

QIC



Annual Report

2023–2024
FINANCIAL YEAR

QIC LIMITED

We acknowledge and respect the traditional lands and cultures of First Nations peoples in Australia and globally and pay our respects to Elders past and present. We recognise First Nations peoples' long-standing and ongoing spiritual connections to land, sea, community and country.

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IMPORTANT INFORMATION

Past performance is not a reliable indicator of future performance

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ESG

Certain information contained herein relating to ESG goals, targets, intentions, or expectations, including with respect to net zero targets and related timelines, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. ESG-related calculation methodologies and data collection practices and the reporting thereof as a whole are evolving, and other asset managers are implementing different frameworks, methodologies, and tracking tools. The selection of such different but acceptable measurement techniques can result in materially different measurements. Further, these techniques are subject to measurement uncertainties resulting from inherent limitations in the nature and methods used to determine such data. The precision of different measurement techniques may also vary.

Asset Summaries

The asset transaction summaries presented or referred to herein may not be representative of all transactions of a given type or of investments generally and are described for informational and illustrative purposes only. The information contained herein references and describes specific investment opportunities that QIC has previously pursued, and it should not be assumed that these investments, or any future investments made by QIC, will ultimately be profitable. The information provided should not be deemed a recommendation to invest in the investments mentioned. Recipients should also note that the asset transaction summaries presented or referred to herein have involved QIC professionals who may be involved with the management and operations of the investment as well as other QIC personnel who will not be involved in the management and operations of the investment.

Past performance is not a reliable indicator of future performance.

Seven funds across QIC's Real Estate and Infrastructure capabilities have net zero emissions targets

Real Estate Net Zero Target

QIC Real Estate's fund level 2028 net zero carbon target applies to assets that are 100% owned and managed by QIC. Targets are supported by the development and ongoing maintenance of asset-level Net Zero Carbon Emissions Roadmaps which are aggregated to the fund level. These Roadmaps document the carbon emissions reduction initiatives planned to be implemented annually out to 2028 to achieve the net zero carbon targets. Initiatives follow a reduction and elimination first approach and include energy efficiency upgrades to aging plant and equipment, optimisation of existing plant and equipment, electrification of natural gas-powered plant and the deployment of onsite solar PV systems or purchase of renewable electricity from the grid. The initiatives are integrated into the capital plans and relevant annual budgets for each asset. Net Zero carbon emissions targets rely on an increase in renewable energy consumption (~70%) and a reduction in electricity consumption through efficiency upgrades (~27%). The purchase of carbon offsets is expected to be required to offset residual carbon emissions relating to sources such as refrigerants, and for which there is not yet an alternative carbon-free replacement (~3%). Baselines vary for individual funds and range from 2015 to 2021. Progress is quantified and receives limited independent assurance annually, in accordance with the Australian Standard on Assurance Engagements (ASAE3000). All figures as at 30 June 2024. Net Zero Carbon Emissions targets across all five Real Estate funds are signatories to the World Green Building Council's Net Zero Carbon Buildings Commitment. For more information on QIC's Net Zero Carbon Emissions target for real estate, please see our latest QIC Real Estate Sustainability Report on the QIC website.

Infrastructure Net Zero Target

Net zero target for QIC infrastructure also includes a 50% 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. For more information on QIC's Net Zero Emissions target for infrastructure, please see our latest QIC Infrastructure Sustainability Report on the QIC website.

About this report

This Annual Report outlines QIC Limited's performance from 1 July 2023 to 30 June 2024. It highlights our key achievements delivered during this reporting period and should be read in conjunction with the supporting QIC Limited Financial Statements for the year ending 30 June 2024.

This and earlier Annual Reports are available on QIC's website (qic.com).

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1. About QIC

Our Purpose

Together, we create shared value by responsibly investing for the prosperity of clients, people and communities.

We are a unique organisation. We are both a sovereign investor and a global institutional manager specialising in private markets. Investing for the long-term is in our DNA, and we benefit from stable ownership by the Queensland State Government.¹ We manage multi-asset portfolios for government clients and deliver infrastructure, real estate, private equity, private debt, natural capital, fixed income and liquid market solutions for private institutional capital.

We have \$111.7 billion² in assets under management (\$119.0 billion³ gross assets under management) and are headquartered in Brisbane, Australia, with offices in Sydney, Melbourne, New York, San Francisco, London, Copenhagen, Luxembourg, and Singapore.

Our Purpose in action

At QIC, we believe in shared value, where delivering strong investment returns goes hand in hand with doing good for our clients, people and communities. Our government ownership, global presence, deep sector expertise and market insights equip us to seize opportunities, navigate uncertainty, deliver resilient returns and, ultimately, create shared value for the future.

Our team members feel inspired, motivated and empowered because they see the role they play in enabling positive change and impact in line with our Purpose. Our performance-driven and supportive culture honours diversity, speaking up, psychological safety, and accountability for delivery on our priorities and client outcomes.

We also know it's more powerful working together than alone. Our government and private clients are at the heart of everything we do. We have a deep understanding of their needs and deliver results so they can focus on what's most important to them.

Our Standards of Excellence

While our Purpose defines why QIC exists, our Standards of Excellence are the common principles, behaviours and standards we all need to demonstrate to be able to fulfil our Purpose. Our standards of excellence are critical to our success and focus on five key areas:

- Leaders must lead
- Accountability counts
- Communication matters
- Step up together
- Collaboration is key.

¹ The Queensland Government does not guarantee capital or returns in any way.

² As of 30 June 2024. Net assets under management represents the net asset value of funds and mandates managed by QIC entities, excluding multi-asset derivative exposures.

³ As of 30 June 2024. Gross assets under management is calculated as (i) the total market value of gross assets managed by QIC entities; (ii) undrawn commitments; (iii) excludes multi-asset derivative exposures.

2. Message from the Chairman

On behalf of the Board, I am pleased to present the QIC Limited Annual Report for the year ended 30 June 2024.

During the year under review, the global macroeconomic environment has been challenged by geopolitical risks, uncertainty surrounding monetary policy, and persistent inflation. These factors have affected asset valuations and capital markets. However, liquid markets have shown robust performance, especially in the second half of the 2023-24 financial year as global inflation started to trend lower.

Since joining the QIC team as Chair of the Board in April 2024 following the retirement of previous incumbent Ian Martin, I can attest to the high-performing capability of the QIC team. Together, our team and QIC Board, have successfully navigated the challenges we faced to deliver positive full year results and benefits for our stakeholders.

QIC's assets under management reached \$111.7 billion as of 30 June 2024, which is a notable year-on-year gain of \$8.9 billion. Prudent financial management contributed to recording operating profit before tax of \$125.0 million for the 2023-24 financial year, which is 4% or \$4.8 million above budget.

Across QIC's investment capabilities, approximately 70% of representative funds met or exceeded their investment performance objectives on a funds weighted basis during the reporting period. This has translated to QIC delivering the highest recorded annual earnings to Queensland Government clients of \$8.9 billion.

Positive investment earnings were returned in the Endowment Portfolio of 13.55% (net of management fees) which is above objective, allowing the state to fully fund its defined benefit scheme. Our Long Term Diversified Fund, which serves universities, local governments, and statutory bodies, returned 12.45% (gross of fees).

During the year under review, the Queensland Government approved the appointment of Justine Hickey and Emilio Gonzalez to the QIC Board. Ms Hickey is a former senior executive in the funds management industry, and current Director of Equipsuper and the Australian Council of Superannuation Investors. Mr Gonzalez previously served as Chief Executive Officer at Pandal Group and Chief Investment Officer at Perpetual Investments. We farewelled Directors Paul Gallagher and Simone Desmarchelier and thank them for their diligent and dedicated service on the Board.

Looking ahead, the strong growth in the United States is anticipated to slow to a more sustainable rate, while the United Kingdom and Europe are expected to rise toward trend-like rates. Similarly, the Australian economy is projected to recover to a more gradual pace in the first half of 2025. In any case, we will be firmly focused on achieving our goals which should continue to deliver substantial value for our clients, stakeholders, and shareholder.

On behalf of the QIC Board, I would like to take this opportunity to express our appreciation for the support of our shareholding Ministers and their endorsement of our strategy.



Geoff Brunsdon AM
Chair, QIC Limited

3. Message from the Chief Executive Officer

Profit outperformance amid inflationary pressures and a challenging macroeconomic climate is a significant achievement. Despite the difficult conditions, our team increased our investor base, broadened existing client partnerships and generated revenue and liquidity.

QIC recorded strong results in the 2023-24 financial year, including a profit of \$125.0 million, while also increasing our assets under management as of 30 June 2024 to \$111.7 billion. For our clients, approximately 70% of our funds outperformed, and we delivered record earnings of \$8.9 billion for Queensland Government clients.

We have seen significant interest in our active Infrastructure and Private Debt funds. Our new Head of Private Debt, Simon La Greca, and his team are engaged with numerous capital partners, including potential Australian cornerstone investors. While our key Infrastructure capital raise was repositioned following interest from global investors who are attracted to the resiliency of our economy and the quality energy transition opportunities available.

Across QIC, over the course of the 2023-24 financial year, performance highlights include:

- QIC Infrastructure on behalf of the Future Fund, acquired a 19.8% interest in the 40km EastLink toll road network in Victoria. QIC will leverage experience managing investments in Queensland toll roads to responsibly manage EastLink on behalf of the Future Fund
- we bolstered our European capital base through a new strategic partnership with one of Denmark's largest pension funds, with an initial mandate received from PenSam of approximately \$500 million

- we raised \$750 million through the inaugural issuance of an Australian dollar domestic bond to be used for Queensland Titles Registry regearing. The proceeds will form part of regular quarterly distribution, commencing from quarter one of the 2024-25 financial year
- deployment of \$367 million across seven private debt investments in the renewables, alternative fuel, digitalisation, logistics and transportation sectors
- in supporting government policy priorities, we have:
 - assisted Commonwealth and Queensland governments to reach contract close on the \$940 million PsiQuantum deal for the establishment and operation of a quantum computing facility and ecosystem in Queensland
 - submitted the Gympie Road Bypass Investment Proposal, with a \$318 million commitment to this project enabling the QIC subsidiary North Brisbane Infrastructure to continue to progress approvals and pre-construction activity.
- QIC continues to partner with government and Queensland businesses to support the future of the Queensland economy. In 2023-24 financial year, the Queensland Venture Capital Development Fund was launched, and we continued to invest under the Queensland Critical Minerals and Battery Technology Fund, our Enterprise Acceleration Fund and Business Investment Fund

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

- in ESG, our teams worked together to confirm our Net Zero Asset Managers interim targets, we launched our Stretch Reconciliation Action Plan and QIC was recognised as the Australian Sustainability Fund Manager of the Year in the KangaNews Awards 2023
- our employee engagement survey results were above Australian and global financial services benchmarks, and our voluntary turnover was significantly lower than industry average.

We also introduced and began embedding our new Purpose, which inspires our team by emphasising the impact we have in driving positive change. Our new Purpose, which we will continually focus our efforts to deliver, is — Together, we create shared value by responsibly investing for the prosperity of clients, people and communities.



Kylie Rampa
CEO, QIC Limited

4. 2023-24 performance summary

Statement of Corporate Intent

The following table depicts performance against key financial and non-financial measures from QIC's 2023-24 Statement of Corporate Intent:

Financial Key Performance Indicators	2023-24 Result	SCI Target
Cost to income ratio	Overall: 81.3%	Overall: 82%
Operating profit before tax	Overall: \$125.0 million	Overall: \$120.2 million
Return on Assets	13%	13%
Return on Equity	30%	32%

Investment Key Performance Indicators (KPIs)

As at 30 June 2024, the following tables outline the percentage of funds outperforming on a funds under management-weighted basis.

Versus Benchmark

	1 Year	3 Year	KPI weighted
Including State Investments	74.6%	70.8%	70.4%
Excluding State Investments	52.2%	63.9%	60.5%

Versus Objective

	1 Year	3 Year	KPI weighted
Including State Investments	73.8%	60.1%	69.6%
Excluding State Investments	50.9%	52.7%	59.2%

5. Measuring our performance

In line with previous years, corporate and individual performance at QIC continues to be measured utilising the balanced scorecard methodology. Key Performance Indicators (KPIs), also referred to within the organisation as performance goals, are aligned against each quadrant of the scorecard:

- Investment performance and client relationships
- Strategy execution and risk management
- People and culture
- Financial performance.

A summary of QIC's results for the 2023-24 financial year is outlined below.

5.1 Investment performance and client relationships

Investment performance across most asset classes throughout the year has been strong, however persistent inflation and higher cost of debt impacted the short-term performance of unlisted assets. In the year under review, QIC achieved substantial advancements in government initiatives and maintained high levels of global investor engagement.

5.2 Strategy execution and risk management

Challenging conditions for capital raising and asset transactions persisted but did not deter from increasing our investor base, broadening existing client partnerships and generating liquidity. Our key infrastructure capital raise offering was refocused to provide investors with opportunities to participate in the Australian energy transition.

Our risk, legal and compliance culture remains strong.

In ESG, we became a signatory to the Net Zero Asset Managers and we were pleased to announce our initial interim targets under this initiative. We also launched our Stretch Reconciliation Action Plan and supported Indigenous intergenerational wealth through the management of investments on behalf of Indigenous corporations.

5.3 People and culture

QIC continued its commitment to a high-performance, purpose-driven and caring culture through:

- the communication and alignment of our team to QIC's strategy and goals which are monitored and measured on a quarterly basis
- embedding of QIC's refreshed Purpose in all that we do with and for our team and clients
- a focus on psychological safety, accountability for conduct at all levels and a commitment to proactive reporting and a 'speak up' culture
- maintaining and improving on our above benchmark engagement score and a commitment to measuring the impact of actions on those areas of engagement our team tell us are important
- our enhanced and market competitive approach to flexible work
- education, awareness and accountability for providing a safe and inclusive workplace
- enhancing the health and wellbeing of our team
- creating opportunities for internal mobilisation and promotion of talent to manage succession and future capability needs
- we again invested in learning and development which prioritises risk management and meeting of regulatory requirements and deployed refreshed mandatory learning modules to all employees.

