

QIC

QIC LIMITED AND QIC PRIVATE CAPITAL PTY LTD

Joint Modern Slavery Statement

2021-22

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We pay our respects to Elders
past, present and emerging.

Where this Statement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events, these statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Introduction from Chair, Ian Martin

Modern slavery is a grave and growing global issue with more than 50 million people estimated to be living in modern slavery across the world¹. As a responsible investment manager, and one of Australia’s largest institutional investors, we are committed to identifying and mitigating modern slavery in our operations, investment portfolios and supply chains, and to build awareness of this issue.

I am encouraged by the continued collaboration and action across the business this year, including through our cross-functional Modern Slavery Working Group and with third-party providers. This has seen us continue to build out our approach, improve identification of risks and strengthen our response to this issue.

In FY22, some highlights from our modern slavery work include:

- The Cleaning Accountability Framework certification of a further major retail centre, Eastland in Victoria.
- Direct engagement with key infrastructure assets' suppliers, including referral to external consultants as part of an ongoing process of collaborative risk assessment and response.

- Conducted direct engagement with external fund managers, including to assess and address potential areas of modern slavery risk in QIC’s externally managed portfolios.
- Matured our Sustainable Investment Policy (previously Responsible Investment Policy).
- Continued ongoing internal training on modern slavery issues. Additional specialised training content was implemented with a focus on further up-skilling our procurement and risk teams.

While our progress is positive, we recognise there is always more to be done and no single goal or end point in our efforts, short of the eradication of modern slavery in our operations, investment portfolios and supply chains. This means we must, and will, continue to prioritise the identification and mitigation of modern slavery risk.

This Statement was approved by the QIC Limited Board of Directors on behalf of QIC Limited and subsidiary entity QIC Private Capital Pty Ltd on 6 December.



**Ian Martin AM,
Chairman — QIC**



I am encouraged by the continued collaboration and action across the business this year, including through our cross-functional Modern Slavery Working Group and with third-party providers.

¹ Sourced on 8 November 2022; sourced at: www.ilo.org/global/topics/forced-labour/publications/WCMS_854733/lang--en/index.htm.

1. About this statement

This Modern Slavery Statement (‘Statement’) is prepared jointly by QIC Limited ACN 130 539 123 (‘QIC’) and QIC Private Capital Pty Ltd ACN 076 279 528 (‘QIC Private Capital’), (together, ‘QIC Group’) to meet the reporting requirements under the *Modern Slavery Act 2018* (Cth) (‘the Act’) in respect of the 1 July 2021 — 30 June 2022 reporting period (‘Reporting Period’).

QIC Group has engaged in a full process of joint consultation in the preparation of this Statement, and in relation to our modern slavery response generally. All risk assessment, due diligence, and remediation measures described in this Statement have equal application to all QIC Group entities.

This Statement, our third, builds on, and should be read in conjunction with, our previous modern slavery statements.

The QIC Group takes a continuous improvement approach to compliance with the requirements of the Act. This Statement describes how we are continuing to identify, assess and manage modern slavery risks through our business operations, supply chains and investments. Our commitment to meaningfully and holistically addressing modern slavery is a long-term one. We do not see the attainment of bare compliance with the Act’s reporting requirements as representing the extent of our broader responsibility to combat such intolerable human rights abuses amongst some of the world’s most vulnerable peoples.

The Boards of both QIC and QIC Private Capital have approved this Statement.

2. Mandatory Criteria 1 and 2: The reporting entities, structure, operations and supply chains

2.1 About QIC Group

For consistency and clarity, this section (2.1) of the Statement largely mirrors the structure and content of last year’s statement. There have not been any material changes in relation to these preliminary reporting requirements over the two reporting periods.

We are long-term specialists in alternatives offering infrastructure, real estate, private capital, private debt, liquid strategies and multi-asset investment solutions. Our purpose is to deliver optimum investment outcomes with and for our clients.

QIC Group is one of the largest institutional investment managers in Australia, with A\$98.6 billion (bn) in funds under management² that we invest on behalf of more than 130 clients. For more information, please visit: www.qic.com

2.2 Our structure

QIC is a Government Owned Corporation constituted under the *Queensland Investment Corporation Act 1991* (Qld). In accordance with the *Government Owned Corporations Act 1993* (Qld), QIC has a Board of Directors responsible for directing and controlling QIC’s activities. The responsibility for QIC’s day-to-day operation and administration is delegated by the QIC Board to the Executive Management Team³ which consists of the Chief Executive Officer and senior executives.

Our business comprises a number of different corporate entities. QIC Limited ACN 130 539 123 is the ultimate parent company. QIC Private Capital Pty Ltd ACN 076 279 528 is our largest subsidiary. Both entities meet the annual revenue threshold for mandatory reporting under the Act.

Within the QIC Group, there are multiple owned and controlled entities that are not, individually, mandatory reporting entities under the Act. Full consultation with these entities has occurred in relation to the preparation of this Statement, and in relation to our ongoing modern slavery response.

Further comprehensive information in relation to QIC, including detailed financial statements, is available in our most recent annual reports on the QIC website.

² At 30 June 2022
³ Effective from 1 July 2022 (previously the Corporate Management Committee).

