Principles of Internal Governance and Asset Stewardship

FSC STANDARD 23
30 JUNE 2023

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.

Important Information

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1. QIC's FSC Disclosure: Standard 23

1.1 FSC Standard 23: Principles of Internal Governance and Asset Stewardship

The Financial Services Council (FSC) is the peak representative body for the Australian financial services industry and sets standards of best practice for Australia's retail and wholesale funds management businesses, superannuation funds as well as financial advisory networks, life insurers, trustee companies and public trustees.

In July 2017 the FSC issued *Standard 23: Principles of Internal Governance and Asset Stewardship*. The Standard is intended to encourage higher standards of internal governance and stewardship practices, provide better information for clients and other stakeholders, and raise the quality and standing of Australia's financial services internationally.

QIC places considerable importance on our internal governance and stewardship responsibilities. Created in 1991 by the Queensland Government to serve its long-term investment responsibilities, QIC is independent of any broader financial services organisation and operates with a pure investment management focus. Our corporate governance practices reflect best practice corporate governance principles such as the ASX 'Corporate Governance Principles and Recommendations' and comply with the Queensland Government's 'Corporate Governance Guidelines for government-owned corporations'. Our approach is contemporary and effective in responding to our dynamic operating environment to ensure the interests of our shareholders, clients, employees and other stakeholders are effectively managed.

We are pleased to provide the following disclosure in accordance with FSC Standard 23.

2. Organisation and Investment Approach

2.1 QIC's distinguishing features and how these features are directed towards achieving client objectives.

QIC Limited (QIC) is both a sovereign investor and a global institutional manager specialising in private markets. QIC manages multi-asset portfolios for government clients and delivers infrastructure, real estate, private equity, private debt, natural capital, and fixed income and liquid market solutions for private institutional capital. Created in 1991 by the Queensland Government to serve its long-term investment responsibilities, QIC has the heritage and insights to understand its clients' needs. QIC has grown to become one of Australia's largest institutional investment managers with more than A$100 billion[1] in funds under management, with capabilities relevant for today's investment landscape. QIC's purpose is together, we create shared value by responsibly investing for the prosperity or clients, people, and communities.

Supported by the resources of a large investment manager, each of QIC's specialist investment teams maintains autonomy and flexibility to analyse the impact of ever-changing market conditions, and to take advantage of investment opportunities and deal with risks as they arise.

Building on a strong foundation in Australia, QIC's global presence also extends to the United Kingdom, Europe and the United States.

2.2 How we align our purpose and values with our duty to clients.

QIC's unique heritage of serving both state government and private clients has enabled us to build insights and capabilities to meet our client's needs. We are focused on building deep and long-term relationships with our clients and supporting them to achieve long-term value and capital preservation.

At QIC we create shared value by responsibly investing for the prosperity of clients, people, and communities. We aim to do this by:

- Implementing and delivering competitive alternative investment solutions to institutional investors domestically and internationally
- Working with clients to understand evolving investment needs, while providing high quality levels of service and support
- Operating in a manner that delivers investment outcomes within a robust risk management framework while generating a satisfactory financial return
- Considering material environmental, social and governance (ESG) factors in all our investment decisions to build better-informed views of investment risk and opportunity. In our view, accounting for ESG risks and opportunities also leads to better outcomes for our society and the environment.

[1] As at 31 March 2023

2.3 An overview of the ownership, management and governance structures of the organisation.

QIC is independent of any broader financial services organisation and operates with a pure investment management focus. The firm operates as a fully commercial organisation, charging fees for services and paying a dividend to the Queensland State Government.

As a Queensland Government-owned corporation (GOC), QIC's shareholders are designated state Government ministers. QIC reports to the shareholding Ministers and regularly liaises with the Shareholder & Structural Policy Division of Queensland Treasury to inform our shareholding Ministers on various matters as required by the *Government Owned Corporations Act 1993* ('GOC Act'), and the *Queensland Investment Corporation Act 1991* and other Government guidelines.

