

IFM Listed Equities Proxy Voting Guidelines

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Guidelines at a glance

Why

As a holder of listed equities, IFM can cast votes at company general meetings. The resolutions at company general meetings can relate to matters such as remuneration of key executives, election of directors to the board, environmental and social targets, and progress.

IFM seeks to achieve an alignment of interest between company performance and shareholder value over the long-term and sees the exercise of its voting rights as a key tool offered to shareholders.

These guidelines provide information that should be considered as part of the voting decision process.

While every company and general meeting resolution should be judged on its own merits, these guidelines seek to ensure consistency in the key considerations of our voting rationales. We recognise that companies may be in varying stages in their governance maturity, and this will be taken into consideration when determining a voting position.

What

These guidelines can be used as part of the evaluation process for resolutions at company general meetings.

How

Following these guidelines when evaluating resolutions and our voting position will enable IFM to exercise its voting rights in alignment with overarching principles and positions on various issues and with a consistent approach, which we see as a key tool to fulfil our purpose to invest, protect and grow the long-term retirement savings of working people.

Who

These guidelines apply to our listed equities holdings where applicable and will be implemented by the IFM Proxy Voting and Engagement Committee (PEC) and its delegates.

Where our clients retain authority for proxy voting, our client's instructions will take priority and be implemented accordingly.

The PEC's independent decision-making process aligns with the voting guidelines. In addition to input from IFM's listed equities teams, this process also considers advice from independent, external research firms and proxy advisers.

The PEC aims to ensure that any proxy advice and voting recommendations adopted are aligned with IFM's own sustainable investing guidelines and that voting decisions are in best interests of our investors.

1

Introduction

IFM Investors' (IFM) Sustainable Investing Guidelines¹ outline our overall approach to sustainable investing which aims to manage financial risk and improve the performance of our investments. As part of this approach, we seek to identify, understand, and manage a broad range of risks and opportunities that can materially impact the value of our investments.

Our stewardship approach for Australian assets within our listed equities portfolio involves direct and indirect company engagement and exercising our proxy voting rights, seeking to influence positive change. Our stewardship approach for global listed equities focuses on exercising our proxy voting rights.

We see voting as a key pillar of our stewardship activities. Our approach is outlined in regular stewardship reporting available on our website^{2,3}.

2

Environmental action

2.1 Net zero transition

We believe the risks and opportunities arising from climate change and the transition to a net zero economy are unprecedented, and our expectations on strategy and disclosure by companies are aligned with the Climate Action 100+ initiative Net Zero Company Benchmark⁴, and are set out below.

Specifically, and using the net zero benchmark as a guide, we expect companies to:

- Have set an overall ambition to achieve net zero GHG emissions by 2050 or earlier. This should include at least 95% of its Scope 1 and 2 emissions, and the most relevant Scope 3 emission categories for the company's sector (where applicable).
- Set short, medium, and long-term greenhouse gas (GHG) reduction targets that are aligned with or below the relevant sector trajectory (where

applicable) needed to achieve the Paris Agreement goal of limiting global temperature increase to 1.5°C with low or no overshoot.

- Have a credible and transparent decarbonisation strategy outlining how the company intends to meet its medium and long-term GHG reduction targets.
- Commit to decarbonise in line with defined Just Transition principles, recognising the social impacts of its decarbonisation efforts.
- Be working to decarbonise its capital expenditures.
- Commit to conducting its policy engagement activities in accordance with the goals of the Paris Agreement.
- Ensure the Board has clear oversight of its climate strategy and management of climate change risks.
- Employ climate-scenario planning to test its strategic and operational resilience.

Voting

When voting on climate issues, we will assess company progress against the above expectations. We understand that progress is not linear, but we expect there to be a Paris-aligned decarbonisation plan and for it to be executed over time.

Where this has not been disclosed and/or insufficient progress in developing and implementing a Paris-aligned decarbonisation strategy has been demonstrated, we may vote against non-binding resolutions such as 'say on climate' or remuneration reports.

