



Climate Report

20
24

CBRE Investment
Management

Contents

01	Introduction	3
	Letter from our Head of Sustainability and Innovation	4
02	Firm overview	5
	Governance	6
	Strategy	11
	Risk management	13
	Metrics and targets	16
03	Investment strategies	17
	Direct Real Estate	18
	Indirect Real Estate	25
	Private Infrastructure	33
	Listed Real Assets	44
04	Closing note	50
05	Appendices	52
	Appendix 1: TCFD disclosures and alignment	53
	Appendix 2: IFRS S2 disclosures and alignment	54
	Appendix 3: GHG emissions—categorization of scopes	55
	Appendix 4: Direct Real Estate methodology	56
	Important information	57





Introduction

01

Letter from our

Head of Sustainability and Innovation

I am pleased to present CBRE Investment Management's fourth annual Climate Report.

As the world confronts the accelerating impacts of climate change, real assets stand at the intersection of risk and opportunity. This past year, the global investment landscape was further impacted by climate-related events including damage to property and infrastructure, business disruption, increased insurance premiums and shifts in regulatory frameworks. These risks are no longer hypothetical or long-term outlooks; they are present and material issues that influence asset performance, market stability and value creation.

At the same time, this disruption is giving rise to significant investment opportunities. As demand for low-carbon and resilient real assets grows by owners and users alike, we believe investors are well-positioned to capture long-term value by embracing this transition and unlocking investment performance through decarbonization, innovation, efficiency gains and alignment with evolving market and policy expectations.

At CBRE Investment Management, we recognize that climate risk is investment risk. That is why we focus on building resilience across our portfolios and future-proofing investments with a goal to deliver enduring value for our clients, communities and the planet. Our sustainability strategy is embedded across the investment lifecycle, making sustainability a core lens through which we assess risk, uncover opportunity and drive operational excellence. We believe this integrated approach positions our assets to better withstand the physical and transition impacts of climate change and aligns with our fiduciary responsibility to deliver long-term, risk-adjusted returns for our clients.

This Climate Report outlines our performance, progress and key initiatives in 2024. It articulates our approach to assessing climate risks and opportunities informed by the Task Force on Climate-related Financial Disclosures (TCFD) and the International Financial Reporting Standards (IFRS) S1 and S2.¹ It also highlights the concrete actions we are taking to improve asset performance and build climate resilience across our global platform.

Looking ahead, we recognize that navigating climate risks and opportunities requires continuous collaboration, innovation, and leadership. Addressing climate risk is a dynamic challenge, but it is also a great opportunity to help shape a more sustainable and resilient future.



Helen Gurfel
Head of Sustainability and Innovation

¹ Appendix 1 provides the TCFD disclosures and our alignment. Appendix 2 provides the IFRS S2 disclosures and our alignment.



Firm Overview

02

Governance

We believe that a strong governance model ensures processes and policies are consistently applied when managing and mitigating investment risk on behalf of our clients across investment vehicles and geographies.

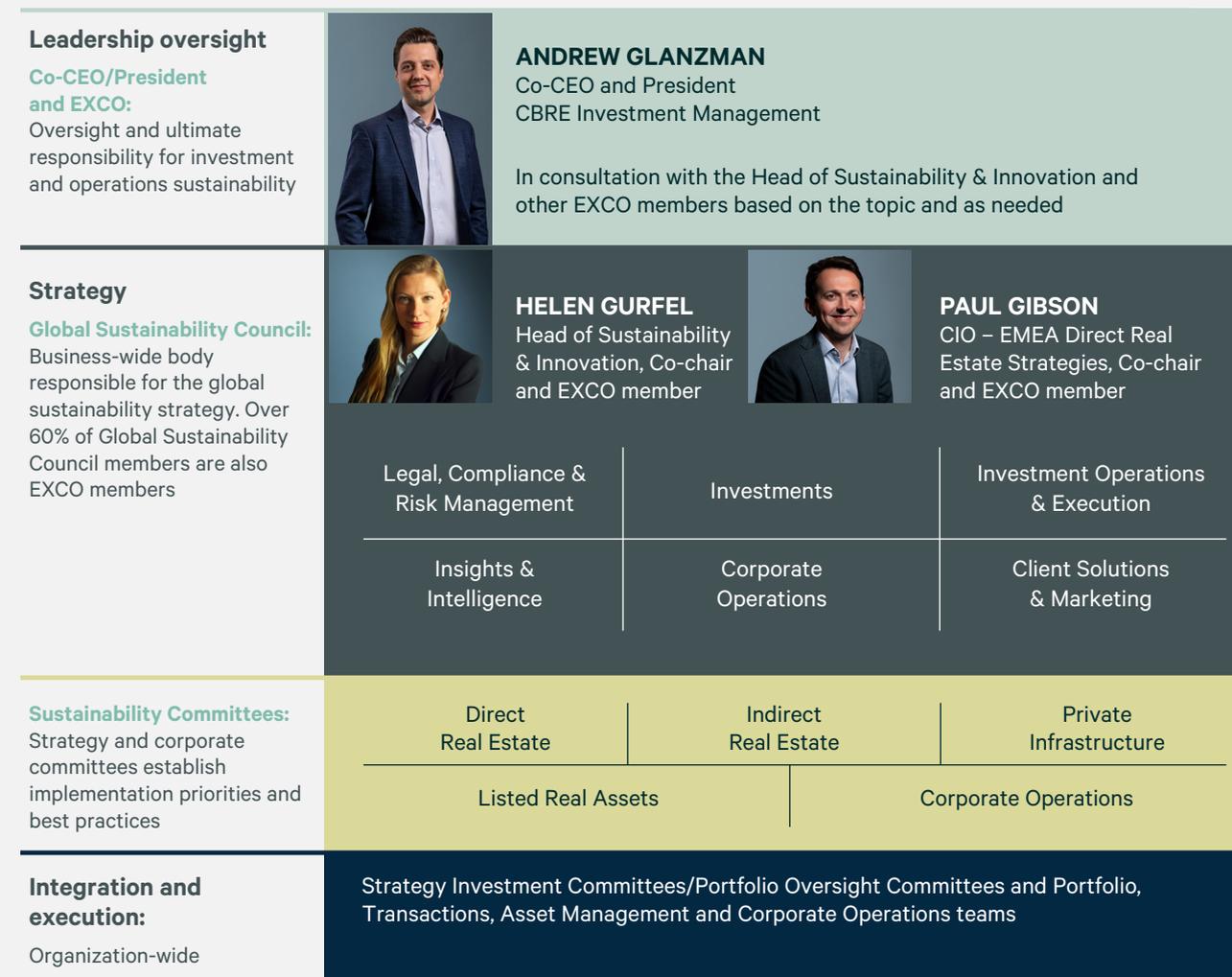
The Co-CEO and President for CBRE Investment Management (CBRE IM or the Firm) has the ultimate oversight and responsibility for sustainability, including our Sustainability Vision and Policy. He meets with the Head of Sustainability and Innovation on a regular basis and consults frequently with Executive Committee (EXCO) members on sustainability topics as needed. Our 20-member EXCO includes the Head of Sustainability and Innovation and other senior leaders from across functions, geographies and strategies.

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. Nearly 60% of the Global Sustainability Council are EXCO members, demonstrating the Firm's commitment to sustainability.

The Global Sustainability Council also includes representatives from Client Solutions, Insights and Intelligence (Research), Investments, Investment Operations and Execution, Legal, Compliance and Risk Management, Marketing and Corporate Operations. The Council typically meets on a quarterly basis.

Corporate Operations and the four major investment strategies (Direct Real Estate, Indirect Real Estate, Private Infrastructure and Listed Real Assets) have Sustainability Committees, which are 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. The Committees also serve as a forum for the escalation of sustainability, stewardship or engagement issues, 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 at least quarterly.

Figure 1: Sustainability governance structure



Governance

Investment process integration

Strategy Investment Committees have responsibility for ensuring that sustainability risks and opportunities are appropriately addressed for acquisitions, dispositions, financing and material capital expenditures. Portfolio Oversight Committees (POCs), which are subsets of the Strategy Investment Committees, have oversight of sustainability risks and opportunities in the management of our portfolios.

Portfolio managers have responsibility for reviewing sustainability factors as part of an acquisition’s due diligence process, incorporating sustainability initiatives into the management of their portfolios (where consistent with investment objectives) and communicating material sustainability and stewardship issues to investors.

Where relevant, climate change-related topics are included in decision-making processes across our global platform. A senior member of the Sustainability Team is a voting member on all private market Investment Committees. Investment Committee memoranda contain a section on sustainability and climate change risk, which is part of the investment due diligence analysis and incorporated into underwriting, investment positioning and the investment plan when applicable for the purposes of risk mitigation and value creation.²

In 2024, all of our active funds that submitted to GRESB (global real assets sustainability benchmark) received full points (30 out of 30) on the management section,³ demonstrating the Firm’s integration of sustainability and climate risk into our governance processes and procedures.

Key Results

GRESB and the Principles for Responsible Investment (PRI) assessments serve as proxies to allow us to benchmark our sustainability performance and measure continuous improvement. The graphic below shows our most current results for both assessments.



81

Portfolios/portfolio companies submitted

100/100

★★★★★ rating
Confidence building measure

30/30

Management Component score

90/100

★★★★★ rating
Policy, Governance and Strategy

12.2

Average portfolio company points increase in infrastructure

89/100

★★★★★ rating
Direct Real Estate

8.3

Points higher than GRESB averages for Direct Real Estate Performance Component

93/100

★★★★★ rating
Direct Infrastructure

4.2

Points higher than GRESB averages for Direct Real Estate Development Component

96/100

★★★★★ rating
Indirect Real Estate

^{*}Based on GAV
For illustrative purposes only. There can be no assurance any current initiatives will ultimately be achieved. Based on CBRE Investment Management’s subjective assessment and subject to change.

²There can be no assurance that any consideration of sustainability factors or climate change risk will ultimately be successful and, even if successful, that the investment will be profitable. Sustainability and climate change risks are among the many factors considered by the Investment Committee in making the determination to invest in an opportunity.

³GRESB Real Estate and Infrastructure Assessments. As of October 2024, for the 2023 period.

Governance

Figure 2: Sustainability responsibility and resources across the platform



The Firm has 14 dedicated sustainability professionals (the Sustainability Team) led by Helen Gurfel, the Head of Sustainability and Innovation.

Working in collaboration across the organization, 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, along with the wider business, in implementing and integrating sustainability and stewardship into their daily activities where consistent with investment objectives.

The Sustainability Team members act as subject matter experts, assisting portfolio and fund managers when engaging on sustainability topics with external parties including investors, portfolio companies, underlying managers, property managers and users/occupiers.

The Sustainability Team focuses on the implementation and execution of sustainability initiatives for our investment strategies and regions, specifically: Indirect Real Estate, Private Infrastructure, Americas Direct Real Estate, EMEA Direct Real Estate, APAC Direct Real Estate and Listed Real Assets.

For illustrative purposes only. Source: CBRE Investment Management, data as of April 2025 and is subject to change.
*Based on numbers of members on each committee and does not account for people who are on multiple committees.

Governance

We have a team of 14 global dedicated sustainability professionals.

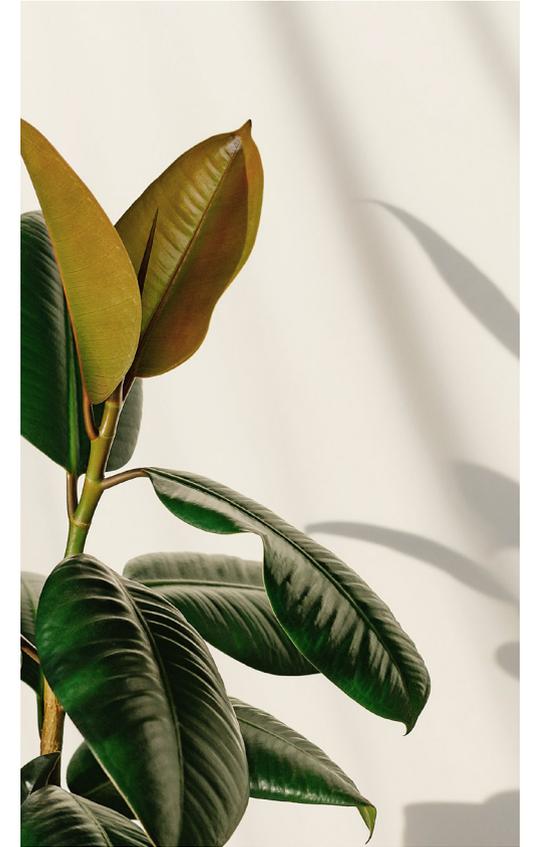
Sustainability Team members speak multiple languages and have academic qualifications in STEM (science, technology, engineering, mathematics), including degrees in Climate Change Management, Environmental Sciences, Industrial Engineering, Sustainability Management, Environmental Planning, Policy and 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.



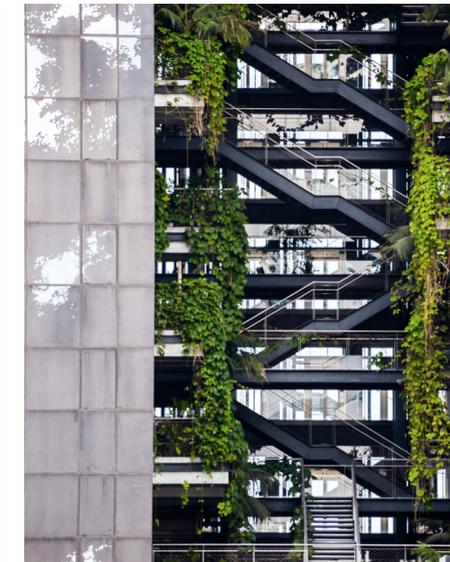
14

Dedicated sustainability professionals

The Sustainability Team focuses on the strategy and execution of sustainability initiatives for our investment strategies and regions, specifically: Americas Direct Real Estate, EMEA Direct Real Estate, APAC Direct Real Estate, Indirect Real Estate, Private Infrastructure, Listed Real Assets.



Team members have academic qualifications in science, technology, engineering and mathematics (STEM)



Senior members of the Sustainability Team also hold relevant professional qualifications.

Governance

Firmwide engagement

- We seek to support our commitment to sustainability and implementation of our Sustainability Vision through extensive training and knowledge sharing. Since launching our all-employee initiative in 2022 to create greater sustainability fluency and accountability across CBRE IM, we have delivered over 4,000 hours of training through:
 - Presentations and webinars throughout the year.
 - An intranet web-based platform called the Sustainability Knowledge Hub, which provides sustainability content, tools and resources.
 - A fun and effective learning platform called Stickerbook, which allows us to provide the organization with ongoing short-form sustainability training and market-based updates.
 - Our Sustainability Ambassadors program, which has trained and tasked over 130 professionals globally with integrating sustainability within their objectives for their relevant function, sector and/or geography.
 - Top-tier training on sustainable real estate through the University of Cambridge Institute for Sustainability Leadership.



Since 2022, we've delivered 4,000+ hours of training and engaged 130+ Sustainability Ambassadors

Strategy

Climate: We believe our focus on climate helps future-proof our investments and operations by mitigating risk and creating value.

Infrastructure, including energy, transport, water, waste management, digital communications and building sectors, is responsible for nearly 80% of global greenhouse gas emissions,⁴ with nearly 40% attributed to the built environment.⁵ With over \$146 billion of assets under management (AUM),⁶ CBRE IM has the equivalent of a virtual international city under our direct and indirect management and with it, we believe we have the opportunity to make a tangible positive impact for both investor portfolios and the future of the planet. A key facet of our climate risk management strategy is our commitment to reducing greenhouse gas (GHG) emissions. Where consistent with investment objectives, client expectations and regulation, we aim to reach net zero GHG emissions by 2050 or sooner.

To develop our Sustainability 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.

In line with our holistic approach to sustainability, we focus on climate and people as fundamental to maximizing long-term investment returns. In 2024, we updated our materiality assessment in collaboration with CBRE. We identified key sustainability risks and opportunities material to our business, which are provided in the risk management section of this report. This assessment was conducted in alignment with new voluntary standards and regulatory requirements.

