U.K. Stewardship Code Statement 2022

October 2023

Table of contents

U.K. Stewardship Code Statement 2022

Background

At CBRE Investment Management (the **Firm, we, our,** or **CBRE IM**), we view stewardship as the responsible allocation, management and oversight of capital to create long-term value for our clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. CBRE IM joined the Principles for Responsible Investment (**PRI**) in 2009 and has incorporated responsible investment principles since then.

CBRE Group, Inc. (**CBRE**), our parent company, including CBRE IM are committed to be industry leaders in sustainability to contribute to addressing climate change and other societal issues within our control. We are proud that CBRE has earned the ENERGY STAR Partner of the Year commendation for 16 consecutive years.[1] Barron's has ranked CBRE #4 in the 2023 list of the most sustainable companies in the U.S.,[2] and Ethisphere has recognized CBRE as one of the World's Most Ethical Companies for 10 years in a row.[3]

Committed to diversity, equity, and inclusion (**DE&I**), CBRE pledged to spend $3 billion with minority- and women-owned suppliers by 2025. In 2022, CBRE's supplier diversity efforts expanded—on pace toward the company's 2025 goal—spending over $2.9 billion with small and diverse suppliers combined. CBRE grew its diverse suppliers by 32% supported by efforts across the Advisory and REI business segments, including CBRE IM.[4] In 2023, CBRE will focus on qualitative enhancements, including strengthening the Supplier Diversity Development program and further engaging suppliers in the EMEA region.

We seek to deliver sustainable investment solutions that enable our clients, people and communities to thrive. We believe that sustainability and stewardship are fundamental to protecting and maximizing long-term investment returns for our clients and essential for risk management and value creation. We seek to deliver investments that stand the test of time and consider the overall impacts on people and the environment in our decision-making.

1 Energy Star Partner of the Year
2 CBRE Rises to #4 on Barron's List of Most Sustainable U.S. Companies
3 CBRE Named One of the World's Most Ethical Companies for Tenth Consecutive Year
4 CBRE's Corporate Responsibility Report (pg.83). As of May 23, 2023. For 2022 period.

Our Sustainability Vision

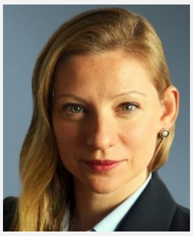
At CBRE Investment Management, we strive to lead the transition to a sustainable future. We understand that the health of our planet, society and economy are inextricably linked, which is why we take a holistic approach to sustainability, considering our climate and people as fundamental to maximizing long-term investment returns. We believe that our approach is essential to risk mitigation, value creation and helping to preserve our planet for future generations.

To derive our Vision, we conducted an extensive materiality assessment, mapping our objectives to the UN Sustainable Development Goals (**SDGs**) and to existing frameworks such as the UN Environment Programme Finance Initiative's Positive Impact Real Estate Investment Framework and the UN Global Compact. We selected nine SDGs as most material to our business as a real assets investment manager and focused our targets and actions to achieve the Vision on three material sustainability criteria—Climate, People and Influence—which we discuss in more detail in Principle 1.

We strive to drive positive change in the environment and the communities we invest in. We believe our opportunity lies in our position as a global leader in real assets investing, using our scale and expertise to deliver and influence how real estate and infrastructure is built, managed and operated.

Andrew Glanzman,

President



Helen Gurfel,

Head of Sustainability and innovation, Co-Chair Global Sustainability Council

Paul Gibson,

CIO—EMEA, Co-Chair Global Sustainability Council

1

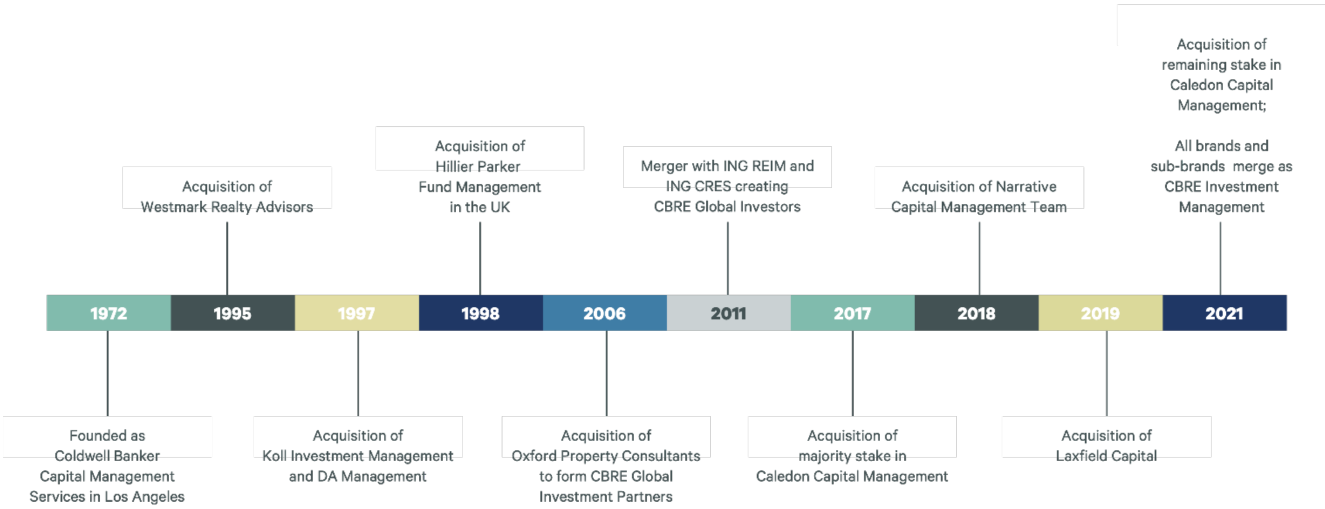
Purpose & Governance

Principle 1: Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

History of the Firm

CBRE IM was founded in 1972 as Coldwell Banker Capital Management Services in Los Angeles and has over 50 years of experience investing on behalf of taxable and tax-exempt investors. The Firm has evolved into a global real assets investment manager through the following mergers and acquisitions:



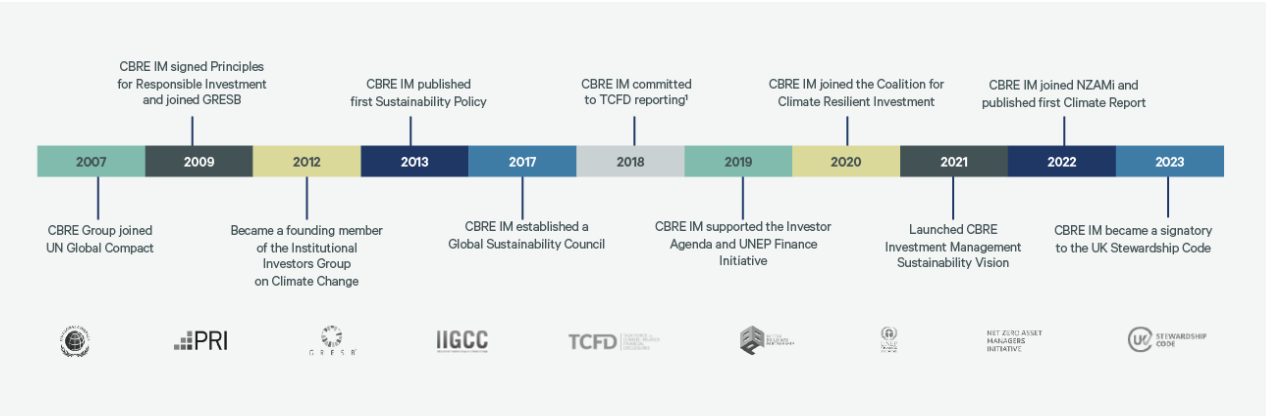
Source: CBRE Investment Management

The Purpose of the Firm

CBRE IM's purpose is to deliver sustainable investment solutions across real assets categories (real estate and infrastructure), geographies, risk profiles and execution formats. Our purpose influences our organizational culture, guides our responsible management of clients' investments, and informs our efforts towards advancing worldwide sustainability. We believe sustainability is fundamental to driving long-term value for all our stakeholders. Our focus on delivering results is driven by our fiduciary values, entrepreneurial spirit and our clients' diverse needs. Our ability to see investment management through the eyes of both real estate and infrastructure investors and users means we have the expertise to deliver on all aspects of an investment's lifecycle. Our expertise allows us to design portfolio strategies, invest capital and operate assets (build, lease, manage, repurpose) to optimize the occupier experience and ultimately dispose of assets to realize returns. This end-to-end integration allows us to align clients' investment objectives with users' needs and preferences, across portfolios and sector specialties. As we state in our Vision, we believe that our integrated sustainability approach is essential to mitigating risk, creating value and helping to preserve our planet for future generations. Our commitment to stewardship and sustainability is described in greater detail later in this Principle.

CBRE IM is a wholly owned subsidiary of CBRE Group, Inc. listed under the NYSE ticker: CBRE., the world's largest commercial real estate services and investment firm (based on 2022 revenue). CBRE has more than 115,000 employees (excluding Turner & Townsend employees) serving clients in more than 100 countries. CBRE IM harnesses CBRE's data and market insights, investment sourcing and other resources for the benefit of our clients.

History of sustainability and stewardship



1 Commitment made when CBRE became a TCFD signatory in 2018. CBRE Investment Management became a TCFD signatory in 2020. For illustrative purposes only. There can be no assurance that any targets will ultimately be achieved. This information contains forward-looking statements that are inherently uncertain and subject to change. There can be no assurance that any initiatives, goals, targets, commitments, intentions, projections or other forward-looking statements herein will ultimately be achieved or that they will be successful. Actual results may vary. Based on CBRE Investment Management's subjective views and subject to change.

Culture and values

CBRE IM creates an inclusive work environment that encourages respect, collaboration and excellence. Our leadership team and the entire staff are dedicated to striving for high performance in all endeavors. Our key values serve as our foundation and guiding principles for how we conduct ourselves in the business world and make day-to-day decisions.

CBRE, together with CBRE IM, use RISE (Respect, Integrity, Service and Excellence) values as a focus for the Firm's culture, fiduciary responsibilities, fair treatment of employees and integrity. Our RISE values are incorporated into the Firm's daily business decisions and CBRE's Standards of Business Conduct to which all employees must adhere. All employees have a mandatory objective in their annual appraisal based on their observance of the RISE values over the course of the year.

The RISE values are:

- **Respect** for everyone
- **Integrity** in all we do
- **Service** delivered at an extraordinary level
- **Excellence** in every aspect of our business

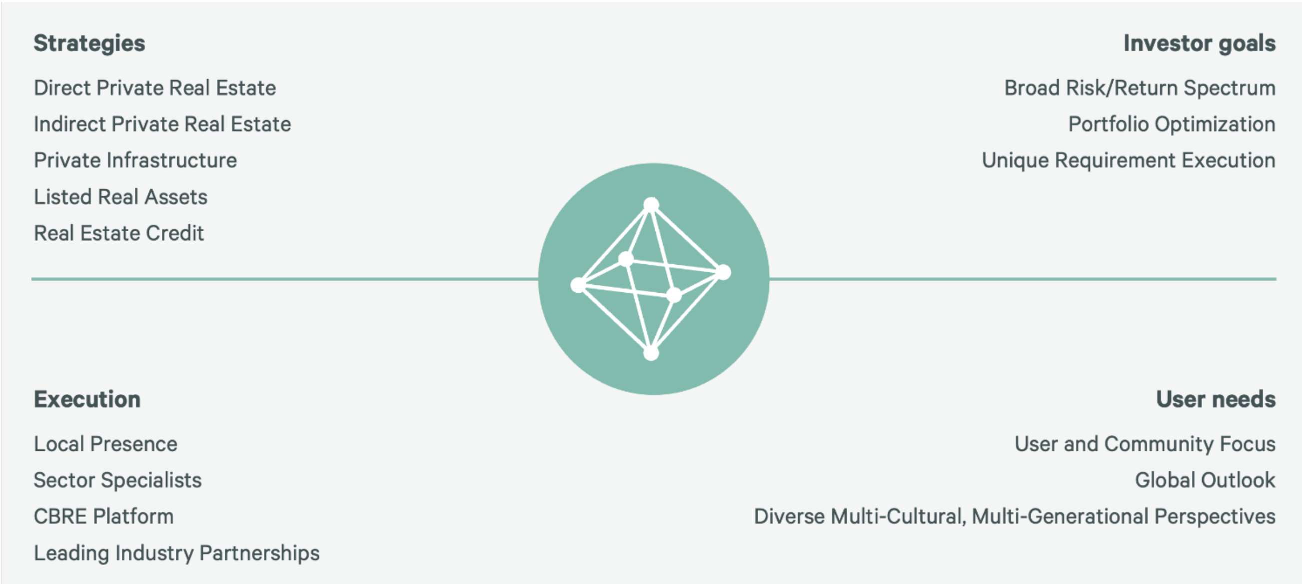
CBRE IM is committed, on behalf of its clients, to the promotion of positive stewardship not only for our real assets funds and mandates, but also for those funds and companies in which we invest. As appropriate, we seek to constructively engage with our stakeholders including tenants, property managers, underlying funds, operating partners and portfolio companies, on issues such as good governance, climate change, sustainability best practices and diversity, equity and inclusion (**DE&I**). Our approach to engagement is covered in detail in Principle 9. Under Principle 6 within this report, we discuss how stewardship is integrated into our investment decision-making processes and ongoing interactions with our key stakeholders. Our governance structure is presented in detail under Principle 2.

Business Model and Strategy

CBRE IM is one of the world's largest real assets investment management firms with $147.6 billion in assets under management (**AUM**)[1] operating in more than 31 offices and 21 countries around the world.

CBRE IM's business model helps our clients gain exposure to various real assets investment strategies. We work closely with investors to understand their goals in relation to their risk/return objectives and other factors. We use our presence, scale and partnership approach to execute strategies to help investors achieve their goals. We continually assess investors' needs focusing on communities, global outlooks and cultural perspectives, utilizing our local presence, insight, data and market understanding from our own firm and the wider CBRE platform.

We strive to realize potential in investments and people in innovative ways. We specialize in holistic real assets solutions within and across five real asset investment strategies, with a distinct multidimensional approach to driving performance and long-term value., as depicted in the chart below.



For illustration purposes only.

This report focuses on only four strategies, since we are in the process of winding down our Real Estate Credit business. Our Listed Real Assets strategy consists of investment in both listed real estate and listed infrastructure.

How Stewardship is embedded in our Business Model and Strategy

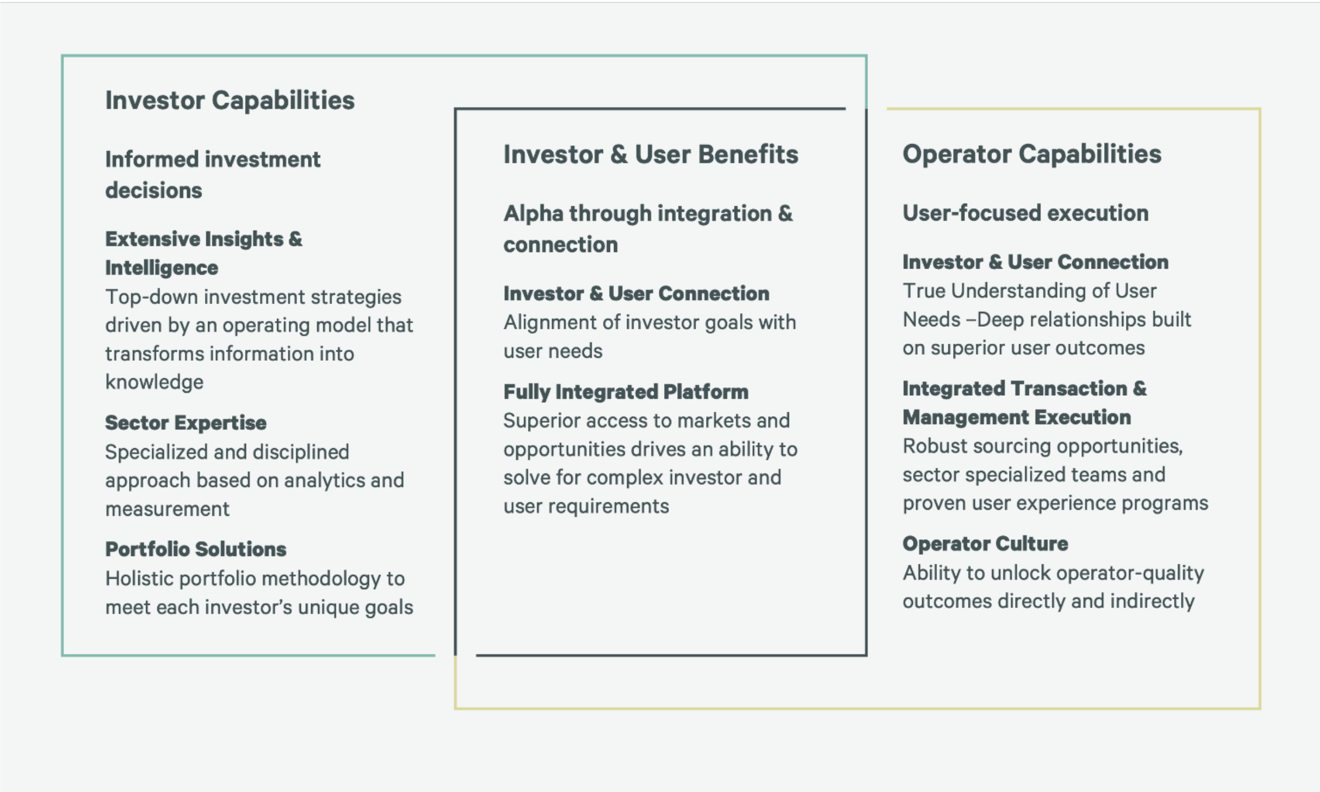
Our experienced teams—whose interests are aligned with both investors and occupiers—employ a consistent and rigorous insights-based investment and risk-mitigation process, which includes stewardship and sustainability. We aim to align investor goals with occupier needs and believe that helping our investors understand the changing needs of end users will create superior long-term performance and positive sustainability outcomes.

Our affiliation with CBRE enhances our offering as an investor and operator of real assets. Along with the experience and insights of our portfolio and asset management teams, we gather key insights from CBRE to enhance our understanding of critical environmental and social factors in particular markets and sectors that can impact asset value. We also have the flexibility to work with other leading service providers that may be specialists in a niche product type or locale to broaden our

1 As of June 30, 2023. Assets under management (AUM) refers to the fair market value of real assets-related investments with respect to which CBRE Investment Management provides, on a global basis, oversight, investment management services and other advice and which generally consist of investments in real assets; equity in funds and joint ventures; securities portfolios; operating companies and real assets-related loans. This AUM is intended principally to reflect the extent of CBRE Investment Management's presence in the global real assets market, and its calculation of AUM may differ from the calculations of other asset managers.

knowledge base resulting in better outcomes. Our extensive platform and network resources means we have a deep understanding of markets and strategies from both an investor and operator perspective. We believe this understanding enhances value for both investors and occupiers.

Our proprietary tools and platforms, such as our Sustainability Acquisition tool for Direct Real Estate (described in detail on pages 13, 21 and 77) and our Sustainability Assessment Framework (**Framework**) for Indirect Real Estate (see pages 21, 71, 79, 85 and 89), enable us to gather on-the-ground intelligence, data and unique insights on sustainability themes, which underpin our stewardship and engagement activities. Principle 9 of this report discusses this in further detail. The diagram below summarizes our investor-operator model.



For illustration purposes only.

Commitment to Sustainability and Stewardship

CBRE IM has a **Global Sustainability Policy** and **Sustainability Vision (Vision),** which together describe our approach to sustainability for all strategies and assets under management, as well as our net zero carbon and other sustainability-related targets. Both documents can be downloaded from our website at the following link: https://www.cbreim.com/about-us/sustainability.

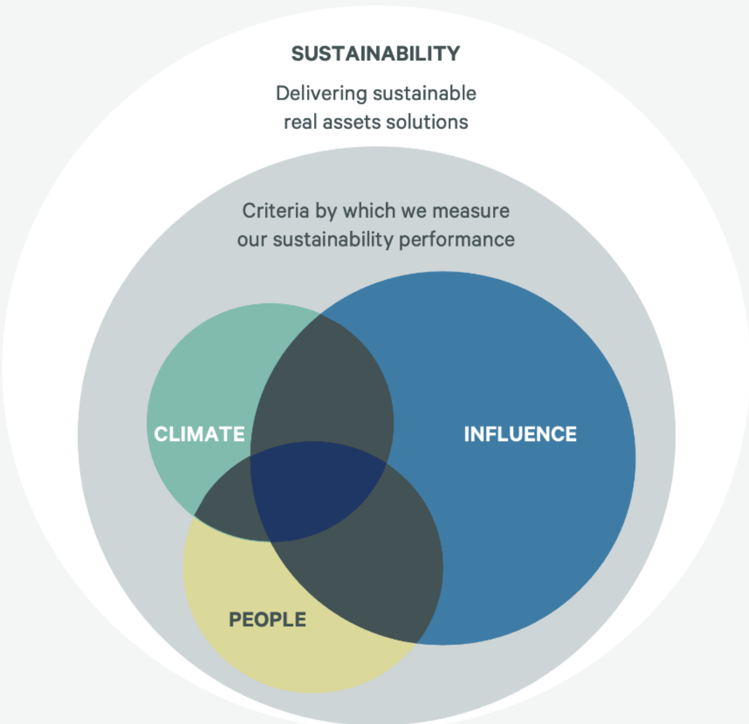
The Firm's Sustainability Vision centers around three themes:

- **Climate:** We seek to address climate risks and enhance investment return opportunities by focusing on delivering net zero greenhouse gas (**GHG**) performance and physical resilience.
- **People:** We strive to champion diversity, equity, inclusion and the wellbeing of our people and other stakeholders.
- **Influence:** We seek to engage and positively influence key stakeholders where we do not have direct management control in alignment with global stewardship principles.

The Firm's original Sustainability Policy was published in 2013; the scope was broadened in the Responsible Investment Policy published in 2017 and updated in 2018. A comprehensive new Sustainability Policy was launched in 2021 and aligns with the Vision. The Policy and Vision are reviewed on an annual basis and updated as needed. The last revision for both documents was in the first half of 2023.

Integrating Sustainability and Stewardship

Sustainability and stewardship are integrated at all levels of our business. At the Firm level, our approach to sustainability and stewardship focuses on the three themes described above that provide the structure for our Sustainability Vision. The Vision sets out long-term ambitions for both our investments and corporate operations under each theme. We set ambitious targets and objectives, using a dynamic Sustainability Scorecard (**Scorecard**). Both direct and indirect real estate strategies utilize the Scorecard. Specific scorecards for other strategies, including infrastructure, will be developed in the future. We tailor our approach for each strategy, recognizing that the opportunities to engage vary across each. The Scorecard is dynamic—aligning with external frameworks wherever possible and evolving as those market frameworks evolve – driven by the latest science and technology.



The targets and actions to achieve our Sustainability Vision are distilled from Sustainability factors

CLIMATE

Address climate risks and enhance investment return opportunities by focusing on delivering net zero greenhouse gas (GHG) performance and physical resilience.

PEOPLE

Champion diversity equity, inclusion and the wellbeing of our people and other stakeholders

INFLUENCE

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

Source: CBRE Investment Management

At the portfolio level, we utilize both proprietary in-house and external tools, such as GRESB (a global sustainability benchmark for real assets), the Carbon Risk Real Estate Monitor (**CRREM**) and Moody's Climate Solutions Climate on Demand tool (**Climate on Demand**). Finally, at the asset level, we establish strategies, seek to improve sustainability performance to make progress toward targets, assess risks and submit our portfolios for benchmarking. Information gathered through external benchmarking and internal risk tools helps to inform the stewardship activities and issues that we pursue and engage on. Such stewardship and engagement can take place at Firm, Investment Strategy, Portfolio and/or Asset level.

Firm Level	**Climate** Deliver net-zero carbon performance and physical resilience		**People** Champion diversity, equity, inclusion and the wellbeing of all		**Influence** Engage with and positively influence key stakeholders
Investment Strategy	**Direct Real Estate**	**Indirect Real Estate**	**Private Infrastructure**	**Listed Real Assets**	**Real Estate Credit**
Portfolio Level	**Portfolio scorecard**		**Physical & transition climate risk assessment**		**Third-party benchmark**
Asset Level	**Sustainability acquisition tool**		**Sustainability asset management toolkit**		**Green building certifications**

There can be no assurance that any initiatives, goals, targets, commitments, intentions, projections or other forward-looking statements herein will ultimately be achieved or that they will be successful. Actual results may vary.

Investment beliefs

We believe that effective stewardship drives better long-term value for investors and better outcomes for communities and our clients. Engagement and stewardship are our fundamental responsibilities as responsible investors and for our PRI signatory commitment. Our commitment goes far beyond delivering elements of sustainability at a functional level, but rather it is at the heart of the way we work with our clients, occupiers, underlying managers, portfolio companies and our value chain.

We bring together insights-driven perspectives, a rigorous investment and risk-mitigation process and investor-operator capabilities to execute on all aspects of an investment's lifecycle and drive better outcomes. Our experienced teams—whose interests are aligned with both investors and occupiers—employ a consistent and rigorous research-based investment and risk-mitigation process. We aim to align investor goals with occupier needs and believe that helping our investors understand the changing needs of end users will create superior long-term performance.

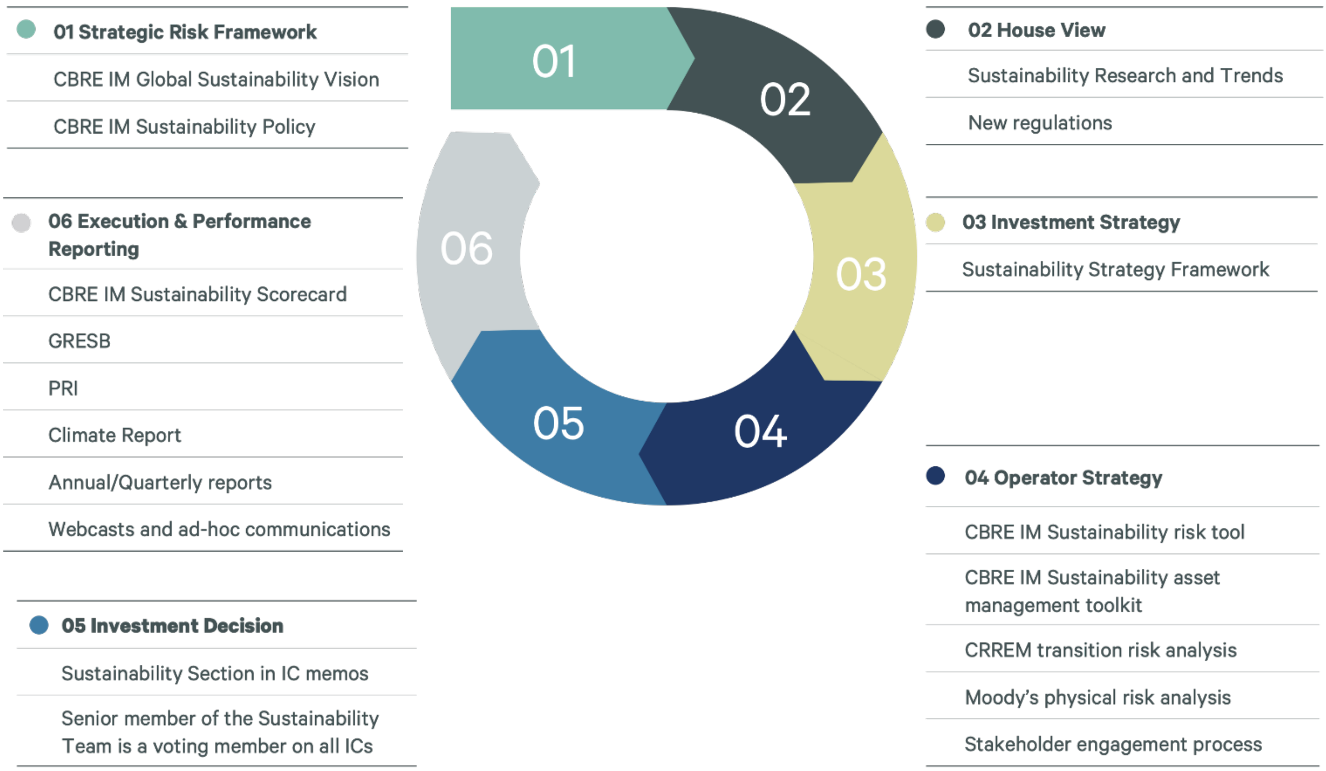
We apply the Firm's knowledge advantage through a disciplined investment process. Our investment beliefs are founded on the following principles:

- **Risk must be understood before it can be managed.** Rigorous risk quantification and analysis, including sustainability risks, are key elements of the investment process. Our research-driven approach helps us identify growth sectors of the future.
- **Market conditions change.** We seek to design flexible investment strategies to pursue the best risk-adjusted returns at different points in the cycle.

- **Every asset is unique.** We utilize CBRE's local information networks to better understand the drivers, sustainability factors and risks of an asset's future cash flow seeking to identify opportunities and be a disciplined seller.
- **Asset management creates value.** Active, sector-specialized asset management, in our opinion, drives performance. Our teams are fully engaged in the buy/manage and hold/sell process. We seek to add value along an investment's lifecycle when and where it matters most.
- **Consistency counts over the long run.** A superior investment track record is built through consistent performance across cycles and by addressing new challenges and opportunities, such as those presented by sustainability.[1]

Our ability to serve clients and deliver superior investment outcomes starts with our own employees. We are committed to fostering a culture where diverse people and ideas thrive as part of our corporate responsibility ambition and how we expect to achieve our goals. We take our responsibility as a global corporate citizen seriously and support organizations in our local communities through both charitable contributions and hands-on volunteering activities. Ultimately, we are motivated by the belief that doing what is right for our people and the communities in which we operate helps us deliver positive outcomes for our clients and other stakeholders without impinging on our fiduciary responsibility of achieving strong performance returns.

Stewardship and sustainability factors are incorporated into all aspects of the investment process including portfolio construction, asset management and risk management. We believe that consideration of sustainability factors in investment decisions can enhance returns, mitigate risk and preserve value. The diagram below shows the six steps within the CBRE IM investment process. For each step, the diagram lists by what means sustainability and stewardship are integrated into the process for direct real estate investment. A similar process is followed for Indirect Real Estate and is included under Principle 7.



For more details on our investment process and how stewardship and sustainability are fully embedded into that process, please refer to our comments under Principle 7.

[1] Past performance is not a guarantee of future performance.

Enabling effective stewardship

All investment decisions for our private strategies are subject to approval by one of the Firm's strategy level Investment Committees **(ICs)** ensuring that the Firm's investment beliefs are upheld. ICs provide challenge and oversight on proposed investments and capital expenditures being made by funds and separately managed accounts across the business. As part of their scrutiny, ICs examine stewardship and sustainability activities and issues.

All ICs have independent IC members who bring a diversity of experience and perspective and an unbiased point of view. In addition, Portfolio Oversight Committees **(POCs)**, which are a subset of our ICs, generally meet twice annually to review portfolio performance and risk management, ensuring value is protected and enhanced. Sustainability risks and opportunities are generally reviewed as part of the POC review process.

When evaluating companies for Listed Real Assets, we recognize the importance of evaluating quantitative as well as qualitative factors, such as corporate governance, social, and environmental characteristics. Our large team of securities analysts is responsible for fundamental analysis of the companies in which we invest. Our analysts evaluate sustainability issues as part of their research process, which includes asset tours, management and director engagement, financial modeling and analysis of public documents. Sustainability issues are incorporated into our assessment of a company's exposure to, and ability to manage, risk.

For direct real estate assets, our Sustainability Team developed a proprietary Sustainability Acquisition Tool to assess sustainability and climate risks. The tool includes a framework that provides portfolio managers, transaction managers and asset managers with a comprehensive list of sustainability-related questions to be addressed during the due diligence of an acquisition. The output from the tool helps Investment Committees evaluate whether sustainability risk, including climate change, has been adequately addressed and mitigated alongside other market and systemic risks associated with a potential investment, and ensures that such risks are evaluated in a consistent manner across the global platform. Our transaction managers seek to integrate, when applicable, material climate and other sustainability risks and opportunities into the financial modelling for new acquisitions as part of the calculation of a risk-adjusted return.

The Firm conducted two internal studies to assess whether there is a correlation between sustainability and asset outperformance. The first study found a positive correlation between GRESB sustainability performance and portfolio and asset level financial performance. The research found a positive correlation between a high GRESB score for a directly managed fund (4 or 5-star GRESB funds) and a fund's financial performance. An average of our 4 and 5-star GRESB funds outperformed an average of 1, 2, and 3-star funds for absolute performance (trailing one and three years) and relative performance versus market indices or target returns (trailing one, three, and five years).[1] The second study analyzed the investment performance of more than 1,200 of our own directly held assets in the U.K. and the Netherlands where sustainability legislation was introduced. We found that assets with lower EPC ratings on average generated lower returns than assets with better ratings. Assets with the highest EPC ratings tended to outperform.

We also developed a Sustainability Asset Management Toolkit that targets our standing assets. Responsible asset ownership and sustainability are continually evolving. Our Sustainability Team continues to develop new tools and processes to enhance our approach and achieve optimal risk-adjusted results on behalf of our clients. The Sustainability Asset Management Toolkit allows us to focus our engagement at the asset level on a clear list of priority assets based on GHG emissions performance, energy consumption, water usage and waste. For Direct Real Estate, we can target our interventions at the asset level in a meaningful way with the potential to catalyze informed and focused occupier engagement. For Indirect Real Estate, we will use the toolkit and approach to challenge our underlying managers and operating partners (external parties managing our investments) in an informed way by highlighting the key areas of risk within their portfolios and asking them to demonstrate their roadmap and actions for addressing the risks.