2.3 Our operations

QIC Group directly employs around 897 employees and a further 376 through contracted arrangements at 30 June 2022. Headquartered in Brisbane, Australia, QIC also has offices in Sydney, Melbourne, New York, San Francisco and London.

Our operations include investment and asset management and the operation of retail properties⁴. Our primary workforce enables QIC to actively deliver investment and asset management outcomes for our clients and investors.

Figure 1: QIC’s workforce composition as at 30 June 2022

Workforce composition	AU	UK	US	Total
Direct employee — Casual contract	12	–	–	12
Direct employee — Permanent contract	767	16	28	811
Direct employee — Temporary Contract	73	–	1	74
Labour contracted through a property service company to provide asset management services ⁵	175	–	–	175
Professional services consultants and independent contractors	199	–	2	201
Total	1,226	16	31	1,273

4 Our operations include internally managed investment portfolios and assets.

5 Through the retail properties which are operated by QIC Real Estate.

2.3.1 Our investment capabilities

QIC invests across a range of asset classes and regions across the world. The majority of investments are made directly through QIC’s internal investment capabilities and we also invest externally through investment managers via discrete portfolios and pooled investment vehicles. QIC’s operations also include making investments in non-operated joint ventures in real estate and infrastructure assets in Australia and the USA.

The following table and charts provide more information on QIC’s investment capabilities and a breakdown of total investments by asset class, region and internal and external management.

Figure 2: QIC Group’s investment capabilities

Real Estate	Infrastructure	Private Capital	Liquid Markets Group	Private Debt	State Investments
<p>QIC Real Estate owns and manages a portfolio of 38 real estate assets (retail, office and industrial) across Australia and the US.</p> <p>Our management and investment approach centres on creating vibrant town centres at the heart of communities, where people choose to be, and where they feel proud to belong.</p>	<p>QIC Infrastructure actively invests in, and manages, a global diversified portfolio of infrastructure assets across transport, energy and utilities and PPP/social sectors, leveraging deep industry knowledge, relationships with strategic investors and a strong understanding of value drivers for each sub-sector.</p>	<p>QIC Private Capital invests globally across multiple access points, including primary funds, secondaries and co-investments.</p> <p>The core objective of the private capital strategy is to invest in buyout, growth, venture capital and other investments managed by unaffiliated managers across the globe.</p>	<p>QIC Liquid Markets Group creates solutions for today’s markets through our fixed interest, overlay rebalancing and hedging solutions. Our fixed interest business invests predominantly in debt of government, government-related, financial and corporate issuers according to mandate limits. Our Implementation Services business provides hedging and rebalancing services via derivative instruments across equity, fixed interest, commodities and currency markets. It also executes trades for our fixed interest mandates.</p>	<p>QIC’s private debt offering is structured to provide institutional investors with access to a defensive income stream with a strong yield.</p> <p>In FY22, QIC launched its infrastructure debt capability and this was followed by the launch of our multi-sector private debt.</p>	<p>Spanning whole-of and multi-asset portfolio management and liability hedging solutions.</p> <p>State Investments oversee Queensland Government whole-of-fund client portfolios, ensuring that each client’s asset allocation is consistent with their investment objectives.</p>

