

2021-2022

Modern Slavery Statement



Introduction

This Modern Slavery Statement (“Statement”) is published by IFM Investors Pty Ltd and all related corporate entities (“IFM”) and is made in accordance with the Australian Modern Slavery Act 2018 (Cth) (“Australian MSA”) and the United Kingdom’s Modern Slavery Act 2015 (“UK MSA”). This Statement is a joint statement which includes the reporting entities (as defined by the Australian MSA) as listed in Appendix 1 and the following entities that are subject to the requirements of the UK MSA:

- IFM Investors (UK) Ltd;
- IFM Global Infrastructure (UK) GP Ltd and
- IFM Infrastructure (UK) General Partner, LLP.

This statement reflects IFM’s ongoing commitment to preventing modern slavery in our operational supply chain and those of our investments. We seek to act in the best interests of our investors, their members and beneficiaries, and the millions of working people around the world that they represent. We recognise that this encompasses the understanding, identification and management of modern slavery risks throughout IFM’s business.

This Statement is for the reporting period 1 July 2021 to 30 June 2022. It is approved and endorsed by the IFM Group Board, IFM’s principal governing body.

The Hon. Greg Combet AM

IFM Investors Chair

24 November 2022

Background – About IFM Investors

IFM was established more than 25 years ago with the aim to protect and grow the long-term retirement savings of working people. Today, IFM invests on behalf of institutions worldwide – including pension, superannuation and sovereign wealth funds, universities, insurers, endowment funds and foundations - that collectively represent the interests of 120 million working people worldwide. We invest strategically through investment portfolios that align to the long-term interests of our investors, and that generate social and economic benefits for the wider community.

Owned by a group of 19 Australian pension funds, IFM has AU\$199bn under management as of 30 June 2022. IFM's distinct ownership structure enables us to prioritise the interests of more than 600 like-minded investors.

Our commitment to protecting our business and investments, our people and the communities in which we work, operate and invest is grounded in our approach to ESG. As a signatory to The United Nations-supported Principles for Responsible Investment, we actively engage on environmental, social and governance (ESG) issues with the companies in which we invest. IFM's approach to responsible investment is also closely aligned to the United Nations Global Compact which supports a set of core principles in areas including human rights and labour standards. Our alignment with these principles and standards supports us in enhancing investment performance without being at the expense of community, environment or market integrity.

IFM has consistently stood against all forms of human rights breaches, and we are committed to identifying and preventing modern slavery occurring throughout our operational supply chain and in our investment portfolios. As a long-term investor we are conscious that responsible corporate practices are critical to delivering on our purpose. Our efforts in meeting our legal obligations, striving for continuous improvement toward best practice, and transparency in reporting are critical pillars in our approach to managing modern slavery and we are committed to taking an active approach aimed at eradicating modern slavery globally.

This Statement details how we are addressing modern slavery risks in our operational supply chain and our investments. It also outlines our future goals that reflect our continuing focus on identifying and reducing modern slavery risks and impacts.

This Statement addresses:

- modern slavery risks in our operational supply chain and those of our investments;
- how we identify, assess and address these risks;
- our progress in FY22;
- our plans for the future; and
- how we measure the effectiveness of our actions.

Our Purpose

To invest, protect and grow the long term retirement savings of working people



Our Strategic Pillars

We are owned by Australian profit-to member industry super funds. Our shareholders and investors are aligned and invest alongside each other.



We are a global private markets specialist with a strong multi-asset capability in Australia.



We are responsible stewards of the investments we manage, distinguished by our respect for the environment, working people and local communities.



Our business and operations

Operating globally from offices in Melbourne, Sydney, London, Berlin, Zurich, Amsterdam, New York, Hong Kong, Seoul and Tokyo, IFM manages investments across infrastructure (equity and debt), diversified credit, listed equities and private equity assets.

Our four asset classes are supported by specialist teams in Commercial, External Relations, Finance, Global Relationship Group, Operations, People and Culture, and Risk and Compliance. IFM has a total workforce of over 700 employees globally, all working to protect and grow the retirement savings of our members.



4 Asset classes / A\$199bn

Debt Investments

A\$64.5bn

(includes infrastructure debt and diversified credit)

IFM is a specialist credit, infrastructure debt, core bond and cash manager, managing A\$64.5bn of debt investments globally.