[1] Past performance is not a guarantee of future performance.

Assessment Of our effectiveness in serving our clients and beneficiaries

CBRE Investment Management believes that our effectiveness in serving our clients and beneficiaries starts with delivering strong investment performance within a rigorous risk management framework. We seek to provide an array of real assets investment solutions aligned with client needs and continually seek to be a leader in sustainability integration to preserve and grow value. To measure our effectiveness, where appropriate, we conduct a bi-annual client satisfaction survey, benchmark the company and our investments through GRESB and PRI annual reporting, conduct semi-annual reviews of our portfolios, conduct tenant satisfaction surveys, listen to and action feedback from investors and other stakeholders on a regular basis and seek to maintain a culture of continual improvement.

Our latest client satisfaction survey, the seventh study since 2007, was completed in the Fall of 2022 by Grace Hill KingsleySurveys (**Kingsley**). Results showed that client satisfaction peaked in 2019 at 4.39 and declined to a rate of 4.10, slightly lower than the 2022 Kingsley Index (4.12) and what was recorded in the 2015 survey (4.12). Our Net Promoter Score (**NPS**) decreased from 57 in 2019 to 51 in 2022. Despite the decrease, 85% of clients indicated that CBRE Investment Management is better or much better than competitive firms and 93% of clients indicated that CBRE IM was meeting their expectations.

We analyzed the survey results noting weaknesses to address and strengths to learn what works that could be enhanced.

Areas of weakness that we are developing improvement strategies for include stability of personnel and communication of changes, dissemination of research, and technology. Since the survey was conducted, we improved our communications strategy with clients and their consultants around personnel changes with early notification and personal calls, especially with larger clients. To address accessibility to research, we made it easier to find research information on our website and are providing more research papers and videos than we did in the past. We also made it easier for our Client Solutions Officers and Client Care Group to access research on our intranet to send to clients. To address the low score for technology, we expect to launch our new investor portal by the end of 2023 which will start with a consolidation of three existing real estate portals into one modernized investor portal. Clients will be able to view both their individual portfolio investments and their consolidated investments across the CBRE IM platform. We believe that the improvements we are making will result in higher tenant satisfaction scores when the survey is completed at the end of 2024.

Areas of strength included client service, communication, reporting, sustainability and DE&I. The improvement in client service is the result of a concerted initiative in 2021 to establish a Client Care Group to provide our clients with excellent service, consistent processes across the CBRE IM platform and more timely and accurate reporting. Our high marks in communication were the result of our coordinated communications response to clients regarding COVID and the Russia-Ukraine war and sanctions. Because of the good feedback we received on our approach to COVID, we used the same approach when the Russia-Ukraine conflict erupted and will continue to use this best practice approach when necessary. In 2022, we believe we made great strides in both DE&I and sustainability as detailed in Principle 2.

Information on the use of PRI and GRESB benchmarks to assess our effectiveness in serving our clients and beneficiaries can be found in Principle 4 on page 51.

Principle 2: Governance, resources and incentives

Signatories' governance, resources, and incentives support stewardship.

Rationale for Governance Structure

Stewardship and sustainability topics are material to CBRE IM across all our investment strategies. We believe that sustainability is fundamental to long-term resilience and outperformance that will accrue to the beneficiaries of our investments and is material to our clients, our people and to the value of the investments we manage.

Senior leadership are at the heart of our sustainability governance structure to ensure full integration throughout the Firm. Beyond leadership, we strive to grow the knowledge base of our employees and to create buy-in throughout our business. The governance structure and processes seek to ensure a consistent approach to evaluating sustainability risks and opportunities benefitting our clients and their beneficiaries and enable oversight and accountability for effective stewardship. We use stewardship to help drive change to enhance value and manage risks better. Sustainability is complex and requires clear governance and teams of individuals with broad cognitive diversity including differing backgrounds, seniority and experience. We draw on our best talent from across the Firm to help us achieve the best outcomes and deliver our stewardship efforts more effectively.

Governance

We believe that a strong governance model ensures processes and policies are consistently applied when eliminating and mitigating risk and investing on behalf of our clients across investment vehicles and geographies. Stewardship is embedded at all levels of the Firm and through our committee structures. As we described under Principle 1, our Sustainability Vision and stewardship activities focus on three core themes—climate, people and influence—and impact four levels—firm, investment strategy, portfolio and asset level. Our governance structure was designed to ensure leadership and oversight of the stewardship themes at all levels of the Firm as described below.

Executive Committee

Our Firm is led by a 21-member Executive Committee **(EXCO)** which includes senior leaders from across functions, geographies and strategies. The EXCO oversees CBRE IM's strategic direction, establishes global investment programs and designs and implements the material policies and procedures governing the Firm's operations and investment management processes. The Head of Sustainability and Innovation is a member of the EXCO, and sustainability and stewardship topics are a regular agenda item, putting sustainability as a key strategic consideration and ensuring that we are aligned on a corporate level meeting the same expectation thresholds on sustainability and stewardship that we apply to our underlying investments. The EXCO typically meets every two months.

Strategy Investment Committees (Direct Real Estate, Indirect Real Estate and Private Infrastructure)

The ICs are responsible for all client capital investment decisions with the overriding objective of delivering each mandate's target return within a pre-defined strategic risk framework. Investment Committees meet on a regular basis when approvals are needed for transactions, financing and capital expenditures above certain thresholds. Portfolio Oversight Committees, which are subcommittees of the Investment Committee, generally meet on a semi-annual basis. A senior Sustainability Team member sits on each strategy Investment Committee.

Roles and responsibilities for ICs for each strategy

Investment governance is conducted via three primary functions:

01

Approval of Market and Sector Forecasts, preferred themes, setting Portfolio Strategy guidelines for all strategies (biannually);

02

Periodic review of portfolio performance, risk, and strategy (reflecting House View and Portfolio Strategy guidelines); and

03

Transaction Approval: approval of acquisitions/originations, dispositions, financing, and major capital expenditure projects (in context of Portfolio Strategy).

CIO Leadership Team	– Global House View[1] – Portfolio Strategy guidelines for all strategies – Forum for sharing information across strategies
Investment Committee ("IC") for each strategy	– Approving transactions, dispositions, capex and financing subject to approved strategy-specific thresholds – Portfolio Oversight[2]
Subcommittees of the IC (Select executive members of each strategy area IC, except as noted)	– Approving transactions, dispositions, capex and financing subject to approved strategy-specific thresholds
Program teams	– Day-to-day portfolio management

1. Governance includes global leaders who vote on deals over respective strategy thresholds.
2. May be delegated to a subcommittee of the IC.

Each Investment Committee comprises our most seasoned and skilled investors for the relevant strategy and members of global leadership joining for large investments over US$150 million net asset value (NAV) for all strategies except infrastructure, for which the threshold in US$200 million. In addition, all strategy investment committees have independent members and a senior member of the Sustainability Team. Like with the EXCO, sustainability and stewardship topics are regularly discussed during Investment Committee meetings.

All ICs feature a consistent membership structure:

Private Markets				Public Markets	
Direct Private Real Estate Americas | APAC | EMEA	Real Estate Credit Americas | EMEA	Private Infrastructure	Indirect Private Real Estate	Listed Real Estate	Listed Infrastructure
Executive members for relevant strategy					
Independent members					
Members of global leadership join and vote during relevant meetings only for investments over US$150M NAV ($200M for Infrastructure)					
Quorum: at least two-thirds of members to be present. Proxies are not permitted. Voting threshold: approval requires 75% majority of members present.					

Our investment process framework includes the following components:

Governance & authority

Clearly defined roles for:
- Investment Committees ("IC") for each strategy
- Each of our strategies

Portfolio Strategy

Valuations

Best-practice framework

Consistent, disciplined approach across all strategies

Accountability & agility

Efficient process with ultimate accountability toward our clients

Information advantage

Emphasis on diverse perspectives, transparency, shared information, and best practices

Talent development

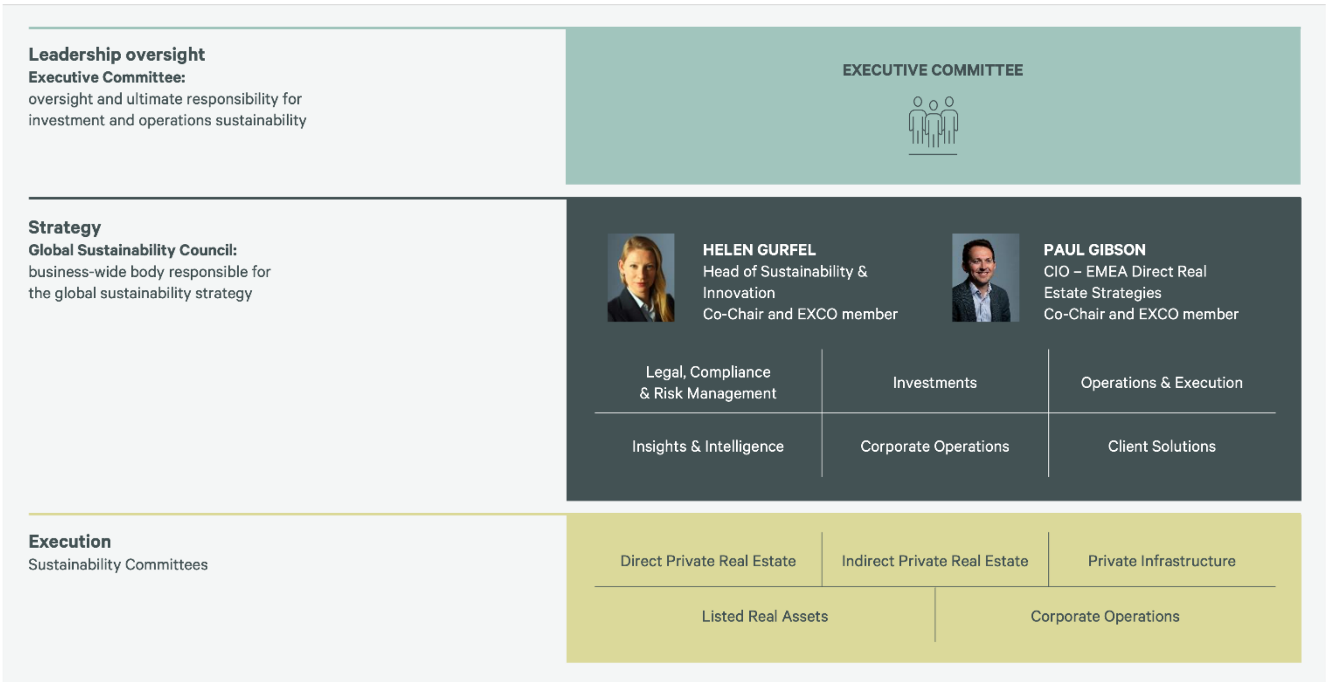
Broad, inclusive range of talent in the process

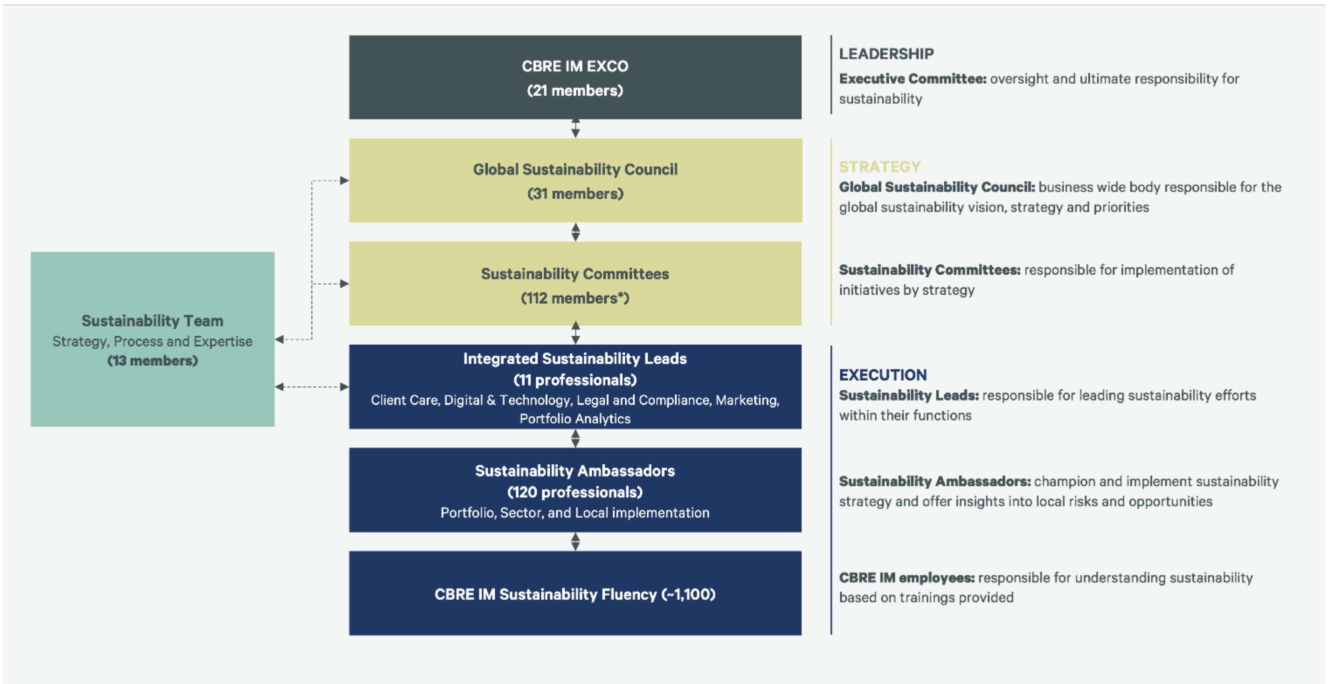
Global Sustainability Council and Sustainability Committees

Our Global Sustainability Council is a business-wide committee that provides strategic direction and strives to integrate sustainability principles into aspects of our business and investment processes where consistent with investment objectives. The Head of Sustainability and Innovation and the CIO for EMEA Direct Real Estate Strategies, both EXCO members, co-chair the Global Sustainability Council.

The Global Sustainability Council is comprised of senior leadership team members, including representatives from Client Solutions, Insights & Intelligence (**Research**), Investments, Investment Operations and Execution, Legal, Compliance and Risk Management, Marketing and Corporate Operations. The Council typically meets on a quarterly basis.

Additionally, corporate operations and each investment strategy have a Sustainability Committee, which is responsible for guiding sustainability execution. Representatives from each Sustainability Committee are on the Global Sustainability Council to ensure cohesion across the CBRE IM platform. Members of these Committees are embedded throughout the organization, with representatives from the business, as well as representatives from the Sustainability Team, Client Care and Marketing. The committees are also a forum for the escalation of a stewardship or engagement issue, whereby members can share their experience and advice with colleagues. All Sustainability Committees, ultimately, report to the Head of Sustainability and Innovation and typically meet on a monthly or bimonthly basis.





Source: CBRE Investment Management, data as of October 2023 and is subject to change.

*Based on numbers of members on each committee and does not account for people who are on multiple committees.

Resourcing Stewardship: The Sustainability Team

The Firm has one part-time dedicated and twelve fully dedicated sustainability professionals (the Sustainability Team) led by Helen Gurfel, the Head of Sustainability and Innovation. The Sustainability Team includes the EMEA Head of Sustainability, Listed Real Assets Head of Sustainability and dedicated Sustainability Leads focused on the implementation and execution of sustainability initiatives for our investment strategies and regions, specifically: Indirect Private Real Estate, Private Infrastructure,[1] Americas Direct Real Estate, Continental Europe Direct Real Estate and APAC Direct Real Estate. Also included on the Sustainability Team are the Sustainability Project Manager, a Sustainability Associate and Sustainability Analysts. The Sustainability Team works from six CBRE IM offices: New York, Dallas, Philadelphia, London, Amsterdam and Tokyo.

The Head of Sustainability and Innovation, Helen Gurfel, has overall accountability for the direction, organization, implementation and supervision of sustainability policies, processes and projects.

The Sustainability Team is responsible for the development of sustainability strategy, policies and processes across the business. The Team also supports fund and portfolio teams implement and integrate sustainability into their day-to-day activities, as well as supporting those investment teams and the wider business with related stewardship activities. The Sustainability Team members act as subject matter experts assisting portfolio and fund managers when engaging on sustainability topics with external parties including investees, portfolio companies, underlying managers, property managers and tenants.

Portfolio and fund managers throughout the Firm have responsibility for reviewing sustainability factors as part of an acquisition's due diligence process, incorporating sustainability initiatives into the management of their portfolios and communicating material sustainability and stewardship issues to investors. Asset managers ensure sustainability implementation at the property level, overseeing third-party property manager and vendor activities.

[1] Our Sustainability Lead for Global Infrastructure spends 50% of her time on sustainability and 50% on asset management.

Information on the members of the Firm's Sustainability Team who support sustainability and stewardship efforts are detailed in the table below.

Name	Role	Location	Firm Join Date	Industry Start Date
Helen Gurfel	Head of Sustainability and Innovation	New York	2021	1996
Robbie Epsom	EMEA Head of Sustainability	London	2021	2009
Diane Wade[1 2]	Listed Real Assets Head of Sustainability	Philadelphia	1996[2]	1990
Mathew Chamish	Sustainability Lead—Americas	New York	2022	2009
Chris Burgess	Sustainability Lead—Global Indirect Private Real Estate	London	2023	2007
Ralf van Santen	Sustainability Lead—Continental Europe Direct	Amsterdam	2022	2012
Yixin Huang	Sustainability Lead—APAC	Tokyo	2021	2018
Gioia Torresi[3]	Director Asset Management and Sustainability Lead Private Infrastructure	London	2022	2014
Charlotte Walker	Sustainability Project Manager	Dallas	2022	2011
Mari Aanesen	Senior Sustainability Associate	London	2019	2019
Tess Kelly	Senior Sustainability Analyst	New York	2022	2020
Peter Walker	Sustainability Analyst	London	2023	2020
Janya Gambhir	Sustainability Analyst	New York	2023	2022

Source: CBRE Investment Management. As of October 2023

Women account for 62% of the Sustainability Team. Sustainability Team members speak multiple languages and have academic qualifications in STEM (science, technology, engineering, mathematics), including degrees in Climate Change Management & Finance, Environmental Sciences, Industrial and Systems Engineering, Sustainability Management, Environmental Planning Policy and Design and Chemical Engineering. Senior members of the Sustainability Team also hold relevant professional qualifications including Chartered Environmentalist, SASB FSA credential, Fellow of the Institute of Corporate Responsibility & Sustainability and Full Member of the Institute of Environmental Sciences.

The investment teams also engage sustainability consultants to assist with sustainability initiatives, performance improvements and GRESB submissions.

[1] Diane Wade works exclusively with the Firm's listed real assets team.
[2] Includes time with predecessor firm acquired by CBRE Investment Management.
[3] Gioia Torresi spends 50% of her time on asset management and 50% on sustainability.

Resourcing Stewardship: Systems, Tools and Resources

The Sustainability Team is tasked with sustainability analysis and developing proprietary tools that portfolio and fund managers can use, including:

01 **Sustainability Acquisition Tool:** Used by acquisitions, portfolio management and Investment Committees to assess and manage sustainability and climate risk for direct real estate.

02 **Sustainability Asset Management Toolkit:** Allows Direct Private Real Estate to focus our engagement at the asset level on a clear list of priority assets based on GHG emissions performance, energy consumption, water usage and waste.

03 **Sustainability Scorecard:** Used to measure the progress of our direct and indirect real estate portfolios in meeting sustainability key performance indicators and targets that align with globally recognized sustainability frameworks such as GRESB and green building certifications.

04 **Sustainability Assessment Framework:** Used by Indirect Private Real Estate to rate underlying managers' and operating partners' sustainability integration.

05 **Other Tools:** Our Analytics Team developed an SFDR PAI tool for our Sustainability Team. New sustainability analysis tools are continually being developed to address the needs of our teams and clients.

The Firm has made significant investments into systems to support our stewardship work. CBRE IM leverages various data management platforms to help us collect critical data. Our Environmental Management System **(EMS)** was certified in December 2022 as meeting the ISO 14001 standard.

Addressing climate change risks to our investments is a key stewardship theme for the Firm. To aid in the initial evaluation process, when applicable, we use Climate on Demand and where applicable the Carbon Risk Real Estate Monitor (**CRREM**) tool to assess climate-related physical and transition risk, respectively.

Climate on Demand evaluates scenarios of physical climate impacts, such as floods, heat stress, hurricanes and typhoons, water stress including drought, wildfires and sea-level rise including storm surges. The tool provides a high-level indication of the potential risk exposure for any location globally. If an asset's location is identified as high or critical risk, it is subjected to further investigations to ascertain if mitigation measures are already in place or if appropriate mitigation measures need to be put in place.

CRREM assesses operational decarbonization risk. By benchmarking asset and portfolio performance, the CRREM tool allows us to gauge levels of risk each year through 2050 against scenarios of a 1.5˚C and a 2˚C increase in global temperatures.

These tools, used by both our direct and indirect investment teams, help inform the nature of engagement that will be necessary to mitigate the risks identified through the above analysis, especially for assets with high or critical physical risks. For direct real estate, we work in partnership with tenants to undertake any necessary improvements. For indirect mandates, we engage with underlying managers on their mitigation plans and provide best practice guidance on a case-by-case basis.

For further information on how we monitor and hold service providers accountable, please refer to reporting under Principle 8.

Diversity, Equity and Inclusion at CBRE Investment Management

As a Firm, we seek to deliver sustainable investment solutions across real assets categories, geographies, risk profiles and execution formats so that our clients, people and communities thrive. Diversity, equity and inclusion principles are aligned with our RISE values (Respect, Integrity, Service and Excellence), which guide each DE&I initiative and program to foster an inclusive and equitable work environment.

We are working to create opportunities, so all people thrive while building the future workforce that reflects the communities where we live and work. We hold ourselves accountable to outcome-based metrics. We offer training, tools, best practices and other resources globally while also providing flexibility for teams to bring DE&I initiatives to life at the local level.

In 2022, we accelerated our progress by focusing on strategic initiatives and measurable outcomes. Data and innovation drive our ability to implement targeted interventions and monitor progress. Our top three DE&I priorities were:

- Strengthen our inclusive culture
- Increase the diversity of our workforce
- Drive community impact

These priorities guide our global and regional initiatives and help us prioritize where and how we invest resources to realize outcomes in line with our vision.

Case Study: East London Business Alliance ("ELBA") Eagles Graduate Development Program

Situation:

CBRE Investment Management seeks to develop diverse talent and support initiatives focused on increasing professional opportunities for underrepresented communities.

Challenge:

The real estate investment management industry lacks a diverse workforce.

Action:

CBRE Investment Management's London office partnered with ELBA Eagles to offer recent graduates the unique opportunity to join CBRE IM for a six-month paid internship. ELBA Eagles provides participants with the tools and experience they need to build a career in London to help address the high unemployment and underemployment levels prevalent in the area.

Outcome:

In 2022, the Firm hired six diverse interns via ELBA Eagles for a six-month paid internship.

DE&I Vision

To enable our people and business partners to thrive by fostering a diverse, equitable and inclusive environment where everyone belongs.

Our Commitment

We continue to strengthen and evolve our culture, so each person feels safe, valued and heard, and has the opportunity to succeed. Our commitment to social responsibility and DE&I begins with our people—they are at the forefront of our thinking as we work toward DE&I strategic goals in three areas, as outlined in our framework provided below.

Framework

Culture: Shape the culture by establishing an inclusive, innovative and engaging work environment in which each employee can realize their full potential

CBRE and CBRE IM offer multiple mentorship, training and development opportunities to foster an inclusive culture. These include our Women's Mentoring Circles, Rising Professionals networks across our three regions, EMERGE mentoring program for employee business resource group (**EBRG**) members, A.I.M. mentoring initiative for all employees and RISE to Inclusion training.

Additionally, CBRE offers EBRGs which have been an integral component of the company's DE&I efforts for more than 20 years. These groups offer career and professional development and community involvement opportunities, as well as connections and networking possibilities across all business lines and regions. EBRGs are open to all employees and contribute to a workplace where everyone belongs and can be their authentic selves. Globally, CBRE's EBRGs have more than 20,000 members—an increase of 25% from the previous year. More than 200 CBRE IM professionals participate in CBRE's EBRGs.

Employee business resource groups provide strategic business solutions that benefit all our employees by fostering inclusive thinking and encouraging feedback. This helps CBRE and CBRE IM adapt our work practices to ensure everyone can fully participate in the workplace, whether they are present physically or participating remotely.

Our office culture carriers in the U.S. and EMEA also champion social engagement, cultural celebrations and connections. Our culture carriers elevate awareness of diversity and wellbeing and promote an inclusive culture through events in collaboration with our talent and community initiatives.

We measure how we're strengthening our inclusive culture by analyzing our annual employee engagement survey to address areas of opportunity and recognize progress. As a part of the survey, CBRE created an Inclusion Index—a subset of questions specifically asking colleagues about their perspectives of belongingness (feeling safe, valued, and heard). In 2022, CBRE's DE&I score ranked in the top three (78%) dimensions (our survey focus areas), improving by two points from 2021.[1] Additionally, input from the more than 20,000 members of CBRE's EBRGs and the company's Global Executive Inclusion Council also inform and contribute to our DE&I strategy for cultural change at the enterprise and regional levels.

Talent: Optimize the available internal and external talent pool by attracting, developing and retaining diverse talent

We seek to embrace individuals from various backgrounds and with diverse perspectives and skill sets to realize the goals of our organization. We have implemented a number of initiatives to increase the diversity of our applicant pool. Example initiatives, include, our diverse slates and interview panels process, talent accelerator programs designed to train and develop employees and diversity dashboards.

Our framework includes an intentional approach to our recruiting efforts, internship programs and organization partnerships. Partnerships have been pivotal in helping source diverse talent. Other sources include global, regional and national sponsorships with trade associations, nonprofits and other organizations to raise awareness about the commercial real estate industry and opportunities with CBRE and CBRE IM. In the U.K., this list includes partnerships with #10000blackinterns, ELBA Eagles, Investment2020, Project Destined, SEO Career and ThinkForward.

[1] CBRE's "Your Voice" Employee Engagement Survey. As of June 13, 2022. For 2022 period. No compensation.

To track our progress in increasing the diversity of our workforce, we closely monitor results of our ongoing initiatives to evaluate whether expansion is needed. Further, to better understand the makeup of our workforce and help guide our efforts, we encourage employees to voluntarily and confidentially self-identify additional attributes of diversity. Demographic categories include gender and gender identity, race and ethnicity, LGBTQ+ identity, disability and military or veteran status. In the U.K., we also encourage employees to share more about their social mobility (e.g., schooling and socioeconomic background) and religion. In accordance with local laws, we are working to expand the countries where we collect and report attributes of diversity beyond gender. This contributes to our efforts to better reflect our communities and strengthen our inclusive culture.

Community

At CBRE and CBRE IM, we aspire to drive community impact through supplier diversity, philanthropy and volunteerism. We are focused on initiatives that positively impact local communities, promote social inclusion, and foster economic development in our investment portfolios. We also seek to build access, equity and community through charitable giving and partnerships with non-profit organizations, as well as promote personal, local office and regional action through giving back days and other community events.

Further, CBRE committed to spend $3 billion annually with diverse suppliers by the end of 2025.[1] We know that supplier diversity is about more than the contract—it provides a ripple effect creating jobs in our communities. In 2022, CBRE's supplier diversity efforts expanded—on pace toward its 2025 goal—spending over $2.9 billion with small and diverse suppliers combined. CBRE grew its diverse suppliers by 32% supported by efforts across the Advisory and REI business segments including CBRE IM.[2] In 2023, CBRE will focus on qualitative enhancements, including strengthening the Supplier Diversity Development program and further engaging suppliers in the EMEA region.

[1] CBRE defines a diverse supplier as a supplier that is at least 51% owned, operated and managed by an underrepresented group.
[2] CBRE's Corporate Responsibility Report (pg.83). As of May 23, 2023. For 2022 period.

Performance Management, Remuneration and Its Linkage to Stewardship

CBRE Investment Management remuneration policies are developed, approved, implemented, and monitored by a series of bodies within the CBRE group structure, including People (Human Resources), Risk Management and Compliance Departments. These policies are not publicly available.

The remuneration policies have been developed with the aim of supporting our business strategy, corporate values and long-term interests. The key principles include fostering an appropriate risk culture (including with respect to the management of actual and potential conflicts of interest) and compliance with applicable laws and regulations.

The performance management and rewards framework have been designed to promote effective risk management.

Bonus compensation for portfolio managers is primarily based on investment performance which is impacted by the consideration of sustainability factors. In addition, some members of our leadership and many of our professionals have key performance indicators (**KPIs**) related to sustainability and DE&I. These KPIs, built from a common base, vary across the business and by individual depending on the nature of their role and to ensure consistency with client investment objectives. In 2022, annual objectives related to sustainability and stewardship were established for the members of the Indirect Real Estate business. The following are two examples of KPIs for each category:

All employees

- Be able to clearly communicate our net zero carbon targets to investment managers and clients (both Scope 1 and 2) within landlord control and all three scopes).
- Complete 30 sustainability training stickers in Stickerbook (short-form video training platform).

Regional Investment Teams

- Engage with each manager on Sustainability Scorecard and complete Sustainability Scorecard Engagement Tracker for each investment and update throughout the year (also included in Investment Oversight Committee (IOC) Stock Note).
- Increase the proportion of holdings with a net zero carbon target (Scope 1 and 2 within landlord control by 2040) with the ultimate target to have 100% of NAV (excluding those in wind down) having a net zero carbon target in place by 2025.

Portfolio Management Teams

- Prepare plan for client portfolio to shift portfolio towards higher performing investments from a sustainability point of view as well as financial perspective.
- Provide an annual report on sustainability performance of client portfolio and be able to clearly explain and answer questions.

Measurement of performance against these and other objectives is facilitated through different mechanisms including our Sustainability Scorecard, centralized engagement tracking, training logs and outputs such as client presentations.

Effectiveness of our governance in supporting stewardship

CBRE Investment Management has been a signatory to the PRI since 2009. PRI released a new reporting framework in 2021 which we completed. Results from the 2021 pilot framework were released in September 2022 and we received four and five stars for all modules we submitted, including a score of 89 and four stars for Investment & Stewardship Policy and a score of 84 and four stars for Direct – Real Estate. Assessments resumed in 2023 after a year hiatus for PRI to work out issues with the framework. We completed our PRI submission for 2022 in September 2023. Once we receive our assessment report, we review our submission to determine where we did not receive full points to determine if there are actions that we can take to improve our performance.

The Firm has achieved above average/median scores for stewardship by GRESB demonstrated by receiving 30 out of 30 for the management component for four consecutive years and by PRI for the Strategy and Governance module 2019-2020.[1]

We follow the philosophy of continual improvement, conducting annual internal reviews not only of our performance, but also our Compliance and Operating Policies and Procedures, our Global Sustainability Policy and Sustainability Vision. These policies are updated as required to ensure alignment with current operations and our regulatory obligations. Updates were made in 2022 but no material deficiencies were found. More information on how we maintain our policies and procedures through internal and external assurance are covered in Principle 5.

We believe our governance structures and processes are effective because they enable us to maintain consistently high standards for stewardship and have been validated by high scores from both PRI and GRESB assessments and from feedback received from across the Firm and from clients.

In the past year, milestones achieved included activities which revolved around three important goals—taking steps to demonstrate industry leadership, establishing a cohesive sustainability strategy (including refinement of sustainability analysis and incorporation) and developing sustainability fluency across the organization. The following are a few highlights:

- **Global commitment:** CBRE IM became a signatory to the Net Zero Asset Managers initiative (**NZAMi**), an international group of asset managers committed to supporting the goal of net zero greenhouse gas (**GHG**) emissions by 2050 or sooner where we are in alignment with client interests.
- **Transparency:**
  - Reviewed and updated our Global Sustainability Policy and Sustainability Vision.
  - Published our second annual TCFD-aligned Climate Report.
  - Voluntarily participated in CBRE's U.K. Gender Pay Gap Report 2022.
  - Submitted 66 real estate portfolios (the most of any real estate asset manager), and our core private infrastructure fund along with 11 infrastructure portfolio companies to the GRESB assessment for the 2022 assessment. Many of our portfolios achieved top scores. We also achieved 30 out of 30 on the management section—an indication of strong sustainability governance.
- **Influence:**
  - Our EMEA Head of Sustainability supported the development of the International Organization for Standardization (**ISO**) International Workshop Agreement (IWA) net zero guidelines (IWA 42) via Our 2050. The new guidelines were launched in November 2022 at the UN COP27 Convention on Climate Change.
  - Actively participated on a steering committee to improve ESG reporting standards undertaken by Urban Land Institute, Principles for Responsible Investment **(PRI)** and the European Association for Investors in Non-Listed Real Estate Vehicles (**INREV**).
  - Responded to two government consultations and contributed to Real Estate Roundtable's response to the Inflation Reduction Act (IRA) of 2022, as well as to various industry working groups, including the GRESB Standards Committee, Real Estate Roundtable's Sustainability Committee and Urban Land Institute (**ULI**).
- **Environmental Management System (EMS) certification:** Received ISO 14001 certification for our EMS.

[1] Because PRI instituted a new framework in 2021, they did not release median scores and did not have an assessment in 2022. We are awaiting our 2023 results. Past performance is not a guarantee of future performance.

