

Modern Slavery Statement

November 2020

Introduction

This Modern Slavery Statement (“Statement”) relates to IFM Investors Pty Ltd and all related corporate entities (“IFM Investors”). This includes the following IFM Investors entities that are subject to the requirements of the Modern Slavery Act 2015 (UK):

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

IFM Investors is committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain, and seek to impose the same high standards on our suppliers and investments. IFM Investors takes its responsibility to be a leader in socially responsible

and ethical business and investment practices very seriously. In so doing, we focus on what upholds human rights and gives workers a safe place to work.

This Statement is for the reporting period 1 July 2019 to 30 June 2020 and is approved and endorsed by our Board, the principal governing body for IFM Investors.

A handwritten signature in blue ink, appearing to read 'Greg Combet'.

The Hon. Greg Combet AM
IFM Investors Chair
November 2020

» Background – About IFM Investors

IFM Investors was established more than 25 years ago by a group of Australian industry superannuation funds to protect and grow the long-term retirement savings of their members by investing in nation-building infrastructure and private equity. Aligned with the objectives of our founders, we prioritise the interest of our investors by focusing on investments that seek to deliver strong net returns over the long term.

Our investment strategy today centres on the ownership and operation of critical community infrastructure, and holdings in four asset classes – Infrastructure, Debt, Listed Equities and Private Equity. Today, we invest on behalf of more than 470 like-minded institutions worldwide, including pension, superannuation and sovereign wealth funds, universities, insurers, endowment funds and foundations.

The A\$158 billion¹ entrusted to us by these investors incorporates the retirement savings of more than 30 million working people worldwide.

IFM Investors stands against all forms of forced labour and is committed to taking steps to prevent modern slavery and human trafficking from occurring within our supply chain and the supply chains of our investments. This Statement sets out our areas of risk, the steps we have taken to assess and address those risks, and how we measure the effectiveness of our approach. Our structure – which sets out the entities covered by this statement – is set out in Appendix 1, and includes IFM Investors Pty Ltd and its subsidiaries.

We are pleased to communicate the current status of our activities in addressing the legislative requirements and in tackling this important issue.

Our business and operations

IFM Investors is a global fund manager with offices in Melbourne, Sydney, London, Berlin, Zurich, New York, Hong Kong, Seoul and Tokyo. IFM Investors employs more than 170 investment professionals across our global network and these teams are supported by dedicated Commercial, Operations, Finance, People & Culture, External Relations and Global Relationship specialists, for a total combined workforce of 519 staff worldwide¹.

There are over 30 million superannuation and fund members represented by the 470 institutional investors which have investments being managed by IFM Investors. As at 30 June 2020, the A\$158.7 billion funds under management were invested across four assets classes.

Given the varying nature, size and value of these investments and underlying assets, it is recognised that the level of influence and engagement we can leverage may differ.



¹ Figures as at 30 June 2020.

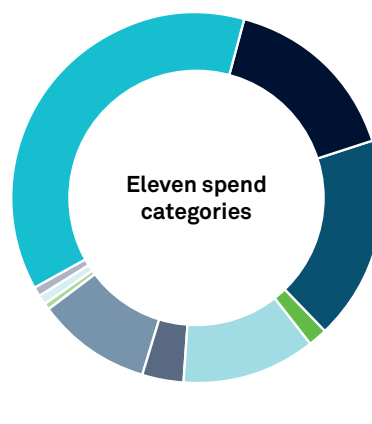
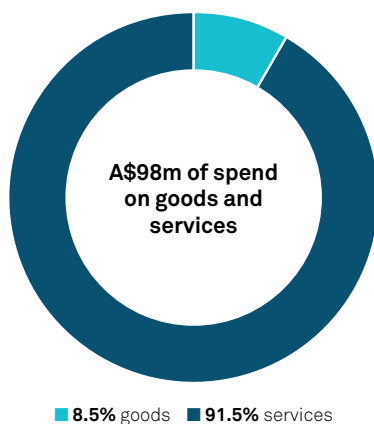
» Our Supply Chain

IFM Investors has staff working in multiple locations globally and utilises a range of goods and services to support the successful delivery of our operations. In FY20, our procurement activities represented:

- A\$98m of spend on goods and services;
- 748 suppliers, many of which were one-off suppliers;
- Eleven spend categories; and
- 99 sub-categories - those spend areas that are a sub-set

of the parent category, for example under travel, sub-categories are airlines, hotels, hire car, train, taxi.