Figure 3: QIC Group’s Total investments by asset class as at 30 June 2022

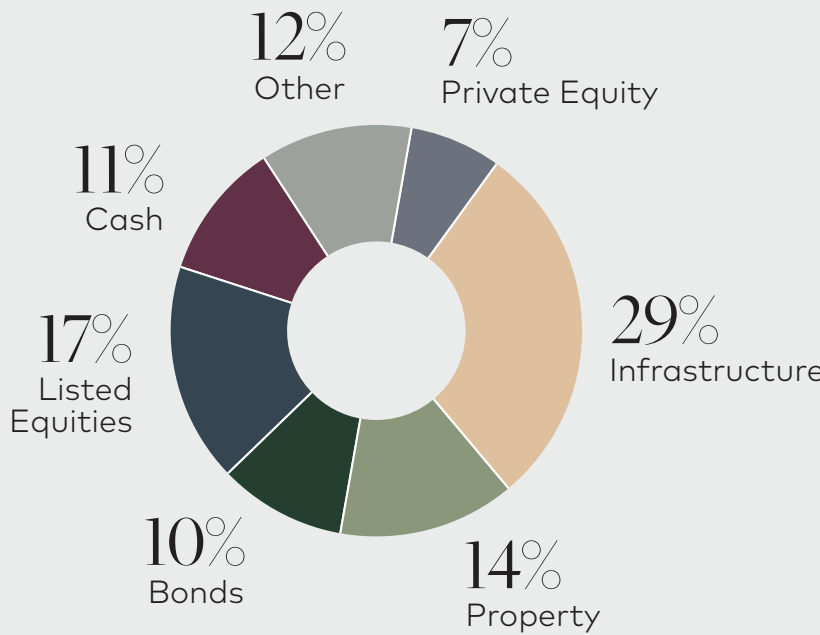


Figure 4: Total investments by geography as at 30 June 2022

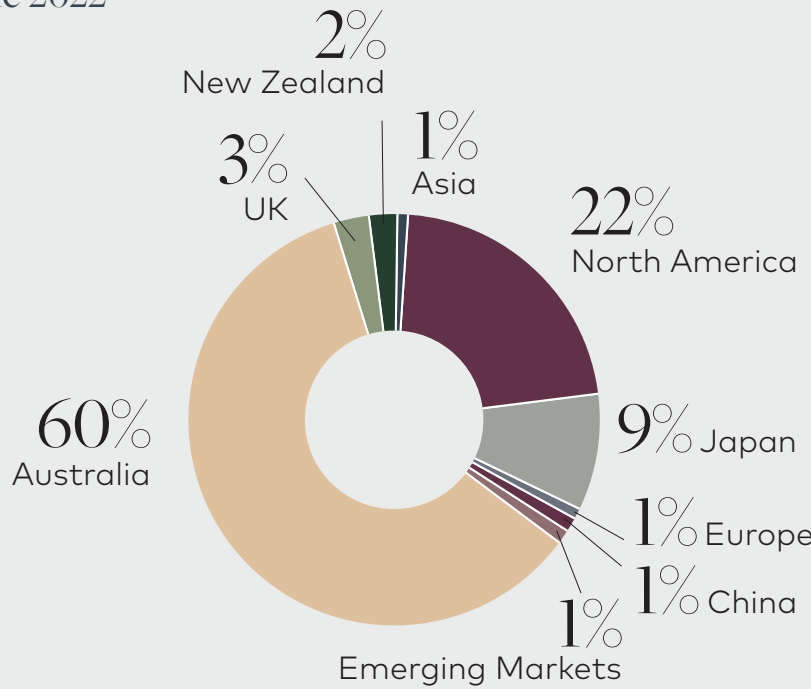
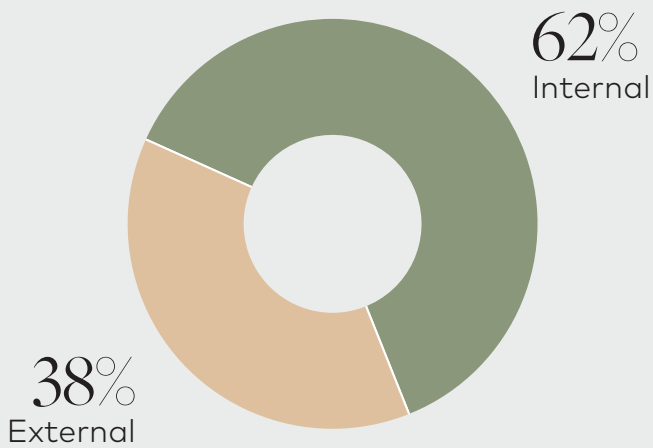


Figure 5: QIC Group’s Total investments by internal and external management as at 30 June 2022



2.4 Supply chains

During the Reporting Period, QIC Group had a total of 3,699 direct (tier 1) suppliers⁶. QIC Group's supply chain includes suppliers to our corporate, investment and real estate operations, as well as appointed external investment managers. Our major suppliers continue to include other regulated financial institutions for fund and trade administration, investment management firms, and a typical array of corporate and operational suppliers including cleaning, travel, office equipment and supplies. Through QIC Group's real estate activities, QIC Group contracts with suppliers that enable the operations of commercial and retail properties.

QIC Group's direct supplier engagement continues to predominantly be with companies located in Australia (see Figure 8). Our largest areas of procurement spend were, as with the last reporting period, in the industry categories of Professional Services; Insurance Related Services; and Construction and Real Estate (see Figure 6). The specific characterisation of these industry categories has been refined from the previous reporting period, such that the slightly different nomenclature does not reflect any significant shift in our largest areas of direct supplier expenditure since the last reporting period.

6 All references and analysis in this section relates to suppliers paid during the calendar year ending 31 December 2021

7 Figures 6 to 9 are based on data received from Fair Supply from an analysis of our 2021 calendar year spend data.

8 The modern slavery risk exposure has been calculated using proprietary risk assessment and supply chain mapping technology developed by Fair Supply. This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:

- The United Nations' (UN) System of National Accounts;
- UN COMTRADE databases;
- Eurostat databases;
- The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
- Numerous National Agencies including the Australian Bureau of Statistics.

The MRIO is then examined against the following international standards:

- The UN Guiding Principles on Business and Human Rights;
- The Global Slavery Index;
- International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
- The United States' Reports on International Child Labour and Forced Labour.

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for QIC's suppliers and investments.

9 Benchmarked and reviewed annually.

Figure 6: Top 5 supplier industries by amount paid in 2021⁷

Professional Services
Construction & Engineering
Commercial Services & Supplies, including cleaning and security services
Multi-Utilities (for example, Electricity, Gas)
Insurance

Figure 7: Top 5 supplier industries by highest potential for modern slavery risk exposure in 2021⁸

Professional Services
Commercial Services and Supplies, including cleaning and security services
Construction & Engineering
Diversified Consumer Services
Hotels, Restaurants and Leisure

Figure 8: Top 5 supplier countries by amount paid in 2021

Australia
United States
Hong Kong
United Kingdom
Singapore

Figure 9: Top 5 supplier countries by highest potential for modern slavery risk exposure in 2021

Australia
United States
India
United Kingdom
Hong Kong

3. Mandatory Criterion 3: Risks of modern slavery practices in QIC Group operations and supply chains

QIC Group welcomes the increasing attention, both in mainstream media and linked to the growing pillar of ESG-based business practice, that is being directed towards the prevalence of modern slavery in global supply chains. Whilst international issues such as Uyghur forced labour in solar panel supply chains are unquestionably of critical concern, we recognise that the effective identification of modern slavery risk in the domestic Australian context also remains extremely important. Our approach to modern slavery risk identification, and our subsequent response to identified risks, aims to strike an appropriate balance across such divergent areas.

