

IFM Investors

# Sustainable Investing Guidelines

May 2024



## Why

Our purpose is to invest, protect and grow the long-term retirement savings of working people. Maximising long-term risk-adjusted returns is central to delivering on our purpose, and we believe sustainable investing (SI) is integral to doing this. We aim to identify and act on sustainable investing risks and opportunities across our portfolios.

IFM Investors (IFM) is owned by Australian pension funds. This ownership model and the fact that our owners invest alongside our clients drives alignment between our purpose and our owners' and clients' objectives, affirming our commitment to investing for the long-term and reinforcing our belief that a healthy environment and strong societal foundations are important to achieving sustained economic growth.

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## What

IFM's Sustainable Investing Guidelines (Guidelines) seek to define our sustainable investing approach. These Guidelines generally apply to IFM's funds across the following investments:

- Infrastructure Equity
- Debt Investments
- Private Equity
- Listed Equities

Client mandates and certain indirect investments (such as derivatives) are not subject to these Guidelines.<sup>1</sup>

Sustainability considerations are considerations that relate to society and the environment, such as climate change, worker safety and labour rights. These considerations can give rise to investment risks, opportunities and impacts that can be financially relevant and ultimately affect investment performance.

Sustainable investing is the approach we use to integrate sustainability considerations into investment analysis, decision-making, ongoing management, and oversight of investments, recognising the impacts these can have on investment performance, as well as on wider society and the environment.

Our sustainable investing approach aims to manage financial risk and improve the performance. As part of this approach, we seek to identify, understand, and manage a broad range of risks and opportunities that can materially impact the value of our investments.

Our sustainable investing approach varies across asset classes and is tailored based on considerations such as the holding period and the degree of influence we have.

IFM has adopted our own definitions of sustainable investing and sustainability considerations in these Guidelines and such terminology is not intended to refer to any regulatory definition.

Through our sustainable investing approach, IFM aims to support a sustainable transformation of the economy in a manner we believe helps deliver long-term value to our clients and considers the impacts on people and the planet. To effectively implement IFM's sustainable investing approach across our portfolios, we have developed organisation-wide principles covering our approach to environmental action and social inclusion as set out in more detail below. We aim to implement these principles across asset classes where practicable and consistent with our duties.

<sup>1</sup> With respect to client mandates, certain Listed Equity mandates could be subject to the voting and engagement sections of these Guidelines based on the specific client agreements.

## How

We assess sustainability considerations and their impact on investments across the majority of asset classes<sup>1</sup> and strategies, noting that the approach differs between asset classes.

Our Sustainable Investment team leads on the development and agreement of IFM's overarching approach to sustainable investing with each Investment team and other IFM business units, and provides expert advice on sustainable investing-related issues. The Investment teams lead on all investing activities and integrating sustainability considerations into those activities.

Our teams will refer to these Guidelines in their relevant activities, which may include, one or more of the following:

- Analysis, mitigation, and management of sustainability considerations for investments
- Due diligence
- Identification and compliance with applicable laws and regulations
- Seeking to improve the performance of portfolio companies across a range of sustainability considerations through asset management and stewardship, including exercising voting rights, where practicable
- Monitoring and reporting
- Advocating to encourage the shift toward a more sustainable financial system
- Representing IFM in industry bodies and investor practice development.

These Guidelines are reviewed annually following an established review process.

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## Who

These Guidelines apply to all IFM Investors' and its subsidiaries' people, including employees, directors, temporary agency employees and contractors in all jurisdictions.<sup>2</sup>

<sup>2</sup> See Section 'What' for scope definition.

# IFM Sustainable Investing Principles

We have developed a set of sustainable investing principles to guide us to make investment decisions which aim to maximise the returns and manage risks for our clients. We aim to implement these principles across asset classes where practicable. The implementation of these principles is an ongoing process with some areas more advanced than others, and we update these principles as new information emerges.

## 1

### Environmental Action

#### Net Zero transition risks and opportunities

We believe the risks and opportunities arising from climate change and the transition to a net zero economy are unprecedented, making it important in our view that we seek to integrate these considerations into our investment processes so we can continue to deliver strong risk-adjusted returns for our clients.

