

IFM Investors Global ex-Australia Infrastructure portfolio

# 2019 Carbon Footprint Summary

IFM Investors' Global ex-Australia Infrastructure portfolio is a diversified portfolio of core infrastructure assets, including water services, ports, midstream / terminal assets, toll roads, airports and telecommunications. IFM assumes a long term stewardship approach for the ownership of portfolio companies, embedding environmental, social and governance factors in our asset management approach.



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The following tables provide a summary of the financed emissions associated with IFM Investors' Global Ex-Australia Infrastructure (GI) portfolio, using an 'equity share' approach.<sup>1</sup>

Portfolio financed emissions are the greenhouse gas (GHG) emissions associated with our ownership stake in portfolio companies. Measuring and understanding the financed emissions helps us to understand the portfolio's potential impact on climate change, manage key risks and determine opportunities

for improvement.

For the year ending 31 December 2019, the financed emissions associated with companies in the GI portfolio total 2,740,843 tCO<sub>2</sub>e.<sup>2</sup> This is an increase of 11 per cent on the previous year ending 31 December 2018, reflecting the acquisitions of Buckeye Partners and Deepwater Container Terminal (DCT)Gdańsk, and increased ownership in VTTI.<sup>3</sup> Emissions intensity per US\$1M investment decreased 22 per cent.

#### Carbon footprint of Global ex-Australia Infrastructure portfolio by sector. Year ending 31 December 2019

Sector	Scope 1 emissions (tCO <sub>2</sub> e)	Scope 2 emissions (tCO <sub>2</sub> e)	Portfolio financed emissions (tCO <sub>2</sub> e)
District Heating	4,226,023	8,326	1,693,739
Midstream	350,899	1,437,019	729,362
Water Services	199,824	452,094	240,486
Ports	75,925	40,959	42,331
Airports	25,429	21,216	17,884
Toll Roads	9,786	13,554	16,690
Telecommunications	1,697	670	351
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>4,889,583</b>	<b>1,973,837*</b>	<b>2,740,843</b>

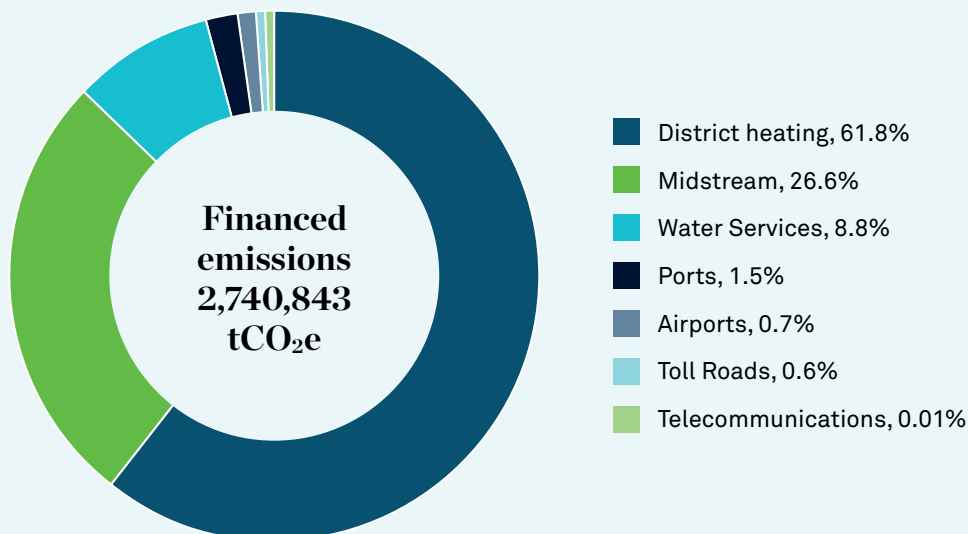
Source: IFM Investors

Note: All companies held in the portfolio are included in the footprint assessment including Buckeye Partners, DCT Gdańsk, and increased ownership in VTTI B.V.

\* Purchase of green electricity included for Arqiva and MAG (Manchester Airports Group).

Carbon emissions from heat losses are not included in 2019 calculations; they will be included in 2020 calculations.

### Financed carbon emissions by sector (year ending December 2019)



<sup>1</sup> Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation.

<sup>2</sup> Includes the acquisition of Buckeye Partners, DCT Gdańsk, and increased ownership in VTTI. Carbon emissions for midstream portfolio companies used in calculations includes data from 2018 and 2019. This figure is based on data available as at 30 November 2020.