We progressed both our Diversity, Equity & Inclusion and Health & Wellbeing Strategies resulting in Silver accreditation in the Australian Workplace Equality Index and recognition as a Family Inclusive Workplace through Parents at Work. We are proud to have a gender balanced workforce and have progressed our goals in the areas of gender equity at a senior level, talent and succession, and maintained turnover below industry average. We do this by continuing to stay abreast of market challenges in attracting and retaining high calibre team members through industry-led benchmarking of remuneration and benefits across all locations.

5.4 Financial performance

QIC has delivered a pre-tax profit of \$125.0 million for the 2023-24 financial year against a target of \$120.2 million.

Total revenue for the 2023-24 financial year was \$670.3 million, which is \$15.8 million higher than 2022-23, primarily due to increased investment management fees. Total expenses increased by \$17.9 million to \$545.3 million, primarily due to ongoing investment into the development of new capabilities and products.

This result reflects our strong focus on revenue generation and prudent financial management. Further information on QIC's financial results for 2023-24 is summarised in Section 11 of this report.

6. Investment capability highlights

During the 2023-24 financial year, across our areas of expertise in infrastructure, real estate, private equity, liquid markets, private debt and the management of the Queensland Government's state investments, we continued to deliver against our strategic objectives.

The following section provides an overview of the outcomes delivered during the past year.⁴

6.1 Infrastructure

QIC's Infrastructure team manages a \$36.3 billion⁵ portfolio comprising 21 direct infrastructure investments across three core sectors — transport, energy and utilities, and social/healthcare. Diversified across geography, sector and lifecycle, these investments are located across five countries, including in Australia, in all states and territories.

Infrastructure's thematic and sector-centric investment strategy, together with our active-core asset management approach, has seen the portfolio continue to deliver strong returns. The portfolio has delivered an annualised since inception net Internal Rate of Return (IRR) of 13.7%⁶ and realised \$17.3 billion for our clients.

QIC's experienced Infrastructure team of 87 investment professionals located in Brisbane, Sydney, Melbourne, New York and London continue to create value for our clients.

Investment activity

QIC Infrastructure was active in pursuing opportunities aligned with our thematic and sector centric investment strategy. Throughout the year, the team reviewed over 350 unique investment opportunities across our three core sectors and targeted geographies.

Infrastructure was heavily involved in investment activity on both the buy side and sell side.

Key investment activity included:

- **Connect East:** QIC Infrastructure on behalf of Future Fund reached financial close on acquiring from Nuveen and NZ Super a 19.82% stake in Horizon Roads, Connect East's EastLink toll road network. The Connect East transaction leverages QIC's long-held experience in the roads sector through its investment in NorthWestern Roads Group, work on the Gympie Road Bypass and Queensland Motorway Network. EastLink is the largest toll road network in Victoria with 39km toll road (EastLink) and a 1km bypass (Ringwood Bypass). EastLink is the only major north-south transport artery in Melbourne's east, connecting the Eastern, Monash, Peninsula Link and Frankston Freeways. An average 250,000 vehicles, including 50,000 commercial vehicles utilise the toll road daily. QIC has a long-established relationship with Future Fund and will manage the Horizon Roads investment on their behalf

⁴ Assets under management in this Investment capability highlights section of this Annual Report are gross assets under management, which is calculated as (i) the total market value of gross assets managed by QIC entities; (ii) undrawn commitments; (iii) excludes multi-asset derivative exposures.

⁵ As at 30 June 2024.

⁶ Past performance of the entire portfolio managed by QIC Infrastructure since inception, net of all fees, carried interest and expenses. This includes the return on assets which are managed by QIC Infrastructure for other clients/products. Past performance is not a reliable indicator of future performance.

INVESTMENT CAPABILITY HIGHLIGHTS

- **Bluecurrent:** QIC Infrastructure acquired a 50% interest in Bluecurrent (formerly known as Vector Metering) in the 2022-23 financial year on behalf of our key active infrastructure fund and co-investors. In May 2024, QIC secured capital commitments of over \$55 million from two new investors
- **CampusParc:** QIC Infrastructure and the Australian Retirement Trust reached financial close on the divestment of a combined 100% interest in CampusParc in June. QIC entered into a 50-year concession with The Ohio State University (OSU) in 2012, creating the first North American university parking concession including more than 38,000 total parking spaces. Over a 12-year period, QIC through active asset management led the transition, delivered significant operational improvements, and developed strong relationships with stakeholders including OSU and customers, including over 100,000 students, faculty staff, and visitors across academic and medical campuses. QIC ran a competitive two-staged sale process, generating strong interest from the market. The divestment realised strong since inception returns and delivered upon the liquidity requirements of both clients
- **North American Public Private Partnerships (PPP):** QIC Infrastructure successfully divested interests in two North American PPP assets in September — Long Beach Courthouse and Montreal University Hospital Research Centre. Both assets were acquired in 2012, with QIC working actively to ensure the successful delivery of both assets and transition to operations phases. QIC ran a comprehensive market sale process for both assets to maximise value for investors and realise significant returns on exit.
- Separately, growth capital raise processes for two of the QIC Global Infrastructure Fund's (QGIF)⁷ platform assets were also undertaken for:
 - **Pacific Energy:** Australia's largest remote energy platform, Pacific Energy plays a key role in the decarbonisation of Australia's natural resource sector and remote towns. As a result of its market leading position and specialised renewable capabilities, the business is experiencing significant demand from its client base. QIC has secured \$130 million in commitments from QGIF investors to fund its near-term pipeline of attractive and value accretive projects
 - **Generate:** following QIC client commitments of US\$400 million in the 2022-23 financial year, Generate concluded its equity raising in 2023-24, with more than US\$1.3 billion of growth equity to fund the United States platform's further expansion.

Asset Management

During the 2023-24 financial year, QIC Infrastructure continued to deliver on its active-asset management strategy, focusing on its key pillars of financing, sustainability, innovation and resilience, and people culture and operations.

Our objective is to build and grow resilient and adaptable portfolios over the long-term. This requires us to balance the interests of all stakeholders, including customers, the environment, community, employees, regulators and shareholders. Ensuring our companies continue to make decisions in the interest of our stakeholders will allow them to pursue opportunities with the full support of employees, customers and the broader community they operate within. We believe this will result in companies that are more likely to deliver superior investment outcomes over the long-term.

⁷ The QIC Global Infrastructure Fund is no longer open for investment.

INVESTMENT CAPABILITY HIGHLIGHTS

Our key sustainability pillars remain unchanged from the last reporting period, highlighting our conviction in this area. These pillars — Climate Resilience, People and Culture, Risk and Governance, and Community and Stakeholders — highlight what we believe are the significant impact areas in managing our Infrastructure portfolio. We continued to enhance sustainability governance and accountability within the Infrastructure team by further integrating sustainability within our governance structures and operating model.

Over the past year we have developed our internal sustainability capabilities. We further promoted the integration of ESG and the importance of focusing on People, Culture & Operations in our origination process by enhancing our initial ESG and People, Culture & Operations screening assessments. The ESG assessments now include specific sustainability elements that formalise and promote a best practice approach to the strategic management of sustainability risks and opportunities within our portfolio companies. The People, Culture & Operations assessments were further refined to incorporate additional elements of running a business. They are a critical component to the early identification of key people, culture and operational issues and ensures decision-making is aligned with QIC's investment objectives.

We updated our 100-Day Detailed Transition Plan framework and supporting toolkit to reflect the varying complexity and investment phase requirements. A successful transition is fundamental to maximising shareholder value and to ensure the effective implementation of the investment case business plan. It minimises business disruption, establishes strong foundations from a governance perspective and helps set the business up for success.

We continued to actively manage portfolio companies providing strategic advice and support through our Board engagement, and seeking to ensure that the portfolio companies can successfully integrate sustainability across their organisations with the capability, resourcing, and robust systems and processes that are required.

QIC Infrastructure has enhanced its ESG processes and delivered outcomes against our commitments, including:

Decarbonisation and innovation:

- in line with the QIC's Net Zero Asset Managers (NZAM) commitment, we expanded the coverage of net zero emissions targets and governance across the portfolio and incorporated climate commitments under a sustainability linked loan
- we supported portfolio companies in their approach to innovation management through collaboration forums, innovation awards and created networks of new technology and emerging infrastructure
- we enhanced the specialist team capability with the addition of a Decarbonisation, Innovation and Nature specialist.

Social and stakeholders:

- provided active support of First Nations engagement strategies, approach to human rights and modern slavery
- promotion of diversity and inclusion initiatives
- provided guidance and support for strategic engagement with stakeholders and the connection with organisational purpose.

Resilience:

- we continued hosting Cyber Security Forums to support sharing of knowledge and practice
- we increased engagement on resilience to physical climate change including the creation of thought leadership and actively engaging in industry efforts
- we piloted the use of United Nations Disaster Risk Reduction "resilience scorecard" to assess resilience of two portfolio companies
- we enhanced specialist team capability with the addition of a Resilience Specialist focused of physical climate change, cyber risk and other operational disruptions.

INVESTMENT CAPABILITY HIGHLIGHTS

Debt and financing

Infrastructure was active across debt capital markets during the 2023-24 financial year, with our team actively involved in raising approximately \$3.2 billion of committed debt financing across our portfolio.

Infrastructure's portfolio continues to successfully navigate the current macroeconomic and geopolitical environment, demonstrating a prudent approach to leverage and diversification in debt markets and maturities undertaken by the team, as well as the strong financier relationships across our portfolio. Key highlights include:

Market diversification and capital release:

a number of significant transactions across loan and capital markets including:

- \$750 million inaugural Australian dollar domestic bond issuance for Titles Queensland
- Tilt Renewables' \$750 million Asian Term Loan issuance in support of its ongoing development pipeline
- NorthConnex's \$205 million 12-year domestic loan transaction.

Growth:

established further undrawn funding lines facilitating growth across the portfolio including:

- Incremental capex facilities totalling \$350 million at Pacific Energy (including additional green loan capacity)
- A US\$135 million 25-year fully amortising US Private Placement issuance for Renewa.

Proactive refinancings:

significant refinancing activity to extend maturities across a number of portfolio companies including:

- combining the Nexus and Montserrat day hospital debt facilities into a single \$155 million facility across all assets
- refinancing and extending the existing \$90 million Sea Swift loan facilities
- a \$326 million Epic Energy refinancing (including over \$100 million of undrawn capex lines for future growth).

Client highlights

QIC Infrastructure has been entrusted to manage funds on behalf of 31 clients internationally.

Key highlights for the year include:

- establishment of the Renewable Energy Investment Fund, on behalf of the Queensland Government, to accelerate investment in renewable energy across Queensland, supporting the transition towards a clean energy future
- continued capital raising for our key active infrastructure fund. The fund's seed asset Vector Metering (now Bluecurrent) has outperformed since acquisition and is exploring a number of M&A opportunities to further enhance Bluecurrent's critical role in the energy transition
- platform assets in QGIF continuing to provide attractive investment opportunities for QIC's co-investment partners. Tilt Renewables and Pacific Energy in particular offer clients an opportunity to allocate capital into investments that play a significant role in the decarbonisation of the Australian economy, with strong thematic underpinnings.

Key to QIC Infrastructure's thematic, sector-centric approach to investing is a commitment to a wide range of research which underpins and informs our investment and asset management strategies. The strategic research and analytics team is further supported through several Australian and international university internship programmes we have established. This year, we released a number of papers that focussed on the decarbonisation of the transport sector, climate resilience, energy transition, portfolio construction and the case for Australasian infrastructure. Specifically, the following papers and insights were published during the financial year:

- Towards a more resilient future: The Case for Australasian Infrastructure
- Investing in Europe's circular economy
- Decarbonising aviation — Protecting aviation's social licence
- Operational value creation in a SOLID infrastructure portfolio
- Pathways to decarbonising the maritime industry

INVESTMENT CAPABILITY HIGHLIGHTS

- Building climate resilience in infrastructure assets
- The role of technology innovation in supporting the energy transition.

The research team has also contributed to a number of industry publications and external media, further raising our profile and contributing to important conversations with our capital partners and amongst key stakeholders across our investments.

6.2 Real Estate

QIC's \$13.6 billion⁸ property portfolio comprises some of Australia's busiest retail-anchored mixed use town centres, convenient neighbourhood and large-format shopping centres, prime office buildings, dynamic public spaces and productive industrial assets. We design, develop and manage vibrant destinations that accommodate thriving communities on behalf of our institutional investors.

In the year under review, the investment performance of unlisted real estate assets was impacted due to softening valuations, reflecting a higher cost of capital and moderating rental growth expectations. QIC Real Estate core funds under performed, while our core plus funds and the office fund provided relatively better performance above investment benchmarks.

A revision to Town Centre liquidity strategy was approved in June 2024 by unitholders. The modifications included an extended timeframe for liquidity (by two years to 30 September 2026) and the inclusion of additional assets identified for potential sale subject to market interest and pricing.

In May 2024, we were successful in raising \$300 million of debt for the QIC's Town Centre offering in the medium-term note market, with a seven-year tenor, at a credit margin of +155 basis points (fixed interest coupon of 5.80%). The final order book was 1.9 times oversubscribed, with strong participation from both domestic and offshore real money accounts, and with a geographical split of Australia and New Zealand 75%, and Asia 25%.

We divested four assets over the year totalling \$178 million including Hinkler Central in Bundaberg and the Robina Super Centre.

In December 2023, we successfully executed the divestment of the first of five assets held in joint venture with Brookfield. While we are not responsible for the day-to-day management of the other four assets, there is a strong focus on optimising income across the portfolio as we remain in the process of winding up our US real estate presence through a managed transition period.

