



LEA 02	Disclosure: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p>		
Collaborative engagements	<p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p> <p><input type="checkbox"/> To engage internal staff</p> <p><input type="checkbox"/> To support investment decisionmaking in a company relevant to ESG issues</p> <p><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced environmental or social data</p>		

# RI TRANSPARENCY REPORT

## 2014/15

Clarion Partners, LLC

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Private							✓
PR 02	Breakdown of assets by management	✓	Private							✓
PR 03	Largest property types	✓	Private							✓
PR 04	Description of approach to RI	✓	Private	✓						✓
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓						✓
PR 06	Fund placement documents and RI	✓	Public	✓			✓			✓
PR 07	Formal commitments to RI	✓	Private				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PR 12	ESG issues impact in selection process	✓	Private	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Private		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	✓	Private		✓					
PR 20	Proportion of assets engaged with on community issues	✓	Private		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	-	n/a	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓

# Clarion Partners, LLC

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

273

OO 03

Mandatory

Descriptive

General

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04

Mandatory

Gateway/Peering

General

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		33	037	700	000
Currency	USD				
Assets in USD		33	037	700	000

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	100	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0



Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

<b>OO 06.2</b>	Additional information. [Optional]
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Region: East 41%, West 28%, South 24%, Midwest 6%, International 1%  
Property Types: Office 31%, Industrial 24%, Retail 23%, Residential 17%, Hospitality 5%

### Gateway asset class implementation indicators

<b>OO 11</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- Property
- None of the above

<b>OO 11.3</b>	Additional information. [Optional]
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We take a 360 degree approach to reaching energy efficiency, water and waste reduction goals. Clarion has incorporated the **ESG GOALS** listed below into our investment decisions and ownership practices:

- **CREATE VALUE:** Reduce operating expenses through strategic capital investment and active management of properties.
- **CONSERVE RESOURCES:** Reduce energy and water consumption and waste creation through operating improvements at our properties.
- **INVEST IN SUSTAINABLE BUILDINGS:** Integrate environmentally responsible practices throughout each investment's lifecycle.
- **LEAD BY EXAMPLE:** Integrate CR approach in all aspects of operations; benchmark and communicate results; actively participate in the larger community and engage business partners, tenants, investors and other stakeholders.

The roadmap to implement these goals provides for us to:

- Strategically manage and develop buildings to achieve high performance and efficiency in order to exceed client return expectations: minimize building energy, water and resource consumption and implement accretive energy efficiency projects.
- Provide tenants, residents and guests with healthy and productive spaces with an emphasis on natural light and clean, well-circulated air.
- Develop and operate assets in a manner that creates economic opportunities for local communities.
- Operate and manage our corporate offices in a manner which creates a culture of efficiency and environmental responsibility.

OO 12	Mandatory	Gateway	General
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**OO 12.1** The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

	Direct - Other asset classes with dedicated modules
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- Property

**Closing module**

- Closing module

Clarion Partners, LLC

Reported Information

Public version

Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Clarion Partners' Executive Board has formally adopted a sustainability strategic plan with a mission statement, including governance and management policies and goals, which serves as the foundation for Clarion's Sustainability programs.

The Sustainability mission is to seek exceptional investment returns by responsibly investing and managing high performance, high quality, environmentally responsible, healthy and productive places to live, work, shop and stay that are beneficial to our local communities. A Sustainability Committee helps oversee these activities and reports to the Clarion Partners' Operating Committee on a quarterly basis.

Per Clarion's Sustainability Mission Statement, all Clarion Partners' employees, subsidiaries, affiliates and suppliers are expected to comply with the internal Environmental, Social, Governance and Economic requirements.

The roadmap to implement these goals are:

- Strategically manage and develop buildings to achieve high performance and efficiency in order to exceed client return expectations: minimize building energy, water and resource consumption and implement accretive energy efficiency projects.
- Provide tenants, residents and guests with healthy and productive spaces with an emphasis on natural light and clean, well-circulated air.
- Develop and operate assets in a manner that creates economic opportunities for local communities.
- Operate and manage our corporate offices in a manner which creates a culture of efficiency and environmental responsibility.

