

# Sustainability Vision

PATHWAY TO 2040:  
OUR VISION FOR A  
SUSTAINABLE FUTURE

**CBRE** Investment  
Management

# Executive summary



**Chuck Leitner**  
CEO

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CBRE Group has made a strong commitment to be an industry leader in sustainability. We are proud to be in 3BL Media's 100 Best Corporate Citizens for 2020 and #22 out of 1,000 companies evaluated in the Barron's list of the most sustainable companies in the U.S. for 2021. Committed to diversity, equity and inclusion, CBRE has pledged to spend \$1 billion with diverse suppliers in 2021 and to grow this spend to \$3 billion in five years.

As the investment management division, CBRE Investment Management has both the responsibility and opportunity to enhance the sustainability of the environment, the well-being of people and to positively influence our operating partners, occupiers, supply chain and industry. Our Sustainability Vision recognizes that Environmental, Social and Governance (ESG) factors are fundamental to our business and to driving long-term outperformance.

Our Sustainability Vision has ambitious goals for the next two decades, including a corporate commitment to achieve many of our aspirations by 2040. This work is the product of extensive engagement with our stakeholders, including many of our clients and employees who are passionate about sustainability. We are also finalizing a detailed measurement system, which will establish targeted strategies for each of our investment programs and an approach to monitoring progress

The following pages will provide a detailed view into our commitments, which encompass the following areas:

## **Climate**

Undoubtedly, climate change is one of the most significant challenges facing our society. Reducing carbon emissions is a key objective both for the assets we manage and our own operations.

Therefore, where we have direct control of the asset and management discretion of our long term core strategies, implementing actions to achieve net zero carbon performance by 2040 or sooner. This will involve progressively improving the operational efficiency of our assets and sourcing green energy.

“We believe environmental, social and governance factors are fundamental to our business and to driving long-term outperformance”

In our directly controlled shorter term enhanced return strategies, we will focus on creating energy efficient future ready assets. For our corporate offices, implementing actions to achieve carbon reduction in line with Science Based Targets initiative (SBTi) criteria by 2035 or sooner.

### People

More acutely, the COVID-19 pandemic has highlighted the inextricable links between human and economic health on every level. This crisis is accelerating structural changes that were already demonstrating the importance of social impact, health and well-being in the built environment.

Through our investor-operator capabilities, we aim to be at the forefront of making positive contributions to social well-being in our assets and the people they support through the services and amenities we provide.

In addition, we are in the midst of a global conversation focusing on inequalities in our societies ranging from racial and gender injustice to economic impacts. We recognize that the real assets industry lags other industries in addressing these issues, and we are committed to being at the forefront of embedding diversity, equity and inclusion in our operations.

### Influence

Apart from our own operations and the investments where we have direct management control, we are also committed to using our position to positively influence our operating partners (companies and funds in which we invest), tenants and supply chain, as well as industry counterparts in general. I am delighted to report that this commitment to ESG engagement with companies was recognized by Global Real Estate Sustainability Benchmark (GRESB) in announcing our listed securities strategy as Investor Member of the Year, North America (2019).

At CBRE Investment Management, we endeavor to deliver sustainable real assets solutions. Our Sustainability Vision reflects this commitment. Together with our investors and partners, we intend to follow it through by integrating ESG, including diversity, equity and inclusion, into our culture, investment programs and day-to-day operations.

# The future of sustainability

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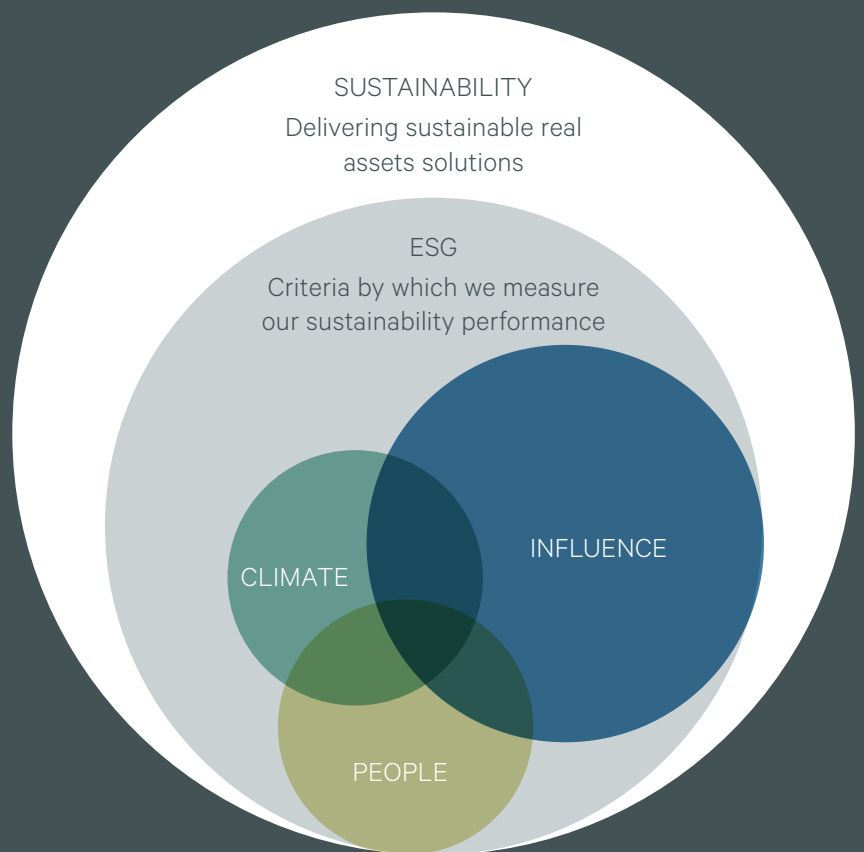
We seek to lead the transition to a sustainable, net-zero carbon, resilient, equitable and healthy society. Recognizing that this can be achieved only as a collaborative effort, we encourage our partners to join us in delivering on this ambition together.