Figure 3: Our CBRE IM Sustainability Vision pillars

Our focus on sustainability is fundamental to creating value, managing risk and maximizing long-term investment returns, while preserving our planet for future generations

Our Vision is to help lead the transition to a sustainable future

CLIMATE

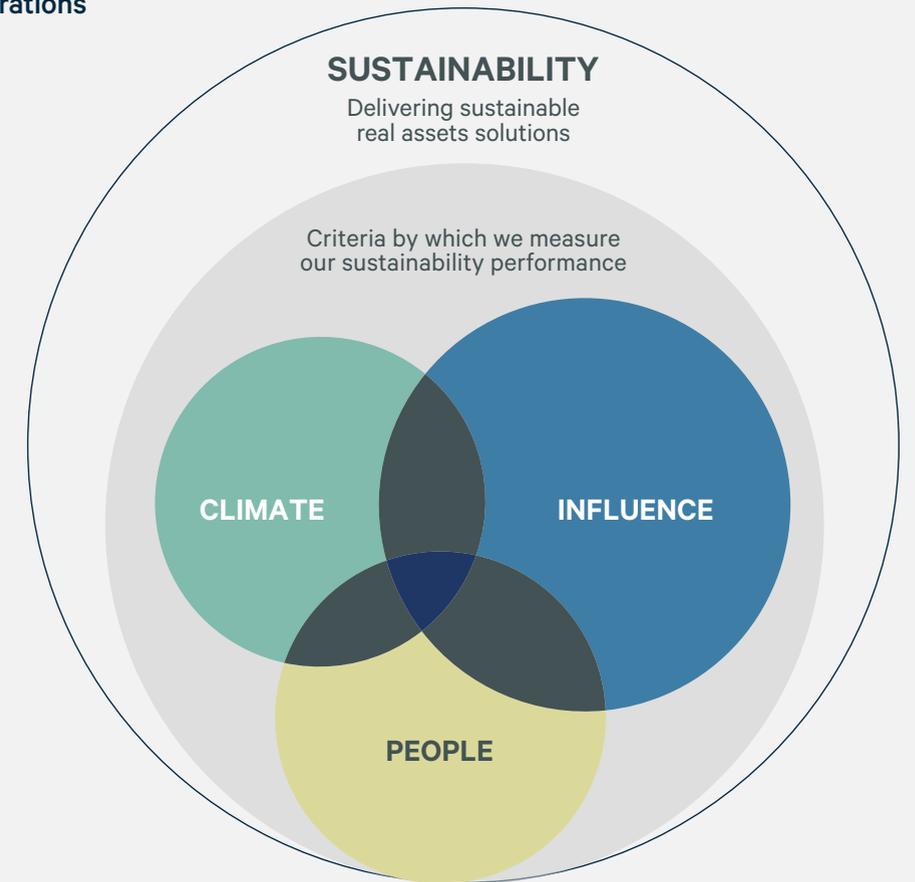
Future-proof our investments by focusing on climate mitigation and adaptation

PEOPLE

Champion our CBRE RISE values (respect, integrity, service and excellence), which underpin everything we do

INFLUENCE

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



⁴ UNOPS, UNEP and the University of Oxford, Infrastructure for Climate Action, October 2021.

⁵ <https://www.unep.org/resources/report/building-materials-and-climate-constructing-new-future#:~:text=The%20buildings%20and%20construction%20sector,have%20a%20significant%20carbon%20footprint>, September 2023.

⁶ As of December 31, 2023. Assets under management (AUM) refers to the fair market value of real estate-related assets 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 estate; equity in funds and joint ventures; securities portfolios; operating companies and real estate related loans. This AUM is intended principally to reflect the extent of CBRE Investment Management's presence in the global real estate market and its calculation of AUM may differ from the calculations of other asset managers.

Strategy

Internal and industry influence and engagement

We seek to proactively engage the full ecosystem of real assets industry participants and share best practices across investment strategies to drive positive outcomes. This approach informs our engagement with key stakeholders, which includes our joint-venture partners, portfolio companies, users/occupiers, property managers and supply chain providers.

We also work collaboratively with numerous industry organizations through participation in working groups, boards and committees to advance industry progress.

Many of the sustainability and climate-related organizations we participate in act as representative bodies for the real estate or infrastructure industry, the fund management industry and/or various investor constituencies. Many of these organizations are in regular contact with governments and regulatory bodies on behalf of their members, and we are able to provide a real-world view of what is viable for the industry to help inform positive engagement and outcomes.

Corporate operations

We seek to align our CBRE IM corporate operations with those of our parent organization, CBRE Group, Inc. (CBRE), and its commitment to reach net zero GHG emissions across the value chain by 2040, which follows the Science Based Targets initiative (SBTi). Our Sustainability Team developed Global Office Management Sustainability Guidelines for our corporate operations, built on best practices already in use in many of our offices globally. We also seek to engage with our landlords on climate-related issues when appropriate.

CBRE IM is a signatory to the Principles for Responsible Investment (PRI) and TCFD, an active contributor to GRESB, 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 and IIGCC)
- Institute of Corporate Responsibility and Sustainability (ICRS)
- Institution of Environmental Sciences (IES)
- Institutional Investors Group on Climate Change (IIGCC)
- Pensions For Purpose
- PRI Sustainable Systems Investment Managers Reference Group (SSIMRG)
- 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)
- UK Green Building Council (UK GBC)
- Urban Land Institute (ULI)

Select highlights of 2024 industry engagements:

- Member of the ULI Greenprint Center
 - Member of the steering committee to help establish Carbon Risk Real Estate Monitor (CRREM) pathways for North America
- Member of GRESB's Real Estate Standards Committee
- Member of the Real Estate Roundtable Sustainability Committee
- Co-Vice Chair of the Institute for Corporate Responsibility and Sustainability (ICRS)
- Member of PRI's Sustainable Systems Investment Managers Reference Group (SSIMRG)
- Member of the Technical Committee Working Group responsible for the development of the ISO 14060 Net Zero Standard
- Active engagement with U.K. Department for Energy Security and Net Zero regarding real estate decarbonization
- Engagement with the BBP Roundtables and Working Groups
- Member of the INREV ESG Committee
- Member of the SMI Buildings Taskforce
- Participated throughout the year in many sustainability-related interviews, panels and articles

Risk management

We recognize that climate risks—both physical and transition—can have impacts on CBRE IM operations as well as on the investments we manage on behalf of our clients. The number of natural disasters has increased significantly in recent years due to climate change (Forbes Advisor, 2024).⁷

In 2024, the planet was besieged by 58 distinct weather disasters globally—with each causing damage of over \$1 billion. The total financial impact wrought by weather disasters in 2024 was \$402 billion, 20% higher than the 10-year average.⁸

And 2024 was a historic year in the number and cost of weather and climate disasters in the U.S. in particular. According to the U.S. National Centers for Environmental Information, the U.S. experienced 27 separate weather and climate disasters—each with over \$1 billion in damages. Damages from these disasters totaled \$182.7 billion.⁹

Climate events have the potential to damage property and infrastructure, cause business interruption, increase insurance costs and accelerate population migration. Resilience, adaptation and mitigation are critical considerations in the acquisitions and management of our investments and in delivering long-term returns to investors. A description of physical and transition risks and opportunities is provided in **Figure 4.**

⁷ Source: <https://www.forbes.com/advisor/homeowners-insurance/natural-disaster-statistics/#:~:text=In%202022%2C%20the%20U.S.%20experienced,dollar%20natural%20disasters%20per%20year.>

⁸ Inflation-adjusted average (Gallagher Re's historical database extends back to 1990). <https://yaleclimateconnections.org/2025/01/the-planet-had-58-billion-dollar-weather-disasters-in-2024-the-second-highest-on-record/#:~:text=The%20total%20damage%20wrought%20by,database%20extends%20back%20to%201990.>

⁹ <https://www.climate.gov/news-features/blogs/beyond-data/2024-active-year-us-billion-dollar-weather-and-climate-disasters>.

\$402B

Total damage wrought by weather disasters globally in 2024

58

Separate climate disasters experienced in 2024 that cost over \$1 billion

\$182.7B

Total amount of damages from 27 disasters in the U.S. in 2024

The number of climate-related natural disasters has increased significantly in recent years.

Figure 4: Understanding physical and transition climate change risks and opportunities

Physical risks and opportunities

There are two types of physical risk: 1) chronic—long-term shifts in climate patterns, and 2) acute—more sudden or extreme events. Both chronic and acute risks can impact asset values, hinder business operations, impede asset financing and increase the cost of insurance. By building resilience to physical climate risk hazards such as flooding, extreme wind and heat stress through climate adaptation measures, we can help maintain our assets' usability and long-term value.

Transition risks and opportunities

Transition risks for real assets encompass the challenges and opportunities associated with the transition to a low-carbon economy and the implementation of climate-related policies, regulations and technological advancements. These risks expose real assets, like infrastructure and real estate, to an increase in capital expenditures or reassessment of asset values.

By proactively addressing transition risks and seizing opportunities for decarbonization, we believe real assets investors can enhance resilience, drive value creation and contribute to a more sustainable future.



Risk management

Risks and opportunities across real assets portfolios can be categorized as follows:

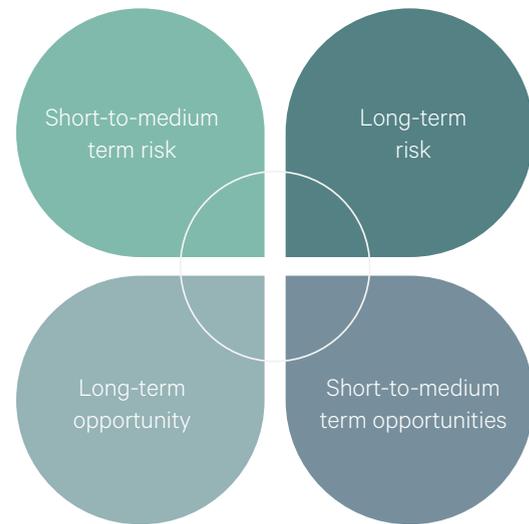


Figure 5: Potential short, medium and long term climate change related risks and opportunities

Short-to-medium term risk (operational and market pressures)

- **Increased insurance, utility and financing costs** for high-risk or carbon-intensive assets.
- **Physical damage and service disruptions** from extreme weather events affecting asset performance and supply chains.
- **Rising regulatory and compliance costs**, including GHG reporting, carbon pricing, and stricter energy performance standards.
- **Litigation and reputational risks** tied to emissions, poor ESG performance, or failure to meet stakeholder expectations.
- **Shifting demand** away from inefficient or high-risk assets by investors and users/occupiers.

Short- to medium-term opportunity (strategic efforts)

- **Cost savings and emissions reduction** through energy and resource efficiency.
- **Increased asset value and tenant appeal** for high-performing, climate-resilient real assets.
- **Sustainability-linked revenue streams** created by monetizing sustainability features and aligning incentives with users/occupiers (e.g., solar, battery, EV charging).
- **Access to green financing and preferential capital** (e.g., sustainable assets may qualify for green bonds or sustainability-linked loans) that can **improve financing terms and expand investor interest**.
- **Digitalization and smart technology** (e.g., deploying advanced analytics, IoT, and AI for predictive maintenance and energy optimization) can **increase user/occupier satisfaction and reduce costs**.

Long-term risk (structural and systemic threats)

- **Depressed valuations and escalating capital costs** due to higher climate-related risk exposure in portfolios.
- Chronic climate impacts (e.g., sea level rise, heat, water scarcity) threatening **operational continuity**.
- **Infrastructure vulnerability** due to climate impacted energy and water systems.
- **Regulatory burdens and compliance difficulties** increasing cost and complexity for risk-prone assets.
- **Climate migration** where long-term shifts in population in vulnerable regions could reduce asset demand or increase operational risk.

Long-term opportunity (portfolio transformation and growth)

- **Stronger demand and revenue growth** leads to **enhanced asset value** for resilient, efficient, future-proofed portfolios.
- **Lower operational risk** for sustainable, efficient assets.
- **Energy price hedging** and leadership positioning via early adoption of renewables.
- **Policy and regulatory alignment advantages** where future-proofed assets are more likely to benefit from incentives, avoid penalties, and maintain regulatory compliance.
- **Partnerships with public sector or utilities**, collaborating on grid resilience, microgrids, or community-scale energy solutions can **unlock co-investment and long-term infrastructure value**.

Source: CBRE Investment Management. Climate considerations reflect the subjective views of CBRE IM and cannot be independently verified. May not represent all relevant risks.

Risk management

Figure 6 depicts the structure within which CBRE IM assesses climate-related risks and opportunities and their influence on strategic planning, risk management and financial outcomes.

Details of our risk management approach for each investment strategy are covered in the strategy and risk management sections that follow this Firm-level overview.

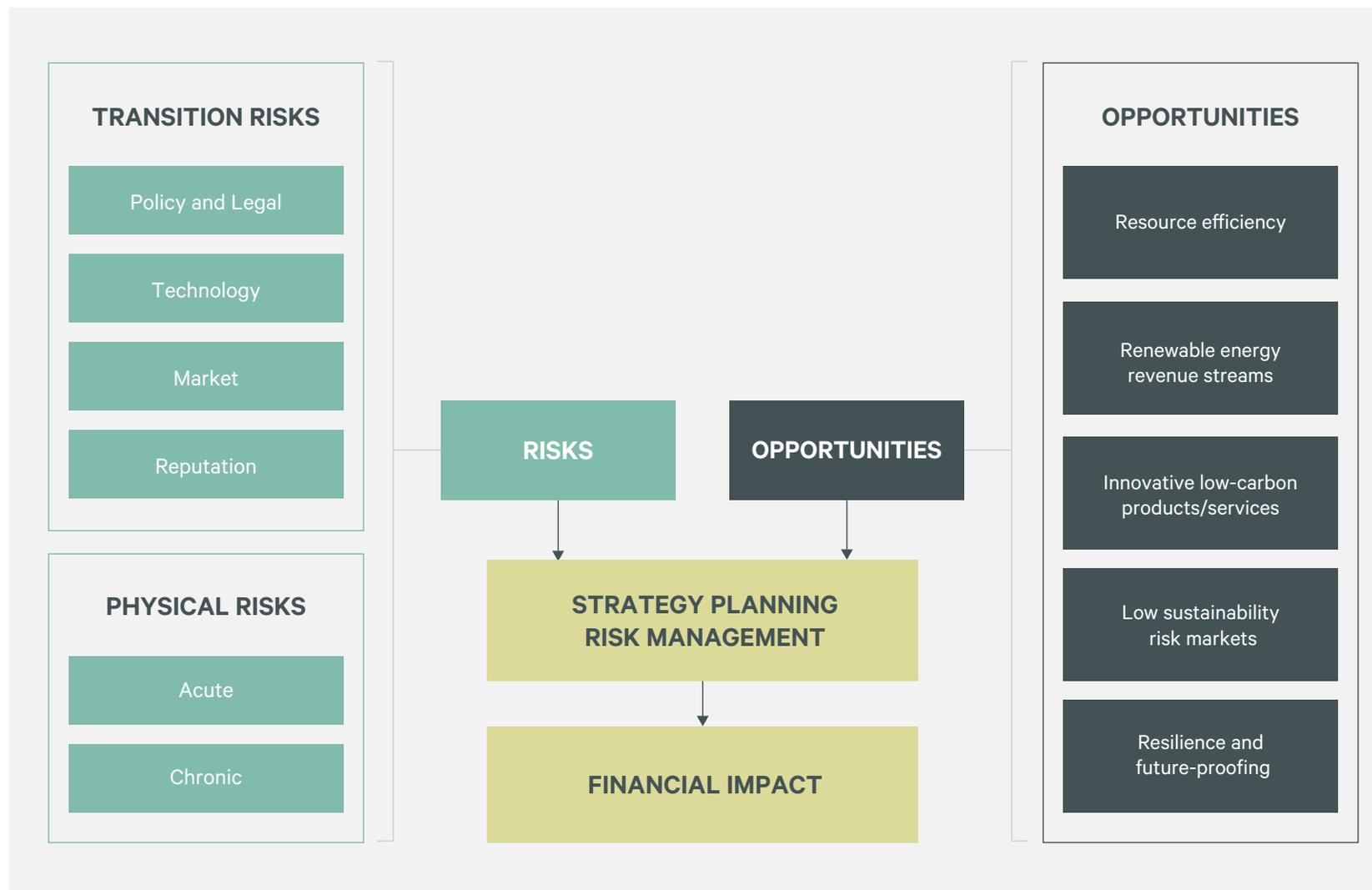
CBRE IM corporate offices

Our risks and opportunities for our CBRE IM global offices are governed by CBRE policies, protocols and programs that cover, as examples, disaster recovery and business continuity.

We believe there is a strong link between climate change and crisis management, and therefore, CBRE and CBRE IM are committed to strengthening our resilience and adaptive capacity to climate-related hazards. CBRE has a meteorologist on staff who assists with severe-weather incident planning and awareness.

