



JANUARY 2021

CBRE PAN-EUROPEAN CORE FUND

GREEN FINANCE FRAMEWORK

CBRE
GLOBAL
INVESTORS

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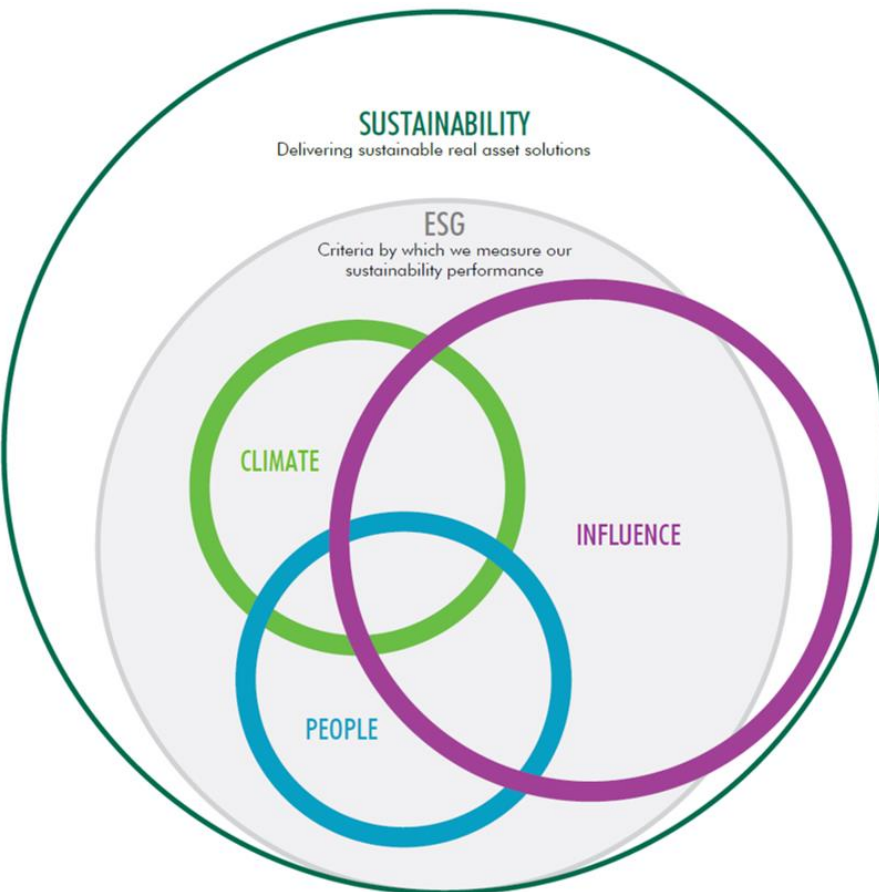
INTRODUCTION

About CBRE Global Investors

CBRE Global Investors is a global real assets investment management firm with \$109.6 billion in assets under management¹ as of June 30, 2020. Built up over more than 40 years, our distinct platform is focused on real assets, giving our institutional clients access to real estate and infrastructure in the Americas, Europe and Asia Pacific. Our clients have access to a complete range of investment solutions including equity and debt, direct and indirect, and listed and unlisted strategies. We believe the best performance comes from putting our clients first. In our experience, our local market intelligence, proprietary research and active management enable our experienced professionals to deliver strong results and exceptional service.

CBRE Global Investors is an independently operated affiliate of CBRE Group, Inc. (NYSE:CBRE). It harnesses the research, investment sourcing and other resources of the world's largest commercial real estate services and investment firm (based on 2019 revenue) for the benefit of its investors. CBRE Group, Inc. has more than 100,000 employees (excluding affiliates) and serves real estate investors and occupiers through more than 530 offices (excluding affiliates) worldwide. The Class A common stock is traded on the New York Stock Exchange (NYSE) under the symbol CBRE.

CBRE Global Investors' Sustainability Vision



CBRE Global Investors is dedicated to delivering sustainable asset solutions. As a fiduciary investment manager, CBRE Global Investors has both the responsibility and opportunity to contribute to the sustainability of the environment, the well-being of people and to positively influence our operating partners, occupiers, supply chain and industry.

CBRE Global Investors seeks to support the transition to a sustainable, net zero carbon, resilient, inclusive and healthy society. Recognizing that this can be achieved only as a collaborative effort, we encourage our partners to join us in delivering this ambition together.

Our Sustainability Vision ("Vision") is based on the belief that Environmental, Social and Governance ("ESG") factors are

fundamental to our business and to driving long-term out-performance in the real assets portfolios we manage.