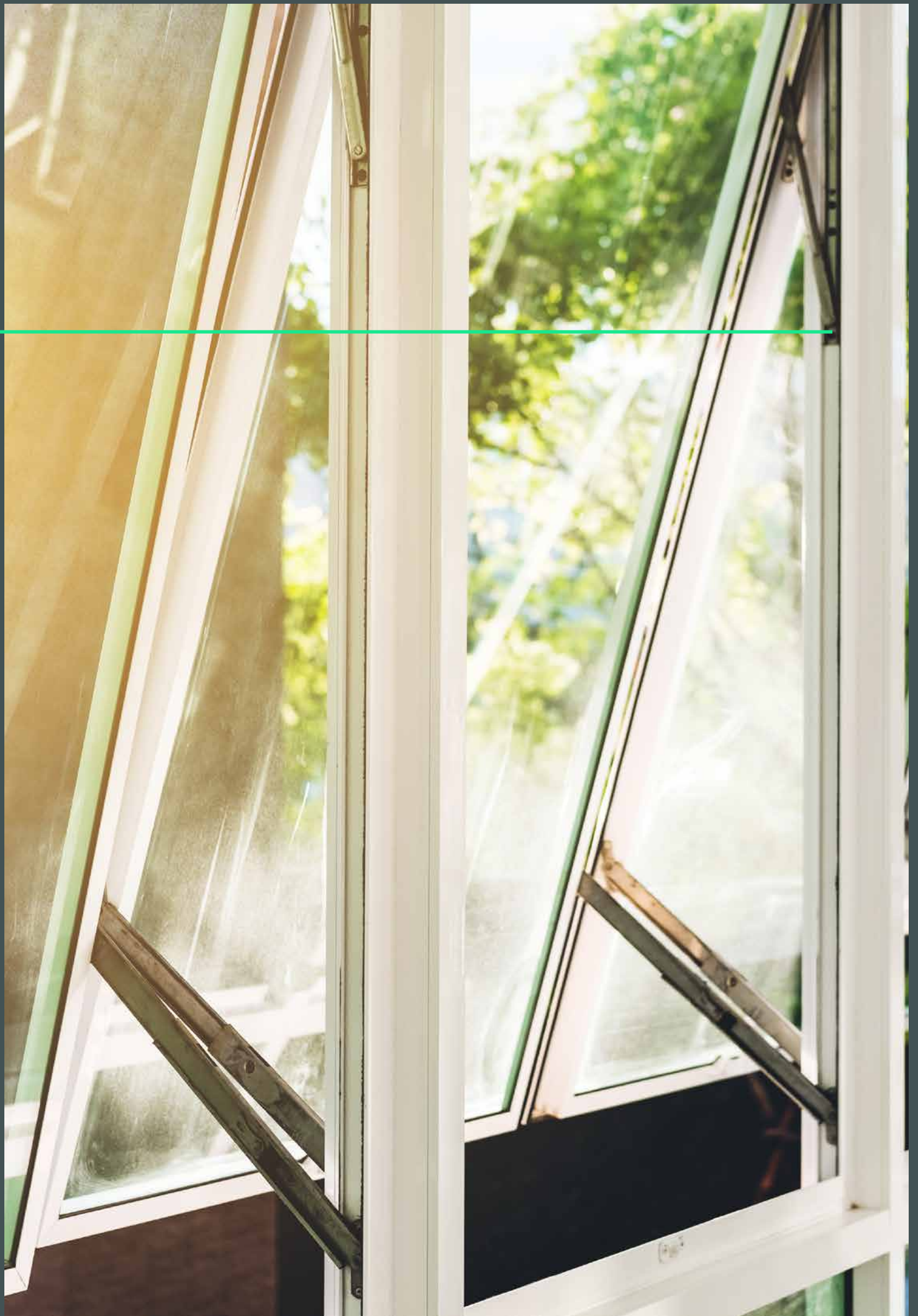
The targets and actions to achieve our Sustainability Vision are distilled from ESG factors. In particular, we are focused on the following aspects:

**CLIMATE:** Addressing climate-related risks and opportunities by focusing on delivering net-zero carbon performance and physical resilience.

