

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

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 SFDR¹.

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/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

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 corporate 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 and money market instruments of sovereigns, indicators in the environmental and social categories are taken into account.

When selecting securities PAI is taken into account in particular by (1) defining exclusion criteria, (2) evaluating them using an ESG 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 ESG score. Adverse impacts on sustainability factors may result in a lower ESG score. In addition, the intention is to achieve a reduction in adverse impacts by taking PAIs into account in corporate dialogues.

When analysing countries, PAIs are taken into account by excluding those countries that have a comparatively high greenhouse gas intensity. In addition, exclusions include unfree states that have a low score on the index issued by the international non-governmental organization Freedom House.

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 for the acquisition of certain assets of the Sub-Fund. Subsequently, the past, present and announced sustainability activities of companies are analysed based on a "best-in-class" approach and/or a "transformational" approach. When acquiring assets under a "best-in-class" approach, the ESG score is used. Depending on the type of issuer, the ESG score may include the dimensions of environmental, social, governance, sustainable business and controversy and assesses the sustainability level of the issuer. Securities and money market instruments of issuers that belong to the top half of issuers assigned such a score according to the ESG score are designated as sustainable in accordance with the Sub-Fund's investment strategy.

In addition, as part of a "transformation" approach, further sustainability criteria are combined on the basis of a systematic analysis and assigned to issuers of securities and money market instruments. The transformation score assigned as part of the analysis assesses the potential of an issuer to transform or align its business model sustainably in the future. Issuers whose transformation score reaches a certain value are also designated as sustainable.

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

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Overview

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

Following this, the past, present and announced sustainability activities of companies are analysed on the basis of a "best-in-class" approach and/or a "transformation" approach.

When acquiring assets under a "best-in-class" approach, the ESG score is used. This is explained in more detail in the "Methods" section. Securities and money market instruments of issuers that belong to the top half of issuers with such a ratio according to the sustainability ratio are designated as sustainable in accordance with the Sub-Fund's investment strategy.

In addition, as part of a "transformation" approach, further sustainability criteria are combined on the basis of a systematic analysis and assigned to issuers of securities and money market instruments. In contrast to the analysis under the "best-in-class" approach, these criteria do not relate to the issuers' past or present behaviour, but to their behaviour in the future. Corresponding criteria include the corporate strategy (e.g.

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

striving for climate neutrality), planned investments (e.g. in new sustainable product offerings or sustainable production methods) and governance of the issuers analysed (e.g. consideration of sustainability targets in the executive board compensation). The analysis of the criteria is based on company surveys, internal research and the use of ESG indicators from external providers. Based on this analysis, a transformation score is assigned to the issuers. This transformation score assesses the potential of an issuer to transform or align its business model sustainably in the future. Issuers whose transformation score reaches a minimum value of 3 on a scale of 1 to 5 are also considered sustainable.

Investment funds/ mutual funds issued by investment managers who take ethical, social and ecological criteria into account cannot be acquired if the respective investment fund is invested to a total of more than ten percent in assets of issuers who generate their sales from the production of nuclear power or if the respective investment fund is invested to a total of more than five percent in assets of issuers who generate their sales from the extraction of fossil fuels including coal, oil sands, shale oil and shale gas.

In addition, a detailed qualitative sustainability analysis is conducted for investment funds chosen. This analysis covers, among other things, the investment process of the investment management company responsible for managing the investment fund. In addition, a systematic analysis is carried out within the qualitative analysis. This is carried out on the basis of ESG indicators from external providers in order to obtain a comprehensive picture of the sustainability profile of the investment fund. On the basis of these key figures and on the basis of the analyses, portfolio management decides within the research process whether an investment asset is designated as sustainable.

The investment strategy also takes into account the main adverse effects on sustainability factors.

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.

In addition, issuers in whose securities the Sub-Fund is already invested are required to comply with good corporate governance standards with regard to, among other things, shareholder rights, composition and remuneration of the management board and supervisory board, corporate actions, auditors and transparency. To this end, the corporate governance of the issuers is analysed. The analysis is based, among other things, on the annual or annual reports published by the issuers and is supported by data from various providers and research by proxy advisors.

