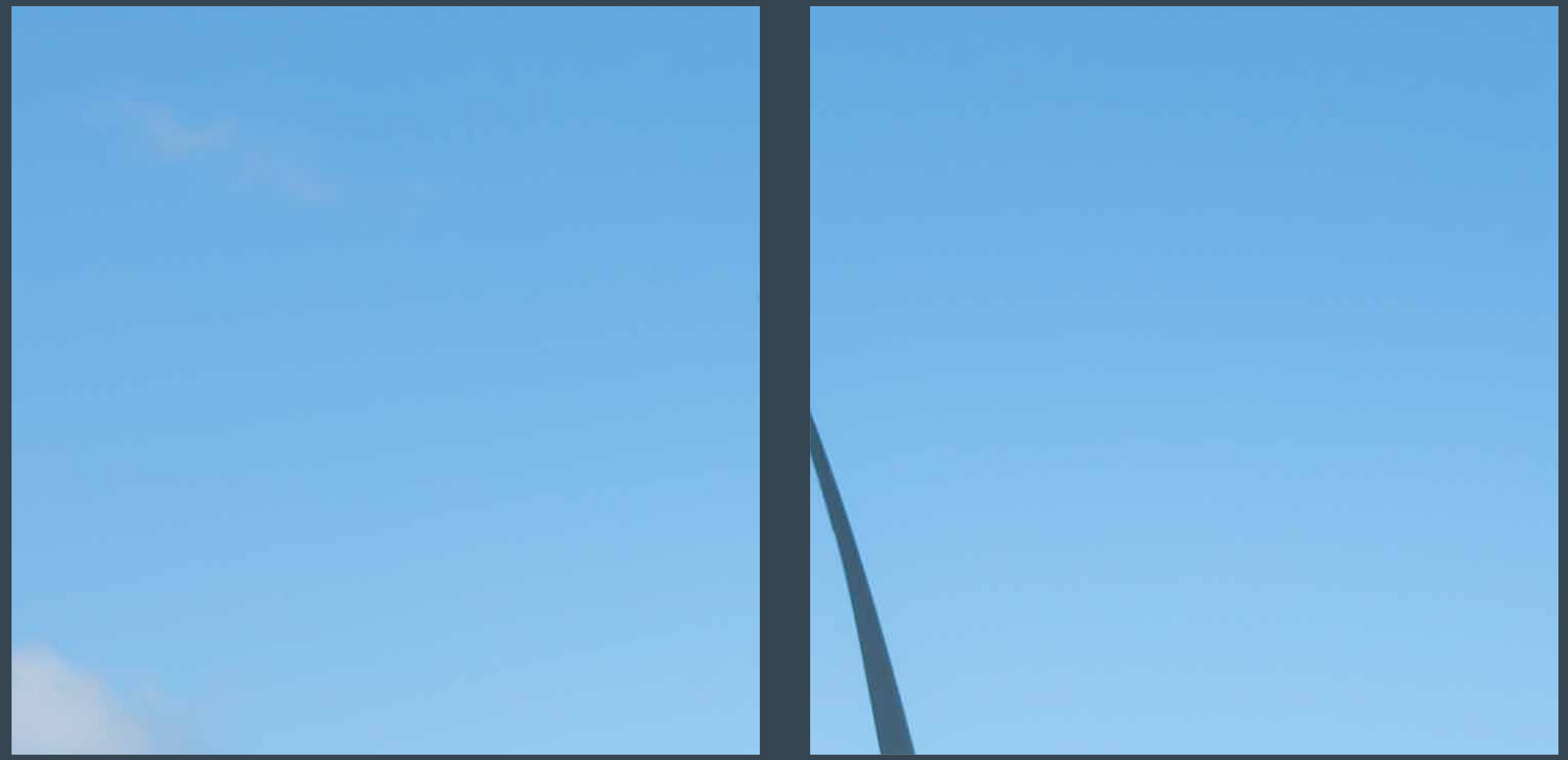
QIC Sustainability Report

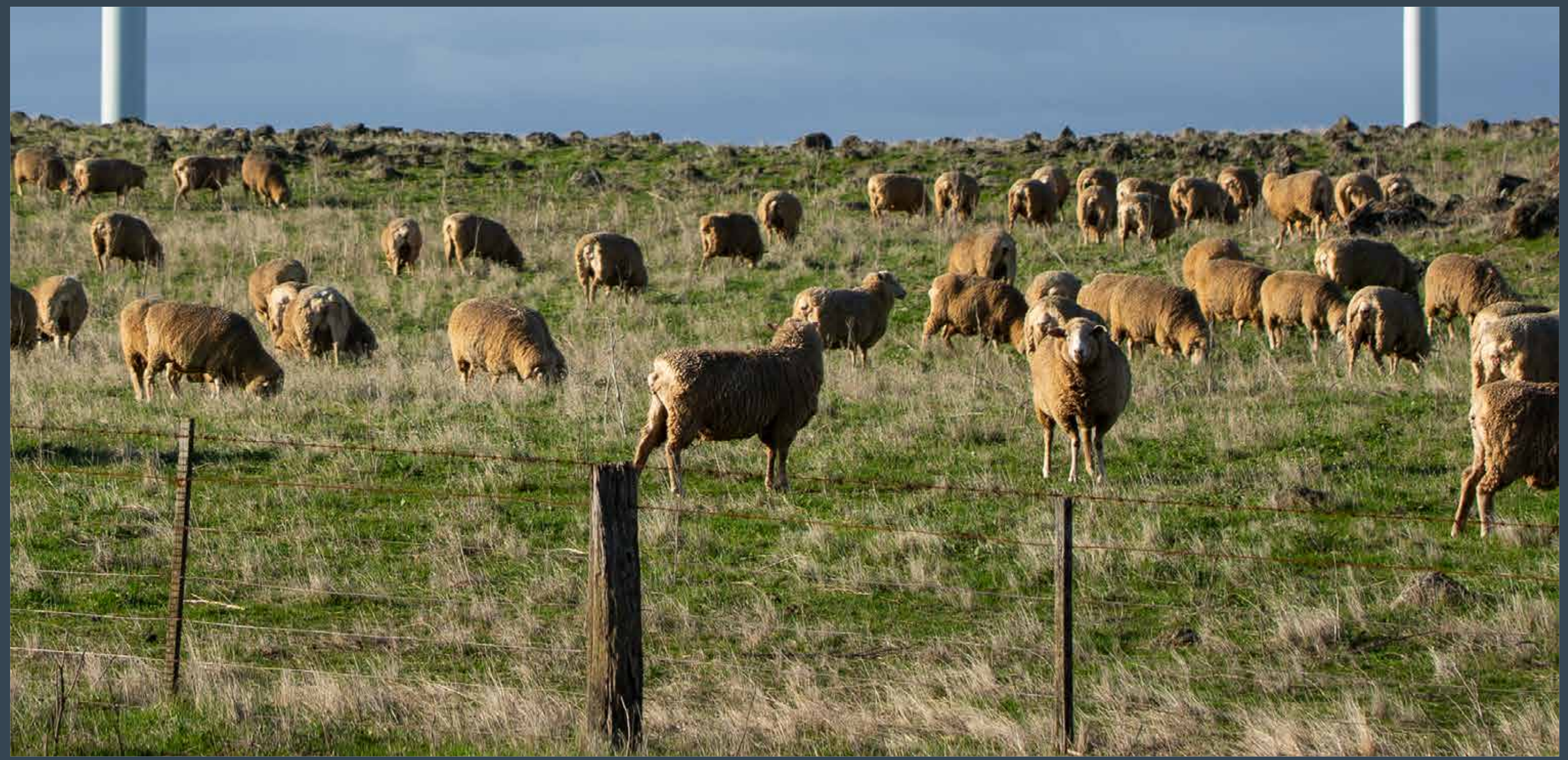
2021

QIC



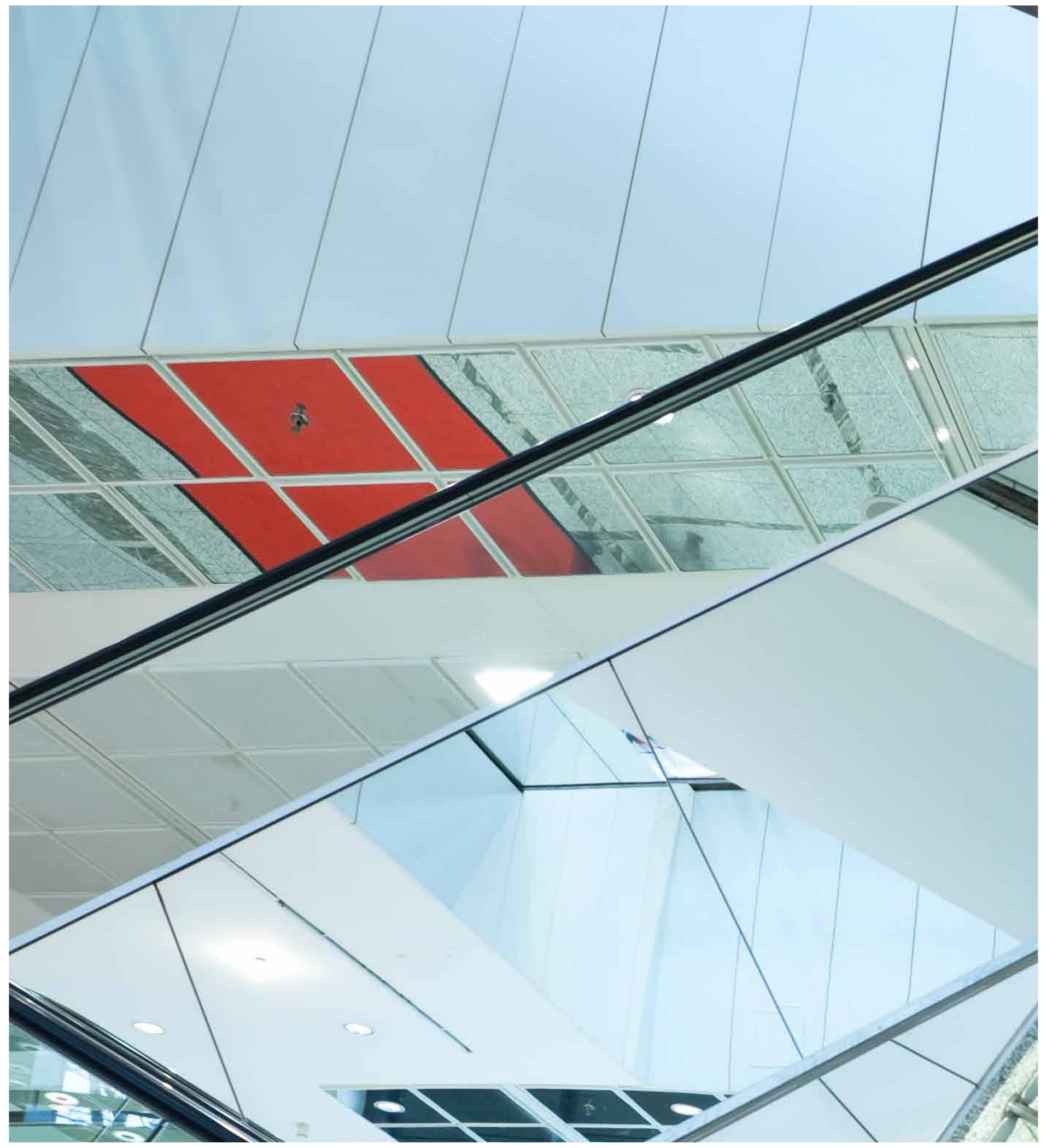
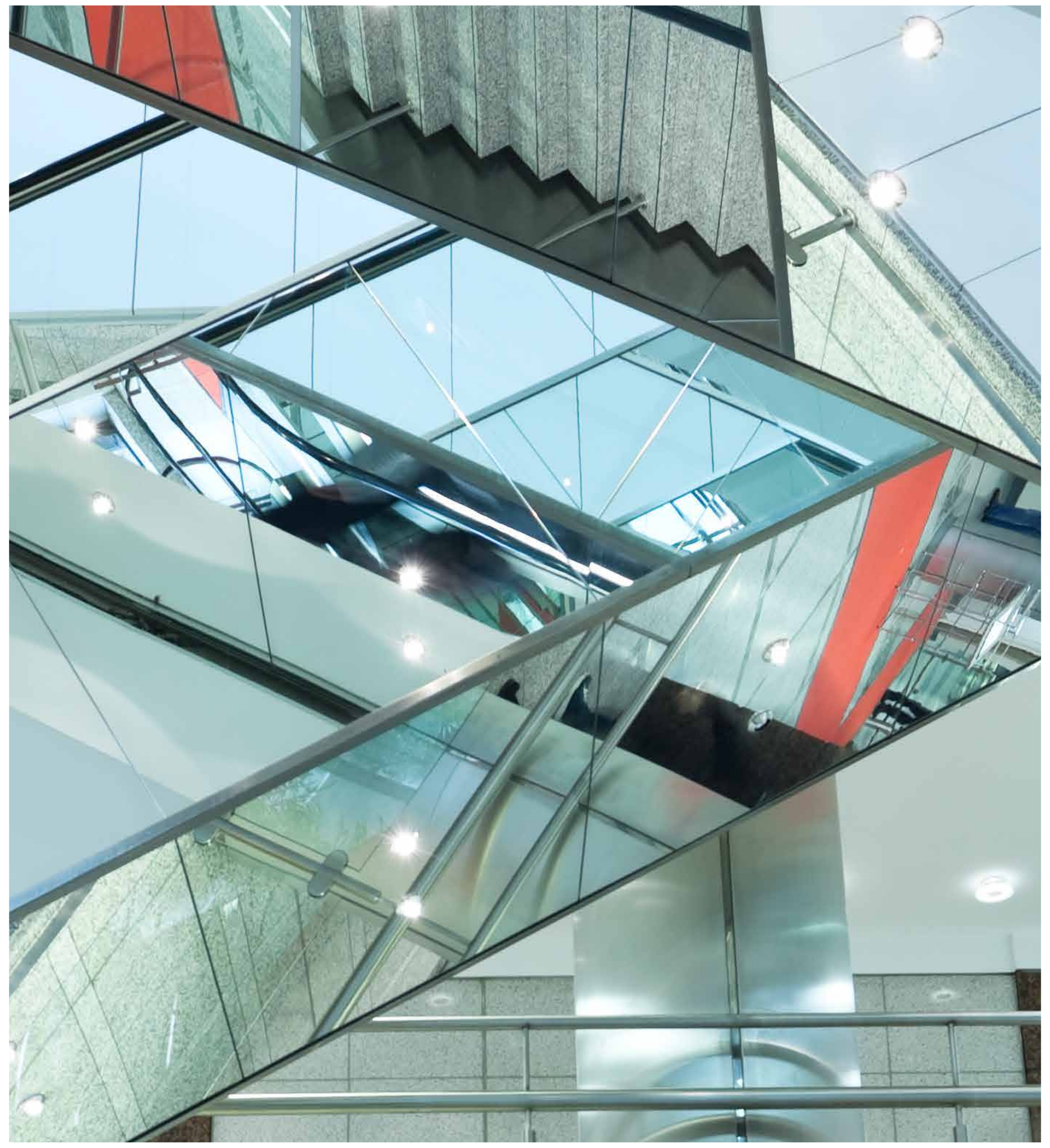
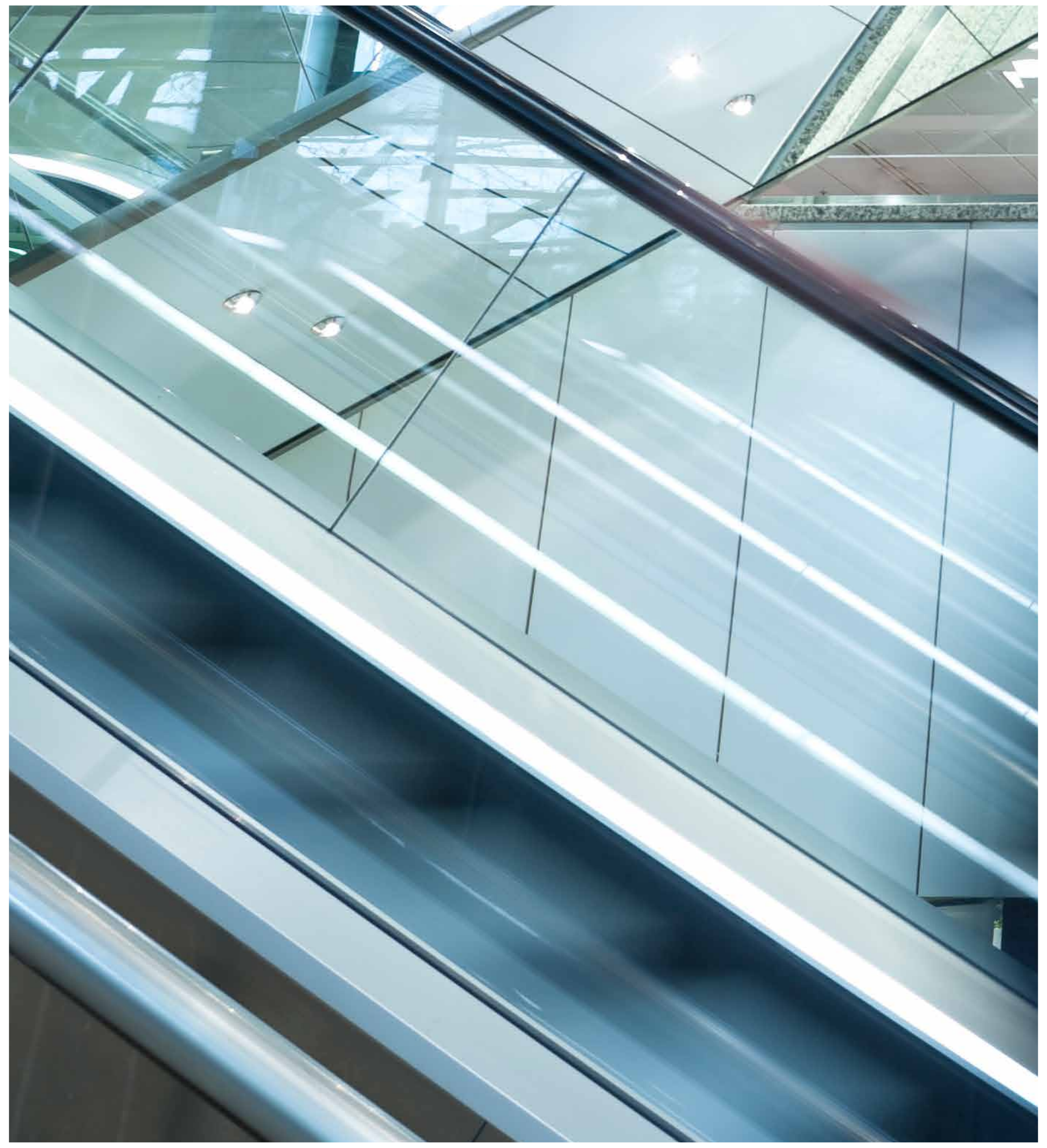
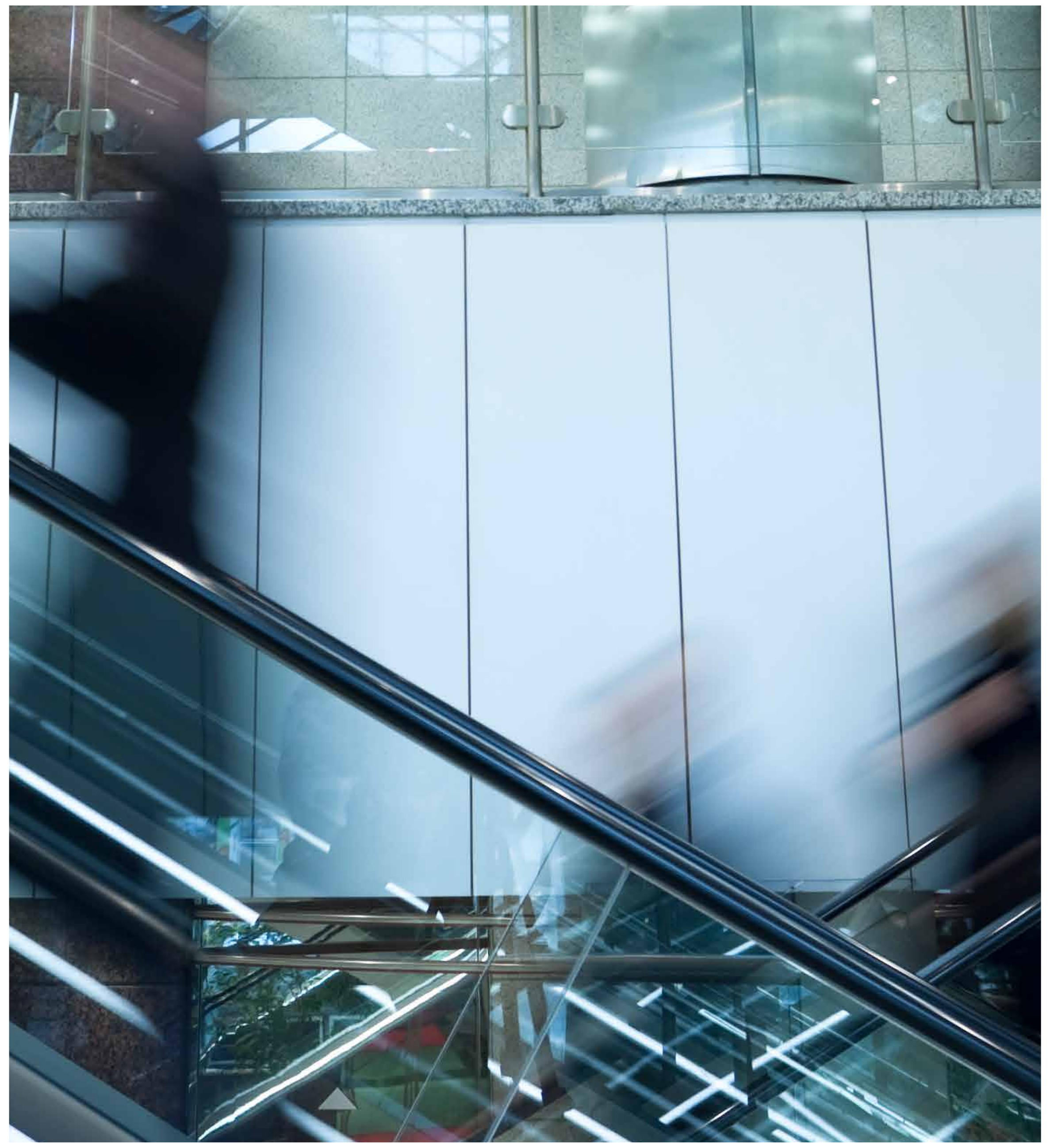
QIC respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia and recognises their continuing connection to land, water and community. We pay our respects to Elders past, present and emerging.

If you have any feedback or questions about our 2021 Sustainability Report, please contact us at sustainabilityreport@qic.com



1. Introduction

SUSTAINABILITY REPORT 2021

Introduction

Welcome to QIC's Sustainability Report for the 2020-21 year, which aims to provide transparency around QIC's approach to sustainability and responsible investment. This report continues to align with the Global Reporting Initiative (GRI) Framework[1], and details the progress we have made on sustainability issues over the past 12 months.

Our Environmental, Social and Governance (ESG) philosophy approaches sustainability as operating responsibly and creating value for all of QIC's stakeholders, through the range of complex opportunities and risks we face today and into the future. Our approach recognises that ESG factors have a long-term, material impact on the assets in which we invest.

We believe that embedding ESG considerations leads to more informed investment decisions and better outcomes for our society and the environment. In order to maximise outcomes for our clients, these factors are considered in our investment decisions and active asset management.

