



**PUBLIC TRANSPARENCY REPORT**

**2023**

**IFM Investors**

Generated 15-12-2023

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

As an institutional fund manager, IFM has a fiduciary duty to maximise returns over the long term for the benefit of our clients and to deliver on our purpose which is to invest, protect and grow the long-term retirement savings of working people. It is becoming increasingly clear to us that fulfilling this duty – now and in the future - depends on the health of the broader system in which we invest and operate.

Large institutional fund managers like IFM are often called universal owners as their investment portfolios own such a broad cross-section of the economy that they cannot avoid systemic issues that affect the entire economic system, such as climate change and inequality. These risks are impossible to diversify away from and have the potential to result in lower investment returns over the long-term.

We believe universal owners have a role to play in helping to drive the transition to a low carbon world and promote fair, safe and inclusive workplaces and communities, which ultimately contribute to long-term investment returns. For us, this means being a responsible investor and actively managing environmental, social and governance risks within our investment processes.

We play multiple roles as a steward of working people's retirement savings, as a global employer and as a corporate citizen. We see these roles as mutually reinforcing as we carry them out in ways that aim to create shared economic and social value for a broad range of stakeholders, in addition to our investors.

Our responsible investment and business approach is underpinned by a series of activities and risk management practices across five key areas: ESG integration, stewardship, collaboration and advocacy, corporate sustainability and transparency and reporting.

First and foremost, IFM seeks to invest in a manner that meets our fiduciary obligation – to maximise long-term, risk-adjusted investment returns for our institutional clients. To help us meet this obligation, we have integrated ESG considerations into our investment processes, alongside a wide range of other financial and investment risk factors.

This means we consider the impact of material ESG factors in our pre and post investment processes for infrastructure, debt, private equity and actively managed listed equities, noting that our approach across the different asset classes will differ and depend on the nature of the investment. This assessment helps us to identify and manage a broader set of risks to protect and maintain the longer-term value of our investment portfolios. We also believe that the consideration of ESG issues in the way we invest contributes to the overall sustainability of financial markets and supports our social licence to operate. We also embed ESG considerations within our own operations and in our corporate practices.

We have three priority themes that we believe we must address to help deliver on our purpose which are:

- Managing the long-term risks of global climate change and transitioning to a low carbon economy.

- Workplace leadership with a focus on promoting fair, safe, and inclusive standards for working people.
- Championing inclusion and diversity.

For Scope 1 and Scope 2 emissions, we have announced a 2050 net zero target across our business and also released 2030 interim emissions reduction targets for our infrastructure and private equity asset classes.

## Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

Over 2022, we continued to expand the processes we use to assess ESG risks and opportunities across the different asset classes. This includes working to encourage or support portfolio companies in their transition to the new clean economy through actions such as the development of company specific decarbonisation pathways for infrastructure portfolio assets. We are also launching new products that aim to harness investment opportunities presented by the global energy transition, while supporting our investors to meet their net zero aspirations.

We observed the increasing engagement within the investment community on how to manage the 'S' – or social factors – within ESG. This includes labour rights, health and safety, modern slavery, inequality and inclusion and diversity, which all carry investment risks and opportunities. At IFM, we have an active program to assess social factors across our active listed and unlisted asset portfolios and we are committed to continuing to develop our skills in this area and consider ways to further affect positive change in social factors within our organisation and our investments.

We implemented our voting and engagement strategy across listed equities, leveraging our size and shareholder influence to help improve board structures, compensation practices and climate change policies and to engage with companies on important social issues such as just transition and modern slavery.

In recognition of the impact of the transition on a net zero economy, we started developing our approach to a just transition for workers and communities of our infrastructure portfolio companies. We are committed to engaging with stakeholders on this issue. Our firm-wide inclusion and diversity (I&D) strategy continued to take shape, including programs focusing on fostering greater diversity in leadership and across the whole IFM team.

Across Australia, the US, Europe and UK, we actively engaged with political, government and industry stakeholders to advocate for policy outcomes that we believe will strengthen the investment, pension and financial systems in which we operate. These engagements included highlighting opportunities to mobilise pension capital for clean energy projects that support economies and working people.

We also remain involved in a number of collaborative initiatives that aim to promote responsible business principles and outcomes globally. Collaboration is a strong theme in our active ownership activities. As we increasingly look to strengthen the broader system, we believe that a collaborative approach will help to bring faster and more impactful positive change.

We are committed to further evolving our responsible investment and stewardship practices in the future to help ensure that we continue to meet the growing expectations of our investors.

## Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

To further progress sustainable investment within our organisation, we are embedding more ESG specialists into the central Sustainable Investment Team and IFM's investment teams, redefining the role of our central Sustainable Investment Team, and creating a Global Sustainability Steering Group comprising members from all business units at IFM to encourage collaboration and dissolution of silos when we undertake new sustainability initiatives. The revised model with increased dedicated sustainability resources is designed to more efficiently deliver the distinct disciplines required to achieve our SI business objectives.

We are continuing to do bodies of work across both our own business and our portfolio companies on our three priority sustainable investment themes:

- Managing the long-term risks of global climate change and transitioning to a low carbon economy.
- Workplace leadership with a focus on promoting fair, safe and inclusive standards for working people.
- Championing inclusion and diversity.

We remain focused on increasing knowledge and understanding of modern slavery across IFM and lifting the capability of our people to identify and mitigate modern slavery risks across our business, supply chain and investments.

We believe that we have an opportunity through our corporate procurement activity to generate social and environmental value beyond that of the purchases we make. In FY22, we commenced development of our social procurement framework to guide our procurement activities and support a coordinated approach. Our on-going work in this area includes the development of a firm-wide Procurement Policy and Procedures, continuing to work with several certified social enterprises to support value creation over and above the purchase of goods and services and the development of a new Supplier Code of Conduct which aims to clearly outline our expectations regarding supplier standards and behaviour as well as the behaviour and standards that suppliers can expect of IFM and our people. IFM recognises the Indigenous Peoples of all countries in which we operate and invest as important stakeholders. Our First Nations corporate strategy initially focuses on Australia and aims to reduce the retirement savings wealth gap between First Nations and non-First Nations Australians. First Nations people retire with about half the savings of other Australians and have shorter life expectancies that restrict access to retirement savings. Our aim is to also take this strategy globally over time. We have also started to develop our First Nations Engagement Approach within the infrastructure asset class, commencing with Australia. The goals of our work across our Australian infrastructure portfolio include building investment team members' cultural awareness and understanding and working with portfolio companies to advance individual approaches to engagement with First Nations Peoples.

#### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

Luba Nikulina

Position

Chief Strategy Officer

Organisation's Name

IFM Investors

A

**'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.**

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# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

## ASSETS UNDER MANAGEMENT

### ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 143,169,343,589.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

### ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].



	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	20.7%	0%
(B) Fixed income	8.5%	0%
(C) Private equity	0.6%	0%
(D) Real estate	0%	0%
(E) Infrastructure	47.8%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	22.4%	0%
(J) Off-balance sheet	0%	0%

**(I) Other - (1) Percentage of Internally managed AUM - Specify:**

Cash

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity	81.6%
(B) Active – quantitative	11.3%

(C) Active – fundamental 1.1%

(D) Other strategies 6%

**(D) Other strategies - Specify:**

Factor-based Listed Equity strategies

## ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

**Provide a further breakdown of your internally managed fixed income AUM.**

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA 9.9%

(D) Active – corporate 4.9%

(E) Securitised 14.9%

(F) Private debt 70.3%

## ASSET BREAKDOWN: INTERNALLY MANAGED PRIVATE EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 PE	CORE	OO 5	N/A	PUBLIC	Asset breakdown: Internally managed private equity	GENERAL

**Provide a further breakdown of your internally managed private equity AUM.**

(A) Venture capital 0%

(B) Growth capital 79.8%

(C) (Leveraged) buy-out 0%

(D) Distressed, turnaround or  
special situations 20.2%

(E) Secondaries 0%

(F) Other 0%

## ASSET BREAKDOWN: INTERNALLY MANAGED INFRASTRUCTURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 INF	CORE	OO 5	N/A	PUBLIC	Asset breakdown: Internally managed infrastructure	GENERAL

**Provide a further breakdown of your internally managed infrastructure AUM.**

(A) Data infrastructure 4.8%

(B) Diversified 0%

(C) Energy and water resources 24%

(D) Environmental services	0%
(E) Network utilities	2.4%
(F) Power generation (excl. renewables)	0.9%
(G) Renewable power	1.7%
(H) Social infrastructure	0.5%
(I) Transport	65.7%
(J) Other	0%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

**How much of your AUM in each asset class is invested in emerging markets and developing economies?**

### AUM in Emerging Markets and Developing Economies

(A) Listed equity	(2) >0 to 10%
(B) Fixed income – SSA	(1) 0%
(C) Fixed income – corporate	(1) 0%
(D) Fixed income – securitised	(1) 0%
(E) Fixed income – private debt	(1) 0%
(F) Private equity	(2) >0 to 10%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(5) Private equity	(7) Infrastructure	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

### STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

**(1) Listed equity - active****(2) Listed equity - passive**

(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

**For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?**

**Percentage of your listed equity holdings over which you have the discretion to vote**

(A) Listed equity – active	(11) >90 to <100%
(B) Listed equity - passive	(11) >90 to <100%

## STEWARDSHIP NOT CONDUCTED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship not conducted	2

**Describe why your organisation does not currently conduct stewardship and/or (proxy) voting.**

Stewardship, excluding (proxy) voting

(C) Fixed income – active

A constant challenge for debt investors in respect of ESG is the limited scope to influence firm management regarding responsible investment factors, especially in comparison to equity investors. In recognition of this, our ESG approach is largely concentrated in the screening and due diligence phase, prior to entering an investment. However, where possible and the opportunity arises, we seek to go beyond this, for example we may seek to establish review rights that allow us to step in and have greater influence. We are also conscious that equity investors are exposed to business and valuation impacts of ESG factors to a greater degree than debt, reflecting the insulation that equity provides to debt in the capital structure.

(K) Other

A constant challenge for cash investors in respect of ESG is the limited scope to influence firm management regarding responsible investment factors, especially in comparison to equity investors. In recognition of this, our ESG approach is largely concentrated in the screening and due diligence phase, prior to entering an investment. However, where possible and the opportunity arises, we seek to go beyond this, for example we may seek to establish review rights that allow us to step in and have greater influence. We are also conscious that equity investors are exposed to business and valuation impacts of ESG factors to a greater degree than debt, reflecting the insulation that equity provides to debt in the capital structure.

## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

**For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?**

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(A) Listed equity - passive	<input type="radio"/>	<input checked="" type="radio"/>
(B) Listed equity - active - quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(D) Listed equity - other strategies	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>

(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input checked="" type="radio"/>	<input type="radio"/>
(H) Fixed income - private debt	<input checked="" type="radio"/>	<input type="radio"/>
(I) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(K) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Cash	<input checked="" type="radio"/>	<input type="radio"/>

## ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

### Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed  
(C) Other

In respect of the Cash asset class, IFM embeds responsible investment considerations into the investment management and decision-making processes to protect and enhance the value of our investments over the long-term. We raise awareness of responsible investment with our sources of supply (banks, brokers) and the entities in which we invest. We may draw upon responsible investment information published for listed companies, including third party research or expert advice, when making a credit assessment. We assess responsible investment factors and their impact on new investments. This is consistent with our investment objectives and fiduciary duties.



## ESG NOT INCORPORATED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG not incorporated	1

**Describe why your organisation does not currently incorporate ESG factors into your investment decisions.**

Internally managed  
(A) Listed equity – passive

For IFM's Listed Equity passive strategies, the investment objective is to achieve at least benchmark return. As such, our Listed Equity passive strategies do not incorporate ESG factors in the investment process. Instead, the ESG focus for IFM's Listed Equity passive strategies is on stewardship and proxy voting, rather than an active stock weighting approach.

Importantly, IFM's Listed Equity passive strategies can be offered by segregated mandate, and IFM has the scale, systems and expertise to offer mandates with security/sector exclusions that allow investors to meet client-mandated ESG filters.

## ESG STRATEGIES

### LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

**Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?**

**Percentage out of total internally managed active listed equity**

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	100%
(D) Screening and integration	0%
(E) Thematic and integration	0%

(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

## FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

**Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?**

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Screening alone	0%	0%	0%
(B) Thematic alone	0%	0%	0%
(C) Integration alone	0%	100%	100%
(D) Screening and integration	100%	0%	0%
(E) Thematic and integration	0%	0%	0%
(F) Screening and thematic	0%	0%	0%
(G) All three approaches combined	0%	0%	0%
(H) None	0%	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

**(1) Fixed income - SSA**

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	100%
(C) A combination of screening approaches	0%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

0.5%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

**Additional information: (Voluntary)**

IFM manages both pooled funds and segregated mandates for investors. In the FUM total above, we have not included a number of segregated mandates that the underlying asset owner markets as ESG/sustainable as we do not directly market these strategies.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

- (A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications
- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Listed equity – active – quantitative	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Listed equity – other strategies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(E) Fixed income – SSA	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income – corporate	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income – securitised	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(H) Fixed income – private debt	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(I) Private equity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(K) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

## OTHER ASSET BREAKDOWNS

### PRIVATE EQUITY: SECTORS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 22	CORE	OO 21	N/A	PUBLIC	Private equity: Sectors	GENERAL

In which sector(s) are your internally managed private equity assets invested?

- (A) Energy
- (B) Materials
- (C) Industrials
- (D) Consumer discretionary
- (E) Consumer staples
- (F) Healthcare
- (G) Financials
- (H) Information technology
- (I) Communication services
- (J) Utilities
- (K) Real estate

## PRIVATE EQUITY: OWNERSHIP LEVEL

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 23	CORE	OO 21	N/A	PUBLIC	Private equity: Ownership level	GENERAL

What is the percentage breakdown of your internally managed private equity investments by the level of ownership?

- (A) A majority stake (more than 50%)  
 Select from the list:
- (1) >0 to 10%
  - (2) >10 to 50%
  - (3) >50 to 75%
  - (4) >75%
- (B) A significant minority stake (between 10–50%)  
 Select from the list:
- (1) >0 to 10%
  - (2) >10 to 50%
- (C) A limited minority stake (less than 10%)

## INFRASTRUCTURE: OWNERSHIP LEVEL

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 27	CORE	OO 21	N/A	PUBLIC	Infrastructure: Ownership level	GENERAL

What is the percentage breakdown of your organisation's infrastructure assets by the level of ownership?

- (A) A majority stake (more than 50%)  
 Select from the list:
- (1) >0 to 10%
  - (2) >10 to 50%
- (B) A significant minority stake (between 10–50%)  
 Select from the list:
- (1) >0 to 10%
  - (2) >10 to 50%
  - (3) >50 to 75%
  - (4) >75%
- (C) A limited minority stake (less than 10%)  
 Select from the list:
- (1) >0 to 10%
  - (2) >10 to 50%

## INFRASTRUCTURE: STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 28	CORE	OO 21	N/A	PUBLIC	Infrastructure: Strategy	GENERAL

What is the investment strategy for your infrastructure assets?

- (A) Core
- (B) Value added
- (C) Opportunistic
- (D) Other

## INFRASTRUCTURE: TYPE OF ASSET

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 29	CORE	OO 21	INF 1	PUBLIC	Infrastructure: Type of asset	GENERAL

What is the asset type of your infrastructure?

- (A) Greenfield
- (B) Brownfield

## INFRASTRUCTURE: MANAGEMENT TYPE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 30	CORE	OO 21	Multiple, see guidance	PUBLIC	Infrastructure: Management type	GENERAL

Who manages your infrastructure assets?

- (A) Direct management by our organisation
- (B) Third-party infrastructure operators that our organisation appoints
- (C) Other investors, infrastructure companies or their third-party operators
- (D) Public or government entities or their third-party operators

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

## POLICY, GOVERNANCE AND STRATEGY (PGS)

### POLICY

#### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

**Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?**

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues
- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

- (A) Overall approach to responsible investment  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (B) Guidelines on environmental factors  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (C) Guidelines on social factors  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (D) Guidelines on governance factors  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (G) Specific guidelines on human rights (may be part of guidelines on social factors)  
Add link:  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)
- (I) Guidelines tailored to the specific asset class(es) we hold

Add link:

[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)

**(L) Stewardship: Guidelines on engagement with investees**

Add link:

[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)

**(O) Stewardship: Guidelines on (proxy) voting**

Add link:

[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors\\_esg\\_policy\\_march\\_2021.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/ifm-investors_esg_policy_march_2021.pdf)

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

**(A) Yes**

Elaborate:

First and foremost, IFM seeks to invest in a manner that meets our fiduciary obligation – to maximise investment returns for our institutional investor clients. To help us meet this obligation, we incorporate environmental, social and governance (ESG) considerations in our investment process, alongside a wide range of other financial and investment risk factors. This means we consider the impact of material ESG factors in our pre and post investment processes for infrastructure, debt, PE and active listed equities, noting that our approach across the different asset classes will differ and depend on the nature of the investment. This assessment helps us to identify and manage a broader set of risks to protect and maintain the longer-term value of our investment portfolios. We also believe that the consideration of ESG issues in the way we invest contributes to the overall sustainability of financial markets and provides our social licence to operate. We also embed ESG consideration within our own operations and in our corporate practices.

In line with the approach mentioned above, the following text appears in IFM's ESG Policy:

"The objective of IFM's Corporate Environmental, Social & Governance Policy is to achieve better investment outcomes over the long term through active ownership. In addition, the Policy provides assurance to existing and potential investors that our investments are not culpable of environmental damage, gross corruption, systemic violation of human rights and labour standards or any other serious violations of fundamental ethical norms. IFM assesses ESG factors and their impact on investments across the various asset classes in which it invests. Where possible, IFM also seeks to improve upon the performance of investee companies and co-managers across a range of ESG factors. IFM expects this to be done in a manner which is consistent with its investment objectives and fiduciary duties. By encouraging responsible corporate behaviour through engagement and voting, IFM Investors seeks to protect and enhance the value of its investments in the long-term."

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?**

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

**Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?**

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

### AUM coverage

(A) Specific guidelines on climate change

(2) for a majority of our AUM

(B) Specific guidelines on human rights

(2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

We do not actively engage in stewardship activities for our Global Indexed Equities strategy. For Global Indexed Equities we use the advice from international proxy advisor Glass Lewis as our default for proxy voting.

(C) Private equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(E) Infrastructure

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

**What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?**

**(A) Actively managed listed equity**

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

IFM has one voting policy that applies to all our actively managed listed equity holdings. All active equity clients receive IFM proxy voting advice, however, the majority of our clients execute their own proxy voting based upon their individual ESG policies and procedures.

