IFM Investors Global Infrastructure portfolio

2018 Carbon Footprint Summary

The IFM Global Infrastructure portfolio comprises a diversified portfolio of core infrastructure assets, including water services, ports, midstream / terminal assets, toll roads, airports and telecommunications.
IFM Investors assumes a long term stewardship approach for the ownership of these essential assets and consideration of environmental, social and governance factors is embedded in asset management.

February 2020

The following table provides a summary of the financed emissions associated with IFM Investors' Global Infrastructure portfolio, using an 'equity share' approach.[1] Financed emissions are the greenhouse gas emissions[2] associated with our ownership stake in portfolio companies. Measuring the portfolio's financed emissions helps us understand and manage its impact on climate change.

Table 1 below shows the total emissions (Scope 1 and 2) and financed emissions attributable to each sector. For the year ending December 2018, the financed emissions associated with Global Infrastructure portfolio assets totalled 2,461,682 tCO_2e compared to 2,641,141 tCO_2e in 2017.[3]

This represents an approximate 7% decrease in financed emissions compared to an approximate 55% increase in investment value in US dollars over the 2018 year, accounting for asset acquisition/divestment, capital appreciation and currency movements.

Changes to the portfolio over the year include the opportunistic divestment of 50Hertz, an electricity transmission and distribution company, which contributed 16% of the portfolio's financed emissions in 2017. Aleatica (toll roads), FCC Aqualia (water service), GCT Container Terminals (ports) and Impala Terminals (marine terminals), were added to the portfolio in 2018.

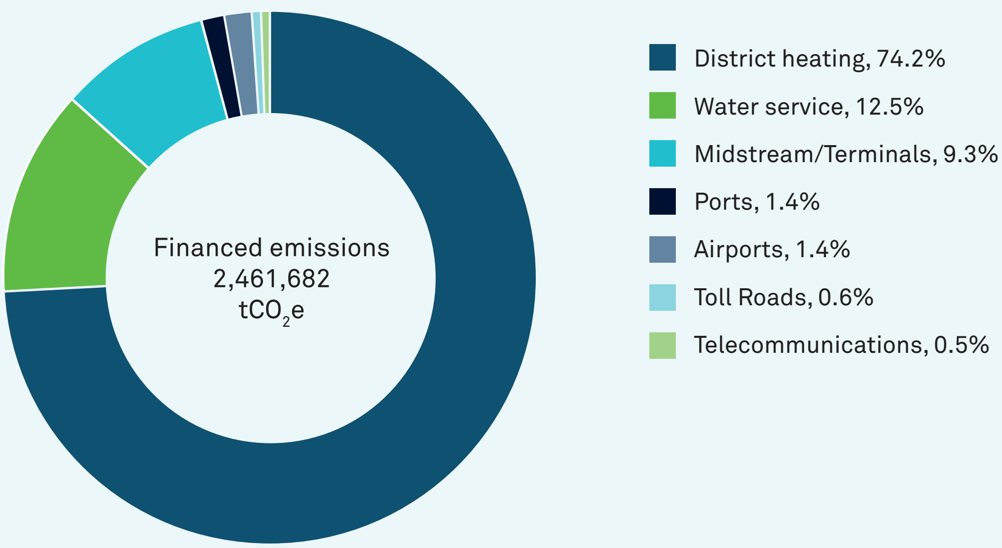
The district heating sector is accountable for almost three quarters of the portfolio's financed

Table 1: Carbon footprint of Global Infrastructure assets (year ending December 2018)

Asset	Scope 1 emissions (tCO_2e)	Scope2 emissions (tCO_2e)	Portfolio financed emissions (tCO_2e)
District heating	4,544,309	23,712	**1,827,208**
Water service	217,774	570,516	**308,264**
Midstream/Terminals	109,514	1,197,135	**227,887**
Ports	58,250	33,401	**34,804**
Airports	21,756	71,578	**35,342**
Toll Roads	9,594	12,070	**15,928**
Telecommunications	315	82,221	**12,248**
Total emissions (tCO_2e)	**4,961,512**	**1,990,635**	**2,461,682**

Note that all assets held in the portfolio in 2018, apart from Freeport LNG, are included in the footprint assessment. Freeport LNG was not operational during the reporting period.

Carbon emissions by sector (year ending December 2018)



[1] Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation.
[2] Includes Scope 1 and Scope 2 emissions only. Definitions of Scope 1 and Scope 2 can be found on page 3.
[3] Financed emissions have been restated for 2017, resulting in a marginal increase of total financed emissions, impacting the midstream, airport and toll road sectors.

A leader in Sustainable Aviation

Manchester Airports Group (MAG) was a founding member of Sustainable Aviation, the world's first aviation industry sustainability coalition. Now in its 13th year, Sustainable Aviation brings together all four corners of the UK Aviation industry: airlines, airports, aircraft and engine manufacturers, and air traffic control, working collaboratively to reduce the impacts of aviation on the environment.