**PEOPLE:** Championing diversity, equity, inclusion and the well-being of our people and other stakeholders.

**INFLUENCE:** Engaging and positively influence key stakeholders where we do not have direct management control.





Below are some of the accolades we have achieved recently:



- Investor of the Year – UK Portfolio



- “A+” rating for strategy and governance, indirect property and listed equity incorporation
- “A” rating for direct property and listed equity active ownership



G R E S B<sup>®</sup>

- Overall Global Industrial Sector Leader
- Global Retail Private Sector Leader
- 22 individual ratings in the top three in peer group
- 90% score for all resilience assessments and ~100% score for the management section for all submissions
- A total of 13 funds awarded 5-star rating; four funds awarded 4-star rating
- Awarded 35 Green Stars including nine Green Star development awards
- GRESB/BREEAM Individual Leadership Award

Awards and ratings are not an indicator of superior performance. Nomination and selection criteria can be found on the following sites:

<https://event.edie.net/awards/terms-and-conditions/> <https://www.unpri.org/reporting-and-assessmentresources/about-pri-assessment/3066.article> <https://gresb.com/recognizing-leadership-in-the-assessments/>

<https://gresb.com/investor-leadership-award/> The edie sustainability leaders awards require a nominal fee to apply.

# Continuing our sustainability commitment

At CBRE Investment Management, we strive to incorporate sustainability at the heart of both our investment programs and our own operations. For more than a decade, CBRE Investment Management has actively supported and engaged with key sustainability initiatives. Since becoming a signatory to Principles for Responsible Investment (PRI) and piloting a new framework for GRESB in 2009, our ambitions, commitment and practices have continued to grow and evolve at pace with the developments in the ESG field.

Through active participation in the work of key organizations and peer groups, proactive engagement with policymakers and asset owners, and in partnerships with universities and research bodies, CBRE Investment Management seeks to be a leader in the development and implementation of ESG practices and standards.

More recently, over the second half of 2019 in consultation with our sustainability advisors, we benchmarked peers' performance, mapped critical market developments and relevant frameworks, and undertook an extensive stakeholder engagement process with employees, clients and others. During the first half of 2020,

we reviewed our existing strategy, progress and ESG achievements and set about defining an ambitious new Sustainability Vision for the next decade and beyond in a multi-step process. With our advisors and leadership team, we considered a myriad of inputs, including a net-zero carbon feasibility study and situational analyses, to help determine our ESG ambitions and opportunities.

We analyzed sustainability trends to understand how to be resilient and future-proof our business, and reviewed measurement systems and peer benchmarking to identify areas of opportunity to challenge and inspire others. This process shaped our Sustainability Vision and pathway to 2040, founded on our belief that sustainability is not only the right thing to do but also a key driver of investment performance. Ultimately, we believe this will enhance our ability to deliver on our fundamental purpose of creating positive outcomes for our stakeholders.

We then translated the Sustainability Vision into a set of ambitious targets, using recognized industry measures to assess our progress in a transparent way.





## Helen Gurfel

Head of Global Sustainability and Innovation

We recognize that there are different measures for each of our wide range of investment programs—from private direct investments, where we have full management control, to minority investments in our private, indirect and publicly listed strategies. Nonetheless, we seek to establish clear accountabilities for all types of portfolios so that we have a well-defined pathway in all cases.

To do this, we differentiate between three levels: control, impact and influence. These are broadly aligned with the World Green Building Council's definitions<sup>1)</sup> which apply to our investments and operations, and on a portfolio and asset level:

**CONTROL:** where we have full management rights over the asset and have the ability to control decisions related to the asset

**IMPACT:** where we have partial management rights over the asset and have the ability to impact decisions related to the asset

**INFLUENCE:** where we have no, or minority, management rights over the asset and do not have the ability to impact

1) World Green Building Council Net Zero Carbon Buildings Commitment – Detailed Guidance, January 2019

### 2007

CBRE Group joins UN Global Compact

### 2009

CBRE Investment Management signs Principles for Responsible Investment (formerly UN Principles for Responsible Investment) and joins Global Real Estate Sustainability Benchmark

### 2012

A founding member of the Institutional Investors Group on Climate Change

### 2013

CBRE Investment Management launches Global Green Team and adopts Sustainability Policy

### 2017

CBRE Investment Management establishes the Global Responsible Investment Management Committee and broadens policy

### 2018

CBRE Investment Management commits to Task Force on Climate-related Financial Disclosures (TCFD) reporting Pooled Funds develop and implement tailored ESG Strategies

### 2019

CBRE Investment Management supports The Investor Agenda, Global Impact Investors Network and UNEP Finance Initiative