**(B) Passively managed listed equity**

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

IFM has one voting policy that applies to all our actively managed listed equity holdings. All active equity clients receive IFM proxy voting advice, however, the majority of our clients execute their own proxy voting based upon their individual ESG policies and procedures. Voting relating to Global Indexed Equities is based on the advice from international proxy advisor Glass Lewis.

# GOVERNANCE

## ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

**Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?**

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Our Chief Executive oversees that ESG is embedded in strategy and business planning and integrated into investment teams' processes and investment decisions. Our Head of SI works closely with each Global Investment Team Head, the Global Head of Asset Management and their teams to provide execution support for the SI strategy and ESG issues. Senior SI leadership manages a team of dedicated ESG professionals and is responsible for strategy development and ESG Policy implementation.

- (C) Investment committee, or equivalent

Specify:

IFM's Board Investment Committee, Investment Committee and Investment Team Investments sub-committees have oversight of investment portfolios, helping to ensure that ESG strategy/policy is appropriately factored into new investment decisions and portfolio management. The committees are responsible for reviewing and approving new and follow-on private market investments and, where appropriate, challenging ESG assessments to help ensure ESG risks have been properly considered in due diligence.

- (D) Head of department, or equivalent

Specify department:

The Global Heads of our investment teams for each asset class and the Global Head of Asset Management (Infrastructure) are accountable for the execution and implementation of IFM's ESG Policy in the investment and infrastructure asset management process. They are supported in this process by their investment teams who are responsible for implementing policies. IFM's ESG Policy provides direction to teams regarding our ESG integration and stewardship process.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

**Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?**

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6



**Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?**

(A) Yes

Describe how you do this:

IFM's Board Responsible Investment and Sustainability Committee oversees our global government relations and public policy strategy as well as our approach to responsible investment issues, ensuring governance arrangements are in place for strong alignment. Within the Clients & Strategy team, the Sustainable Investment and Global External Relations teams work together closely, along with investment teams globally. We are also required to obtain Department Head approval for any third-party positions we endorse or any submissions we are party to, as well as any sign-on letters.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

**In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?**

(A) Internal role(s)

Specify:

The Global Heads of each Investment Team and Infrastructure Asset Management team are responsible for the execution and implementation of IFM's ESG Policy. They are supported by their broader investment teams, including portfolio managers and investment analysts. The Sustainable Investment Team also works closely with the Investment and Infrastructure Asset Management teams, providing subject matter expertise and execution support for the responsible investment strategy.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Explain why: (Voluntary)

The IFM Board has established the IFM Board Responsible Investment & Sustainability Committee, to assist the Board in providing oversight on the IFM Group's strategies and reporting framework for responsible investment and sustainability.

Amongst its responsibilities is to set and review objectives and measure for the responsible investment strategies periodically.

The board assesses its skills and knowledge qualitatively across the following areas:

- Investment management, including environmental, social and governance considerations
- Financial services, including superannuation and pension fund policy and practice
- Corporate governance
- Financial reporting and audit
- Business development, marketing, communications and investor and stakeholder relations
- Business strategy and management, including people, culture and remuneration practices
- Risk management and compliance
- Legal frameworks including relevant licensing, regulatory and policy matters.

The Board and the BRISC self-assesses its performance annually and undertakes an externally facilitated assessment every three years.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

(1) KPIs are linked to compensation

(2) KPIs are not linked to compensation as these roles do not have variable compensation

(3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

Goals (KPIs) relating to ESG strategy, projects and commitments are typically relevant for the Sustainable Investment Team, Heads of Investment Teams, Portfolio Managers, Asset Managers, and Investment Analysts. Examples of ESG-related Goals (KPIs) include maintaining or improving relevant asset class PRI assessment score; completion of relevant RI training; a measured improvement RI/ESG disclosure and investor communication; goals relating to company engagement; external investor annual survey ESG scores and feedback; ESG integration process improvements. The achievement (or not) of these Goals (KPIs) impacts relevant employees' variable compensation.

(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Explain why: (Voluntary)

We support the TCFD climate reporting framework and a summary of our second annual TCFD Climate Report was published on our website during the reporting year. However, the full report was delayed. We are currently working on our third annual TCFD Climate Report that we plan to publish later in 2023.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?**

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/rbr/ifm\\_investors\\_responsible-business-report-2022.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/rbr/ifm_investors_responsible-business-report-2022.pdf)  
<https://www.ifminvestors.com/responsible-investment/governance/past-reports/>

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

## STRATEGY

### CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**Which elements do your organisation-level exclusions cover?**

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**How does your responsible investment approach influence your strategic asset allocation process?**

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

**STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?**

**(1) Listed equity****(3) Private equity****(5) Infrastructure**

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?**

IFM considers a broad range of ESG issues in our investment decision-making process, alongside a range of financial and other investment considerations, and looks to identify material ESG issues. The issues we choose to follow up and act on will differ depending on the asset, company and/or sector. For example, biodiversity is material for some investments and not others, depending on the location of sites and business activity. However, we have three priority focus issues,

that we believe are material to assess, engage and improve performance on, for all of our investments. Our focus issues are:

- Managing the long-term risks of global climate change and transitioning to a low carbon economy.
- Workplace leadership with a focus on promoting fair, safe and inclusive standards for working people.
- Championing inclusion and diversity.

Separate to our focus areas, we use several criteria to prioritise companies for our stewardship activities:

- The size of our investment or the size of the asset, portfolio company and/or property
- The materiality of ESG issues on financial and/ or operational performance
- Significant issue exposures brought to light through our due diligence and monitoring process, particularly where there appears to be a lack of adequate controls.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

In line with our objective to create shared economic and social value for our investors and a broad range of stakeholders, we aim to be part of collective efforts to advance sustainability practice, outcomes and transparency. We are active signatories to, or members of, a number of global organisations and initiatives promoting responsible investment and sustainability. This includes Australian Council of Superannuation Investors (ACSI), Principles of Responsible Investment (PRI), Investor Group on Climate Change (IGCC); Institutional Investor Group on Climate Change (IGCC); Paris Aligned Investment Initiative (PAII) Infrastructure working group; Climate Action 100+, 30% Club, 40:40 Vision, Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC), Global Real Estate Sustainability Benchmark (GRESB), CDP Climate Change, Net Zero Asset Managers Initiative.

Across these organisations we participate in working and consultation groups and signatory reporting. We also engage collaboratively alongside our investors and peers through initiatives focusing on a range of responsible investment themes, including climate change, gender diversity, modern slavery and ESG data and disclosure. Collaborative engagements are particularly important in cases where we believe there is more to be gained by engaging collectively, rather than individually with a company, on an issue that a broad range of investors are concerned about. An example is IFM's participation in the Climate Action 100+ initiative. We believe this is a better way to speak to companies on an ongoing basis about their strategic recognition of, and approach to, climate change. Collaborative engagements also enable us to draw on insights and benchmarking provided by the broader network of investors.

We also participate in industry collaborations that more broadly seek to address systemic risk factors with potential to impact on the financial system. For example, through ACSI we have collaborated on 'Say on Climate' resolutions, lowering carbon emissions and board gender diversity. We have also engaged with the highest global carbon emitters through Climate Action 100+; and engaged on modern slavery through Investors Against Slavery and Tracking – Asia Pacific (IAST-APAC) which we have been a signatory to since 2020.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Rank the channels that are most important for your organisation in achieving its stewardship objectives.**

**(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

- 1
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

**(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

- 3
- 4
- 5

**(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- 2
- 4
- 5

(F) We do not use any of these channels



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

### How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

The links between our stewardship and investment decision-making differ depending on the asset class. This helps ensure that our approach matches the needs of each specific strategy, the tenure and geography of holdings, and the degree of influence we have as shareholders or investors.

In Australian Listed Equities, our engagements aim to reinforce our investment-related expectation for companies to strategically recognise and manage all material risks and opportunities to help protect and enhance long term shareholder value. Our engagement activities involve both the relevant investment team and the Sustainable Investment Team:

- Direct company engagement by our Active Listed Equities teams via attendance at company briefings and meetings with management.
- Direct company engagement by our Sustainable Investment team which is generally focused around IFM's priority themes or as a follow up from prior engagement asks or issues arising from the previous proxy voting season.

IFM also has a Proxy Voting and Engagement Committee (PEC) that provides oversight of all engagement and proxy voting activity on listed equities. The PEC comprises senior representatives from each of the Listed Equities teams and the Sustainable Investment team. While the PEC delegates authority for day-to-day engagement and voting on listed securities to representative members in the team, it is responsible for reviewing and approving votes cast in relation to shareholder proposals.

In Infrastructure, our Asset Management Team engages directly with investee companies throughout the entire investment life cycle. During due diligence for potential acquisitions, we assess ESG-related management and performance, identifying areas for improvement upon acquisition. Once acquired, we seek board representation and appointee director membership of board subcommittees (for responsible investment matters, these may include dedicated ESG sub-committees as well as occupational health and safety (OH&S) Risk, and/or Remuneration committees, etc.) for the portfolios we manage and advise. We seek to establish governance structures with appropriate sustainable investment controls in place, which support us to maintain active engagement with portfolio companies to identify the status and progress of asset management initiatives from both financial and responsible investment perspectives. In certain circumstances, IFM investment professionals will be seconded to portfolio assets when specialist skills are required. We aim to identify and define material ESG-related issues that inform our active asset management activities through transition planning, post-acquisition asset reviews, regular valuation and reporting processes, and formal asset reviews.

In Debt, the majority of our engagement effort is focused during due diligence, which is undertaken by the investment team, with Sustainable Investment Team collaboration. However, where possible we do seek to establish review rights that allow us to step in during certain circumstances to influence a more positive outcome. With respect to the issuance of credit more broadly, we may work with syndicate participants on ESG issues and lending controls to the extent that is practical and applicable. This can include assessing ESG issues in credit research, engaging with management at the issuer to seek ESG specific information, inclusion of ESG criteria in deal documentation, and continuing to monitor progress of ESG factors post investment. In some instances, we have also raised awareness of ESG issues and considerations with both our sources of supply (banks, brokers, advisors and consultants)

and the entities in which we invest.

In Private Equity, the investment team works closely with investee companies via our Board director appointments and direct engagement with management teams to drive a range of ESG-related initiatives that aim to support the generation of returns and build value. Post-acquisition, IFM tracks ESG-related risks and opportunities, including those identified preacquisition. In addition, responsible investment objectives (such as emissions reduction, I&D, employee/customer engagement, best practice governance) are woven into the value-creation plan for individual investments. These are reviewed every six months through the portfolio review process.

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

**(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

**(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**

Select from the below list:

- (1) in all cases
- (2) in a majority of cases**
- (3) in a minority of cases
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How is voting addressed in your securities lending programme?**

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website  
Add link(s) to public disclosure:  
<https://viewpoint.glasslewis.com/WD/?siteId=IFM>
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

(A) Yes, for all (proxy) votes

Add link(s):

<https://viewpoint.glasslewis.com/WD/?siteId=IFM>

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

(A) Within one month of the AGM/EGM

- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

(1) In cases where we abstained or voted against management recommendations

(2) In cases where we voted against an ESG-related shareholder resolution

(A) Yes, we publicly disclosed the rationale

(B) Yes, we privately communicated the rationale to the company

(3) for a minority of votes

(3) for a minority of votes

(C) We did not publicly or privately communicate the rationale, or we did not track this information

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(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?**

IFM casts votes directly via the Glass Lewis Viewpoint platform on all Australian companies held in the portfolio. We receive a weekly report from Glass Lewis which displays all votes which have been cast. This allows us to check that the votes have been executed and that the vote decision is correct. IFM votes on behalf of a number of asset owners. Prior to voting, we send our investors a pre-voting report which shows our voting intention. This allows our investors to check and confirm that the correct vote decision is being cast on their behalf. For Global Indexed Equity portfolio listed companies, our votes are cast in line with Glass Lewis' recommendation.

While we can view the vote decisions via the Viewpoint platform, there is no need to undertake a formal audit process seeing the votes have been automatically cast. We are able to run a 'Stocks Voted' report from the Viewpoint platform which displays the number of shares held and the number of votes cast for each company. This report provides a check to ensure that all eligible votes have been cast. In addition, our service provider, ACSI, continues to monitor and engage regulators about improving the voting process. ACSI has participated in discussions and commissioned research about administrative complexities, costs, potential failures and improvements that can be made. The evidence base for the advocacy work ACSI does on this topic is a research project in 2012 titled 'Institutional Proxy Voting in Australia'. Voting by a show of hands is a current focus. ACSI is part of the ASX Corporate Governance Council, which recently released new Principles and Recommendations including 6.4: "A listed entity should ensure that all substantive resolutions at a meeting of security holders are divided by a poll rather than by a show of hands." ACSI actively supported this change through our submission and Council membership.

## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

**For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

### (1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one

(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal

(C) Publicly engaging the entity, e.g. signing an open letter

(D) Voting against the re-election of one or more board directors

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting

(G) Litigation

(H) Other

(l) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

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## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

IFM takes part in government and regulator-backed working group across the US, Europe, the UK and Australia. Recent examples include:

IFM's Chief Strategy Officer is the chair of the UK Government's inaugural Taskforce on Social Factors, a cross-governmental body established in collaboration with other industry leaders. The Taskforce's primary goal is to support pension scheme trustees and the wider pensions industry with some of the key challenges around managing and measuring social factors in relation to their investments.

IFM's Executive Director, Strategy & Policy, participated in the Government's YFYS Technical Working Group and IFM made written submissions to the review of the superannuation performance test. IFM explained how the performance test ignores systemic risks like climate change and encouraged benchmark hugging by assessing performance based on portfolio implementation rather than portfolio construction. IFM advocated for performance assessment taking into account externalities (including the cost of greenhouse gas emissions) in written submissions and in the technical working group.

IFM's Executive Director, Strategy & Policy, chaired the steering committee of the first stage of the Australian Sustainable Finance Institute project to develop the Australian Sustainable Finance Taxonomy. The initiative is being undertaken in three phases and aims to deliver a taxonomy framework that would provide clear and consistent definitions of what is a sustainable activity and define how economic activities will transition over time to continue to be classified as sustainable.

IFM participated in a roundtable series organised by the EU Commission's Directorate-General for Mobility and Transport. The workshops provided an opportunity to engage with the EU Commission on its work on transport decarbonisation.

IFM assumed an active role in the annual SelectUSA Investment Summit, promoting pension capital investment in US infrastructure.

**(D) We engaged policy makers on our own initiative**

Describe:

During 2022, we directly engaged with political and government stakeholders to advocate for policy outcomes that we believe will make the investment, superannuation/pension and financial systems in which we operate more sustainable over the long term.

Examples include:

In the UK, IFM met on multiple occasions with the Business Energy and Industrial Skills Department (BEIS), the Department of International Trade (DIT), the UK Infrastructure Bank (UKIB), and also the Department of Environment, Food and Rural Affairs (DEFRA) to discuss the development of hydrogen, CCUS, sustainable aviation fuels (SAFs) and natural capital financing models in pursuit of UK's delivery of its nationally determined contribution (NDC) to the Paris Climate agreements.

IFM representatives undertook multiple engagements with Australian Government ministers and public servants regarding climate change policy as part of industry group roundtables and in bilateral meetings. At least one of these engagements was organised by the PRI.

IFM participated in the Australian Treasurer's Investor Roundtable, which resulted in outcomes on housing investment and clean energy investment.

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?**

(A) We publicly disclosed all our policy positions

**(B) We publicly disclosed details of our engagements with policy makers**



Add link(s):

[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/rbr/ifm\\_investors\\_responsible-business-report-2022.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/rbr/ifm_investors_responsible-business-report-2022.pdf)  
[https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/art\\_ifm557\\_uk\\_stewardship\\_code\\_v12\\_final.pdf](https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/art_ifm557_uk_stewardship_code_v12_final.pdf)

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

## STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

**Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.**

(A) Example 1:

Title of stewardship activity:

Board Gender Diversity

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

ACSI (IFM is an active member) prioritised engagement with seven ASX zero female board companies going into 2022. Four of those companies have since appointed women directors. Unfortunately, the quarterly index rebalances also introduced another seven zero women board companies to the ASX300.

The year also began with 19 companies in the ASX200 having only one female director, which were also included in the priority engagement list on diversity grounds. Six of the companies now have added female directors, including one which committed to appointing a female director prior to the FY21 AGM, resulting in the reversal of a negative voting recommendation against the Chair. ACSI and members (including IFM) also work and collaborate with the 40:40 Vision initiative, which is asking ASX200 companies to commit to gender diversity targets in their senior executive ranks. This includes setting publicly announced gender balance targets and reporting on progress towards these targets in 2023 and 2027. To date, eleven companies have signed on to the initiative, and we hope to see significant gains in the coming year.

(B) Example 2:

Title of stewardship activity:

ESG KPIs in Loan Terms

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

IFM was involved in senior secured financing relating to a fleet of vessels servicing oil and gas clients and expanding into the offshore wind market.

IFM were supportive of the Company's future direction of travel, divesting away from its oil and gas vessel capability and focusing on investment into vessels providing services to offshore windfarms.

This deal was structured as a sustainability linked loan with ESG-related KPIs that were tied to the spread agreed on the loan. Failure to meet the KPIs resulted in an increase in the spread on the loan and vice versa. Three ESG-related KPIs were set and they worked by tapering the margin depending on level of progress achieved. The KPIs were growth in revenues associated with servicing offshore wind related activities, growth in the number of vessels servicing offshore wind related activities, and safety incident rate improvement and maintaining no fatalities for which the Company is at fault.

For the vessel count and revenue KPIs, IFM requested a higher hurdle on the tests used to determine if a negative ESG margin adjustment (i.e. an increased spread) would be applied., This helped ensure that the Company was working towards suitably high sustainability thresholds.

(C) Example 3:

Title of stewardship activity:

Power Purchase Agreement - Infrastructure

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

IFM has developed a large-scale power purchase agreement (PPA) program to further support assets in the Australian Infrastructure portfolio to procure renewable energy. Our aim was to create the first multi-state, multi-asset solution, where all benefits would flow on to portfolio assets via a structure that provided:

- Access to renewable energy at commercially attractive prices;
- The ability to de-risk businesses against future electricity market volatility; and
- The opportunity to significantly reduce their greenhouse gas (GHG) emissions, supporting, and in some cases fast-tracking, assets' existing net zero commitments.

During 2021, we engaged with and brought other industry stakeholders into the project, including co-investors, large tenants of portfolio assets and other large infrastructure owners.

Over three stages, the program is expected to facilitate the supply of more than 400 GWh of renewable energy per annum by 2025, saving around 250,000 tonnes of GHG emissions each year.

