

# Principal Adverse Impact statement

Financial Market Participant: IFM Investors Pty Ltd

Legal Entity Identifier (LEI): 5493002BVK0QI7KW7H93

This statement provides information for products in-scope of the EU Sustainable Finance Disclosure Regulation (SFDR) only.

## 1 Summary

IFM Investors Pty Ltd (LEI: 5493002BVK0QI7KW7H93) considers principal adverse impacts (“PAI”) on sustainability factors as part of its investment decisions. The presented statement is the consolidated statement on principal adverse impacts on sustainability factors by IFM Investors Pty Ltd.

This statement on principal adverse impacts on sustainability factors covers the period from 1 January 2025 to 31 December 2025 (the “reference period”).

### 1.1 Summary of principal adverse impacts

For all investments, IFM considers three variables in relation to each PAI indicator:

- i) the likelihood of an issue arising in relation to that PAI;
- ii) the potential severity of an issue if it should arise; and
- iii) whether there is a risk of an issue arising which cannot be remediated.

Where investments are classified as ‘sustainable’ investments, these are assessed against Do No Significant Harm (“DNSH”) performance thresholds set for each of the 16 relevant PAI indicators. A description of PAI performance, considerations and actions taken is detailed in section 2, and the approach to identifying and prioritizing PAIs is detailed in section 3.

The following PAI indicators were considered by IFM in the reference period.

Adverse sustainability indicator	Metric	Table
<b>Climate and other environment-related indicators</b>		
GHG emissions	Scope 1 GHG emissions	1
	Scope 2 GHG emissions	1
	Scope 3 GHG emissions	1
	Total GHG emissions	1
Carbon footprint	Carbon footprint	1
GHG intensity of investee companies	GHG intensity of investee companies	1
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	1
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	1
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1



Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1
Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1
<b>Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>		
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1
Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	1
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	1
<b>Additional climate and other environment-related indicators</b>		
Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	2
<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>		
Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	3



## 2 Description of principal adverse impacts of investment decisions on sustainability factors

**Table 1. Indicators applicable to investments in investee companies**

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period	
<b>Climate and other environment-related indicators</b>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	154,515.53 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	134,356.75 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	<p>This indicator measures the effects of investee companies' activities on greenhouse gas (GHG) emissions. Scope 1 GHG emissions are direct emissions from sources owned or controlled by an investee company, such as fuel combustion in boilers or vehicles. The impact value represents the aggregated Scope 1 GHG emissions of investee companies across IFM products in-scope of SFDR, calculated on a financed basis.</p> <p>The majority of Scope 1 portfolio emissions contributing to this increase are attributable to one investee company, which was required to increase gas-powered electricity production in response to a nation-wide blackout. Scope 1 emissions are expected to remain elevated in the near term, reflecting the provision of critical services by such businesses. The remaining investee companies that contribute to this PAI have emissions-reduction plans in place.</p>	<p>In 2025, we held direct engagements and roundtables with investee companies to discuss climate targets and transition planning. These forums seek to clarify decarbonisation strategies and set tailored objectives for improvement, ranging from governance and disclosures to energy efficiency and emissions targets. To deepen our support, we plan to continue conducting one-on-one engagements with select investee companies over the coming year.</p>
			Scope 2 GHG emissions	37,635.79 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	35,901.25 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	

<sup>1</sup> Refer to section 3.4 for details of how IFM assesses PAIs and manages data errors.