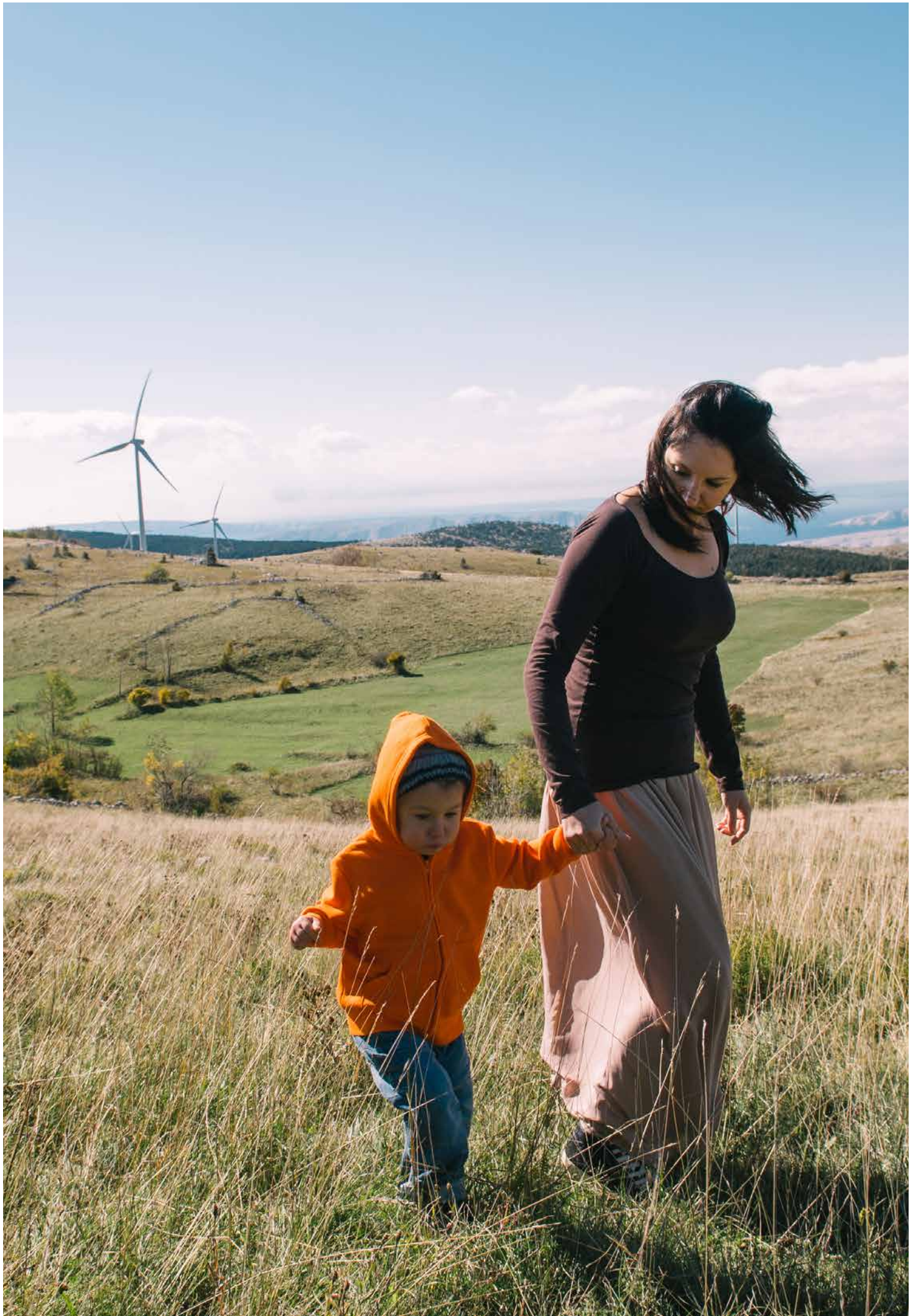
### 2020

CBRE Investment Management joins the Coalition for Climate Resilient Investment

### 2021

Launch of CBRE Investment Management Sustainability Vision





# Leadership focus on sustainability

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## OVERSIGHT

**Executive Committee (EXCO):** Oversight and ultimate responsibility for investment and operational sustainability

Chief Executive Officer Chuck Leitner and the EXCO have the ultimate oversight and responsibility for sustainability. Global Chief Investment Officer Helen Gurfel, Head of Global Sustainability and Innovation, and a member of the EXCO works across the organization to develop and execute CBRE Investment Management's sustainability strategy.

## STRATEGIC DIRECTION

**Global ESG Council:** Business-wide body responsible for global sustainability strategy

The Global ESG Council provides strategic direction for investment and operational sustainability and ensures the integration of ESG principles and criteria into all aspects of the CBRE Investment Management business.

The Council is composed of members of the leadership team and representatives from all regions and key functional groups. The Council further oversees implementation work delivered by dedicated ESG teams, strategy-specific ESG.