Listed Equities

A\$39.6bn

IFM manages A\$39.6bn in listed equities across an extensive range of active, indexed and smart beta options on behalf of investors globally.

Infrastructure

A\$93.7bn

IFM manages A\$93.7bn in infrastructure equity globally. We target core infrastructure in developed markets and currently have interests in 33 portfolio companies with operations spanning 20 countries.

Private Equity

A\$1.2bn

IFM currently manages A\$1.2bn in Private Equity Investments. Direct holdings are represented by investments in Australia in service sectors underpinned by technology.

Our Supply Chain

As a global organisation, IFM's operations are supported by goods and services vendors with an expansive geographical footprint.

Despite continued Covid-related interruption of our on-site activities and travel restrictions preventing face-to-face interactions, the spend on goods, and services in particular, continued to grow in FY22. IFM's spend for FY22 totalled approximately AU\$116.8M across more than 750 suppliers - many of whom are new and/or one-off providers - and across multiple spend categories.

The geographical dispersion of our suppliers largely mirrors the location of our offices with no direct suppliers engaged in locations deemed to be of highest risk for modern slavery¹. The growth in our spend has largely been in the professional services category, reflecting some complex asset purchases that required expert consulting support, and internal consulting projects that support our management of efficient growth.

Spend within travel and associated categories started to normalise across the second half of FY22, but also increased risks in areas that we were not exposed to over the previous two years. Our previous assessment indicated that suppliers to the travel industry - in particular, hotels through complimentary items and cleaning - are higher risk due to manufacturing location and low skilled migrant labour being prominent, and we became more exposed to these risks with increased travel.

We anticipate our expenditure will continue to grow, including in higher risk categories, as a result of our changing business requirements. For example, IFM will consider our real estate footprint and future ways of working which may lead to increased purchases of manufactured goods for a new office fit-out.

¹High risk locations based on Global Slavery Index 2018 - Estimated prevalence of modern slavery by country

Modern slavery risks in our operations and investments

As a responsible employer and asset manager, we are committed to identifying, assessing and mitigating modern slavery risks and impacts in our operational supply chain and that of our investments.

We recognise that upholding public and investor trust necessitates responsible business practices. Whilst modern slavery and forced labour practices are likely inherent in the supply chains of most businesses around the world, understanding the risks and impacts our business poses to people, and acting on these components is critical to operating a responsible business and being part of the wider movement to eradicate such practices. In FY22 we continued our risk management activity with reference to the initial modern slavery risk assessment undertaken for us in FY20 by a third party human rights advisory group, together with in-house knowledge and insights into our key suppliers and investments.

In our operations

We continue to assess our supply chain via due diligence on new suppliers and ongoing assessment of existing suppliers.

Each year we review our expenditure to determine our risk profile against the analysis provided by the independent advisor in FY20 and there has been no material change to the level of risk associated with our operational supply chain over this financial year. IFM's travel and attendance at our offices has increased over the past twelve months, which has increased our risk profile, although not materially. We have continued to use the same suppliers as

previously and we have increased the information requests we put to these suppliers in an effort to scrutinise and monitor them more effectively.

As we aim to move towards a more business-as-usual environment, acknowledging that this will happen at different speeds across our global offices, we will continue to increase our monitoring of suppliers and purchasing decisions. Our supplier selection decisions will continue to utilise a broad criteria that supports IFM's desire to be a leader in managing our ESG obligations, including modern slavery.

In our investments

The outputs from the initial independent risk assessment on our investment portfolios as well as in-house insights continue to inform the ongoing management of modern slavery risk in our portfolio companies.

Our assessment of industries with more significant exposure remains unchanged and is focused on iron and steel manufacturing, oil and gas mining, construction, air travel and transportation and wholesale trade, as well as business services (energy, gas and water distribution); supporting and auxiliary transport services (cargo transportation, travel agency and supporting services); and pipeline services.

We continue to seek and take opportunities to engage with companies across each asset class and to apply a risk-based lens to investment decision-making and management.



Our actions to identify, assess and address modern slavery risks

As a global asset manager, business and employer, our recruitment, procurement and investment activities span a wide range of suppliers and products, industries, and regions with different laws and employment profiles.