1 The QIC Sustainability Report aligns with the Global Reporting Initiative GRI Standards Core option.

1.1 A message from our CEO

The COVID-19 pandemic has had a profound influence across all aspects of society, including an amplified focus on and re-evaluation of what is important for the global community and the environment.

There is no question that the link between sustainability and resilience has been highlighted, underlining the critical importance of ESG factors and the imperative for real progress to be made.

We take the evolution of our ESG strategy and initiatives seriously, exemplified by the recognition of QIC by the Responsible Investment Association of Australasia as a 'Responsible Investment Leader' again this year.

We have made substantial investment during the year in deepening our commitment across the spectrum, in line with our position that ESG considerations have a material impact on the long-term outcomes of investment portfolios. This sharpens our focus on integration of ESG factors across our operations to support value creation and manage risk.

We are also responding to increasing levels of investor ESG ambition by positioning QIC to meet foreseeable, client-led ESG demand in the short term and preparing for the trend of increasing sustainable investing in the future. Key to this planning has been the recent restructuring of QIC's former ESG Advisory Committee to form the QIC Sustainability Advisory Committee. This committee, chaired by me, includes key decision-makers from across the business who bolster QIC's ESG governance and shape QIC's long-term sustainability vision.

Climate change risks and opportunities are key pillars of our strategic planning. In addition to exploring a pathway to achieve net-zero emissions outcomes across all investment portfolios, we are working towards a net-zero emissions result for our corporate operations in 2021-22. This will be achieved through identifying and actioning impactful opportunities to minimise our corporate emissions as much as possible and offset residual emissions.

We are also continuing to define the sustainability opportunity for QIC and to build our understanding of emerging environmental markets, including ensuring commitments we make are tailored and relevant to the different capabilities and investment types we manage on behalf of our clients.

Embedding a practical approach to material ESG issues such as climate risk and modern slavery across all investment processes is high on our agenda. QIC's first Modern Slavery Statement was published in December 2020 and outlines how we are assessing and addressing the risk of modern slavery across our operations, supply chains and investment portfolios. This practicality and commitment is also demonstrated through our active participation in a number of international and Australian ESG-focused forums, including as a founding sponsor of the Investor Group on Climate Change's *Climate League 2030*.

We are excited by the progress and future potential of our investment in decarbonisation and energy transition. In Australia, we participated in the consortium, Powering Australian Renewables (PowAR)[2], which acquired the Australian business of Tilt Renewables this year, strengthening PowAR's position as Australia's largest renewable energy generation platform[3]. QIC also partnered with Ullico to acquire CenTrio, the largest pure-play district energy platform in the US, delivering reliable, cost-effective, sustainable energy to customers across the country.

Reconciliation also remains a core commitment for QIC, and our second generation Innovate Reconciliation Action Plan (RAP) launched during the year is guiding our efforts. We're seeing the plan come to life in a variety of ways across the organisation through our employment, procurement and investment activities, by proudly celebrating the key events on the Indigenous calendar and supporting the involvement of our employees in indigenous-related fundraising events.

This year's report contains a wealth of detail that puts the spotlight on the breadth and depth of the ESG work we are doing, and our future aspirations. We are optimistic that the momentum generated by the genuine commitment of the global investment community to progressing ESG strategies is paying dividends, and we will continue to play our part.

Damien Frawley
Chief Executive Officer

"We are excited by the progress and future potential of our investment in decarbonisation and energy transition."

2 The consortium consists of the Future Fund holding a 40% interest alongside AGL's 20% interest in PowAR. QIC manages the Future Fund's interest. The remaining 40% interest is held by QGIF and QGIF co-investors. PowAR is in the process of re-branding and will be known as Tilt Renewables in the future.

3 Source: Australian Energy Infrastructure Commissioner 2021 Ecogeneration maps for wind and solar

2. Sustainability Highlights

SUSTAINABILITY REPORT 2021

Sustainability Highlights

Responsible Investment Manager

Sustainable Solutions

$546 million invested in green, social and sustainable bonds[4]

Acquisition of 506MW operational wind generation portfolio and high quality >3.5GW development pipeline through QIC Global Infrastructure asset PowAR's acquisition of Tilt Renewables' Australian assets.[5]

Final Investment Decision and **commencement of construction at the 396MW Rye Park Wind Farm project in NSW in December 2021** increases the combined business' **total operating and under construction renewable capacity to >1.7GW**

More than **27MW** of solar capacity installed so far in one of Australia's largest rooftop solar projects, progressing towards QIC Global Real Estate's 2028 net zero carbon emissions target[6]

Assessed more than **20,000** portfolio and supplier companies for exposure to modern slavery risk

Active Ownership

59,856 resolutions voted at AGMs of listed companies

More than **50 corporate engagements** undertaken as holders of debt and equity

Awards and Recognition

QIC recognised as a **Responsible Investment Leader** by the Responsible Investment Association of Australasia

QIC Liquid Markets Group named **Australian Sustainability Fund Manager of the Year 2020** by KangaNews for the second year in a row

Trusted Organisation

Working towards achieving **Net Zero Emissions** across QIC's corporate operations from FY21

Approval of QIC's revised WHS and Wellbeing Policy in December 2020

Inclusive Employer

89% of our people think the culture in their team is **positive and inclusive**

More than 350 of our employees completed QIC's **Inclusive Leadership Workshop** in FY21

QIC Private Capital named as the winner of the 2020 Australian Investment Council (AIC) **'Leadership in Diversity and Inclusion Award'**, recognising an ability to continuously embrace change and evolve as a team that embodies diversity and inclusion

Leading Corporate Citizen

279 employees provided support through face-to-face volunteering and virtual charitable initiatives/challenges related to homelessness, medical and health related research, Aboriginal and Torres Strait Islander communities, men's health, domestic and family violence and disadvantaged youth

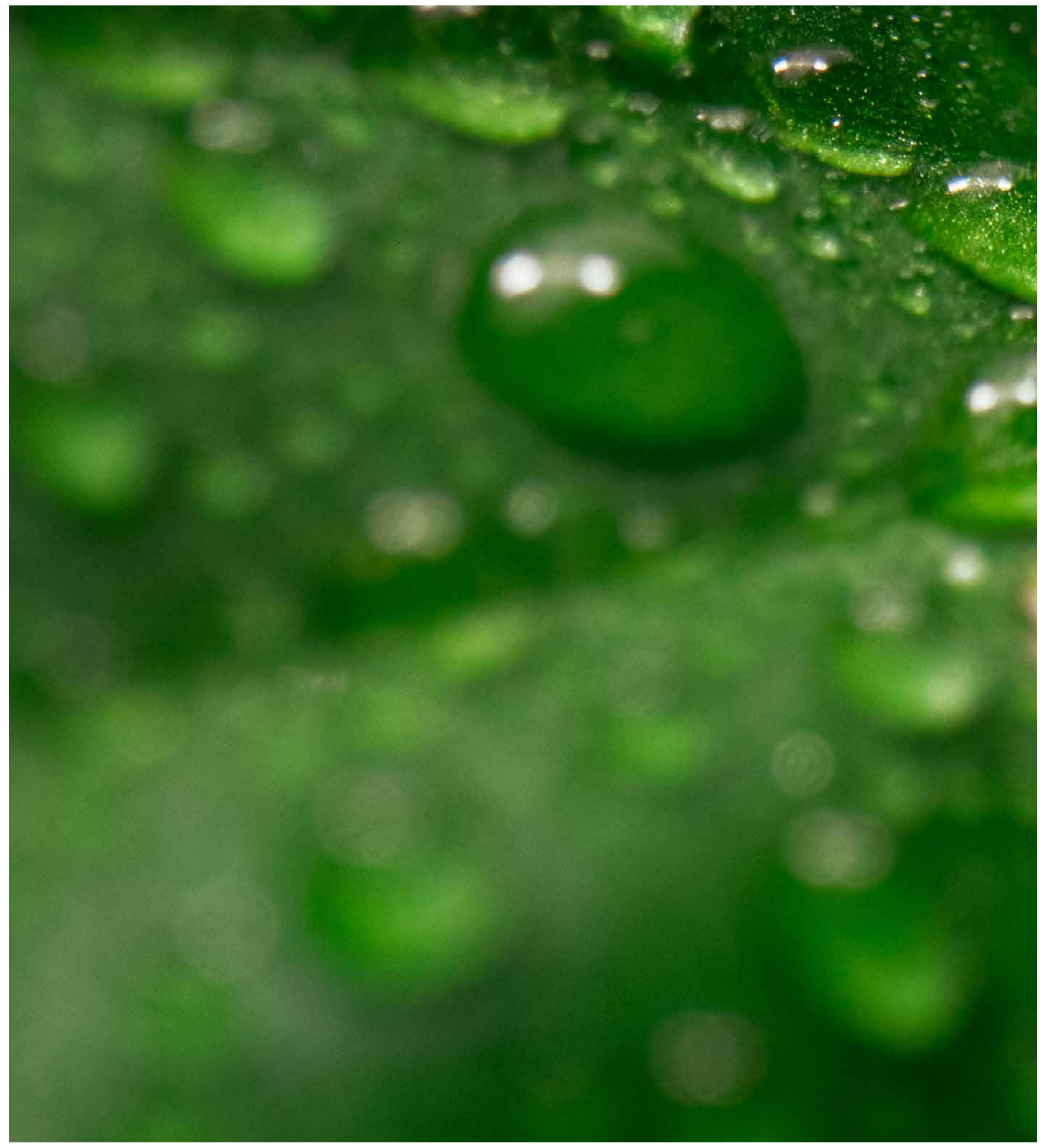
Over 1,500 hours volunteered by QIC employees in coordinating and supporting various community engagement initiatives to drive awareness, donations and volunteering opportunities

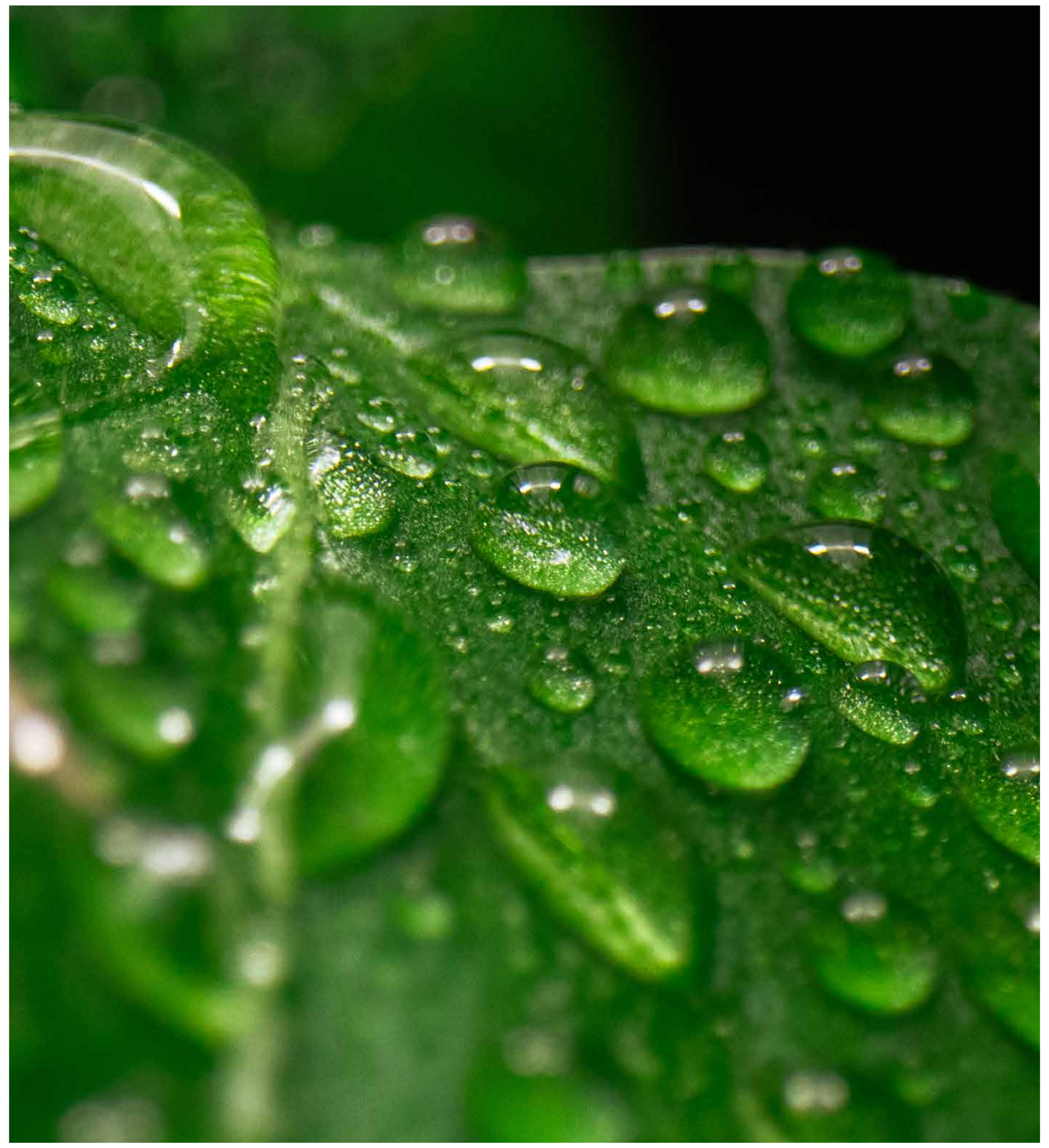
More than $46,000 raised for Orange Sky Australia, STEPtember, Los Angeles Children's Hospital (California), Yalari Giving Day, Movember, febfast, Darkness to Daylight, and Royal Brisbane and Women's Hospital's *Royal Giving Day*