If we believe there is insufficient progress or a lack of adequate acknowledgement by the company, we will consider voting against Director re-elections. This will be in order of persons accountable for oversight of climate change related risks:

- Vote against member(s) of a board committee that has climate or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board.
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

¹ ifm-sustainable-investing-guidelines-may-24.pdf (ifminvestors.com)

² Australian Listed Equities Stewardship reports and voting records: Stewardship, engagement and active ownership | IFM Investors | IFM Investors

³ IFM's Stewardship Report: Governance and reporting | IFM Investors | IFM Investors

⁴ Net Zero Company Benchmark | Climate Action 100+

2.2 ‘Say on climate’ resolutions

A ‘say on climate’ resolution is typically a non-binding advisory resolution for shareholders to vote on the climate strategy of a company.

We will make an assessment on whether there is sufficient detail to form a view on the strategy, whether it is Paris-aligned, and whether there is sufficient clarity on how this would be achieved. Importantly, we will evaluate whether the progress the company is making in the execution of its strategy meets our expectations. If these conditions are satisfied, we will generally vote in favour of the proposal.

A credible decarbonisation strategy should include:

- A set of actions the company intends to take to achieve Paris-aligned emission reduction targets, including material Scope 3, where appropriate.
- Contribution of individual decarbonisation levers to achieve overall reduction targets where applicable (e.g. changing technology or product mix or supply chain measures).
- Disclosure of quantity and type of offsets, offset certification and negative emissions technologies it intends to use.
- Role of climate solutions in the decarbonisation strategy (e.g., technologies and products that will enable the economy to decarbonise).

Voting

- IFM will generally support proposals that seek greater disclosure and / or progress from companies regarding their energy transition and climate transition action plans.
- We will likely vote against a ‘say on climate’ resolution where we are not satisfied that a Paris-aligned decarbonisation strategy exists or if we do not have confidence that it can be successfully implemented.

2.2.1 Frequency of ‘Say on climate’ resolutions

IFM will advocate for an annual vote given the rapidly evolving nature of climate transition risk and believes that a three-year voting cycle can create risk that action plans become out of date, or the company becomes less responsive to investor expectations.

We do not expect that companies update their climate strategy on an annual basis. We do believe that votes in intervening years can focus on the disclosure of progress on the execution of their strategy.

We also believe that an annual vote can encourage greater engagement and mutual understanding on the topic between investors and the company, and result in greater Board accountability.

2.3 Orderly and equitable transition

Echoing the agreement reached at COP28, we believe that long-term investors benefit if the energy transition happens in a just, orderly, and equitable manner to maximise long-lasting benefits throughout the global economy. A just, orderly, and equitable transition seeks to ensure that people and communities are not left behind due to companies and governments implementing decisions in relation to the energy transition.

We recognise that it may be difficult for companies to disclose their approach regarding the impact its decisions may have on its workers and communities. Thus, we seek to engage in a constructive dialogue to help companies inform us of their approach to the issue. We expect the approach to be part of an overall energy transition plan with ultimate oversight by the Board.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress of a company’s approach to the social aspects of the energy transition.

If IFM is not satisfied with the company’s approach regarding the workers and communities that are being impacted by its decisions, we may vote against non-binding resolutions such as ‘say on climate’ or remuneration reports.

If we believe there is insufficient progress or a lack of adequate acknowledgement by the company, we will consider voting against Director re-elections. This will be in order of persons accountable for oversight of just transition considerations:

- Vote against member(s) of a board committee that has sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board

- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

2.4 Fossil fuels

Where companies have operations that have a material source of revenue from fossil fuels such as oil and gas or thermal coal, our expectation is that these companies have energy transition plans that are Paris-aligned.