We believe the most efficient way to mitigate climate change risk for long-term investors is to consider whether and how their assets can transition to a net zero economy by 2050 in a manner that achieves the goals of the Paris Agreement. Echoing the agreement reached at COP28, we believe that long-term investors benefit if this transition happens in a just, orderly and equitable manner to maximise long-lasting benefits throughout the global economy.

IFM has set a target aligned with the International Panel on Climate Change (IPCC) findings to reduce greenhouse gas emissions, targeting net zero across our asset classes (scope 1 and scope 2 emissions) by 2050. This target does not apply to client mandates. The work to determine our approach to deliver on this target is ongoing, tailored across asset classes and aligned with our priority to maximise risk adjusted returns for our clients.<sup>3</sup> Our overarching approach largely encompasses transition and adaptation, and climate solutions investment rather than divestment. Our ability to achieve our net zero targets is dependent on advances in technology, alternative energy sources being available at scale and, policymakers and portfolio companies making and delivering on their own net zero commitments.

#### Biodiversity protection and nature restoration

We believe that there is a need and an opportunity to contribute positively towards biodiversity protection and nature restoration. We believe the current rate of nature degradation is not sustainable, and there is a need to reduce the adverse impacts where practicable as well as increase the positive interactions between investment and nature conservation and/or restoration. IFM's teams take a tailored approach to the management of nature related risks, prioritising where we can have the greatest degree of influence aligned with maximising long-term risk-adjusted returns. This approach may include where practicable:

- Encouraging and supporting our portfolio companies to monitor, assess and disclose risks, dependencies and impacts on nature and biodiversity in their operations and supply chains
- Collecting data at asset and portfolio level on activities negatively affecting biodiversity sensitive areas and assets located in proximity of protected areas
- Undertaking periodic assessments of nature related risks across our portfolios both in terms of materiality to our assets and the impacts of assets on biodiversity
- Assessing nature related risks at the due diligence stage of acquiring new assets
- Deepening our awareness of the impact of deforestation across our assets, understanding any key risks, and taking steps to mitigate such risks
- Collaborating and taking part in investor coalitions targeting action on biodiversity, nature, and deforestation.

<sup>3</sup> As at the publication of these Guidelines, with respect to pooled products, for IFM's infrastructure equity portfolio and IFM's private equity portfolio we have also announced interim 2030 targets. IFM's debt investments team and listed equities team continue to evaluate net zero targets across their portfolios.

## Efficient resource use

With a growing global population and increasing consumption rates, we believe the risk of breaching planetary boundaries in key environmental systems is high and rising. We believe this necessitates better management of finite resources and a focus on circular economic activity. We believe a key pillar of this is the adoption of a circular approach, which seeks to reduce waste by keeping products and their underlying resources in use for as long as possible. Where appropriate and depending on our level of influence, we will use our position to encourage portfolio companies to consider, disclose, and manage risks and opportunities regarding efficient resource use, reducing waste, and adopting a circular approach to their products and operations.

# 2

## Social Inclusion

### Human rights

We seek to conduct our business in a manner that respects the human rights and dignity of all people. We expect the same from our portfolio companies. We support international efforts to promote and protect human rights, including opposition to all forms of slavery and human trafficking.

Internationally recognised standards and guidance<sup>4</sup> inform how we consider human rights. Integrating human rights within our overall risk assessment approach and due diligence efforts, where practicable and appropriate, allows us to be alert to higher risk investments and factor this into our ongoing monitoring and stewardship activities across our portfolios.

IFM's ongoing approach to identifying and addressing modern slavery risk in our investments, operations and supply chain is outlined in our Modern Slavery statement published annually on our website. We also work together with industry peers through network collaborations to better understand and influence the way human rights risks are managed by the companies in which our portfolios invest.

### Labour rights

We aim to conduct our business in a manner that respects labour rights and we expect the relevant companies in which our portfolios invest to do so as well. Our purpose puts working people at the heart of our activities, and this includes demonstrating workplace leadership with a focus on promoting fair and safe conduct.

We support international efforts to promote and uphold these fundamental labour rights and standards and seek to avoid being complicit in labour rights abuses and all forms of compulsory (forced) or child labour. Our approach is informed by:

- Internationally recognised standards and guidance<sup>5</sup>
- Upholding labour laws and maintaining fair employment conditions
- Continuous improvement of workplace health and safety standards
- Respect for the rights of workers to be represented by and active in trade unions.

