

The logo for QIC, consisting of the letters 'Q', 'I', and 'C' in a bold, red, sans-serif font. The 'Q' and 'C' are circular, while the 'I' is a simple vertical bar.

# QIC Infrastructure Sustainability Report

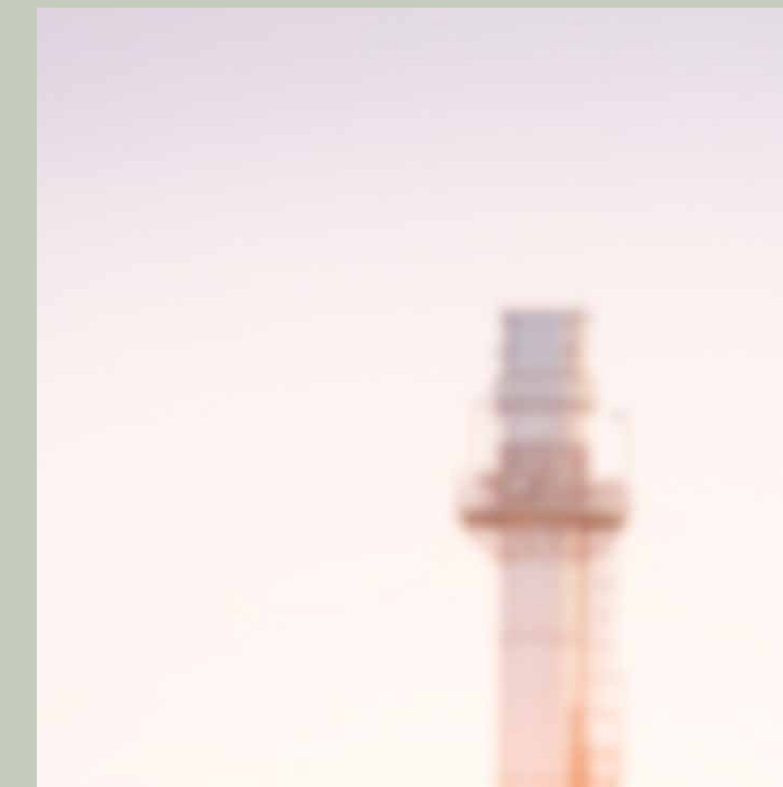


2023





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QIC respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia and recognises their continuing connection to land, water and community. We pay our respects to Elders past, present and emerging.



This report is produced annually and covers our material governance, environmental and social activities during the period from 1 January to 31 December 2022 (unless noted otherwise).

This report should be read in conjunction with the QIC Sustainability Report, which includes the QIC Task Force for Climate Related Financial Disclosure Report, and additionally our Modern Slavery Statement.

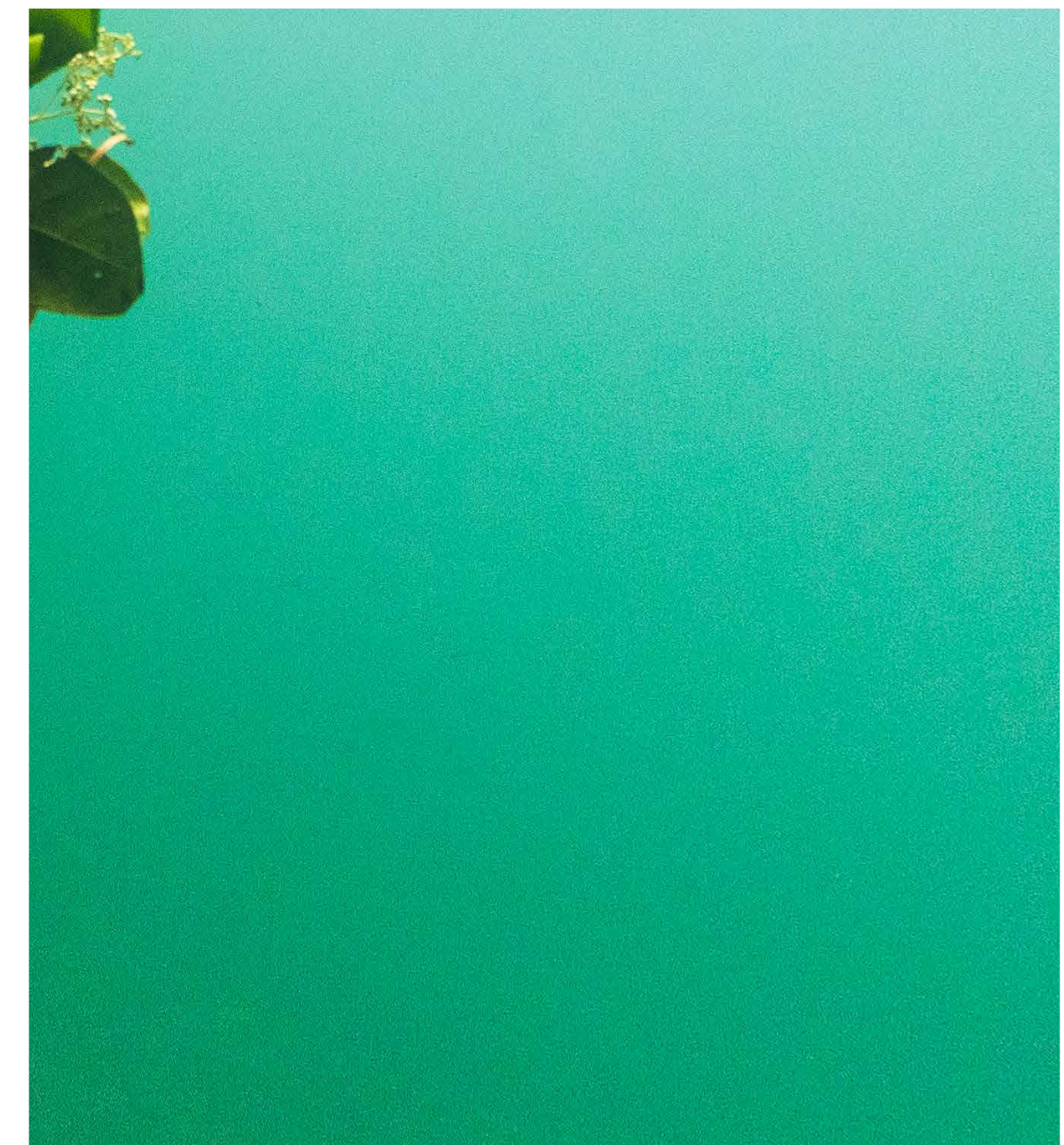
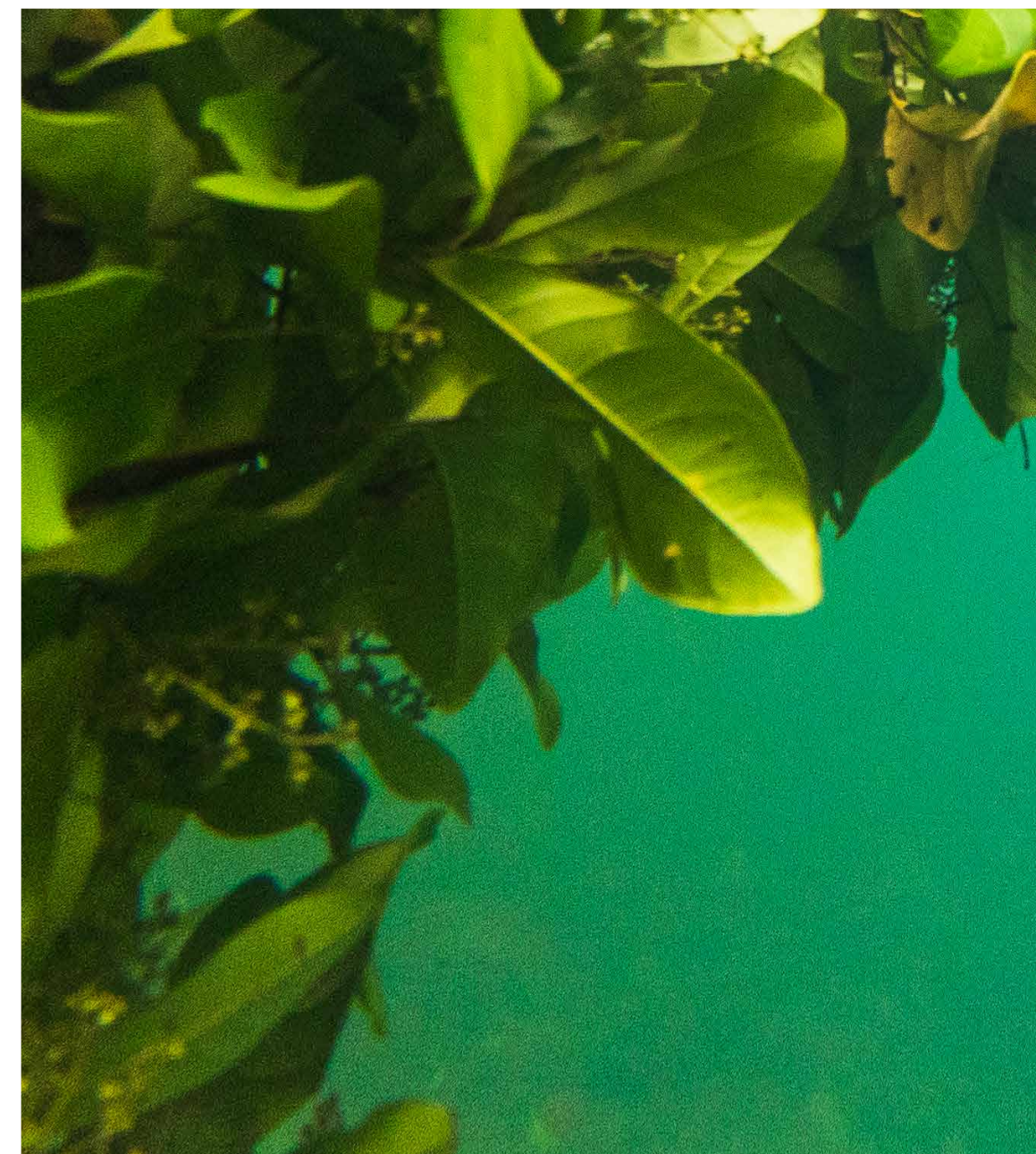
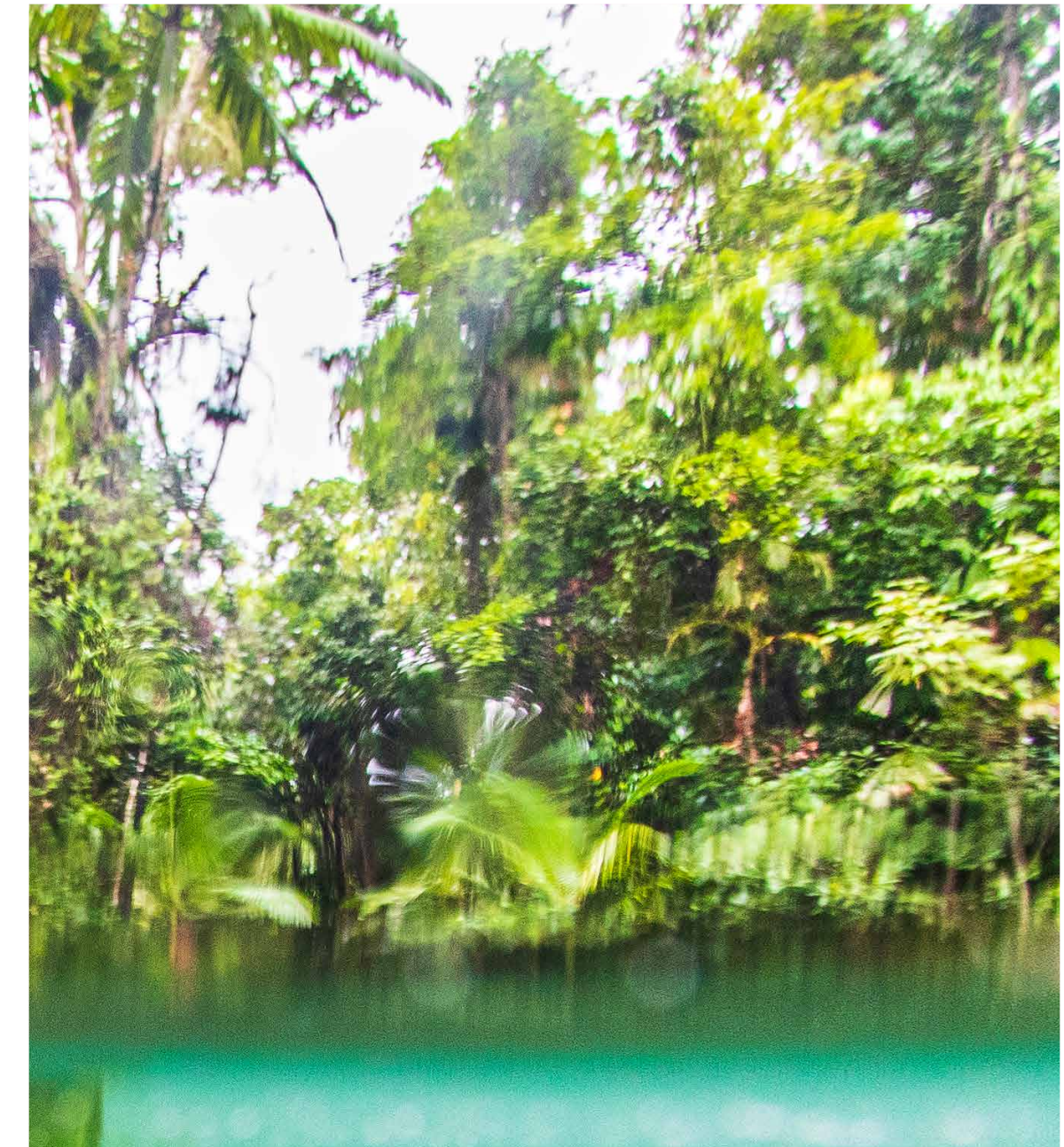
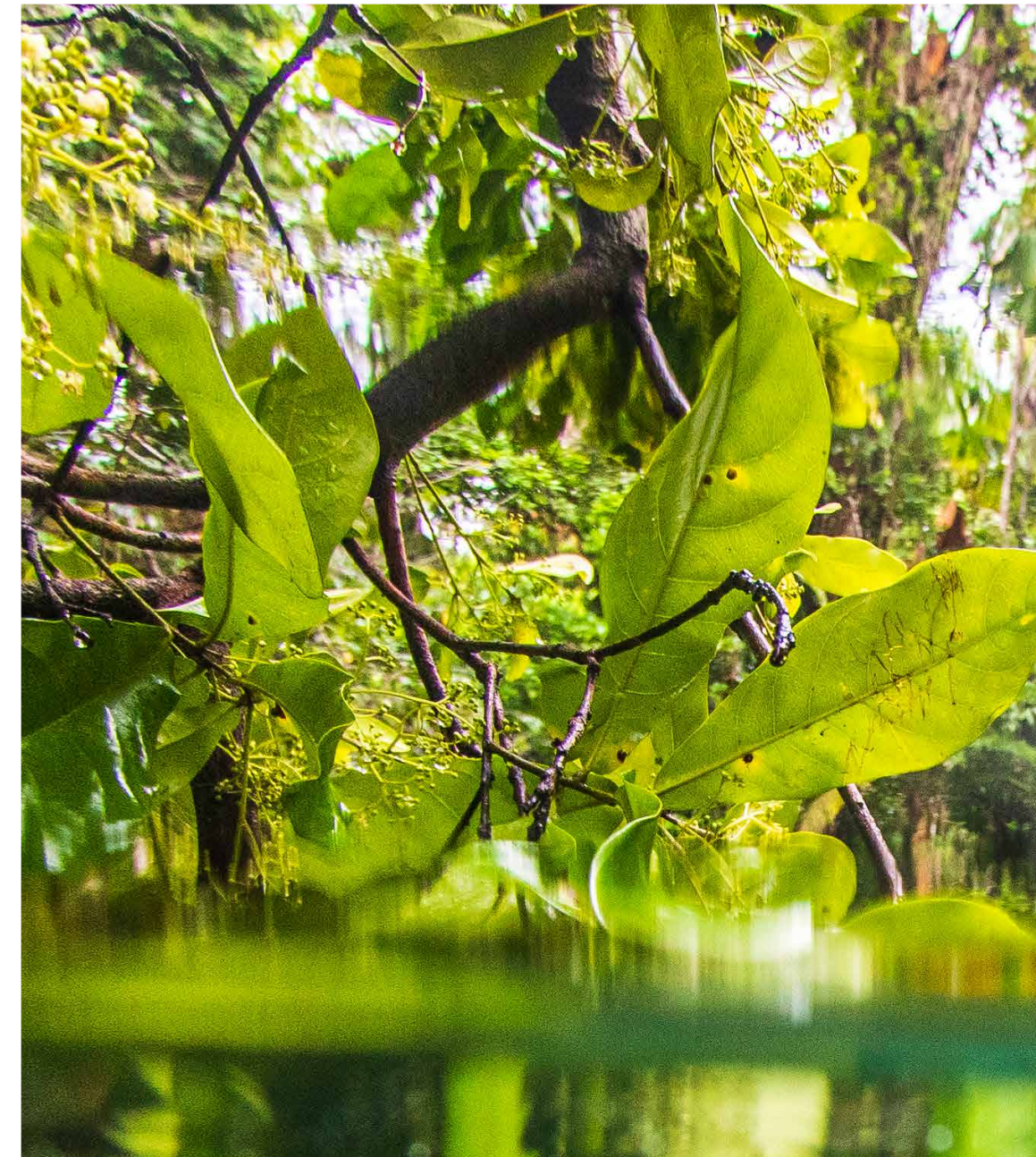




# 1. Introduction

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INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023



With recent years marked by uncertainty and complex challenges, infrastructure assets globally have played a critical role in recovery, resilience and connection. Infrastructure assets bring people together after times of separation, connect power to cities and regions, provide the hospitals that service communities, and maintain the supply chains that fuel economies.

In our role as an asset manager, we have the distinct privilege of helping to meet society's needs by responsibly and sustainably delivering quality infrastructure. It is important we continue to pay close attention to the needs of the communities in which we operate and play a role in emerging global megatrends that will shape the communities of tomorrow.

Ensuring our investments are resilient in the changing world, dominated by economic, social and environmental changes is essential and our assets have demonstrated this in 2022. This year, we successfully grew our funds under management to A\$29 billion driven primarily by increased asset values.

A key focus for our team continues to be deepening our understanding of the implications of, and contribution to, the energy transition of the infrastructure assets we manage. We are actively working with our portfolio companies to decarbonise. Our conviction in the transition to a low carbon economy will see our energy platform assets invest more than A\$15 billion over the next five years.

We are ever cognisant of the physical risks from severe weather events and chronic climate change impacts. We anticipate there will be significant changes to market dynamics, capital and finance access, and regulation as part of this transition. We continue to extend our assessments of physical and transition risks in our assets and track our progress against our net zero targets.

Significant generational investment in new infrastructure underpins the energy transition and is likely to continue accelerating. To reach the ambitious goals being set globally to meet key climate-related targets this translates to a huge transformation task.

The year ahead presents both challenges and opportunities as we work with our clients to deepen sustainable impact through our infrastructure assets. We know these assets will be essential in building the prosperity and resilience of societies now and in the future.

**Ross Israel,**  
**Head of Global Infrastructure**



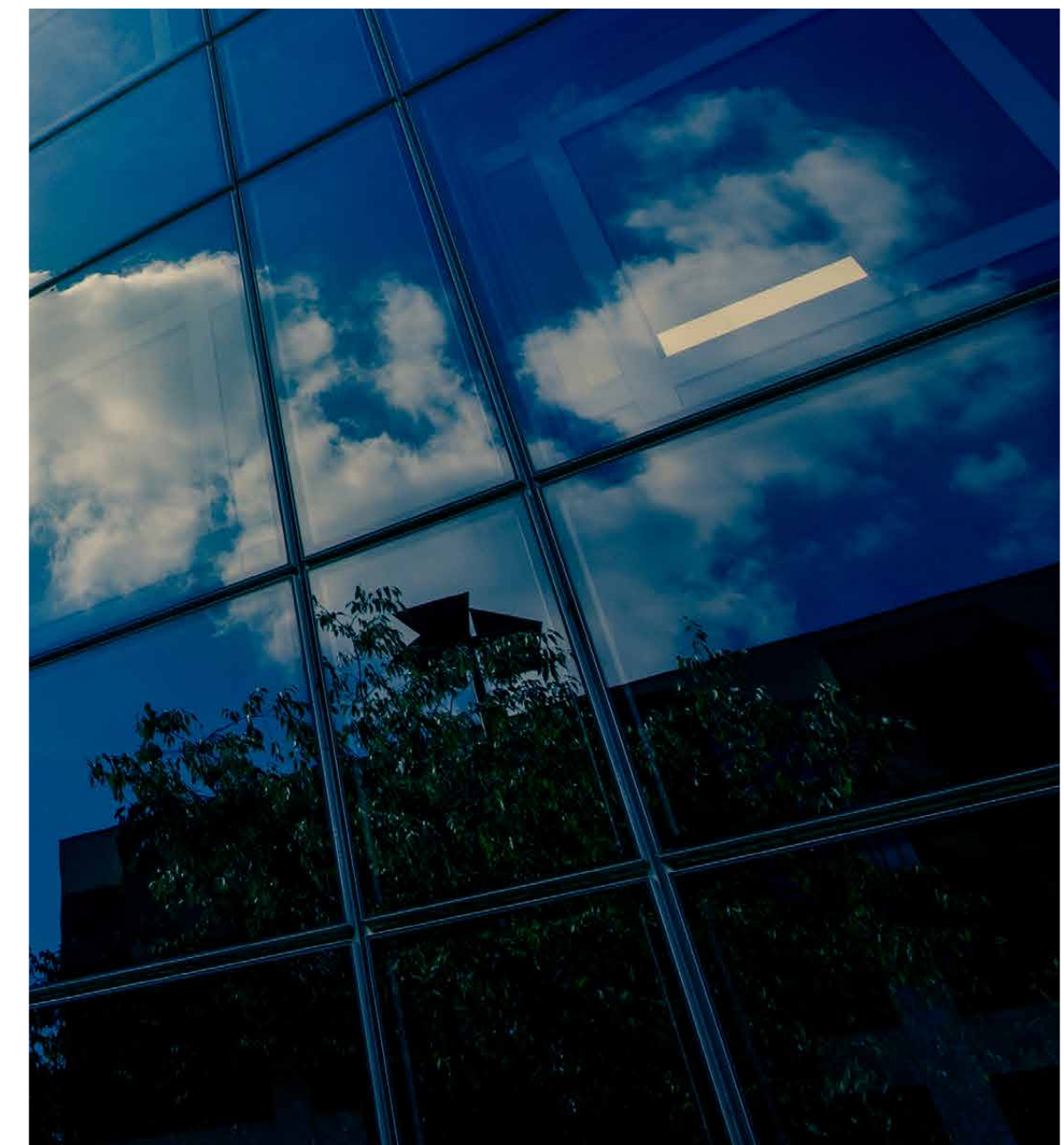
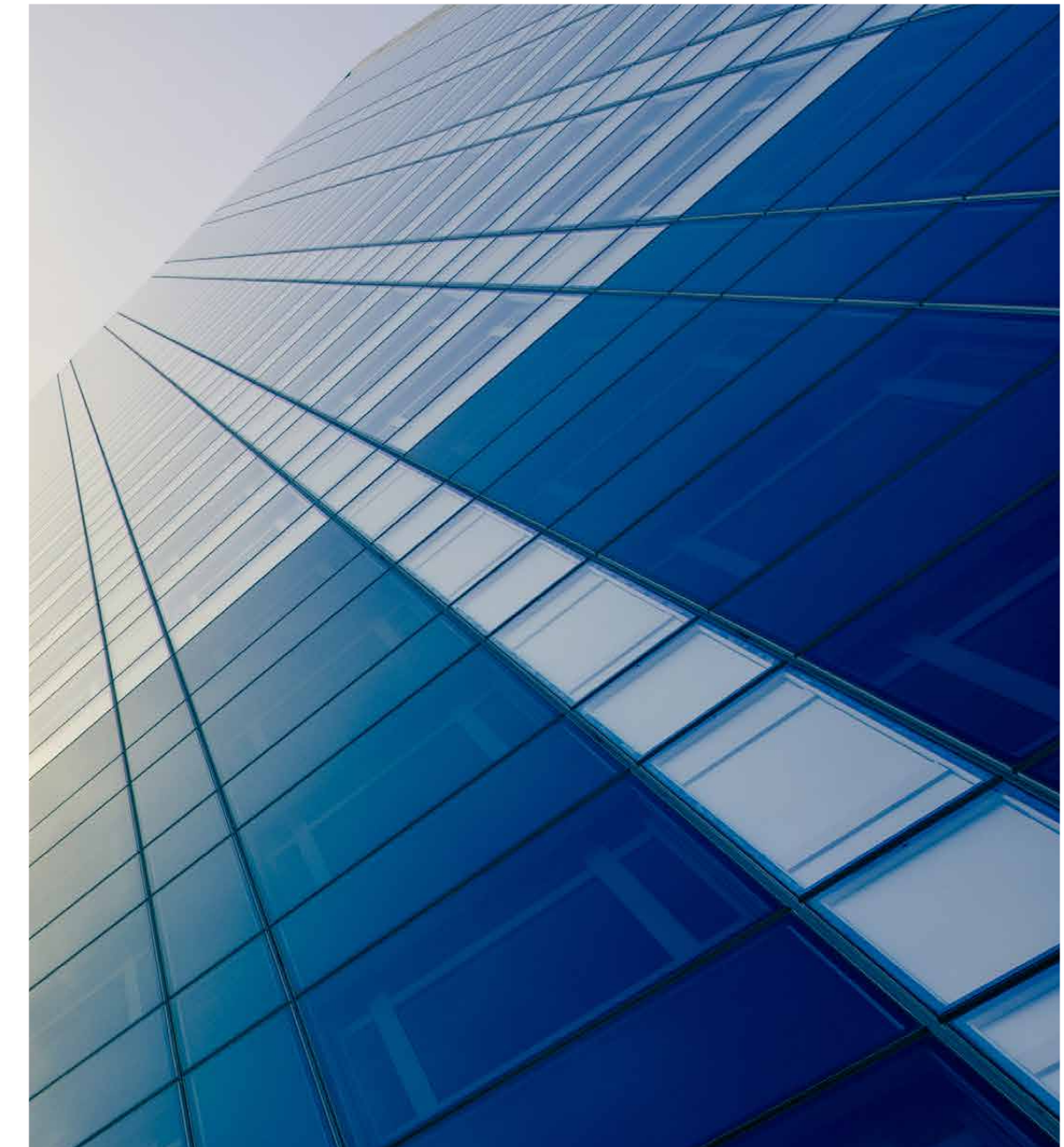
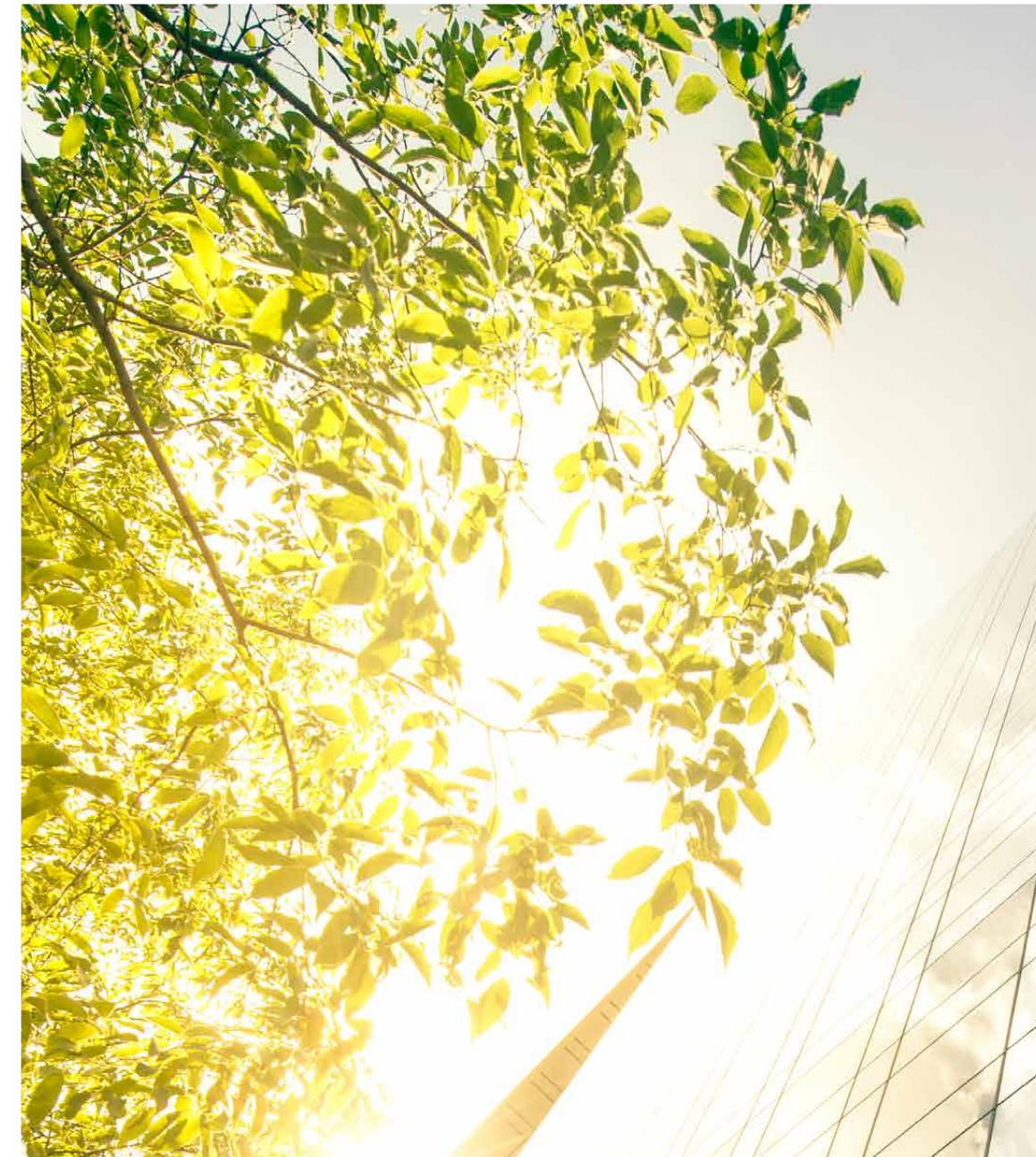
Significant investment in new infrastructure underpins the energy transition and is likely to continue accelerating. To reach the ambitious goals being set globally to meet key climate-related targets this translates to a huge transformation task.