We expect such companies to clearly articulate their plans to deliver shareholder value over the short-, medium- and long-term. We expect to see planned and actual capital expenditure aligned with company strategy. Furthermore, we expect companies to disclose and substantiate the demand for their product for future scenarios including in the medium to long-term.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress from companies regarding the energy transition and climate transition action plans.

Where this has not been disclosed and/or sufficient progress in developing and implementing a Paris-aligned decarbonisation strategy has been demonstrated, we may vote against non-binding resolutions such as 'say on climate' or remuneration reports.

If we believe there is insufficient progress or a lack of adequate acknowledgement by the company, we will consider voting against Director re-elections. This will be in order of persons accountable for oversight of the energy transition strategy:

- Vote against member(s) of a board committee that has climate or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

2.5 Biodiversity protection and nature restoration

We believe the current rate of nature degradation is not sustainable, and there is a need to reduce the adverse impacts where practicable as well as increase the positive interactions between investment and nature conservation and/or restoration.

We recognise that it is difficult for companies and investors alike to collate and assess relevant biodiversity protection and nature restoration related data. However, we encourage companies to proactively develop an approach to monitoring, assessing, and disclosing these risks in their operations and supply chains.

Where a company's impacts and dependencies on nature present material financial risks, IFM expects it to identify, assess, mitigate, and disclose these risks.

We expect companies that have high exposure to deforestation related commodities (e.g., palm, oil, soy, timber, paper etc.) to have policies and processes in place to address and mitigate the risks within their businesses and supply chains.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress of adoption of methodologies relating to protection of biodiversity and deforestation.

If we consider that material biodiversity risks are not being adequately addressed by a company, we may vote against non-binding resolutions such as 'say on climate' or remuneration reports.

If we believe there is insufficient progress or a lack of adequate acknowledgement by the company, we will consider voting against Director re-elections. This will be in the order of persons accountable for oversight of nature degradation considerations:

- Vote against member(s) of a board committee that has sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

2.6 Efficient resource use

We believe that companies should adopt a circular approach, which seeks to reduce waste by keeping products and their underlying resources in use for as long as possible.

We encourage companies to consider, disclose, and manage the risks and opportunities available to them regarding efficient resource use (including water), reducing waste, and adopting a circular approach

to their products and operations. We also expect all policies and targets relating to these issues to be disclosed publicly.

We expect companies to improve their environmental performance and reduce their environmental impact (where possible). This includes reducing waste and improving the re-use of their products. We expect companies to incorporate these factors into their corporate strategy as well as the design of new products.

For companies where water is a material input into their operations, we expect a policy relating to water management use and treatment to be in place.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress of a company's approach to efficient use of resources including water, reducing waste and the adoption of circular economy principles.

3

Social inclusion

3.1 Human rights

We expect companies to respect the human rights and dignity of all people and to have a formal commitment to do so, including having a due diligence process to identify related risks. We also expect that companies proactively seek to identify and assess modern slavery risks in their supply chain and put in place (and disclose) actions to mitigate these risks.

We believe that the Boards of companies should have ultimate responsibility for ensuring that human rights are respected not only by the company but also via those entities in its supply chain.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress on a company's approach to human rights in both its own operations and its supply chain.

We expect companies that are covered by specific modern slavery or related legislation in their

respective jurisdictions to have a process to assess, manage and mitigate modern slavery risks in their operations and supply chains. Where we are not satisfied that a company has done so and are not willing to improve their approach, we will likely vote against Director re-elections.

Additionally, if the organisation has an incident where it breaches our expectations regarding upholding human rights, we will consider voting against director re-elections. This will be in order of persons accountable for oversight of human rights related risks:

- Vote against member(s) of a board committee that has human rights or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

3.2 Labour rights

We expect labour rights to be upheld at all companies and this can range from freedom of association, the right to collective bargaining, the provision of decent working conditions, and safety in the workplace.