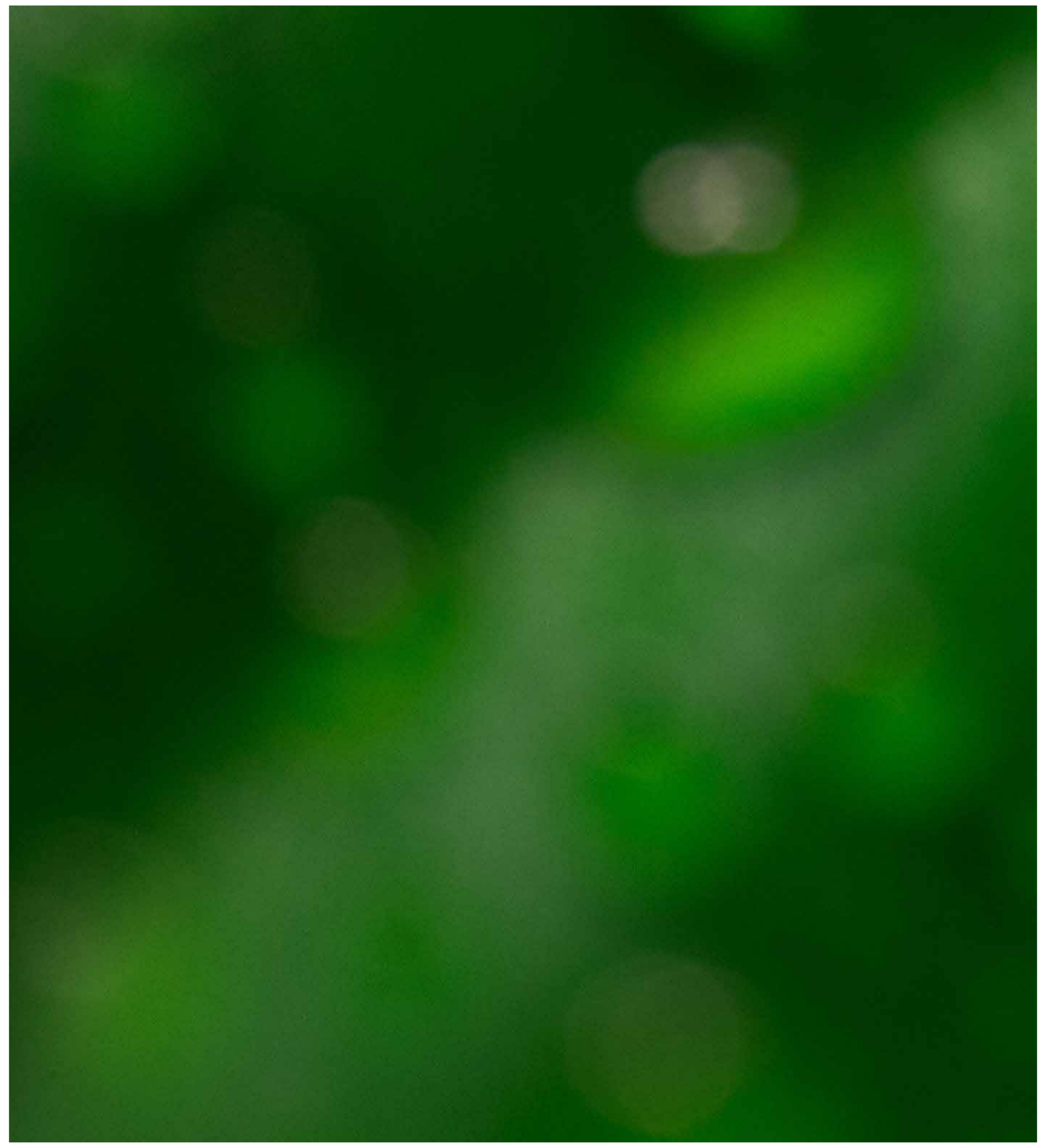
4 A bond instrument where the proceeds are used to finance purposes or projects that have a positive environmental, climate and/or social benefit.
5 QIC Global Infrastructure manages 80% of PowAR (now trading as Tilt Renewables) on behalf of QGIF, co-investors and separately managed clients
6 QIC Global Real Estate's Net Zero Carbon Emissions target relates to the Scope 1 & 2 emissions for QIC Global Real Estate's core Australian retail portfolio, which includes assets wholly held by QPF and QTCF.

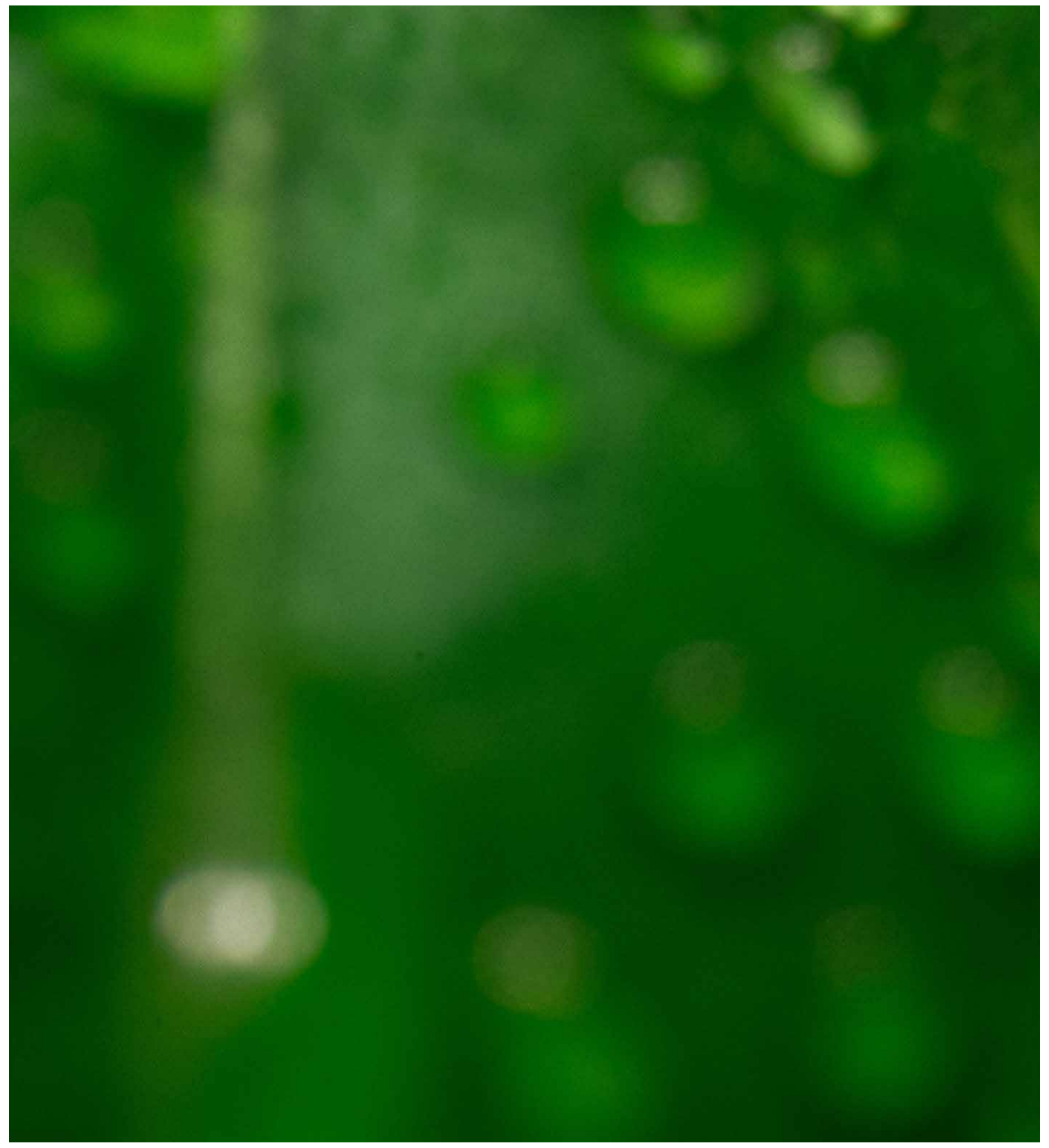
3. Our Sustainability Journey

SUSTAINABILITY REPORT 2021









Our Sustainability Journey

2008

QIC becomes a signatory to the UN Principals for Responsible Investment

2014

QIC Responsible Investment Team established

2015

QIC becomes a member of **Responsible Investment Association of Australasia (RIAA)**

QIC becomes a member of **Investor Group on Climate Change (IGCC)**

2016

Asset class level **ESG Guidelines** developed for all QIC investment teams

2017

QIC ESG Advisory Committee established

2018

First **QIC Sustainability Report** published

First **Task Force on Climate-related Financial Disclosures (TCFD) Report** published

2019

First **climate scenario analysis** undertaken

Methodology developed to assess **physical climate risk in real assets**

QIC recognised as a **Responsible Investment Leader** in RIAA 2019 Benchmark Report

2020

QIC recognised as a **Responsible Investment Leader** in RIAA 2020 Benchmark Report

QIC joins **Climate Action 100+**

QIC begins integrating the **Sustainability Accounting Standards Board (SASB) Materiality Framework**

QIC Global Real Estate **commits to net zero emissions by 2028** across core retail assets