<sup>3</sup> The comparative intensity data above has been provided for reference purposes only. Drawing conclusions, making decisions or setting targets would need to take a wider set of variables into account.



## Reducing emissions, harnessing energy efficiency opportunities

Companies across IFM's GI portfolio continue to develop and implement climate change adaptation and/or risk mitigation projects, many of which focus on reducing emissions and harnessing opportunities that improve operational efficiencies, including:



Energy efficiency improvement programs such as upgrades to energy efficient LED lighting



Behind the meter (BTM) renewable energy installations and power purchase agreements (PPAs)



Smart building design such as building efficiency upgrades



Deployment of low emissions fleet vehicles such as electric vehicles



Electrification of operational plant and equipment using onsite renewable energy

### Behind the meter renewables at Anglian Water (UK)

It was a significant year for renewable energy generation at Anglian Water in 2019. Through a combination of new and existing solar PV installations, wind turbines and a fleet of Combined Heat and Power engines fuelled by biogas produced at sludge treatment centres, the water utility generated a total of 131GWh across its estate – a 30 per cent increase on 2018 – and equivalent to the energy required to power 40,000 homes for a year.<sup>4</sup> In 2020, work was completed on an 11.6MW capacity solar PV array at Grafham. This development is expected to continue moving the company towards its 2025 target of meeting 44 per cent of its energy requirements from on-site renewable sources.

### Smart energy efficient design at Indiana Toll Road (US)

In 2019, Indiana Toll Road opened its new administration building, which was architecturally designed to be environmentally sustainable. A number of technologies were incorporated into the design, including smart lighting, energy efficient

HVAC (heating, ventilation and air conditioning), and a water conservation system. The office space was also designed to minimize paper use and enable recycling of cans and bottles. Solar PV panels installed on the building's roof are expected to offset up to 20 per cent of the building's energy costs each year. These features resulted in the administration building being the first building in Indiana to receive LEED Gold Certification under the new stringent "V4" guidelines.<sup>5</sup>

### Lower emissions vehicles at Aleatica (Mexico)

The benefits of low emissions vehicles and electrified plant and equipment can include lower running costs, emissions and noise pollution. Toll road operator Aleatica has converted 86 road maintenance vehicles in its vehicle fleet to LPG, a fuel that releases less CO<sub>2</sub> emissions than standard gasoline fuel. Aleatica's electronic tag subsidiary encourages sustainable mobility by providing a 20 per cent discount to all electric and hybrid vehicles traveling on its toll roads in Mexico City.

<sup>4</sup> <https://www.anglianwater.co.uk/siteassets/household/about-us/air-2020.pdf>

<sup>5</sup> LEED (Leadership in Energy and Environmental Design) Certification, developed by the US Green Building Council, is a globally recognised green building rating system.

Indiana Toll Road administration building, US



Financed emissions have been restated for 2018 as a result of changes in the methodology for collecting emissions data. In 2019, we engaged third-party consultant Arup Group to develop a new tool for collecting and analysing emissions data. This new tool uses country-specific methodologies and emissions factors consistent with international guidelines, which are intended to improve measurement accuracy. The methodologies used to estimate the portfolio inventory have been improved over time, and they will continue to be refined as new information emerges and international practices evolve.

#### Emissions intensity for the Global Ex-Australia Infrastructure portfolio

Carbon emissions intensity	December 2019	December 2018	% change
Total financed emissions (tCO <sub>2</sub> e)	2,740,843	2,460,979**	11%
US\$ value* as at 31 December (mill)	28,168	19,643	43%
A\$ value* as at 31 December (mill)***	40,067	27,911	44%
Emissions intensity per US\$1M investment	97.3	125.3	-22%
Emissions intensity per A\$1M investment	68.4	88.2	-22%

Source: IFM Investors

\* Reflects Investment Value of included portfolio companies.

\*\* Financed emissions were restated for 2018 resulting in a marginal decrease of total financed emissions.

\*\*\* GI portfolio companies are valued in USD. AUD values have been shown for comparability. The AUD/USD exchange rate was 0.703 as at 31 December 2019 and 0.7038 as at 31 December 2018.

## Data assumptions and calculation methodology

- Scope 1 and 2 emissions are 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.
- Data was collected directly from portfolio companies. While we believe the reported data to be materially correct, we cannot guarantee the completeness or accuracy of the data.
- Financed emissions were calculated based on IFM Investors' share of total Scope 1 and Scope 2 emissions, by percentage ownership of each portfolio company.

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IFM10February2021-1504526



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