## 2. Our 2022 Highlights

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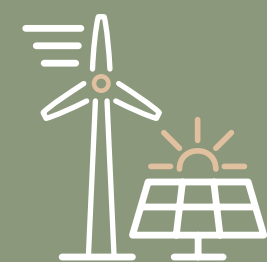
INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023



# Our 2022 Highlights



2022 GRESB results



Renewable energy generation



Sustainability capability



Ongoing commitment to decarbonisation investment

**'GRESB Most improved' in the Diversified Class and Globally Diversified Region categories.**

**Significantly increased our renewable energy generation with a 32.5% increase up from 3.7TWh to 4.9TWh.**

**Supported the enhancement of our portfolio companies' sustainability capability and governance.**

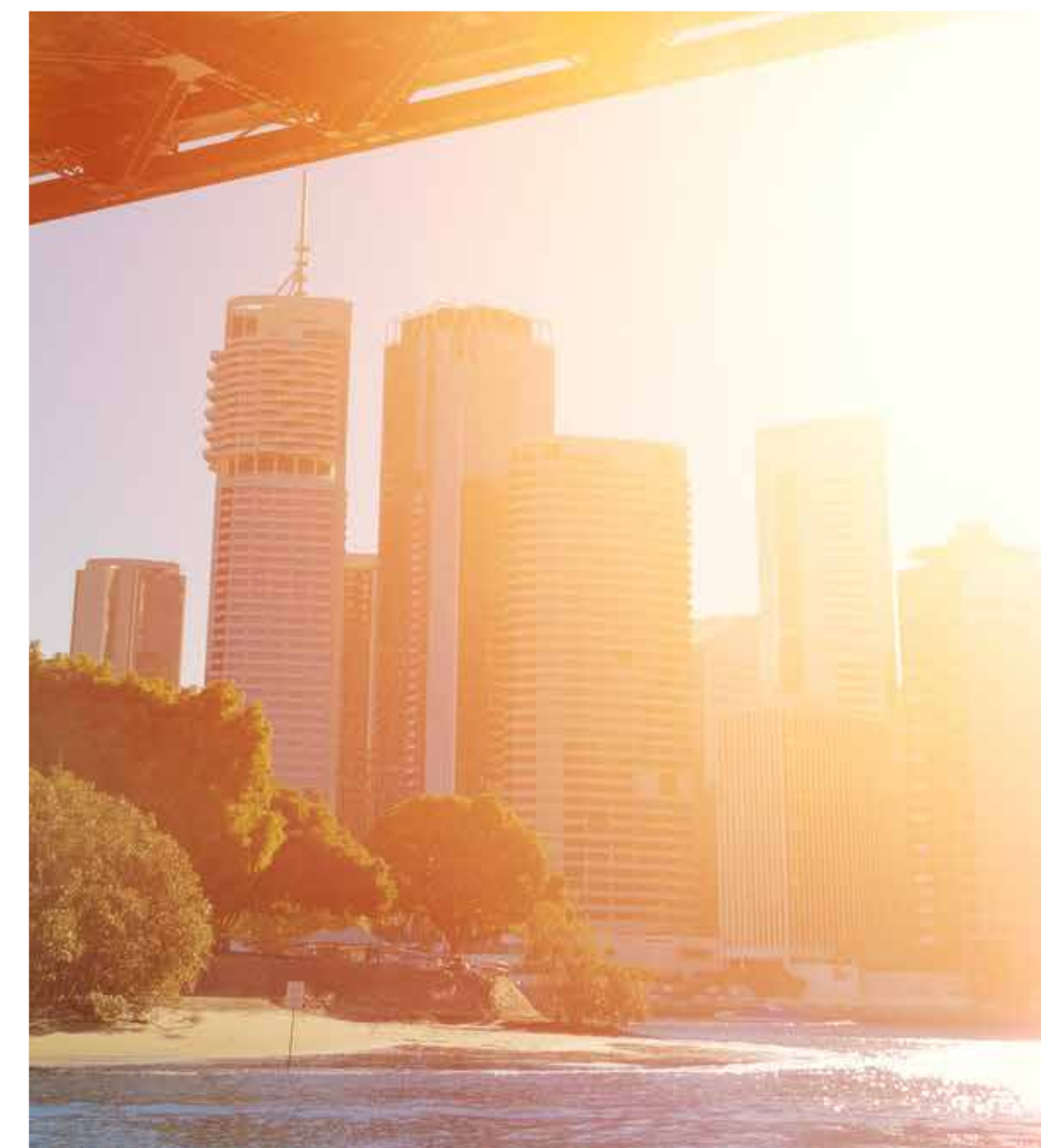
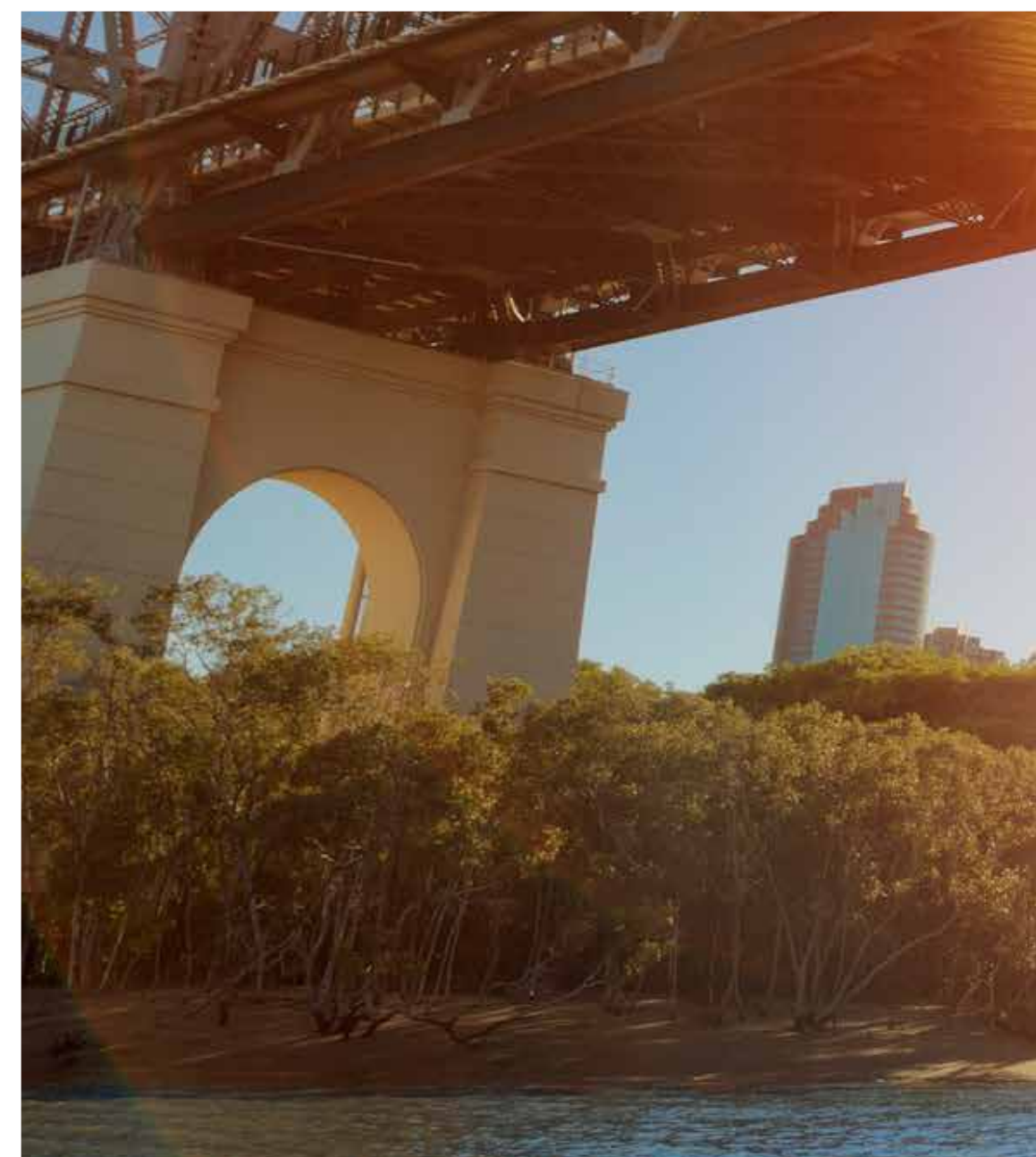
**Our energy platform assets aim to invest more than A\$15 billion in the energy transition over the next five years.**

QIC

# 3. About Us

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INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023





# About Us

AS AT 31 DECEMBER 2022

## About QIC

QIC is a long-term specialist manager in alternatives offering infrastructure, real estate, private equity, liquid strategies and multi-asset investments. It is one of the largest institutional investment managers in Australia, with A\$99 billion in funds under management.

QIC has over 900 employees and serves more than 125 clients. Headquartered in Brisbane, Australia, QIC also has offices in Sydney, Melbourne, New York, San Francisco and London.

## About QIC Infrastructure

QIC is a long-term infrastructure investor with an established global platform, an active management approach and a proven, 16-year track record.

With a global team of more than 76 professionals across five offices, QIC Infrastructure manages in excess of A\$29 billion across 23 global direct investments and has realised in excess of A\$14.7 billion back to its clients. Its thematic, sector-centric investment strategy deconstructs risk across sector value chains, identifying relative value for investment across market cycles. This drives a targeted origination approach, enabling the firm to build diversified portfolios for our clients.



## 3.1 Purpose and values of QIC Infrastructure

Within QIC Infrastructure, our approach to sustainability is focused on resilience and adaptability. We address the interests of our stakeholders, including our communities, employees, shareholders and the environment, while investing in portfolio companies that deliver long-term, sustainable financial and operating performance for our clients.

QIC Infrastructure has articulated its Purpose, Mission, Investment Philosophy and Beliefs, and Values, which is aligned to QIC's overarching Purpose and Vision. Sustainability is embedded in these as a core theme in our approach to investing and creating value for our stakeholders.

### OUR PURPOSE

To improve quality of life and opportunities for all our stakeholders by sustainably investing and growing the wealth of people, communities and nations.

### OUR MISSION

To be a trusted partner delivering sustainable and superior investment outcomes to our clients.

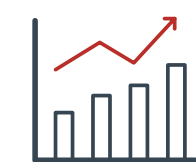
### OUR INVESTMENT PHILOSOPHY AND BELIEFS



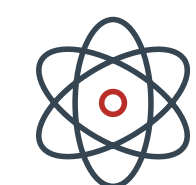
Clients first



Activate integrity



Create value



Build resilient, sustainable portfolios



Active stewards

### OUR VALUES

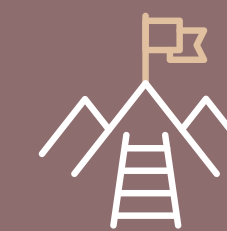
Why we work in QIC Infrastructure



Accountable



Teamwork



Excellence



Impactful



Resilient

## 3.2 Our global footprint

We understand the critical role our infrastructure portfolio plays in the prosperity of society today and into the future.



**A\$29.0bn**  
FUM  
↑ from A\$26.7bn in 2021



**23**  
investments globally  
↑ from 21 in 2021



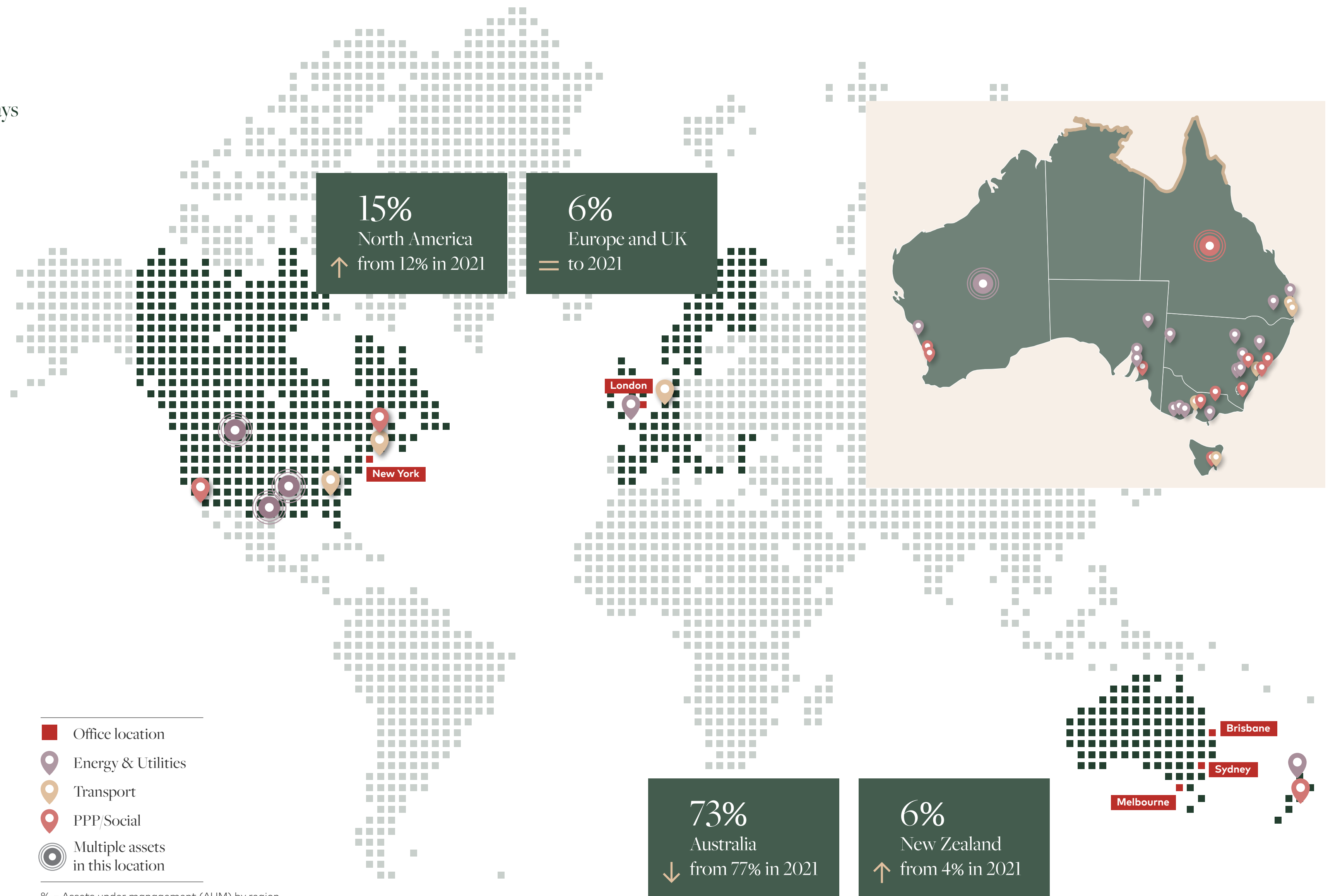
**13.9%**  
Annualised net IRR



**A\$14.7bn**  
Realised for clients  
↑ from A\$12.9bn in 2021

### Quick Facts

<b>6.5TWh electricity generated</b>	↑ from 5.2TWh in 2021
<b>850,000 homes renewably powered</b>	↑ from 660,000 in 2021
<b>10m customers supplied with water</b>	= to 2021
<b>38m passengers through our airports</b>	↑ from 19m in 2021
<b>4.9m TEU through our ports</b>	↑ from 4.8m in 2021
<b>2.8m road users through our toll roads</b>	↑ from 2.4m in 2021
<b>70,000+ car parks</b>	= to 2021
<b>135,000+ hospital admissions / separations</b>	↑ from 75,000+ in 2021
<b>600,000+ Land Title lodgements</b>	In our Titles Registry business