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 "Methods" 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, portfolio management 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 our 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 ESG 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 established by the Company 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. Furthermore, securities and money market instruments from countries in which the use of the death penalty is permitted are excluded.

ESG Score

Depending on the type of issuer, the ESG score can include the dimensions environment, social, governance, sustainable business and controversy and assesses the sustainability level 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, 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.

Based on these criteria, an ESG score is assigned to the issuers to enable a comparison of the issuers.

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 investment manager. In addition, checks are made to ensure that the data supplied has been correctly imported into the investment Company's 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 investment manager Union 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.

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

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

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



Product name: FDC SICAV GLOBAL EQUITIES – ACTIVE 3 (the “Sub-Fund”)

Fund manager (by delegation): Union Investment Institutional GmbH (the “Fund Manager”)

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Sub-Fund invests primarily in assets that have been selected according to sustainability criteria. Sustainability is understood to mean 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), anti-corruption measures, tax transparency (governance) and health and safety at work (social). When considering environmental and social characteristics, the Sub-Fund invests in assets of issuers that apply good corporate governance practices. It should be noted that, in implementing its investment strategy and as an overarching binding restriction, the Fund Manager is required to exclude companies from the Sub-Fund’s portfolio referenced on the Fund's proprietary

exclusion list. The latter screens out companies based on their involvement in controversial practices against international norms. The core normative framework consists of the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. Equally screened out are companies linked to following controversial weapons: anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons. The Fund's exclusion list can be viewed at <https://fdc.public.lu/en/investissement-responsable/fdc-exclusion-list.html>.

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

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

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

Exclusion criteria

Exclusion criteria are set by the Fund 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. Furthermore, securities from countries in which the use of the death penalty is permitted are excluded by the Fund Manager.

Sustainability score

Depending on the type of issuer, the sustainability score can include the dimensions of environment, social, governance, sustainable business and controversy and assesses the sustainability level of the issuer. In the environmental area, the sustainability level is measured on the basis of topics such as the reduction of greenhouse gas emissions, preservation of biodiversity, water intensity or the reduction of waste. In the social area, the level of sustainability is measured on the basis of topics relating to, for example, the treatment of employees, the guarantee of health and safety standards, labour standards in the supply chain or the safety and quality of products and services. In the area of good corporate governance, the Fund Manager analyses compliance with good governance standards 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. The Fund Manager also takes into account sustainability ratings and ESG key figures from external providers in order to obtain a comprehensive picture of the sustainability profile of issuers.

On the basis of these criteria, a sustainability score is assigned to the issuers, which enables a comparison of the issuers.

Principal adverse impact

The principal adverse impact of investments on sustainability factors ("Principal Adverse Impact" or "PAI") is taken into account when acquiring securities, money market instruments and investment units. Indicators used to determine these

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

adverse impacts on sustainability factors through investments in companies are derived from the following categories: Greenhouse Gas Emissions, Biodiversity, Water, Waste, and Social and Employment.

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

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

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Sub-fund does not commit to make sustainable investments.

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

Not applicable.

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

Not applicable.

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

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

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

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

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

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

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



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

What investment strategy does this financial product follow?

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

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

Subsequently, the past, present and announced sustainability activities of companies are analysed on the basis of a "best-in-class" approach and/or a "transformation" approach.

When acquiring assets as part of a "best-in-class" approach, the sustainability score as described above is used. Securities and money market instruments of issuers that belong to the top half of issuers provided with such a ratio according to the sustainability ratio are designated as sustainable in accordance with the Fund Manager's investment strategy.

