

## IFM invests in newly launched CBA ESG Term Deposit

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Industry super fund owned global funds manager, IFM Investors, has entered into a A\$200 million fixed-rate, Environmental, Social and Governance Term Deposit (ESG TD) with the Commonwealth Bank. Certified by an independent third party, and used entirely for funding loans designed to drive sustainable outcomes, the ESG TD is a first for the Australian market.

“The financial system has a critical role to play in supporting Australia’s decarbonisation journey by directing capital to projects and assets that will drive our transition to a more sustainable future,” said Andrew Hinchliff, Group Executive, Institutional Banking and Markets at Commonwealth Bank.

“We are proud to partner with IFM Investors on this ESG TD which provides \$200 million in additional capital for us to lend to initiatives driving positive ESG outcomes.”

Commonwealth Bank’s ESG TDs enable institutional clients to effectively manage their cash while also providing the bank with an alternative source of funding to finance sustainability-linked loans. Much like a traditional term deposit, investors receive a fixed rate of return for the investment term, however, under the ESG TD, the bank will exclusively allocate the proceeds of these deposits toward the growing portfolio of sustainability-linked loans (SLLs). Commonwealth Bank’s ESG TDs are certified by the Responsible Investment Association Australasia as meeting the Australian and New Zealand Standard for responsible investing.

IFM Investors, Executive Director, Responsible Investment, Chris Newton, said: “We know that the quality of the returns for long-term investors is a function of the quality and sustainability of the economic and financial system we invest in, now and in the years ahead. Having Responsible Investment practitioners integrated with our investment teams effectively delivers new products like this one, which is aligned to our net zero commitments and our purpose to protect and grow the retirement savings of working people.”

IFM Investors, Treasury Services Portfolio Manager, Helen Tu said: “We see this type of financing playing an important role in supporting significant assets across the community become more sustainable. We are delighted to partner with CBA and we particularly welcome their commitment to provide us with regular updates on the progress of initiatives being funded through the SLLs.”

Sustainability-linked loans link the borrower’s cost of funding to the achievement of predetermined sustainability targets, such as reducing greenhouse gas emissions, waste or water use or social goals such as higher employee diversity at senior management levels. If the borrower achieves the targets, they may get a financial benefit, and if they miss the targets, they may face a financial penalty. These loans are a widely-used finance instrument which help incentivise progress towards a more sustainable future.

“In launching the ESG term deposit product, we open an important avenue for cash-rich institutions to support Australia’s transition to a more sustainable future. By putting wholesale cash to work in support of sustainability-linked loans, we create a virtuous loop by connecting the ESG investor with CBA, which is connected to the ESG borrower,” said Chris McLachlan, Acting Executive General Manager, Global Markets at Commonwealth Bank.

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## About IFM Investors

IFM Investors was established more than 25 years ago with the aim to protect and grow the long-term retirement savings of working people. Owned by a group of Australian pension funds, the organisation has A\$179 billion under management as at 30 September 2021. Because IFM is owned by industry pension funds, we prioritise the interests of over 500 like-minded investors worldwide by focusing on assets that aim to combine excellent long-term risk/reward characteristics with broad economic and social benefits to the community. As a signatory to The United Nations-supported Principles for Responsible Investment, IFM actively engages on ESG issues with the companies in which we invest with the aim of enhancing their net performance while minimising investment risk. Operating globally from offices in Melbourne, Sydney, London, Berlin, Zurich, New York, Hong Kong, Seoul, Amsterdam and Tokyo, IFM manages investments across infrastructure, debt, listed equities and private equity assets. For more information, visit [www.ifminvestors.com](http://www.ifminvestors.com)