In early 2022, Stage 1 of the program was complete with contracts signed for the delivery of 132 GWh of renewable energy per annum for seven critical infrastructure assets across New South Wales and Victoria, including Melbourne Airport, NSW Ports, Southern Cross Station and Ausgrid, which are assets in our portfolio. Stage 2 concluded in July 2022 with the QLD based assets, with the delivery of an additional 185 GWh of renewable energy per annum. Stage 3, which includes other critical Australian assets, is expected to conclude in 2023.

(D) Example 4:

Title of stewardship activity:

Emissions reductions at Private Equity portfolio companies

- (1) Led by
  - **(1) Internally led**
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
  - (1) Environmental factors**
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
  - (1) Listed equity
  - (2) Fixed income
  - (3) Private equity**
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Post-investment and during the ownership phase, IFM's Private Equity team works to support each of its portfolio companies to develop and implement a decarbonisation plan to reduce emissions per employee and overall, and to mitigate climate risk. Emission reduction plans vary across portfolio companies depending on the key sources of emissions.

In the first year of ownership, the carbon footprint of the business is measured as a baseline. We also confirm our understanding of avoided emissions estimated during diligence. Transition plans are currently being completed for existing portfolio companies and will be developed for new acquisitions within twelve months of a baseline for emissions being established. These plans aim to cover Scope 1, 2 and 3 emissions.

We seek to drive impact by executing on plans to reduce emissions through implementing new policies and controls and holding portfolio boards accountable for driving improvement. Emissions reduction is a key agenda item at board meetings, and management teams are responsible for reporting on their plans and progress.

(E) Example 5:  
Title of stewardship activity:

- (1) Led by
  - (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
  - (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
  - (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

### Has your organisation identified climate-related risks and opportunities affecting your investments?

**(A) Yes, within our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate related risks:

Current regulation - Regulators in key IFM geographies require companies to understand and mitigate the impact of climate risk on their business, by enhancing due diligence assessment processes and undertaking climate scenario testing. In addition to prudential regulation, market regulators will require greater disclosure regarding climate change and tighten the marketing of financial products.

Technology - Companies and/or assets that fail to adopt new technologies or decarbonise (transition), may face reduced demand for products and services; substitution; diminishing economic returns; loss of value or asset stranding. Organisations may also face near-term costs associated with the deployment of new technologies or R&D. Market share may also be impacted longer term.

Legal - As the impacts of climate change increase and the global push toward decarbonisation accelerates, various stakeholders are progressively turning to litigation in their attempts to hold both governments and businesses accountable for mitigating emissions and ensuring development is sustainable. The Rest Superannuation case (Australia) is a recent example and has established expectations for Australian asset owners and managers. In addition to the courts, regulators such as APRA, ASIC and SEC are also increasing their focus on ESG and climate change in particular.

Market - Long-term institutional investors (our clients) are increasingly committing to mitigating climate change risk, so asset managers like IFM that act as their partners need to demonstrate how climate risk is being accounted for in investment decision processes and take appropriate action to mitigate climate change risk (eg reducing asset emissions; investing in climate solutions). Many investors are setting emission reduction targets and/or applying carbon budgets to their investment portfolios. This may result in a shift towards products/strategies that have lower emissions, less transition risk and/or more positive contribution to de-carbonisation.

Reputation -- An increasing number of investors will have emission reduction targets or apply carbon budgets to their investment teams. This may restrict investors' ability to invest in certain IFM products which have a higher emissions intensity. There is potential for a shift towards products or strategies that have lower emissions, face less transition risk and contribute to de-carbonisation.

Climate conscious investors who are willing to invest in high emitting portfolios will increasingly do so only insofar as the manager is actively transitioning the companies in that portfolio consistent with the temperature goals of the Paris Agreement.

Acute physical - Physical risks can interrupt asset operations, cause damage to plant and equipment, result in financial losses to the asset, and pose safety risks to employees.

Chronic physical - Physical risks can interrupt asset operations, cause damage to plant and equipment, result in financial losses to the asset, and pose safety risks to employees.

Climate-related potential opportunities:

Resource efficiency - Efforts to increase energy and resource efficiencies in our portfolio of real assets could result in reduced operating costs and increased production capacity. This may also feed into increased profitability and asset values. Assets that decarbonise could have lower longer-term operating costs through reduced exposure to regulatory-driven increases in fossil fuel and carbon prices.

Energy source - Strong demand for renewable energy and emissions abatement technology will underpin returns in investments in these areas as the energy system transitions away from fossil fuels.

New products and services - Companies that innovate and develop new low-emission products and services may improve their competitive position and capitalise on shifting market preferences. New low carbon or zero emission products and services will probably face increased demand and have the potential for growth in revenues and value. These organisations, or strategies supporting them, may provide new investment opportunities for IFM. New markets are emerging such as offsets, natural capital, green finance, carbon data analytics etc. These present opportunities for investors to capitalise on the decarbonising economy and diversify returns.

Market resilience - Resilience planning, including for managing physical risks to infrastructure and real assets and minimising risks to supply chains, may increase operational reliability.

Capital expenditure - Decarbonisation efforts for many infrastructure sectors will involve capital expenditure investment (eg. upgrading fuel hydrant infrastructure at airports to accommodate Sustainable Aviation Fuels). In most cases, there are commercial and regulatory frameworks that support generating a fair return for those investments.

**(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate-related risks beyond our standard planning horizon:

The uncertain impact of current climate action – only time will tell how successful the world will be in decarbonising. Current decarbonisation efforts may have greater impacts than currently expected, or lack of sufficient action could cause adverse climate impacts to become larger than currently expected. Both scenarios are associated with heightened investment risks.

Emerging and future regulation - ESG related regulations across the different jurisdictions are increasing, evolving and becoming more complex, and there is a heightened regulatory scrutiny on ESG matters, with a focus on greenwashing. To achieve net zero by 2050, governments will also need to set policies and create regulation in order to change behaviour, and incentivise investment in certain areas. IFM needs to factor these potential actions into scenarios that are used in the investment decision making process.

Future technological changes - Companies and/or assets that fail to adopt new technologies or decarbonise (transition), may face reduced demand for products and services; substitution; diminishing economic returns; loss of value or asset stranding.

Organisations may also face near-term costs associated with the deployment of new technologies or R&D. Market share may also be impacted longer term.

Legal - As the impacts of climate change increase and the global push toward decarbonisation accelerates, various stakeholders are progressively turning to litigation in their attempts to hold both governments and businesses accountable for mitigating emissions and ensuring development is sustainable.

Market – Long-term institutional investors (our clients) are increasingly committing to mitigating climate change risk, so asset managers like IFM that act as their partners need to demonstrate how climate risk is being accounted for in investment decision processes and take appropriate action to mitigate climate change risk (eg reducing asset emissions; investing in climate solutions). Many investors are setting emission reduction targets and/or applying carbon budgets to their investment portfolios. This may result in a shift towards products/strategies that have lower emissions, less transition risk and/or more positive contribution to de-carbonisation.

Reputation - An increasing number of investors will have emission reduction targets or apply carbon budgets to their investment teams. This may restrict investors' ability to invest in certain IFM products which have a higher emissions intensity. There is potential for a shift towards products or strategies that have lower emissions, face less transition risk and contribute to de-carbonisation.

Climate conscious investors who are willing to invest in high emitting portfolios will increasingly do so only if the manager is actively transitioning portfolio companies consistent with the temperature goals of the Paris Agreement.

Acute physical - Physical risks can interrupt asset operations, cause damage to plant and equipment, result in financial losses to the asset, and pose safety risks to employees.

Chronic physical - Physical risks can interrupt asset operations, cause damage to plant and equipment, result in financial losses to the asset, and pose safety risks to employees.

Climate-related potential opportunities that continue beyond our standard planning horizon:

Resource efficiency - Efforts to increase energy and resource efficiencies in our portfolio of real assets could result in reduced operating costs and increased production capacity. This may also feed into increased profitability and asset values. Assets that decarbonise could have lower longer-term operating costs through reduced exposure to regulatory-driven increases in fossil fuel and carbon prices.

Energy source - Strong demand for renewable energy and emissions abatement technology will underpin returns in investments in these areas as the energy system transitions away from fossil fuels.

New products/services - Companies that innovate and develop new low-emission products and services may improve their competitive position and capitalise on shifting market preferences. New low carbon or zero emission products and services will probably face increased demand and have the potential for growth in revenues and value. These organisations, or strategies supporting them, may provide new investment opportunities for IFM, along with newly emerging markets such as offsets, natural capital, green finance, carbon data analytics etc.

Market resilience - Resilience planning, including for managing physical risks to infrastructure and real assets and minimising risks to supply chains, may increase operational reliability.

Capital expenditure - Decarbonisation efforts for many infrastructure sectors will involve capital expenditure investment. In most cases, there are commercial and regulatory frameworks that support generating a fair return for those investments.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

**● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

We believe having a plan to mitigate the risks of climate change, as well as harness investment opportunities arising from the transition to a net zero economy, is vital to our ability to create long-term value. “Managing the long-term risks of global climate change and transitioning to a low carbon economy” is one of IFM’s three priority ESG focus areas that applies to all our investments. Key aspects of our approach include:

Decarbonisation targets – IFM has committed (in 2020) to reducing greenhouse gas emissions across our asset classes, targeting net zero by 2050, with a focus on Scope 1 and 2 emissions. We have also announced 2030 interim targets for our infrastructure and private equity asset classes.

ESG Integration - Our investment teams consider ESG issues (including climate) alongside financial and other investment considerations in our investment decision making and monitoring processes. As part of this approach, we identify, understand and manage a broad range of investment risks and opportunities that can material impact the short, medium and long-term value of an investment. Our approach to some of the more material ESG risks, like climate change, is captured in our ESG policy. Our investment teams work closely with our Sustainable Investment team to help ensure practices align with our ESG Policy and that they continue to evolve over time.

Transition - We are focused on developing investment strategies and portfolios that are resilient to climate risks and able to benefit from the shift to a more sustainable, low-carbon economy. The emphasis of our strategy is on transition, rather than divestment. Where we have influence, we aim to be part of the solution and harness investment opportunities for our investors in ways that create wider economic, social and environmental benefits for our broader stakeholders.

Investment processes and portfolio management - Our asset class teams are building appropriate frameworks and measures that assist in determining portfolio climate risk exposures and opportunities and help us manage our investments in ways that aim to improve value and performance over time. Approaches across our four asset classes differ as detailed below.

Stewardship - We generally take ESG considerations, including climate, into account in our investment stewardship and asset management activities across asset classes. Where relevant, we actively use our shareholder position to positively influence corporate behaviour and drive a more strategic understanding of climate and other ESG risks and opportunities. We work with our portfolio companies to collect data about their climate and other ESG performance and practices and to improve their reporting capabilities. This data informs our asset management approach and the creation of organisation-wide ESG strategies.

Each investment team tailors its stewardship or active management approach to match the needs of its specific strategy, the tenure of holdings and the degree of influence we have as investors:

Infrastructure - our Asset Management Specialist team (AMST) develop an annual asset management and ESG plan (including climate) for each investee company that targets key risks and opportunity topics. Climate change transition and physical risks are assessed on a periodic basis, utilising reference scenarios, including 1.5-degree scenarios. We will also work closely with investee companies assets to implement emission reduction initiatives.

Debt Investments - our engagement on climate is typically concentrated in the screening and due diligence phase when we have the best ability to engage with our borrower companies on relevant ESG issues, including climate, and typically benefit from the highest degree of relative influence. Where appropriate, we seek to influence the ESG credentials of our borrower companies' pre-investment to help better manage and/or mitigate risk over the life of the investment. We are also increasingly seeing opportunity to influence the terms of the loans we negotiate through loan KPIs so that climate (and other ESG) risk can be better managed and monitored over the course of the investment period.

Listed Equities - we primarily focus on Australia, due to the majority share of our equities portfolio being invested in Australian listed companies. We engage on climate both directly and indirectly through service providers with Australian companies and actively exercise our voting rights to influence positive change.

Private Equity - we assess ESG risks and opportunities (including climate) in the deal screening and diligence stage and we also meet with the target company's management team to screen for ESG risks and opportunities and explain IFM's strategy and intentions to drive emissions reduction post-acquisition. During ownership, portfolio companies are subscribed to an emissions measurement expert provider and emissions are baselined in the first year post-acquisition.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

#### Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- (A) Coal

Describe your strategy:

In our infrastructure portfolios, we have committed to phasing out exposure to thermal coal by 2030 and will not make new investments in assets that derive more than 20% of their revenue from thermal coal.

- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium
- (L) Agriculture, forestry, fishery
- (M) Chemicals
- (N) Construction and buildings



- (O) Textile and leather
- (P) Water
- (Q) Other

Specify:

Transition strategy for existing infrastructure portfolio assets

Describe your strategy:

Our overall strategy for infrastructure assets in high emitting sectors focuses on using our governance rights and expertise to influence and support corporate strategy and help portfolio companies to transition and decarbonise. If we execute it well, this approach supports real world emissions reduction. This transition strategy applies to our infrastructure investments in sectors such as gas, oil, utilities, aviation, toll roads , ports and water.

- o (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario

(D) Yes, using other scenarios

Specify:

IFM has previously utilised climate scenario analysis to complete a desktop-based risk exposure assessment of our infrastructure portfolios. Our initial transition risk assessment referenced the IEA's Sustainable Development Scenario (2°C). Transition risk and opportunity was assessed across 14 industry sub-sectors of relevance to our infrastructure portfolios, in three key geographies – Australia, Europe (EU) and the USA. In 2020, we undertook a high-level transition risk assessment utilising McKinsey 1.5°C and NGFS 1.5°C (with and without CDR) scenarios.

As part of our initial work, we also ran desktop transition analysis using two other scenarios:

- 3.7°C scenario, which we see as one where transition risk is less material (compared to a 2°C or below scenario). We also used the RCP 8.5 scenario to assess the physical risk vulnerability of the sub-sectors represented in our portfolio, across the three regions listed above. Under this scenario, the industry subsectors represented in our portfolio will likely experience increasing vulnerability to climate hazards over the long term in the absence of mitigation.
- 2.7°C degree / RCP 4.5 scenario, representative of the middle ground between the lower and higher temperature scenarios outlined above.

The Infrastructure Team also uses scenario analysis in its climate risk due diligence assessment of potential new investments. This includes:

- 1) Transition risk - stress tested using the assumptions contained in a standard, science-based, 1.5°C reference scenarios.
- 2) Physical risk - stress tested using an IPCC RCP8.5° scenario, which projects a temperature increase of about 4.3°C by 2100 relative to pre-industrial temperatures.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

**(A) Yes, we have a process to identify and assess climate-related risks**

(1) Describe your process

IFM's Enterprise Risk Management Framework considers various practices, policies and processes that comprise the risk management efforts of the IFM organisation across all lines of defence. The consideration of climate change risks and opportunities is integrated into the Risk & Compliance and Sustainable Investment functions and the investment process within each asset class. Our direct and active investment teams are generally responsible for identifying, analysing, measuring and monitoring market-wide/systemic risks like climate change in portfolios, through risk identification processes during investment due-diligence, portfolio and asset management, and research activities. Systemic risks related to social/environmental trends, are identified by multiple teams examining the range of relevant risk factors particular to assets, companies, sectors and regions.

Some of the approaches that IFM uses include conducting research and analysis; monitoring regulatory developments; participating in industry associations and networks; engaging with companies and regulators; and utilising specialised tools and services to help us identify, measure and monitor risks, market volatility and liquidity. At the portfolio level, we have been measuring and analysing the source and scope of carbon emissions associated with our infrastructure assets, across our Australian and global portfolios, for several years. We have also been measuring the emissions associated with our listed equities and private equity portfolios for the past three years. Measuring emissions for our private Debt portfolios is more challenging due to a lack of publicly reported data. While the baseline for the debt portfolio is a mix of reported emissions and revenue-based estimates, our heat-maps suggest emissions are concentrated in relatively few sectors. Our infrastructure due diligence process explicitly assesses an asset's alignment with a net zero decarbonisation trajectory, climate change transition risk and opportunity and physical risk. For any potential new investment, our Investment Committee requires an assessment against each of these three criteria - Net zero by 2050 (when a new transaction is considered, the asset is assessed with respect to whether it is currently aligned or could be aligned to a net zero by 2050 pathway); Transition risk (stress tested using a standard, science-based, 1.5°C reference scenarios); Physical risk (stress tested using an IPCC RCP8.5° scenario). Over 90 percent of our listed equity portfolios are passively invested, so our stewardship program (engagement and voting) is core to our current climate risk approach.

Our Listed Equities Team and the Sustainable Investment team have access to a broad range of internal and external research, as well as subscribing to a range of external climate data and analytics tools. These resources help identify and assess the emissions footprint of our portfolios, as well as company and sector level transition risk exposure. We also have access to several benchmarking tools to assess the climate actions and progress of the largest Australian emitters against several climate change-related indicators. For debt, our credit assessment process incorporates several ESG considerations through our investment team's proprietary Credit Assessment Memorandum (CAM) tool.

Specifically, the CAM analyses the portfolio impact in terms of concentration, diversification, added value etc., and it also includes consideration of ESG issues and their impact on the investment. To supplement the information, we can access from private issuers when making a credit assessment, we frequently draw upon ESG information published for listed companies, including third party research or expert advice. In Diversified Credit, the team uses an ESG Assessment Model that formalises the assessment of ESG issues within the investment process. The outcomes of the assessment and an assigned ESG rating are documented and factored into the CAM. Climate change is an explicit consideration, particularly if the investment is in the fossil fuels sector or any other sectors that we believe may be materially impacted by climate change.

Our approach to managing climate risk and promoting emissions reductions in Private Equity begins early in the deal screening and diligence stage. Investment teams assess ESG risks and opportunities, including climate, early in the screening process alongside our IFM Deal Evaluation Assessment scoring system. We also meet with the target company's management team during the due diligence process to screen for ESG risks and opportunities and explain IFM's strategy and intentions to drive emissions reduction post-acquisition. We use a Decarbonisation Framework to screen the potential emissions reduction impact of new investments. This helps us to identify where companies have unrealised, actionable opportunities for decarbonisation.

(2) Describe how this process is integrated into your overall risk management

IFM Risk Management Framework and Strategy (RMFS) outlines our approach to the identification, assessment, reporting and management of the risks associated with IFM's operations.

The risk management strategy and risk appetite are approved by our Board, which maintains responsibility for ensuring effective financial, safety and risk management, audit and compliance systems are in place. The Board Audit & Risk Committee (BARC) has delegated authority from the Board to provide oversight of the effectiveness of IFM Group's Enterprise Risk Management Framework and to help ensure that an appropriate risk governance framework is established and maintained. The Risk Management Committee (IFMRC) is responsible for establishing and operating in accordance with the IFM Group Enterprise Risk Management Framework and Strategy.