QIC's Master Developer role for the Cross River Rail precincts of Boggo Road, Woolloongabba, Roma Street and Albert Street continues to progress well. A major milestone was reached in October 2023 when the 101 Albert St Office and mixed-use development received Development Approval. The next generation office accommodation at 101 Albert Street is 40 storeys high and 52,755sqm gross floor area. It will be situated alongside retail and dining concepts, and generous public spaces that can be used year-round. 101 Albert will feature leading sustainability criteria, 6 Star Green Star, 5.5 Star Energy and 4.5 Star Water NABERS ratings. The Initial Masterplan of the Boggo Road Innovation Precinct has been completed and planning for the first life-sciences building has commenced.

Woolloongabba and Roma St Precincts are expected to be key locations for the 2032 Olympics and Paralympic Games. QIC is continuing early development schemes in parallel to Queensland Government Olympic Infrastructure assessments. Preliminary assessments for build-to-rent housing are ongoing across multiple locations.

We continue to remain focused on building the resilience of our portfolio of retail assets through highly targeted leasing and remixing strategies, mini developments and our Town Centre strategy. Our conviction in the belief that the shopping centre of the future will be a town centre — a place where communities can shop, eat and meet, as well as play, work, live and learn — is unwavering. By evolving our assets into true town centres, we believe we are creating captive customer bases, securing the asset's place within the fabric of its community, uplifting opportunities

⁸ As at 30 June 2024.

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for our retail partners, and unlocking embedded value for our investors.

Given the uncertainty around asset pricing and the macroeconomic outlook, during the year we made the decision to pause on a number of major projects including the Canberra North and Castle Towers Village mixed use projects. The mixed-use Town Centre strategy remains important for the growth and resilience of our core retail portfolio, yet the focus in the short-term has shifted to town planning and peripheral land value uplift opportunities, until the market stabilises.

We have made significant strides to execute the long-held investment strategy through a considered and staged development pipeline. Over the past 12 months, QIC Real Estate has continued to deliver several development projects, including:

- **Canberra Centre:** we completed the backfill of the underperforming Target Discount Department Store, introducing Uniqlo, a large format Rebel Sport, and Funlab entertainment. The upgraded retail and entertainment offer is performing strongly and has achieved the desired significant uplift in retail sales, activity and customer visitation to the precinct
- **Castle Towers:** we are nearing final Development Approval for The Village — a future focused mixed-use lifestyle precinct that will transform the centre. Featuring three levels of retail space, a 200 plus room lifestyle hotel, and a 12 storey A-grade commercial building. We are also nearing completion and approval for a revised planning scheme that will then allow a significant scale medium to high density residential development adjacent the main retail centre
- **Eastland:** we are completing construction of the A-grade commercial tower, an all-electric workplace at 5 Bond Street. The building is due for practical completion in October, and is fully leased to Victorian State Government tenants, with the tenants progressively fitting out their premises until June 2025. Bond Street is a nine level, 11,500sqm building, including four levels of secure parking, and is targeting 6 Star NABERS Energy and 5 Star Green ratings
- **Robina Town Centre:** we continue to progress a residential build-to-sell opportunity in joint venture with residential specialist Cedar Woods, progressing the opportunity to amend the planning scheme for Robina with local council and the Queensland Government. We are also working through commercial terms with the State Government for a potential 420-unit build-to rent development that would also be used initially as 2032 Olympics Gold Coast Athletes Village
- **Westpoint:** we completed the level four Myer backfill project, including a refurbishment of the adjacent entertainment, dining and leisure precinct. New tenants included Club Lime (gymnasium), WOTSO Co-working space, Chou Chou Babe children's activity centre and a refurbished and expanded Zone Bowling. The public realm was upgraded including the introduction of a new children's playground
- **Merrifield:** we constructed and opened the 950sqm Paul Sadler Aquatic Centre, which has been well received by the local community. The adjoining 5,860sqm mixed-use building has undercroft carparking, with four tenancy levels above and remains under construction, with expected practical completion in September 2024. The building was pre-committed to Jetts (gymnasium) and Green Leaves (childcare) which has been oversubscribed for applicant places. The balance of the building is yet to be leased, with strong enquiry from medical, government agencies and small businesses
- **Epping:** we commenced construction of the Hunter & Gatherer fresh food precinct refurbishment. This project includes the relocation and refurbishment of the existing Woolworths supermarket to the latest generation store including a Click & Collect facility. The expansion and refurbishment of the Sacca's Fine Foods specialty store, as well as a fully refurbished and repositioned specialty fresh food offer.

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- **Werribee:** the Stage 7 Rectification Project continues and is being completed in stages with expected final practical completion at the end of calendar year 2024. Impacts to tenancies and customer visitation is being managed.

We continue to deliver on our ESG strategy and over the past 12 months have made progress towards achieving our long- and short-term objectives. We progressed towards our 2028 net zero carbon emissions target across all funds, with implementation of various energy efficiency initiatives and the deployment of an additional approximate 5.6 megawatts of rooftop solar PV across our assets.

During the year, we also developed a Sustainable Finance Framework for use across all QIC Real Estate investment funds. The framework was developed with support from a consortium of selected banks and outlines the parameters around which QIC Real Estate intends to issue and manage future sustainable finance instruments. The framework has been developed in alignment with QIC Real Estate's ESG strategy and voluntary process guidelines that are accepted as best practice for the issuance of sustainable finance instruments globally. The sustainable finance instruments issued under the framework may include sustainability linked instruments, such as sustainability linked loans and use of proceeds instruments, such as green bonds.

QIC Real Estate continued the roll out of our Community Investment Program focused on the flagship theme of physical health and wellbeing with our community partners Nutrition Australia and YMCA. The co-designed program was delivered at twelve of our Real Estate assets in the 2023-24 financial year through the implementation of a six-week wellness challenge. The program is based on the idea that by introducing consumers to healthy eating practices and exercise we might educate and change behaviours, potentially reducing the likelihood of community members developing longer-term chronic illness. A measurement framework for the program has been developed to identify measurable impacts, and to date the program has received very positive feedback from community participants.

We also continued to make progress against the deliverables in QIC's Innovate Reconciliation Action Plan, guided by the establishment and roll out of a Real Estate level Indigenous Delivery Plan to help ensure initiatives implemented at an asset level are focused on making a real and positive difference. QIC Real Estate will develop a new Indigenous Delivery Plan in the 2024-25 financial year to reflect the objectives in QIC's Stretch Reconciliation Action Plan, released in May 2024.

6.3 Private Equity

QIC's Private Equity (QPE) business increased assets under management to approximately \$9.2 billion (as of 30 June 2024), a testament to the continued trust and support of our clients.

Our core strength lies in delivering bespoke Separately Managed Accounts (SMAs) for institutional investors seeking to access the hard to navigate specialised sectors within the global private equity landscape of lower mid-market buyout and top tier venture capital. Our strategy has remained consistent and continues to focus on deep private equity markets in North America, Europe and Asia Pacific, where we have local presence. The business has experienced strong support from existing and new clients securing new mandates to complement our existing capital base.

In the 2023-24 financial year, the private equity industry faced challenges amid an environment of inflation, rising interest rates and continued macroeconomic uncertainty. Despite this market volatility, our diversified portfolio has demonstrated resiliency and growth. While technology valuations experienced downward pressure compared to previous highs as part of the broader market correction around the venture capital sector, this has been balanced by the performance of more mature businesses in the buyout portfolio. These businesses operate in industries with more defensive characteristics such as healthcare and consumer staples.

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Our investment mandates have continued to exceed client objectives, with 10-year net IRR returns of 20.8%⁹, as against the MSCI ACWI Index public market equivalent return of 11.7%. Notably, our co-investment performance has generated a 10-year net IRR of 27.5% (as of 31 December 2023), driven by carefully selected companies which demonstrated the benefits of active value creation by way of superior operational performance and enhanced strategic positioning in their markets. Amongst a broadly diversified portfolio, companies that stood out were:

- **Versaterm:** a leading provider of mission critical solutions for public safety and emergency services in the United States, Canada, Australia and New Zealand. Since we invested in Versaterm in 2020, the company has achieved significant growth through both organic and inorganic initiatives, including the addition of nine complementary businesses to its portfolio. As a result, Versaterm's revenue has more than tripled since our investment
- **CVAA:** a cardiology platform in the United States that provides a complete range of cardiovascular services such as clinical cardiology, diagnostic imaging, electrophysiology, and invasive and interventional cardiology, as well as wellness and other screening services. The company has expanded significantly through acquisition since we invested in 2022, adding 21 practices, with over 350 physicians. CVAA's revenue has increased more than tenfold since our investment, and its EBITDA has grown by eightfold
- **Action:** a leading European general non-food merchandise discount retailer with operations in the Benelux, Germany, France and Central Europe. Supported by a large network of suppliers and a capital efficient business model, Action has a unique scalable and repeatable growth strategy that has substantial runway for further expansion across Europe. Action's attractive store economics and exceptional return on invested capital enabled it to open 303 new stores across Europe in 2023

Its highly differentiated product range and customer value proposition have created strong counter-cyclical demand, which has underpinned exceptional growth in the recent difficult macroeconomic climate

- **Symprove:** a British manufacturer and distributor of a patented multi-strain probiotic product aimed at improving gut health. Symprove's unique water-based (non-dairy) delivery system does not trigger digestion as it passes through the stomach, which unlike conventional supermarket yogurt-based probiotics, allows for circa 99% of bacteria to be delivered alive to the gut and not be destroyed in the stomach. Now backed by mega-trends around inflammatory bowel disease and irritable bowel syndrome awareness, as well as greater medical and consumer awareness of the importance of gut health to overall wellbeing, the business has been able to successfully transition to a higher quality of earnings subscription pricing model with strong uptake from both health-conscious customers and customers with gut health conditions.

In 2023, we were awarded an additional mandate from State Investments to deploy into climate-related solutions across North America, Europe and Australia, through funds and co-investments, leveraging our existing capabilities of sourcing and selecting emerging managers within venture, growth and buyout. We have designed impact screening tools and assessment criteria, and a repository of impact monitoring tools with a leading United States consultant, Tideline Advisors.

We are pleased to report that our directly held asset, North Australian Pastoral Company (NAPCo), has continued to deliver strong performance in the 2023-24 financial year, due in part to productivity improvements instituted by the management team and QIC over several years. Revenue continues to scale and diversify, underpinned by the growth of the branded beef Five Founders program. Notably, NAPCo experienced a significant land valuation uplift in the 2023-24 financial year.

⁹ As at 31 December 2023, excludes The North Australian Pastoral Company.

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This was driven by a combination of land appreciation and development value uplift, a testament to the success of our long-term strategic efforts and multiple years of activity.

As part of our commitment to the local Queensland investment ecosystem, we have designed investment mandates to support and grow innovative Queensland companies. The Enterprise Acceleration Fund (EAF), a \$35 million fund launched in September 2022, has seen successful deployment into eight companies, including recent investments in Cake, Cartelux and Endua. We have continued to invest the Business Investment Fund (BIF) and have received an additional \$50 million commitment to the strategy, bringing the fund size to \$150 million. Recent investments through BIF include Gilmour, ModnPods, Dataweavers and VALD. Since 2021, we have reviewed over 1,000 deals for our Queensland strategy and invested into 21 companies (as of 30 June 2024).

We launched the Venture Capital Development Fund (VCDF) in 2023 in collaboration with Queensland Treasury, with an extensive selection process, receiving over \$800 million in demand from venture capital managers and accelerators. Based on this demand, and the high quality of applications, the \$75 million VCDF was expanded to \$130 million. QPE has successfully selected 13 venture capital funds and seven accelerators across priority thematic areas for Queensland growth. Through QIC's role in deploying the VCDF, QIC was a finalist for the 2023 Queensland Premier's Award for Excellence.

We are committed to incorporating ESG considerations into our investment practices and have undertaken several key initiatives. Together with the QIC ESG team, we have pledged our commitment to the Net Zero Asset Managers initiative (NZAM), highlighting our dedication to addressing climate-related risks and contributing to the transition to a low-carbon economy. Data availability, resourcing, and protocols are key challenges we are actively addressing to determine the assets, funds, and portfolios that can be included in an agreed target. Recognising the evolving demands of ESG and the need for robust data capture, we continue to collaborate with the ESG team to identify system enhancements, such as the ESG Maturity exercise. Our representation on the Board of the

Institutional Limited Partners Association (ILPA) enables us to exert influence and contribute to the development of industry standards, including ESG practices.

The QPE team is based in Brisbane, San Francisco, Copenhagen and London and has grown to 23, with a further two professionals expected to join in the near-term. Additionally, we have managed onboarding new investment team members, bringing in diverse skill sets and experiences from investment, entrepreneurial, and legal backgrounds. As our business and team continue to grow, we have placed a strong emphasis on evolving our operating model and aligning roles and responsibilities to evolving specialties and focus areas within the team.

Talent retention has been a priority, and we have provided career progression and development opportunities, resulting in internal promotions. Despite facing industry obstacles, we have retained key talent by fostering an appealing culture, offering competitive remuneration, and providing high-quality work experiences and investment opportunities driven by the diversity of our global program.

6.4 Liquid Markets Group

The Liquid Markets Group (LMG) manages active fixed income and cash portfolios, alongside customised multi-asset solutions and portfolio implementation across currency management, defensive strategies, asset allocation implementation and asset rebalancing. As of 30 June 2024, LMG managed \$22.5 billion in cash and fixed income strategies and derivatives exposures totalling \$100.4 billion.

Through the 2023-24 financial year, fixed income markets became increasingly data dependent as Central Banks communicated their own large uncertainty about the evolution of the current economic cycle. Although inflation has eased in many regions, as we forecast last year, services inflation has remained sticky. At the same time, labour markets generally eased, but unemployment rates have remained historically low. This combination of mixed data has meant increased bond market volatility, with markets oscillating between pricing in rate increases in some cases to rate cuts, before several G7 Central Banks commenced easing cycles towards the end of the financial

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year. Overall, however, Australian bond yields ended the year not far from where they began, and Australian fixed income benchmarks recorded positive total returns for the financial year.