QIC becomes a foundational supporter of **IGCC's Climate League 2030**

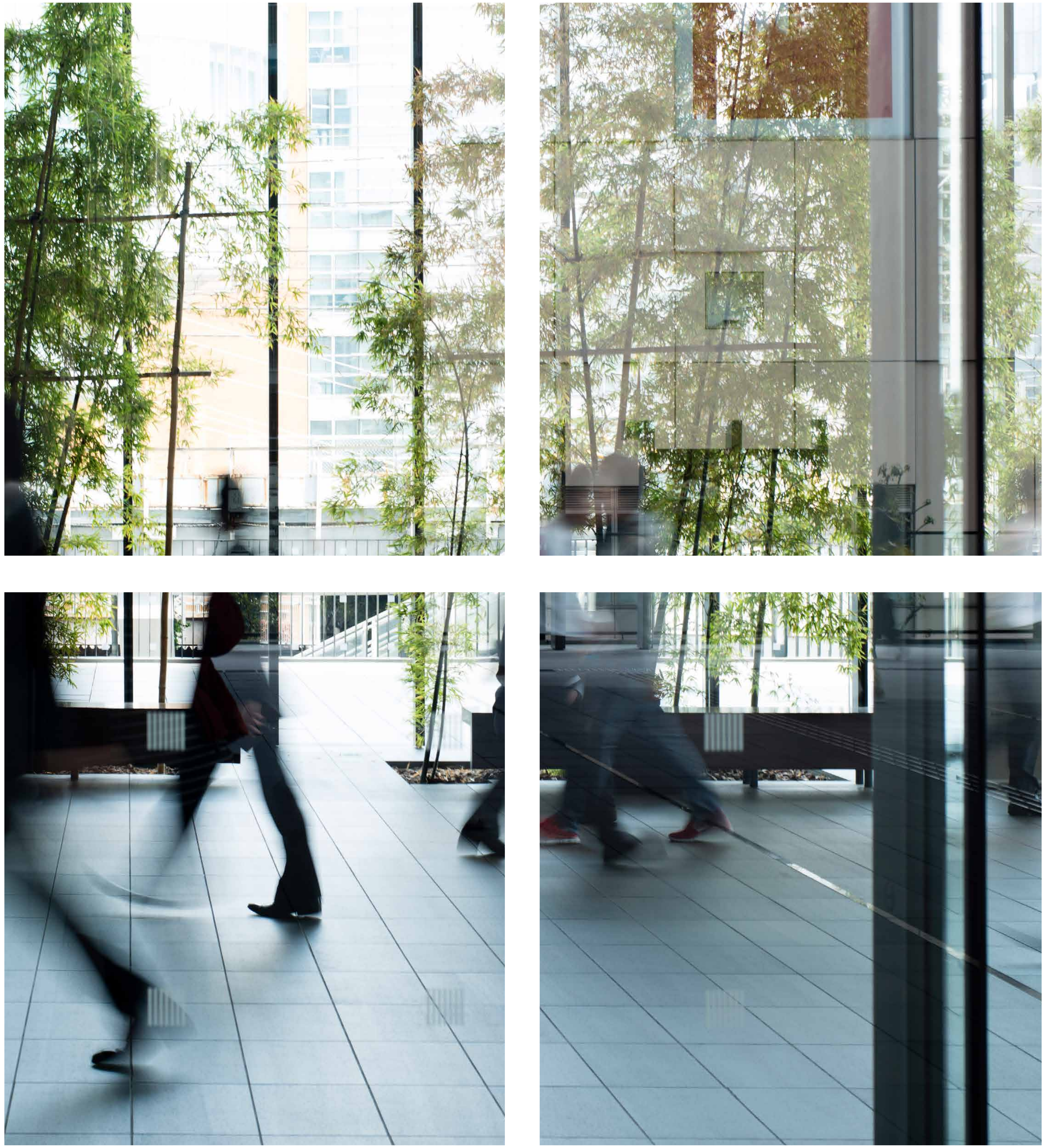
2021

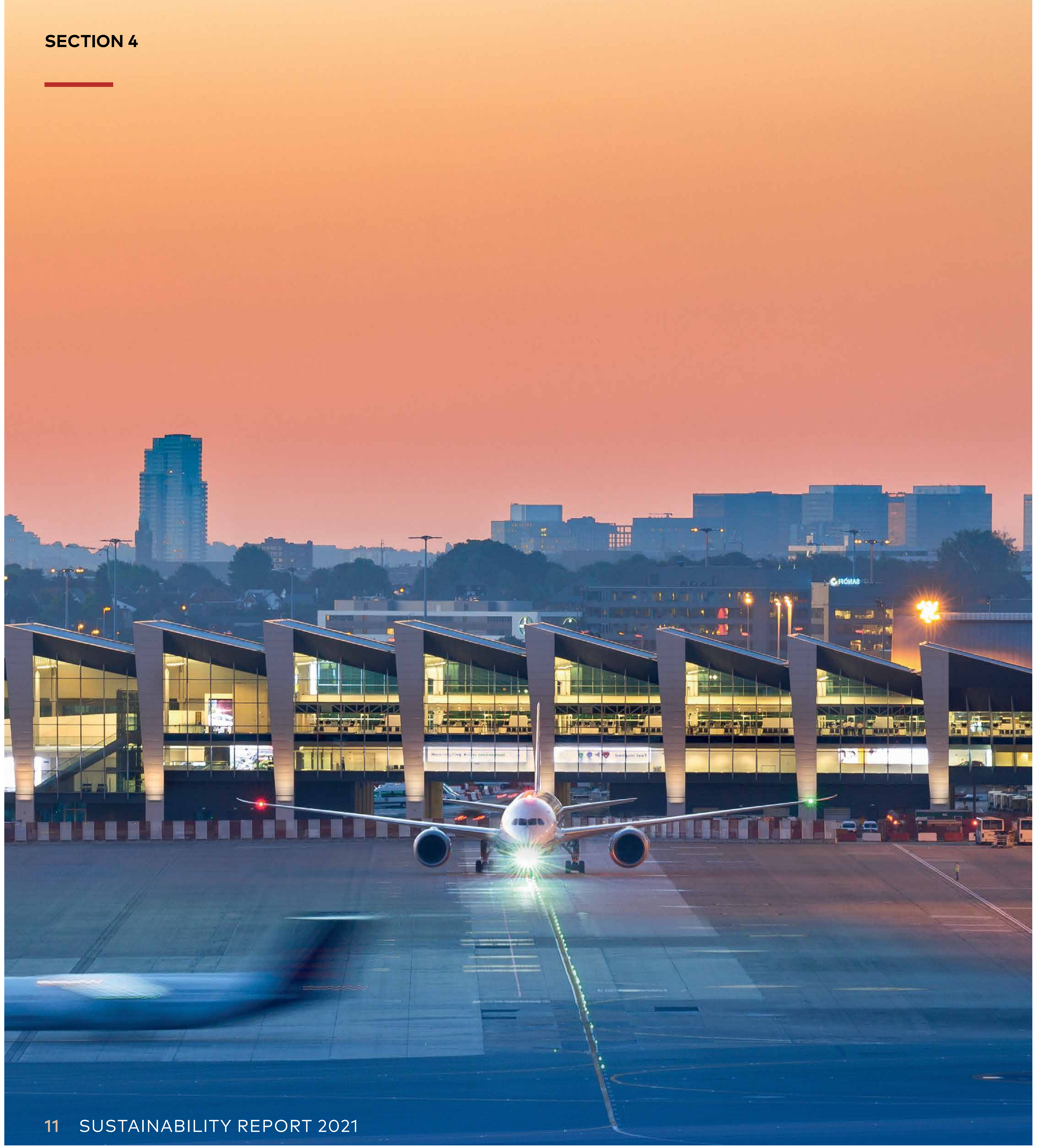
QIC ESG Leadership Group grows to **11 dedicated ESG professionals**

QIC

4. Business Overview

SUSTAINABILITY REPORT 2021





Business Overview

4.1 Economic value

QIC, a Government Owned Corporation created in 1991 by the Queensland government, is a long-term specialist manager in alternatives offering infrastructure, real estate, private capital, liquid strategies, private debt, and multi-asset investments.

One of the largest institutional investment managers in Australia, we have A$93 billion (US$69 billion) in funds under management[7], and more than 800 employees, serving over 115 clients. Headquartered in Brisbane, Australia, we also have offices in Sydney, Melbourne, New York, San Francisco and London.

Table 1

Economic value generated	$000
Total revenue and other income	532,302
Total expenses (operating costs, employee wages and benefits, etc.)	429,487
Profit before income tax	102,815
Total capitalisation	
Debt	22,002
Equity	173,973

7 As at 30 June 2021

4.2 Our vision

Our vision is to be recognised as a leading trusted specialised manager, actively delivering investment performance to exceed our client and stakeholder expectations. Our purpose is to deliver optimum investment outcomes with and for our clients.

"Our purpose is to deliver optimum investment outcomes with and for our clients."

4.3 Our capabilities[8]

QIC Global Infrastructure

QIC is a long-term infrastructure investor with an established global platform, an active management approach, and a proven 15-year track record. With a global team of more than 61 professionals[9] across five offices (including an office in New York), QIC Global Infrastructure manages A$21.4bn (US$16.1bn) across 20 global direct investments and has realised in excess of A$12bn (US$9bn) back to its clients. Its sector-centric and thematic-based investment strategy deconstructs risk across sector value chains, identifying relative value for investment across market cycles. This drives a targeted origination approach, enabling the firm to build diversified portfolios for its clients.

QIC Global Private Capital

QIC Global Private Capital has AU$6.1bn (US$4.6bn) in assets under management (AUM). Themes, access points and relationships are the basis of our approach. Beyond this, we use size to our advantage — we are big enough to matter, but small enough to be nimble and overlay any opportunity with judgment. We invest globally across multiple access points, including primary funds, secondaries and co-investments.

QIC Global Real Estate

QIC Global Real Estate (QICGRE) owns and manages a A$16.8bn (US$12.6bn) portfolio of 43 direct real estate assets across Australia and the US on behalf of our institutional investment clients. Our management and investment approach centres on creating vibrant places at the heart of communities, where people choose to be, and where they feel proud to belong. These are places that build local experiences and meaningful relationships, with spaces to support each part of our lives.

QIC Liquid Markets Group

QIC Liquid Markets Group creates solutions for today's listed markets through our suite of overlays solutions, fixed income products and trading capabilities. As global experts who are your local leaders, we focus on our clients' priorities: ensuring liquidity, protecting portfolios, enhancing return outcomes and focusing our agile liquid markets capabilities to capture value-add opportunities. Our Liquid Markets offerings provide immediate access and flexibility that delivers the right solution to achieve our clients' objectives.

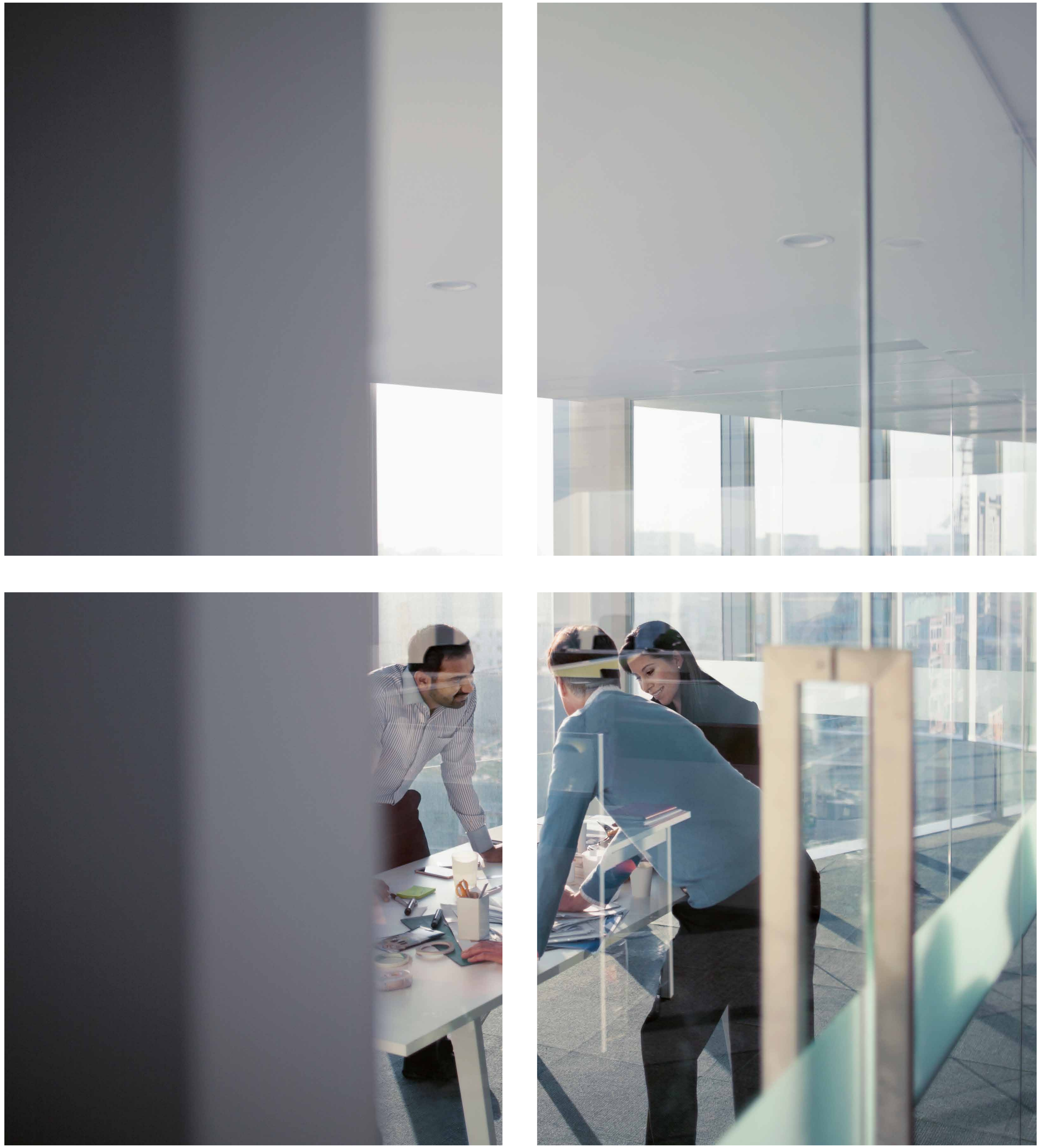
QIC Private Debt

QIC's Private Debt capability will meet the current and future strong demand from investors arising out of today's low-yield environment. Through our institutional grade private debt offering, we will provide the structural solution for today's institutional investors seeking access to a defensive income stream with a strong yield, especially in this "lower for even longer" environment. This offering will also act as a source of financial stimulus for the real asset sector — such as infrastructure and real estate — and corporates looking to rebuild post-COVID-19.