Vulnerable workers, such as those through labour hire companies or migrant workers who may not have access to freedom of association, may face heightened risks to their safety and wellbeing. We expect companies to identify, assess and mitigate these risks and uphold international human rights standards.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress on a company's approach to labour rights in both its own operations and its supply chain.

If we are not satisfied that a company has adequate processes in place, or if the performance of the company is not satisfactory, then we may vote against non-binding resolutions such as the remuneration report.

If we believe there is insufficient progress, a lack of adequate acknowledgement by the company, or if the organisation has an incident where it breaches our

expectations regarding upholding labour rights, we will consider voting against Director re-elections. This will be in order of persons accountable for oversight of labour rights related risks:

- Vote against member(s) of a board committee that has human rights or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board.
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

3.3 Workplace safety

Companies have a duty to provide safe working conditions for their employees. Accidents and fatalities can have a significant impact on the workforce and can negatively impact the performance of the organisation ranging from productivity loss, possible litigation, impact on culture, and reputational risks.

IFM expects companies to consider, assess and manage these risks, with appropriate processes in place to provide safe working conditions. Additionally, we also expect companies to focus on the psychological safety of their employees and have an approach that focuses on mental wellbeing.

We expect safety data to be disclosed by companies including any targets and performance against those targets. This includes both leading and lagging indicators of safety performance. Leading indicators may include near-misses, and lagging indicators should include lost-time injury frequency rate (LTIFR) and total-recordable injury frequency rate (TRIFR).

We expect any fatalities to be promptly disclosed to the relevant stock exchange and that information on consequence management be provided, including any remedial action post the incident. Companies should also disclose the results of any investigations.

Where a fatality has occurred during the period, we expect companies to adjust remuneration outcomes for executives appropriately including but not limited to:

- Nil payout of the safety component (if applicable)
- Overall downward discretion to executive

remuneration, taking into consideration other elements of the scorecard and overall remuneration outcomes.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress on a company's approach to workplace safety including psychological safety.

If we are not satisfied that a company has adequate processes in place, or if the performance of the company is not satisfactory, we may vote against non-binding resolutions such as the remuneration report. If we believe there is insufficient progress or a lack of adequate acknowledgement by the company, we will consider voting against Director re-elections.

If the organisation has an incident where it breaches our expectations regarding workplace safety, or if there are repeated incidents of fatalities over an extended period, we will consider voting against director re-elections. This will be in order of persons accountable for oversight of workplace safety including psychological safety:

- Vote against member(s) of a board committee that has safety or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board.
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

3.4 Community engagement and Indigenous people

IFM believes that indigenous people should have their rights and cultural heritage respected. We expect companies to consider First Nations issues in all aspects of their decision-making, and as early on as the project planning phase for any activity that may directly impact indigenous people.

We believe in the notion of Free Prior and Informed Consent (as enshrined in UN Declaration of the Rights of Indigenous Peoples) and expect companies to adhere to this in their interactions with indigenous people in their countries of operation.

We expect the Board to have ultimate oversight and responsibility for setting the First Nations strategy.

Voting

IFM will generally support proposals that seek greater disclosure and / or progress on a company's approach to community engagement and indigenous peoples activities.

If we believe there has been inadequate consideration for the rights and cultural heritage of indigenous groups by companies, we may vote against non-binding resolutions such as the remuneration report.

If we believe there is insufficient willingness to engage and respect the rights of indigenous groups, or if the organisation has an incident where it breaches our expectations regarding indigenous people/ community engagement, we will consider voting against director re-elections. This will be in order of persons accountable for oversight of indigenous and community related decisions:

- Vote against member(s) of a board committee that has human rights or sustainability in its remit, starting with the Chair of that committee.
- If no such position is up for re-election, then vote against the Chair of the Board
- If the Chair is not up for re-election, then vote against independent directors, starting with the lead independent director.

3.5 Data Governance and Cybersecurity

Cybersecurity related breaches are a serious risk for companies with significant negative consequences for the firm and broader society.