Ongoing disruptive climate-related incidents occurring across the globe have highlighted the need for CBRE to develop a consistent approach to response and communication to these events. By having documented plans and assigned incident response and crisis management teams in place, CBRE is empowered to effectively respond to climate-related incidents, ensure the safety of staff and minimize the impact and downtime to business operations.

Figure 6: Climate-related risks, opportunities and financial impact



We believe there is a strong link between climate change and crisis management, and therefore, CBRE and CBRE IM are committed to strengthening our resilience and adaptive capacity to climate-related hazards.

Metrics and targets

Metrics

We seek to report GHG emissions in accordance with the [Greenhouse Gas Protocol](#)¹⁰—which is the world’s most widely used GHG accounting standard. Metrics for CBRE IM’s investments are provided where applicable in the investment strategy specific sections that follow.

Throughout the report, each investment strategy outlines emissions categorized at the investment, portfolio company and/or underlying fund level for Scopes 1, 2 and 3. Since these emissions sit at the fund or separate account level and are not consolidated onto CBRE IM’s balance sheet, they are reported in CBRE Group’s corporate emissions as Scope 3, Category 15. For more information on the categorization of scopes, please see **Appendix 3**.

For our corporate operations, metrics are rolled up to CBRE and provided in CBRE’s Annual Corporate

Responsibility Report found at [Corporate Responsibility | CBRE](#).

Targets

For CBRE IM’s corporate operations, we seek to align our corporate operations with CBRE’s commitment to net zero GHG emissions across the value chain by 2040, which follow SBTi.¹¹

¹⁰ See <https://ghgprotocol.org/> for information on the Greenhouse Gas Protocol. We report emissions where available in our GRESB submissions which are assured for many of our funds that submit to GRESB.

¹¹ The SBTi was validated in December 2020. There is no guarantee any targets or current initiatives will be achieved as described in this document or occur as expected or ultimately be achieved.

For CBRE IM’s corporate operations, we seek to align our corporate operations with the commitment of CBRE to net zero GHG emissions across the value chain by 2040, which follows SBTi.





Investment Strategies

03

Direct Real Estate



Strategy

CBRE IM invests in a full range of Direct Real Estate investment opportunities across risk profiles and sectors—including logistics, residential, commercial and retail. We directly acquire and operate properties via regional and global programs on behalf of our clients. We believe there is a need to focus on sustainable risk mitigation and value creation to maintain the competitiveness of our investments. To help future-proof our investments, we recognize the need to focus on climate mitigation (reduce the impact of our assets on the environment) and climate adaptation (increase resiliency to reduce the environment's physical impact on our assets). As part of our climate risk management strategy, we seek to achieve our long-term net zero target by 2050 or sooner, where consistent with investment objectives, client expectations and regulation.¹²

Sustainability is not treated as a standalone consideration, but as an essential component that informs how we underwrite, acquire, manage and ultimately seek to realize value from our investments. We believe this integrated approach aligns with our fiduciary responsibility and enhances our ability to deliver resilient, long-term performance for our investors.

We believe this integrated approach enables us to:

- Enhance operational efficiency
- Strengthen asset value and market competitiveness
- Improve tenant experience and retention
- Reduce exposure to climate and regulatory risk
- Align with evolving investor expectations and policy frameworks, providing greater access to capital
- Support long-term, risk-adjusted returns and insurance benefits

As the regulatory landscape continues to evolve, it is vital to maintain a pragmatic approach that aligns with the expectation of diverse stakeholders including clients, regulators, occupiers and employees.

Our dedicated portfolio and asset management teams, alongside the Firm's in-house Sustainability Team, seek to evaluate opportunities to add value and reduce risk for each asset.

¹² The methodology will be reviewed regularly and updated in line with best practice associated with real estate target setting.

Direct Real Estate

Sustainability is not treated as a standalone consideration, but as an essential component that informs how we underwrite, acquire, manage, and ultimately seek to realize value from our investments.

Integration typically starts with asset acquisitions. Sustainability initiatives may be formulated during the due diligence process and included in the portfolio's strategic plan and capital expenditure program for a potential investment when appropriate. Environmental, as well as physical and transition risk and opportunity factors, may be considered as part of the investment selection process and may include the following, where consistent with investment objectives:

- **Climate:** Energy, water and waste consumption, GHG emissions, exposure to fossil fuels, energy generation from on-site renewables, energy labels and building certifications and building exterior environmental characteristics (orientation, facades, landscape, etc.).
- **People:** Occupier and industry exposure, presence of harmful materials or contamination, building interior environmental/wellbeing characteristics (lighting, air quality, occupier comfort, etc.), access to bicycle parking, electric vehicle charging stations, public transportation and amenities.
- **Influence:** Alignment with rapidly evolving regulations and expectations of tenants and clients.

Our framework provides portfolio managers, transaction managers and asset managers with a comprehensive list of sustainability-related questions which are intended to be addressed during the due diligence of an acquisition.

As mentioned in the Governance section above, a senior member of the Sustainability Team is a voting member on each regional Direct Real Estate Investment Committee and assist 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.

Our approach ensures that such risks are evaluated in a consistent manner across the global platform. Our transaction managers seek to integrate 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 when applicable. To identify potential improvements, third-party consultants may be engaged to evaluate the physical and environmental characteristics of assets.

Once an asset is acquired and transitioned into the portfolio, the Investment Team typically onboards the asset onto a data management system which helps us measure, track and improve energy and sustainability performance.

The data management system collects critical sustainability data, such as energy use, water consumption, waste, audits, projects (including stakeholder engagement), certifications and ratings. Portfolio and asset management teams utilize this data to identify performance improvement opportunities, analyze sustainability key performance indicators (KPIs), file for Energy Performance Certificate ratings, assist with BREEAM, LEED and other building certifications and determine other appropriate green building initiatives to implement. For active funds and separate accounts and where consistent with investment objectives, we annually complete the GRESB assessment.

Our active funds typically report on climate-related issues in their quarterly and annual reports, at Advisory Board Meetings (where they exist), in investor operational due diligence meetings, investor engagements such as annual investor conferences and in ad hoc communications to investors. We also seek to provide sustainability and climate-related information in separate account client reports when desired by the client.

CASE STUDY

Direct Real Estate

Future-proofing asset development



Challenge

CBRE IM acquired a 73.6-acre development site along the highly strategic New Jersey Turnpike with the aim of delivering over 1 million square feet across three modern logistics facilities. While the market demand for high-spec industrial space was clear, CBRE IM also sought to meet rising tenant expectations around sustainability, renewable energy access and future-ready infrastructure.

The challenge was to align economic development, tenant demand, and sustainability objectives, enabling us to maximize long-term financial performance and sustainability outcomes from the ground up.



Solution

CBRE IM brought together its in-house development and sustainability experts, asset management team, and development partner to embed environmental performance into the project from day one.

- **Future-proofing:** The team adopted best-in-class design standards that emphasized flexibility, efficiency and long-term value creation. These standards ensured the integration of energy-efficient systems, modern building features and infrastructure readiness for future technology like electric vehicle (EV) fleets and battery storage.
- **Solar integration:** CBRE IM leased the rooftops to a solar developer and collaborated closely to submit an application and win approval to participate in the New Jersey Community Solar Program. The resulting agreement secured a large interconnection allotment, enabling clean, less costly, energy to flow directly into the local grid—delivering benefits to both the community and future tenants.



Result

- **Clean energy impact:** The executed lease will support a 10.5 MW rooftop solar installation, expected to generate renewable power for the tenant and up to 1,800 local households under the state's community solar initiative.
- **Financial upside:** The solar lease represents nearly 2% of the underwritten stabilized net operating income (NOI).
- **Tenant marketability:** The logistics buildings achieved LEED Gold certification, improving the operating efficiency of the assets, enhancing their attractiveness to environmentally focused tenants and increasing long-term asset value.
- **Future-ready infrastructure:** The site includes preconstructed infrastructure to support EV fleet charging and battery storage, providing resilience against power disruptions and positioning the properties to meet evolving transportation and energy trends.

This project showcases CBRE IM's ability to integrate sustainability and innovation into logistics development, delivering measurable environmental and financial results while supporting community energy access.

Case studies are for illustrative purposes only and not representative of all investments. Please note that the investment examples are included herein to convey our thought process and approach in analyzing investment opportunities and are not indicative of performance for any actual portfolio.

Direct Real Estate

Risk management¹³

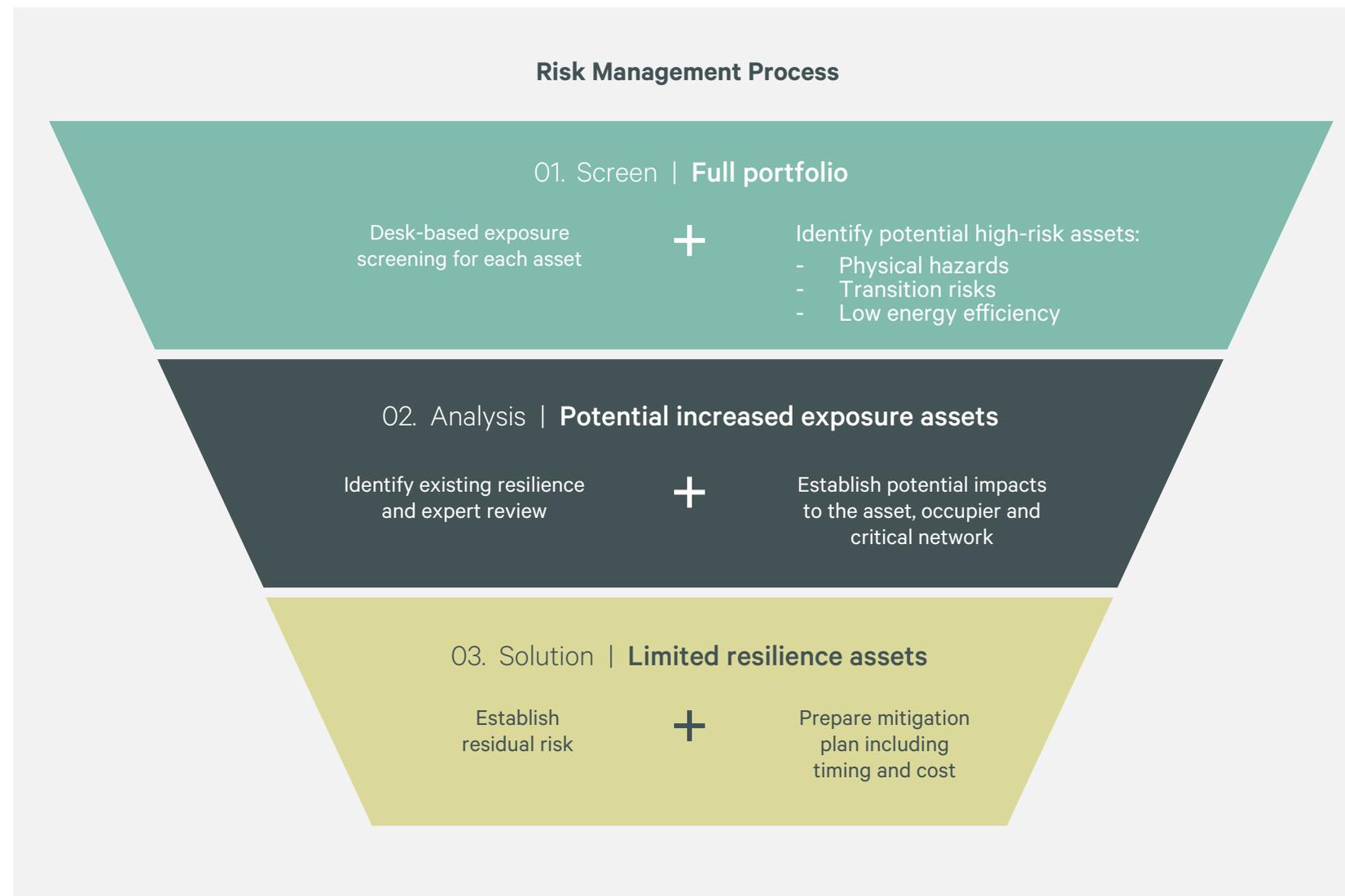
The following graphic depicts our typical risk management process for climate-related risks for our direct real estate portfolios where consistent with investment objectives.

Our approach begins with a desk-based screening to identify potential high-risk assets for transition and physical risks. We use physical and transition risk tools to identify potential risks.

We then seek to conduct a more thorough analysis on the potential higher-risk assets to better understand asset performance as it relates to transition risk, physical risk and resiliency. If the asset is not efficient or does not have resiliency measures in place, we seek to work with a building engineer to prepare a mitigation plan for the asset and outline required operational and capital expenditures to be considered.

We use Climate X to assess physical risk under various scenarios across local physical risk hazards including river flood, surface flood, coastal flood, wildfire, storms, tropical cyclones, subsidence, landslide, extreme heat days, drought and storm surge leveraging the latest climate models with up-to-date real-world data. The tool can quantify potential financial impacts of climate risks as well as opportunities specific to properties based on their location. 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, further investigations may be conducted as described above to assess if mitigation measures are already in place or what appropriate mitigation measures need to be included in the asset's business plan to reduce risk.

Figure 7: Sustainability risk management process



To aid in the initial evaluation process and assess climate-related risk, when applicable, we use physical and transition risk tools to identify potential risks.

¹³ There can be no assurance that any risk management practices described will be successful. Source: CBRE Investment Management.

Direct Real Estate

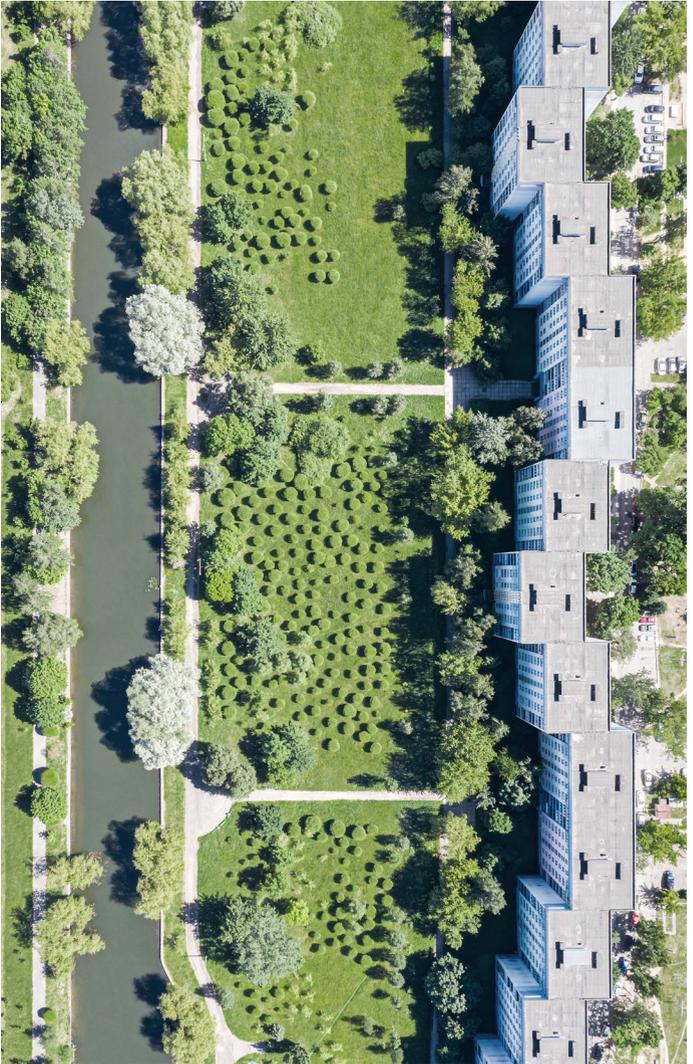
Where applicable, we use the Carbon Risk Real Estate Monitor (CRREM) to assess operational decarbonization risk. By benchmarking asset and portfolio performance, the CRREM tool allows us to gauge potential risk through 2050 against scenarios of a 1.5 °C and a 2 °C increase in global temperatures, respectively.

We measure progress of our Direct Real Estate portfolios through sustainability key performance indicators using globally recognized sustainability frameworks such as GRESB, INREV and regulatory metrics (e.g., the Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impacts (PAIs)).

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 resource efficiency, or provide opportunities through sharing best practices.