8 As at 30 June 2021. USD values converted using 30 June 2021 FX rates.
9 As at 15 July 2021

5. Understanding Our Material Issues

SUSTAINABILITY REPORT 2021



Understanding Our Material Issues

5.1 Materiality process

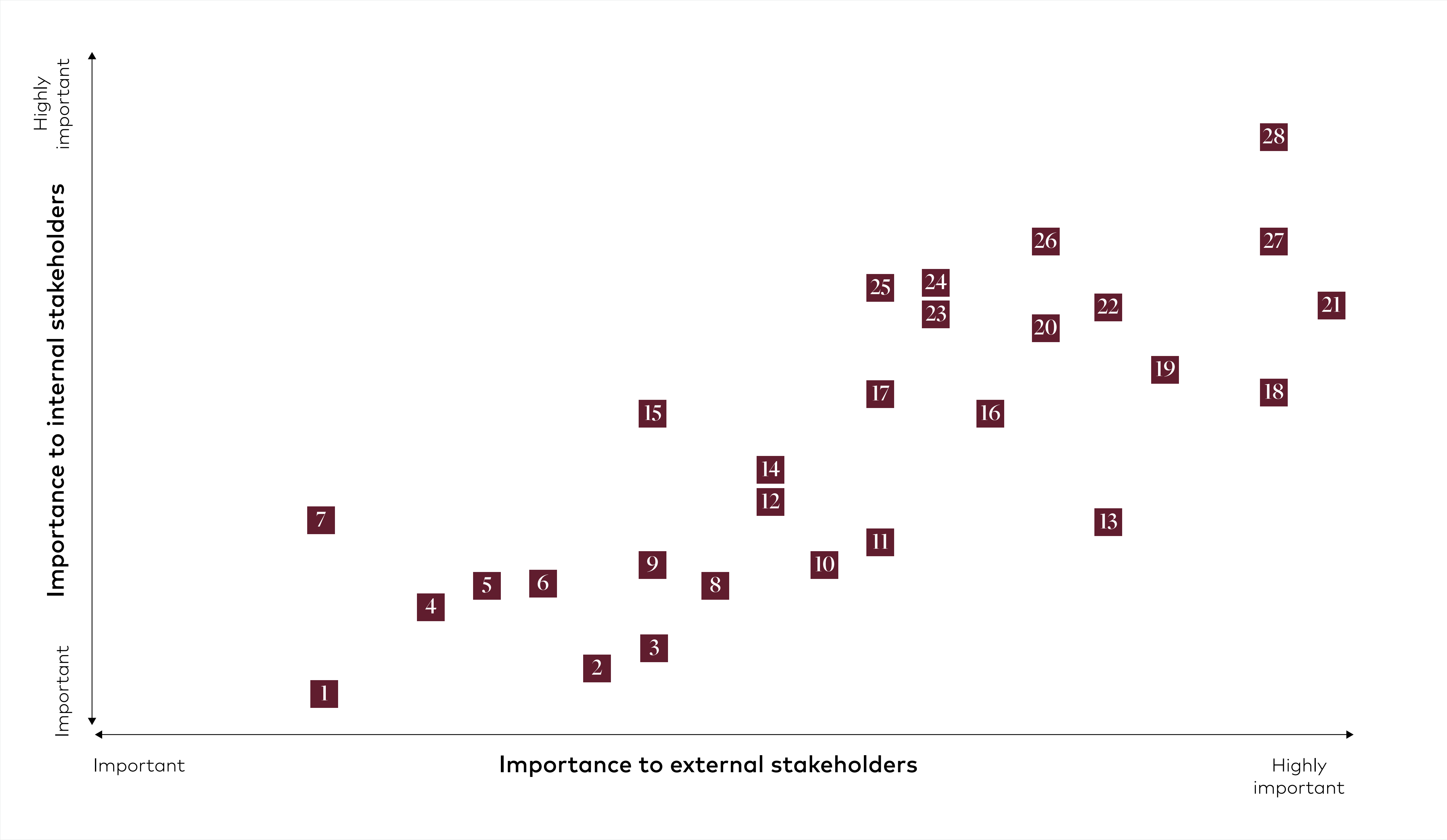
In line with the Global Reporting Initiative (GRI) requirements, QIC undertakes an annual process to understand the sustainability issues material to our business[10].

An identification and prioritisation process informs our assessment which involves engaging with key internal and external stakeholders, these included:

- QIC employees
- QIC board members
- clients
- asset consultants
- relevant non-government organisations
- shareholders.

Responses were reviewed and key themes prioritised as illustrated in 5.2.

5.2 Materiality matrix

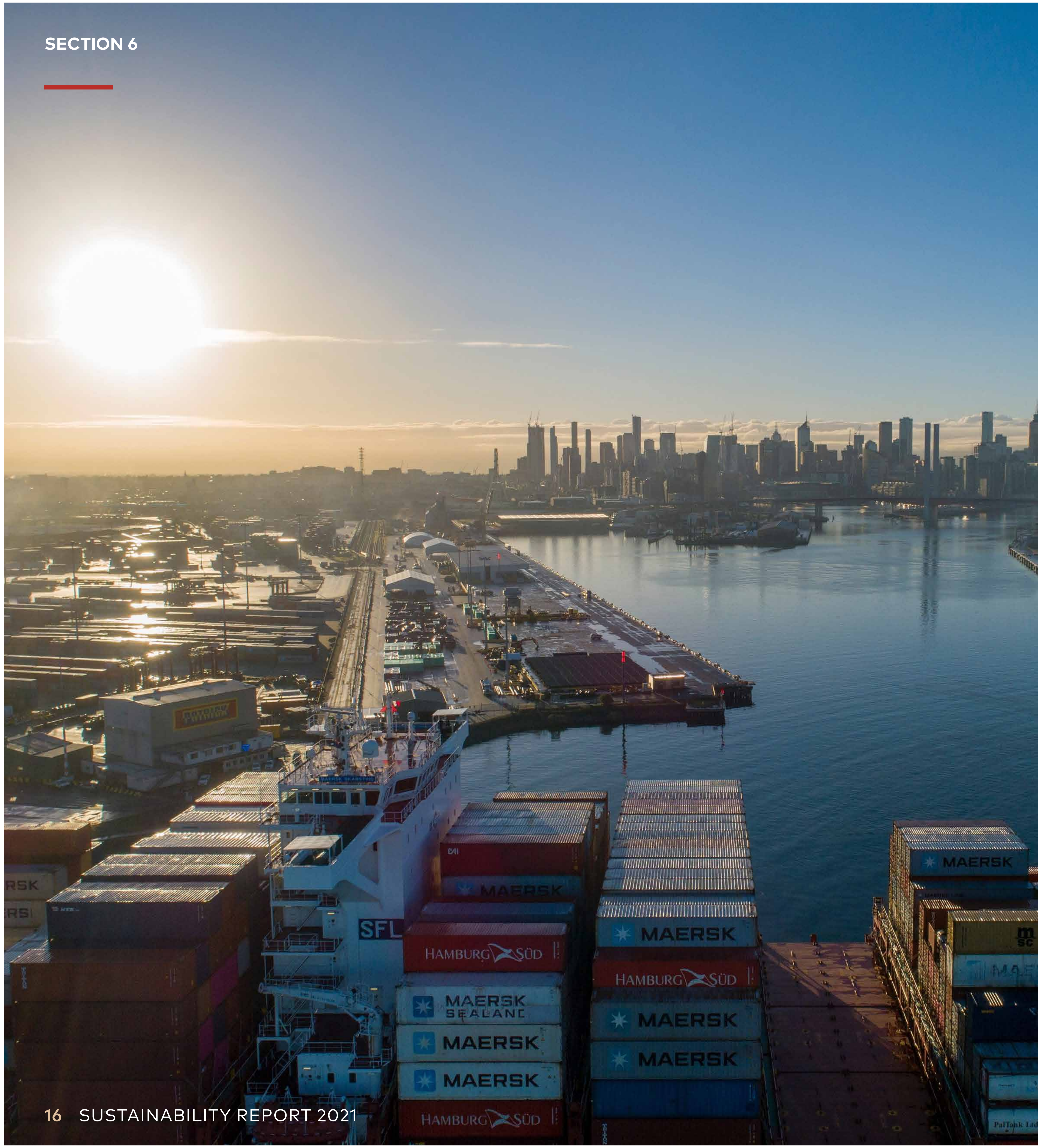


1	Air quality	15	Community relations
2	Access & affordability	16	Energy management
3	Water stress	17	Physical impacts of climate change
4	Tax management	18	Modern slavery/ human rights
5	Just transition	19	GHG emissions
6	Biodiversity & land use	20	Privacy & data security
7	Circular economy	21	Health & safety
8	Materials sourcing & efficiency	22	Systemic risk management
9	Pollution & waste	23	Opportunity in green buildings, clean tech and renewable energy
10	Supply chain management	24	Critical incident risk management
11	Customer welfare	25	Business model resilience
12	Labour management	26	Product carbon footprint
13	Product quality & safety	27	Management of legal & regulatory environment
14	Competitive behaviour	28	Business ethics

10 Materiality definition is taken from the GRI Standards (included under GRI-102 General Disclosures).

6. QIC's Roles

SUSTAINABILITY REPORT 2021



QIC's Roles

Key to our investment management responsibilities are a number of roles which assist us in delivering investment outcomes for our clients. QIC's sustainability story includes perspectives from each of these roles and their impacts on society. These roles inform the structure of our QIC Sustainability Report.

Responsible investment manager

As a *responsible investment manager*, we continuously work to deepen ESG integration across our investment processes and to build our knowledge of material ESG issues.

Inclusive employer

We believe diverse teams outperform and as an *inclusive employer* we work to create a culture that is underpinned by a real care for our people.