Chaired by MAG's Corporate Social Responsibility and Future Airspace Director, Neil Robinson, the Sustainable Aviation coalition has built an enviable reputation for providing a scientific, evidence based assessment of the industry's sustainability potential. By drawing on the very best expertise from across the industry, the Sustainable Aviation Carbon Roadmap is able to demonstrate how growth in UK aviation can be compatible with reducing the industry's climate impacts. The group has also published detailed reports on noise, socioeconomics and air quality, providing Government with the information needed to inform future policy.

Manchester Airport

Sustainable Aviation works in partnership with Government departments, who actively seek out the coalition's advice, considering it alongside independent advice from academics or Government Committees. Over MAG's tenure as Chair, Sustainable Aviation has completed its most detailed work to date on decarbonising aviation. This rightly recognises the industry's direction of travel and sets out how it will respond to the Government's recent commitment to 'net zero' carbon by 2050.

Sourced directly from Manchester Airports Group.

emissions footprint, driven by Veolia Energy Polska (VEP) which provides 25% of Poland's residential heating needs. VEP's emissions primarily consist of Scope 1 emissions associated with the generation of electricity and production of steam heat for residential usage. The changing policy and technology landscapes provide both risk and opportunity for VEP. Recognising that VEP accounts for over 74% of portfolio emissions, we continue to work alongside VEP to identify and explore new opportunities in green technologies including biomass and gas projects to reduce our footprint.

Water service, midstream and terminal assets contribute 22% of total portfolio financed emissions. Water service assets include Anglian Water Group (AWG) and FCC Aqualia. AWG is the largest water and wastewater company in England and Wales by geographic area. With just under 4,000 employees, AWG supplies water and water recycling services to more than six million domestic customers. AWG has publicly pledged to become a carbon neutral business by 2050. Having already reduced embodied carbon by 55% from a 2010 baseline, it is on course to reach a 60% carbon reduction target by 2020. FCC Aqualia is the fourth largest water management company in Europe, providing services to 22.5 million people across 22 countries. It has a number of projects in progress to reduce emissions from energy consumption, including: entering into Power Purchase Agreements for renewable energy, use of biogas, installing more energy efficient equipment and vehicle fleet transformation.

Midstream /marine terminal assets include:

- Colonial Pipeline, which delivers refined fuel products to customers along the Eastern seaboard of the United States via a 5,500 mile pipeline running from Houston to New Jersey;
- VTTI, which owns and operates marine terminals providing import, export and storage infrastructure for oil majors, refiners and commodity marketers globally; and
- Impala Terminals, which primarily owns and operates a network of marine terminal infrastructure in Peru, Mexico and Spain that facilitates the movement of base metals concentrates globally.

Scope 2 emissions from the electricity used for compression and pumps is the primary contributor of emissions from IFM's midstream/ marine terminal assets. Various projects are underway across these assets to reduce emissions, such as exploring the use of solar panels, LED lighting replacements and energy and emissions usage mapping.

Table 2 below shows the carbon emissions intensity for the portfolio in US dollar terms. In 2018, the portfolio's total financed emissions and emissions intensity reduced by 7% and ~40% respectively in US dollar terms, in comparison to 2017,[4] in large part attributable to a different asset profile.

The comparative intensity data above is for reference purposes only. Drawing conclusions, making decisions or setting targets would need to take a wider set of variables into account.

Table 2: Emissions intensity for Global Infrastructure portfolio

Carbon emissions intensity	December 2018	December 2017	% change
Total financed emissions (tCO_2e)[5]	2,461,682	2,641,141#	-7%
US$ value* as at 31 December	$19,643m	$12,644m	55%
A$ value* as at 31 December	$27,911m	$16,170m	73%
Emissions intensity per US$1M investment	**125.3 tCO_2e**	**208.9 tCO_2e**	**-40%**
Emissions intensity per A$1M investment	**88.2 tCO_2e**	**163.3 tCO_2e**	**-46%**

* Reflects Investment Value of included assets.
# Financed emissions were restated for 2017, resulting in a marginal increase of total financed emissions, impacting the midstream, airport and toll road sectors.
In 2018 Freeport LNG was excluded from the calculation. In 2017 Freeport LNG, the Loan to Aleatica Investments, Duquesne (sold prior to year end in May 2017) and all of Aleatica's concessions were excluded from the calculation.

Data assumptions and calculation methodology

- Data for energy consumption or Scope 1 and Scope 2 emissions is included. Scope 1 emissions are direct emissions from operations including fuel combustion. Scope 2 emissions are indirect emissions from the purchase of acquired electricity, steam, heating or cooling.
- Energy and emissions data is collected directly from assets. While we believe the reported the data to be materially correct, we cannot guarantee the completeness or accuracy of the data. It should not be relied upon to make an investment decision.
- Emissions factors were sourced from the IEA Emissions Factors for 2018.
- Emissions offsets have not been included in emissions totals, in line with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard.
- Financed emissions are calculated based on IFM Investors' share of total Scope 1 and Scope 2 emissions, by percentage ownership of each asset.

[4] It is important to note that it is not appropriate to compare the portfolio footprint data to the previous year on an absolute basis - as the composition of the portfolio has materially changed over the reporting periods. In addition, financed emissions are context specific and dependent on the primary operations and activity of each asset and/or sector.
[5] Includes Scope 1 and Scope 2 emissions only. Definitions of Scope 1 and Scope 2 can be found on page 3.

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