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

Through a comprehensive external and internal stakeholder engagement and materiality assessment, aligned with Global Reporting Initiative (“GRI”), the UN Sustainable Development Goals (“SDG”) and EU taxonomy guidelines, we identified the sustainability factors which are material for our investments and operations. The targets and actions to achieve our Vision are therefore focused on three umbrella ESG criteria: Climate, People and Influence, which encompass the material issues identified through the materiality assessment process.

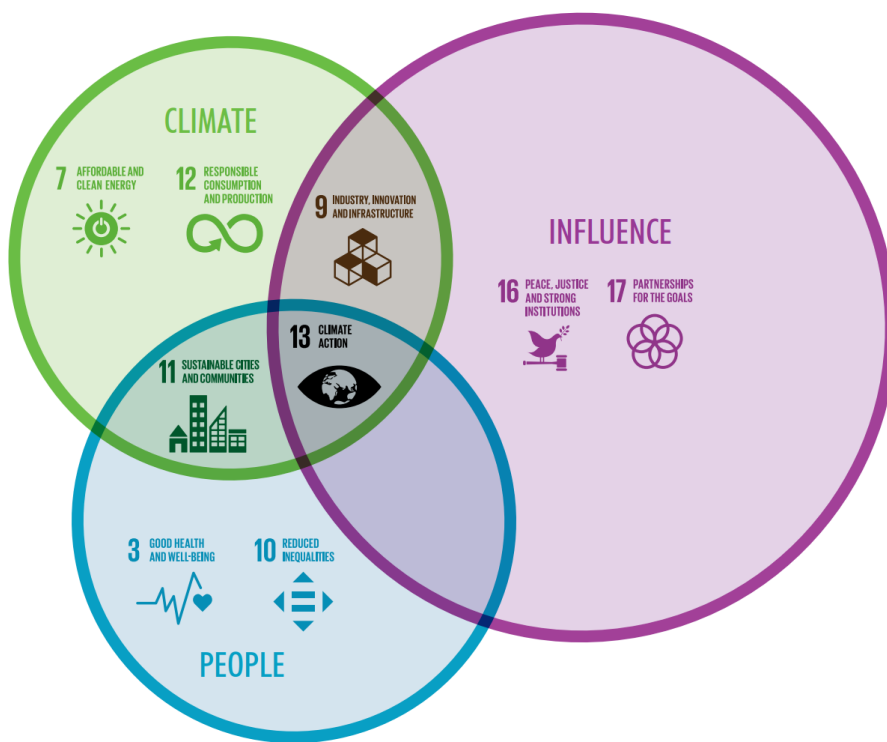
These criteria, underlined by strong governance and accountability by our executive-level leaders, are aimed to support the achievement of global targets, effective management of our material environmental and social issues, and transparent tracking and reporting of performance.

CLIMATE: We commit to address climate-related risks and opportunities, by focusing on delivering net zero carbon performance and physical resilience.

PEOPLE: We commit to champion diversity, inclusion and well-being of our people and other stakeholders.

INFLUENCE: We commit to engage with and positively influence key stakeholders where we do not have direct management control.

Alignment with Sustainable Development Goals



While all 17 SDGs are globally significant, we have identified nine as the most material to us as a real asset investment manager. Our analysis is built on existing frameworks, including the UN Environment Programme Finance Initiative’s Positive Impact Real Estate Investment Framework, the EU taxonomy for sustainable activities, Global Real Estate Sustainability Benchmark (“GRESB”), and resources from the UN Global Compact and green building certifications, such as Building Research Establishment Environmental Assessment Method (“BREEAM”), to identify our industry’s possible actions and opportunities in addressing the SDGs.

We then assessed each activity to determine its feasibility, difficulty of implementation, scalability, significance, and consequence of inaction as it applies to either our corporate operations or our real assets investments. Finally, the Sustainable Development Goals are embedded in our Sustainability Vision and the tools for its delivery, including materiality assessments, maturity matrices, key performance indicators and reporting.

ESG Maturity Matrix

As a fiduciary, CBRE Global Investors operates within the defined spectrum between ESG bottom limit and financial upper limit. On one end, we always strive to ensure an effective response to risk factors through critical exclusions and active ESG risk management. On the other end, we actively pursue all opportunities to enhance value through green practices, set and achieve ambitious targets and effect positive social impact, while delivering competitive risk-adjusted financial returns.