Credit markets remained solid, with global credit markets seeing spread tightening, generating positive excess and total returns. With the shift in market narrative from recession to soft landing this year, the expected operating environment for corporates was considered to be largely benign. Australian credit spreads tightened over the year, dominated by yield buyers who were attracted by yield levels at near decade-long highs. Australian credit markets became an increasingly attractive investment destination for Asian investors, seeing an uptick in interest, supporting significant growth in the Australian dollar credit market (for example the volumes outstanding in the AusBond Credit Index grew by \$24 billion over the year). While Australian Gross Domestic Product growth has slowed over the year and is expected to remain soft in the period ahead, corporate fundamentals remain healthy. Although macro slowing may act as a headwind to spread performance, we expect Australian credit markets to generate positive excess returns over the next 12 months and outperform major global credit markets.

LMG has produced strong outcomes across its actively managed cash and fixed income portfolios, and versus peers over the 2023-24 financial year. In particular:

- cash/liquidity funds produced strong performances, with all funds exceeding their outperformance targets
- our Australian fixed interest offering strongly outperformed its benchmark with an active return of 1.06% over the benchmark. In 2023-24, Australian fixed interest was one of the best performing funds in the country, when compared to its peer group. It maintains a top quartile information ratio over the medium-term
- our short-term income offering produced positive absolute and active returns, returning 7.57% absolute and 320 basis points active return versus its objective of 150-200 basis points.

- LMG also supported our clients through 2023-24 with flexible and cost-effective derivatives overlay solutions. Across all liquid asset classes, we continued to see heightened sensitivity to the Your Future, Your Super industry benchmarks alongside a conscious approach to mitigate tracking error by using derivatives
- global exchange rates oscillated throughout the year with a high sensitivity to the United States economic outlook and prospects for Federal Reserve monetary policy. Resilience in the United States economy translated into United States dollar strength as investors adjusted the outlook for policy rates higher, whereas periods of economic weakness, such as in quarter four of 2023, saw the United States dollar lose ground to other major currencies. The Australian dollar, not unlike many other developed market currencies, finished 2023-24 relatively close to where the year began. The Japanese yen was an outlier, losing ground as the Bank of Japan continues to pursue an accommodative monetary policy stance even after a modest policy adjustment through the year
- a combination of low equity market volatility and high asset valuations saw an increased use of options during the period. Investors sought protection against an equity downturn, while others took the opportunity to supplement underweight equity asset allocations with options that benefit from equity strength.

The team were very active during the year in collaborating with clients on research and implementation of ideas that support client objectives. Alongside the expansion of the options program, growth was seen from:

- an expansion of clients utilising our currency hedging capability
- a broadening out of our DVA 'alpha' strategy with Australian Retirement Trust, which aims to be agnostic to the equity and credit market moves
- increased utilisation of our implementation service, primarily through interest rate futures as well as across equity and commodity derivatives.

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Over the past year, LMG's Portfolio Implementation team continued to provide clients with value-adding and cost-effective implementation solutions and results for our clients. The team deepened client relationships, offering assistance with their investment decisions, including support from our 24-hour 5-day multi-asset trading desk, based in Brisbane. The team transacts across all time zones in an expanding list of physical instruments and derivatives (exchange-traded and over the counter) across 25 jurisdictions, encompassing 20 instrument types and 131 individual markets in sovereign, credit and inflation, global equity, foreign exchange and commodities.

During the 2023-24 financial year, LMG continued to enhance its capabilities to meet growing investor focus on portfolio-level ESG information, including for derivative-based investments. Clients were particularly interested in portfolio decarbonisation pathways, ESG engagement and the impact of labelled bonds.

The team also continued its strong collaboration with other market participants in this area. For example, QIC was appointed to the PRI's Australian Sovereign Engagement on Climate Change. The pilot collaborative engagement aims to support governments to act on climate change.

We also engaged with the Australian Office of Financial Management, Commonwealth Treasury and their sustainability advisers, contributing to the establishment and structuring of the Commonwealth Government's Sovereign Green Bond program. In June 2024 the Sovereign's inaugural \$7 billion Green Bond was priced, making it the largest Green Bond in the Australian market. We expect the establishment of a 'risk free' Green Bond will be a catalyst for other companies to look at Australian dollar sustainable finance opportunities.

LMG was also proud to be voted by our peers and market participants as Kanga News' Sustainability Fund Manager of the Year for the third time in 2023.

6.5 State Investments

The 2023-24 financial year has proven to be a difficult year for investors to navigate. Market participants entered the year under the assumption that most developed economies would enter recession following an unprecedented global monetary tightening cycle. Whilst some economies experienced a very shallow recession, many economists walked back their predictions on the back of a stronger than expected US economy.

The Russian-Ukraine war continued and along with the new Hamas-Israel conflict, presented as key threats to global economic stability and investor sentiment. Though these conflicts had their moments of escalation, the relative spillover into financial markets have been limited to date.

Despite the challenging conditions, the QIC Long Term Diversified fund returned 12.45% (gross of management fees but after expenses). This was primarily driven by the International and Australian equities and Growth Alternatives exposures, with Global Real Estate being the largest detractor for the period.

Over the longer term, returns have remained strong and in excess of benchmarks with the Long Term Diversified fund delivering a return of 6.14% p.a (gross of management fees but after expenses) over a rolling 5-year period. This offering was created to provide clients access to a broad range of asset classes, while still providing daily liquidity, balanced together to generate expected returns in excess of the cash rate over the long-term.

Positive investment returns were also recorded for the Endowment Portfolio, allowing the state to fully fund the defined benefit scheme, with 13.55% (net of management fees) returned, which is above objective.

At QIC we seek to invest sustainably because we believe it results in better long-term investment outcomes and asset performance. We invest the time to understand the key ESG issues we face as an investor and apply this knowledge in our investment decision-making process, and in developing practical solutions to ESG issues across our investment portfolios. In doing so, we recognise that material ESG issues vary across industries, sectors and regions. As State

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Investments manage multi-asset portfolios on behalf of our clients using a combination of internal and external managers, our investment team integrates ESG into their processes and practices in a way that is relevant to their asset class and each investment.

State Investments' approach is informed and guided by QIC's Sustainable Investment Policy and ESG framework. The primary objective of this policy is to ensure that ESG risks and opportunities are appropriately identified, assessed and managed, both in our investment decision-making and our stewardship activities.

State Investments review, assess and monitor the integration of ESG into our investment processes, within our own processes and those of the external managers we appoint, including through our initial screen, investment evaluation, active engagement and performance monitoring and reporting. In our listed equities portfolios, State Investments delegates the exercising of proxy voting rights to external investment managers. QIC's corporate ESG team in conjunction with State Investments, monitors upcoming votes relating to ESG priority areas, as well as high profile or controversial votes, and retains the ability to override an external manager's voting intentions as appropriate drawing on external proxy research as required.

QIC became a signatory to the Net Zero Asset Managers (NZAM) initiative in 2023. In line with our commitments under NZAM we are developing decarbonisation pathways and interim targets. QIC's commitment has been made at an enterprise level with components delivered by different investment teams as appropriate. State Investments is defining a pathway to achieve net zero on our invested assets, incorporating broad ESG aspects and a holistic assessment of opportunities to reduce carbon emissions.

6.6 Private Debt

Launched in 2021, QIC's Private Debt team located in Brisbane, Sydney, London and New York, offers investors exposure to a diversified range of high yielding debt opportunities through two distinct but complementary teams:

- **Multi-Sector Private Debt (MSPD):** investing in senior corporate and leveraged loans including mid-market direct lending, real estate debt and securitisation warehouse funding across Australia and New Zealand
- **Private Debt Infrastructure (PDI):** investing in junior debt loan structures for resilient essential infrastructure assets across North America, Western Europe, and United Kingdom.

Led by Simon La Greca, who commenced with QIC in December 2023, the Private Debt team has continued to build momentum across the past year, growing assets under management and committed capital to approximately \$1.65 billion (US\$1.05 billion) with an increase in investment by existing clients and an initial close of our second infrastructure private debt offering. This year has underscored the team's strategy of partnering with leading sponsors and asset owners to originate, structure and deploy capital to compelling loan opportunities that can deliver steady and reliable outcomes for investors.

Having nearly deployed the initial US\$200 million received for the first infrastructure debt offering, the PDI team was awarded an additional aggregate US\$200 million by its existing five Queensland Government clients in early 2024. To date, this platform has executed seven investments across renewables, alternative fuel, digitalisation, logistics and transportation (aviation and port) assets, working with companies spanning North America, the United Kingdom and Europe. The latest of which was for the holding company of a leading operator of European port infrastructure that provides best-in-class dry and liquid bulk storage and handling services. At the time of writing this report, the team were seeking approval for the eighth asset in the portfolio.

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In early 2024, the team's second infrastructure debt offering deployed funds to a seed asset in the aviation transport sector in North America. This asset also offered a co-investment opportunity, which was taken up by a Korean investor with further syndication opportunities. Fundraising continues for this fund with active investor engagement being driven by placement agents and QIC distribution teams servicing the United Kingdom and Europe, North America, Australia, Asia, and the Middle East.

The MSPD team has continued to mobilise capital on behalf of Queensland Government clients to select, quality assets in Australia and New Zealand, with assets across the education, family entertainment, healthcare, industrial goods and property sectors. The latest being to Australia's second largest industrial and safety goods distributor by market share. The MSPD portfolio showcases the team's commitment to delivering value for clients, leveraging their Australian market knowledge and discerning investment approach, along with demonstrating a track record that will underpin future fundraising efforts.

It is believed now is a good time to be considering private debt as part of an investment portfolio. With an increase in base rates since early 2022, and relatively elevated credit spreads, private debt returns are higher than previously seen over the past decade. QIC's Private Debt team's strategic origination efforts, structuring expertise and portfolio construction are fit for continued momentum.

7. Environmental, Social and Governance (ESG)

Regulatory, industry and scientific developments continued to drive momentum in ESG, with details of impending taxonomies and mandatory disclosure requirements becoming clearer. Meanwhile the accuracy of public information, quite rightly, remains a key area of focus for regulators. Industry has long sought consistent standards for sustainability disclosures, and QIC welcomes these developments and the enhanced quality and breadth of disclosures this will encourage.

Beyond these developments, in 2023-24 ESG factors continued to shape the operating environment for investors, from climate change and biodiversity loss to increased regulatory attention on modern slavery and human rights abuses to the challenges developments in artificial intelligence bring to areas such as privacy. These developments occur against a backdrop of increasingly polarised debate on the role of ESG and sustainable investing more broadly.

Annual progress

QIC's business-wide ESG strategy considers global systemic risks and sets out to embed the capabilities required for QIC to fully consider these risks within its operations. In 2023-24, core areas of delivery included climate action strategy, data management and ESG reporting, governance, developing a sustainable investment framework and alignment to corporate strategy. Annual progress against these goals include:

- **Climate Action strategy:** following QIC becoming a signatory to the Net Zero Asset Managers (NZAM) initiative on 30 June 2023, work has been completed to define the scope of our interim targets under the initiative. This builds on QIC's decarbonisation efforts to date, with seven funds across the Real Estate and Infrastructure capabilities already having net zero emissions targets. The process has provided significant opportunities to further build
- capacity on climate-related issues across the business, supplemented by webinar and online training sessions available to all employees
- **Data management and ESG reporting:** QIC is implementing a significant data strategy designed to facilitate greater analysis and depth of understanding of ESG issues to further enhance decision-making and support the preparation for mandatory reporting. The initial phase of work has now been completed with the preparation of final detailed requirements now underway
- **Governance:** we clarified the roles and responsibilities of QIC employees with respect to ESG, both with respect to investment decision-making and the operational activities of the business. This followed an increase in capacity across the business to create a highly experienced, multidisciplinary team of ESG professionals
- **Sustainable Investment Framework:** a framework has been developed to help guide investment decision-making across QIC, facilitating a more consistent approach and creating a process by which detailed guidance can be developed for specific industry sectors or on specific ESG issues. The framework has been initially used to determine QIC's position on the defence sector and will be progressively expanded over time
- **Alignment to corporate strategy:** the Board endorsed an enhanced social strategy for QIC aligned with our Purpose statement focused on decent work, strong communities and responsible business. Initial implementation has focused on enhancing QIC's response to modern slavery risk and enhancing our community volunteering programs. Further alignment is supported by the inclusion of ESG objectives in corporate scorecards.

Integrating ESG into investment decisions

QIC aims to appropriately identify, consider and manage ESG risks and opportunities as part of the investment approaches of each investment team. 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. While differing asset classes, time horizons, level of operational control and risk profiles mean that the details of each approach will differ, there are a number of consistent features. As far as practicable QIC does not invest in the production or manufacture of tobacco¹⁰ and related products, including e-cigarettes. Nor do we have exposure to controversial weapons¹¹. Exceptions include investments in pooled funds via external managers and derivative indices.

For internally managed investments, ESG due diligence is undertaken prior to investment and ESG risk profiles continue to be monitored throughout the life of the investment. Consideration is also given to potential reputational risks from ESG and other issues, both to the investment and to QIC. Where there are potential concerns, these may be raised with the company we are investing in to seek additional information on how these risks are being mitigated before proceeding and may result in specific requirements being made of the company.

In instances where QIC uses external managers, consideration is given both to the ESG performance of the manager and the quality of its own ESG assessments. Performance is monitored via an annual questionnaire to managers and regular meetings are held with managers over the course of the year.

For teams including Natural Capital, Private Equity and Infrastructure, ESG developments are driving investment opportunities, with research undertaken into specific ESG thematics to better identify and assess opportunities.

7.1 QIC's Reconciliation Action Plan

QIC's Stretch Reconciliation Action Plan (RAP) is a key part of the First Nations strategy that helps us achieve our vision for an Australia that embraces equal, fair and just opportunities for Aboriginal and Torres Strait Islander peoples.