In addition, Clarion has a list of policies in place that offer guide-lines and best practices for operating and maintaining more efficient buildings. Our current list of Responsible Investment Policies include:

- Sustainability Due Diligence Procedures for PIM's& FIM's
- Energy Policy
- Water Efficiency Program
- Refrigerant Management Policy
- Solid Waste Management Policy
- Smoking Policy
- Green Cleaning Policy
- Indoor Air Quality Program
- Climate Adaptation Policy
- Green Office Guide

- Green Tenant Improvement Guide
- Stakeholder Engagement Policy

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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Yes

OA 02.2	Provide a URL to your responsible investment policy.
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URL	
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<http://www.clarionpartners.com/cri/Pages/default.aspx>

No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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Yes

No

OA 02.5	Additional information. [Optional]
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An overview of our Corporate Responsibility programs can be found on our main corporate website.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

<b>OA 03.2</b>	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Clarion has developed a series of company-wide green policies that have been implemented across our entire portfolio. These innovative policies are now an integral part of day-to-day operations at Clarion Partners, and they help us maximize efficiencies, create healthier environments for our tenants, minimize the environmental impacts of our building operations, and reduce operating expenses.

We have also taken a proactive approach to address and manage risks associated with catastrophic weather and climate-related events. Assessing risk from a regional perspective, Clarion developed a portfolio-wide strategy for disaster planning to protect the structural and financial integrity of our assets and ultimately ensure the safety and well-being of building occupants. Climate adaptation planning will help us anticipate future climate changes and incorporate these measures into all of our policies, plans, programs, and general building operations across the board.

<b>OA 03.3</b>	Additional information. [Optional]
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List of Responsible Investment Policies:

- Sustainability Due Diligence Procedures for PIM's& FIM's
- Energy Policy
- Water Efficiency Program
- Refrigerant Management Policy
- Solid Waste Management Policy
- Smoking Policy
- Green Cleaning Policy
- Indoor Air Quality Program
- Climate Adaptation Policy
- Green Office Guide
- Green Tenant Improvement Guide
- Stakeholder Engagement Policy

<b>OA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Competing priorities and potential conflicts are common within a robust investment analysis. Investment decisions are made by the Investment Committee and our clients, weighing various priorities on a case by case basis.

- **CODE OF BUSINESS CONDUCT AND ETHICS:** Clarion has a code of business conduct and ethics in place with minimum requirements for its employees. Employees are required to comply with these policies and other ethical principles that we have in place. All employees, officers and directors are expected to apply these principles in their daily job responsibilities. Clarion encourages prompt reporting of any illegal or unethical behavior.
- **CORRUPTION POLICY:** Clarion has an anti-corruption policy in place. Our staff members may never accept or give any bribes, kickbacks, or any similar consideration for any reason whatsoever.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
  - Biannually
  - Annually
  - Every two years or less
  - It is not reviewed
- No

## Governance and human resources

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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1

Promoting responsible investment
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## OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic  
 Moderate  
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Clarion responds to an annual UNPRI survey in order to incorporate the implications of sustainability and deepen our commitment to responsible investment.

- Asian Corporate Governance Association  
 Association for Sustainable & Responsible Investment in Asia  
 Australian Council of Superannuation Investors  
 CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic  
 Moderate  
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

We are working toward a goal of decreasing our carbon emissions by 20 percent across our portfolio by 2024. We are currently tracking Scope 1 and 2 emissions. As our sustainability programs evolve, we are hoping to develop strategies to enable us to track Scope 3 indirect emissions as well. We plan to report to CDP in 2015 as part of our Climate Change and carbon emission reduction goals.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Clarion reported on performance for two managed funds in 2012 and 2013. Clarion participates in the annual Global Real Estate Sustainability Benchmark (GRESB) survey, an industry-driven organization committed to assessing the sustainability performance of real estate portfolios (public, private and direct) around the globe. Survey results for our three open-end funds provide existing and potential investors with ESG performance information.

- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
Global Reporting Initiative (GRI)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Clarion is working on our annual Corporate Responsibility report with portfolio-wide performance metrics according to the Global Reporting Initiative (GRI) standards. This report will include standard disclosures in accordance with the GRI G4 Sustainability Reporting Guidelines.

