

FDC SICAV
Global Real
Estate – Active 2

Sustainability update

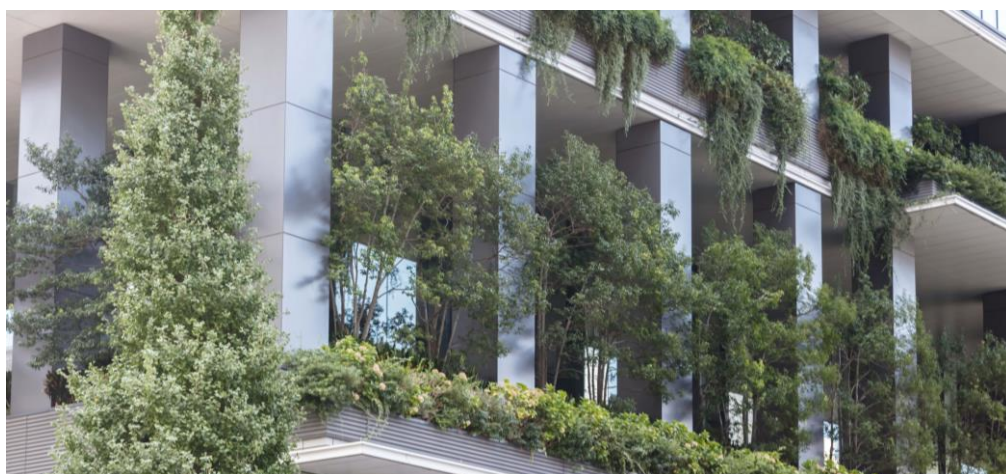


81

Portfolios/portfolio
companies submitted¹

30/30

Management Component
score¹



100/100

★★★★★ rating
Confidence building²

90/100

★★★★★ rating
Policy, Governance and
Strategy²

96/100

★★★★★ rating
Indirect Real Estate²

Introduction

CBRE Investment Management (“CBRE IM” or “the Firm”) has been appointed by the Fonds de Compensation commun au regime general de pension (“FDC”) as the Manager for the portfolio of the sub-fund FDC SICAV Global Real Estate – Active 2 (“FDC’s Portfolio”)

The sub-fund aims to achieve consistent long-term performance and generate regular cashflows through a diversified portfolio of stabilized “core” real estate investment vehicles across developed global markets. CBRE IM incorporates sustainable investment strategies and decision-making processes for FDC’s portfolio as outlined by this document.

Sustainability Philosophy & Policy

CBRE IM believes that sustainability is fundamental to its business and to driving long-term outperformance. It integrates environmental, social and governance factors into all aspects of the investment process including portfolio construction, risk management and identification of opportunities to create alpha. The Firm believes that consideration of sustainability issues in investment decisions can enhance returns, mitigate risk and preserve value for investors.

The Firm has a Global Sustainability Policy and Sustainability Vision which together cover its approach to sustainability for all strategies and assets under management, as well as its net-zero carbon and other sustainability-related targets. In our Vision, we seek to lead the transition to a sustainable society.

When developing the Sustainability Vision in 2021, CBRE IM conducted an extensive materiality assessment, considering a wide range of inputs and perspectives. Our analysis was built on existing frameworks, including the UN Environment Programme Finance Initiative’s Positive Impact Real Estate Investment Framework, the UN Global Compact (“UNGC”), GRESB and green building certifications. We also mapped our objectives to the UN Sustainable Development Goals (“SDGs”) and selected nine SDGs as most material to our business as a real assets investment manager. We derived three focus areas from the results of the materiality assessment—Climate, People and Influence.

¹GRESB Real Estate and Infrastructure Assessments. As of October 2024, for the 2023 period.

²Climate Report 2024. As of December 2024.

Climate

To future-proof our investments and operations, we understand the need to focus on climate mitigation and adaptation as essential components of risk mitigation and value creation. Aligned to our commitment of net zero carbon by 2050 or sooner across scopes 1, 2 & 3, a new red line was introduced in 2024 for new non-secondary investments to have in place an operational decarbonization target. We have further enhanced the degree to which we monitor the robustness of manager decarbonization targets.

We seek to reduce total GHG footprint and usage and track year-over-year (Y-o-Y) progress. We have set minimum data coverage targets for GHG consistent with SBTi, which we engage with underlying managers on. High levels of data coverage provide a better and more accurate understanding of actual performance. Intensity metrics are tracked and benchmarked against CRREM 1.5° C and asset level initiatives reviewed for alignment with achieving targets.

In 2024, our annual update of physical climate risk screening was carried out via our new provider Climate X, which allowed us to perform a more extensive assessment (by hazard and scenario) than previously. This is coupled with direct engagement with underlying managers to understand the degree to which physical climate risks are reviewed and mitigated.