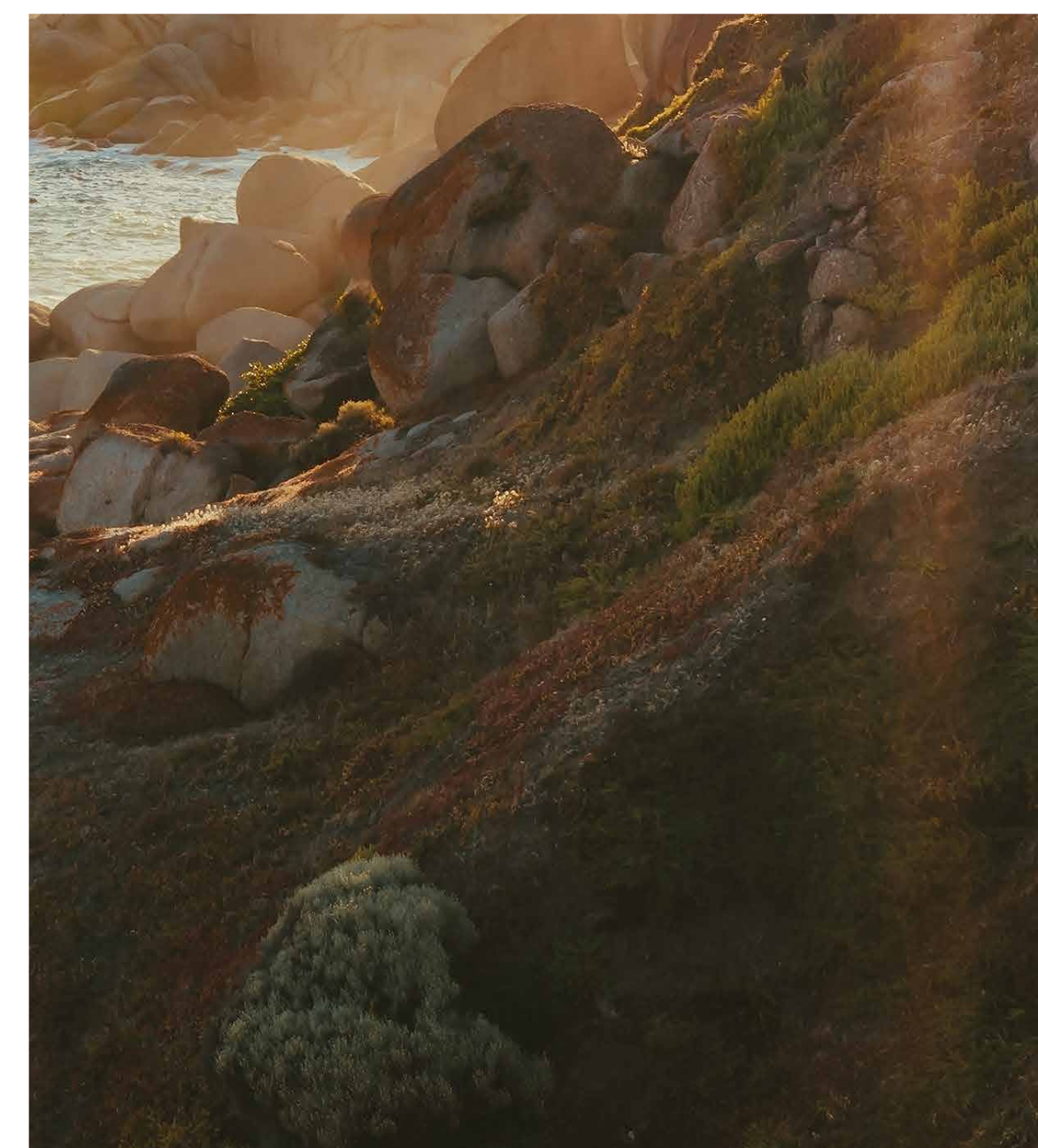
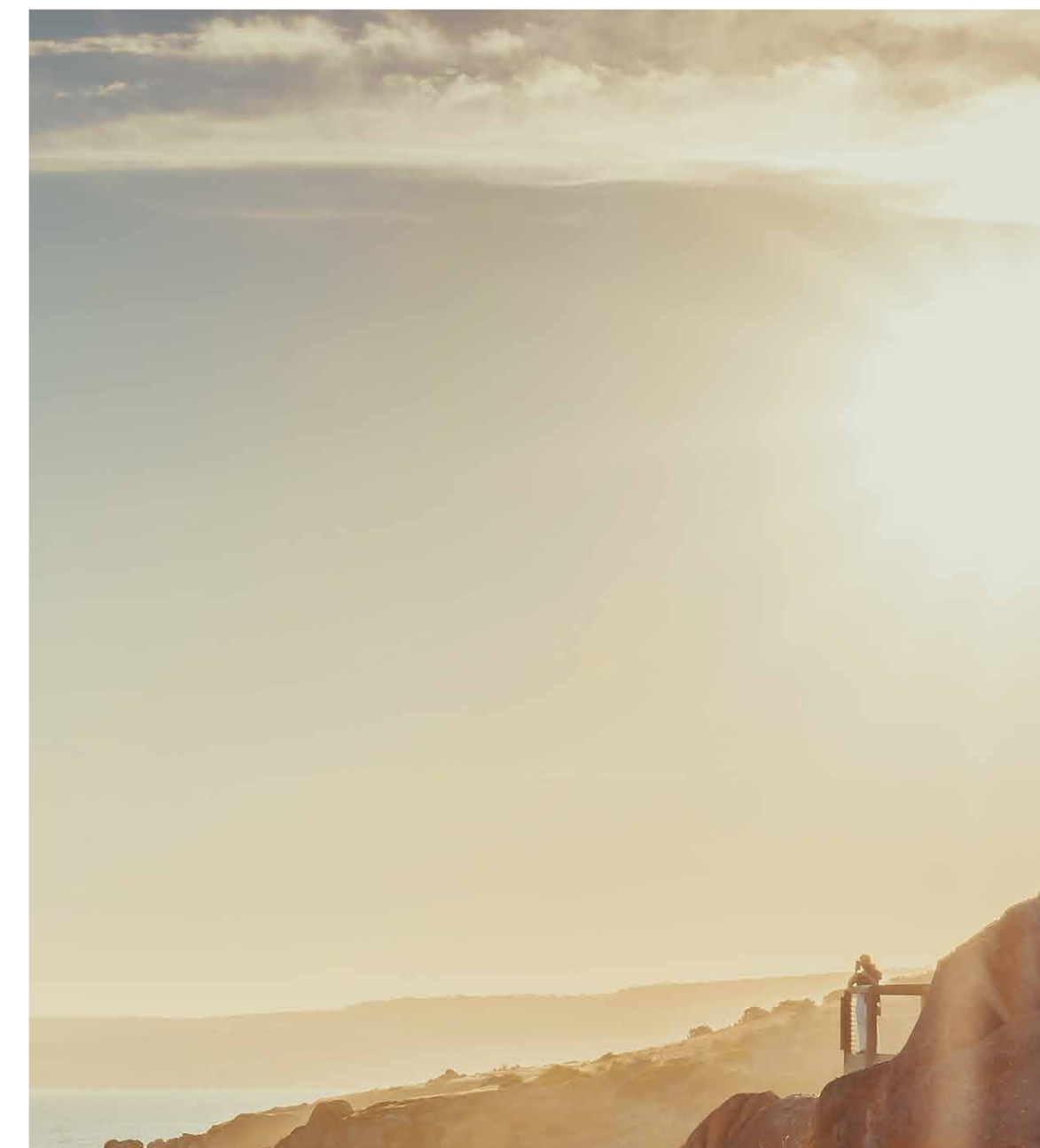
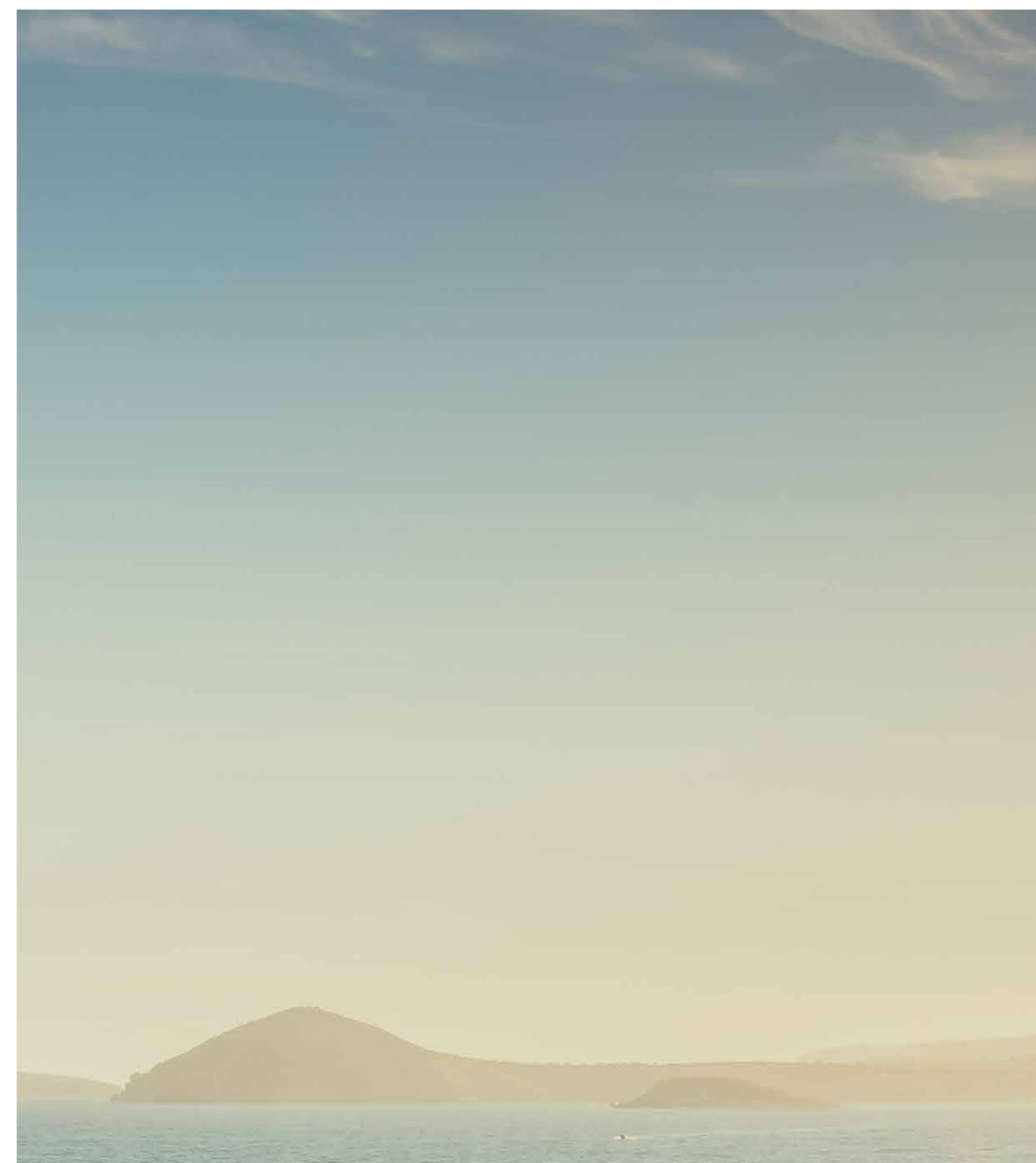
% = Assets under management (AUM) by region



# 4. Business Update

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INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023





# Business Update

## 4.1 Team update

In 2022, we continued our focus on growing our team while promoting diversity and inclusion.

The QIC Infrastructure team continued to expand in light of growth in the infrastructure portfolio and additional asset management responsibilities flowing from new investments. We welcomed 15 new investment professionals and 12 new non-executive directors in 2022.

Key appointments included Nicola Palmer as Partner, responsible for asset origination in the transport sector within Australia. Nicola brings nearly 30 years' experience in the infrastructure sector across Australia and Europe, with a focus on origination and asset management within the transportation and energy subsectors together with fundraising. Peggy Smyth was promoted to Partner for our US team. Peggy continues to work across QIC's North American infrastructure investment team on investment strategy and asset management.

Within QIC Infrastructure we continued our focus on respect for diversity, equity, inclusion and strong governance being embedded in the way we operate. We continue to champion equality in gender, culture and linguistics, accessibility, reconciliation action, LGBT+ and wellness to ensure QIC is a workplace where people feel valued, happy, healthy and encouraged.

We continue to measure and actively promote diversity of our people and the independent directors we work with. Our current infrastructure team speaks 24 languages and has a gender split of 39 per cent female and 61 per cent male (up from 36 per cent female in 2021).

## 4.2 Clients and performance

In the face of another year of continued instability in the global economy with the ongoing effects of the COVID-19 pandemic, conflict in Europe, rising interest rates and sticky inflation, QIC's infrastructure capability continued to be resilient and delivered robust performance in 2022.

The QIC Infrastructure portfolio funds under management grew significantly to A\$29 billion (as at 31 December 2022) from A\$27 billion (as at 31 December 2021), driven primarily by improving asset values.

During the year, the QIC Global Infrastructure Fund I (QGIF I) delivered on the second fundraise investment strategy, with the majority of capital invested and a strong pipeline of further bolt-on opportunities.

We remained active in our asset management approach, with key business highlights for the year outlined in the table to the right.

### Key business highlights

Financial close on Evolution Healthcare, a leading day hospital operator and ancillary specialist facilities platform with a portfolio of ten comprehensive and day hospitals in New Zealand and one in Australia.

Expanding Nexus Hospitals footprint, with:

- financial close on the acquisition of Bundaberg Private Day Hospital — a two-theatre ophthalmology-focused site in Bundaberg, along with the Pacific Private Hospital on the Gold Coast — a key acquisition target since our original investment in 2019.
- contractual close on the acquisition of Montserrat Day Hospitals, an 11-site portfolio comprising eight short-stay hospitals and three haematology and oncology clinics. The combined Nexus and Montserrat group will comprise 29 sites with a presence across most Australian states, making it the leading short-stay hospital platform in Australia.

In the United States, QIC Infrastructure on behalf of an SMA client, successfully completed the acquisition of Paloma Solar and Wind (subsequently renamed Renewa), an industry-leading land lease aggregator and land financing platform for utility-scale renewable projects in the U.S.

Significant progress with the widening project of the NorthWestern Roads Group's Westlink M7. Stage 2 and 3 proposals were also submitted to and accepted by the NSW State Government, with financial close and commencement of construction expected in 2023. The project aims to ease congestion by enabling safer, faster and more reliable connections between Sydney's South West and North West for people, businesses, and freight transport.

The opening of Pacific Energy's Denham renewable hydrogen demonstration plant, the first renewable hydrogen plant in a microgrid in Australia, furthering its reputation as a leader in the growing hydrogen sector. Additionally for Pacific Energy, the bolt-on acquisitions of ENGV and Digital Intelligence were completed during the year. ENGV is Australia's leading turnkey provider of green hydrogen production and refuelling facilities. Digital Intelligence is a market-leading specialist in high-end control systems, instrumentation, and electrical engineering and installation. The acquisitions of Digital Intelligence and ENGV deepens Pacific Energy's capability across a wide range of renewable energy technologies, and de-risks the broader business by bringing important parts of its supply chain in-house. Concurrent with the ENGV acquisition, Pacific Energy entered into multi-year exclusive supply arrangements for Australia and New Zealand with Nel ASA of Norway, the world's largest manufacturer of electrolyzers.

The commencement of cruising at the new Brisbane International Cruise Terminal at the Port of Brisbane (PoB) on 2 June 2022 following the lifting of the Federal Government's COVID-19 related ban on international cruises. The facility was officially opened by the Queensland Premier and importantly, received positive feedback from the PoB's primary cruise customer and passengers. Demand for the facility has been strong with 66 cruise ship visits and over 130,000 passengers in the seven months to December 2022. PoB successfully closed an A\$850 million bank debt refinancing in November 2022, including PoB's first ESG-linked tranches. QIC's debt team expertise was leveraged in designing ESG KPIs for the tranches which are linked to reduction in Scope 1 and 2 emissions, environmental precinct rehabilitation, and mental health first aid certification.

QIC invested an additional US\$400 million in Generate in 2022 and Generate deployed an additional US\$2 billion in sustainable infrastructure. Generate also acquired 100% of esVolta, a large-scale, front-of-the-meter battery storage developer; launched Generate Upcycle, an integrated circular economy platform, and grew the platform through the acquisitions of Atlas Organics and Stormfisher Environmental Services; established the Smart Cities platform and partnership with Ubiquity to build advanced sustainable digital infrastructure networks, including an equity investment in Ting Fiber, an internet service provider rolling out fibre networks across the US; and made an equity investment into Pine Gate, a utility-scale solar developer.

## 4.3 Our assets

### TRANSPORT ASSETS



#### Brisbane Airport

QIC Interest: 25.0%

2007

Australia



#### CampusParc

QIC Interest: 100.0%

2012

United States

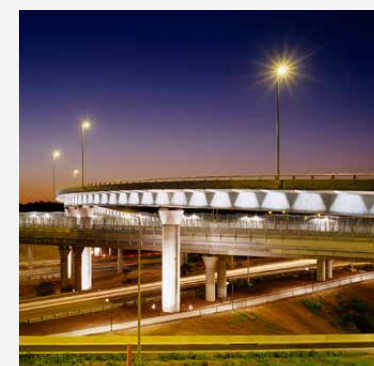


#### Hobart Airport

QIC Interest: 35.0%

2019

Australia



#### North Western Roads Group

QIC Interest: 25.0%

2009

Australia



#### Port of Melbourne

QIC Interest: 40.0%

2016

Australia



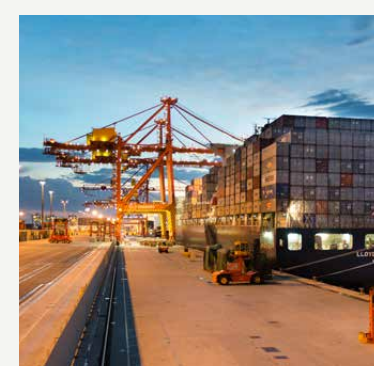
#### Sea Swift

QIC Interest: 100.0%

2019

Australia

FOLLOW-ON INVESTMENT IN 2022

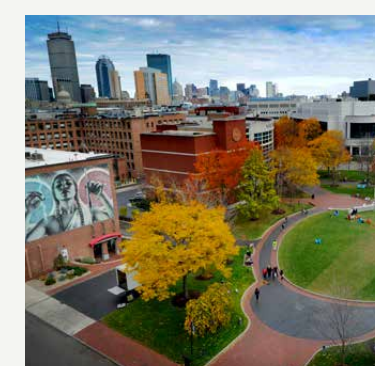


#### Port of Brisbane

QIC Interest: 26.7%

2010

Australia

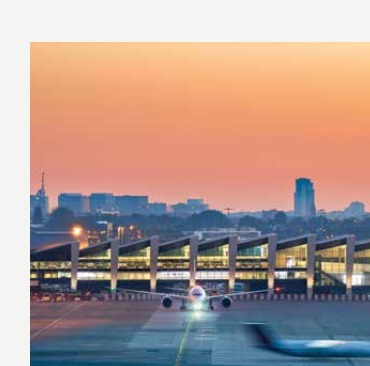


#### MasParc and Mobility

QIC Interest: 100.0%

2018

United States



#### Brussels Airport

QIC Interest: 15.8%


2019

Belgium



QIC's infrastructure capability continued to be resilient and delivered robust performance in 2022.

ENERGY & UTILITIES ASSETS

**Thames Water**  
 QIC Interest: 5.4%  
 2006  
 United Kingdom

FOLLOW-ON INVESTMENT IN 2022



**Powerco**  
 QIC Interest: 58.0%  
 2009  
 New Zealand




**Epic Energy South Australia**  
 QIC Interest: 100.0%  
 2013  
 Australia



**Lochard Energy**  
 QIC Interest: 50.0%  
 2015  
 Australia



**Tilt Renewables**  
 QIC Interest: 80.0%  
 2016  
 Australia



**Pacific Energy**  
 QIC Interest: 100.0%  
 2019  
 Australia

BOLT-ON ACQUISITIONS IN 2022



**Generate**  
 QIC Interest: 23.97%  
 2019  
 North America

FOLLOW-ON INVESTMENT IN FY22 CAPITAL RAISE



**Renewa**  
 QIC Interest: 100%  
 2022  
 United States

NEW ASSET ACQUISITION WITH FURTHER FOLLOW-ON INVESTMENT IN 2022



**CenTrio**  
 QIC Interest: 75.0%  
 2021  
 United States

PPP/SOCIAL/GOVERNMENT ASSETS




**Long Beach Court House**  
 QIC Interest: 40.0%  
 2012  
 United States



**Canadian Medical Research Facility**  
 QIC Interest: 19.6%  
 2012  
 Canada



**Nexus Hospitals**  
 QIC Interest: 79.01%  
 2019  
 Australia

BOLT-ON ACQUISITIONS IN 2022



**Titles Queensland**  
 QIC Interest: 100.0%  
 2021  
 Australia



**Evolution Healthcare**  
 QIC Interest: 92.25%  
 2022  
 New Zealand

NEW ASSET IN 2022

QIC Infrastructure portfolio funds under management grew significantly to A\$29 billion\*, up from A\$27 billion the previous year, driven primarily by improving asset values.

As at 31 December 2022

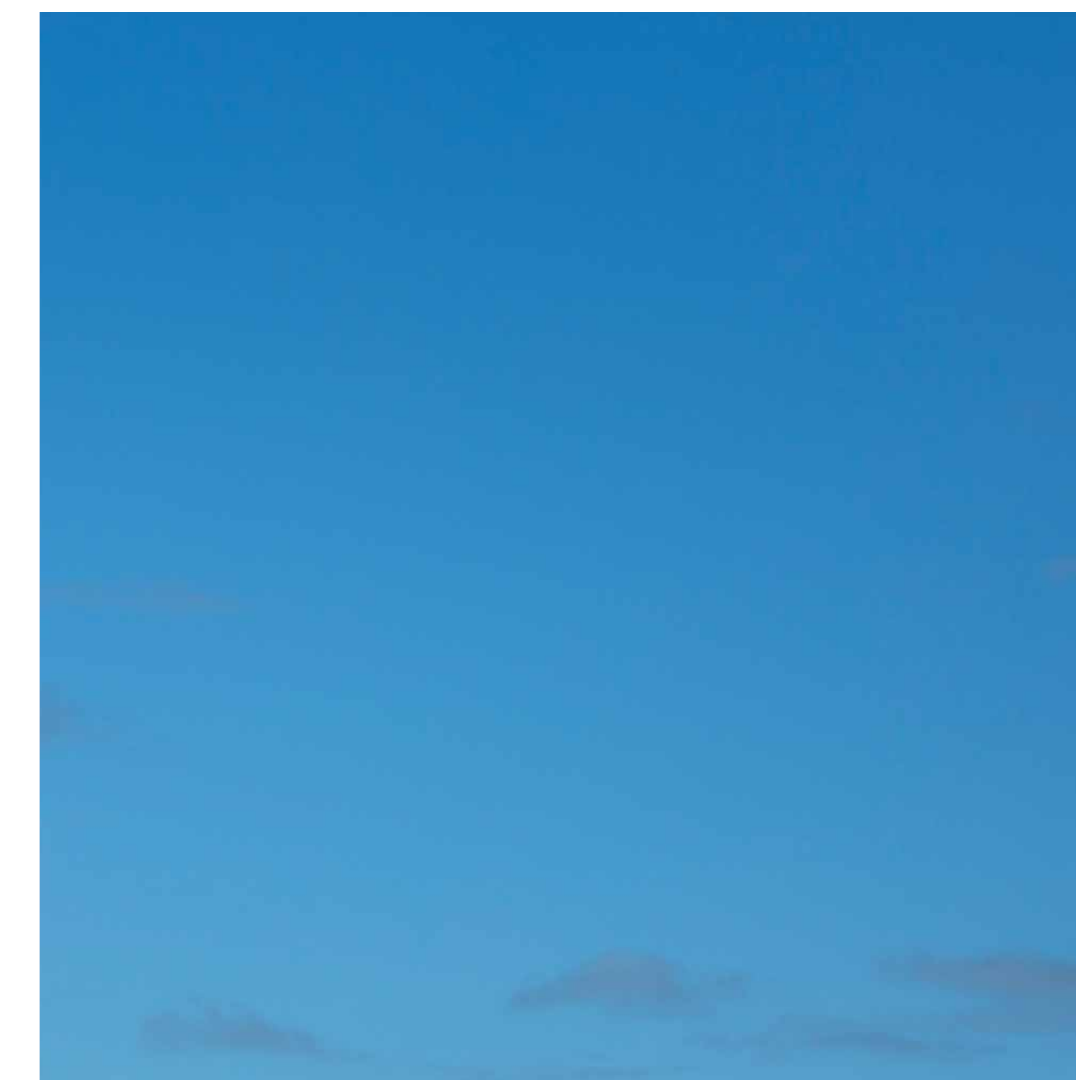
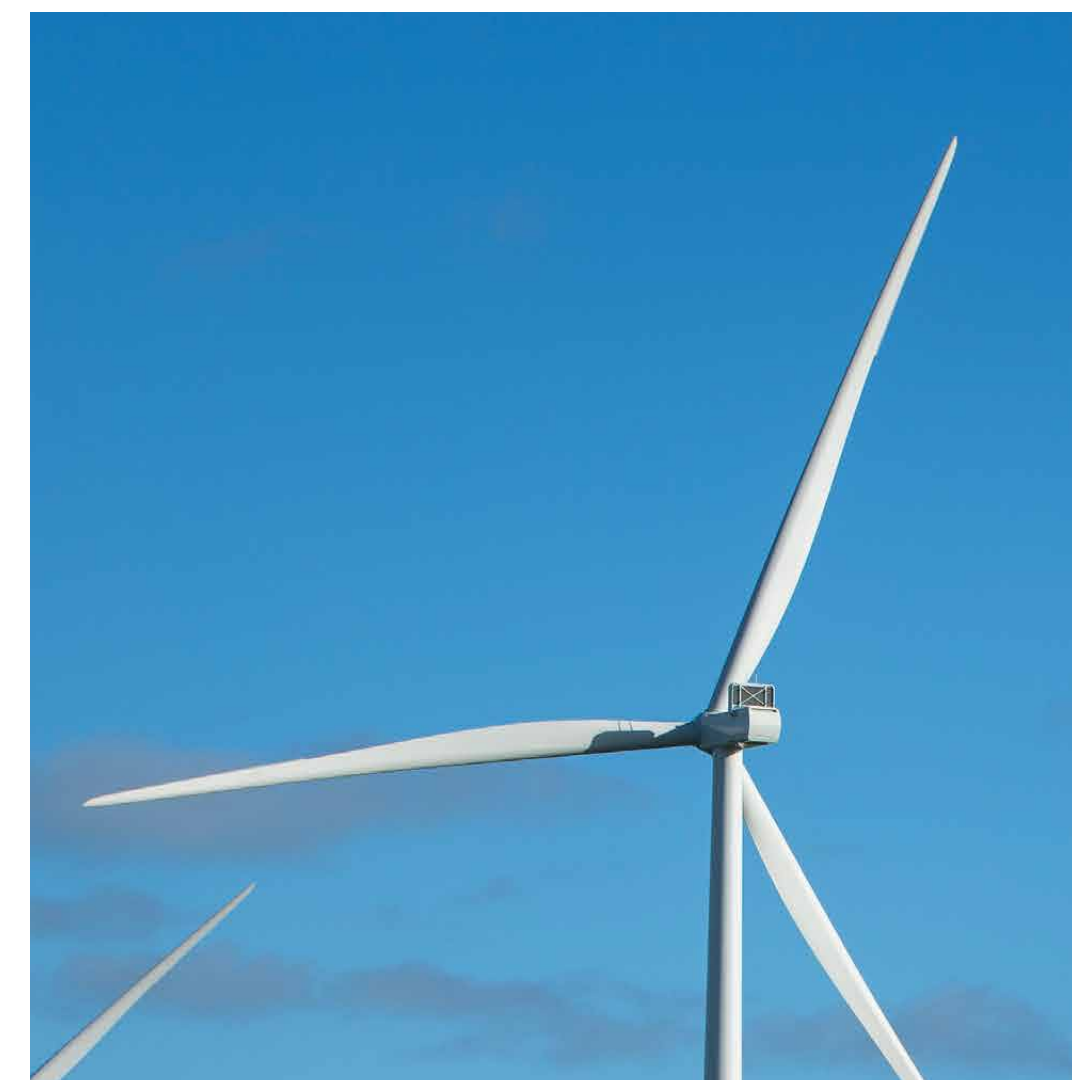
## 4.4 Data summary

The following tables outline some of the key operational, environmental and social metrics from the QIC Infrastructure portfolio companies.