We expect companies to have processes to identify, assess, and mitigate these risks and for the Board to have the ultimate oversight of the company's data governance and cybersecurity. This includes, where relevant, oversight over a company's automation and artificial intelligence (AI) strategy.

If a breach was to occur, we expect the response to be timely and well managed.

Voting

If we believe that there has been a breakdown in approach that leads to loss of shareholder value or has a meaningful negative impact on society, we may consider voting against directors who have responsibility and oversight in this area.

IFM will generally support proposals seeking greater disclosure of a company's approach to managing cybersecurity related risks.

We acknowledge that the use of AI is an emerging area, and IFM will generally support proposals seeking greater disclosure of a company's approach to its use of Artificial Intelligence as well as the ethical use of Artificial Intelligence.

4**Corporate Governance****4.1 Board composition**

The Board is responsible for the overall governance, management, and strategic direction of the organisation and for delivering accountable corporate performance in accordance with the organisation's goals and objectives⁵.

We recognise that the responsibility of a director is becoming increasingly complex and demanding. As such, we believe that a board of directors should constantly be evaluating its composition and effectiveness.

IFM believes that the best functioning company boards are those with majority independent directors and a Chair who is independent.

If the company has a founder or majority shareholder that is the Chair, we expect a lead independent director be appointed.

We expect the roles of Managing Director and Chair to be held by two different individuals.

We expect Boards to have both an audit and a remuneration committee, chaired by an independent director and be comprised entirely of independent directors. Boards should also contain a nominations committee which should have an independent Chair and majority independent directors as members. In all cases, these committees should be at a minimum of three individuals.

Our preference is that for the Chair of the board not to chair the board committees to reduce the risk of a concentration of power by a single person.

We encourage companies to disclose a matrix of the board composition including details of individual skills, education, experience, gender, age, and cultural background. Additionally, we expect companies to have a director tenure policy in place and a succession plan for the Chair.

⁵ role-of-board-director-tool.pdf (aicd.com.au)

We believe that the company should determine the structure of its board in accordance with its size and complexity. We do expect the size of the board of, for example, an ASX300 company to be at least five directors to allow for sufficient skills, experience, and diversity.

Voting

If the organisation has not met our expectations on board composition, we will generally vote against Director re-elections including members of the committee we deem to be most directly accountable. In order it will be, based on who is up for re-election:

- Board Chair
- Nomination Committee Chair
- Longest serving member of the Nomination Committee
- Longest serving member of the board

We recognise that companies such as those that are newer entrants to listed markets may be developing their corporate governance structures and therefore, we may allow them some grace in the adoption of these above expectations. This grace period will depend on the specific circumstances of the company.

4.1.1 Independent directors

The role of an independent director is crucial in ensuring appropriate governance processes are being adhered to and that the interests of all shareholders, regardless of ownership size, are accounted for in the decision making of the company.

We may not consider a director as independent if they:

- Are a substantial shareholder or associated with a substantial shareholder of the company.
- Have been an executive of the company within the past three years.
- Have served for a significant period (defined as 3 full director cycles or 10 years) on the board.
- Have in the past three years been associated with a material professional service provider to the company.
- Are an employee of, or associated with, a material

supplier or customer of the company.

- Their family have material contractual relationships with the company, or any other association with the company and its management, other than as a director.
- Have received equity-based remuneration where vesting is based on the performance of the company.
- Have any relationship which could be reasonably perceived to materially interfere with their ability to act in the best interests of the company.

Voting

If any of the above criteria exist, we will likely classify the director as affiliated, and depending on the board composition this may result in a vote against a director re-election.

IFM Investors will generally not support the election of affiliated, non-independent directors on company boards that are not majority independent.

