongoing basis.

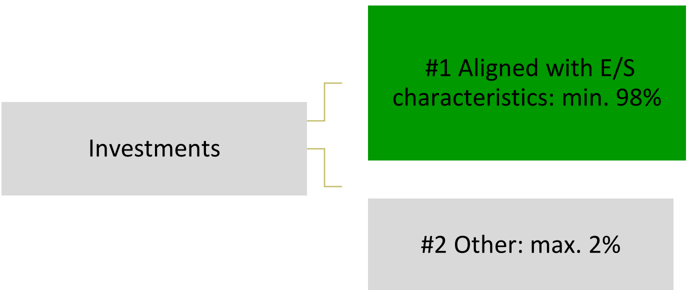
Application of the ESG screens results in the exclusion of any securities from the portfolio based on an assessment of their adherence to certain ESG criteria defined by SSGA. SSGA will screen out securities of issuers identified as being non-compliant with UN Global Compact Principles relating to environmental protection, human rights, labour standards and anti-corruption, as well as controversial weapons. SSGA 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 SSGA. Companies deemed by SSGA to not violate UN Global Compact Principles are considered to exhibit good governance.

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

Proportion of investments

SSGA 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 SSGA's discretion, will not be aligned with the promoted 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.

#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.

Monitoring of environmental or social characteristics

The attainment of the environmental characteristics is measured through the higher exposure of the Sub-Fund's portfolio (relative to its benchmark) 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; and

c) improve the carbon risk rating.

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

The environmental and social characteristics are embedded in the investment policy of the Sub-Fund and the associated sustainability indicators are monitored by SSGA through its investment oversight program including pre- and post-trade compliance monitoring for ESG screens and regular reviews by a sub-committee of SSGA.

Methodologies

The investment policy of SSGA is to invest 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 while screening out securities based on an assessment of their adherence to ESG criteria (i.e. international norms in relation to environmental protection, human rights, labour standards, anti-corruption and controversial weapons).

SSGA adopts a systematic mitigation and adaptation approach that targets Paris-aligned reductions in carbon emissions and reallocation of capital towards companies benefiting from low-carbon technologies. SSGA aims to achieve the following criteria in relation to climate categories utilised in the portfolio construction process: minimise carbon emission intensity, brown revenues, fossil fuel reserves, sensitivity to climate risks, implied temperature rise as well as climate value at risk, maximise green revenues and improve carbon risk rating.

Mitigation aims to reduce the flow of heat-trapping greenhouse gases into the atmosphere and increase exposure to new energy and green companies

Adaptation aims to increase exposure to companies working proactively to minimise their exposure to actual or expected physical, economic and regulatory impacts of climate change and the transition to a low-carbon economy

ESG Screens

The ESG screens applied to the Sub-Fund include the following:

1. Controversial Weapons: companies with focused involvement in the following controversial weapons are excluded.
2. UN Global Compact Violations: companies directly complicit in violations of core international norms and conventions, as described in the UN Global Compact Principles are excluded.
3. Thermal Coal: companies involved in the extraction or power generation of thermal coal are

excluded.

4. Arctic Drilling: companies involved in oil and gas exploration in the Arctic regions are excluded.
5. Oil and Tar Sands: companies for whom a meaningful portion of their average daily production comes from oil sands are excluded.

Data sources and processing

SSGA uses the following data sources:

a) MSCI and ISS ESG for climate related data;
b) MSCI and Sustainalytics for ESG screens.

SSGA receives ESG data from a wide variety of data providers covering various themes including, but not limited to, climate, controversies and governance and leverages multisource data architecture for the analysis and dissemination of ESG data.

SSGA implements an ongoing due diligence process in relation to ESG data providers resulting in regular data quality reports. Such process tracks correlation and coverage dimensions of key ESG and climate metrics and scores between a selection of data providers over time for the covered universe. SSGA may engage with the relevant data providers in relation to any data issues identified by the SSGA teams.

Limitations to methodologies and data

ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. To assess company involvement in different activities and to estimate revenue shares as accurately as possible, data providers strive to obtain information directly from companies and issuers. Sources of data include annual reports, regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures. Given the developing and innovative nature of data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.

Due diligence

SSGA's strategy uses a systematic methodology to provide higher exposure (relative to the Sub-Fund's benchmark) to companies that are mitigating and adapting to climate risk, by constructing a portfolio of stocks based on the following climate characteristics: carbon intensity (emissions scaled by revenue), fossil fuel reserves, green revenues, brown revenues, sensitivity to climate risks; implied temperature rise, climate value at risk.and ratings for climate risk. In following this strategy, SSGA employs a quantitative process to construct the portfolio and invest directly in equities. The securities in the portfolio are selected from the securities in the benchmark. SSGA employs a negative and norms-based screen prior to the construction of the portfolio and on an ongoing basis.

Engagement policies

SSGA's Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region. The engagement strategy is built on SSGA's ability to prioritise and allocate resources to companies and issues that have the greatest potential impact. SSGA's Asset Stewardship programme is underpinned by 3 separate pillars, that is, (i) providing information and guidance to investee companies on the development of ESG practices across key issues, (ii) engaging with portfolio companies to encourage transparent, accountable, high performing boards and companies, and (iii) by exercising voting rights, where delegated to SSGA, in a manner that reflects long term investment objectives for the purpose of influencing the activity or behaviour of the issuers. To support this process, SSGA has developed proprietary in-house tools to help identify companies for active engagement based on various financial and ESG indicators

Designated reference benchmark

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

Schedule of changes:		
V1	*February 2024*	*Initial version*
V2	*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)).*
V3	*May 2025*	*Sub-Fund name change*

V3 May 2025

Article 9 SFDR – Website Disclosure
FDC SICAV Global Equities Selection – Active 1
LEI: 5493004TM0317R6JDQ88

Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed BNP Paribas Asset Management as the portfolio manager of its sub-fund FDC SICAV Global Equities Selection – Active 1 (the “Sub-Fund”). The management of the Sub-Fund has been delegated by BNP Paribas Asset Management to Impax Asset Management Limited (“Impax”) and is classified under Article 9 of SFDR[1].

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

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.

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’s portfolio manager Impax 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. 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 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 and which are not deemed to cause significant harm will be subject to a weighting cap within the portfolio for risk management purposes.

Impax 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, Impax will monitor and seek to engage, as appropriate.

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

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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 Sub-Fund invests 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, and may hold up to 10% of total investments in "#Not sustainable" investments.

As part of its investment processes, Impax analyses company and issuer disclosures and reports, and uses external ESG-research as an input and support in the analysis. Relevant information comes from various sources including directly from investee companies, companies' various disclosures (including annual and sustainability reports, 10-K filings, websites and proxy statements) or via direct contact and discussions with company management.

To seek to ensure data quality, Impax provides reporting companies periodically with guidance and feedback on ESG data, and stewardship (via engagement and policy advocacy).

There are various limitations to methodologies and data: for example, the quality of underlying data is largely a function of what is reported by investee companies. Reporting companies are at various stages of sophistication in their ability to report on ESG-related data, and accordingly, getting complete and accurate data can sometimes be challenging.

When considering new investments for the Sub-Fund, all investee companies must meet financial and environmental, social and governance criteria before entering the Sub-Fund's investable universe (into which the Do Not Significant Harm ("DNSH") process is integrated). Through screening, Impax intends to avoid companies involved in significant controversies that violate global norms related to human rights, labour, environment and corruption, and through ESG analysis Impax conducts a detailed, proprietary ESG analysis of new investee companies considered for the investable universe and reviews the ESG analysis on a periodic basis.

Impax has implemented specific management procedures applicable to sustainability-related controversies in investee companies. Please see Impax's Engagement Policy on website www.impaxam.com for further details.

The rest of this disclosure sets out more detail on the Sub-Fund's sustainable investment objective, including the indicators used for measuring the attainment of the sustainable investment objective, Impax's methodologies, the data sources its uses and certain limitations related to the same.

Sustainable investment objective

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 Impax'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.

No significant harm to the 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's portfolio manager Impax 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. Impax seeks robust policies, processes, management systems and incentives as well as adequate disclosure, as applicable.

Additionally, Impax 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 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 and which are not deemed to cause significant harm will be subject to a weighting cap within the portfolio for risk management purposes. Impax considers it important to engage with companies and issuers and to analyse company and issuer disclosures and reports. The ESG process is proprietary to Impax, although Impax uses external ESG-research as an input.

Impax 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, Impax will monitor and seek to engage, as appropriate.

Investment Strategy

Summary of investment strategy

The Sub-Fund is actively managed and invests in equities from issuers across global equity markets, in accordance with the Sub-Fund 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 Impax' fossil fuel policy. Categories of fossil fuel companies include companies that Impax determines are:

- deriving any revenues or profits (defined as EBITDA) from fossil fuel exploration and production[2]; or

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

- deriving > 5% of revenues or profits (defined as EBITDA) from fossil fuel refining, processing, storage, transportation and distribution, as well as utility power generation[3].

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

The Sub-Fund will not have any exposure to traditional (upstream) exploration and production companies. Impax'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.

Impax's Sustainability & Stewardship team is responsible for the oversight, peer-review and scoring of the ESG analysis (into which the Principle Adverse Impact ("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 Impax's Compliance team, which conducts monitoring on the investment process, with investment risk oversight.

Summary of policy to assess good governance practices of investee companies

Pre investment

Impax 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.

Post investment

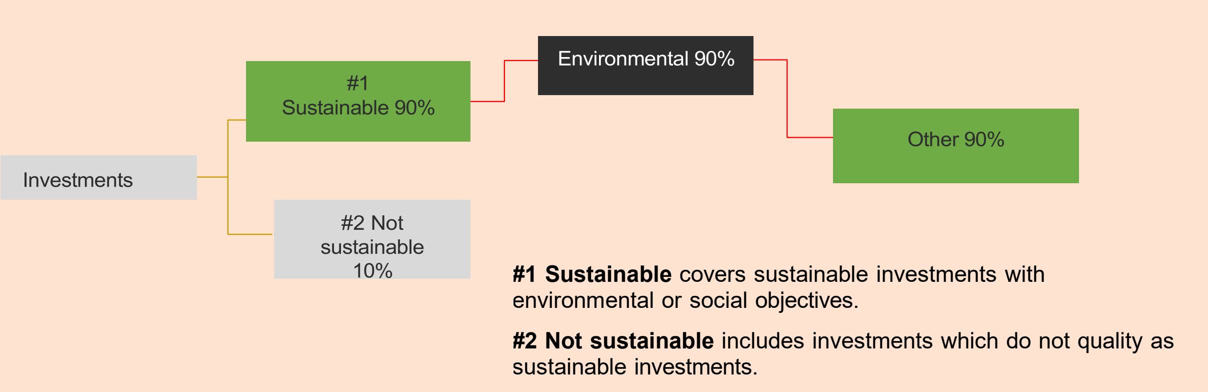
Impax's proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration. When practicable, Impax seeks to engage with the investee company before voting against management's recommendation on an AGM resolution. Impax is also in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

Proportion of investments

Asset allocation

The Sub-Fund invests 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 "#2 Not sustainable" investments (please see chart below), which may subject to the Sub-Fund's investment restrictions in Fonds de Compensation de la Sécurité Sociale, SICAV-FIS 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.

[3] 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.



Monitoring of the sustainable investment objective

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 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.

Inclusion in Impax's classification system is contingent upon the resource efficiency and environmental markets business comprising >20% of revenue, a hurdle rate that is analysed, and confirmed and documented, by Impax. As the environmental markets have expanded, there have been new universe entrants (for example resulting from IPOs, spin-outs and companies identified by Impax's research), as well as companies leaving the universe due to both merger and acquisition activity, and due to the de-emphasis of environmental activity within businesses' product portfolios as a whole. Impax monitors such changes on an ongoing basis.

Impax also takes into account PAIs in its investment decisions, via its ESG analysis. Impax updates its ESG analysis periodically. In addition it sets strategic engagement areas every 12 months, and sets up specific steps as objectives that it seeks to reach with the engagements. Where Impax identifies an unmanaged adverse impact, and its usual management approach to engagement fails to produce positive outcomes, its Escalation Policy takes hold.

Internal control mechanisms

Impax's Sustainability & Stewardship team is responsible for the oversight, peer-review and scoring of the ESG analysis (into which the PAI and DNSH processes have been integrated), coordination of focus areas of engagement and further development of ESG, sustainability and stewardship approaches and methodologies.

ESG and stewardship is a standing agenda item for Investment Committee meetings, including updates on engagement projects and outcomes.

Additional oversight comes from the Compliance team, which conducts monitoring of the investment process, with investment risk oversight.

External control mechanisms

The metrics referred to above undergo annual limited assurance, which is provided typically towards the end of the calendar year.

Methodologies

Impax uses a variety of methodologies in connection with the attainment of the sustainable investment of the Sub-Fund.

Please see under “monitoring of the sustainable investment objective” for further information with respect to Impax’s classification system.

Impax has developed its own internally generated proprietary methodology for analysing and scoring companies on ESG quality (into which the DNSH process has been integrated), and uses external data as an input. When all the data is gathered, an ESG report is written and a proprietary aggregate ESG score assigned. Where sufficient ESG quality is not achieved, a company or issuer is excluded from the investable universe. In cases where a company has a low ESG score, but is not excluded, the company will have a capped position size in the portfolio, for risk management reasons. Impax 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.

Please see the section entitled “Data sources and processing” below for information on data sources.

Data sources and processing

Impax uses a variety of data sources in connection with the attainment of the sustainable investment objective. For example, Impax analyses company and issuer disclosures and reports, and uses external ESG-research as an input and support in the analysis. Relevant information comes directly from investee companies, companies’ various disclosures (including annual and sustainability reports, 10-K filings, websites and proxy statements) or via direct contact and discussions with company management.

Impax reviews external ESG research providers periodically, to understand any changes to research methodologies, and to understand their priority areas of research. To seek to ensure data quality, Impax provides reporting companies periodically with guidance and feedback on ESG data, and stewardship (via engagement and policy advocacy).

Ahead of the appointment of a third-party data provider, Impax conducts due diligence on the provider and considers factors such as the quality of service offering, any material gaps in the product or service coverage, complexity of the product/service and ease of use, and cost.

Via research Impax identifies companies which may be eligible for inclusion in the Sub-Fund universe, in accordance with the Sub-Fund’s classification system. Such research, which is generated internally with external research being used to challenge assumptions and conclusions made by Impax’s investment team, comes from a variety of sources including sell side research, industry publications and databases, in addition to the other sources mentioned in this section.

Impax will in due course seek to calculate the proportion of data that are estimated with respect to the sustainable investment objective elements of the Sub-Fund.

Limitations to methodologies and data

The quality of the underlying data is largely a function of what is reported by investee companies. Reporting companies are at various stages of sophistication in their ability to report on ESG-related data, and accordingly, getting complete and accurate data can sometimes be challenging. Impax has developed its own internally generated proprietary methodology for analysing and scoring companies and also estimates key performance indicators where there is robust academic or industry data. The foregoing seeks to reduce the effect of data limitations on the sustainable objective of the Sub-Fund.

While corporate measurement and disclosure is improving, it remains patchy and inconsistent, especially beyond carbon reporting. Impax continues to make the case for stronger reporting through its investee company engagements. In turn, Impax expects that this will enhance the breadth and depth of reporting to clients over time.

Due diligence

All investee companies must meet financial and environmental, social and governance criteria before entering the Sub-Fund's investable universe. Impax is responsible for integrating ESG analysis into the investment process (into which the DNSH process is integrated). Through screening, Impax intends to avoid companies involved in significant controversies that violate global norms related to human rights, labour, environment and corruption, and through ESG analysis, Impax conducts a detailed, proprietary ESG analysis of new investee companies considered for the investable universe and reviews the ESG analysis on a periodic basis.

Further details on how sustainability risks are integrated into the investment decision making process for the Sub-Fund are provided in Impax's ESG Policy available on website at www.impaxam.com.

Internal control mechanisms

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

External control mechanisms

Impax does not use external control mechanisms with respect to pre-investment due diligence carried out on the underlying assets of the Sub-Fund. With respect to post investment due diligence and while pointing out that the exercise of voting rights does not fall within the competence of Impax for this Sub-Fund, Impax's proxy voting process, which is part of its broader stewardship activities, is audited each year under ISAE 3402 certification (International Standards for Assurance Engagement).

Engagement policies

Impax has implemented specific management procedures applicable to sustainability-related controversies in investee companies. Please refer to the "Due diligence" section above, and to Impax's Engagement Policy available on the website www.impaxam.com.

Designated reference benchmark

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

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*

V1 February 2024

Article 8 SFDR – Website Disclosure
FDC SICAV Global Equities Small Cap – Active 1
LEI: 549300KELW4CYE982M12

Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Allianz Global Investors GmbH ("AGI") as the portfolio manager of its sub-fund FDC SICAV Global Equities Small Cap – Active 1 (the "Sub-Fund"). The management of the Sub-Fund is classified under Article 8 of SFDR[1].

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

The Sub-Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment. To measure the attainment of the environmental and/or social characteristics, specific sustainability indicators are used and reported on.

Additionally, the Sub-Fund applies minimum exclusion criteria.

The Sub-Fund incorporates the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights, while also considering good governance principles by screening out companies based on their involvement in controversies around international norms.

Sustainability indicators have been defined for the Sub-Fund in order to measure the attainment of its environmental and/or social characteristics. The sustainability indicators are derived from the binding elements set for the Sub-Fund. The binding elements are monitored in pre- and post-trade compliance systems and thereby serve to ensure sufficient due diligence and as assessment criteria for the adherence to the environmental and/or social characteristics of the Sub-Fund. For each sustainability indicator, a methodology, based on different data sources, has been set up in order to ensure accurate measurement and reporting of the indicators.

No sustainable investment objective

The Sub-Fund promotes an environmental or social characteristic but does not have as its objective a sustainable investment. However at least 20% of the Sub-Fund will be allocated to sustainable investments.

Environmental or social characteristic of the 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 derivatives and instruments that are non-evaluated

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

by nature (e. g., cash and deposits)).

- The actual weighted average sustainable investment share of the Sub-Fund's assets.
- The actual share of investments not satisfying the Do No Significant Harm ("DNSH") assessment of the Sub-Fund's assets.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.