The goal of our decarbonization audit process is to perform evaluations with appropriate technical expertise and create actionable transition pathways. The transition pathways seek to equip our asset and fund management teams with a suggested roadmap outlining the budgetary requirements for decarbonizing portfolio assets. These suggestions are then discussed in the context of other investment parameters such as asset hold period, tenant rollover and equipment end of useful life. The audits and verification process seek to enable long-term planning through assessment and integration of recommendations into asset business plans and ultimately on-site changes. The requirements align with ISO and ASHRAE standards to fulfill regulatory regional requirements, such as the U.K. Energy Savings Opportunity Scheme (ESOS), the Minimum Energy Efficiency Standards (MEES), the European Taxonomy, SFDR and the European Energy Efficiency Directive (EED), while seeking to create value. To support our decarbonization efforts, we have a global rooftop solar initiative and seek to install water meters to better manage water usage, including reducing water usage, detecting leaks and mitigating potential water shortages from droughts.

We measure progress through globally recognized sustainability key performance indicators and the value created for our clients.



The goal of our decarbonization audit process is to create actionable transition pathways for long-term planning.

CASE STUDY

Direct Real Estate

Sustainability due diligence impact on acquisition price



Challenge

Our portfolio and asset management teams had concerns about a seller's claim that a retail property could achieve a B Energy Performance Certificate (EPC) rating. The property currently has a C rating, which is valid until 2026. However, how EPC scores are calculated had changed since the certificate was issued in 2016, so there was a risk that the rating could drop when reassessed.



Solution

Given the age and construction of the building, we recommended the completion of a Level 5 EPC assessment to ascertain what the rating would be when reassessed. Although more time-consuming and data intensive, the detailed and dynamic Level 5 EPC typically produces the most accurate score for an asset. The result of the exercise was initially an F rating, much lower than the B the seller claimed was achievable. With more information, the rating was upgraded to E.

The seller simultaneously completed a less detailed Level 4 EPC assessment which returned a C-rating.



Result

Through discussions, our E rating was agreed upon by all parties to be definitive.

The optimized EPC assessment and fully costed pathway to EPC B, involving replacing the current gas boilers with air source heat pumps and upgrading all lighting, allowed CBRE IM to negotiate a £500,000 discount in the purchase price of the property.

Case studies are for illustrative purposes only and not representative of all investments. Please note that the investment examples are included herein to convey our thought process and approach in analyzing investment opportunities and are not indicative of performance for any actual portfolio.

Direct Real Estate

Metrics and targets

Figure 8 shows our sustainability performance for our Direct Real Estate portfolios that are aggregated based on assured GRESB data. Because GRESB is a backward-looking assessment, the latest data submitted to GRESB in 2024 was year-end 2023 data. GRESB is submitted in the second quarter of each year and final results of the assessment are published in October of each year.

We conducted an analysis of progress made for our Direct Real Estate portfolio over the past four years from our 2019 baseline. As a result of our decarbonization program, our Direct Real Estate investment strategy is on track to meet our interim GHG target of a 50% reduction in GHG emissions by 2030.

From 2019-2023, we:

- Reduced GHG emissions intensity by 21%.
- Reduced energy intensity by 20%.
- Increased our use of renewable energy by 503%, consuming 671,000 mWh of renewable energy.
- Reduced water intensity by 14%.

To aid our implementation of sustainability initiatives, we secured or issued \$7.8B in sustainability-linked financing through 2024.

¹⁴ See Appendix 3 for a description of the methodology. For illustrative purposes only. There can be no assurance any trends will continue.

Figure 8: 2022-2023 like-for-like performance¹⁴

		Units	2022	2023	% change
ALL SECTORS	GHG	kgCO2e/m2	28.41	25.23	-11.2%
	Energy	kWh/m2	115.26	107.65	-6.6%
	Water*	L/m2	396.06	392.48	-0.9%
INDUSTRIAL	GHG	kgCO2e/m2	23.03	20.03	-13.1%
	Energy	kWh/m2	87.33	76.98	-11.8%
	Water*	L/m2	115.36	115.83	0.4%
OFFICE	GHG	kgCO2e/m2	36.41	35.61	-2.2%
	Energy	kWh/m2	160.82	160.59	-0.1%
	Water*	L/m2	435.02	383.13	-11.9%
RESIDENTIAL	GHG	kgCO2e/m2	25.90	24.42	-5.7%
	Energy	kWh/m2	104.98	100.33	-4.4%
	Water*	L/m2	994.47	938.90	-5.6%
RETAIL	GHG	kgCO2e/m2	40.60	33.33	-17.9%
	Energy	kWh/m2	168.46	159.20	-5.5%
	Water*	L/m2	562.25	608.04	8.1%

*The change in water intensity this year is due to a refined methodology. We now calculate intensity only across assets with water consumption data, rather than the full portfolio and apply weighting based on both asset size and percentage ownership. This results in a more accurate and representative figure, which may differ significantly from last year's outputs.



SECTOR	2023 CBRE IM GHG Intensity	GHG Intensity GRESB Benchmark (kgCO2e/m2)	% Difference
Industrial	20.03	19.8	1.16%
Office	35.61	41.21	-13.59%
Residential	24.42	24.61	-0.77%
Retail	33.33	64.78	-48.55%

* This analysis does not cover all global direct real estate—only for assets within the scope of like-for-like as per GRESB's definition.

Indirect Real Estate



Strategy

Through our Indirect Real Estate strategy, we invest in private real estate managed by third parties and/or with operating partners. As part of our climate risk management strategy, we seek to achieve our long-term net zero target by 2050 or sooner, where consistent with investment objectives, client expectations and regulation. Targets are informed by the Science Based Target initiative for Financial Institutions' methodology.

Our proprietary Sustainability Assessment Framework (Framework) is used to rate each investment's status and approach to sustainability. The Framework includes a Sustainability Questionnaire sent to underlying managers and operating partners, an analysis of the responses, as well as a review of the manager's GRESB reports. 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 Indirect 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 Indirect Real Estate investors following collation of data from GRESB and our Sustainability Questionnaire. We seek to use the results from the Scorecard to inform future discussions on sustainability and our ongoing engagement with underlying managers.¹⁵

¹⁵ Excluding vehicles with less than 12 months of operations (starter funds), debt funds and vehicles in liquidation or sold during a reference year.

Indirect Real Estate

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.

Our Framework begins with a comprehensive assessment that identifies sustainability risks and opportunities prior to an investment. The assessment considers both the manager and the specific investment vehicle and sets the basis for subsequent engagement.

Sustainability factors evaluated during due diligence may include, where consistent with investment objectives:

- **Climate:** The efficient use of energy and water resources, management of waste and emissions, use of environmentally responsible materials, physical and transition climate change risk, resilience/obsolescence of physical assets and natural hazards.
- **People:** Health and building safety, contamination/airquality, socially irresponsible activities like illegal weapons, tobacco, gambling and pornography, human rights (including child labor) and occupier wellbeing.
- **Influence:** Areas that we can assess and seek to influence such as alignment with international sustainability standards, qualifications and experience of sustainability professionals, presence of a third-party standard aligned environmental management system, committee structure, sustainability policies and practices, targets, regulatory compliance, bribery and corruption.

Consistent with our investment objectives, at the planning stage, we seek funds which systematically integrate sustainability factors in their investment acquisitions and asset management processes as well as those that demonstrate best practice.

A review of the underlying manager's due diligence policy and practice is a key component of our due diligence process to determine whether the manager is evaluating sustainability risks and opportunities. We require that managers for new investments screen for physical climate risk and assess vulnerability to determine mitigation that should be reflected in underwriting. We also encourage managers to screen for transition risks using CRREM at acquisition where applicable, again seeking identification of measures to protect the long-term value of the asset by aligning with tenant, regulatory and market expectations on sustainability performance.

Early in the process, we share our Global Sustainability Policy including our exclusion policy so that potential underlying managers are fully aware of CBRE IM's investment philosophy, approach and expectations. Our exclusion policy restricts the activities that can take place in the underlying buildings. For example, restricting leasing to companies involved in practices which are harmful to human life or the environment.

In our investment process, it is mandatory that for all new (non-secondary) investment vehicles/opportunities, the underlying manager must have in place a net zero carbon commitment that is relevant to the vehicle. It is also a mandatory requirement that all underlying managers have a valid Sustainability Policy in place and will participate in GRESB for the specific vehicle to ensure maximum disclosure of performance information.

On an annual basis, we assess all existing investments using the Framework as described above and comparable benchmarking with other market participants. The results of the Framework help us develop a targeted engagement strategy for each investment. Through our engagements and monitoring of underlying holdings, we 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 consider performance against the Sustainability Scorecard to feed into hold/sell decision-making and set engagement priorities on a semi-annual basis.¹⁶

¹⁶ Excluding funds where assets are fully sold and in liquidation; funds where we have a binding agreement to sell Indirect Real Estate's entire interest; funds that are very small with a total holding of less than \$10 million; funds that are small with a total holding of between \$10-\$25 million and/or in wind down; and funds that are quite small with a total holding of between \$25-\$50 million and in wind down.

CASE STUDY

Indirect Real Estate

Implementing sustainability initiatives with positive asset and portfolio outcomes



Challenge

Energy efficiency has become a key factor influencing tenant leasing decisions in industrial real estate. One of our operating partners recognized this trend and began incorporating design elements such as wall insulation and battery storage capacity to address rising temperatures and facilitate on-site renewable energy use. However, not all asset managers and development partners fully appreciate the leasing and asset performance benefits that can result from targeted sustainability upgrades.



Solution

We proactively engaged with one of our managers to evaluate the sustainability features embedded in their existing developments. As part of this collaboration, we shared best practices—specifically the integration of wall insulation and the allocation of space for battery energy storage systems (BESS). We encouraged the adoption of these features not only to enhance environmental performance but also to drive leasing demand, minimize vacancy periods and support rent premiums by delivering operational energy savings to tenants.



Result

Following our engagement, the operating partner agreed to implement two new battery energy storage systems with a combined capacity of 500 kWh at a tenant-occupied site. Paired with an existing 198 kW rooftop solar PV system, the BESS supports overnight charging of the tenant's manual handling equipment, significantly reducing reliance on grid electricity. This initiative resulted in lower energy costs for the tenant and reduced greenhouse gas emissions associated with the property. The success of this deployment has strengthened the partner's commitment to incorporating tenant-specific sustainability capital expenditures (CAPEX) as a strategic component of their development and asset management approach.¹⁷

¹⁷ As of May 2025. Source: CBRE Investment Management and the underlying manager.

Case studies are for illustrative purposes only and not representative of all investments. Please note that the investment examples are included herein to convey our thought process and approach in analyzing investment opportunities and are not indicative of performance for any actual portfolio.

Indirect Real Estate

Risk management¹⁸

For Indirect Real Estate, our Sustainability Assessment Framework is the cornerstone of our climate risk management process as described above. We seek to understand each underlying manager's approach and actions on climate risks, encouraging continual improvement of their practices and performance. We engage with underlying managers on a regular basis on such issues as acquisition and divestment plans, leasing progress, underperforming assets, assets with high climate risk, progress on setting targets, net zero carbon transition efforts and other sustainability initiatives (in addition to attending advisory board and investor meetings).

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

The collected data is sorted into a clear output per investment or portfolio enabling clear and transparent communication with internal and external stakeholders about our ambition and progress toward targets. The Scorecard provides us with an objective starting point for engagement with managers focusing on KPIs flagged as requiring improvement. The Scorecard's KPIs are periodically reviewed and updated in line with industry best practice. We engage with underlying managers on identified risks and share best practices with them to mitigate such risks.

We assess the maturity of physical climate risk management for all our active investments in scope and engage with all operating partners on the physical risks of climate change with a particular focus on the assets they manage which fall into the high or critical risk categories.

We engage with underlying managers through a formalized annual process 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 engage with the underlying manager to explore the risk in more detail, encouraging them to commission a detailed vulnerability analysis, for example from flooding consultants and engineers, to determine whether the asset has built-in resiliency or needs mitigation plans to address any residual risk.



¹⁸ There can be no assurance that any risk management practices described will be successful.

Indirect Real Estate

Our engagement includes the following steps:

- Initiate meetings to discuss the results of the physical risk tool for their managed assets
- Confirm if the manager has conducted their own climate scenarios and if not when that will happen
- Confirm if the manager has undertaken an audit on buildings exposed to high or critical risk of climate hazards and whether they are considered resilient or vulnerable
- Confirm if the manager has developed a mitigation plan to make the vulnerable assets more resilient and if such mitigation plans are incorporated into asset lifecycle plans or business plans

One of our main objectives for 2024 was to improve energy and GHG intensity data quality and coverage. We engaged with underlying managers on these topics, and worked with GRESB to provide estimates for missing data based on their adopted reporting methodology. In 2024, we tested net zero carbon commitments against actual intensities and mapped eligible funds against relevant CRREM decarbonization pathways. We considered the top and bottom performing funds by sector and geography and discussed with our operating partners viable measures, required energy sourcing changes and other possible actions to improve energy and GHG performance in line with stated targets.

We engaged with managers to seek alignment with the recommendations of the Task Force on Climate-related Financial Disclosures. We follow a TCFD-aligned approach to assessing and managing physical and transition climate risks.¹⁹ Understanding the proportion of our portfolio that is aligned with TCFD provides visibility of how managers are incorporating climate risks into their investment decision-making processes. The IFRS Foundation took over monitoring the progress of company climate-related disclosures from TCFD at the end of 2023 and transitioning to the International Sustainability Standards Board (ISSB) standard—International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures. IFRS S2 incorporates the TCFD recommendations and is relevant and material.

Of the 133 real estate funds included in the Sustainability Scorecard for the Indirect Real Estate portfolio, 94.5% have committed or are aligned with the TCFD recommendations.²⁰



Of the 133 real estate funds included in the Sustainability Scorecard for the Indirect Real Estate portfolio, 94.5% have committed to or are aligned with the TCFD recommendations.



One of our main objectives for 2024 was to improve energy and GHG intensity data quality and coverage.

¹⁹ In 2023, TCFD was brought under the International Sustainability Standards Board (ISSB) and the TCFD recommendations became the foundation for the new ISSB standards—S1 and S2 which will take effect January 2024.

²⁰ Excluding funds in wind-down, starter funds and debt vehicles. Data as of December 31, 2024.

Indirect Real Estate

Physical climate risk management

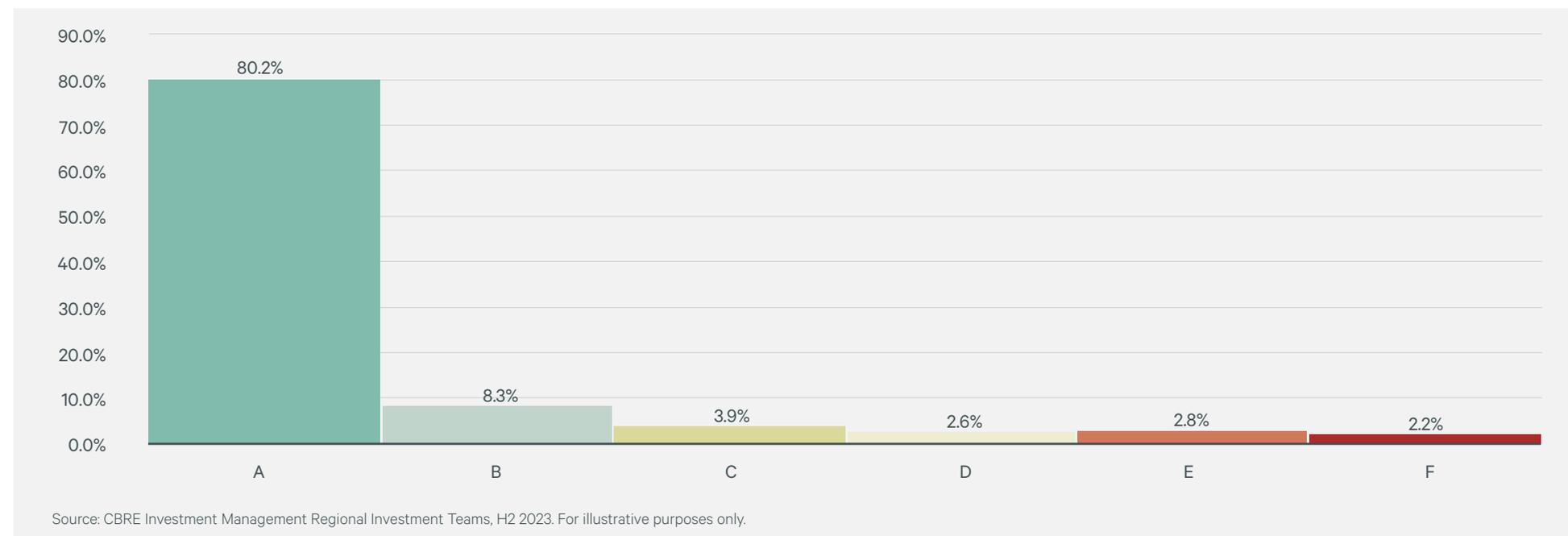
We began routinely screening the Indirect Real Estate portfolio for physical climate risks in 2021. The physical risks of climate change can be reduced by identifying investments/assets with significant potential exposure to climate hazards, understanding if potential risks have already been addressed and then working with the underlying fund managers to address an asset’s specific risks, putting in place a mitigation plan to increase the asset’s resilience to that hazard and reduce its vulnerability.