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
				and are actively exploring measures to reduce their Scope 2 emissions. IFM divested from the remaining company in 2025.	one engagements with select investee companies over the coming year.
	Scope 3 GHG emissions	2,212,553.70 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	2,034,500.50 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	<p>This indicators measures the effects of investee companies' activities on GHG emissions. Scope 3 GHG emissions are indirect emissions that occur across an investee company's value chain and are not owned or directly controlled by the company. The impact value represents the aggregated Scope 3 GHG emissions of investee companies across IFM products in-scope of SFDR, calculated on a financed basis.</p> <p>Investee companies may use estimation and extrapolation techniques to quantify their Scope 3 GHG emissions, where required. As a result, limitations in the reliability and comparability of Scope 3 GHG data are acknowledged and managed in line with the approach set out in section 3.4 of this PAI statement.</p>	<p>In 2025, we held direct engagements and roundtables with investee companies to discuss climate targets and transition planning. These forums seek to clarify decarbonisation strategies and set tailored objectives for improvement, ranging from governance and disclosures to energy efficiency and emissions targets. To deepen our support, we plan to continue conducting one-on-one engagements with select investee companies over the coming year.</p> <p>In addition, IFM continued to work with investee companies to drive data quality improvements, particularly regarding Scope 3, through the provision of emissions calculation guidance and toolkits.</p>
	Total GHG emissions	2,404,705.02 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	2,204,758.50 tonnes CO <sub>2</sub> -e ("CO <sub>2</sub> equivalent")	This indicator measures the effects of a company's activities on GHG emissions. Impact value is the aggregated Scope 1, 2 and 3 GHG emissions of investee companies across IFM products in-scope of SFDR on a financed basis. Total GHG emissions are driven by underlying Scope 1, 2 and 3 GHG emissions. Please refer to these indicators for explanations.	IFM engaged with investee companies in-line the actions described against Scope 1, 2 and 3 indicators. We will continue to monitor this metric and engage as appropriate.
2. Carbon footprint	Carbon footprint	650.23 tonnes CO <sub>2</sub> -e / mEUR	612.12 tonnes CO <sub>2</sub> -e / mEUR	This indicator measures the carbon footprint of IFM products in-scope of SFDR. The impact value represents the aggregated Scope 1, Scope 2 and Scope 3 GHG emissions of investee companies, multiplied by the ownership ratio and divided by the	IFM engaged with investee companies in-line the actions described against Scope 1, 2 and 3 indicators. We will continue to monitor this metric and engage as appropriate.



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
				current value of all investments across IFM products in-scope of SFDR.	
				This metric reflects financed carbon emissions and captures the proportion of emissions attributable to IFM relative to investment value. As a result, the carbon footprint is expected to fluctuate year-on-year due to changes in portfolio composition or investment values, even where underlying emissions remain unchanged.	
3. GHG intensity of investee companies	GHG intensity of investee companies	3,857.68 tonnes CO <sub>2</sub> -e / mEUR	4,946.45 tonnes CO <sub>2</sub> -e / mEUR	This indicator measures the weighted average GHG emissions intensity of investee companies of IFM products in-scope of SFDR, measured as tonnes of CO <sub>2</sub> equivalent per unit of revenue, with weighting based on IFM's ownership ratio. We have seen a decrease in investee company emissions intensity compared to prior year, noting this metric is expected to fluctuate year-on-year due to change in portfolio composition or investee company revenues.	IFM engaged with investee companies in-line the actions described against Scope 1, 2 and 3 indicators. We will continue to monitor this metric and engage as appropriate.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	37.63%	31.17%	This indicator measures the share of investments in companies active in the fossil fuel sector (companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels), and is made up of investments related to natural gas, a transition fuel, and investments providing critical services to society in their jurisdictions for investee companies in IFM products in-scope of SFDR.	The share of investments active in the fossil fuel sector is likely to remain material and is expected to fluctuate in-line with changes to portfolio composition and the provisioning of critical services by investee companies.  IFM will continue to monitor and track progress of investee companies with plans to further reduce the value of this PAI indicator, and will continue seeking opportunities to support investee companies' transition towards lower-emissions energy sources, where appropriate.