Of IFM Investors' spend, 8.5 per cent was spend on goods and the remaining 91.5 per cent on services, including services that produced a capital output. This is consistent with IFM Investors being a knowledge company rather than a producer of goods.



- Professional services, including advisory, legal, tax, audit and strategy: **37.4%**
- Travel and expenses: **15.7%**
- Property (including leasing): **17.8%**
- Corporate Services: **1.7%**
- IT – hardware and software: **11.6%**
- Financial services: **3.6%**
- Recruitment services (including some contractor salaries): **10.0%**
- Subscriptions: **0.2%**
- Memberships as a part of Marketing: **0.5%**
- People and Culture services: **0.9%**
- Marketing: **0.7%**

The diversity of suppliers noted above supports our principal activity of funds management across the four asset classes.

Assessing and addressing modern slavery risks – FY20

Building on work undertaken in previous years, the following steps were taken during the reporting period to improve IFM Investors' understanding of and capability to identify and manage modern slavery risks:

- In relation to Private Equity and Infrastructure Equity assets, to support appointees to investee company boards, a guidance note has been shared on updates to modern slavery legislation to ensure an understanding from directors as to legislative requirements and to support the discharging of their responsibilities.
- During the year, IFM Investors implemented a centralised procurement function with a dedicated Procurement Manager. A key metric for the Procurement function has been for the incorporation, consideration and assessment of modern slavery risks in the corporate supply chain - a task which is ongoing.
- Sourcing documents are being developed and updated to request additional, mandatory information that enables a deeper assessment of modern slavery and other risks within current and prospective suppliers.
- Appointment of a third party advisor to support the

mapping of the modern slavery risks within IFM Investors' supply chain to the tenth tier. This included our corporate supply chain and that of our directly-held Private Equity, Infrastructure and Australian listed equities investments.

We recognise that in order to effectively identify, assess and address modern slavery risks, it is important to understand the full extent of the supply chains of those companies we procure from and which we invest in. In FY20, we took steps to go beyond our tier 1 suppliers and investments and understand the extent of these supply chains to enhance our understanding of the modern slavery risks therein. This was particularly important given that our direct supply chain is largely with service companies located in the same countries as our offices.

Recognising that the mapping of supply chains and undertaking this comprehensive risk assessment is a complex and lengthy process, in June 2020 we engaged a third party advisor to support this work. The advisor's proprietary system mapped global trade flow data linked to recognised global standards to proactively identify risk

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areas and target our risk assessment. This work identified and examined IFM Investors' modern slavery risks, by targeting an entity's industry, supporting industries and the geographies of those industries to produce an approximate supply chain for our suppliers and directly-held Private Equity, Infrastructure and Australian listed equities investments.

In analysing the output, attention was focused on the top three tiers of the supply chain, being that any risks at these levels are likely to be those that IFM Investors has the potential to cause, contribute to or be able to influence. The independent work provided evidence that risk was at its highest in the first three tiers as those tiers represented the most significant inputs to the end goods and services.

In our operations

Despite the potential for risk in all supply chains, companies supporting business travel, property (specifically office fit-outs) and IT hardware represented the greatest cumulative modern slavery risks. The risks associated with these categories is largely driven by the industries and suppliers that feed them. For example, some international hotels were assigned a proportionately higher risk rating than other suppliers due to their location (being associated with countries with poor human rights records), supporting industries (such as manufactured in-room items coming from high risk countries), and supporting services (such as cleaning services with higher levels of migrant workers and lower average wages).

By extending our assessment beyond the first tier, which may have indicated a relatively low risk of modern slavery, we were able to understand the broader supply chain risk. This

will likely drive a higher level of due diligence and support continuous improvement opportunities. For example, the supplier selection from a recent and significant purchase of promotional material had a detailed assessment of the policies each supplier had, their supplier selection processes, where their manufacturing occurred and results of ESG audits that the suppliers had undertaken on their own suppliers.

In our investments

Based on the risk assessment undertaken, entities across our infrastructure portfolio were identified as having higher modern slavery risk levels. The associated industries include oil & gas storage and transportation, marine ports, communications, utilities, airports and transportation infrastructure. It is recognised that the predominant factors driving the modern slavery risk for these investments are the key supporting industries in the top three tiers of the supply chain, and the geographies of operation.