As our anti-slavery approach matures, we recognise the importance of ongoing and updated risk identification and response. The potential areas where QIC Group may be linked to modern slavery through our operations, supply chains and investment portfolios are not static. It requires persistent corporate vigilance. However, bedrock principles remain the same. This includes ensuring that we are always more concerned with the identification of risk to the most vulnerable peoples and workforces, rather than an approach that concentrates on more traditional notions only of our own corporate risk.

Throughout the Reporting Period, we continued our longstanding external engagement with Fair Supply, an ESG data provider and professional services firm. This engagement includes regular and ongoing risk assessment of our supply chains and investment portfolios, evaluated at an industry-category level to the tenth tier of supply.

No actual or suspected instances of modern slavery were identified, reported or otherwise brought to QIC Group's attention during the Reporting Period.

3.1 Operations

Our primary operations continue to involve investment and asset management and the operation of retail properties. Due to workforce composition, industry types, and award-compliant remuneration⁹, exposure to modern slavery practices remains most unlikely at a direct operational level.

3.2 Supply chains

a) Tiers

Our updated risk assessment presented a change for this Reporting Period — the greatest risk of modern slavery practices in QIC Group supply chains is slightly more concentrated in tier 3 of our supply chains, rather than across tier 2 and tier 3 equally as was identified in the previous reporting period. Whilst we consider it to be too early to categorically describe this as a consequence of concerted due diligence and supplier engagement efforts over several consecutive reporting periods, we are cautiously considering this shift in overall assessed risk toward less proximate tiers to be both a general indication of progress, but also clear confirmation of the challenges that lie ahead for due diligence measures that continue to achieve positive impact.

To better describe and more fully contextualise the identified areas of potential modern slavery risk in our supply chain, in this year’s Statement we have included a brief overview of some of the recognised risk factors and vulnerabilities applicable to several identified industry categories.

The following is a description of general risk factors and does not reflect any specific findings or reports relating to actual suppliers linked, directly or indirectly, to QIC.

b) Identified risk areas

QIC Group’s due diligence processes have identified a number of potential modern slavery risks within our supply chains which are summarised below. These risks have been identified by reference to the 2018 Global Modern Slavery Index and are particular focus areas for QIC Group.

- Building and Construction in Australia:** QIC Group is aware that this industry carries increased risks of modern slavery both in terms of the engagement of workers and the material and equipment commonly used in the industry.
- Financial Services in Australia:** The modern slavery risks associated with our direct suppliers (typically professional services providers) in this industry category is assessed as being very low. However, the industry is reliant, as with all professional services, upon a high procurement spend on computers and other electronic devices for day-to-day operations. These supply chains are almost universally linked to high-risk regions and inputs (including computer chips and other electronic componentry), particularly manufacturing activities in Malaysia and China.
- Other service industries in Australia:** We continue to recognise the potential operational connection between our day-to-day property-related activities and areas of elevated domestic modern slavery risk within Australia.

We consider that the most significant operational modern slavery risks for QIC relate to our shopping centre ownership as part of our real estate portfolio. The risks associated with use of property management facilities, commercial cleaning and solar panels all remain significant.

Our targeted due diligence and supplier engagement initiatives described in section 4.1 of this Statement acknowledge and address these risk areas.

3.3 Investment portfolios

During the Reporting Period, QIC Group expanded its investment offerings into the areas of private debt and natural capital capability¹⁰. QIC Group also acquired Queensland Title Registry in the infrastructure investment portfolio. Our assessed risk in relation to our investment portfolios did not materially increase in any significant area of our investment (whether internally or externally managed).

Certain divestment decisions (discussed later in this Statement) may have reduced our overall risk exposure.

QIC Group continues to have a diverse investment platform across a broad spectrum of economic activities. The most elevated areas of potential modern slavery risk in our investment portfolios continue to be indirect risks associated with possible supply chain linkages in the industry categories of Transportation Infrastructure; Metals and Mining; Oil, Gas and Consumable Fuels; Real Estate Management and Development; and Food and Staples Retailing.

Figure 10: Top 5 industries by investment exposure — all QIC portfolios in 2021¹¹

Real Estate Management & Development
Transport Infrastructure
Banks
Diversified Financial Services
Independent Power and Renewable Electricity Producers

Figure 11: Top 5 industry exposures with the highest potential modern slavery risks — all QIC portfolios in 2021¹²

Machinery
Metals & Mining
Oil, Gas & Consumable Fuels
Construction & Engineering
Specialty Retail

Figure 12: Top 5 countries by investment exposure — all QIC Group portfolios in 2021

Australia
United States
United Kingdom
New Zealand
France

Figure 13: Top 5 country exposures with the highest potential modern slavery risks — all QIC Group portfolios in 2021

United States
Australia
China
India
Canada

10 QIC launched our natural capital capability during the FY22 reporting period, which was publicly announced at the beginning of FY23.