Our focus on labour rights includes the promotion of safe, fair, and inclusive workplaces and protecting workers' rights during key transitions, such as those relating to industry-focused automation and global energy transition.

We believe that our commitment to social dialogue with civil society stakeholders supports our success, so we seek to facilitate mutually beneficial engagements between our portfolio companies, unions, and governments, where we have the ability to do so. Formalisation of dialogue supports constructive engagement of stakeholders.

### Inclusive workplace culture

IFM believes that strong, diverse, equitable and inclusive cultures are a value driver for companies in which our portfolios invest and that a lack of diversity can lead to poor company performance. Respect and support of diversity and inclusion and avoiding discrimination in the workplace is therefore one of our focus areas. Diversity is a broad concept - including diversity of thought, gender, culture, age, ethnicity, skills, experience, and other characteristics. We believe an inclusive culture that embraces diverse qualities, backgrounds and perspectives leads to more innovative thinking, better decision-making and competitive business performance.

<sup>4</sup> These include: International Bill of Human Rights - The International Bill of Human Rights comprising the Universal Declaration of Human Rights and the main instruments through which it has been codified: International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. <https://www.ohchr.org/en/what-are-human-rights>

• UN Guiding Principles on Business and Human Rights - <https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights>

• UN Global Compact - <https://unglobalcompact.org/what-is-gc/mission/principles>

• OECD Guidelines for Multinational Enterprises on Responsible Business Conduct - MNE Guidelines - Organisation for Economic Co-operation and Development ([oecd.org](https://www.oecd.org))

• United Nations Declaration on the Rights of Indigenous Peoples - <https://www.ohchr.org/en/indigenous-peoples/un-declaration-rights-indigenous-peoples>

<sup>5</sup> Including International Labour Organization's (ILO) Core labour standards, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, UN Global Compact.

### Community engagement and Indigenous people

We believe in supporting collaborative engagement with communities to create positive and mutually beneficial outcomes. We recognise that engaging local communities is an important part of companies maintaining their standing and reputation locally.

We believe in building relationships with local communities that are honest, open, inclusive, and based on a genuine commitment to understand their history, needs and expectations. This engagement should help our aim to ensure that the health and wellbeing of communities in which we operate is protected, that cultural heritage, protocols and land rights are respected, and the community voice is considered in decision-making to avoid significant adverse impacts.

This approach is informed by the standards of the UN Global Compact, and frameworks such as the UN Guiding Principles on Business and Human Rights.

We believe in the notion of Free Prior and Informed Consent (as enshrined in UN Declaration of the Rights of Indigenous Peoples) and expect relevant companies in which our portfolios invest to adhere to this in their interactions with indigenous people in their countries of operation. Where we have the ability to do so, we will challenge companies' strategies relating to indigenous people if we believe their strategies are ineffective.