**OVERSIGHT**



**Chuck Leitner**

CEO, Chairman of Executive Committee

**STRATEGY**



**Helen Gurfel**

Head of Global Sustainability and Innovation, Executive Committee Member

+ Representatives from

Legal, Compliance & Risk Management

Real Assets Research

Corporate Operations

Real Assets Investments

Operations & Execution

Investor Solutions

**EXECUTION**

Direct Real Estate

Indirect Real Estate

Private Infrastructure

Listed Securities

Credit

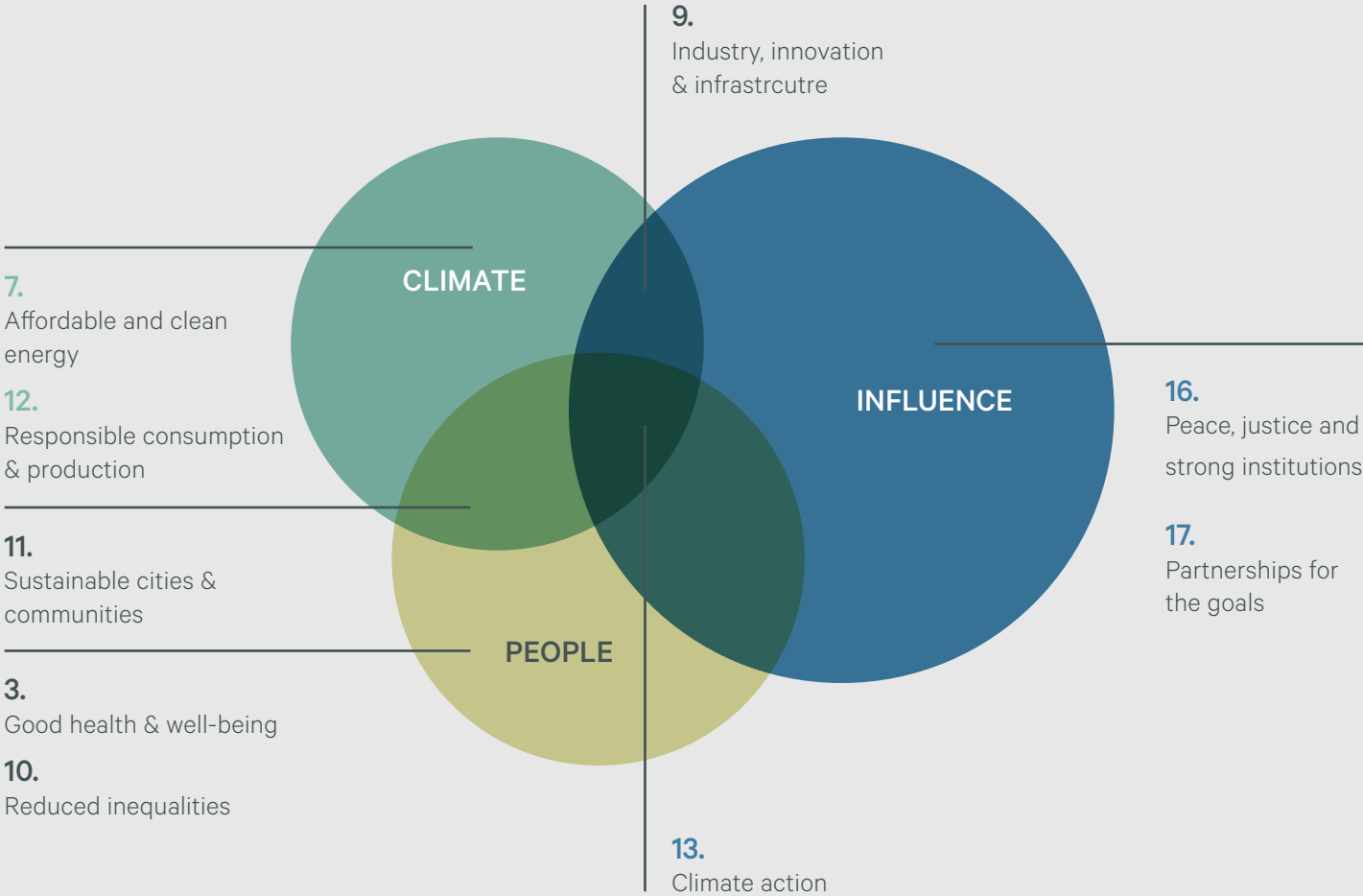
Corporate Operations

# Alignment with the United Nations Sustainable Development Goals

When developing our Sustainability Vision, a key consideration was to assess what our stakeholders find most important so that we could focus on high-impact areas. To help define what is most material for our business, we referenced the UN Sustainable Development Goals (SDGs) as a starting point. While all 17 SDGs are globally significant, we selected nine—as shown in the accompanying figure—as the most material to us as a real assets investment manager. We embedded the SDGs in our Sustainability Vision and the tools for its delivery, including materiality assessments, maturity matrices, key performance indicators and reporting. We believe incorporating SDGs in this way will enable us to conduct impact assessments, increase awareness and better monitor and evaluate our progress.

