

**STATEMENT**

Labour rights policy statement

IFM Investors aims to deliver competitive, sustainable net returns to investors and create outcomes that protect and positively impact working people and society.

May 2019

IFM Investors' distinct ownership and heritage drives an alignment with investor objectives and a commitment to investing for the long term. We aim to deliver superior long term net investment returns to members of superannuation and pension funds, and like-minded institutional investors around the world. As custodians of assets that will serve communities and local economies for generations, we take this responsibility seriously.

Principle 6 of our Responsible Investment Charter states 'Profit is possible without exploitation'. This principle underlies our belief that fair and inclusive societies – underpinned by trusted public institutions and respect for labour rights and freedom of association – support sustainable long term value and returns, and present better investment opportunities.

The following 8 principles reflect our clear and unequivocal commitment to these values:

1

IFM is committed to safe workplaces, in particular through the prevention of work-related accidents, illnesses and diseases by minimizing hazards in the workplace.

5

IFM supports freedom of association and the rights of working people to establish and choose to be members of a trade union without hindrance.

2

IFM supports the right of working people to receive a fair wage and benefits.

6

IFM respects the right of employees to collectively bargain.

3

IFM supports work policies and practices that respect and promote diversity and inclusion.

7

IFM is committed to provide for, or cooperate in providing, adequate remedy where adverse human rights impacts have occurred at its investments in particular through the establishment of effective grievance mechanisms at its assets.

4

IFM stands against all forms of child labour, forced labour, discrimination, violence, bullying and harassment.

8

IFM is committed to the necessary human rights due diligence and stewardship policies and processes to meet these responsibilities.

» Advancing our principles through action

Our approach closely aligns with United Nations Global Compact and International Labour Organisation principles, and we encourage companies and assets we own to endorse these principles as well.

Fair and safe workplaces support stronger employee engagement and the delivery of higher quality products and services. In our business, and in managing the assets we own, we advance our principles by:

- 1 Making labour rights and employment practices part of our investment decision making;
- 2 Adopting systems to manage risks relating to labour rights, and promoting good practices;
- 3 Providing for or cooperating in providing adequate remedy where adverse human rights impacts have occurred by establishing effective operational-level grievance mechanisms;
- 4 Assigning accountability for performance against these principles, supported by due diligence resources;

- 5 Working with key stakeholders – including governments, labour unions, academia, technical experts, community advocates, and likeminded investors – to identify and advance issues consistent with our principles. We will engage with stakeholders as commercially appropriate during our pre-acquisition due diligence and post-acquisition stewardship activities, to support the people inside investee businesses and the delivery of long term returns to our investors; and
- 6 Actively participating in global discussions concerning social and labour relations matters relevant to responsible and sustainable investment, and supporting the development of international best practices for investors.

We operate in a business climate that is constantly changing and where technology-led disruptions can significantly impact established business models. When workplaces change, our practice is to make changes in a way that is fair and respectful to employees.

The IFM Investors' Board will review this statement annually.

More than words:

DUE DILIGENCE

We commit to a human rights due diligence process aligned to the above-mentioned responsibilities, including assessment of over 15 factors such as:

- Safety records**
- Labor relations**
- Training Programs**
- Codes of conduct**

STEWARDSHIP PRACTICES

Our active approach to ownership and management of assets has seen a range of initiatives executed, including:

- “Safety first” initiatives**
- Parental leave policies**
- Re-training of employees**
- Whistleblower systems**

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Championing a strong and inclusive society and the fair management of working people is vital for IFM Investors to generate investment value and superior net returns for investors over the long run.

Greg Combet
Chair, IFM Investors



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