The sustainability indicators are derived from the binding elements set for the Sub-Fund. All binding elements are monitored by means of internal compliance systems. If breaches occur, these will be reported to the relevant parties and resolved based on internal procedures.

Investment Strategy

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

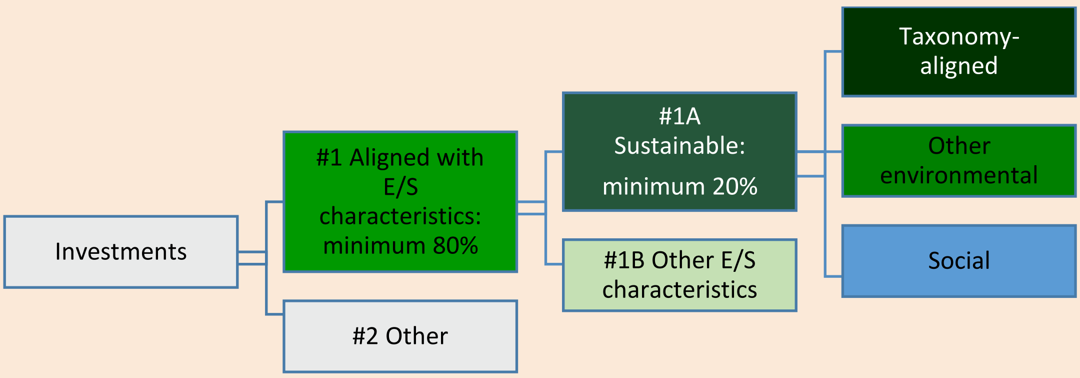
The proportion of assets which do not have a Sustainable Investment share assessment is expected to be low. Examples of instruments not having a Sustainable Investment share assessment are cash and deposits or investments for which data is not available.

The Sub-Fund's general investment approach is described in Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' Issue Document.

Proportion of investments

Minimum 80% of the Sub-Funds' assets 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-Funds' 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. 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 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.

Monitoring of environmental or social characteristics

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

- The actual percentage of KPI coverage of the Sub-Fund's portfolio (portfolio in this respect does not comprise derivatives and instruments that are non-evaluated by nature (e. g., cash and deposits)).
- The actual weighted average sustainable investment share of the Sub-Fund's assets.
- The actual share of investments not satisfying the DNSH assessment of the Sub-Fund's assets.
- Confirmation that PAIs of investment decisions on sustainability factors are considered through the application of exclusion criteria.

The sustainability indicators are derived from the binding elements set for the Sub-Fund. All binding elements are monitored by means of internal compliance systems. If breaches occur, these will be reported to the relevant parties and resolved based on internal procedures.

Methodologies

The following methodologies are applied to enable reporting on the sustainability indicators:

- The percentage KPI coverage (securities assessed by the sustainable investment share methodology) is calculated based on the Sub-Fund's portfolio (portfolio in this respect does not comprise derivatives and instruments that are non-evaluated by nature (e. g., cash and deposits)).
- The actual weighted average sustainable investment share is the portfolio weighted sustainable investment share of the securities compared to the Sub-Fund's Net Asset Value ("NAV").
- The actual share of investments not satisfying the DNSH assessment is the portfolio weighted share of issuers having a DNSH violation compared to the Sub-Fund's NAV.
- AGI's applicable sustainable minimum exclusion list is updated at least twice per year by AGI's Sustainability Team and based on external data sources.
- Application of Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list.

Data sources and processing

The following data sources are used as input for the reporting: ISS ESG, Trucost and MSCI.

AGI's Sustainability and Impact Investing team selects third-party data providers through a Request For Proposal process ("RFP"), which is applied across AGI. Data origin, methodology (qualitative and/or quantitative), raw data points, issuer coverage, resources in place, expertise, granularity of research, approach, IT support, client support, and consistency/quality of data feed are assessed and tested during RFPs. Data is sourced from providers directly into the internal cloud-based data lake in line with AGI's data strategy. AGI uses technology such as Application Programming Interface ("API") and Secure File Transfer Protocol ("SFTP") when not made available by providers, allowing close monitoring and a smooth and constant update of data points. Controls apply to data flows and their evolution over time (coverage, expected values, etc.) to track potential issues upstream in the data supply chain.

Limitations to methodologies and data

There are several general limitations which apply. The Sub-Fund may use one or more different third-party research data providers and/or internal analyses. In assessing the eligibility of an issuer based on research, there is a dependence upon information and data from third party research data providers and internal analyses, which may be subjective, incomplete, inaccurate, or unavailable. As a result, there is a risk to incorrectly or subjectively assess a security or issuer. There is also a risk that AGI may not apply the relevant criteria resulting out of the research correctly or that the Sub-Fund following a sustainable investment strategy could have indirect exposure to issuers who do not meet the relevant criteria of the sustainable investment strategy.

The data coverage for the PAI indicators is heterogeneous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered either through equivalent data or 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.

Due diligence

AGI follows a risk-based approach to determine where unique instrument/transaction specific preinvestment checks should be performed by taking into account the complexity and the risk profile of the respective investment, the materiality of the transaction size on the Sub-Fund's NAV, and the direction (buy/sell) of the transaction.

To ensure that the Sub-Fund fulfils its environmental and social characteristics, the binding elements act as assessment criteria.

The binding elements are:

- Minimum 20% of weighted-average Sustainable Investment share of Sub-Fund assets. If AGI 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 80% of 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 Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list.
- Application of the following exclusion criteria for direct investments:
    - 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
    - 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 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
    - direct investments in sovereign issuers with an insufficient freedom house index score are also excluded.

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

Engagement policies

The description of the engagement policies and activities of AGI can be found under the following link: https://www.allianzgi.com/en/our-firm/esg/active-stewardship.

AGI conducts engagement across its offering. Engagement activities are determined on an issuer level. Thus, it is not guaranteed that the engagements conducted include issuers held by every fund. AGI's engagement strategy rests on 2 pillars: (1) risk-based approach and (2) thematic approach.

The risk-based approach focuses on the material ESG risks identified. Engagements are closely related to the size of exposure. The focus of engagements is determined by considerations such as significant votes, where applicable, against company management at past general meetings and sustainability issues identified as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance.

The thematic approach either links engagements to AGI's three strategic sustainability themes - climate change, planetary boundaries, and inclusive capitalism - as well as to governance themes within specific markets or more broadly. Thematic engagements are identified based on topics deemed important for portfolio investments and are prioritized based on the size of AGI's holdings and considering the priorities of clients.

Designated reference benchmark

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

Article 8 SFDR – Website Disclosure Summary
FDC SICAV EMMA Equities – Active 1
LEI: 5493001RY2CXEC2F6E83

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed MFS Investment Management Company (Lux) S.à. r.l as the portfolio manager of its sub-fund FDC SICAV EMMA Equities – Active 1 (the "Sub-Fund"). The management of the Sub-Fund has been delegated by MFS Investment Management Company (Lux) S.à. r.l to MFS International (U.K.) Limited (collectively "MFS") and is classified under Article 8 of SFDR[1].

In managing the Sub-Fund, MFS promotes the MFS Low Carbon Transition Characteristic. MFS considers climate change to represent a risk and opportunity for issuers. Action is needed to reduce greenhouse gases on a net-zero basis and to re-orient towards a global low carbon economy in response to climate change. In promoting the MFS Low Carbon Transition Characteristic, MFS will monitor and assess equity issuers ("Equity Issuers") against, and use its active ownership tools to promote, the climate criteria below from 21 November 2022, with the aim of having at least 50% of the equity securities in the fund invested in Equity Issuers that meet any one of these criteria from 1 January 2027 (the "Transition Date"). Where the Sub-Fund falls below the 50% threshold following the Transition Date, MFS will implement a remedial plan.

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

No sustainable investment objective

This Sub-Fund promotes the MFS Low Carbon Transition Characteristic, an environmental characteristic, but does not have as its objective sustainable investment.

Environmental or social characteristic

In pursuing the Sub-Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic through active ownership and engagement with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet at least one of these climate criteria from the Transition Date.

Climate Criterion 1 - Reduction in 'greenhouse gas' ("GHG") intensity	
Reduction of GHG intensity on a year on year basis. GHG intensity less than the previous year with no minimum threshold. Yearly GHG intensity based on 3 year rolling average.	30 June 2022 – 40.86% equity securities in the fund met this criterion, which represented 40.02% of total assets.

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

Climate Criterion 2 - Commitment to a recognised GHG emissions reduction or stabilization program aligned with international/national targets	
Emissions reduction or stabilization program aligned with international and national targets e.g. Net Zero Commitment or Science-Based Target.	30 June 2022 – 7.59% of equity securities in the fund met this criterion, which represented 7.43% of total assets.
Climate Criterion 3 - Operating on a 'net-zero' basis aligned with the United Nations Paris Agreement or such other successor multilateral framework	
Equity Issuers that operate on a net-zero basis based on a credible and transparent methodology.	30 June 2022 - 0% of equity securities in the fund met this criterion, which represented 0% of total assets.

Investment Strategy

Blending fundamental and quantitative analysis with active ownership, MFS investment professionals will assess and monitor Equity Issuers against the climate criteria of the MFS Low Carbon Characteristic. By systematically and actively engaging Equity Issuers on the climate criteria, MFS investment professionals will gradually adjust as necessary the level of equity securities in the portfolio of the fund towards the minimum target of 50% climate criteria threshold from the Transition Date as necessary.

Where the Sub-Fund falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will implement a remedial plan, which may include a consideration of how to raise the threshold through various active ownership strategies to address this over time and reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As the 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 Sub-Fund may remain below 50% for a period of time.

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 organization. The MFS investment professionals assess and monitor the governance practices of Equity Issuers in which the Sub-Fund is invested to determine whether such issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. 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 active ownership tools.

Consideration of Principal Adverse Impact Indicators

MFS Investment Professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also engagement practices.

Climate Criterion 1	Additional Emissions Indicators	Social Indicators
GHG emissions. GHG intensity of investee companies.	Carbon footprint. Exposure to companies in fossil fuel sector. Share of non-renewable energy consumption. Production and energy consumption intensity per high impact climate sector.	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises. Board gender diversity.

Proportion of Investment

- The Sub-Fund invests primarily (at least 70%) in equity securities. As of 30 June 2022, equity securities represented 97.95% of the total assets of the portfolio.
- The Sub-Fund will aim to have at least 50% of equity securities meeting at least one of the climate criteria from the Transition Date. As of 30 June 2022, 41.85% of the equity securities met at least one of the climate criteria, which represented 40.73% of the total assets.

Monitoring Environmental or Social Characteristic and Methodologies

The following indicators will be used to monitor the MFS Low Carbon Characteristic:

- Climate Criterion 1 — Measuring GHG intensity of Equity Issuers using the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

- Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program that are MFS considers acceptable such as Science Based Targets and Race to Zero.
- Climate Criterion 3 - Measuring 'net-zero' issuers based on credible confirmation and aligned to international or national standards.

Data Sources and Processing

Data sources used include:

- MFS fundamental research and analysis.
- Issuer data, information and representations.
- Third party specialist vendor data and analysis.

Limitations to Methodologies and Data

Limitations include:

- Client science continues to evolve and may supersede current assumptions and policies.
- Dependence on accuracy, timing and scope of data provided by issuers and vendors.
- Lack of harmonization relating to third party data.

Due Diligence

MFS investment professionals undertake fundamental research on financially material aspects of an Equity Issuer prior to investing including the climate criteria, and will continue to monitor the issuer during the period of investment.

Engagement Policies

Ongoing engagement through direct meetings (both formal and informal) and collective engagement is an integral component by which MFS will promote the MFS Low Carbon Transition Characteristic.

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Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed MFS Investment Management Company (Lux) S.à. r.l. as the portfolio manager of its sub-fund FDC SICAV EMMA Equities – Active 1 (the "Sub-Fund"). The management of the Sub-Fund has been delegated by MFS Investment Management Company (Lux) S.à. r.l to MFS International (U.K.) Limited (collectively "MFS") and is classified under Article 8 of SFDR[2].

MFS seeks to create long-term value by allocating capital responsibly. MFS incorporates sustainability risks by considering environmental, social and governance ("ESG") factors where these may be material to the value of an issuer. As an active investment manager for the Sub-Fund, MFS relies on the blending of fundamental and quantitative research and a long-term perspective to select issuers that can produce durable returns over a full economic cycle.

MFS is promoting the 'MFS Low Carbon Transition Characteristic' in acknowledgement of the scientific consensus on climate change: human activity is resulting in the release of greenhouse gases into our atmosphere and causing our planet to warm towards disruptive and dangerous levels. Action is needed to reduce greenhouse gases on a net-zero basis and to re-orient towards a global low carbon economy. The MFS Low Carbon Transition Characteristic refers to this transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments. MFS considers climate change to represent a risk and opportunity for issuers. Issuers that do not prepare and respond to climate change and implement policies designed to mitigate applicable risks may see their future earnings impacted. MFS expects issuers to plan, disclose and take the necessary measures to transition to a lower carbon economy.

In promoting the MFS Low Carbon Transition Characteristic, MFS will apply climate criteria (explained below) to issuers of equity securities ("Equity Issuers") in managing the portfolio of the Sub-Fund. MFS will monitor and assess Equity Issuers against, and use its active ownership tools to promote, the climate criteria with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet any one of these criteria from 1 January 2027 (the "Transition Date"). This long-term target recognises that Equity Issuers require time to make operational changes to their activities in transitioning to a low carbon economy. Where the portfolio falls below the 50% threshold following the Transition Date, MFS will implement a remedial plan which may prioritise active engagement over portfolio adjustments as appropriate.

MFS believes that active ownership can be more effective in promoting the MFS Low Carbon Characteristic and driving meaningful change in Equity Issuers. MFS will also apply certain exclusions to the portfolio.

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

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

In managing the portfolio of the Sub-Fund, MFS will promote the MFS Low Carbon Transition Characteristic, with respect to equity securities.

The MFS Low Carbon Transition Characteristic

In pursuing the Sub-Fund's investment objective as set out in Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' Issue Document (the "Issue Document"), MFS will also promote the MFS Low Carbon Transition Characteristic through active ownership and engagement with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet at least one of these criteria from the Transition Date. Please refer to the 'Methodologies' section below which explains the underlying methodologies relating to each of the criterion.

- Climate Criterion 1 - Reduction in 'greenhouse gas' ("**GHG**") intensity

  Equity Issuers that reduce their GHG intensity on a year on year basis. This means that the GHG intensity of the Equity Issuer must be less than the previous year. MFS will not apply a minimum threshold and will calculate the yearly GHG intensity based on a 3 year rolling average. MFS believes this approach provides a clearer indication for an Equity Issuer's emissions reduction trajectory over the longer term.

  As of 30 June 2022, 40.86% of equity securities in the portfolio of the Sub-Fund were invested in Equity Issuers that met this criterion, which represented 40.02% of the total assets of the portfolio. In measuring this criterion for this period, MFS compared an Equity Issuer's annual GHG intensity of 2020 against the annual GHG intensity of 2019 using a 3 year rolling average.

- Climate Criterion 2 - Commitment to a recognised GHG emissions reduction or stabilization program aligned with international / national targets

  Equity Issuers that have developed and committed to an emissions reduction or stabilization program that is aligned with international and national targets, such as a Net Zero Commitment or a published Science-Based Target.

  As of 30 June 2022, 7.59% of equity securities in the portfolio of the Sub-Fund were invested in Equity Issuers that met this criterion, which represented 7.43% of the total assets of the portfolio.

- Climate Criterion 3 - Operating on a 'net-zero' basis aligned with the United Nations Paris Agreement or such other successor multilateral framework.

  This criterion refers to Equity Issuers that already operate on a net-zero basis based on a credible and transparent methodology. It is recognised that the path towards net-zero is a long-term goal. MFS does not therefore expect many Equity Issuers to meet this requirement at this point in time.

  As of 30 June 2022, 0% of equity securities in the portfolio of the Sub-Fund were invested in Equity Issuers that met this criterion, which represented 0% of the total assets of the portfolio.

To complement the promotion of the MFS Low Carbon Transition Characteristic, MFS also makes available to MFS Investment Professionals the following Additional Emissions Indicators: carbon footprint, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption; and production of energy consumption intensity per high impact climate sector (see Consideration of Principal Adverse Impacts below). MFS Investment Professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of Equity Issuers to transition their activities towards a low carbon economy and will engage with Equity Issuers consistent with the MFS Low Carbon Transition Characteristic.

Exclusions

In managing the portfolio of the Sub-Fund, MFS will implement the exclusions required by the Sub-Fund which prohibits investments in the following:

- Equity issuers that do not comply with international standards. 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.
- Equity issuers involved in activities related to controversial weapons including anti-personnel mines, cluster bombs, nuclear weapons, depleted uranium, white phosphorous weapons and chemical and biological weapons as identified by the Sub-Fund.

In addition, MFS excludes equity issuers involved in activities related to tobacco (5% or more in revenue from production and / or 15% or more in revenue from sales and distribution), nuclear energy (5% or more of annual revenue derived from nuclear power activities), controversial countries (countries identified in the UN Security Council Sanctions and high risk jurisdictions identified by FATF, based on US OFAC Sanctions List) and thermal coal (10% or more of revenue derived from thermal coal and sale to external parties – excluding metallurgical coal, coal mined for internal power generation, intra-company sales and coal trading).

Investment Strategy

Description and implementation

The Sub-Fund managed by investment professionals within the MFS global integrated research platform which consists of analysts that undertake fundamental and quantitative analysis in issuers in which MFS is invested or may invest and portfolio managers / decision makers responsible for portfolio construction and investment decisions for portfolios ("MFS Investment Professionals"). Applying fundamental and quantitative analysis with active ownership, MFS Investment Professionals will assess and monitor Equity Issuers for their readiness to transition to a low carbon economy against the climate criteria of the MFS Low Carbon Characteristic. MFS Investment Professionals will also actively engage with 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. The MFS Investment Professionals will actively engage with Equity Issuers that the Sub-Fund is already invested in as well as with new or prospective Equity Issuers. By systematically and actively engaging with Equity Issuer 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 securities in the portfolio of the Sub-Fund towards the minimum target 50% climate criteria threshold from the Transition Date as necessary.