11 Figures 10 to 13 are based on data received from Fair Supply from analysis of QIC’s investment portfolios as at 30 June 2022.

12 The modern slavery risk exposure has been calculated using proprietary risk assessment and supply chain mapping technology developed by Fair Supply. This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:

- The United Nations’ (UN) System of National Accounts;
- UN COMTRADE databases;
- Eurostat databases;
- The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
- Numerous National Agencies including the Australian Bureau of Statistics.

The MRIO is then examined against the following international standards:

- The UN Guiding Principles on Business and Human Rights;
- The Global Slavery Index;
- International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
- The United States’ Reports on International Child Labour and Forced Labour.

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for QIC’s suppliers and investments.

4. Mandatory Criterion 4: Actions taken by QIC Group to assess and address the risk of modern slavery practices in its operations and supply chains

This Reporting Period was marked by a maturing of QIC Group's modern slavery response. Moving beyond the initial foundations for implementing internal governance structures, awareness raising and basic supplier engagement, we have continued to pursue a continuous improvement approach to our due diligence and remediation framework.

Instead of repeating, at length, details of internal governance structures and other pre-existing features of our overall modern slavery framework that we have described in previous statements (and which continue to be implemented), this section focuses instead on key advancements in our evolving response to identified risk areas.

The implemented and ongoing governance structures, internal policies and other due diligence initiatives described in our last statement for addressing modern slavery risk remain fully operational¹³. Updates, improvements and other substantive changes to these existing initiatives are described in this section of the Statement.

4.1 Key due diligence and remediation initiatives

a) Real Estate assets — Cleaning Accountability Framework (CAF)

Given the potentially elevated risk identified in respect of our ownership and management of shopping centres around Australia and its proximity to our direct operations, our ongoing collaboration with CAF remains a key priority in our overall modern slavery response.

CAF certification of a further major retail centre — Eastland in Victoria — was a highlight in the Reporting Period. CAF certification is widely recognised in Australia as being the leading independent assessment of the supply chains for commercial real estate in the cleaning industry. The certification process involves rigorous third-party evaluation of key characteristics relating to the provision of commercial cleaning services, including labour issues (wages, job security and particular considerations for migrant workers), responsible contracting (appropriate pricing and employee agreements), worker engagement (ensuring freedom of association and appropriate consultation) and the implementation of appropriate remedial frameworks and processes. In achieving CAF Certification, Eastland joins two of our other major retail centre assets (Robina Town Centre, QLD and Castle Towers, NSW) in having an additional layer of protection and oversight to help mitigate incidence of modern slavery on an ongoing basis in one of the most recognised areas of potential domestic modern slavery within Australia.

Additionally, during the Reporting Period, Robina Town Centre and Castle Towers successfully completed an independent 'health check' process conducted by CAF. This process is described by CAF in the following terms¹⁴:

"In order to maintain certification, stakeholders must demonstrate ongoing compliance over the 3-year certification period and will have access to a range of tools and training in order to achieve this. This will help to ensure that compliance is not simply determined at a moment in time but is sustainable and verifiable throughout the certification period. CAF's ongoing compliance mechanisms also ensure that there are clear processes in place that allow stakeholders to raise and address any issues that impact on cleaners' labour rights that may arise during the certification period."

CAF conducts annual health checks after the first and second year of certification, reprising the worker engagement process and seeking evidence of implementation of CAF recommendations.

The CAF Representative receives training and support to fulfil their function, and provides an ongoing feedback loop on compliance throughout the certification period."

b) Real Estate assets — ongoing due diligence of solar energy suppliers

As set out in our last statement, we recognise that the net zero and sustainability-driven trend has also had significant human rights implications, particularly from the perspective of potentially elevated modern slavery risk.

During the Reporting Period, we conducted due diligence on a number of potential solar energy product suppliers, with a particular focus on investigating possible supply chain linkages to Xinjiang and the exploitation of the Uyghur people and other Turkic minority people groups in this region of China.

An assessment of the associated risk mitigation framework that these prospective suppliers had in place, particularly in light of their high-risk operating context, was also a key focus area of our due diligence.

In summary, although generally appropriate mitigation frameworks were in place, a clear outcome was that it was practically impossible, based on the available information, to categorically exclude the existence of possible linkages to Uyghur forced labour. This was primarily due to overall supply chain transparency levels, particularly in relation to the sourcing of the key base input in solar panels — polysilicon.

We recognise that, particularly in light of the increased global attention that this issue is receiving, and international developments such as the passage of the *Uyghur Forced Labor Prevention Act* in the United States, it is crucial to stay fully abreast of new information concerning the potential identification of particular suppliers of solar power componentry.

¹³ Including implemented and ongoing measures described in last year's statement in sections 1.4.1 (Governance structures), 1.4.2 (Policy framework and enhanced grievance mechanism), 1.4.5 (Integrating contractual controls), 1.4.6. (Our approach to remediation), 1.4.7 (Employee training and awareness), and 1.4.8 (Addressing modern slavery risk in investment portfolios). Prior statements can be found on the QIC website www.qic.com/knowledge-centre/qic-modern-slavery-statement-20201222.