Trusted organisation

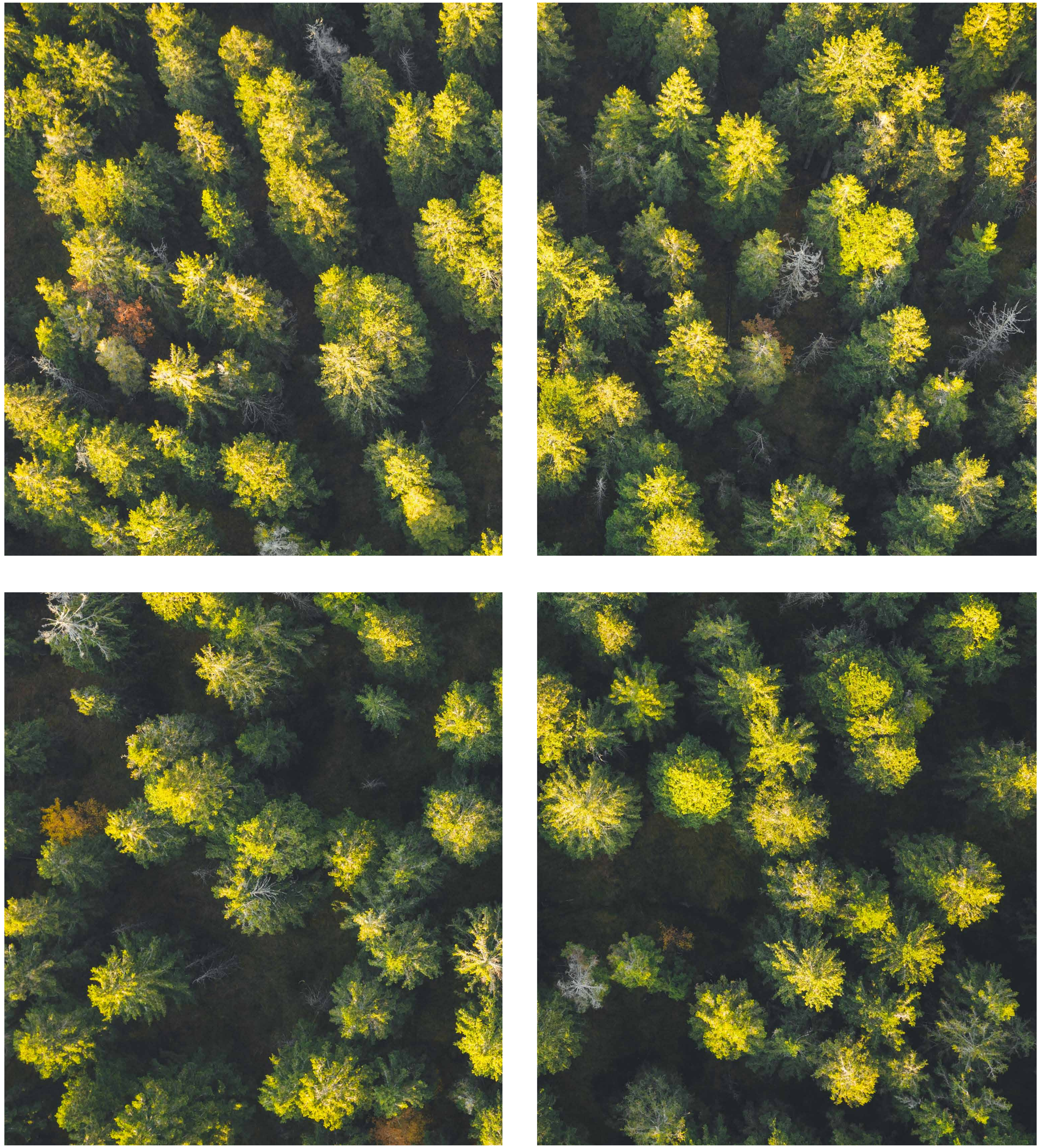
Staying well informed about the evolving regulatory landscape, taking proactive measures, and ensuring the security of our clients' and employees' information, help make QIC a *trusted organisation*.

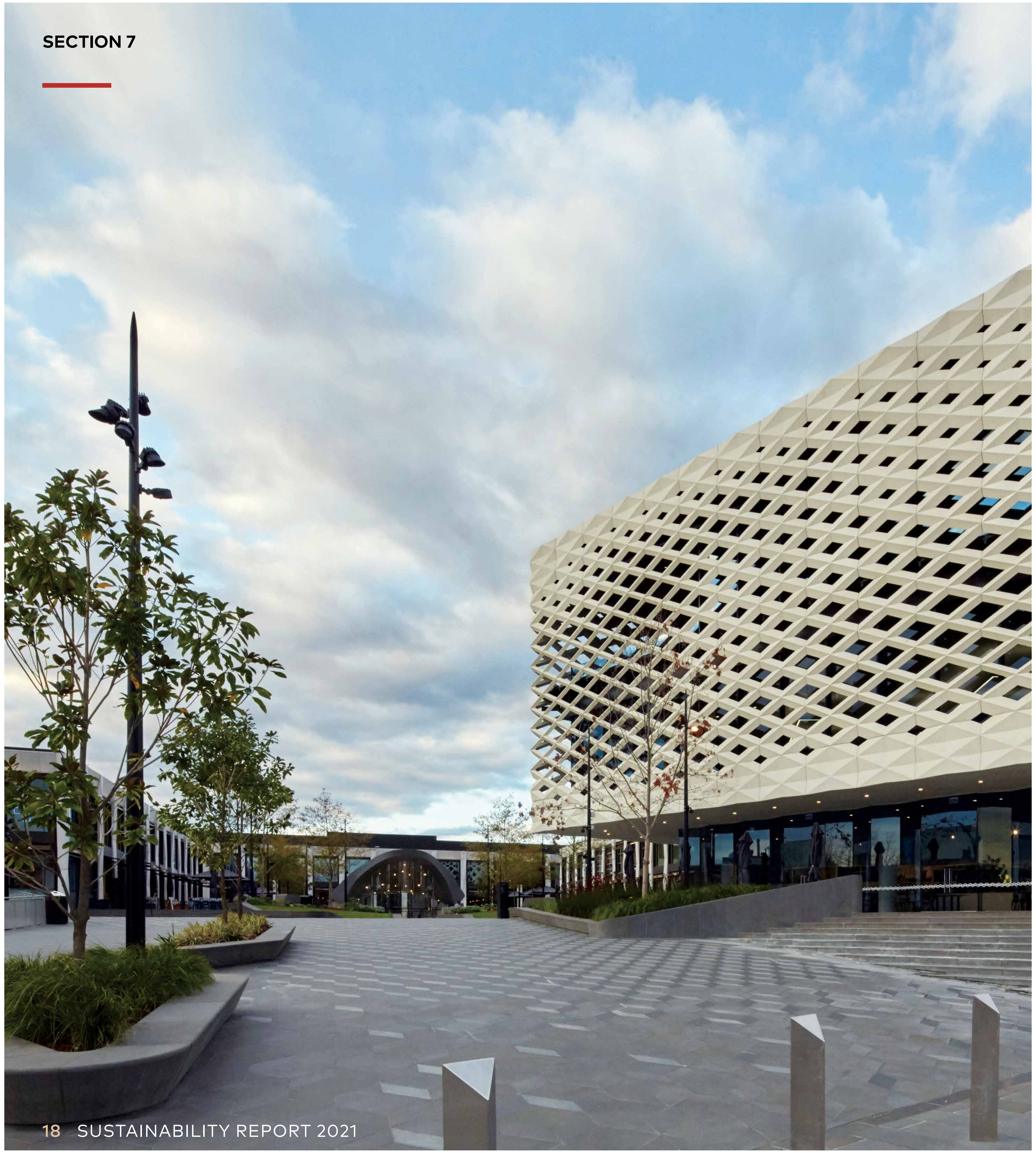
Leading corporate citizen

We aim to be a *leading corporate citizen* within the context of our obligations as a fiduciary and make a positive contribution to the communities in which we operate.

7. Responsible Investment Manager

SUSTAINABILITY REPORT 2021





Responsible Investment Manager

7.1 Responsible investment at QIC

Our approach to responsible investment continues to be driven by the mounting evidence that the consideration of ESG factors is critical to the long-term value creation in the businesses we invest in.

We are conscious of the pace of change across domestic and global economies particularly in the area of decarbonisation, and that we are operating through a range of complex external challenges. We continue to deepen and broaden ESG integration across our organisation and investment decisions to build better-informed views of investment risk and opportunity.

This section of the report describes our progress and performance over FY21.

7.2 Responsible Investment Principles

1.

Our fundamental duty is to deliver long term investment outcomes to our clients, and **we consider material ESG factors in our investment decisions** to build well-informed views of investment risk and opportunity.

2.

As an investor in real estate, infrastructure, fixed income and private equity, we understand that **ESG issues vary in type and materiality across asset classes and sectors and we target our ESG approach accordingly.**

3.

We invest time in building a detailed understanding of material ESG factors and **we apply our knowledge to develop practical solutions to ESG issues across all our investment portfolios.**

4.

We are an active asset manager and have a longstanding philosophy of engaging with portfolio companies on their ESG strategy, operations and performance.

5.

Generally, **we believe engaging with a company is a more effective responsible investment approach in bringing about outcomes than divestment**, so we engage both directly and collaboratively with other investors depending on what is right for the situation.

6.

Responsible Investment is an evolving discipline and we work to test, review and **continually improve our ESG approach and integration practices.**

7.3 ESG & Materiality

As an investor in real estate, infrastructure, fixed income, private equity and private debt, we understand that ESG issues vary in materiality across asset classes, sectors and industries and we target our ESG approach to what is suitable for the investment. We have extended our ESG materiality analysis to include the Sustainability Accounting Standards Board (SASB) framework.

Collectively identifying and taking a corporate position on key issues facing QIC as an investor and as a corporation allows us to coordinate our ESG integration approach across the asset classes in which QIC invests.

The following six ESG areas of focus represent the most significant issues we manage:

Climate change	• GHG emissions • Product carbon footprint • Energy management • Just Transition • Physical impacts of climate change
Environmental sustainability	• Air quality • Water stress • Biodiversity & land use • Pollution & waste • Circular economy solutions
Social capital	• Community relations • Customer welfare • Product quality & safety • Privacy & data security • Access & affordability
Human capital	• Labour management • Health & safety • Modern slavery/human rights in supply chains • Diversity & inclusion
Business model & innovation	• Product design & lifestyle management • Business model resilience • Supply chain management • Materials sourcing & efficiency
Leadership & governance	• Business ethics • Competitive behaviour • Management of the legal & regulatory environment • Critical incident risk management • Systemic risk management

7.4 Our investment teams' ESG approaches

Recognising that our investment teams manage vastly different portfolios, we apply an asset class- specific process to integrating ESG. Not every ESG approach is relevant to every asset class and we tailor this to be appropriate for the investment but united under common goals.

Table 2 ESG approach	State Investments	Liquid Markets Group	Global Real Estate	Global Infrastructure	Global Private Capital[11]
Asset class ESG guidelines	●	●	●	●	●
Manager/counterparty selection and monitoring	●	●	n/a	n/a	●
ESG integration	n/a	●	●	●	●
Corporate engagement	●	●	n/a	n/a	●
Active asset management	n/a	n/a	●	●	●
ESG exclusions	●	●	n/a	n/a	●
Participation in ESG-related industry forums	●	●	●	●	●

For more information about QIC's approach to ESG, please see the Responsible Investment section of our website.

11 Exclusions have been negotiated to the extent practically possible for fund investments since 2018

7.5 UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) are 17 interconnected global goals, established as part of the 2030 *Agenda for Sustainable Development*, adopted by all UN member states in 2015. The SDGs are an urgent call for action by developed and developing countries, working together in a global partnership. They cover a variety of critical issues, including ending poverty and other deprivations, strategies to improve health and education, reducing inequality, spurring economic growth, tackling climate change, and working to preserve our oceans and forests.

There is growing recognition in the investment community of the role it can play in supporting the SDGs through understanding its impacts as a sector and its potential contribution to achieving the goals.

Mapping portfolios

In 2020-21, QIC took the first step in mapping our portfolios' alignment to the SDGs, developing a methodology that had regard to emerging industry standards and resources. These included PGGM's and APG's Sustainable Investment (SDI) taxonomy and the ANZ SDG Bond Framework, the UN PRI SDGs investment case, Hermes SDG mapping and the Impact Management Project. Our approach is outlined in this report.

We are constantly improving our approach and in late 2020 purchased a data set from a third-party provider, Institutional Shareholder Services (ISS ESG) to better understand the impact of our investments in the listed equity and fixed income space. This data will be incorporated into our overall assessment throughout 2021-22.