For information on the active ownership tools that MFS Investment Professionals may use, see section on 'Engagement policies' below.

Following the Transition Date, MFS Investment Professionals will continue to actively engage with existing, new and prospective Equity Issuers on the climate criteria and their response to climate change. MFS Investment Professionals will monitor the Sub-Fund portfolio's adherence to the climate criteria in respect of equity securities.

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 the 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 minimize 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.

Binding elements

In managing the portfolio of the Sub-Fund, MFS 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; undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

MFS will provide the Sub-Fund with an annual disclosure on the level of the equity securities in the portfolio that adhere to the climate criteria and the actions taken by MFS to promote the climate criteria.

Assessing good governance practices

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 Equity Issuers operate.

The MFS Investment Professionals assess and monitor the governance practices of Equity Issuers in which the portfolio of the Sub-Fund is invested to determine whether such 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 norms. 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 the MFS Investment Professionals to raise concerns or make suggestions on a particular aspect of an Equity Issuer's governance practice. To support the MFS Investment Professionals in their assessments, MFS makes available a wide range of data, in-house training and research to identify best practices relating to governance.

Consideration of Principal Adverse Impact Indicators

MFS believes that integrating financially material sustainability (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 visualise and analyse various ESG data elements, including the principal adverse impact indicators in Table 1 Annex I of the SFDR RTS referenced 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 Equity Issuers and the portfolio, the negative external impact of Equity 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.

As explained above, the Climate Criterion 1 is measured using the following greenhouse gas emissions principal adverse impact indicators:

- GHG emissions (scope 1 and 2, and 3 where available);
- GHG intensity of investee companies.

To complement the promotion of the MFS Low Carbon Transition Characteristic, MFS makes available to MFS 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;
- production and energy consumption intensity per high impact climate sector.

(collectively, the "Additional Emissions Indicators").

MFS also makes available the following social principal adverse impact indicators:

- violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
- 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 the MFS global stewardship team and team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies 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 impact indicators are considered at the portfolio level, MFS Investment Professionals will engage with certain Equity Issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every Equity Issuer within the portfolio.

Proportion of investments

As set forth and further detailed in the Issue Document, the Sub-Fund will invest in equities and similar assets included in the benchmark.

Minimum proportion of investments

MFS will aim to have at least 50% of equity securities in the portfolio of the Sub-Fund invested in Equity Issuers meeting at least one of the climate criteria from the Transition Date. The 50% threshold will be calculated on an asset weighted basis and using equivalent exposure (which measures how a portfolio's value would change due to price changes in an asset held – the market value of the holding may differ).

As indicated above, it is important to note that the Sub-Fund may invest in other non-equity instruments which are not subject to the 50% climate criteria threshold of the MFS Low Carbon Characteristic and therefore are not included in the calculation of the 50% climate criteria threshold (see 'Methodologies' section below).

As of 30 June 2022, equity securities represented 97.95% of the total assets of the portfolio. 41.85% of the equity securities held by the portfolio met at least one of the climate criteria, which represented 40.73% of the total assets of the portfolio. The remaining investments of the portfolio comprised of cash and cash equivalent instruments.

Use of derivatives

MFS will not use derivatives to attain the MFS Low Carbon Transition Characteristic.

Direct and indirect exposures

MFS expects to obtain exposure to Equity Issuers directly through investments in equity shares to promote the MFS Low Carbon Transition Characteristic.

Monitoring of environmental or social characteristics

MFS Investment Professionals managing the portfolio of the Sub-Fund will be responsible for monitoring the portfolio's adherence to the climate criteria. In addition, the portfolio's adherence to the climate criteria will be monitored by MFS' Compliance Department using a variety of proprietary and third-party tools. The following indicators will be used to monitor the MFS Low Carbon Characteristic:

Climate Criterion 1 - Measuring GHG intensity of Equity Issuers: the percentage (%) of equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that have reduced their annual GHG intensity in accordance with the methodology set out below.

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that have adopted such programs in accordance with the methodology set out below.

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that are operating at 'net-zero' determined in accordance with the methodology set out below.

In the period leading up to the Transition Date, MFS Investment Professionals will monitor, assess and track Equity Issuers against the climate criteria and take steps to engage with these issuers to facilitate their compliance with the climate criteria and overall climate transition. Where the portfolio's adherence to the climate criteria falls below 50% in respect of equity securities following the Transition Date, the MFS Investment Professionals will implement a remedial plan as set out above in the 'Investment Strategy' section above. For the purposes of measuring and disclosing the climate criteria against the portfolio on an annual basis, the percentage (%) will be based on the average of four quarterly calculations.

The climate criteria will be monitored using a variety of data sources including third party vendors (as detailed in the section ‘Data sources and processing’ below). MFS aims to provide investment professionals with robust, high-quality data on environmental, social and governance considerations. For each of these three pillars, MFS seeks to find and utilise the best available data sources.

Equity Issuers subject to exclusions will be provided by the Sub-Fund to MFS for implementation. These exclusions will be implemented and monitored by the MFS Investment Compliance Group. The MFS Investment Compliance Group is responsible for restriction implementation and compliance rule coding as well as monitoring portfolios on a pre-trade and trade date.

Methodologies

Measuring climate criteria

The science that underpins our understanding and response to climate change will continue to evolve. MFS will continue to review the climate criteria of the MFS Low Carbon Transition Characteristic to ensure that these remain fit for purpose based on the prevailing science. Where appropriate and consistent with the MFS Low Carbon Transition Characteristic, MFS may introduce new climate criteria or adjust the current criteria.

Measuring allocated proportion of assets

Pursuant to the MFS Low Carbon Transition Characteristic, MFS will assess, monitor and engage with Equity Issuers with the aim of having at least 50% of the equity securities in the portfolio of the Sub-Fund invested in Equity Issuers that meet any one of the three climate criteria from the Transition Date, calculated on weighted basis. Where an Equity Issuer meets more than one of these criteria at the same time, the same weighted exposure of the issuer in the portfolio would be used once to avoid double counting. These thresholds relate to equity securities only and will not include other instruments such as cash and cash equivalent instruments that the portfolio of the FDC Sub- Fund may invest or hold.

Climate Criterion 1 - Measuring GHG intensity of issuers

GHG intensity of issuers shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)}\times\frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

MFS will use Scope 1 and Scope 2 emissions data under the GHG Protocol Corporate Accounting and Reporting Standards. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. MFS may consider the inclusion of Scope 3 emissions (all indirect emissions that occur in the value chain of the reporting issuer not included in Scope 2) when the data is sufficiently available and reliable.

The GHG intensity of issuers will be calculated based on a 3 year rolling average. Note that there may be time lags in the availability of data at the time when MFS undertakes its calculations. For example, for 2027, MFS may use the average emissions for 2026, 2025 and 2024 and/or recordable estimates. If the data for 2026 is not available at the time of calculation, MFS would use 2025, 2024 and 2023.

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program

MFS will determine which programs adopted by Equity Issuers are acceptable for the purposes of this criterion. As a minimum, these programs must be science based and aligned with the Paris Agreement. Examples of acceptable programs include:

- the Science Based Targets initiative developed by CDP, the UN Global Compact, World Resources Institute and World Wide Fund for Nature.
- Race to Zero under the UN Framework Convention on Climate Change.

Climate Criterion 3 - Measuring the 'net-zero' issuers

MFS will use confirmation from Equity Issuers on their net-zero status derived or calculated where MFS is satisfied that basis for the confirmation is credible and aligned to international or national standards.

Data sources and processing

Data sources used

MFS will use a broad range of data sources in the promotion of the MFS Low Carbon Characteristic and measuring Equity Issuers against the binding criteria including:

- Proprietary research and analysis produced by MFS Equity Issuer analysts, quantitative analysts and specialist ESG analysts.
- Data, representations and information made available by Equity Issuers.
- Data and analysis from third party specialist vendors such as MSCI, ISS and TruCost. MFS will continue monitor the availability of data and may engage new vendors from time to time.

Limitations to methodologies and data

MFS considers the following as limitations to the methodologies and data:

- The general scientific understanding of climate change continues to evolve at pace and may supersede current assumptions and basis of climate policies.
- MFS' calculation of GHG intensity is dependent on the accuracy of emissions data provided by Equity Issuers and third-party vendors.
- Reliance on representations and confirmations provided by Equity Issuers on the climate. To mitigate this limitation, MFS will consider the frameworks and methodologies used by the issuer where available.
- There may be a time lag when Equity Issuers disclose emissions data.
- Data providers may not provide coverage of all Equity Issuers.
- There may be a lack of industry harmonisation in the scope, definition and methodologies in the collection of data fields between third party vendors.

Due diligence

MFS Investment Professionals will undertake fundamental and quantitative research on all financially material aspects of an Equity Issuer prior to investing as well as on the climate criteria summarized above, and will continue to monitor the issue during the period of investment. This will include the Equity Issuer's readiness to respond to the risks posed and opportunities presented by climate change. MFS Investment Professionals will also have access to the MFS proprietary dashboard that measures Equity Issuers in the portfolio of the Sub-Fund against the climate criteria.

Engagement policies

Engagement with Equity Issuers through active ownership tools is an integral component by which MFS will promote the MFS Low Carbon Transition Characteristic. These tools are:

- Informal engagement – engagements between the MFS Investment Professionals and the executive management team of Equity Issuers that take place on an ongoing basis through meetings and conference calls, onsite visits and investment conferences.
- Formal engagement – engagements between MFS Investment Professionals and executive management teams that have a higher level of formality to address specific issues or concerns for example through the formal exchange of correspondence with the executive and / or board members of Equity Issuers.
- Collective engagement – these engagements include participation in industry, organizations and working groups that seek to improve and provide guidance on corporate and investor best practices and ESG integration. For example, MFS became a signatory to the CDP Science Based Targets Campaign in September 2020 which provides the platform to encourage issuers to adopt science-based emissions reduction targets.

MFS' Engagement Policy Statement provides further information on our engagement practices which can accessed via the following link: https://www.mfs.com/content/dam/mfs-enterprise/microsites/meridian/Directive%20II%20-%20Lux.pdf.

MFS may engage with Equity Issuers on any wide range of issues that it considers to be material to the financial value of an issuer sustainability related controversies.

Designated reference benchmark

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

V1 February 2024

Article 8 SFDR – Website Disclosure
FDC SICAV EUR Bonds – Active 1
LEI: 549300SY1HLREV26JE11

Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Allianz Global Investors GmbH (French Branch) ("AGI") as the fund manager of its sub-fund FDC SICAV EUR Bonds – Active 1 (the “Sub-Fund”). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

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

The Sub-Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment.

The Sub-Fund follows an SRI Best-in-Class (“BIC”) approach, which accounts for environmental, social, human rights, governance and business behaviour factors by using an SRI rating that is established based on these considerations for portfolio construction.

Additionally, the Sub-Fund applies minimum exclusion criteria.

The Sub-Fund incorporates the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights, while also considering good governance principles by screening out companies based on their involvement in controversies around international norms.

Sustainability indicators have been defined for the Sub-Fund in order to measure the attainment of its environmental and/or social characteristics. The sustainability indicators are derived from the binding elements set for the Sub-Fund. The binding elements are monitored in pre- and post-trade compliance systems and thereby serve to ensure sufficient due diligence and as assessment criteria for the adherence to the environmental and/or social characteristics of the Sub-Fund. For each sustainability indicator, a methodology, based on different data sources, has been set up in order to ensure accurate measurement and reporting of the indicators.

No sustainable investment objective

The Sub-Fund promotes an environmental or social characteristic but does not have as its objective a sustainable investment. However at least 10% of the Sub-Fund will be allocated to sustainable investments.

Sustainable investments contribute to environmental and/or social objectives, for which AGI 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

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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.

Environmental or social characteristic of the 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 following exclusion criteria for direct investments apply:

- 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;
- 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 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.

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

Investment Strategy

The Sub-Fund's investment objective is to invest in Investment Grade Debt Securities denominated in EUR of the OECD or EU bond markets, 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 AGI 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 its Issue Document.

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 AGI 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 AGI believes that its engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, AGI is committed to actively encourage open dialogues with investee companies on corporate governance and broader sustainability issues. AGI's approach to company engagement is set out in its Stewardship Statement.

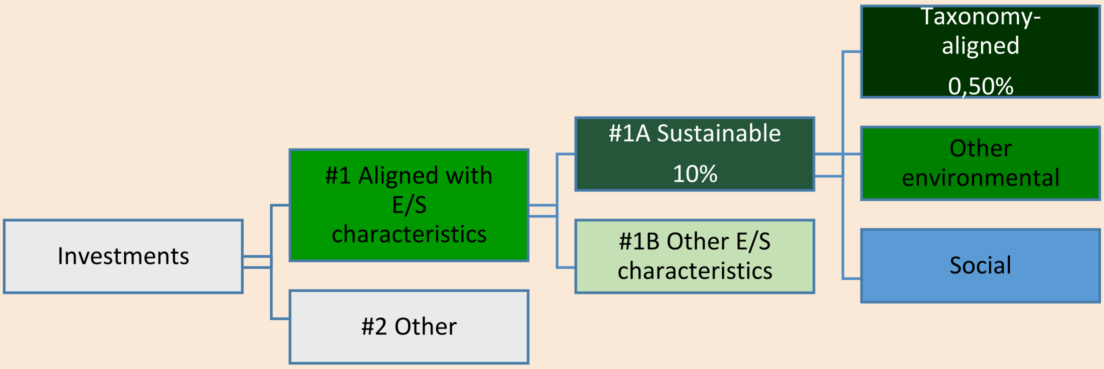
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Proportion of investments

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 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%).



#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.

Consideration of Principal Adverse Impact Indicators

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.

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objective, AGI 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.
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 UNGC 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. AGI will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. AGI will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The Sub-Fund's 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.

Monitoring of environmental or social characteristics

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

- 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.

The sustainability indicators are derived from the binding elements set for the Sub-Fund. All binding elements are monitored by means of internal compliance systems. If breaches occur, these will be reported to the relevant parties and resolved based on internal procedures.

Methodologies for environmental or social characteristics

The following methodologies are applied to enable regulatory reporting on the Sub-Fund's sustainability indicators:

- The SRI BIC rating thresholds are based on the SRI rating. The SRI rating is updated monthly. Raw sustainability data is sourced from external data providers. Following this, data controls and quality checks are conducted. For select cases, additional internal research is conducted which may lead to a re-evaluation of the rating. The raw sustainability data is weighted according to its sector materiality and used to derive the constituent pillar scores of the SRI rating (environmental, social, governance, business behaviour). The final SRI rating is computed based on its constituent pillars.
- The Sub-Fund's exclusion list is regularly updated and based on external data sources.

Data sources and processing

The following data sources are used as input: Moody's ESG, Sustainalytics, ISS ESG and MSCI ESG.

AGI's Sustainability and Impact Investing team selects third-party data providers through a Request for Proposal (RfP) process, which is applied across AGI. Data origin, methodology (qualitative and/or quantitative), raw data points, issuer coverage, resources in place, expertise, granularity of research, approach, IT support, client support, and consistency/quality of data feed are assessed and tested during RfPs. Data is sourced from providers directly into the internal cloud-based data lake in line with AGI's data strategy. AGI uses technology such as application programming interface (API) and secure file transfer protocol (SFTP) when not made available by providers, allowing close monitoring and a smooth and constant update of data points. Controls apply to data flows and their evolution over time (coverage, expected values, etc.) to track potential issues upstream in the data supply chain.

Limitations to methodologies and data

There are several general limitations which apply. The Sub-Fund may use one or more different third-party research data providers and/or internal analyses. In assessing the eligibility of an issuer based on research, there is a dependence upon information and data from third party research data providers and internal analyses, which may be subjective, incomplete, inaccurate, or unavailable. As a result, there is a risk to incorrectly or subjectively assess a security or issuer. There is also a risk that AGI may not apply the relevant criteria resulting out of the research correctly or that the Sub-Fund following a sustainable investment strategy could have indirect exposure to issuers who do not meet the relevant criteria of the sustainable investment strategy.

The data coverage for the PAI indicators is heterogeneous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered either through equivalent data or 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.

Due diligence

AGI follows a risk-based approach to determine where unique instrument/transaction specific preinvestment checks should be performed by taking into account the complexity and the risk profile of the respective investment, the materiality of the transaction size on the fund's NAV, and the direction (buy/sell) of the transaction.

To ensure that the Sub-Fund fulfils its environmental and social characteristics, the binding elements act as assessment criteria.

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 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 sustainable minimum exclusion criteria and Sub-Fund-specific exclusion criteria for direct investments. 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. Exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance.

Engagement policies

The description of the engagement policies and activities of AGI can be found under the following link: https://www.allianzgi.com/en/our-firm/esg/active-stewardship.

AGI conducts engagement across its offering. Engagement activities are determined on an issuer level. Thus, it is not guaranteed that the engagements conducted include issuers held by every fund. AGI's engagement strategy rests on 2 pillars: (1) risk-based approach and (2) thematic approach.

The risk-based approach focuses on the material ESG risks identified. Engagements are closely related to the size of exposure. The focus of engagements is determined by considerations such as significant votes, where applicable, against company management at past general meetings and sustainability issues identified as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance.

The thematic approach either links engagements to AGI's three strategic sustainability themes - climate change, planetary boundaries, and inclusive capitalism - as well as to governance themes within specific markets or more broadly. Thematic engagements are identified based on topics deemed important for portfolio investments and are prioritized based on the size of AGI's holdings and considering the priorities of clients.

Designated reference benchmark

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

Article 8 SFDR – Website Disclosure Summary
FDC SICAV EUR Bonds – Active 2
LEI: 549300CEX6HNG5T1LU95

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed HSBC Global Asset Management (France) ("HSBC") as the portfolio manager of its sub-fund FDC SICAV EUR Bonds – Active 2 (the “Sub-Fund”). The Sub-Fund is classified under Article 8 of SFDR[1].

