



# Colony Capital ESG Policy

March 2018

ColonyCapital

# Introduction, Mission and Vision

## Responsible Investing for a Sustainable Future

Colony Capital has established a strong foundation for our Corporate Responsibility (CR) program including a mission and vision statement, governance and management policies, and goals and targets that will be implemented by employees, affiliates, vendors and suppliers.

As part of our Corporate Responsibility program, Colony Capital publishes an annual Corporate Responsibility report according to the Global

Reporting Initiative (GRI) standards and reports to the Global Real Estate Sustainability Benchmark (GRESB) assessment.

We will also implement corporate employee and customer outreach and stakeholder engagement initiatives, including newsletters, educational webinars, sustainability policies and procedures, a tenant improvement guide and a tenant engagement program.

### Mission

Our mission is to deliver value to our people, investors, and communities by embedding sustainability into all aspects of our company and operations.

### Vision

Our vision is to build a sustainable future by creating economic value, preserving resources and improving the communities in which we operate.



Climate



Energy



Waste



Wellbeing



Water



Portfolio

# ESG Principles and Goals



## Environment

We seek to improve our operating performance by reducing energy, water use, waste, and carbon emissions while lowering operating costs.



## Social

Our goal is to create a positive impact for our stakeholders and community through meaningful engagement, contribution, and volunteerism.



## Governance

We manage and operate our business by taking all of our stakeholders' needs and values into consideration for long-term growth and sustainability.



## Efficiently Manage Resources

Integrate leading ESG practices throughout our operations while collaborating with service providers, tenants, and communities.



## Invest Responsibly

Build a resilient portfolio that reduces risks and preserves resources while enhancing economic value.



## Build Long-Term Financial Value

Create long-term value for our stakeholders through responsible investing complementary to our investment mandate.



## Lead Transparently

Measure and manage our business operations to improve environmental and financial performance and openly communicate progress with stakeholders.