Our analysis is built on existing frameworks, including the UN Environment Programme Finance Initiative's Positive Impact Real Estate Investment Framework, the EU taxonomy for sustainable activities and GRESB, as well as resources from the UN Global Compact and green building certifications. These helped identify our industry's possible actions and opportunities in addressing the SDGs. We then assessed each activity to determine its feasibility, difficulty of implementation, scalability, significance and consequence of inaction as applicable to our corporate operations or real assets investments. The resulting operational and investment matrices that follow allow us to focus our efforts further and ensure the consistency of our Sustainability Vision and its implementation.

**UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS  
WITHIN OUR SUSTAINABILITY VISION**





# SDGs for our investments

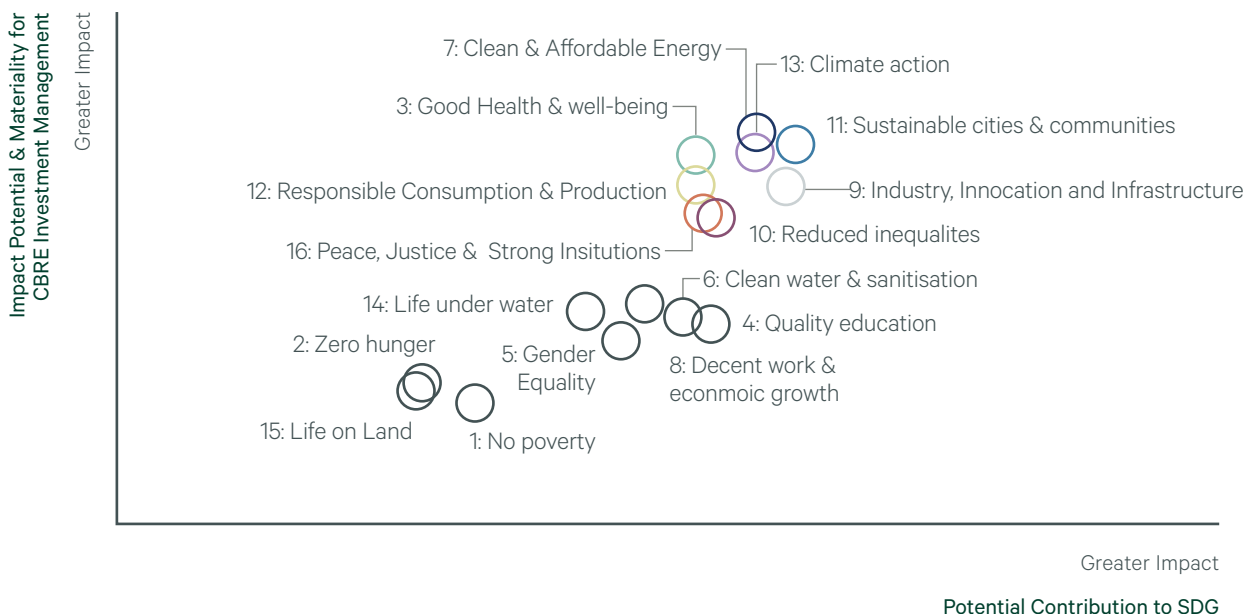
For our investments, the most material goals reflect our endeavor to lead the transition to a resilient and net-zero carbon society and to manage climate change-related risks and opportunities.

Two of the most critical SDGs for CBRE Investment Management are SDG 7: Clean and Affordable Energy and SDG 13: Climate Action.

Additionally, SDG 11: Sustainable Cities and Communities embodies the increasingly important fundamental principles of social sustainability as impacted by real assets.

Through our investments, providing an efficient and well managed built environment, we will seek to make a meaningful contribution to these goals.