- Other collaborative organisation/initiative, specify

ULI Greenprint

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Clarion Partners is a proud member of the Urban Land Institute Greenprint Center for Building Performance, creating value by sharing data and knowledge with the broader real estate community. As a member of its Advisory Board and Performance Committee, Clarion is part of a worldwide alliance of real estate owners, investors, financial institutions and other industry stakeholders committed to reducing carbon emissions across the global property industry. The ULI Greenprint Center for Building Performance is a dedicated center of research and programming at the Urban Land Institute.

- Other collaborative organisation/initiative, specify

USGBC

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

As a member of the USGBC, Clarion Partners is transforming how we design and build our properties using the LEED rating system as a guide.

- Other collaborative organisation/initiative, specify

Energy Star Portfolio Manager

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Clarion Partners is moving towards benchmarking all assets in the EPA's ENERGY STAR Portfolio Manager tool in order to measure and increase energy efficiency.

**OA 10.2** Additional information. [Optional]

**PARTNERSHIPS**

Partnering with national and international organizations is critical to achieving our sustainability goals. We continuously seek opportunities to work with industry leaders and organizations on green program initiatives like the EPA's Energy Star for Buildings program, USGBC Local Chapters, BOMA's Sustainability Committee, the Greenprint Performance Committee, UNPRI and as a GRESB Member.

**OA 11** **Mandatory** **Core Assessed** **PRI 4**

**OA 11.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

**OA 11.2** Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

- No

Clarion Partners, LLC

Reported Information

Public version

Direct - Property

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## Overview

PR 05	Mandatory	Core Assessed	PRI 1-6
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**PR 05.1** Indicate if your organisation has a Responsible Property Investment (RPI) policy.

Yes

**PR 05.2** Provide a URL if your RPI policy is publicly available. [Optional]

<http://www.clarionpartners.com/cri/Pages/default.aspx>

No

## Fundraising of property funds

PR 06	Mandatory	Core Assessed	PRI 1,4,6
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**PR 06.1** Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

No

Not applicable as our organisation does not fundraise

**PR 06.5** Additional information. [Optional]

Clarion is considering incorporating Responsible Investment Aspects into our PPMs in the future.

## Pre-investment (selection)

PR 08	Mandatory	Gateway	PRI 1
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**PR 08.1** Indicate if your organisation typically incorporates ESG issues when selecting property investments.

Yes

**PR 08.2** Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]

Conformance with ESG criteria is an important consideration in portfolio development/investment selection process and is considered within the overall context of the investment risks and returns.

In general, we believe that many properties are enhanced by integrating sustainable design strategies. Physical improvements which reduce energy costs and extend the life of equipment can contribute directly to bottom-line savings (and therefore asset values). In addition, assets that incorporate these features may also see benefits

in terms of attractiveness to tenants, retention of tenants, and achievable rents. A growing number of major office-using tenants now demand some level of sustainable certification as a requirement for leasing, so assets that do not incorporate some level of "green" design are at a distinct disadvantage to those that do. That said, all improvements to a property must also be considered against the backdrop of financial feasibility and potential return on investment.

Clarion Partners has created a sustainability criteria and due diligence procedures for PIMs and FIMs to be used as a resource by our acquisitions team during our Property Condition Assessments. Underperforming assets could either require a discount to the offering price to maintain returns or have an accretive ROI bolstering the overall investment return.

ESG / CRI criteria are incorporated into our acquisition process and due diligence guidelines in the following ways:

- Preliminary and Final Investment Memorandums contains a sustainability section including scorecards summarizing the findings of the due diligence.
- Preference is given to LEED-certified assets, particularly for office assets in primary markets
- A High-Performance Building Assessment for both existing assets and new developments is recommended to be performed as a supplement to the Physical Condition Assessment or Project Cost Review for new developments by a qualified engineer. The High-Performance Building Assessment will identify efficiency opportunities and sustainable elements for proposed investments. If there are efficiency opportunities, the assessment will identify a plan, include cost estimates to address inefficiencies, propose a recommendation (pursue or don't pursue improvements), and outline risks associated with not pursuing improvements.
- Underwritten capital plans are completed in conjunction with the PCA and sustainability assessment, utilizing life-cycle cost assessments and a whole-systems integration approach, whereby impacts on operating expenses and other systems are strategically evaluated as part of the cost/benefit analysis for all future capital projects.
- Energy Star rating score is obtained provided the required energy information is available.