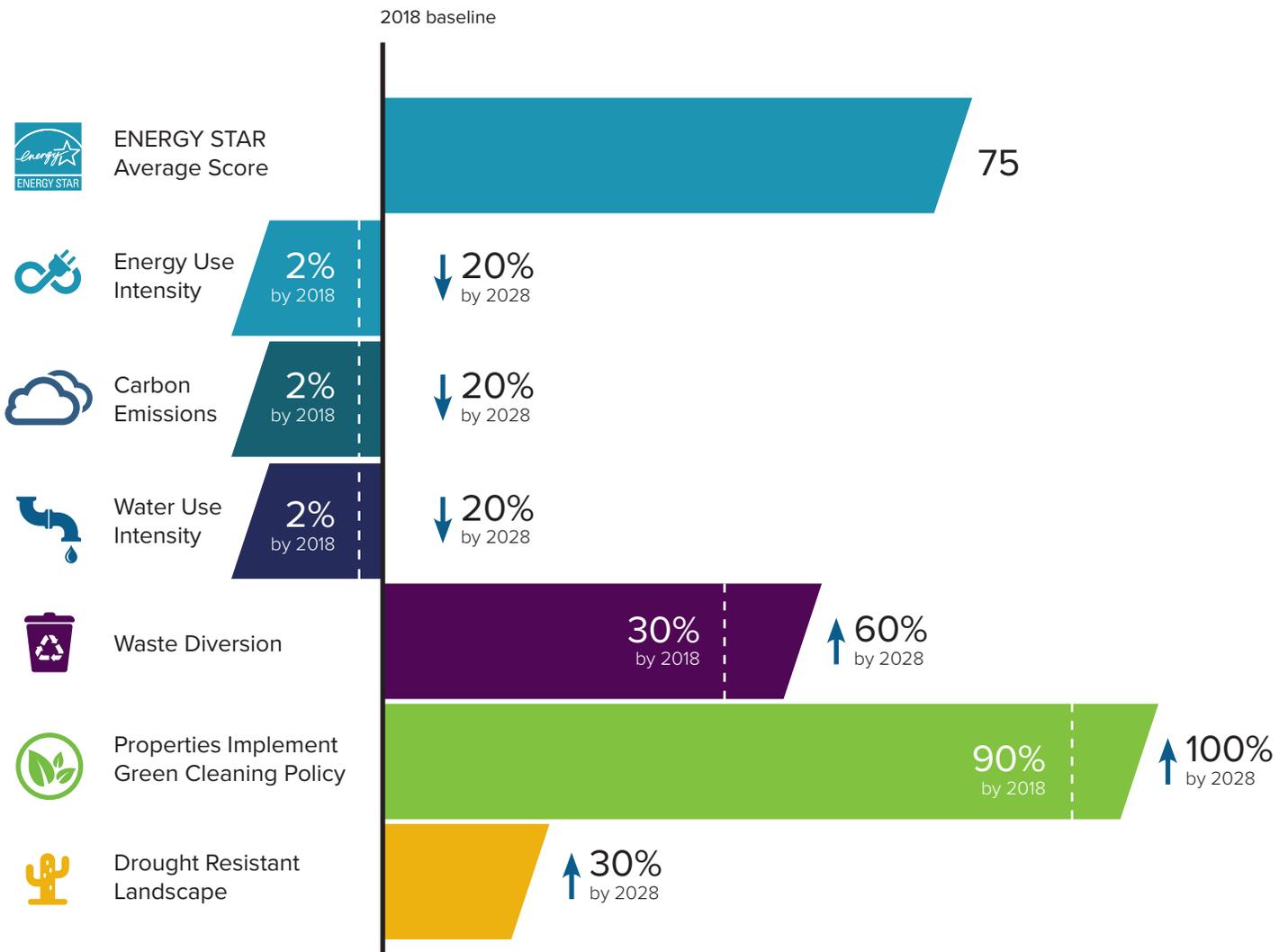


## Make a Positive Impact

Make a positive, lasting impact in our global communities by working to improve the health and well-being of our employees and supporting charitable activities.

# Performance Targets

Colony Capital is committed to creating long-term value for our stakeholders with a goal of building a resilient portfolio that improves our operational performance and reduces our energy, water use, waste, and carbon emissions. The following targets were established to track our progress and measure the success toward achieving our mission, vision and goals.



# Performance Targets



## Efficiently Manage Resources



### Energy

**Short Term:** Reduce energy use 2% annually across the portfolio.

**Long Term:** Reduce energy use by 20% across the portfolio by 2028 from a 2018 baseline.

Benchmark ALL eligible assets in the EPA's Portfolio Manager energy and water tracking tool by 2018.

Automate our utility data tracking for all eligible assets by 2018.

Target a portfolio-wide average ENERGY STAR score of 75 by 2018 for our eligible Office Assets.

Pursue annual ENERGY STAR Labels for all eligible office assets.

Enable and support renewable energy at our assets.

Complete energy audits for inefficient assets with Energy Star Scores of 75 or lower at 60% of the portfolio by 2020.

Increase native and drought-resistant vegetation as feasible.



### Water

**Short Term:** Reduce water use 2% annually across the portfolio.

**Long Term:** Reduce energy use by 20% across the portfolio by 2028 from a 2018 baseline.

Ensure that all new water fixtures meet the EPA's WaterSense efficiency standards.

≤ 1.28 gpf: water closets/toilets

≤ .5 gpf: urinals

≤ 2 gpm: showerheads

≤ .5 gpm: aerators



### Waste

**Short Term:** Increase waste diversion rates to 30% by 2018.

**Long Term:** Increase waste diversion rate to 60% by 2028.

Conduct at least one e-cycling event at all offices and residential assets annually.



### Carbon Emissions

**Short Term:** Reduce carbon emissions 2% annually across the portfolio.

**Long Term:** Reduce carbon emissions use by 20% across the portfolio by 2028 from a 2018 baseline.



### Indoor Air Quality

Use green cleaning product for 90% of our purchases by 2018. Perform bi-annual indoor Air Quality Assessments at 80% of our office buildings.



### Land Use Management

Increase native and drought-resistant vegetation as feasible.

# Performance Targets (CONTINUED)



## Invest Responsibly

Certain investments to complete the ESG assessment survey, as applicable.

**Short Term:** Achieve LEED certification for 30% of the office portfolio by 2020, based on square footage.

**Long Term:** Achieve LEED certification for 50% of the office portfolio by 2028, based on square footage.



## Build Long-Term Financial Value

Track changes in occupancy rate of ENERGY STAR labeled and LEED certified buildings vs. comparable non-green buildings.

Benchmark and track changes in operating expense and net operating income of ENERGY STAR labeled and LEED certified buildings vs. comparable non-green buildings.