Our investment decisions are guided by a respect for the environment, commitment to an inclusive society, and good governance. These principles, alongside our ambition to cultivate a culture of high performance, accountability, transparency, and learning and collaboration, guide our approach to modern slavery risk management. Our procurement protocols incorporate due diligence checks when engaging with high-value or high-risk vendors to help identify any potential risks and impacts of modern slavery – for example requesting information on supplier employment and procurement policies, processes and data as part of vendor selection and onboarding.

Managing the full extent of modern slavery risks and impacts requires a significant work-plan. To maximise the impact of our effort, we prioritise actions based on the following principles:

- **Risk:** we focus first on those areas where the greatest risks of modern slavery have been identified. This refers to both our operational supply chains and our investments – and considers a range of risk factors.
- **Influence:** we act on areas where we have increased opportunity to influence change through relationships, governance structures and geographic reach.

- **Collaborate:** we take opportunities to work together with like-minded businesses, investors and stakeholders to continually learn about modern slavery, share practices and to reduce the risk and occurrence of modern slavery.

Alongside our annual activity, we regularly review the fundamentals of our policies and procedures to ensure they are current and reflect our responsibilities in relation to modern slavery risk management. These include:

- IFM Group Corporate Environmental Social & Governance Policy;
- IFM Group Policy for the Engagement of External Advisors;
- IFM Group Outsourcing Policy,
- IFM Group Whistleblower Policy; and
- IFM Group Recruitment and Retention Policy.

Additionally, we are currently drafting a firm-wide Procurement Policy and Supplier Code of Conduct which will be added to our library of relevant policies and procedures.

Where there is evidence of a failure to adhere to standards when it comes to preventing acts of modern slavery and human trafficking, we will take appropriate action consistent with our approach to engaging with our suppliers and investee companies. We would also seek to put a remediation plan in place with suppliers and/or investments in circumstances where any incidents of modern slavery are identified.



Progress to Date – FY22

In line with our principles-based approach, our activities and goals are continually evolving. A key focus for FY22 was understanding our current modern slavery response from a peer benchmarking perspective as well as where IFM stood on the continuum of compliance to best practice. IFM is committed to continuous improvement and will be looking to action the recommendations arising from our gap analysis and benchmarking exercise to make further progress on the way we approach modern slavery risk management across our business. Further information on the gap analysis and benchmarking exercise is included at page 6.

Actions taken in FY22 in relation to modern slavery risk management include:

- **Building capability** - Development of a Modern Slavery guidance note for asset-level directors, prepared in collaboration with a third-party specialist provider. The guidance note seeks to help IFM comply with modern slavery legislation, as well as providing guidance and support for IFM-appointed Directors - to encourage and drive more active management of modern slavery risks at our directly owned assets. The Guidance note includes an indicative list of high-risk goods and services; definitions of modern slavery practices; a checklist of suggested actions for asset-level implementation; and other key resources.
- **Building capability** - Building on the work undertaken in previous years, we remain focused on increasing knowledge and understanding of modern slavery and lifting the capability of our people to identify and mitigate risks and impacts of modern slavery occurring in our business, supply chain and investments. A key area of focus this year was delivering mandatory training to global IFM employees who have a relevant role and a unique opportunity to drive greater change through board level positions in our global Infrastructure and private equity businesses. This training was instructor-led and developed in collaboration with a third-party specialist provider. The purpose of this training was to equip nominee company directors, and those who support directors, with an understanding of some of the common indicators of modern slavery risk, to help improve engagement and management of modern slavery in IFM-owned and managed investments. The training involved the presentation of case studies from high-risk sectors, some indicators or signals of modern slavery, and suggested questions to ask in seeking to identify and assess risk. These resources are designed to support asset advancement in managing modern slavery risk as well as supporting the assessment of company-specific risk during the due diligence process.
- **Building capability** - Our Procurement and Responsible Investment professionals continue to attend conferences and knowledge events addressing modern slavery, with opportunities to share ideas and the impact of work undertaken by business functions.
- **Supply chain management** - Modern slavery oversight has moved into an ongoing business as usual approach built into corporate procurement. We have updated our procurement sourcing tools and templates and we are incorporating modern slavery considerations within our developing social procurement strategy. This has led to a broader set of metrics for reviewing supplier performance beyond simply the cost and quality of the goods and services.
- **Supply chain management** - The maturity of IFM's procurement process and supplier management has continued to evolve over the past year. Beyond the inclusion of the refined tools and templates, the application of responsible sourcing selection criteria and improved supplier performance management, we have:
 - Established a contract management system to enable improved monitoring of our vendors and ensuring procurement personnel are aware of all new vendors;
 - Commenced quarterly updates to supplier monitoring via sanctions lists, which improves visibility of potential vulnerabilities in our supply chain;
 - Continued to amend contracts with certain suppliers in our supplier community regarded as having higher risk, to include clauses that specifically address modern slavery legislative requirements.
- **Collaboration and engagement** - Our participation in investor collaborative engagement initiatives such as Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) continues. IAST APAC is an investor-led initiative convened to promote effective action among companies to find, fix and prevent modern slavery, labour exploitation and human trafficking in their value chains. Through this network we have led engagement with a large retailer as well as taking advantage of additional peer learning and knowledge-sharing opportunities.