In addition, within the framework of a "transformation" approach, further sustainability criteria are combined on the basis of a systematic analysis and assigned to the issuers of securities and money market instruments. In contrast to the analysis within the framework of the "best-in-class" approach, these criteria do not refer to the issuers' behaviour in the past or present, but to their behaviour

in the future. Corresponding criteria are, among others, the corporate strategy (e.g. striving for climate neutrality by the analysed company), planned investments (e.g. in new sustainable product offerings or sustainable production methods) and governance of the analysed issuers (e.g. deposit of sustainability targets in the executive board remuneration). The analysis of the criteria is based on company surveys, internal research and the use of ESG indicators from external providers. Based on this analysis, a transformation score is assigned to the issuers. This transformation score assesses the potential of an issuer to transform or align its business model sustainably in the future. Issuers whose transformation score reaches a minimum value of 3 on a scale of 1 to 5 are also designated as sustainable.

Investment units, whose issuers take ethical, social and ecological criteria into account may not be acquired if the investment 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 investment 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.

In addition, a detailed qualitative sustainability analysis is carried out for the investment units. This analysis includes, among other things, the investment process and the management company responsible for managing an investment fund. In addition, a systematic analysis is carried out within the qualitative analysis. This is carried out on the basis of ESG key figures from external providers in order to obtain a comprehensive picture of the sustainability profile. On the basis of these key figures and on the basis of the analyses, the Fund Manager decides within the framework of the research process whether an investment fund is designated as sustainable.

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

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

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

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

As described below, the binding elements of the investment strategy used to attain the environmental and social characteristics are the exclusion criteria as well as the best-in-class and/or transformation approach, the main adverse impacts of investments on sustainability factors.

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

The Sub-Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

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

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

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

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

What is the asset allocation planned for this financial product?

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

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

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

The category “#2 Other investments” includes, for example, derivatives, credit balances with banks and financial instruments for which insufficient data is

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

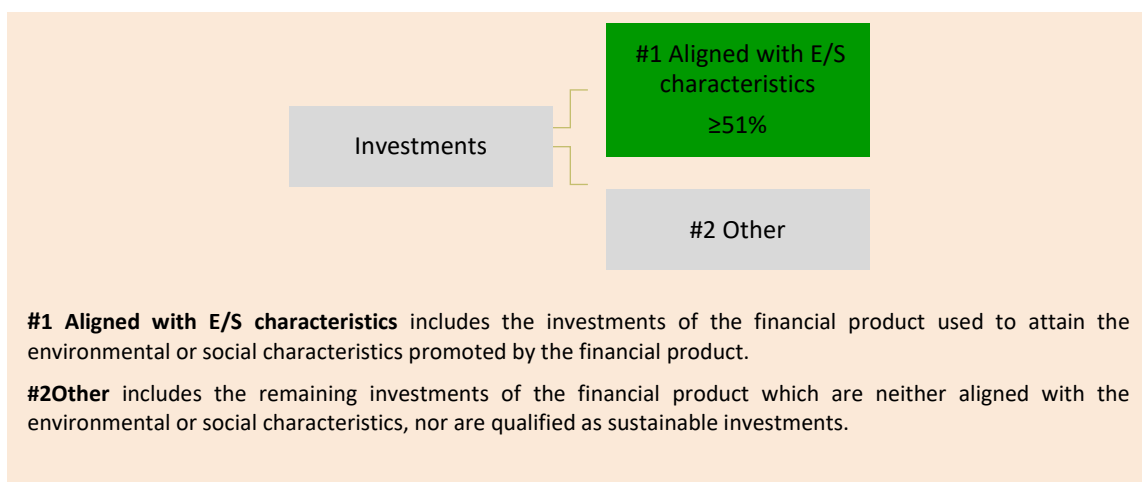


Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:


- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

available to be able to assess them for the purpose of the Fund Manager's sustainable investment strategy.



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

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

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

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

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



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

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

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

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

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



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

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

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective. Fossil gas criteria include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. Nuclear energy criteria include comprehensive safety and waste management rules. The full criteria are laid down in Commission Delegated Regulation (EU) 2022/1214.



What is the minimum share of socially sustainable investments?

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



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

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



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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



Where can I find more specific information online?

More product-specific information can be found on website <https://www.fdc.lu>.

More information about the Fund Manager can be found on website https://union-investment.com/home/Competencies/Sustainable_Investments.html.