

CBRE Group, Inc. Shareholders:
Vote FOR proposal #6 requesting a report on the impact of
mandatory arbitration policies on sexual harassment claims

American Federation of Labor & Congress of Industrial Organizations
815 16th Street NW, Washington D.C. 20006
Important Proxy Voting Materials

CBRE Group, Inc. (NYSE: CBRE)
Meeting Date: May 17, 2019

Dear CBRE Group Shareholder:

We are writing to urge you to vote “FOR” proposal #6 on management’s proxy card at the CBRE Group, Inc. (“CBRE”) 2019 annual meeting of stockholders on May 17, 2019. The AFL-CIO Reserve Fund’s shareholder proposal requests that the Board of Directors prepare a report to shareholders on the risks that may result from mandatory arbitration policies on claims of sexual harassment.

WORKPLACE SEXUAL HARASSMENT IS A CONCERN FOR INVESTORS

As shown by the #MeToo movement, sexual harassment in the workplace is a significant issue that can create material risks to investors. According to a national study, 38 percent of women and 13 percent of men surveyed said they experienced sexual harassment at the workplace.¹ In our view, corporate cultures that inadequately address sexual harassment claims by employees can create substantial legal and reputational risk for public companies.

According to National Real Estate Investor magazine, “Commercial real estate is a notoriously male-dominated industry” and “women in the industry routinely face harassment and unwanted sexual advances.” A February 2018 survey by National Real Estate Investor magazine found that 90 percent of women and 84.4 percent of men surveyed agreed with the statement that sexual harassment occurs in the commercial real estate industry.²

¹ STOP STREET HARASSMENT, THE FACTS BEHIND THE #METOO MOVEMENT: A NATIONAL STUDY ON SEXUAL HARASSMENT AND ASSAULT, (February 2018),
<http://www.stopstreetharassment.org/resources/2018-national-sexual-abuse-report/>.

² Elaine Misonzhnik, *How Much Progress Has the CRE Industry Made When it Comes to Sexual Discrimination and Harassment?*, NATIONAL REAL ESTATE INVESTOR, May 07, 2018,
<https://www.nreionline.com/finance-investment/how-much-progress-has-cre-industry-made-when-it-comes-sexual-discrimination-and>.

The AFL-CIO is not seeking to act as a proxy for any shareholder. We will not accept proxy cards, and any proxy cards received will be returned.

CBRE Group, Inc. Shareholders:
Vote FOR proposal #6 requesting a report on the impact of
mandatory arbitration policies on sexual harassment claims

Sexual harassment is a form of unlawful sex discrimination, but the legal costs of employee sexual harassment claims are only the tip of the iceberg. Sexual harassment creates an unproductive work environment, drags down morale, and increases absenteeism and turnover.³ Preventing sexual harassment in the workplace is important to fostering gender diversity and an inclusive environment, which lead to better financial performance.⁴

MANDATORY ARBITRATION OF SEXUAL HARASSMENT CLAIMS

Mandatory arbitration policies require employees to settle disputes with the employer through private arbitration. The secrecy of arbitration proceedings mean that potential witnesses and other victims may not learn of claims or get the opportunity to testify. According to a letter from 56 attorneys general of the States, District of Columbia, and territories, arbitration perpetuates the "culture of silence that protects perpetrators at the cost of their victims."⁵

Mandatory arbitration policies may also discourage employees from reporting sexual harassment.⁶ According to a 2013 poll, 70 percent of individuals who have experienced workplace sexual harassment did not formally report the incident(s).⁷ A 2018 survey found that only 60 percent of employees think their company would fairly investigate and address sexual harassment claims, and just 33 percent believe that claims would be addressed quickly.⁸

³ ELYSE SHAW, ET AL., INSTITUTE FOR WOMEN'S POLICY RESEARCH, SEXUAL HARASSMENT AND ASSAULT AT WORK: UNDERSTANDING THE COSTS, (Oct. 15, 2018), <https://iwpr.org/publications/sexual-harassment-work-cost/>.