- **Decarbonization Program:**
  - Launched a Decarbonization Audit and Retrofit Program, which included proprietary technical requirements for decarbonization audits, including a set of templates for both scope of work and required outputs. Our intent is to ensure the highest degree of consistency in approach and results when working with our external service providers. The goal of the program is to perform evaluations with appropriate technical expertise and to create actionable carbon transition pathways.
  - Developed a systematic approach to assessing the feasibility and implementation of rooftop solar and began bringing projects to fruition.
- **Process integration:** Improved the sustainability data and information that is discussed in our investment committees, as well as enhanced our asset management tools and processes.
- **Training and education:** Launched several innovative programs to advance sustainability fluency and accountability across the Firm. For our short-form video platform trainings known as Stickerbook, our employees completed 4,510 sustainability stickers in 2022. Also in 2022, we provided advanced real estate sustainability training by external provider, Hillbreak, for 68 of our professionals and five professionals completed an in-depth sustainability course offered by the University of Cambridge.

The systems and tools used across the Firm are continually reviewed and improved upon to meet the latest needs of our fund and portfolio teams for managing sustainability data and information and for keeping investors informed of sustainability performance.

We also continually review our internally developed trainings on stewardship and sustainability and make improvements as needed. In addition, we also worked with an external training provider on the delivery of a long-form video based sustainability foundation training course for all employees. Through our Sustainability Ambassador program, select individuals, based on their role, function and location, received more advanced sustainability training from the same provider in the form of live webinars. The aim of our Sustainability Ambassador program is to embed sustainability expertise throughout the CBRE IM platform, across functions, sectors and countries. Sustainability Ambassadors are employees that seek to drive the integration of sustainability in their role and team and help in the communication of sustainability resources and initiatives with their immediate colleagues.

In addition, in the past year, we launched 72 short video-based training modules, built around key sustainability knowledge that all our employees should understand. Examples of the topics covered include:

- GRESB
- Physical and transition climate risks
- Green building certifications (including LEED and BRREAM)
- Wellness certifications
- Carbon Risk Real Estate Monitor
- The Paris Agreement
- EU Taxonomy
- EU Sustainable Finance Disclosure Regulation (**SFDR**)
- Net zero building
- Green lease clauses

The modular nature of this format means we can add further topics in the future, built around internal marketing campaigns.

Principle 3: Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

CBRE IM policies and procedures are designed to seek to avoid and/or minimize or mitigate potential conflicts of interest. However, when a conflict of interest arises, we address the conflict in a proactive and transparent way.
Any potential conflicts are identified in line with our core purpose of delivering better client outcomes in the best interest of our clients. We aim to identify and manage conflicts objectively and fairly and have transparent policies and procedures in place to raise and resolve them. For new or unique situations or where there is any doubt about the nature and/or severity of the conflict, CBRE IM's Legal and Compliance Department in consultation with senior management will determine the best course of action. Also, depending on the investment vehicle, investors may be invited to opine and/or resolve certain conflicts as stipulated in fund documentation.

Conflicts of interest are addressed in CBRE IM's Compliance and Operating Policies and Procedures (the **CPP** and **OPP**, respectively), which can be viewed in the office with a Compliance Officer, but otherwise are not publicly available. Relevant sections relating to conflicts of interest have been included in this section of the report. CBRE Group also has a Standards of Business Conduct (https://www.cbre.com/about-us/corporate-responsibility/corporate-responsibility-practices/ethics-and-compliance) which applies to all subsidiaries, including the CBRE IM entities. All employees must adhere to both the Compliance and Operating Policies and Procedures and the Standards of Business Conduct. Conflicts of Interest registers are maintained by our Compliance Department for each investment strategy and/or region, which detail actual conflicts and how they are identified, addressed and mitigated.

Conflicts of interest policy and guidelines related to stewardship

The following section provides a summary of the CBRE IM Conflicts of Interest policy.

Our funds and separate accounts may retain affiliates of CBRE Group, Inc. to provide services for portfolio investments. These services may include property management, construction management, brokerage (for leasing, dispositions, acquisitions, mortgage banking or otherwise), sustainability, workplace strategy, marketing, training, accounting and fund/account administration, among others. We are cognizant of the risk of potential conflicts of interest and have established guidelines to help teams identify, assess, manage and monitor potential conflicts of interest.

The following guidelines have been put in place to eliminate or minimize potential conflicts of interest:

- All investment professionals must disclose any personal investments in third-party funds, partnerships, joint ventures, individual commercial real estate assets, or other investments which may have overlapping objectives with CBRE Investment Management's investment programs.
- Our funds generally will not utilize CBRE for property valuations.
- Our operating model is designed to minimize overlapping investment strategies. In cases where overlap leads to a contested allocation for an investment opportunity, the Firm's allocation policy is followed to ensure that conflicts are resolved in a fair and transparent manner.
- CBRE Capital Advisors is the investment banking business of CBRE. Our funds typically do not use the services of CBRE Capital Advisors. Any potential future use would be subject to the control and limitations on affiliate engagements.

Affiliate transactions

CBRE Investment Management intends to use specialist real estate service providers and capitalize on its affiliation with CBRE through a preferred services relationship which will provide access to high-quality professionals, a discounted "portfolio-level" fee structure and national purchasing power for supplies and vendor contracts. The use of CBRE affiliates presents a potential conflict of interest. The structure of the Firm's relationship to these entities serves to minimize any such actual or perceived conflicts:

- All investment and major operational decisions are made by CBRE Investment Management's professionals. The selection of "best" service providers is made solely on the basis of performance and cost.
- No employee of CBRE Investment Management is financially rewarded in any way for fees paid to affiliates.
- The compensation of senior management and investment teams is largely dependent upon portfolio performance, aligning the economic interests of investment professionals with those of investor clients and partners.
- The Investment Team verifies that the agreements entered with CBRE affiliates comply with the affiliate contract provisions of the Partnership Agreement and ascertains:
- A certification from the affiliate that the fees being charged are equal or lower than fees charged to other clients for comparable services,
- A review and comparison, by the Investment Team, of fees charged by other third parties for comparable services,
- Customary terms surrounding expense transparency and termination without cause,
- Disclosures on affiliate fees are part of a fund's/separate account client's reporting package. Limited Partners also receive detailed reports on compliance with the affiliate services protocol at fund advisory board meetings.

Our Compliance and Legal teams and CBRE's Internal Audit function undertake periodic audits of our affiliates policy. We only engage any third-party if we have determined that the team is the best fit for the assignment.

Cross transactions involving client real estate investments

From time to time, CBRE Investment Management may cause a client to purchase or sell a real estate related investment directly from or to another client. Although this is rare given the nature of real estate investing and the types of investment strategies currently employed for clients, such a circumstance could arise. Similarly, it is possible that a fund may make a capital commitment to a real estate investment in which another fund has previously invested and continues to own. In such cases, if applicable, the procedure in the fund documents or investment management agreement should be followed. For several funds, there is a designated investor advisory committee or board provided for in the fund's constitutional documents, which has authority to approve such cross transactions. Intra-client transactions in real estate are sensitive and are managed carefully and transparently. Fund managers and separate account portfolio managers are responsible for identifying potential intra-client transactions. Compliance and Legal Teams should be informed and brought into discussions regarding potential cross transactions at an early stage and should approve such transactions.

The following are specific processes for U.S. Direct Real Estate and Indirect Real Estate intra-client transactions:

Direct Real Estate

In addition to the above, in the U.S., the following conditions must be met in order for a cross transaction to proceed (in addition to the requirements set forth in the preceding paragraph):

- Disclosure of material facts must be made to each client. In the case of a fund, the relevant disclosure shall be made to either an advisory board or to all investors, on the advice of the Legal Team.
- All clients involved in the transaction must consent. In the case of a fund, the Legal Team will determine whether an advisory board or some other body must consent.
- The applicable investment committees must approve the transaction.

- The Legal and Compliance Department Team may mandate the establishment of information barriers or other such measures to manage conflicts of interest between buying and selling teams.

Indirect Real Estate

In the event of an intra-client transaction, the following process is followed:

- The relevant regional investment team member, responsible for managing the investment, would obtain an independent third-party market price for the investment, if available.
- If no market price is available, they would obtain evidence of pricing from recent trades in other similar investments/funds (identification of similar investments to be agreed with the CIO or Head of Transaction Management).
- The costs of obtaining the market price or pricing evidence, from an independent third party, would be shared by the sell-side client(s) and the buy-side client(s).
- In the absence of a market price for the investment, or pricing evidence from similar investments, then the regional investment team will set a price for the investment which will be agreed with the CIO or Head of Transaction Management.
- The portfolio managers, on either side of the transaction, can decide whether to accept this price, or not.
- The resultant buy-side appetite will be compared to the sell-side appetite. In the event that the buy-side appetite is equal to or less than the sell-side appetite, buy-side client(s) will be matched at the price set.
- In the event that there is surplus buy-side appetite, then Indirect Real Estate's Allocation Policy principles will be applied.

Following the above, the regional investment team needs to obtain the approval of the Compliance Officer to the price and process applied. The Compliance Officer, thereby, provides independent oversight for the proposed transaction.

Thereafter, the portfolio managers representing either side of the transaction obtain written consent, from their clients before proceeding, other than in those cases where a client has requested that they only be notified in advance of an intra-client transaction

Guidelines to manage conflicts

Below are guidelines we provide our teams in managing conflicts:

- The responsible persons in each region should coordinate with the applicable compliance officer and the relevant team leaders for the affected clients whether there is an actual or potential conflict of interest by answering the following questions on a case-by-case basis:
  - Are the potentially competing buildings looking to lease comparable space and attract similar tenants?
  - Are the buildings within sufficient proximity such that they could reasonably be considered to be competing for tenants and service providers? This will be dependent on the type of building and geographic location. For example, office buildings within a one mile radius may not compete with each other if located in different parts of Manhattan but may compete with each other (even if the same distance or further apart) in Dallas.
  - Are the buildings of a similar quality such that they would compete for similar tenants and teams—consider the class and vintage of the building and the amenities offered? For example, a newly built class A office building with signage, ample parking and a cafeteria may compete with different tenants than an older class B office building nearby with fewer amenities.
  - Do the buildings have similar vacancy rates, available square footage, price per square foot/square meter and concessions available? For example, a higher price per square foot/square meter office building looking to lease out multiple and contiguous floors to single tenants would generally not compete with a lower price per square foot/square meter office building which is only looking to lease out partial spaces on separate floors.
  - Is the tenant mix or quality similar in both buildings such that they would attract similar tenants? For example, an office building in midtown Manhattan with law firm and investment bank tenants would not compete with an office building on the east side of Manhattan with medical and dental offices.
- If the above questions are answered in the affirmative and the applicable compliance officer determines that there is a conflict, the compliance officer in coordination with the team leaders and, if appropriate, the applicable Investment

Committee, should implement measures to manage the conflict. Although not an exhaustive or definitive list, such measures may, but are not required to, include the following:

- Designation of separate leasing brokerage teams for each client. In the event that both leasing teams are from CBRE, assurances will need to be provided that the leasing teams maintain appropriate ethical walls and information barriers to ensure no sharing of client information and leasing strategies and that the teams are competing on arm's length terms. In specific situations, there may be an advantage to both clients in having the same leasing team, such as operating efficiencies, lower fees (given economies of scale), leveraging market knowledge and capabilities and providing negotiation leverage with tenants (for example two funds in a value-add series may own neighboring buildings and benefit from having the same leasing team service both buildings).
- Maintenance of information barriers between the two client teams at CBRE Investment Management to ensure no sharing of client information and leasing strategies and that the teams are competing on arm's length terms.
- Notification of such conflict to the affected clients.
- Other measures that are deemed appropriate to manage the potential conflict.

How we apply our conflicts of interest policy

- The Conflicts of Interest policy has resulted in the Firm changing property management teams when the affiliated service provider's service was not meeting expectations or in choosing an unaffiliated service provider that specialized in a particular asset type or location to benefit our clients and beneficiaries.
- CBRE IM has a policy in place to establish the principles and guidelines governing the allocation of investment opportunities and how to deal with conflicts of interest between the potential competing requirements of in-house and/or third-party mandates. For direct real estate investment in the EMEA region, the policy requires every acquisition transaction identified as suitable and attractive to one or more requirement to be communicated to the European Transaction Meeting (**ETM)** where a fair allocation decision is made. The ETM decision is then communicated back to the relevant fund and acquisition managers. All allocation decisions are recorded, and a detailed database is kept.
- In a case of a conflict of interest, the allocation decision is referred to the EMEA Direct Real Estate IC. When there are similar fund or separate account requirements, a rotation system per asset class per country is used, based upon clear and precise rules that results in a fair distribution of opportunities to all parties.
- The Firm manages three direct comingled funds in the U.K. with distinct and unique investment preferences. We also manage numerous separate account mandates. On occasion, there may be some cross over in the investment objectives of different funds and mandates and the allocation policy is, on average, activated for one deal per month.
- When the allocation policy is activated, an arbitration decision will be made on the deal. All interested funds and separate accounts are required to complete an arbitration form.
- Should any conflicts of interest arise within Investment Committees, particularly at the individual level, any conflicted member of the IC will be asked to leave the meeting whilst the topic concerned is discussed and a decision reached. The Firm also appoints independent members to Investment Committees and a register is kept of their external interests and any cross-strategies from which conflicts could arise.
- For Indirect Real Estate, the regulated entity that manages that strategy, is able to invest in funds, PVs and wholly controlled real estate assets managed by the direct side of CBRE Investment Management (in-house funds). In such circumstances, approval to invest in in-house funds must be by unanimous approval from the independent members of the Investment Committee.
- The allocation process for Indirect Real Estate investment is different from that in place for Direct Real Estate. We manage both funds and segregated mandates that potentially invest in the same or similar funds within a particular region. Generally, the segregated mandates and funds invest side by side in an underlying fund allowing CBRE Investment Management Indirect Limited (**CBRE IM Indirect**) to aggregate capital to receive more favorable terms for our investors and/or an advisory board position.
- When there is insufficient availability in an underlying fund to accommodate all clients and funds that have appetite for the strategy, we have an Order Allocation Policy. Under this policy, where there is excess demand, clients/funds are all scaled back on a pro rata basis (based on stated final appetite). If this scale-back results in the allocation for some individual clients/funds becoming de minimis in their portfolio, then such clients/funds may be withdrawn from the allocation process.

In addition to the examples above, the following are case studies which demonstrate how we addressed actual and potential conflicts during the reporting period.

Case Study: U.K. Direct Real Estate conflict of interest and allocation

Situation:

During 2022, the Firm's direct real estate team was required to undertake arbitration on deals on only four occasions. One of these related to the acquisition of a retail/leisure asset located in the East of England.

Challenge:

Three direct UK separate account managed by CBRE IM expressed an interest in acquiring the property, creating a conflict between the various investment teams.

Action:

Following CBRE IM policy, the managers of the three interested portfolios were required to complete arbitration forms, making the case for inclusion of the property in their respective portfolios.

Outcome:

Following review of the forms, the decision was made to allocate to the separate account whose target return and client sustainability requirements were the best fit with the asset. The acquisition was successful and the property transferred into the client's portfolio.

Case Study: U.K. Direct Real Estate potential conflict of interest with a property manager

Situation:

We have established procedures for managing conflicts of interest.

Challenge:

In our experience conflicts with property managers rarely occur but can with multifaceted managers. For example, an application to sublet where the property manager's leasing team also acts for the sublessee. We did not have an example of this in 2022 but are providing this case study to show how we would handle such a conflict if it arose.

Action:

In this case, we would ensure that robust information barriers are maintained between the property management team and its leasing team and that the sublease rent is independently verified.

Outcome:

Through information barriers and rent being independently verified, potential conflicts of interest would be avoided.

Case Study: U.K. Direct Real Estate potential conflict of interest using CBRE as our sustainability consultant

Situation:

The U.K. Direct Real Estate funds and accounts use CBRE's ESG Consultancy group as our sustainability consultants. The last tender was run in 2019 and is currently being renegotiated.

Challenge:

Using a CBRE affiliate could be perceived as a potential conflict of interest.

Action:

To avoid a potential conflict of interest, all engagements with affiliates must follow our Affiliates Policy for the region and group being engaged as described above in this Principle. In 2019, the U.K. investment team followed protocol and tendered the engagement to multiple firms. The decision to hire CBRE was made exclusively by CBRE IM based on performance and cost with no financial incentive for employees to engage or retain the affiliate. All rates and terms charged to CBRE IM and any applicable client, were required to be at least as favorable as rates and terms offered to similarly situated clients for comparable transactions and services in the applicable market.

Outcome:

Following the above procedures, CBRE IM continued its engagement with CBRE as the sustainability consultant for our U.K. funds and separate accounts.

Case Study: Indirect Real Estate investment with interest from multiple funds

Situation:

The CBRE IM Indirect Regional Investment Team was alerted, through a third party broker to a secondary trade opportunity in a European industrial warehouse fund managed by a specialist fund manager in the sector. The investment team notified the Indirect Real Estate Portfolio Management teams (the PM teams) of this opportunity. The PM teams are responsible for making allocations, or investment decisions, on behalf of CBRE IM Indirect Real Estate clients. More than one PM responded to the investment team, with the amount that their clients were interested in, which together exceeded the maximum size of the possible investment.

Challenge:

We sought to ensure a fair allocation to the fund for all portfolios demonstrating interest.

Action:

The Indirect Transaction Management team (TM Team) reviewed and approved the Indirect Order Allocation. This enabled each trade to be scaled back on a pro rata basis bringing the total appetite in line with the maximum trade possible.

Outcome:

By applying the allocation policy, the trade was executed within a few months of the opportunity first becoming available and all interested clients were able to benefit from the trade.

Gifts and entertainment

The Firm's gifts and entertainment policy does not permit employees to offer or accept gifts or hospitality which could be considered a conflict with any duty owed to its clients.

Other than occasional small holiday gifts, meals, and non-lavish transportation (e.g., taxis), employees should not directly or indirectly offer or give gifts, favors, or other things of value to an existing or potential client that could be viewed as overly generous or aimed at influencing decision-making or making a person feel beholden to CBRE Investment Management or the employee. Employees may not solicit gifts, entertainment (including meals), travel or lodging from anyone (including vendors) doing business or seeking to do business with CBRE Investment Management. In addition, no employee may participate in any arrangement leading to an inappropriate gift, entertainment, travel or lodging to himself or herself, relatives or any business in which any of them have a substantial interest, in consideration of past, present or prospective business conducted with CBRE Investment Management.

Reporting and preapproval requirements

A register is maintained by the Compliance Department of all gifts and entertainment given and received that require preapproval. Employees have to certify annually that they have adhered to the Firm's Compliance Policies and Procedures, including those on inducements. The Compliance Department performs a periodic audit of the firm's Gifts and Entertainment Policy.

Before giving any gifts, entertainment, travel or lodging to an existing or potential client, CBRE Investment Management personnel must carefully review and comply with an investor's or client's own policy regarding restrictions on these items (including political contributions).

No gifts, entertainment, travel or lodging is allowed to be provided to any government officials without the Compliance Department's and the head of the applicable business unit's (or his or her designee) written preapproval.

01

Gifts:

Preapproval from Compliance and the head of the applicable business unit is required for any gift (given or received) with a fair market value in excess of US$100. Giving or receiving cash, cash equivalents, and securities is strictly prohibited.

02

Entertainment:

Employees should exercise judgment in ensuring that entertainment provided to third parties or received from third parties (including vendors) is (i) reasonable, (ii) consistent with market practices, (iii) not so frequent or extensive as to raise a question of propriety and (iv) not preconditioned on the achievement of a sales target or the equivalent. In addition, preapproval from Compliance and the head of the applicable business unit is required for any entertainment (given or received) with a fair market value in excess of US$250 per event per person.

03

Travel & Lodging:

Preapproval from Compliance and the head of the applicable business unit is required to offer or accept travel or lodging; excludes taxis and other short travel.

Conflict of interest training

All employees complete mandatory training educating them on their compliance and ethics obligations, including how to identify conflicts of interest. CBRE Investment Management has implemented various internal policies (e.g., conflicts of interest policy, Intra client transactions policy, personal account dealing, affiliate relationships, gifts and entertainment policy, external positions policy, political contributions policy) and other safeguards to further ensure that all employees maintain high standards of integrity. The Firm offers multiple trainings throughout the year (both when an employee joins the Firm and for existing employees) on various topics including the Firm's compliance policies and procedures, among others. Training is mandatory for all employees and is both classroom-based and/or online. The online trainings include self-assessment tests as part of each course. As part of annual performance appraisals, employees are rated on their adherence to the CBRE RISE values.

Principle 4: Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Identifying material market-wide and systemic risks

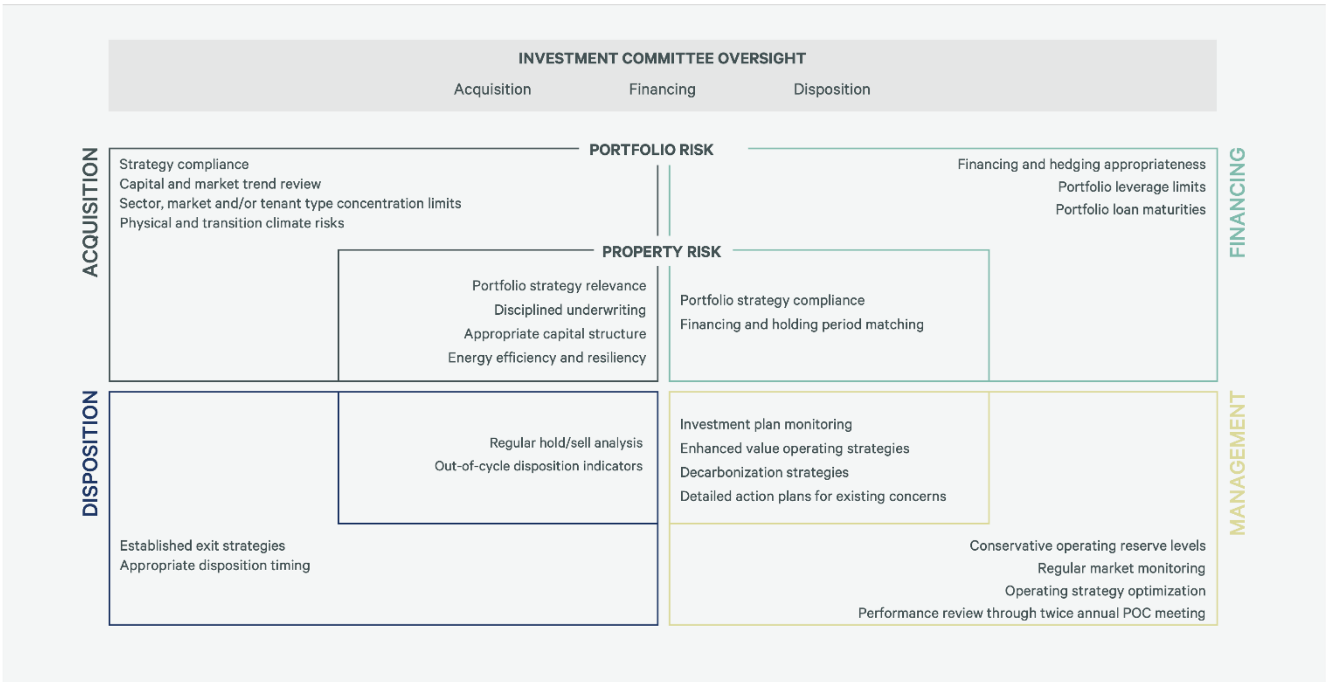
CBRE Investment Management believes that a strong governance model ensures processes and policies are consistently applied when investing, which over the long term eliminates and mitigates risk. We measure and monitor investment risk through our Investment Committees for our private strategies. Market wide and systemic risks, such as macroeconomic and sustainability factors are part of our risk management framework. Mitigation of these risks is key to protecting the interests of our clients and achieving our sustainability goals.

Investment risk is overseen by our Strategy Investment Committees which monitor all capital transactions for the Firm's private Direct Real Estate, Indirect Real Estate and Infrastructure investment programs. These committees ensure that investment teams place the appropriate emphasis on preservation of capital, identification and management of investment risk and appropriate pricing of risk at the portfolio and property level. A subcommittee of the Investment Committee monitors portfolio risk semiannually. Investment risk includes but is not limited to the following risks as it relates to our investments: litigation, counterparty, market, financing, diversification, interest rate, economic, political, regulatory, sustainability and climate and reputational. These risks are identified by our Insights & Intelligence and Sustainability teams. In addition, we analyse these risks collectively for real estate markets globally through our Risk Adjusted Real Estate model, which is decribed in further detail in the next section.

Our Insights & Intelligence Team provides top-down insights on such global systemic issues as the impact of urbanization, climate change transition, demographic and social change and technological breakthroughs that our investment teams consider in portfolio construction, underwriting and in annual asset business plans. Our Sustainability Team, sustainability specialist consultants and our Legal, Risk and Compliance Team (supported by external legal advisers) also keep our investment teams current on the latest sustainability trends that may pose risks to an asset, portfolio, sector or market. At the asset level, investment teams identify and evaluate market and systemic risks such as flooding, earthquake and other physical risks as part of a transaction's due diligence and annual business plan processes.

Our approach to identifying and responding to material market-wide and systemic risks

The below graphic depicts CBRE IM's approach to managing the different market-wide and systemic risks faced by our portfolios:



Source: CBRE Investment Management.

As mentioned above, our Insights and Intelligence Team (or Research Team) identifies market and systemic risks on an ongoing basis. As an example, as a result of our Research forecasts, our investment teams delivered and managed their portfolios to prepare for a downturn prior to the COVID pandemic. We created strike teams to work with tenants with hardship cases and coordinated communications to keep clients informed. Because of our insights-driven positioning, our portfolios managed well through the market disruption caused by the pandemic. We also identified risks caused by the Russia-Ukraine war and developed a coordinated response. Our portfolio, asset management, client care, legal and compliance teams collaborated on a process for identifying tenants and other counterparties included in revised sanctions lists, developing action steps and communicating our efforts and its impacts to our clients.

The COVID pandemic caused wide-ranging systemic and market structural shifts impacting our investments, clients and tenants, which we monitor. Our Research Team shares insights with internal teams, investors and tenants on such topics as the impacts of the work from home factor on the office sector, a shift in preferred investment sectors and changing tenant and user requirements. We also share global and regional insights on our macroeconomic outlook, positioning during a high-inflationary period, sustainability factors impacting real assets and similar global and regional market and systemic changes. Our portfolio and asset management teams develop strategies to proactively protect and enhance portfolio and asset values. We seek to stay nimble to pivot our strategies based on market and systemic risks when necessary.

The diagram below sets out how our risk management framework, including sustainability risks (e.g., physical and transition climate change), interacts with our lines of defense model. For more details on our governance structure related to stewardship and sustainability, please refer to our response to Principle 2.

Three Lines of Defense Risk Management Framework

1st Line of Defense

Portfolio and fund management, transaction management, asset management, human resources (our People team), D&T

- Responsible for the day-to-day management of the core business processes, support processes and the first line activities that control and reduce risk.
- Responsible for day-to-day management of transition and physical climate risks and other sustainability risks.

2nd Line of Defense

Compliance, legal, tax, risk management, research, dedicated sustainability team

Responsible for:

- Design corporate policies and procedures and monitor implementation, including by the 1st line of defence, including developing tools to measure sustainability risks.
- Monitor overall and sustainability risk exposure and compliance with rules and regulations.
- Review, provide advice and support the 1st line of defence to reduce risk exposure and optimise the effectiveness of business processes, including those related to sustainability.
- Coordinate organisation-wide risk management processes e.g., utilisation of climate risk assessment tools and processes.

3rd Line of Defense

Alternative Investment Fund Manager (AIFM), Internal Audit, Risk Management Committee (RMC), Investment Committee, Global Sustainability Council and Sustainability Committees

- Independent from business lines to monitor, assess and decide on appropriate overall risk levels and mitigation measures, including sustainability and climate risks.
- Ensure risks are considered and addressed appropriately.

Case Study: Communications stewardship practice to address acute market-wide and systemic risk

Situation:

On February 24, 2022, Russia invaded Ukraine—one of the most impactful geopolitical and economic events of that year. While the conflict had no direct impact on any CBRE IM employees or assets, the situation was a cause of clear concern for our investors.

Challenge:

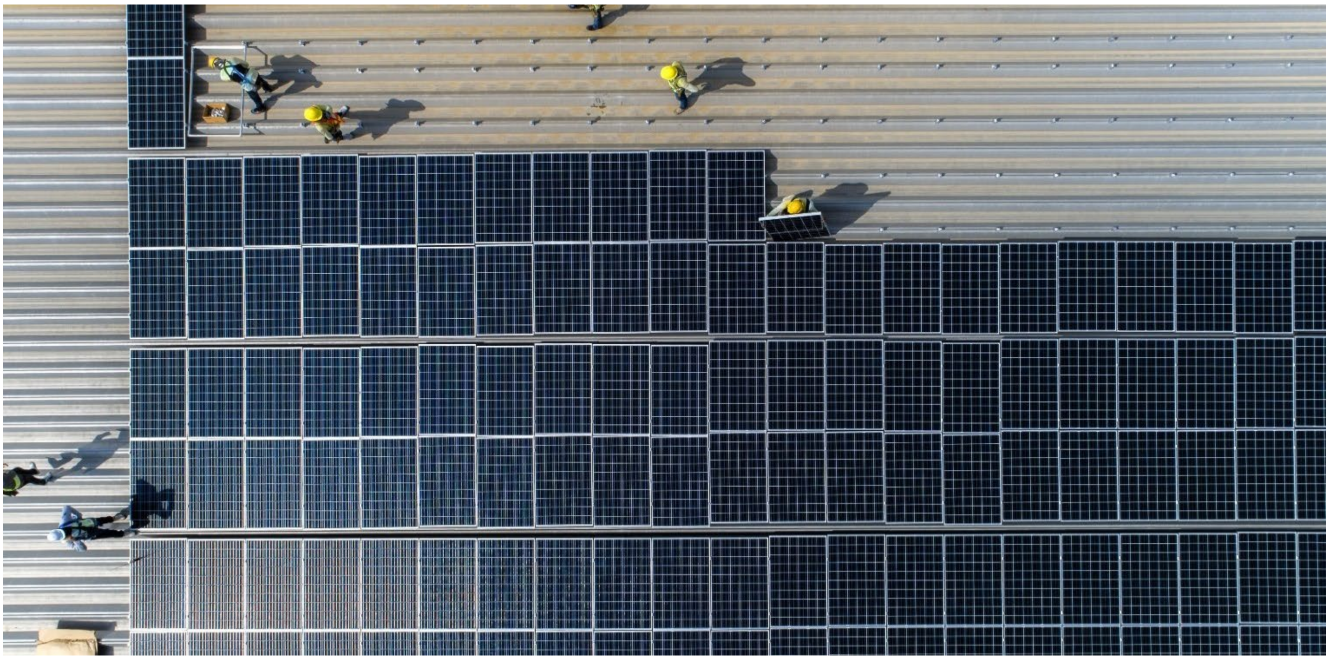
As with any major international event, particularly one which is likely to have an impact on the funds and portfolios managed by CBRE IM, we sought to respond to client queries on the situation in Ukraine as quickly as possible, providing clear information as it pertained to CBRE IM investments. Many clients were interested in our exposure to assets located in Ukraine, Russia and Belarus or counterparties based in Russia or Belarus that were likely to be subject to new international sanctions.

Action:

A small working group was quickly established to coordinate communications on the topic. This included representatives from Client Care, the Global Content Team, EMEA Compliance Team and the Corporate Communications Team. We followed a similar procedure to the one we established in March 2020, at the start of the COVID-19 pandemic. The group initially met daily, and prepared and reviewed responses to individual client questions. We quickly established that many clients were seeking the same information. Therefore, we collated all questions received and prepared a briefing with responses that could be shared across our investor base. As the volume of questions began to fall over subsequent weeks, we moved to weekly updates of the responses. All approved responses were shared internally across the CBRE IM intranet.

Outcome:

The process established to communicate with clients proved to be an efficient use of resources and enabled CBRE IM to respond to a large volume of queries received over a relatively short period of time. We were able to follow a similar approach in March 2023 to respond to client questions relating to the collapse of Silicon Valley Bank.



Case Study: Research response to market-wide and systemic risks

Situation:

Market-wide and systemic risks evolve, and the impacts must be understood to be managed. Our Insights and Intelligence Team provide keen perspectives on arising risks and how to structure or position our portfolios to changing conditions.

Challenge:

The war in Ukraine uncovered several potential risks for our portfolios, Including potential incursions into adjacent countries and energy security risk in EMEA. As mentioned in the previous case study, we received communications from clients wanting to understand our risk exposure, especially for our Polish logistics assets.

During the reporting year, other market-wide and systemic risks included European residential affordability and the impacts of the passage of the Inflation Reduction Act (IRA) on infrastructure investments.

Action:

Our EMEA Head of Research authored several papers to assist our teams and clients on topics such as the concern about energy security in EMEA and the impact of the war on Polish logistics assets. Papers were also written on affordability in European residential markets and infrastructure investment to take advantage of IRA funding in the U.S. These papers were shared with our internal teams, provided to clients and posted on our website.

Outcome:

Our portfolio and asset management teams used the insights in these papers to structure their portfolios and assets to manage and mitigate risks and take advantage of opportunities, while also providing insights for the industry as a whole.

Case Study: Market-wide and systemic risk management international sanctions relating to the war in Ukraine

Situation:

International sanctions on Russia (and Belarus) were imposed and/or extended in response to Russia's invasion of Ukraine in February 2022.