During 2024, we conducted our annual update of this exercise and engagement with underlying managers to understand how mitigation measures are put in place for vulnerable assets. Portfolio level results are provided in **Figures 9 and 10**.

Figure 9: Portfolio % of net asset value (NAV) with potential exposure to each climate hazard type²¹



Figure 10: Engagement on climate change physical risk²²



²¹ For illustrative purposes only. There is no guarantee this will continue to be the same in the future.
²² For illustrative purposes only. As of June 2024. Scenario adopted is RCP 8.5 and the default timeframe is 2045. Excludes funds in wind-down and funds which do not provide asset-level coordinates. Results based on the new Climate X Spectra Physical Risk Tool since CBRE Investment Management conducted a tender for physical risk screening providers in H2 2024 and engaged Climate X as a result. Climate X enables the analysis of 11 physical climate hazards and an overall physical risk rating.

Indirect Real Estate

Metrics and targets

Sustainability performance data for the overall portfolio is based on information provided by our underlying managers or operating partners, primarily through GRESB. Access to GRESB data provides CBRE IM with a consistent source of validated sustainability and climate-related metrics.

The metrics we track are extracted from our proprietary Sustainability Scorecard and presented in **Figure 11**. Our performance is compared with the target for each metric and reported on annually.

As an Indirect manager, our emissions are all treated as Scope 3 Category 15—Financed emissions. We, however, present the emissions as Scopes 1 and 2 and Scope 3 from the point of view of the underlying managers for all our investment holdings. For more information on the categorization of scopes, please see **Appendix 3**.

As part of our strategy for addressing climate-related risks, we encourage all managers to set their own net zero carbon targets that are aligned with our ambitions. Where targets are in place, we confirm the scope of emissions covered and the target year for achievement. This allows an understanding of the current commitment toward achieving net zero carbon emissions and highlights holdings where further engagement is required to seek alignment.

We also seek to understand methods used to assess asset performance relative to net zero carbon transition pathways, whether asset-level net zero carbon audits occur and whether the results are built into transition plans. This information, along with analysis of portfolio energy and GHG intensity and a new Transition Planner, are helping us conduct more targeted manager engagement.

Figure 11: Indirect Real Estate portfolio climate risk metrics and targets²³

Metric	KPI	Target	Actuals as of 12/31/2024
GHG Emissions—Scopes 1 & 2	tCO2e	n/a	89,215
GHG Emissions—Scope 3	tCO2e	n/a	277,339
GHG Emissions—Total	tCO2e	n/a	366,553
Data coverage GHG—Scopes 1 & 2	(%) total area & time	95%	95.6%
Data coverage GHG—Scope 3	(%) total area & time	80%	81.8%
Energy consumption	MWh	n/a	1,370,518
Average net zero carbon target date of portfolio holdings (Scopes 1 & 2) ²⁴	Year	2040	2039
Proportion of portfolio with net zero carbon target (Scopes 1 & 2) ²⁵	(%) with target	100%	75.3%
Average net zero carbon target date of portfolio holdings—All Scopes	Year	2050	2045
Proportion of managers with net zero carbon target—All Scopes	(%) with target	75%	63.1%
Alignment with TCFD	(%) portfolio	100%	94.5%
NAV exposure to high or critical physical climate risk (base case)	(%) portfolio	n/a	11.5%
Climate assessment policy in place	(%) with policy	100%	94.5%
Mitigation plan policy for high climate risk assets	(%) with policy	100%	89.9%

Note: Starter holdings reflect newly established investments (<1 year) that are not yet eligible to submit to GRESB.

Excluded holdings reflect wind down investments and debt funds.

Once the anticipated GRESB debt investment module is active, debt funds will no longer be considered excluded.

All data is based on year-over-year absolute values for comparison. Variations in portfolio construction as well as like for like change at an asset or fund level may influence performance.

²³ 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.

²⁴ Scope 3 operational emissions.

²⁵ NAVs as of June 30, 2024.

Indirect Real Estate

Transition risk metrics

We have adopted the 1.5° C rise in global temperatures scenario as our base case and orderly transition scenario. To derive the weighted CRREM benchmark values, we applied our latest geographical and sector allocations to the respective CRREM thresholds over the reference period and the timeframes identified in the scenario analysis. We note that CRREM pathways are incomplete for certain sectors and geographies.

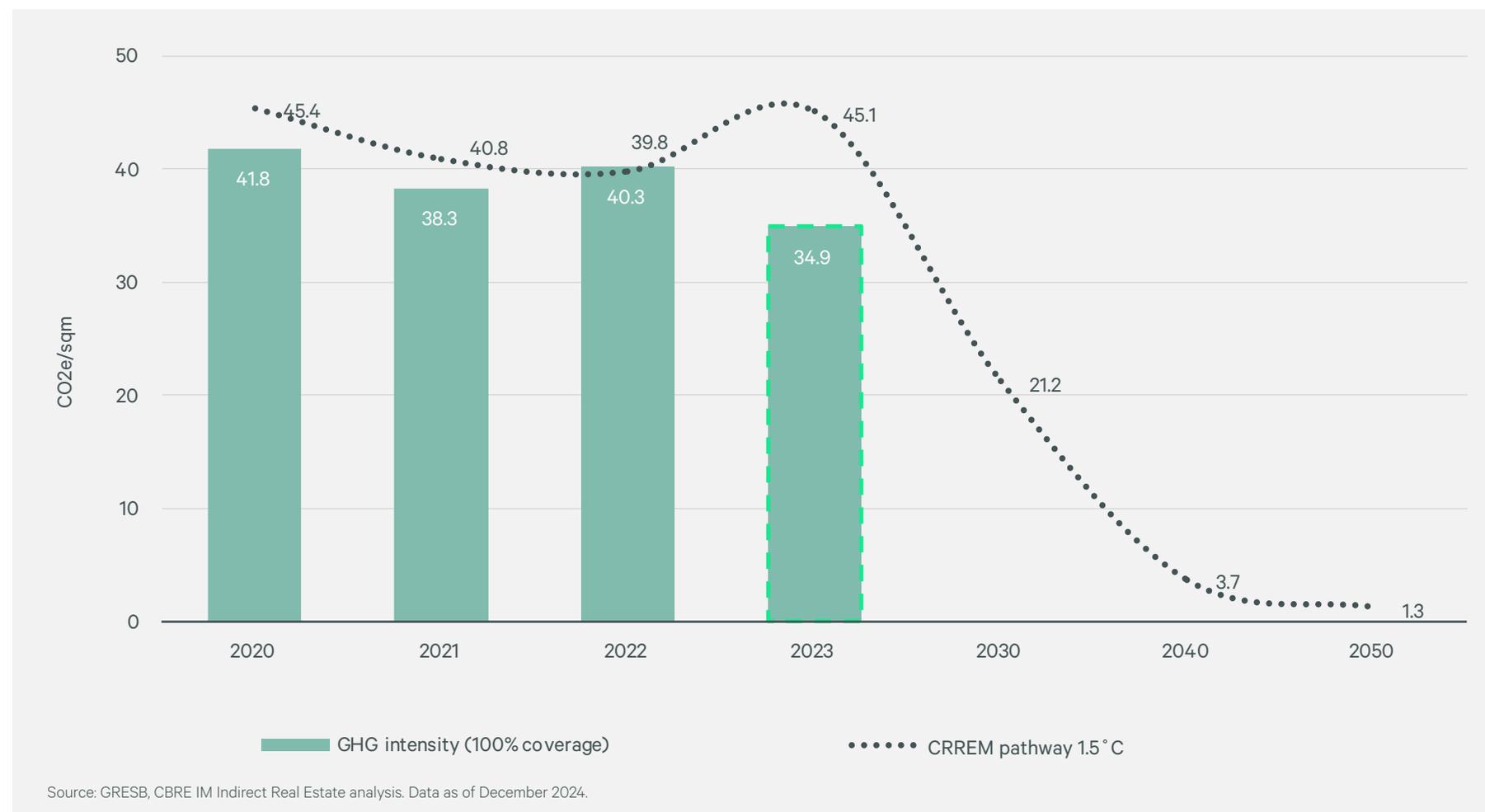
Figure 12 shows the intensities of CBRE IM Indirect as per GRESB 2020-2024 against the CRREM 1.5° C pathway for the respective calendar years. In line with science-based targets, we use CRREM to assess alignment with a 1.5° C pathway. In our Indirect Real Estate TCFD report, we also explored alignment with a 2° C temperature rise.

As look-through data coverage is less than 100% across our aggregate Indirect portfolio (i.e., at asset level in underlying funds), we track GHG and energy intensities reported on 100% (whole property) coverage. Intensities are reported on the basis of a subset of underlying asset-level data, in accordance with the data aggregation rules and methodology adopted by GRESB and are subject to limitations and estimation due to incomplete data coverage where applicable.²⁶ Please note that estimates are only used where data is absent.

As a reference benchmark, the CRREM implied pathway intensities in 2030, 2040 and 2050 were selected and shown at an aggregated level in the same fashion as actual intensities by applying the 2023 area and Q3 2024 NAV weighting factors. We test the data quality of the underlying reported GHG emissions and validate net zero carbon targets of our underlying investment holdings.

²⁶ For those funds where access to asset-level data is granted in GRESB, intensities are calculated excluding missing data points and outliers (outside of GRESB acceptable thresholds) from the area weighting at the fund level. We have also excluded assets with nil intensity or outliers.

Figure 12: Aggregate GHG intensities—Indirect Real Estate portfolio



Private Infrastructure

Strategy

Our Private Infrastructure team builds and manages both direct and indirect diversified portfolios of global infrastructure assets. We invest across a range of infrastructure assets including renewable energy, transportation, digital infrastructure and social infrastructure. Our diversified portfolios focus primarily on core and core-plus mid-market investments in Organization for Economic Cooperation and Development (OECD) geographies, with a goal of providing consistent return streams over time across varied market conditions.

Significant investment in infrastructure is needed to support the transition to a net zero carbon economy, creating what we believe is a compelling opportunity for our future-focused infrastructure strategy. We believe there is a growing demand and urgency for upgraded infrastructure to facilitate the digitally connected society of tomorrow. We call this fundamental shift to deploy smart technology and integrate sustainability into society, next generation infrastructure. This vision is reflected in our high conviction investment themes of transport, digital infrastructure, energy transition and decarbonizing the built environment.

Private Infrastructure operates within the sustainability framework set by CBRE IM's Global Sustainability Policy and Sustainability Vision. We believe that sustainability factors, including climate risk, can impact investment performance and we, therefore, integrate them, to the extent consistent with our investment objectives, in our investment and asset management processes.

We believe that the following sustainability factors are material to our infrastructure investments and present both risks and opportunities in the short, medium and long term:

- **Climate:** We believe climate change is a significant risk for infrastructure, both with respect to the physical risks and regulatory, market, technology and legal changes inherent in transitioning to a low-carbon economy. Many infrastructure investments are relied upon by society to provide critical services. Carbon emissions measurement, targets and reporting on progress are crucial to managing these risks.
- **People:** The health, safety and wellbeing of employees, contractors, users and customers is important. Health and safety metrics are tracked and regularly included in board meeting agendas and ongoing management reporting of our direct infrastructure portfolio companies. Our approach is focused on diversity of skills and experience, ensuring boards' skillsets match what is required to appropriately challenge and support management teams.
- **Influence:** Establishing a framework for sound decision-making with clear lines of accountability is essential. In our investments, we seek to influence governance and other considerations, including those that are foundational and pervasive elements throughout the investment lifecycle, such as board and management cognitive diversity and skillset, board committees, oversight, independent chairs and directors and delegated authority. We believe these considerations are critical to mitigating risks and running a successful and sustainable company.

Private Infrastructure

Private Infrastructure's strategy is centered on long-term sustainable value creation. As part of our climate risk management strategy for our direct flagship fund, we seek to achieve an engagement target of all portfolio companies having net zero emissions targets by 2040, in alignment with investment objectives, client expectations and regulation. We conduct scenario analysis across our direct infrastructure portfolio to evaluate climate risks and opportunities, incorporating climate risk and opportunity assessment throughout the investment lifecycle and actively engage with portfolio companies to promote climate mitigation and adaptation initiatives. For Indirect Private Infrastructure, we develop strategies tailored to the specific preferences of the individual investor, maintaining our fiduciary duty at the heart of everything we do.

The Private Infrastructure Team seeks to proactively construct next generation infrastructure portfolios, taking advantage of systemic megatrends and global tailwinds and seeking to maximize the resilience of the portfolio and minimize obsolescence asset risk.

For our flagship fund, we provide support to our portfolio companies in their efforts to mitigate and adapt to climate risks throughout our ownership. This includes supporting targeted initiatives to reduce emissions. Managing climate and sustainability risks requires a collaborative approach involving our legal, technical, financial and sustainability teams. Each portfolio company is at a different stage in their sustainability and climate resilience journey and we aim to tailor our approach accordingly, ensuring progress toward our targets and ambitions while supporting their continued growth.

We work closely with each company to incorporate sustainability principles, including transition and physical climate risks and opportunities, into their strategy and execution plans. Our goal is to help establish and enhance sustainability practices, risk management frameworks and data reporting, while also to encourage upskilling and facilitate knowledge sharing. We see sustainability engagement as a core pillar of our efforts: we maintain regular communication with portfolio companies. We introduced a Sustainability Engagement Pack to facilitate portfolio company ambition-setting and planning, as well as to ensure expectations are clearly articulated and understood.

We seek to proactively construct next generation infrastructure portfolios, taking advantage of systemic megatrends and global tailwinds to maximize resilience and minimize obsolescence asset risk.



Indirect Real Estate

Risk management

We adopt a holistic approach to risk management, which integrates sustainability considerations in our investment and asset management strategies. Where consistent with client preferences, sustainability factors and consideration of their positive or negative impact on investment performance are integrated throughout the lifecycle of each investment.

For our flagship fund, as part of our due diligence, sustainability-related risks and opportunities are thoroughly reviewed, 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 targeted due diligence or to assess sustainability risks for the investment. Typically, in our direct infrastructure business, the review commences by using the GRESB Infrastructure Materiality and Scoring Tool to map out material sustainability matters and assess the risks and/or opportunities for the specific investment under consideration. The tool integrates climate risk considerations. Private Infrastructure assesses whether the target company has the following, among others:

- 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 and/or the current management team will be able to deliver on our expectations and targets

Any preliminary conclusions reached on a potential investment's sustainability risk will be included in pre-Investment Committee materials and undergo further refinement and deeper analysis during the due diligence phase including via discussions with management teams, coshareholders and, if required, external sustainability due diligence providers. This process allows for the identification of sustainability priorities, initiatives and mitigating actions.

All findings are then documented in the final investment recommendation paper submitted to the Private Infrastructure Investment Committee. The Private Infrastructure Investment Committee is ultimately responsible for ensuring material sustainability risks of the prospective investment are identified, assessed and integrated in the investment decision.

Sustainability priorities, initiatives and mitigating actions, as identified during the due diligence phase, are factored into the 100-day plan, which is a project management tool defining the key priorities of the first 100 days of ownership. The plan usually includes setting up reporting of

sustainability KPIs and the implementation of sustainability governance structures, among other initiatives such as the development or enhancement of the company's enterprise risk management framework in alignment with CBRE IM Private Infrastructure's expectations. Each investment, and subsequently, asset management team is responsible for the development and implementation of the 100-day plan for the relevant investment, consulting with other functions as appropriate.

We seek to protect our investments from physical, market, technology, regulatory and policy risks which could lead to obsolescence or impact returns, where consistent with investment objectives.

Across our flagship fund, we deploy climate scenario analysis to support our holistic risk management efforts. Climate scenario analysis is a powerful tool that enables us to evaluate the potential impact of different climate pathways on our portfolio. By considering a range of time horizons, we can better understand and address climate related risks.

