

FDC SICAV
Global Real Estate - Active 2

Sustainability Factsheet

2040

CBRE IM Indirect
Net Zero Carbon Target
(Scope 1 & 2)

2050

CBRE IM Indirect
Net Zero Carbon Target
(Operational Scope 3)

100%

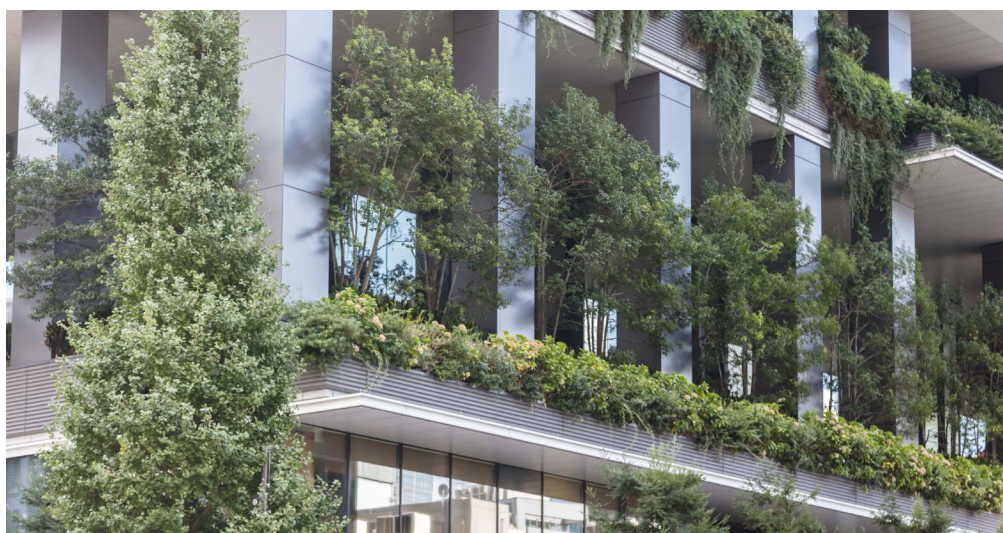
CBRE IM Indirect
Target NAV aligned to TCFD

100%

CBRE IM Indirect
Target NAV with climate
assessment policy

100%

CBRE IM Indirect
Target NAV with mitigation
plan for high-risk assets



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.

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. We seek to deliver net zero GHG performance and physical resilience. We are a signatory to the Net Zero Asset Managers initiative (“NZAMI”), an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner where we are in alignment with client interests. Our approach to achieving long-term net zero carbon targets revolves around the four Es:

Energy Efficiency:



Ensuring that buildings are minimizing energy demand through high performing fabric (e.g., glazing and insulation), heating, ventilation and cooling (HVAC) systems and efficient equipment.

Electrification:



Removal of fossil fuel sources of heating and switching to electrified, efficient systems such as heat pumps.

Energy Procurement:



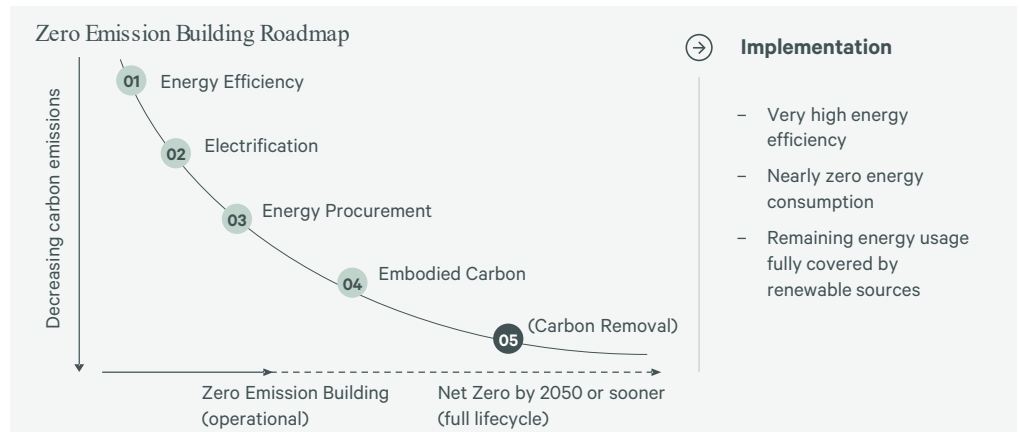
Residual energy demand should be from either on-site renewable sources or procured from high quality offsite renewables.