Table 1: QIC Infrastructure portfolio companies

Metric	Dec-19	Dec-20	Dec-21	Dec-22
Total employees	8,687	9,506	11,201	11,997
% female	31.4%	30.9%	32.5%	32.7%
Total recordable injury frequency rate (TRIFR) <sup>3</sup>	5.10	6.66	6.78	9.08
Environment — Scope 1 emissions CO <sub>2</sub> -e <sup>4</sup>	431,680	478,914	533,803	594,014
Environment — Scope 2 emissions CO <sub>2</sub> -e <sup>4</sup>	70,229	81,815	157,293	258,048
<b>Environment — Total Scope 1 and 2 CO<sub>2</sub>-e<sup>4</sup></b>	<b>501,909</b>	<b>560,729</b>	<b>691,096</b>	<b>852,063</b>
Environment — Scope 1 emissions CO <sub>2</sub> -e (equity share) <sup>4</sup>	160,177	186,898	220,669	263,704
Environment — Scope 2 emissions CO <sub>2</sub> -e (equity share) <sup>4</sup>	23,923	30,016	79,316	113,321
<b>Environment — Total Scope 1 and 2 CO<sub>2</sub>-e (equity share)<sup>4</sup></b>	<b>184,100</b>	<b>216,914</b>	<b>299,985</b>	<b>377,025</b>
Environment — Scope 1 emissions intensity (TCO <sub>2</sub> -e/GAV) <sup>4</sup>	10.1	11.3	9.2	9.4
Environment — Scope 2 emissions intensity (TCO <sub>2</sub> -e/GAV) <sup>4</sup>	1.6	1.9	2.7	4.1
<b>Environment — Total emissions intensity (TCO<sub>2</sub>-e/GAV)<sup>4</sup></b>	<b>11.8</b>	<b>13.2</b>	<b>11.9</b>	<b>13.5</b>
Energy Consumption (GJ)	n/a	40,873,121	43,760,453	40,076,172
Energy — Total energy generated (kwh) <sup>2</sup>	1,308,207,647	3,847,099,058	5,230,176,061	6,676,705,577
Energy — % of renewable energy <sup>2</sup>	91.3%	64.0%	70.4%	73.1%
Airports — Total number of passengers	24,093,315	15,388,187	18,786,028	38,410,845
Toll Roads — Total number of users	2,309,425	2,192,374	2,383,404	2,772,312
Ports — Total TEU equivalent	4,275,579	4,327,163	4,819,655	4,871,054
Hospitals — Separations/admissions <sup>1</sup>		72,189	75,501	135,484
Water — Total customers	10,000,000	10,100,000	10,300,000	10,400,000
Waste Water — Total customers	15,300,000	15,800,000	15,600,000	15,600,000
No. of assets publishing a sustainability report	4 (31%)	4 (21%)	5 (24%)	7 (30%)
No. of assets with a NZE target		5 (26%)	7 (33%)	10 (43%)
No. of assets with a public modern slavery statement		8 (42%)	10 (48%)	12 (52%)
Total number of direct assets	13	19	21	23
Assets under management (A\$bn)	14.7	14.5	26.7	29.0

1. Due to the timing of transaction finalisation of evolution, separations only include half year results (i.e. from December 21 to December 22).  
 2. Excludes small-scale renewable energy initiatives based on materiality (i.e. solar panel system less than 50kw capacity).  
 3. Calculation excludes two assets as this metric was not actively tracked in these periods. We note the value would be negligible given the low employee count at these assets (QIC infrastructure: 2 Assets, QIP: 1 Asset).  
 4. Emission reporting includes a 12-month period for portfolio assets. Some portfolio companies report their emissions on a financial year, not calendar year, and this was accounted for. For two portfolio companies, a conservative estimate of the emission profile was used due to data being unavailable.



QIC Infrastructure's approach to sustainability is focused on resilience and adaptability.



## 4.5 Our key sustainability pillars

Reflecting QIC's sustainability beliefs as outlined in our Sustainable Investment Policy, QIC Infrastructure has identified four key sustainability pillars that underpin the Infrastructure team's approach to managing sustainability across the portfolio. Our sustainability pillars highlight what we believe are the significant areas of impact with respect to managing our Infrastructure portfolio. Supporting our investment companies to embrace sustainability efforts across these pillars helps position companies to deliver sustainable investment outcomes over the long-term.

Figure 1: QIC Infrastructure Sustainability Pillars



## 4.6 Embedding sustainability in our investment approach

QIC’s investment process for its Infrastructure platform applies a systematic approach to considering environmental, social, and governance factors. Each stage includes the evaluation and management of risks and opportunities that we believe may affect an investment’s value and earnings. Given the long-term nature of infrastructure assets, this assessment needs to consider not only factors that could impact the investment in the short-term, but also emerging risks that can have longer-term implications. With active engagement on sustainability performance across ESG matters, QIC focuses on protecting and enhancing value over the long-term.

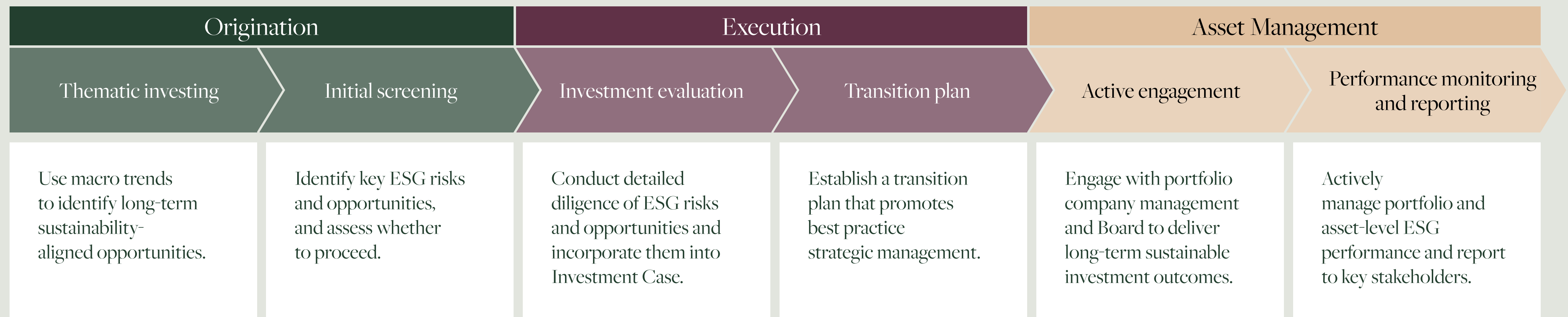
This year, notable enhancements to embedding sustainability in our investment approach include the following:

### Governance

Sustainability is integrated into QIC Infrastructure’s enhanced governance structure and operating model. The Infrastructure team’s key decision-making bodies have documented accountability for the relevant sustainability elements.

In addition, the leader of the Asset Management Leadership Team (AMLT) is also a member of the Investment Management Committee (IMC) and the committee’s Sustainability Representative. This governance structure ensures senior leadership have oversight and accountability for sustainability considerations for all potential new investments and the existing portfolio of assets.

Figure 2: ESG is incorporated into each stage of the investment process



## 4.7 Megatrends underpin long term sustainability opportunities

QIC adopts a thematic and sector-centric investment strategy which focuses on identified megatrends.

This strategy underpins our investment pipeline and helps to deconstruct risk across sector value chains, by identifying relative value for investment across market cycles.

Each megatrend has a unique set of consequences for infrastructure assets, but all have strong positive sustainability alignment.

We use these megatrends to identify long-term sustainability opportunities.

The key secular investment megatrends we have identified are:

- Decentralisation: from big monolithic and inflexible to small, distributed, modular and flexible
- Deglobalisation: from offshore, just-in-time to onshore and just-in-case resilient
- Decarbonisation: from dirty to clean and sustainable
- Demographics of an ageing population: which has implications for the demand and delivery of healthcare services
- Digital convergence.

### Megatrends touching Infrastructure









### Key consequences for Infrastructure

Low Carbon Mobility	AI	Social Licence / Stewardship	Climate Resilience	Public Debt
Supply Chain	Cyber Security	Customer-Led Change	Resource Management	Health Care (resilience)
Infra-as-a-service	Hyper-connectivity	Regulation	Circular Economy	Deaccumulation

Source: QIC

## 4.8 Report card

Priorities	Result	Sustainability Pillar	
<p><b>NET ZERO EMISSIONS AND SCOPE 3</b> Implement net zero emission objectives and build asset plans to manage Scope 3 exposure.</p>	<ul style="list-style-type: none"> <li>Progressed evaluation and prioritisation of NZE objectives at several portfolio companies. For example, the period has seen an increase in the number of portfolio companies with Board-endorsed NZE goals, work to accelerate the targeted NZE timeframe, and detailed work programs to finalised targets for those without a formalised position.</li> </ul>	<ul style="list-style-type: none"> <li>Developed a framework and guidance materials regarding Scope 3 emissions reporting standards for our asset managers, investment teams, and portfolio companies, as a tool to influence the reduction of Scope 3 emissions.</li> <li>Actively engaged and supported a number of QIC asset managers and portfolio companies to promote deeper understanding of our assets' Scope 3 emissions and opportunities to influence.</li> </ul>	<p>Climate Resilience</p> 
<p><b>PURPOSE/PEOPLE AND CULTURE</b> Progress assets' ability to drive employee and customer engagement, innovate, and attract and retain talent.</p>	<ul style="list-style-type: none"> <li>Supported approach to people management across several of our portfolio companies. This has included work on employee engagement monitoring and influence, diversity and inclusion and culture.</li> </ul>	<ul style="list-style-type: none"> <li>Where relevant to the portfolio company, progressed assets' focus on people safety, including through the evaluation of QIC risk reviews on a selection of portfolio companies.</li> </ul>	<p>People &amp; Culture</p> 
<p><b>TRANSPARENCY OF BENEFITS AND IMPACTS</b> Enhance the data driven decision making around assets' business model benefits and impacts across people, economy, and planet.</p>	<ul style="list-style-type: none"> <li>Enhanced and streamlined the set of key ESG data metrics to be tracked across the portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>Successfully expanded the coverage of involvement in GRESB with two new portfolio companies participating in the 2022 assessment.</li> </ul>	<p>Risk &amp; Governance</p>  <p>Community &amp; Stakeholders</p> 
<p><b>PHYSICAL AND TRANSITION CLIMATE RISKS</b> Incorporate material physical and transition climate risks and opportunities into assets' business plans.</p>	<ul style="list-style-type: none"> <li>Published <i>Calculating Climate Change: Introducing NGFS and its climate change scenarios</i>, the first in QIC's series of papers exploring the economic impacts of the six climate change scenarios.</li> <li>Used Munich Re risk platform to map physical climate risks across our portfolio at the asset and fund-levels, and with respect to new deals.</li> </ul>	<ul style="list-style-type: none"> <li>Completed asset level Climate Wise assessments across the portfolio and derived asset level and portfolio level insights with respect to transition climate risks; standardised asset-level annual review process.</li> </ul>	<p>Climate Resilience</p> 
<p><b>SOCIAL IMPACT</b> Escalate at an asset and fund level the understanding and connection between business and social value.</p>	<ul style="list-style-type: none"> <li>Progressed Indigenous engagement, which has included the establishment of detailed strategies and publishing of Reconciliation Action Plans, across several of our assets.</li> <li>Commenced a pilot social, natural, human, and economic evaluation with one of our portfolio companies.</li> </ul>	<ul style="list-style-type: none"> <li>A number of portfolio companies have continued to enhance their approach to stakeholder engagement with ongoing maturity around materiality assessments, measurement of corporate reputation, targeted community investment initiatives, and the enhancement of feedback processes.</li> </ul>	<p>Community &amp; Stakeholders</p> 

Note: Last year's report included a completion status for each of the priority periods. It was removed from this report as while significant progress was achieved in the reporting period, these are issues that will require ongoing focus.

## 4.9 Looking ahead

The 2022 Sustainability Priorities will be carried through into 2023, as they continue to have significant relevance across the portfolio. Our active asset management approach will continue to support our portfolio companies tailor their response to these priorities.

In addition, we will also add the following areas of focus to our 2023 priorities, and will provide an update on progress against these in next year's report.

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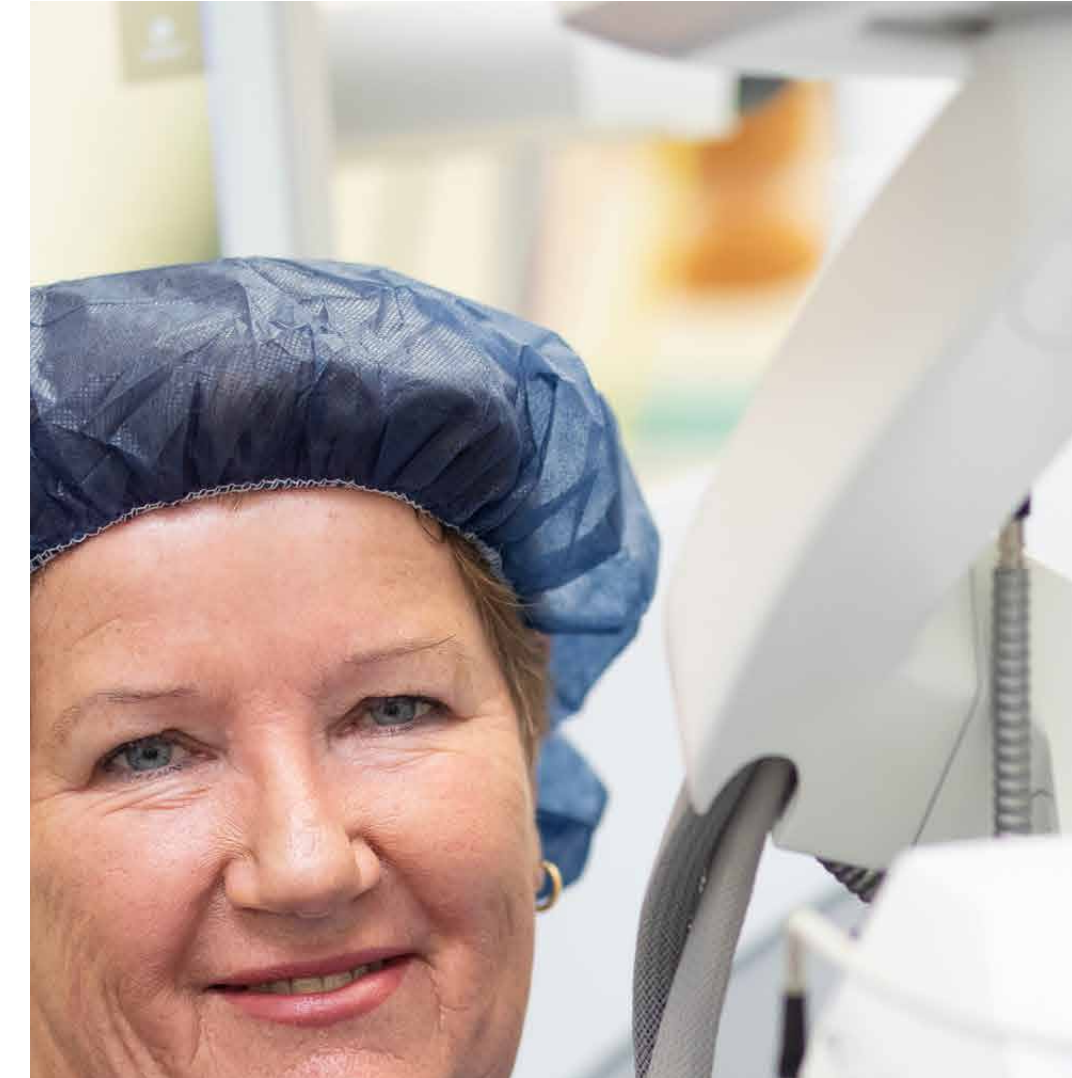
**Building our knowledge and approach to emerging sustainability issues through our dedicated research and insights program**

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**Enhancing our approach to learning and development for the team and company directors**

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**Leveraging the opportunities to create networks and collaborations across the portfolio.**



**Our active asset management approach will continue to support our portfolio companies to tailor their response to our Sustainability Priorities.**



# 5. Governance

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# Governance

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## 5.1 Governance across the portfolio

Within QIC Infrastructure, we view the area of governance as a fundamental enabler of an organisation's ability to understand and respond to its material environmental and social issues. Aspects such as the composition of the Board, Board and committee structures, policies, risk management frameworks, internal data management and reporting, and organisational capability and resourcing are all important in the establishment of strong governance.

## 5.2 2022 Update on governance activities

### Board composition

During 2022, the number of Non-executive Directors we work with has expanded due to the inclusion of new businesses in the portfolio and the end of current Director contracts. Our approach to the selection and appointment of these Directors takes into account the current Board composition, diversity, and skills assessments.

### Governance agenda, systems, processes and risk management

Sustainability governance has been enhanced within the portfolio companies through the establishment of governance forums. This includes sustainability sub-committees and working groups within Boards that focus on sustainability issues and performance, reporting regularly to the Board on material sustainability issues, and overseeing sustainability policies such as diversity and inclusion, safety, and modern slavery, and the establishment of NZE targets.

### Sustainability capabilities and resourcing

Across the portfolio, enhancement of sustainability capability and resourcing has again been evident. This reporting period has seen recruitment occurring in at least eight portfolio companies for sustainability professionals and the continued emergence of Chief Sustainability Officers across the portfolio. The combination of executive-level capability, supported by specialist sustainability professionals, continues to be an important approach in ensuring the issues most likely to impact the organisation's financial outcomes, are addressed by the executive team and the Board.

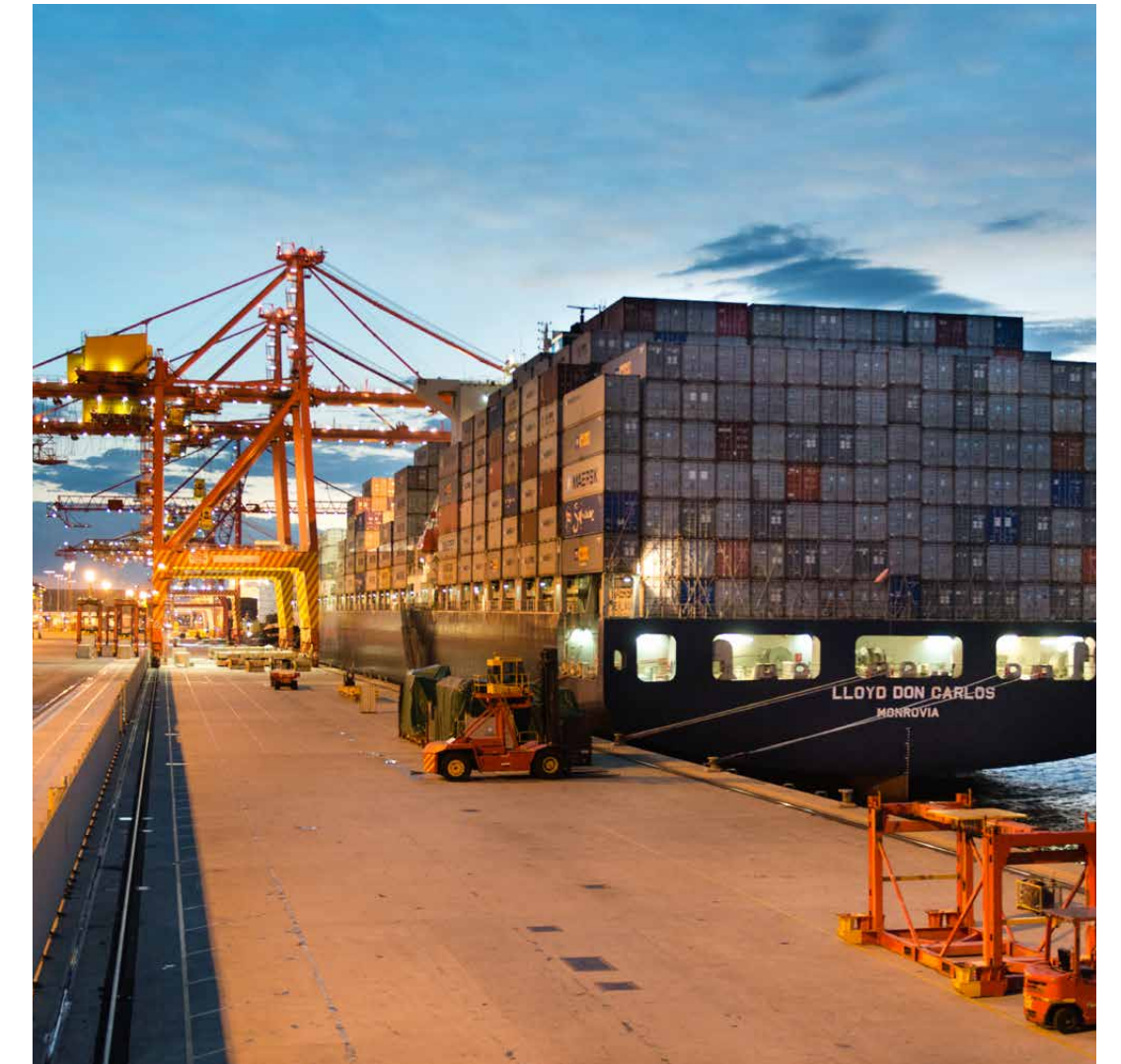
### Inclusion of sustainability in management KPIs

QIC has continued to progress and enhance the sustainability items incorporated into management's Key Performance Indicators (KPIs) and short and long-term incentive schemes. These KPIs are tailored for each company and aim to include both leading and lagging indicators.

QIC believes that incorporating sustainability in organisational KPIs and incentive plans facilitates the alignment of sustainability vision and strategy with the business strategy. This entails clearly defining and communicating sustainability targets and commitments, and then consistently implementing and measuring them across the organisation. In addition, timeframes related to corresponding targets are set, responsibilities are clearly delineated, and KPIs are linked to financial and non-financial consequences of a range of personnel, including the Board, senior management, and dedicated ESG staff.

### Governance within QIC Infrastructure

Sustainability is integrated into QIC Infrastructure's governance structure and operating model. The Infrastructure team's key decision-making bodies have documented accountability for the relevant sustainability elements, and sustainability is included in the Investment Management Committee (IMC) charter. In addition, the leader of the Asset Management Leadership Team is also a member of the IMC and the team's nominated Sustainability Representative. This governance structure ensures that senior leadership have oversight and accountability for sustainability considerations for all potential new investments and the existing portfolio of assets.



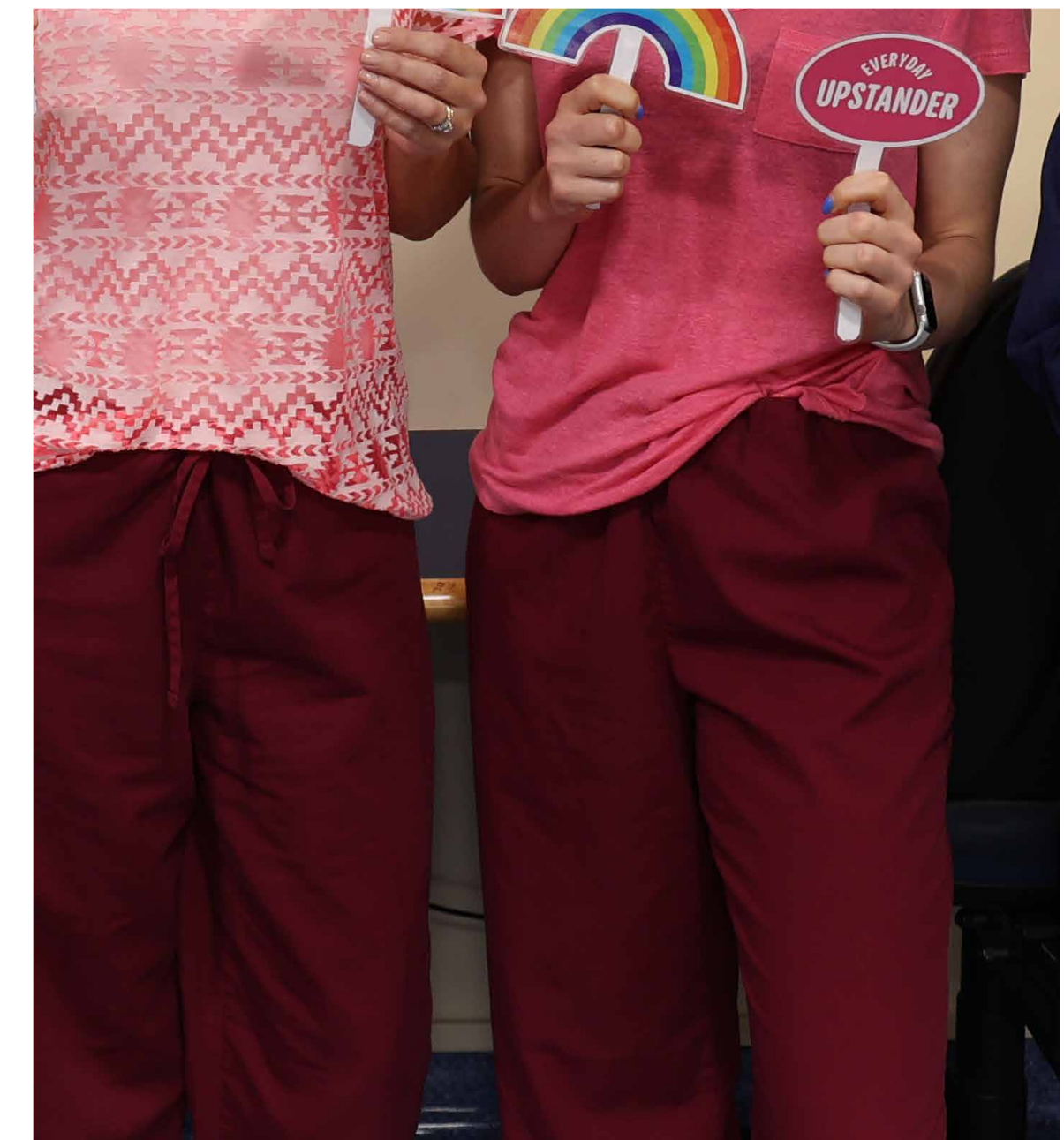
Pacific Energy and Port of Brisbane both closed Sustainability Linked Debt transactions, aligning sustainability performance targets with the capital structure of their businesses.



