

Principal Adverse Impact statement

Financial Market Participant: IFM Investors (Netherlands) B.V.

Legal Entity Identifier (LEI): 724500IKVNE37WCYQQ17

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

1 Summary

IFM Investors (Netherlands) B.V. (LEI: 724500IKVNE37WCYQQ17) 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 (Netherlands) B.V.

This statement on principal adverse impacts on sustainability factors covers the period from 1 January 2024 to 31 December 2024 (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.

1 Samenvatting

IFM Investors (Netherlands) B.V. (LEI: 724500IKVNE37WCYQQ17) houdt rekening met de belangrijkste negatieve effecten (“Principal Adverse Impacts”) (hierna: “**PAI**”) op duurzaamheidsfactoren bij beleggingsbeslissingen. Dit is een geconsolideerde verklaring omtrent de belangrijkste nadelige effecten op duurzaamheidsfactoren van IFM Investors (Netherlands) B.V.

Deze verklaring omtrent de belangrijkste negatieve effecten op duurzaamheidsfactoren heeft betrekking op de referentieperiode van 1 januari 2024 tot en met 31 december 2024 (de “**referentieperiode**”).

1.1 Samenvatting van de belangrijkste negatieve effecten op duurzaamheidsfactoren

IFM houdt bij alle beleggingen rekening met de volgende drie variabelen ten aanzien van elke PAI indicator:

- i) de waarschijnlijkheid dat negatieve effecten zich voordoen;
- ii) de potentiële ernst van de negatieve effecten; en
- iii) het eventuele onherstelbare karakter van de negatieve effecten.

Beleggingen die geclassificeerd zijn als ‘duurzame’ beleggingen, worden getoetst aan de hand van de “do no significant harm” (“**DNSH**”) maatstaven die zijn vastgesteld voor elk van de 16 relevante PAI-indicatoren. Een beschrijving van de PAI prestaties, overwegingen en ondernomen acties is opgenomen in sectie 2, en de methode voor het identificeren en prioriteren van de PAIs is opgenomen in sectie 3.

De volgende PAI-indicatoren zijn door IFM in aanmerking genomen gedurende de referentieperiode.



Adverse sustainability indicator	Metric	Table
Climate and other environment-related indicators		
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
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
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
Additional climate and other environment-related indicators		
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
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
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 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	130,863.92 tonnes CO2-e ("CO2 equivalent")	156,100.58 tonnes CO2-e ("CO2 equivalent")	<p>The purpose of this PAI indicator is to measure and assess the negative effects of an investee companies' activities on greenhouse gas (GHG) emissions. Scope 1 GHG emissions are those from sources owned or controlled by an investee company, typically direct combustion of fuel as in a boiler or vehicle. Impact value represents the aggregation of Scope 1 GHG emissions from investee companies across IFM products in-scope of SFDR on a financed basis.</p> <p>Where required, IFM engaged with investee companies materially contributing to this PAI indicator on their plans and initiatives to reduce Scope 1 GHG emissions over time. We will continue to monitor this metric and engage as appropriate.</p> <p>While this PAI represents the share of Scope 1 GHG portfolio emissions, the majority of this PAI is derived from two investee companies, which have emissions reduction targets and carbon reduction initiatives in place. However, the Scope 1 GHG emissions will likely remain high for some time as these investee companies provide critical services to society. Similarly, for the remaining investee companies that contribute to this PAI, emissions reduction targets and plans are in place.</p>
		Scope 2 GHG emissions	35,012.87 tonnes CO2-e ("CO2 equivalent")	37,213.73 tonnes CO2-e ("CO2 equivalent")	