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	79.66%	78.75%	<p>This indicator measures the percentage of the investee companies of IFM products in-scope of SFDR total energy production and consumption that is generated using non-renewable sources in the reporting year. It evaluates the investee company's efforts to shift away from fossil fuel-based energy towards renewable energy sources, such as solar, wind, hydro, or geothermal energy. The portfolio impact value is calculated as the weighted average of the portfolio's corporate investee company's non-renewable energy consumption and production.</p> <p>There has been &lt;1% increase from prior year and we expect this value will fluctuate over time.</p>	<p>This indicator is materially driven by one investee company which is reliant on natural gas as part of its core business model, which will remain a transition fuel for some time.</p> <p>IFM will continue to monitor and track progress against plans to increase uptake of renewables for investee companies materially contributing to this PAI indicator.</p>
6. Energy consumption intensity per high impact climate sector <sup>2</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing	0.00 GWh / mEUR	0.00 GWh / mEUR	<p>This indicator measures the energy consumption intensity of investee companies, expressed in GWh per million EUR of revenue, across high impact climate sectors as defined by the Nomenclature of Economic Activities (NACE) classification. The portfolio impact value represents the weighted average across IFM products in-scope of SFDR.</p> <p>Investee companies of products in-scope of SFDR had no exposure to this high impact climate sector.</p>	N/A
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Construction	0.01 GWh / mEUR	0.01 GWh / mEUR	<p>Please refer to the explanation against "Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing."</p> <p>Investee companies of IFM products in-scope of SFDR had immaterial exposure to Construction.</p>	<p>This value is considered immaterial in the IFM portfolio given it does not represent any significant business activities of investee companies. As our emissions intensity reduction targets require a focus in sectors with high climate impact, we will continue to prioritise engagement with investee companies in these sectors.</p>

<sup>2</sup> Per Regulation (EU) 2019/2088, High-impact climate sectors are those listed in Section A to H and Section L of Annex I to Regulation (EC) No. 1893/2006.



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Electricity, Gas, Steam, and Air Conditioning Supply	4.29 GWh / mEUR	2.81 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of IFM products in-scope of SFDR had exposure to Water supply, sewerage, waste management, and remediation activities.</p>	<p>This indicator is driven by investee companies that provide critical electricity, gas, and heating and cooling services to society. Increase in this PAI indicator compared to 2024 is primarily attributable to one investee company, which was required to increase gas-powered electricity production in response to a nation-wide blackout, as well as operational expansion and inflows across the portfolio. As our emissions intensity reduction targets require a focus in sectors with high climate impact, we will continue to prioritise engagement with investee companies in these sectors.</p>
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Manufacturing	0.00 GWh / mEUR	0.00 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of products in-scope of SFDR had no exposure to this high impact climate sector.</p>	N/A
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Mining and Quarrying	0.00 GWh / mEUR	0.00 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of IFM products in-scope of SFDR had no exposure to this high impact climate sector.</p>	N/A
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Transportation and storage	0.36 GWh / mEUR	0.42 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of IFM products in-scope of SFDR had exposure to Transportation and storage activities.</p>	<p>We have seen a reduction in energy consumption per million EUR of revenue of investee companies in this high impact climate sector. As our emissions intensity reduction targets require a focus in sectors with high</p>



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
					climate impact, we will continue to prioritise engagement with investee companies in these sectors.
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Water supply, sewerage, waste management, and remediation activities	2.00 GWh / mEUR	2.05 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of products in-scope of SFDR had exposure to Water supply, sewerage, waste management, and remediation activities.</p>	This indicator is materially driven by two investee companies that operate in the Water/Wastewater sector and has improved compared to prior year. Both investee companies have plans in place to increase their consumption of renewable energy. As our emission intensity reduction targets require a focus in sectors with high climate impact, we will continue to engage with investee companies in these sectors.
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Wholesale and retail trade; repair of motor vehicles and motorcycles	0.00 GWh / mEUR	0.00 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of IFM products in-scope of SFDR had no exposure to this high impact climate sector.</p>	N/A
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Real estate	0.00 GWh / mEUR	0.00 GWh / mEUR	<p>Please refer to the explanation against “Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Agriculture, Forestry, and Fishing.”</p> <p>Investee companies of IFM products in-scope of SFDR had no exposure to this high impact climate sector.</p>	N/A
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those	2.09%	2.07%	<p>This indicator measures the share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas. Impact value represents the aggregation of investee companies that have geographic exposure to biodiversity sensitive areas and engage in activities</p> <p>In line with prior year, one investee company indicated they have negatively impacted biodiversity sensitive areas through water abstraction and discharge. This is a byproduct of the investee company’s core service delivery which is to</p>