The output of the detailed risk mapping exercise has enabled us to prioritise those investments where there are elevated modern slavery risks to inform an ongoing program of work, where we will seek to understand, monitor and support assets to respond to identified risks.

It is recognised that certain Infrastructure assets held in Australia will be required to report under the Australian Modern Slavery Act 2018 (Cth). As at the date of this Statement we have confirmed with the entities that are captured under the legislation are aware of their reporting obligations, which will assist in understanding their processes for addressing modern slavery risks in their supply chains.

Steps to continuous improvement – FY21 and beyond

IFM Investors has carefully considered immediate actions as well as medium and long-term plans to mitigate modern slavery risks and continue to improve our approach to addressing these risks. Our intention is to work with suppliers and investors, and indeed be open to our investors and shareholders working with us, to build action plans that will assist with reducing risks over time.

Our program of work is continually reviewed and evolves to help ensure this remains relevant, appropriate and proportional to the risks identified, and can be integrated into existing processes and policies. We determine appropriate activity based on the principles of:

- Prioritisation – focusing on those suppliers and investments where there is an elevated risk of modern slavery;
- Influence – using opportunities to leverage our influence to effect change or enhance understanding; and
- Collaborate – recognising the power of collective action, we will seek opportunities to collaborate with stakeholders to continually learn about this important

area of work, to share knowledge and findings and, where appropriate, to take steps to address modern slavery risks.

Accordingly, in FY21 we will continue to focus on those investment classes and suppliers where we have the most influence. We anticipate that next steps will include:

- Learning & training – we will continue to raise awareness of modern slavery, the legislation and our collective responsibilities within our organisation. A learning session, open to all IFM Investors staff is planned for early FY21.
- Engagement with key stakeholders – we will engage with key stakeholders across our business – including board appointees to investee companies - to develop targeted activities to address priority risks, and to equip relevant staff with modern slavery knowledge and tools to support risk considerations throughout the procurement and investment life cycles.
- Integration – we will seek to integrate modern slavery risk considerations into the existing investment lifecycle.

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A review of due diligence processes and documentation across all asset classes will commence in FY21 and this will incorporate modern slavery matters.

- Voting and engagement- the risk assessment outputs will be used to guide engagement and voting activity. Where there is an elevated risk, issue or incident relating to modern slavery for listed equities holdings, collective investor action is considered an effective strategy to engage with relevant companies.
- Focussed action – seek to understand how priority investments and suppliers are addressing modern slavery risks in their supply chains. This may involve desktop review of relevant policies, procedures and

documentation, and direct engagement with those entities.

- Ongoing due diligence – we will conduct regular risk-based assessments as part of our ongoing supplier performance management that will inform action plans with key risk suppliers. This involves building supplier reporting based on performance against contracted key performance indicators.
- With the establishment of the procurement function, a new procurement framework and policy is being developed and implemented. Sustainable procurement covering IFM Investors' preferred approach to ESG issues, including modern slavery, will be foundational to the framework.

Effectiveness and continuous improvement

We strive to ensure that the approach we take to managing modern slavery risks is effective and that we continually review, refine and modify our approach as appropriate. The comprehensive risk mapping of our supply chain undertaken in FY20 is an example of how we seek to continually build our understanding of modern slavery risks in our business operations and investment portfolios.

The following activities enable us to assess the effectiveness of, continually refine, and develop our approach:

- Review feedback received from our investors and external partners on how they manage modern slavery risks, ensuring industry collaboration forms a significant part of our ongoing continuous improvement.
- IFM Investors is already connecting with other Australian companies to understand how others are developing their strategies and to assist with the benchmarking of our own activities.
- Reviewing higher risk suppliers and investments to

understand any change of circumstances that may impact on the risk assessment

- Ensuring we are up to date on guidance relating to modern slavery risk management – within our industry and more broadly
- Continuing to engage with our employees through presentations and training, which will be continually monitored and updated to ensure it remains relevant and targeted.
- Undertaking further independent risk assessments, as appropriate, to help ensure our continued understanding of risk across the entire supply chain and any changes to the risk rating for suppliers and investments