People

At CBRE IM, our commitment to social responsibility, as well as Communities and Culture (C&C) begins with our people. Our people are at the forefront of our thinking as we work toward C&C strategic goals. We have a strong commitment to advancing long-term change in our industry and creating a path to success for our key stakeholders, including our employees, occupiers, users, clients and supply chain.



OCCUPIERS AND USERS

Millions of people utilize CBRE IM's managed assets every day. Our assets are the building blocks of communities; we seek to strengthen these communities by providing workplaces, homes and related infrastructure that support social, physical and mental wellbeing.



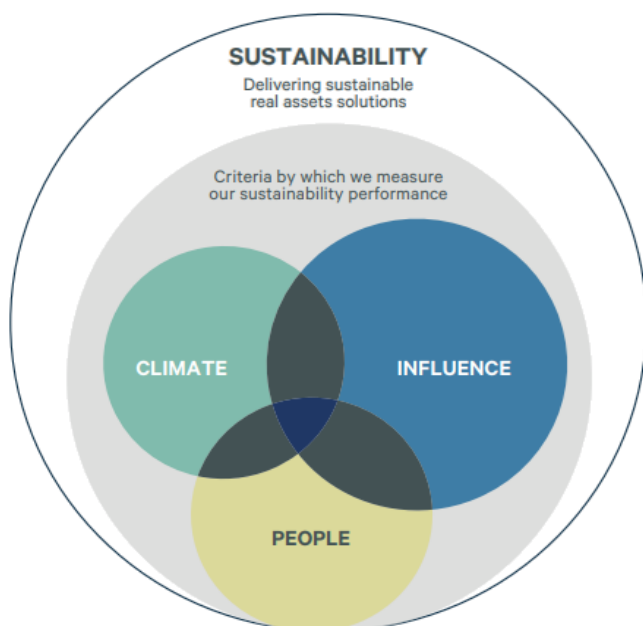
EMPLOYEES

We seek to enable our people to thrive by fostering wellbeing and a diverse, equitable and inclusive environment. We believe that a diversity of ideas, perspectives and backgrounds drives not only innovation, but also successful financial outcomes. Starting with our own firm, we seek to increase diversity within our industry and provide opportunities for underrepresented communities.



CLIENTS

We have a fiduciary responsibility to our clients. We seek to act responsibly on their behalf to mitigate risk, as well as preserve and grow their capital.



Influence

We believe that the right kind of engagement creates a multiplier effect of positive change. We seek to engage and inspire those we work with to embrace sustainability that leads to positive outcomes. This approach informs our engagement with key stakeholders, which includes our joint-venture partners, portfolio companies, occupiers, property managers and supply chain providers. We also seek to participate in industry working groups, boards and committees to help shape the frameworks and provide guidance needed to advance the industry.

For many of our current indirect private real estate investments, sustainability performance improvement ambitions and strategy are measured against the Sustainability Scorecard to identify future sustainability-related risks and opportunities and develop a targeted engagement strategy. As such, we conduct engagement meetings with senior executives and board members throughout the year to gain clarity on their performance and to encourage disclosure. The meetings provide our team a platform to convey our Vision, hear how investments align, discuss future goals, and as such offer best practice recommendations for FDC's sub-fund.

Sustainability & the Indirect Real Estate Investment Process

The Firm's Global Indirect Real Estate business uses a proprietary Sustainability Assessment Framework ("Framework") to assist in the due diligence and annual monitoring of underlying funds and operating partners. The Framework includes a sustainability questionnaire sent to underlying managers and operating partners, an analysis of the responses, as well as a review of the manager's GRESB reports. We use the results of the Framework to identify and prioritize issues for engagement.

Planning & pre-investment

We seek funds which systematically include sustainability issues into their investment acquisitions and asset management processes, and those that demonstrate "best practice." We also look for "red flags" such as where buildings are leased to companies involved in practices which are harmful to human life or the environment.

Since the start of 2024, we also set further sustainability red lines for core and core+ investments, whereby non-compliance would exclude the potential investment. These are:

- The underlying manager must have in place a valid sustainability policy.
- The underlying manager must within five years of investment set a net zero carbon target applicable to the vehicle in question.
- The underlying manager must participate in GRESB for the specific vehicle once established and appropriate to do so

Investments that comply with these red lines are the eligible for deeper due diligence, utilizing our Indirect Sustainability Assessment Framework. A proprietary Transactions Sustainability Template is used to investigate key factors related to the manager's sustainability practices including governance, resourcing, policies and track record. In addition, the specific vehicle is reviewed for, but not limited to, existing or committed approach to data collection and reporting, climate transition risk management, support of regulatory disclosures and process for minimising physical climate hazards.