## SDG materiality to our investments and our potential to contribute to the SDG



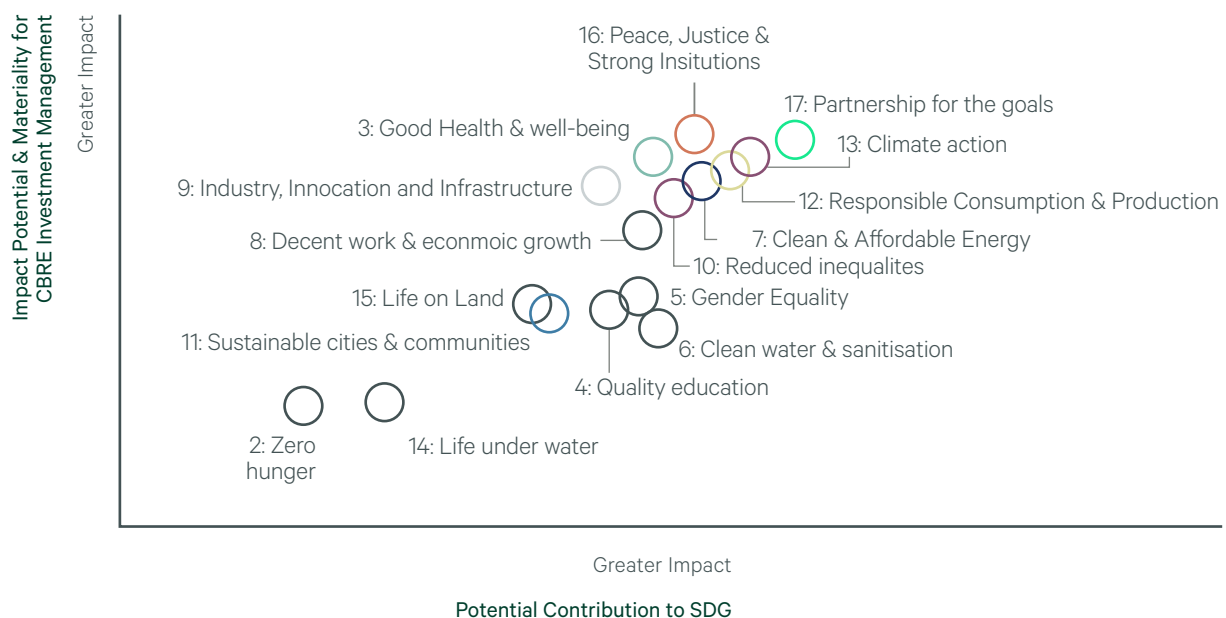
# SDGs for our operations

In our operations, SDG 17: Partnership for the Goals is one of our most significant opportunities. As a global company with a significant presence in the real assets investment sector and part of the larger CBRE platform, we believe we can help lead an open dialogue and collaborate to advance the SDG initiative. We will aim to build on our comprehensive existing engagements with coalitions, researchers and working groups around

the world and seek to expand into other new partnerships.

Our focus on SDG 10: Reduced Inequalities and SDG 3: Health and Well-Being reflect our commitment to our people and engaging our supply chain, ranging from diversity, equity and inclusion to providing a healthy and sustainable workplace.

## SDG materiality to our operations and our potential to contribute to the SDG





# Sustainability objectives

Measuring and reporting on our progress and impact on Sustainable Development Goals

## CLIMATE

Addressing climate-related risks and opportunities by focusing on delivering net-zero carbon performance and physical resilience.

- Carbon Emissions Reduction
- Renewable Electricity
- Climate Resilience

### Investments objectives<sup>(1)</sup>

Achieve net-zero carbon performance in long-term core strategies where we have direct management control by 2040

Deliver future-ready assets in directly controlled shorter-term enhanced-return strategies

### Operations objectives<sup>(1)</sup>

Align corporate offices efficiency with Science Based Targets initiative (SBTi) criteria

## PEOPLE

Championing diversity, equity and inclusion and the well-being of our people and other stakeholders.

- Health & Well-being
- Diversity, Equity & Inclusion
- Training & Education

Embed WELL<sup>(2)</sup> principles in directly controlled assets by 2040

Embed B Impact<sup>(3)</sup> Environment, Community and Workers principles, supporting social, mental and physical well-being of our teams

(1) Please see Additional Information on our Sustainability Objectives on pages 18-19 for more detail on these targets, and Important Information on forward-looking statements on page 20.

(2) WELL is a performance-based system for measuring, certifying and monitoring features of the built environment that impact human health and well-being through air, water, nourishment, light, fitness, comfort and mind.

(3) B Impact Assessment is a leading tool to measure the strength of a company's governance and its impact on its workers, community, environment and customers. Reference is to certain applicable principles.

## **INFLUENCE**

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Engaging and positively influence key stakeholders where we do not have direct management control.

- **Stakeholder Engagement**
- **Transparency**
- **Compliance**

### **Investments objectives<sup>(1)</sup>**

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Engage the supply chain and other stakeholders to help them embed sustainability principles and improve their performance by 2040.

### **Operations objectives<sup>(1)</sup>**

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Engage the supply chain and other stakeholders to help them embed sustainability principles and improve their performance by 2040.

# Sustainability Pathway to 2040

The achievement of our Sustainability Vision requires a carefully laid-out pathway, with clear and measurable milestones along the way. At a corporate or portfolio level, achieving the ultimate goal requires continuous effort and performance improvements, always building on a solid foundation of comprehensive risk management, compliance and assessment procedures.

We have developed a proprietary ESG maturity matrix, aligned with PAS 7340<sup>(1)</sup>, that defines four levels of performance requirements for both our investments and operations. We use this framework to assess current performance, set ambitions for the medium- and long-term, and establish a pathway to achieve them.