In accordance with the GOC Act, QIC has a Board of Directors responsible for directing and controlling QIC's activities. The Board operates according to the principles set out in its Charter and QIC's constitution. Further information regarding QIC's Corporate Governance is available on our website.

The responsibility for QIC's day-to-day operations and administration is delegated (in accordance with the Board Charter, Charters of the investment committees, Board directions and policies such as Corporate Delegations and Investment Delegations) by the QIC Board to the Chief Executive and Executive Management Team (EMT), which consists of the Chief Executive as Chair, the Chief Financial and Operating Officer (CFOO), Chief Risk Officer (CRO) and Executive Director, Client Solutions and Capital (CSC). The EMT is the senior decision-making forum for the organisation to address strategic corporate issues, including major projects, change management and corporate risk issues and provides assistance and advice to the Chief Executive, the QIC Chair and the Board.

The EMT members also form part of the QIC Executive Committee (ExCo) with the investment team heads and corporate senior executives.

Further information regarding our Committee structure can be found on our website here.

Explanation of QIC's governance committees

In accordance with the *Government Owned Corporations Act 1993* (GOC Act), QIC has a Board of Directors responsible for directing and controlling QIC's activities. The Board operates according to the principles set out in its Charter and QIC's constitution.

QIC's Board committees operate to assist the Board to oversee and monitor certain policies and controls within the QIC Risk Management Framework (RMF).

For the purposes of s190 (2) of the Corporations Act, each existing Board committee is reliable and competent to exercise the power delegated to it by the Board.

Committee membership is determined based on individual skill and experience. Each committee has a formal charter and generally meets at least quarterly. The Chief Executive Officer (CEO) and Company Secretary (or a delegate from the Corporate Secretariat team) attend all QIC Board and committee meetings, while the senior executives attend all QIC Board meetings and also those committee meetings that fall within the scope of their role and/or responsibilities. Upon request, other executives and personnel are also invited to attend Board and committee meetings.

The Board has delegated decision-making powers to the below committees on the terms set out in each Committee's Charter and Investment Delegations (as may be amended and approved by the Board from time to time). The majority of investment committees include external independent members.

The Board has established the following investment committees:

i. Real Estate Trustee Governance Committee
ii. Infrastructure Investment Committee
iii. QIC Private Equity Investment Committee
iv. Liquid Markets Group Investment Committee
v. State Investments Committee
vi. Natural Capital Investment Committee
vii. Private Debt Infrastructure Investment Committee
viii. Multi-Sector Private Debt Committee.

A description of key Committees is available from our website here.

2.4 Overview of the key management and investment personnel within the organisation.

Please refer to our website (www.qic.com) for detailed information (including biographies) relating to:

1. QIC Board Members
2. QIC Executive Management
3. QIC's Infrastructure Team
4. QIC's Real Estate Team
5. QIC's Private Equity Team
6. QIC's Liquid Markets Group
7. QIC's Private Debt Team

2.5 How we ensure client assets are managed in accordance with their investment strategies, and how conflicts of interest are managed.

Investment Strategies

As part of QIC's overarching Risk Management Framework, the QIC Risk Management Group (RMG) provides investment teams with tools, training, and advice to assist them effectively in managing their risks and compliance obligations. It also monitors and challenges investment teams to provide assurance that risks are being managed effectively and in accordance with QIC policies and standards, laws, regulations and client mandates. Additionally, RMG independently monitors pre- and post-transaction risks and compliance, identifying and reporting on any breaches to investment mandates.

Conflicts of Interest

QIC entities often act in multiple roles at the same time, including as the Trustee of a Trust and as Investment Manager for a client. Because these roles can have overlapping objectives and interests, they can potentially create Conflicts of Interest that need to be identified and managed in accordance the Conflicts of Interest Policy. Because QIC is a business charged with making a commercial return, our commercial interests may conflict with our obligations to our clients. Staff may also have competing interests in relation to their roles in investment transactions or valuations.