⁴ MORGAN STANLEY, WHY IT PAYS TO INVEST IN GENDER DIVERSITY (May 11, 2016), <https://www.morganstanley.com/ideas/gender-diversity-investment-framework>.

⁵ Letter from National Association of Attorneys General to Speaker of the House Paul Ryan, et.al., February 12, 2018, <http://myfloridalegal.com/webfiles.nsf/WF/HFIS-AVWMYN/%24file/NAAG+letter+to+Congress+Sexual+Harassment+Mandatory+Arbitration.pdf>.

⁶ See Cynthia Estlund, *The Black Hole of Mandatory Arbitration*, 96 N.C. L. REV. 679, 705-06 (2018), <https://scholarship.law.unc.edu/nclr/vol96/iss3/3>.

⁷ Jillian Berman and Emily Swanson, *Workplace Sexual Harassment Poll Finds Large Share Of Workers Suffer, Don't Report*, HUFFINGTON POST, August 27, 2013, https://www.huffpost.com/entry/workplace-sexual-harassment-poll_n_3823671.

⁸ ALEXIS KRIVKOVICH, ET AL., MCKINSEY & CO., WOMEN IN THE WORKPLACE 2018 (Oct. 2018), <https://www.mckinsey.com/featured-insights/gender-equality/women-in-the-workplace-2018>.

The AFL-CIO is not seeking to act as a proxy for any shareholder. We will not accept proxy cards, and any proxy cards received will be returned.

CBRE Group, Inc. Shareholders:
Vote FOR proposal #6 requesting a report on the impact of
mandatory arbitration policies on sexual harassment claims

In light of these concerns, a number of companies including Microsoft, Google, and Facebook have recently rescinded their mandatory arbitration policies for sexual harassment claims. A prominent group of public pension plan fiduciaries, Trustees United For Long-term Value, has also taken a position against mandatory arbitration policies, stating that:

The use of non-disclosure agreements and forced arbitration policies reinforce the silence that perpetuates harassment. Transparency in reporting sexual harassment and misconduct settlement costs to investors can help change corporate culture and limit the potential for significant exposure to financial and reputational risk.⁹

CBRE SHAREHOLDERS WILL BENEFIT FROM ISSUING THE REQUESTED REPORT

Like many but not all companies, CBRE has required that its employees agree to mandatory arbitration of claims as a condition of employment. In 2007, CBRE settled a class action lawsuit for alleged sexual harassment that was filed in 2002.¹⁰ According to a company spokesperson, CBRE adopted its employee mandatory arbitration policies in the “early 2000’s”.¹¹

Reporting on the impact of mandatory arbitration policies on claims of sexual harassment will provide needed transparency to investors. Such a report will help both CBRE and its investors better understand the risks of such policies to preventing sexual harassment in the workplace. For these reasons, we urge shareholders to vote “FOR” proposal #6 on CBRE’s proxy card.

The AFL-CIO is a federation of 55 labor unions that represent 12.5 million union members, including employees of CBRE Group and its contractors. Members of AFL-CIO affiliated unions also participate in pension plans that are shareholders of CBRE Group. For more information, please contact the AFL-CIO at (202) 637-5152 or by email at invest@afclio.org.

⁹ TRUSTEES UNITED FOR LONG-TERM VALUE, <https://trusteesunited.com/>.

¹⁰ Vincent, Roger, *Women settle with big realty company*, LOS ANGELES TIMES, October 6, 2007, <http://articles.latimes.com/2007/oct/06/business/fi-harass6>.

¹¹ Hussein, Fatima and Hassan Kanu, *CBRE Labor Board Case Is ‘Bellwether’ for Forced Arbitration*, BLOOMBERG BNA, August 9, 2018, <https://www.bna.com/cbre-labor-board-n73014481587/>.

The AFL-CIO is not seeking to act as a proxy for any shareholder. We will not accept proxy cards, and any proxy cards received will be returned.