4.2 Director elections

In assessing candidates for election or re-election to the board of directors, and resolutions to remove directors, IFM Investors will have regard to:

- The performance of the incumbent board giving regard to financial performance, long-term shareholder value and conduct.
- The performance of the candidate at the company in question and at other companies, especially their record of creating shareholder value.
- If the candidate has demonstrated poor conduct or judgement.
- Attendance at board meetings.
- The composition of the board and its key committees, and the capacity of the board and its key committees to oversee the company's conduct and performance on behalf of all shareholders.
- The capacity of the candidate, given other commitments and attendance at board and committee meetings, to adequately discharge his or her duties as a director (see below).
- The length of the director's tenure on the company's board.

- The mix of skills, capabilities, and diversity of the incumbent board.

Voting

When assessing the workload and capacity of a director, we will consider other obligations of the individual as well as attendance of board meetings and performance of the companies the individual has an association with. We will use a scoring measure for each role:

- Chair of a listed company = 2
- Executive of a listed company or large private company = 2
- Independent board director = 1
- Director of a listed company committee = 1
- Director of a not-for-profit entity = 0.5
- Advisory role = 0.5

Generally, a total score of five or above would indicate that the director has limited capacity to fulfil their required duties, and this may result in a vote against a director re-election; however, we will assess each individual on a case-by-case basis.

For a shareholder nominated director, we will assess the director based on the same criteria above. Generally, we will consider supporting the election if we believe the nominated director is more suitable than other directors, taking into consideration the board's recommendation.

Voting

Generally, IFM will vote in favour of a director election or re-election unless:

- There are clear concerns over the total composition of the board and/or expertise of directors.
- Past performance of the nominee shows clear concerns, including repeated absence at board meetings, criminal behaviour, or breach of fiduciary responsibilities.
- The nominated director is an insider or affiliate to the company and the board is not sufficiently independent.
- A more suitable director nominated by shareholders

is available for election.

- The board repeatedly shows unwillingness to implement good governance standards, such as persistently unacceptable compensation practices and board refreshment.
- The nominee adds to a sub-standard composition compared to local best practices in terms of tenure, diversity, skills, and external commitments.
- The board fails to incorporate basic considerations for gender diversity (see gender diversity section for more detail).
- There have been questionable transactions with conflicts of interest.

4.3 Gender Diversity

IFM believes that strong, diverse, equitable and inclusive cultures are a value driver for companies in which our portfolios invest and that a lack of diversity can lead to poor company performance.

We believe that a gender diverse board and management team will lead to greater decision making and better overall organisational performance and that companies should have a clear governance structure in place to foster diversity throughout the organisation.

For gender diversity, we expect at least 30% of board and senior management positions in the companies we invest in should identify as male and at least 30% should identify as female. We also believe that boards should strive for a gender balance by 2030 which we define as 40% of people who identify as male, 40% who identify as female, and 20% to allow for any gender⁶. This should include at least one board member who self-identifies as an under-represented minority.

Voting

IFM will generally support resolutions which seek to promote greater disclosure and / or progress for how companies consider various forms of diversity in their organisations, as well as their approaches to reducing inequity such as gender pay discrepancies.

If our expectations for gender composition are not met or if there are insufficient plans to address this, then we may vote against director re-elections including members of the committee we deem to be most directly accountable. This will be in the

⁶ In line with 40:40 Vision, an Australian investor and business led initiative working towards gender balance in executive leadership across all ASX 200 companies by 2030. For further details see here: <https://www.hesta.com.au/4040vision>

following order of oversight responsibility, based on who is up for re-election:

- Board Chair
- Nomination Committee Chair
- Longest serving member of the Nomination Committee
- Longest serving member of the board.

4.4 Board spill resolutions

We consider each board spill resolution on a case-by-case basis. When considering board spill resolutions, we will note:

- Company performance and the performance of the board and management.
- The interests of long-term shareholders and the impact of any significant change in board composition.
- Shareholder engagement and changes made by the board to address investor concerns.
- The significance of underlying remuneration issues at the company.

5

Remuneration

IFM believes that the remuneration of directors and executives should be designed to ensure long-term alignment with shareholder interests, including rewarding, attracting, and retaining high quality executives and directors who are key to delivering long-term shareholder value.