QIC has a Board-approved Conflicts of Interests Policy in place which applies to all QIC employees. The Policy arrangements aim to:

- Appropriately manage any activity that may conflict with the interests of QIC or its clients; and
- Ensure QIC complies with its legal and regulatory obligations.

Under this Policy, all QIC employees must notify actual, potential or perceived conflicts of interest to the Regulatory Affairs and Compliance (RAC) team as soon as reasonably practicable by completing a Conflicts of Interest Notification (COIN) form. The conflict will then be evaluated before appropriate action is taken.

A copy of our Conflicts of Interest Policy (together with our Code of Conduct and Ethics Policy) is available from our website here.

3. Internal Governance

3.1 Ethical conduct and professional practice

QIC maintains a corporate Code of Conduct and Ethics which all staff are required to review and acknowledge on an annual basis.

As outlined in the Code of Conduct and Ethics, QIC's reputation in the marketplace and community is critically important in terms of our shareholders' expectations, our ability to operate a successful funds management business and the professional standing of our staff. QIC employees and others working at QIC are expected to exercise good judgement in their professional life, and our Code of Conduct and Ethics provides guidance in terms of the core values and principles of ethical conduct to which they must adhere.

As a Queensland government owned corporation, QIC is within the jurisdiction of the Queensland Crime and Corruption Commission in relation to the reporting and investigation of major crime and corruption in the public sector in Queensland.

3.2 Personal trading

Personal trading is monitored by the RAC team in accordance with the QIC Personal Investments Standard. Prior to making (i.e., buying and selling) personal investments, QIC employees and their Associates are required to notify and obtain pre-approval from the RAC team via the lodgement of a COIN form.

3.3 Management of conflicts of interest to ensure client interests take priority (including gifts and entertainment)

Please refer to paragraph 2.5 above.

QIC has a Board approved Entertainment Policy which details our responsibility to ensure that high standards of probity and accountability are maintained in incurring entertainment expenditure, including staff functions.

The Conflicts of Interest Policy requires staff to submit a COIN and obtain pre-approval from the RAC team prior to acceptance of gifts and entertainment over a certain threshold unless it is impractical to do so. In some instances, direct manager (and depending on the value of the gift, potentially the approval of the ExCo) is required. All gifts and entertainment received should be reasonable and proportionate to the business relationship.

In addition, the Conflicts of Interest Policy requires staff to disclose, via the lodgement of a COIN, Outside Business Interests for review by the RAC team. This includes outside activities and outside personal relationships that may result in a Conflict of Interest.