¹⁴ https://www.cleaningaccountability.org.au/wp-content/uploads/2020/08/WhatIsCAFBuildingCertification_May2020_FA.pdf

c) Ongoing engagement — global infrastructure assets

The QIC Group Infrastructure team has issued its annual survey on modern slavery issues to all 21 individual assets held by the global infrastructure portfolio. 13 responses (61%) were received.

High-level trends evident from these responses include:

- There is a diverse approach to assigning accountability across the portfolio. Some of the types of accountable officers included CFOs, Heads of Procurement, General Counsel and CEO.
- Over 60% of respondent entities have undertaken operational risk assessments.
- The most common forms of supply chain due diligence being undertaken by respondent entities includes due diligence integrated into tender processes (60% of respondents), the inclusion of MS clauses in supplier contracts (60% of respondents), and extending grievance mechanisms to subcontractors. Areas of improvement include site visits and independent auditing of high-risk suppliers.
- The most common 'operational' focused due diligence measures which entities reported were the existence of a whistleblowing hotline (over 75% of respondents), modern slavery considerations integrated into pre-existing policy and governance frameworks (almost 70% of respondents).

About half of respondents reported to having undertaken modern slavery related reviews of existing recruitment policies and regularly reviewed the compliance of their remuneration policies.

d) Ongoing engagement — Australian infrastructure asset

During the Reporting Period we received a response to a survey issued to an entity holding a domestic infrastructure asset. This response indicated that the entity was still in the earliest stages of developing its own response to modern slavery. QIC Group engaged directly with the entity to provide guidance in relation to its policy framework and provided training material for staff to build internal awareness. Focus areas included helping develop awareness of its supply chain and operational risk exposure and creating a holistic due diligence framework.

QIC Group also recommended that the entity engage directly with our external consultants to develop a more complete understanding of its risk profile. This analysis has now occurred and initial measures including industry-category based risk supply chain assessment and desktop due diligence reports on solar related suppliers have been commissioned.

e) Ongoing engagement — external investment managers

QIC Group engaged directly with 26 private capital external managers to develop a comprehensive understanding of how those entities are integrating the appropriate management of modern slavery risk into broader investment decision-making. We are participating in an ongoing dialogue with these managers, which includes a focus on approaches to assessing the exposure to modern slavery risks within investment portfolios, and the nature and extent of existing policy coverage addressing modern slavery. Following initial engagement, QIC Group used a set process to assign an internal rating as to how well the external manager integrates modern slavery risks into investment approach/practices.

QIC Group recommended that a particular manager ensure that all new investment companies become signatories to the UN Global Compact within the first year of investment.

In another instance, QIC Group engaged with a manager with a comprehensive level of awareness around modern slavery issues specifically related to direct operations and portfolio companies. This entity is a reporting entity under the modern slavery legislation in the United Kingdom. It demonstrated a mature approach to engaging in supply chain risk review, with a focus on engaging with 2nd tier (indirect) suppliers/portfolio companies and using social auditors where required. This manager also demonstrated ongoing engagement with investee companies, including through the provision of anti-slavery training to portfolio companies, and assessing portfolio companies through reviewing audit reports.

QIC Group has also engaged directly with individual personnel within the external investment management firms.

f) Internal governance update — Modern Slavery Advisory Committee

QIC Group's Modern Slavery Advisory Committee underwent refinement during the Reporting Period, which was directly in response to an internal audit that QIC Group commissioned in relation to its existing governance structures to address modern slavery. It has since been renamed the Modern Slavery Working Group.

The Working Group's membership is now comprised of representatives from:

- the Responsible Investment Team
- Procurement /Finance Team
- Risk Management Group
- Legal, Regulatory Affairs & Compliance
- Real Estate Team
- Marketing and Communications Team
- an independent expert member from our longstanding partnership with external modern slavery consultants.

Over the Reporting Period, the Working Group has reviewed and provided input on key documents such as the proposed Procurement Modern Slavery Toolkit, tailored due diligence approaches to the most pressing issues (such as identifying risks relating to Uyghur forced labour and other modern slavery practices associated with our solar supply chains), and disseminating updates on relevant supplier/investment 'red flags'.

g) Internal governance update — Sustainable Investment Policy

The objective of QIC's Sustainable Investment Policy (previously named Responsible Investment Policy) is to ensure that ESG risks and opportunities are appropriately considered and managed as a fundamental part of the investment processes adopted by QIC's investment teams.

The modern slavery component of the Policy has been updated to reflect broader 'human rights and labour practices' forming part of QIC Group's conception of ESG. Substantive changes have been made to sections relating to our sustainable investment classification framework, investment principles section, active ownership, advocacy and collaboration, transparency, disclosure and reporting.

The policy was initially considered by the Sustainability Advisory Committee. It was approved by the Board in April 2022.

h) Internal governance update — Procurement Toolkit

QIC Group developed a Procurement Modern Slavery Toolkit as a practical, day-to-day aid for our internal buyers. The Toolkit was considered and discussed at the Modern Slavery Working Group, and is intended to be rolled out in the next reporting period (FY23). It is designed to assist procurement officers in addressing modern slavery supply chain risk at all stages of the QIC Group 'procurement cycle', from choosing suppliers through the tender process, through to supplier selection, supplier management and conclusion of the supply relationship.

A particular focus was on making effective risk assessment more user-friendly for all internal buyers who are expected to undertake such activities.