The insights gained from this analysis not only inform our own risk management strategies but also inform our engagement strategy with portfolio companies.

In 2022, we conducted climate risk assessments and scenario analyses across each of our flagship fund's portfolio companies. In 2023, we extended this analysis

to three of the four new portfolio companies in the direct fund, focusing on both physical and transition risks. These three assets were assessed using a different climate risk assessment tool but consistent scenarios and time horizons as the rest of the portfolio.

We selected two climate scenarios that represent a range of future outcomes. The first scenario is a high emissions scenario (RCP 8.5), which helps us understand the potential risks associated with continued high greenhouse gas emissions. The second scenario is a net zero by 2050 scenario (NGFS), which allows us to assess the opportunities and risks associated with a transition to a low-carbon economy. By considering these scenarios and evaluating the risks and opportunities they present, we are better equipped to make informed decisions and take proactive measures to mitigate climate-related risks within our portfolio. We are committed to continuously improving our approach to ensure we stay ahead of the curve in addressing climate challenges.

CASE STUDY

Private Infrastructure

Driving sustainability insights in Indirect Private Infrastructure: A scalable engagement approach



Challenge

Before 2023, our Indirect Private Infrastructure portfolio lacked a consistent annual assessment of sustainability maturity and climate-related data. The strategy operates on behalf of a diverse investor base—some of whom are less supportive of active climate engagement—and involves minority positions in underlying funds and companies limiting our direct influence and information rights. These constraints created challenges in evaluating the sustainability posture and climate readiness of the broader portfolio.



Solution

To address this, we launched a structured, annual climate and sustainability engagement initiative aimed at building awareness and assessing portfolio-wide sustainability practices.

In 2023, we rolled out our first comprehensive questionnaire, covering calendar year 2022 performance, to evaluate alignment with TCFD recommendations and general best practices frameworks, including PRI and GRESB. The inaugural survey included 17 questions and targeted all relevant managers and partners.

Building on our initial success, we expanded the initiative in 2024 (covering 2023 performance), enhancing the questionnaire to 22 questions to reflect evolving sustainability regulations and introduce more detailed GHG emissions data collection. This year-over-year engagement enables us to benchmark progress, surface best practices, and guide ongoing dialogue with managers—despite minority ownership constraints and the varied stances toward sustainability and climate of the underlying investor base.

We believe that infrastructure assets demonstrating strong alignment with sustainability standards are better positioned for long-term risk-adjusted performance and regulatory resilience.



Result

Our 2024 engagement yielded strong participation and demonstrated measurable progress across key climate metrics:

- 95% response rate, representing over 56 indirect investments with a combined equity value of \$171.7 billion (of which \$4.2 billion is managed by CBRE IM).
- 83% of respondents are committed to aligning with TCFD.
- 62% are actively producing TCFD-aligned disclosures, demonstrating improved transparency.
- 72% of respondents have adopted net zero targets aligned with the Paris Agreement, underscoring a portfolio-wide shift toward long-term decarbonization goals.

This initiative has enhanced our visibility into climate risk preparedness and established a foundation for more informed stewardship across the Indirect Private Infrastructure platform.

Case studies are for illustrative purposes only and not representative of all investments. Please note that the investment examples are included herein to convey our thought process and approach in analyzing investment opportunities and are not indicative of performance for any actual portfolio.

Private Infrastructure

Figure 13: Indirect Private Infrastructure metrics

	2023 ²⁷	2024 ²⁸
Total targets	44	56
Unique General Partner (“GP”) interactions	26	29
Questions addressing TCFD recommendations and general sustainability governance and framework best practices	17	22
Combined AUM of the GPs targeted ²⁹	\$18.7tn	\$20.7bn
Combined equity value of the investments targeted ³⁰	\$76.2bn	\$171.7bn
CBRE IM NAV ³¹	\$3.9bn	\$4.2bn
Response rate	100%	95%
Integrate sustainability in their investment strategy and thesis	93%	89%
Record and collect sustainability data for the underlying portfolio companies	95%	96%
Committed to/align with TCFD	43%	83%
Signatories to NZAMI	33%	51%
Produce climate-related disclosures aligned with TCFD recommendations	71%	62%
Are progressing climate-related disclosures aligned with the TCFD recommendations	10%	0%
Have net zero targets aligned with the goals of the Paris Agreement (i.e., net zero by 2050 at the latest)	60%	72%
Have SBTi-aligned net zero targets	29%	19%
Are signatories to PRI	88%	91%
Participate in the annual GRESB assessment	29%	45%

²⁷ Data collected as of December 31, 2022.²⁸ Data collected as of December 31, 2023.²⁹ Denotes total AUM of GPs as of December 31, 2023.³⁰ Total equity value of selected investments as of December 31, 2023.³¹ CBRE IM invested amount in selected investments as of December 31, 2023.

The highlights of our indirect Private Infrastructure engagement

18%

Increase in the number of NZAMI signatories

20%

Increase in the number of PRI signatories

27%

Increase in engagement targets

Private Infrastructure

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

01

Integrate proportionate climate risk commitments in their sustainability policies.

where applicable and material to the portfolio company's activities and sector.

02

Factor material physical and transition climate risks and mitigating actions in enterprise risk management frameworks.

We require these to be discussed in Board of Directors meetings at least annually.

03

Provide supporting data for our portfolio-level transition and physical risk assessments.

The portfolio-level mapping of climate risk exposures is reviewed by each of the asset management teams and by the Private Infrastructure Sustainability Steering Committee, which includes CBRE IM's Head of Sustainability and Innovation.



04

Participate in the GRESB Infrastructure Assessment annually.

We see GRESB as a valuable sustainability management and engagement tool, which allows us and our portfolio companies to clearly identify gaps in sustainability policies and practices, including on the identification and management of climate risks and opportunities. We facilitate targeted engagement to encourage year-on-year improvements in the implementation of sustainability practices, and therefore GRESB scoring, in our portfolio companies.

05

Track and report on energy consumption and GHG emissions at least annually.

The integration of more frequent reporting in monthly management reports and quarterly reporting to the Board of Directors is encouraged. All companies participating in 2023 GRESB reported on energy consumption, energy mix and Scope 1 and 2 GHG emissions.



Private Infrastructure

The illustrative results of the physical and transition risk analyses for our global direct infrastructure fund is provided below. The risks and opportunities outlined in the tables that follow were identified as relevant to our global direct infrastructure fund and assessed as part of the scenario analysis conducted across the portfolio companies in 2022 and 2023. **Figures 14 and 15** summarize key risks and opportunities portfolio companies are exposed to and description of their likely impacts.

Figure 14: Overview assessment of physical risk by sector

Portfolio Outcomes by SASB sector		Anticipated timeframe for full impact of risk / opportunity	Risk rating under the RCP 8.5 Scenario			
Risk / opportunity	Impact description		Digital infrastructure	Energy	Transportation	Other infrastructure
PHYSICAL ACUTE						
Floods	An increase in the frequency and/or intensity of floods and storms could affect the health and safety of our people, damage assets and affect the continuity of our operations. Flood events have the potential to compromise infrastructure, inflict property damage, increase costs and capital expenditure and escalate insurance premiums.	2030 (Digital Infrastructure & Transportation) 2040 (Other Infrastructure)	●	●	●	●
Storms / Hurricanes	The potential impacts of increased frequency and/or intensity of storms and hurricanes include extensive property damage, permanent devaluation of property value, increased insurance premiums and/or diminished insurance coverage, and associated relocation expenses. Comparable to the risks posed by wildfires, these events could disrupt business operations for portfolio companies, causing damage to assets and leading to increased expenses.	2030 (Digital Infrastructure, Energy, Transportation & Other Infrastructure)	●	●	●	●
Wildfires	Wildfires are one of the most material risks across our portfolio. Our portfolio has locations with potential for wildfires and/or high availability of burnable fuel, exposed to future increases in the number of high risk days. Wildfires can cause damage to people, human health and infrastructure, business interruption, loss of property value, increased insurance premiums or uninsurable assets due to location in high risk areas.	2030 (Energy & Transportation) 2040 (Other Infrastructure) 2050 (Digital Infrastructure)	●	●	●	●
Earthquakes	Where portfolio companies' buildings are not built to withstand earthquakes, these are likely to suffer some damage. These events can result in significant business disruption and cost to rectify damage, as well as increased insurance premiums.	2030 (Energy & Transportation)			●	●
PHYSICAL CHRONIC						
Heat stress	Elevated temperatures during heatwaves present risks to our workforce's health and productivity. These challenges include heat-related illnesses and potential impairment of decision-making capacities. Heat stress can also lead to an increase in energy costs and higher risk of power outages. Extreme heat puts digital infrastructure at risk of failure as moderate temperatures are required for the functioning of premises such as data centers.	2030 (Energy) 2050 (Digital Infrastructure, Transportation & Other Infrastructure)	●	●	●	●
Water stress	Water stress could result in decreased availability and supply of water, with anticipated effects becoming noticeable by 2030, including higher water expenses. This could potentially drive asset relocation to different areas and reduce demand for services in the affected areas.	2030 (Digital Infrastructure & Transportation) 2040 (Other Infrastructure)	●	●	●	●

Private Infrastructure

Examples of physical risk mitigation measures include the following:

- **One of our digital infrastructure portfolio company's** underground telecommunication cables are designed to withstand increased temperatures and flooding risks. Above ground poles are regularly monitored and, if required, replaced to ensure resilience.
- **One of our transport portfolio companies** is responsible for the management and maintenance of its sites, including building and estate services: the key identified risk is flooding, for which the company conducts extensive diligence before construction and regularly during operations.
- **Another of our transport portfolio companies** integrates floodplain maps analysis in the infrastructure pre-installation work.
- **One of our digital infrastructure portfolio companies** has developed a proprietary climate risk assessment tool to support the identification of high priority sites and development of proportionate and focused mitigating actions.
- **One of our energy portfolio companies** has developed a Climate Change Risk Assessment tool for evaluation of climate risks as part of project development.
- **Our other infrastructure portfolio company** mitigates the physical risk to its assets through the triple net leases which effectively transfer the risk impacts to the lessee.



Private Infrastructure

The risks and opportunities outlined in the table were identified as relevant to our global direct infrastructure fund and assessed as part of the Scenario Analysis conducted across the portfolio companies in 2022 and 2023. The table summarizes key risks and opportunities portfolio companies are exposed to and description of their likely impacts.

Figure 15: Overview assessment of transition risk scenario analysis by sector

Risk Classification		Opportunity Classification		Anticipated timeframe for full impact of risk / opportunity	Risk rating under the RCP 8.5 Scenario				
Risk / opportunity	Impact description	Low	Medium		High	Digital infrastructure	Energy	Transportation	Other infrastructure
TRANSITION									
Electricity pricing	Electricity pricing will have a moderate impact in the long term on digital infrastructure and transportation sectors. Energy is a key input for data centres and EV fleets, with energy prices projected to rise significantly under a net zero scenario.				2030 (Digital Infrastructure, Transportation & Other Infrastructure)	●			
Grid investment	Regions where investments in the grid are low are expected to be exposed to higher risks to grid stability, while regions that continuously invest in the grid and increase those investments over time are expected to be more resilient. Grid resilience risk could pose significant risk to the continuity of operations of data centers and EV transport assets.				2030 (Digital Infrastructure, Transportation & Other Infrastructure)	●			●
Carbon pricing	Carbon Pricing places a monetary cost on emissions and will increase the operational costs of portfolio companies; particularly those in high emissions sectors. Transportation companies are projected to be exposed to increasing carbon prices for assets reliant on fossil fuels.				2030 (Energy) 2050 (Digital Infrastructure, Transportation & Other Infrastructure)	●	●	● ●	●
Fuel pricing	Increasing liquid fuel costs may influence construction expenses and the cost of operation for customers. Should sustainable liquid fuels become more prominent in the future, the negative impact on construction expenses may be offset, reducing the risk further.				2030 (Transportation & Other Infrastructure)		●	● ●	●
Increased demand for primary energy	Under a low carbon transition, demand for low carbon renewable Increased energy is projected to increase to replace higher-carbon energy demand for sources. For portfolio companies operating in the renewable primary energy energy sector, this will create a material opportunity.				2030 (Energy)		●	● ●	●

Examples of transition risk mitigation initiatives include the following: During 2023, our bus infrastructure portfolio company grew its zero emissions fleet by 40% from 2022 to a total of 374 electrical vehicles across Norway and Sweden. Our ferry infrastructure portfolio company is committed to be an industry leader in maritime transport decarbonization. With low emission propulsion technologies currently accounting for approximately 32%³² of its operating fleet and, going forward, for 48%,³³ The company continues to focus its strategy on achieving 65% of its fleet being zero emissions by 2030. Two of our digital infrastructure portfolio companies focused on reducing their reliance on diesel fuel and traditional energy, including via deploying hydrotreated vegetable oil (HVO), a 100% biodegradable and non-toxic renewable fuel derived from repurposed waste oils to power generators, procurement of Renewable Energy Certificates (RECs) and a number of energy efficiency projects, such as biodiesel and solar and storage deployments. Another transport portfolio company's transition strategy envisages progressive expansion of the EV charge points at its sites and extending its existing grid capacity to support the decarbonization of transport and the U.K.'s net zero targets.

³² Includes reserve and laid-up vessels.

³³ Excludes reserve and laid-up vessels, includes new builds.

Private Infrastructure

Metrics and targets

The following section is related to our flagship direct fund only.

We require portfolio companies to report their Scopes 1 and 2 GHG emissions, and where possible, their Scope 3 emissions. We actively engage with all our portfolio companies to encourage reporting on Scope 3 emissions with a goal to achieve 50% coverage of NAV by the end of 2024, which we are currently in the process of measuring.

Last year, we expanded our reported metrics to include emissions intensity and data quality. We disclosed our year-over-year (Y-o-Y) emissions figures to provide visibility on our progress. We review all data we receive for accuracy and consistency in methodology and ensure appropriate data governance and controls are in place.

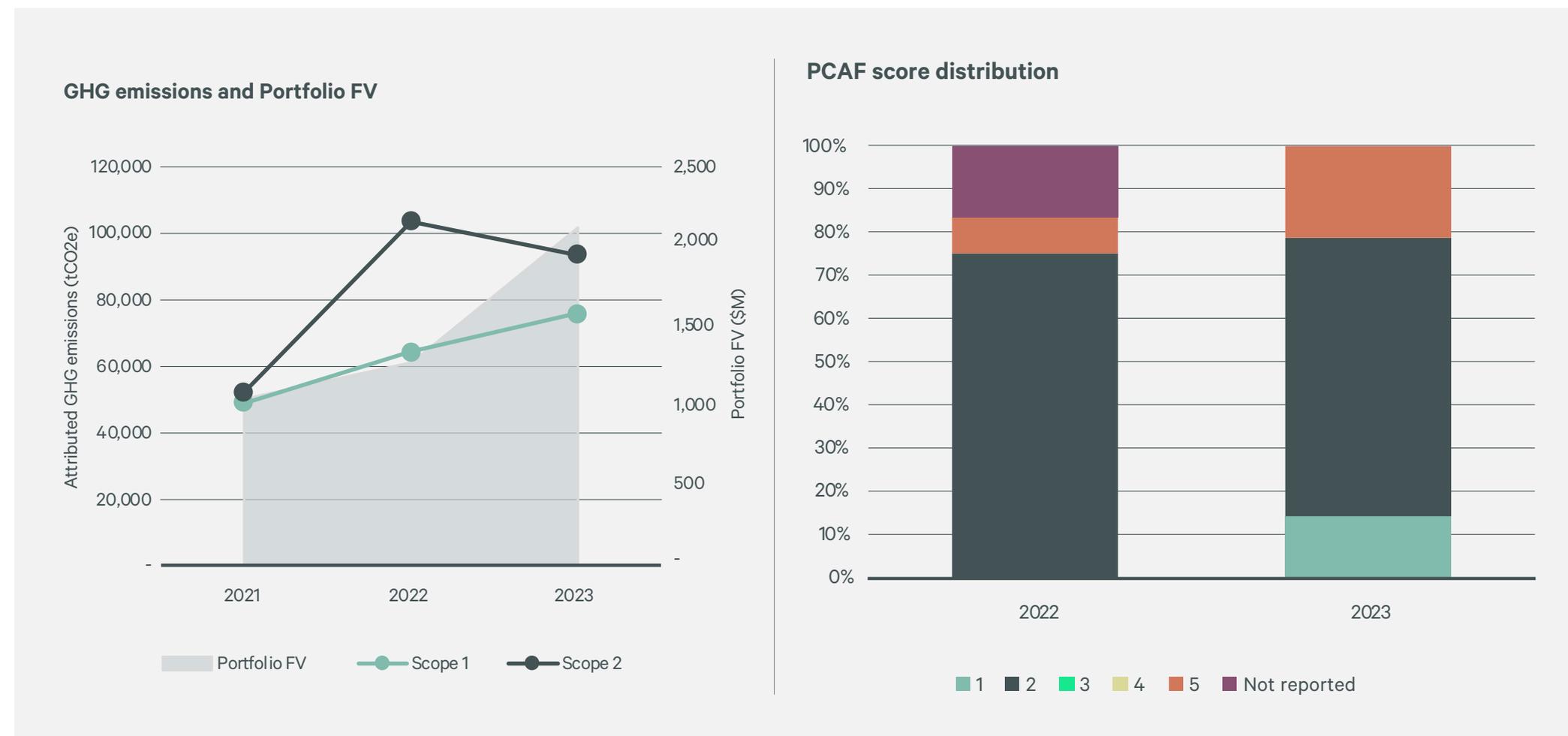
Some of our portfolio companies provided estimated emissions figures last year, which were later restated to actual reported emissions and disclosed as part of the 2023 GRESB assessment. We updated our overall emissions and portfolio company attributed emissions for 2022 in the emissions tables included. The emissions which have been restated are identified with an asterisk.