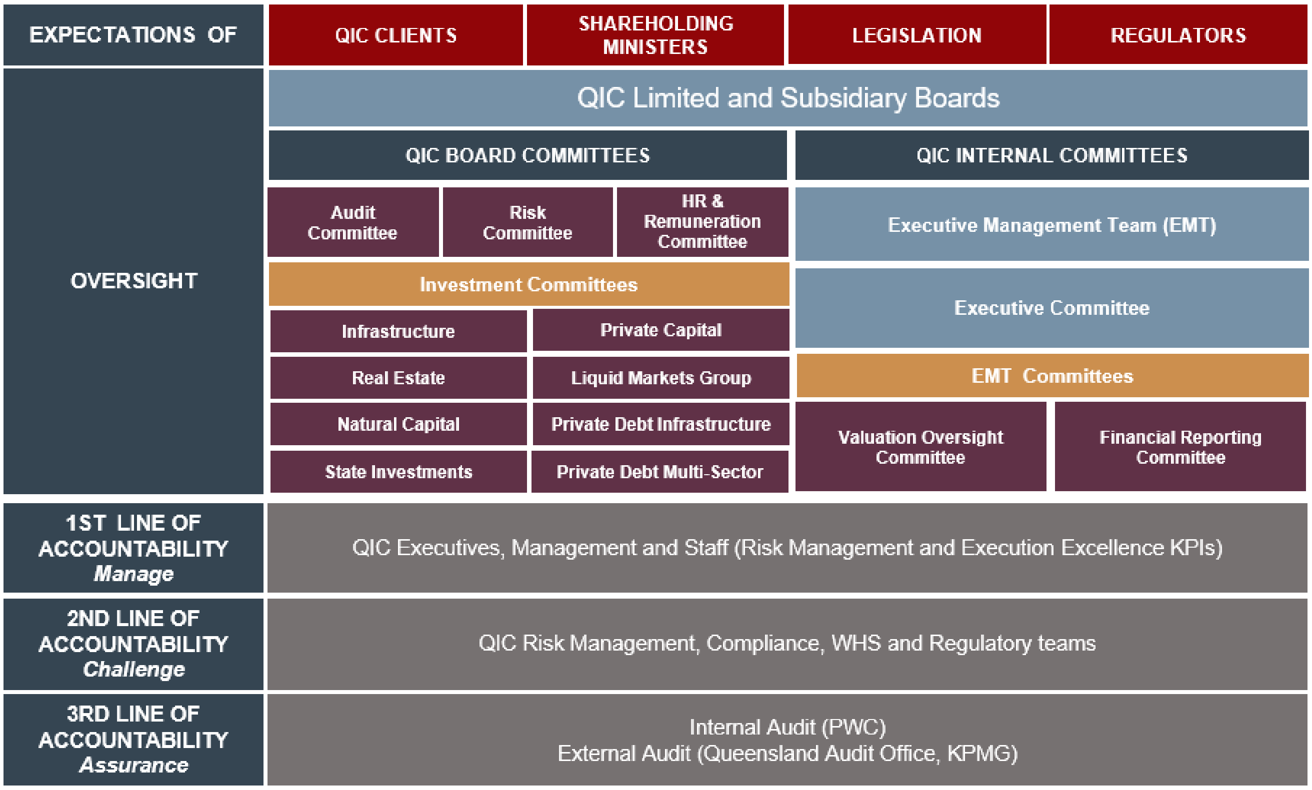
With respect to investment conflicts, QIC entities often act in multiple roles at the same time, including as the Trustee of a Trust and as Investment Manager for a client. These roles can have overlapping objectives and interests and therefore they can potentially create Conflicts of Interest that need to be identified and addressed. Further, as QIC is a business charged with making a commercial return, our commercial interests may conflict with our obligations to our clients. Where an investment conflict cannot be appropriately managed through the requirements of the particular safeguards documented within the Conflicts of Interest Policy, a separate Conflict Protocol may be developed that addresses the specific investment conflict through additional measures, such as implementing information barriers, allocating non-conflicted QIC staff to decision making bodies, and/or resigning directorships from underlying portfolio companies. This Conflict Protocol must be submitted to the QIC Conflicts Committee for approval. The Conflicts Committee consist of independent senior members from RMG, LRAC, and Corporate Secretariat teams that are not part of the transaction who review and confirm arrangement.

3.4 Risk management and compliance

QIC adopts a 'three lines of accountability' approach to managing risk as shown in **Figure 1** below. This includes QIC's relevant Board committees, executive, investment teams, RMG, Legal, Regulatory Affairs & Compliance (LRAC) team and audit function.

With reference to the second line of accountability, RMG provides investment teams and supporting business units with tools, training and advice to assist them effectively manage their risk. RMG and LRAC also monitors and challenges the business to provide the CEO and the Board with assurance that risks and compliance obligations are being managed appropriately and in accordance with QIC policies, standards, laws, regulations and client mandates.

Figure 1: QIC's Three Lines of Accountability



3.5 Error correction policy

QIC encourages a culture of openness and transparency where incidents are quickly identified and notified before being promptly and appropriately dealt with.

Upon becoming aware of an issue, a QIC employee must conduct an initial assessment to determine whether the issue fits the definition of an Incident. Advice must be sought either from the QIC employee's manager or from RMG.

All QIC employees are obligated under the QIC Escalation Policy to notify RMG about an Incident as soon as reasonably practicable by completing an e-Note which triggers an automated workflow.