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

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristic

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

1. Exclusion of issuers in violation of the principles of the United Nations Global Compact;
2. Active consideration of environmental and social issues through engagement;
3. Exclusion of shares of companies involved in banned and controversial weapons;
4. Exclusion of shares of companies involved in the production (with an annual turnover above 5% for related products) and the distribution (with an annual turnover above 15%) of tobacco and related products.

More information on the responsible investment policy of HSBC is available on https://www.assetmanagement.hsbc.com/about-us/responsible-investing.

Investment Strategy

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. In particular, 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 includes the identification and analysis of an issuer’s ESG credentials as an integral part of the investment decision-making process to reduce risk and enhance returns. The Sub-Fund will not invest also in bonds issued by issuers with specified involvement in specific excluded activities listed in the paragraph above.

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

Proportion of Investment

- Aligned with environmental or social characteristics promoted by the Sub-Fund: 70% minimum
- Others: 30% maximum. These other instruments include the remaining investments of the Sub-Fund, which are not aligned with the environmental or social characteristics: cash and cash equivalents, financial derivative instruments and also the investments that are not aligned for other reasons such as non-availability of data.

Monitoring Environmental or Social Characteristic and Methodologies

HSBC conducts ongoing monitoring to ensure that the Sub-Fund meets the non-financial criteria and, where applicable, internally established thresholds (such as the portfolio's average ESG score or exclusions).

First-level controls are also performed by HSBC teams independent of the financial management:

- Contractual non-financial investment restrictions are currently set according to the same methodology as the financial ratios.
- Environmental, Social, and Governance performance indicators identified according to the strategy are monitored on a monthly basis by HSBC's risk department.

Data Sources and Processing

HSBC relies on a proprietary ESG analysis model with data supplied or estimated by non-financial rating agencies, Sustainalytics and its internal research.

HSBC integrates the third party data providers into an internal ESG Data platform and has put in place data quality checks done by its internal ESG data team.

Limitations to Methodologies and Data

HSBC is not aware of any methodological limitations likely to prevent the attainment of the environmental or social characteristics pursued by the Sub-Fund. However, HSBC is subject to certain operational and data quality risks associated with reliance on third-party service providers and data sources. Furthermore, data coverage may be limited depending on the type of issuer and by the geographical area of the issuer.

Due Diligence

HSBC's monitoring of companies held in actively managed portfolios, by analysts, management teams, investment restrictions, and the risk department, is quantitative and qualitative and relies on its own in-house research and the research of brokers and other independent research providers.

Lastly, HSBC's teams in charge of shareholder engagement activities can support the investment teams in the ESG assessment of issuers. HSBC's Engagement Policy and Stewardship Plan is available on its website https://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

Engagement Policies

HSBC's approach to shareholder engagement incorporates several levers of action, including:

1. direct dialogue with companies,
2. exercising voting rights, and
3. a gradual escalation procedure with companies when the ESG risks or controversies to which they are exposed are not managed.

The exercise of voting rights does not fall within the competence of HSBC for this Sub-Fund.

For HSBC's full Engagement Policy, please go to https://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

Article 8 SFDR – Website Disclosure
FDC SICAV EUR Bonds – Active 2

LEI: 549300CEX6HNG5T1LU95

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed HSBC Global Asset Management (France) ("HSBC") as the portfolio manager of its sub-fund FDC SICAV EUR Bonds – Active 2 (the "Sub-Fund"). The Sub-Fund is classified under Article 8 of SFDR[2].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

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

- excluding issuers considered 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 non-weapons related products and/or services to the military or defence industry;
    - involved with controversial weapons, including anti-personnel mines, cluster bombs, nuclear weapons, depleted uranium weapons, white phosphorous weapons as well as chemical and biological weapons;
    - involved in the tobacco production (with an annual turnover above 5% for related products) and distribution (with an annual turnover above 15%) of tobacco and related products;
    - in proven violation of one or more of the 10 principles of the United Nations Global Compact (or at least two suspected violations) and the OECD Guidelines for multinational companies.

- 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 government issuers.

More information on HSBC responsible investment policy is available on the following website https://www.assetmanagement.hsbc.com/about-us/responsible-investing.

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

Investment Strategy

a) 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.

   In particular, 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 the Bloomberg Barclays Euro Aggregate - Ex Securitized Total Return Index.

   The Sub-Fund includes the identification and analysis of an issuer's ESG credentials ("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 HSBC, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the excluded activities as detailed below, the inclusion of an issuer in the Sub-Fund's investment universe is at the discretion of HSBC. Issuers with improving ESG Credentials may be included when their credentials are still limited

   The Sub-Fund will not invest also in bonds issued by issuers with specified involvement in specific excluded activities listed above ("Excluded Activities").

   HSBC may rely on expertise, research and information provided by well-established financial data providers to identify companies exposed to these Excluded Activities.

b) The quality of governance is assessed on the basis of criteria specified in the investment process that include, but are not limited to, business ethics, corporate culture and values, governance framework, and corruption. HSBC determines the materiality of governance both on an absolute basis, focusing in particular on the governance framework, controversies, and compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, and on a relative basis by comparing the quality of the company's governance practices with that of its industry peers.

   Where significant and/or impactful governance risks are identified, companies are subject to enhanced due diligence, which at minimum requires management teams to perform additional analysis. Dialogue or engagement with the company is then monitored over time and archived. In addition, issuers in violation of one or more of the 10 Principles of the United Nations Global Compact (or at least two alleged violations) and the OECD Guidelines for Multinational Enterprises are excluded.

Proportion of investments

The Sub-Fund invests in normal market conditions its net assets 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.

The Sub-Fund may hold other investments including cash for the purposes of liquidity management and financial derivative instruments for hedging and efficient portfolio management purposes.

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

70% minimum of the Sub-Fund's net assets will be invested in instruments aligned with environmental or social characteristics promoted by the Sub-Fund.

30% maximum of the assets will be invested in "other instruments". These "other instruments" include the remaining investments of the financial product, which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. These investments include notably the cash and cash equivalents, the financial derivative instruments and also the investments that are not aligned for other reasons such as, corporate actions and non-availability of data.

Monitoring of environmental or social characteristics

In order to ensure the strong and/or improving E/S characteristics of the Sub-Fund, HSBC conducts ongoing monitoring to ensure that the Sub-Fund meets its environmental or social characteristics and, where applicable, internally established thresholds (such as the portfolio's average ESG score or exclusions). HSBC also applies an enhanced due diligence process for companies that may be high risk due to violations of international conventions such as the principles of the UN Global Compact and/or not aligned with anti-financial crime standards or due to poor ESG ratings.

Teams independent of the financial management also perform first-level controls:

- Contractual non-financial investment restrictions are currently set according to the same methodology as the financial ratios.
- Environmental, Social, and Governance performance indicators identified according to the strategy are monitored on a monthly basis by HSBC's risk department.

In addition, occasional and periodic controls may be conducted on the monitoring process, which will contribute to ensure, in particular, that sectoral exclusions are respected.

Methodologies

HSBC uses a proprietary ESG analysis model with data supplied by non-financial rating agencies and internal research to measure how the environmental characteristics promoted by the Sub-Fund are met. The data used is subject to verification by HSBC.

Data sources and processing

- HSBC uses data from a number of external providers such as Sustainalytics, ISS ESG, MSCI ESG Research, Reprisk and S&P Trucost to ensure that the Sub-Fund meets the environmental or social characteristics that it promotes. HSBC also use Sustainalytics for norms-based screening against the UN Global Compact Principles.
- HSBC integrates the third party data providers into an internal ESG Data platform and has put in place data quality check done by its internal ESG data team.
- For the Sub-Fund's ESG rating, the data are weighted by coefficients reflecting HSBC analysis of the various business sectors and their respective ESG impacts.
- Such data, if not communicated by companies, are for some of them estimated by HSBC's external data providers.

Limitations to methodologies and data

- HSBC relies on non-financial data providers. As a result, HSBC is subject to certain operational and data quality risks associated with reliance on third-party service providers and data sources. Furthermore, data coverage may be limited depending on the type of issuer (small caps, certain high-yield issuers) and by the geographical area of the issuer (particularly for emerging countries). When non-financial data are not available in HSBC's suppliers' databases, HSBC initiates a qualitative analysis and possibly exchanges with the company to supplement HSBC's assessment of environmental or social characteristics.

- HSBC is not aware of any methodological limitations likely to prevent the attainment of the environmental or social characteristics pursued by the Sub-Fund. In addition, the Sub-Fund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the Sub-Fund does not invest directly in the underlying asset. No ESG integration methodology can be applied for these financial instruments.

Due diligence

As part of the investment process, HSBC carefully monitors and analyses all companies held in active portfolios both before and during the period of investment.

HSBC's monitoring of companies held in actively managed portfolios, by analysts, management teams, investment restrictions, and the risk department, is quantitative and qualitative and includes strategy, financial and non-financial performance constraints, risks, capital structure, social and environmental impact, and corporate governance.

For this monitoring, HSBC uses its own in-house research and the research of brokers and other independent research providers.

HSBC also applies an enhanced due diligence process for companies that may be high risk due to violations of international conventions such as the Principles of the UN Global Compact and/or not aligned with anti-financial crime standards or due to poor ESG ratings.

Lastly, HSBC's teams in charge of shareholder engagement activities can support the investment teams in the ESG assessment of issuers.

HSBC's Engagement Policy and Stewardship Plan is available on its website https://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

For more details on HSBC's internal and external controls, please refer to the information provided in the "Monitoring of environmental or social characteristics" section.

Engagement policies

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.

HSBC 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 practices 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 management teams to conduct additional analysis.

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

HSBC exercises two types of engagement activities:

- Direct engagement: HSBC'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: HSBC participates actively in collective engagement initiatives on a various themes run by industry groups HSBC is a member.

The dialogue or engagement with the company is then monitored over time and recorded. For HSBC full Engagement Policy, please visit https://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

Designated reference benchmark

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

FONDS DE COMPENSATION

Amundi ASSET MANAGEMENT

V1 February 2024

Article 8 SFDR – Website Disclosure Summary
FDC SICAV EUR Bonds – Active 3
LEI: 549300HFGVJKUIRN0L49

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi S.A. ("Amundi") as the portfolio manager of its sub-fund FDC SICAV EUR Bonds – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

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

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics

The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG score than the ESG score of the Bloomberg Euro Aggregate-Ex Securitized Index (the "Benchmark"). In determining the ESG score of the Sub-Fund 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. No ESG reference benchmark has been designated.

Proportion of Investment

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.

Monitoring, methodologies, data sources and their limitations, due diligence and engagement policies

All ESG data, either externally or internally processed, is centralised by Amundi's Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator (SRI) module.

Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions.

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

Moreover these indicators are embedded within Amundi’s control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the Sub-Fund on an ongoing basis.

The Amundi ESG rating 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 Rating scale, the securities belonging to the exclusion list 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.

The methodology applied by Amundi ESG rating 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 are likely to be expressed globally on the three E, S and G dimensions or individually on any environmental or social factor.

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology. Amundi sources data from the following sources for ESG scores: Moody, ISS-Oekom, MSCI, and Sustainalytics. Amundi’s methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely.

Amundi is aware of these limitations which it mitigates by a combination of approaches. Each month, the ESG scores are recalculated according Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" on its sector based on various checks.

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds).

Article 8 SFDR – Website Disclosure
FDC SICAV EUR Bonds – Active 3

LEI: 549300HFGVJKUIRN0L49

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi S.A. ("Amundi") as the fund manager of its sub-fund FDC SICAV EUR Bonds – Active 3 (the “Sub-Fund”). The management of the Sub-Fund has been classified under Article 8 of SFDR[2].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

The Sub-Fund promotes environmental and/or social characteristics by aiming to have a higher ESG score than the ESG score of the Bloomberg Euro Aggregate-Ex Securitized Index (the “Benchmark”). In determining the ESG score of the Sub-Fund 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. No ESG reference benchmark has been designated. The Amundi ESG rating used to determine the ESG score is an ESG quantitative score translated into 7 grades, ranging from A (the best) to G (the worst).

Investment Strategy

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 Amundi’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 Amundi ESG analysis framework which combines extra-financial data and qualitative analysis

[2] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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 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.

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

Amundi first applies Amundi's exclusion policy including the following rules:

- legal exclusions on controversial weapons (anti-personnel mines, cluster bombs, chemical weapons, biological weapons and depleted uranium weapons, etc.);
- companies that seriously and repeatedly violate one or more of the 10 principles of the Global Compact, without credible corrective measures; and
- the sectoral exclusions of the Amundi group on Coal and Tobacco (details of this policy are available in Amundi's Responsible Investment Policy available on the website www.amundi.com).

The Sub-Fund also applies Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list.

The Sub-Fund also applies the following rules:

- exclusion of issuers rated E, F and G on purchase;
- the weighted average ESG rating of the 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.

To assess good governance practices of the investee companies, Amundi relies on Amundi's 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, Amundi assesses an issuer's 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 sub-criteria considered are: board structure, audit and control, remuneration, shareholders' rights, ethics, tax practices and ESG strategy.

Amundi ESG Rating 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.

Proportion of investments

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.

Consideration of Principal Adverse Impact Indicators

To ensure sustainable investments do no significant harm (‘DNSH’), Amundi utilizes two filters:

The first DNSH filter relies on monitoring the mandatory Principal Adverse Impacts indicators in Annex 1, Table 1 of the Regulatory Technical Standards (“RTS”) 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):

- 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), and
- have a Board of Directors’ diversity which does not belong to the last decile compared to other companies within its sector, and
- 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.

Amundi already considers specific Principle Adverse Impacts within its exclusion policy as part of Amundi’s 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 Principal Adverse Impacts indicators sustainability factors covered in the first filter, Amundi 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’s ESG rating.

Sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles and Human Rights. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are integrated into Amundi’s ESG scoring methodology. Amundi’s proprietary ESG rating tool assesses issuers using available data from our data providers. For example, the model has a dedicated criteria called “Community Involvement & Human Rights” which is applied to all sectors in addition to other human rights linked criteria including socially responsible supply chains, working conditions, and labour relations. Furthermore, Amundi conducts controversy monitoring on a, at minimum, quarterly basis which includes companies identified for human rights violations. When controversies arise, analysts will evaluate the situation and apply a score to the controversy (using Amundi’s proprietary scoring methodology) and determine the best course of action. Controversy scores are updated quarterly to track the trend and remediation efforts.

Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised by Amundi’s Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator (SRI) module. Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions. Moreover, these indicators are embedded within Amundi’s control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the Sub-Fund on an ongoing basis.

Methodologies for environmental or social characteristics

The Amundi ESG rating 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 Rating scale, the securities belonging to the exclusion list 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: these 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 Amundi ESG rating 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 are likely to be expressed globally on the three E, S and G dimensions or individually on any environmental or social factor.

Data sources and processing

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology. Amundi sources data from the following sources for ESG scores: Moody, ISS-Oekom, MSCI, and Sustainalytics.

Data quality controls of external data providers are managed by Amundi's Global Data Management unit. Controls are deployed at different steps of the value chain, from pre-integration controls, post-integration ones, to post calculation ones like controls on proprietary scores for instance.

External data are collected and controlled by Amundi's Global Data Management team and are plugged into the SRI module. The SRI module is a proprietary tool that ensures the collection, quality check and processing of ESG data from external data providers. It also calculates the ESG ratings of issuers according to Amundi proprietary methodology. The ESG ratings in particular are displayed in the SRI module to portfolio managers, risk, reporting and the ESG teams in a transparent and user-friendly manner (issuer's ESG rating together with the criteria and the weights of each criterion).

For ESG ratings, at each stage of the calculation process, the scores are normalised and converted into Z-scores (difference between the company's score and the average score in the sector, as a number of standard deviations). Hence each issuer is assessed with a score scaled around the average of their sector, enabling to distinguish best-practices from worst practices at sector level (Best-in-Class approach). At the end of the process, each issuer is assigned an ESG score (approximately between -3 and +3) and the equivalent on a letter scale from A to G, where A is the best, and G the worst.

Data is then disseminated via Alto front office to portfolio managers and is monitored by the Risk team.

ESG scores utilize data derived from external data providers, internal ESG assessment/research conducted by Amundi, or through a regulated third party recognised for the provision of professional ESG scoring and assessment. Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

Limitations to methodologies and data

Amundi's methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely.

Amundi is aware of these limitations which it mitigates by a combination of approaches: the monitoring of controversies, the use of several data providers, a structured qualitative assessment by its ESG research team of the ESG scores, the implementation of a strong governance.

Due diligence

Each month, the ESG scores are recalculated according Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" on its sector based on various checks that may include (but are not limited to): the main significant variations of the ESG score, the list of the new names with a bad score, the main divergence of score between 2 providers. After this review the analyst can override a score from the calculated score which is validated by the management of the team and is documented by a note stored in Amundi database iPortal. This can also be subject to a validation of the ESG Rating Committee. The investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with the investment risk teams. In this context, Amundi has an investment guideline management procedure as well as a breach management procedure applying across all operations. Both procedures reiterate strict compliance with regulations and contractual guidelines. Risk managers are in charge of monitoring breaches on a day-to-day basis, alerting fund managers and requiring that portfolios are brought back into compliance as soon as possible and in the best interest of investors.

Engagement policies

Amundi engages investee or potential investee companies at the issuer level regardless of the type of holdings held (equity and bonds). Issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies face have a major impact on society, both in terms of risk and opportunities.

Designated reference benchmark

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

V2 May 2025

Article 9 SFDR – Website Disclosure
FDC SICAV EUR Bonds Selection – Active 1
LEI: 549300OISD1TL8QQD792

Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Allianz Global Investors GmbH (French Branch) ("AGI") as the fund manager of its sub-fund FDC SICAV EUR Bonds Selection – Active 1 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 9 of SFDR[1].

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

The Sub-Fund follows AGI's "Green Bond Strategy" which aims 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. Additionally, the Sub-Fund applies minimum exclusion criteria. By means of these exclusion criteria, the Sub-Fund considers PAI indicators.

The Sub-Fund incorporates the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights, while also considering good governance principles by screening out companies based on their involvement in controversies around international norms.