Challenge:

With a rapidly moving situation, the CBRE IM EMEA Compliance Team were quick to address the new sanction regimes put into place. CBRE IM faced a large task in screening all counterparties, for any links to Russian- or Belarus-registered businesses across our tenant base and supply chain.

Action:

CBRE IM took the following measures across our processes and procedures in line with our legal obligations and ongoing risk management:

- Reviewed portfolios for tenants with potential ties to Russia or Belarus
- Increased awareness within CBRE IM of sanctions and their implications through available communication channels
- Increased our monitoring of both sanction law and our counterparties as well as further strengthening our procedures for enhanced due diligence related to onboarding counterparties as required
- Continual review of our processes and procedures and adjust these as necessary

In a situation resulting in an investor, tenant or counterparty in our investments appearing on a sanctions list, we conducted a fact-specific analysis of the situation bearing in mind the nature of the sanction(s) and the precise relationship between the sanctioned person/party and the fund. In conjunction with external counsel, we sought to abide by all applicable sanctions laws and determined whether and how payments to clients on the sanctions list should be withheld or restricted, as well as determining what other non-financial actions needed to be taken.

Outcome:

The process identified a small number of tenants across our combined European portfolio that were included in the sanctions. We followed the requirements of the regulatory authorities in the relevant markets and where applicable, gave tenants notice that their leases had been suspended. These measures were taken as a result of local-market regulatory directives, which prohibited the provision of any economic resources to sanctioned entities. We were then able to agree to timeframes in which employees of impacted tenants could access the premises to collect personal belongings. We continue to monitor the situation and will report on any future changes to that assessment in the future.

How we align our investments

On a quarterly basis, our Insights & Intelligence Team works with the strategy CIOs and investment teams to establish our Global House View. The Global House View is an amalgamation of views on long-term structural demographic and technological shifts and short-term cyclical economic forecasts and their collective potential impact on real estate fundamentals, cap rates and return projections. The Global House View also incorporates the bottom-up guidance provided by our investment teams. The Global House View guides the construction of "model portfolios" and shapes sector/market recommendations by investment strategy and risk profile. Portfolio Managers align the investment strategy for their funds and separate accounts with this guidance, typically in consultation with the strategy CIO.

Risk-adjusted real estate

The Research Team uses both "top-down" econometric models and "bottom-up" local intelligence to assist investment teams with identifying investment-related risks and opportunities.

Various tools are applied throughout the investment process including the Firm's proprietary top-down Risk-Adjusted Real Estate model (**RARE**). RARE projects returns for stabilized assets based on back-tested regression analysis of macroeconomic, property market and capital market data. The RARE model also measures relative structural and cyclical risks for markets and property types, enabling the Firm to rank projected risk-adjusted returns by market and property sector.

Fund liquidity management

Liquidity in units of commingled funds has been a well-publicized private market systemic risk, especially in the aftermath of the Global Financial Crisis (**GFC**), U.K. referendum on EU membership and onset of the COVID-19 crisis. Liquidity is a particular issue when there is a disconnect between client expectations and deliverability. We also monitor for liquidity risk when there are bank failures as occurred at the beginning of 2023. Given quick governmental responses, our funds were not materially impacted.

We have established liquidity risk monitoring frameworks to ensure that all dimensions of fund liquidity risk are identified, assessed and monitored on an on-going basis. This includes regular reviews of a fund's liquidity profile and stress test scenarios designed to assess the resilience of the liquidity profile of funds. Leverage is a key component of liquidity analyses.

The liquidity risk framework relies on the following: fund redemption and wind-up obligations, fund liquidity profile, investor activity and concentration and liquidity stress tests.

The core of the liquidity risk framework is an assessment of the degree of liquidity of the fund, i.e., the ability to convert assets into cash within pre-defined periods. Understanding the requirements of investors within property funds is crucial for such an illiquid asset class. The active management of investor requirements and expectations by the marketing and fund management teams can be highly beneficial to managing fund liquidity and avoiding sizeable and condensed redemptions. Funds with a high investor concentration are more prone to liquidity risk since redemption by one or more investors holding a high percentage of the fund would translate into large-scale capital outflows.

Dedicated liquidity stress tests assess the resilience of funds to constrained market conditions combined with simulated large-scale capital outflows over a short-term horizon. The liquidity stress testing involves considering unfavorable events impacting both the asset and the liability side of funds to be sure we would be able address and manage potential impacts. The asset side, i.e., the liquidity of the underlying assets, is stressed by assuming market conditions restrain investment activity to certain degrees impacting pricing and timing. The liability side, i.e., the fund capital structure, is stressed by simulating large and short-notice investor outflows. The scenarios are reviewed and assessed considering the impact to the fund and the position of both outgoing and remaining investors.

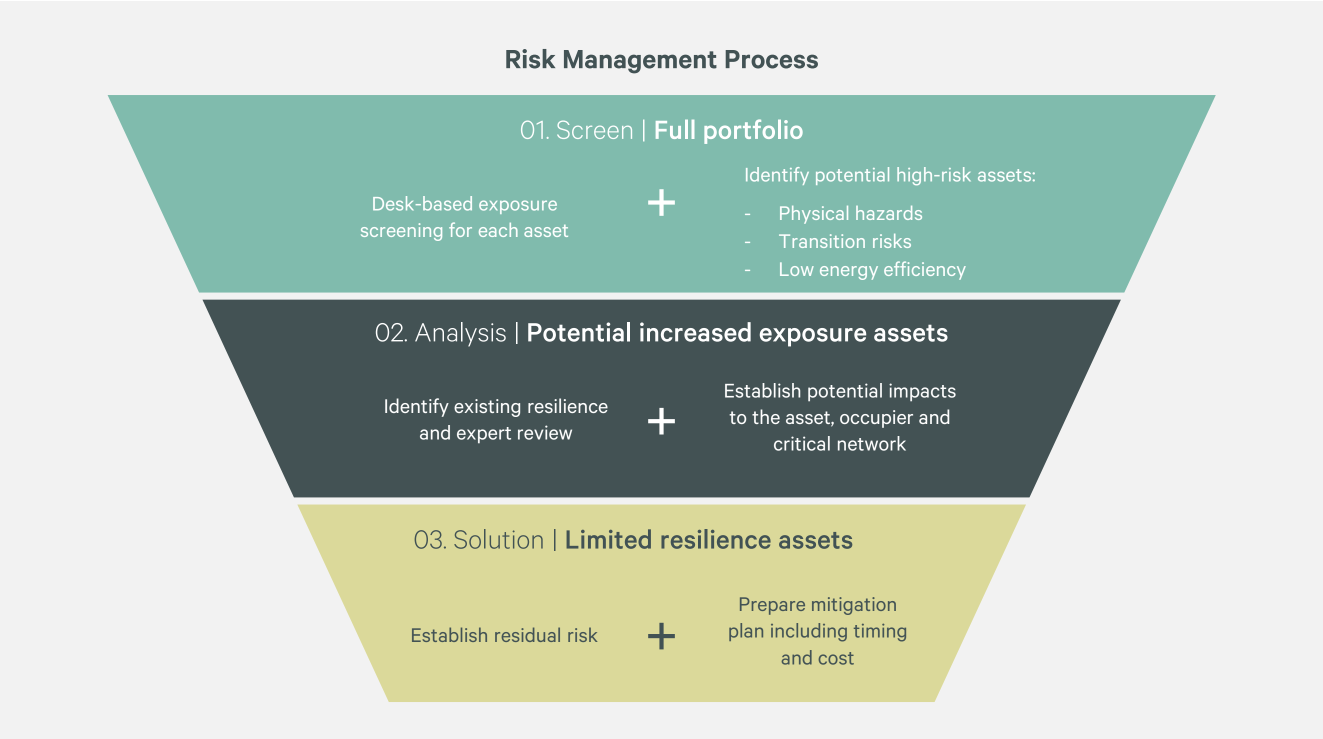
Climate risk

We recognize that climate risks—both physical and transition—will have significant impacts on CBRE IM operations as well as for the assets we manage on behalf of our clients. The number of natural disasters per year increased significantly in recent years as a result of climate change (Forbes Advisor). Over the past five years, the U.S. experienced an average of 18 billion-dollar climate disasters per year, according to the National Centers for Environmental Information. The increase in climate disasters mirrors the increase in weather-related homeowners' insurance claims. These weather events in the U.S. and globally are heavily impacting real assets. Resilience, adaptation and mitigation are critical in our portfolio, asset and investment strategies. The sustainability and engineering expertise and skillsets of the members of our Sustainability Team is critical to our ability to measure and manage risk.

Strong corporate governance is core to CBRE IM's operations and investments, and climate change-related topics are included in decision-making processes across our global platform. As mentioned previously in Principle 2, every Investment Committee includes a senior member of our Sustainability Team. In the 2022 and 2023 GRESB assessment, nearly all our funds received 30 out of 30 for their GRESB management scores, demonstrating the Firm's integration of sustainability and climate risk into our governance processes and procedures.

The following graphic depicts our risk management process for climate-related risks for our direct real estate portfolios. The general framework of screening the full portfolio for risks, analyzing potential increased exposure assets or investments and engaging with managers to support finding solutions for limited resilience assets or investments, is also used for Indirect Real Estate and Private Infrastructure.

Climate Risk Management Process



Source: CBRE Investment Management.

We incorporate our Research Team's market-wide and systemic risk insights into portfolio construction and management prior to the above portfolio and asset climate risk management process.

Our approach at the portfolio and asset level begins with a desk-based screening to identify potential high-risk assets in a portfolio for physical hazards, transition risks and low energy efficiency. We then seek to conduct a more thorough expert analysis on the potential higher-risk assets to determine whether the asset has resilience to the risk. If the asset does not have resilience to the risk, we then seek to prepare a mitigation plan for the asset to significantly reduce or eliminate the risk.

To aid in the initial evaluation process, when applicable, we use Moody's Climate Solutions' Climate on Demand tool (Climate on Demand) and the Carbon Risk Real Estate Monitor (CRREM) tool to assess climate-related physical and transition risk, respectively.

Climate on Demand evaluates scenarios of physical climate impacts, such as floods, heat stress, hurricanes and typhoons, water stress including drought, wildfires and sea-level rise including storm surges. The tool provides a high-level indication of the potential risk exposure for any location globally. If an asset's location is identified as high or critical risk, it is subjected to further investigations to ascertain if mitigation measures are already in place, thus determining vulnerability to risks, or if appropriate mitigation measures need to be put in place.

CRREM assesses operational decarbonization risk. Thus far, we have found CRREM pathways to be most useful in European geographies because of the lack of pathways specific for the U.S. and APAC. We have been engaging with CRREM through ULI on creating viable pathways for the U.S. and hopefully after for APAC. By benchmarking asset and portfolio performance, the CRREM tool allows us to gauge levels of risk each year through 2050 against scenarios of a 1.5˚C and a 2˚C increase in global temperatures, respectively. CRREM helps us estimate when an asset could be stranded due to decarbonization not keeping pace with a science-based reduction pathway for emissions.

In 2022, we began using an internally developed Sustainability Scorecard to measure progress of our direct private real estate portfolios in meeting sustainability key performance indicators and targets and manage climate-related risks. The Sustainability Scorecard aligns with globally recognized sustainability frameworks such as GRESB and green building certifications, lending an additional layer of oversight and third-party validation. Results from CRREM and Climate on Demand supplement the Sustainability Scorecard providing additional rigor to the outcomes. The Scorecard is also used by Indirect Real Estate to assess client portfolios, as well as individual holdings, and identify sustainability engagement priorities.

At the property level, we may engage with property managers, building engineers and occupiers to monitor and address climate-related factors that may pose risks, such as flooding and energy efficiency, or provide opportunities through sharing best practices.

Case Study: Private Infrastructure Climate Risk Assessment

Situation:

Tools and resources used to measure physical and transition climate risk did not exist for infrastructure investments. Our Private Infrastructure Team researched tools and resources to measure such risks for infrastructure investments, including joining a Coalition for Climate Resilient Investment (CCRI) working group to develop a tool.

Challenge:

A tool was not developed through CCRI and tools and resources used for real estate were often not appropriate for infrastructure.

Action:

In 2022, CBRE IM Private Infrastructure, supported by a third-party specialist consultant, conducted a comprehensive screening assessment of physical and transition climate risk hot spots across our core global infrastructure fund portfolio under two scenarios—a high emissions scenario (IPCC's RCP8.5) and a net zero scenario (NGFS Net Zero by 2050). The analysis leveraged the high-level climate screening conducted in 2021 and supported the identification of the climate-related risks and opportunities the infrastructure portfolio could be exposed to over the short, medium and long term, while also describing the potential operational and financial impacts of the identified risks and opportunities.

Outcome:

Outcomes from the assessment were shared with the fund's portfolio companies and supplemented by a climate-risk upskilling session led by a third-party specialist consultant. The session was attended by relevant members of the portfolio companies' management teams with the goal of encouraging integration of climate risk as part of their risk management systems and strategies. Through our efforts, we are helping our portfolio companies measure and manage climate risk, which we believe will lead to more resilient long-term performance.

Promoting continued improvement of financial markets

CBRE IM is an active contributor to the wider industry, seeking to promote continued improvement and education within the real estate sector and the wider financial markets. We achieve this through speaking at industry events, with representatives from our portfolio management teams, Research and the Sustainability Team often appearing at seminars, conferences and on discussion panels organized by industry bodies We also organize presentations and webinars on topical issues for our clients.

Our Sustainability Team are notably active in promoting best practice and sharing the Firm's experiences in developing its approach to sustainability and stewardship. For example, CBRE IM partnered with the U.K. All Party Parliamentary Group (APPG) on ESG. The APPG is an informal, cross-party group within the U.K. Parliament. We were a founding sponsor of the group and our EMEA Head of Sustainability has contributed to the APPG since its formation. The main objective of the APPG is to facilitate discussions and deepen parliamentarians' engagement with investors on key matters concerning the dynamics between the operations and strategies of British businesses and sustainability.

Industry collaboration such as this help advance the CBRE IM Sustainability Vision by informing, educating and influencing the broader industry on sustainability issues, pertaining to the real estate sector.

Case Study: Contributing to the new global ISO IWA net zero guidelines

Situation:

The Net Zero Guidelines (IWA 42:2022) were commissioned by Our 2050 World, a global collaboration to accelerate action towards net zero through standards. The collaboration included ISO, the Race to Zero campaign and the UNFCCC's Global Innovation Hub.

Challenge:

Representatives were convened from different industry sectors, across the full economy to develop an effective common reference for net zero guidance. ISO's International Workshop Agreement process was used to provide a platform to facilitate broad and direct participation across sectors.

Action:

Our EMEA Head of Sustainability, Robbie Epsom, was invited as one of the participants representing the real estate investment sector.

Outcome:

The standard was launched during the UN's COP27 summit in Sharm el-Sheikh, Egypt, in November 2022. With leadership from Our 2050 World, Robbie joined hundreds of international sustainability practitioners to create the ISO Net Zero Guidelines (IWA 42:2022) to help accelerate the transition to net zero. The ISO Net Zero Standard created a single core reference for ambitious and coordinated net zero action. This example demonstrates how CBRE IM, as a global company, engages with international organizations to influence the future debate and approach to global environmental and sustainability issues.

Case Study: Mapping ESG: A Landscape Review of Certifications, Reporting Frameworks and Practices

Situation:

In the absence of global regulation and uniform definitions, the real estate industry developed its own reporting standards and building certifications, which were supplemented by an increasing range of regional and national regulations and standards.

Challenge:

It became increasingly difficult to navigate the various mandatory regulations and voluntary standards for assets, portfolios and managers, as well as for clients and other stakeholders.

Action:

INREV, PRI and ULI sponsored a groundbreaking global study that was carried out by PwC with the support of a range of experts from leading real estate fund managers and investors, including CBRE Investment Management.

Outcome:

During 2022, a senior CBRE IM professional and Sustainability Lead, served as an active participant on the Steering Committee for "Mapping ESG: A Landscape Review of Certifications, Reporting Frameworks and Practices." She contributed to the drafting of this important report and a best practice case study. The report addresses the need of global investors and investment managers to have a greater understanding of climate-related regulations, standards and reporting requirements and guidelines that impact the real estate industry worldwide to better manage market-wide and systemic risks.

Industry initiatives and consultations

The Firm takes an active role in numerous industry initiatives through memberships in relevant industry groups. Examples include GRESB, PRI, INREV, the Association of Real Estate Funds (**AREF**) and The Aldersgate Group.[1]

Case Study: Responding to INREV DDQ consultation

Situation:

CBRE Investment Management is a member of INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. One of the key roles of INREV is to improve transparency, professionalism and best practice across the unlisted real estate industry. As part of this remit, INREV publishes standardized templates for due diligence questionnaires for use in Requests for Proposal as well as other reporting templates, for example the INREV Standard Data Delivery Sheet (SDDS).

Challenge:

In recent years, INREV undertook a process of reviewing and updating various of these template documents to ensure they remain topical and relevant. These updates involved consultation with members about the changes. As an active user of these templates across our EMEA direct and global indirect businesses, we felt that it was our responsibility to contribute and provide our opinion on the draft templates. In 2022, INREV developed a new format for the DDQ for direct unlisted real estate funds, including a new, expanded sustainability section.

Action:

Our consultation response was coordinated by the EMEA Client Care team within CBRE IM. The consultant draft of the DDQ covered numerous topics. The Client Care team led the preparation of our response working with Subject Matter Experts (SMEs) across the business as required. The Client Care lead on this project attended briefing sessions run by INREV and collated our formal response within the consultation period. Given the growth of interest in sustainability issues since the previous incarnation of the DDQ, there was a much expanded sustainability section, which we provided extensive feedback on.

Outcome:

We successfully contributed to the consultation. By doing so, we were already familiar with the proposed new format allowing for a quick roll out of the template. As part of the adoption of the new DDQ template, we were also able to utilize proposal management software to allow for more efficient updates of the DDQ providing transparent, accurate and timely information to clients, consultants and prospects.

1 The Aldersgate Group is a politically impartial, multi-stakeholder alliance championing a prosperous, net zero emissions, environmentally sustainable economy. Its members include some of the largest businesses in the U.K., as well as leading NGOs, professional institutes and academic institutions.

Case Study: Financial Conduct Authority Consultation

Situation:

As a large global investment manager, focused exclusively on real assets, we believe we have a responsibility to contribute to and guide regulations that impact our industry. CBRE IM regularly responds to consultations issued by the Financial Conduct Authority (FCA) and interacts with the wider real estate investment management industry. As a key investor in the global real estate community, CBRE IM actively seeks to contribute and help guide regulations designed to protect the global real estate market and industry.

Challenge:

The Firm's Legal and Compliance team regularly performs horizon scans (using amongst others, FinregE, the regulatory compliance horizon scanning tool) across the globe for regulations and legislation that apply to the vehicles we manage, working with internal subject matter experts to prepare responses.

Action:

During the past year, the Firm responded to an FCA Discussion Paper (DP21/4) on Sustainability Disclosure Requirements and investment labels and a follow-on consultation paper (CP22/20). Along with CBRE IM's response, our EMEA Head of Sustainability participated in the Real Estate Association SDR Working Group's response to the same paper—topics included classification and labelling, disclosures, naming and marketing, distributors and an anti-greenwashing rule. In addition, our Head of U.K. Compliance was part of a joint Investment Association and Association of Real Estate Fund's roundtable that took place with the FCA, which focused on reforms to the Qualified Investor Schemes (QIS) Regime. Investment funds that are structured as collective investment schemes (CIS), such as CBRE IM's PAIFs, are QIS, and have to be authorized by the FCA to be able to market to high net-worth individuals.

Outcome:

The final regulations and guidelines based on the consultations have not been released.

Case Study: The Association of Real Estate Funds (AREF)

Situation:

The Association of Real Estate Funds is a U.K. based organization that represents the interests of those fund managers who are members. CBRE IM is one of those long-standing members. AREF, amongst other roles, acts as a forum of the U.K. real estate fund management sector, bringing together stakeholders to discuss and debate topical issues and to learn and network with peers. AREF also acts as a collective voice for the sector, working with policy makers, tax, regulatory and other official bodies. AREF works closely with its members to collaborate on various issues relevant to the sector. AREF operates committees and working groups with individual members volunteering to be part of these committees. CBRE IM encourages its employees to participate with organizations such as AREF by attending events and actively participating on committees.

Challenge:

AREF has a need for speakers and members to participate in working groups and committees.

Action:

CBRE IM employees regularly attend AREF events, including formal training, webinars and seminars and roundtables keeping our employees informed on market-wide and systemic risks. We also actively contribute to AREF, providing speakers during the year for a variety of events. For example, Robbie Epsom, our EMEA Head of Sustainability, spoke at an AREF event in 2022 about the challenges faced by CBRE IM as a manager of an indirect real estate fund in measuring and reporting on sustainability factors. Other CBRE IM employees also participate on AREF committees.

Outcome:

At the AREF Awards 2022, CBRE IM portfolio manager, Ann Xu, received the Outstanding Individual Contribution Award for her contribution to AREF and continued commitment to the real estate investment management sector. Ann sits on the AREF FutureGen Committee, ESG & Impact Investment Committee and the D&I Taskforce. She also contributes to AREF’s industry mentorship scheme.

Case Study: GRESB Foundation Real Estate Standards Committee

Situation:

GRESB provides benchmarking services on sustainability performance for real estate and infrastructure funds and is widely used by CBRE IM and our competitors. GRESB collects, validates, scores, and independently benchmarks sustainability data to provide business intelligence, engagement tools, and regulatory reporting solutions for investors, asset managers, and the wider industry. Global standards for GRESB Real Estate are set by the Real Estate Standards Committee under the jurisdiction of the GRESB Foundation, an independent, not-for-profit organization (incorporated as a Dutch stichting) that is the primary platform for GRESB to engage with the industry. The Foundation opened up seats on the Real Estate Standards Committee and Expert Resource Group.

Challenge:

CBRE IM has been the largest contributor of portfolios to the GRESB real estate assessment for several consecutive years.[1] We sought a seat on the Real Estate Standards Committee to be able to influence standards that would impact our portfolios as well as those of the real estate investment management industry as a whole

Action:

Our Head of Sustainability and Innovation, Helen Gurfel, was nominated to be one of 15 industry representatives on the Real Estate Standards Committee. In addition, two CBRE IM representatives were nominated to serve on the GRESB Real Estate Expert Resource Group, established to provide industry expertise to the GRESB Foundation.

Outcome:

Helen was selected to be on the Real Estate Standards Committee for an initial two-year term. As a committee member Helen, works with colleagues at other firms, to provide input into the vision and strategy of the GRESB Standards; oversee the development and maintenance of GRESB real estate standards, review and recommend improvements; and oversee the activities of GRESB's Expert Resource Group and Working Groups.

The two CBRE IM professionals nominated for the Expert Resource Group were selected to join the group based on their level of expertise, professional background and geographic representation.

We believe that through our participation we are able to collaboratively work with others in our industry to improve management and disclosure of market-wide and systemic risks.

[1] As confirmed by GRESB.

Case Study: Real Estate Roundtable

Situation:

The U.S. government asked for feedback on the Inflation Reduction Act.

Challenge:

Organizations representing the real estate industry sought to give feedback on the IRA, including The Real Estate Roundtable's Sustainability Policy Action Committee.

Action:

Our Head of Sustainability and Innovation is a member of The Real Estate Roundtable's Sustainability Policy Action Committee, which was tasked with providing feedback. Helen contributed to the response sent to the U.S. government providing the unique perspective of the real estate industry.

Outcome:

The U.S. government incorporated relevant feedback in the regulation's implementation plans.

Assessing effectiveness in responding to market-wide and systemic risk

We assessed our effectiveness in responding to market-wide and systemic risks, including climate and macroeconomic risks, through the consideration of the following three components:

- Benchmarking our performance and risk management approach
- Our financial and sustainability performance
- Collaborative engagement with peers through industry organizations and leadership positions within those organizations

Specifics of our approach to identifying, managing and responding to market-wide and systemic risks are described in this Principle above and in Principle 7. If our approach is effective, we should see continual improvement and top-tier performance from a financial and sustainability perspective since it means we are mitigating risks and contributing to carbon reduction and other factors impacting the globe. Through collaborative engagement we are able bring our expertise to help the industry as a whole.

- **Benchmarking:** We complete the PRI reporting framework annually for the firm and our strategies. To date, we have outperformed our peers in the last two full assessments (2019-2020). Because the 2021 assessment piloted a new reporting framework, no peer medians were provided. There was no PRI assessment in 2022. We are awaiting the results from our 2023 submission which we will report on in next year's report. We assessed the effectiveness of our ability to identify and respond to market-wide and systemic risks by reviewing our GRESB final results in October 2022 and 2023. We participate in this assessment on an annual basis, which requires us to provide our management capabilities and approaches to assessing and overseeing these types of risks. In our 2022 GRESB assessment, we received a score of 30 out of 30 on the Management Component indicating effective governance and management of market-wide and systemic risk, including sustainability risk. We submitted more portfolios than any other manager according to GRESB. We believe that we can continually review our results of the PRI and GRESB assessments annually to find gaps and areas to make changes. As an example, when we were completing the PRI assessment, we saw that we did not provide buyers with a standard package of sustainability information on the firm and the property for sale. To address this deficiency, we will be developing a standard sustainability information template for buyers by the end of the year.
- **Financial and sustainability performance:** As with benchmarking, we continually seek to improve performance through active management, due diligence and nimbleness. We believe that integrating sustainability factors within the investment process, as described in more detail under Principle 7, helps us manage and respond to market-wide and systemic risk,

preserve the values of our assets and enhance overall returns. We measure our effectiveness of managing market-wide and systemic risk management by delivering strong financial and sustainability performance contributing to the reduction of climate and other market-wide and systemic risks. Our financial and sustainability performance is a testament of our management and response to all types of risk, including market-wide and systemic risks.

Collaborative engagement: Through our active participation in industry organizations, we seek to improve not only our management of market-wide and systemic risks but for the real assets industry as a whole. We share our best practices (i.e., contributing the case study to the Mapping ESG report), we learn from our peers, and together we work toward improvements for all (i.e., ISO net zero standard development and contributing to Real Estate Roundtable's response to the Inflation Reduction Act (**IRA**) of 2022). We are pleased to have helped other investment managers in our industry to manage and respond to market-wide and systemic risks by sharing our experience and lessons learned.

- **Resource allocation:** We seek to adapt to, and address future risks, by allocating substantial resources to our in-house research capabilities and through our significant efforts to identify potential future risks.

Principle 5: Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Policy reviews to enable effective stewardship

CBRE IM reviews and updates policies on at least an annual basis and as and when required. Our Compliance and Legal Team provide internal assurance that our policies are aligned with regulations and that disclosures and statements in our marketing materials are substantiated to seek to eliminate greenwashing.

Policies that enable effective stewardship include the following: Global Sustainability Policy, Conflicts of Interest, Remuneration, Engagement and Voting (for relevant strategies). In 2022, we completed a comprehensive update of our Investment Management Policies and Procedures, dividing them into two documents—Compliance Policies and Procedures (discussed in Principle 3) and Operational Policies and Procedures (related to the investment process and investment committees).

CBRE IM's current Global Sustainability Policy was updated the first half of 2023. Our dedicated Sustainability Team, supported by external advisors, technical consultants and the Firm's in-house Legal and Compliance teams, monitor for new global, regional and local policies and regulations that apply to our business and update our internal policies and practices accordingly.

In recent years, we updated our policies and procedures to reflect new requirements that came from SFDR and EU Taxonomy, TCFD and the extension of the Minimum Energy Efficiency Standard (**MEES**) in the U.K. (and equivalent policies, regulations and guidelines in other countries). We regularly perform horizon scans to allow for adequate time to integrate any necessary updates to our practices. As a Firm, we use our influence to encourage our partners, industry and communities to integrate sustainability and stewardship principles. We participated in consultations regarding sustainability approaches, climate-related regulations and DE&I policy proposed by PRI and the U.K. FCA as described in our response to Principle 4. Our Sustainability Team, along with Legal and Compliance, worked collaboratively to thoroughly understand the TCFD reporting recommendations, the SFDR technical standards and reporting requirements of Principal Adverse Impacts (**PAIs**), as well as the NZAMi commitment requirements to provide implementation guidance to seek to meet our signatory and/or regulatory obligations and provide internal program assurance over our sustainability initiatives to ensure compliance with all relevant regulatory requirements.

Listed Real Assets has both an Engagement Policy and a Global Proxy Voting Policy which are reviewed annually. Further details on proxy voting for Listed Real Assets are provided in our response to Principle 12.

Indirect Real Estate has an Engagement Policy that includes guidance on voting for indirect mandates. Many of our underlying investments are covered by sustainability policies aligned with PRI principles and GRESB which govern the manager's approach to climate-related risk management. Through an annual review of an underlying manager's Management component in GRESB and the Policy, Governance and Strategy module in PRI, we can benchmark the effectiveness of our sustainability and stewardship-related policies and activities. The annual review supplemented by a Sustainability Questionnaire sent to underlying managers and operating partners helps us identify ways to further strengthen our approaches and prioritize topics for engagement with individual managers and operating partners. Again, we share best practices to raise the effectiveness of all our managers and operating partners as well as other market participants.

Our Private Infrastructure Team encourages portfolio companies to participate in GRESB Infrastructure annual assessments, conducts a gap analysis with top scores and uses the analysis to identify priorities for engagement.

Case Study: Private Infrastructure portfolio company policies

Situation:

In September 2022, following the release of GRESB preliminary results, the team completed a gap analysis against top scores to identify priorities for engagement and define targeted action plans.

Challenge:

The gap analysis identified areas where our portfolio companies did not have adequate policies and practices in place to address climate and other sustainability risks.

Action:

In 2022, we specifically focused on ensuring all portfolio companies had policies, practices and reporting addressing physical and transition climate risks to allow us to monitor material exposures and to report on those to our investors in portfolio-level TCFD-aligned climate disclosures. The Private Infrastructure Team engaged with all participating investees to review the results of the analysis and, if required, recommend enhancements to existing sustainability, health and safety, code of conduct, stakeholder engagement and supplier code of conduct policies. We worked closely with each management team to refine existing policies, processes and reporting, including providing policy templates, sustainability risk assessments and encouraging inclusion of material sustainability KPIs in ongoing asset management reporting. We fostered the strategic use of GRESB as an active sustainability management tool to regularly reassess material sustainability factors and the appropriateness of existing policies, risk management practices and reporting processes to align with best practices.

Outcome:

As the result of our engagement and support, portfolio companies had critical policies, risk management practices and reporting processes in place that had not existed prior to our engagement.

Additional steps taken to ensure effective policies

The Firm takes additional steps to review the effectiveness of policies and procedures through internal and external assurance. These steps include:

Internal Assurance:

(Provides an informed additional perspective to ensure we are adhering to our policies and standard practices and operating at a high level of integrity)

- Dedicated in-house Compliance professionals review all marketing and related materials and documents before use.
- The in-house compliance function implements an annual compliance monitoring program to check for adherence to regulations and internal policies and procedures.
- Sarbanes Oxley audits effected annually by the in-house CBRE team.
- CBRE Internal Audit Team periodically audits CBRE IM's internal controls and checks for adherence to our Compliance and Operating Policies and Procedures together with our regulatory obligations. These occur at least once every three years.

External Assurance:

(Provides assessments by experts to ensure we are remaining competitive, do not have blind spots and are operating in a way that meets and exceeds the expectations of our clients and all stakeholders)

- Periodic reviews and prudential regulatory support provided by external regulatory compliance consultants, (i.e., ACA, Centralis) as and when required.
- We subscribe to the Dual AAF 01/20 & ISAE 3402 controls audit, which is tested annually by a firm of independent accountants.
- Financial statutory accounts of our legal entities are subject annually to audit by a firm of independent accountants.
- Depositaries of investment funds perform due diligence to check for adherence, as prescribed under the Alternative Investment Fund Managers Directive (**AIFMD**). These due diligence checks typically take place once every three years but are subject to the specific timings of each depositary.
- We engage ISOS to assure our GRESB Management Component and many of our funds' performance data for GRESB submissions. In some instances, we use other assurance/audit firms such as Deloitte. Fund auditors also have begun commenting on sustainability sections in Annual reports.

Reports of the reviews, with the exception of the GRESB assurance, referenced above are issued to senior management following completion. Where the review highlights operational risks, the reports would also be provided to the applicable Risk Management Committee. The reports highlight, where necessary any exceptions and enhancements that may need to be made to existing processes and procedures. Such action points are tracked to resolution and are implemented by the applicable business units, with the Compliance and Risk functions involved in the process to ensure the action points are closed.

The ISOS GRESB assurance reports are provided to the Sustainability Team and investment teams who action any items that need to be addressed.

Ensuring stewardship reporting is fair, balanced and understandable

CBRE Investment Management provides clients with regular updates on stewardship, sustainability issues, activities, risks and exposures in quarterly and annual reports, through ad-hoc communications, and at client meetings. To ensure all client communications, including those that report on stewardship activities, are complete, accurate and fairly represented without making false representations, several internal stakeholders review and validate content from their respective areas. We ensure all reports comply with relevant legal requirements and FRC reporting guidelines. We also ensure that reporting is accurate and understandable through internal and external review of data and commentary. A good example of such an annual report is described in the case study below:

Case Study: Annual Engagement Report for Listed Real Assets

Situation:

CBRE IM believes that companies with purpose-led sustainability values embedded throughout their business are well positioned to generate superior long-term performance for investors.

Challenge:

Our clients seek decision-useful information on our engagements and how we are fulfilling our stewardship commitments.