Once an e-Note has been submitted, RMG:

- reviews the e-Note and identifies the materiality of the Incident and if it is a compliance breach
- seeks legal advice from the QIC Legal team where appropriate, or requests that the reporting Business Unit does so
- considers if there is a potential obligation to notify QIC's insurers

- escalates compliance breaches that are material and could result in regulatory action and/or litigation to the Legal team and within RMG, to ensure timely assessment of the Incident and reporting to the regulator if required
- assigns an Incident Owner/s, responsible for working collaboratively across the organisation to manage the Incident through to resolution, addressing and resolving underlying causes.
- Where a client has been impacted by the Incident, the Incident Owner in conjunction with RMG must work in collaboration with CSC to determine the potential resolution or compensation resulting from the Incident, in compliance with the Client Compensation Guidelines in Annexure One of the QIC Escalation Policy.

CSC will liaise with key stakeholders as required to collaboratively resolve the issue for clients through the Incident Investigation Process to ensure there is a timely, client-centric approach to consider other related activities or issues.

3.6 Brokerage and commissions

QIC broadly operates in accordance with the Financial Services Council (FSC) Guidance Note No.10 "Brokerage Arrangements". These can be found on the FSC website.

While QIC and its subsidiaries may receive research from counterparties and brokers, this material is used for the benefit of QIC's clients and assists in the performance of QIC's investment decision-making responsibilities. QIC pays for research where required by laws or regulations. QIC does not participate in any soft dollar arrangements that violate laws or regulations, or which may breach our fiduciary duty to clients. QIC does not direct any trading activity related to any research received.

Execution Conducted by External Managers

QIC's appointed External Managers may enter into arrangements that are designated as soft dollar in the jurisdictions in which they operate. These arrangements are subject to each Manager's Soft Dollar Policy, which is provided and reviewed by QIC prior to appointment. QIC requires these Managers to disclose all Soft Dollar arrangements that they are party to.

Prime Brokerage

The use of Prime Brokers for securities lending and borrowing, trade financing, execution, and custody is permitted.

Capital Introduction Services

The use of Capital Introduction Services is permitted by both internal and external managers.

Broker Arranged Services

Where a counterparty organises a comprehensive visit to the assets of a range of companies or provides access to conferences and briefings which QIC determines adds value, the counterparty must not fund the travel and accommodation costs of QIC personnel, unless approved by the CRO.

Transition Managers

Transition managers are typically brokers or other providers, and when a transition is required, the services will be undertaken by the manager that offers a competitive price and that has demonstrable skill in transition services.

3.7 Equitable asset valuation and pricing

QIC has an Investment Valuations Policy to ensure investments are valued in a fair, equitable and consistent manner. The use of independent valuers is an overarching principle of this Policy given their input into management and performance fee calculations, unit pricing, tax calculations, incentive calculations, financial statement preparation and performance reporting.

The general approach to valuations at QIC is for QIC managed investments to be valued at fair value or amortised cost (if the characteristics of the investment align with accounting guidance with respect to the adoption of amortised cost), with valuations to occur at an appropriate frequency based on unit pricing considerations, client expectations, prevailing industry practice and the availability of valuation data.

Where possible and appropriate, an industry recognised third party price provider (e.g., custodian, fund administrator, external valuer or counterparty) is engaged to supply the valuation of an investment. The price provider is to be independent, free of conflicts of interest and is expected to comply with applicable industry and accounting standards.

Where models are used for valuing a financial instrument with a counterparty (for example complex over-the-counter derivatives), the investment team agrees the pricing methodology with QIC Investment Operations team and RMG.

To the extent any requirements under the Policy are inconsistent with legislation or governing documentation (e.g., Trust Deeds, Investment Management Agreements, Unitholders' Deed), the requirements of legislation or governing documentation prevail.

Ultimate responsibility for the Policy lies with the QIC Limited and subsidiary boards. Responsibility for overseeing the execution of the Policy is delegated to the QIC Audit Committee, who in turn delegate management responsibility to the Valuations Oversight Committee (VOC). The VOC has overall management responsibility for overseeing the investment valuations process. To provide an additional layer of internal independence, the VOC comprises members of the corporate ExCo, with investment teams presenting their valuations and attestation of adherence to the framework to the VOC.

