

CBRE's Approach to Managing Conflicts of Interest

INTRODUCTION

CBRE is committed to conducting its business with the highest ethical standards and complying fully with our legal and regulatory obligations. Due to the size and range of our business and the nature of the real estate business itself, we inevitably face conflicts of interest that must be promptly disclosed and properly managed. This document serves as a framework to articulate CBRE's approach to conflicts of interest.

This document:

- Defines "conflicts of interest" and how they may arise in our business
- Acknowledges our responsibilities to our clients and what they can expect from us
- Summarizes the controls we have implemented to identify and manage conflicts
- Sets forth a process by which CBRE responds to requests for information, clarification or resolution of a dispute regarding conflicts

CBRE has the broadest platform in our industry in terms of geography and the types of services we offer. We act in a variety of capacities for clients across the globe, including:

- Representing clients as a broker in real estate transactions
- Providing consulting and advisory services relating to the operations of real estate, including technology solutions
- Managing properties and facilities at the physical site on behalf of clients (including the procurement of supplies and services needed to operate and maintain the property)
- Appraising the value of real estate for clients
- Arranging for financing of real estate for clients
- Investing capital, our own and our clients', in real estate, directly or through loans or securities

- Servicing real estate mortgages, loans and securitized pools
- Publishing research on real estate trends and information

Clients often ask us to act in several of these capacities in our overall relationship, frequently across multiple geographies. Company-wide, we also act in these roles for hundreds of clients simultaneously.

Our size and the scale and diversity of our lines of business allow us to accept the largest and most complex assignments anywhere in the world. They also enable us to invest in market intelligence, research and other client-facing expertise that are unrivaled by our competitors. They create value for our clients, shareholders and other stakeholders. However, as a result of our scale and diversity and the nature of the real estate services business itself, we inevitably face both real and perceived conflicts of interest. It is important that CBRE manage such conflicts in a manner that further fosters the relationship of trust that CBRE has with its clients.

We depend on our reputation for excellent service as the foundation of our business franchise. Our firm's reputation is paramount, and we manage our firm to create long-term value for our stakeholders. It is therefore critical for us to have an effective conflict management and business selection process that is overseen by experienced, senior people and embedded in the core decision-making of the firm.

WHAT IS A CONFLICT OF INTEREST?

A conflict of interest is a relationship or activity that actually or potentially interferes, or can appear to interfere, with an employee's ability to act and make decisions objectively and impartially, in the best interests of the company or our clients.

For CBRE, a conflict of interest arises whenever CBRE or its employee:

- Could make a financial gain, or avoid financial loss, at the expense of a client;
- Has an interest in the outcome of a transaction or service provided to a client, which is different than the client's interest in that outcome;
- Expects to receive a third-party benefit for a service provided to a client that is not a market-based commission or fee for that service;
- Represents two or more parties whose interests are actually or potentially in conflict with each other;
- Represents a client while CBRE actually favors the interest of another client over the interests of the client; or
- Engages in the same business as a client.

This list is not exhaustive, and CBRE and its employees should consider all services and activities carried out by the firm in order to identify any conflicts that may arise.

The existence or mere appearance of a conflict of interest can have very negative effects, including harm to reputation, loss of trust and damage to morale. Exploitation of these conflicts—in addition to being at odds with our RISE values of Respect, Integrity, Service, and Excellence—can harm our business and lead to great difficulty in continuing to provide our services.

HOW CBRE MANAGES CONFLICTS OF INTEREST

To manage conflict of interest risks in our business, we have implemented global and local policies and procedures, disciplinary, structural and compensatory measures, governance systems and training programs. We have well-established and publicized avenues to investigate concerns or allegations and, if we determine that any of our personnel violate our policies, we take appropriate remedial actions, including disciplinary action against any employee engaged in misconduct. The following more specifically outlines CBRE's approach to managing conflicts of interest.

1. Compliance with the law

CBRE will comply with all laws and regulations relating to our business.

Compliance with federal, state/province and local laws is a non-negotiable condition of employment with CBRE. We have established avenues for identifying and investigating reports of violations by our employees. They are aware that violation can lead to disciplinary action, up to termination of employment.

2. Performance ability

CBRE will accept only those assignments it can perform to its highest standards for excellence.

We will ensure that we are able to perform our responsibilities without compromising the client's or another client's interests *before* accepting any assignment. A conflict review process will be used to identify whether any conflicts exist or are anticipated. This process may differ by line of business, geography or assignment type.