QIC

## 6. Social Insight

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MATINA PAPATHANASIOU, FOUNDING PARTNER, QIC INFRASTRUCTURE

## Striving for equity for all

The knowledge that a business is acting in a way that is fair, appropriate and deserving of trust is important for stakeholders.

We understand as infrastructure owners we have to be good custodians, demonstrating positive contributions to employees, customers and the communities in which our assets operate.

Those that do it well will not only retain a social licence to operate, but will also be granted a licence to grow, because stakeholders will have a vested interest in their success.

Of particular importance is the emphasis a business places on the way it treats its people, and addresses diversity and inclusion.

### Fair treatment

Whether it is staff, customers or the people in the community we serve, the importance of treating them fairly and equitably is paramount. If there is a perceived inequity, these stakeholders — the people — will want to intervene and ask for change.

If people feel that they are considered and fairly compensated (whether directly or indirectly) then they are more likely to support a company.

So how does a business begin to address this potential for inequity? It is important to listen to those who have an interest in your business, to understand what the issues are, as well as what it is they value most.

### Diversity and inclusion

Encouraging diversity and inclusion of gender, race, religion, geography, age, and sexual orientation, is important for QIC and our portfolio companies for a range of reasons including:

- Being inclusive of different dimensions is fair and equitable: employees with different backgrounds, skills, experience, and knowledge add value to a business at all levels.
- Bringing significant value: it enables all people to contribute to and generate innovation, inclusion, and sustained business success.
- Striving to minimise institutional discrimination: this can only be overcome with significant effort across our society for those who have been historically disadvantaged.

At QIC, we understand we have a role to play in enabling a more socially conscious future for our clients and the communities in which we operate, and that the people always need to be at the centre of what we do.

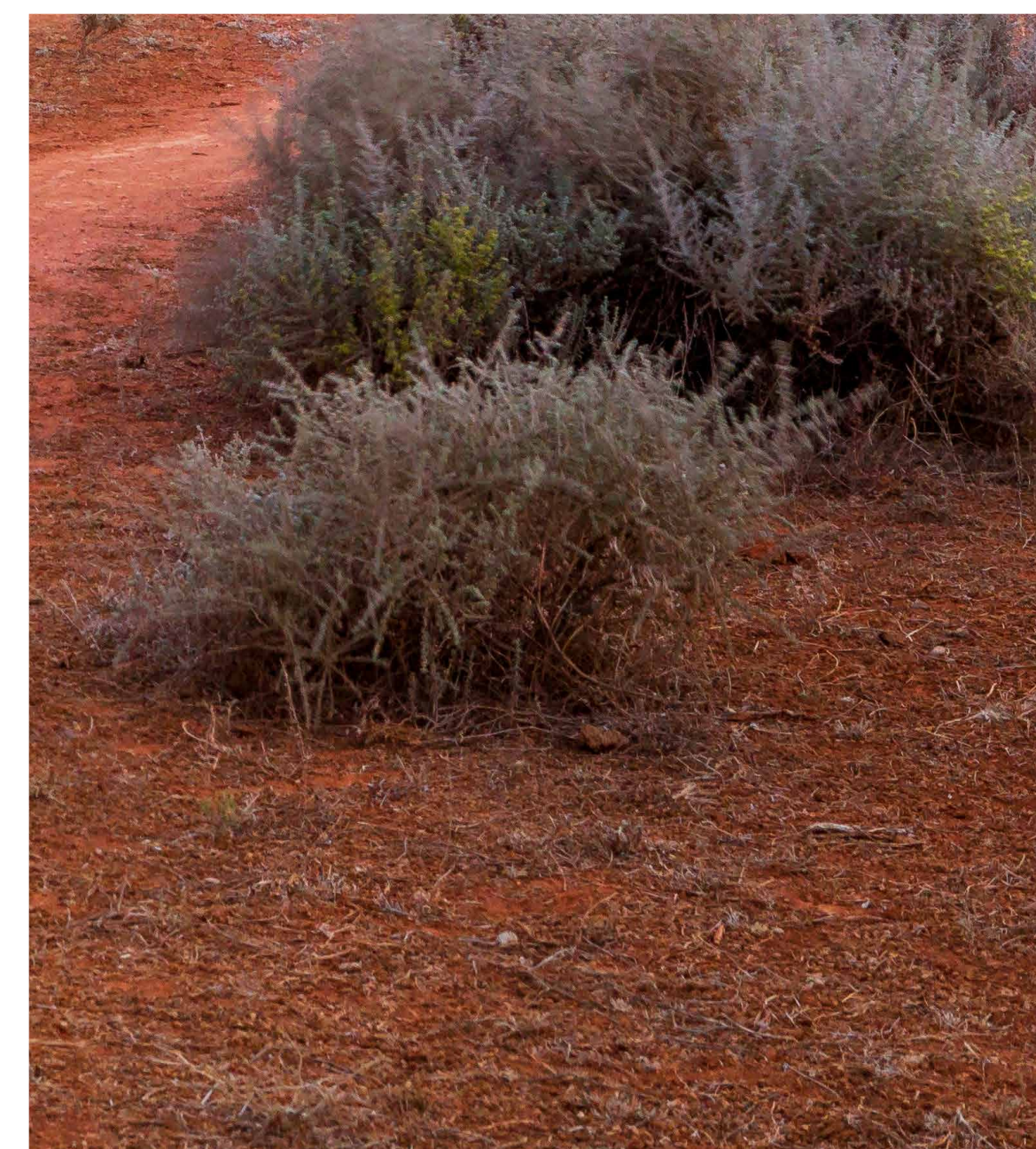
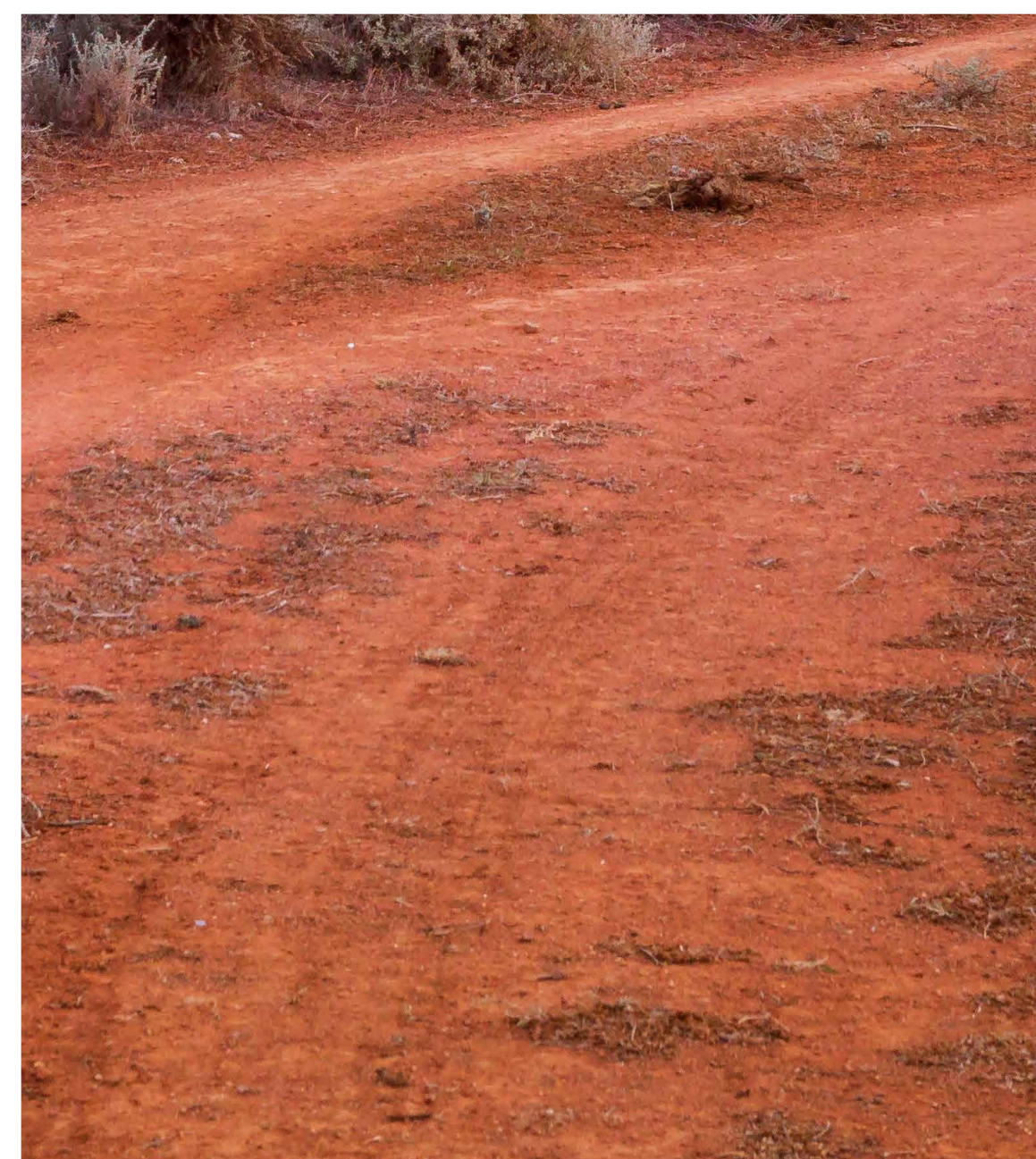
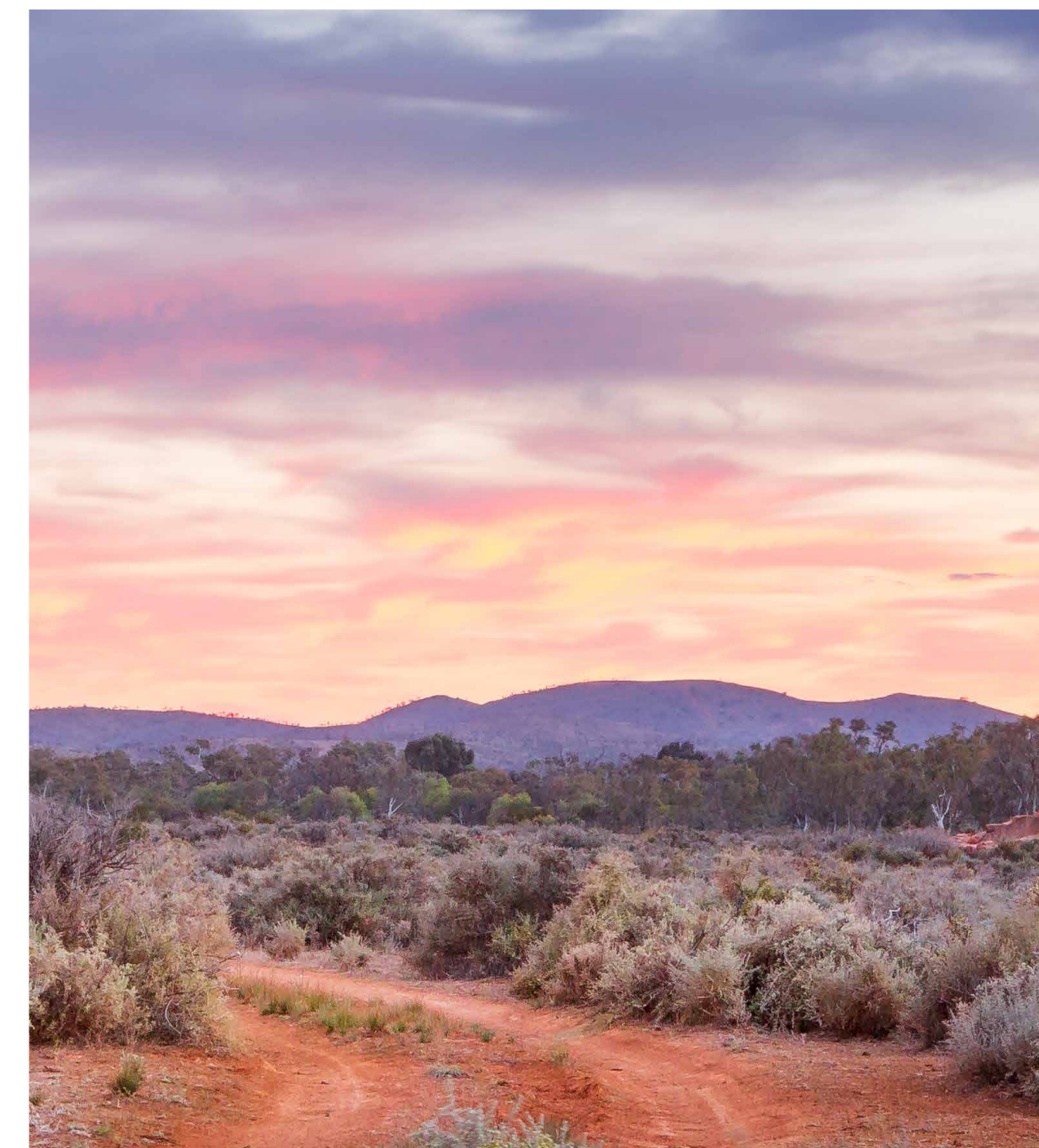
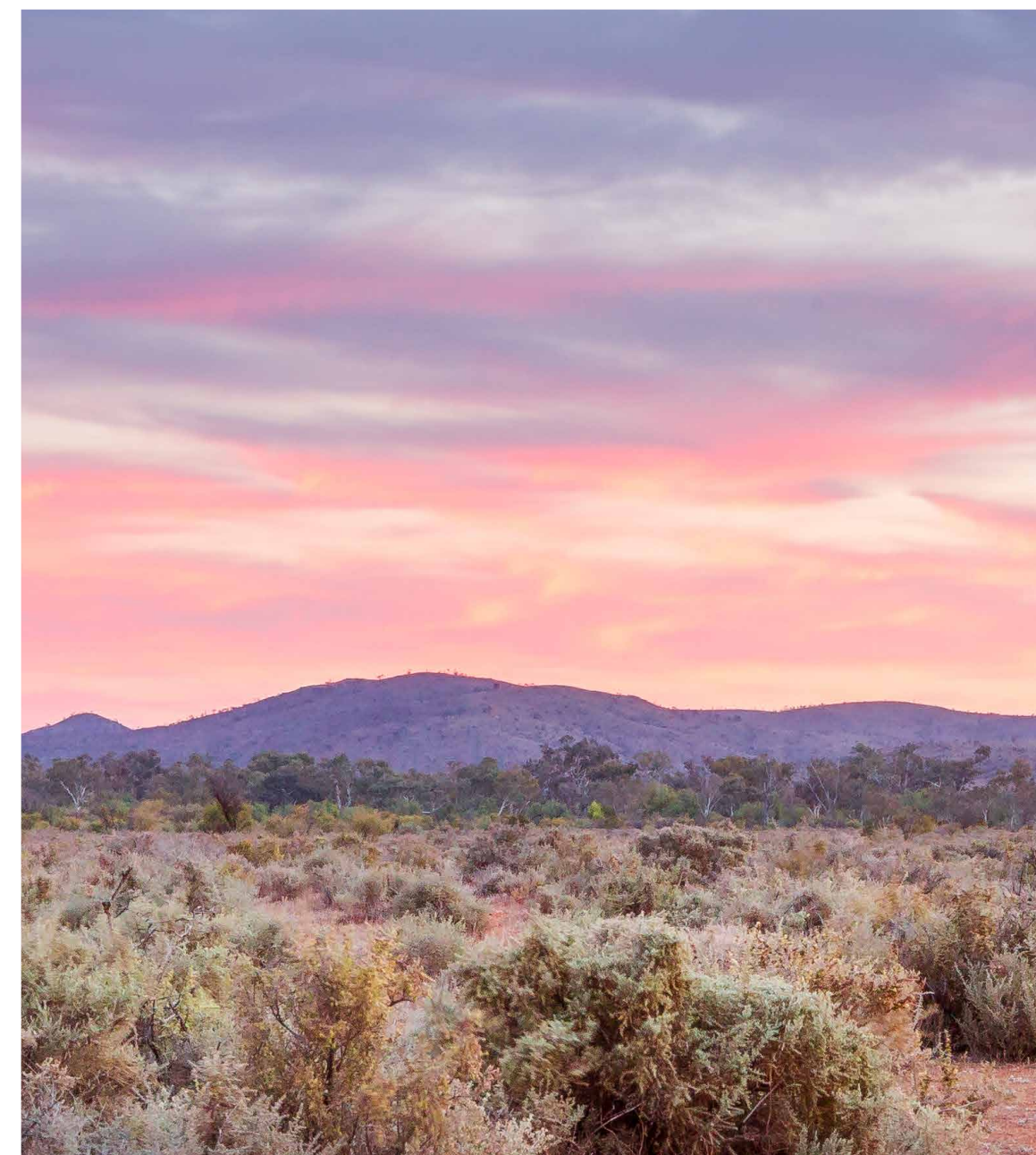




# 7. Climate Risk

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# Climate Risk

## 7.1 Transition climate risks

Over the past year, we have standardised our approach to portfolio, fund, and company climate transition risk reviews by implementing a framework in line with the Cambridge Institute of Sustainability Leadership (CISL) “Climate Wise” framework across our portfolio. Our climate transition assessment evaluates the potential changes in a portfolio company’s revenue, operational expenses, and capital expenditures under a range of different climate scenarios.

This assessment enables us and our portfolio companies to identify key strategic risks and opportunities, and ensure the portfolio company strategy is addressing them.

Periodic assessment of asset level climate transition risks and opportunities enables QIC to have an enhanced understanding of how transition risks drive the financial performance of investments in infrastructure, and to identify circumstances under which exposure to low carbon transition risks could become material.

## 7.2 Physical climate risks

Over the past year, we have standardised our approach to managing physical climate risks through the continued use of the Munich Re Location Risk Intelligence software. The Munich Re platform is used to evaluate projected exposure to natural hazards across the portfolio, as well as during our evaluation of new investments.

Figure 3 shows our current portfolio exposure to various physical climate risks. The analysis suggests that parts of the portfolio are currently highly exposed to certain factors such as tornadoes, wildfires, and earthquakes; however, most of the portfolio has low to medium exposure across the various hazards. We will continue to monitor physical risks in our portfolio over time.

## 7.3 NGFS scenario analysis

In 2022, QIC published the first in QIC’s series of “Calculating Climate Change” papers exploring the potential economic impacts of the six climate change scenarios of the NGFS, and what this may mean for institutional investors. Founded in 2017 at the Paris “One Planet Summit” and developed in part to support the goals of the Paris Agreement, NGFS stands for the “Network for Greening the Financial System”, and is comprised of a group of central banks and regulators from five continents.

The NGFS integrates the impact of climate change on the global economy using several large-scale models. Modelling output includes the impact on the global economy of various climate change scenarios across 50 countries and regions.

The six climate scenarios are broadly divided into the following three categories:

- “Orderly” transitions, characterised by an implementation of policies that limit global heating to levels that are not catastrophic and in a non-disruptive manner.
- “Disorderly” transitions, characterised by an implementation of policy and transition that is disruptive or uncoordinated, but ultimately keeps global heating below 2 degrees Celsius.
- Actions that lead to catastrophic climate change (“Hot House World”), characterised as the status quo and result in significant global heating of 2.5 degrees Celsius or higher.

The scenarios represent trade-offs between physical risks (which dominate in the longer term) and transition risks (which dominate in the near term). The scenarios illustrate the benefits of the world acting quickly and cooperatively, with global GDP suffering most in scenarios where there is hesitation or lack of coordination.

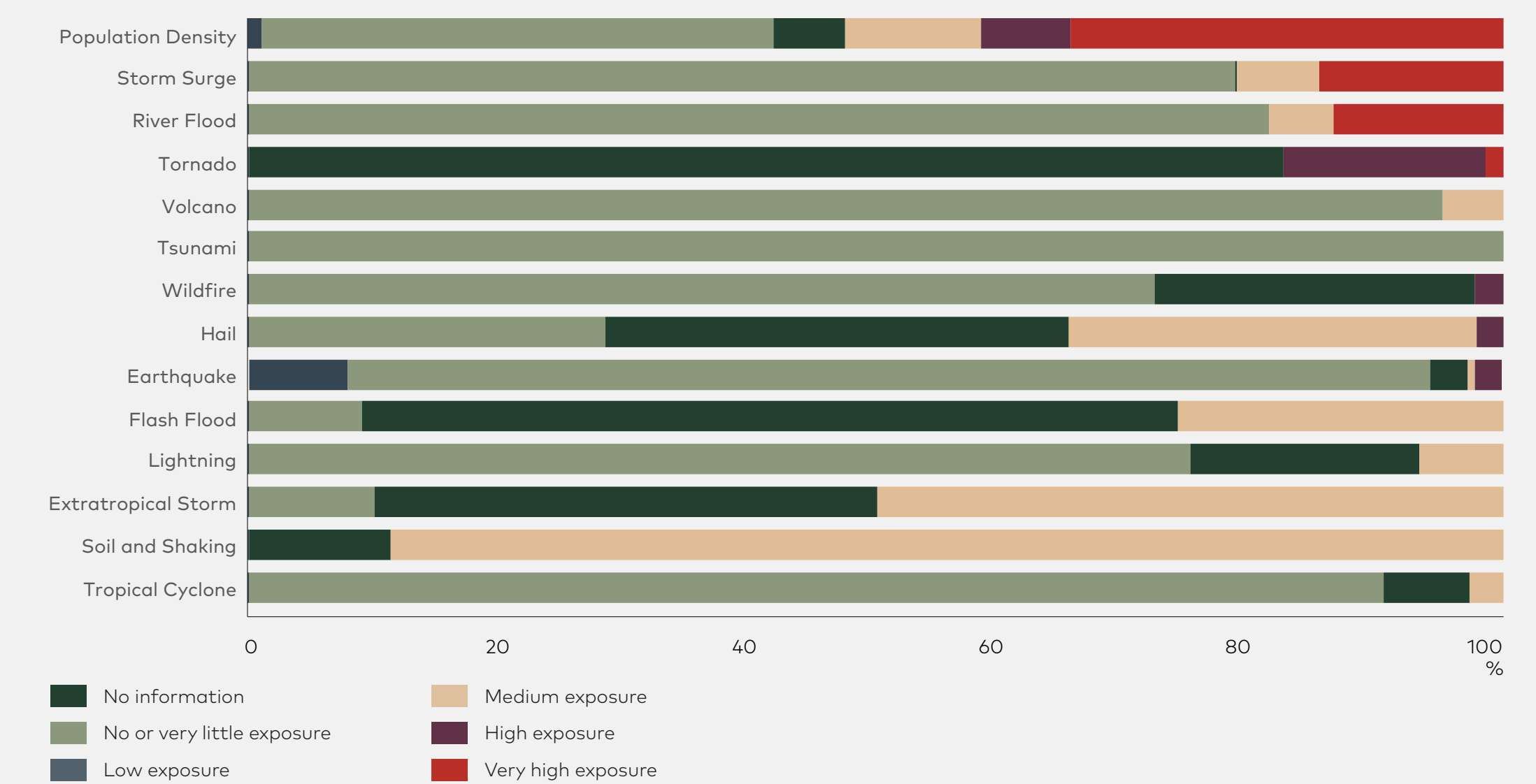
QIC believes the NGFS will become a globally recognised benchmark for understanding the economic impacts of climate change, evidenced by its adoption by more than 120 central banks and supervisory authorities.

### How QIC Infrastructure will apply the NGFS

To test portfolio companies’ resilience in the context of a transition to a low-carbon economy and potential impacts from a changing climate, QIC Infrastructure is planning to have its investment teams conduct a quantitative assessment of each potential investment’s business plan against a Paris Agreement-aligned “NZE by 2050” scenario.

One of the avenues to do so may be to evaluate the potential investment under the scenarios developed by the NGFS, including the NGFS “NZE by 2050” scenario. This would entail conducting investment model scenario analyses that incorporate the relevant macroeconomic, sectoral, and geographic data under the applicable NGFS scenarios. Applying the NGFS scenarios furthers our objective to proactively prepare for the escalating risks of climate change and to capture the emerging opportunities from the transition to a low-carbon economy.