In order to assess the current performance, set ambitions for the medium- and long-term and a pathway to achieve them, we have developed a proprietary ESG maturity matrix. The matrix is aligned with PAS 7340 (principles of sustainable finance in financial services), which defines four levels of performance requirements, supported by key performance indicators appropriate for each investment strategy.

LEVEL 1: Basic	LEVEL 2: Improving	LEVEL 3: Engaged	LEVEL 4: Integrated
Maintain compliance through risk mitigation and negative screening	Identify materiality and market pressures, manage impact through ad-hoc implementation of common green practices	Implement strategic approach, future proof through good sustainability practices and continual performance improvement	Implement exemplary practices, setting ambitious targets and achieving significant positive impact

PAN EUROPEAN CORE FUND

CBRE Global Investors Open Ended Funds S.C.A. SICAV-SIF Pan European Core Fund (“PEC” “The Fund”) is an open-ended, perpetual life, balanced core real estate Fund with €4.6 billion in real Estate Assets under Management as at 30 September 2020. The Fund launched in 2010 and is designed to purchase, manage and sell institutional-quality real estate assets, across all main asset sectors, in Continental Europe and the UK over the long term.

The strategic positioning of the PEC Fund to achieve the target return is based on the following:

Top Down Research Led Portfolio Construction: the PEC Fund adopts a research-led core investment strategy that is based on an intrinsic understanding of the life cycle of prime buildings. In our approach to core investing we invest for income, ensuring capital preservation and long-term growth.

Prime Dominant Buildings: the PEC Fund focuses on assets located in the best locations in European top tier cities. The Fund believes that locational positioning is one of the key drivers of consistent performance and income stability.

Sustainable Cashflows: the ability for an asset to always attract occupiers and to sustain cash flow is central to our strategy and our ability to deliver consistent performance to our investors.

Income Enhancement: the PEC Fund looks for hidden unrecognised and unrealised value in all acquisitions. The Fund will look to unlock value through select and limited, development projects.

Themed Approach: the PEC Fund has very clear, research led strategies focussed on Office, Retail, Logistics and Residential sectors.

Portfolio ESG Strategy

CBRE Global Investors’ approach to a tailored portfolio ESG strategy has two main phases: development and delivery, following the principles of continual improvement. The Global Head of ESG leads this process for every individual portfolio, supported by the dedicated ESG team. In the portfolio ESG strategy, we take into account the upstream commitments and aspirations of clients and beneficiaries, as well as downstream boundaries of assets and investment strategy.



The development of an ESG strategy involves benchmarking and strategising, internal and external research, and comprehensive stakeholder engagement whereby the current (if applicable) and desired future position of the portfolio’s

ESG performance on the maturity matrix is defined. An action plan to achieve the set targets is developed and agreed in line with appropriate frameworks and benchmarks for asset- and portfolio-level.

In the delivery phase, actions are implemented, and the achievement of the set targets is monitored, benchmarked and reported internally and externally. Finally, portfolio ESG strategies and action plans are reviewed annually to adjust as necessary for any external (e.g. regulatory, market) changes and internal (e.g. portfolio composition) developments, and to confirm progress against the ESG maturity matrix.

PEC ESG strategy objective is to achieve the “Integrated” ESG performance by 2030 or sooner.

Fund sustainability performance is measured through third-party portfolio assessment (GRESB), with focus on Vision-aligned KPI.

GRESB Assessment	Indicator	Integrated Level requirement
Standing Assets	Absolute	≥75% of credits
	Peer Relative	Top 20% of the peer group
	Benchmark Relative	≥ 4 stars
Development	Absolute	≥75% of credits
	Peer Relative	Top 20% of the peer group
	Benchmark Relative	≥ 4 stars

Asset sustainability performance is measured through third-party green building certifications (BREEAM, LEED, etc), with focus on Vision-aligned KPI.

Certification Type	Indicator	Integrated Level requirement
Operational / In-Use	Portfolio coverage	≥75% by value
	Rating	BREEAM Very Good / LEED Silver or equivalent
New Development / Forward Funding	Portfolio coverage	100% (from 2020)
	Rating	BREEAM Excellent / LEED Gold or equivalent
Major Refurbishment	Portfolio coverage	100% (from 2020)
	Rating	BREEAM Excellent / LEED Gold or equivalent