No

PR 10	Mandatory	Core Assessed	PRI 1,3
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PR 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.
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**ESG issues**

Environmental

List up to three typical examples of environmental issues
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The acquisition teams are required to perform a sustainability building assessment during the due diligence phase to identify efficiency opportunities & sustainable elements for proposed investments.

We require information about Energy and Water efficiency, Energy Star Score or DOE's Asset Score, LEED Certification Status and Gap Analysis.

We require a description of major sustainability-related findings including: Sustainable Sites, Indoor Air Quality and Renewable Energy during the Property Condition Assessments.

Social

List up to three typical examples of social issues
--

We require information about a properties walkability via the Walk Score website to promote investments in pedestrian friendly locations.

We require information about a properties alternative transportation options via the Transit Score website to promote investments in locations that promote alternative modes of transportation.

We look at sustainability features that help us prioritize properties that are safe, healthy and productive working environment for our employees and tenants.

Governance

List up to three typical examples of governance issues

We comply with or exceed requirements of applicable regulations.

We are a responsible member of the communities in which we operate.

We act ethically and responsibly

## Selection, appointment and monitoring third-party property managers

PR 13

Mandatory

Core Assessed

PRI 4

PR 13.1

Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

Yes

PR 13.2

Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

- Selection process of property managers incorporated ESG issues
  - For all third party property managers
  - For a majority of property managers
  - For a minority of property managers
- Contractual requirements when appointing property managers includes ESG issues
  - For all third party property managers
  - For a majority of property managers
  - For a minority of property managers
- Monitoring of property managers covers ESG responsibilities and implementation
  - For all third party property managers
  - For a majority of property managers
  - For a minority of property managers

PR 13.3

Provide a brief description of your organisation's selection, appointment and monitoring of third party property managers. [Optional]

Standard property management agreement includes a variety of environmental requirements which all managers must agree to going forward, including reporting, green cleaning, etc.



PR 13.4

Describe how your third party property managers contribute to the management of ESG issues for your property investments. [Optional]

Property managers have a significant impact in the ESG profile of our assets. They are the front line for implementation of our ESG goals, monitoring resource use and often making recommendations to improve the functionality and efficiency of the assets. They are expected to comply with regulations, provide safe, healthy and productive working environment for employees and tenants and act as a responsible member of the communities in which we operate.

No

## Post-investment (monitoring and active ownership)

### Overview

PR 14

Mandatory

Gateway

PRI 2

PR 14.1

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

Yes

PR 14.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and refurbishments
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

PR 14.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets. [Optional]

Clarion Partners and the companies that manage our properties on our behalf are asked to comply with the following ESG issues, guiding principles and goal on our post investment activities related to our property assets.

#### GUIDING PRINCIPLES

- Invest in and manage high-performance buildings that generate superior value and reduce risks for investors, tenants, and their communities.
- Exceed tenant expectations by creating sustainable, healthy, and productive spaces to live, work, shop, and stay.
- Conserve resources by improving building performance to reduce energy and water use, decrease waste, and lower operating costs.
- Foster a culture of environmental responsibility and ensure that our employees, tenants, partners, and service providers have the tools and resources to make our properties more efficient.
- Demonstrate progress by tracking, evaluating, and sharing portfolio-wide performance metrics regularly.

#### GOALS

- **CREATE VALUE:** Reduce operating expenses through strategic capital investments and active management of properties. Implement sustainability-related capital projects when they are accretive to property and Fund/Account returns and consistent with the investment strategy as identified by the annual business plan.
  - **CONSERVE RESOURCES:** Pursue tangible reductions in energy and water consumption and waste creation through region-specific operating improvements, building team and tenant education, business partnerships, and ongoing monitoring.
  - **INVEST IN SUSTAINABLE BUILDINGS:** Integrate environmentally responsible and resource efficient practices throughout a building's entire lifecycle; beginning with planning and design, through construction, operations, maintenance, renovations, and demolition.
- LEAD BY EXAMPLE:** Understand what sustainability is, how it affects commercial real estate, and why each and every Clarion employee is critical for the overall success of the CR initiative. Acknowledge that Clarion Partners is part of a larger community and engage business partners, tenants, investors, and other stakeholders alike.