Action:

We regularly exert our influence as a leading global investment manager through robust engagement and a disciplined proxy voting process, conveying the principles we value and encouraging companies to apply best practices. We consistently record all engagement and voting events throughout the year undertaken by the Listed Real Assets Team. Our achievements are reported annually within an engagement report that is a fair and balanced summary of the activities pursued during the previous year.

Outcome:

Our 2022 Engagement Report included a review of our engagement efforts across Listed Real Assets during the year, presented case studies and summarized our proxy voting activity. We also commented on the outlook for the future of sustainability engagement for real assets essential for global sustainability endeavors. The Engagement Report for Listed Real Assets is available on our website at the following link:

https://cbre.com/-/media/project/cbre/bussectors/cbreim/insights/articles/2022-listed-real-assets-engagement-report/2022-listed-real-assets-engagement-report.pdf?rev=910df62875a846cc94108ad1c36fbe40

An infographic showing the Listed Real Assets proxy voting record during 2022 is also available on our website at the following link: https://cbre.com/-/media/project/cbre/bussectors/cbreim/im/sustainability-policy-page/proxy-voting-record-2022.pdf?rev=53aa2301d85646b88eaf1acb16b7c512

The Firm also contributes to CBRE's annual Corporate Responsibility Report, which complies with the Global Reporting Initiative (**GRI**) standards and demonstrates our commitment to the UN Global Compact Principles and UN Sustainable Development Goals. The Corporate Responsibility report is publicly available on the CBRE and CBRE Investment Management website (https://www.cbre.com/about-us/corporate-responsibility/report). We also published our second Global Climate Report for CBRE IM, which is aligned with TCFD recommendations. This is also available online at the following link: Global Climate Report 2022.

Review and continuous improvement of stewardship policies and procedures

The Sustainability Policy applies to each operating segment of CBRE IM. The Global Sustainability Council reviews and approves changes to the Sustainability Policy periodically to reflect regulatory, industry, market and other developments. The Sustainability Policy establishes and aggregates key aspects of CBRE IM's standards and policies which concern the stewardship and integration of sustainability in investments and operations. The applicability of specific actions, measures and benchmarks is adjusted as appropriate due to differences in investment strategies, markets and geographies. Equally, their applicability is adjusted according to the type of influence and level of impact of CBRE Investment Management based on the market and investment strategy.

The Firm engaged external legal counsel to conduct an external audit of our sustainability program. The audit included the collection and review of sustainability documents and comparison with responses to RFPs and questionnaires to assure consistency and alignment. The findings were positive with no critical issues identified. However, the need for more training was highlighted as a key focus if we are to fully integrate sustainability into all business functions. This accelerated our efforts in the roll out of the training described earlier in Principle 2.

As new regulations emerge, we conduct a gap analysis to ensure alignment with those regulations. A key function of the Sustainability Team is to continuously review the rapidly evolving sustainability market through engagement with organizations, initiatives, conferences, standards committees, and market analysis to bring the latest thinking back to the firm and inform the continual improvement of our strategy, sustainability tools and processes. For example, as part of our SFDR product classification process, we looked for additional ways to further highlight and evidence the sustainability and stewardship activities we undertake to manage key sustainability risks and ensure our related policies are comprehensive, aligned to market practice and regulatory expectations.

On an annual basis, we complete the PRI and GRESB assessments, review our scores and then create an action plan for the coming year, including initiatives to continually improve performance and address deficiencies as described above and in Principle 4. As an example, we review indicator scoring to identify areas in which we did not receive full points and discuss what might be feasible to implement to improve our sustainability and stewardship performance. At the portfolio level, the same review process of GRESB indicators is completed to determine initiatives to pursue to improve portfolio-level sustainability and stewardship performance.

We review the results of annual or biannual tenant surveys to continually evolve and improve our asset-level stewardship policies and processes.

Every two years, upon the completion of the Kingsley survey of clients, we review feedback and update or adjust our policies and practices to ensure we are continually improving our approach to stewardship.

Case Study: Policy updates following an internal audit

Situation:

As mentioned earlier in this report, the CBRE Internal Audit Team periodically audits CBRE IM's internal controls and checks for adherence to our Compliance and Operating Policies and Procedures together with our regulatory obligations. These occur at least once every three years. The last internal audit was undertaken in 2021. There was no audit in 2022.

Challenge:

The 2021 Internal Audit exam of the U.K. Direct Real Estate business in respect to the analysis documentation supporting our position to hold an asset, identified inconsistent practices.

Action:

The Firm's response was to develop a process utilizing a traffic light system with various criteria for making a hold/sell decision. Criteria relate to the asset location, building features, leasing, market outlook, asset management opportunities and sustainability risks and opportunities.

Outcome:

This analysis now is presented with an overall hold/sell conclusion and comments with detail on the conclusion for each asset. The guidance was circulated to the portfolio teams ahead of the process which began in January 2022.

2

Investment Approach

Principle 6: Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

We engage directly with our clients and beneficiaries to understand their values, investment requirements and desired stewardship outcomes and then communicate with them on a regular basis on the activities we have pursued and their outcomes. We also hire Kingsley Associates to conduct a client satisfaction survey every two years to determine how we are doing and identify areas for improvement. More details on the most recent results from this survey are discussed under Principle 1.

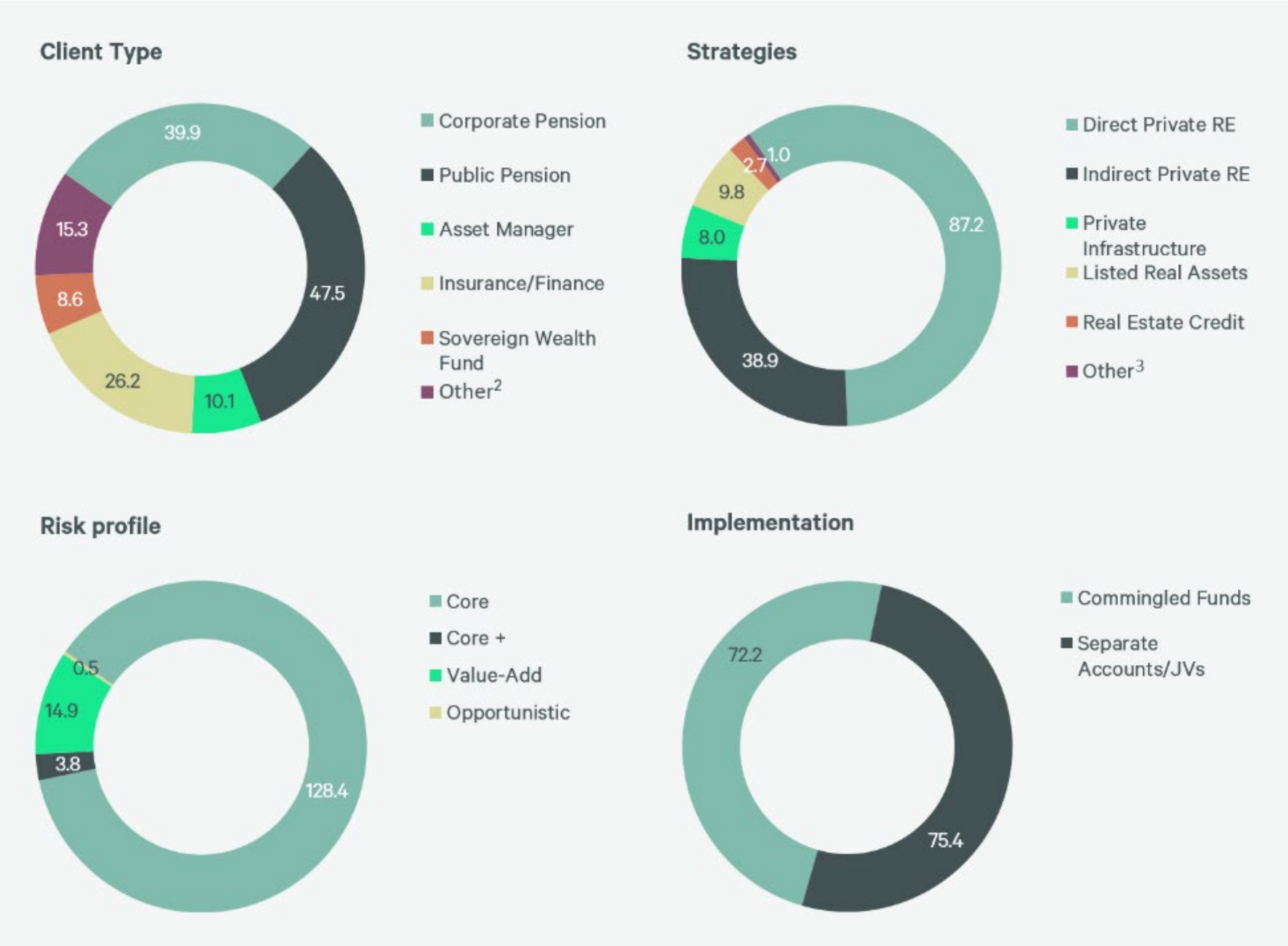
Portfolio management teams provide sustainability reporting to investors through investor communications, including ad hoc communications, webcasts, in annual meeting materials or in-person/Zoom meetings and in quarterly and annual reports.

As a specific example of taking into account the needs of our clients, as a signatory to the Local Government Pension Scheme (**LGPS**) Code of Transparency, we report on costs related to investment activity in a format which specifically meets the stated requirements of LGPS clients.

Client base

As of the end of June 2023, CBRE IM had $147.6 billion (£116.2 billion) of AUM.[1] The pie-charts below set out the breakdown of our global AUM by four different means: client type, strategy, risk profile and implementation type.

CLIENT TYPE AND ASSETS UNDER MANAGEMENT



Source: CBRE Investment Management

As of June 30, 2023.

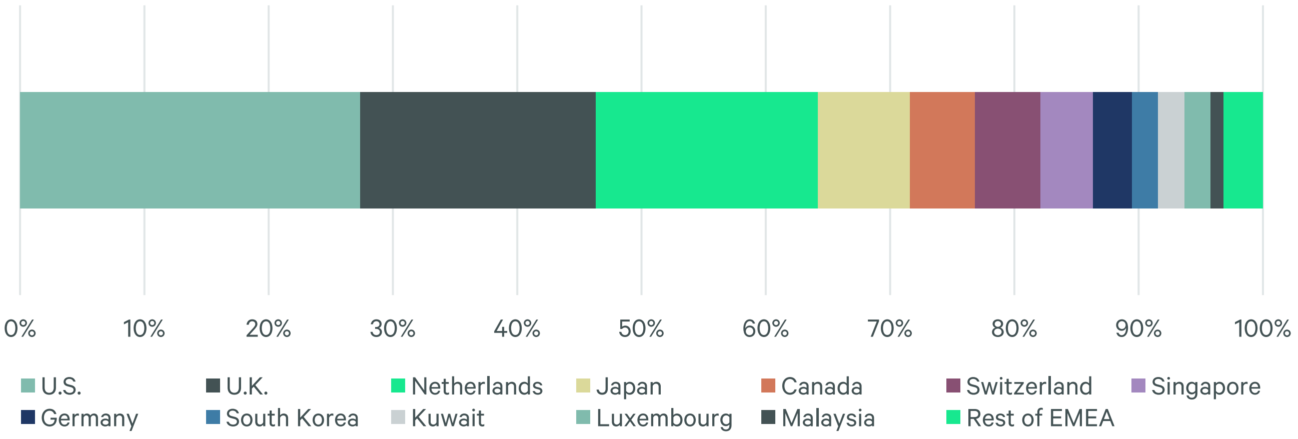
1. Assets under management refers to the fair market value of real assets-related investments with respect to which CBRE Investment Management provides, on a global basis, oversight, investment management services and other advice and which generally consist of investments in real assets; equity in funds and joint ventures; securities portfolios; operating companies and real assets-related loans. This AUM is intended principally to reflect the extent of CBRE Investment Management's presence in the global real assets market, and its calculation of AUM may differ from the calculations of other asset managers.

2. Other includes Endowment Plan, Foundation, High Net Worth Investor (Family office), Fund of Funds Manager, CBRE Employee/Individual, CBRE Parent Co-Investment, Government Agency (non-pension), and Unlisted Indirect Real Estate.

3. Other includes Private Equity.

The following graphic below provides a breakdown of CBRE Investment Management's client base by country of domicile, as of June 30, 2023. All countries with over $2 billion of AUM are shown as individual countries in the chart below. All countries with a smaller representation to this are grouped together in the 'Rest of EMEA', 'Rest of APAC' or 'Other' categories.

CBRE INVESTMENT MANAGEMENT GLOBAL AUM BY CLIENT DOMICILE, PERCENT[1]



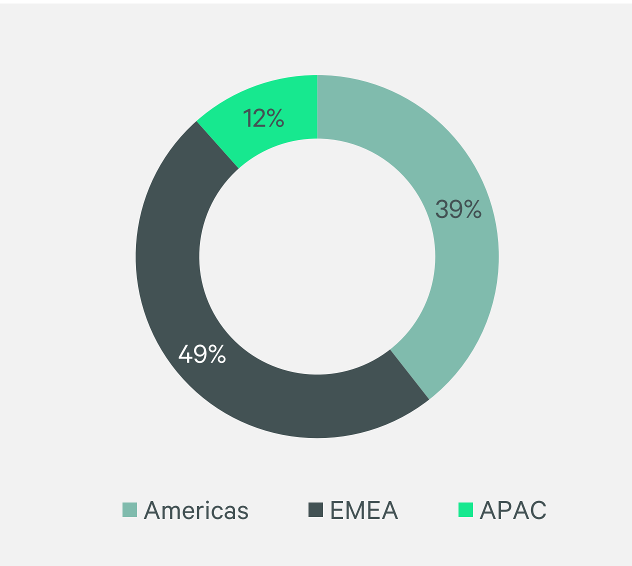
Source: CBRE Investment Management

As of June 30, 2023.

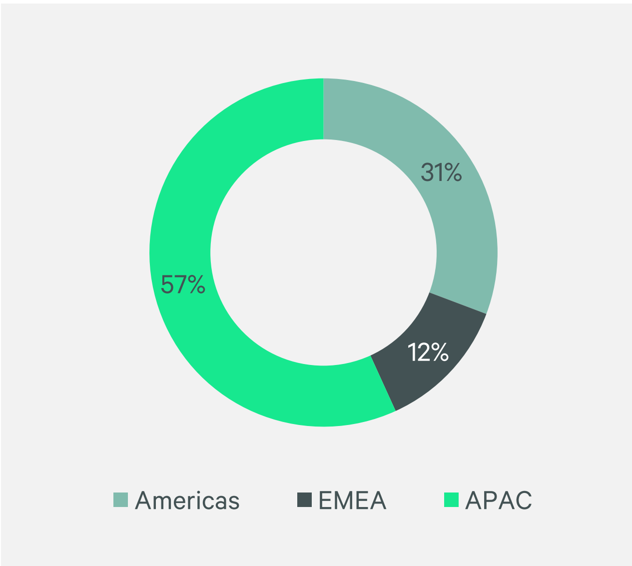
1. Countries with a share of less than 2% are included in the final three groups. 'Rest of EMEA' includes (in descending order): Italy, Ireland, Finland, Saudi Arabia, France, Austria, Denmark, United Arab Emirates, Liechtenstein, Norway, Sweden, Belgium, Cyprus, Botswana, Oman, Spain, Malta and Iceland. 'Rest of APAC' includes (in descending order): China, Taiwan, Australia, Hong Kong, New Zealand and Thailand. 'Other' includes British Crown Dependencies (Jersey and Guernsey) and British Overseas Territories (Cayman Islands and Bermuda).

Assets Under Management

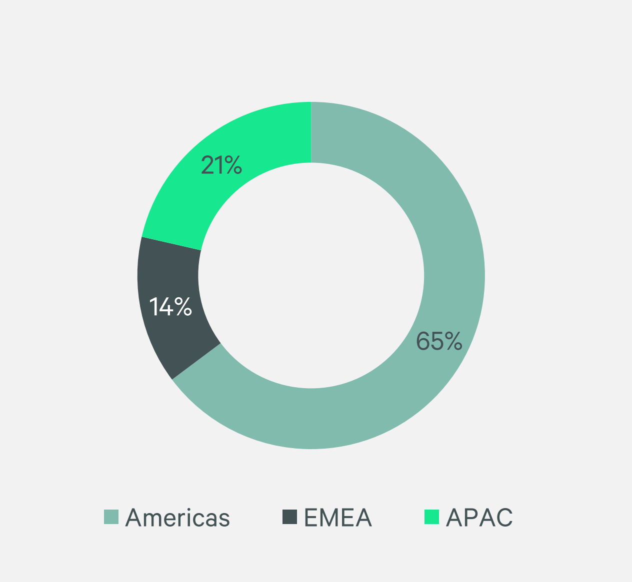
LISTED REAL ASSETS AUM BY GLOBAL REGION



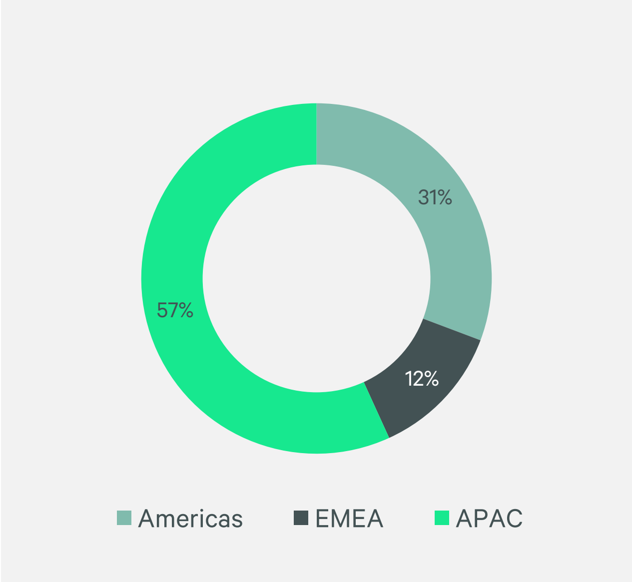
PRIVATE INFRASTRUCTURE AUM BY GLOBAL REGION



LISTED REAL ASSETS AUM BY GLOBAL REGION



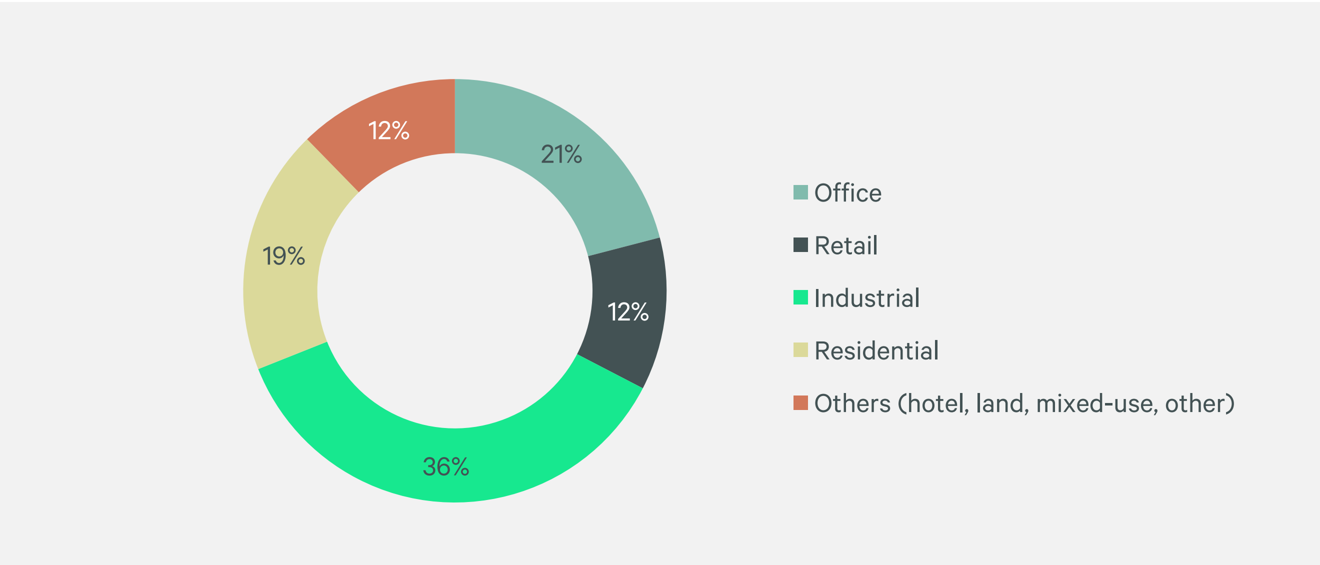
PRIVATE INFRASTRUCTURE AUM BY GLOBAL REGION



Source: CBRE Investment Management

As of June 30, 2023.

DIRECT AND INDIRECT REAL ESTATE AUM BY SECTOR



Source: CBRE Investment Management

As of June 30, 2023.

DIRECT REAL ESTATE AUM BY COUNTRY

Country	Direct Real Estate Gross AUM, USD millions
United States	35,400
United Kingdom	16,300
Netherlands	9,400
Japan	4,600
Germany	4,300
France	3,300
Poland	2,100
Belgium	1,800
China	1,800
Singapore	1,300
Italy	1,300
Spain	1,300
South Korea	1,200
Portugal	1,000
Other EMEA	3,300
Other APAC	500

Source: CBRE Investment Management

As of June 30, 2023.

Investment time horizons

The hold period will vary from asset to asset and by strategy, however, the general range for real estate assets is from two to twelve years. Typically, core properties will be held longer term, i.e., 10+ years, to minimize transfer costs and maximize cash returns. Infrastructure investments typically have longer hold periods. The Firm offers strategies, such as the U.K. Long Income Fund, where hold periods are significantly longer as well as strategies with shorter hold periods for value-add closed end fund strategies. Our various strategies meet the differing need of clients and beneficiaries.

Seeking clients' views

As mentioned in Principle 1, CBRE Investment Management engages Kingsley Associates to conduct a client survey every two years. We also receive information on client views during annual meetings, advisory board meetings, individual client meetings and in other meetings with groups of clients. Through one-on-one meetings with investors, the Sustainability Team is able to provide sustainability education and gain a greater understanding of client views and needs with regards to stewardship and sustainability.

Managing assets in alignment with clients' stewardship and investment policies

Separate account mandates allow portfolio managers to work with clients to tailor investment plans that are in alignment with clients' stewardship, sustainability and investment policies. We consider a client's Statement of Investment Principles or Investment Strategy Statements and any client policies relating specifically to stewardship matters in creating an investment plan and approach for the mandate. All such mandates will typically also be managed in alignment with our Sustainability Vision. For our funds, we seek to maintain stewardship and investment policies that reflect industry best practices which would be in alignment with the majority of our clients' policies. As an example of aligning asset management with client stewardship and investment policies, we have managed a small number of Shariah-compliant portfolios which align with Shariah principles and requirements. We specifically seek to exclude investments that we know (1) generate revenue from illegal activities, such as illegal drug or human trafficking, child labor, human slavery, illegal weapons manufacturing, the production of prohibited substances for prohibited purposes and illegal gambling, (2) violate government sanctions, host country laws or other restrictions governing financial involvement with specified individuals, entities, companies or countries, or (3) are primarily used for pornography or prostitution, in each case, to the extent we may legally do so. We will also abide by any agreements made with clients regarding such client's social responsibility objectives and preferences, provided we may legally do so. This exclusion policy is within our Global Sustainability Policy and may restrict the tenants and usage of buildings held within our portfolios.

Client reporting on stewardship and investment activities

We maintain regular contact with our clients during which we engage in stewardship discussions with them. This is carried out not only by our investment teams, but also by our Client Solutions' team that includes our Client Solutions officers and Client Care Group. All of our main commingled funds have dedicated Client Care professionals responsible for coordinating communication with clients, including responding to DDQs and other client queries, providing regular reporting to clients through quarterly reporting and investor meetings (either online webinars or in-person events).

Reporting varies between different funds and accounts but will typically include annual and quarterly reports. All funds and separate accounts include firmwide updates on sustainability in their annual and other quarterly reports. The highlights of a portfolio's GRESB results are reported in Q3 reports or in an ad hoc communication to clients and the full GRESB report is available to investors upon request. We disclose our stewardship activities, performance and outcomes by sharing our annual PRI Transparency Report and Assessment Report and in CBRE's annual Corporate Responsibility Report. In H1 2023, the Firm published its second Climate Report, which is TCFD-aligned.

Our annual client reports incorporate sustainability and climate-risk (energy performance, physical risk hazards, carbon footprint) metrics and updates on sustainability, engagement and stewardship initiatives being undertaken by the portfolio management and regional investment teams on behalf of our clients. These updates can be on a variety of topics, including community level engagements, promotion of energy efficiency amongst tenants, progress on green building and wellness certifications, energy performance certificate ratings (or equivalent in the local market). We also update clients on capital projects that the portfolio team undertake, for example installation of solar photovoltaics, EV charging stations, LED lighting, heat pumps, etc.

For many of our funds, we also provide online data rooms to allow clients to access data and information on their investment through a secure portal.

Our funds typically hold quarterly or biannual investor meetings to offer clients the opportunity to review and discuss the investment activities and performance of the fund.

Some funds also have advisory boards or Discussion Groups **(DGs)** comprised of investors in the fund. These groups are tailored to the needs of each individual fund. For example, one of our open-ended direct real estate funds, operates a Discussion Group with one investor from each of its eight share classes represented.

Outcomes

CBRE Investment Management seeks to apply a methodical approach to stewardship, sustainability and specifically climate change.

In the current Kingsley survey of our clients that is being conducted, we included a question regarding sustainability to assess the effectiveness of our stewardship activities. In the latest Kingsley Survey, 74% of respondents rated CBRE IM as a leader in sustainability and 75% rated us as a leader in DE&I. By hiring an outside third party, we seek to receive more candid feedback to better assess our strengths and where we need to improve. In the latest survey, our size was cited as both a strength due to the breadth of global coverage and a weakness because of organizational siloes and speed of execution. We are seeking to break down siloes, encourage greater collaboration among teams, improve communication and increase execution speed simultaneously. The survey showed that although we had a decline in client satisfaction from two years prior, 85% of investors indicated that CBRE IM was better or much better than competitive firms and 42% of respondents said that CBRE IM had no weaknesses. As mentioned previously, we seek to continually improve client satisfaction assessing how we can better service our clients. For further details, please refer to the final section under Principle 1.

Results of the Kingsley Survey help us evaluate the effectiveness of our client communications. We make changes in our approach based on such feedback. We created a new Client Care structure in EMEA within six months of the 2019 survey in response to a decrease in overall satisfaction of clients in that region from 2017-2019. In the 2022 survey, we received high marks for Client Service as a result of that change. We also get direct feedback from clients, for example, in regular meetings with individual clients, which we address in a timely manner. The frequency of meetings with individual clients will vary according to the fund or accounts they are invested in. However, for Direct Real Estate, we seek to meet with clients at least once a year, either virtually or in-person. Our Direct Real Estate comingled funds hold quarterly and annual investor meetings and webcasts, to which all investors are invited. Some funds also operate investor discussion groups or unitholder advisory boards.

We also interact on a regular basis with investors and/or their consultants, through operational due diligence questionnaires, annual manager reviews and requests for information. To ensure that we provide a consistent response to these questionnaires with regards to sustainability, all such responses are prepared by the Client Care Sustainability Leads, working with our Sustainability Team and other subject matter experts as is necessary.

Client objectives are also monitored internally through our Portfolio Oversight Committees (**POCs**). These committees rigorously oversee and review every portfolio in detail, carefully considering investment strategy, performance and key performance indicators. This is particularly important for our separate account business where clients may have specific objectives and investment preferences. POCs will also review past portfolio performance and attribution; portfolio risk metrics, alongside compliance with risk framework/mandate constraints; downside stress testing; progress against sustainability strategy and targets; problem investments and action plans. The POC approves the go-forward investment plan ensuring consistency with the most recent house view, market forecasts, preferred themes, model portfolios and tactical positionings. In future years, we hope to improve our client engagement on stewardship, providing deeper insight into our processes and demonstrating how we act as responsible stewards on their behalf.

During the reporting period, to the best of our knowledge, there have been no instances where CBRE IM did not manage assets in alignment with their clients' stewardship and investment policies across our investment strategies. We monitor this to ensure that when and if this were to occur in the future, we would include this in our U.K. Stewardship Code report at that time.

Principle 7: Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Context

As real assets investors and owners, we apply sustainability principles in a variety of ways, depending on the strategy. Under this Principle, we set out the different approach for four of our strategies, not including Real Estate Credit, which we are in the process of winding down as mentioned in Principle 1. Our Listed Real Assets strategy includes both listed real estate and listed infrastructure.

Integration of stewardship within the investment process differs for direct real estate, indirect real estate, private infrastructure and listed real assets. There is no variation to our approach by geography. For Direct Real Estate, we have full control over the asset and can develop and implement initiatives to improve sustainability performance and engage with property managers and tenants. For Indirect Real Estate, Private Infrastructure and Listed Real Assets, we engage with underlying managers, operating partners and portfolio companies to ensure stewardship and sustainability activities meet the requirements of our Sustainability Policy and practices for each strategy. We believe that integration of stewardship and sustainability is vital to achieving our business outcomes across our strategies and geographies.

Stewardship integration

Direct Real Estate

We believe that consideration of sustainability issues in investment decisions can enhance returns, mitigate risk and preserve value for investors. We integrate sustainability factors into all aspects of the investment process including portfolio construction, risk management and identification of opportunities to create alpha.

We believe that through sustainability integration, a tangible impact on improving energy efficiency, reducing greenhouse gas emissions and slowing climate change can be made. A specific emphasis is placed on environmental sustainability and on improving the environmental footprint of each asset under management.

The dedicated fund or portfolio team, alongside the Firm's in-house sustainability team, evaluates opportunities for green improvements for each asset prior to acquisition and tracks efficiency and performance during the hold period. To identify the potential for improvements that would lessen a property’s environmental impact and promote wellbeing, third-party consultants are routinely engaged to evaluate the physical and environmental characteristics of potential investments to identify opportunities for improvements that would reduce a property’s environmental impact. Sustainability initiatives are formulated during the due diligence process and included in the strategic plan and capital expenditure program for the potential investment. Environmental factors considered as part of the investment selection process include:

– Location
– Tenant and industry exposure
– Energy efficiency
– Energy labels

- Potential for green building certification
- Alignment with rapidly evolving minimum energy efficiency standards
- Presence of harmful materials or contamination
- Building exterior environmental characteristics (orientation, facades, landscape, etc.)
- Building interior environmental/wellbeing characteristics (lighting, air quality, tenant comfort, etc.)
- Transition and physical climate change risks and opportunities
- Access to public transportation, employment and amenities

We also incorporate social factors, such as health and safety, wellbeing and tenant engagement, throughout the investment process and lifecycle of the asset. We begin by evaluating social and reputational risks as part of a transaction's due diligence process and engage with tenants as a key component of our asset management process. Our asset managers collaborate with our third-party property managers to incorporate socially responsible practices and community involvement, including charity initiatives, volunteering opportunities and recycling programs.

Our stakeholder engagement approach takes several paths to provide a holistic and well-rounded interaction with tenants:

- **Tenant/Resident Satisfaction Survey:** We conduct an annual survey to better understand tenants'/residents' overall experience and identify any issues and opportunities.
- **Tenant Data Collection:** We seek to gather relevant information from tenants to identify areas for improvement, trends and patterns in consumption that can help us manage our assets more efficiently.
- **Corporate Collaboration:** Whenever possible, we engage with the headquarters office for large corporate tenants, who typically have a greater understanding of sustainability data and targets, rather than local operations to agree to sustainability data sharing and collaboration on improvement projects.
- **Green Leases:** Wherever possible, we include green lease clauses, which may include regulatory requirements as well as landlord-tenant data sharing agreements, when possible.
- **Sustainability Guides:** We provide tenants with a green fit-out guide to help tenants improve sustainability outcomes. We engage with our tenants on how existing fit-outs are performing from an environmental perspective and what improvements can be made to increase efficiency and agree to such improvements as part of lease renewals.
- **On-site Sustainability Workshops and Events:** Events and workshops with tenants and the local community are delivered in partnership with property managers and our proprietary operating programs (where applicable). We actively engage with the community especially when a major refurbishment is planned. The feedback received often directly influences the final architectural design.

Our approach to climate risks for Direct Real Estate was described in Principle 4. We have a three-pronged approach beginning with a desk-based screening to identify potential high-risk assets in a portfolio for physical hazards, transition risks and energy efficiency. We then seek to conduct a more thorough expert analysis on the potential higher-risk assets to determine whether the asset has resiliency. If the asset is not resilient, we then seek a solution by preparing a mitigation plan for the asset to significantly reduce or eliminate the risk. As mentioned in Principle 4, we use Climate on Demand and CRREM to assess climate-related physical and transition risk, respectively.

The Firm places stewardship obligations on third-party service providers, for example property managers, contractors and consultants. Please refer to the "Integration of Stewardship and Investment with third party service providers" section below for more information.

Case Study: Solar 120, Warrington

Situation:

We invested in a warehouse building, previously occupied by BT and used as a call center. The property is located in Warrington in the Northwest of England and built in the 1990s when the demand for logistics warehousing was much lower than it was been in recent years.

Challenge:

With BT leaving the property, the opportunity emerged to refurbish the building, retaining its existing structure and floor, to provide just over 120,000 square feet of warehouse space. The opportunity to refurbish the property allowed for sustainability features to be added to the building.