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
	areas			negatively affecting those areas from IFM products in-scope of SFDR.	<p>provide an essential utility service. Instances of water discharge were subject to permit conditions imposed by the local environmental regulator and were aligned with relevant environmental legislation, noting a small number of exceptions (&lt;1%) given the nature of operations and large asset base. This is in-line with industry wide standards.</p> <p>IFM will continue to monitor this PAI indicator and evaluate improvement opportunities, where applicable and appropriate.</p>
Water	8. Emissions to water Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0021 tonnes / mEUR	0.0013 tonnes / mEUR	This indicator measures harmful substances that are released to water. Emissions are measured in tonnes of pollutants per million EUR invested for investee companies of IFM products in-scope of SFDR. The following pollutants are considered for the purpose of this metric: Direct emissions of nitrates, phosphate and pesticides, and direct emissions of priority substances (e.g., heavy metals, loads of organic pollutant parameters such as biochemical oxygen demand (BOD) and chemical oxygen demand (COD), nitrogen and phosphorus compounds).	This metric is primarily driven by IFM's investment in investee companies in the Water/Wastewater and Energy sector, where some emissions to water are unavoidable due to the nature of the business and operations. These investee companies operate in line with local laws and regulations and monitor and report on compliance. Where data is fully or partially unavailable, IFM will seek to enable more accurate reporting on this metric in order to reduce reliance on estimation. and will continue to monitor PAI performance.



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.0045 tonnes / mEUR	0.0030 tonnes / mEUR	This indicator measures tonnes of hazardous waste generated per million EUR invested for investee companies of IFM products in-scope of SFDR. While there has been a minor increase compared to prior year, the underlying waste generated is deemed appropriate given the nature of investee company operations, which are managed in line with local laws and regulations.	IFM will continue to monitor this PAI and evaluate improvement opportunities. IFM seeks to continue to improve the data collection and quality of this indicator.
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises and	0.00%	0.00%	This indicator measures investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	IFM collects data (directly and through publicly available reports) from investee companies, directly engages with these companies and utilises third party reputational risk monitoring tools to inform this measurement. IFM will continue to monitor this PAI indicator and engage with investee companies where possible if such a violation were to occur.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	0.00%	This indicator measures evidence, or lack thereof, of companies' mechanisms and due diligence efforts to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	IFM collects data (directly and through publicly available reports) from investee companies, directly engages with these companies and utilises third party reputational risk monitoring tools to inform this measurement.  Where a lack of relevant policies or procedures are identified, IFM would seek to engage with the investee company to establish appropriate policies and processes.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	5.52%	6.53%	This indicator measures an average of the underlying gender pay gap ratios for each investee company. The average unadjusted gender pay gap of investee companies is the difference between the average (mean or median) earnings of men and women, including management, across a workforce, irrespective of worker characteristics or job title,	In 2025, IFM convened the third Workforce Optimisation Roundtable in partnership with Professor Corinne Low from the Wharton School, University of Pennsylvania, bringing together investee



Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation <sup>1</sup>	Actions taken, and actions planned and targets set for the next reference period
				expressed as a ratio of average male pay. Impact value is calculated as the weighted average of the gender pay gap ratio of investee companies of IFM products in-scope of SFDR.	company representatives for a collaborative discussion on workforce challenges and opportunities across the employee lifecycle. IFM will continue to engage with investee companies on workforce matters.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	25.24%	29.00%	This indicator measures the average ratio of female to male board members of investee companies of IFM products in-scope of SFDR. The board is considered the administrative, management or supervisory body of an investee company	In 2025, IFM convened the third Workforce Optimisation Roundtable in partnership with Professor Corinne Low from the Wharton School, University of Pennsylvania, bringing together investee company representatives for a collaborative discussion on workforce challenges and opportunities across the employee lifecycle. IFM will continue to engage with investee companies on workforce matters.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.00%	Investment policy for IFM SFDR in-scope products precludes making investments in companies involved in the manufacture or selling of controversial weapons.	N/A