Embodied Carbon:



For assets to be net zero across their whole life cycle, emissions associated with the manufacture, construction, maintenance and end of life (embodied carbon) should be quantified and reduced through the design and construction process.

Please see below for how each of the 4 e's are ordered and contribute to decarbonization at an asset level.



People

At CBRE IM, our commitment to social responsibility and Diversity, Equity & Inclusion (“DE&I”) begins with our people. Our people are at the forefront of our thinking as we work toward DE&I 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.

Sustainability & the Indirect Real Estate Investment Process

Governance Within the FDC Portfolio

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.

Sustainability factors evaluated during due diligence include the following: the efficient use of water and energy resources, management of waste and emissions, use of environmentally responsible materials, physical and transition climate change risk, health and building safety, contamination/air quality, regulatory compliance, bribery and corruption, socially irresponsible activities like weapons, tobacco, gambling and pornography, human rights (including child labour), tenant well-being, resilience/obsolescence of physical assets, and natural hazards.

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.

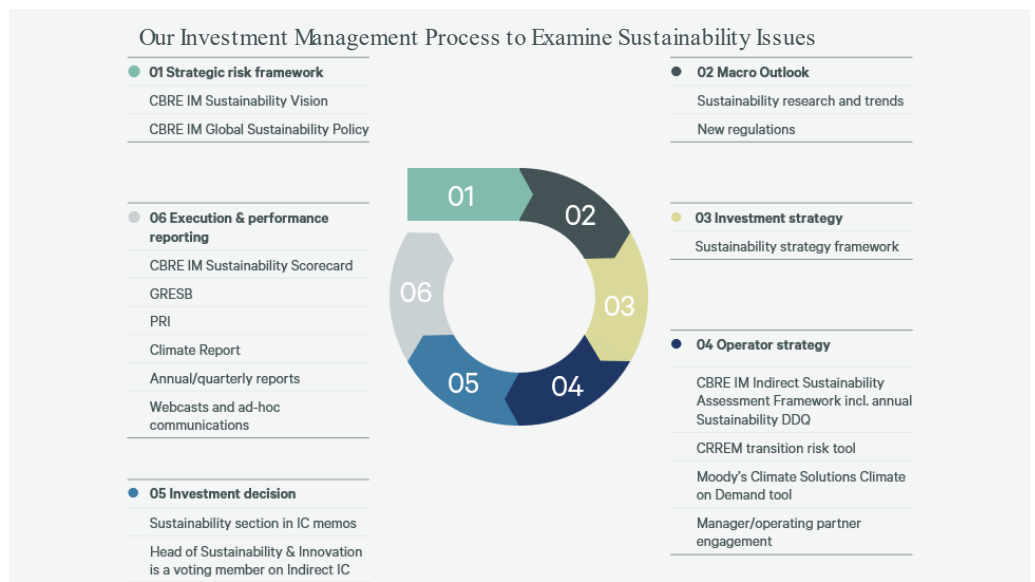
Investments that comply with these red lines are the eligible for deeper due diligence, utilizing our Indirect Sustainability Assessment Framework, which makes use of data sourced from GRESB, alongside the results of our annual Sustainability questionnaire that is sent to all underlying managers.

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, we revised the Indirect Real Estate targets for key environmental indicators from 2024 onwards. The new targets include, but are not limited to, Net zero carbon target setting for operational emissions by 2040 for Scope 1&2 and 2050 for Scope 3, presence of climate assessment policy, and mitigation plan policy for high climate risk assets. We will report progress against these targets in the future Annual Sustainability Reports.



81

GRESB Result Out of 100

100%

GRESB Participation Rate

100%

Holdings with a Sustainability Policy in place

3.5

GRESB Stars Achieved Out of 5

2041

NZC Target (Scope 1 & 2)

In 2023, we reperformed the assessment of FDC’s underlying real estate investments using our proprietary Framework, encompassing governance characteristics, social elements and environmental targets.

