

ENGAGEMENT POLICY

CBRE Clarion believes active ownership is an essential element of responsible investment. Being a significant investor in many real estate and infrastructure companies provides us with access to company management teams and board members. Guided by the CBRE Clarion Responsible Investment Management Committee (“RIMCo”), we frequently engage with portfolio companies on a variety of issues, including ESG-related matters.

Engagement Philosophy

Engagement is a pillar of active equity ownership. At CBRE Clarion, engagement is driven by our investment professionals and most often focused on matters material to the investment case.

Engagements focused on company-specific issues are prioritized by our investment analysts, who are responsible for incorporating ESG factors into our proprietary investment model. Investment analysts are likewise responsible for voting decisions, and engagements often relate to governance matters and other items subject to shareholder vote. In these cases, the investment analyst determines the objective of the engagement and monitors the company’s response. At times, the RIMCo may prioritize engagement with multiple companies on a broader theme, such as disclosure or transparency. Although these engagements are most often carried out by investment analysts as well, the RIMCo determines the objective of the engagement. Given this approach, we tend to engage more frequently with companies whose shares we own or which are significant in size relative to industry benchmarks (i.e., prioritization is correlated with the exposure of client portfolios).

Engagements may be carried out through private meetings, conference calls or correspondence (ranging from simple emails to formal letters to Boards of Directors). The RIMCo is responsible for tracking engagements, including the company, subject matter and level of detail. Since our engagements tend to be closely aligned with our investment views (which we view as proprietary), we do not normally publish the results of our engagements with companies.

Levels of Engagement Intensity

At a high level, we categorize engagements as either “brief” or “in-depth,” in accordance with the frequency and intensity of our discussions with a company related to a particular matter.

Brief engagements consist of short, direct conversations with companies over the course of each year, focused on issues important to our analysts’ research. Engagements are conducted via teleconference or in person. Some of these conversations are focused on gathering information, while others are intended to urge the company to take a particular action. In recent years, for example, we have encouraged companies to participate in an annual survey conducted by the Global Real Estate Sustainability Benchmark (GRESB), which assesses the sustainability performance of real estate and infrastructure portfolios and assets worldwide. Brief engagements may evolve into in-depth engagements based upon the importance of the issue, the level of detail in views exchanged or the number of conversations.

An in-depth engagement may become necessary when we perceive an issue presenting a significant impediment to our investment goals. As an active manager, we ultimately have the option not to invest

in companies presenting such concerns. Accordingly, this type of engagement does not typically arise unless:

- we are a significant shareholder and expect to remain a long-term investor in the company;
- we have a complete understanding of the problem as well as a constructive solution to offer;
and
- we believe that an engagement may lead to change.

We have historically held in-depth engagements pertaining to areas of governance, such as board structure and strategy, shareholder rights, and executive compensation.

Collaborative Engagement

As noted above, our engagements are closely aligned with our investment process. Given the competitive nature of our business, we are sensitive to combining efforts with peer firms in a way that might reveal proprietary elements of our investment process or our fundamental investment analysis in relation to particular companies. We are also sensitive to the perception of collusion by portfolio companies or industry regulators. Accordingly, we do not normally collaborate directly with peer firms. We do, however, participate in efforts to support GRESB, and also attend industry-sponsored meetings or conferences to discuss ESG topics. Members of the RIMCo have occasionally been invited to speak at such events.

Managing Potential Conflicts of Interest

Our engagement philosophy serves to mitigate conflicts of interest by maintaining investor alignment. We maintain procedures designed to identify and monitor for conflicts of interests among our firm, our clients and the companies in which we invest. Practically speaking, such conflicts are quite rare. With respect to personal conflicts of interest, our Code of Ethics requires all employees to avoid placing themselves in a compromising position in which their interests may conflict with those of our clients, and it restricts their ability to engage in certain outside business activities.

Proxy Voting

In conjunction with engagement, CBRE Clarion treats proxy voting as a fundamental responsibility of shareholders – one which can work to affect positive management behavior over time and therefore ultimately contribute to generating economic value to shareholders. CBRE Clarion maintains internal guidelines, which have been developed internally by the senior portfolio management team, reflecting our preference for a corporate governance structure that is responsive to company stakeholders and supportive of responsible investment goals. These guidelines are reviewed and updated annually. CBRE Clarion subscribes to third-party sources for reference materials and voting administration. Although CBRE Clarion engages a third-party to help administer the process, voting elections are determined by the appropriate CBRE Clarion analyst, in accordance with CBRE Clarion guidelines. Voting elections ultimately are approved by our designated senior portfolio managers or head of proxy voting. In the event that there is a vote against internal guidelines, the CBRE Clarion analyst must document the reason for the vote and a designated member of the investment team must approve the vote.