## 3

### Governance, roles & responsibilities

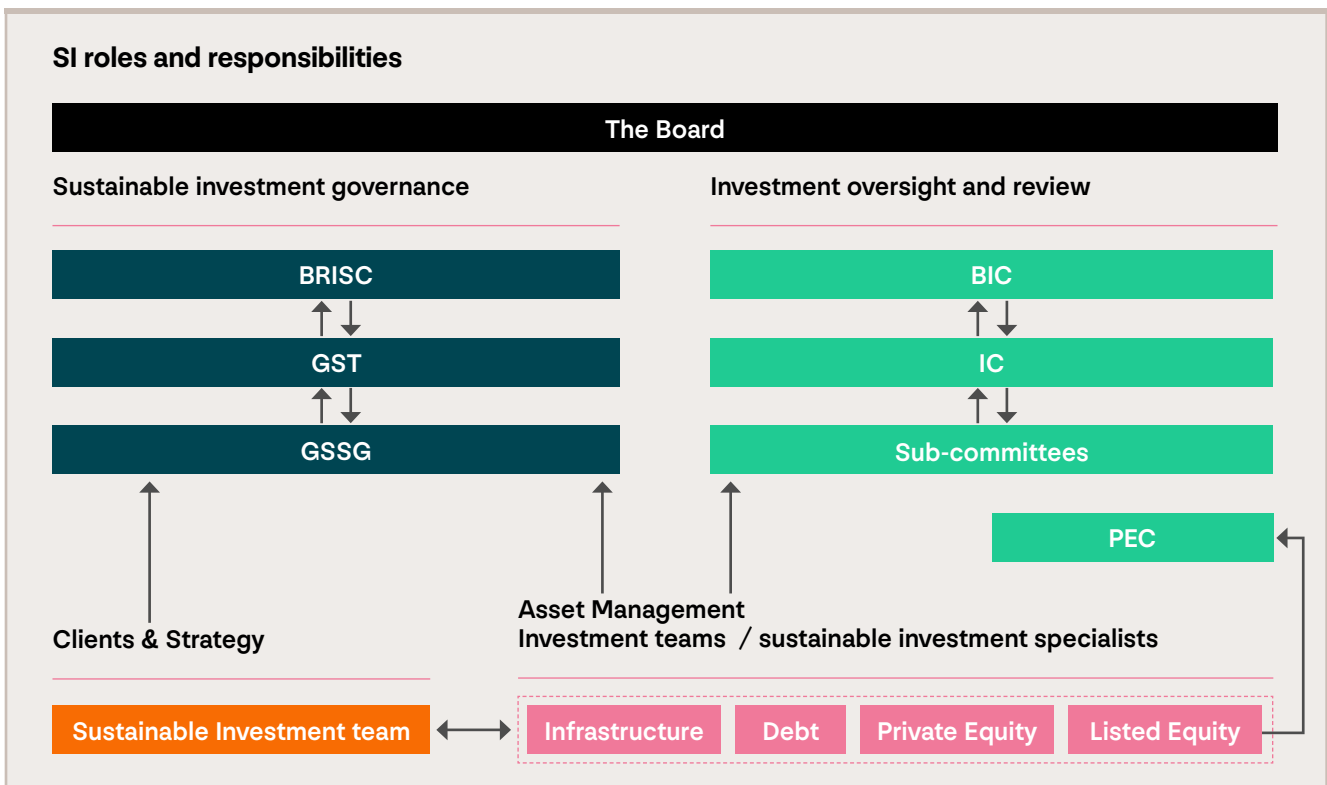
As we pursue our purpose and strive to support the creation of long-term value and meet the expectations of our stakeholders, we understand the importance of robust governance.

#### Roles and responsibilities

Our overarching sustainable investing approach is established and monitored at the IFM Board level. Management supports the execution of this approach, aiming to ensure sustainability opportunities and risks are reflected in our risk management frameworks and plans at the corporate and investment levels.

#### Board oversight – Board Responsible Investment and Sustainability Committee (BRISC)

The BRISC assists the IFM Board by providing an objective, non-executive view of the efficacy of our sustainability strategy and reporting framework. The Board approves (or delegates approval to the BRISC) IFM's sustainable investing strategy, Guidelines and organisational performance scorecard for sustainable investing and receives regular reporting on sustainable investing-related developments from asset classes and the central Sustainable Investment team. The BRISC monitors and oversees progress against key sustainable investing and sustainability objectives and provides guidance on



IFM's sustainable investing approach as proposed by management.

### **Executive management responsibility - Global Strategy Team (GST)**

The GST supports IFM's Chief Executive in executing overall responsibility for the management of IFM. The GST is focused on ensuring high-quality support is provided to the IFM Board, including by seeking to maintain an efficient and collaborative workplace, foster a strong, coherent, and inclusive culture, and develop IFM's capabilities, including those related to sustainable investing and stewardship.

### **Investment oversight and review - Board Investment Committee, Investment Committee and Sub-committees**

IFM's Board Investment Committee, Investment Committee and Sub-committees have oversight of our investment programmes and portfolios, with a view to ensuring our sustainable investing approach and guidelines are appropriately factored into investment decisions and ongoing portfolio management.

The Investment Committee and Sub-committees are responsible for reviewing and approving new and follow-on investments for our infrastructure equity, debt investment, and private equity portfolios, consistent with internal guidelines and procedures. The approval process includes an assessment, where relevant, of material sustainability risks and opportunities by the Investment teams which is also reviewed by integrated asset class sustainable investment specialists and the Sustainable Investment team. The review and, where appropriate, challenge on sustainability assessments helps with the appropriate consideration of sustainability risks in support of investment objectives (including the delivery of long-term risk adjusted returns) as part of the approval process and in the context of our overall purpose. The Investment Committee is also responsible for monitoring the outcomes of past investment decisions.