If CBRE determines that it is unable to perform the requested assignment for any reason, it will decline to represent the client.

3. Clarity in our role

CBRE will be clear about its role and responsibilities in any assignment.

Our employees will be unambiguous as to the party CBRE represents and as early as possible disclose the client relationship to all parties to the transaction.

4. Conflicts of interest disclosures

CBRE will disclose to its client all known conflicts of interest.

CBRE has both global and country-level policies on conflicts of interest that outline requirements to disclose, mitigate, eliminate or put in place governance mechanisms to properly manage, all conflicts of interest.

In most cases, our policies require that the disclosure occur prior to accepting an assignment and must:

- Be meaningful, effective and prompt;
- Disclose with clear, fair and straightforward language;

- Contain sufficient information to allow the client (and other parties, if applicable) to make an informed decision on whether to proceed;
- Describe management actions that will be taken to mitigate, manage or eliminate the conflict, as appropriate;
- Describe other activities we may continue to perform as a business while we are representing a particular client; and
- Identify any conflict that exists or is reasonably likely to occur during an assignment even if other measures have been taken to manage the conflict.

To ensure that our disclosure is effective, its contents must be (1) tailored to a specific engagement or line of business, (2) updated regularly, and (3) made in consultation with the client.

5. Escalation procedures

Our employees are expected to follow CBRE's established escalation process for resolving conflicts and business selection issues, as outlined in our policies:

1. **Real estate professionals** should escalate conflict issues to their managers.
2. **First-line managers** are trained to resolve conflicts and business practice issues, including which assignments we will accept or decline (managers may further escalate matters to a more senior level of management, as well as involve members of the Legal and Ethics & Compliance departments for advice and counsel).
3. **Senior executive officers** have authority to resolve all conflicts and business selection issues.

6. Independence and objectivity

CBRE will act independently of any conflicting interest and will not allow the existence of any interest to influence it when dealing with clients or potential clients.

Our employees are required by policy to disclose the existence of any of the following interests:

- **Any personal interests** that our personnel or their family members may have in any third party, property, or transaction
- **Any existing or prospective business relationship** between CBRE and any third party
- **Any financial interest** of CBRE in any third party or property
- **Any agreement or transaction** that has been, will or may be entered into by CBRE

These examples are not exhaustive, and CBRE and its employees should always consider the need to act independently of any conflicting interest.

7. Compliance and monitoring

CBRE has effective compliance systems to address conflicts of interest and business selection issues.

These systems include:

- **Established avenues for our clients and third parties to report** any circumstances in which they believe a conflict of interest was not disclosed or managed properly;
- **Escalation of reports to be addressed by appropriate personnel** within CBRE;

- **Prompt, thorough and impartial investigation** of allegations under the supervision of our Chief Ethics & Compliance Officer and the global investigation team; and
- **Swift, appropriate remedial action** wherever a violation of policy is found.

Our Chief Ethics & Compliance Officer is responsible for annually reviewing, developing and strengthening our policies and procedures, including the subject matter of this document. A periodic review of conflicts of interest is included in CBRE's Ethics & Compliance Program's monitoring and audit plans, supported by our Internal Audit Department.

8. Ongoing training

CBRE has developed training programs and internal guidance to help our personnel identify when potential conflicts of interest or business selection issues may arise and provide them with the right tools to manage such issues. The training combines legal training regarding the laws and regulations governing certain lines of business, as well as compliance training regarding internal policies and procedures.

ADDITIONAL CONSIDERATIONS

Our subsidiaries

CBRE's subsidiaries operate with appropriate independence from our other business lines, and we do not give them any improper advantage over other CBRE clients.

A conflict of interest may arise when we represent a prospective tenant or buyer and a subsidiary owns the subject property. We will disclose any intercompany relationships, and they will not be considered in our client recommendations or transactions.

While CBRE will not favor its subsidiaries in any transaction, it will not disadvantage them in the market nor ask them to yield to another firm client in a competitive situation. This is for two important reasons:

1. Our subsidiaries owe a fiduciary duty to their own clients. It would be inappropriate to disadvantage them due to a firm-client relationship that would only benefit CBRE as the parent company.
2. CBRE Investment Management and Trammell Crow Company are two of CBRE's largest clients in their own right. They require CBRE to compete with other service providers and provide a fair price, excellent service and access to market intelligence.

There may also be situations where the legal or business interests of a subsidiary or its client conflict with those of a CBRE client. In those cases, our subsidiary must act solely in the best interests of its clients. CBRE employees must not intervene in, mediate or influence any business decisions by subsidiaries in this situation, even if requested by a CBRE client.