The Risk & Compliance team responsibilities include:

- Monitoring, scanning and identification of climate risk related regulations that apply to IFM, determining the impact of those regulatory requirements in the different functions and the form, and ensure implementation and compliance with those obligations.
- Provide guidance and training about regulatory compliance obligations and how to meet them.
- Provide the methods and frameworks on how to manage material risks for the firm. During 2021, IFM risk taxonomy incorporates climate related risks, to support risk categorisation and identification of material risks affecting the firm in the asset classes.

The Board Responsible Investment & Sustainability Committee (BRISC) assists the IFM Group Board by providing an objective, non-executive view of the effectiveness of IFM's responsible investment, stewardship, sustainability strategy and reporting framework. The BRISC is responsible for monitoring and overseeing progress against key responsible investment and sustainability objectives, as well as endorsing and providing guidance on ESG strategies proposed by management.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Climate change risks are managed within the Investment teams, supported by the Sustainable Investment team. Responsibilities include Identification, assessment and management of risks associated with solutions and service offerings; Understanding and managing the risks effectively through due diligence and ongoing asset and portfolio management; Establishing appropriate processes and systems to measure, track and manage emissions and climate related risks; and Ensuring compliance with all applicable regulations and standards.

We are focused on developing investment strategies and portfolios that are resilient to climate risks and able to benefit from the shift to a more sustainable, low-carbon economy. The emphasis of our strategy is on transition, rather than divestment. Where we have influence, we aim to be part of the solution and harness investment opportunities for our investors in ways that create wider economic, social and environmental benefits for our broader stakeholders.

Each of our asset classes have developed frameworks and measures that will help to determine portfolio climate risk exposures and opportunities and manage our investments in ways that aim to improve value and performance over time. Details of these asset class specific approaches are provided below.

Infrastructure - Our Infrastructure Team engages regularly with portfolio company management teams on climate change. This helps the team to maintain an understanding of climate change risks and how these risks are being managed and mitigated. Under our climate change strategy, we encourage, engage and/or support portfolio assets to set 2030 and 2050 targets (outlining how targets will be achieved), screen for and measure Scope 3 emissions and progress the development of transition plans to evaluate the risks of a broader decarbonising world on an asset's business model. Many of the assets we own are well-advanced through their own efforts, which allows us to share experiences across the broader portfolio. We may also undertake additional work at an asset level where we feel there may potentially be a higher risk exposure.

Listed company voting and engagement - We engage with companies about aligning their strategies with the Paris Agreement, setting appropriate greenhouse gas (GHG) emissions targets and putting appropriate governance in place to deliver their goals. Our climate change engagement is focused on the largest emitters in our portfolio. The CA100+ Net Zero Benchmark provides us with a useful guide for measuring progress. Over 90 per cent of our listed equity portfolios is invested passively – so we engage both directly and collaboratively with Australian Council of Superannuation Investors, as well as through the Climate Action (CA) 100+. We actively vote on all ASX300 companies and climate change related shareholder resolutions are assessed on an individual basis. Our voting is informed by our engagement, internal and external research and benchmarking conducted against peers.

Debt Investments - Across our Debt teams, engagement on material ESG risks is concentrated in the screening and due diligence phase, prior to entering an investment. In some cases, we will negotiate with issuers during the origination phase, to determine acceptable mitigation actions for ESG risk and/or obtain better alignment with our ESG Policy and Responsible Investment Charter. For example, we may seek to impose ESG-related reporting obligations and require issuers to "represent and warrant" their compliance with environmental permits. Ongoing monitoring and consent processes also provide us with further opportunities to influence specific ESG-related outcomes. We also regularly engage on climate, with our sources of supply (banks, brokers) and the entities in which we invest.

Private Equity - Post-investment and during the ownership phase, IFM's Private Equity team works to support each of its portfolio companies to develop and implement a decarbonisation plan to reduce emissions per employee and overall, and to mitigate climate risk. Emission reduction plans vary across portfolio companies depending on the key sources of emissions. In the first year of ownership, the carbon footprint of the business is measured as a baseline. We also confirm our understanding of avoided emissions estimated during diligence. Transition plans are currently being completed for existing portfolio companies and will be developed for new acquisitions within twelve months of a baseline for emissions being established. These plans aim to cover Scope 1, 2 and 3 emissions. We seek to drive impact by executing on plans to reduce emissions through implementing new policies and controls and holding portfolio boards accountable for driving improvement. Emissions reduction is a key agenda item at board meetings at least once a year, and management teams are responsible for reporting on their plans and progress.

## (2) Describe how this process is integrated into your overall risk management

IFMs Risk Management Framework and Strategy (RMFS) outlines our approach to the identification, assessment, reporting and management of the risks associated with IFM's operations. The management of climate risk in our investments is done by the investment teams and oversight and monitoring of their approach is undertaken by senior management, investment committees and the BRISC:

- The Global Heads of our investment teams for each asset class and the Global Head of Asset Management (Infrastructure) are accountable for the execution and implementation of IFM's ESG Policy in the investment and asset management process. They are supported in this process by their investment teams who are responsible for implementing policies. IFM's ESG Policy provides guidance to teams regarding our ESG integration and stewardship process. Each investment team is responsible for considering ESG issues and undertaking stewardship in their respective investment and asset management processes.

- IFM's Board Investment Committee, Management Investment Committee and sub-committees (ICs) have oversight of our investment programs and portfolios, helping to ensure that our responsible investment strategy and ESG policy is appropriately factored into new acquisition decisions and ongoing portfolio management. The ICs are responsible for reviewing and approving new and follow-on private market investments and the approval process includes review and, where appropriate, challenge on ESG assessments to help ensure ESG risks have been properly considered in support of investment objectives.
- The BRISC assists the IFM Group Board by providing an objective, non-executive view of the effectiveness of IFM's responsible investment, stewardship, sustainability strategy and reporting framework. The BRISC is responsible for monitoring and overseeing progress against key responsible investment and sustainability objectives, as well as endorsing and providing guidance on ESG strategies proposed by management.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?**

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used**
      - (2) Metric or variable used and disclosed
      - (3) Metric or variable used and disclosed, including methodology
- (E) Weighted average carbon intensity**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used**
      - (2) Metric or variable used and disclosed
      - (3) Metric or variable used and disclosed, including methodology
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
  - (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?**

**(A) Scope 1 emissions**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed**
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

<https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/climate-active-pds/ifm-climate-active-pds.pdf>

**(B) Scope 2 emissions**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed**
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

<https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/climate-active-pds/ifm-climate-active-pds.pdf>

**(C) Scope 3 emissions (including financed emissions)**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed**
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

<https://www.ifminvestors.com/siteassets/shared-media/pdfs/esg-governance/climate-active-pds/ifm-climate-active-pds.pdf>

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

**Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement**
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

**What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Identify sustainability outcomes that are closely linked to our core investment activities**
- (B) Consult with key clients and/or beneficiaries to align with their priorities**
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues**
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?**

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities**
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

**Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?**

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

## HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

**During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?**

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes
- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

Specify:

Human rights in investment due diligence

Explain how these activities were conducted:



As part of our overall risk assessment, we consider human rights factors that may be connected to our investment activities. This enables us to be alert to higher risk investments and factor this into our ongoing monitoring, stewardship and engagement activities accordingly.

Our actions are centred on a staged approach of building the fundamentals internally within our business, prioritising activity to maximise impact and finally to mature our human rights response over time.

During the year, we took steps to manage potentially negative human rights impacts by focussing on uplifting the tools used to understand the risks associated with our investments. This involved the review and update of due diligence questionnaires across our investment teams to ensure these appropriately capture modern slavery considerations.

We have also continued to focus on higher risk sectors across our Infrastructure portfolio – namely seaports and airports.

Finally, our engagement activities and network collaborations support us to better understand and influence the manner in which our investee companies manage human rights risks.

- (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?**

- (A) Workers
- (B) Communities
- (C) Customers and end-users
- (D) Other stakeholder groups

Specify:

Collaborative groups - We have taken the approach of collaborating with peers and network groups in some of our human rights related activity. This has included Investors Against Slavery and Trafficking Asia Pacific (IAST-APAC), Responsible Investment Association Australia's Human Rights Working Group and First Nations Working Groups, and the UK's Taskforce on Social Factors.

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?**

**(A) Corporate disclosures**

Provide further detail on how your organisation used these information sources:

We have used corporate disclosures on potential modern slavery risks and incidents as an opportunity to engage with companies where appropriate, to better understand the issues and the company's response.

**(B) Media reports**

Provide further detail on how your organisation used these information sources:

We have used media reports on potential modern slavery risks and incidents as an opportunity to engage with companies where appropriate, to better understand the issues and the company's response.

**(C) Reports and other information from NGOs and human rights institutions**

Provide further detail on how your organisation used these information sources:

We have built knowledge and insights from external reports, including from NGOs and human rights institutions, into our understanding of risk, as well as tools such as due diligence materials.

**(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank**

Provide further detail on how your organisation used these information sources:

We have built knowledge and insights from country reports into our understanding of risk, as well as tools such as due diligence materials.

(E) Data provider scores or benchmarks

(F) Human rights violation alerts

(G) Sell-side research

(H) Investor networks or other investors

(I) Information provided directly by affected stakeholders or their representatives

(J) Social media analysis

**(K) Other**

Specify:

Input and advice from third party advisers

Provide further detail on how your organisation used these information sources:

We built input and advice from third party advisors into our understanding of risk, as well as tools such as due diligence materials.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?**

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

**(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities**

Describe:

Where we have become aware of human rights issues or concerns, we have used our influence to engage with investee companies to understand a company’s response, including whether people affected by negative outcomes have access to trusted and accessible grievance mechanisms.

- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

## LISTED EQUITY (LE)

### OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

**Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?**

	(2) Active - quantitative	(3) Active - fundamental	(4) Other strategies
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period			
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○	○	○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors

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## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?**

**(2) Active - quantitative**

**(3) Active - fundamental**

**(4) Other strategies**

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(B) Yes, we have a formal process, but it does not include scenario analyses

(2) for a majority of our AUM

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

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(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

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## PRE-INVESTMENT

### ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

	(1) Active - quantitative	(2) Active - fundamental	(3) Other strategies
(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process	(1) in all cases	(1) in all cases	
(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process	(1) in all cases	(1) in all cases	
(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process	(2) in a majority of cases		
(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?**

	(2) Active - quantitative	(3) Active - fundamental	(4) Other strategies
(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors	(1) in all cases	(3) in a minority of cases	(2) in a majority of cases
(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors	(1) in all cases		(2) in a majority of cases
(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability	(1) in all cases		(2) in a majority of cases
(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors	(1) in all cases	(3) in a minority of cases	

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.**

The Large Cap team incorporates an ESG score into their expected return estimation for companies in their investible universe. In relation to Endeavour Group, considerations concerning the gaming sector and regulatory change were a key driver in our underweight position in the stock across our funds.

IFM carefully considered ESG factors when we sold down our position in AGL Energy in April 2022, at a time when the stock was trading with a bid premium, due to governance concerns around its (now terminated) demerger proposal, operating risk around Loy Yang Unit 2, and downside earnings risk. IFM had extensive ongoing engagement with both AGL's board and management and other interested shareholders over the six months leading up to this decision.

Small Caps – Small cap active has a formal template to assess each material ESG factor as part of the process for every single investment. In the resources sector, this includes selective site visits to understand the carbon intensity of current and future power generation and engagement with indigenous communities.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?**

	(2) Active - quantitative	(3) Active - fundamental	(4) Other strategies
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(2) for a majority of our AUM	(2) for a majority of our AUM	(2) for a majority of our AUM
(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(2) for a majority of our AUM	(2) for a majority of our AUM	(2) for a majority of our AUM
(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process			
(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process			
(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	o	o	o



## POST-INVESTMENT

### ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?**

	(1) Active - quantitative	(2) Active - fundamental	(3) Other strategies
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

**Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.**

An example from our Active Fundamental Small Cap Team is the factoring of geopolitical risk into our valuation, which affects valuation and position sizing in our portfolio. Western Australia is a more favourable jurisdiction for mining in relation to fiscal and regulatory certainty compared to West African jurisdictions. Accordingly, West African exposed companies will attract a ~20% discount to their West Australian peers in terms of trading multiples when we value these equities.

# FIXED INCOME (FI)

## OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

**Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?**

	(1) SSA	(2) Corporate	(3) Securitised	(4) Private debt
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons			(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion	○	○	○	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○	○	○	○

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?**

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, we have a formal process that includes scenario analyses		(3) for a minority of our AUM	
(B) Yes, we have a formal process, but does it not include scenario analyses		(2) for a majority of our AUM	(1) for all of our AUM
(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## PRE-INVESTMENT

### ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?**

	(1) SSA	(2) Corporate	(3) Securitised	(4) Private debt
(A) We incorporate material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate material governance-related factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate material ESG factors for the majority of our fixed income investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?**

	(1) SSA	(2) Corporate	(3) Securitised	(4) Private debt
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	○	○	○	○
(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers	○	○	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How does your organisation incorporate material ESG factors when selecting private debt investments during the due diligence phase?**

**(A) We use a qualitative ESG checklist**

Select from dropdown list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

**(B) We assess quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity**

Select from dropdown list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

**(C) We check whether the target company has its own responsible investment policy, sustainability policy or ESG policy**

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(D) We hire third-party consultants to do technical due diligence on specific material ESG factors where internal capabilities are not available

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(E) We require the review and sign-off of our ESG due diligence process by our investment committee, or the equivalent function

Select from dropdown list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(F) We use industry-recognised responsible investment due diligence questionnaire (DDQ) templates

(G) We use another method of incorporating material ESG factors when selecting private debt investments during the due diligence process

(H) We do not incorporate material ESG factors when selecting private debt investments during the due diligence phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?

	(1) SSA	(2) Corporate	(3) Private debt
(A) We incorporate it into the forecast of financial metrics or other quantitative assessments	(3) for a minority of our AUM	(3) for a minority of our AUM	(3) for a minority of our AUM
(B) We make a qualitative assessment of how material ESG factors may evolve	(2) for a majority of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) We do not incorporate significant changes in material ESG factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**At what level do you incorporate material ESG factors into the risks and/or returns of your securitised products?**

**(A) At both key counterparties' and at the underlying collateral pool's levels**

Explain: (Voluntary)

We consider ESG factors for Securitised Products at both a counterparty and then collateral pool level. For example, if the same issuer has different types of collateral we will have an issuer ESG view and then consider any additional risks on the individual types of collateral, say increased risks of predatory lending on one type collateral. The securitised transactions flow through the same ESG framework as everything else.

- (B) At key counterparties' level only
- (C) At the underlying collateral pool's level only

## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?**

	(1) SSA	(2) Corporate	(3) Securitised
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process		(1) for all of our AUM	(1) for all of our AUM



(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(3) for a minority of our AUM

(2) for a majority of our AUM

(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(1) for all of our AUM

(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways

(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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## POST-INVESTMENT

### ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**How are material ESG factors incorporated into your portfolio risk management process?**

	(1) SSA	(2) Corporate	(3) Securitised	(4) Private debt
(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors	(2) for a majority of our AUM			
(D) We use another method of incorporating material ESG factors into our portfolio's risk management process	(2) for a majority of our AUM	(2) for a majority of our AUM	(2) for a majority of our AUM	(2) for a majority of our AUM
(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process	o	o	o	o

**(D) We use another method of incorporating material ESG factors into our portfolio's risk management process - Specify:**

We participate in annual review meetings with entities in which we invest, so we are kept abreast of updated business strategies, processes, etc. We also receive periodic reports from the borrower that may include details on relevant and material ESG matters for the company/borrower. This also gives us a point of influence and avenue for discussion with management, at which can raise ESG concerns.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?**

	(1) SSA	(2) Corporate	(3) Securitised	(4) Private debt
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process

○ ○ ○ ○

## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 21	N/A	PUBLIC	Performance monitoring	1

**During the reporting year, how did your organisation incorporate material ESG factors when monitoring private debt investments?**

**(A) We used a qualitative ESG checklist**

Select from dropdown list:

- (1) in all cases**
- (2) in the majority of cases
- (3) in the minority of cases

**(B) We assessed quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity**

Select from dropdown list:

- (1) in all cases**
- (2) in the majority of cases
- (3) in the minority of cases

**(C) We hired third-party consultants to do technical assessment on specific material ESG factors where internal capabilities were not available**

Select from dropdown list:

- (1) in all cases
- (2) in the majority of cases**
- (3) in the minority of cases

**(D) We used industry body guidelines**

Select from dropdown list:

- (1) in all cases
- (2) in the majority of cases
- (3) in the minority of cases**

(E) We used another method to incorporate material ESG factors into the monitoring of private debt investments

- (F) We did not incorporate material ESG factors when monitoring private debt investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	PLUS	OO 5.3 FI, OO 21	N/A	PUBLIC	Performance monitoring	1

**Provide an example of how the incorporation of environmental and/or social factors in your fixed income valuation or portfolio construction affected the realised returns of those assets.**

We completed a deal that supported a public transport infrastructure operator that serves strategically important routes. The company provides core connectivity services, including to sparsely populated areas where few alternatives exist. The business is actively transitioning its fleet to low carbon and electric vehicles over the next two years. The financing, which incorporates a sustainability linked loan (SLL), stipulates several ESG-related KPIs, including a greenhouse gas emissions intensity reduction target and a lost time incidents frequency reduction target. Our loan terms require the company to report and secure independent verification of its performance against these targets annually. Meeting or missing these targets will lead to a decrease or increase in the baseline margin, which aims to incentivise the borrower to meet its ESG targets.

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

**For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?**

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

# INFRASTRUCTURE (INF)

## POLICY

### INVESTMENT GUIDELINES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 1	CORE	OO 21, OO 29, OO 30	N/A	PUBLIC	Investment guidelines	1 to 6

What infrastructure-specific ESG guidelines are currently covered in your organisation's responsible investment policy(ies)?

- (A) Guidelines on our ESG approach tailored to each infrastructure sector and geography where we invest
- (C) Guidelines on our ESG approach to brownfield investments
- (D) Guidelines on pre-investment screening
- (E) Guidelines on our approach to ESG integration into short-term or 100-day plans (or equivalent)
- (F) Guidelines on our approach to ESG integration into long-term value-creation efforts
- (H) Guidelines on our engagement approach related to the workforce
- (I) Guidelines on our engagement approach related to third-party operators
- (J) Guidelines on our engagement approach related to contractors
- (K) Guidelines on our engagement approach related to other external stakeholders, e.g. governments, local communities, and end-users
- (L) Our responsible investment policy(ies) does not cover infrastructure-specific ESG guidelines

## FUNDRAISING

### COMMITMENTS TO INVESTORS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 2	CORE	OO 21	N/A	PUBLIC	Commitments to investors	1, 4

For all of the funds that you closed during the reporting year, what type of formal responsible investment commitments did you make in Limited Partnership Agreements (LPAs), side letters, or other constitutive fund documents?