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



Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
				<p>This PAI represents the share of Scope 2 GHG portfolio emissions, the majority of this PAI is derived from five investee companies, which either already have or are exploring carbon reduction initiatives to address their Scope 2 GHG emissions. Similarly, for the remaining investee companies that contribute materially to this PAI, emissions reduction targets and plans are in place.</p> <p>Estimation note: This PAI is estimated for 13% of investee companies.</p>	
	Scope 3 GHG emissions	2,026,645.80 tonnes CO2-e ("CO2 equivalent")	2,031,220.65 tonnes CO2-e ("CO2 equivalent")	<p>The purpose of this PAI indicator is to measure and assess the negative effects of an investee companies' activities on GHG emissions. Scope 3 GHG emissions are those from sources in an investee company's value chain, that are not direct or controlled by an investee company. Impact value represents the aggregation of Scope 3 GHG emissions from investee companies across IFM products in-scope of SFDR on a financed basis. Investee companies utilise estimation and extrapolation to quantify their own Scope 3 GHG emissions (as required), and IFM has further estimated this measure for 8.7% of investee companies. As a result, we acknowledge limitations in the reliability of Scope 3 GHG data which we manage in-line with section 3.4 of this PAI statement.</p> <p>Estimation note: This PAI is estimated for 8.7% of investee companies.</p>	Where required, IFM engaged with investee companies materially contributing to this PAI indicator on their plans and initiatives to reduce Scope 3 GHG emissions over time. In addition, we made available Scope 3 emissions calculation guidance, developed with support from a leading consultant to all investee companies to seek to enable more accurate Scope 3 GHG emissions measurement. We will continue to monitor this metric and engage as appropriate.
	Total GHG emissions	2,192,522.59 tonnes CO2-e ("CO2 equivalent")	2,224,534.97 tonnes CO2-e ("CO2 equivalent")	<p>The purpose of PAI indicator is to measure and assess the negative 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..</p> <p>Total GHG emissions are driven by underlying Scope 1, 2 and 3 GHG emissions. Please refer to these PAIs for explanations.</p> <p>Estimation note: This PAI is estimated for 13% of investee companies.</p>	Where required, IFM engaged with investee companies materially contributing to this PAI indicator on their plans and initiatives to reduce Scope 1, 2 and 3 GHG emissions over time. We will continue to monitor this metric and engage as appropriate.



Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
2. Carbon footprint	Carbon footprint	618.32 tonnes CO2-e / mEUR	639.46 tonnes CO2-e / mEUR	<p>The purpose of this PAI indicator is to measure and assess an investee company's carbon footprint. Impact value is the aggregated Scope 1, 2 and 3 GHG emissions of an investee company multiplied by the ownership ratio, divided by the current value of all investments across IFM products in-scope of SFDR. It is a measure of carbon emissions ownership (tonnes of Co2), as it takes into account the proportion of emissions per investment relative to the total size of the value. Note that carbon footprint can fluctuate without a change in carbon emissions as a result of changes in investment value.</p> <p>Estimation note: This PAI is estimated for 13% of investee companies.</p>	Where required, IFM engaged with investee companies materially contributing to this PAI indicator on their plans and initiatives to reduce Scope 1, 2 and 3 GHG emissions over time. We will continue to monitor this metric and engage as appropriate.
3. GHG intensity of investee companies	GHG intensity of investee companies	5,363.16 tonnes CO2-e / mEUR	5,261.99 tonnes CO2-e / mEUR	<p>The purpose of this PAI indicator is to measure GHG intensity, which is the quantity of GHG emissions (Scope 1,2 and 3) per million Euro revenue of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer GHG emissions relative to issuer economic output.</p> <p>Estimation note: This PAI is estimated for 13% of investee companies.</p>	Where required, IFM engaged with investee companies materially contributing to this PAI indicator on their plans and initiatives to reduce Scope 1, 2 and 3 GHG emissions over time. 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	30.93%	33.42%	<p>This PAI indicator represents 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.</p>	<p>While the share of investments active in the fossil fuel sector is likely to remain material, the value of revenue associated with more sustainable fuels is expected to increase over time.</p> <p>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 increase revenue derived from sustainable fuels in these investee companies.</p>



Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	Explanation ¹	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	59.82%	93.26%	This PAI represents the percentage of the company's total energy production and consumption that is generated using non-renewable sources in the reporting year. It evaluates the 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.	This PAI 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. IFM will continue to monitor and track progress against plans to increase uptake of renewables for investee companies materially contributing to this PAI indicator.
6. Energy consumption intensity per high impact climate sector ²	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	This PAI reflects energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector based on the NACE classification of activities. NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities. The portfolio impact value represents the weighted average of investee company energy consumption in GWh per million Euro of revenue of investee companies, per high impact climate sector across IFM products in-scope of SFDR. Investee companies of products in-scope of SFDR had no exposure to Agriculture, Forestry and Fishing.	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	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." Investee companies of products in-scope of SFDR had immaterial exposure to Construction.	This PAI indicator 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.

² 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 2024	Impact year 2023	Explanation ¹	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	2.65 GWh / mEUR	2.16 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 Construction.</p>	This PAI 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 2023 is primarily driven operational expansion and portfolio inflows. 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.
	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 Manufacturing.</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 products in-scope of SFDR had no exposure to Mining and Quarrying.</p>	N/A
	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact sector - Transportation and storage	0.42 GWh / mEUR	0.32 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 Transportation and storage.</p> <p>Estimation note: This PAI is estimated for 6.67% of investee companies.</p>	Increase in this PAI indicator is driven by operational expansions and portfolio inflows. 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.



Adverse sustainability indicator		Metric	Impact year 2024	Impact year 2023	Explanation ¹	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 - Water supply, sewerage, waste management, and remediation activities	2.05 GWh / mEUR	0.97 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 PAI indicator is materially driven by two investee companies that operate in the Water/Wastewater sector, with the increase primarily attributable to operational expansion at one investee company, which is providing a critical utility service to society. 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 products in-scope of SFDR had no exposure to Wholesale and retail trade; repair of motor vehicles and motorcycles</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 products in-scope of SFDR had no exposure to Real estate.</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 areas	2.05%	2.25%	This PAI indicator reflects 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 negatively affecting those areas from products in-scope of SFDR.	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 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



Adverse sustainability indicator		Metric	Impact year 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
						<p>exceptions (<2%) 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 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	0.0013 tonnes / mEUR	0.0007 tonnes / mEUR	<p>This PAI indicator reflects harmful substances that are released to water. Emissions are measured in tonnes of pollutants and 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).</p> <p>Estimation note: This PAI is estimated for 13% of investee companies.</p>	<p>This PAI 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.</p>
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	0.0029 tonnes / mEUR	0.0024 tonnes / mEUR	<p>This PAI indicator reflects hazardous waste and is measured in tonnes of hazardous waste generated by a company. The underlying waste generated is deemed appropriate given the nature of investee company operations, which are managed in line with local laws and regulations.</p> <p>Estimation note: This PAI is estimated for 4.35% of investee companies.</p>	<p>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.</p>
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD)	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00%	0.00%	<p>This PAI indicator refers to investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.</p> <p>The percentage of this PAI which has been estimated has reduced from 8.7% in 2023 to 4.35% in 2024.</p> <p>Estimation note: This PAI is estimated for 4.35% of investee companies.</p>	<p>IFM utilises third party reputational risk monitoring tools, in addition to investee company responses and other publicly available information to inform the estimation proportion of this PAI indicator. IFM will continue to monitor this PAI and seek to continue reducing reliance on estimation over time.</p>



Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
Guidelines for Multinational Enterprises					
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%	<p>This PAI indicator reflects 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.</p> <p>The percentage of this PAI which has been estimated has reduced from 8.7% in 2023 to 4.4% in 2024.</p> <p>Estimation note: This value was estimated for 4.35% of investee companies.</p>	We expect our investee companies respect human rights and have appropriate policies in place. IFM utilises third party reputational risk monitoring tools, in addition to investee company responses and other publicly available information to inform the estimation proportion of this PAI indicator. IFM will continue to monitor this PAI indicator and seek to continue reducing reliance on estimation over time. Where a lack of certain policies or procedures are identified, IFM would seek to engage with the investee company to establish the appropriate governance policies and procedures.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2.53%	11.83%	<p>This PAI indicator reflects an average of the underlying 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, expressed as a ratio of average male pay. Impact value is calculated as the weighted average of the portfolio's corporate investee companies gender pay gap ratio.</p> <p>Estimation note: This value was estimated for 17.39% of investee companies.</p>	IFM engaged and will continue engaging with management on the topics of diversity, equity and inclusion, and will seek to obtain more complete data from investee companies to improve reporting quality of this PAI indicator. IFM encourages measurement and transparency in gender pay to improve diversity, equity and inclusion.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.16%	27.83%	This PAI reflects the average ratio of female to male board members, where the board is considered the administrative, management or supervisory body of a investee company.	For investee companies that do not have at least one member of the underrepresented gender on the board and do not already have plans in place to address this over time, IFM engaged, and will continue to engage on an annual basis on this topic and, where applicable,



Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	Explanation ¹	Actions taken, and actions planned and targets set for the next reference period
					seek to improve gender diversity on the boards.
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 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 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators						
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	5.28%	10.32%	This PAI indicator refers to GHG reduction programmes 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. 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 improve this ratio over the coming years, where appropriate.</p> <p>IFM will continue to focus on investee companies that do not currently have carbon reduction initiatives aimed at aligning with the Paris agreement to continue to improve this ratio over the coming years.</p>



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

Adverse sustainability indicator		Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
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%	This PAI reflects 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.	IFM will continue to monitor investee companies' safety policies and performance through existing portfolio-wide initiatives and monitoring processes.

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, maintenance, and implementation. 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 on 24 June 2025.

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 risk; and
- (ii) labour rights.

Climate risk

IFM's investments are exposed to climate related transition risks and opportunities. Decarbonisation is an essential mitigant to these 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:

Likelihood of impact	<p>IFM considers, where relevant:</p> <ul style="list-style-type: none">• the industry/sector of the investment and any material related sustainability risks identified during due diligence;• the quality of the investment's governance as a means of preventing adverse impacts (linked to the good governance test);• any relevant policies, processes or other safeguards the investment has put in place to prevent the occurrence of adverse impacts;• 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 necessary; and• whether there is evidence of poor past performance on sustainability issues on the part of the investment
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Severity of potential impact	<p>IFM considers, where relevant:</p> <ul style="list-style-type: none"> the size and nature of the investment and its operations; investee PAI data in light of the DNSH thresholds for sustainable investments; the potential impact of investee PAI data on firm- and fund-level PAI indicators over time; and firm-wide commitments in the impact areas it sees as most material, namely: <ul style="list-style-type: none"> 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; its Net Zero commitment; and where material risks associated with labor rights have been identified
Potential for irremediability of impact	<p>Through sustainability factor due diligence, IFM considers, where relevant:</p> <ul style="list-style-type: none"> the nature/size of potential adverse impacts and the likelihood that they could be practically remediated; and current/expected governance and/or influence over potentially required future remediation actions

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
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 ESG data is generally of limited availability and there remains divergent ESG views, methodologies, and approaches across data sets. As such, estimation methodologies from third-party sources may impact PAI calculations.

ESG data is constantly evolving and improving with increased mandatory reporting frameworks globally. IFM cannot verify or validate third-party ESG 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
OECD Guidelines for Multinational Enterprises	PAI 10 (M) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
UN Global Compact	PAI 11 (M) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises)
UN Declaration of Human Rights and Guiding Principles on Business and Human Rights	
International Codes of Corporate Governance	
Taskforce for Climate-related Financial Disclosures (TCFD)	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
The Paris Agreement	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
ILO Core Labour Standards	PAI 10 (M) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
US Occupational Safety and Health Administration Standards (OSHAS)	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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