Figure 3: QIC Infrastructure Current Exposure as a % of NAV (31 December 2022)

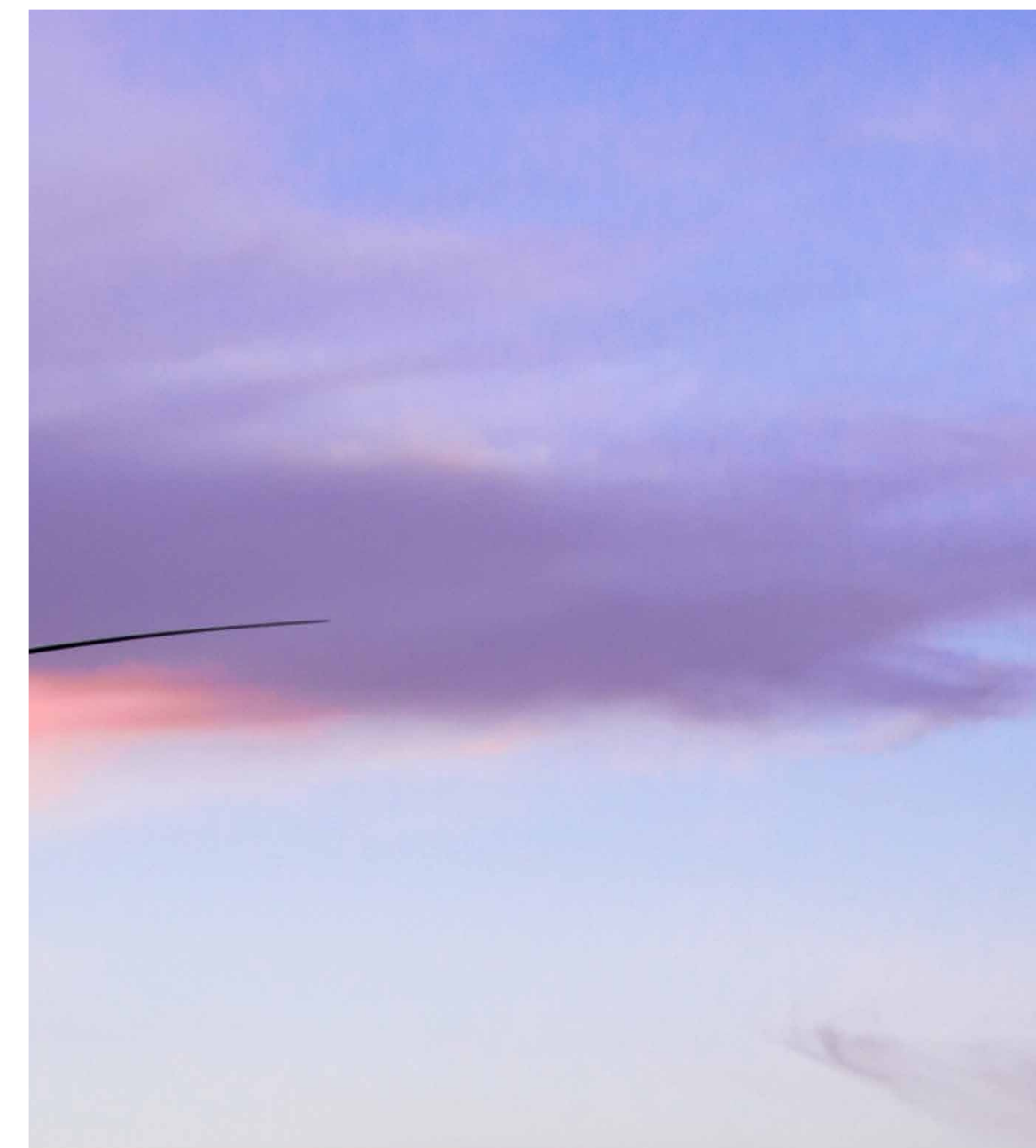


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# 8. Net Zero

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# Net Zero

QIC Infrastructure formalised net zero emissions commitments for the QIC Global Infrastructure Fund I (QGIF I) and the QIC Infrastructure Portfolio (QIP) in October 2021.

The commitment incorporates three dimensions.

1. At least a 50 per cent reduction in Scope 1 and 2 carbon emissions by 2030
2. Net Zero Emissions (NZE) for Scope 1 and 2 across both portfolios by 2040
3. Active contribution to our assets' broader industry net zero ambitions (e.g. Scope 3).

In order to achieve these objectives, we take a tailored and collaborative approach to decarbonisation at each asset to ensure the target for each asset is specific and relevant for its needs and pathway, and provides the optimum outcomes for that business.

While the NZE commitments apply to the pooled funds, we follow the same methodical and proactive approach to setting and then delivering NZE outcomes at each of our portfolio companies.

The below tables outline the progress made in setting NZE objectives, Scope 1 and 2 decarbonisation activities, and the contribution the portfolio companies have made to their industry emissions.

Table 2: Asset Level Decarbonisation Activities — Scope 1 and 2

Asset	NZE Target	Target setting and Scope 1 and 2 Activities
<b>Lochard Energy</b>	Under development	<ul style="list-style-type: none"> <li>Finalisation of Lochard Energy's Sustainability Strategy and NZE target will occur in early 2023.</li> <li>The associated decarbonisation strategy includes an internal carbon price that will incentivise internal abatement.</li> </ul>
<b>Pacific Energy</b>	Under development	<ul style="list-style-type: none"> <li>An operational control assessment has been completed to establish the Scope 1, 2 and 3 baselines. A decarbonisation plan is in development that focuses on Scope 1 and 2 while recognising the role of Pacific Energy in supporting customer decarbonisation.</li> </ul>
<b>Port of Melbourne</b>	Under development	<ul style="list-style-type: none"> <li>A NZE by 2030 target is in development and being reviewed by the Board.</li> </ul>
<b>Hobart Airport</b>	NZE by 2035	<ul style="list-style-type: none"> <li>Hobart Airport has achieved Level 3+ under the Airport Carbon Accreditation (ACA) program. Hobart Airport is taking the proactive step to reduce its emissions impact now through the purchase of carbon credits with the New Leaf Tasmanian Land Conservancy Carbon Project. This is an accredited and verified carbon sequestration project under the Commonwealth Government Emissions Reduction Fund (ERF).</li> </ul>
<b>CenTrio</b>	Under development	<ul style="list-style-type: none"> <li>The development of a sustainable infrastructure plan and operational control assessment are key elements of the development of the CenTrio NZE pathway.</li> <li>Existing decarbonisation activities include the discontinued service and decommissioned natural gas fired hot water district heating services to five customers, eliminating 8,000 MteCO<sub>2</sub> per year and the change in refrigerant used at the ice battery operations.</li> </ul>
<b>Generate</b>	NZE by 2040	<ul style="list-style-type: none"> <li>As part of the sustainability policy review, the Board has endorsed an NZE by 2040 target at the end of 2022.</li> </ul>
<b>Sea Swift</b>	Under development	<ul style="list-style-type: none"> <li>The development of a decarbonisation plan and target will be progressed in the FY24 period.</li> </ul>
<b>Tilt Renewables</b>	NA	<ul style="list-style-type: none"> <li>The Scope 1 and 2 emissions profile is immaterial. Management focus is on Scope 3 emissions and other more significant ESG-related opportunities currently. The company has been purchasing renewable electricity for its office needs.</li> </ul>
<b>Nexus Hospitals</b>	Under development	<ul style="list-style-type: none"> <li>An NZE target is being considered and is expected to be presented to the Board in the next financial year.</li> <li>Nexus is participating in the Stage 3 Renewable Energy Power Purchase Agreement process to capture development and acquired sites.</li> <li>Nexus will place solar panels at Pennant Hills Day Hospital. Nexus will engage with a third-party sustainability manager to perform the installation and a review of electricity usage.</li> </ul>

Asset	NZE Target	Target setting and Scope 1 and 2 Activities
<b>Brussels Airport</b>	NZE by 2050	<ul style="list-style-type: none"> <li>Management is seeking to accelerate the NZE target from the existing 2050 target with Board evaluation currently underway. The Airport is currently accredited to ACA Level 3+ and purchases 100% renewable electricity, and has multiple solar parks onsite.</li> </ul>
<b>Evolution</b>	Under development	<ul style="list-style-type: none"> <li>As a recent addition to the QIC Portfolio, an ESG capability assessment and benchmarking exercise is currently underway as the priority, and NZE targets will be a priority for QIC s part of the strategy development.</li> </ul>
<b>MasParc</b>	NZE by 2030	<ul style="list-style-type: none"> <li>Management is exploring switching the business' power supply to green / renewable sources as a means to accelerate the NZE outcomes.</li> <li>Upgraded the facility lighting from older induction lights to primarily new LEDs (over 360 lights were upgraded / replaced). Monthly power consumption was cut by 60–65%.</li> </ul>
<b>Thames</b>	NZE by 2030	<ul style="list-style-type: none"> <li>Existing commitment in place with programs that involve the use of biogas, solar power, electric vehicles, energy efficiency, and recovering heat from sewerage.</li> </ul>
<b>Powerco</b>	NZE by 2030	<ul style="list-style-type: none"> <li>Implementation of emissions reduction strategies in line with the net zero roadmap and developing a carbon removal strategy for residual emissions.</li> </ul>
<b>Port of Brisbane</b>	NZE by 2030	<ul style="list-style-type: none"> <li>Under the Board Endorsed Energy Transition Plan, the purchase of climate active carbon neutral fuel and the implementation of a virtual energy network.</li> </ul>
<b>CampusParc</b>	NZE by 2030	<ul style="list-style-type: none"> <li>Evaluate and finalise action plan for full offset by 2030.</li> </ul>
<b>Brisbane Airport</b>	NZE by 2025	<ul style="list-style-type: none"> <li>An NZE by 2025 target was approved by the Board, a significant advancement from the original 2050 goal. The accelerated targets were enabled by a commitment to 100% renewable energy, purchasing an all-electric vehicle fleet and an onsite carbon removal project.</li> </ul>
<b>North West Roads Group</b>	Under development	<ul style="list-style-type: none"> <li>An NZE pathway under development and is being discussed with the Board.</li> </ul>



Table 3: Asset Level Decarbonisation Activities — Value Chain emissions / Scope 3

Asset	Status, Activities and Plan
<b>Pacific Energy</b>	<ul style="list-style-type: none"> <li>Significant decarbonisation-focused development pipeline which includes delivery of its 'Standalone Power Systems' which deliver hybrid energy solutions incorporating solar, batteries, control systems and backup generators across regional and remote communities in Western Australia.</li> </ul>
<b>Port of Melbourne</b>	<ul style="list-style-type: none"> <li>A detailed assessment of PoM's Scope 3 emissions profile was undertaken in 2022, and an action and engagement plan is being developed. This plan will include approaches to alternative fuels, mode transfer at the port, and enhanced tenant engagement.</li> </ul>
<b>Hobart Airport</b>	<ul style="list-style-type: none"> <li>Hobart Airport measures and monitors Scope 3 emissions as part of its Airport Carbon Accreditation. It is investigating the following options to support the reduction of Scope 3 emissions: electric vehicle charging; and renewable energy procurement for tenants.</li> </ul>
<b>CenTrio</b>	<ul style="list-style-type: none"> <li>The key Scope 3 emission sources for CenTrio are likely to include the fuel used in the P3 assets. CenTrio, through its approach to modernisation, is an enabler of customer decarbonisation.</li> </ul>
<b>Generate</b>	<ul style="list-style-type: none"> <li>Generate is maturing its approach to measurement of emissions across its portfolio including its Scope 3 exposure through financing. The business has continued to expand its portfolio of sustainable infrastructure, further supporting the decarbonisation of its customers.</li> </ul>
<b>Brussels Airport</b>	<ul style="list-style-type: none"> <li>Brussels Airport leads the Stargate project (21 consortium members) which received EU Commission funding as part of the European Green Deal. Brussels Airport leads the development, testing, and implementation of innovative solutions such as SAF production and distribution, zero emission vehicles, green hydrogen, modal shift, and digital twin.</li> </ul>
<b>Powerco</b>	<ul style="list-style-type: none"> <li>Reporting accuracy increased for Scope 3 with the inclusion of purchased goods and services.</li> <li>Powerco is also supporting the decarbonisation of its customers through enhancements to its network to support additional renewable generation, the reduction of gas through the network, and evaluation of hydrogen usage within the existing pipeline network.</li> </ul>
<b>Port of Brisbane</b>	<ul style="list-style-type: none"> <li>Further progress has been made in the calculation and recording of Scope 3 emissions, with Scope 3 emissions published in the FY22 sustainability report. Further work is underway to improve the accuracy of vehicle emissions, tenant fuel, and electricity consumption and data automation.</li> <li>Activities in development to support the management of Scope 3 include a review of ship to shore power facilities, solutions to optimise vessel routes through the shipping channels, alternative fuel options for vessels and road vehicles, and supporting the increased use of the rail system.</li> </ul>
<b>CampusParc</b>	<ul style="list-style-type: none"> <li>Engaged with OSU on how to collect and quantify Scope 3 emissions data.</li> </ul>
<b>Brisbane Airport</b>	<ul style="list-style-type: none"> <li>The Airport is actively engaged with industry to support the decarbonisation of aviation. This includes its signatory to the global Clean Skies for Tomorrow initiative which involves working with more than 100 other airports, airlines, fuel suppliers, and industry stakeholders by accelerating the supply and use of sustainable aviation fuel to 10% by 2030.</li> </ul>

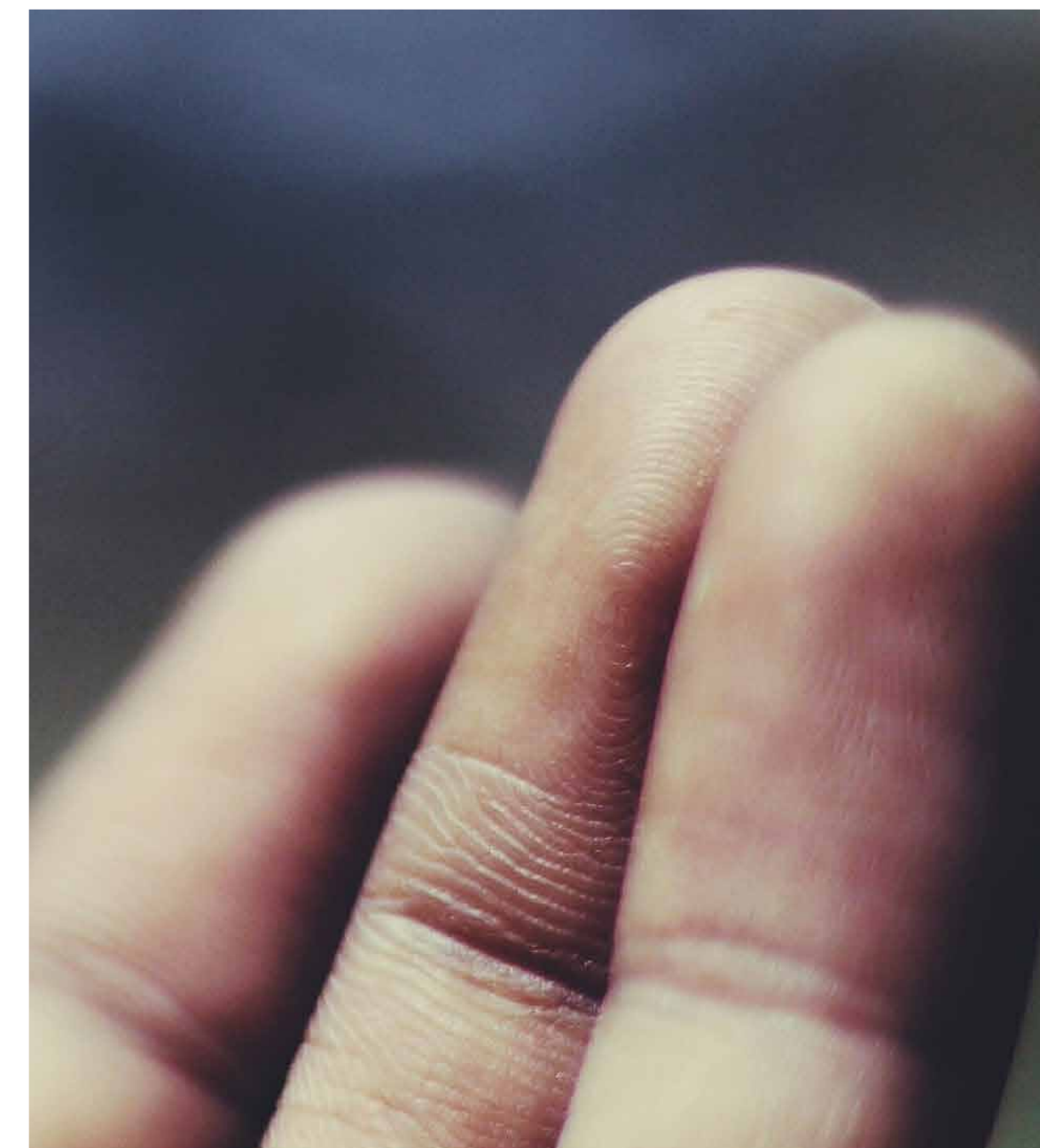
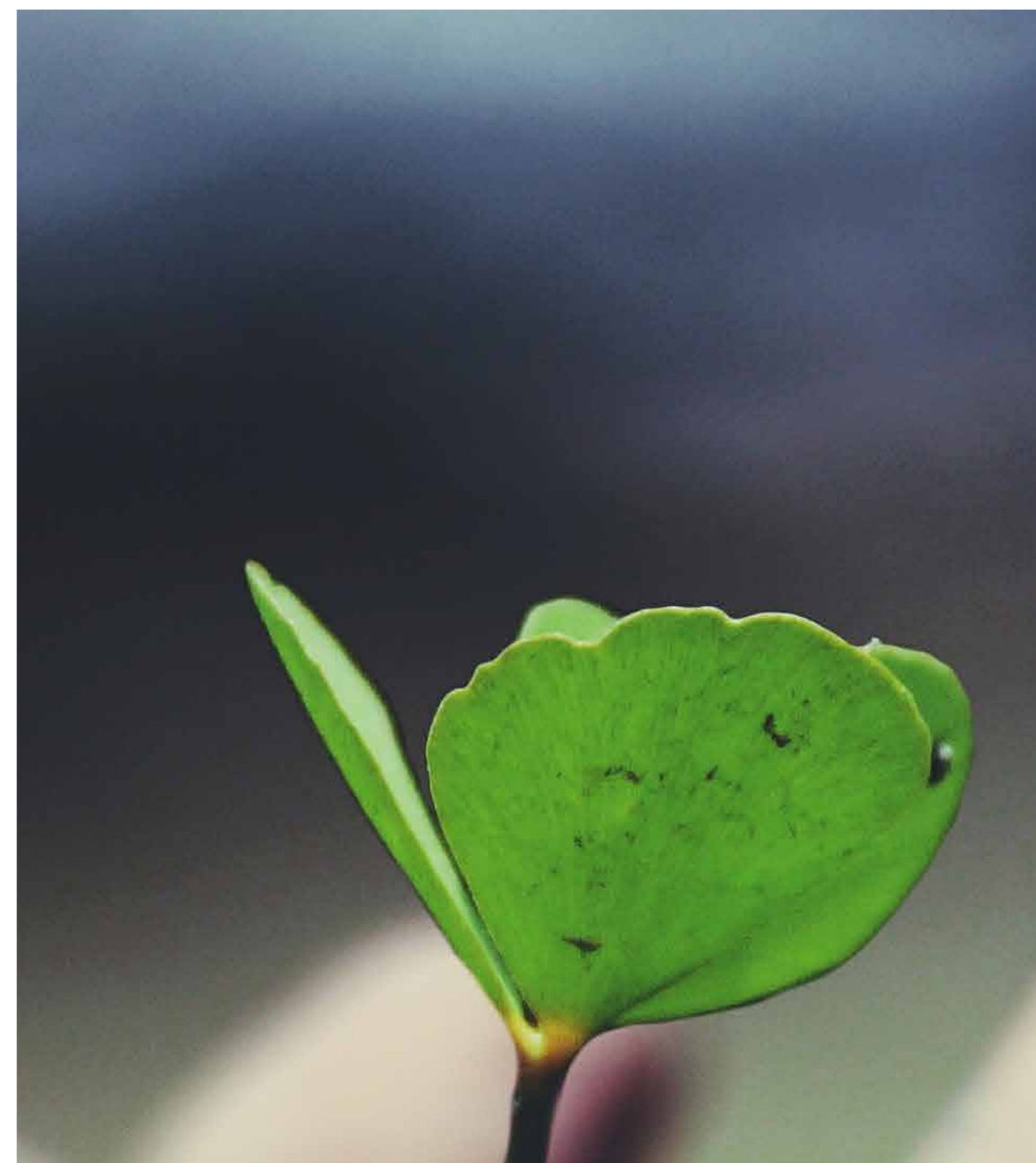




# 9. Social Impact and Value

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# Social Impact and Value

QIC aims to enhance the connection between business value and social value at the asset, fund, and portfolio level.

While our infrastructure assets hold privileged places in society and deliver significant social value, they are also exposed to social licence to operate risks if they fail to meet the shifting expectations of their key stakeholders, including customers, suppliers, employees, community, investors, and regulators, who are expecting new levels of accountability and transparency in order to preserve their trust.

Highlights on progress made across the portfolio with respect to social impact and value follow.

## Progress highlights



### Port of Melbourne

- Completed first formal "Reflect" Reconciliation Action Plan (RAP), outlining the practical actions the Port of Melbourne will take in partnership with local Registered Aboriginal Parties and surrounding Aboriginal and Torres Strait Islander peoples, communities, and businesses to support reconciliation.
- Key goals are to develop strong relationships with, build respect for, and identify opportunities to partner with Aboriginal and Torres Strait Islander peoples and cultures.



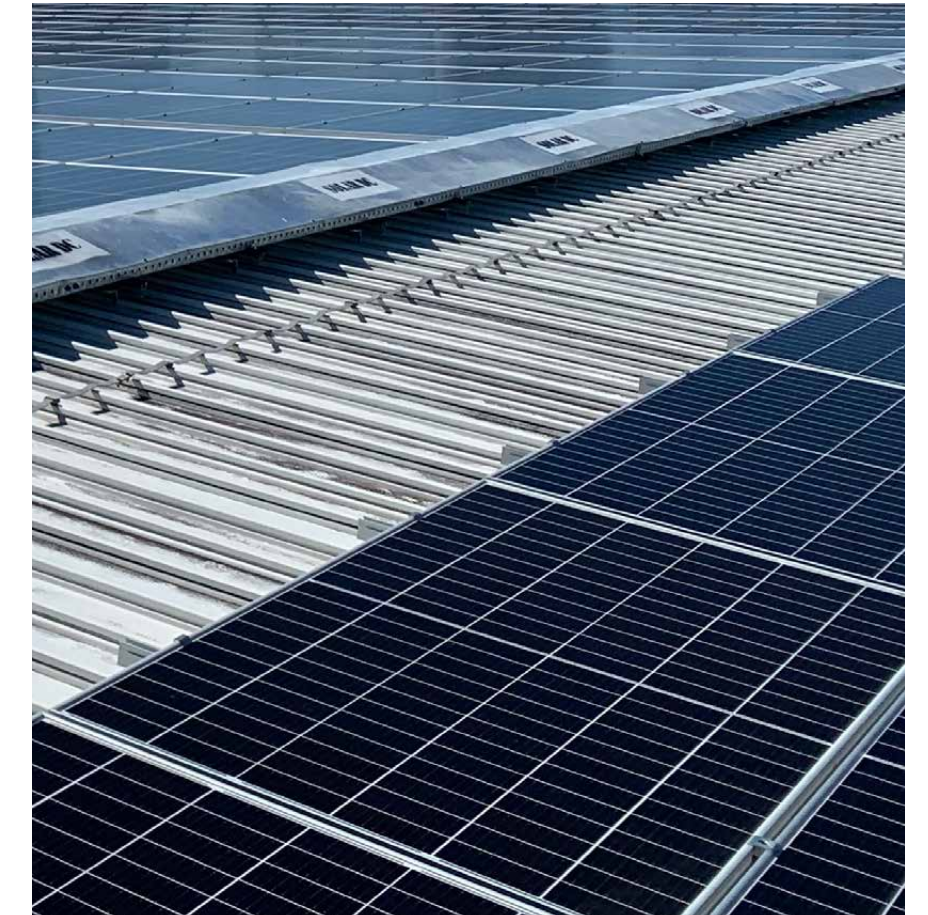
### Pacific Energy

- Pacific Energy's subsidiary Hybrid Systems Australia in partnership with Horizon Power, was awarded the contract to install solar and battery systems at four schools in Western Australia's mid-west region as a part of Synergy's Schools Virtual Power Plant (VPP) pilot project.
- Pacific Energy has continued to deliver on its three-year Memorandum of Understanding (MOU) with Gumala Aboriginal Corporation (GAC) – one of Australia's largest Aboriginal corporations, serving the Banjima, Yinhawangka and Nyiyaparli people of the Pilbara region in Western Australia. Under this MOU, Pacific Energy continues to install Standalone-Power-Systems (solar panels, battery storage, and a back-up generator) providing reliable power supply alongside environmental and cost benefits to remote communities as identified by GAC.



### Generate

- Named a "Great place to work" for the third year in a row according to 96% of employees at Generate in an annual staff survey.
- The Internal Justice, Equity, Diversity, and Inclusion (JEDI) group created a 'Retention and Belonging' working group that launched five 'Employee Resource Groups' and sponsored monthly bias-awareness trainings.