Sustainability indicators have been defined for the Sub-Fund in order to measure the attainment of its sustainable investment objective. The sustainability indicators are derived from the binding elements set for the Sub-Fund. The binding elements are monitored in pre- and post-trade compliance systems and thereby serve to ensure sufficient due diligence and as assessment criteria for the adherence to the attainment of the sustainable investment objective of the Sub-Fund. For each sustainability indicator, a methodology, based on different data sources, has been set up in order to ensure accurate measurement and reporting of the indicators.

Sustainable investment objective

The Sub-Fund follows the "Green Bond Strategy". The Green Bond Strategy's sustainable investment 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-Funds will invest minimum 80% of its assets in sustainable investments.

In addition, Sub-Fund specific exclusion criteria apply.

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

No significant harm to the sustainable investment objective

The Sub-Fund has a sustainable investment objective and will invest at least 80% of its assets in sustainable investments.

In order to ensure that sustainable investments do not significantly harm any other environmental and/or social objective, AGI is leveraging the Principal Adverse Impacts ("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 Do Not Significantly Harm ("DNSH") assessment. Investments in securities of issuers which do not pass the DNSH assessment are not counted as sustainable investments.

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 UNGC 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. AGI will strive to increase data coverage for PAI indicators with low data coverage by engaging with issuers and data providers. AGI will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

The 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.

Investment 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.

AGI 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, AGI 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 AGI 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.

AGI 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 AGI 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 AGI's analysis is focused on the credibility of the respective issuer's approach regarding its transition to a low carbon model. AGI'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. AGI 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 investment strategy adheres to the following binding elements to attain the sustainable investment objective:

- Min. 85% of the Sub-Fund's assets are invested in green bonds.
- Green bonds held in the Sub-Fund's 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 Sub-Fund 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 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,
    - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons), and 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 Sub-Fund specific exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance. The review is performed at least half yearly.

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 AGI 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 AGI believes that our engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, AGI is committed to actively encourage open dialogues with investee companies on corporate governance and broader sustainability issues in advance of shareholder meetings (regularly for direct investments in shares). AGI's approach to company engagement is set out in AGI's Stewardship Statement.

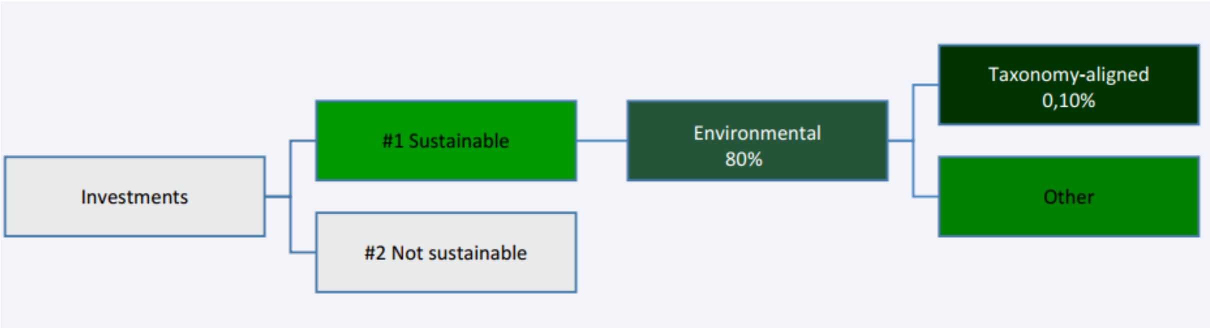
Proportion of investments

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.

Min. 80% of the Sub-Funds' assets will be invested in sustainable investments. The minimum percentage of investments with an environmental objective is 0.10%. The minimum percentage of investments that are aligned with the EU Taxonomy is 0.10%. AGI does not commit to a minimum share of socially sustainable investments.

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.



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

Monitoring of the sustainable investment objective

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 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 Sub-Fund's 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.

The sustainability indicators are derived from the binding elements set for the Sub-Fund. All binding elements are monitored by means of internal compliance systems. If breaches occur, these will be reported to the relevant parties and resolved based on internal procedures.

Methodologies

The following methodologies are applied to enable regulatory reporting on the Sub-Fund's sustainability indicators:

- A green bond loan indicator by an external provider is applied to identify whether bonds qualify as green bonds. Accordingly, the proportion of green bonds within the Sub-Fund's portfolio is computed.
- Exclusions are updated at least twice per year by the Sustainability Team and based on external data sources.
- The sustainable investment share is computed based on the following methodology.

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

- Climate Change Mitigation.
- Climate Change Adaptation.
- Sustainable and Protection of Water and Marine Resources.
- Transition to a Circular Economy.
- Pollution Prevention and Control.
- 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 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.

The SRI rating is updated monthly. Raw sustainability data is sourced from external data providers. Following this, data controls and quality checks are conducted. For select cases, additional internal research is conducted which may lead to a revaluation of the rating. The raw sustainability data is weighted according to its sector materiality and used to derive the constituent pillar scores of the SRI rating (environmental, social, governance, business behaviour). The final SRI rating is computed based on its constituent pillars.

Data sources and processing

The following data sources are used as input for the Sub-Fund’s regulatory reporting: Bloomberg, ISS, VigeoEiris, MSCI, Sustainalytics.

AGI’s Sustainability and Impact Investing team selects third-party data providers through a Request for Proposal (RfP) process, which is applied across AGI. Data origin, methodology (qualitative and/or quantitative), raw data points, issuer coverage, resources in place, expertise, granularity of research, approach, IT support, client support, and consistency/quality of data feed are assessed and tested during RfPs. Data is sourced from providers directly into the internal cloud-based data lake in line with AGI’s data strategy. AGI uses technology such as application programming interface (API) and secure file transfer protocol (SFTP) when not made available by providers, allowing close monitoring and a smooth and constant update of data points. Controls apply to data flows and their evolution over time (coverage, expected values, etc.) to track potential issues upstream in the data supply chain.

Limitations to methodologies and data

There are several general limitations which apply. The Sub-Fund may use one or more different third-party research data providers and/or internal analyses. In assessing the eligibility of an issuer based on research, there is a dependence upon information and data from third party research data providers and internal analyses, which may be subjective, incomplete, inaccurate, or unavailable. As a result, there is a risk to incorrectly or subjectively assess a security or issuer. There is also a risk that AGI may not apply the relevant criteria resulting out of the research correctly or that the Sub-Fund following the Sustainable Investment Strategy could have indirect exposure to issuers who do not meet the relevant criteria of the Sustainable Investment Strategy.

The data coverage for the PAI indicators is heterogeneous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered either through equivalent data or 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.

Due diligence

AGI follows a risk-based approach to determine where unique instrument/transaction specific pre-investment checks should be performed by taking into account the complexity and the risk profile of the respective investment, the materiality of the transaction size on the fund's NAV, and the direction (buy/sell) of the transaction.

To ensure that the Sub-Fund attains its sustainable investment objective the binding elements act as assessment criteria.

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

- Min. 85% of the Sub-Fund's assets are invested in green bonds.
- Green bonds held in the Sub-Fund's 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 Sub-Fund 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 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,
    - securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons), and 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 Sub-Fund specific exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance. The review is performed at least half yearly.

Engagement policies

The description of the engagement policies and activities of AGI can be found under the following link: https://www.allianzgi.com/en/our-firm/esg/active-stewardship.

AGI conducts engagement across its offering. Engagement activities are determined on an issuer level. AGI's engagement strategy rests on 2 pillars: (1) risk-based approach and (2) thematic approach.

The risk-based approach focuses on the material ESG risks identified. Engagements are closely related to the size of exposure. The focus of engagements is determined by considerations such as significant votes, where applicable, against company management at past general meetings and sustainability issues identified as below market practice. Engagements can also be triggered by controversies connected to sustainability or governance.

The thematic approach either links engagements to AGI's three strategic sustainability themes, climate change, planetary boundaries and inclusive capitalism, as well as to governance themes within specific markets or more broadly. Thematic engagements are identified based on topics deemed important for portfolio investments and are prioritized based on the size of AGI’s holdings and considering the priorities of clients.

Designated reference benchmark

The Sub-Fund has assigned the MSCI Euro Green Bond ex Securitized as benchmark.

The Sub-Fund uses a green bond benchmark which is however not completely aligned with the sustainable investment objective promoted by the Sub-Fund. 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.

The benchmark is not continuously aligned as the screening and exclusion criteria of the benchmark deviate from the Sub-Fund`s investment strategy. The benchmark tracks the performance of securities issued for qualified “green" purposes.

Details of the Benchmark’s methodology may be found on website https://www.msci.com/documents/10199/ 242721/Barclays_MSCI_Green_Bond_Index.pdf/.

Schedule of changes:		
V1	*February 2024*	*Initial version*
V2	*May 2025*	*Sub-Fund name change*

V1 February_2024

Article 8 SFDR – Website Disclosure

FDC SICAV EUR Money Market – Active 1

LEI: 5493004JJDKD1JAS8T48

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed AXA Investment Managers Paris S.A. ("AXA") as the portfolio manager of its sub-fund FDC SICAV EUR Money Market – Active 1 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

The environmental and social characteristics promoted by this financial product 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.
- Labor rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labor Organization's (ILO) Conventions or the OECD guidelines for Multinational Enterprises.

Investment Strategy

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

AXA bindingly applies at all times a first exclusion filter, encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. The Sub-Fund also applies AXA'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

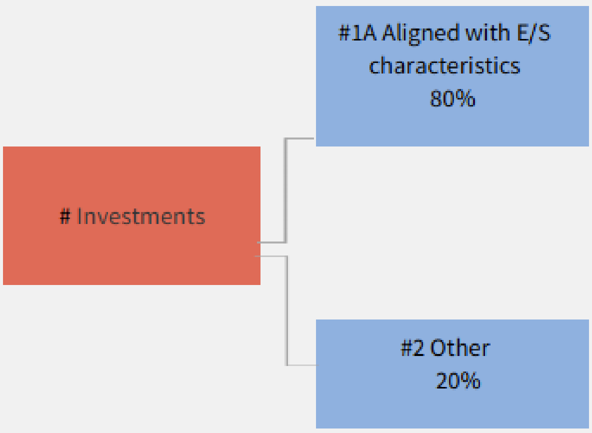
[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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 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.

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. AXA 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 engagement policies. AXA implemented a comprehensive active ownership strategy where AXA acts as stewards of investments made on the clients' behalf. AXA 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 AXA feels legitimate to engage in a constructive but demanding dialogue with them.

Proportion of 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 Sub-Fund aims to plan its assets' allocation as presented in the graph above. 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% of the Sub-Fund's net asset value.

The remaining "Other" investments will represent a maximum of 20% of the Sub-Fund. The "other" assets may consist in:

- cash and cash equivalent investments being bank deposit, eligible money market instruments and money market funds used for managing the liquidity of the Sub-Fund, and
- other instruments eligible to the Sub-Fund and that do not meet the Environmental and/or Social criteria described in this disclosure. Such assets may be debt instruments, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Sub-Fund and/or for diversification and/or hedging purposes.

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 described above.

Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the Sub-Fund are reflected in monitoring tool and monitored by AXA's Risk and Control team at all times through the ban-lists established by AXA's RI Research team on each exclusion policy described above. Ban-lists are built based on criteria defined in AXA's policies that are presented under the following link: https://www.axa-im.com/our-policies-and-reports.

The exclusion list is updated on an annual basis unless a specific event requires an intermediate revision or a delay in the publication of data from AXA sources which may postpone the update. Any updates are approved by dedicated governance body.

The sustainability indicator is reported to investment team in a specific report.

Methodologies for environmental or social characteristics

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. AXA'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 AXA's dedicated internal governance body.

Data sources and processing

The AXA sectorial and ESG Standards' ban-lists are prepared using information from external data providers. Data providers used to define those exclusion lists are detailed at the following link: https://www.axa-im.com/our-policies-and-reports.

Ban lists are prepared and updated by AXA's Responsible Investment Research team and approved by a dedicated governance body.

The ESG Scores rely on an external data provider (MSCI) coupled with an overlay of AXA's own fundamental and documented ESG analysis. The proportion of data that are estimated is considered as being in the high range. Those ESG analysis are reviewed and approved in a dedicated governance body, the ESG Assessment and Review Committee.

The ESG Score sustainability indicator is relying on an external data provider MSCI. These data are updated at least on a bi-annual basis. The proportion of data that are estimated is considered as being in the high range.

AXA may change third party data providers at any time and at its own discretion and this may lead to changes to the data used for the same instruments or investments in the future.

AXA has been working with ESG data providers for several years and performs a due diligence on the methodology and outputs when selecting them. To make the best possible choices, the strengths and weaknesses of each data provider were reviewed and compared to determine factors such as coverage, data quality, alignment with sustainability-related regulations, calculation methodologies and level of transparency on these methodologies, update frequency and cost. When selected, AXA also performs regular checks on such external data providers. Regarding ESG scores and Sustainable Investment methodology in particular, each refresh of data is subject to a review as per our internal governance with an involvement from the risk department, quantitative experts and investment teams.

Data is received generally from automated data feeds. Values are cascaded to relevant associated issuers or securities and are then processed to aggregate instrument level data at portfolio level. Appropriate controls on aggregation are performed by quant analysts. Data is stored in AXA's data management system and is

made available to various teams (mainly quant analysts, investment teams, risk and control). Investment teams have access to ESG data of which related to sustainability indicators and sustainable assets through AXA's Front Office tools.
More information on data providers, measures and any relevant governance bodies taken to ensure data quality and governance on data is available in AXA's Climate report at the following link: https://www.axa-im.com/sites/corporate/files/insight/pdf/axa-im-Art-173-TCFD-report%202021.pdf.

Limitations to methodologies and data

Methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

AXA relies largely on third-party data providers on ESG related data. Ultimately, data coming from either the issuers' reporting or external providers might not be equally calculated due to different measurement methodologies or an embedded risk of error. AXA may also change third party data providers at any time and at its own discretion and this may lead to changes and hence limitations to the data used for the same instruments or investments.

However, AXA conducts some due diligences on data or methodologies that could prevent any limitations in the attainment of environmental or social characteristics promoted by the Sub-Fund.

Due diligence

AXA's sectorial exclusion policies encompass areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. AXA's Environmental, Social and Governance standards policy ("ESG Standards") integrates specific sectorial exclusions such as tobacco and white phosphorus weapons, includes violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises and excludes investment companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality. Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available at https://www.axa-im.com/our-policies-and-reports.

AXA's exclusion policies and ESG standards are reviewed annually by our Compliance and RI Coordination teams and updated accordingly. Based on these policies and standards, our responsible Investment Research team draws up ban lists which are then implemented into our systems to be monitored.

The Sub-Fund's other extra-financial commitments are also implemented through our monitoring tool which take into account other regulations and extra-financial guidelines (such as, but not limited to, Label guidelines). The parameters used for the monitoring are reviewed by AXA's compliance team before being implemented into our monitoring tools.

These due diligence processes' implementation and monitoring are controlled internally by AXA's compliance team to ensure compliance with applicable regulatory norms.

Engagement policies

AXA implemented a comprehensive active ownership strategy where AXA acts as stewards of investments made on the clients' behalf. AXA 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 AXA feels legitimate to engage in a constructive but demanding dialogue with them.

An engagement action can be initiated with corporate issuers subject to severe controversies with progress of engagement activities is monitored by RI dedicated governance committee.

More details on AXA's Stewardship policies are available at https://www.axa-im.com/document/4678/view.

AXA's last stewardship report is available at [https://www.axa-im.com/who-we-are/stewardship-and-engagement.](https://www.axa-im.com/who-we-are/stewardship-and-engagement)

Designated reference benchmark

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

Article 8 SFDR – Website Disclosure
FDC SICAV Global Bonds – Active 1
LEI: 5493001Y3KJ9PT6IU416

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Franklin Templeton Investment Management Limited ("Franklin Templeton") as the portfolio manager of its sub-fund FDC SICAV Global Bonds – Active 1 (the “Sub-Fund”). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

In the implementation of the Sub-Fund’s environmental, social and governance (“ESG”) strategy, Franklin Templeton avoids investment in issuers that are lagging in the transition to support a low-carbon economy.

The Sub-Fund’s environmental or social characteristics are assessed both quantitatively and qualitatively, by means of sustainability indicators as well as of Franklin Templeton’s proprietary ESG ratings system and its research and engagement process further described. As part of its investment decision making process, the Sub-Fund’s ESG strategy also uses binding criteria for the selection of underlying assets and applies specific ESG exclusions.

Finally, the Sub-Fund has a minimum allocation of 6% to sustainable investments. The Sub-Fund ensures that its sustainable investments do not cause significant harm to any environmental or social sustainable investment objective.

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

No sustainable investment objective

This financial product promotes an environmental or social characteristic but does not have as its objective a sustainable investment. However at least 6% of the Sub-Fund will be allocated to sustainable investments.

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 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

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

- 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?

Franklin Templeton uses proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the portfolio.

All issuers are monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App uses data from a third-party provider 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 environmental performance including 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 Scope 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 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 portfolio of the Sub-Fund committed towards environmental and social objectives, Franklin Templeton applies additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the projects' DNSH eligibility.

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

When assessing compliance of the Sub-Fund's investments with the Do No Significant Harm principles, Franklin Templeton takes into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they are relevant for the investments contemplated by the Sub-Fund and other data points deemed by Franklin Templeton as proxies for adverse impact. Franklin Templeton performs this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators will not qualify as sustainable investments.

While assessing eligible green and social bonds, Franklin Templeton 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), Franklin Templeton ascertains that financed projects reduce exposure to PAIs linked to greenhouse gas emissions.

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

For bonds issued by sovereign countries, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are not applicable to such investments. For bonds issued by corporate issuers, the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Alignment is monitored using data from MSCI. Breaches identified by that service provider are flagged in the investment compliance system for subsequent investigation by Franklin Templeton. Where due diligence proves that the issuer is not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it is deemed un-investible.

Environmental or social characteristic of the 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. Franklin Templeton seeks to attain these characteristics by:

- avoiding investments in issuers that are lagging in the transition to a low-carbon economy; 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 does not use a reference benchmark to which it aligns the environmental and/or social characteristics that the Sub-Fund promotes.

Investment Strategy

What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?

The Sub-Fund 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 applied to the whole portfolio and is binding for the portfolio construction.