## LEVEL 1 BASIC Maintain legislative compliance

### Investments

- Screening for socially and environmentally unacceptable activities
- Regulatory compliance
- Ad-hoc client engagement

### Operations

- Compliance with environmental and employment-related legislation
- Ad-hoc engagement with supply chain on environmental and social issues
- Mandatory disclosure

## LEVEL 2 IMPROVING Identify and manage ESG impact

- Environmental efficiency and social well-being initiatives measured and benchmarked
- Asset and portfolio ESG impact measurement and benchmarking
- Material ESG issues identified
- Risk management
- Ad-hoc performance improvement initiatives
- Ad-hoc reporting to clients

- Ad-hoc performance improvement initiatives
- Suppliers' performance monitored
- Employee engagement and diversity monitored
- Standard sustainability statements

(1) PAS 7340: principles of sustainable finance in financial services

The key performance indicators to measure success align with globally recognized sustainability frameworks such as SDGs, GRESB, B Impact Assessment and green building certifications, lending an additional layer of oversight and third-party validation. This bespoke framework for investments provides structure while being adaptable to the ambitions of different investors,

portfolios and assets, as well as changes in portfolios, markets, regulations and external standards. We believe the operations maturity matrix and pathway enable clear communication of ambition, progress towards the targets and transparency to internal and external stakeholders. We will keep our pathway up-to-date as the industry standards and frameworks change and science and technology develop.

### **LEVEL 3 ENGAGED** **Implement ESG best practices**

#### **Investments**

- Senior management leading on ESG
- Engagement with external bodies
- ESG performance improvements measured, benchmarked and regularly reported
- Targets and implementation plan in place for environmental and social KPIs
- Portfolio strategy with short- and long-term targets and implementation plans
- ESG benchmarking results and progress regularly reported to clients

#### **Operations**

- Impacts managed
- Active employee engagement including sustainability training
- ESG criteria part of supplier selection and review process

### **LEVEL 4 INTEGRATED** **Deliver exemplary ESG performance**

- Delivering on ambitious ESG targets
- ESG fully integrated into mainstream investing strategies and activity
- Active client engagement including knowledge sharing
- Detailed public reporting

- Sustainability included as part of employee performance management
- ESG objectives aligned in company strategy
- Significant employee and supply chain engagement, capacity building and collaboration
- Detailed public reporting
- Demonstrated thought leadership

# Additional information on our sustainability objectives<sup>(1)</sup>

## CLIMATE

### Investments Objectives

- Where we have direct control of the asset and management discretion of our long-term core strategies, we commit to implement actions to achieve net-zero carbon performance by 2040 or sooner. In line with the World Green Building Council net-zero hierarchy, we will focus first on an asset's operational efficiency, electrification and energy procurement, followed by carbon removal offsets where necessary.
- Where we do not have control or do not have discretion, such as tenant-controlled spaces, we will engage with our clients, tenants, fund managers, operating partners and the management teams of companies in which we invest to influence and help them transition to net-zero carbon performance.

### Operations Objectives

- For our corporate offices, we commit to implement actions to achieve carbon reduction in line with Science Based Targets initiative (SBTi) criteria by 2035 or sooner and switch to a fully renewable electricity supply by 2025. CBRE has committed to reducing Scope 1 and 2 GHG emissions 68% from the 2019 base year.
- We will focus on continual improvement of overall operational efficiency, including business travel and responsible procurement.
- We will engage with our landlords and the supply chain to influence and help them transition to net zero carbon performance.

## PEOPLE

### Investments Objectives

- Where we have direct control of the asset and management discretion of the portfolio, we commit to implement actions to provide facilities and amenities which support health and well-being of our assets' users by 2040 or sooner. In line with the principles of WELL building, we will focus on assets' indoor air quality, thermal and visual comfort, accessibility and cycling facilities.
- Where we do not have control or do not have discretion, we will engage with our clients, tenants, fund managers, operating partners and management teams of companies in which we invest to influence and help them implement well-being and diversity, equity and inclusion principles in their assets and operations.

### Operations Objectives

- We will consistently listen, learn, act and invest our time and financial resources to build an inclusive culture, facilitate a diverse talent pipeline and advocate for diversity, equity and inclusion in the marketplace.
- We will deliver well-being tools and programs that are flexible and customized for our business.
- We will engage with our landlords and supply chain to influence and help them implement well-being, diversity, equity and inclusion principles in their assets and operations.

## INFLUENCE

### Investments Objectives

- Where we have direct control of the asset and management discretion of the portfolio, we commit to engage with our supply chain to improve their sustainability performance by 2040 or sooner. In line with the B Impact principles, we will develop and implement a sustainable procurement policy, focusing on achieving our Sustainability Vision objectives.
- Where we do not have control or do not have discretion, we will engage with our clients, tenants, fund managers, operating partners and management teams of companies in which we invest to influence and help them to improve their sustainability performance.

### Operations Objectives

- We will focus on education and empowerment of our teams to equip them in their work towards achieving our Sustainability Vision.
- We will engage with our peers, supply chain and communities to raise their awareness and capability to support and participate in the transition to a sustainable, net-zero carbon, resilient, equitable and healthy society.
- For our operations, we commit to implement actions to align with applicable B Impact principles by 2030 or sooner.



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