2020 Performance

C P I		INTEGRATED	CURRENT	2020 PROGRESS	
x	Long-term carbon reduction target	net zero by 2040*	20%**	ON TRACK	
x x	Climate risk management	TCFD aligned by 2023	25%***	IN PROGRESS	
Asset performance measurement		Asset performance assessed to third party green building certification (BREEAM, LEED, etc)			
x x x	New development (portfolio coverage by value)	100%	-		
x x x	Refurbishment (minimum coverage by value)	100%	100%	MET	
x x x	Development performance requirement (>75% of certified AUM)	Excellent/Gold	81.2%	MET	
x x x	Operational (minimum coverage by value)	50%	15.2%	IN PROGRESS	
x x x	Operational performance requirement (>75% of certified AUM)	Very Good/Silver	42.9%	IN PROGRESS	
Portfolio performance measurement		Portfolio performance assessed to third party framework (GRESB)			
Standing Assets	x x x Absolute portfolio performance requirement	75-100% credits	83%	MET	
	x x x Peer relative portfolio performance requirement ****	Top 20% of peer group	Top 6.5%	MET	
	x x GRESB relative portfolio performance requirement	☆☆☆☆ ☆☆☆☆☆	☆☆☆☆	MET	
	x GRESB Climate mitigation (minimum credits)	75%	69.4%	IN PROGRESS	
	x GRESB Resilience & Risk management (minimum credits)		89.8%	MET	
	x GRESB Wellbeing (minimum credits)		98.0%	MET	
	x x GRESB Stakeholder engagement (minimum credits)		98.5%	MET	
Development	x x x Absolute portfolio performance requirement	75-100% credits	91%	MET	
	x x x Peer relative portfolio performance requirement *****	Top 20% of peer group	Top 20.8%	IN PROGRESS	
	x x GRESB relative portfolio performance requirement	☆☆☆☆ ☆☆☆☆☆	☆☆☆☆	MET	
	x GRESB Climate mitigation (minimum credits)	75%	64.3%	IN PROGRESS	
	x GRESB Resilience & Risk management (minimum credits)		98.1%	MET	
	x GRESB Wellbeing (minimum credits)		72.6%	IN PROGRESS	
x x GRESB Stakeholder engagement (minimum credits)	90.9%		MET		

GREEN FINANCE FRAMEWORK

PEC Fund's Green Finance Framework ("the Framework") is based on the Green Bond Principles (ICMA, 2018) and the Green Loan Principles (LMA/APLMA, 2020). These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of the green finance market. The Framework takes into account the core components of the Green Bond Principles and the Green Loan Principles being:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External review

This Framework defines assets which are eligible for financing or refinancing by proceeds of Green Finance Instruments issued by CBRE PEC Fund including, but not limited to, bonds and loans. In addition, the Framework outlines the process used to select and report on eligible assets and the organization of the management of proceeds of Green Finance Instruments.

The PEC Green Finance Framework definition of eligible assets is aligned with EU Taxonomy's requirements for "substantial contribution to climate change mitigation" as outlined in the EU Technical Expert Group (TEG) on Sustainable Finance Taxonomy Report: Technical Annex, March 2020.

As both the Green Bond Principles, Green Loan Principles and the green financing market overall, as well as the EU Taxonomy, are evolving rapidly, this Green Finance Framework may be updated or expanded in the future. Any future updated versions of this Framework will either keep or improve the current levels of transparency and reporting disclosures.

Use of Proceeds

We will apply 100% of the net proceeds from the issuance of each Green instruments (loan or bond or any other financing instrument) to finance green projects ("Eligible Green Projects") satisfying one or more of the eligible indicators and performance requirements detailed below.

All Eligible Green Projects must provide environmental benefits that contribute to avoiding CO₂ emissions, by increasing renewable capacity, and/or improving energy efficiency. Eligible Green Projects may include physical assets such as green buildings and renewable energy capacity, as well as CAPEX and OPEX related to those assets, and may also include acquisitions of assets. A look-back period of 36 months will apply to the Framework and Eligible Green Projects must comply with the Eligibility Criteria set forth in the following section.

The company may, at any time, extend the list of Eligible Green Projects to other type of assets which provide verifiable sustainability benefits. In this case, the company commits to update the current Framework and to extend the set of criteria to appropriately analyse the new asset class.