In relation to corporate issuers, the Sub-Fund 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 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 uses a selectivity approach in order to exclude from its portfolio issuers (corporates and sovereigns) that score in the bottom 20% of its investment universe in terms of these metrics.

In addition to the above, the Sub-Fund applies specific ESG exclusions. Across the entire portfolio, 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[2] 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 Franklin Templeton'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 Franklin Templeton's 30% tolerance level of fossil fuels or 5% tolerance level of thermal coal used to generate electricity or lack ambitions regarding decarbonisation 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, Franklin Templeton will divest from such security as soon as practicable and at the latest within a period of six months.

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 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; and
- the application of the ESG exclusions further described in the investment strategy section of this disclosure.

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

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.

[2] https://freedomhouse.org/countries/freedom-world/scores

For the qualitative assessment of corporate issuers, Franklin Templeton 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, Franklin Templeton investigates 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.

Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the 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).

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 Sub-Fund's investable universe;
- guiding thematic engagement; and
- applying exclusions.

Identifying best-in-class issuers

The Sub-Fund seeks exposure to bonds issued by corporates and sovereigns deemed by Franklin Templeton to be Environmental Champions. Environmental champions are identified using two proprietary ESG rankings:

- the EETI ranks sovereign issuers using various data points that include energy efficiency, natural capital conservation, renewable energy performance, using various data points, including greenhouse gas intensity (emissions normalized by gross domestic product, CO2e/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 Scope 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 portfolio.

Guiding thematic engagement

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

Applying exclusions

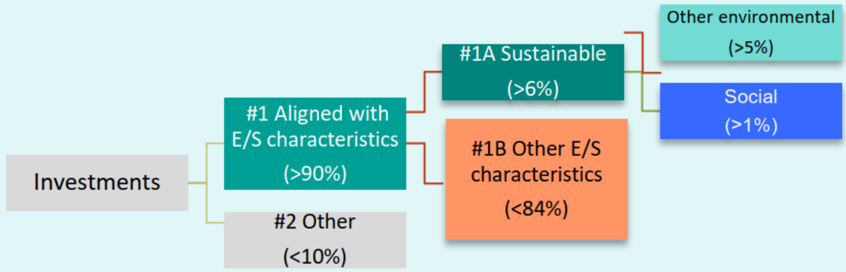
The Sub-Fund also considers UNGC violations and exposure to controversial weapons for the purpose of applying specific ESG exclusions as described in the investment strategy section.

Proportion of investments

At least 90% of the Sub-Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Sub-Fund. 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 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.

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



#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.

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

If Franklin Templeton is not in position to determine the ESG quality of the underlying asset because of its nature (e.g., currency forwards for hedging purposes), Franklin Templeton 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 Franklin Templeton'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.

Monitoring of environmental or social characteristics

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");
- the percentage of investment in issuers having exposure to, or tying with excluded sectors and additional exclusions further described in section "Investment strategy";
- exposure to PAIs indicators compared to the benchmark Bloomberg Barclays Global Aggregate; and
- the list of issuers, with which Franklin Templeton 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 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 attains environmental or social characteristics.

The environmental or social characteristics and the sustainability indicators (including principal adverse impact indicators) are monitored throughout the lifecycle of the product.

Initial investment phase

ESG screenings of investments are performed during the initial acquisition phase.

Prior to investment, Franklin Templeton screens all potential investments to confirm they meet the Sub-Fund's criteria and to confirm the portfolio remains in compliance with its policies. This includes PAIs and good governance assessment to ensure that the Sub-Fund's sustainable investment portion does not cause significant harm to any environmental or social sustainable investment objective as described under the section "No sustainable investment objective". In addition, Franklin Templeton ensures that the Sub-Fund does not invest in the exclusion list.

More information on the exclusion list and on the ESG rating methodology can be found under the section "Investment Strategy".

Holding period

Once investments have been made, ongoing monitoring and reporting are performed.

Franklin Templeton conducts reviews to ensure ongoing compliance with the policies and analyse the investments exposure at a portfolio level for possible adverse impact. Exclusions/restrictions based on scoring are coded into our pre trade engine for compliance monitoring. Franklin Templeton is responsible for the correct execution of the ESG due diligence activities.

Divestment

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

Control mechanisms

Franklin Templeton is responsible for supervising and improving the implementation of the ESG policies and responsible investment process across all investments. All binding elements of the Sub-Fund's ESG commitments are regularly reviewed and monitored as part of the Sub-Fund's Investment Compliance process.

In addition, sustainability risk is integrated in the Sub-Fund's risk management processes.

Methodologies for environmental or social characteristics

The Sub-Fund measures the attainment of the environmental or social characteristics by using on an ongoing basis and reporting on an annual basis the sustainability indicators mentioned under the section "Monitoring of environmental or social characteristics" as well as the PAI indicators.

The Sub-Fund relies on the following criteria:

ESG rating

A 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 attains environmental or social characteristics.

Engagement

The environmental and social characteristics promoted will be considered as attained if Franklin Templeton engages with 5% of holdings which are considered as underperformers in terms of their aggregate exposure to applicable mandatory PAIs metrics. The engagement policies are described under the section "Engagement policies".

Negative screens

The environmental and social characteristics promoted are considered as attained if the percentage of investment in issuers having exposure to, or ties with the sectors and the additional exclusions further described in the pre-contractual disclosure equals 0%.

Investments in bonds qualifying as sustainable investments

In addition to the environmental and social characteristics promoted, the Sub-Fund promotes positive outcomes by investing in bonds qualifying as sustainable investments. The bonds' assessment is described under the section "Environmental or social characteristics of the financial product". These outcomes are considered as attained if the percentage of sustainable investments is equal to at least 6% of the Sub-Fund's portfolio.

Franklin Templeton applies a "pass-fail" approach in determining whether an investment is sustainable, considering a position fully sustainable if it can be classified as a use-of-proceeds instrument financing sustainable projects, ranging from green bonds or social bonds towards more focused instruments (blue bonds, gender bonds etc.).

Franklin Templeton relies on the alignment of the use-of-proceeds instruments with the recognized international standards for green or social bonds, with a special consideration for the ICMA framework and other internationally recognized standards. The certification verification is complemented by an internal analysis to determine the eligibility of the instrument, particularly in cases where there is a lack of external assurance or third-party assessment. The complementary analysis focuses on the alignment of the instrument with the ICMA framework and other international standards, evaluating the instrument's use of proceeds, project evaluation and selection, management of proceeds and reporting as well as the contribution of the project to the relevant UN SDG(s). While assessing eligible bonds, Franklin Templeton also reviews and documents the materiality of the relevant PAIs for the project and how the project's implementation reduces the exposure to those PAIs.

Data sources and processing

Data sources

Franklin Templeton uses multiple sources of ESG information, including but not limited to:

- third party commercial ESG data providers MSCI, ISS, and Sustainalytics;
- international organizations (e.g., the World Bank Group) and recognized nongovernment organizations (e.g., Freedom House, Transparency International); and
- other publicly available sources (e.g., issuers' reports, media coverage).

Measures to ensure data quality

The selected third-party data vendors conduct the quality checks. The Sub-Fund relies on the vendor's robustness of data quality rules and the vendor's service delivery standards.

In addition, a centralized technology department in Franklin Templeton, responsible for central data storage, checks for timeliness to ensure that the vendor delivers as expected and the most recently delivered data is available. Franklin Templeton's investment management team conducts additional quality due diligence in case any anomalies are identified during data processing.

Data processing

The raw ESG data from the external providers is fed to Franklin Templeton through a variety of methods depending on the vendor and dataset and centralized within Snowflake, a cloud data platform (from an external provider) that allows the investment team to store data from different third-party data vendors. The process is automated and fine-tuned for each data vendor. Frequency of delivery and delivery method varies by vendor and dataset. From the central database, the data is sourced to the proprietary tools, where it gets processed in line with the designed ESG methodology.

Additionally, Franklin Templeton's investment team makes efforts to cover existing data gaps by manual feed of the data gathered from publicly available sources. For the sake of creating relevant rankings, the data is normalized (often on 1 to 100 scale). Both raw and processed data are used in the Sub-Fund's pre-trade engine and compliance system to ensure committed objectives and policies are met.

Estimated data

In situations when reported data is unavailable or is its quality is not good (e.g. Scope 3 emissions), Franklin Templeton's investment management team retains right to use estimated data.

Due to current disclosure policies by the external third-party data providers, Franklin Templeton is unable to provide detailed information on the percentage of data estimation. This information may be available in the future.

Limitations to methodologies and data

Limitation to the methodology

Inherent limitations to the methodology exist. The methodology is built on external data points that are developed within the limitation to the data sources.

Limitation to the data sources

Inherent limitations to the data sources exist. Given that the Sub-Fund is allowed to invest in issuers outside the European Union with weaker non-financial disclosure regulatory environment, the ESG data coverage for those bespoke investable universes are limited. In order to address such limitation, Franklin Templeton's investment team engages with the issuers and relevant stakeholders (e.g., local regulators, industry associations) to expand the data coverage.

Due diligence

The Sub-Fund carries out due diligence on the underlying assets in the investment process on a regular basis as described under the section “Monitoring of environmental or social characteristics”.

Engagement policies

Engagement is about encouraging issuers to improve their ESG practices over the long-run through a constructive and structured dialogue.

Implementation

Engagement consists of:

- calling upon issuers to be transparent and instigate adequate and sustainable corrective measures following a controversy flagged by a third-party data provider;
- deciding to divest within six months if the controversies are substantiated or ESG risk is not properly addressed and if negative outlook is likely;
- engaging in discussions with 5% of holdings which are considered as underperformers in terms of their PAIs metrics; and
- conducting oriented engagement campaign across portfolio investees addressing specific topics (e.g., human rights, carbon emissions, etc.).

All data concerning issuers that arise during these discussions as well as potential requests for improvement are collected within an engagement tracker.

Progress is monitored and assessed on at least an annual basis.

Corrective measures following a controversy

In the context of a controversy engagement and if appropriate, Franklin Templeton might decide to arrange a follow-up call within 3 to 12 months. During this call, Franklin Templeton will monitor if agreed corrective measures have been implemented.

Scope and themes covered

Engagement opportunities cover all issuers in the portfolio. Franklin Templeton balances equally material themes (that include climate chance mitigation and adaptation, biodiversity crisis, equitable society or any other topics that might be material for a particular issuer, sector or Sub-Fund's objectives).

Reporting

Franklin Templeton’s annual Fixed Income Engagement Report includes information on the engagement conducted during the year and on the progress made by the issuers.

Designated reference benchmark

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

V1 February 2024

Article 8 SFDR – Website Disclosure
FDC SICAV Global Bonds – Active 2
LEI: 549300ELGSB8R78E4T58

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed AXA Investment Managers Paris S.A. (“AXA”) as the portfolio manager of its sub-fund FDC SICAV Global Bonds – Active 2 (the “Sub-Fund”). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

The environmental and social characteristics promoted by this financial product 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.
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organization's (ILO) Conventions or the OECD guidelines for Multinational Enterprises.

AXA also applies specific policy to ensure good governance practices of investee companies.

Investment Strategy

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

AXA bindingly applies at all times a first exclusion filter, encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. The Sub-Fund also applies AXA'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

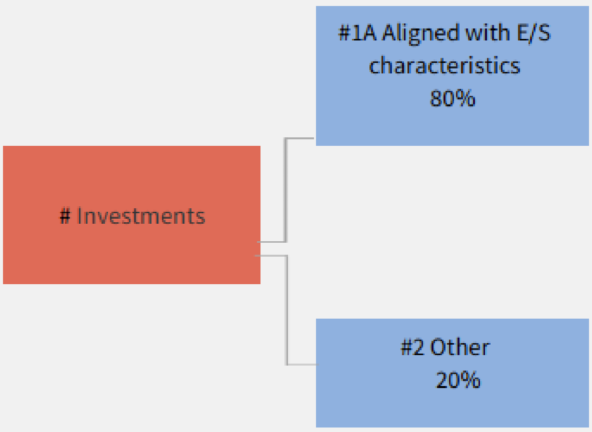
[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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 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.

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, Labour and Environment. AXA 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 Labour 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 engagement policies. AXA implemented a comprehensive active ownership strategy where AXA acts as stewards of investments made on the clients' behalf. AXA 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 AXA feels legitimate to engage in a constructive but demanding dialogue with them.

Proportion of 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 Sub-Fund aims to plan its assets' allocation as presented in the graph above. 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% of the Sub-Fund's net asset value.

The remaining "Other" investments will represent a maximum of 20% of The Sub-Fund's. The "other" assets may consist in:

- cash and cash equivalent investments being bank deposit, eligible money market instruments and money market funds used for managing the liquidity of the Sub-Fund, and
- other instruments eligible to the Sub-Fund and that do not meet the Environmental and/or Social criteria described in this disclosure. Such assets may be debt instruments, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Sub-Fund and/or for diversification and/or hedging purposes.

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 described above.

Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the Sub-Fund are reflected in monitoring tool and monitored by AXA’s Risk and Control team at all times through the ban-lists established by AXA’s RI Research team on each exclusion policy described above. Ban-lists are built based on criteria defined in AXA’s policies that are presented under the following link: https://www.axa-im.com/our-policies-and-reports.

The exclusion list is updated on an annual basis unless a specific event requires an intermediate revision or a delay in the publication of data from AXA sources which may postpone the update. Any updates are approved by dedicated governance body.

The sustainability indicator is reported to investment team in a specific report.

Methodologies for environmental or social characteristics

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. AXA’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 AXA’s dedicated internal governance body.

Data sources and processing

The AXA sectorial and ESG Standards’ ban-lists are prepared using information from external data providers. Data providers used to define those exclusion lists are detailed at the following link: https://www.axa-im.com/our-policies-and-reports.

Ban lists are prepared and updated by AXA’s Responsible Investment Research team and approved by a dedicated governance body.

The ESG Scores rely on an external data provider (MSCI) coupled with an overlay of AXA’s own fundamental and documented ESG analysis. The proportion of data that are estimated is considered as being in the high range. Those ESG analysis are reviewed and approved in a dedicated governance body, the ESG Assessment and Review Committee.

The ESG Score sustainability indicator is relying on an external data provider MSCI. These data are updated at least on a bi-annual basis. The proportion of data that are estimated is considered as being in the high range.

AXA may change third party data providers at any time and at its own discretion and this may lead to changes to the data used for the same instruments or investments in the future.

AXA has been working with ESG data providers for several years and performs a due diligence on the methodology and outputs when selecting them. To make the best possible choices, the strengths and weaknesses of each data provider were reviewed and compared to determine factors such as coverage, data quality, alignment with sustainability-related regulations, calculation methodologies and level of transparency on these methodologies, update frequency and cost. When selected, AXA also performs regular checks on such external data providers. Regarding ESG scores and Sustainable Investment methodology in particular, each refresh of data is subject to a review as per our internal governance with an involvement from the risk department, quantitative experts and investment teams.

Data is received generally from automated data feeds. Values are cascaded to relevant associated issuers or securities and are then processed to aggregate instrument level data at portfolio level. Appropriate controls on aggregation are performed by quant analysts. Data is stored in AXA's data management system and is made available to various teams (mainly quant analysts, investment teams, risk and control). Investment teams have access to ESG data of which related to sustainability indicators and sustainable assets through AXA's Front Office tools.

More information on data providers, measures and any relevant governance bodies taken to ensure data quality and governance on data is available in AXA's Climate report at the following link: https://www.axa-im.com/sites/corporate/files/insight/pdf/axa-im-Art-173-TCFD-report%202021.pdf.

Limitations to methodologies and data

Methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

AXA relies largely on third-party data providers on ESG related data. Ultimately, data coming from either the issuers' reporting or external providers might not be equally calculated due to different measurement methodologies or an embedded risk of error. AXA may also change third party data providers at any time and at its own discretion and this may lead to changes and hence limitations to the data used for the same instruments or investments.

However, AXA conducts some due diligences on data or methodologies that could prevent any limitations in the attainment of environmental or social characteristics promoted by the Sub-Fund.

Due diligence

AXA's sectorial exclusion policies encompass areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. AXA's Environmental, Social and Governance standards policy ("ESG Standards") integrates specific sectorial exclusions such as tobacco and white phosphorus weapons, includes violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises and excludes investment companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality. Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available at https://www.axa-im.com/our-policies-and-reports.

AXA's exclusion policies and ESG standards are reviewed annually by our Compliance and RI Coordination teams and updated accordingly. Based on these policies and standards, our responsible Investment Research team draws up ban lists which are then implemented into our systems to be monitored.

The Sub-Fund's other extra-financial commitments are also implemented through our monitoring tool which take into account other regulations and extra-financial guidelines (such as, but not limited to, Label guidelines). The parameters used for the monitoring are reviewed by AXA's compliance team before being implemented into our monitoring tools.

These due diligence processes' implementation and monitoring are controlled internally by AXA's compliance team to ensure compliance with applicable regulatory norms.

Engagement policies

AXA implemented a comprehensive active ownership strategy where AXA acts as stewards of investments made on the clients' behalf. AXA 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 AXA feels legitimate to engage in a constructive but demanding dialogue with them.

An engagement action can be initiated with corporate issuers subject to severe controversies with progress of engagement activities is monitored by RI dedicated governance committee.

More details on AXA's Stewardship policies are available at https://www.axa-im.com/document/4678/view.

AXA's last stewardship report is available at https://www.axa-im.com/who-we-are/stewardship-and-engagement.

Designated reference benchmark

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

V2 June 2024

Article 8 SFDR – Website Disclosure Summary
FDC SICAV Global Bonds – Active 3
LEI: 5493001IV2TY6TVTFJ91

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Neuberger Berman Asset Management Ireland Limited ("Neuberger Berman") as the portfolio manager of its sub-fund FDC SICAV Global Bonds – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

As part of the investment process, Neuberger Berman's investment team 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 (the "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.

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

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics

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.

- 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.

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

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

Investment Strategy

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.

Assessment of Good Governance

Governance factors that the investment team 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.

Proportion of Investment

The Sub-Fund aims to directly 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 holding sustainable investments.