The Toolkit centralises access to other key anti-slavery resources including the standard modern slavery clauses, SAQs, supplier code of conduct and general modern slavery contract management frameworks (e.g. third-party risk management standard).

i) Other initiatives

- Issuing and evaluating Supplier Self-Assessment Questionnaires (**SAQs**) in relation to our infrastructure assets (domestic and internationally).
- Direct engagement with key infrastructure asset suppliers, including referral to external consultants as part of an ongoing process of collaborative risk assessment and response.
- Continuing investment screening, including a significant divestment decision in our Liquid Markets Group in direct and immediate response to credible evidence of forced labour practices (see Case Study overpage).
- Ongoing comprehensive internal training on modern slavery issues. 96.9% completion rate achieved for eligible employees. Additional specialised training content implemented with a focus on further up-skilling our internal teams.
- Assessing and improving specific supplier awareness levels in relation to issues with forced labour and other exploitative practices involving the Uyghur people in Xinjiang (and elsewhere in China), as an integrated part of QIC procurement processes.

- Ongoing and consistent screening, throughout the Reporting Period (rather than merely to prepare this Statement), of both actual and prospective suppliers using a combination of external tools and services ranging from proprietary supply chain risk-assessment software to media screening subscription services. This has resulted in demonstrated procurement/investment decisions being made in the Reporting Period as a direct result of disclosed supplier/investee issues through these information sources.
- Attendance by QIC Group Real Estate team at the Property Council of Australia National Social Sustainability Roundtable Committee Meetings, and the Modern Slavery Reporting Monthly Meetings. QIC Real Estate onboarded its top 200 suppliers by spend to the Property Council of Australia's platform and issued targeted SAQs to these suppliers.
- Continuing the ongoing process of updating supplier contracts to include clauses that specifically address modern slavery issues.
- Specific engagement with cleaning suppliers to determine the actual level of modern slavery risk exposure for particular brands of disposable rubber gloves in light of recent reports of forced labour practices in associated manufacturing facilities in Malaysia¹⁵.
- The recommendations in the FY21 internal audit of QIC's approach to modern slavery were implemented.

Additionally, the protection and wellbeing of every employee in the QIC Group team is a key pillar of our overall ESG response. Further details of initiatives and employee safeguards (but not directly bearing on potential modern slavery risks) are described in our 2022 Sustainability Report, which is available on the QIC website.



ACCESS

QIC's 2022 Sustainability Report

¹⁵ While this occurred in FY23, QIC views it as relevant to include in this Modern Slavery Statement.

CASE STUDY

Divestment decision based on credible reports of direct forced labour

As part of its maturing modern slavery response, QIC Group is increasingly conscious of deploying policy into real-world practice. Commitments to addressing modern slavery will only be impactful if they are actually implemented in practical ways.

This case study describes the first instance, since commencing mandatory reporting under the Act, where a significant divestment decision was made based exclusively on modern slavery considerations.

QIC's Liquid Markets Group credit monitoring team became aware of a media article (from a reputable global outlet) late on a Friday. It alleged the use of illegal child labour at a factory in Alabama, USA by a major global brand. By the morning of the following Monday, QIC had restricted bonds in the parent entity corporation, adding them to our Dynamic Exclusion List.

Following consideration by the portfolio management team and further desk-based due diligence (including review of news articles, SEC filings, the entity's response, child labour and supply chain policies, and a cross-check against RepRisk and MSCI), QIC Group determined:

- according to SEC filings dated 31 March 2022, the entity subject to the allegation is majority owned and consolidated by the parent entity in which QIC Group was invested and management had or should reasonably have had control over practices;
- the allegation involved a material breach of the entity's child labour policy;
- the allegation was from a credible source (police);
- the parent entity's immediate response inadequately and inappropriately sought to shift the blame to third parties; and
- engagement with the parent entity by QIC Group would be unlikely to achieve a suitable outcome given the ongoing government investigation, management response and other considerations.

QIC Group determined it would divest of all bonds in the parent entity. Divestment began on the Monday evening and by close of business the following day, QIC Group had sold all Australian dollar bonds. By the end of that week, QIC had also divested all of the remaining US dollar green bonds.

During subsequent monitoring QIC Group identified, via a US Federal Court filing, a further allegation of child labour at a US-based supplier to the entity. This was considered as further confirmation that the original decision to exit the bonds was appropriate and proportional.

We recognise the prevailing position in leading anti-slavery commentary that, in certain circumstances, termination can serve to further enhance vulnerabilities for those at risk of, or actually being, exploited in conditions of modern slavery. It is also acknowledged that it is usually the case that where instances of modern slavery are discovered, a reporting entity should work with the entity concerned to remediate modern slavery impacts. However, in this case, given the geographical location, the nature of the entity, and the clear law enforcement action taken (including associated discovery and liberation of those being allegedly exploited), we determined that swift and full divestment was the most appropriate course of action.

5. Mandatory Criterion 5: How QIC Group assesses the effectiveness of the actions taken to address the risk of modern slavery practices in its operations and supply chain

A key part of assessing the effectiveness of our modern slavery response is to candidly review our performance in each reporting period against previously outlined plans and foreshadowed measures (as set out in the previous year’s statement). This allows us to be transparent, as well as to identify areas of adequate performance alongside those requiring more focused attention in the immediate future.