Remuneration reports should facilitate an understanding of company's remuneration policies and practices. Boards should ensure there is full disclosure of total remuneration packages, including all components and any termination provisions.

5.1 CEO and key executives

Voting

For remuneration related resolutions such as remuneration reports or specific equity grants and plans, we will generally support remuneration policies and outcomes where:

- Remuneration structure, policies, metrics, and targets are disclosed in a clear and meaningful way.
- The quantum of executive pay is reasonable and aligned with the performance of the company.
- Fixed remuneration is at a level that is reasonable with regards to a company's sector and relevant peer group.
- There is a reasonable balance between fixed and variable remuneration.
- The structure of long-term incentives is primarily delivered in equity.
- The performance of the share price compared to the overall equity market or its peers has not significantly underperformed as judged by the investment team.
- Variable remuneration underpinned by demanding and relevant performance hurdles, and is genuinely 'at risk', aligned with investor interests and the company's strategic objectives, and capable of being a true incentive for performance above the executive's core duties.
- There is a mixture of financial, non-financial, and strategic metrics which is used to assess executive team performance. Non-financial metrics should include environmental or social metrics that are relevant for the organisation.
- The vesting timeframes associated with incentive payments facilitate a focus on long-term value creation, with a minimum of three years vesting period.
- Clawback provisions exist which would mean executives would forgo incentive payments which were subsequently found to be not justified.
- CEO pay is disclosed as a ratio against the median, 25th percentile, and 75th percentile, of total workforce pay.

If the above are not a feature of the remuneration outcomes at the company, then we may vote against remuneration related resolutions.

In addition:

- We generally will not support one-off payments or special bonuses that are unrelated to company or individual performance.
- We will generally not support performance targets

that have been changed retrospectively.

- We will generally not support variable incentive payments that do not have any performance conditions associated.

5.2 Non-executive directors

Voting

For remuneration related resolutions for non-executive directors, we will generally support outcomes where:

- The structure of non-executive director pay ensures it maintains and promotes non-executive director independence.
- The quantum of director pay is reasonable and aligned with the performance of the company.
- Remuneration consists of fixed pay only and there should be no incentive payments.
- Any increase to a fee cap is clearly disclosed with adequate explanation.

In addition:

- For smaller companies in exploration or development phase, we may support the grant of options or share rights to non-executive directors as a cash saving measure if there are no performance conditions and full vesting occurs within 12 months.

5.3 Related-party transactions

We expect the company to have a policy on how it considers related-party transactions and for this policy to be disclosed and consistently applied.

Related-party transactions will be assessed on a case-by-case basis, and we expect such transactions to be subject to shareholder approval. We expect such transactions to contain proper oversight and be on full commercial terms.

We expect the company to clearly explain how the transaction is in the best interests of shareholders.

We expect companies to have a conflicts of interest policy which will be disclosed and consistently applied, and any director who may be considered a related party will remove themselves from any board discussions regarding the transaction.

5.4 Termination payments and change of corporate control

IFM will generally not support equity grants and plans for senior executives that vest based on continuity of employment.

IFM will generally not support guaranteed termination payments that exceed 12 months' fixed pay. Termination payments should not be paid where an executive retires from office, has resigned, or has been terminated for poor performance.

IFM will generally not support the automatic vesting of options and performance rights in the event of a takeover or change of control of the company. Nor will IFM likely support the automatic vesting of equity awards in the event of termination of employment.

6

Capital Management

6.1 Equity raisings and placements

We will support equity raisings that we determine are in the best interests of shareholders.

Where IFM has participated in a placement, an 'abstain' vote will be recorded as we are ineligible to cast a vote.

6.2 Mergers and acquisitions

Major company transactions such as mergers and acquisitions can potentially increase or decrease shareholder value. We will assess the proposed benefits to shareholders.