- (A) We incorporated responsible investment commitments in LPAs (or equivalent) as a standard default procedure
- (B) We added responsible investment commitments in LPAs (or equivalent) upon a client's request
- (C) We added responsible investment commitments in side letters upon a client's request
- (D) We did not make any formal responsible investment commitments for the relevant reporting year
- (E) Not applicable; we have not raised funds in the last five years

## PRE-INVESTMENT

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 3	CORE	OO 21	INF 3.1	PUBLIC	Materiality analysis	1

During the reporting year, how did you conduct ESG materiality analysis for your potential infrastructure investments?

- (A) We assessed ESG materiality at the asset level, as each case is unique
  - Select from dropdown list
    - (1) for all of our potential infrastructure investments
      - (2) for a majority of our potential infrastructure investments
      - (3) for a minority of our potential infrastructure investments
    - (B) We performed a mix of industry-level and asset-level ESG materiality analyses
    - (C) We assessed ESG materiality at the industry level only
    - (D) We did not conduct ESG materiality analysis for our potential infrastructure investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 3.1	CORE	INF 3	N/A	PUBLIC	Materiality analysis	1

During the reporting year, what tools, standards and data did you use in your ESG materiality analysis of potential infrastructure investments?

- (A) We used GRI standards to inform our infrastructure ESG materiality analysis
- (B) We used SASB standards to inform our infrastructure ESG materiality analysis
- (C) We used the UN Sustainable Development Goals (SDGs) to inform our infrastructure ESG materiality analysis
- (D) We used the GRESB Materiality Assessment (RC7) or similar to inform our infrastructure ESG materiality analysis
- (E) We used the environmental and social factors detailed in the IFC Performance Standards (or similar standards used by development finance institutions) in our infrastructure ESG materiality analysis
- (F) We used climate disclosures, such as the TCFD recommendations or other climate risk and/or exposure analysis tools, to inform our infrastructure ESG materiality analysis
- (G) We used the UN Guiding Principles on Business and Human Rights (UNGPs) to inform our infrastructure ESG materiality analysis
- (H) We used geopolitical and macro-economic considerations in our infrastructure ESG materiality analysis
- (I) We engaged with existing owners and/or managers (or developers for new infrastructure assets) to inform our infrastructure ESG materiality analysis
- (J) Other

## DUE DILIGENCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 4	CORE	OO 21	N/A	PUBLIC	Due diligence	1

During the reporting year, how did material ESG factors influence the selection of your infrastructure investments?

(A) Material ESG factors were used to identify risks

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(B) Material ESG factors were discussed by the investment committee (or equivalent)

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(C) Material ESG factors were used to identify remedial actions for our 100-day plans (or equivalent)

(D) Material ESG factors were used to identify opportunities for value creation

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(E) Material ESG factors informed our decision to abandon potential investments in the due diligence phase in cases where ESG risks were considered too high to mitigate

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(F) Material ESG factors impacted investments in terms of the price offered and/or paid

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(G) Material ESG factors did not influence the selection of our infrastructure investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 5	CORE	OO 21	N/A	PUBLIC	Due diligence	1

Once material ESG factors have been identified, what processes do you use to conduct due diligence on these factors for potential infrastructure investments?

(A) We conduct a high-level or desktop review against an ESG checklist for initial red flags



Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(B) We send detailed ESG questionnaires to target assets

(C) We hire third-party consultants to do technical due diligence on specific material ESG factors

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(D) We conduct site visits

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(E) We conduct in-depth interviews with management and/or personnel

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(F) We conduct detailed external stakeholder analyses and/or engagement

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(G) We incorporate ESG due diligence findings in all of our relevant investment process documentation in the same manner as other key due diligence, e.g. commercial, accounting and legal

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(H) Our investment committee (or an equivalent decision-making body) is ultimately responsible for ensuring all ESG due diligence is completed in the same manner as for other key due diligence, e.g. commercial, accounting and legal

Select from dropdown list

- (1) for all of our potential infrastructure investments
- (2) for a majority of our potential infrastructure investments
- (3) for a minority of our potential infrastructure investments

(I) Other

(J) We do not conduct due diligence on material ESG factors for potential infrastructure investments

# POST-INVESTMENT

## MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 9	CORE	OO 21	INF 9.1	PUBLIC	Monitoring	1

During the reporting year, did you track one or more KPIs on material ESG factors across your infrastructure investments?

(A) Yes, we tracked KPIs on environmental factors

Percentage of infrastructure assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(B) Yes, we tracked KPIs on social factors

Percentage of infrastructure assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(C) Yes, we tracked KPIs on governance factors

Percentage of infrastructure assets this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

- (D) We did not track KPIs on material ESG factors across our infrastructure investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 9.1	PLUS	INF 9	N/A	PUBLIC	Monitoring	1

Provide examples of KPIs on material ESG factors you tracked across your infrastructure investments during the reporting year.

(A) ESG KPI #1

Scope 1/Scope 2/Scope 3/Total GHG emissions

(B) ESG KPI #2

GHG intensity

- (C) ESG KPI #3  
Fossil fuel revenue
- (D) ESG KPI #4  
Average unadjusted gender pay gap
- (E) ESG KPI #5  
Installed renewable capacity (MW)
- (F) ESG KPI #6  
Board diversity
- (G) ESG KPI #7  
Senior management diversity
- (H) ESG KPI #8  
Total employee base diversity
- (I) ESG KPI #9  
Workplace accident prevention policy
- (J) ESG KPI #10  
Key safety initiatives/priorities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 10	CORE	OO 21, OO 30	INF 10.1	PUBLIC	Monitoring	1, 2

**What processes do you have in place to support meeting your targets on material ESG factors for your infrastructure investments?**

**(A) We use operational-level benchmarks to assess and analyse the performance of assets against sector performance**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(B) We implement international best practice standards such as the IFC Performance Standards to guide ongoing assessments and analyses**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(C) We implement certified environmental and social management systems across our portfolio**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments**
- (3) for a minority of our infrastructure investments

**(D) We make sufficient budget available to ensure that the systems and procedures needed are established**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(E) We hire external verification services to audit performance, systems, and procedures

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(G) We develop minimum health and safety standards

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(H) We conduct ongoing engagement with all key stakeholders, e.g. local communities, NGOs, governments, and end-users

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(I) Other

- (J) We do not have processes in place to help meet our targets on material ESG factors for our infrastructure investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 10.1	PLUS	INF 10	N/A	PUBLIC	Monitoring	1, 2

**Describe up to two processes you put in place during the reporting year to support meeting your targets on material ESG factors.**

(A) Process one

To support IFM's 2030 interim emissions reduction target for our Infrastructure portfolio, as part of our commitment to target net zero by 2050, we have enabled and supported assets in our infrastructure portfolios to switch to renewable energy sources and improve energy efficiency. This is a strategy that IFM is implementing globally. An example of this is the large-scale power purchase agreement (PPA) program IFM created to further support assets in our Australian Infrastructure portfolio to procure renewable energy. Our aim was to create a multi-state, multi-asset solution, where all benefits would flow on to assets via a structure that provided:

- Access to renewable energy at below market rates
- The ability to de-risk businesses against future electricity market volatility
- The opportunity to significantly reduce their greenhouse gas (GHG) emissions, supporting, and in some cases fast-tracking, assets' existing net zero commitments.

With no existing pathway or product in the market to meet our needs, we sought external support to help us develop a solution. We engaged with and brought other industry stakeholders into the project, including co-investors, large tenants of the assets, and other large infrastructure owners. QIC, a co-shareholder in some of the assets in our Australian Infrastructure portfolio, and Transurban were two key stakeholders with assets in the program. Our collaborative approach elevated the project to a wider industry initiative, which helped to create scale and price benefits for all parties, while also supporting the infrastructure industry's transition to net zero.

Over three stages, the program is expected to facilitate the supply of more than 400 GWh of renewable energy per annum by 2025, saving around 250,000 tonnes of GHG emissions each year. In early 2022, Stage 1 of the program was completed with contracts signed for the delivery of 132 GWh of renewable energy per annum for seven critical infrastructure assets across New South Wales and Victoria, including Melbourne Airport, NSW Ports, Southern Cross Station and Ausgrid, which are assets in our portfolio. Other critical Australian assets joined the program in 2022 as part of Stages 2 and 3. We plan to develop a similar program for assets in our Global Infrastructure portfolio, several of which have already developed renewable energy strategies, with green energy PPAs in place.

**(B) Process two**

IFM recognises that investing in entities that do not have adequate labour relations or protections, represents a potential investment risk, as detailed in our ESG Policy. As a result, we have worked closely with investee companies to drive and continuously improve safety performance. To date, our approach has had a meaningful impact, with incident data largely demonstrating a trend of overall improvement after we acquired each asset. We know the safe operation of infrastructure and creating safe workplaces require a continuous and vigilant focus. We take an enterprise approach to best practice safety management that governs how we:

- Identify potential risks and mitigation measures
- Manage risks through our asset management framework
- Assess safety culture and maturity of portfolio companies.

During 2022, COVID-19-related health and safety impacts remained a focus as on-site working resumed in greater numbers. Our Asset Management team also continued to progress a range of multi-year occupational health and safety (OH&S) initiatives, as outlined below.

- Safety roundtables: Since 2019, we have hosted safety forums with investee companies to share and leverage knowledge across the portfolio. Discussion topics focus on best practices and solutions to mitigate OH&S hazards. We hosted two forums in 2022, in conjunction with our global safety partner, Environmental Resources Management (ERM). Safety Roundtable 1 focused on electricity and energised components, with particular emphasis on administrative and preventive control measures when working with electrical hazards. Safety Roundtable 2 focused on hazardous material risk management, with emphasis on storage and handling.
- Infrastructure safety benchmarking: we continued our safety risk management performance benchmarking study this year. The study, which commenced in 2019 and is facilitated by ERM, measures our combined Australian and Global Infrastructure portfolios against a composite benchmark on overall employee and contractor safety performance. The analysis continued to demonstrate that the safety performance of IFM's infrastructure portfolios is significantly better than representative benchmarks. The lost time injury frequency rate (LTIFR) for employees and direct contractors, a key indicator used in the study, was 60% better than a comparable representative industry benchmark.
- Toll Road Asset Safety Reviews: we completed an engagement with an independent consultant to review safety practices across toll roads in our Global Infrastructure portfolio. In its review, the consultant identified future opportunities for improvement and affirmed that, across multiple criteria, safety maturity at each of these assets had markedly improved since IFM acquired them.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 11	CORE	OO 21	N/A	PUBLIC	Monitoring	1, 2

**Post-investment, how do you manage material ESG risks and ESG opportunities to create value during the holding period of your investments?**

- (A) We develop asset-specific ESG action plans based on pre-investment research, due diligence and materiality findings**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(B) We adjust our ESG action plans based on performance monitoring findings at least yearly

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(C) We, or the external advisors that we hire, support our infrastructure investments with specific ESG value-creation opportunities

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(D) Other

Specify:

We host workshops for investee companies to share best practice initiatives and ideas across key ESG thematic areas such as climate change, safety, cyber security, diversity and inclusion, and modern slavery.

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments
- (E) We do not manage material ESG risks and opportunities post-investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 12	PLUS	OO 21	N/A	PUBLIC	Monitoring	1, 2

**Describe how you ensure that material ESG risks are adequately addressed in the infrastructure investments where you hold a minority stake.**

IFM seeks to make investments with an equity stake sufficient to help ensure control or, at least, to secure meaningful oversight of ESG (and other) risks of each infrastructure asset. We seek board representation and will only invest in an asset that has governance structures that help ensure we have sufficient protections and rights in place. Through shareholder agreements, we negotiate pre-emptive rights and 'drag-and-tag' provisions. This is complemented by the hands-on ESG asset management of our experienced investment professionals.

IFM takes minority holdings only where we can negotiate robust shareholder protections, such as the right to appoint a director, negative control protections, the ability to participate in board sub-committees, agreements regarding ESG initiatives, and/or, for strategic reasons, the opportunity to build equity stakes over time. In short, we assess each potential asset individually and will only invest where there are governance structures in place to allow us to manage the asset effectively, and where we believe there are sufficient protections and rights in place. We recognise that there are also situations where it may be advantageous to have a minority stake, i.e. if we need additional equity to complete a transaction or if a strategic partner can provide a competitive advantage, e.g. through ESG, operational or regulatory expertise.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 13	PLUS	OO 21	N/A	PUBLIC	Monitoring	2

**Describe how your ESG action plans are defined, implemented and monitored throughout the investment period.**

IFM plays an active role in the vast majority of the infrastructure investments we manage, and sustainable business practices are a key component of our approach. We aim to take controlling or influencing stakes in infrastructure investments, and our proactive approach to asset management aims to employ strategic initiatives, financial management, capital expenditure and regulatory improvements. As part of our active ownership, IFM establishes meaningful oversight over its infrastructure assets. Through board representation and membership of management committees, we aim to improve governance structures so that appropriate protections and rights are in place. Through this governance representation and oversight, we work with infrastructure investments to ensure they have appropriate responsible investment-related procedures in place.

IFM's active asset management approach is applied through our Asset Management Plan framework. The global asset management team undertakes an annual process of updating IFM's Asset Management Framework and reviews these on a quarterly basis. This process follows a risk management and value creation analysis to identify both portfolio-wide initiatives and asset-specific initiatives for implementation over the next financial year. All initiatives are classified into risk mitigation ("Protect"), value add ("Enhance") or synergy ("Exceed") categories under the IFM Asset Management Framework and tracked to completion via the quarterly asset management initiative review process.

IFM's Infrastructure Team is responsible for monitoring, documenting, and reporting ESG risks and opportunities for its infrastructure funds and underlying fund investments. The key monitoring processes to assess portfolio companies' management of ESG factors are identified as follows:

- Transition plan – an asset specific improvement plan is implemented, reviewing ESG factors as well as risk, regulatory, return and capital expenditure plans.
- Asset review process – after an asset is acquired, there is a formal report provided (generally after 6 to 12 months) to the Investment Committee and Board Investment Committee (if applicable) on the transition of the asset, and the extent to which any new or unexpected information has been obtained that has impacted the performance of the asset, including ESG factors.
- Regular valuation and reporting process – IFM reviews each investment in detail on a quarterly basis, through its quarterly valuation and reporting processes. This review involves IFM infrastructure investment professionals, management teams of portfolio assets and relevant independent valuers. As part of this process, a quarterly asset template is prepared and reviewed by the investment team prior to finalising quarterly valuations. ESG factors are an important component of this process.
- Formal asset reviews – performed by IFM investment professionals on an annual basis, as part of our ongoing asset management program. The identification and analysis of key ESG factors, as well as risks and opportunities, are documented as part of this process.
- IFM Investment Committee and Board Responsible Investment & Sustainability Committee – requests regular asset management reports on strategic initiatives and activities occurring at the asset level. These reports include a variety of responsible investment issues such as safety, cyber security, climate change and governance issues. Oversight of responsible investment initiatives is also monitored by these entities.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 14	CORE	OO 21	INF 14.1	PUBLIC	Monitoring	1, 2

## How do you ensure that adequate ESG-related competence exists at the asset level?

**(A) We assign our board responsibility for ESG matters**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(B) We ensure that material ESG matters are discussed by our board at least yearly**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(C) We provide training on ESG aspects and management best practices relevant to the asset to C-suite executives only**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments**
- (3) for a minority of our infrastructure investments

**(D) We provide training on ESG aspects and management best practices relevant to the asset to employees (excl. C-suite executives)**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(E) We support the asset by finding external ESG expertise, e.g. consultants or auditors**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments**
- (3) for a minority of our infrastructure investments

**(F) We share best practices across assets, e.g. educational sessions and the implementation of environmental and social management systems**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(G) We apply penalties or incentives to improve ESG performance in management remuneration schemes**

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

**(H) Other**

Specify:

We conduct regular mid-year reviews of asset management initiatives will asset teams to ensure we progress value add initiatives such as safety, diversity, climate change, labour rights and cyber risk.

Select from dropdown list

- (1) for all of our infrastructure investments**
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments
- (I) We do not ensure that adequate ESG-related competence exists at the asset level



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 14.1	PLUS	INF 14	N/A	PUBLIC	Monitoring	1, 2

**Describe up to two initiatives adopted as part of your ESG competence-building efforts at the asset level during the reporting year.**

(A) Initiative one

Since 2019, we have hosted safety forums with investee companies to share and leverage knowledge across the portfolio. Discussion topics focus on best practices and solutions to mitigate OH&S hazards. We hosted two forums in 2022, in conjunction with our global safety partner, Environmental Resources Management (ERM).

The April 2022 roundtable placed an emphasis on hazardous materials storage and handling, and outlined frameworks to prevent hazards from materializing, as well as emergency response planning in the unlikely event a hazard does occur. The roundtable was supported by leading hazardous materials and chemicals safety experts from ERM.

The roundtable held in November 2022 focused on contractor and subcontractor safety and risk management, with a particular focus on establishing the responsibilities and interventions of different stakeholder groups across the engagement lifecycle.

This initiative is consistent with Initiative 14 (F): “we share best practices across assets”.

(B) Initiative two

In 2022, IFM has continued to build on existing processes across our business and investment operations to further embed modern slavery risk considerations.

In collaboration with third-party specialists, we developed a Modern Slavery Guidance note for our Infrastructure team asset directors. The Guidance note aims to support directors to drive portfolio companies’ actions to manage modern slavery risks and comply with modern slavery legislation. It includes an indicative list of high-risk goods and services; a checklist of suggested actions for portfolio companies; definitions of modern slavery practices; and links to key resources.

This initiative is consistent with Initiative 14 (C): “we provide training on ESG aspects and management best practices relevant to the asset to C-suite executives only”.

## STAKEHOLDER ENGAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 15	PLUS	OO 21	N/A	PUBLIC	Stakeholder engagement	1, 2

**How do you ensure that appropriate stakeholder engagement is carried out during both due diligence for potential investments and the ongoing monitoring of existing investments?**

As part of our infrastructure investment and asset management due diligence processes, IFM is required by policy to include an ESG review of the asset's stakeholder management, OH&S policies, overall safety culture, as well as labour relations, environmental management (including carbon emissions impacts), quality of management, and corporate governance.

Our stakeholder engagement covers the following key components:

- Labour and community relations
- Occupational Health and Safety
- Adherence to UN Human Rights Conventions and standards
- Supply chain issues (labour and human rights) and their impact.
- Local political structure and associated governance issues
- Transparency and disclosure.