**Table 2. Additional climate and other environment-related indicators**

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Climate and other environment-related indicators</b>						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	3.06%	5.14%	This indicator measures the existence of GHG reduction initiatives in general where the outcome criterion "Net Zero and Paris Alignment" checks whether the company has a net zero or science-based temperature-aligned GHG emissions reduction target to be achieved no later than 2050.	<p>The majority of investee companies have Scope 1 and 2 carbon emission reduction initiatives in place aimed at aligning with the Paris agreement. We continue to focus on investee companies that do not currently have carbon reduction initiatives aimed at aligning with the Paris agreement.</p> <p>For a number of these investee companies, initiatives and actions are underway or have taken place to reduce emissions, however these investee companies do not meet our full definition of aligning with the Paris agreement. This is work in progress and IFM aims to continue improving this ratio over the coming years, where appropriate.</p>



**Table 3. Additional indicators for social and employee, respect for human rights, anti-corruption and bribery matters**

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0.00%	0.00%	<p>This indicator measures the existence of an adequately documented and enforced workplace accident prevention policy, or where not in existence a plan to document and implement a safety policy within a reasonable timeframe.</p>	<p>IFM has continued to support the maturation of safety management across our portfolio by promoting best practice approaches. In 2025, IFM convened a Safety Roundtable co-facilitated with a leading safety consultant, focused on the application of technology and AI in infrastructure safety management. The session brought together safety experts and portfolio company leaders to share practical use cases and address common challenges, including reducing human interaction in inspections, deploying real-time monitoring and wearables, and exploring AI enabled tools to enhance customer safety.</p> <p>IFM will continue to monitor investee companies' safety policies and performance through existing portfolio-wide initiatives and monitoring processes.</p>



## 3 Description of policies to identify and prioritise principal adverse impacts on sustainability factors

### 3.1 Policy implementation

For products in-scope of SFDR, all investee companies are subject to pre- and post-investment consideration of principal adverse impacts in accordance with the IFM policy governing our approach to the Sustainable Finance Disclosure Regulation (the “**Policy**”). Under the Policy, IFM collects, monitors and reports data relating to a total of 16 PAI indicators, comprising 14 mandatory indicators (excluding the indicators for investments in sovereigns, supranational and real estate investee companies) (listed in table 1), one additional environmental indicator (listed in table 2), and one additional social indicator (listed in table 3). The Policy also defines IFM’s approach to investment engagement in relation to PAI performance throughout the investment lifecycle as detailed in section 4. The Policy is owned by IFM Sustainable Investment team which is responsible for its monitoring and maintenance, with day-to-day implementation supported by the Sustainable Investment team. It applies to all product managers in-scope of SFDR, being IFM Investors Pty Ltd and IFM Investors (Netherlands) B.V. New products or managers brought in-scope of SFDR will be subject to the requirements of the Policy. The Policy was subject to latest review and approval by the IFM Policy & Document Sub-committee in March 2026.

### 3.2 Methodology to identify and assess the mandatory principal adverse impacts

PAIs are identified and assessed at both pre- and post-investment stages of the investment lifecycle for products in-scope of the SFDR.

Pre-investment assessments are performed during due diligence to identify PAIs associated with a prospective investment. Post-

investment assessments are performed annually thereafter.

The identification and assessment methodology involves:

- Collection of PAI data for all 16 indicators, and supplementary data where relevant;
- Consideration of likelihood, severity and irremediability of the potential PAIs (detailed in section 3.4);
- Analysis of year-on-year PAI performance for investments held for more than one year; and
- Additional considerations specific to the investment, if deemed relevant by the Investment team.

Identification and assessment outcomes drive the prioritisation of PAI indicators for investment decision making.

### 3.3 Methodology to select optional PAI indicators reported

The two additional PAI metrics collected and disclosed by IFM under the regulation have been selected based on their relative materiality to the infrastructure sector and their alignment with key elements of IFM’s sustainability strategy being:

- (i) Climate transition risk; and
- (ii) labour rights.

#### Climate transition risk

IFM’s investments are exposed to climate related transition risks and opportunities. Decarbonisation is an essential mitigant to transition risks, and can also provide opportunities for competitive advantage. As a result, IFM has selected this PAI indicator to help measure and assess investee company and portfolio level decarbonisation efforts and alignment to a decarbonising economy –



“Investments in companies without carbon emission reduction initiatives.”

### Labour rights

IFM’s investee company’s activities and operations can expose employees, contractors and third parties to health and safety hazards. As a result, IFM has selected this PAI indicator to help measure and assess labour performance and ensure workplace health and safety is held to an appropriate standard by investee companies - “Investments in companies without workplace accident prevention policies.”