CASE STUDY

A closer look: Modern Slavery gap analysis

IFM’s first Modern Slavery statement was published in 2017 in response to our reporting obligations under the UK’s Modern Slavery Act. To better understand the positioning of our approach with regards to our legislative obligations, in FY22 we engaged Pillar Two, a specialist business and human rights advisory firm, to undertake a gap analysis and benchmarking exercise.

The objective of the benchmarking exercise was to understand how IFM is positioned relative to industry peers on modern slavery risk management in each of the following areas:

- Policy commitments
- Due diligence
- Tracking effectiveness
- Remediation

Additionally, through the modern slavery gap analysis, we sought to identify key opportunities for action to help strengthen our modern slavery risk management processes, and over time, to enhance our reporting to stakeholders.

Findings & recommendations

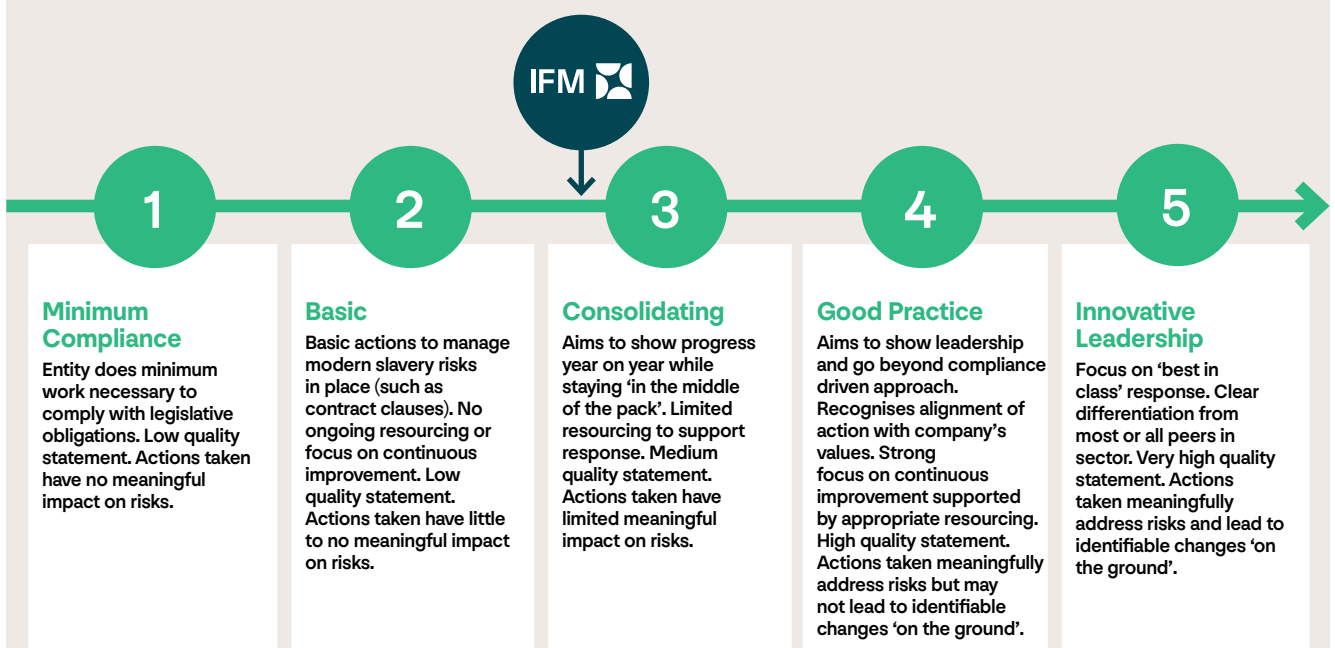
The analysis found that IFM’s modern slavery risk management and reporting is broadly on par with industry peers. Key strengths include:

- Initial risk assessment undertaken for both investments and supply chain
- Engagement with investees on modern slavery issues
- Collaboration with peers or civil society organisations on modern slavery risks and issues

The benchmarking exercise and gap analysis also identified opportunities for us to enhance our approach. Key areas for consideration include:

- Reviewing grievance mechanisms and remediation processes to ensure these capture modern slavery related conduct, and are trusted & accessible
- Developing key metrics or KPIs to track the impact of actions
- Reviewing ESG due diligence tools to ensure modern slavery considerations are adequately captured and are consistently reflected across investment teams
- Developing a supplier code of conduct and enhancing modern slavery-related governance and processes in procurement

These recommendations will form the basis of our work plan going forward and we look forward to sharing our progress on these actions in future statements.



Looking ahead – FY23 and beyond

The gap analysis and benchmarking exercise has enabled us to understand our current approach and develop a work plan that is based on priority actions.

We recognise that there is significant incremental activity we can undertake to build a leading modern slavery roadmap. The actions we will take going forward will be centred on a staged approach:

- **Building the fundamentals** – ensuring that our policies and processes adequately capture and support modern slavery risk management, and that we have identified appropriate metrics to measure the effectiveness of our actions.
- **Prioritising activity to maximise impact** – seeking out opportunities to leverage our relationships and influence to better understand investee company and supplier modern slavery responses, particularly where there are elevated risks to people
- **Maturing our human rights response** – growing a cross-functional working group to elevate our activities and extending these to build a holistic human rights approach.

Effectiveness of our approach

We recognise that amidst a changing global environment, legislative and regulatory developments, and our own business practices our modern slavery risk management practices need to be regularly reviewed and revised.

To date, we have assessed the effectiveness of our approach predominantly through internal feedback mechanisms. We recognise that to evolve and improve our practices, external feedback also needs to be appropriately reflected. Our work with the third-party advise provided us with rich insights and recommendations on how we can uplift and enhance the effectiveness of our modern slavery response. Based on these recommendations we are seeking to move from effective management to active engagement in our approach to managing modern slavery risks and impacts.

A key action arising is the development of KPIs – both qualitative and quantitative – that will enable us to both measure and monitor the effectiveness of our approach. In the next iteration of our modern slavery work plan, we hope to develop a set of clear metrics which we will communicate in our annual statement with a view to reporting on these KPIs as soon as practicable.

Accordingly in FY23 our focus will be on the following activities:

- Building on our procurement governance framework – including supplier code of conduct, reviewing contract clauses and developing a procurement strategy & policy.
- Introducing a more robust supplier performance management framework in the next financial year which should increase visibility of any ongoing modern slavery risks and implementing an updated supplier code of conduct.
- Reviewing and updating our due diligence tools across asset classes to ensure that modern slavery considerations are appropriately captured
- Developing quantitative and qualitative metrics to assess the effectiveness of modern slavery risk management
- Seeking opportunities to engage with assets and portfolio companies in high risk industries to understand their approach to modern slavery – focusing on encouraging assets to provide access to independent grievance mechanisms.
- Developing tailored modern slavery guidance for investment teams to continue our efforts to enhance capability and tools across our business and investment lifecycles.

We look forward to reporting back on our progress against these focus activities.

Consultation

In preparing this statement, the following consultation has been undertaken;

- IFM Investors Working Group, which comprises members from the Responsible Investment and Procurement teams;
 - IFM's Responsible Investment, Commercial, Risk and Compliance and Legal functions have provided support to all members of the company structure identified in Appendix 1.
 - Reviewed by our IFM Board Responsible Investment and Sustainability Committee
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Appendix 1

IFM Investors Group Structure Chart

As at 30 June 2022