Pacific Energy's Hybrid Systems Australia was selected to deliver a Schools Virtual Power Plant pilot program. Covering 17 schools, the program is aimed at optimising renewable energy output from distributed energy resources (DER) like rooftop solar systems, batteries, and electric vehicles.



# 10. Industry Benchmarks

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# Industry Benchmarks

QIC uses select industry benchmarks as point-in-time indicators of progress, and to track our performance over time and against peers. In 2022, QIC Infrastructure participated in GRESB reporting. QIC received its results for the 2021 UN Principles for Responsible Investment (PRI) reporting.

## GRESB

GRESB is one of many tools used by institutional investors to engage with their investments, with the aim of improving the sustainability performance of their investment portfolio.

QIC Infrastructure participated in GRESB reporting in 2019 for the QIC Global Infrastructure Fund I (QGIF I), however elected not to participate in the GRESB assessment in 2020 due to Covid impacts across the portfolio. While many portfolio assets were still heavily impacted by the ongoing pandemic, the team recommenced GRESB assessment participation for QGIF I in 2021, and in 2022 we again participated for QGIF I, as well as the first assessment for the QIC Infrastructure Portfolio (QIP).

Our 2022 results, alongside prior year results, are detailed in the table below. Highlights of our 2022 GRESB results include:

- We achieved strong performance across our QGIF I and QIP funds, achieving scores of 86 and 91 respectively out of a possible 100. This includes allocation of the full 30 points available for 'Management', reflecting QIC Infrastructure's commitment to active management and driving ESG outcomes across our portfolio companies.
- QIP performed very strongly in its first year of submission. Some QIP assets have previously been scored under GRESB, however this is the first time QIP has received a whole-of-portfolio score. This is also the first time that CampusParc has been included in GRESB.
- We saw significant improvement in our QGIF I scores compared to 2021, with QGIF I recognised as a 'GRESB Most Improved' entity in both the Diversified Class and Globally Diversified Region categories.
- 2022 saw QGIF I portfolio companies, Brussels Airport, Sea Swift, and MasParc, each participate for the first time.
- Several of QIC's portfolio companies also achieved GRESB Most Improved recognition:
  - Lochard Energy in the Energy and Water Services – Energy Resource Storage Companies category
  - Tilt Renewables in the categories for Renewable Power and Renewable Power – Wind Power Generation
  - Port of Melbourne in the Transport – Port Companies category.

Our priorities going forward include continuing to work closely with all of our assets on their sustainability approach and performance as part of our overarching active management approach, as well as continuing to seek opportunities to work with GRESB to ensure it continues to evolve as an effective benchmarking platform for infrastructure investors.

### UN PRI

PRI is another ESG benchmark used by institutional investors that represents a point-in-time view of our approach.

For the 2021 reporting cycle, the PRI piloted a new reporting system for signatories that was designed to streamline and improve the reporting process. The new reporting framework is designed to better reflect today's evolved sustainability practices, and contains different question content and assessment criteria. As a result, it is not appropriate to compare these results to performance in previous years.

QIC Infrastructure achieved a strong result for the 2021 reporting cycle with a score of 5 out of 5 and a module score of 98%.

Table 4: GRESB Assessment Results — QGIF I + QIP

Fund	2021 score	2022 score	Overall Score vs GRESB Average*
<b>QIC Global Infrastructure Fund I (QGIF I)</b>	49	86	86 vs 82
	Management: 29/30	Management: 30/30	Management: 30 vs 28
	Performance: 20/70	Performance: 56/70	Performance: 56 vs 54
<b>QIC Infrastructure Portfolio (QIP)</b>	N/A	91	91 vs 52
		Management: 30/30	Management: 30 vs 28
		Performance: 62/70	Performance: 62 vs 54

\*Average score of all GRESB participants in 2022.

Table 5: QIC's 2021 PRI Results

Category	Star score	QIC module score	Module median score
Investment & Stewardship Policy	4 out of 5	89%	60%
Direct — Listed Equity — Active Quantitative — Voting	3 out of 5	52%	61%
Direct — Listed Equity — Passive — Voting	3 out of 5	52%	57%
Direct — Fixed Income — SSA	5 out of 5	93%	50%
Direct — Fixed Income — Corporate	5 out of 5	97%	62%
Direct — Fixed Income — Securitised	4 out of 5	84%	55%
Direct — Fixed Income — Private Debt	4 out of 5	87%	67%
Direct — Real Estate	4 out of 5	83%	69%
<b>Direct — Infrastructure</b>	<b>5 out of 5</b>	<b>98%</b>	<b>77%</b>
Indirect — Listed Equity — Passive	4 out of 5	71%	57%
Indirect — Listed Equity — Active	4 out of 5	71%	67%
Indirect — Private Equity	4 out of 5	66%	63%



For the third year in a row, Generate Capital has been certified as a “Great Place to Work”

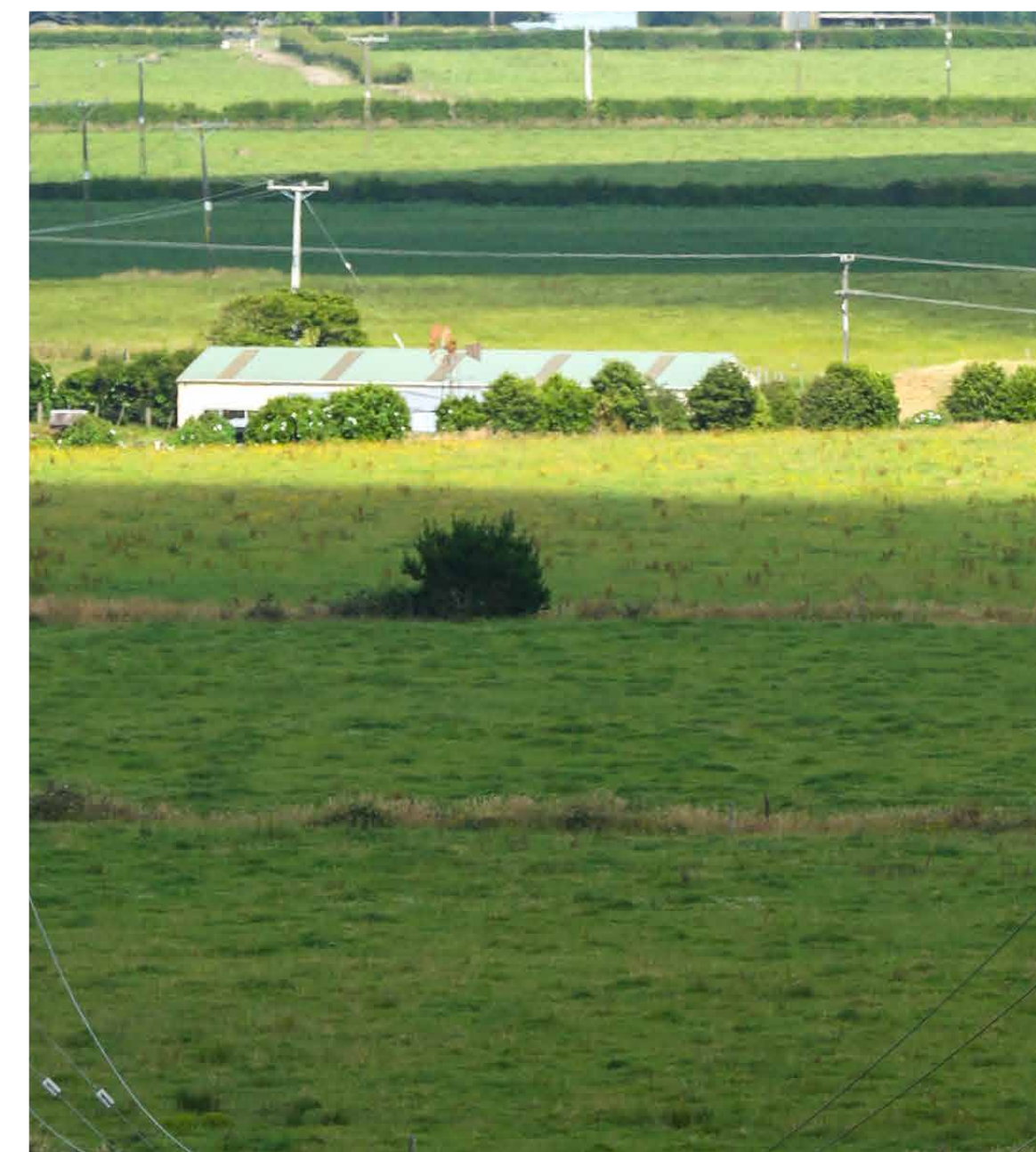
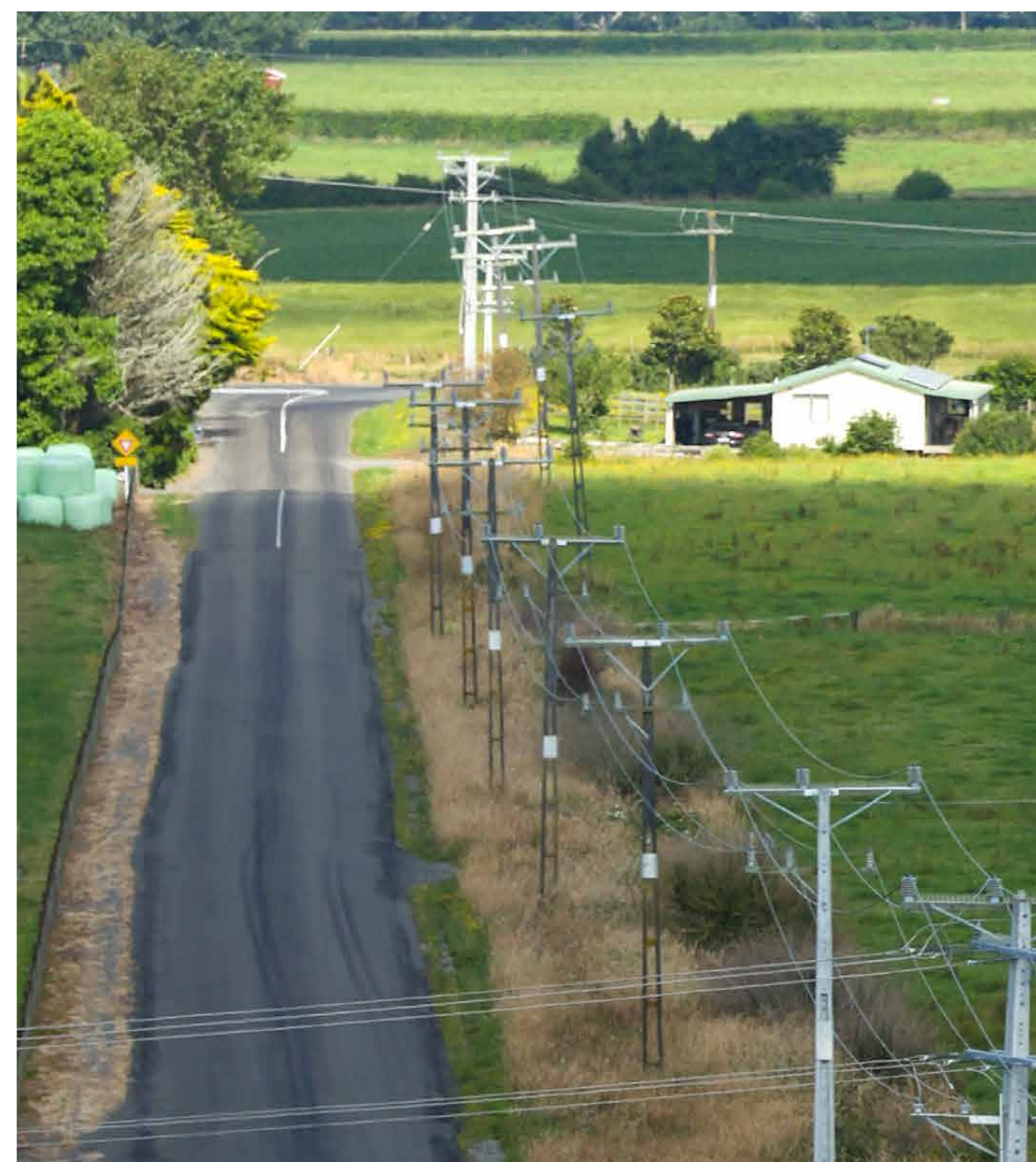
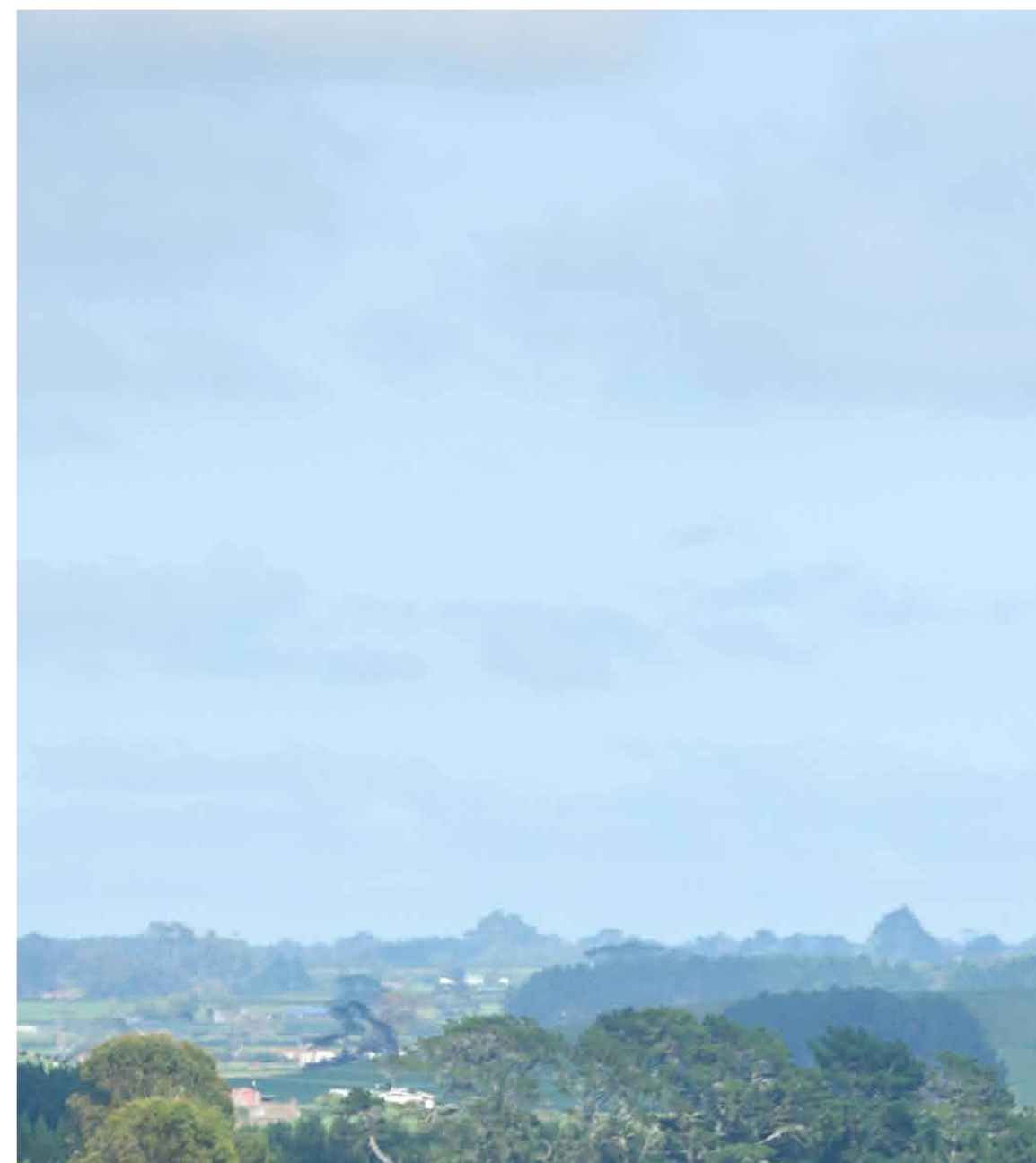
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# 11. Technology and Innovation

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INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023



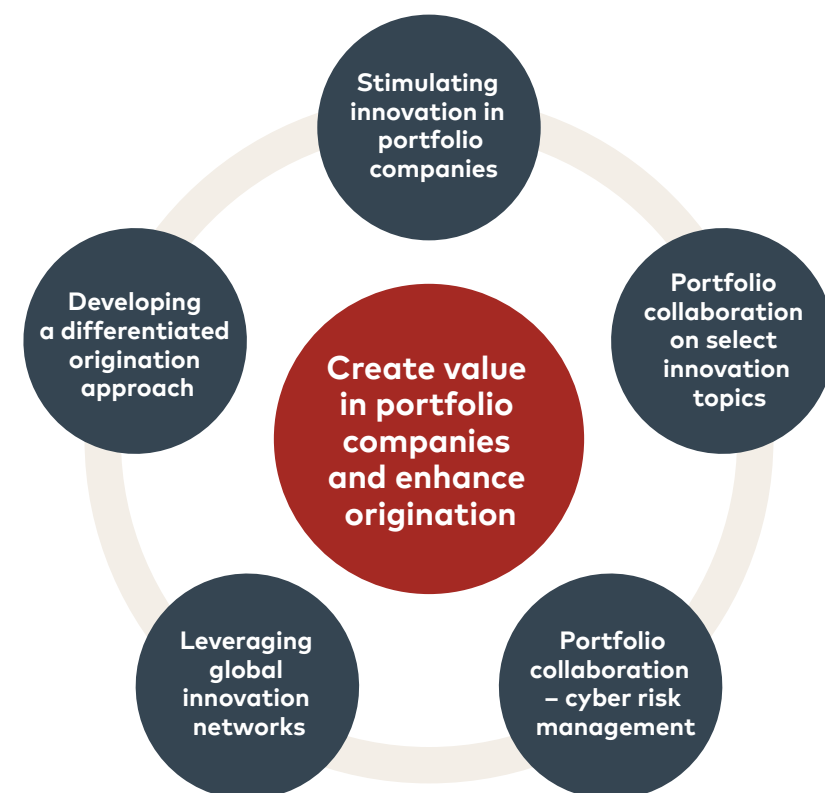
# Technology and Innovation

QIC seeks to enable portfolio companies to adopt technologies that will improve their competencies across the business. In doing this, we aim to increase the focus on innovation as a core part of businesses by improving board capabilities and their comprehension of the role of effective innovation management plays as a key value driver.

We seek to empower innovators across the portfolio and to learn from the shared knowledge across industries, accelerating adoption of new work practices and learning.

At QIC, we implement a framework that continuously scans the market for emerging and disruptive technologies in over 100 infratech companies, universities, and research organisations.

Our agile infrastructure technology management model then supports and drives our innovation management capability development. It allows QIC to rapidly pilot, adopt or park potential new technologies and innovations.



## Focus Areas in 2022

### Stimulating Innovation

QIC aimed to stimulate innovation across the portfolio by working closely with asset managers and companies to unlock innovation opportunities.

We established the QIC Innovation Awards to promote innovation and best practice in innovation management across our portfolio companies in the categories of safety, sustainability, business improvement, and customer service. The first award winners will be announced in 2023.

### Collaboration

QIC continued to encourage collaboration to provide unique opportunities for innovators across the portfolio to learn from their peers, and showcase innovations being implemented within their organisations.

To facilitate this collaboration, QIC commenced a quarterly *Technology Innovation Forum* to encourage knowledge sharing and enhance the cross-fertilisation of ideas across different infrastructure sectors.

### Cyber Risk Management

QIC progressed its cyber security risk management through the ongoing collaboration on topics of mutual interest across the portfolio including:

- Best practice in Information Technology and Operational Technology risk management
- Selection of vendors, and
- Sharing knowledge on emerging topics including the use of Artificial Intelligence (AI) in risk management.

We also continued our focus on assets under transition and assets subject to the *Critical Security Infrastructure Act 2020*.

### Innovation Networks

QIC identified and broadened its global innovation networks to further enhance portfolio company capabilities. This included with:

- Leading North American Innovation Fund (MIP) on lifecycle battery management with Pacific Energy
- An electric vehicle charging working group with MIP attended by CampusParc
- Universities globally on energy transition
- Co-operative research centres including CSIRO on solving the challenges of decarbonisation
- Other QIC asset classes — QIC Real Estate on energy saving and EV charging.

### Differentiated Origination

QIC implemented a differentiated origination approach to innovation by building on its relationships with key global technology partners. For example:

- Through QIC's established relationships, we undertook discussions on hydrogen infrastructure opportunities in Switzerland, Germany, and Denmark.