3.8 Best execution and trade allocation

QIC trading/execution process follows the Best Execution Standards within the *QIC Global Order Management and Best Execution Standards* (GOMBES); an extract is below.

Best Execution Standards

Transaction costs are borne by QIC's clients and therefore should be incurred in their best interests. At all times QIC owes a duty to its clients to execute securities transactions in such a manner that each transaction is the most favourable to the Client under the circumstances. Unless otherwise provided for, Traders should not direct transactions to a particular counterparty to satisfy other business obligations such as those related to administration, operations, trade errors or new business solicitation.

Obligations of Best Execution

When executing orders, the QIC trading team must take all reasonable steps to obtain the best possible result for clients. This includes taking all actions necessary to execute orders with efficiency, accuracy and at best execution.

Criteria for Best Execution

Best execution should always be assessed in relation to the client's objective and prevailing market conditions. QIC takes all actions necessary to execute orders in a fair and timely manner, assessing the capacity of service providers and Counterparties to respect the best interest of the client.

In seeking to obtain best execution, the following factors are taken into account when executing transactions in a financial instrument, including shares or units in a fund:

- Necessary legal documents - i.e., ISDAs, CSAs, CDEAs, futures give-up agreements
- Observable price and a counterparty's recognised strengths or known inventory available to trade
- Market liquidity at the time of execution
- Size, nature, and type of the financial instrument
- Potential price impact and the desire to maintain confidentiality of the order
- Execution cost and speed
- Likelihood of execution and settlement

- Characteristics of the execution venue and counterparty survey results
- Urgency of the trade
- Any other considerations relevant to the efficient execution of the order.

3.9 Remuneration policy

QIC Personnel

QIC's HR & Remuneration Committee advises the Board on appropriate levels of staff remuneration after conducting an annual review of corporate and individual performance and considering industry comparisons and independent advice. The Board then determines the remuneration of the CEO and senior executives and advises the shareholding Ministers.

QIC's Employment and Industrial Relations Plan is approved annually by our shareholding Ministers. This plan includes our remuneration policy and practices for all staff.

QIC's Remuneration Program

QIC's remuneration program includes both short-term and long-term incentives designed to attract and retain key staff members and drive performance.

Fixed Pay

QIC calibrates fixed pay against Australian and/or global benchmarks as applicable, using a range of remuneration surveys. Typically, fixed pay is targeted at the market median. Above-median fixed pay may apply for key staff members who consistently deliver particularly strong performance.

Short-term Incentive Scheme

Managers, investment professionals and back-office employees who have a material impact on the organisation's financial performance are eligible for QIC's short-term incentive (STI) scheme. Each person has an at-risk component to their annual reward structure. This is expressed as a target incentive and represented as a percentage of their fixed pay. This target varies according to their role and seniority, taking in account typical market practice. The STI outcome relative to target depends on a combination of the relevant investment team's performance and the individual's performance, relative to key performance indicators (KPIs). STI payments are also subject to QIC achieving an acceptable profit outcome.

Ensuring Fair Compensation

Remuneration for all QIC employees is assessed annually relative to the external market for talent to ensure that the reward program is competitive for comparable roles. In this assessment, we use published survey data for financial services and investment management organisations as the market reference and are able to confidently benchmark over 90% of roles to a salary survey, targeting the median of the market.

QIC annually monitors any pay gaps including the gender pay differential to ensure this remains internally equitable. This monitoring takes place regularly throughout the year as new market data becomes available, and our workforce composition changes. This data is presented annually to the QIC Board.

3.10 Whistle-blower protection policy

QIC Limited and its subsidiaries are committed to creating and maintaining an environment that encourages and facilitates the disclosure of Reportable Conduct (as defined in section 1.4.2 of our publicly available QIC Whistleblowing Policy) without fear of retribution. The QIC Whistleblowing Policy provides a mechanism for the reporting and investigation of Reportable Conduct globally, wherever the conduct is identified. It applies to all QIC directors, staff, temporary employees and contractors.