During the 2023-24 financial year, QIC has continued our commitment towards reconciliation with the delivery of the strategy commitments and completion of our Innovate RAP. This year also saw the endorsement and beginning of our Stretch RAP.

Significant 2023-24 highlights include:

- our First Nations Affairs capability was integrated into QIC's ESG function and a new role was created in our Client and Capital Solutions team for a First Nations Product role
- we sponsored the National Indigenous Fashion Awards through our shopping centre assets and supported the Brisbane Yalari Graduation Dinner by purchasing a corporate table with 10 of our staff attending the event. We also sponsored the Deadly Choices Together-In-Touch Tournament by entering a QIC team into the event and attending the gala dinner
- First Nations procurement spend was over \$2 million for the 2023-24 financial year with over 30 unique Indigenous suppliers used across QIC. We also maintained our commitment to First Nations procurement activity by attending the Supply Nation Connect Conference in Sydney
- over 150 repurposed laptops were supplied to First Nations communities to support education and business activities
- continued celebration of days of significance, with our Indigenous Literacy Day Great Book Swap, along with widespread participation in National Reconciliation Week and NAIDOC week by our employees

¹⁰ QIC's tobacco exclusions include companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.

¹¹ Controversial weapons are defined as biological and chemical weapons, blinding laser weapons, depleted uranium, cluster munitions, landmines, white phosphorous, and weapons that used non-detectable fragments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

- we launched a new online cultural awareness training module with employees and hosted an education session for all employees for the Voice to Parliament referendum
- continued as an investment manager to two outstanding Aboriginal organisations, visiting their community on several occasions to provide quarterly investment updates and investor education
- redeveloped our RAP working group to cover all investment teams and awarded the QIC Reconciliation Award to several employees for their outstanding contributions to reconciliation
- actively participated in sharing our learnings with external organisations and RAP Working Groups.

We are proud of our achievements this year under our First Nations strategy and RAP. The new Stretch RAP sees QIC having an increased focus on continuing to create opportunities for us to work with First Nations organisations and support intergenerational wealth for communities through investment management, partnership, connections, strategy and governance.

7.2 QIC in the community

QIC engages with the communities our investment assets are a part of, building meaningful community partnerships that make a real difference. We are a founding sponsor of Queensland Gives, by the Queensland Community Foundation, a leading Australian state and national charitable organisation responsible for building a permanent trust fund to generate a continuous income stream for a wide range of Queensland charities. For more details about Queensland Gives, visit their website at queenslandgives.org.au.

In the 2023-24 financial year, QIC continued to build the QIC Charitable Foundation, a perpetual fund that will grow over time and build upon our culture of workplace giving. In its third year, the QIC Charitable Foundation achieved a significant milestone. Our employees generously contributed over \$24,000, surpassing last year's total of approximately \$10,000. This increase reflects the growing commitment of our people to positive societal change. Our workplace giving campaign's success underscores the shared values and dedication of QIC employees in advancing our foundation. Building on last year's donations, the QIC Charitable Foundation remains committed to supporting its charitable partners, Friends with Dignity and The Carers Foundation.

QIC's Community Day provision enables our people to donate their time to assist a charity or cause they are passionate about. During the 2023-24 financial year, over 250 employees utilised this opportunity and through over 600 hours of community service, we supported causes related to food insecurity, domestic and family violence and mental health. Alongside this year's volunteering efforts, our committed QIC team achieved remarkable results by making 255 lifesaving blood and plasma donations during our inaugural QIC Lifeblood campaign. This global initiative spanned six months, leaving a lasting impact.

In addition to our Community Day hours, as part of QIC's partnership with the Australian Business and Community Network, we have also seen over 60 team members provide over 160 hours of mentoring for students at low socio-economic schools.

QIC employees also actively donate their time and effort to support community and charitable organisations through pro bono work and advice, and their own fundraising initiatives.

8. Diversity, equity & inclusion

At QIC, we believe our team performs at its best when they feel valued, engaged, and healthy, and are encouraged to bring their authentic selves to work every day. Our commitment to diversity, equity, and inclusion (DEI) remains steadfast as we make significant strides in our strategic pillars: gender equality, LGBTQ+ inclusion, accessibility¹², cultural and linguistic diversity (CALD), and support for First Nations people.

Across enterprise-wide initiatives and our DEI networks, highlights from the past year include:

- QIC announced its achievement of the Family Inclusive Workplace Certification, in collaboration with Parents at Work and UNICEF Australia. This certification equips organisations with essential tools and frameworks to support employees' work-life balance and align to the United Nations 2030 Sustainable Development Goals for health, wellbeing, and gender equality. Additionally, QIC has been recognised as an Inclusive Employer by the Diversity Council of Australia for 2023-24, following our participation in the Inclusive Employer Index. These accolades underscore our ongoing dedication to fostering a workplace that not only embraces diversity but actively demonstrates and celebrates it
- launching our Mental Health First Aid Officer program, with over 50 officers globally. QIC understands the importance of managing mental health at work and recognises the benefits of creating a mentally healthy workplace. We are among many workplaces who are seeing the benefits of promoting education and adopting policies and practices that create a 'culture of care' and psychological safety where employees are encouraged to talk openly and seek support in managing their mental health
- supporting carers and parents through the introduction of two new support programs:
 - **Care and Living with Mercer (CaLM):** assisting team members to connect with aged care services and facilities they need to thrive and provide support to their loved ones
 - **QIC Work + Family Hub:** provides interactive resources, webinars, podcasts and courses across topics such as preparing for parental leave, raising toddlers or teens, career life alignment, balance and wellbeing and navigating aged care.
- achieving Silver Tier Status in the Australian Workplace Equity Index (AWEI) in recognition of our commitment to LGBTQ+ workplace inclusion. Additionally, our team came together to support the Rainbow Shoelace Project by packaging 2,000 bead packs. This initiative aimed to raise awareness and celebrate diversity during IDAHOBIT¹³, demonstrating our dedication to fostering an inclusive and supportive environment for all employees, while supporting a community organisation aligned to QIC's Purpose and Social strategy
- this year, saw our First Nations strategy expand to take a global approach and the launch of our Stretch Reconciliation Action Plan. For more information on our First Nations strategy, refer to the ESG section of the report.

¹² Accessibility refers to people with a disability, age, flexibility and general access to employment at QIC.

¹³ International Day Against Homophobia, Biphobia, Intersex Discrimination and Transphobia.

DIVERSITY, EQUITY & INCLUSION

- our team has been working to increase disability confidence across QIC. Through educational initiatives, such as disability awareness training promotion, webinars, and sharing employee stories, we enhance visibility and foster a more inclusive and respectful culture at QIC. QIC has also audited recruitment and hiring practices aligned to this commitment and has implemented a bespoke survey for baselining targets and a guiding strategy for the network
- Our Health and Wellbeing strategy is aligned to the demographics and needs of our team. This has been underpinned by a commitment to flexible work, alignment to our Workplace, Health and Safety strategy, metrics and reporting on culture and conduct, findings from our engagement survey, and education sessions offered through our partner, Aspect Group. Areas covered have included, collective responsibility of fostering a mentally healthy workplace, setting and maintaining healthy boundaries to improve work-life balance and personal wellbeing, and psychological fitness through change. These sessions were designed to equip our team with the tools and knowledge needed to support their mental health and wellbeing in the workplace.

These achievements reflect our commitment to fostering an inclusive, equitable, and supportive workplace, advancing our DEI goals, and creating shared value for our clients, people, and communities.

9. Corporate governance

QIC's active Board, committees and tailored policies and standards provide the perspective and structure for efficiency and integrity in corporate governance. The roles, processes, and practices in place at QIC help us to respond to a dynamic and changing operating environment and ensure that our shareholder, clients, employees and other stakeholders' interests are at the forefront of decision-making.

QIC's Board and Committee structures and its tailored policies and standards provide an effective framework that ensures efficiency is optimised and integrity is paramount.

QIC seeks to comply with best practice corporate governance principles including the ASX 'Corporate Governance Principles and Recommendations' and the Queensland Government's 'Corporate Governance Guidelines for Government Owned Corporations'. Included here is a summary of the roles, processes, and practices in place at QIC to ensure the effective management of corporate governance processes.

9.1 Corporate governance during 2023-24

QIC's client base, evolving investment capabilities and challenges brought on by market volatility have seen the Board continue to strengthen QIC's corporate and investment governance foundations by:

- proactively reviewing our corporate governance frameworks to ensure a contemporary, efficient and fit-for-purpose approach
- bolstering our ESG strategies and approach
- enhancing the investment governance framework and ensuring that our strategy is interwoven with the Board's risk appetite

- ensuring QIC's business activities are carried out in a way that fully satisfies our regulatory, risk management, legal, fiduciary and corporate social responsibility obligations
- ensuring that governance frameworks continue to suitably operate as we adapt a hybrid office/working from home environment.

9.2 Our regulatory environment

QIC Limited is a Government Owned Corporation (GOC) constituted under the *Queensland Investment Corporation Act 1991* (Qld) (QIC Act). Queensland State Government legislation relating to GOCs, the *Government Owned Corporations Act 1993* (Qld) (GOC Act), applies to QIC, in addition to parts of the *Corporations Act 2001* (Cth) (Corporations Act). QIC Limited does not hold an Australian Financial Services (AFS) licence and certain provisions (including the financial product disclosure provisions) of the Corporations Act do not apply to QIC. However, several QIC subsidiaries have been issued with AFS licences.

Two wholly owned subsidiaries of QIC Limited are registered as investment advisers with the US Securities and Exchange Commission, while another QIC subsidiary is authorised with the UK Financial Conduct Authority. One subsidiary is also authorised to provide cross-border discretionary investment management and investment advisory services by the Korean Financial Supervisory Service.

In 2022-23, QIC received notification from shareholding Ministers that the Ethical Supplier Mandate would apply to QIC from 31 March 2023. This Mandate ensures that businesses supplying to government uphold their social, economic and environmental commitments as made in tenders and contracts or required by policies or laws.

9.3 Our shareholders

As a Queensland GOC, QIC's shareholding Ministers during the year have been the former Premier and Minister for the Olympics and Paralympic Games, the Honourable Annastacia Palaszczuk MP (from 1 July 2023 to 17 December 2023), the Honourable Steven Miles MP, Premier of Queensland (from 18 December 2023 to 30 June 2024), and the Honourable Cameron Dick MP, Deputy Premier, Treasurer and Minister for Trade and Investment (from 1 July 2023 to 30 June 2024).¹⁴

QIC reports to the shareholding Ministers and regularly liaises with Queensland Treasury and the Department of Premier of Cabinet to inform our shareholding Ministers on various matters as required by the QIC Act, the GOC Act and other government guidelines. QIC aims to provide its shareholding Ministers with the information they need to make informed assessments of the operations, financial performance and the financial position of QIC and its subsidiaries.

QIC's accountability requirements include the preparation of an annual Statement of Corporate Intent (SCI) for our shareholding Ministers' approval. The SCI, together with our Corporate Plan, are based on comprehensive strategic planning, risk management and budgeting processes. The SCI is a formal performance contract between QIC and our shareholding Ministers, detailing our proposed undertakings and target performance for the year ahead. The SCI is tabled in Parliament as an accompaniment to the Annual Report.

Our Corporate Plan is a review of current and future operational strategies and QIC is responsible for meeting forecast profits as detailed in the plan. Corporate performance against planned outcomes is regularly monitored and reported to the Board and quarterly status reports are provided to our shareholding Ministers.

9.4 Foundations of management and oversight

The Board oversees QIC's activities and QIC's management report to the Board. QIC's Board is appointed by the Governor-in-Council under the GOC Act. The key roles and responsibilities of the Board include:

- setting performance targets and ensuring targets are met
- overseeing the processes for appointment of the Chief Executive Officer (CEO) (with approval of the shareholding Ministers) and senior executives
- establishing and monitoring the implementation of the remuneration and incentive policies
- considering significant issues which impact corporate and investment performance
- ensuring there are sound systems of risk oversight and management and internal control
- reviewing and monitoring policy development, including those that promote ethical and responsible decision-making
- actively participating in the strategic planning process, including approval of the Corporate Plan, SCI and Employment and Industrial Relations Plan
- effectively communicating on an ongoing basis with shareholding Ministers, including providing them with key reports and information
- approving key financial and non-financial matters, including annual accounts and Director's reports, internal audit plans and annual internal control report (GS007 Report).

¹⁴ The Honourable Cameron Dick MP assumed the additional role of Deputy Premier from 15 December 2023.

9.5 Board independence

The Board is comprised of nine independent Non-Executive Directors (NEDs). It is the Board's view that no Directors hold any positions that materially affect their ability to exercise independent judgement in the interests of QIC and its shareholding Ministers. Independence is measured generally against the ASX Corporate Governance Principles and Recommendations, and specifically considers whether:

- in the last three years, the Director has been employed in an executive capacity by QIC
- in the last three years, the Director has been a principal of a material professional advisor, or a material consultant to QIC or an employee materially associated with a service provided to QIC
- the Director is a material supplier, a customer of QIC or associated with a material supplier or customer
- a material contractual relationship exists between QIC and the Director, other than in their capacity as a Director
- the Director has any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of QIC.

Family ties and cross-directorships may be relevant in considering interests and relationships that may compromise independence and Directors must disclose these to the Board. The Board determines materiality thresholds relevant for the purposes of assessing independence on a case-by-case basis. In supporting this view, but not in isolation, the Board refers to generally accepted accounting principles for materiality. In line with these principles, a relationship may generally be considered material when, over a 12-month period, it represents more than 10% of fee revenue or more than 10% of costs (excluding salary expenses) of either QIC or the entity/person being considered.

When applying this test, less than 5% is presumed not to be material unless there is evidence or a convincing argument to the contrary. When the quantum represents between 5-10%, the Board will

judge materiality based on the facts and circumstances associated with the relationship. The independence of each Director is reviewed on each occasion a new disclosure of interest is given.