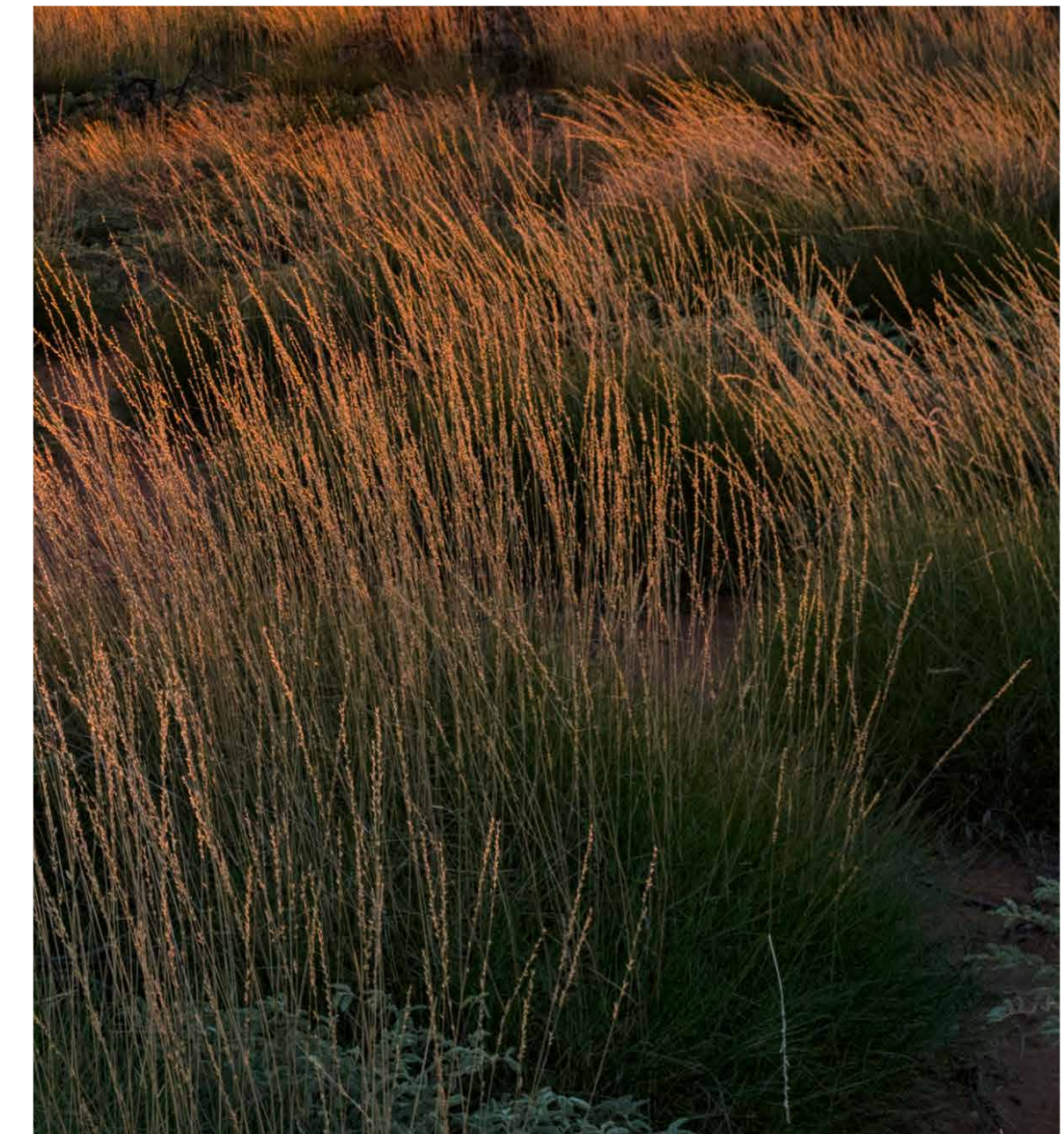
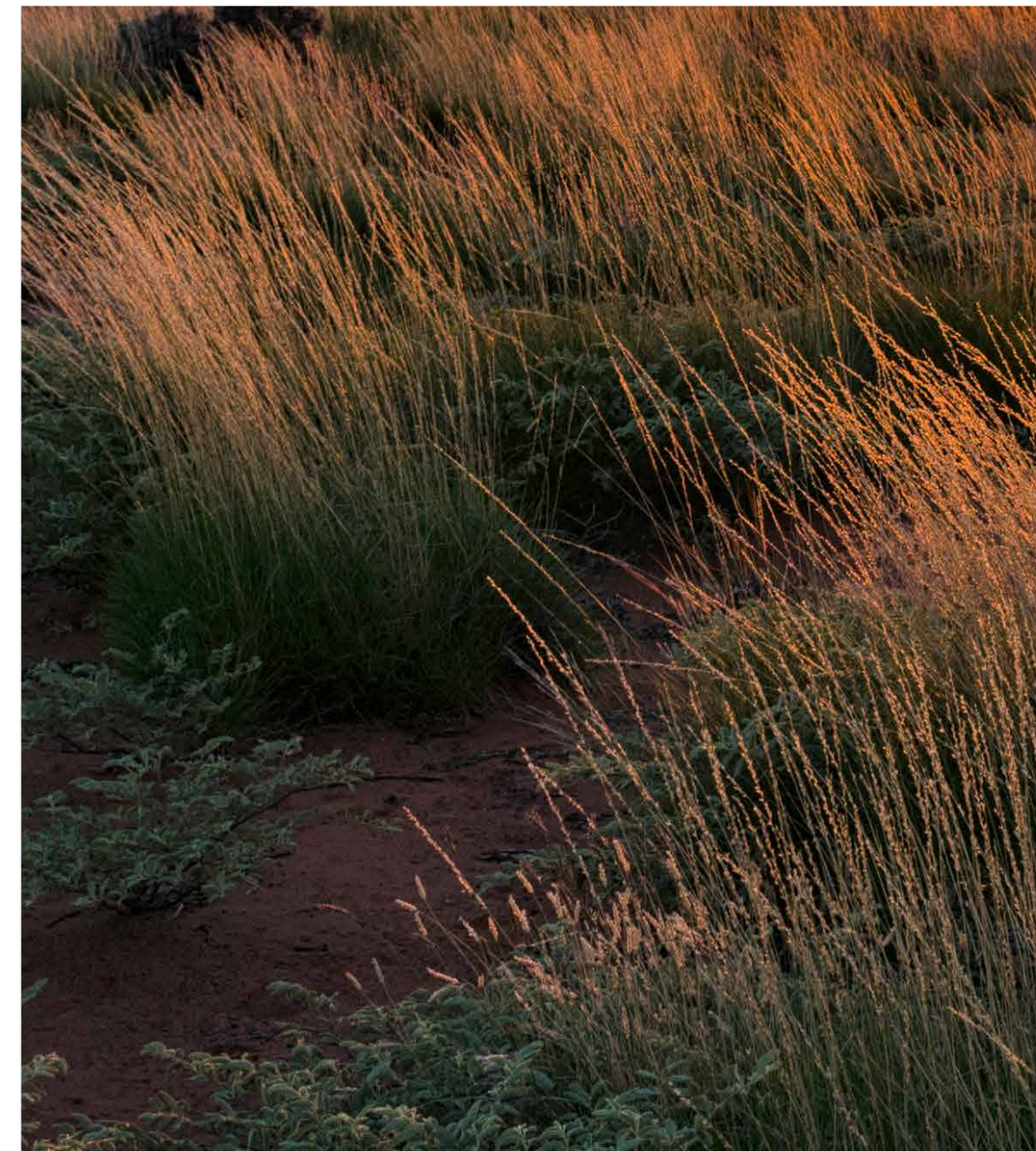
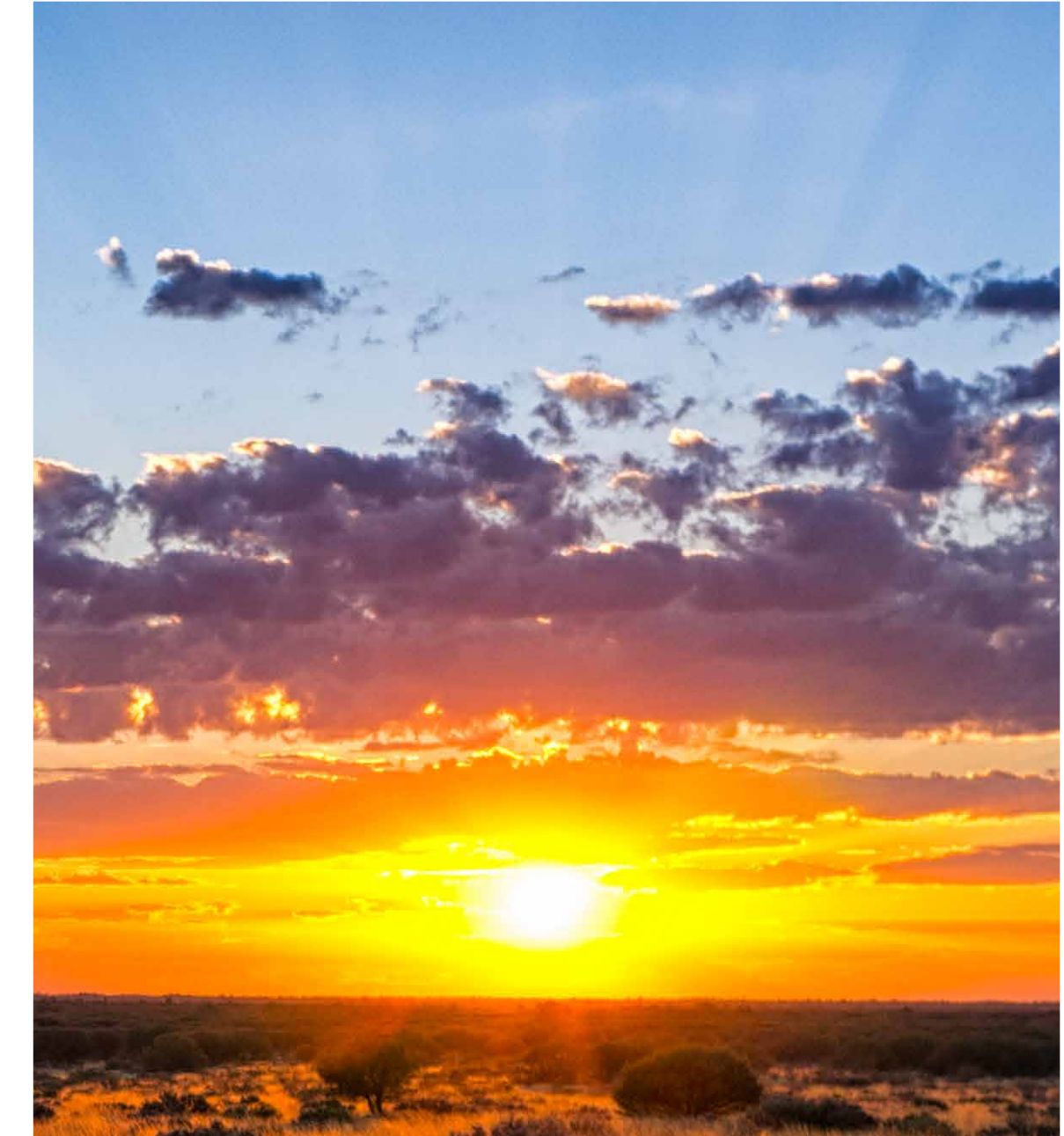
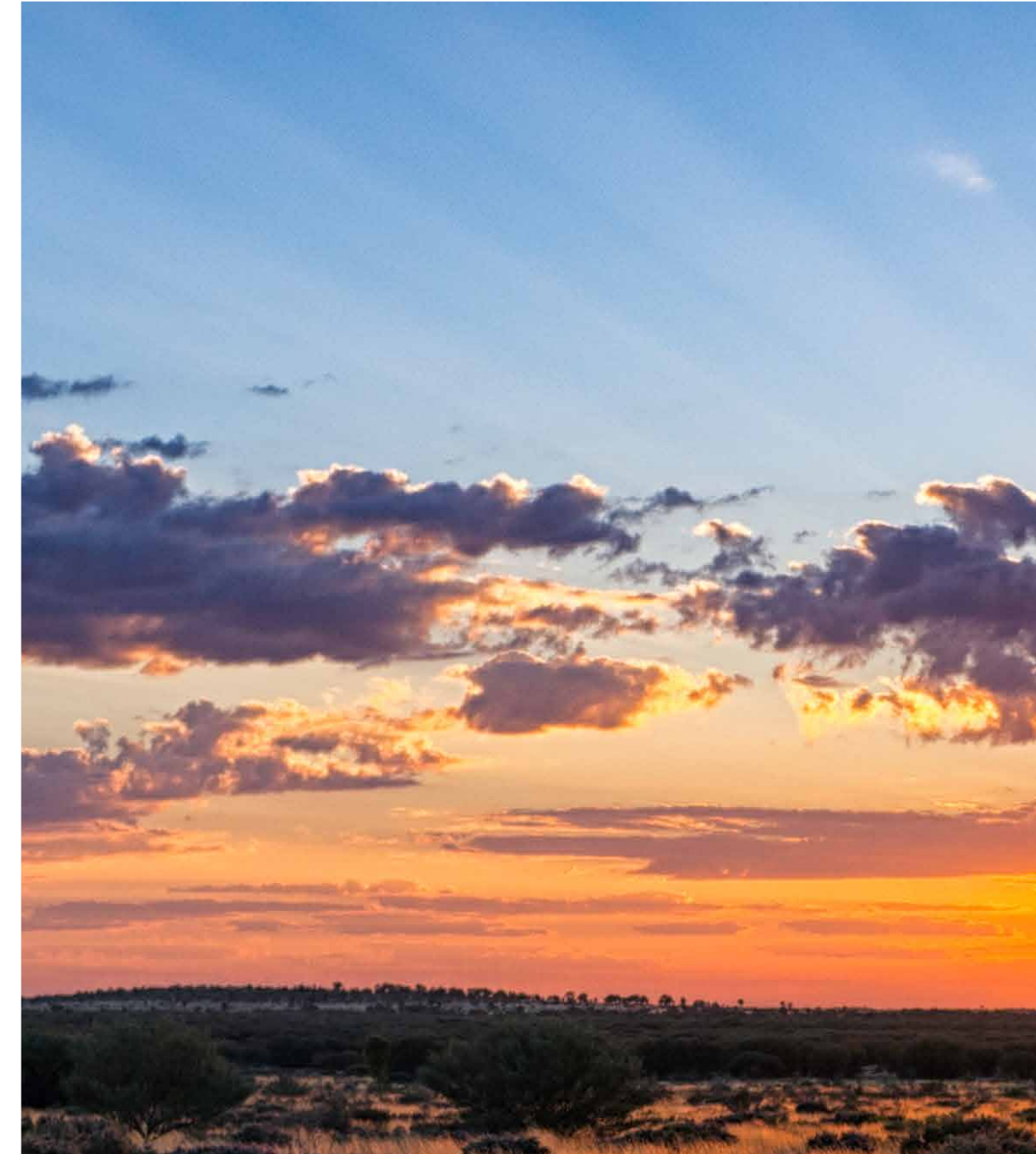




# 12. Sustainability in Action

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INFRASTRUCTURE  
SUSTAINABILITY REPORT 2023



CASE STUDY: CENTRIO

# Operating the largest sewer heat recovery system in North America

In 2022, CenTrio partnered with AECOM Technical Services Inc. and Denver-based Saunders Construction to build and operate the National Western Center's (NWC) sewer-heat recovery system in Denver, the largest sewer-heat recovery system in North America.

Located on a 250-acre master-planned campus, CenTrio's deal with the NWC comprises a 42-year agreement to build, operate, finance, and maintain the district energy system.

Located less than three miles from downtown Denver, NWC will be an innovative urban hub with a focus on entertainment, food, animal health and performance, water, energy, agriculture, and sustainability, and will be home to a Colorado State University System campus. Partners in the district energy system and its future users include the City and County of Denver, CSU Spur, and the National Western Stock Show.

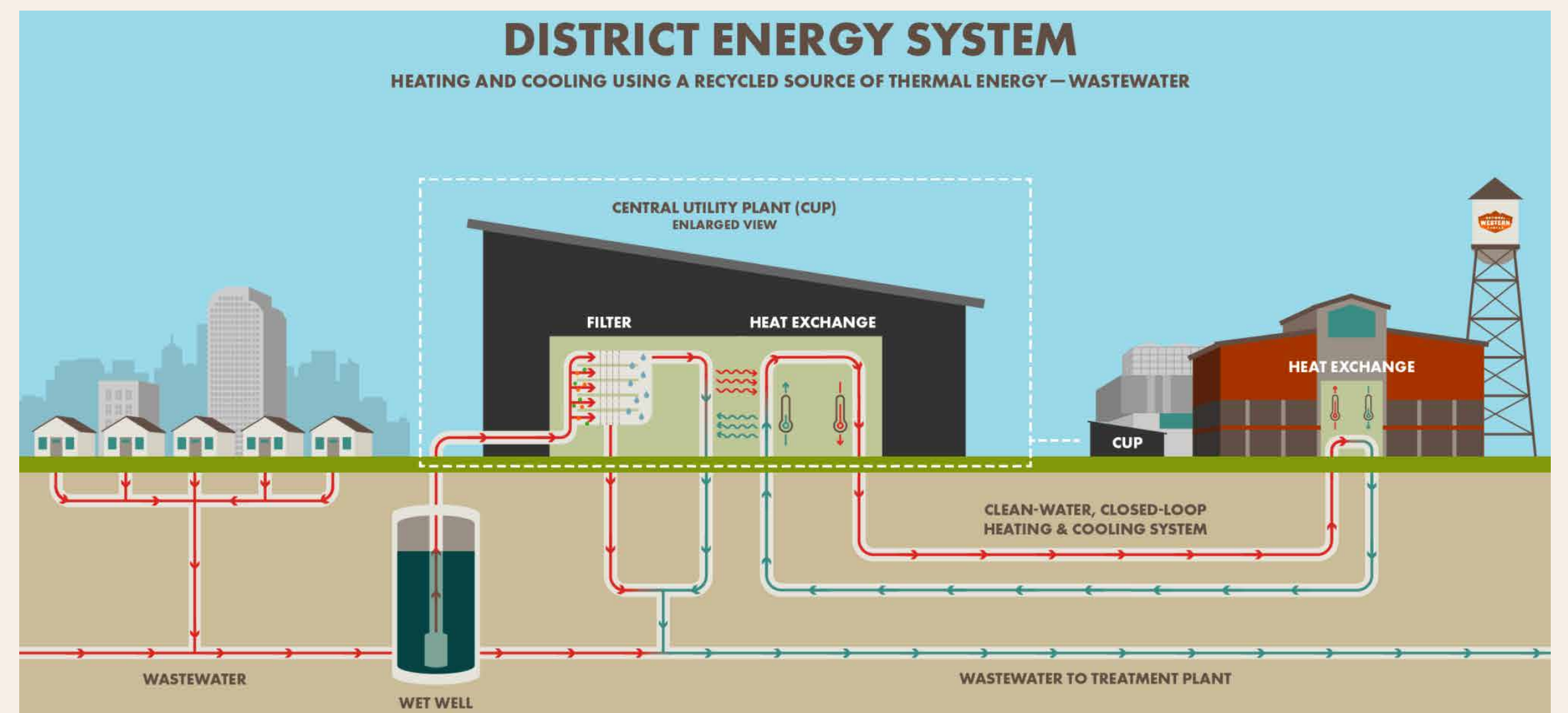
## How does sewer-heat recovery work?

Used water that goes down the drains of showers, sinks, tubs, dishwashers, washing machines, and toilets maintains a fairly constant temperature as it travels through the sewer pipe. In a sewer-heat recovery system, a heat pump is used to capture the warmth of wastewater and transfer it to a clean water distribution pipe that enters individual buildings. It is a closed-loop system, meaning the wastewater never touches the clean water. The wastewater flows back into the sewer; the heat is transferred to the clean water that is distributed to heat and cool the buildings.

## The NWC sewer heat recovery system

As part of NWC's commitment to sustainability, CenTrio has begun operation of the NWC sewer-waste heat recovery project. The NWC campus will source nearly 90 per cent of its heating and cooling from a recycled source of thermal energy — a sewer pipeline that runs through the site — rather than burning fossil fuels.

By pulling thermal energy from wastewater instead of burning fossil fuels, the NWC sewer-heat recovery system will avoid an estimated 2,600 metric tonnes of CO<sub>2</sub> each year (emissions equivalent of driving a car 10.6 million km) and conserve the equivalent of five Olympic swimming pools worth of water. Additionally, the NWC system was designed to create employment opportunities, including specifically for minority and women-owned businesses, and to promote ongoing research and student learning.



CASE STUDY: NEXUS HOSPITALS

# Prioritising employee engagement

Nexus Hospitals has continued to enhance its strong purpose and values-driven culture through the creation and implementation of an internal and centralised People & Culture Strategy.

## Voice of our Employees

As part of this strategy, in 2022 Nexus conducted a 'Voice of our Employees' survey within its workforce, covering 14 different areas, including team dynamics, purpose and values, diversity and inclusion, the leadership team, and recognition and rewards, that all can influence an employee's engagement in the workplace.

The purpose of the survey was to better understand what Nexus was doing well in their employees' eyes and where the areas were for improvement.

The responses to the survey underscored the importance of the following employee value proposition elements, highlighting why employees choose to work for Nexus:

- Culture of Care: patient-focus, respect, care, positivity, support
  - "Feeling safe in our workplace"
  - "Genuine care for patient experience"
  - "Culture of care and respect"
  - "Pride in the Nexus ethos".
- Connection and Belonging: connection, diversity, people-centric, work family
  - "Inclusive workforce"
  - "Feeling valued and heard"
  - "Supportive, collaborative and helpful team"
  - "Strong leaders who listen and understand".
- Work that is Rewarding: meaningful purpose, acknowledgement, recognition
  - "Recognition of milestones and achievements"
  - "Purpose in what we do"
  - "Flexibility for life outside of work"
  - "Work environment and facilities".
- Opportunity: Growth, innovation, visionary, development, sustainability
  - "Career opportunities and progression"
  - "Supported to develop and learn"
  - "Vision for the future"
  - "Sustainability and social responsibility".

## Nexus Heartbeat

Additionally, in December 2022, Nexus launched 'Nexus Heartbeat', the first consistent reward, recognition, community, and engagement offering for the business. Nexus Heartbeat is a platform that enables peer-to-peer recognition, monthly Nexus Values awards, and benefits and discounts to hundreds of retailers and brands across Australia. The platform is mobile-accessible, enabling it to reach Nexus's entire workforce, and has been very successful to date with a current engagement rate of 79% of Nexus employees.

Nexus Heartbeat digital platform



## CASE STUDY: PORT OF MELBOURNE

# Implementation of first Reconciliation Action Plan ‘Reflect’ begins

QIC Infrastructure portfolio asset Port of Melbourne (PoM) has developed and is implementing its first Reflect Reconciliation Action Plan (RAP). The RAP outlines the practical actions the PoM will take in partnership with the local Registered Aboriginal Parties and surrounding Aboriginal and Torres Strait Islander peoples, communities and businesses, to support reconciliation.

To be delivered over an 18-month period that started in Q4 2022, the RAP's key objectives include to:

- develop strong relationships with the Registered Aboriginal Parties and Aboriginal and Torres Strait Islander peoples, groups, and organisations within the communities in which the business operates
- build respect for Aboriginal and Torres Strait Islander peoples and cultures by deepening the understanding of local cultural heritage, relevant legislation, customs, spiritual beliefs, and relationships with the land
- identify opportunities to partner with Registered Aboriginal Parties and other local businesses and community groups to create opportunities for Aboriginal and Torres Strait Islander peoples within PoM's sphere of influence.

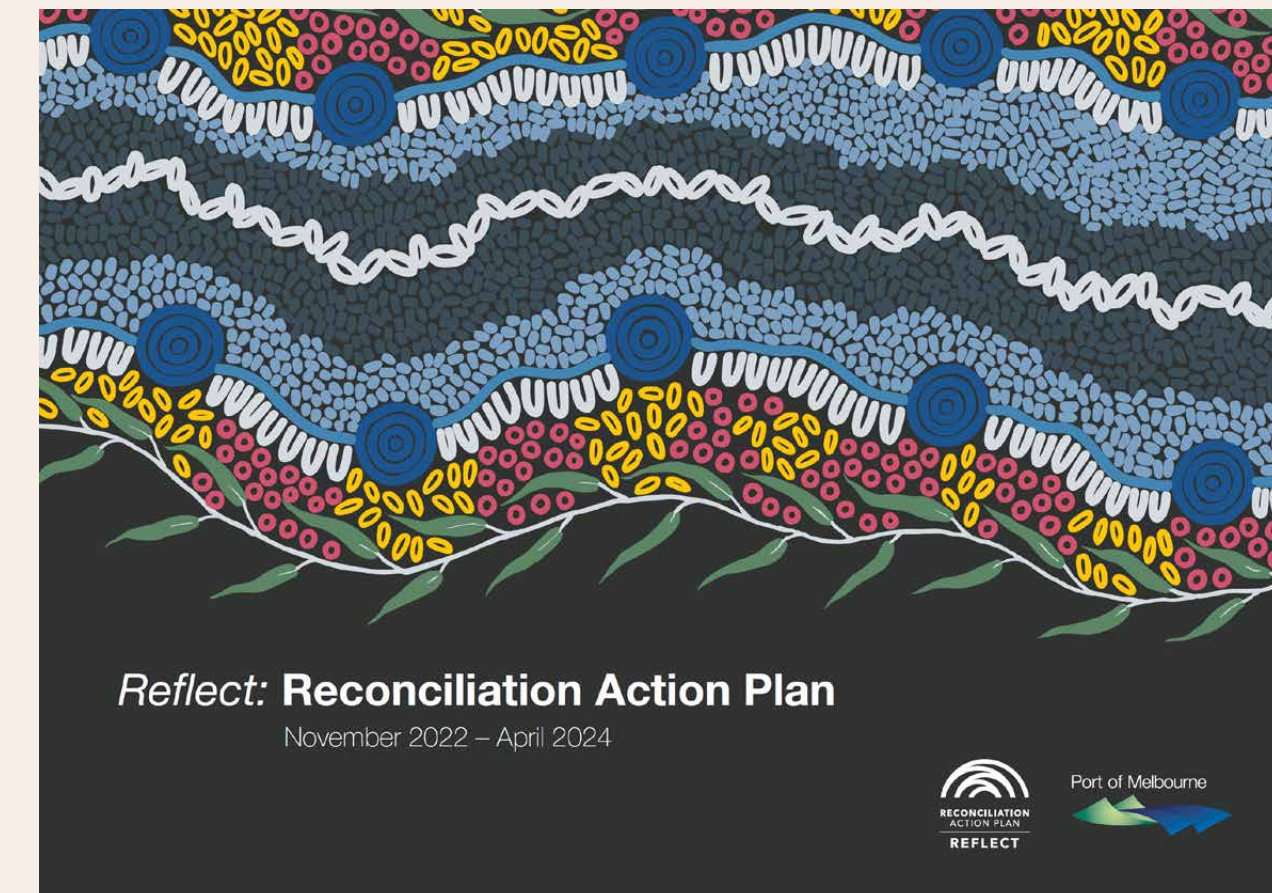
A working group comprising Port of Melbourne employees and supported by external First Nation Representatives has been established to implement the RAP. This implementation includes specific actions and deliverables as outlined in the plan, including designated responsible parties and timelines for each targeted action.

Saul Cannon, CEO of PoM, said the Aboriginal and Torres Strait Islander peoples are the Traditional Custodians of this land, and ownership has never been ceded.

"As the acting stewards of Port of Melbourne, we believe that by working together with Aboriginal and Torres Strait Islander communities, we can identify opportunities that will help achieve positive outcomes for everyone," Mr Cannon said.

Karen Mundine, CEO of Reconciliation Australia, added, that the RAP program's strength is its framework of relationships, respect, and opportunities, allowing an organisation to strategically set its reconciliation commitments in line with its own business objectives, for the most effective outcomes.

"These outcomes contribute towards the five dimensions of reconciliation: race relations; equality and equity; institutional integrity; unity; and historical acceptance. This Reflect RAP enables Port of Melbourne to deepen its understanding of its sphere of influence and the unique contribution it can make to lead progress across the five dimensions. Getting these first steps right will ensure the sustainability of future RAPs and reconciliation initiatives, and provide meaningful impact toward Australia's reconciliation journey," she said.



Artwork: Connection to Country, Kamara Morgan

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## **Net Zero Target**

Net zero target includes a 50 per cent reduction in Scope 1 & 2 emissions by 2030 from a 2020 baseline, which applies to the equity share of emissions for assets in our pooled infrastructure funds. For infrastructure assets, the net zero pathway incorporates four pillars: operational and design efficiencies; transition to low-carbon fuels and renewable electricity; leveraging emerging technologies; and if required, management of residual emissions through purchase of verified, efficient, measurable carbon offsets.

Target modelling shows the most material drivers of decarbonisation during the time period to likely include: 2021–2030: renewable energy and electrification, bio-based fuels and electric vehicles as well as some emerging hydrogen fuels; 2031–2040: renewable energy and hydrogen. This timing is estimated only, with actual trajectory likely to change over time dependent on the timing of adoption of new technology, operational improvements, growth or reduction in business activity and the potential new investment/divestment of businesses in the portfolio. If additional equity is acquired in either an existing or a new relevant business, the baseline will be adjusted accordingly for the 2030 target. Progress on our net zero emissions target will be quantified using independent verification and regular Scope 1 & 2 emissions tracking metrics, reported in QIC's annual sustainability reporting.



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