### 3.4 Assessing likelihood, severity and irremediable character

When collecting and assessing PAI data from investee companies, IFM considers the likelihood, severity and irremediable character of the adverse impacts caused in the following ways:

<b>Likelihood of impact</b>	<p>IFM considers, where relevant:</p> <ul style="list-style-type: none"> <li>the industry/sector of the investment and any material related sustainability risks identified during due diligence;</li> <li>the quality of the investment’s governance as a means of preventing adverse impacts (linked to the good governance test);</li> <li>any relevant policies, processes or other safeguards the investment has put in place to prevent the occurrence of adverse impacts;</li> <li>if there has been a year-on-year negative trend in the PAI. If so, materiality of this trend and reasons for it are assessed before remediation action is defined if</li> </ul>
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	<p>necessary; and</p> <ul style="list-style-type: none"> <li>whether there is evidence of poor past performance on sustainability issues on the part of the investment</li> </ul>
<b>Severity of potential impact</b>	<p>IFM considers, where relevant:</p> <ul style="list-style-type: none"> <li>the size and nature of the investment and its operations;</li> <li>investee PAI data in light of the DNSH thresholds for sustainable investments;</li> <li>the potential impact of investee PAI data on firm-and fund-level PAI indicators over time; and</li> <li>firm-wide commitments in the impact areas it sees as most material, namely: <ul style="list-style-type: none"> <li>its exclusion of firms deriving more than 20% of their revenue from the production and transport of thermal coal, or its use in electricity or heat generation;</li> <li>its Net Zero commitment; and</li> <li>where material risks associated with labor rights have been identified</li> </ul> </li> </ul>
<b>Potential for irremediability of impact</b>	<p>Through sustainability factor due diligence, IFM considers, where relevant:</p> <ul style="list-style-type: none"> <li>the nature/size of potential adverse impacts and the likelihood that they could be practically remediated; and</li> <li>current/expected governance and/or influence over potentially required future remediation actions</li> </ul>



As part of assessing PAI data, IFM seeks to manage the potential effects of data errors and seeks on a reasonable endeavors basis to have a low margin of error for all PAI data reported. To minimise margin of error, IFM follows the following data collection hierarchy:

1. PAI data is obtained directly from investments; then, if required
2. PAI data is obtained from publicly available data sources such as investee company websites or disclosures (such as for listed investments); then, if required, either due to data unavailability, or where an investee company would likely be acting contrary to applicable local laws
3. PAI data is either:
  - a. acquired from approved data providers; or
  - b. estimated in accordance with a methodology approved by the Sustainable Investment team. Where data is partially available, estimation may be performed giving priority to available information from part of the year, or from prior years.

All PAI data obtained is subject to review by Investment teams. However, we note sustainability data is generally of limited availability and there remains divergent views, methodologies, and approaches across data sets. As such, estimation methodologies from third-party sources may impact PAI calculations.

Sustainability data is constantly evolving and improving with increased mandatory reporting frameworks globally. IFM cannot verify or validate third-party sustainability information and is not liable for the adequacy, accuracy, or completeness of such information. Data relied upon may be produced based on methodologies that are not transparent to IFM, and the data used and underlying methodologies are subject to change without notice.

## 4 Engagement policies

IFM's investment teams engage with investments both pre-investment (where possible) and on an annual basis to collect and assess all required information in relation to the PAI indicators. As part of this process, IFM may undertake engagement actions with investments to investigate the causes of PAIs identified and mitigate the severity and likelihood of such impacts occurring in subsequent years.

All principal adverse impact indicators listed in Table 1 are considered in the engagement processes undertaken with investments, detailed in sections 4.1 and 4.2 respectively.