Please refer to the QIC Whistleblowing Policy which is available from our website here.

3.11 Training and development

A large proportion of QIC's operating cost is attributable to our workforce; growing and retaining talent and increasing capability in turn, delivers on client outcomes and is an ongoing focus for the organisation. QIC has a dedicated Talent and Capability Manager that oversees and coordinates how we develop capability, both at the collective and individual level.

Each business unit within QIC has a budget allocation dedicated to the training and development of our people including team building initiatives, assessed on an annual basis. Our annual performance cycle includes formal development conversations which are documented in individual development plans co-owned by managers and employees to ensure opportunities are embraced throughout the year.

Development opportunities are discussed and identified and include both formal and informal learning opportunities. Formal learning courses are augmented with informal learning and leadership opportunities which are supported through project leadership and involvement, cross-training opportunities, on-the-job learning, secondment and higher duties arrangements. Conferences and industry events enable exposure to current industry trends and provide networking opportunity are also recognised as important for employee professional development.

An additional budget is apportioned to HR and is deployed strategically across target areas of organisational capability such as leadership development and management capability.

QIC also has a generous approach to Study Assistance which provides a program of support for additional tertiary and professional or industry qualifications such as Certified Public Accountant, Chartered Financial Analyst and post-graduate university qualifications.

The delivery of learning and development is through:

- Face-to-face delivery, facilitated by both internal and external experts
- Online learning of e-modules and self-paced LinkedIn Learning
- Professional bodies and associations
- Professional development conferences and seminars.

3.12 Complaints and dispute resolution.

Complaints are typically received directly by the Client Delivery team via the Client Services inbox, or the relevant Relationship Manager. These are then directed to, and investigated by, the relevant business unit concerned, where the matter is corrected, and new measures/processes put in place to avoid future complaints/errors (if appropriate).

If not already aware, the relevant Relationship Manager who manages the client relationship is advised of the complaint/error and the outcome/rectification. A written response is then sent to the client (with the assistance of the Legal team, if necessary) providing a resolution.

Any complaint received is then reported through QIC's incident management system managed by an Incident Owner and a member of RMG as a second line review.

4. Asset Stewardship

4.1 Monitoring of company performance on financial and non-financial matters.

QIC's objective is to ensure that our portfolio companies deliver long term sustainable returns as we believe that this will protect and enhance value for our clients. Our stewardship approach to asset management focuses on active engagement, working closely with portfolio companies on four key areas to instruct or influence where possible:

- *Governance and risk management* – seek that management and the board establish the right governance and risk management framework for the business, which requires an understanding of the material issues relevant to that business
- *Strategy* – seek that management and the board identify risk and return thresholds, including ESG targets, when setting the core business strategy to assist with identifying opportunities, ensuring that there is focus on stakeholder engagement
- *Metrics and Targets* - seek that management and the board set appropriate targets and metrics to drive and measure performance at the portfolio company level
- *Reporting* - seek that management and the board to create transparency through reporting on company performance, including ESG outcomes, to key stakeholders

We actively engage with the management of QIC managed portfolio companies to ensure they value sustainability and incorporate this in everyday decision-making and operational processes where appropriate, as well as long-term corporate plans and strategies.

4.2 Engagement with company management and the board (as appropriate) and escalation of issues in instances where initial engagements have not been adequately responded to.

As a manager of a diverse portfolio of assets and asset classes across a range of jurisdictions, geographies and industries, our approach to active ownership and engagement is tailored according to the specific circumstances of the relevant asset/issue and expectations of the fund or client mandate.

Active ownership plays an important role in QIC's approach to ESG integration. There are a number of methods QIC employs including direct engagement with portfolio companies, exercising our voting rights and monitoring of QIC's externally appointed investment managers – further detailed information is available from the QIC website.