As an example of our stakeholder engagement, IFM has a history of engaging with stakeholders to champion these ideals for working people. We take a principles-based approach that aligns with global labour rights frameworks, including the United Nations Global Compact and the International Labour Organisation. To strengthen our commitment to supporting internationally recognised standards for working people, IFM signed a memorandum of understanding (MoU) with the International Trade Union Confederation (ITUC) in May 2019. To IFM's best knowledge, we are the first asset manager to establish an agreement of this nature with representatives from the global labour movement.

This level of stakeholder engagement and assessment provides vendors, co-investors, regulators and governments with the comfort that we are managing essential community assets responsibly.

## EXIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 16	CORE	OO 21	N/A	PUBLIC	Exit	4, 6

### During the reporting year, what responsible investment information was shared with potential buyers of infrastructure investments?

- (A) **Our firm's high-level commitment to responsible investment, e.g. that we are a PRI signatory**  
Select from dropdown list
  - (1) for all of our infrastructure investments
  - (2) for a majority of our infrastructure investments
  - (3) for a minority of our infrastructure investments
- (B) **A description of what industry and asset class standards our firm aligns with, e.g. TCFD or GRESB**  
Select from dropdown list
  - (1) for all of our infrastructure investments
  - (2) for a majority of our infrastructure investments
  - (3) for a minority of our infrastructure investments
- (C) **Our firm's responsible investment policy (at minimum, a summary of key aspects and firm-specific approach)**  
Select from dropdown list
  - (1) for all of our infrastructure investments
  - (2) for a majority of our infrastructure investments
  - (3) for a minority of our infrastructure investments
- (D) Our firm's ESG risk assessment methodology (topics covered in-house and/or with external support)
- (E) The outcome of our latest ESG risk assessment on the asset or portfolio company
- (F) **Key ESG performance data on the asset or portfolio company being sold**

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments

(G) Other

Specify:

We did not exit infrastructure investments this year so have responded as per previous years when we have exited investments

Select from dropdown list

- (1) for all of our infrastructure investments
- (2) for a majority of our infrastructure investments
- (3) for a minority of our infrastructure investments
- (H) No responsible investment information was shared with potential buyers of infrastructure investments during the reporting year
- (I) Not applicable; we had no sales process (or control over the sales process) during the reporting year

## DISCLOSURE OF ESG PORTFOLIO INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
INF 17	CORE	OO 21	N/A	PUBLIC	Disclosure of ESG portfolio information	6

During the reporting year, how did you report your targets on material ESG factors and related data to your investors?

- (A) We reported through a publicly-disclosed sustainability report
- (B) We reported in aggregate through formal reporting to investors
- (C) We reported at the asset level through formal reporting to investors
- (D) We reported through a limited partners advisory committee (or equivalent)
- (E) We reported at digital or physical events or meetings with investors
- (F) We had a process in place to ensure that reporting on serious ESG incidents occurred
- (G) Other

Specify:

We report ESG material to our investors via multiple channels, as well as certain ESG material publicly via our website.

- (H) We did not report our targets on material ESG factors and related data to our investors during the reporting year

# PRIVATE EQUITY (PE)

## POLICY

### INVESTMENT GUIDELINES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 1	CORE	OO 21	N/A	PUBLIC	Investment guidelines	1 to 6

What private equity-specific ESG guidelines are currently covered in your organisation's responsible investment policy(ies)?

- (A) Guidelines on our ESG approach tailored to the sector(s) and geography(ies) where we invest
- (B) Guidelines on our ESG approach tailored to the strategy(ies) and company stage(s) where we invest, e.g. venture capital, buy-out and distressed
- (C) Guidelines on pre-investment screening
- (D) Guidelines on minimum ESG due diligence requirements
- (E) Guidelines on our approach to ESG integration into short-term or 100-day plans (or equivalent)
- (F) Guidelines on our approach to ESG integration into long-term value-creation efforts
- (G) Guidelines on our approach to monitoring ESG risks, ESG opportunities and ESG incidents
- (H) Guidelines on our approach to ESG reporting
- (I) Our responsible investment policy(ies) does not cover private equity-specific ESG guidelines

## FUNDRAISING

### COMMITMENTS TO INVESTORS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 2	CORE	OO 21	N/A	PUBLIC	Commitments to investors	1, 4

For all of the funds that you closed during the reporting year, what type of formal responsible investment commitments did you make in Limited Partnership Agreements (LPAs), side letters or other constitutive fund documents?

- (A) We incorporated responsible investment commitments in LPAs (or equivalent) as a standard default procedure
- (B) We added responsible investment commitments in LPAs (or equivalent) upon clients' request
- (C) We added responsible investment commitments in side letters upon clients' request
- (D) We did not make any formal responsible investment commitments for the relevant reporting year
- (E) Not applicable; we have not raised funds in the last five years

## PRE-INVESTMENT

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 3	CORE	OO 21	PE 3.1	PUBLIC	Materiality analysis	1

During the reporting year, how did you conduct ESG materiality analysis for your potential private equity investments?

(A) We assessed ESG materiality at the portfolio company level, as each case is unique

Select from dropdown list

(1) for all of our potential private equity investments

- (2) for the majority of our potential private equity investments
- (3) for a minority of our potential private equity investments
- (B) We performed a mix of industry-level and portfolio company-level ESG materiality analyses
- (C) We assessed ESG materiality at the industry level only
- (D) We did not conduct ESG materiality analyses for our potential private equity investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 3.1	CORE	PE 3	N/A	PUBLIC	Materiality analysis	1

During the reporting year, what tools, standards and data did you use in your ESG materiality analysis of potential private equity investments?

- (A) We used GRI standards to inform our private equity ESG materiality analysis
- (B) We used SASB standards to inform our private equity ESG materiality analysis
- (C) We used the UN Sustainable Development Goals (SDGs) to inform our private equity ESG materiality analysis
- (D) We used environmental and social factors detailed in the IFC Performance Standards (or other similar standards used by development-focused financial institutions) in our private equity ESG materiality analysis
- (E) We used climate disclosures, such as the TCFD recommendations or other climate risk and/or exposure analysis tools, to inform our private equity ESG materiality analysis
- (F) We used the UN Guiding Principles on Business and Human Rights (UNGPs) to inform our private equity ESG materiality analysis
- (G) We used geopolitical and macro-economic considerations in our private equity ESG materiality analysis
- (H) We engaged with the prospective portfolio company to inform our private equity ESG materiality analysis
- (I) Other

Specify:

We engaged a third-party security consulting firm to assist with a cyber security review, which used Australian Cyber Security Centre's (ACSC) "Essential Eight" security controls to evaluate the standard of the company's cyber security protocols.

## DUE DILIGENCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 4	CORE	OO 21	N/A	PUBLIC	Due diligence	1

During the reporting year, how did material ESG factors influence the selection of your private equity investments?

- (A) Material ESG factors were used to identify risks**
  - Select from dropdown list
    - (1) for all of our potential private equity investments**
    - (2) for the majority of our potential private equity investments
    - (3) for a minority of our potential private equity investments
- (B) Material ESG factors were discussed by the investment committee (or equivalent)**
  - Select from dropdown list
    - (1) for all of our potential private equity investments**
    - (2) for the majority of our potential private equity investments
    - (3) for a minority of our potential private equity investments
- (C) Material ESG factors were used to identify remedial actions for our 100-day plans (or equivalent)**
  - Select from dropdown list
    - (1) for all of our potential private equity investments**
    - (2) for the majority of our potential private equity investments
    - (3) for a minority of our potential private equity investments
- (D) Material ESG factors were used to identify opportunities for value creation**
  - Select from dropdown list
    - (1) for all of our potential private equity investments**
    - (2) for the majority of our potential private equity investments
    - (3) for a minority of our potential private equity investments
- (E) Material ESG factors informed our decision to abandon potential investments in the due diligence phase in cases where ESG risks were considered too high to mitigate**
  - Select from dropdown list
    - (1) for all of our potential private equity investments
    - (2) for the majority of our potential private equity investments
    - (3) for a minority of our potential private equity investments**
- (F) Material ESG factors impacted investments in terms of the price offered and/or paid
  - (G) Material ESG factors did not influence the selection of our private equity investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 5	CORE	OO 21	N/A	PUBLIC	Due diligence	1

Once material ESG factors have been identified, what processes do you use to conduct due diligence on these factors for potential private equity investments?

- (A) We do a high-level or desktop review using an ESG checklist for initial red flags**

- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (B) We send detailed ESG questionnaires to target companies**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (C) We hire third-party consultants to do technical due diligence on specific material ESG factors**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (D) We conduct site visits**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (E) We conduct in-depth interviews with management and/or personnel**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (F) We conduct detailed external stakeholder analyses and/or engagement
- (G) We incorporate ESG due diligence findings in all of our relevant investment process documentation in the same manner as other key due diligence, e.g. commercial, accounting and legal**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (H) Our investment committee (or an equivalent decision-making body) is ultimately responsible for ensuring all ESG due diligence is completed in the same manner as for other key due diligence, e.g. commercial, accounting, and legal**
- Select from dropdown list
- (1) for all of our potential private equity investments**
  - (2) for a majority of our potential private equity investments
  - (3) for a minority of our potential private equity investments
- (I) Other
- (J) We do not conduct due diligence on material ESG factors for potential private equity investments

# POST-INVESTMENT

## MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 6	CORE	OO 21	PE 6.1	PUBLIC	Monitoring	1

During the reporting year, did you track one or more KPIs on material ESG factors across your private equity investments?

(A) Yes, we tracked KPIs on environmental factors

Percentage of portfolio companies this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(B) Yes, we tracked KPIs on social factors

Percentage of portfolio companies this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

(C) Yes, we tracked KPIs on governance factors

Percentage of portfolio companies this applies to:

- (1) >0 to 10%
- (2) >10 to 50%
- (3) >50 to 75%
- (4) >75 to 95%
- (5) >95%

- (D) We did not track KPIs on material ESG factors across our private equity investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 6.1	PLUS	PE 6	N/A	PUBLIC	Monitoring	1

Provide examples of KPIs on material ESG factors you tracked across your private equity investments during the reporting year.

(A) ESG KPI #1

Environment: CO2e per FTE - IFM has been working with portfolio companies to reduce real-world emissions. At acquisition, the Private Equity team measures the carbon footprint of each investee company with a view to developing emissions reduction strategies. We are targeting a 45% reduction in scope 1 and scope 2 emissions by 2030, from a 2020 baseline. We are also supporting portfolio companies to reduce scope 3 emissions and contribute to economy-wide decarbonisation.



(B) ESG KPI #2

Environment: Carbon neutral certification - In our Growth portfolio, we achieved carbon neutral certification for Genie Solutions, My Plan Manager and PayApps, for their FY21 emissions. We are currently seeking repeat Climate Active carbon neutral accreditation for FY22 for My Plan Manager and PayApps, as well as emission baselining for new portfolio company Render Networks (Genie Solutions was sold).

(C) ESG KPI #3

Social: Customer Net Promoter Score (NPS)

(D) ESG KPI #4

Social: Team engagement

(E) ESG KPI #5

Social: 40:40:20 participation (team : management : board)

(F) ESG KPI #6

Governance: Transparent reporting and good governance

(G) ESG KPI #7

Governance: Cybersecurity resilience

(H) ESG KPI #8

Governance: Modern Slavery reporting

(I) ESG KPI #9

(J) ESG KPI #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 7	CORE	OO 21	PE 7.1	PUBLIC	Monitoring	1, 2

**What processes do you have in place to support meeting your targets on material ESG factors for your private equity investments?**

**(A) We use operational-level benchmarks to assess and analyse the performance of portfolio companies against sector performance**

Select from dropdown list

- (1) for all of our private equity investments**
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

**(B) We implement international best practice standards, such as the IFC Performance Standards, to guide ongoing assessments and analyses**

Select from dropdown list

- (1) for all of our private equity investments**
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

**(C) We implement certified environmental and social management systems across our portfolio**

**(D) We make sufficient budget available to ensure that the systems and procedures needed are established**

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(E) We hire external verification services to audit performance, systems, and procedures

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(F) We conduct ongoing engagement with all key stakeholders at the portfolio company level, e.g. local communities, NGOs, governments, and end-users

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(G) We implement 100-day plans, ESG roadmaps and similar processes

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(H) Other

- (I) We do not have processes in place to help meet our targets on material ESG factors for our private equity investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 7.1	PLUS	PE 7	N/A	PUBLIC	Monitoring	1, 2

**Describe up to two processes you have put in place during the reporting year to help meet your targets on material ESG factors.**

(A) Process one

Enhanced our approach to Modern Slavery prevention by developing a dedicated due diligence framework for new investment opportunities. An external consultant (Pillar Two) was engaged to assist with developing the framework, which consists of a detailed checklist of questions that are specific to the 'Social' component of ESG and focuses on identifying existing or potential risks in relation to a generic series of Social-related risk areas. For example, at a high level, the checklist seeks to establish whether a company has relevant policies in place (eg: H&S, I&D, Data Security), or whether it has processes for monitoring workplace-related incidents and accidents among employees.

In reviewing our approach to modern slavery, a Modern Slavery Guidance Note was also developed with the support of Pillar Two. The Note aims to support IFM-appointed Directors to drive private equity assets' actions to manage modern slavery risks and meeting evolving stakeholder expectations for action, including in relation to the Commonwealth Modern Slavery Act 2018. The Note includes:

- An indicative list of high-risk goods and services
- A checklist of suggested actions for assets
- Definitions of modern slavery practices and key resources

(B) Process two

Reviewed our overall approach to Cybersecurity to ensure that a systematic, best practice approach is adopted across due diligence, asset management and board governance. This culminated in the appointment of an external consulting firm to support IFM Private Equity's cyber diligence processes and the implementation of a structured framework that assesses cybersecurity threats across 8 key dimensions (and 31 capabilities), leading to recommended actions for people, process and technology. This framework will be applied to all diligence processes going forward.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 8	PLUS	OO 21	N/A	PUBLIC	Monitoring	1, 2

**Describe material ESG risks and ESG opportunities that you integrate into your 100-day plans, including those accountable for their successful completion and how the process is monitored.**

Each of IFM's Private Equity 100-day plans is tailored address the key priorities and circumstances of the investment. Typically, IFM's 100-day plans include the following at a minimum, and they are measured at least bi-annually as part of IFM's portfolio review process:

Environmental: - Carbon reduction – baselining of carbon emissions and implementation of carbon reduction initiatives. Addressed bi-annually and accountability of the Board. Social: - Regular six-monthly employee engagement surveys conducted to identify any areas for improvement and track impact of any employee initiatives. Accountability of the portfolio Management team.

– Company-wide culture review and culture enhancement programs implemented across the organisation. Performed annually and accountability is with portfolio Management, assisted by IFM. – Measurement of diversity and inclusion statistics within portfolio companies and WGEA compliance. Accountability of the portfolio Management team. – Safety statistics measured in one portfolio company, with portfolio Management accountability. Governance: - Implementation of best practice policies (for example code of conduct, corruption, whistle blower protections), HR and leave policies, business continuity planning and sustainability, accountability of the Board. - External checks on disaster recovery plans and data protection practices including design and implement of disaster recovery simulation exercises (Board/Management) – Board reporting of all relevant ESG Metrics, measured bi-annually with Board accountability for tracking.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 9	CORE	OO 21	N/A	PUBLIC	Monitoring	1, 2

**Post-investment, how do you manage material ESG risks and ESG opportunities to create value during the holding period of your investments?**

(A) We develop company-specific ESG action plans based on pre-investment research, due diligence and materiality findings

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(B) We adjust our ESG action plans based on performance monitoring findings at least yearly

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(C) We, or the external advisors that we hire, support our private equity investments with specific ESG value-creation opportunities

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(D) We engage with the board to manage ESG risks and ESG opportunities post-investment

Select from dropdown list

- (1) for all of our private equity investments
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

(E) Other

- (F) We do not manage material ESG risks and opportunities post-investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 10	PLUS	OO 21	N/A	PUBLIC	Monitoring	1, 2

**Describe how you ensure that material ESG risks are adequately addressed in the private equity investments in which you hold a minority stake.**

The Private Equity team has developed an enhanced ESG framework, which underpins our assessment of ESG risks and opportunities, pre and post-acquisition. Key elements of our enhanced framework include:

- Articulating the “Noble Purpose” for each portfolio company at the Investment Committee stage and aligning value creation plans with this purpose;
- Using updated ESG due diligence (DD) checklists and embedding the involvement of IFM’s Responsible Investment Team into the DD process;
- Identifying material ESG priorities across the portfolio;
- Baselining the carbon emission footprint of each investment; establishing ongoing measurement systems; and committing to actions that reduce gross emissions and achieve carbon neutral certification;
- Commencing bi-annual reporting of ESG scorecards and annual reporting against the United Nation’s (UN) Sustainable Development Goals (SDGs); and
- The development and rollout of Talent & Culture toolkits across portfolio companies.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 11	PLUS	OO 21	N/A	PUBLIC	Monitoring	2

**Describe how your ESG action plans are currently defined, implemented and monitored throughout the investment period.**

IFM takes an active approach to asset management that seeks to enhance the net performance and market reputation of investee companies, while contributing to a better society, stronger economy and cleaner environment. We focus on managing risk and building value in a sustainable and responsible way. We integrate ESG considerations pre- and post-acquisition to identify material risks and opportunities. Our Responsible Investment approach consists of the following elements:

Enter with purpose:

- o Articulate 'noble purpose' in IC papers
- o Identify and discuss ESG-related risks in IC papers/meetings
- o Address ESG risks in 100-day plans
- o Establish 'Year 1' ESG deliverables and track in portfolio reviews

Drive impact through ownership:

- o Make tangible progress on delivery of the 'noble purpose'
- o Implement best practice governance, reporting and controls
- o Execute plans to achieve sustainable carbon neutrality
- o Create customer advocates, engaged staff and inclusive workplaces

Measure and report outcomes:

- o Bi-annual reporting of ESG scorecards
- o Annual assessment against the United Nations Sustainable Development Goals (SDGs)
- o Reports shared and discussed with Fund investors to provide an opportunity to challenge and influence future plans

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 12	CORE	OO 21	PE 12.1	PUBLIC	Monitoring	1, 2

**How do you ensure that adequate ESG-related competence exists at the portfolio company level?**

**(A) We assign the board responsibility for ESG matters**

Select from dropdown list

- (1) for all of our private equity investments**
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

**(B) We ensure that material ESG matters are discussed by the board at least yearly**

Select from dropdown list

- (1) for all of our private equity investments**
- (2) for a majority of our private equity investments
- (3) for a minority of our private equity investments

- (C) We provide training on ESG aspects and management best practices relevant to the portfolio company to C-suite executives only
  - Select from dropdown list
    - (1) for all of our private equity investments
    - (2) for a majority of our private equity investments
    - (3) for a minority of our private equity investments
- (D) We provide training on ESG aspects and management best practices relevant to the portfolio company to employees (excl. C-suite executives)
  - Select from dropdown list
    - (1) for all of our private equity investments
    - (2) for a majority of our private equity investments
    - (3) for a minority of our private equity investments
- (E) We support the portfolio company in developing and implementing its ESG strategy
  - Select from dropdown list
    - (1) for all of our private equity investments
    - (2) for a majority of our private equity investments
    - (3) for a minority of our private equity investments
- (F) We support portfolio companies by finding external ESG expertise, e.g. consultants or auditors
  - Select from dropdown list
    - (1) for all of our private equity investments
    - (2) for a majority of our private equity investments
    - (3) for a minority of our private equity investments
- (G) We share best practices across portfolio companies, e.g. educational sessions or the implementation of environmental and social management systems
  - Select from dropdown list
    - (1) for all of our private equity investments
    - (2) for a majority of our private equity investments
    - (3) for a minority of our private equity investments
- (H) We include penalties or incentives to improve ESG performance in management remuneration schemes
- (I) Other
- (J) We do not ensure that adequate ESG-related competence exists at the portfolio company level

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 12.1	PLUS	PE 12	N/A	PUBLIC	Monitoring	1, 2

**Describe up to two initiatives taken as part of your ESG competence-building efforts at the portfolio company level during the reporting year.**

(A) Initiative 1

Through IFM's board representation, IFM has elevated the sustainability agenda to the Board level in each of its portfolio companies. IFM has required that all portfolio companies baseline their carbon emissions across scope 1, 2 and 3 and then put forward a plan to reduce gross emissions which is reviewed at the Board level each year. Where helpful, IFM shares best practice ideas between portfolio companies to assist with the development of emission reduction plans. IFM has introduced a third party, Pathzero, to support ongoing emissions measurement through a cloud-based measurement tool as well as assisting each portfolio company to apply for carbon neutral certification from Climate Active.