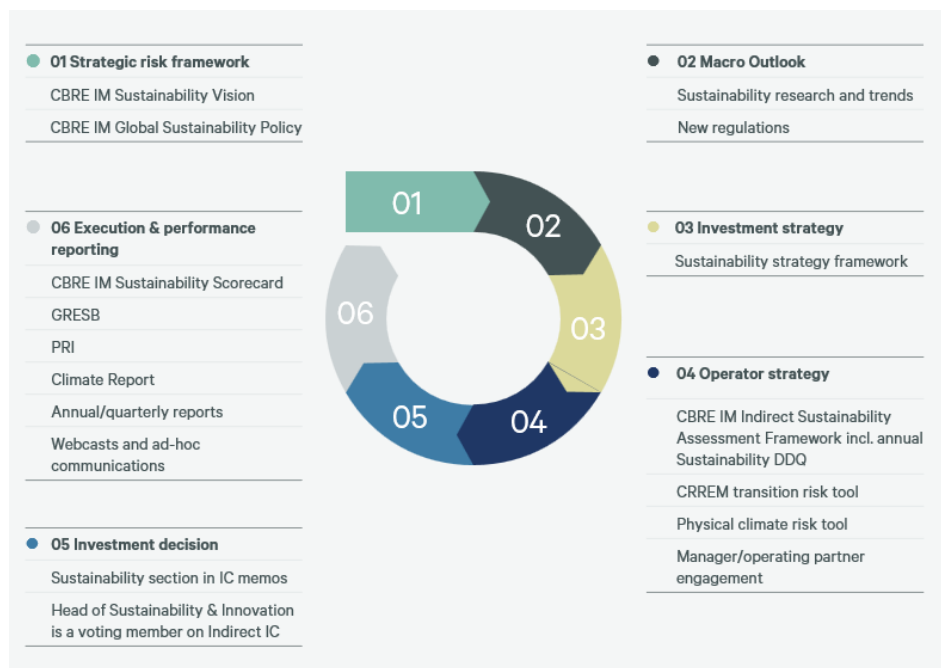
Post investment

Our Portfolio Oversight Committee ("POC") regularly reviews FDC's portfolio from a risk management and future performance perspective. Twice per year, each holding is reviewed during the Investment Oversight Committee ("IOC") where the manager's performance and compliance with ESG requirements, targets and policies are reviewed and assessed. Our regional investment teams engage directly with fund managers to oversee their progress in achieving sustainability objectives, receive updates on sustainable enhancements to assets, and to obtain understanding of main drivers of GRESB performance outcomes.

Reporting

Following review of current performance, best practice and amendments to our Scorecard, full details of the portfolio performance against Indirect Real Estate targets is presented in the Annual Sustainability Report.

Our Investment Management Process to Examine Sustainability Issues



As part of our climate risk management strategy, we seek to achieve our long-term net zero target by 2050 or sooner, where consistent with investment objectives, client expectations and regulation.

133

Real estate funds included in the Sustainability Scorecard³

94.5%

Committed / aligned with TCFD recommendations³

Risk Management

For Indirect Real Estate, our Sustainability Assessment Framework is the cornerstone of our climate risk management process. We seek to understand each underlying manager's approach and actions on climate risks.

We assess the maturity of climate transition risk management for all our active investments via our proprietary Sustainability Scorecard. This tool provides a centralized database for all Indirect holdings, comprising thousands of datapoints taken from managers' GRESB results as well as the Indirect Real Estate Sustainability Questionnaire. Our annual Sustainability Questionnaire and our analysis of GRESB results are used to structure our engagements on transition risk, as we assess, benchmark and report progress on the transition metrics reported in our scenarios and against our targets.

The Scorecard provides us with an objective starting point for engagement with managers focusing on KPIs flagged as requiring improvement. The Scorecard's KPIs are periodically reviewed and updated in line with industry best practice. We engage with underlying managers on identified risks and share best practices with them to mitigate such risks.

Through a formalized annual processes, we engage with managers to explain the importance of understanding and managing physical climate risk, with a particular focus on the assets they manage which fall into the high or critical risk categories. For any assets identified as being at high or critical risk from one or more physical risks, we engage with the underlying manager to explore the risk in more detail, encouraging them to commission a detailed vulnerability analysis, for example from flooding consultants and engineers, to determine whether the asset has built-in resiliency or needs mitigation plans to address any residual risk.

Furthermore, we follow a TCFD-aligned approach to assessing and managing physical and transition climate risks. Understanding the proportion of our portfolio that is aligned with TCFD provides visibility of how managers are incorporating climate risks into their investment decision-making processes. The IFRS Foundation took over monitoring the progress of company climate-related disclosures from TCFD at the end of 2023 and transitioning to the International Sustainability StandardsBoard (ISSB) standard—International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures. IFRS S2 incorporates the TCFD recommendations and is relevant and material.



³ Excluding funds in wind-down, starter funds and debt vehicles. As of December 31, 2024.

Important Information

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