### **Global Sustainability Steering Group (GSSG)**

The GSSG, comprising senior executives from each IFM business unit and chaired by the Global Head of Sustainable Investment, helps coordinate and share information across IFM, supports multi-disciplinary projects, and monitors progress against sustainability initiatives.

### **Firm-wide Sustainable Investing responsibilities - Sustainable Investment team**

IFM's Sustainable Investment team leads on the development and agreement of our overarching sustainability strategy and associated policies and

guidelines with each Investment team and other IFM business units. These policies and guidelines are implemented and developed further by the Investment Teams through applicable procedures or operating manuals. The Sustainable Investment team is divided into four functional areas: sustainable investing integration, stewardship, governance/reporting/research, and corporate sustainability. The team focusses on integrating the expectations of IFM's clients and wider stakeholders into the organisation's sustainable investing approach and works closely with Investment teams to seek to ensure client voices are appropriately reflected in investment strategies and processes.

The team also provides support and specialised advice, collaborating with Investment teams on their sustainable investing and stewardship approaches. Additionally, they coordinate knowledge sharing between asset classes and across the broader business and also provide specialist peer review support to the Investment Committee.

### **Investment & Portfolio-level Sustainable Investing responsibilities - Investment teams**

The Global Heads of each asset class and the Global Head of Asset Management (Infrastructure) are accountable for the execution and implementation of these Guidelines in the investment and asset management process. They are supported in this process by their Investment teams and, where applicable, integrated asset class sustainable investment specialists and the Sustainable Investment team.

Each Investment team considers sustainability considerations and, to the extent practicable and consistent with our duties, undertakes stewardship in their respective investment and asset management processes. Investment teams, and their integrated sustainable investment specialists where in place, lead on the design and execution of asset class-specific strategies, frameworks, and reporting, in line with these Guidelines and in consultation with the Sustainable Investment team. Asset class teams manage asset and portfolio specific data, and the Sustainable Investment team collates this data for external client and regulatory reporting.

### **Proxy voting and engagement – Proxy Voting and Engagement Committee (PEC)**

The PEC provides oversight of proxy voting activity for the Australian listed equities' portfolio assets within our Listed Equities asset class and is completely independent of proxy advisers. The committee determines our approach to our Australian listed equities portfolio proxy voting and approves significant votes relating to our largest holdings. The PEC also approves and monitors

engagement activities that take place between IFM and our Australian listed equities' portfolio companies. The PEC delegates authority for day-to-day engagement and voting on listed securities to representative members in the Sustainable Investment team and our listed equities portfolio team.

### Remuneration

We include sustainable investing as a part of our corporate performance scorecard to increase focus on delivering positive performance on sustainable investing and wider sustainability goals. By linking the remuneration of IFM employees to our sustainability focus areas, we aim to create the necessary alignment across the business.<sup>6</sup> Overall our reward approach is also designed to incorporate and uphold IFM Risk Management frameworks, including consideration of sustainability risks.

### Reporting

IFM supports a range of sustainability focussed frameworks and standards and transparently reports both publicly and to clients on a range of sustainability considerations across asset classes.

We are also subject to mandatory requirements under certain regulations. We monitor upcoming regulations, assess their impact on our business and work to ensure we comply with new and developing regulatory requirements.

Sustainability initiatives across IFM are reported to the BRISC and the Board on a regular basis.

## 4

### Stewardship, engagement and voting

Stewardship is the use of various strategies, including the responsible allocation, management and oversight of capital with the aim of creating long-term value for clients, leading to sustainable benefits for the economy, the environment and society.

We include systems-level matters in our stewardship activities. This means, where appropriate, we pursue improvements to specific companies or investments that also have the added benefit of positively influencing the broader economic system and society in which we operate.

IFM believes that effective stewardship, incorporating company engagement and exercising voting rights (where applicable and appropriate), can lead to better company performance, with a wide range of benefits for our investment portfolios and beyond.

The overarching approach to how we address sustainability-related matters with the companies our portfolios invest in is established at the IFM or investment advisor level, and then we seek to tailor our stewardship practices to match the needs of specific asset classes and strategies, considering the nature and tenure of holdings and the degree of influence we have.

For our infrastructure equity portfolio investments, we work collaboratively with management teams and other stakeholders to support sustainable investing initiatives and business practices with the view to preserving and enhancing the value of these businesses.