To maintain independence from other parts of our business, our subsidiaries:

- Report to management only within the subsidiary;
- Do not work within an integrated office space with other CBRE employees;
- Are compensated based on the performance of their subsidiary or business unit only; and

- Do not receive any internal compensation, rebate or other benefit to influence our subsidiaries to choose CBRE as their service provider.

Confidential information

We know a great deal about our clients. In turn, our clients have a great deal of trust in us to handle their confidential information as carefully as we would handle our own.

To protect and control the flow of confidential information, CBRE will:

- Treat all non-public information obtained from a client or potential client as confidential;
- Not share this information outside of CBRE unless explicitly allowed by the terms of a confidentiality agreement or required by the terms of a transaction or relevant law or regulation;
- Operate on a “need to know” basis (only disclosing this information to those who need it to serve the legitimate interests of clients and who can be expected to keep it in confidence); and
- Periodically require employees to certify their acceptance of these policies and provide trainings on their requirements.

Information barriers

CBRE may also use information barriers to make the transfer of information less likely and reduce the risk of conflicts of interest. “Information barriers” are formal procedures designed to separate and prevent communication of information by employees in one part of CBRE’s business with employees in another part of CBRE.

If a client, one of our real estate professionals or a manager determines that an information barrier is required:

1. A team is created to act for the client that does not include any employee who has worked for or gained exposure to the confidential information of any other party;
2. A manager instructs the team members on this procedure and requires their agreement to confidentiality; and
3. The manager regularly monitors the team and the situation and may adjust the procedures as necessary.

If CBRE determines that a client’s confidentiality has been compromised, it will notify the client, and any employee found to have violated his/her duties will be subject to disciplinary action, up to termination of employment.

Compensation

Our clients are entitled to fully understand the nature, amount and timing of compensation that CBRE expects to receive for its services, even when it is contingent or not directly paid by our client. If an amount cannot be calculated at the start of an assignment, we will share the formula used to calculate the expected compensation.

CBRE and its employees are prohibited from receiving any benefit in addition to the fee payable when a transaction is successfully completed.

Outside activities

CBRE employees are required by our policies to avoid activities that might conflict, or appear to conflict, with their responsibilities to CBRE and its clients. Our policies require that employees obtain their manager's approval before participating in the following activities:

- Outside employment
- Board memberships
- Business activities within our industry

These requests are approved only after a review of potential conflicts and if the outside activity does not pose a high risk of confusing clients or others as to the capacity in which the employee is acting.

Personal Ownership of Property

There is a conflict of interest if CBRE, its personnel or a subsidiary has an ownership interest in either a property that is being considered by a buyer, tenant or seller, or in a competing property.

Nearly all real estate regulations require that a real estate professional who is involved in a transaction in which they have an ownership interest disclose his/her interest to all parties involved. And in some of our business lines and regions, there is an explicit ban on working with a client while having such ownership interests. While CBRE policy permits employee ownership of real estate, personnel are required to disclose to the firm certain types of commercial real estate investments so that the firm can properly track and disclose these interests as necessary.

CBRE employees are not permitted to acquire, hold or otherwise trade in securities in our clients when they have access to material non-public information about the client.

Gifts and entertainment

While giving and receiving gifts are normal parts of our business and may strengthen client relationships, CBRE employees must use common sense when making decisions related to business entertainment.

To draw the line between customary and excessive gifts, CBRE does not permit its employees to:

- Give a gift knowing that it would place the recipient in violation of his/her company's own policies;
- Accept any gift or entertainment that could appear to improperly influence CBRE's business, purchasing choices or decisions on behalf of any client; or
- Give or receive anything of value when dealing with certain sensitive areas of our business (primarily dealing with procurement).

For gifts that are not specifically prohibited, employees are required to follow CBRE guidelines to determine which gifts may be accepted without executive approval and which must be disclosed and/or approved by senior management.

Research

CBRE's real estate market and investment research is used by many institutional real estate investors to distribute resources and make investments. Therefore, the preparation and distribution of our research must be objective, impartial, fair and not misleading. Our researchers must not be influenced by any real estate professional who might have a stake, however indirect, in their findings.

FURTHER INFORMATION

CBRE will review and update this document periodically as necessary. Questions regarding CBRE's Conflict of Interest Policy should be addressed to the CBRE Chief Ethics & Compliance Officer at: ChiefCompliance@cbre.com. To read CBRE's Standards of Business Conduct, please click [here](#).