(B) Initiative 2

IFM reports biannually in its portfolio review whether portfolio companies have a range of policies in place to support social participation. Where there are gaps, the IFM team works with the portfolio company to put these best practice policies in place. For example, in terms of team engagement, a regular engagement survey has now been implemented by Payapps. IFM requires each portfolio company to track a range of diversity metrics and the application of these policies, alongside a focus on purpose and culture, has resulted in improved diversity metrics at portfolio companies over time.

## EXIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 13	CORE	OO 21	N/A	PUBLIC	Exit	4, 6

**During the reporting year, what responsible investment information was shared with potential buyers of private equity investments?**

- (A) Our firm's high-level commitment to responsible investment, e.g. that we are a PRI signatory**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (B) A description of what industry and asset class standards our firm aligns with, e.g. TCFD**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (C) Our firm's responsible investment policy (at minimum, a summary of key aspects and firm-specific approach)**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (D) Our firm's ESG risk assessment methodology (topics covered in-house and/or with external support)**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (E) The outcome of our latest ESG risk assessment on the asset or portfolio company**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (F) Key ESG performance data on the asset or portfolio company being sold**  
Select from dropdown list
  - (1) for all of our private equity investments**
  - (2) for a majority of our private equity investments
  - (3) for a minority of our private equity investments
- (G) Other

- (H) No responsible investment information was shared with potential buyers of private equity investments during the reporting year
- (I) Not applicable; we had no sales process (or control over the sales process) during the reporting year

## DISCLOSURE OF ESG PORTFOLIO INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PE 14	CORE	OO 21	N/A	PUBLIC	Disclosure of ESG portfolio information	6

During the reporting year, how did you report your targets on material ESG factors and related data to your investors?

- (A) We used a publicly disclosed sustainability report
- (B) We reported in aggregate through formal reporting to investors
- (C) We reported at the portfolio company level through formal reporting to investors
- (D) We reported through a limited partners advisory committee (or equivalent)
- (E) We reported back at digital or physical events or meetings with investors
- (F) We had a process in place to ensure that reporting on serious ESG incidents occurred
- (G) Other
- (H) We did not report our targets on material ESG factors and related data to our investors during the reporting year

# SUSTAINABILITY OUTCOMES (SO)

## SETTING TARGETS AND TRACKING PROGRESS

### SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

- (A) Sustainability outcome #1
  - (1) Widely recognised frameworks used to guide action on this sustainability outcome
    - (1) The UN Sustainable Development Goals (SDGs) and targets
    - (2) The UNFCCC Paris Agreement
    - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
    - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
    - (5) The EU Taxonomy
    - (6) Other relevant taxonomies
    - (7) The International Bill of Human Rights



- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment

(4) Number of targets set for this outcome

- (1) No target
- (2) **One target**
- (3) Two or more targets

**(B) Sustainability outcome #2**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) **The UNFCCC Paris Agreement**
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

(4) Number of targets set for this outcome

- (1) No target
- (2) **One target**
- (3) Two or more targets

**(C) Sustainability outcome #3**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) **The UNFCCC Paris Agreement**
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
  - (9) The Convention on Biological Diversity
  - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) Environmental
  - (2) Social
  - (3) Governance-related
  - (4) Other
- (3) Sustainability outcome name

NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target

- (4) Number of targets set for this outcome
- (1) No target
  - (2) One target
  - (3) Two or more targets
- (D) Sustainability outcome #4
  - (E) Sustainability outcome #5
  - (F) Sustainability outcome #6
  - (G) Sustainability outcome #7
  - (H) Sustainability outcome #8
  - (I) Sustainability outcome #9
  - (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

**(A1) Sustainability Outcome #1: Target details**

(A1) Sustainability Outcome #1:	NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment
(1) Target name	Firm-wide Net zero by 2050
(2) Baseline year	2019
(3) Target to be met by	2050

(4) Methodology IFM has committed to reducing firm-wide operational emissions and investment portfolio emissions to net zero emissions by 2050. Work to determine the strategy commenced in 2020 and is ongoing. Our approach is tailored across our asset classes. We have reaffirmed our 2050 net zero emissions target for infrastructure and private equity and announced interim 2030 targets for those asset classes. We have not yet completed this work for listed equities and fixed income.

(5) Metric used (if relevant) mtCO2e

(6) Absolute or intensity-based (if relevant) (1) Absolute

(7) Baseline level or amount (if relevant): 2019 emissions

(8) Target level or amount (if relevant) Net zero emissions

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

**(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

(1) Target name Infrastructure 2030 interim emissions reduction

(2) Baseline year 2019

(3) Target to be met by 2030

(4) Methodology

In order to reach this interim target within the infrastructure asset class, we are doing the following:

- Investment processes: Through our due diligence and investment decision making processes, we seek to ensure that new acquisitions are capable of achieving net zero (scope 1 and scope 2 emissions) by 2050, and that new acquisitions have considered climate change transition and physical risks under reference scenarios, including 1.5 degree reference scenarios. In Investment Committee papers for new investments, the Deal Team must demonstrate that the proposed investment has an emission reduction pathway that is consistent with our commitment to target net zero by 2050.
- Asset level target setting – IFM will encourage existing assets to develop and implement an emission reduction plan and a target that is consistent with our commitment to target net zero by 2050 (within a year of acquisition for new investments), noting that the level of control and influence IFM has varies by asset. Further, assets may consider committing to develop a specific capacity of renewables installation.
- Asset level target monitoring – Once an emissions reduction plan and target have been put in place, the asset's emissions are tracked and reported to the asset's Board.
- Transition risk management- For new in with Carbon Dioxide Removal" climate scenarios incorporating, as necessary, carbon prices, demand shifts and any other incremental costs.
- Physical risk management - In evaluating potential investments, IFM will assess the asset's physical risk exposure, as part of the technical due diligence, to ensure appropriate operating and capital expenditure are included. For existing assets, physical risk shall be assessed at least once every five years.
- Investment restrictions: We will phase out thermal coal by 2030 and will not make new investments in assets that derive more than 20% revenue from thermal coal.
- Pursuing climate solutions: We, and our portfolio companies, will continue to seek to increase the amount we can invest in the significant investment opportunities that are arising from the energy transition.

(5) Metric used (if relevant)

mtCO2e

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):	6.2 mtCO <sub>2</sub> e - This is a revised 2019 baseline. Our approach to setting a carbon target for a fixed year baseline is in line with the GHG protocol. After setting a fixed baseline year (2019) the portfolio will naturally change over time due to new or exited assets. The process of revising the baseline involves adjusting the 2019 emissions baseline to what it would have been had any new or exited assets been back dated to the base year.
(8) Target level or amount (if relevant)	4.2 mtCO <sub>2</sub> e - This reflects a target emissions reduction of 2.0 mtCO <sub>2</sub> e between the baseline year of 2019 and 2030
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(1) Yes

**(C1) Sustainability Outcome #3: Target details**

(C1) Sustainability Outcome #3:	NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target
(1) Target name	PE 2030 interim emissions reduction
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	<p>Our overall strategy to achieve this target includes:</p> <p>* Achieving portfolio company carbon neutrality - All companies in our growth equity portfolio achieved the goal of being certified carbon neutral for their FY21 emissions through the purchase of carbon offsets. The certification by Climate Active represents the Australian Government's certification standard. The certification process required us to baseline emissions at each company, offset scope 1, 2 and 3 emissions, and demonstrate that each company had put in place initiatives to reduce their gross emissions. Our portfolio companies' carbon neutral certification for FY22 is pending.</p>

\* Reducing real world emissions at portfolio companies - We are working with portfolio companies to reduce real-world emissions. At acquisition, the PE team measures the carbon footprint of each investee company with a view to developing emissions reduction strategies. We are also supporting portfolio companies to work with upstream suppliers, downstream customers, channel partners and industry peers to reduce scope 3 emissions and contribute to economy-wide decarbonisation.

We have subscribed to the PathZero SaaS self-service tool to help enable our portfolio companies to measure carbon emissions on a quarterly basis and track progress against their baseline. We are also supporting portfolio companies to measure and understand what actions they can take to reduce scope 3 emissions, for example, engaging professional services firms that are setting targets to reduce their emissions.

(5) Metric used (if relevant)	mtCO2e
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	As at 2020
(8) Target level or amount (if relevant)	45% decline
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) Do you also have a longer-term target for this?	(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

**For each sustainability outcome, provide details of up to two of your long-term targets.**

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(B1) Sustainability Outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target	Infrastructure 2030 interim emissions reduction	2050	Net zero
(C1) Sustainability Outcome #3: NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target	PE 2030 interim emissions reduction	2050	Net zero

## FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
NZAM 1	PLUS	NZAM, SO 3	SO 3.1, SO 3.2	PUBLIC	Focus: Setting net-zero targets	General

Select the relevant asset class breakdown for your organisation to report on your net-zero targets.

- (A) PRI's standard asset class breakdown
- (B) Asset class breakdown as per the NZAOA's Target Setting Protocol

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

**Provide details of your nearest-term net-zero targets per asset class.**

(A) PRI asset class breakdown

- Listed equity
- Fixed income
- Private equity**

**Target details**

**(A) PRI asset class breakdown: Private equity**

(1) Baseline year 2020

(2) Target to be met by 2030

(3) Emissions included in target (1) Scope 1  
(2) Scope 2

(4) Methodology

Our overall strategy to achieve this target includes:

- Achieving portfolio company carbon neutrality - All companies in our growth equity portfolio achieved the goal of being certified carbon neutral for their FY21 emissions through the purchase of carbon offsets. The certification by Climate Active represents the Australian Government's certification standard.

The certification process required us to baseline emissions at each company, offset scope 1, 2 and 3 emissions, and demonstrate that each company had put in place initiatives to reduce their gross emissions. Our portfolio companies' carbon neutral certification for FY22 is pending.

- Reducing real world emissions at portfolio companies - We are working with portfolio companies to reduce real-world emissions.



At acquisition, the PE team measures the carbon footprint of each investee company with a view to developing emissions reduction strategies. We are also supporting portfolio companies to work with upstream suppliers, downstream customers, channel partners and industry peers to reduce scope 3 emissions and contribute to economy-wide decarbonisation.

We have subscribed to the PathZero SaaS self-service tool to help enable our portfolio companies to measure carbon emissions on a quarterly basis and track progress against their baseline.

We are also supporting portfolio companies to measure and understand what actions they can take to reduce scope 3 emissions, for example, engaging professional services firms that are setting targets to reduce their emissions.

Our methodology to calculate Scope 1 and 2 emissions and to achieve this target is based on the following Avoided Emissions Framework:

1. Identify the source of the avoided emissions, defining whether it is:
  - a)- A “direct reduction” impacted by the company’s adoption of change; or
  - b)- An “avoided emissions”, which identifies how the product or service may deliver a lower emissions outcome than the alternative it replaces (within the PCAF framework).
2. Assess whether the avoided emission is “material” (ie: represents >10% reduction in lifecycle scope 1, 2 and 3 emissions intensity across customers or users in the industry).
3. Assess the “scope” of avoided emissions by determining if they are within the customer’s operational control.  
If not, consider whether there is robust data and appropriate influence to credibly include these emissions.
4. Assess whether the avoided emissions are truly “additional” to the consensus view on the emissions pathway for the industry. This means they must not represent technologies already anticipated to be widely used in the market and/or target emission reductions that the industry is already expected to achieve.
- 5.

Assess calculation feasibility and determine data requirements to quantify avoided emissions.

We have subscribed to the PathZero SaaS self-service tool to help enable our portfolio companies to measure carbon emissions on a quarterly basis and track progress against their baseline.

We have subscribed to the PathZero SaaS self-service tool to help enable our portfolio companies to measure carbon emissions on a quarterly basis and track progress against their baseline.

The calculation methodology for Total Avoided Emissions consists of:

1. Setting the Baseline

Customer emissions intensity (tCO<sub>2</sub>e) multiplied by A\$AUM Revenue of a company's customers (\$m) = Baseline Customer Emissions (tCO<sub>2</sub>e)

2. Defining the Emissions Reduction Quantum

a) Scope 1

Proportion of customer scope 1 and 2 emissions (x%) multiplied by % reduction in these activities attributable to the company (x%) = Avoided Emission Quantum (x%)

b) Scope 2

Proportion of customer scope 1 and 2 emissions (x%) multiplied by % reduction in these activities attributable to the company (x%) = Avoided Emission Quantum (x%)

3. Calculating Avoided Emissions

Avoided emissions Scope 1 (tCO<sub>2</sub>e), plus  
Avoided emissions Scope 2 (tCO<sub>2</sub>e), equals  
Total Avoided Emissions (tCO<sub>2</sub>e).

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(5) Metric used	(2) Absolute: MtCO <sub>2</sub> e
(6) Baseline amount	2020 emissions
(7) Current amount (if different from baseline amount)	

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(8) Targeted reduction with respect to baseline 45%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) If coverage is below 100% for this asset class, explain why

- Real estate  
 Infrastructure

#### Target details

#### (A) PRI asset class breakdown: Infrastructure

(1) Baseline year 2019

(2) Target to be met by 2030

(3) Emissions included in target (1) Scope 1  
(2) Scope 2

(4) Methodology

In order to reach this interim target within the infrastructure asset class, we are doing the following:

- Investment processes: Through our due diligence and investment decision making processes, we seek to ensure that new acquisitions are capable of achieving net zero (scope 1 and scope 2 emissions) by 2050, and that new acquisitions have considered climate change transition and physical risks under reference scenarios, including 1.5 degree reference scenarios. In Investment Committee papers for new investments, the Deal Team must demonstrate that the proposed investment has an emission reduction pathway that is consistent with our commitment to target net zero by 2050.
- Asset level target setting – IFM will encourage existing assets to develop and implement an emission reduction plan and a target that is consistent with our commitment to target net zero by 2050 (within a year of acquisition for new investments), noting that the level of control and influence IFM has varies by asset. Further, assets may consider committing to develop a specific capacity of renewables installation.
- Asset level target monitoring – Once an emissions reduction plan and target have been put in place, the asset's emissions are tracked and reported to the asset's Board.

- Transition risk management- For new investments, to test the robustness of returns to transition risk, Investment Committee papers include sensitivity analysis using generally accepted externally developed “1.5°C with limited Carbon Dioxide Removal” and “1.5°C with Carbon Dioxide Removal” climate scenarios incorporating, as necessary, carbon prices, demand shifts and any other incremental costs.
- Physical risk management - In evaluating potential investments, IFM will assess the asset’s physical risk exposure, as part of the technical due diligence, to ensure appropriate operating and capital expenditure are included. For existing assets, physical risk shall be assessed at least once every five years.
- Investment restrictions: We will phase out thermal coal by 2030 and will not make new investments in assets that derive more than 20% revenue from thermal coal.
- Pursuing climate solutions: We, and our portfolio companies, will continue to seek to increase the amount we can invest in the significant investment opportunities that are arising from the energy transition.

The methodology used to calculate Scope 1 and 2 emissions is as follows:

- In line with the GHG Protocol Corporate Value Chain Accounting and Reporting Standard, we report on gross financed emissions excluding the effect of carbon offsets and exported renewables. In addition, and in the spirit of transparency, we also report on net financed emissions including carbon offsets and exported renewables.
- Emissions data is collected directly from portfolio companies where available. For any company that does not have the data available, IFM collects input data and assists in the emissions calculations. While we believe the reported data from all portfolio companies to be materially correct, we cannot guarantee its completeness or accuracy.
- 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. Scope 2 emissions also include electricity or heat lost from transmission or distribution networks.
- Gross and net financed emissions are calculated based on IFM Investors’ share of total Scope 1 and Scope 2 emissions, by percentage ownership.

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(5) Metric used

(2) Absolute: MtCO<sub>2</sub>e

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(6) Baseline amount 6.2 mtCO<sub>2</sub>e - This is a revised 2019 baseline. Our approach to setting a carbon target for a fixed year baseline is in line with the GHG protocol. After setting a fixed baseline year (2019) the portfolio will naturally change over time due to new or exited assets. The process of revising the baseline involves adjusting the 2019 emissions baseline to what it would have been had any new or exited assets been back dated to the base year.

(7) Current amount (if different from baseline amount) Our 2022 total portfolio emissions were 5.3 mtCO<sub>2</sub>e

(8) Targeted reduction with respect to baseline 33%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) If coverage is below 100% for this asset class, explain why

- Hedge funds
- Forestry
- Farmland
- Other

## TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

**Does your organisation track progress against your nearest-term sustainability outcomes targets?**

**(A1) Sustainability outcome #1:**

(A1) Sustainability outcome #1: NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment

Target name: Firm-wide Net zero by 2050

Does your organisation track progress against your nearest-term sustainability outcome targets? (2) No  
 Explain why not:  
 IFM tracks progress on its corporate emissions however, this firm-wide (including investment portfolios) target is not currently tracked as it also includes the outcome of the emissions reduction targets that apply to our individual asset classes, which are not yet all finalised and announced. At present, our asset class targets for Infrastructure and Private Equity, the IFM entity are tracked and reported annually. However, targets are yet to be finalised for Listed Equities and Debt.