For our debt investment portfolio investments, we recognise that our greatest ability to influence is during the initial investment phase and at refinancing. Post-deal engagement with issuers is limited, though it does form part of ongoing investment monitoring and our response to emerging or potential material sustainability risks.

Our stewardship approach to Australian assets within our listed equities portfolio involves direct and indirect company engagement and exercising our proxy voting rights, while for global listed equities portfolio investments we work with a proxy adviser to support our stewardship activities.

In our private equity portfolio, our approach considers how we can integrate sustainability considerations into value creation. During ownership, we seek to drive a range of sustainability-related initiatives to support the generation of long-term risk-adjusted returns.

### Engagement

Where we believe it is appropriate, we look to engage in direct dialogue with the entities where we invest our clients' funds. We conduct this engagement either on our own or in collaboration with other investors.

Through this engagement, IFM seeks to:

- Build strong relationships that facilitate the transfer and flow of important sustainability data

<sup>6</sup> Applies to all IFM employees excluding some risk and financial control employees.



- Deepen its understanding of how a company / issuer / asset manages sustainability considerations
- Influence positive change in sustainability practices, processes and behaviours regarding company / issuer / asset specific issues and broader industry, sector or thematic issues
- Escalate issues of concern where relevant.

### Voting

IFM has developed proxy voting guidelines which we apply in relation to votes on Australian listed equities' portfolio investments. For international listed equities' portfolio investments, we seek to apply voting guidelines from an internationally recognised provider that we consider to be closely aligned to our voting guidelines.

## 5

### Advocacy & Collaboration

Public policy and regulation are important contributors to portfolio risk adjusted returns. We engage in policy advocacy as part of our contribution to the management of systemic risks, as well as where there is another appropriate link to our business or client interests. We aim to engage the broader investment market and stakeholder groups to share learnings on systemic sustainability risks affecting long term returns for our clients. We seek to achieve this by working closely with our clients and owners to build collective solutions that meet their needs in domestic and global private markets, and by engaging proactively in public affairs to support asset teams and the wider business.

## 6

### Sustainable investing integration

The integration of sustainability considerations into IFM's investment management processes enables us to:

- Identify, understand and manage sustainable investing risks and opportunities that can affect investment value and returns in the short, medium and long term (i.e. focusing on how sustainability issues impact our investments).
- Understand the potential impacts and consequences of our investments on external environmental and social considerations (i.e. focusing on how our investments impact sustainability issues externally), given the potential of such impacts to dynamically turn into direct risks and opportunities.

As discussed in these Guidelines, IFM's investment teams across asset classes (in line with the scope set out at the start of the document) consider sustainability considerations alongside traditional financial and other investment data considerations in our investment analyses and decision-making, and stewardship activities to support value creation. IFM recognises that adverse impacts from investment decisions may be wide-ranging, and for this reason, we seek to engage, promote, and improve the overall awareness of these impacts and operating performance of our portfolio companies. We do this by collaborating and consulting with a diverse range of key stakeholders.

## 7

### Waivers and exceptions to these Guidelines

Client mandates and certain indirect investments (such as derivatives) are not covered by these Guidelines. The voting and engagement sections of these Guidelines may, however, be relevant to certain mandates for our listed equities portfolio team based on the specific client agreements. In addition, passive index tracking equity strategies within our listed equities portfolio do not integrate sustainability considerations unless tracking a specific index with sustainability characteristics. They do however use voting and engagements as stewardship tools.