9.6 Board oversight

QIC's Board is responsible for overseeing QIC's activities. The Board operates in accordance with the principles set out in its Charter and QIC's Constitution. These documents, as well as written delegations to management and investment committees, outline the key governance principles adopted by the Board, including:

- role and responsibilities of the Board
- delegation of certain responsibilities to management and investment committees
- Directors' duties and interests
- Board structure
- remuneration
- meeting procedures
- Board committees and subsidiaries
- external communication guidelines
- access to independent advice
- professional conduct, including conflicts of interest and independence
- performance assessment.

The Boards of QIC's subsidiaries are generally made up of either Executive Directors or a combination of executive and independent NEDs.¹⁵

Directors, the CEO and any other person who takes part in the management of QIC (each an 'officer') are also bound under the provisions of the GOC Act that relate to the duties and liabilities as officers of a company GOC. Officers also have duties under the Corporations Act that they must adhere to.

In addition to attending Board and committee meetings, the Directors are required to allocate sufficient time to prepare for meetings and consult with management as required.

The Chair commits further time and meets with the CEO and other senior executives on a regular basis.

¹⁵ There are some exceptions to these arrangements, including that the Board of QIC Private Capital Pty Ltd is comprised of only NEDs. Also, QIC Limited Director Jane Perry was the sole Director of QIC Investments No.1 Pty Ltd until November 2021.

9.7 Board delegations

The responsibility for the day-to-day operation and administration of QIC is delegated (in accordance with Board direction and policies such as Corporate Delegations and Investment Delegations) by the Board to the CEO and the senior executives. The CEO is appointed by the QIC Board with the prior written approval of the shareholding Ministers.

The appointments of senior executives are approved by the QIC Board in accordance with the Policy for GOC Chief and Senior Executive Employment Arrangements.

Extensive independent probity, insolvency and criminal history checks are also undertaken. The Board ensures this team is appropriately qualified and experienced to discharge its responsibilities and has procedures in place to assess the performance of the CEO and the senior executives, which are outlined below in the 'Alignment of performance with remuneration' section of this report.

9.8 Code of Conduct

QIC has established policies and procedures designed to ensure that Directors, management and employees meet high standards of professionalism and integrity and adhere to relevant industry standards and legal requirements. QIC's expectations are clearly articulated and documented in our Code of Conduct and Ethics (Code).

This Code is supported by specific procedures outlined in more detailed policies, including the:

- Conflict of Interest Policy (including procedures governing the receipt of gifts and benefits, the making of personal investments, the holding of nominee roles and the holding of outside business interests by QIC employees and contractors)
- Fraud, Bribery and Corruption Risk Policy
- Escalation Policy
- Sensitive Information Standard
- Entertainment Policy.

Employees confirm that they understand and will comply with these policies at the start of their employment and annually thereafter via electronic confirmation and e-testing. The Code of Conduct and Ethics is further supported by a Grievance Standard, Workplace Behaviour Policy and Sexual Harassment Standard. Training on specific policies is also provided as required. The policies apply to Directors and employees of QIC and its subsidiary companies and contractors. Conduct for team members is also supported by risk gates through our remuneration policy and defined risk goals on Corporate and Business Unit scorecards.

All employees must disclose and obtain prior approval for personal investments in property (excluding their private residences unless the transaction may affect any asset in QIC's property portfolio), shares, fixed interest securities, and derivatives of shares, fixed interest securities and currencies and outside activities (including appointments to Boards and Committees, whether paid or unpaid) to ensure there is no actual, potential or perceived conflict of interest.

9.9 Board committees

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

For the purposes of s190(2) of the Corporations Act, the Board believes 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 CEO and Company Secretary attend all QIC Board and committee meetings, while senior executives attend all QIC Board meetings and those committee meetings that fall within the scope of their role and/or responsibilities. Upon request, other executives and employees are also invited to attend Board and committee meetings.

9.9.1 Audit Committee

The primary responsibility of the Audit Committee is to support the Board by overseeing and monitoring:

- the controls that safeguard the integrity of QIC's financial reporting (except for matters relating to debt covenants) and compliance with tax and accounting obligations
- the processes employed by QIC to undertake valuations across all investment teams
- the policies relevant to the Committee's responsibility within the QIC's Enterprise Risk Management Framework
- external audit processes generally.

Through its regular reporting cycle, the Committee receives assurance from senior management about QIC's compliance with its financial and tax obligations.

The Committee receives advice from the management Financial Reporting Committee, which provides subject matter expertise and challenge to the financial statements review process. The Committee also receives advice from the management Valuations Oversight Committee in relation to valuations matters.

In addition, an annual valuations workshop is held to oversee QIC's asset valuation practices. The purpose of the annual valuations workshop is to ensure the processes applied during asset valuations are sound and appropriate.

The Auditor-General of Queensland is the external auditor of QIC and its controlled entities in accordance with the *Auditor-General Act 2009* (Qld) (Auditor General Act).

The Auditor-General of Queensland has also been appointed as the external auditor for several QIC's investment trusts on a by-arrangement basis or in accordance with the Auditor General Act where that trust meets the definition of a public-sector entity. KPMG has been appointed as external auditor for a number of companies and trusts within the QIC Private Capital investment structure. The Audit Committee considers external audit reports and management letters and monitors action by management in respect of these reports. The Audit Committee periodically also meets separately with QIC's external auditors who are also regular invitees to Audit Committee meetings.

9.9.2 Risk Committee

The primary responsibility of the Risk Committee is to oversee QIC-wide risk management practices to assist the Board in overseeing:

- QIC's Enterprise Risk Management Framework, ensuring the executive team has identified and assessed all the risks the organisation faces and to ensure there is alignment between risk management and the company's strategy, business plans and financial objectives
- mitigation of risks, including conduct, financial, legal, operational, client, investment, work health and safety, people, strategy execution, external and ownership, in conjunction with other Board-level committees or the full Board, if applicable
- the division of risk-related responsibilities to each Board committee or sub-committee as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed
- QIC's compliance with its regulatory and contractual obligations, except for financial and tax related regulatory and contractual obligations for which the Audit Committee is responsible.

Through its regular reporting cycle, the Committee receives assurance from senior management that QIC's Enterprise Risk Management Framework is operating as designed and is effective.

9.9.3 People and Culture Committee

The People and Culture Committee considers matters relating to human resource management policies and practices, including employee remuneration, performance management, culture and conduct, diversity, equity and inclusion, people risk management, succession planning at the senior executive level and for other business-critical roles.

The Audit Committee, Risk Committee and People and Culture Committee Charters are located on QIC's website.

9.10 Other committees

The Executive Management Team (EMT) comprises QIC's key management personnel. The role of EMT is to assist the CEO in fulfilling their management responsibilities and is the key management decision-making body and accountable for the overall performance of QIC.

In addition, the CEO leads an Executive Committee (ExCo), which comprises of EMT plus the heads of QIC's investment teams and various key corporate functions. The role of ExCo is to assist in the development of corporate strategy and assist with corporate prioritisation.

EMT has further established management committees to assist it to discharge governance and management responsibilities. The Charter of each Committee and its membership is determined by EMT. During 2023-24 the following management committees were in operation:

- Valuations Oversight Committee (VOC), which is chaired by the Chief Risk Officer and has one independent member. The VOC is a decision-making committee responsible for:
 - overseeing the investment valuations framework and processes
 - adopting independent valuations for inclusion in the relevant unit price
 - approving the appointment of independent valuers.
- Financial Reporting Committee (FRC), which is chaired by the Executive Director — Finance. The FRC is an advisory committee with the remit to:
 - provide assurance to the Audit Committee and appropriate Boards, as required, regarding effective governance practices in relation to financial reporting
 - undertake reviews of financial statements for all QIC entities, except those subject to confidentiality obligations which are subject to Audit Committee review only.

9.11 Risk management

The QIC Board places considerable importance on effective risk management and has adopted a framework designed to proactively identify, assess and manage risks. The QIC Board has ultimate accountability for risks and is responsible for setting QIC's corporate strategy and risk appetite, identifying and monitoring risks that may affect our ability to achieve strategic objectives and ensuring that the CEO and the senior executives are appropriately monitored and incentivised to manage the business effectively. The QIC Board has put in place Board committees, each of which is responsible for overseeing specific risks facing QIC.

There is a clear focus on maintaining a strong control environment. QIC has a corporate structure with clearly drawn lines of accountability and delegations of authority. Adherence to QIC's policies and standards, including the Code of Conduct and Ethics, is required at all times, and the Board actively promotes a culture of risk awareness, quality and integrity. QIC staff are required to observe a high level of professional conduct when undertaking their business activities and respecting our Standards of Excellence.

9.11.1 Risk management framework

QIC applies a ‘three lines of accountability’ approach to managing risks and compliance obligations. This includes QIC’s relevant Board committees, executive, investment teams, the Risk Management Group and internal/external audit functions.

EXPECTATIONS OF	QIC CLIENTS	SHAREHOLDING MINISTERS	LEGISLATION	REGULATORS	
OVERSIGHT	QIC Limited and Subsidiary Boards				
	QIC BOARD COMMITTEES			QIC INTERNAL COMMITTEES	
	Audit Committee	Risk Committee	People and Culture Committee	Executive Management Team (EMT)	
	Investment Committees			Executive Committee	
	Infrastructure	Private Capital		EMT Committees	
	Real Estate	Liquid Markets Group		EMT Committees	
	Natural Capital	Private Debt Infrastructure		Valuation Oversight Committee	Financial Reporting Committee
	State Investments	Private Debt Multi-Sector		Valuation Oversight Committee	Financial Reporting Committee
1st LINE OF ACCOUNTABILITY <i>Manage</i>	QIC Executives, Management and Employees (Risk Management and Execution Excellence KPIs)				
2nd LINE OF ACCOUNTABILITY <i>Challenge</i>	QIC Risk Management, Compliance, WHS and Regulatory Teams				
3rd LINE OF ACCOUNTABILITY <i>Assurance</i>	Internal Audit (external service provider) External Audit (Queensland Audit Office, external service provider)				

First line of accountability: Executives and employees within our investment teams and supporting business units are accountable for identifying risks within their area of responsibility and for establishing effective controls to manage these risks. All employees are required to report breaches and incidents to the Risk Management Group (RMG). Management is required, as part of the monthly management reporting process, to report any breaches of our policies, standards, laws, regulations and client mandates. All employees have KPIs that measure risk and compliance which are linked to their remuneration.

Second line of accountability: The RMG, led by the Chief Risk Officer who reports directly to the Chief Executive Officer, deliver confidence in corporate and investment decisions, and portfolio outcomes by providing effective, high-quality risk management and assurance. It provides investment teams and supporting business units with tools, training and advice to assist them to effectively manage their risks. It monitors and challenges the business where appropriate to provide the Chief Executive Officer and the Board with assurance that risks are being managed effectively and in accordance with QIC policies and standards and client commitments.

The RMG team also produce regular risk and compliance reports for the Executive Committee, the sub-committees of the Board and the Boards of QIC Limited and key operating subsidiaries. RMG are reviewed on a regular basis by both internal and external audit.

Third line of accountability: The QIC Internal Audit Function provides objective review, testing and advisory services which are independent of management and add value to improve the operations of QIC Limited ("QIC"). The Chief Risk Officer is ultimately accountable for the quality of the Internal Audit function, however, responsibility for planning and delivery of the Internal Audit Plan has been outsourced to an external service provider. The services of Internal Audit provide QIC with a dedicated function which brings a systematic, disciplined approach to evaluating the adequacy and improving the effectiveness of internal controls, risk management processes and governance systems. The scope of Internal Audit activities is based on the approved Internal Audit Plan and encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of

the organisation's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. The Board Risk Committee oversees and approves the annual internal audit program on behalf of the Board, receive communications on the outcomes of internal audit and the Internal Audit Function's performance relative to its plan and other matters and reviews the appropriateness of management's responses to recommendations as provided in reports delivered under the Internal Audit Plan.

The internal auditor is independent and acknowledges this independence annually as required by the QIC Auditor Independence Policy. The Auditor-General of Queensland is the external auditor of QIC and its controlled entities in accordance with the *Auditor-General Act*. External service providers have also been appointed as the external auditor for a number of our investment trusts in accordance with the respective Trust Deeds or on a by-arrangement basis.

9.12 Alignment of performance with remuneration

QIC relies on the alignment of its team to a shared purpose and goals and maximising performance outcomes through the efforts of its people. Managing the contribution and performance of our team and measuring outcomes at the organisation, business unit, team and individual level are key strategies for ensuring QIC's success.

QIC's remuneration practices must be competitive within the funds management industry and internally equitable to attract and retain the high-quality employees we need to provide our clients with market-leading investment services. This imperative is balanced with QIC's accountability as a GOC and to ensure QIC's culture aligns with the Board's conduct and ethical requirements.

9.13 Remuneration policies and practices

The objective of QIC's Remuneration Policy and practices is to provide the QIC Board, People and Culture Committee, QIC leadership and employees with a framework which guides remuneration decisions, drives engagement and outcomes that:

- align with, and support, enterprise and divisional strategies
- are aligned with QIC values and strive to enhance client long-term investment performance
- are managed and applied using a consistent and well governed methodology
- reflect the QIC Board's remuneration philosophy and the key remuneration principles.

9.14 Performance and reward

The key feature of QIC's performance-based reward framework is that performance payments are linked to investment outcomes as well as to the individual's contribution to defined corporate and individual goals which reflect stretch targets.

To measure individual contribution, a formal Performance Management Program (PMP) exists for all employees, including the CEO, whose performance review is undertaken by the Chair. The program sets out processes for planning, communicating, monitoring and reviewing an employee's or team's performance and work-related behaviour. Performance related conversations happen regularly throughout the year and culminate in an annual review for all employees, including the CEO and senior executives.

The investment outcomes of QIC Funds are measured against defined benchmarks. Incentive payments reflect performance against relevant benchmarks and targets. QIC's incentive scheme has undergone reviews by external benchmark providers and the incentive amounts referenced within the financial statements have been reviewed by the Queensland Audit Office.