Monitoring Environmental or Social Characteristics and Methodologies

The investment team considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Sub-Fund, including:

- the NB ESG Quotient;
- Climate Value-at-Risk ("CVaR"); and
- ESG exclusion policies.

The investment team will track and report on the performance of the above sustainability indicators. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Sub-Fund.

Data Sources and Processing

ESG data inputs are derived from multiple datasets including international financial organisations, external vendors, company direct disclosures, company indirect disclosures, development agencies and specialty ESG research providers. ESG data feeds are monitored and reconciled by our data quality assurance team and critical data elements are closely reviewed as part of internal reporting.

Limitations to Methodologies and Data

Limitations in both methodology and data are listed under this heading in the main body of the website disclosure. Neuberger Berman is satisfied that such limitations do not affect the promotion of environmental or social characteristics as explained further under this heading in the main body of the website disclosure.

Due Diligence

Before making investments, Neuberger Berman will conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment.

Engagement Policies

Engagement is an important component of the Sub-Fund's investment process.

Article 8 SFDR – Website Disclosure
FDC SICAV Global Bonds – Active 3
LEI: 5493001IV2TY6TVTFJ91

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Neuberger Berman Asset Management Ireland Limited ("Neuberger Berman") as the portfolio manager of its sub-fund FDC SICAV Global Bonds – Active 3 (the "Sub-Fund"). The management of the Sub-Fund has been classified under Article 8 of SFDR[2].

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

No sustainable investment objective

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

Environmental or social characteristic of the financial product

As part of the investment process, Neuberger Berman 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 (the "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 Neuberger Berman to derive the NB ESG Quotient rating, to compare sectors and issuers relative to their environmental and social characteristics. Neuberger Berman 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, Neuberger Berman 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.

  Neuberger Berman 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

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

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, Neuberger Berman will target investment in governments which demonstrate a better preparedness and resilience for climate transition risks. This is measured through Neuberger Berman'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, Neuberger Berman 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 therein 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 website disclosure 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. These represent additional environmental and social characteristics promoted by the Sub-Fund.

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

Investment Strategy

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.

Neuberger Berman considers and evaluates ESG characteristics, as an important component of their credit analysis discipline, when making investment decisions. Neuberger Berman utilises the NB ESG Quotient criteria as part of the Sub-Fund 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. 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.

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.

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. 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 Neuberger Berman 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 Sub-Fund 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. 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

   Neuberger Berman engages directly with management teams of issuers through a robust ESG engagement program.

   Neuberger Berman engages with sovereign issuers in developed and emerging market countries. As part of its sovereign engagement, Neuberger Berman'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 onsite visits whenever possible, and utilise such meetings to engage with sovereign issuers on ESG topics, where Neuberger Berman sees scope for improvement for the relevant country.

   The sovereign engagement process tends to focus on the various areas relating to SDGs under the UN Global Compact, and the UNGP. In addition, Neuberger Berman 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 Financial Action Task Force ("FATF") to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in Neuberger Berman's engagement tracker.

   Neuberger Berman 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, Neuberger Berman may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and tracked centrally in Neuberger Berman’s engagement tracker.

In addition, Neuberger Berman will seek to prioritise constructive engagement with issuers which have high impact controversies (such as corporate issuers placed on the Neuberger Berman 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 Neuberger Berman deems as weak ESG efforts, are being addressed adequately.

Neuberger Berman 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. Neuberger Berman also uses it to promote change, when necessary, which it believes 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 Neuberger Berman’s 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 explained in more detail in the “Methodologies for environmental or social characteristics” section.

Policy to assess good governance practices of the investee companies

Governance factors that Neuberger Berman 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 Neuberger Berman 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.

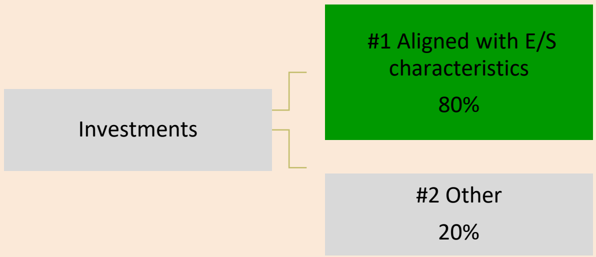
Neuberger Berman views this direct engagement with issuers, as an important part of its investment process.

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, Neuberger Berman aims to prioritise engagement that is expected, based on Neuberger Berman’s subjective analysis, to have a high impact on the protection of and improvement to the value of the Sub-Fund, 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.

Neuberger Berman may take into account other governance factors as appropriate from time to time. As described, the Sub-Fund will only invest in securities issued by issuers whose activities do not breach the Neuberger Berman Global Standards Policy which identifies violators of the (i) United Nations Global Compact Principles (“UNGC Principles”), (ii) United Nations Guiding Principles on Business and Human Rights (“UNGPs”), (iii) OECD Guidelines for Multinational Enterprises (“OECD Guidelines”) and (iv) International Labour Organization Standards Conventions (“ILO Standards”).

Proportion of investments

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 holding sustainable investments. The Sub-Fund aims to hold a maximum of 20% investments that are not aligned 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.



#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.

Please note that while Neuberger Berman 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.

Neuberger Berman 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 Sub-Fund construction and investment management process of the Sub-Fund; and/or ii) with whom Neuberger Berman 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.

While the Sub-Fund may use derivatives for efficient portfolio management, investment purposes and/or hedging, it will not use derivatives to promote environmental or social characteristics.

"Other" includes the remaining investments of the financial product (including but not limited to any derivatives) which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The "Other" section in the Sub-Fund is held for a number of reasons that Neuberger Berman 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 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 UNGC Principles, UNGPs, OECD Guidelines and ILO Standards, captured through the NB Global Standards Policy.

Neuberger Berman 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.

Monitoring of environmental or social characteristics

Following investment, Neuberger Berman monitors issuers on an ongoing basis to track their performance with respect to environmental and social characteristics. In particular, Neuberger Berman will track and report on the performance of (i) the NB ESG Quotient; (ii) the Climate Value at Risk ("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.

Methodologies for environmental or social characteristics

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

1. <u>The NB ESG Quotient</u>

The NB ESG Quotient (as explained in the section headed “Environmental or social characteristics of the financial product”) 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, 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 Neuberger Berman'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. 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. In addition, Neuberger Berman will seek to prioritise constructive engagement with issuers which have high impact controversies (such as corporate issuers placed on the Neuberger Berman 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 Neuberger Berman deems as weak ESG efforts, are being addressed adequately. The success of Neuberger Berman’s constructive engagement efforts with issuers will depend on each of the issuer’s receptiveness and responsiveness to such engagement.

2. <u>CVaR</u>

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 Neuberger Berman’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 Neuberger Berman has sufficient and reliable data. The analysis from CVaR is reviewed at least once a year.

3. <u>ESG exclusion policies</u>

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

Additionally, the Sub-Fund will not invest in sovereign issuers which Neuberger Berman identifies as having weak ESG practices, and such issuers will be excluded from the Sub-Fund using Neuberger Berman’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 Neuberger Berman 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 FATF.

In addition, the Sub-Fund will not invest in securities issued by issuers whose activities breach, or are not consistent with, the Neuberger Berman Controversial Weapons Policy, the Neuberger Berman Thermal Coal Involvement Policy, and the Neuberger Berman 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").

More information can be found on following websites:

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

Data sources and processing

ESG data inputs are derived from multiple datasets including international financial organizations, external vendors, company direct disclosures (e.g., sustainability reports, annual reports, regulatory filings, and company websites), company indirect disclosures (e.g., government agency published data; industry and trade association data; and third-party financial data providers), development agencies and specialty ESG research providers.

ESG data is a key domain and part of our internal data governance with an assigned ESG Data Steward and a dedicated ESG Technology team. The ESG Data Steward has periodic engagements with ESG data vendors to discuss issues such as data coverage and will evaluate options to help resolve data gaps. Subscription to multiple data vendors enables us to evaluate company coverage and quality of data between vendors. In addition, Neuberger Berman's investment teams continue to explore new data products and vendors to evaluate potential enhancements to our existing data coverage.

ESG data feeds are monitored and reconciled by our data quality assurance team and critical data elements are closely reviewed as part of internal reporting. ESG Data is integrated throughout Neuberger Berman's operating management system, compliance and risk management systems, providing all stakeholders transparency into Sub-Fund ESG metrics in real time.

In addition, Neuberger Berman's internally derived data team work collaboratively with its ESG Investing team to identify innovative and non-traditional data sources which may provide additional insights. Neuberger Berman continuously seek to identify additional data and research, which may enhance its analysis.

Neuberger Berman believes that the most effective way to integrate ESG into an investment process over the long term is for investment teams themselves to research ESG factors and consider them alongside other inputs into the investment process. For this reason, ESG research is included in the work of Neuberger Berman's research analysts rather than employing a separate ESG research team. Neuberger Berman embeds such research in the work of its security research analysts.

Neuberger Berman's investment teams can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to sell a security when it no longer offers an attractive risk-adjusted potential return.

Neuberger Berman expects that a low proportion of data will be estimated. The proportion of data that is estimated will depend on the composition of investee companies – the nature of their business and sectors in which they operate. Neuberger Berman expects that data availability and quality will improve as the market and methods for obtaining and reporting data mature.

Limitations to methodologies and data

Limitations in both methodology and data include but are not limited to:

- Lack of standardization;
- Gaps in company coverage especially in private companies and companies that reside in emerging markets;
- Limitations in application for both public and private debt markets versus public equity;
- Some data sets such as carbon emissions are reported at a significant time-lag; and
- Some of the available third-party data is calculated based on data estimates.

As such, investment teams are not dependent on raw data. Neuberger Berman has developed a firm-wide proprietary ratings system, called the Neuberger Berman ESG Quotient, which is under continual testing to enhance methodology and data coverage.

In addition, Neuberger Berman continues to advocate for greater standardized disclosures; for example, Neuberger Berman is a member of the International Financial Reporting Standards (the “IFRS”) Sustainability Alliance, which aims to develop a more coherent and comprehensive system for corporate disclosure.

Neuberger Berman is also a formal supporter of the recommendations of the Taskforce on Climate Related Financial Disclosure (“TCFD”) because Neuberger Berman believes that climate change is a material driver of investment risk and return across industries and asset classes. The TCFD will help develop voluntary, consistent climate related financial risk disclosures.

Neuberger Berman is satisfied that such limitations do not affect the attainment of environmental or social characteristics, in particular because of the steps taken to mitigate such limitations:

- As noted above, Neuberger Berman periodically engages with data vendors on data quality, and the third party sources relied upon are the same as those relied upon by the broader market and so are likely to be refined as the market for products with environmental or social characteristics matures;
- Neuberger Berman engages directly with management teams of corporate issuers through a robust ESG engagement program; and
- Each investment opportunity’s environmental and social characteristics are evaluated in detail, in accordance with our internal frameworks and using a variety of data sources, having regard to these limitations as well (where appropriate).

Due diligence

Before making investments, Neuberger Berman’s investment team will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The investment team will assess the investment’s compliance with the environmental and social characteristics promoted by the product using (as appropriate) internal analyses, screens, tools and data sources, and may also evaluate other important and complex environmental, social and governance issues related to the investment. The investment team may select investments on the basis of information and data filed by the issuers of such securities with various regulatory bodies or made directly available to Neuberger Berman by the issuers of the securities and other instruments or through sources other than the issuers.

The Sub-Fund will not invest in securities issued by issuers whose activities breach the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Thermal Coal Involvement Policy. Furthermore, the Sub-Fund does not invest in securities issued by issuers whose activities breach the Neuberger Berman Global Standards Policy. Please see above for a full list of the ESG exclusion policies applied by the Sub-Fund.
The Neuberger Berman Controversial Weapons Policy, Neuberger Berman Thermal Coal Involvement Policy and the Global Standards Policy are subject to internal review by the Neuberger Berman ESG Committee. The implementation of the Global Standards Policy is managed by the Neuberger Berman Asset Management Guideline Oversight Team in collaboration with legal and compliance.

The investment professionals responsible for Sub-Fund management are the first step in maintaining compliance with the Sub-Fund’s investment guidelines and ESG exclusions. While Neuberger Berman looks to the investment professionals as the first step in the compliance process, Neuberger Berman recognizes the need for additional, independent oversight. To this end, a rigorous risk management framework is established that features dedicated investment and operational risk teams inclusive of independent guidelines oversight such as ESG exclusions who work to protect client assets and our reputation. Neuberger Berman’s risk professionals act as an independent complement to each investment team’s Sub-Fund construction process, driving investment and operational risk reviews in collaboration with other control units of the firm, such as information technology, operations, legal and compliance, asset management guideline oversight and internal audit.

Engagement policies

Neuberger Berman engages directly with management teams of issuers through a robust ESG engagement program.

Neuberger Berman engages with sovereign issuers in developed and emerging market countries. As part of its sovereign engagement, Neuberger Berman’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 onsite visits whenever possible, and utilise such meetings to engage with sovereign issuers on ESG topics, where Neuberger Berman sees scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to SDGs under the UN Global Compact, and the UNGP. In addition Neuberger Berman 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 Neuberger Berman’s engagement tracker.

Neuberger Berman 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, Neuberger Berman may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and tracked centrally by Neuberger Berman’s engagement tracker.

In addition, Neuberger Berman will seek to prioritise constructive engagement with issuers which have high impact controversies (such as corporate issuers placed on the Neuberger Berman 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 Neuberger Berman deems as weak ESG efforts, are being addressed adequately.

Neuberger Berman 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. Neuberger Berman also uses it to promote change, when necessary, which it believes 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 Neuberger Berman’s investment team to evolve their ESG scoring process and prioritise risks that are most relevant to a sector.

Designated reference benchmark

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

Schedule of changes :		
V1	*February 2024*	*Initial version*
V2	*June 2024*	*Review in terms of form*

V2 June 2025

Article 8 SFDR – Website Disclosure Summary
FDC SICAV Global Bonds Selection – Indexed

LEI: 636700K117AUIZ4W4U54

Overview / Summary

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed BlackRock Investment Management (UK) Limited ("BlackRock") as the portfolio manager of its sub-fund FDC SICAV Global Bonds Selection – Indexed (the “Sub-Fund”). The management of the Sub-Fund has been classified under Article 8 of SFDR[1].

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

The Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-Fund does not commit to investing in sustainable investments.

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.

The investment policy of the Sub-Fund is to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the ESG characteristics of its Benchmark Index (as further described below). By investing in the constituents of its Benchmark Index, the Sub-Fund’s investment strategy enables it to comply with the ESG requirements of its Benchmark Index as determined by the index provider. The Sub-Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain ESG criteria in the selection of index constituents.

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. 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 environmental and social selection criteria of the Benchmark Index. The Sub-Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. The Sub-Fund does not currently commit to invest in fossil gas and/or

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

nuclear energy related activities that comply with the EU Taxonomy.

BlackRock monitors the Sub-Fund's adherence to the environmental and social characteristics which the Sub-Fund seeks to promote. The environmental and/or social characteristics of the Sub-Fund are embedded into the Benchmark Index methodology and the Sub-Fund is monitored in a manner that seeks to identify exceptions to the Sub-Fund's sustainable commitments being met as at each rebalance.

BlackRock has access to research, data, tools, and analytics to integrate ESG insights into the investment process. ESG datasets are sourced from external third-party data providers and index providers, including but not limited to MSCI and Sustainalytics. BlackRock's internal processes are focused on delivering high-quality standardised and consistent data to be used by investment professionals and for transparency and reporting purposes. Data, including ESG data, received through BlackRock's existing interfaces, is processed through a series of quality control and completeness checks which seeks to ensure that data is high-quality data before being made available for use downstream within BlackRock's systems and applications.

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy (and the environmental and social characteristics or sustainable investment objective) of the Sub-Fund. BlackRock's process entails both qualitative and quantitative analysis to assess the suitability of data products in line with regulatory standards as applicable.

Sustainable investing and understanding of sustainability is evolving along with the data environment. Industry participants, including index providers face challenges in identifying a single metric or set of standardized metrics to provide a complete view on a company or an investment. ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. There may be some circumstances where data is unavailable, incomplete, or inaccurate. Despite reasonable efforts, information may not always be available in which case an assessment will be made by the index provider based on their knowledge of the investment or industry. In certain cases, data may reflect actions that issuers may have taken only after the fact, and do not reflect all potential instances of significant harm.

BlackRock 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.

BlackRock does not perform direct engagement with the companies / issuers within the Benchmark Index as part of the investment strategy of the Sub-Fund. BlackRock will engage directly with the index and data providers to ensure better analytics and stability in ESG metrics.

The Benchmark Index is designated as a reference benchmark to determine whether the Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

No sustainable investment objective

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

Environmental or social characteristic

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 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, BlackRock is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS’ proprietary exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. Fonds de Compensation de la Sécurité Sociale, SICAV-FIS’ exclusion list can be viewed at https://fdc.public.lu/en/investissement-responsable/liste-exclusion-fdc.html.

For more information on where details of the methodology of the Benchmark Index can be found see below section “Designated reference benchmark”.

Investment Strategy

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.

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 BlackRock'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 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 BlackRock'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 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 BlackRock's view) to liquidate the position.

It should be noted that, in implementing its investment strategy and as an overarching binding restriction, BlackRock is required to exclude companies from the Sub-Fund referenced on Fonds de Compensation de la Sécurité Sociale, SICAV-FIS' proprietary exclusion list as described above.

Consideration of principal adverse impacts (PAIs) on sustainability factors

The Sub-Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain ESG criteria in the selection of index constituents. Principal adverse impacts (PAIs) listed below are considered as part of the selection criteria of the Sub-Fund's Benchmark Index at each index rebalance:

- GHG emissions (Scope 1/2)
- GHG emissions (Scope 3)
- Carbon footprint
- GHG intensity
- % in Fossil Fuels
- Non-Renewable/ Renewable %
- Negative impact to Biodiversity sensitive areas
- Emissions to Water
- Hazardous Waste
- UN Global Compact and OECD violations
- Controversial weapons
- GHG intensity of investee countries

Good governance policy

BlackRock 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.