Accordingly, the adjacent table provides an outline of the activities/focus areas described in last year’s statement as planned for the Reporting Period, with associated commentary indicating the progress that has been made.

Planned activity in last year’s statement	Progress in the Reporting Period
Reviewing the published modern slavery statements of any direct supplier to QIC that was named in the 2020 Australian Strategic Policy Institute's Report <i>Uyghurs for Sale</i> .	Completed. QIC Group's Strategic Procurement team assessed the modern slavery statements for four (4) identified QIC Group suppliers. An analysis of each of these suppliers' published risk mitigation responses was considered by the Modern Slavery Working Group (meeting held in July 2022). One supplier was determined to warrant further due diligence. The three other suppliers were assessed as not requiring further follow up. Consideration was given to QIC Group's commercial leverage and relationship with the identified supplier. It was determined that, based on present information, the appropriate course is to continue to monitor the supplier’s response by way of desk-based analysis.
Updating QIC Group's new supplier due diligence to integrate questions to assess supplier understanding of risk exposures to issues relating to Uyghur forced labour and heightened modern slavery risks for products or material inputs originating from Xinjiang, China.	Completed. Both the third-party due diligence questionnaire and annual operational due diligence supplier questionnaire were updated to specifically address supplier self-awareness relating to potential supply chain connections with Uyghur forced labour and/or other modern slavery activities connected with the Xinjiang province.
Implementation of a pre-contract requirement of certain suppliers associated with QIC Group Real Estate assets to be prequalified under the Cleaning Accountability Framework (CAF).	Substituted and updated action taken. CAF building certification continues to be rolled out across QIC Group Real Estate assets with Eastland obtaining CAF certification in FY22.
Further supplier engagement measures in response to results from the supplier survey from the previous reporting period.	Substituted and updated action to be taken. QIC Group will instead integrate this type of supplier engagement (i.e. capacity building through the provision of training materials) into future action plans, with a shift towards targeted and deeper engagement, rather than the 'blanket' issuing of modern slavery related training materials.
Onboard potential QIC Group Real Estate high risk suppliers through the Property Council of Australia.	Ongoing. QIC Group Real Estate’s top 200 suppliers by spend have been invited onto the Property Council of Australia’s modern slavery platform and SAQs sent to these suppliers.
Solar energy-related suppliers. Develop an internal process to enable closer monitoring and risk assessment of these suppliers' modern slavery practices.	Completed. QIC Group Real Estate team developed a baseline process to screen all solar energy-related suppliers based on: <ul style="list-style-type: none">• Results of initial risk assessment by external consultants• Review of media reports (including through use of media 'scraping' subscription tool — ‘Rep Risk’)• Review of potential supplier’s modern slavery statement (if applicable).
QIC Group Investment plans to participate in collaborative investor initiatives for addressing modern slavery collectively.	Partially complete and ongoing. QIC remains an active member of Responsible Investment Association Australasia and adheres to the UN Principles of Responsible Investment.
Obtain CAF certification across more retail centres.	Completed. A new centre, Eastland (VIC), was certified by CAF in the Reporting Period. Two centres that had been certified in prior reporting periods (Robina Town Centre, Qld and Castle Towers, NSW) successfully completed CAF ‘health checks.’
Continue to engage with external investment managers on modern slavery issues.	Completed and ongoing. Engagement with external fund managers has focused on assessing current levels of integration of modern slavery risk considerations investment process.
Continued engagement with highest risk holdings.	Completed and ongoing. QIC Group's investment team has integrated modern slavery as a core component in the 'investment business case'. In adherence to the QIC Group's Sustainable Investment Policy (updated in the Reporting Period as set out above), all investments must be screened for modern slavery related issues. QIC Group has provided SAQs and training materials to partner entities for infrastructure assets addressing potential risks associated with this asset class.
Formally review QIC Group's existing Modern Slavery Standard.	In Progress. At the time of lodging this Statement, the review has been deferred until at least January 2023. This deferral is due to a ‘pause’ on major policy/governance updates due to allow for planned governance re-structure.
Refine the scope and operation of QIC Group's current grievance mechanism.	In Progress. As per above, a ‘pause’ was placed on major policy/governance updates to allow for planned governance re-structure. The existing grievance mechanism however remains operational and there are no 'red flags' to indicate that it is not presently fit-for-purpose. Whilst no reports relating to modern slavery issues were received through QIC Group's grievance mechanisms during the Reporting Period, we do not consider this to be a strong indication that the mechanisms are inaccessible or inappropriate. Rather, we consider that, viewed in light of other assessed factors, it is most likely a product of QIC’s direct operations having a relatively low overall modern slavery risk profile.

6. Mandatory Criterion 6: The process of consultation with entities owned or controlled by QIC and QIC Private Capital

Full consultation with QIC Group's entities has occurred in relation to the preparation of this Statement, and in relation to QIC Group's approach in responding to modern slavery risks.

Prior to providing Board approval, the QIC Board Risk Committee, the Executive Management Team and the Modern Slavery Working Group have each reviewed and approved this Statement.

Approval of Principal Governing Body

This Modern Slavery Statement was approved by the principal governing bodies of QIC Limited and QIC Private Capital Pty Ltd on 6 December. This Modern Slavery Statement is signed by a responsible member of these mandatory reporting entities as defined by the Act.

QIC