**(B1) Sustainability outcome #2:**

(B1) Sustainability outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

Target name: Infrastructure 2030 interim emissions reduction

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(C1) Sustainability outcome #3:**

(C1) Sustainability outcome #3: NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target

Target name: PE 2030 interim emissions reduction

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

**During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?**

### **(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2:	NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target
(1) Target name	Infrastructure 2030 interim emissions reduction
(2) Target to be met by	2030
(3) Metric used (if relevant)	mtCO2e
(4) Current level or amount (if relevant)	For 2022 our total portfolio emissions were 5.3 mtCO2e
(5) Other qualitative or quantitative progress	We monitor progress to towards out 2030 interim emissions reduction target on an asset-by-asset basis, and our main focus is on the group of seven assets that comprise over 95% of the emissions footprint. For these assets, we focus on their progress and analyse underlying performance. We have also recently undertaken a benchmarking assessment of our own decarbonisation trajectories versus benchmarks to determine whether we are performing better or worse than benchmark.
(6) Methodology for tracking progress	We monitor progress regularly throughout the year. For the top seven assets that comprise over 95% of the total Scope 1 and Scope 2 emissions, the emissions reductions are driven by discreet initiatives at the asset level. We evaluate the headline numbers and the drivers of change each year to help ensure we are still comfortable with the targets originally set. We highlight any risks to achievement of our targets. This is set out in a performance report against our Climate targets (called the Infrastructure Climate Change Report) that is to be completed annually - our 2021 and 2022 report are being issued jointly to clients for the first time this year.

### **(C1) Sustainability Outcome #3: Target details**

(C1) Sustainability Outcome #3:	NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target
(1) Target name	PE 2030 interim emissions reduction
(2) Target to be met by	2030
(3) Metric used (if relevant)	mtCO2e

(4) Current level or amount (if relevant)

In 2022, we were pleased to achieve carbon neutral certification for all the companies in our Growth Fund for their FY21 emissions. The certification by Climate Active represents the Australian Government's certification standard. To achieve carbon neutral certification, each portfolio company completed a rigorous four-month process where scope 1,2 and 3 emissions were measured with the support of Pathzero. These emissions data were then verified by third party auditors and a Public Disclosure Statement was developed, detailing an emissions reduction strategy that is published by Climate Active. To offset their emissions, each portfolio company purchased EcoAustralia credits that support the verified Mount Sandy project in South Australia. The certification process also required us to demonstrate that each company had put in place initiatives to reduce their gross emissions.

(5) Other qualitative or quantitative progress

Portfolio company boards, management and employees have engaged with our emission reduction objectives. Through our partnership with PathZero, a SaaS-based measurement and reporting tool is in place at each company for them to track their progress and identify where opportunities for further improvement may lie at any time. Portfolio company boards set targets and monitor progress throughout the year and approve the selection of carbon offsets to purchase. We consider it crucial that the drive for emissions reduction is set at the board level and that there is a report back to the board, at least annually. Guidelines for offsets include that they are verified, within budget, Gold Standard, and based in Australia; however we will continue to review this given limited supply and changing prices.

(6) Methodology for tracking progress

IFM's Private Equity team works to support each of its portfolio companies to develop and implement a decarbonisation plan to reduce emissions per employee and overall, and to mitigate climate risk. Emission reduction plans vary across portfolio companies depending on the key sources of emissions. In the first year of ownership, the carbon footprint of the business is measured as a baseline. We also confirm our understanding of avoided emissions estimated during diligence. Transition plans are currently being completed for existing portfolio companies and will be developed for new acquisitions within twelve months of a baseline for emissions being established. These plans aim to cover Scope 1, 2 and 3 emissions. We seek to drive impact by executing on plans to reduce emissions through implementing new policies and controls and holding portfolio boards accountable for driving improvement. Emissions reduction is a key agenda item at board meetings at least once a year, and management teams are responsible for reporting on their plans and progress. All portfolio companies have access to PathZero, a SaaS-based measurement and reporting tool.



# INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

## LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets  
Select from drop down list:
  - (1) Individually
  - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers  
Select from drop down list:
  - (1) Individually
  - (2) With other investors or stakeholders
- (D) Stewardship: engagement with other key stakeholders  
Select from drop down list:
  - (1) Individually
  - (2) With other investors or stakeholders
- (E) Capital allocation
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

## STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

## (A) Across all sustainability outcomes

### (1) Describe your approach

The implementation of our Stewardship program is tailored to each of our four asset classes to help ensure that it appropriately accounts for differences in the types of investments, ownership structures, geographic locations and underlying portfolio assets/companies in which we invest. Engagements and initiatives led by the investment teams are generally bottom up at the asset/company level, whereas engagements led by our Sustainable Investment team are generally top-down and focused on a particular thematic. Sustainable Investment team engagements are conducted directly or collaboratively with others.

Infrastructure - Within the infrastructure asset class, IFM has an Asset Management Specialist team (AMST) that is comprised of circa 25 individuals based in Australia, the UK and the US. This team is designed to introduce professionals with deeper operational, governance and sustainability experience and focus within the investment team itself. Through board representation and membership of management committees in our portfolio assets, we seek to establish appropriate governance structures, protections and rights, taking into account the limitations of holding various investments as minority interests. This process includes identifying which infrastructure assets have responsible investment-related policies and procedures in place and working with those that do not, to ascertain whether such policies would be appropriate.

Private Equity - The PE team integrates ESG considerations pre- and post-acquisition to identify material risks and opportunities. When a deal reaches the Investment Committee, the team has identified and clearly articulated the company's key environmental or social objective; discussed ESG risks and incorporated mitigations into the first 100-day plan; and set up tracking of the first-year ESG deliverables in the bi-annual portfolio review process. During the ownership phase, responsible investment objectives are established as part of the value-creation plan for individual investments and the PE team works in partnership with company boards to drive and monitor outcomes and value.

Listed Equities - Our stewardship activity in Listed Equities primarily focuses on Australia as the majority of our equity portfolios are invested in Australian listed companies. We engage both directly and indirectly through service providers, with Australian companies and actively exercise our voting rights to influence positive change. We also participate in several thematic engagement initiatives alongside other major Australian shareholders through industry collaborations such as Climate Active 100+. Our Active Australian equities teams also engage directly with companies' management on business strategy and performance.

Debt - In Debt Investments, our engagement on ESG issues is typically concentrated in the due diligence phase when we have the best ability to engage with our borrower companies on relevant ESG matters. The debt investment team leverages a range of tools to inform our ESG due diligence and works closely with the Sustainable Investment team, to identify material risks and opportunities. Where appropriate, we seek to influence pre-investment the ESG credentials of our borrower companies, to help better manage and/or mitigate risk over the life of the investment. One element of this is requesting additional ESG data from the issuer so we can more deeply consider ESG risks in our due diligence ; and the other is by seeking to influence the terms of the loans we negotiate so ESG risks can be better managed and monitored during the investment period.

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(2) Stewardship tools or activities used	<ul style="list-style-type: none"> <li>(1) Engagement</li> <li>(2) (Proxy) voting at shareholder meetings</li> <li>(4) Nominating directors to the board</li> <li>(5) Leveraging roles on the board or board committees (e.g. nomination committees)</li> <li>(6) Taking roles on investee boards</li> <li>(7) Working directly with portfolio companies and/or real asset management teams</li> </ul>
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(3) Example	<p>Collaboration driving 400GWh renewable energy program to power critical Australian infrastructure</p> <p>Enabling and supporting assets in the infrastructure portfolios we manage or advise to transition to renewable energy sources and improve energy efficiency is a strategy that IFM is implementing globally. We have identified climate change as a priority issue for engagement.</p>
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An example of our work in this area is the large-scale power purchase agreement (PPA) program IFM established to further support assets in the Australian Infrastructure portfolio to procure renewable energy.

Our aim was to create the first multi-state, multi-asset solution, where all benefits would flow on to portfolio assets via a structure that provided:

- Access to renewable energy at commercially attractive prices;
- The ability to de-risk businesses against future electricity market volatility;
- The opportunity to significantly reduce their greenhouse gas (GHG) emissions, supporting, and in some cases fast-tracking, assets' existing net zero commitments.

We engaged with and brought other industry stakeholders into the project, including co-investors, large tenants of portfolio assets and other large infrastructure owners.

Our collaborative approach elevated the project to a wider industry initiative, which helped to create scale and price benefits for all parties, while also supporting the infrastructure industry's transition to net zero.

Over three stages, the program is expected to facilitate the supply of more than 400 GWh of renewable energy per annum by 2025, saving around 250,000 tonnes of GHG emissions each year.

In early 2022, Stage 1 of the program was complete with contracts signed for the delivery of 132 GWh of renewable energy per annum for seven critical infrastructure assets across New South Wales and Victoria, including Melbourne Airport, NSW Ports, Southern Cross Station and Ausgrid, which are assets in our portfolio.

Stage 2 concluded in July 2022 with the QLD based assets, with the delivery of an additional 185 GWh of renewable energy per annum. Stage 3, which includes other critical Australian assets, is expected to conclude in 2023.

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### **(B) Sustainability Outcome #1:**

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(B) Sustainability Outcome #1: NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment

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(1) Describe your approach

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(2) Stewardship tools or activities used

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(3) Example

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### (C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

### (D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

**How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

- (A) We prioritise the most strategically important companies in our portfolio.
- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.
- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

(D) Other

Describe:

Through our due diligence processes, we identify material ESG issues at the individual company and/ or sector levels that we may prioritise in our stewardship activities. This process also incorporates consideration of the company-wide engagement priority areas we have identified, which are climate change (including Just Transition); labour rights and conditions (including modern slavery); and inclusion and diversity. We have identified these issues as they have the potential to impact the wider system in which we invest, as well as the potential to materially impact on the performance, reputation and longer-term value of our portfolios in all asset classes and geographies. Our approach to prioritising ESG issues for engagement and escalation also includes consideration of the size of our holding, the degree of materiality or severity of a particular issue for the company and/or sector, and the history of our engagement and progress made to date.

This stewardship program is tailored to each of our four asset classes to help ensure that it appropriately accounts for differences in the types of investments, ownership structures, geographic locations and underlying portfolio assets/companies in which we invest. A summary of our asset class specific approaches and prioritisation was provided in SO8 above.

Select from the list:

- 1
- 2
- 3
- 4

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

## (A) Across all sustainability outcomes

<p>(1) Describe your approach</p>	<p>As a pension funds-owned investment manager, IFM focuses on long-term returns. As part of this process, we advocate for policy outcomes that we believe will, over the long term, make the investment, superannuation/pension and financial systems in which we operate more sustainable. We engage with political, government and industry stakeholders directly and through participation in a range of trade association industry events and parliamentary inquiries. Across all regions we have highlighted the significant opportunity of mobilising superannuation and pension funds for new infrastructure projects and the link between reducing emissions across our asset classes and long-term investment returns given the reality of climate science.</p>
<p>(2) Engagement tools or activities used</p>	<p>(1) We participated in 'sign-on' letters (2) We responded to policy consultations (3) We provided technical input via government- or regulator-backed working groups (4) We engaged policy makers on our own initiative</p>
<p>(3) Example(s) of policies engaged on</p>	<p>Examples of climate-related policy advocacy undertaken over the past year include: Engagement with the UK Prime Minister to discuss the UK's energy transition.</p> <p>IFM participated in a roundtable series organised by the EU Commission's Directorate-General for Mobility and Transport (DG MOVE). The workshops provided an opportunity to engage with the EU Commission on its work on transport decarbonisation, provided a chance to discuss any key needs and positions of the sector on a range of investment-related issues, and fed into the decarbonising infrastructure policy paper subsequently produced by the Global Infrastructure Investors Association on behalf of its members.</p> <p>IFM met on multiple occasions with the Business Energy and Industrial Skills Department (BEIS), the Department of International Trade (DIT), the UK Infrastructure Bank (UKIB), and also the Department of Environment, Food and Rural Affairs (DEFRA) to discuss the development of hydrogen, CCUS, sustainable aviation fuels (SAFs) and natural capital financing models in pursuit of UK's delivery of its nationally determined contribution (NDC) to the Paris Climate agreements.</p> <p>We participated in discussions on the role of pension funds in financing the EU's global leading 2030 emissions reduction plan to reduce GHG emissions by 55% versus a 1990 baseline.</p> <p>We contributed to IIGCC's submissions to the European Union across the latter's green taxonomy policies and regulations, for example its submission on the EU's draft Corporate Sustainability Due Diligence Directive (CSDDD).</p>

We worked with the IIGCC policy committee and industry stakeholders to strengthen climate-related disclosures rules and accounting standards. Consultation on draft Prudential Practice Guide on Climate Change Financial Risks (Australia, 2021)

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**(B) Sustainability Outcome #1:**

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(B) Sustainability Outcome #1: NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment

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(1) Describe your approach

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(2) Engagement tools or activities used

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(3) Example(s) of policies engaged on

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**(C) Sustainability Outcome #2:**

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(C) Sustainability Outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

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(1) Describe your approach

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(2) Engagement tools or activities used

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(3) Example(s) of policies engaged on

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**(D) Sustainability Outcome #3:**

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(D) Sustainability Outcome #3: NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target

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(1) Describe your approach

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(2) Engagement tools or activities used

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(3) Example(s) of policies engaged on

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## STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

**Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?**

### (A) Across all sustainability outcomes

(1) Key stakeholders engaged	(1) Standard setters (2) Reporting bodies (4) Credit rating agencies (6) External service providers (e.g. proxy advisers, investment consultants, data providers)
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(2) Provide further detail on your engagement	<p>Examples of other stakeholder engagement include:</p> <p><b>Sustainable Finance Taxonomies</b> IFM is a member of International Financial Reporting Standards (IFRS) and Australian Sustainable Finance Institute (ASFI), whose work is focused on the development of sustainability reporting standards and taxonomies. Building on work done on sustainable finance taxonomies internationally, ASFI is working with experts and stakeholders across the Australian financial system to determine what a sustainable finance taxonomy should look like in Australia to help ensure international credibility and interoperability.</p> <p>We are a founding member of ASFI, which aims to realign the finance sector to create a sustainable and resilient financial system, which can be achieved by directing capital to support greater social, environmental and economic outcomes consistent with the Australian Sustainable Finance Roadmap. IFM serves on the Australian Sustainable Finance Institute's steering committee for its sustainable finance taxonomy, and we have met with senior government officials and policy makers regarding the importance of a science-based taxonomy and related regulations.</p> <p><b>Debt investors collaborate to improve access to ESG data</b> A prominent issue for investors providing private debt financing is the general lack of access to ESG and climate data in due diligence.</p>
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During FY22, IFM and several large infrastructure debt investors collaborated to develop an Infrastructure Debt ESG Covenant Package as a broader industry solution to this data challenge. The initiative, facilitated by the Global Infrastructure Investor Association, aims to:

- Standardise ESG data collection by providing a consistent set of requirements as 'best practice' for borrowers when reporting to lenders with respect to ESG;
- Help lenders comply with increasing ESG disclosure obligations under applicable EU and/or UK regulations and, where relevant, their own net zero targets and investor demand.

Feedback is being sought from market participants with regard to including the ESG Covenant Package in finance documentation.

The intent is that ESG information will be disclosed and considered as part of the term sheet negotiation stage between the relevant parties. The ESG Covenant Final Form report is now available for download and use by investors and issuers.

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**(B) Sustainability Outcome #1:**

(B) Sustainability Outcome #1: NZAM AUM Commitment - IFM's firm-wide net zero by 2050 commitment

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

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**(C) Sustainability Outcome #2:**

(C) Sustainability Outcome #2: NZAM Portfolio Emissions - Infrastructure asset class 2030 Interim emissions reduction target

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

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**(D) Sustainability Outcome #3:**

(D) Sustainability Outcome #3: NZAM Portfolio Emissions - Private Equity Asset Class 2030 Interim emissions reduction target

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

## STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

**During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Initiative #1

(1) Name of the initiative	Australian Council of Superannuation Investors (ACSI)
(2) Indicate how your organisation contributed to this collaborative initiative	(A) We were a lead investor in one or more focus entities (e.g. investee companies) (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) (C) We publicly endorsed the initiative (G) We were part of an advisory committee or similar
(3) Provide further detail on your participation in this collaborative initiative	IFM is a full member of ACSI which focuses on engaging with ASX300 companies on a broad range of ESG issues and systemic financial risks. IFM sits on the ACSI Member Council, subscribes to its engagement service and receives proxy advice. We attend company engagements alongside ACSI and are a contributor to its Governance working group, which publishes ACSI's Corporate Governance Guideline.

### (B) Initiative #2

(1) Name of the initiative	Net Zero Asset Mangers Initiative
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative (D) We provided pro bono advice, research or training (G) We were part of an advisory committee or similar
(3) Provide further detail on your participation in this collaborative initiative	IFM Investors is one of NZAM's 30 founding signatories and was one of Australia's first asset managers to sign up. We are excited to be working with a growing number of co signatories to share our infrastructure expertise and help galvanise the asset management industry to commit to net zero emissions by 2050 or sooner.

### (C) Initiative #3

(1) Name of the initiative	Institutional Investor Group on Climate Change (IIGCC)
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative (G) We were part of an advisory committee or similar
(3) Provide further detail on your participation in this collaborative initiative	We signed up to IIGCC, as sister organisation to Ceres, to strengthen our engagement presence in the EU. We are active participants in the group's Policy Working Group and the PAII Infrastructure working group.

### (D) Initiative #4

(1) Name of the initiative	Climate Action 100+
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) (C) We publicly endorsed the initiative (G) We were part of an advisory committee or similar
(3) Provide further detail on your participation in this collaborative initiative	IFM is a supporting investor of the Climate Action 100+ (CA 100+) initiative, the world's largest ever investor engagement initiative on climate change. We are supporting engagement with seven out of the 14 Australian target companies, which have all set net-zero 2050 targets and adopted the TCFD recommendations for their climate related disclosures.

## CONFIDENCE-BUILDING MEASURES (CBM)

### CONFIDENCE-BUILDING MEASURES

## APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

### How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI**
  - (H) We did not verify the information submitted in our PRI report this reporting year

## INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

### Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
  - Sections of PRI report reviewed
    - (1) the entire report**
    - (2) selected sections of the report
  - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year