9.15 Ongoing assessment and approval of remuneration

The People and Culture Committee advises the Board on appropriate levels of employee base remuneration and incentive pools 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. An Employment and Industrial Relations Plan is approved annually by QIC's shareholding Ministers as part of the Statement of Corporate Intent (SCI) development process. This plan outlines people priorities and areas of emphasis for the coming year.

9.16 Directors' fees

QIC Directors are paid fees for their services. Remuneration is approved by our shareholding Ministers. Directors are not entitled to performance-based payments or retirement benefits.

9.17 Board performance evaluation

The Board Charter details the process for the evaluation of the Board's performance as well as that of Board committees and Directors.

A formal performance evaluation is required at least every two years, with the most recent evaluation having taken place in 2022-23. Evaluation is undertaken using a variety of techniques, including formal questionnaires completed by Directors, feedback from stakeholders including peers, one-on-one discussions between each Director and the Chair and a full Board discussion and reflection. Board evaluation incorporates consideration of many factors to ensure a fulsome view of performance, including the Board's:

- role, its strategy and planning
- structure
- meeting processes and efficiency
- subsidiary and committee reporting

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- performance monitoring and evaluation functionality
- induction and continuing education to deepen performance and business knowledge.

It also incorporates:

- Board and senior management behaviour and relationships
- suggestions to improve the Board's effectiveness.

The Chair also provides each Director with feedback on their individual performance. Evaluation also extends to Board committees.

9.18 Trustee stewardship

In undertaking the role of trustee of a number of investment trusts, QIC ensures the trusts are administered and maintained in accordance with the relevant trust deed, legal requirements, fiduciary duties and prudential standards.

9.19 Independent advice and access to QIC information

Each Director has the right of access to all relevant QIC information, to the CEO, the Company Secretary and to the senior executives. Subject to prior consultation with the Chair, Directors may seek independent professional advice at QIC's expense. A copy of this advice is made available to all other Board members.

Directors receive regular updates on changes in the regulatory and operating environment affecting QIC. Directors are also encouraged to attend relevant conferences and seminars where those activities support the Director's effectiveness.

9.20 Conflicts of interest

QIC's Conflicts of Interest Policy applies to all QIC Directors, employees and contractors. QIC employees and others working at QIC have a personal responsibility to be alert to conflicts of interest in their day-to-day activities and to act promptly in identifying, managing and avoiding

conflicts. Employees receive specific training on the Conflicts of Interest Policy and advice and guidance where required.

9.21 Our culture, conduct and ethics

QIC requires the highest ethical standards and conduct from its Board, employees and suppliers. This is critical to QIC's success. The Code of Conduct and Ethics (Code) outlines the required behaviours which apply to our Board and all QIC employees and reflects our shared principles about appropriate behaviour. It ensures we meet the best practice requirements of the funds management industry, the Queensland public sector, as well as meeting our clients' expectations as a trusted partner.

As outlined in the Code, QIC's reputation in the marketplace and community is critically important in terms of our shareholder and clients' expectations, our ability to operate a successful funds management business and the professional standing of our employees. QIC employees and others working at QIC are expected to exercise good judgement in their professional life and adhere to the core values and principles of ethical conduct set out in the Code.

The Code outlines expectations in key areas, including:

- what professional and lawful behaviour means at QIC
- our confidentiality obligations
- how we manage actual, potential or perceived conflicts of interest
- disclosure and reporting requirements for poor behaviour
- our zero tolerance for fraud, bribery and corruption in our business
- our commitment to work health and safety
- our commitment to a high-performing culture that is underpinned by strong leadership and inclusive behaviours at all levels.

The Code is supported by our policy framework, which includes formal, Board-approved policies on key areas including the Fraud, Bribery and Corruption Risk Policy, Public Interest Disclosure

Standard, Whistleblowing Policy, Conflicts of Interest Policy and Workplace Behaviour Policy. Annual training is also required by all QIC employees on specific policies to ensure these issues are kept front of mind by all employees.

QIC is within the jurisdiction of the Crime and Corruption Commission for the investigation of any matters that may fall within the Commission's parameters. QIC is required to comply with the whistleblower protection requirements under the *Public Interest Disclosure Act 2010* (Qld) (PID Act) and the *Corporations Act 2001* (Cth). QIC's Public Interest Disclosure Standard and Whistleblower Policy are available on the QIC website. They encourage the reporting of Public Interest Disclosure matters under the PID Act and Whistleblower provisions contained within the *Corporations Act 2001* (Cth) about QIC's operations or activities. Public Interest and Whistleblower disclosures are properly dealt with and assessed, and where appropriate, they are investigated and managed. Protection is provided to disclosers from reprisal and/or victimisation.

9.21.1 QIC's working environment

QIC is committed to developing a progressive, high performing, engaging and caring culture that evidences fairness, respect for diversity, equity, inclusion and recognition of individual talents. This underpins our ability to attract and retain talented and committed professionals.

As reported in this document, QIC has a focus on inclusion and is committed to providing a culture where people's success is determined by talent and performance. This imperative is the foundation that provides a safe working environment at QIC free from discrimination, victimisation, vilification, sexual harassment, and other types of unlawful harassment, including workplace bullying. The Workplace Behaviour Policy outlines our Board's expectations of workplace conduct, and the Health, Safety, Environment and Wellbeing Policy establishes our framework for managing our obligations to provide a safe and healthy working environment for all.

9.21.2 Work Health and Safety (WHS)

A large proportion of QIC's employees operate from office settings, located either in corporate offices or at asset locations. QIC is committed to achieving its compliance goals in line with Work Health and Safety (WHS) statutory requirements applicable to the regions where our employees work.

QIC has maintained a continuous commitment to establishing systems, processes, and programs that effectively handle WHS risks and reporting of incidents. This commitment promotes a proactive culture for the management of health and wellbeing risks of its staff.

The scope and charter of the WHS and Wellbeing Management Committee were extended to encompass environmental considerations, resulting in the renaming of the committee to Health, Safety, Environment and Wellbeing (HSEW) Management Committee. The HSEW Management Committee remains tasked with governance and providing oversight on crucial risk management activities and initiatives within QIC throughout the fiscal year. The committee is chaired by the Chief Risk Officer and has membership representation from QIC executives, key managers from various divisions, and WHS experts.

In acknowledgment of environmental considerations as a critical aspect of QIC's operational responsibilities, the WHS and Wellbeing Policy has been updated and extended to incorporate this domain, emphasising our pledge to prevent damage to people, property, and the environment.

An ongoing review and enhancement of QIC's WHS Management System standards and structure reflects our dedication to continuous improvement and ensuring the system's efficacy and appropriateness for our operational requirements and investment risk profile.

QIC has enhanced its systems through the broader implementation and refinement of a cloud-based software platform. This advancement aids in documenting, reporting, and analysing various leading and lagging WHS indicators more effectively across the organisation. The progress in collecting and reporting WHS information signifies our improved ability to detect incident trends within our operations and initiate measures to mitigate WHS hazards.

During National Safe Work Month in October, under the banner 'For everyone's safety, work safely', QIC was actively involved in promoting workplace health and safety. This included a series of initiatives such as shopping centre roadshows and instructional virtual meetings emphasising proactive hazard identification and management. For office workers, the focus was on ergonomic practices and the significance of physical movement.

Throughout the 2023-24 financial year, QIC reported nine events requiring notice to a WHS regulator (a decrease from 13 in the previous year), primarily among contractors at our shopping centre facilities. All incidents are thoroughly examined by QIC with subsequent control measures instituted to prevent recurrence.

QIC continues to strengthen its WHS control framework through the implementation and assurance of a WHS management system aligned to AS/NZS ISO 45001¹⁶ during the financial year. To assess our WHS frameworks against identified top risks, 22 WHS audits were undertaken throughout the company in the past year.

As part of our internal communication processes and WHS approach, the QIC Risk Committee, along with senior management, regularly receive updates on the company's WHS performance.

9.22 Right to information

The *Right to Information Act 2009* (Qld) does not apply to QIC Limited or its subsidiaries, except where it relates to community services obligations. However, QIC complies with the Queensland Government's Publication Scheme which is a framework for the increased publication of information relating to GOCs.

9.23 Corporate governance in the sharemarket

On behalf of our clients, QIC actively monitors corporate governance issues at both a domestic and international shareholding level, primarily under the Responsible Investment Policy and related processes.

9.24 Insurance and indemnities

QIC maintains appropriate insurance cover with reliable underwriters to protect it from known quantifiable liabilities and risks where that cover is available. This comprehensive program of cover includes asset protection, employee accident compensation, professional indemnity and Director and officers' liability, general public liabilities, cyber and financial loss.

The Board, senior executives and employees are, to the extent permitted by law, provided with indemnification against:

- liability to third parties arising out of conduct undertaken in good faith in their capacity as a QIC officer
- the costs and expenses of defending legal proceedings arising out of conduct as described above.

¹⁶ Occupational health and safety management systems — requirements with guidance for use

10. Directors' profiles

Geoff Brunson AM FCA FAICD F FIN

Chair

Director appointed 7 December 2023

Current term to 30 September 2026

Board appointments: Chair, QIC Limited; Chair, QIC Private Capital Pty Ltd; Chair, PayPal Australia Pty Ltd; Director, Purves Environmental Custodians Pty Ltd; Director, Wentworth Group of Concerned Scientists.

Other appointments: Fellow, Chartered Accountants Australia and New Zealand (FCA); Fellow, Australian Institute of Company Directors (FAICD); Fellow, Financial Services Institute of Australasia (F FIN); Patron, Redkite; Senior Advisor, Planum Partners.

Previous appointments: Chairman, MetLife Insurance (Australia) Limited; Chairman, Sims Limited; Chairman, APN Funds Management; Chairman, IPE Limited; Chairman, ICS Advisory; Director, MUH Operations No. 2 Ltd (Macquarie University Hospital); Director Campus Living Funds Management Pty Ltd; Director, ING Australia Holdings Limited; Director, Queensland Venture Capital (QVEN) Limited; Director, St. Vincent's Hospital Sydney, Finance Committee; Member, Australian Stock Exchange – Listing Committee; Member, Australian Takeovers Panel.

QIC committees: Member, Risk Committee; Member, Audit Committee; Member, People and Culture Committee.

John Battams BEcon, Dip Ed, MAICD

Director

Director appointed 1 October 2015

Current term to 30 September 2025

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Chairman and Managing Director, Labor Holdings Pty Ltd; Chairman and Managing Director, Labor Enterprises Pty Ltd; Chairman and Managing Director, Labor Resources Pty Ltd; Chairman and Managing Director, Labor Legacies Pty Ltd; Chairman, Teachers' Union Health.

Other appointments: Honorary President, Australian Labor Party (Queensland Branch); Management Committee Member, Northern Suburbs Hockey Club Inc.

Previous appointments: President, Queensland Council of Unions; General Secretary, Queensland Teachers' Union; Chair, Queensland Residential Tenancies Authority; Director of Sunsuper and Chair, Sunsuper Investment Committee; Director, Skills Queensland; Director, Energex Limited; Board Member, Lady Bowen Trust; Director, TJ Ryan Foundation.

QIC committees: Chair, Risk Committee; Member, Audit Committee.

DIRECTORS' PROFILES

Gillian Brown LLB (Hons), Grad Dip Applied Finance and Investment, SIA

Director

Director appointed 15 December 2016
Current term to 30 September 2026

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Director, BRIC Housing; Director, Electricity Retained Interest Corporation – Ausgrid (ERIC-A); Director, Ausgrid Operator Partnership; Director, High Speed Rail Authority; Director, Suncorp Limited.

Other appointments: Nil.

Previous appointments: Director, One Rail Australia Holdings Ltd (and subsidiaries); Consultant, Minter Ellison; Partner, Minter Ellison; Head, Queensland Finance Team, Minter Ellison; Director, Australian Rail Track Corporation; Director, Queensland Treasury Corporation Capital Markets Board.

QIC committees: Member, Audit Committee; Member, Risk Committee.

Emilio Gonzalez CFA, B.Comm, Graduate Diploma in Applied Finance

Director

Director appointed 1 October 2023
Current term to 30 September 2026

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Director, Australian Brandenburg Orchestra Foundation Board; Director, Big Blue Ocean Investments.

Other appointments: Nil.

Previous appointments: Chair, Board of Governor, CFA Institute; Chairman, J O Hambro Capital Management Limited (USA) Inc; Chairman, JOHCM Funds (UK) Ltd; Chairman, Pental Fund Services and Pental Institutional Ltd; Chairman, Perpetual Investments Investment Management Limited (PIIML); Director, The Banking and Finance Oath Limited; Director, J O Hambro Capital Management Holdings Limited (UK); Director; JOHCM (Singapore) Pte Limited; Chief Executive Officer and Director, Pental Group Ltd; Chief Investment Officer, Perpetual Investments.

QIC committees: Member, Risk Committee; Member, People and Culture Committee.

Justine Hickey BCom, F FIN, GAICD

Director

Director appointed 7 December 2023
Current term to 30 September 2026

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Chair, DNR Capital Pty Ltd; Director, Australian Council of Superannuation Investors; Director, Equip Super.

Other appointments: Nil.

Previous appointments: Director, Hastings Management; Director, GPT Metro; Expert Board Advisor, Sunsuper; Director, Rio Tinto Staff Fund; Deputy Chairperson and Director, Australian Ethical Investments; Director, Hyperion Flagship Investments; Member, Investment Committee, University of Melbourne; Chairperson, Youth Enterprise Trust; Chairperson, RSPCA QLD.

QIC committees: Member, Risk Committee; Member, People and Culture Committee.

Brett Himbury MBA (Exec), AGSM

Director

Director appointed 9 December 2021
Current term to 30 September 2027

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Chair, Stafford Capital; Director, Bluestone Mortgages; Director, Angle Finance.