Track rental rates of ENERGY STAR labeled and LEED certified buildings vs. comparable non-green buildings.

Track acquisition and disposition sales values of ENERGY STAR labeled and LEED certified buildings vs. comparable non-green buildings.

Review and compare relative performance of debt investments collateralized by sustainable assets vs. comparable non-sustainable assets.



## Lead Transparently

Publish an annual sustainability report with portfolio-wide performance metrics according to the Global Reporting initiative (GRI) standards.

Periodic internal Corporate Responsibility Newsletters.

Respond to Global Real Estate Sustainability Benchmark (GRESB) survey and strive to achieve Green Star status annually.



## Create a Positive Impact

Host sustainability and LEED credentials training sessions.

Contribute meaningful volunteer time and resources annually through various charitable efforts.

# Sustainability Policies

Colony Capital incorporates its sustainability objectives into its overall business strategy. The objectives are implemented through a range of policies and guidelines that address the following: climate change, energy use, water consumption, waste, and occupant and community well-being. This is done throughout our acquisitions, developments, tenant improvements, capital budgeting, operations and maintenance, and reporting processes.

Colony Capital has adopted sustainability-specific policies and best practices that offer guidelines for operation and maintenance of efficient buildings. These policies are regularly updated; executed and implemented by our staff, tenants, and service providers.



## Corporate Policies

### Building Resilience & Climate Change Guide

The goal of this guide is to assess and incorporate disaster resilience, as well as climate change adaptation, into comprehensive asset plans and operations. This guide was developed to assess and mitigate, climate-related risks associated with hurricanes, fires, floods, and other extreme weather conditions on a regional basis.

### Health & Wellbeing Guide

Offers strategies for a healthy workspace and culture focused on wellbeing.

### Green Education Guide

Details strategies to green tenant workspaces including energy, transportation, materials and resources, indoor environmental quality, and innovation.

### Stakeholder Engagement Policy

Establishes a communications and education program to involve key stakeholders in sustainability initiatives.

### Refrigerant Management Policy

The objective for this policy is to minimize the use of ozone depleting refrigerants and eliminate CFC's (R11's) from the building by 2020.

# Sustainability Policies (CONTINUED)

## Property Level Policies

### Energy Policy

Aims to improve energy efficiency through measurable targets, benchmarking, and reporting. It details how to track usage in ENERGY STAR Portfolio Manager and lists best management practices to implement.

### Water Efficiency Policy

The goal is to reduce potable water use by encouraging the installation of water conserving, high-efficiency plumbing fixtures and fittings.

### Solid Waste Management Policy

The objective of this policy is to reduce ongoing waste from the building through consumption reduction, recycling, composting, and reusing unwanted items.

### No Smoking Policy

Under this policy, smoking is prohibited within 25 ft. of entryways. To enforce this policy, properties are required to place signage by entrances and designated smoking areas.

### Green Cleaning Policy

This policy requires janitorial to use green cleaning products and equipment to limit occupant exposure to harmful or toxic chemicals.

### Indoor Air Quality Management Policy

The intent of this policy is to improve indoor air quality for building occupants through the implementation of an IAQ Management Program that addresses all activities that may degrade the quality of air in the building such as any ongoing facility maintenance and renovations; the purchasing and use of any materials, chemicals, or furniture; and operation of the HVAC system.

### Green New Construction & Renovation Guide

Educates key stakeholders about the variety of strategies that can be used during new construction projects and major renovations to minimize the negative impacts of construction on the environment and building occupants.

### Sustainable Purchasing Guide

Provides guidance on purchasing consumables with environmentally friendly qualities to protect the environment, conserve natural resources, and minimize waste.

# Colony Capital's Corporate Responsibility Team

Colony Capital has engaged Verdani Partners, a full service sustainability consulting firm, to support and manage our portfolio-wide Corporate Responsibility (CR) program as a full-time, in-house resource.

**Contact info:** [cr@clny.com](mailto:cr@clny.com)

The core sustainability team is responsible for day to day working and implementation, and includes:

**Ryan McManus**

**Colony Capital | Senior Vice President**

**Daniele Horton**

**Verdani Partners | Sustainability Advisor**

**Shubha Mohunta**

**Verdani Partners | Sustainability Director**

**Noe Tsuji**

**Verdani Partners | Energy Engineer**

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