If a matter requires further escalation QIC may employ a number of strategies including, but not limited to:

- Voting against the company for listed equities
- Escalating the engagement to more senior company representatives
- Exploring options for collaborative engagements with other investors to demonstrate the breadth of investor concerns on an issue
- Adjusting our position, where concerns remain

Where a matter of concern related to material ESG factors arises and is not successfully addressed through engagement, the matter may be escalated to the head of the investment team for consideration.

4.3 Approach to considering Environmental, Social and Governance factors (risks and opportunities) and whether these considerations influence investment decision-making and company engagement.

At QIC we believe that sustainability is about understanding and responding to the range of complex issues and opportunities that we encounter today and anticipate into the future, while creating value for all of our stakeholders.

The basis of QIC's approach to sustainability continues to be driven by the belief that material ESG factors impact outcomes not only for investors, and therefore our investment portfolios, but for our broader society.

Ultimately, at QIC we view ESG as a set of risks and opportunities which when embedded into our thinking, gives us the benefit of long-term insight on a wide range of considerations. We therefore continue to invest the time to understand the key ESG issues we face as an investor and seek to apply this knowledge in our investment decision making process and in developing practical solutions to issues across our investment portfolios.

As an investor in real estate, infrastructure, fixed income, private debt, natural capital and private equity, we understand that ESG issues vary in materiality across asset classes, sectors and industries and we target our approach to what is suitable for the investment. The range of responsible investment activity happening across our teams reflects our ongoing commitment to embed ESG to make better informed decisions to deliver on our long-term investment obligations and drive value beyond financial returns.

While there are many important ESG issues to consider, we have collectively identified the key issues facing QIC as an investor and as a corporation. You can read about our six focus areas and how we are managing ESG issues in our Sustainability Report.

Our approach to ESG practices is governed by our Sustainable Investment Policy.

Regarding engagement, please refer to our response at paragraph 4.2 above.

4.4 Proxy voting (see FSC Standard 13).

Our approach to proxy voting is governed by our Sustainable Investment Policy and Proxy Voting Standard.

Our Proxy Voting Standard delegates the exercising of proxy voting rights to our external managers. Under this arrangement, QIC has the right to override an external manager's voting instructions. QIC seeks to vote on all resolutions through our external managers. For all eligible securities, QIC aims to exercise proxy voting rights, except where there are legal or practical impediments that prevent participation.

We monitor our external managers' proxy voting activity through third-party providers, Institutional Shareholder Services (ISS) and Glass Lewis.

The most recent information relating to our exercising of Proxy Voting rights can be found in the latest edition of QIC's Sustainability Report.

4.5 Collaborative engagement with other investors including involvement with industry groups and associations.

We continue to engage with other investors on specific focus areas with a view to collaboratively drive change. Examples include support for Climate Action 100+ and the United Nations Principles for Responsible Investment (UN PRI) sovereign engagement project.

4.6 Principles used for policy advocacy including participation with industry groups and associations.

The systemic nature of many ESG issues means that they are best addressed at the policy level. We are active members of a number of industry associations that undertake policy advocacy to advance policy developments consistent with action and enhanced disclosure on a range of ESG issues. Amongst others these include:

- Investor Group on Climate Change where we participate in its policy and advocacy working group.
- The UN PRI where we are active members of its Sovereign Debt Advisory Committee (incl promoting active engagement with sovereigns) as well as its Global Policy Reference Committee.
- Membership of the Responsible Investment Association's Policy and Advocacy Technical Expert Group.
- Australian Sustainable Finance Initiative where we have been actively engaged in the development of a Sustainable Finance Taxonomy, now supported by the Commonwealth Government.

4.7 Our approach to client engagement, education and communication regarding asset stewardship.

Through our reporting we aim to demonstrate the importance we place on responsible investment and how we integrate these practices within our investments. We report on our ESG activities via the UN PRI annual assessment and our annual Sustainability Report which are both publicly available. We also report to our clients through various asset class specific reports. The Real Estate, Infrastructure and Liquid Markets Group investment teams also produce their own Sustainability Report and ESG report, available publicly at: https://www.qic.com/about-qic/corporate-information/responsible-investment/esg-reporting.