Other appointments: Member, European Australian Business Council; Senior Advisor, Childhood Dementia Initiative; Senior Advisor, Cerberus Capital Management.

Previous appointments: Co-Chair, American Australian Business Council; CEO, IFM Investors, Director, Pacific Hydro; Director, IFM Investors (US) LLC; Director, IFM Investors (UK) Ltd; Director, IFM Investors (Japan) Pty Ltd; Director, IFM Investors (US) Advisor, LLC; Director, IFM Global Infrastructure (US) GP, LLC; Director, IFM Investors (Japan) GP, LLC; Member, Snowy Mountains Neighbourhood Centre.

QIC committees: Chair, People and Culture Committee; Member, Risk Committee.

DIRECTORS' PROFILES

Robert Jones BCom, Member ICAAZ, FSIA

Director

Director appointed 13 October 2022
Current term to 30 September 2025

Board appointments: Director, QIC Limited;
Director, QIC Private Capital Pty Ltd; Chair, UQ
Holdings Pty Ltd.

Other appointments: Chair, Audit and Risk
Management Committee, Ipswich City Council;
Member, Senate, University of Queensland;
Member, Risk and Audit Committee, University of
Queensland; Member, Advancement Committee,
University of Queensland; Member, Council,
St John's College, University of Queensland.

Previous appointments: Advisory Board Member,
Business School Strategic Advisory Board, Griffith
University; Advisory Board Member, Policy Advisory
Board, CCIQ; Advisory Board Member, Sunshine
Coast Economic Futures Board; KPMG, Australia.

QIC committees: Member, Audit Committee;
Member, Risk Committee.

Susan MacDonald BA GAICD

Director

Director appointed 1 October 2021
Current term to 30 September 2027

Board appointments: Director, QIC Limited;
Director, QIC Private Capital Pty Ltd; Director,
Cbus Property; Director, Landcom; Director
Waypoint REIT.

Other appointments: Strategic Advisor,
Mainbrace Constructions.

Previous appointments: Global Trustee, Urban
Land Institute (ULI); Head of Retail, and Member of
Executive Leadership Team, Mirvac Group;
Australian National Council Chair – Urban Land
Institute (ULI); Joint Deputy Chair of the Shopping
Council Centre of Australia; Executive Director,
Galileo Funds Management Limited; Managing
Director, AMP Shopping Centres; Asset
Management Director, Lend Lease (UK).

QIC committees: Member, Risk Committee,
Member, People and Culture Committee.

Jane Perry BSc, BA, Dip Ed

Director

Director appointed 1 October 2018
Current term to 30 September 2025

Board appointments: Director, QIC Limited;
Director, QIC Private Capital Pty Ltd; Director,
American International Assurance Co, Australia.

Other appointments: Consultant,
Confidere Group.

Previous appointments: Chair and Director, Fund
Executives Association Limited; Director, BT Funds
Management Limited; Director, BT Funds
Management No. 2 Limited; Director, Westpac
Securities Administration Limited; Director,
Association of Superannuation Funds of Australia
(ASFA); Director, Australian Brandenburg
Orchestra; Director, Victorian Arts Centre Trust;
Director, J.P. Morgan Nominees; Director, AXA
Business Services (India); Director, National Mutual
Superannuation Pty Ltd; Director, National Mutual
Staff Superannuation Plan; Director, QIC
Investments No. 1 Pty Ltd; CEO, Qantas
Superannuation Limited; CEO, JP Morgan Treasury
and Securities Services, Australia and New
Zealand; CEO, AXA Australia and New Zealand.

QIC committees: Member, Risk Committee;
Member, Audit Committee.

Directors whose terms have concluded

Simone Desmarchelier BA, LLB (Hons),
BCL (Hons), GAICD

Director

Director appointed 1 October 2016

Term expired 30 September 2023

Board appointments: Director, QIC Limited; Director, QIC Private Capital Pty Ltd; Director, CBIC Investment Pty Ltd; Director, CBIC Allara Pty Ltd; Chair of City of Brisbane Investment Corporation; Chair of Archdiocese of Brisbane's Ministries and Services Council.

Other appointments: Managing Director, Montrose Advisory Pty Limited; Member of Archdiocese of Brisbane's Finance Council.

Previous appointments: Consultant, Herbert Smith Freehills; Advisory Board Member (via Montrose Advisory) of McNab; Advisory Board Member (via Montrose Advisory) of Roberts Pizzarotti Pty Limited; Australian Consul-General, Italy; Senior Trade and Investment Commission, Italy and Cyprus; Vice President, Lazard; Vice President, Deutsche Bank; General Counsel, Runge Pincock Minarco; Senior Associate, Minter Ellison; Senior Associate, Gilbert + Tobin.

QIC committees: Member, People and Culture Committee; Member, Risk Committee.

Paul Gallagher BCom, FCA, GAICD

Director

Director appointed 11 December 2014

Term expired 30 September 2023

Board appointments: Director, QIC Limited, Director, QIC Private Capital Pty Ltd; Chair and Director, Catholic Church Insurance Limited; Chair and Director, Edmund Rice Foundation Limited.

Other appointments: Nil.

Previous appointments: Director, BDO Australia Limited; Partner, Audit and Assurance Services Division, BDO; BDO Group Holdings (QLD) Ltd; Brisbane City Council — Field Services Division.

QIC committees: Chair, Audit Committee; Member, Risk Committee; Member, People and Culture Committee.

Ian Martin AM B.Econ (Hons), FAICD

Chairman

Chair appointed 1 May 2019

Resignation effective 31 March 2024

Board appointments: Chair, QIC Limited; Chair, QIC Private Capital Pty Ltd.

Other appointments: Nil

Previous appointments: Chair, UniSuper; Chair, Wayside Chapel Foundation; Chair, Argo Investments Limited and Argo Global Listed Infrastructure Limited; Vice Chairman, Asia Pacific Berkshire Global Advisors; CEO and Chief Investment Officer, BT Financial Group; Head of Global Investment Management and Member of the Management Committee, Bankers Trust; Director, Babcock and Brown Limited; Director, GPT Group; Chair, Australian Financial Services Council; Panel member, Superannuation System Review (The Cooper Review).

QIC Committees: Member, People and Culture Committee; Member, Audit Committee; Member, Risk Committee.

11. Financial performance overview

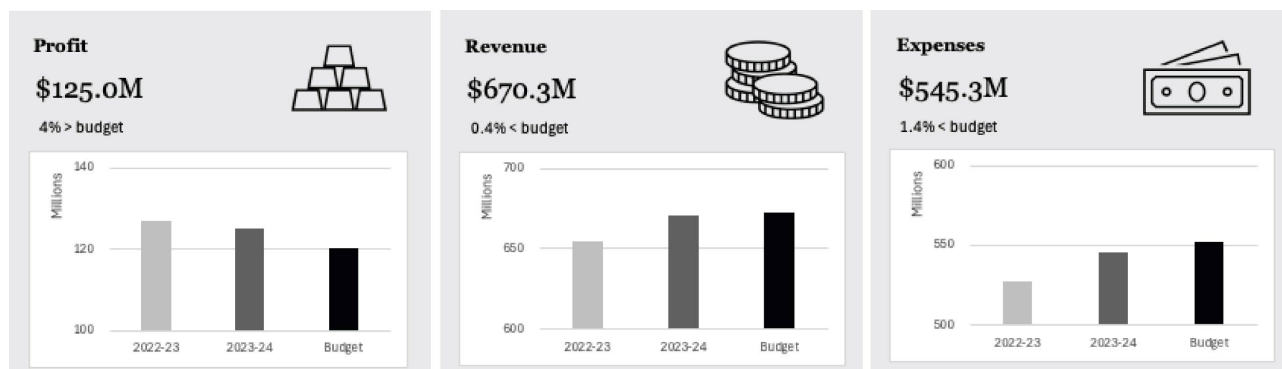
QIC's 2023-24 overview of financial performance should be read in conjunction with the supporting QIC Limited Statements for the year ending 30 June 2024.

Profitability

QIC has delivered a pre-tax profit of \$125.0 million for 2023-24 against a target of \$120.2 million. This has predominately been driven by strong investment returns and prudent management of costs. The 2023-24 financial year profit is 1.7% lower than the prior year outcome of \$127.1 million. A continued commitment to delivering long-term investment performance outcomes to clients and robust cost management has enabled QIC to achieve this result.

A total of \$252.5 million will be returned to QIC's shareholder, the Queensland Government, in relation to the 2023-24 financial year in the form of dividends, tax equivalents and the competitive neutrality fee.

QIC continues to invest into our own products to ensure alignment to our clients' outcomes. As at 30 June 2024, \$382.0 million of QIC capital is invested in QIC products or alongside client mandates across a number of asset classes. This is in addition to undrawn commitments to QIC products of \$19.3 million.



Revenue and Expenses

Total revenue for 2023-24 was \$670.3 million, an increase of \$15.8 million or 2.4% on the prior year. This increase was primarily driven by higher investment management fees associated with strong investment returns. Revenue was marginally below the \$673.0 million target due to lower-than-expected performance fees, driven by the impact of market pressures on asset valuations in specific asset classes.

QIC has a broad mix of revenue sources across its investment and property management businesses. Revenue components include:

- investment management fees, which are dependent on assets under management and investment performance
- performance fees, which are dependent on positive investment outperformance against client and fund objectives
- property asset level services fees from QIC owned and operated shopping centres. These fees comprise property management, leasing and asset development
- other revenue, which represents income generated on QIC’s corporate investments and working capital, as well as one-off revenue items.

The major contributors to the change in revenue from the prior year were:

- investment management fees increased by \$25.4 million, predominantly due to strong investment returns
- property asset level services revenue decreased by \$2.1 million due to leasing fees returning to a normalised level in 2023-24, following the renewal of backlogged COVID-19 lease holdovers in the prior year
- performance fees decreased by \$4.4 million, due to below benchmark performance in specific asset classes
- investment income earned from QIC corporate investments decreased by \$3.3 million, primarily due to lower performance in specific asset classes. Overall investment returns remain positive for the year.

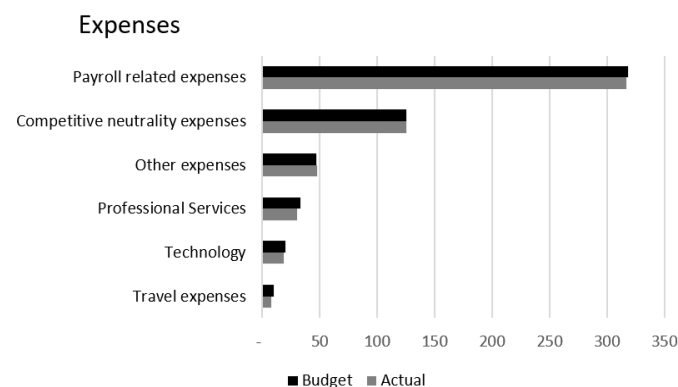
Total expenses for 2023-24 were \$545.3 million, an increase of \$17.9 million or 3.4% on the prior

year. This result was lower than the target of \$552.8 million due to tight cost management throughout the year.

The majority of QIC’s cost base relates to employee expenses. These have increased by \$10.5 million due to additional annual CPI linked wage increases and one-off costs associated with strategic team restructures and continued investment in the build of new capabilities and products.

Professional services expenses have increased by \$5.1 million from the prior year to support revenue growth initiatives and technology projects.

QIC continues to focus on ensuring the cost base of the organisation is appropriate and is linked to the execution of QIC’s corporate strategy.



Financial Position

Assets

Approximately 60% of the total asset base consists of corporate investments which are carried at fair value. Total assets at year-end were \$698.4 million, an increase of 7.7% or \$49.6 million compared to the prior year.

The major contributors to this change were:

- an increase of \$48.6 million for corporate investments into QIC products
- a reduction in cash balances of \$20.4 million reflecting the investment of working capital into longer-term corporate investments
- a net increase in right-of-use assets of \$18.1 million in connection with a new corporate office lease.

Liabilities

Total liabilities at 30 June 2024 were \$408.6 million, an increase of 13.9% or \$50 million compared to the prior year. The main contributors to this increase were:

- a dividend of \$87.8 million has been declared for the year, which is \$19.6 million higher than the prior year
- an increase in deferred revenue of \$5.6 million due to performance fee clawbacks
- an increase in lease liabilities of \$19.7 million in connection with a new corporate office lease.

Dividend

A dividend of \$87.9 million has been declared for the 2023-24 financial year, which represents a dividend payout of 100% of consolidated net operating profit after tax.

Cash flows

Cash and cash equivalents at 30 June 2024 of \$200.4 million represents an increase of \$16.8 million compared to the prior year.

Operating activities generated net cash inflows of \$93.5 million, an increase of \$19.9 million from the previous year. Net cash generated from business operations increased by \$6.9 million due to the increase in management fee revenue inflows being greater than the increase in outflows to suppliers and employees. In addition, income taxes paid reduced by \$12.2 million.

Net cash inflows from investing activities were \$7.1 million for the 2023-24 financial year. Total inflows increased by \$51.1 million from the prior year, driven by redemptions of corporate investments to support revenue growth initiatives as well as higher distribution and interest income received compared to the prior year.

Financing activities resulted in cash outflows of \$84.8 million which is an increase of \$76.8 million from the previous year. The increase is due to a loan repayment and payment of the 2022-23 dividend. There was no dividend declared or paid for the 2021-22 financial year.

Corporate entertainment and hospitality costs

QIC undertakes a variety of corporate entertainment and hospitality activities in its normal course of business with clients. QIC operates in a commercial and competitive environment. These activities are solely for the purposes of building and maintaining relationships with existing and prospective clients and strengthening QIC's brand both domestically and internationally.

QIC has policies and procedures in place to ensure that corporate hospitality and entertainment expenditure is appropriate, reasonable and has identifiable commercial and organisational benefits.

As a GOC, QIC must disclose all corporate entertainment and hospitality activities that cost greater than \$5,000. During the year there were no such activities.



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Royal Exchange NSW 1225
Australia

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Australia

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