### 4.1 Pre-investment engagement

During due diligence IFM will (where possible) engage with prospective investments to identify material sustainability risks through direct discussions with investee-company stakeholders and sustainability checklists which include collection and analysis of the PAI indicators. Where an investment is intended to be classified as 'sustainable', additional data collection and analysis is performed against DNSH thresholds associated with each of the relevant PAI indicators. IFM may require that the provision of specified sustainability factor and PAI data from investments is integrated into shareholder agreements. In cases where the PAI performance of prospective investments does not align with IFM's expectations for each indicator and DNSH thresholds (where relevant), engagement actions may be planned and included in the post investment transition plan to mitigate the adverse impacts identified. In extreme circumstances where IFM does not believe post-investment engagement can appropriately mitigate PAIs, pre-investment proceedings may be terminated.

### 4.2 Post-investment engagement



Following initial investment, IFM engages with investee companies to obtain and assess all required PAI information on an annual basis. For all investments, PAI data is assessed for year-on-year performance with consideration of the likelihood, severity and irremediability of the PAI arising. Year-on-year performance is assessed in the context of macro factors (such as extreme weather events, geopolitical shocks etc.) and / or changes in the composition in investments of the relevant fund before engagement action is taken. In addition, investments classified as ‘sustainable’ are assessed against DNSH thresholds associated with each of the

relevant PAI indicators. Where DNSH thresholds are not met, engagement actions are undertaken.

These can include, but are not limited to, utilisation of IFM’s representation on investment boards and sub-committees, where applicable, to implement direct PAI mitigation initiatives, utilisation of shareholder interest to vote on relevant sustainability factor and PAI matters presented at shareholder meetings, or in extreme circumstances divestiture.

## 5 References to international standards

IFM’s investment strategies may refer to or draw upon multiple responsible business conduct codes and internationally recognised standards. The key international standards relevant to IFM’s investment products are listed in the table below.

International standard	Relevant PAI indicators for assessing alignment
<b>OECD Guidelines for Multinational Enterprises</b>	PAI 10 (M) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
<b>UN Global Compact</b>	PAI 11 (M) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises)
<b>UN Declaration of Human Rights and Guiding Principles on Business and Human Rights</b>	
<b>International Codes of Corporate Governance</b>	
<b>Taskforce for Climate-related Financial Disclosures (TCFD)</b>	PAI 1 (M) GHG emissions PAI 2 (M) Carbon footprint Carbon footprint PAI 3 (M) GHG intensity of investee companies PAI 4 (M) Exposure to companies active in the fossil fuel sector PAI 5 (M) Share of non-renewable energy consumption and production PAI 6 (M) Energy consumption intensity per high impact climate sector PAI 4 (O) Investments in companies without carbon emission reduction initiatives



<b>The Paris Agreement</b>	PAI 1 (M) GHG emissions PAI 2 (M) Carbon footprint Carbon footprint PAI 3 (M) GHG intensity of investee companies PAI 4 (M) Exposure to companies active in the fossil fuel sector PAI 5 (M) Share of non-renewable energy consumption and production PAI 6 (M) Energy consumption intensity per high impact climate sector PAI 4 (O) Investments in companies without carbon emission reduction initiatives
<b>ILO Core Labour Standards</b> <b>US Occupational Safety and Health Administration Standards (OSHAS)</b>	PAI 10 (M) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises PAI 11 (M) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises PAI 1 (O) Investments in companies without workplace accident prevention policies

M Mandatory PAI indicator    O Optional PAI indicator

### 5.1 Methodology and data used to measure alignment to international standards

In line with the mapping table above, IFM uses investee company-level PAI data to assess the alignment of investments with certain core aspects covered under the relevant international standards. PAI data collected from investments and the results of DNSH assessments performed in relation to sustainable investments are considered to be a reliable means by which the degree of alignment of IFM’s investments to certain components of international standards and conduct codes can be evaluated. PAI data informs decision-making and engagement actions in line with the methodology detailed in sections 3 and 4.

### 5.2 Use of forward-looking climate scenarios

IFM Investment teams may undertake forward-looking climate and economic scenario analysis for in-scope products using the following scenarios:

- International Energy Agency’s Net Zero Emissions (NZE) scenario which is current at the time of utilisation; or
- Network for Greening the Financial System scenario which is current at the time of utilisation; or
- Coupled Model Intercomparison Project scenarios; or
- Alternative scenarios, where considered appropriate.

## 6 Historical comparison

Please refer to section 2, tables 1, 2 and 3 for historical comparison of principal adverse impacts.

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