Portfolio companies report their GHG emissions in accordance with the Greenhouse Gas Protocol.³⁴ Our portfolio companies' Scopes 1, 2 and 3 emissions are attributed to the fund using the supplementary guidance issued by PCAF. The standard does not provide explicit guidance on methods to calculate financed emissions for private equity funds. Guidance on business loans and unlisted equity class has, therefore, been used.

³⁴ See <https://ghgprotocol.org/> for information on the Greenhouse Gas Protocol.

Figure 16: Portfolio GHG emissions

Scopes 1 and 2 GHG emissions and emissions intensity decreases from the prior year. Total Scopes 1 and 2 GHG emissions increased by 79% from 2021 as a result of a 202% increase in portfolio fair value, primarily driven by the acquisition of four new investments and the purchase of the remaining 50% stake in our ferry infrastructure portfolio company, which was only partially offset by the disposition of a digital infrastructure portfolio company. The charts below provide an overview of the GHG emissions evolution since the fund's first climate report in 2021, as well as a breakdown of PCAF scores across the reporting entities.



Private Infrastructure

Figure 17: Global direct infrastructure fund portfolio's financed emissions metrics

Portfolio companies	Attribution factor 2023	Attributed Scope 1 (tCO2e)			Attributed Scope 2 (tCO2e)			Attributed Scope 3 (tCO2e)			Attributed emissions (tCO2e)			FV (\$USM)	Fund allocation (% Portfolio FV)
		2021	2022*	2023	2021	2022*	2023	2021	2022*	2023	2021	2022*	2023		
Solar energy	9.6%	2	4	3	0.4	8	4	n/a	n/a	n/a	2	12	7	4.61	0.2%
Ferry transportation	39.8%	10,752	36,648	38,117	14	8	-	n/a	n/a	n/a	10,766	36,656	38,117	322.07	15.2%
Renewable energy	25.0%	0.2	239	7	18	2,516	2,536	n/a	n/a	n/a	18	2,755	2,543	64.92	3.1%
Bus transport	44.9%	37,767	24,059	34,224	22	4,384	870	n/a	n/a	n/a	37,789	28,443	35,094	191.18	9.0%
Fiber digital infra.	61.1%	-	-	47	57	17,563	315	n/a	n/a	n/a	57	17,563	362	176.15	8.3%
Towers digital infra.	68.7%	-	4	9	20	33	51	n/a	10	17	20	47	77	158.22	7.5%
BTM solar energy	85.7%	0.5	-	-	-	-	-	n/a	n/a	n/a	0.5	-	-	25.86	1.2%
Data center infra.	4.2%	15	360	352	3,035	14,353	12,972	n/a	11,656	15,633	3,050	26,443	28,957	337.25	15.9%
Data center infra.	2.0%	145	124	110	109	368	748	n/a	24,975	n/a	254	25,467	858	267.60	12.6%
Utility	2.9%	326	2,873	2,662	0.2	11	40	n/a	227,059	n/a	326	229,943	2,702	41.39	1.9%
EAAS transport	16.6%	n/a	n/a	-	n/a	n/a	0.1	n/a	n/a	n/a	n/a	n/a	0	13.05	0.6%
Other infrastructure	87.7%	n/a	n/a	-	n/a	n/a	50	n/a	n/a	n/a	n/a	n/a	50	218.41	10.3%
Fiber digital infra.	57.2%	n/a	n/a	107	n/a	n/a	315	n/a	n/a	n/a	n/a	n/a	423	119.50	5.6%
MSA transport	19.9%	n/a	n/a	78	n/a	n/a	13	n/a	n/a	199	n/a	n/a	290	182.48	8.6%
Digital infrastructure	Divested 2022	11	n/a	n/a	14	n/a	n/a	n/a	n/a	n/a	25	n/a	n/a	-	-
TOTAL		49,017	64,310	75,717	3,290	39,244	17,914	N/A	263,700	15,850	52,307	367,254	109,481	2,122.69	

Year-end numbers. 2022 emissions were restated to actual reported emissions (denoted by an asterisk).

Listed Real Assets



Strategy

The Listed Real Assets Team analyzes and invests in publicly traded companies through funds or separate accounts. We believe that management teams which articulate, enact and measure strategies to address sustainability considerations and overall risk are 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. Our team of securities analysts is responsible for fundamental analysis of companies in which we invest. We evaluate quantitative as well as qualitative sustainability factors as part of our research process, which includes asset tours, management and director engagement, financial modeling and analysis of public documents and third-party research. Research findings are incorporated into our assessment of a company's exposure to risk and ability to manage risk. The Listed Real Assets sustainability integration process incorporates the following components:

- **On-going company engagement:** Actively engage with 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 our internally developed guidelines for clients who designate CBRE Investment Management to vote on their behalf.

Listed Real Assets

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.

Analyst research is the primary input to our Listed Real Estate and Listed Infrastructure proprietary valuation tools. In addition to internal research, our teams also utilize external research from Sustainalytics, GRESB and Bloomberg. We consider numerous sustainability factors when assessing the sustainability programs of public companies in our underwriting, including:

- **Environmental:**
 - Carbon emissions reduction
 - Energy efficiency
 - Climate resilience
 - Renewable energy investment
 - Insurance coverage and cost
- **Social:**
 - Health and wellbeing
 - Workplace culture
 - Management and development of human capital
 - Employee and community safety
- **Governance:**
 - Shareholder alignment
 - Transparency
 - Board structure
 - Compliance
 - Remuneration

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 developed by the investment teams and Head of Sustainability for Listed Real Assets and are driven by the relevant analyst who covers the company. During our engagements, we encourage companies to employ the following practices:

- **Climate:** Meaningful goals aligned with industry standards related to energy and water conservation and carbon reduction, conducting long-term portfolio planning around environmental changes.
- **People:** Thorough and inclusive hiring practices, commitment to a strong workplace culture, engagement programs for their employees, tenants of their assets and surrounding communities.
- **Influence:** Disciplined corporate governance structure, with strong board oversight and shareholder-friendly provisions.

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

Specific to climate, our internal research includes carbon reduction targets (net zero and interim targets), energy and water conservation efforts, Scopes 1 and 2 emissions intensity trends and a company's overall climate risk approach. Goal setting and progress towards the targets are important. Through engagement, we typically recommend disclosure of data and details on the company's climate strategy and decarbonization pathways and we encourage industry best practices.

Our sustainability assessment of companies combines internal and external resources and is ultimately reflected in an overall score for each company, based on the factors described previously in our research and engagement process.

The scores are part of the tools we use in our process for consideration of companies for investment. Before investing, sustainability risks and opportunities are part of many factors communicated by the CBRE Investment Management analyst during the investment recommendation process, along with fundamental risks and opportunities.

CASE STUDY

Listed Real Assets - Real Estate

Enhancing sustainability transparency through direct engagement with a listed industrial company



Challenge

CBRE IM identified that a listed industrial company had limited participation in third-party sustainability assessments and public sustainability disclosures. This gap made it difficult to accurately evaluate the company's sustainability performance, an important factor in understanding long-term risks, opportunities and potential impact on overall valuation.

As a smaller-cap company in the early stages of its sustainability journey, the company demonstrated significant untapped potential for improving transparency, investor communication and alignment with industry best practices.



Solution

To address these gaps, CBRE IM's Listed Head of Sustainability and industrial-sector investment analyst initiated a direct engagement with the company's Chief Accounting Officer, Director of Sustainability, and Investor Relations team. Our engagement provided an opportunity to delve into their GRESB assessment, decarbonization roadmap, solar program and green building certifications. We also discussed enhancing corporate governance, noting that the company recently amended its bylaws to enhance shareholder friendliness. Its governance structure features a non-staggered board, the exclusion of state anti-takeover provisions and the absence of a shareholder rights plan.

CBRE IM emphasized the long-term value creation and lower risk associated with shareholder-friendly governance and robust sustainability transparency.



Result

The engagement yielded meaningful outcomes:

- The company completed its first GRESB assessment two years prior, and its latest submission showed an improved score, indicating progress in sustainability initiatives.
- The company committed to developing new properties to LEED standards and is preparing to join the LEED Volume Program.
- Approximately 50% of the existing portfolio is already positioned as sustainable and resilient, aligning with tenant demand and evolving market expectations.
- A formal decarbonization roadmap is in place, with short-term targets defined and longer-term goals under development.
- The company's corporate governance enhancements further positioned it for stronger investor confidence and market recognition.

Following this engagement, CBRE IM updated its internal sustainability scoring to better reflect the company's actual progress, correcting underreported aspects such as green building certifications and sustainability memberships that had been missed in third-party data.

CBRE IM will continue to engage with the company to monitor its decarbonization efforts and encourage more comprehensive transparency, thereby improving investment assessments for all stakeholders.

Case studies are for illustrative purposes only and not representative of all investments. Please note that the investment examples are included herein to convey our thought process and approach in analyzing investment opportunities and are not indicative of performance for any actual portfolio.

Listed Real Assets

Risk management

We understand that climate considerations are key to evaluating sustainable listed real assets. Listed real assets companies are exposed to unique sustainability risks and opportunities that are different from other equities. Public real assets companies own infrastructure and real estate assets which can cost billions of dollars to build and run for decades. These assets impact society and communities every day. Listed real assets companies are exposed to physical risks, such as wildfires, flooding and earthquakes and transition risks such as obsolescence. At the same time, we believe the opportunities for growth from the deployment of renewables, the upgrade of energy grids and the higher rents associated with modernized, sustainable buildings are meaningful. In our experience, valuation multiples and costs of capital could be further impacted by climate and the disparate profitability metrics that climate-friendly versus non-climate-friendly assets may produce over time. Corporate governance is crucial to managing these risks and opportunities.

Consideration of the impact of climate-related risk on the business, strategy and financial planning of a real assets company has the potential to yield improved investment returns in a portfolio. For example, a real estate company which has minimal climate risks (due to location, resilience and/or higher efficiency) may experience lower expenses over time and higher revenues due to higher occupancy and lease rates. Higher earnings growth may result while the reduced capital expenditure requirements could further contribute to better returns on capital. For listed infrastructure, we believe the investment theme of decarbonization is integral.

We understand that companies that fail to adapt to changing regulatory policies or focus on decarbonization are at risk of lower regulatory-approved returns and potentially poorer investment performance. Considering the impact of climate-related risk and choosing to invest in either climate-advantaged or climate-diversified holdings may lower our clients' overall portfolio risk and potentially improve total returns over time.

As mentioned, our risk management process involves a combination of internal and external research through engagement with companies as well as accessing publicly available information to better understand climate-related risk in potential holdings. Publicly available climate information can include company-reported GHG emissions via third-party sources or disclosed information on climate transition pathways. We engage with management teams to understand emissions reduction plans and encourage best practices. As seen in **Figure 18**, we seek to both understand and encourage several factors related to climate in our engagement process where consistent with investment objectives.

Listed real assets companies are exposed to physical risks, such as wildfires, flooding and earthquakes and transition risks such as obsolescence.

Figure 18: Engagement practices related to climate



Understand

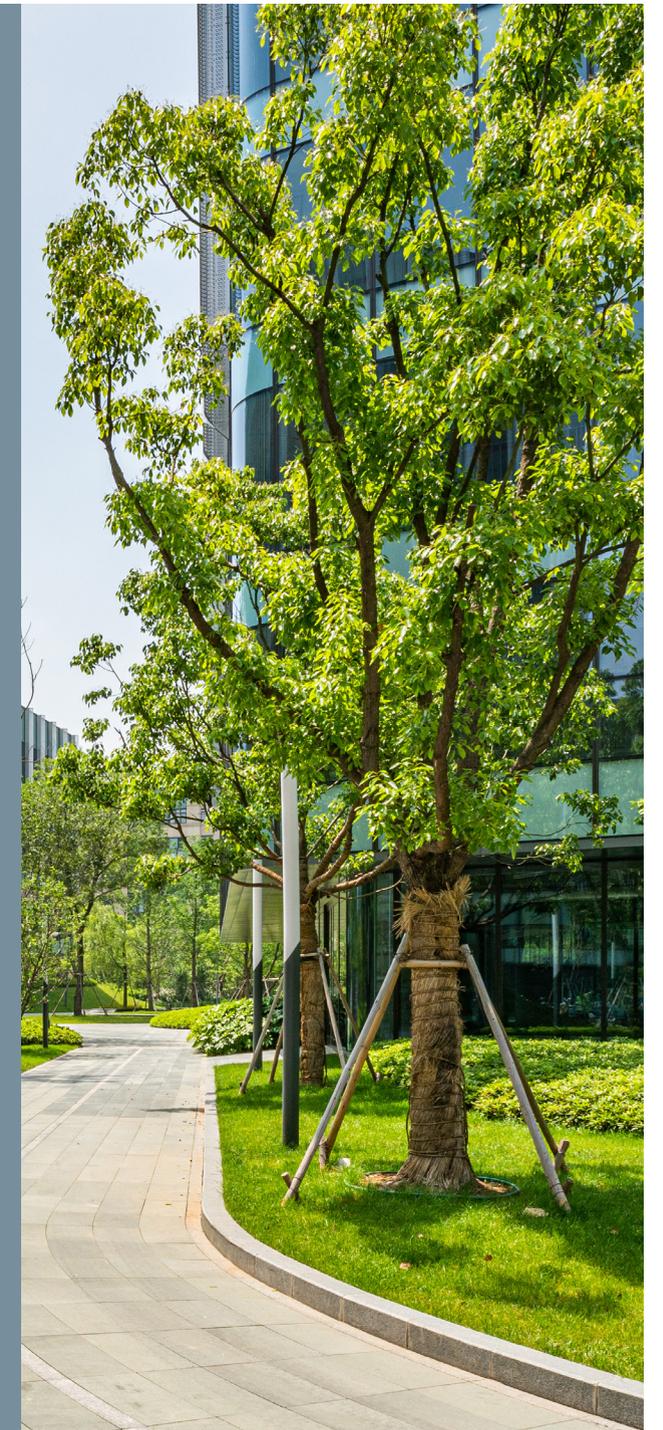
- Emissions reduction targets and net zero commitments set by management; if uncommitted, the required analysis and actions to make a commitment
- Assessment of physical and transition risks and climate-related opportunities
- Bespoke climate-related data for specialized real assets
- Asset-level resiliency measures



Encourage

- Meaningful goals for energy conservation, carbon reduction and a minimum adherence to industry standards
- Sustainability values in their business for the betterment of stakeholders
- High-quality and transparent data related to climate including articulation of a pathway to achieving goals

Source: CBRE Investment Management.



Listed Real Assets

Metrics and targets

Our use of data in managing climate risk and establishing targets is rigorous and integrated within our investment decision-making process where consistent with investment objectives. Data is collected from our own internal research and from external sources. Across our proprietary listed real assets universe, we review approximately 1,300 companies (approximately \$7 trillion in total market cap). Our sustainability database, which continually evolves, currently tracks more than 120 data fields comprised of over 100,000 distinct data points considering sustainability criteria. In the data shown below, we have compiled climate-related data for two representative accounts within our flagship Listed Infrastructure and Listed Real Estate strategies.