Action:

The modernization of the space included the reinstatement of ten dock-level loading doors and 10.1 meter eave heights. One of the main sustainability features was to add a roof-top solar installation with 85% roof coverage. In addition, the property was fitted out with LED lighting and 20 electric vehicle charging stations. A BREEAM Excellent rating was achieved and an EPC rating of A+. As part of the work, we included wellness facilities which are now becoming more popular for logistics buildings. Surrounding the building, we created a multi-use game area, landscaping, picnic areas, beehives, pétanque court, showers, cycle storage and changing facilities. The landscaping and planting around the building was designed to increase biodiversity and the wellbeing of employees working at the site.

Outcome:

Marketing of the property began recently. A newly built warehouse on the same site was estimated to have 500kg of CO2 emissions per sqm. The refurbishment option instead resulted in emissions of 35kg CO2 per sqm. Increased green areas and landscaping also targeted a 10% increase in biodiversity.

Indirect Real Estate

The investment process for Indirect Real Estate differs from that shown in a similar diagram in Principle 1 for Direct Real Estate since we rely on underlying managers and operating partners to directly manage the assets within a portfolio. The diagram below summarizes our approach to the integration of sustainability issues for Indirect Real Estate.

Source: CBRE Investment Management.

Sustainability factors of the underlying portfolio we evaluate during due diligence include the following:

- 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 labor)
- Tenant wellbeing
- Resilience/obsolescence of physical assets
- Natural hazards

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

Early in the process we share our Global Sustainability Policy and exclusions policy so that fund managers are fully aware of CBRE IM's investment philosophy, approach and expectations. Recognizing that sustainability is a journey and is continuously evolving, we will not invest with a third-party fund manager that is not prepared to join us on this journey. We expect managers to strive for continual improvement in the funds they manage, for example through the setting of net zero carbon targets and associated interim targets and pathways, increased data coverage, building and wellness certifications and achieving a GRESB score within the top two quintiles.

A review of the manager's due diligence policy is a key component of our due diligence process to determine whether the manager is evaluating sustainability risks and opportunities. For funds in which we invest, we seek agreement (through side letters, for example) on sustainability monitoring, including participation in the annual GRESB survey. For newly formed funds, we allow for a grace period for the portfolio to build in size and have sufficient data to allow an initial GRESB assessment to be conducted. Sustainability monitoring for indirect mandates is undertaken on an annual basis, following the availability of data from GRESB (typically in mid-October each year) which forms a key component of our assessment. For new investments, we use the same assessment framework along with new investment due diligence, as described below.

CBRE IM Indirect reviews fund materials and GRESB results for the following:

- Organization including history, financial substance/sustainability and ownership structure
- Key persons
- Quality and depth of team
- Resources and team incentivization
- Governance
- Integrity
- Transparency
- Alignment
- Sustainability and social responsibility

For Indirect Private Real Estate, our Sustainability Assessment Framework is the cornerstone of our climate risk management process. We are reliant on our underlying managers for sustainability information. The Framework provides us with the critical information needed to identify, evaluate and manage climate-related risks. We engage with underlying managers on identified risks and share best practices with them to mitigate such risks. We often take the extra step of running Climate on Demand when a manager shares the required pertinent asset-level data, or we engage with the manager to explain the importance of understanding and managing physical climate risk.

Our proprietary Sustainability Assessment Framework is used to rate each investment's status and approach to sustainability. The Assessment Framework includes a Sustainability Due Diligence Questionnaire sent to underlying managers and operating partners, an analysis of the responses, as well as a review of the manager's GRESB and PRI reports. The Framework provides a comprehensive assessment of the manager's sustainability strategy, performance and improvement ambitions. We then compare results of this assessment with our Sustainability Scorecard to identify future sustainability risks and opportunities and to develop a targeted engagement strategy for each investment. The Scorecard subsequently forms the basis of our bespoke Annual Sustainability Report, which is shared with all of our Indirect Real Estate investors towards the end of each calendar year. The results in the Scorecard, also inform future discussions on sustainability and our ongoing engagement with each underlying manager. Based on the data that is available to our Indirect Real Estate Team, we annually review the format, structure and content that appears in our Sustainability Scorecard.

CBRE INVESTMENT MANAGEMENT INDICATIVE SUSTAINABILITY SCORECARD FOR INDIRECT REAL ESTATE INVESTMENTS

SCORECARD CRITERIA	#	UNIT	TARGET	RESULT			COVERAGE			RESULT
Scorecard Year and (Weighting)				2021 (Dec-20 NAV)	2022 (Dec-21 NAV)		2021 (Dec-20 NAV)	2022 (Dec-21 NAV)		2022 (Jun-22 NAV)
GRESB Report and (Source Data)				2021 (CY 2020 data)	2022 (CY 2021 data)	▲	2021 (CY 2020 data)	2022 (CY 2021 data)	▲	2022 (CY 2021 data)
ENVIRONMENTAL TARGETS AND OBJECTIVES		A	B	C			D			E
Net Zero Carbon Target (Scope 1 & 2)	3	year	2040	2034	2036	1.9	96%	85%	(10.7%)	2036
Net Zero Carbon Target (Scope 3)	4	year	2050	2037	2038	1.1	21%	20%	(1.7%)	2038
Data Coverage: GHG - Scope 1, 2 & 3 (Total Coverage)	5	(%) total area & time	N/A				66%	71%	4.8%	72%
Data Coverage: GHG - Scope 1 & 2 (Coverage)		(%) total area & time	95%				89%	88%	(0.6%)	88%
Data Coverage: GHG - Scope 3 (Coverage)		(%) total area & time	75%				46%	53%	6.8%	53%
TCFD Alignment	6									
- already TCFD aligned		(%) portfolio		59%	52%	(7.6%)				55%
- intention to align to TCFD by 2025		(%) portfolio		39%	36%	(3.0%)	100%	100%	0.0%	32%
- intention to align to TCFD later than 2025		(%) portfolio		2%	12%	10.6%				13%
Climate Assessments Undertaken	7	(%) scenarios	100%	85%	88%	2.6%	87%	87%	(0.1%)	88%
Mitigation Plans (for Assets with High Physical Climate Risk)	8	(%) assets w/ plans	100%	100%	100%	-	96%	94%	(1.9%)	100%
ASSET PERFORMANCE										
Building certifications % coverage (operational)	9	(%) portfolio	30%	36%	39%	2.5%	74%	68%	(6.4%)	40%
Building certifications % coverage (developments)	9	(%) portfolio	30%	17%	21%	4.1%	87%	81%	(6.7%)	21%
PORTFOLIO PERFORMANCE										
GRESB Management Score		points	25	29	29	0.4	97%	100%	3.4%	29
GRESB Performance Score		points	53	50	50	0.1	96%	100%	3.6%	50
GRESB Performance Stars		stars	4	3	4	0.1	91%	100%	9.2%	4
GRESB Development Score		points	50	55	60	5.3	45%	39%	(6.4%)	60
GRESB Development Stars		stars	5	3	4	0.3				4

1 The scorecard reflects the Results and Coverage of Assessable holdings. Certain holdings have been removed from assessment as they are in early start up phase (Starters) or are in wind-down or debt funds (Excluded holdings).
2 Expressed as a proportion of Assessable holdings, ESG Policy and Practice are fundamental initiatives to ensure organisational alignment with ESG goals and target 100% in each category.
3 Average target date for achieving Net Zero Carbon (Scope 1 & 2) for Assessable holdings with targets.
4 Average target date for achieving Net Zero Carbon (Scope 3) for Assessable holdings with targets.
5 Of Assessable holdings, GHG data coverage for Scope 1, 2 & 3 GHG emissions, across area and time for the GRESB calendar year.
6 Portfolio readiness position with respect to the climate-related financial disclosure regime.
7 Proportion of holdings that have a policy to perform Climate Risk Assessment Scenarios (RCP). See Section 5 (Climate Change Risks) for assessments undertaken.
8 Proportion of holdings that have a policy to use Mitigation Plans for High Physical Climate Risk Assets. See Section 5 (Climate Change Risks) for assessments undertaken.
9 Proportion of Operational and Developments that have obtained external certifications.
10 Please note in Section 4, GRESB Development score reflects Development + Management scores.

(A) 'Unit' is the unit of measurement for a given criteria.
(B) 'Target' reflects the portfolio weighted objective at time of the current report.
(C) 'Actual' reflects the portfolio weighted result for portfolio holdings that provided data. Portfolios that did not provided responses, are excluded from this score.
(D) 'Coverage' reflects the proportion of the assessable portfolio that provided data
(E) The GRESB survey reflects data collected to December in the preceding year i.e. the 2022 GRESB report reflects data covering the 12 month period to December 2021. This column provides an indicative result by restating the GRESB results for portfolio weighting at June 2022.

The Investment Committee for the strategy is responsible for investment governance. Any potential stewardship issues are addressed in Investment Committee Summaries, a POC reports or during ad hoc meetings.

Findings from the annual Assessment Framework are collated and reported to investors in an Annual Sustainability Report (**ASR**) which we make available as soon as practical following the availability of annual data from GRESB.

Private Infrastructure

Sustainability-related risks and opportunities are thoroughly reviewed as part of our due diligence, including the target company's sustainability policies, frameworks and metrics and the asset's potential physical and transition climate risks and opportunities. In certain circumstances, we may engage an environmental adviser for due diligence or to assess sustainability risks for the investment.

Private Infrastructure takes sustainability risk into consideration as part of our sourcing, due diligence, asset management and decision-making processes. With sustainability in mind, the Private Infrastructure Team uses positive screening to proactively construct a portfolio with 21st century infrastructure investments in renewable power generation, smart meters, renewable powered data centers, alternative fuel ferry transportation and transitional natural gas distribution. We also use negative screening and exclusions during the review of potential investments seeking to integrate sustainability considerations across the entire investment lifecycle, especially within our asset management activities.

We invest in funds and assets that provide an opportunity to increase value through clean, smart technology infrastructure as well as through retrofitting projects that result in reductions in carbon emissions and greater resource efficiency, including energy and water. As an example, we invested in a Nordic public transport operator in 2021. As the sole shareholder, we encouraged material improvements in sustainability and stewardship in 2022, such as a plan to progressively replace the current fleet with electric vehicles, increased recycling of water and human rights diligence of suppliers of uniforms.

We adopt a holistic approach to risk management, which integrates sustainability considerations in our review of the opportunity, investment thesis and asset management strategy. We use the following information to evaluate sustainability risks and opportunities when reviewing investments:

- Macroeconomic research applicable to the asset sector and geography
- If available, sustainability reports provided by the company
- Decision-useful reports and information from third-party specialist consultants we engage at the initial due diligence stage

Physical and transition risks related to climate change are incorporated in the selection of investments as well. We believe the team has been thoughtful in assembling a portfolio of assets for the future with the aim to benefit from the global transition to a low-carbon economy. Investment Committee materials include dedicated sustainability sections, summarizing the key risks and opportunities for the potential investment.

Private Infrastructure assesses whether the target company has the following:

- Policies, systems and expertise needed to integrate sustainability considerations into their decisions and activities
- A commitment to not engage in socially irresponsible activities
- Governance provisions that meet best practice standards
- Reporting that meets our requirements for transparently tracking and monitoring sustainability considerations

Investment governance for Private Infrastructure is the responsibility of the Investment Committee. Any potential stewardship issues are addressed in Investment Committee papers, POC reports or in ad hoc meetings. When an investment opportunity is presented to the Investment Committee, the materials include a dedicated sustainability section, and the risks and opportunities are actively reviewed and discussed by the Investment Committee. CBRE Investment Management's Head of Sustainability and Innovation is a member of the Infrastructure Investment Committee and brings her expertise to these discussions.

Once an investment is added to the portfolio, ongoing governance and monitoring of investments ensures that all risks including sustainability concerns that are identified at the investment stage are incorporated into 100-day action plans. Our Sustainability

Lead for Private Infrastructure leads these efforts, providing consistent oversight of sustainability matters across Private Infrastructure and portfolio companies. For each investment, the Asset Management Team is responsible for the annual investment review where each of our fund's assets are reviewed by the IC, with a particular focus on financial performance and outlook relative to the investment thesis and risk analysis, which focuses on key sustainability risks and opportunities. In addition, the Asset Management Team ensures each portfolio company gets the support it needs to provide the necessary reporting to GRESB Infrastructure, track GHG emissions and general sustainability matters.

Case Study: EV trucks and charging infrastructure investment in California

Situation:

The electrification of drayage trucking (short-haul trucking of freight from ports to warehouses, distribution centers and transloading facilities) has strong government support. It will significantly reduce GHG emissions and improve air quality of disadvantaged communities surrounding the ports. Annually, the transportation sector emits almost eight gigatons of GHG. Electrifying all 28,700 drayage trucks operating in California is estimated to eliminate 2.4 million metric tons of GHG annually.

Challenge:

California is actively pushing for the retirement of older drayage trucks by requiring these trucks to be 100% zero-emission by 2035 through various regulations.

Action:

Our Private Infrastructure Team invested in a company which provides heavy duty electric trucks and fast charging infrastructure at ports and along key freight corridors in California. The company is focused on electrifying drayage.

Outcome:

The company will develop zero-emission drayage charging infrastructure projects proximate to the Ports of Los Angeles, Long Beach and Oakland and along the major drayage routes helping to address the infrastructure needs of electric drayage vehicles in alignment with the transition being encouraged by State regulations.

Listed Real Assets

Listed Real Assets considers numerous sustainability factors when assessing the sustainability programs of public companies, including:

01

Environmental

- Carbon (emissions) reduction
- Energy efficiency
- Climate resilience

02

Social

- Health and wellbeing
- Diversity and inclusion
- Community engagement

03

Governance

- Shareholder alignment
- Transparency
- Compliance

The Listed Real Assets sustainability integration process incorporates the following components:

- **On-going company engagement:** Actively engage companies to understand management's sustainability strategy and risk factors, convey the responsible practices which are important to us and influence companies to apply best practices.
- **Proprietary company sustainability assessment:** The assessment is derived from internal and external research, where analysts play an active role in scoring and in quality control of data. This information is then incorporated into our proprietary valuation tools.
- **Robust and transparent proxy voting process:** Our investment team votes company proxies directly based on internally developed guidelines.

Engagement with company management teams and board members is a fundamental aspect of our overall underwriting process. Portfolio managers and analysts frequently engage with portfolio companies on a variety of issues. The goals of sustainability engagement are driven by the relevant analyst with the following objectives in mind:

- To discuss items that come up for vote, which are often associated with governance, environmental or social items related to proxy voting
- To collate a more comprehensive dataset
- To understand the overall sustainability strategy for companies in sectors where there is minimal disclosure
- To influence companies with historically poor governance, or on a particular sustainability issue.

Important to each of the topics is goal setting and progress towards the targets. We also discuss best practices, which are constantly evolving, as well as views on data vendors and the measurement of sustainability data. Engagement activity is logged, with the outcome of the engagement communicated to the investment team and reflected in any necessary changes in underwriting.

Integration of stewardship and investment with third-party service providers

ESG risks and opportunities are included in all Investment Committee memoranda. The Firm's Head of Sustainability and Innovation or another member of the Sustainability Team sits on all private investment committees, and along with other investment committee members, ensure that ESG issues have been considered and appropriately addressed.

The Firm places stewardship obligations on third-party service providers, for example property managers, contractors and consultants across all strategies as described in detail in Principle 8. We share with suppliers the CBRE Supplier Code of Conduct (Supplier Code), which applies to all subsidiaries, including CBRE Investment Management. We seek to use our industry position to promote the highest standards of ethics, business conduct and governance. The Supplier Code covers the following topics:

- Anti-bribery and corruption
- Unfair business practices
- Corporate misconduct
- Information security and records maintenance
- Data privacy
- Conflict of interest
- Labor
- Health and safety
- Environment and sustainability
- Drug and alcohol use
- Gifts and gratuities
- Non-retaliation
- CBRE compliance verification
- General terms
- Whistleblower helpline

We expect all our suppliers to adhere to the Supplier Code and to provide services in a responsible manner. Random checks of adherence may be performed. Principle 8 of this report explains how CBRE IM holds third-party service providers responsible for their obligations to us.

In addition, as part of our Property Management Agreements **(PMA),** we frequently require third-party property managers to work with us to meet our clients' sustainability objectives and obligations. This includes the sharing of data and information related to the management of sustainability factors for our assets. Our third-party property managers collaborate with our external sustainability consultants, for example on engagement activities with tenants and building occupiers.

CBRE IM updates the KPIs set for property managers across Europe, including the U.K as well as for other regions on a regular basis.

Our Sustainability Policy, which describes our integration approach, and our Climate, People and Influence targets in our Sustainability Vision, reflect the long-term investment time horizons of clients and/or beneficiaries through the establishment of long-term targets. We have also set interim targets to measure progress and potential to achieve the long-term targets.

Case Study: Private Infrastructure engagement on policies

Situation:

After conducting a GRESB Infrastructure gap analysis as mentioned on pages 53-54, we sought to ensure all companies had appropriate policies in place, including a supplier code of conduct.

Challenge:

Not all companies wanted to incorporate a supplier code of conduct and monitor their supply chains.

Action:

The Private Infrastructure team engaged with portfolio companies to encourage them to adopt a supplier code of conduct aligned with the CBRE Supplier Code of Conduct.

Outcome:

While certain portfolio companies welcomed the template and had the board approve a supplier code of conduct, in other instances there was company reticence to adopt a policy. This is an ongoing initiative to engage with portfolio companies to promote increased awareness of environmental and human rights considerations in supply chains and seek for all our portfolio companies to adopt a supplier code of conduct policy.

Information gathered to inform acquisitions, asset management and exit decisions

Stewardship themes around climate, people and influence are considered during all parts of the investment lifecycle, with the exact approach varying depending on the strategy concerned. Our approach to due diligence does not vary according to geography. Each potential investment is assessed on its own merits to the extent that we may consider properties with poorer sustainability performance which can be improved through capital expenditure during our period of ownership. Ultimately all assets we acquire must meet the investment objectives of the fund or portfolio with full consideration of sustainability improvements, mitigation of climate risks and our net zero targets. Details for each investment strategy are provided below.

Direct real estate

Due Diligence and Acquisition

To identify the potential for improvements that would lessen a property's environmental impact and promote wellbeing, many of our funds and portfolios retain third-party specialist consultants during due diligence to evaluate physical and locational characteristics of each investment. The Investment Team then identifies physical upgrades and green initiatives for potential investments which we typically include in each asset's investment strategy and capital expenditure program.

Our Sustainability Team developed a proprietary Sustainability Acquisitions Tool to assess and manage sustainability and climate risk. The Tool includes a framework to help Investment Committees evaluate sustainability risk, including climate change, and ensures that such risks are evaluated in a consistent manner across the global platform. The framework provides portfolio managers, transaction managers and asset managers with a comprehensive list of sustainability data needed during due diligence for an acquisition. The Sustainability Acquisitions Tool provides an analysis of sustainability risks based on the information gathered, which is used by Investment Committees to evaluate whether sustainability and climate change risks have been adequately addressed and mitigated.

Monitoring and engagement

Once we acquire a property, we typically onboard the asset onto a data management system which measures, manages and helps us improve energy and sustainability performance. The data management system collects critical sustainability data, such as energy and water consumption, amount of waste, audits, projects (including stakeholder engagement), certifications and ratings. Investment teams utilize this collected data to analyze sustainability KPIs, file for Energy Performance Certificate ratings, assist with BREEAM, LEED and other green building certifications, and determine other appropriate green building practices and initiatives to implement. On an annual basis, we complete the GRESB assessment, review our scores and then set new sustainability goals for the coming year.

Exit

As part of hold/sell analyses for direct real estate strategies, investment teams will often evaluate whether an asset has any sustainability related risks or opportunities that may impact a sale, including environmental and climate change issues, status of green certifications, building efficiency, adhering to environmental regulations and other such sustainability factors.

Case Study: Future-proofing existing holdings: smart water meters

Situation:

Measuring water usage by occupiers at our properties has historically been difficult, especially for portfolios with assets located in different countries, such as across Europe.

Challenge:

Water usage is an important environmental metric for us to measure, particularly for those assets identified as being in locations at high risk from water stress, which is likely to be exacerbated by climate change. Therefore, we sought a solution to accurately and consistently measure water usage across our portfolios.

Action:

In 2021, one of CBRE IM's European funds launched a pilot with a provider of remote water monitoring devices. The pilot covered the implementation of water monitoring devices in 10 assets across various locations and sectors over a 12-month period. The implementation of these devices enabled the fund to have real-time insight into water usage at the properties and also support the detection of water leakages. The devices monitor and analyze the water consumption through existing meters and submeters, across all property types and building uses.

Outcome:

The pilot proved successful, leading to increased data coverage on water usage at the properties. in 2022, the fund instructed for the roll-out the device across the whole portfolio. By the end of H1 2023, all devices had been installed, where practically possible. Following the success of this project, other CBRE IM European funds are also considering use of the same system.

Indirect real estate

Due Diligence and Acquisition

Our indirect real estate strategies use a proprietary Sustainability Assessment Framework to assist in the due diligence and 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 and PRI reports. The Framework focuses on an underlying manager's approach and application of stewardship and sustainability engagement activities and the management of climate risks. The results provide a comprehensive assessment of a manager's sustainability strategy, performance and improvement ambitions. We compare the results with our Sustainability Scorecard to identify future sustainability risks and opportunities to be incorporated in Investment Committee Summaries and in developing a targeted engagement strategy for each investment.

We use asset-level results from CRREM, if the portfolio was assessed, as well as routine screening of new investments ourselves using Climate on Demand to measure transition and physical climate risks respectively where sufficient data has been provided by the underlying manager.

We require a full sustainability review of a potential investment during the due diligence process, ahead of Stage 2 approval. As part of this process, we undertake the following steps:

- Supply underlying managers with the CBRE IM Sustainability Policy and encourage alignment with the policy.
- Require underlying managers to comply with our exclusions policy on prohibited building uses.
- Require underlying managers to complete the sustainability section of our Indirect Real Estate Due Diligence Questionnaire, covering disclosure, strategy and resilience.
- Review a manager's sustainability policies, climate policies, GRESB and PRI assessment results and track record.
- Present information on the manager's approach to sustainability, sustainability initiatives and procedures during the IC meeting and in the post IC Report.
- Require GRESB participation and encourage climate-related risks and opportunities assessment, management and reporting and/or improvement plans, if relevant.

Monitoring and engagement

We assess all existing investments using the Sustainability Assessment Framework as described above on an annual basis. This Assessment covers both positive and negative sustainability impacts. The results of the Framework help us develop a targeted engagement strategy for each investment. Through our engagements and monitoring of underlying funds, we are able to identify and share best practices across the portfolio, including making recommendations on asset level improvements that will benefit the overall sustainability performance of our portfolio.

Investment Oversight Committees and Portfolio Oversight Committees take into account performance against the Sustainability Scorecard to feed into hold/sell decision-making.

Exit

Our Sustainability Assessment Framework and investment process specifically cover selection, appointment and monitoring. As a result, when preparing for exit/post-exit, most of the potential sustainability considerations have already been factored into the management of the investment to maximize the outcome for investors. We engage with our partners throughout the hold period ensuring sustainability issues are included when we approve the investment strategy, annual business plans, review GRESB results, and engage on initiatives for improvement, TCFD implementation, and when seeking building ratings and certifications. When we invest in funds, we seek to include sustainability as a standing agenda item at advisory board meetings and at our regular quarterly manager meetings. As a result, at the time of exit, the investments are usually well-positioned in the market from a sustainability perspective.

Case Study: Climate change engagement

Situation:

During our engagement session in 2022 with a Hong Kong Logistics Partnership we were invested in, we shared the results of the Moody's climate model with the manager, which indicated that the portfolio could be at risk for hurricanes, typhoons and sea level rise

Challenge:

When asked if there were plans to undertake a climate change assessment, the manager shared that while as a group they had recently completed a global climate risk assessment as part of their TCFD disclosure, there was no analysis done at the portfolio level to ascertain the level of physical climate risk for the underlying assets.

Action:

We discussed the importance of understanding the types and level of climate risks within the portfolio, which assets were most vulnerable and mitigation measures for high-risk assets. After our discussion, the manager agreed and commissioned a Hong Kong specific, property-level climate risk assessment for the portfolio and underlying assets.

Outcome:

Phase 1 of the study was completed and preliminary results showed that the climate risk level of the portfolio was low to medium. The target was to complete the full study by mid-2024. After the results are ready, the manager will evaluate the consultant's recommendations and work towards developing a more robust mitigation plan and implementation of such measures to protect assets from physical climate risks.

Private infrastructure

Due Diligence and Acquisition

Please see details of our due diligence and acquisition process for Private Infrastructure in the Private Infrastructure section on pages 73-74 above.

Monitoring and engagement

Material sustainability considerations from the investment recommendation stage, together with our requirements and expectations of portfolio companies are collated in a dedicated section of the 100-Day Plan, which summarizes the key focus areas to be addressed during the first 100 days of ownership. We use engagement as a key sustainability management tool. During the holding period, we actively and continuously engage with our portfolio companies to support the enhancement of sustainability frameworks, practices and reporting, promote increased awareness of specific matters and encourage alignment with best practices, including on the matter of developing targets. As part of this process, we promote integration of sustainability and climate risk considerations in existing enterprise risk management systems and business strategies, as well as integrated reporting. Sustainability is typically included in board agendas and ongoing management reporting, supplemented by ad hoc sustainability meetings for specific matters of strategic significance, such as emerging regulations, GRESB, as well as climate change risks and opportunities. We also seek to advance portfolio company-level targets and objectives, including transition plans, net zero targets and diversity and inclusion.

We measure and monitor the sustainability performance of our investments, encouraging companies to:

– Track GHG emissions and set ambitious but achievable targets for their reduction

- Submit to GRESB Infrastructure and use the results to improve sustainability management systems and performance
- Produce climate disclosures aligned with TCFD

Results from the GRESB assessment and their review against top scores, allow us to tailor firm-wide sustainability action plans aligned with the sustainability maturity of the specific portfolio company, supporting collaboration with management in filling the gaps and driving year-over-year improvements.

Exit

Private infrastructure investments tend to be long-term holds. When preparing for exit and post-exit, many of the potential sustainability considerations have already been factored into the management of the investment to maximize the outcome for investors. Where we have more influence, for example through seats on the board of the operating company, we engage with our partners throughout the hold period, ensuring sustainability issues are considered at all stages of the investment cycle.

Listed real assets

We believe that management teams which articulate, enact and measure strategies to address sustainability considerations are in general more likely to make superior business decisions. By evaluating listed companies on their approach to sustainability, we believe we can add value for our clients.

We recognize the importance of evaluating company qualitative as well as quantitative factors including corporate governance, social, and environmental characteristics.

Our large team of securities analysts is responsible for fundamental analysis of the companies in which we invest. Our analysts evaluate sustainability issues as part of their research process, which includes: asset tours, management and director engagement, financial modeling and analysis of public documents. Sustainability issues are incorporated into our assessment of a company's exposure to risk and the ability to manage that risk.

For the Listed Real Estate business, environmental issues addressed include renewable energy targets, conservation efforts where applicable, climate risk approach and green building certifications. Social issues focus on employee satisfaction, turnover, diversity and inclusion, development of human capital and efforts to connect with the community. Governance issues addressed are relevant to our assessment of management quality and include topics related to specific items such as board independence and structure, ownership and shareholder alignment, proxy access, anti-takeover defenses and executive compensation.

Analyst research is the primary input to Relative Value Analysis (**RVA**), our proprietary factor-based investment tool. Sustainability factors are incorporated primarily into RVA's "Quality" factors, which focus on property and management quality. Other factor categories focus on value, growth and market sentiment.

The listed infrastructure universe is approximately 340 companies globally, however, we run all the companies through our proprietary valuation model, "VISTA." VISTA is used to derive an intrinsic value for global infrastructure securities using a modified dividend discount model. The investment team assigns risk scores based on identified factors, including separate scores for environmental, social and governance, which impacts the discount rate applied to future dividends. VISTA allows the listed infrastructure team to compare individual company premium/discounts to our assessment of a risk-adjusted intrinsic value.

Prior to applying the VISTA model, we apply a screening process to ultimately derive our coverage list primarily based on governance related issues, and for our sustainable strategy, environmental alignment with the Paris Climate agreement. Companies that exhibit poor governance controls, lack of shareholder alignment, poor communications with investors and insufficient disclosure are common issues that would make companies less likely to meet our standards for more detailed coverage. Companies whose business is the distribution or production of energy that is not aligned with the Paris climate agreement are also screened out of our sustainable strategy. Other issues used in screening include exposure to volatile political environments and lack of routine market liquidity.

Assessing a company's management of sustainability risks and objectives is an ongoing part of our underwriting process. A sustainability risk factor is one of seven company specific factors used in the VISTA tool to adjust risk parameters in calculating the company's intrinsic value. A company's overall sustainability factor score in the VISTA tool is calculated based on separate assessments and scoring of the company's performance on sustainability factors. Accordingly, companies whose management teams are evaluated more favorably regarding sustainability issues will generate lower discount rates which increases our assessment of intrinsic value.

Before investing, sustainability risks and opportunities are communicated by the CBRE IM analyst during the investment recommendation process to the infrastructure portfolio manager and other team members. If we decide to invest in a company, sustainability risks are one of several targeted factors considered when determining the appropriate size of the investment in the portfolio.

Principle 8: Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

Monitoring service providers

As described under Principle 7, we provide third-party service providers with the CBRE Supplier Code of Conduct (the "Supplier Code") which can be found on the CBRE website at the following linkhttps://www.cbre.com/about-us/corporate-responsibility/supplier-code-of-conduct. We require suppliers to comply with our Supplier Code and to provide services in a responsible manner. We use service providers for many different functions across our business, including property managers, planning consultants, development contractors, independent valuers, sales and leasing agents, legal advisers, auditors, external data providers used by our Research Team, sustainability consultants for individual funds and separate accounts, and in the case of our impact funds, third-party social impact assessors.

The Firm considers the following factors when evaluating third-party service providers: diversity and employee relations, health and safety, environmental stewardship, corporate governance, ethics and compliance; philanthropy and community involvement. CBRE IM's Compliance and Operating Policies and Procedures includes detailed requirements on the appointment of service providers, especially those provided by affiliates of CBRE Group. Affiliates that are in the real estate services business may give rise to a conflict of interest if CBRE IM has discretion to select, or is responsible for recommending to a client, service providers that are affiliates. More details on how we manage such conflicts are provided under Principle 3.

CBRE IM teams seek to endeavor to engage the best service providers in an applicable market (whether affiliates or unaffiliated third parties) with the most competitive fees and rates. Subject to client-imposed criteria or restrictions, our policies ensure that clients receive fair, reasonable and competitive terms and fee rates.

We have contracts and/or service level agreements (SLA) in place specifying the services required and any relevant KPIs. We monitor the quality of the services based on these agreements. Services by third parties are governed by formal contracts. A periodic review is carried out to assess the performance of the supplier against the SLA. Third-party control reports (ISAE 3402 or equivalent) of key suppliers are also reviewed. Where applicable, any exceptions noted in these reports are investigated to ensure any potential impact is understood.

Monitoring of service providers, including property managers, is undertaken on a regular basis and is led by the Compliance Team. The performance of individual property managers is measured through an operational due diligence (**ODD**) questionnaire, which covers numerous KPIs, including the manager's approach to sustainability. Historically, this has been undertaken on an annual basis, however, we are currently transitioning to a risk-based approach, whereby our smaller property managers, will be reviewed every three years. Larger property managers will be subject to more frequent reviews, as will any manager where concerns arose during a previous ODD exercise.

The Compliance Team undertakes an ODD though several means:

- Detailed due diligence questionnaire requiring written responses, comments and the sharing of policies and other documentation.
- A shorter questionnaire that requests confirmation of changes and any material updates.

- On-site visits (jointly with a team from Financial Operations) to suppliers' offices to meet and interview team members and to examine any documentation that a supplier is unable to share electronically, for example policy documents or ISAE or equivalent control reports.

The Compliance Team will engage with subject matter experts elsewhere in CBRE IM, for example consulting with the Sustainability Team on their assessment of the integration of sustainability and alignment to commitments CBRE IM has made, for example Better Buildings Partnership practices and PRI. Similar checks with subject matter experts are carried out in relation to insurance coverage, financial operations and property management.

For sustainability and stewardship, suppliers are requested to provide details on their own sustainability policies and whether they have an Environmental Management System (**EMS**) certified to the ISO 14001 standard. For property managers, we also seek details on their implementation of policies related to management of utilities and measurement of usage data, management of waste, other sustainability requirements and their own approach to procurement and subcontracting. We seek to ensure that the standards laid out in our Supplier Code are shared with the broader supply chain.

Case Study: Operational due diligence (ODD) process

Situation:

Monitoring of service providers, including property managers, is undertaken on a regular basis and is led by the Compliance Team. There were no managing agent reviews in 2022, so this example is from 2023.

Challenge:

During the managing agent reviews, there were no material finding for two of the managers used by the U.K. Direct Real Estate business. However, there was a material finding for the third agent that completed the ODD. It was noted that as part of the audit, this agent had not uploaded a number of property management quarterly reports.

Action:

The Compliance Team recommended that the agent ensures completion of their quarterly reporting obligations as required by CBRE IM. The Compliance Team recommended that the managing agent implement better processes to ensure completion and upload in a timely manner.

Outcome:

This action was only completed in recent months and, therefore, we have yet to see the extent to which the agent has acted upon our recommendations.

Actions taken when service providers underperform

During the past year, CBRE IM was generally satisfied with the services provided by our third parties. Nevertheless, we have a process to hold service providers accountable if they do not meet our needs or expectations that we set as described in more detail within this section.

Direct real estate

Our Direct Real Estate portfolios utilize external suppliers for all property management services. Direct real estate teams will also appoint third parties for specific projects, for example development and refurbishment projects, or for specialist services, for example sustainability consultants.