No

## Property monitoring and management

PR 15	Mandatory	Core Assessed	PRI 2,3
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PR 15.1	Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.
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- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

(in terms of number of property assets)

PR 15.2	Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.
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### ESG issues

- Environmental

List up to three example targets per issue
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We track our progress toward reducing our energy use and Scope 2 Carbon emissions 20% across the portfolio by 2024 from a 2014 baseline.

We track our progress toward reducing our water use by 30% across the portfolio by 2024 from a 2014 baseline.

We track our progress toward increasing our waste diversion rates to 50% by year-end 2016

- Social

List up to three example targets per issue

We track our progress toward performing bi-annual Indoor Air Quality assessments at 50% of the office portfolio by year end 2016.  
2016

We track our progress toward implementing green cleaning policy at ALL properties by year-end 2015

We target 1,000 hours of employee volunteer activities annually. This goal was achieved in 2014.

Governance

List up to three example targets per issue

We enforce compliance with all applicable regulations and acting as a responsible member of the communities in which we operate.

Our company and employees act ethically and responsibly.

We engage with the larger community including our business partners, tenants, investors, and other stakeholders.

We do not set and/or monitor against targets

## Property developments and refurbishments

PR 17

Mandatory

Core Assessed

PRI 2

PR 17.1

Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.

- >90% of active developments and refurbishments
- 51-90% of active developments and refurbishments
- 10-50% of active developments and refurbishments
- <10% of active developments and refurbishments
- N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

PR 17.2

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.

- Minimum environmental site selection requirements
- Minimum environmental site development requirements
- Sustainable construction materials
- Minimum water efficiency requirements
- Minimum energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Construction contractors comply with sustainability guidelines
- Other, specify

<b>PR 17.3</b>	Additional information. [Optional]
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Clarion Partners' Executive Board has formally adopted a Sustainability mission statement, including governance and management policies and goals, which serves as the foundation for Clarion's Responsible Investing program. This program is also implemented on our post-investment programs including ongoing operations, property developments and refurbishments.

Clarion has developed several sustainability policies including Energy, Water, Waste and Indoor Air Quality Procedures and has implemented them across our portfolio of assets. Clarion Partners is committed to environmentally responsible building design, construction and operations. Our responsible investing strategies focus on programs that maximize resource efficiency and enhance the wellbeing and productivity of building occupants.

As part of this program Clarion has developed a Clarion Green Refurbishment Guide. The purpose of this guide is to educate and provide a resource for our redevelopment teams and tenants that want to green their spaces.

The guide includes low-cost strategies and information about the variety of strategies that can be used to green buildings, minimize the environmental impacts of refurbishments and create healthy and productive working spaces.

**Occupier engagement**

<b>PR 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>PR 18.1</b>	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 51-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

<b>PR 18.2</b>	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Other, specify

**Communication**

PR 23	Mandatory	Core Assessed	PRI 6
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**PR 23.1** Indicate if your organisation proactively discloses ESG information on your property investments.

- Disclose publicly

provide URL

<http://www.clarionpartners.com/cr/Pages/default.aspx>

**PR 23.2** Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- Other property reporting standards, specify  
**Energy Star Benchmarking & LEED Certifications**
- No property specific reporting standards are used

**PR 23.3** Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- Yes

**PR 23.4** Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

- ESG information on how you select property investments
- ESG information on how you monitor and manage property investments
- Information on your property investments' ESG performance
- Other, specify

**PR 23.5** Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

- Quarterly or more frequently
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc, specify

**PR 23.6** Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]

We have a Sustainable Properties Tab on our corporate sustainability website and disclose penetration of LEED and Energy Star Assets publicly. We will also disclose this information on our GRI Aligned Annual Sustainability Report and internal Corporate Responsibility Newsletters.

By adding ENERGY STAR labeled and LEED Certified properties to our portfolio, we are better positioning Clarion Partners as a leading organization in the real estate sector. Clarion strives to exceed tenant expectations by creating sustainable and productive spaces to live, work, shop, and stay.

See link to our Sustainable Properties page below:  
<http://www.clarionpartners.com/cri/Pages/sustainable.aspx>

- No
- Disclose to clients/beneficiaries only
- No proactive disclosure to the public or to clients/beneficiaries