## Appendix 1 - Glossary

<b>asset classes</b>	Refers to the sum of our infrastructure equity portfolio, our listed equities portfolio, our debt investment portfolio and our private equity portfolio (see <a href="#">Our capabilities   IFM Investors   IFM Investors</a> for further details)
<b>greenhouse gas (GHG)</b>	As defined by the Intergovernmental Panel on Climate Change (IPCC) in its AR6 Synthesis Report, greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of radiation emitted by the Earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect. Carbon dioxide (CO <sub>2</sub> ), nitrous oxide (N <sub>2</sub> O), methane (CH <sub>4</sub> ) and ozone (O <sub>3</sub> ) are the primary greenhouse gases in the Earth's atmosphere. Human-made GHGs include sulphur hexafluoride (SF <sub>6</sub> ), hydrofluorocarbons (HFCs), chlorofluorocarbons (CFCs) and perfluorocarbons (PFCs); several of these are also O <sub>3</sub> -depleting.
<b>IFM</b>	"IFM", "IFM Group", "we" and "our" refer to IFM Investors Pty Ltd (see <a href="https://www.ifminvestors.com/en-au/about-us/">https://www.ifminvestors.com/en-au/about-us/</a> ) and its subsidiary undertakings. IFM Investors Pty Ltd acts in a capacity as a diversified portfolio adviser or manager and any references to IFM acting as an "asset manager" or references to "our investments", "our portfolios", "IFM's portfolios" or equivalent should be read as understood to be in this capacity.
<b>Infrastructure/Debt/ Listed Equities/Private Equity portfolios</b>	Refers to our investments across asset classes. See: <a href="#">Debt Investments   IFM Investors</a>   <a href="#">Infrastructure   IFM Investors</a>   <a href="#">Listed Equities   IFM Investors</a>   <a href="#">Private Equity   IFM Investors</a>
<b>portfolio company / companies</b>	Refers to a public or private company where IFM holds an equity investment. This excludes debt investments.
<b>purpose</b>	IFM's purpose is to invest, protect and grow the long-term retirement savings of working people.
<b>stewardship</b>	Refers to IFM's use of various strategies, including the responsible allocation, management and oversight of capital with the aim of creating long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.
<b>sustainability considerations</b>	Considerations that relate to society and the environment, such as climate change, worker safety and labour rights. These considerations, and how they are integrated into investment processes, can give rise to investment risks, opportunities and impacts that may be financially relevant and ultimately affect investment performance. Our assessment of relevant sustainability considerations and the approach we take varies across asset classes, tenure of holding and degree of influence we have. References to "sustainability opportunities", "sustainability risks" and "sustainability impacts" shall be construed as opportunities and risks associated with such sustainability considerations (as applicable). Our definition and use of "sustainability considerations" and "sustainability risks" differs from, and is not intended to refer to, the technical definitions of "sustainability factors" and "sustainability risks" in Article 2, points (24) and (22) respectively under the European Union's Sustainable Finance Disclosure Regulation (SFDR) or other applicable regulations.

<b>sustainable investing</b>	Refers to IFM’s approach to integrating sustainability considerations into investment analysis, decision-making, ongoing management and oversight of investments, recognising the impacts these can have on investment performance, as well as wider society and the environment. Our sustainable investing approach is tailored to asset classes, tenure of holding and degree of influence we have as owners. Our definition of “sustainable investing” differs from, and is not intended to refer to, the technical definition of “sustainable investment” in Article 2, point (17) under the European Union’s Sustainable Finance Disclosure Regulation (SFDR) or other applicable regulations.
<b>social and environmental boundaries / planetary boundaries</b>	Refers to the frameworks <sup>7</sup> that identify 12 social foundations and 9 environmental critical Earth system boundaries within which humanity can continue to develop and thrive.  The social foundations are internationally agreed minimum social standards and established through the Sustainable Development Goals.

<sup>7</sup> <https://www.stockholmresilience.org/research/research-news/2023-09-13-all-planetary-boundaries-mapped-out-for-the-first-time-six-of-nine-crossed.html>

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An infrastructure investment is subject to certain risks including but not limited to: the burdens of ownership of infrastructure; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impractical; changes in environmental and planning laws and regulations, and other

governmental rules; environmental claims arising in respect of infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in energy prices; changes in fiscal and monetary policies; negative economic developments that depress travel; uninsured casualties; force majeure acts, terrorist events, under insured or uninsurable losses; and other factors beyond reasonable control.

Investments in fixed income securities are subject to the risks associated with debt securities generally, including credit, interest rate, call and extension risk.

Private equity investments are speculative, highly illiquid, involve a high degree of risk and have high fees and expenses that could reduce returns; they are, therefore, intended for experienced and sophisticated long-term investors who can accept such risks. Furthermore, restrictions on transferring interests in private equity funds may exist so prospective investors should be prepared to retain their investments in the fund until the fund liquidates. Private equity funds may borrow money or use leverage for a variety of purposes, which involves a high degree of risk including the risk that losses may be substantial. Lastly, the possibility of partial or total loss of a private equity fund's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that the private equity fund sponsor's or the fund's investment objectives will be achieved or that investors will receive a return of their capital.

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