For minor issues with third-party suppliers, fund/investment teams will initially provide feedback and voice concerns with the supplier. Risk management committees are notified of issues for future monitoring.

Where issues have been identified through the ODD process, described above, suppliers will be sent a report outlining areas in which we seek improvement. Recommendations with deadlines for compliance are established and tailored to the specific circumstances described in the report. The Compliance Team will subsequently check-in with the supplier on a regular basis for updates on the measures being put in place following our recommendations.

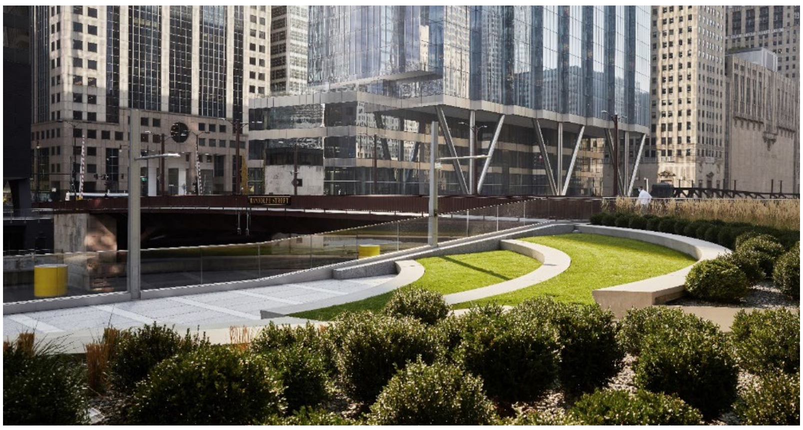
For any major breaches, we ask the supplier to implement measures to rectify the issue as quickly as possible. Should the supplier continue to fail to meet our expectations, we would proceed to terminate our relationship with them and seek alternative providers. There were no major breaches in 2022.

Indirect real estate

As noted above in Principle 7, we assess all existing investments using the Sustainability Assessment Framework on an annual basis to inform a targeted engagement strategy for each investment. In situations where expectations may not have been met by the underlying fund manager/operating partner, we will notify the manager and engage with their senior management to seek improvement or rectification. If there is no progress, we may seek to escalate the situation by engaging with fellow investors to achieve greater leverage through collective engagement. We can also seek to reduce our exposure to the fund or, where appropriate, seek to remove the manager/operating partner or terminate a contract if the situation has become untenable and cannot be rectified.

Private infrastructure

We establish objectives and deliverables for our consultants and monitor their performance throughout the engagement. Consultants with a variety of expertise are engaged throughout the investment lifecycle, including for work on prospective investments or investee and portfolio level activities. We also engage consultants to support GRESB submissions and our TCFD-aligned climate report. If we determine that the consultant is not meeting the objectives that were established at the beginning of the engagement and/or not providing high-quality deliverables as expected, we will seek to replace the consultant for all or part of the assignment, via a formal competitive tender process.



3

Engagement

Principle 9: Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

CBRE IM believes that active ownership and engagement are essential elements of responsible investment for our strategies. Engagement activity and approaches for CBRE IM vary by strategy. For Listed Real Assets and Private Infrastructure, we engage with issuers and portfolio companies. For Direct Real Estate, there are no issuer relationships, so our engagement is not via traditional means. Nevertheless, we seek to engage with tenants, property managers and the local communities around our assets. For Indirect Real Estate we engage with underlying managers and operating partners of the funds or other indirect private vehicles we invest in. For Private Infrastructure, we engage across our direct and indirect strategies, with portfolio companies and funds we invest in.

Engagement activity is a key aspect of the Firm's approach to stewardship and sustainability. Through our influence, we seek to work alongside all counterparties and stakeholders on our journey towards a decarbonized economy.

Where we have direct control of an asset and management discretion of a portfolio, we commit to engage with our supply chain to improve their sustainability performance by 2040 or sooner. 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 improve their sustainability performance.

Direct Real Estate

For direct real estate mandates, our teams engage with property managers and tenants on a regular basis providing training and programming, sharing best practices and conducting tenant engagement surveys. Our asset managers have regular meetings with property managers. We provide trainings for property managers and leasing teams on our approach to tenant engagement, customer experience as well as sustainability issues and expectations. We train our property managers on the use of our data management system and on sustainability data we need their help to collect. Our data management system is a critical part of our monitoring of sustainability data at the asset level and is described in further detail on page 78.

Tenants have a key role to play in interacting with the communities and users of the real assets we invest in. Consequently, we actively seek to engage with them to help to achieve our key stewardship themes. This may include activities to educate on energy efficiency and the benefits of diversity in the workplace. Tenant engagement activity is discussed in further detail under Principle 7 covering initiatives such as tenant and resident satisfaction surveys, tenant data collection and green leases. Although priorities may differ by geography, we maintain a consistent engagement approach for direct real estate across our global platform.

Case Study: Customer Relationship Management

Situation:

Over the past two to three years, the U.K. Direct Real Estate team established a customer relationship management (**CRM**) initiative with a pilot group of eleven of our largest U.K. based tenants. The objective of this project was to work more closely and collaboratively with tenants on a variety of issues, including sustainability to better understand the needs and drivers of their businesses.

Challenge:

We were looking for innovative ways to further engage with our tenants to be able to access sustainability data and encourage tenants to adopt more sustainable practices.

Action:

We reported the initiation of this project in our 2021 U.K. Stewardship Code Report. This case study provides an update on the CRM initiative and its evolution in 2022. CBRE IM expanded the tenant CRM program across our operations in Europe in 2022, with sustainability and stewardship fully built in. We now monitor and respond to occupier trends through this network, across logistics, office and retail properties.

Outcome:

Because of the success of this initiative, it is now a regular activity which is run by the Logistics, Offices and Retail asset management teams in EMEA. We now have more than 2,500 tenant clients across EMEA as part of the scheme, with 44 dedicated CRMs at CBRE IM assigned to each of our top 60 tenant client relationships, spread across the three major sectors covered. The 44 dedicated CRMs equate to 23% of EMEA rental income, 297 assets and 728 leases, as at year end 2022. Our CRM network creates consistent, quality engagement with our occupiers and an information advantage for our clients. During the past year, the initiative was responsible for the following major achievements:

- Sustainability focused dialogue on data sharing and collaborative initiatives started with 80% of tenant clients
- 10 new leases and 20+ opportunities across sectors and geographies
- Over 130 CRM tenant client engagements.

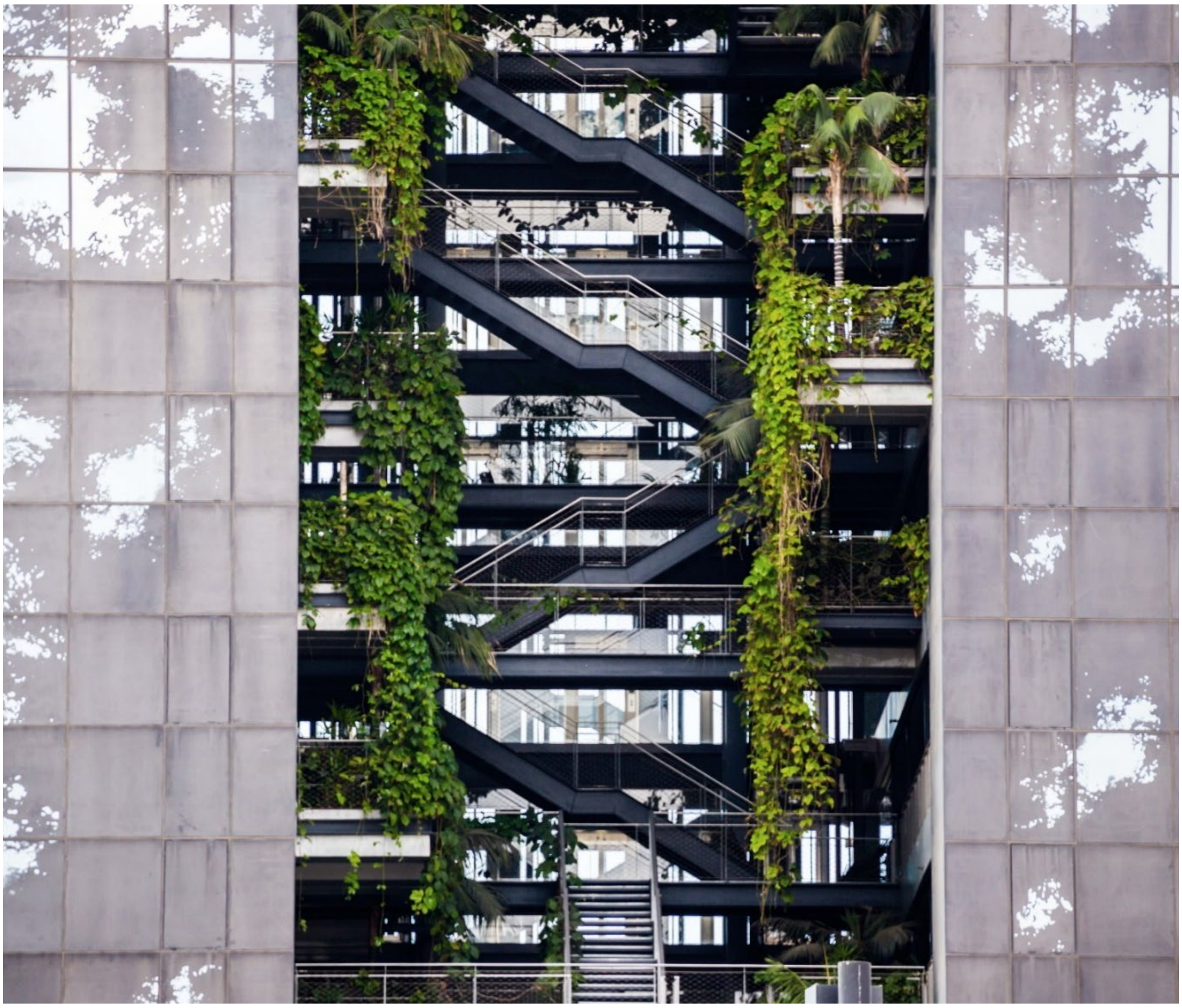
Because of the CRM, we have been able to observe occupier trends by product type and proactively manage our assets to be responsive to not only current, but also the emerging needs of occupiers, which ultimately benefits our clients.

Indirect Real Estate

For Indirect Real Estate, we are a step removed from the tenant and do not have a direct relationship with the occupiers of the underlying properties in our investment. For these strategies, we take a partnership approach, seeking to positively influence all stakeholders through individual engagement directly with the investee or through collective engagement. Our Indirect regional investment teams engage with the underlying managers and operating partners who are directly responsible for the management of investments. We operate the same approach for indirect engagement across all geographies. Our indirect investment team engagement is predominantly focused on sustainability issues, including climate risk, ensuring that these portfolios align with our Sustainability Vision even though we do not have direct control of the underlying real estate assets.

In addition to attending advisory board and investor meetings scheduled by the manager, we speak directly with the manager at least quarterly to obtain detailed updates on specific fund and asset management issues including acquisition and divestment plans, leasing progress, underperforming assets, assets with high climate risk, progress on setting targets, decarbonization efforts and other sustainability initiatives. These conversations may take place in person or via conference call. Priorities for engagement are determined each year based on the results of our proprietary Sustainability Assessment Framework. We seek to understand each manager's sustainability approach and actions, encouraging continuous improvement of their practices and performance. In recent years, we encouraged managers to participate in the GRESB assessment, including the development module and completing CRREM. We also encouraged managers to seek expert advice by appointing third-party sustainability consultants. We use our knowledge and expertise from other funds, including those on the direct side of our business, to share best practices and work with underlying managers on specific energy efficiency projects.

Although we rely on our underlying managers for information on risk, our Sustainability Assessment Framework provides us with the critical information needed to identify, evaluate and manage climate-related risks. The information received from the assessment informs our engagements with underlying managers on identified risks, such as physical and transition climate risks and best practices to share with them to mitigate such risks. We often take the extra step of running Climate on Demand when a manager shares the required pertinent asset-level data, or we engage with the manager to explain the importance of understanding and managing physical climate risk. For any assets identified as being at high or critical risk from one or more physical risks, we engaged with managers to explore the risk in more detail, encouraging underlying managers to commission detailed analyses, for example from flooding consultants and engineers, to determine whether the asset had built-in resiliency or needed mitigation plans to address any residual risk.



Case Study: U.K. Healthcare investment

Situation:

CBRE IM Indirect is invested in a U.K. Healthcare fund where the underlying assets are care homes for the elderly and specialist healthcare facilities.

Challenge:

In 2022, as part of our ongoing engagement with managers the following topics were at the forefront of our discussions with the Manager of the U.K. Healthcare fund:

- How EPC ratings will be improved across the assets
- The development of a net zero carbon transition plan
- The setting of a Scope 3 emissions target
- Methods to improve data coverage across water, waste and energy usage

Increasing the renewable energy supply to the assets

Action:

The Indirect Regional Investment Team worked with the underlying manager throughout the year on the topics listed above. Engagement occurred through regular email communication and the scheduling of meetings with the fund management team.

Outcome:

As a result of our engagement and collaboration, the manager is:

- Implementing costed action plans for properties with EPC C ratings with the aim of raising the ratings above C.
- Actioning the first step of their net zero carbon plan by working with operators to switch to green electricity tariffs and installing rooftop solar. The subsequent step of the transition plan will be to introduce further renewable generation, battery storage and intelligent building management software.
- Reviewing their Scope 3 emissions net carbon zero target.
- Including green lease clauses related to the procurement of green energy tariffs, promoting energy monitoring and accurate reporting in all new tenant leases.
- Engaging with operators on the benefits of renewable energy contracts and providing them with options for financing the installation of rooftop solar.

Our engagement with the manager is continuing in 2023 and our areas for action are tailored based on findings from our 2023 Sustainability Due Diligence Questionnaire.

Private Infrastructure

For Private Infrastructure, our teams engage with investee companies on sustainability issues typically through holding ownership positions, sitting on boards, participating in management meetings, sending questionnaires, influencing decisions and sharing best practices. Our engagement approach may vary by the type of company but does not vary by geography.

We regularly engage with portfolio companies to help them manage sustainability related risks and opportunities. Our approach to engagement will vary depending on the type of asset concerned, whether direct or indirect, the level of our ownership, whether we are a minority share owner or whether we have seats on the operating company's board. Our engagement approach does not vary by geography. Issues are identified during due diligence and through regular monitoring of the investment. Concerns are raised with company management and, if appropriate, with the Board of Directors. For most of our infrastructure investments, there will be other partners in the investment and management may retain some ownership as well. Our voice tends to be stronger in situations where we have board representation, however, even where we have a minority position, we seek to push for sustainability improvements, such as participation in the GRESB Infrastructure assessment, regular review and update of GRESB infrastructure materiality assessments and integration of climate risk considerations in the company's broader strategy and risk management practices. We often will engage with majority investors to work collaboratively to seek sustainability practice and performance improvements.

Case Study: Private Infrastructure portfolio company risk register

Situation:

We engage with portfolio companies to integrate sustainability into their practices. We establish asset management initiatives for the year based on gaps.

Challenge:

A solar PV company we are invested in based in Australia did not have a risk register.

Action:

In 2022, as part of our asset management initiatives for the company, we supported the management team in compiling their business risk register and engaged with them to promote the integration of sustainability risks in the register alongside other risks. We worked with the company to map out the material sustainability risks, leveraging the evidence from their recent GRESB report and outcomes from the physical and transition climate risk assessment CBRE IM Private Infrastructure conducted during the year.

Outcome:

As a result of our engagement, the company now has an integrated risk register which is best practice and will help them manage risk and help performance.

Case Study: Private Infrastructure portfolio company ISO certifications

Situation:

Connect Bus is one of the largest public transport operators in Scandinavia, with a fleet of approximately 2,400 vehicles and operations in Sweden and Norway. The company's buses operate public transport tenders.

Challenge:

In 2022, the portfolio company reported to the Board of Directors on the increased interest of local transport authorities to contract with ISO-certified providers.

Action:

As sole shareholder, member of the Board of Directors and having appointed other board members, our support of the company's efforts and allocation of resources to achieve ISO 9001, ISO 14001 and ISO 39001 certifications allowed the company to move forward on this initiative. Our Private Infrastructure Sustainability Lead also served as an expert resource to company personnel completing the applications for certification.

Outcome:

The company obtained the ISO certifications at the end of 2022. Being certified will help the company to expand its reach.

Listed Real Assets

For Listed Real Assets, we operate based on our engagement policy and treat engagement as a way to provide messaging, influence and feedback to companies, as well as a way to gather information. Portfolio managers and analysts frequently engage with portfolio companies on a variety of issues. The goals of engagement are driven by the relevant analyst with the following objectives in mind:

- To discuss items that come up for vote, many times in the area of governance or if there are environmental or social items
- To arrive at a more complete dataset to supplement our external data sources
- To understand the overall sustainability strategy for companies in sectors where there is minimal disclosure
- To influence companies with historically poor governance.

Engagements focused on company-specific issues are prioritized by our investment analysts, who are responsible for incorporating sustainability factors into our proprietary investment model, voting decisions and engagement. Our engagements often relate to governance matters and other items subject to shareholder vote that might also relate to our sustainability objectives. The investment analyst determines the objective of the engagement and monitors the company's response. At times, the Listed Real Assets Sustainability Committee (**Listed Sustainability Committee**) may prioritize engagement with multiple companies on a broader theme, such as climate, disclosure or transparency. Although engagements are most often carried out by investment analysts, the Listed Sustainability Committee may determine the objectives for engagement. We tend to engage more frequently with companies whose shares we own, or which are significant in size relative to industry benchmarks (i.e., prioritization is correlated with the exposure of client portfolios).

Engagements may be carried out through private meetings, conference calls or correspondence (ranging from simple emails to formal letters to Boards of Directors). The Listed Sustainability Committee is responsible for tracking engagements, including the company, subject matter and details of the engagement. There is no variation of approach by geography.

Case Study: Listed Infrastructure: An opportunity to enhance shareholder disclosure

Situation:

Company B is a large airport services company serving roughly 15 million passengers annually. It operates over a dozen airports in the central and northern states of Mexico. CBRE IM is not currently invested in the company but considers it for investment as part of the CBRE IM proprietary listed infrastructure universe.

Challenge:

The company's last published materials dated from 2017, with no translations in English. The lack of sustainability disclosure hampered coverage from third party sustainability rating agencies, as well as institutional investors in infrastructure such as CBRE IM.

Action:

In December 2022, CBRE IM engaged the company to encourage best practices in shareholder disclosures. From a sustainability documentation perspective, improvements were needed. During engagement, the company described plans to issue updated sustainability disclosures beginning in the summer of 2023. While internal restructuring in 2017 had reduced available resources, sustainability initiatives were ongoing within the company. CBRE IM discussed these initiatives, inclusive of green bond financing, carbon accreditation across its airport footprint, the ability to procure renewable power to service

Outcome:

Our analysts review public company disclosures regularly and will follow up with the company upon review of the updated sustainability disclosures that the company intends to make. Upon release of a report, the analysts review and assess the data provided.

Case Study: Listed Real Estate: Comprehensive ESG engagement

Situation:

Company C specializes in the operation and maintenance of Australian shopping centers. The company is well-rated by third-party sustainability assessors, demonstrating strong scores for energy and water conservation while progressing toward its 2030 net zero target.

Challenge:

CBRE IM prefers a combination of interim emission reduction goals and long-term net zero goals to better track company progress on the path to net zero. Company C lacked interim targets

Action:

In October 2022, CBRE IM engaged the company to review items across the portfolio. The company was working on developing interim emission reduction targets.

Outcome:

As of Q4 2022, the company set a 34% emission reduction target compared to its 2016 baseline. Crucial to achieve its net zero goals, the company was completing a solar program, which comprised approximately 33MW, the purchase of renewable energy and the retrofit of older assets. CBRE IM is continuing to monitor these developments. With the introduction of interim emission reduction targets, CBRE IM expects management compensation to more directly be linked to completion of sustainability initiatives. Management reviews sustainability criteria monthly, inclusive of net zero exposures and diversity and inclusion metrics, such as the percentage of women in the workforce and senior management. Post engagement, the company provided further information to the market in its 2022 Sustainability Report. Our ongoing engagement helps to provide additional context and information surrounding the company's sustainability efforts and aids our analysts in developing a comprehensive assessment of the company

Levels of engagement intensity for Listed Real Assets

At a high level, we categorize engagements as either "brief" or "in-depth," in accordance with the frequency and intensity of our discussions with a company related to a particular matter. Brief engagements consist of short, direct conversations with companies over the course of each year, focused on issues important to our analysts' research. Engagements are conducted via teleconference or in person. Some of these conversations are focused on gathering information, while others are intended to urge the company to take a particular action. These conversations may also take part within a meeting where other fundamental topics are discussed. In recent years, for example, we encouraged companies to participate in GRESB, which assesses the sustainability performance of real estate and infrastructure portfolios and assets worldwide. Brief engagements may evolve into in-depth engagements based upon the importance of the issue, the level of detail in views exchanged or the number of conversations.

An in-depth engagement is typically a longer meeting dedicated solely to discussing issues related to sustainability. We have been conducting more in-depth meetings in recent years, due to our own internal research efforts, and an increase in sustainability initiatives at the issuers in which we invest. In-depth meetings are held for reasons such as:

- Data gathering and research, often with sustainability leaders at the issuer.
- When we perceive an issue presenting a significant impediment to our investment goals, typically related to governance concerns.

Engagement activity is logged, with outcome of the engagement communicated to the investment team and reflected in any necessary changes in underwriting.

We track various action items which were developed through guidance from PRI, that allows us to determine the result of the engagement. Each entry in our engagement log has an associated action taken as the result of the investment. For example, actions such as: the company changed its practice, the company committed to change, divestment of the security, engagement failed, increased understanding of sustainability initiatives, invested in the company, or ongoing engagement. Additionally, we track the companies' progress on sustainability initiatives via their public reporting.

Outcome

The outcome of engagements for all strategies are typically shared at a high level with investors in annual reports or webcasts, an engagement report or through ad hoc communications.

Case Study: Underlying manager engagement to improve sustainability performance

Situation:

An Indirect Real Estate medical office venture launched during the pandemic and had not yet incorporated many sustainability practices.

Challenge:

The fund received a low GRESB score of 65 in 2022.

Action:

To address the low score, at the beginning of 2023, the CBRE IM team set up a kick-off call to address gaps in existing sustainability initiatives that we identified from an analysis of the GRESB score. Our Indirect Real Estate Sustainability Lead worked with the manager to improve performance. We set clear guidelines and regular touchpoints to collaborate with the manager on the following initiatives:

– **Hired a new consultant—RE Tech:** We recommended the consultant based on our experience working with them on our U.S. direct real estate funds and separate accounts and were pleased with their work. The new consultant assisted in the 2023 GRESB submission, improved gaps in data collection, conducted data assurance and assessed assets for building certifications. The combination of these actions is expected to enhance overall data coverage and improve the GRESB score.

– **Launched a sustainability rebrand:** The manager rolled out a new approach and sustainability branding to tenants, which we provided feedback on. The new approach includes tenant site visits and additional communication regarding the manager's mission to achieve more sustainable assets and the benefits of such actions for the tenants. We believe this will help with additional data collection and performance improvement.

– **Continued the roll out of green lease language:** We recommended and the Manager executed the inclusion of green lease language (providing the manager access to utilities to collect data) for any new or existing tenants that are executing a lease.

Established a net zero carbon target: With input from our Sustainability Team, the manager established a 2050 net zero carbon target in alignment with the CBRE IM target. The focus on data collection is the first step in this process, which is being accomplished through enhanced tenant engagement, green lease language and the aid of the consultant.

Outcome:

– As a result of our engagement, the Manager made sustainability a key priority, and built a sustainability framework and improved its GRESB score in 2023 by 8 points. This is an ongoing engagement that we continue to monitor. The Manager recently completed the Sustainability Questionnaire as part of our Sustainability Assessment Framework. We are analyzing the information provided to identify areas that still need improvement and will prioritize engagement on those areas over the course of the year to ensure the Manager is appropriately addressing issues.

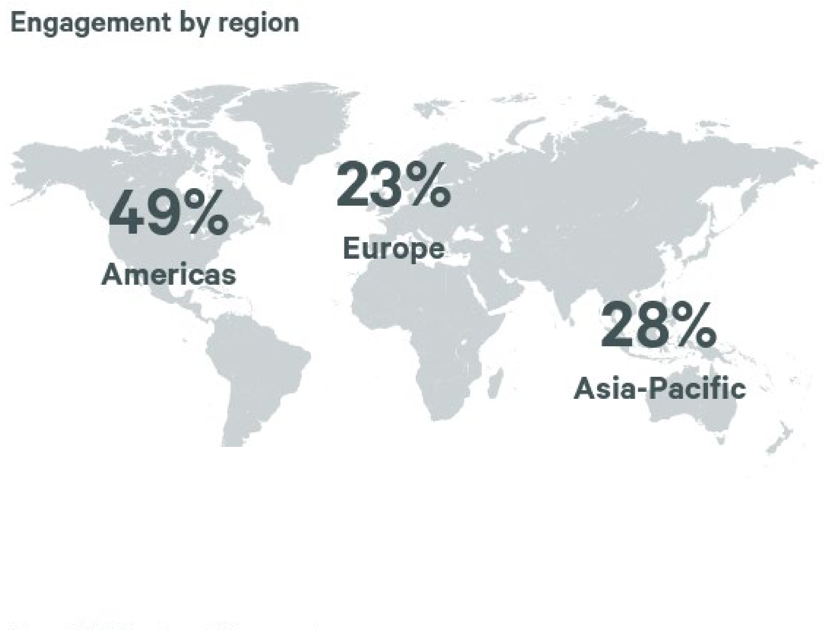
Listed Real Assets

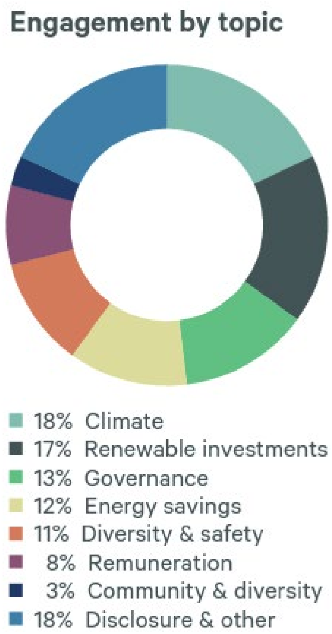
The CBRE IM Listed Real Assets investment team had over 1,100 company meetings in 2022 across conferences and virtual meetings with company management. This excludes earnings and general broker hosted calls with company representatives such as the executive management team, investor relations and board members. In 2022, our investment team held more targeted sustainability engagement meetings with companies under coverage with a focus on detailed discussions around specific themes such as decarbonization commitments and targets, renewable energy usage and provisions, energy efficiency, diversity and disclosure of sustainability metrics and strategy. In the majority of cases, we held separate sustainability engagement meetings from our fundamental meetings, which included sustainability professionals at the companies for the purpose of more in-depth understanding and research.

In our recurring engagements, our analysts and team members encourage best practices and gain understanding of a company's sustainability risks and opportunities. Engagement also informs analyses that enable our portfolio management decisions. Within our Listed sustainability database alone, we track over 180 fields comprising approximately 130,000 distinct data points for real asset companies to better inform our views of environmental stewardship and other factors. The below is a guide we use for company-specific engagements:

Environmental	Social	Governance & Disclosure
	Encourage	
— Meaningful goals for energy conservation, carbon reduction; a minimum adherence to industry standards	— Diversity, equity and inclusion training within the organization and a DE&I focus with external relationships	— Disciplined corporate governance, with strong board oversight and shareholder-friendly provisions
— Sustainability values embedded throughout their business	— Commitment to a strong workplace culture	— Transparent, organized and accessible disclosures
	— Programs within assets and communities to support and engage stakeholders	
	Understand	
— Emissions targets and net zero commitments set by management; if uncommitted, the required analysis and actions to make a commitment	— Goals related to diversity in the overall workforce and senior management, as well as progress on those goals	— Quantifiable ESG and financial metrics related to executive compensation; achievability of those ESG metrics
— Assessment of physical and transition risks and climate-related opportunities	— Hiring and recruitment processes	— Company views of best practices and benchmarks
	— Tenant and community health	— Interaction with ESG rating firms and ESG action groups

CBRE IM Listed Real Assets' 2022 engagement with the boards and management teams occurred mostly during video meetings and through phone calls. Conversation topics varied depending on the company's current sustainability position, but we generally discussed the company's sustainability strategy, opportunities for the company to improve their sustainability performance and pushed companies to enhance disclosure of sustainability topics. In addition to discussions with the companies, in 2022, we sensed an increase in direct meetings with sustainability professionals at the companies than in prior years, by design. We are now tracking titles of professionals we engage with to have additional insight on our engagements to share with our clients and in future U.K. Stewardship Code reports. Our meetings are led by the analyst directly responsible for fundamental security coverage and supported by the Listed Real Assets Head of Sustainability. CBRE IM Listed Real Assets' active engagement includes voting proxies where CBRE IM Listed Real Assets votes all proxies for companies owned in the portfolio.





Source: CBRE Investment Management

Some of the outcomes for engagements are provided below and are in our annual engagement report provided on our website at the following link: https://cbre.com/-/media/project/cbre/bussectors/cbreim/insights/articles/2022-listed-real-assets-engagement-report/2022-listed-real-assets-engagement-report.pdf?rev=910df62875a846cc94108ad1c36fbe40Engagement Activity by CBRE IM Listed Real Assets in 2022.

Engagement Activity by CBRE IM Listed Real Assets in 2022

Statistics on our engagements and proxy voting are provided in Principle 12. CBRE IM's individual engagement meetings are conducted as face-to-face meetings either via video call or in person, whereas our collaborative engagement meetings related to GRESB are through letters sent via email. In 2022, pertaining to our individual engagements, 84% of meetings solely covered sustainability topics, while 16% covered sustainability topics as well as other fundamental research topics. In 2021, 33% of individual meetings solely covered sustainability topics, while 67% covered sustainability topics, as well as other fundamental research. The increase in standalone sustainability meetings is the result of our focused effort to conduct more detailed discussions during our engagements.

Engagement across company types was well diversified. In 2022 the utility and power sectors comprised approximately 16% of engagements. We also increased engagements from 2021 with other real estate sectors with high degrees of energy use, inclusive of office and retail property.

ENGAGEMENT BY COMPANY TYPE

Utilities

16% engagement

Renewable developers and regulated networks

Office

15% engagement

Traditional, agile workspace

Midstream

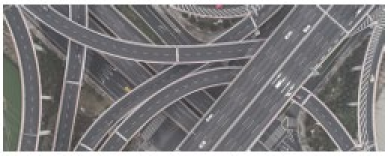
4% engagement

Pipelines and processing

Residential

7% engagement

Traditional: urban, suburban



Transportation

8% engagement

Airports and toll roads

Industrial

10% engagement

Large distribution centers

Retail

11% engagement

Malls and shopping center assets

Communication

7% engagement

Towers and data centers

Net lease

1% engagement

Diversified properties

Other sectors

21% engagement

Diversified real assets

Source: CBRE Investment Management

Principle 10: Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Collaborative engagement, with other investment managers, within the real estate investment sector is often limited since direct investment managers typically wholly own the underlying real assets. Issuers, as they exist in listed markets, are not present in direct real estate markets. We, however, participate in collaborative engagement through a number of means and with other stakeholders, such as underlying managers for indirect strategies. Our primary approach is through our membership in industry bodies, who, on behalf of their members often engage with legislators and policy makers on issues that are of interest to the sector as a whole. Our employees often sit on steering committees, working groups and on the boards of these organizations. For Indirect Real Estate, we often work alongside other investors on advisory boards to influence underlying managers. We also participate in events and consultations alongside our industry counterparts.

Engagement Through Industry Organizations

CBRE Investment Management engages and works collaboratively with numerous industry organizations and representative bodies. These memberships enable CBRE IM to interact with other industry participants. Through their events, they provide additional opportunities for learning and development for our people and forums for our own subject matter experts to speak to their peers.

Many of the sustainability and climate-related organizations we participate in act as representative bodies for either the real estate or infrastructure industry, the fund management industry or the pension fund sector. Many of these organizations are in regular contact with governments and regulatory bodies on behalf of their members, such as responding to government consultations.

CBRE IM is a signatory to the PRI and TCFD, as well as a signatory, member or participant in other global and regional sustainability-related networks and initiatives, including:

- Better Buildings Partnership (**BBP**)
- Coalition for Climate Resilient Investment (**CCRI**)
- Global Investor Coalition on Climate Change (including AIGCC, Ceres, IGCC, IIGCC)
- Institute of Corporate Responsibility and Sustainability (**ICRS**)
- Institutional Investors Group on Climate Change (**IIGCC**)
- Pensions For Purpose
- Sustainability Accounting Standards Board (**SASB**)
- Sustainability Policy Advisory Committee (**SPAC**) of the Real Estate Roundtable
- The Aldersgate Group
- The Association of Real Estate Funds (**AREF**) ESG and Impact Investing Committee
- The European Association for Investors in Non-Listed Real Estate Vehicles (INREV)
- The PRI Property Working Group
- UK All-Party Parliamentary Group on ESG (**APPG**)
- UK Green Building Council (**UK GBC**)
- Urban Land Institute (**ULI**)

Outcomes

Indirect Real Estate Engagement—Advisory board membership

For Indirect Real Estate, we undertake collaborative engagement through our membership on advisory boards. We seek to utilize our scale to negotiate enhanced governance, including advisory board seats where possible. Representation at these meetings not only ensures we receive all information from underlying fund managers, particularly relating to the performance of individual assets, but also provides an opportunity for us to interact with other major investors, including collaborating on sustainability and stewardship matters.