Governance Within the FDC Portfolio

It is important that we seek alignment on good governance practices by the managers and operating partners we work with. This approach commences early in the screening process for potential investments, where our Sustainability Policy is shared with managers to seek alignment where possible.

All 17 holdings within the FDC portfolio were assessed for their governance policies, and each holding received a positive score for integrating sustainability risk considerations, policies and processes within their organization.

FDC’s Portfolio Management In Line With Our Commitment To Net Zero

This year, our engagement with managers on their efforts to decarbonize their portfolios was increased, specifically with adjustments to our annual Sustainability Questionnaire where we sought additional information on current activities. This included consideration of how asset performance relative to decarbonization pathways is being assessed, review of energy and carbon intensities, whether asset level net zero carbon audits are being undertaken and whether the results are built into mitigation plans.

Social Sustainability

Ensuring that the assets in which we invest are having a positive impact upon the communities in which they operate is an important focus for CBRE IM. We also consider the practices of underlying managers in terms of impact and engagement with their own employees as an important indicator for broader social benefits that should be resulting from real estate investment activities.

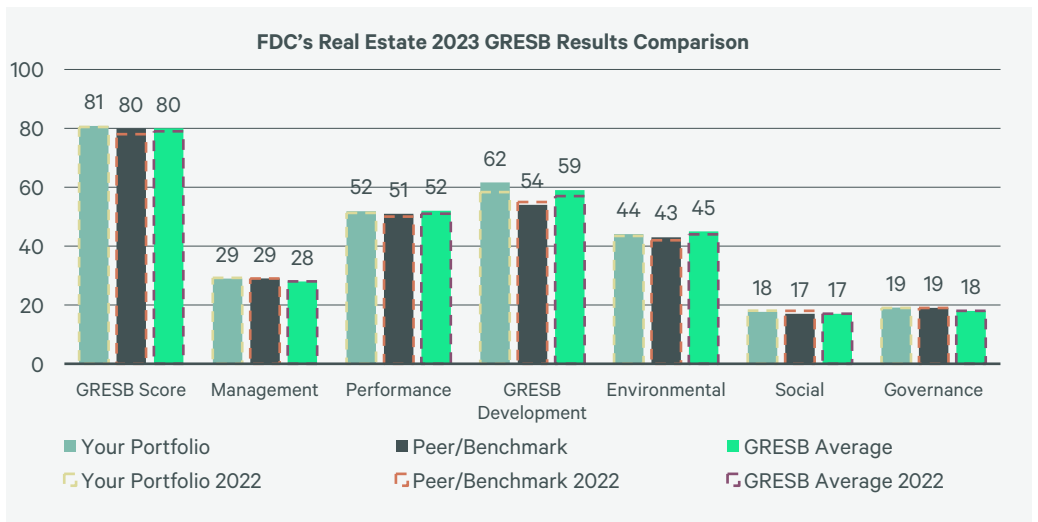
100% of the underlying holdings have undertaken tenant satisfaction surveys over the last 3 years, run programs to improve tenant satisfaction, wellbeing and mental health, as well as conducted community engagement programs.

GRESB Result

In terms of GRESB performance, the FDC portfolio scored an 81 out of 100, outperforming both the Average GRESB score and its peer Benchmark by 2 and 1 points, respectively. The portfolio’s GRESB development score saw the greatest expansion year-over-year, improving from a 58 in 2022 to 62 in 2023. This improvement is largely derived from two diversified funds from the US and the Nordics, where their development scores saw large jumps following the implementation of new data collection systems.

Engagement Case Study

In 2022, CBRE IM engaged with a manager of a UK residential fund after the fund received a low GRESB score. The purpose was to understand the fund’s strategy for ensuring that all assets in the portfolio meet the national NZEB¹ standards. Following the meeting, the manager hired a consultant to assess the portfolio’s risk exposure and develop a plan to mitigate physical climate risks. Based on the analysis, the manager implemented capital expenditure improvements to reduce water and energy waste, obtained new building certifications, and installed utility meters to enhance data collection. As a result, the fund’s GRESB score increased by 24 points in 2023, rising from 1 star to 4 stars.



¹Nearly Zero-Emission Buildings