Project Type	Criteria	Performance Requirement
Operational Certification	Operational Asset Sustainability Certification recognized by GRESB ² achieving at least 20% reduction of building's GHG emissions	
	BREEAM In-Use Part 1	"Very Good" or above
	BREEAM In-Use Part 2	"Very Good" or above
	LEED Building Operations & Maintenance	"Silver" or above

² As per GRESB 2020 Real Estate Assessment Reference Guide, Appendix 5a
https://documents.gresb.com/generated_files/real_estate/2020/real_estate/reference_guide/complete.html

Project Type	Criteria	Performance Requirement
	>GPR Gebouw	3 stars or above (energy 7.0 or above)
	DGNB Existing Buildings	“Silver” or above
	NF HQE Bâtiments Tertiaires en Exploitation	“Very Good” or above
Major Refurbishment Certification	Refurbishment Sustainability Certification recognized by GRESB³ achieving at least 20% reduction of building’s GHG emissions	
	BREEAM Refurbishment & Fit-Out	“Excellent” or above
	LEED Building Design and Construction	“Gold” or above
	NF HQE Bâtiments Tertiaires - Neuf ou Rénovation	“Excellent” or above
	DGNB New Construction	“Gold” or above
	GPR Gebouw	3 stars or above, energy 7.5 or above
New Development Certification	New Development Sustainability Certification recognized by GRESB⁴	
	BREEAM New Construction	“Excellent” or above
	LEED Building Design and Construction	“Gold” or above
	NF HQE Bâtiments Tertiaires - Neuf ou Rénovation	“Excellent” or above
	DGNB New Construction	“Gold” or above
	GPR Gebouw	3 stars or above, energy 7.5 or above
Energy Efficiency Rating	Energy Efficiency Rating recognized by GRESB⁵	
	Energy Performance Certificate	A (or equivalent top 15% of the scale ⁶) or above
	Minergie	Certified
	BBC Effinergie	Certified
Individual Performance Improvement Measures	Carbon emissions reduction measures recognized by GRESB⁷	
	Installation of Automatic Meter Reading (AMR) infrastructure connected to building management system (BMS)	Achieving at least 20% reduction of building’s GHG emissions through a single measure or a combination
	Automation/management systems upgrades and replacements	
	Installation of high-efficiency equipment and appliances	
	Installation of on-site renewable energy (e.g. PV panels) and requisite infrastructure	
	Installation of smart grid/smart building technologies	
	Systems commissioning or retro-commissioning	
	Wall/roof insulation installation/replacement	
	Window/curtain wall façade replacement	
	Additional carbon emissions reduction measures not currently recognized by GRESB	
	Purchase of renewable energy for electricity consumption under medium and long term power purchase agreements (> 5 years)	Renewable sources considered will only be the ones generating less than 100gCO ₂ /MWh
Installation of electric vehicle (EV) charging stations	N/A	

Process for Project Evaluation and Selection

Projects that comply with the Use of Proceeds as previously described will be considered as Eligible Green Projects. The process for the evaluation and selection of eligible projects utilizes internal and external expertise and includes assessment of whether the project:

- Substantially contributes to the environmental objective of climate change mitigation
- Aligns with CBRE Global Investors Sustainability Vision and PEC’s ESG Strategy
- Meets the Use of Proceeds requirements

³ idem

⁴ idem

⁵ As per GRESB 2020 Real Estate Assessment Reference Guide, Appendix 5b

https://documents.gresb.com/generated_files/real_estate/2020/real_estate/reference_guide/complete.html

⁶ Countries such as Germany, Belgium and Poland do not have A-G classification of EPCs

⁷ As per GRESB 2020 Real Estate Assessment Reference Guide, Efficiency Measures RA3

https://documents.gresb.com/generated_files/real_estate/2020/real_estate/reference_guide/complete.html

A cross-functional Green Finance Committee (“GFC”) reviews, monitors, and approves all Eligible Green Projects that meet the core criteria set forth above. The GFC will be chaired by the Global and/or EMEA Head of ESG, and will include the Fund’s Chief Financial Officer and Fund’s Portfolio Manager. The final project selection for investment remains with the EMEA Investment Committee, which includes representatives from the Executive Committee, our most senior executive management group.

Projects and acquisitions that are aligned with the Use of Proceeds (with a look back period of 36 months) will be considered eligible for Green finance issuance’s proceeds allocation.

Management of Proceeds

The net proceeds from each Green finance issuance will be deposited to a general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as selected by CBRE PEC’s GFC.

For costs already disbursed, no separate management of proceeds is required. Accounting records of the capital already invested in Eligible Green Projects will be externally assured. For future project costs, proceeds will be managed through a tracking process established by the GFC to ensure traceability. The Chair of the GFC will oversee the allocation process.

All relevant information regarding the issuance of Green finance instruments and the Eligible Green Projects (re)financed will be monitored and maintained in our internal accounting systems.