Case Study: Collaborative engagement through advisory board membership

Situation:

For our Indirect Real Estate investments, our primary means of collaborative engagement is through advisory board meetings. These meetings provide regular engagement opportunities with the manager, working, if necessary, with other investors in the fund. This example pertains to an investment in a pan-European logistics real estate fund.

Challenge:

During an advisory board meeting in 2022, two specific sustainability topics were discussed in detail with all members. The topics of concern were:

- Progress in obtaining green building certifications by the manager over the previous year
- Progress of the manager’s solar PV program and the reasons for using an in-house solar operator

Action:

Through our collaborative engagement at advisory board meetings, we were able to advance the progress on these topics. The manager confirmed that they had changed their target for green building certifications to aim to have all assets in the portfolio covered by green certifications.

Outcome:

From our engagement, we better understood the reasons for the in-house solar operator arrangement and the benefits that it brought to the overall management of the portfolio’s assets. The strategy is leading to an increase of the roof utilization, though the roll-out is slow and still well below 10%, hence continuous oversight is required using the advisory board meetings as the main forum for these discussions.

Direct Engagement

We have increased our engagement with other external groups and organizations. Under Principle 4, we provided examples of our work with the U.K. All Party Parliamentary Group on ESG and our contribution to Financial Conduct Authority (FCA) consultations.

Listed Real Assets Engagement

Case Study: Listed Real Assets GRESB initiative engagement

Situation:

As part of our voluntary outreach as investor members of GRESB (an industry-driven organization committed to assessing the sustainability performance of real asset portfolios around the globe), CBRE IM Listed Real Assets' real estate investment team engages annually with companies who have not participated in the annual GRESB assessment.

Challenge:

Many companies do not submit to GRESB and, therefore, decision-useful information on sustainability by public real assets companies is not available for investors. Submitting to GRESB requires discipline around, and monitoring of, operating performance and processes and can aid in setting targets.

Action:

During engagements, we emphasize the importance of the GRESB assessment and encourage participation going forward. We target the largest companies in our global and U.S. benchmarks who currently do not participate in the GRESB assessment. We consider this activity to be collaborative engagement, where we, as an investor member of GRESB, are requesting participation, per GRESB's request. In this engagement, we provide information about GRESB, describe how important it is to investors, and refer the company we are engaging with to the GRESB website and related assessment links. We convey to each targeted company that management excellence in addressing sustainability issues may be rewarded over time by the investment community as a result of its positive effect on operating standards and expense control, and transparency. Submitting to GRESB can aid in developing discipline and a results-oriented approach around those items.

Outcome:

In 2022, we targeted and engaged with 46 companies to encourage participation in GRESB. Typically, in any given year, three to five of the new companies that complete the GRESB assessment are companies that we engaged with prior on this specific topic. In 2019, GRESB named CBRE IM Listed Real Assets the GRESB Investor Member of the Year for North America due to CBRE IM Listed Real Assets' ongoing effort to promote GRESB and encourage participation, which has resulted in increased participation by public companies. CBRE IM has conducted our GRESB engagement initiative since 2014. Since that time, participation in GRESB has grown from 51% of our global benchmark to 70%.

Private Infrastructure Engagement

Case Study: Private Infrastructure collaboration with other investors to promote sustainability practice improvements

Situation:

Our Private Infrastructure Team occasionally invests alongside other investors. During 2022, they invested in a data center company that did not have integrated sustainability processes, practices and reporting in place and were unfamiliar with GRESB.

Challenge:

We strive to ensure our investee companies have appropriate sustainability practices and report to GRESB so we have critical data needed to assess climate and other sustainability risks. As a minority investor, however, there is an inherent challenge in being able to influence company management to make changes.

Action:

To achieve our desired outcomes, we consulted and collaborated with other investors that had majority stakes in the company and collectively approached the company to advocate for sustainability process and performance improvements. In coordination with the other investors, we have maintained a regular dialogue with the company to monitor progress and ensure alignment of sustainability priorities.

Outcome:

As a result of our collaboration with other investors, we were able to influence management to enhance their sustainability practices and policies. Management also agreed to submit their data to GRESB Infrastructure in 2023. Although initial scores were low (in the second quintile), we continue to engage with the company to work toward performance improvements.

Principle 11: Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

Our engagement strategies are outlined in Principle 9 above. As with engagement, our approach to escalation varies by strategy, but not by geography. Below we provide an explanation of our approach to escalation for each of our strategies along with case studies of engagement escalation for each, where engagement with issuers is applicable.

For Direct Real Estate, there are no issuer relationships, so our engagement is not via traditional means and escalation of any form of engagement is very unusual. Nevertheless, in our engagement with tenants on sustainability issues, we occasionally find some tenants unable to work with us, typically due to resourcing issues within the tenant's business. In such circumstances we seek to work with the tenant in different ways to achieve the same overall objectives. We often escalate to the corporate office of a tenant or property manager if we are not satisfied with the results of our engagement.

Indirect Real Estate

For indirect real estate, we engage with the underlying managers and operating partners on sustainability performance, improvements and initiatives. Engagement is predominantly through ongoing dialogue. In instances where escalation is required, we often make use of our presence on advisory boards to raise issues as and when they arise.

Engagement is an ongoing process for Indirect Real Estate investment teams. We advise and collaborate with managers whenever possible as part of our shared journey towards improved sustainability. We utilize the response from our annual Sustainability DDQ to help our investment teams identify priority topics where engagement escalation may be necessary. However, we rarely have to escalate engagement. Escalation is only required in situations where all other forms of engagement proved to be unsuccessful. One of the few instances in which we escalated engagements was when we encouraged underlying managers to participate in the GRESB assessment. When underlying managers were slow to collect tenant energy usage data, we found it necessary to escalate our concerns. For the funds where we had more control, we raised our concerns at advisory board meetings. Where we did not have as much control, for example, when we had a minority position, we escalated our concerns with like-minded investors to leverage a larger group to push for the required change.

Case Study: Indirect Real Estate engagement

Situation:

A number of CBRE IM indirect portfolios are invested in an Asian logistics real estate fund. An underlying manager launched an equity raise.

Challenge:

During the equity raise, CBRE IM requested that a side letter be created with our latest restricted uses policy wording. The manager pushed back stating that it had limited control on tenant activities and that it had a policy not to issue new side letters for existing investors

Action:

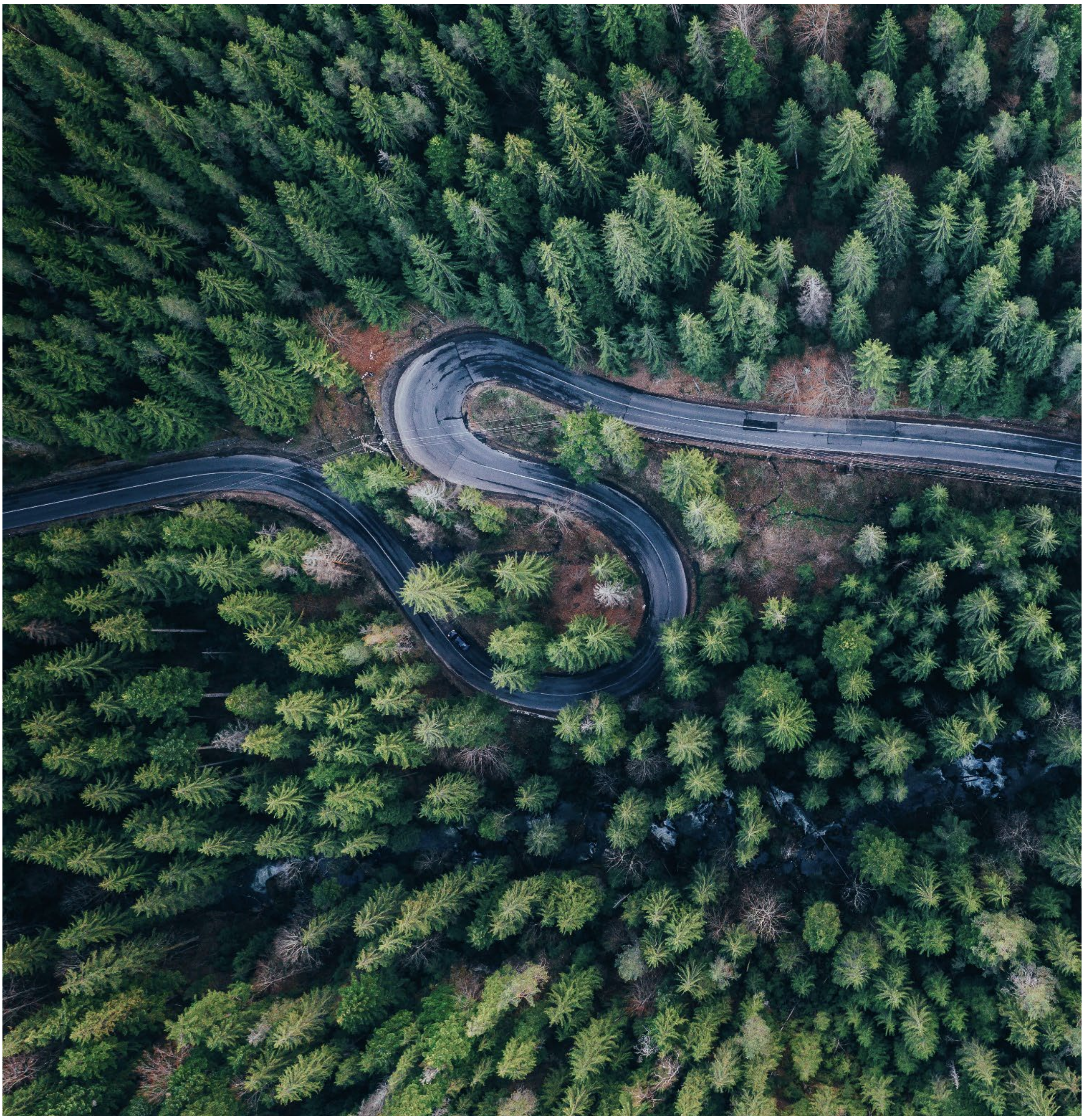
The APAC Regional Investment Team at CBRE IM, together with the Indirect Sustainability Lead, met with the management team to explain our position and the expectation of our investors on meeting the policy. Further, we required that the manager provide us with detailed evidence of their investment process that demonstrated that screening of tenants was in place, so that we could be assured of alignment with the principles of our restricted uses policy.

Outcome:

The issue was escalated to the regional CEO within the underlying manager's business. It was agreed that for new clients a revised side letter would be issued with a notification requirement for when a building is leased to a tenant whose principal use of the building features on the prohibited use list. This would then allow exit via a secondary market if CBRE IM thought it appropriate and it aligned with our investors' requirements.

Private Infrastructure

For Private Infrastructure, we typically find the need to escalate an engagement topic in situations where we are a minority investor and do not have decision-making rights or the ability to nominate representatives for the board of the operating company. These occurrences are rare, however, as with Indirect Real Estate, escalation is required in situations where all other forms of engagement proved to be unsuccessful. We set engagement objectives each year. In 2022, we had two primary objectives: to increase data coverage informed by GRESB results and understanding gaps and to conduct climate risk assessments to acquire information needed for our TCFD-aligned climate report.



Case Study: Private Infrastructure minority investment in data centers

Situation:

Our Private Infrastructure Team made several investments in data centers as a minority investor. These companies did not have integrated sustainability processes, practices and reporting in place and were unfamiliar with GRESB or the data needed to perform well.

Challenge:

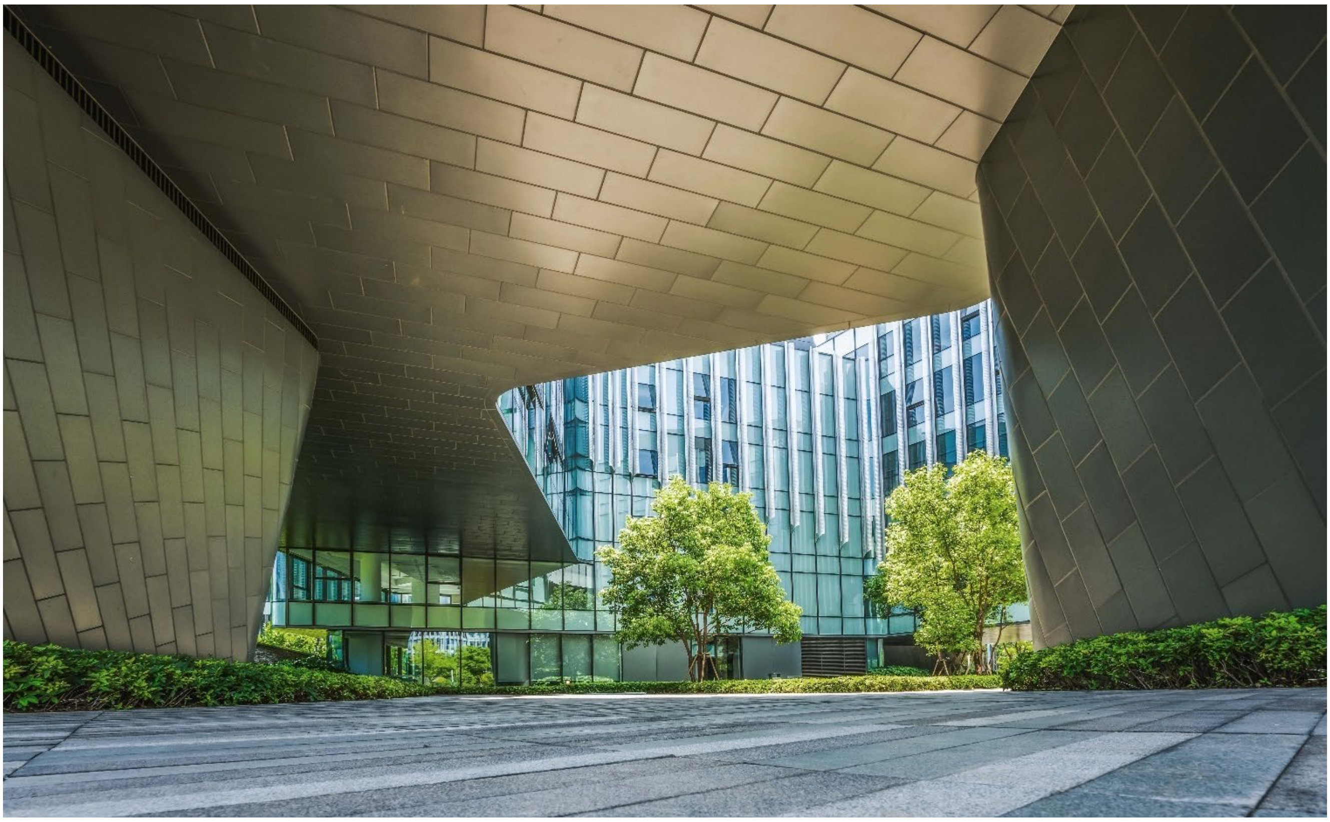
In 2022, we sought to influence these companies to measure and track carbon emissions when reporting to GRESB Infrastructure, which was difficult as a minority investor.

Action:

To achieve our desired outcomes, we engaged consulted and collaborated with other investors that had majority stakes in the companies and collectively agreed to advocate for sustainability process and performance improvements. In coordination with the other investors, we maintained a regular dialogue with the companies to monitor progress and ensure alignment of sustainability priorities.

Outcome:

Both data center holdings reported to GRESB Infrastructure in 2023 as a result of our engagement. We found that through persistence and collaboration with other investors, we helped begin to bring about changes at these portfolio companies. We are continuing our engagement with these companies to work with them to improve their sustainability practices to improve their scores.



Listed Real Assets

For Listed Real Assets, we select and prioritize issues for escalation based on the seriousness and history of the issue at hand. An issue such as a human rights violation or bribery would be an example of a reason for escalation. We seek to provide the party we are engaging with an opportunity to understand our perspective and to take action to address and rectify the issue(s). If engagement is unsuccessful, we develop an escalation plan that is appropriate for the issue.

Case Study: Engagement before and after a vote against management

Situation:

In 2022, CBRE Investment Management voted against management's recommendation for an advisory vote related to compensation of named executive officers ("Say on Pay") at a hotel company. The board orchestrated a CEO transition due to the prior CEO not moving quickly enough on the company's capital recycling strategy.

Challenge:

We were not in agreement with the board's decision to let the CEO go. The new interim CEO who is a board member received a generous cash performance bonus and restricted stock for his time as interim CEO (six months). The restricted stock is not tied to any performance metrics.

Action:

We engaged with this company prior to the vote about our concerns. When our concerns were not addressed, we voted against management because we disagreed with the pay-out decision for the interim CEO, which in effect, was for facilitating a CEO search and not tied to metrics. The stock suffered during the firing of the CEO and transition, and shareholders suffered through that event, while the interim CEO was paid well during that time.

Outcome:

We voted against management's Say on Pay recommendation and we will continue to engage and have ongoing dialogue with the company on compensation practices and our desire to see compensation tied to performance metrics.

4

Exercising rights and responsibilities

Principle 12: Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities. Reporting Expectations

Exercising our rights and responsibilities over investments, including engagement and proxy voting, is at the core of how we practice good stewardship on behalf of our clients. Please refer to Principle 9 on how we engage. The majority of our assets under management are unlisted real assets, which require us to exercise our rights and responsibilities in different ways than what is required of listed equities. We exercise our voting rights and responsibilities for Listed Real Assets. Proxy voting rights are key to demonstrating our concerns to issuers and are an essential component of our fiduciary duty.

Listed Real Assets

For Listed Real Assets, we execute our rights and responsibilities via proxy voting. In 2022, the Listed Real Assets team voted on 3,081 proposals at 270 meetings. Specific governance risks that we focused on included:

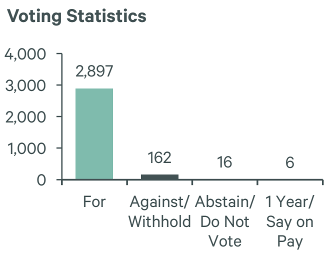
1. Lack of proxy access, shareholder rights
2. Staggered board
3. Lack of independent board representation
4. Poison pills or anti-takeover defenses
5. Lack of board diversity
6. Lack of a commitment to corporate responsibility

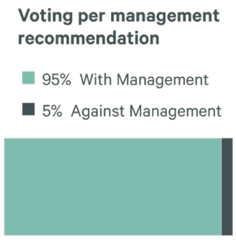
Details of our voting record are also available on the CBRE IM website at the following link: https://mediaassets.cbre.com/-/media/project/cbre/bussectors/cbreim/insights/articles/2022-listed-real-assets-engagement-report/2022-listed-real-assets-engagement-report.pdf?rev=910df62875a846cc94108ad1c36fbe40.

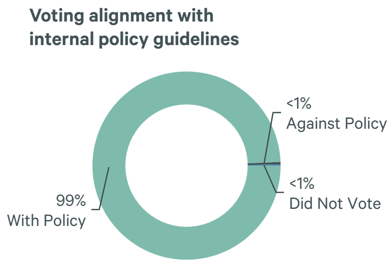
The charts below summarize the voting statistics for 2022.

270
Meetings Eligible for Vote

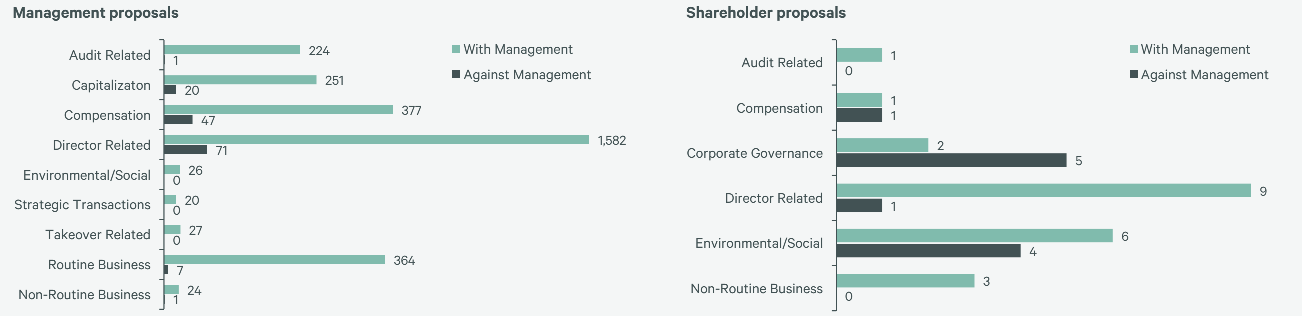
3,081
Proposals Eligible for Vote







Voting by proposal category



Proxy voting information is summarized by CBRE Investment Management (CBRE IM) for the institutional accounts where CBRE IM has proxy voting discretion. All proxies are voted in accordance with CBRE IM's global proxy voting policy and guidelines. This information is not indicative of the ultimate result of the proxies and is not intended to provide a commentary on management or ballot items.

Source: CBRE Investment Management

CBRE IM will often avoid investing with companies whose management teams exhibit poor governance practices. As a result, management teams within CBRE IM portfolios do not often create significant conflict from a proxy voting perspective. In 2022, CBRE IM voted 95% in line with management recommendations and 5% against management. Disagreements with management recommendations centered primarily on the appointment of specific directors and certain executive remuneration packages.

CBRE IM votes against board members who are overboarded—board members with many public company board commitments who may not be able to devote the time required for effective board service. CBRE IM's internal guidelines allow public company CEOs to sit on three public boards total, including their own, and non-CEOs to sit on four public boards. We will vote against a nominating committee if the committee fails to nominate diverse or independent individuals to the board. Some items up for vote are handled on a case-by-case basis, where the Listed Strategies Head of Sustainability, portfolio managers and analysts will discuss the proposal and determine the outcome. In other cases, if the analyst's indicated vote conflicts with CBRE IM Listed Real Assets' guidelines, the vote must be verified (with documented rationale) and approved by a designated Senior Portfolio Manager or our Listed Real Assets Head of Sustainability; the vote and corresponding rationale is also reviewed by our Chief Compliance Officer. While it does not happen regularly, there may be a situation where it is determined that it is in the best interest of the company for us to vote against our internal guidelines. For example, in the instance of board independence, our internal guidelines may suggest voting against the nominating committee member as mentioned above, but that vote could make the board even less independent by voting against that person. In that situation, we may make a determination to vote for the board member, document the occurrence, and engage with the company.

On a daily basis, CBRE IM provides our proxy administrator, ISS, with a list of securities held in each account over which CBRE IM has voting authority. Any voting required is submitted by CBRE IM.

CBRE IM treats proxy voting as a fundamental responsibility of shareholders—one which can work to affect positive management behavior over time and, therefore, ultimately contribute to generating economic value to shareholders. Proxy voting is an important right of shareholders, and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When CBRE IM has discretion to vote the proxies of its clients, we will vote those proxies in accordance with our Global Proxy Voting Policy.

The guidelines presented in the policy reflect a corporate governance structure that is responsive to company stakeholders and supportive of responsible investment goals. CBRE IM may, in certain circumstances, voluntarily adhere to guidelines established by its clients if doing so can be accomplished within the proxy voting process established with the proxy voting administrator. Otherwise, CBRE IM will not accept proxy voting authority to the extent clients wish to impose voting guidelines different from those of CBRE IM. As the responsibility for proxy voting is defined at the outset of the client relationship (and documented in the

Investment Management Agreement). We do not use the default recommendations of proxy advisors. Instead, we use our own internal guidelines, which are reviewed and updated annually.

Our approach does not vary by geography or assets (real estate or infrastructure). We do have funds which we sub-advise, where we do not vote. For all other funds where we have voting authority, we vote via our internal Proxy Voting Policy guidelines.

Our Proxy Voting Policy for Listed Real Assets is posted on the CBRE IM website at the following link: https://mediaassets.cbre.com/-/media/project/cbre/bussectors/cbreim/home/about-us/sustainability/cbre-im-listed-real-assets-proxy-voting-policy-with-guidelines.pdf?rev=b4255a73a82a4db9b31c6f9978d5987f

The Global Proxy Voting Policy is subject to annual review and was last updated March 2023.

CBRE Investment Management votes on all proxies for clients where we have voting authority. Clients do not vote directly. We do not set up securities lending for clients or manage securities lending for clients.

Other strategies

As previously noted, Principle 12 is not applicable to unlisted real assets in the same context as discussed above for Listed Real Assets. However, CBRE IM does exercise rights and responsibilities with other parties, for example tenants and property managers, advisory boards or company boards.

Direct Real Estate

For Direct Real Estate, where appropriate, we work together with our property managers, sustainability consultants, tenants and developers to further sustainability initiatives at the asset level and set minimum sustainability expectations with our partners. Working with these stakeholders, we have been able to improve the availability of data across our portfolios, allowing for more accurate measurement of the environmental impact of our assets. Data collection of this kind also enables us to file for green building certifications such as BRREAM and LEED. The work of our property managers and sustainability consultants also extends to our rights and responsibilities with our tenants. Through collaborative work, we have been able to improve the quality and quantity of sustainability data that is attributable to tenant-controlled spaces, and thereby improve the full sustainability picture of our assets and portfolios. We were able to accelerate this initiative during the pandemic by providing rent concessions in exchange for access to sustainability data. Increasing sustainability data coverage is an ongoing project for CBRE IM, with different challenges presented by various property types and assets. Improved data collection is facilitated by the use of green lease clauses, the installation of smart meters, and close collaboration with all counterparties.

Indirect Real Estate

Exercising our rights and responsibilities for indirect strategies begins with our initial investment requirements. We will only invest with a new underlying manager that is participating in GRESB or prepared to do so. Once we are invested, and given the scale of our holding, we are often invited to be members of advisory boards. Advisory board meetings can range from quarterly to more frequent meetings if required. On some of these boards, we have voting rights. We will exercise our voting rights on any relevant issues that may arise. The nature of the voting undertaken for the investments targeted by our indirect funds and accounts differs from Listed Real Assets, being typically administrative in nature or can relate to governance matters. Examples may include votes on approval of an extension period for a closed-end fund and the acceptance of a fund's audit accounts. Voting forms only a very limited part of our overall engagement approach, which includes regular interaction with our operating partners and underlying fund managers through control rights or advisory board representation, alongside meetings with management.

Private Infrastructure

For Private Infrastructure, we either sit on the Boards of the companies in which we invest or have observer rights. We make our opinions known to other shareholders and management. Where we are a minority investor, we receive Board materials and have monthly calls with the lead investor using that opportunity to discuss any upcoming issues or votes. Specific to our core global infrastructure portfolio, notwithstanding our ownership stake and subject to duly information rights, on a regular basis, we engage with management team members who have sustainability duties.

Outcomes

Below we provide a series of case studies, by strategy, providing details of how we exercised our rights and responsibilities on behalf of investors.

Case Study: Direct Real Estate tenant engagement initiative

Situation:

Asset level environmental data is critical for identifying and managing climate change transition risk. For property types, such as retail and logistics, where occupiers pay their own expenses, local facility managers often have a reluctance to share energy, water and waste data with landlords.

Challenge:

Without such data, we are unable to fully manage climate risks through decarbonization and other energy reduction strategies at an asset.

Action:

We found that by engaging with headquarter offices, with personnel who understand sustainability risks and their own net zero targets, we are more successful in acquiring the sustainability data we seek. We established a tenant CRM initiative, originally in the U.K. in late 2019, which was later rolled out across our EMEA operations. This initiative is an important facilitator of discussions with corporates. Through these CRM relationships, our environmental and sustainability consultants, on behalf of CBRE IM, identified and engaged with the relevant individuals and departments at these companies who have oversight of sustainability issues relating to the buildings they occupy. These engagements typically consist of emails to members of the property, procurement or environment teams ranging from senior managers to department heads. The purpose of these communications is to seek their cooperation in providing or allowing us to collect environmental data with the potential for collaborative initiatives. This approach allows us to work in partnership with occupiers to improve the sustainability credentials of our assets. Often these companies are tenants across numerous portfolios managed by CBRE IM, sometimes across international borders.

Outcome:

Through our CRM approach, we can coordinate discussions with occupiers to obtain data and work collaboratively on initiatives that benefit our investors. There have been a small number of cases in which the tenant could not satisfy our request for environmental data due to a lack of resources within the occupier’s business to respond to such requests. In such circumstances, we and our consultants, worked closely with the occupier to find appropriate mechanisms through which data sharing could be simplified and streamlined—for example by sourcing environmental data direct from energy suppliers through a Letter of Authority.

Case Study: Indirect Real Estate opportunity declined

Situation:

There are a number of residential strategies that our Indirect Real Estate business has rejected, often as a result of sustainability concerns that suggested that there was a risk of achieving our desired long-term investment performance objectives.

Challenge:

Residential strategies rejected consisted of acquiring standing residential assets with strong reversionary potential, with the manager proposing to do the "minimum required" to unlock rent reversion and bring rental levels up to market levels. Underwritten returns for such strategies are typically in the high single digit/low double digit range so would have fit within our Core/Core Plus indirect portfolios. They would also be in line with our top down approach of investing in residential real estate globally.

Action:

These strategies typically only include a cosmetic refurbishment of each unit's interior without a comprehensive consideration to the energy efficiency of the building. On this basis, the opportunity was rejected by the Investment Committee for environmental reasons. We also rejected these strategies for social reasons since we believed that institutional capital is better used to create new affordable residential assets with strong environmental credentials to help solve the undersupply of housing in Europe as opposed to taking affordable stock out of the market and lifting it to higher rental values.

We have challenged these managers to improve their capital expenditure programs and to also significantly improve the energy performance of the buildings, but this would have resulted in returns falling below our own fund's hurdle rate.

Outcome:

The investment opportunity was declined.

Case Studies: Listed Real Assets voting against management

Situation:

The lead director of an office company received a lack of support from shareholders at the annual meeting the prior year and no major changes were made at the company following the meeting.

Challenge:

The company did not take steps to run an exploratory process to determine the value of the company after the company received two bids, even though the bids were low.

Action:

In 2022, CBRE Investment Management voted against the lead director of an office company during proxy voting for the company's annual meeting. The company should have done more to try to prove out the value of the company, such as setting up a strategic review committee. We believed that some type of process should have been run with more communication to shareholders related to the value of the company. We also were concerned that the board was operating under some dysfunction, as the lead director had tried to resign but the board wanted him to remain.

Outcome:

We believed the board would function better with an independent chair and possibly some additional board refreshment, thus we voted against the lead director. We will continue to engage with the company.

Case Study: Private Infrastructure exercising our rights to increase diversity

Situation:

CBRE IM acquired a 50% interest in a public transport provider. This shareholding came with the right to appoint two board directors and to jointly appoint the board chair with the other shareholder.

Challenge:

We sought to increase the gender diversity of the management.

Action:

We exercised our rights, including our right to participate in the nominations committee which oversees executive appointments and remuneration. We appointed a female

Outcome:

By exercising our rights, we were able to increase diversity, which we believe will bring a diversity of opinion and experience that will lead to better outcomes.

Case Study: Private Infrastructure exercising our rights to appoint board members

Situation:

CBRE IM invested in a different European public transport company than the one in the previous case study, which was created from the merger of six smaller operators.

Challenge:

We sought to exercise our rights to appoint board members.

Action:

We appointed the full board of five individuals comprising the CEO, CFO, and a Chief Digital Officer. The remaining two board directors are CBRE IM employees.

Outcome:

Overall, the board is comprised of three female members including an independent non-executive director.

By exercising our rights, we believe we will see an enhancement of company outcomes.

Case Study: Private Infrastructure engagement and exercising rights

Situation:

We made a preferred equity investment in a renewable energy company for which we did not have a Board seat. The company did not report to GRESB Infrastructure.

Challenge:

The company was taken private. We were not able to vote on that decision and had limited ability to use our influence to convince the company to report to GRESB Infrastructure.

Action:

Because of our lack of access to the company, we engaged with the Pension Fund owner, that we had a relationship with, to insist that the company report to GRESB Infrastructure.

Outcome:

Because of the engagement and pursuing our rights, the company decided to report to GRESB Infrastructure.

Important information

The information in this document has been produced by CBRE Investment Management to demonstrate its adherence to the Principles under the U.K. Stewardship Code 2020.

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of CBRE Investment Management. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated. Neither CBRE Investment Management nor any CBRE Group, Inc. company its respective affiliates nor any of their respective employees or agents (collectively, **CBRE**) assume any responsibility for the accuracy or completeness of such information.

This information contains forward-looking statements that are inherently uncertain and subject to change. There can be no assurance that any initiatives, goals, targets, commitments, intentions, projections or other forward-looking statements herein will ultimately be achieved or that they will be successful. Actual results may vary. It should not be assumed that the successful implementation of any ESG initiatives will have any positive impact on financial performance of any fund or account sponsored by CBRE Investment Management.

Whilst CBRE Investment Management believes that the information contained herein is accurate at the date hereof (or at the date shown in the document), neither CBRE Investment Management nor CBRE makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein (including but not limited to information obtained from third parties), and they expressly disclaim any responsibility or liability therefore.

This document is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security. Past performance is not a guarantee of future performance. The value of investments can go up or down and an investor may not receive back the original amount invested. Property is a specialist sector which may be less liquid and produce more volatile performance than an investment in broader investment sectors. No legal or tax advice is provided. Investors should obtain independent advice prior to making investment decisions in relation to specific investments and trading strategies.

Unless otherwise stated, all views expressed are those of CBRE Investment Management.

CBRE Investment Management