Our flagship Listed Real Assets strategies represent over 40% of CBRE IM's Listed Real Assets AUM as of December 2024. We compare our accounts to each strategy's benchmark to display the current progress of the portfolio versus a larger industry group of companies. We believe a key consideration for evaluating climate risk is emissions reduction targets and carbon emissions intensity for companies who disclose this information.

Companies that develop and follow emissions reduction targets display a level of discipline and commitment and a desire to review their progress. As seen in **Figure 19**, our accounts contain a higher exposure to companies who have set emissions reduction targets.

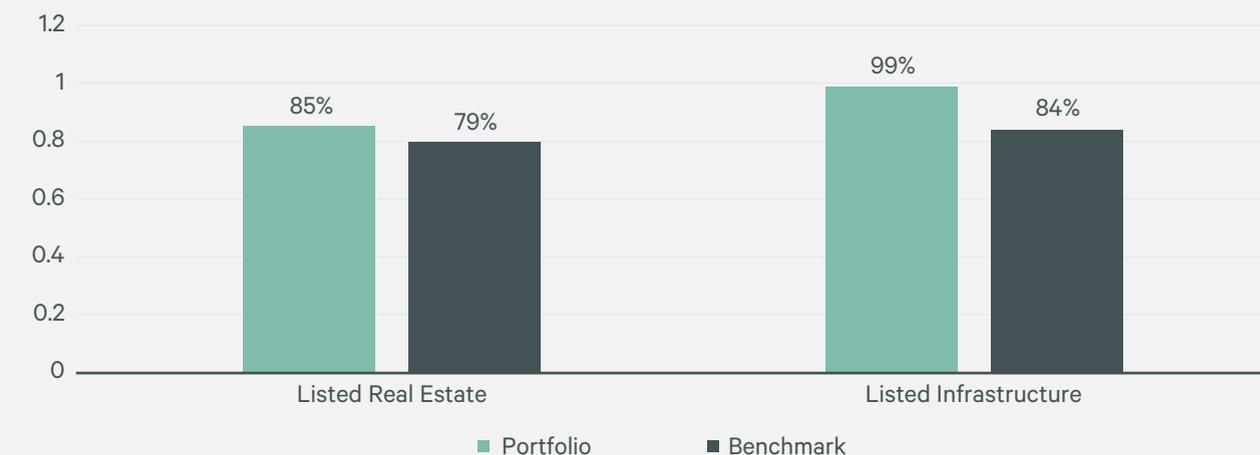
Carbon intensity for listed securities is typically defined by absolute emissions as a percentage of revenue. Showing the emissions in this manner normalizes the emissions and allows various industries to be compared to one another. In **Figure 20**, per TCFD recommendations, we assess the weighted average carbon emissions intensity (WACI) for the portfolio versus the benchmark. The WACI for both portfolios is lower than its benchmark, which is favorable.

1,300
Companies reviewed across our proprietary listed real assets universe

120
Data fields in our sustainability database

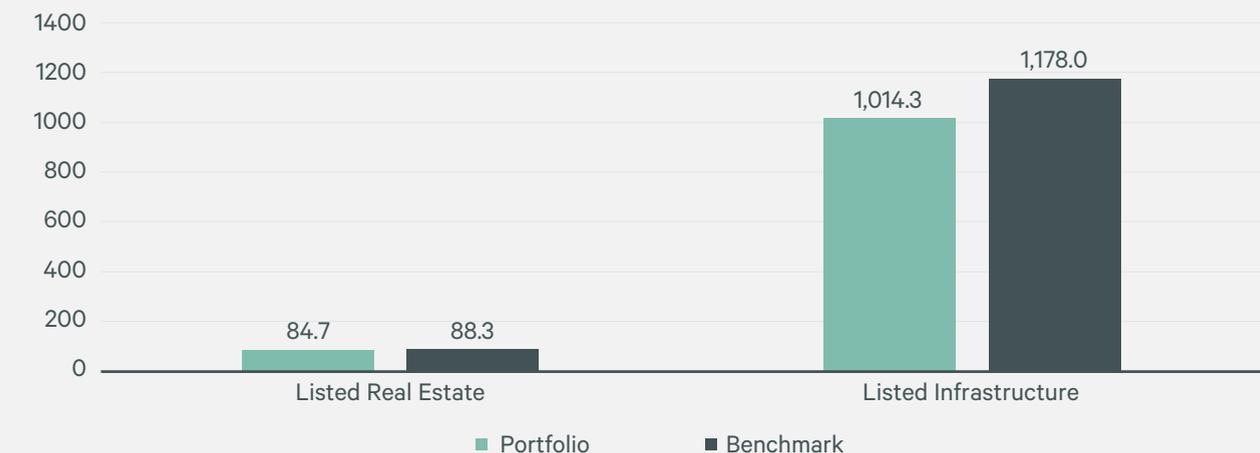
40%
of CBRE IM's Listed Real Assets assets under management represented by our flagship Listed Real Assets strategies

Figure 19: Exposure to emissions reduction targets



Source: CBRE Investment Management as of December 31, 2024, public company reports. Representative accounts for the flagship CBRE Global Listed Infrastructure Strategy and CBRE Global Listed Real Estate Strategy as of December 31, 2024 were used. These strategies represent over 43% of our total listed real assets AUM. Real Estate benchmark used is the FTSE EPRA NAREIT Developed index, and the Infrastructure Benchmark used is the FTSE Global Core Infrastructure 50/50 Index. Emissions targets tracked include medium-term emissions reduction targets and net zero emissions targets.

Figure 20: Carbon emissions intensity of the portfolio



Source: CBRE Investment Management as of December 31, 2024, public company reports. Representative accounts for the flagship CBRE Global Listed Infrastructure Strategy and CBRE Global Listed Real Estate Strategy as of December 31, 2024 were used. Real Estate benchmark used is the FTSE EPRA NAREIT Developed index, and the Infrastructure Benchmark used is the FTSE Global Core Infrastructure 50/50 Index. These strategies represent over 43% of our total listed real assets AUM. WACI is calculated as the issuers' weight within the portfolio multiplied by the issuers' carbon intensity, defined as 2023 Scopes 1 and 2 emissions expressed as MtCO2e/Revenue (U.S. dollars in millions). Based on reported emissions only.

Listed Real Assets

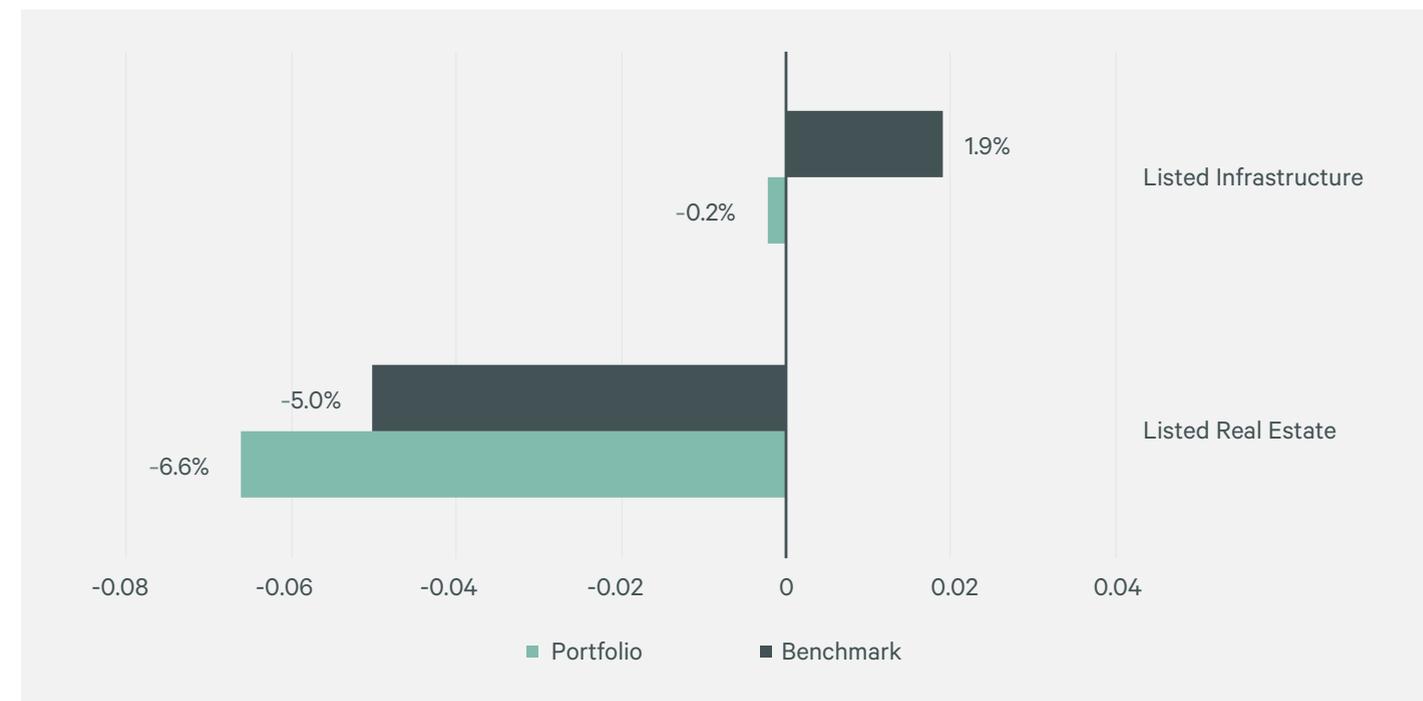


We also consider a reduction in portfolio carbon intensity as quantifiable progress on climate action. We monitor the change in carbon intensity for the portfolio and respective benchmark, as shown in **Figure 21** for reporting years 2023 versus 2022. A decrease in carbon intensity is favorable.

Other metrics related to climate progress, which our analysts examine, include items such as the percentage

and type of green building certifications within real estate, the renewables share of an individual company's capital expenditure budget and water consumption and conservation. The metrics along with other fundamental factors, could influence our modeled cost of capital, our assessment of intrinsic value and our overall perception of risk when considering potential returns for our investors.

Figure 21: Reduction in carbon emissions intensity of the portfolio



Source: CBRE Investment Management as of December 31, 2024, public company reports. Representative accounts for the flagship CBRE Global Listed Infrastructure Strategy and CBRE Global Listed Real Estate Strategy as of December 31, 2024 were used. These strategies represent over 43% of our total listed real assets AUM. Real Estate benchmark used is the FTSE EPRA NAREIT Developed index, and the Infrastructure Benchmark used is the FTSE Global Core Infrastructure 50/50 Index. 2023 and 2022 Scope 1 and 2 emissions intensity defined as MtCO₂e/Revenue (U.S. dollars in millions). Based on reported emissions only.



Closing Note

04

Closing Note

Our 2024 Climate Report reinforces and highlights how our focus on sustainability enables our funds, separate accounts, portfolio companies and operating partners to more effectively manage risk and unlock long-term value. As we reflect on the progress made in 2024, we remain steadfast in our commitment to managing climate-related risks and capitalizing on the opportunities they present.

The evolving climate landscape demands not only accountability and transparency, but also adaptability and innovation. At CBRE IM, we are dedicated to deepening our integration of sustainability across the investment lifecycle and aligning our efforts with global frameworks and stakeholder expectations.

We recognize that climate action within real assets is not just a responsibility, but a strategic imperative to manage risk, create value and deliver long-term returns for investors. By embedding climate considerations across the investment lifecycle, we seek to position our assets to better withstand disruption, adapt to regulatory and market shifts and deliver enduring value for clients. We thank you for your interest and engagement as we strive to deliver resilient, sustainable outcomes.





Appendices

05

Appendix 1: TCFD disclosures and alignment

The Task Force developed 11 recommended disclosures across the four recommendations.

Governance	Strategy	Risk management	Metrics and targets
Disclose the company's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy and financial planning where such information is material.	Disclose how the company identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Page 6	Pages 11, 18, 25, 33, 44	Pages 13, 21, 28, 35, 47	Pages 16, 24, 31, 42, 48
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
<ul style="list-style-type: none"> Describe the board's oversight of climate-related risks and opportunities. 	<ul style="list-style-type: none"> Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term. 	<ul style="list-style-type: none"> Describe the organization's processes for identifying and assessing climate-related risks. 	<ul style="list-style-type: none"> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
<ul style="list-style-type: none"> Describe management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning. 	<ul style="list-style-type: none"> Describe the organization's processes for managing climate-related risks. 	<ul style="list-style-type: none"> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	<ul style="list-style-type: none"> Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<ul style="list-style-type: none"> Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management. 	<ul style="list-style-type: none"> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Appendix 2:

IFRS S2 disclosures and alignment

IFRS S2 took over from TCFD and incorporates those recommendations and expands upon them. The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

General categories		Page Numbers
Governance	The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	6
Strategy	The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.	11, 18, 25, 33, 44
Risk management	The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.	13, 21, 28, 35, 47
Metrics and targets	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress toward any climate-related targets it has set and any targets it is required to meet by law or regulation.	16, 24, 31, 42, 48

Appendix 3: GHG emissions— categorization of scopes

Investment strategy	Asset, portfolio company or underlying fund	CBRE corporate emissions category
Direct Real Estate	Scopes 1 + 2	Scope 3 Category 15: Investments
	Scope 3	Scope 3 Category 15: Investments
Indirect Real Estate	Scopes 1 + 2	Scope 3 Category 15: Investments
	Scope 3	Scope 3 Category 15: Investments

Appendix 4:

Direct Real Estate methodology

Assets included in the analysis

Assets in scope with the like-for-like (LFL) definition by GRESB are included, as per the below criteria:

1. Data coverage (area) is 97.5% or greater.
 - Data coverage (area) refers to the portion of area for which consumption data is available.
2. Data coverage (area and time) is positive for both reporting years.
 - Data coverage (area and time) refers to the portion of the floor area for which data is available, as well as the part of the reporting year for which data is available.
3. Data coverage from one year to another is within 3% error threshold.
4. The asset is classified as Standing Investment for both reporting years.

Energy use intensity (EUI) and greenhouse gas (GHG) intensity

1. CBRE IM calculates EUI and GHG intensity based on three data coverage (by area and time) levels—100%, less than 100% and less than 0%. Data coverage (area and time) refers to the portion of the floor area for which data is available, as well as the part of the reporting year for which data is available.
 - For 100% data coverage, EUI/GHG is calculated by dividing total energy consumption by the gross floor area, considering all energy types and multiplying by the appropriate emissions factor.
 - Assets with more than 0% but less than 100% data coverage have estimated intensities determined using both measured and benchmark values. The intensity is weighted by the data coverage and missing data coverage respectively.
2. Benchmark intensities are selected depending on sectors and locations, with PCAF for EMEA, Energy Star for the U.S. and GRESB for Asia Pacific.
3. Assets with 0% data coverage, or those designated as commercial/operational outliers, have their performance estimated using the benchmark intensity value.

4. To calculate sector-level EUI and GHG, the product of each asset's intensity is weighted by its percentage ownership. The intensities are then summed up with their relative weighting in the portfolio (by floor area).
 - Asset-level intensity is calculated using the method described above.
 - For the intensity, the associated % total of the floor area is found.
 - The weighted average of the intensity based on floor area is then calculated.
 - This approach allows for a more robust and accurate aggregate by sector, since it considers proportional intensity.

Water intensity

1. For assets with 100% data coverage, total water consumption is divided by the gross floor area. All other assets are excluded.

Notes

1. The methodology for calculating intensities has recently been updated. This includes changes in the estimation model and a new classification of outliers, as outlined above. We have ensured that the updated calculations are reliable and reflect the current standards in our field.
2. It is important to note that there has been a 130% increase in the amount of data reported this year compared to last year. This increase in data may lead to differences in the calculated intensities when compared to the numbers from the previous year.
3. The calculated intensities remain in line with industry benchmarks.
4. Due to the changes in methodology and the increase in data, it is expected that the calculated intensities will not match the numbers from last year. It is important to consider these differences when comparing the results to previous years' data.
5. To enhance clarity and streamline reporting, this year we opted to present all scopes and energy together, rather than separating them in the calculations and reporting.

Important information

Past performance is not indicative of future results. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of its investment. Prior to investing in an investment vehicle, prospective investors should consult with their own investment, accounting, regulatory, tax and other advisors as to the consequences of an investment in the investment vehicle.

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In evaluating an investment, CBRE Investment Management is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause CBRE Investment Management to incorrectly assess an investment's sustainability practices and/or related risks and opportunities. Sustainability-related practices differ by region, industry and issue and are evolving accordingly, and a company's sustainability-related practices or CBRE Investment Management's assessment of such practices may change over time.

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