Proportion of investments

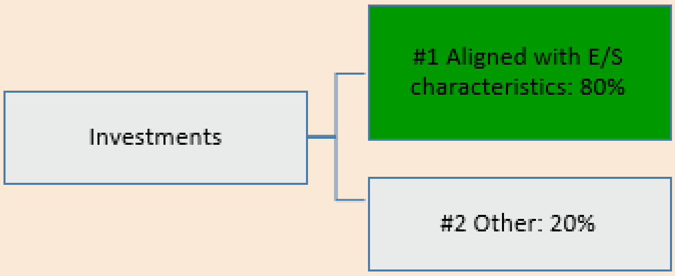
The Sub-Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

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 BlackRock's view) to liquidate the position.

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

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.



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

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

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

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

Monitoring of environmental or social characteristics

Ongoing product integrity monitoring

BlackRock monitors the Sub-Fund's adherence to the environmental and social characteristics which the Sub-Fund seeks to promote. The environmental and/or social characteristics of the Sub-Fund are embedded into the Benchmark Index methodology and the Sub-Fund is monitored in a manner that seeks to identify exceptions to the Sub-Fund's sustainable commitments being met as at each rebalance. BackRock monitors Sub-Fund and index-level data to track the Sub-Fund's adherence to these characteristics as at each rebalance.

Methodologies

The Fund seeks to track the Benchmark Index which incorporates certain ESG criteria in the selection of constituents, according to its methodology.

Methodologies

The following methodologies are used to measure how the social or environmental characteristics promoted by the Fund are met:

- the Benchmark Index uses https://assets.bbhub.io/professional/sites/10/Bloomberg-Methodology_38491.pdf
- the Benchmark Index uses MSCI ESG controversy data. For further information, https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b
- the Benchmark Index uses MSCI ESG rating methodology. For further information, https://www.msci.com/our-solutions/esg-investing/esg-ratings
- the Benchmark Index uses MSCI Business involvement and UNGC screens. For further information, https://www.msci.com/documents/1296102/1636401/MSCI_ESG_BIS_Research_Productsheet_April+2015.pdf/babff66f-d1d6-4308-b63d-57fb7c5ccfa9

The Benchmark Index uses additional screens. For further information, please see the index methodology.

Data sources and processing

Data Sources

BlackRock has access to research, data, tools, and analytics to integrate ESG insights into the investment process. Aladdin is the operating system that connects the data, people, and technology necessary to manage portfolios in real time, as well as the engine behind BlackRock's ESG analytics and reporting capabilities. BlackRock uses Aladdin to make investment decisions, monitor portfolios and to access index information that informs the investment process to attain ESG characteristics of the Sub-Fund.

ESG datasets are sourced from external third-party data providers and index providers, including but not limited to MSCI and Sustainalytics. These datasets may include headline ESG scores, carbon emissions data, business involvement metrics or controversies and have been incorporated into Aladdin tools that are available to BlackRock's portfolio managers and employed in BlackRock investment strategies. Such tools support the full investment process, from research, to portfolio construction and modelling, to reporting.

Measures taken to ensure Data Quality

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy (and the environmental and social characteristics or sustainable investment objective) of the Sub-Fund. BlackRock's process entails both qualitative and quantitative analysis to assess the suitability of data products in line with regulatory standards as applicable.

BlackRock assesses ESG providers and data across five core areas outlined below:

1. Data Collection: this includes but is not limited to assessing the data providers underlying data sources, technology used to capture data, process to identify misinformation and any use of machine learning or human data collection approaches. BlackRock will also consider planned improvements.
2. Data Coverage: BlackRock's assessment includes but is not limited to the extent to which a data package provides coverage across our investible universe of issuers and asset classes. This will include consideration of the treatment of parent companies and their subsidiaries as well as use of estimated data or reported data.
3. Methodology: BlackRock's assessment includes but is not limited consideration of the third-party providers methodologies employed, including considering the collection and calculation approaches,

approach to data gaps.

4. Data Verification: BlackRock's assessment will include but is not limited to the third-party providers approach to verification of data collected and quality assurance processes including their engagement with issuers.
5. Operations: BlackRock will assess a variety of aspects of a data vendors' operations, including but not limited to their policies and procedures (including consideration of any conflicts of interest) the size and experience of their data research teams, their training programs, and their use of third-party outsourcers.

Additionally, BlackRock actively participates in any relevant provider consultations regarding proposed changes to methodologies as it pertains to third party data sets or index methodologies and submits comprehensive feedback and recommendations to data provider technical teams. BlackRock often has ongoing engagement with ESG data providers including index providers to keep abreast of industry developments.

How data is processed

At BlackRock, internal processes are focused on delivering high-quality standardised and consistent data to be used by investment professionals and for transparency and reporting purposes. Data, including ESG data, received through our existing interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is high-quality data before being made available for use downstream within BlackRock systems and applications. BlackRock's integrated technology enables us to compile data about issuers and investments across a variety of environmental, social and governance metrics and a variety of data providers and make those available to investment teams and other support and control functions such as risk management.

Use of Estimated Data

BlackRock strives to capture as much reported data from companies via third-party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators. As a result, in certain cases BlackRock relies on estimated or proxy measures from data providers to cover its broad investible universe of issuers. Due to current challenges in the data landscape, while BlackRock relies on material amount of estimated data across its investible universe, the levels of which may vary from data set to data set, BlackRock seeks to ensure that use of estimates is in line with regulatory guidance and that BlackRock has necessary documentation and transparency from data providers on their methodologies. BlackRock recognizes the importance in improving its data quality and data coverage and continues to evolve the data sets available to its investment professionals and other teams. Where required by local country-level regulations, funds may state explicit data coverage levels. BlackRock seeks to understand the use of estimated data in index methodologies and ensure that their approaches are robust and in line with applicable regulatory requirements and index methodologies.

Limitations to methodologies and data

Limitations to Methodology

Sustainable investing is an evolving space, both in terms of industry understanding but also the regulatory frameworks on both a regional and global basis. BlackRock continues to monitor developments in the EU's ongoing implementation of its framework for sustainable investing and its investment methodologies seeking to ensure alignment as the regulatory environment changes. As a result, BlackRock may update these disclosures, and the methodologies and sources of data used, at any time in the future as market practice evolves or further regulatory guidance becomes available.

Screening of a Benchmark Index against its ESG criteria is generally carried out by an index provider only at index rebalances. Companies which have previously met the screening criteria of a Benchmark Index and have therefore been included in the Benchmark Index and the Sub-Fund, may unexpectedly or suddenly be impacted by an event of serious controversy which negatively impacts their price and, hence, the performance of the Sub-Fund. Where these companies are existing constituents of the Benchmark Index, they will remain in the Benchmark Index and therefore continue to be held by the Sub-Fund until the next scheduled rebalancing (or periodic review) when the relevant company ceases to form part of the Benchmark

Index and it is possible and practicable (in BlackRock's view) to liquidate the position. A fund tracking such Benchmark Index may therefore cease to meet the ESG criteria between index rebalances (or index periodic reviews) until the Benchmark Index is rebalanced back in line with its index criteria, at which point the Sub-Fund will also be rebalanced in line with its Benchmark Index. Similarly index methodologies that commit to investing in a minimum percentage of Sustainable Investments may also fall below that level in between rebalances but will be brought back into line at the point of rebalance (or as soon as practicable thereafter).

Limitations to Data

ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. BlackRock continues to work with a broad range of market participants to improve data quality.

Whilst each ESG metric may come with its own individual limitations, data limitations may broadly be considered to include, but not be limited to:

1. Lack of availability of certain ESG metrics due to differing reporting and disclosure standards impacting issuers, geographies, or sectors.
2. Nascent statutory corporate reporting standards regarding sustainability leading to differences in the extent to which companies themselves can report against regulatory criteria and therefore some metric coverage levels may be low.
3. Inconsistent use and levels of reported vs estimated ESG data across different data providers, taken at varied time periods which makes comparability a challenge.
4. Estimated data by its nature may vary from realized figures due to the assumptions or hypothesis employed by data providers.
5. Differing views or assessments of issuers due to differing provider methodologies or use of subjective criteria.
6. Most corporate ESG reporting, and disclosure takes place on an annual basis and takes significant time to produce meaning that this data is produced on a lag relative to financial data. There may also be inconsistent data refresh frequencies across different data providers incorporating such data into their data sets.
7. Coverage and applicability of data across asset classes and indicators may vary.
8. Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics.

Sustainable Investments and Environmental and Social criteria

Sustainable investing and understanding of sustainability is evolving along with the data environment. Industry participants, including index provider face challenges in identifying a single metric or set of standardized metrics to provide a complete view on a company or an investment. BlackRock has therefore established a framework to identify sustainable investments, taking into account the regulatory requirements and index provider methodologies.

BlackRock leverages third-party index provider methodologies and data in assessing whether investments cause significant harm and have good governance practices. There may be some circumstances where data is unavailable, incomplete, or inaccurate. Despite reasonable efforts, information may not always be available in which case an assessment will be made by the index provider based on their knowledge of the investment or industry. In certain cases, data may reflect actions that issuers may have taken only after the fact, and do not reflect all potential instances of significant harm.

BlackRock undertakes thorough due diligence on index provider sustainable investment methodologies to ensure that they align with BlackRock's views on Sustainable Investments.

Due diligence

BlackRock 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.

Engagement policies

The Sub-Fund does not use engagement as a means of meeting its binding commitments to environmental or social characteristics or sustainable investment objectives. BlackRock does not perform direct engagement with the companies/issuers within the index but does engage directly with the index and data providers to ensure better analytics and stability in ESG metrics.

General policy

Engagement with companies in which BlackRock invests its clients' assets occurs at multiple levels within BlackRock.

Where engagement is specifically identified by a particular BlackRock portfolio management team as one of the means by which they seek to demonstrate a commitment to environment, social and governance issues within the context of SFDR, the methods by which the effectiveness of such engagement policy and the ways in which such an engagement policy may be adapted in the event that they do not achieve the desired impact (usually expressed as a reduction in specified principal adverse indicators) would be described in the prospectus and website disclosures particular to that fund.

Where investment teams chooses to leverage engagement, this can take a variety of forms but, in essence, the BlackRock portfolio management team would seek to have regular and continuing dialogue with executives or board directors of engaged investee companies to advance sound governance and sustainable business practices targeted at the identified ESG characteristics and principal adverse indicators, as well as to understand the effectiveness of the company's management and oversight of activities designed to address the identified ESG issues. Engagement also allows the BlackRock portfolio management team to provide feedback on company practices and disclosures.

Where a relevant BlackRock portfolio management team has concerns about a company's approach to the identified ESG characteristics and/or principal adverse indicators, they may choose to explain their expectations to the company's board or management and may signal through voting at general meetings that they have outstanding concerns, generally by voting against the re-election of directors they view as having responsibility for improvements in the identified ESG characteristics or principal adverse indicators.

Separate from the activities of any particular portfolio management team, at the highest level, as part of its fiduciary approach, BlackRock has determined that it is in the best long-term interest of its clients to promote sound corporate governance as an informed, engaged shareholder. At BlackRock, this is the responsibility of BlackRock Investment Stewardship ("BIS"). Principally through the work of BIS team, BlackRock meets the requirements in the Shareholder Rights Directive II relating to engagement with public companies and other parties in the investment ecosystem.

BlackRock's approach to investment stewardship is outlined in the BIS Global Principles and market-level voting guidelines. The BIS Global Principles set out our stewardship philosophy and our views on corporate governance and sustainable business practices that support long-term value creation by companies. BlackRock recognizes that accepted standards and norms of corporate governance differ between markets; however, BlackRock believes there are certain fundamental elements of governance practice that are intrinsic globally to a company's ability to create long-term value.

BlackRock's overall approach to investment stewardship and engagement can be found at following links:

- https://www.blackrock.com/uk/professionals/solutions/shareholder-rights-directive
- https://www.blackrock.com/corporate/about-us/investment-stewardship

Designated reference benchmark

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

At each index rebalance, the index provider applies the environmental and social selection criteria to the Parent Index to exclude issuers that do not meet such selection criteria.

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.

As a result of the application of the environmental and social selection criteria of the Benchmark Index, the portfolio of the Sub-Fund is expected to be reduced compared to the Parent Index, a broad market index comprised of fixed income securities.

The methodology of the Sub-Fund's Benchmark Index can be found by copying and pasting the following link into your web browser: https://assets.bbhub.io/professional/sites/10/Bloomberg-Methodology_38491.pdf.

Schedule of changes:		
V1	*August 2024*	*Initial version*
V2	*June 2025*	*Sub-Fund name change and update of the environmental and/or social characteristics promoted in relation to Agencies, Local Authorities and Supranational issuers.*

FONDS DE COMPENSATION

Amundi
ASSET MANAGEMENT

V1 February 2024

Article 8 SFDR – Website Disclosure
FDC SICAV EMMA Bonds – Active 1
LEI: 549300PKNWI29Z372U97

Overview

Fonds de Compensation de la Sécurité Sociale, SICAV-FIS has appointed Amundi Asset Management as the portfolio manager of its sub-fund FDC SICAV EMMA Bonds – Active 1 (the "Sub-Fund"). The management of the Sub-Fund has been delegated by Amundi Asset Management to Amundi (UK) Limited (together "Amundi") and is has been classified under Article 8 of SFDR[1].

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

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristic of the 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 Sub-Fund 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.

Investment Strategy

The Sub-Fund's objective is to outperform its benchmark performance, the JP Morgan Government Bond Index - Emerging Markets (GBI - EM) Global Diversified Composite Unhedged Index.

The sustainability indicators used to measure 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.

[1] Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**").

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

Proportion of investments

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.

Consideration of Principal Adverse Impact Indicators

Amundi already considers specific Principal Adverse Impacts for sovereign issuers within its exclusion policy as part of Amundi's responsible investment policy and in Amundi's proprietary ESG scoring methodology for sovereigns.

Monitoring of environmental or social characteristics

All ESG data, either externally or internally processed, is centralised by Amundi's Responsible Investment Business line, which is responsible for controlling the quality of the inputs and processed ESG outputs. This monitoring includes an automated quality check as well as a qualitative check from ESG analysts who are specialists of their sectors. ESG scores are updated on a monthly basis within Amundi's proprietary tool Stock Rating Integrator (SRI) module. Sustainability indicators used within Amundi rely on proprietary methodologies. These indicators are continuously made available in the portfolio management system allowing the portfolio managers to assess the impact of their investment decisions. Moreover, these indicators are embedded within Amundi's control framework, with responsibilities spread between the first level of controls performed by the Investment teams themselves and the second level of controls performed by the Risk teams, who monitor compliance with environmental or social characteristics promoted by the Sub-Fund on an ongoing basis.

Methodologies for environmental or social characteristics

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.

Data sources and processing

Amundi's ESG scores are built using Amundi's ESG analysis framework and scoring methodology and Amundi sources data from Verisk Maplecroft. Verisk Maplecroft constructs its indexes based on several data points from different sources. It includes external databases (such as the World Bank, the United Nations, etc.), proprietary databases as well as expert scorecards.

Data quality controls of external data providers are managed by Amundi’s Global Data Management unit. Controls are deployed at different steps of the value chain, from pre-integration controls, post-integration ones, to post calculation ones like controls on proprietary scores for instance.
External data are collected and controlled by Amundi’s Global Data Management team and are plugged into the SRI module. The SRI module is a proprietary tool that ensures the collection, quality check and processing of ESG data from external data providers. It also calculates the ESG ratings of issuers according to Amundi proprietary methodology. The ESG ratings in particular are displayed in the SRI module to portfolio managers, risk, reporting and the ESG teams in a transparent and user-friendly manner (issuer’s ESG rating together with the criteria and the weights of each criterion).

For ESG ratings, at each stage of the calculation process, the scores are normalised and converted into Z-scores (difference between the sovereign’s score and the average score in the sector, as a number of standard deviations). At the end of the process, each issuer is assigned an ESG score (approximately between -3 and +3) and the equivalent on a letter scale from A to G, where A is the best, and G the worst.

Data is then disseminated via Alto front office to portfolio managers and is monitored by Amundi’s Risk team.

ESG scores utilize data derived from external data providers, internal ESG assessment/research conducted by Amundi, or through a regulated third party recognised for the provision of professional ESG scoring and assessment. Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

Limitations to methodologies and data

Amundi’s methodology limitations are by construction linked to use of ESG data. The ESG data landscape is currently being standardised which can impact data quality; data coverage also is a limitation. Current and future regulation will improve standardized reporting and corporate disclosures on which ESG data rely.

Amundi is aware of these limitations which it mitigates by a combination of approaches: the monitoring of controversies, the use of several data providers, a structured qualitative assessment by its ESG research team of the ESG scores, the implementation of a strong governance.

Due diligence

ESG scores are recalculated on a quarterly basis according to Amundi quantitative methodology. The result of this calculation is then reviewed by the ESG analysts who perform a qualitative "sampling control" such as understanding the main significant variations of the ESG score. After this review the analyst can override a score from the calculated score which is validated by the management of the team and is documented by a note stored in Amundi database iPortal. This is also subject to a validation of Amundi's ESG Rating Committee.

Amundi's investment management team is responsible for defining the investment process of the product, including the design of the appropriate risk framework in collaboration with Amundi's investment risk teams. In this context, Amundi has an investment guideline management procedure as well as a breach management procedure applying across all operations. Both procedures reiterate strict compliance with regulations and contractual guidelines. Risk managers are in charge of monitoring breaches on a day-to-day basis, alerting fund managers and requiring that portfolios are brought back into compliance as soon as possible and in the best interest of investors.

Engagement policies

Amundi engages investee or potential investee at the company/issuer level regardless of the type of holdings held. Companies/issuers engaged are primarily chosen by the level of exposure to the subject of engagement, as the environmental, social, and governance issues that companies/issuers face which have a major impact on society, both in terms of risk and opportunities. In regards to sovereign engagement, this type of engagement involves Amundi's ESG research & engagement team (Sovereign ESG team and GSS bond analyst team) and portfolio managers. Sovereign engagement can be done via three channels: issuer-level, bond structuring/restructuring, and industry level collaboration.

For more information on Amundi's engagement policies and processes, please refer to Amundi's sustainability related disclosures website: https://www.amundi.com/institutional/Responsible-investment-documentation

Designated reference benchmark

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