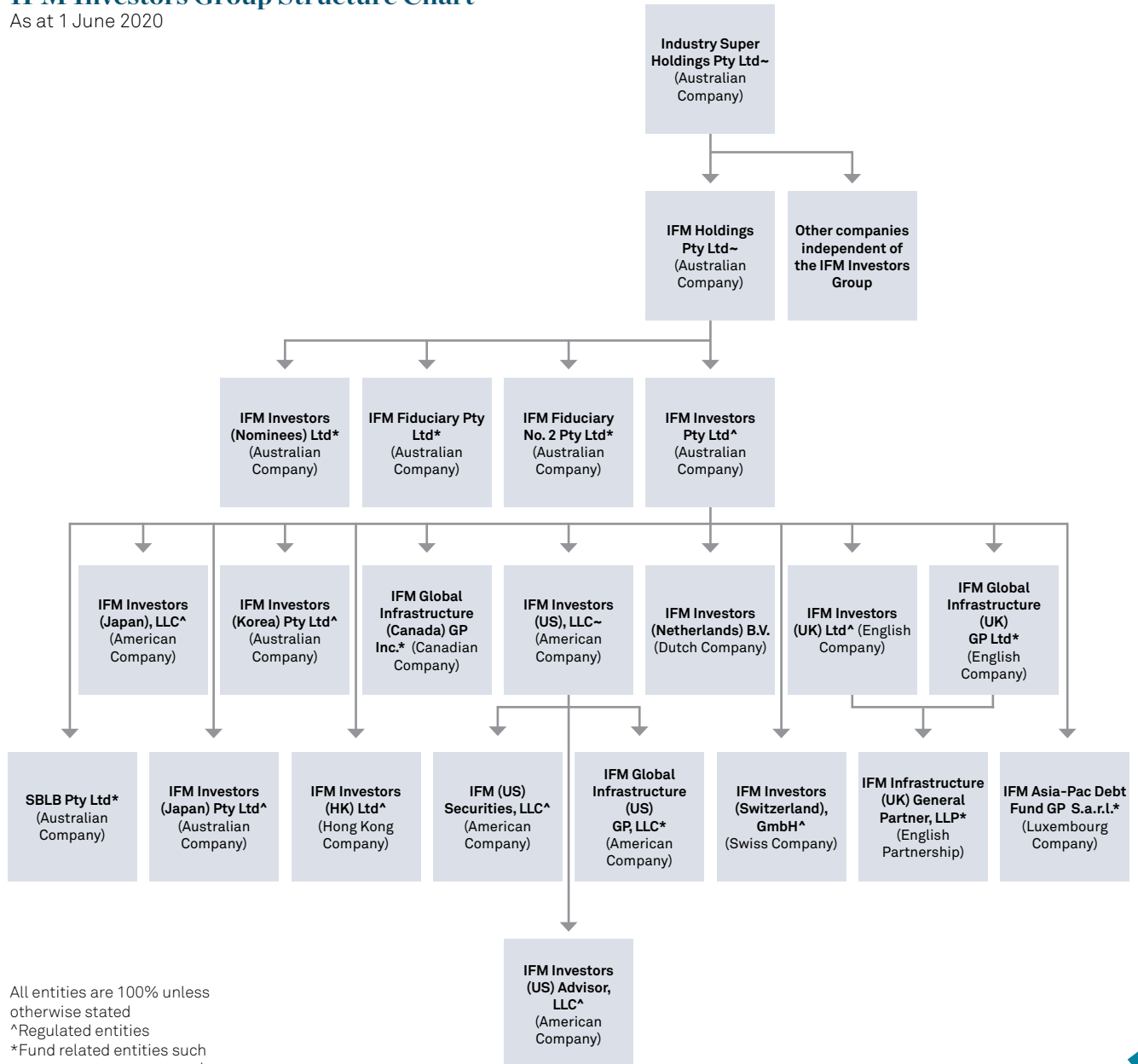
In future, we may also consider an audit of the effectiveness of our activities on measures such as employee awareness and the modern slavery risk profile of new supplier and investment selections .

Process of consultation

In preparing this statement, IFM Investors' Responsible Investment, Commercial – Legal and Procurement functions have provided support to all members of the company structure identified in Appendix 1.

» **Appendix 1****IFM Investors Group Structure Chart**

As at 1 June 2020



All entities are 100% unless otherwise stated

^Regulated entities

*Fund related entities such as corporate trustees and general partners

~Holding company

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IFM-10NOVEMBER2020-1404180