PEC intends, to the best of its abilities, to fully allocate the proceeds within 24 months after the issuance date of each Green finance instrument and will strive to maintain full allocation until maturity by replacing any projects that may have been divested or are no longer eligible due to other circumstances.

Pending the allocation or reallocation, as the case may be, of the net proceeds, PEC’s CFO will invest the balance of the net proceeds, at their own discretion, in cash and/or cash equivalent and/or other liquid marketable instruments and can even be used to repay existing debt, as per PEC’s cash management policy.

Reporting

For all issuances under this Framework, PEC intends to produce an allocation report (the “Allocation Report”) as well as an impact report (the “Impact Report”) annually until full allocation of the Green finance instrument proceeds.

Allocation report

PEC will publish the Allocation Report on the CBRE Global Investors’ website or make available on demand⁸ within 12 months of issuance and then annually until full allocation of the proceeds of the relevant Green finance instrument. The report will include:

- The amount of proceeds allocated to Eligible Green Projects financed or refinanced during the preceding 36 months, and the list of Eligible Green Projects (subject to confidentiality disclosures);
- The aggregated amount of allocation of the net proceeds to the Eligible Green Projects for each of the eligible categories; and
- The balance of unallocated proceeds invested in cash and/or cash equivalents.

External verification will be provided for each annual allocation report.

Impact Report

PEC will publish an Impact Report on the CBRE Global Investors’ website or make available on demand⁹ on an annual basis. The Impact Report will provide information on the environmental outcomes of the Eligible Green Projects.

The Green Bond Impact Report is expected to include the following umbrella indicators:

- Like-for-like annual tracking of carbon intensity performance of assets with Eligible Green Projects in the

⁸ Where such public reporting is in contravention with relevant local legislation such as US Investment Advisers Act 1940, Rule 206(4)(1).

⁹ Where such public reporting is in contravention with relevant local legislation such as US Investment Advisers Act 1940, Rule 206(4)(1).

- portfolio (tCO₂e/m², tCO₂e/EUR) by project type,
- Annual and cumulative total tCO₂e savings of assets with Eligible Green Projects in the portfolio by project type,
- Fund's Sustainability Vision and UN SDG impact,
- Fund's ESG strategy performance status,
- And project specific indicators as below:

Project Type	Reporting Metric
Operational Certification	No of certifications
	% portfolio coverage by value and type/level of certification
	% portfolio coverage by area and type/level of certification
Major Refurbishment Certification	No of certifications
	% portfolio coverage by value and type/level of certification
	% portfolio coverage by area and type/level of certification
	Calculated GHG emissions reduction (tCO ₂ e/annum)
New Development Certification	No of certifications
	% portfolio coverage by value and type/level of certification
	% portfolio coverage by area and type/level of certification
Energy Efficiency Rating	% portfolio coverage by value and type/level of rating
	% portfolio coverage by area and type/level of rating
Individual Performance Improvement Measures	
Installation of Automatic Meter Reading (AMR) infrastructure connected to building management system (BMS)	No of AMR installed
Automation/management systems upgrades and replacements	No of systems improved Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Installation of high-efficiency equipment and appliances	No of appliances/equipment installed Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Installation of on-site renewable energy (e.g. PV panels) and requisite infrastructure	Renewable energy production (MWh/annum) Calculated GHG emissions reduction (tCO ₂ e/annum)
Installation of smart grid/smart building technologies	No of technologies installed Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Systems commissioning or retro-commissioning	No of actions completed Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Wall/roof insulation installation/replacement	m ² of insulation installed Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Window/curtain wall façade replacement	m ² of windows installed Calculated GHG emissions reduction (tCO ₂ e/annum) Calculated energy use reduction (%)
Purchase of renewable energy for electricity consumption under medium and long term power purchase agreements (> 5 years)	No of contracts agreed Calculated GHG emissions reduction (tCO ₂ e/annum)
Installation of electric vehicle (EV) charging stations	No of charging points installed

Methodologies applied to impact indicators will be aligned with GRESB frameworks wherever possible and outlined in the Impact Report.

External Review

PEC has engaged Sustainalytics to provide a Second Party Opinion on its Green Finance Framework. The Second Party Opinion and the Green Finance Framework will be made public on PEC's website.

PEC's annual reporting will also be subject to External Review until the net proceeds are allocated in full to Eligible Green Projects. The Annual Assurance Report will also be posted on our website.

DISCLAIMER

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Fund and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Fund as to the fairness, accuracy, reasonableness or completeness of such information. The information in this document has not been independently verified.

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