Voluntary Offset Buyers: Case Studies in Sustainability

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CBRE Group, Inc.

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ABOUT CBRE
Global Full Service Real Estate Offering
- 2.9 BSF managed
- 7,000 brokers
- 2,800 project managers
- $128.1 billion in total transaction value
- $14.6 billion PJM contract value

Strong Investments in Corporate Services
- Account Management Model
- Benchmarking
- Technology
- Subject Matter Experts
- CoreNet

Global Leadership
- 31,000 employees worldwide
- #6 in IAOP Global Outsourcing 100, 2011
- #440 on Fortune 500, 2011
Impacts on Commercial Real Estate

Drivers

- Economics
  Green premium of 2-13%

- Professional Responsibilities
  Certification, jobs

- Opportunity
  President’s 2011 budget includes $231 million for efficient buildings

- Risk
  18% of U.S. carbon emissions derived from commercial buildings
Brett White, CEO:

“With nearly 31,000 employees and hundreds of offices worldwide, we have an opportunity to make a difference by conducting our daily business activities in ways that are sustainable.”

“By aggregating and sharing our expertise in green building policies, processes and procedures, we can make a tangible impact on improving energy efficiency, reducing greenhouse gas emissions and slowing climate change.”
CBRE Leads by Example…

- Carbon neutral in 2010 – first firm in the industry to commit

- ENERGY STAR® accomplishments to date
  - 2010 and 2011 Sustained Excellence Award
  - Buildings benchmarked & registered
    - 1,536 buildings
    - 260 million square feet

- LEED® for Existing Buildings
  - 126 buildings LEED EB certified
  - 169 buildings pursuing LEED EB certification

- CBRE’s people
  - 480 LEED accredited professionals
  - 11,000 BOMA BEEP Training Attendees to date

- Partnerships with National Green Organizations
  (e.g., NRDC, USGBC, CCI)
PROCESS
CBRE’s Considerations: “ETCC” Criteria

- **Economics**
  - Are offsets appropriately priced in context of market comparables and quality?

- **Transparency**
  - Is CBRE’s selection process objective, transparent and reproducible?
  - Is offset lifecycle, from creation through retirement, documented?

- **Credibility**
  - Are offsets issued by a standards body and held in a registry?
  - Do offsets meet “PAVER” criteria: **P**ermanent, **A**dditional, **V**erifiable, **E**nforceable, **R**eal?
  - Are counterparties industry leaders with a strong, verifiable track record?

- **Consistency**
  - Are offsets fungible across all CBRE geographies of operation and legal regimes?
    - e.g. Australia’s NCOS legislation
  - Are offsets relevant to/synergistic with all corporate activities i.e. philanthropy, green building programs, service offerings, CSR reporting and client relationships?
Procurement Timeline

Phase I: Situation Analysis

**Criteria Development**
- Determine Client's Overall Business Objectives ✓
- Determine Current Offsetting Situation and Future Requirements ✓
- Determine Optimum Mix of Financial, Operational, and Qualitative Variables □

**Market Analysis**
- Research Market for Qualified Alternatives □
- Determine Initial Pricing Package of Each Alternative
- Examine Variables that Could Impact Future Market Conditions

**Scenario Planning**
- Explore Alternative Deal Structures, Timing, and Purchase Strategies
- Detail Opportunities and Risk Inherent in Each Alternative
- Recommend Optimum Offsetting Solution

Phase II: Option Development & Contracting

- Survey, Solicit and Analyze Proposals from Alternatives
- Enter Into Preliminary Discussions with Sellers
- Prepare and Present Financial Analysis of Various Scenarios in Each Alternative
- Review Each Alternative's POD, Verification and Validation Report
- Select Most Likely Alternative(s) and Enter Into Negotiation
- Prepare Letter of Intent with Final Candidate(s)
- Document Negotiation and Final Purchase Provisions

Phase III: Delivery, Registration & Wrap-up

- Registry Selection and Offset Retirement
- Ensure Client Satisfaction
- Case Study
- Week

KEY

IP = In Progress
✓ = Task Completed
## Comparison Matrix

**CB RICHARD ELLIS, INC.**  
**CARBON OFFSET TERMS COMPARISON | LOS ANGELES, CA**

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OUTCOMES
CBRE Group, Inc Achieves Carbon Neutrality
July 8, 2011

The Climate Group member, CBRE Group, Inc., has achieved Carbon Neutrality, making it the first global real estate services company to achieve this goal. The target was met through carbon mitigation programs including LEED® certified offices and sustainable operation standards, and by purchasing carbon offsets from carbon reduction projects around the world.
Thank you

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