7

Other

7.1 Meeting format

Shareholders should have the right to physically attend meetings as this promotes transparency and strengthens engagement between companies and their respective shareholders. We believe hybrid

meetings (a simultaneous combination of in-person and virtual venues) are a good approach as it allows shareholders the ability to participate per their flexibility.

IFM does not support amendments to company constitutions which permit 'virtual only' general meetings.

7.2 Shareholder proposals

We respect the right of shareholders to put forward resolutions at annual general meeting (AGM's) regardless of the topic of the resolution and acknowledge that they can be requisitioned by parties with various objectives.

IFM assesses shareholder resolutions on a case-by-case basis and judges each resolution on its merit in the context of how they maintain or increase shareholder value creation over the long term. This involves a consideration of the importance of the issue raised as well as the urgency of the company response. We will consider the resolution in the context of the company's own performance as well as in relation to its peers.

Voting

IFM will generally support shareholder proposals that promote good corporate citizenship, improved governance, and transparency, while enhancing long-term shareholder and stakeholder value. Where our analysis and / or engagement indicate a need for improvement in the company's approach to the issue, we will support shareholder proposals that are reasonable and not unduly constraining on management. We will subsequently look to the board and management to demonstrate action relating to the proposal.

Following the support of a shareholder proposal, if we fail to see demonstrable improvement on the topic, IFM may consider a vote against a director re-election as a means of escalating the issue to the board.

If the board is recommending an 'against' vote, we expect the company to clearly disclose the rationale for such a recommendation and why its stance is in the best interests of long-term shareholders.

IFM will typically not support shareholder resolutions where we believe the adoption of the proposal would be an over-reach on what we would expect the company to undertake or disclose.

IFM will generally not support a constitutional amendment resolution that will allow shareholders

to submit non-binding proposals at company shareholder meetings. This amendment would eliminate a potential obstacle to the submission of such shareholder proposals, i.e., whether the subject matter of the proposal is properly a matter for shareholder determination or infringes on the prerogative of the board in respect of the management and operation of the company, with which shareholders are not entitled to interfere.

We believe that a law-reform approach would be preferable to approving 'ad hoc' amendments to individual companies' constitutions.

7.3 Auditor resolutions

The board must appoint an independent auditor. In considering resolutions relating to auditors, IFM Investors will consider the history of the audit firm and any relationships outside of the audit relationship between the company and the audit firm.

Appendix 1 - Glossary

asset classes	Refers to the sum of our infrastructure equity portfolio, our listed equities portfolio, our debt investment portfolio and our private equity portfolio (see Our capabilities IFM Investors IFM Investors for further details)
greenhouse gas (GHG)	As defined by the Intergovernmental Panel on Climate Change (IPCC) in its AR6 Synthesis Report, greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of radiation emitted by the Earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect. Carbon dioxide (CO ₂), nitrous oxide (N ₂ O), methane (CH ₄) and ozone (O ₃) are the primary greenhouse gases in the Earth's atmosphere. Human-made GHGs include sulphur hexafluoride (SF ₆), hydrofluorocarbons (HFCs), chlorofluorocarbons (CFCs) and perfluorocarbons (PFCs); several of these are also O ₃ -depleting.
IFM	"IFM", "IFM Group", "we" and "our" refer to IFM Investors Pty Ltd (see https://www.ifminvestors.com/en-au/about-us/) and its subsidiary undertakings. IFM Investors Pty Ltd acts in a capacity as a diversified portfolio adviser or manager and any references to IFM acting as an "asset manager" or references to "our investments", "our portfolios", "IFM's portfolios" or equivalent should be read as understood to be in this capacity.
Listed Equities portfolio	Refers to our investments across listed equities. See: Listed Equities
purpose	IFM's purpose is to invest, protect and grow the long-term retirement savings of working people.
stewardship	Refers to IFM's use of various strategies, including the responsible allocation, management and oversight of capital with the aim of creating long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

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