Invest	Contribute	Align
The investment has been made with the intention, or the business is predominantly dedicated to achieving, addressing or providing solutions for social and environmental outcomes. The investment business must make a positive contribution and not be in a serious, known conflict with any other SDGs.	The core function of the organisation/business makes significant contributions to achieving the SDGs. 'Contribute' considers the positive contribution being made to the SDGs but may potentially conflict with another SDG.	The activities and operations of the organisation, business or asset align with the SDGs. Investments listed here are not necessarily making a net positive contribution to the SDGs but could be monitoring their operations to measure, account for and control their contributions to the SDGs (both positive and negative).

CASE STUDY

Measuring social licence to operate in infrastructure assets

In 2020-21, our Global Infrastructure (GI) team had its underlying portfolio companies undertake an independent assessment of their approach to Social Licence to Operate (SLTO). The assessment, conducted by survey, aimed to understand company preferences about SLTO as an essential component of long-term performance and sustainability, and focused on:

- leadership and strategy
- stakeholder management
- governance and reporting
- materiality and risk
- value chain collaboration and management
- culture and capability
- systems and processes.

Completed by key management, including CEOs, COOs, and Heads of Sustainability, the survey captured a point-in-time snapshot of their SLTO approaches. Complementing survey results, desktop reviews of publicly available information and follow-up interviews were conducted with more than half of the companies involved in the survey. Not surprisingly, the assessment identified assets with strong systems and performance and those that had less maturity and integration of their approach. This is consistent with the different stages of the business lifecycle of the assets and length of time within GI's portfolio. Figure 1 summarises the results.

Figure 1: SLTO assessment results

Rating out of 5	Vision	Strategy	Commitments	Stakeholder Engagement	Accountability	Compliance	Reporting	Materiality & Risk	Collaboration	Supply Chain	Culture & Capability	Policy	Management Systems	Digital	Average Score by Asset
4 > 5	4.3	4.2			4.1			4.1	4.1						
3 > 4			3.8	3.9		3.9	3.4			3	3.8	3.4	3.6	3.3	3.8
2 > 3															
1 > 2															

Areas of Strong Performance

Vision and strategy
Structure and accountabilities
Materiality and risk

Industry collaboration on SLTO

Opportunities for Improvement

Supply chain management
Use of technological solutions to measure and monitor SLTO

Established SLTO policies
Internal and external reporting

7.6 Active ownership

Active ownership plays an important role in QIC's approach to ESG integration. We employ four primary methods as part of our approach to active ownership:

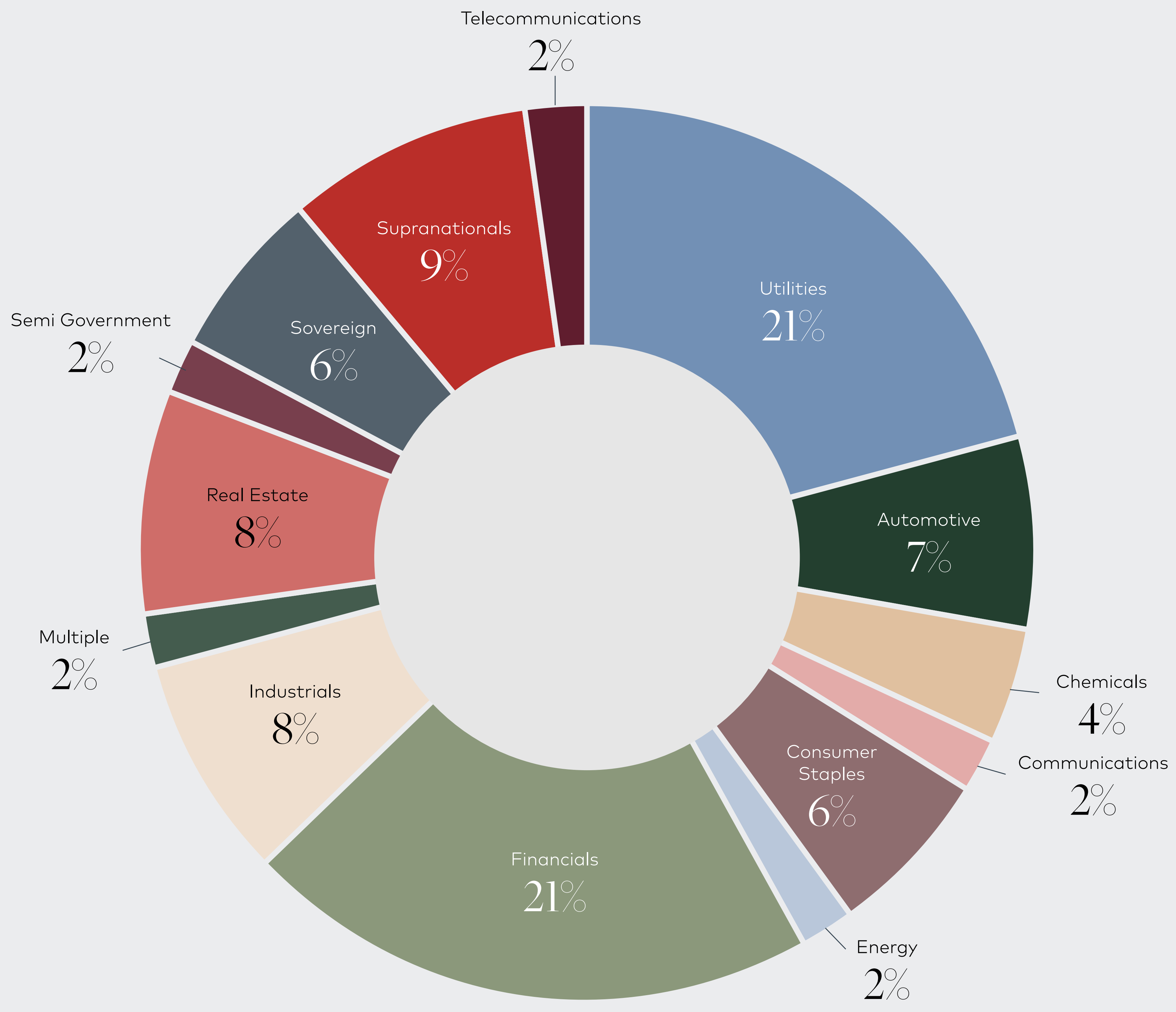
- direct engagement with portfolio companies
- exercising our voting rights
- monitoring of QIC's externally appointed investment managers
- participating in industry forums and membership-based groups that address ESG issues.

7.7 Corporate engagement

Our corporate engagement takes the form of direct engagement and through investor collaborations with companies and supranational entities. Where we are directly engaging, we focus on issues identified via our ESG research and monitoring processes or otherwise the financially material ESG issues for a company and/or industry identified using reputable third-party frameworks such as the Value Reporting Foundation (SASB) and through our own research and analysis. We also strive to engage through the lens of QIC's six ESG focus areas to ensure we are influencing practices consistently across asset classes and sectors.

These engagements give us a better understanding of how the organisations are identifying current and emerging ESG risks and opportunities, as well as their strategies to manage them. Gaining these insights firsthand allows us to better validate the ESG scores and research of third-party providers. Throughout FY 2020-21, QIC's Liquid Markets Group undertook more than 50 engagements. A summary of corporate engagements is included in the appendix.

Figure 2: Breakdown of corporate engagements by industry



7.8 Proxy voting

The QIC State Investment team invests in listed equities through externally appointed investment managers. Our Proxy Voting Standard delegates the exercising of proxy voting rights to our external managers. Under this arrangement, QIC has the right to override an external manager's voting instructions.

As part of manager selection, we formally assess the ESG capability of external managers and monitor external managers' proxy voting polices on an ongoing basis to ensure alignment with QIC's responsible investment approach. We monitor our external managers' proxy voting activity through a third-party provider, Institutional Shareholder Services (ISS).

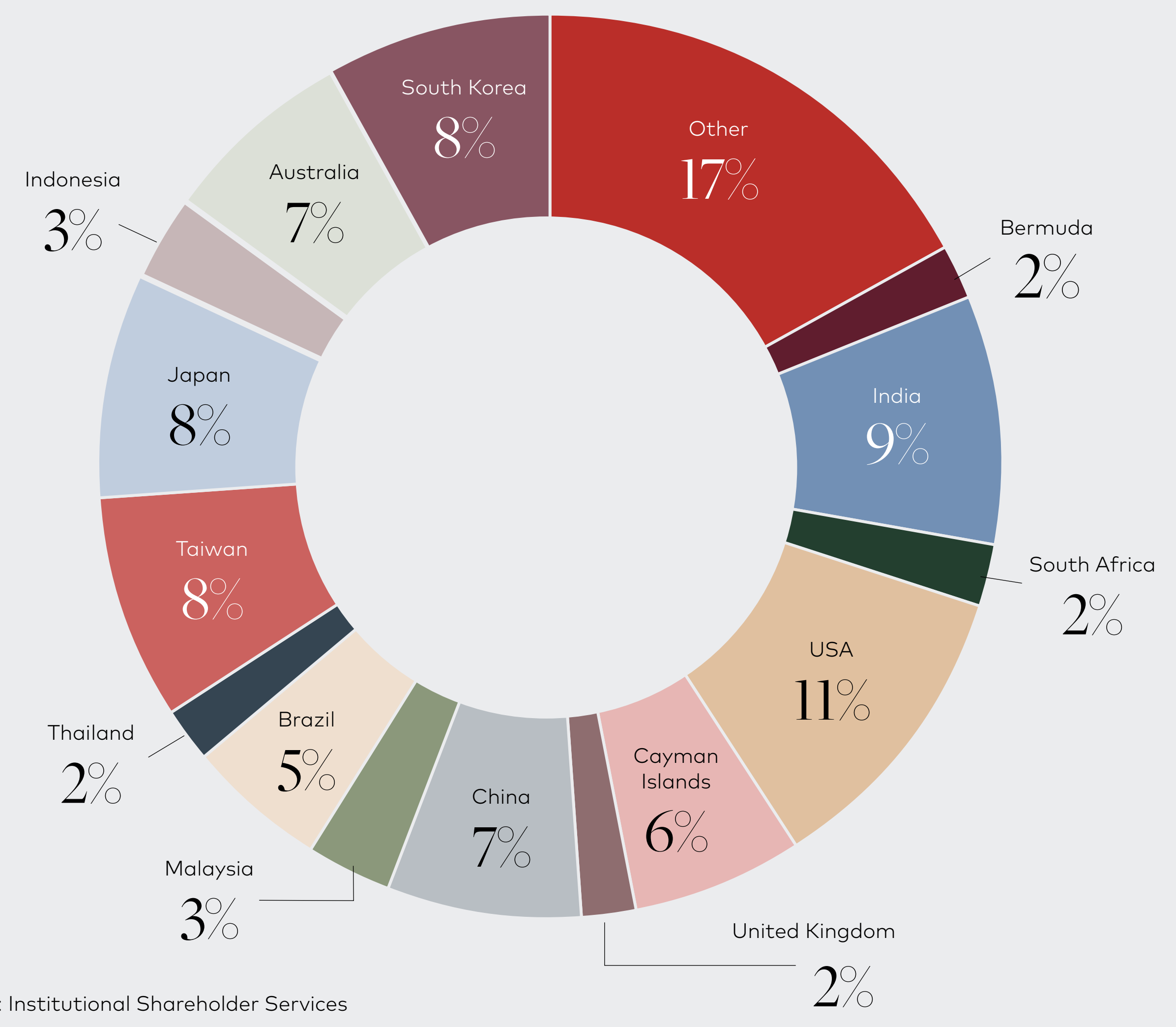
QIC seeks to vote, where practically possible on all resolutions through our external managers. For all eligible securities, QIC aims to exercise proxy voting rights, except where practical or financial impediments prevent participation. Figure 3 summarises votes executed on QIC's behalf from 1 July 2020 to 30 June 2021.

During the reporting period, QIC voted at 5,802 meetings, with 59,856 resolutions voted on QIC's behalf. The countries listed represent 4,816 of the votes with 'Other' making up 986 of the votes in other countries (see Figure 3). Of all the markets in which QIC voted, the USA had the most with 638 meetings.

Figure 4 represents QIC's votes on eligible voting proposals and voting proposal categories. Of the voting proposals, 52 per cent related to directors and boards.

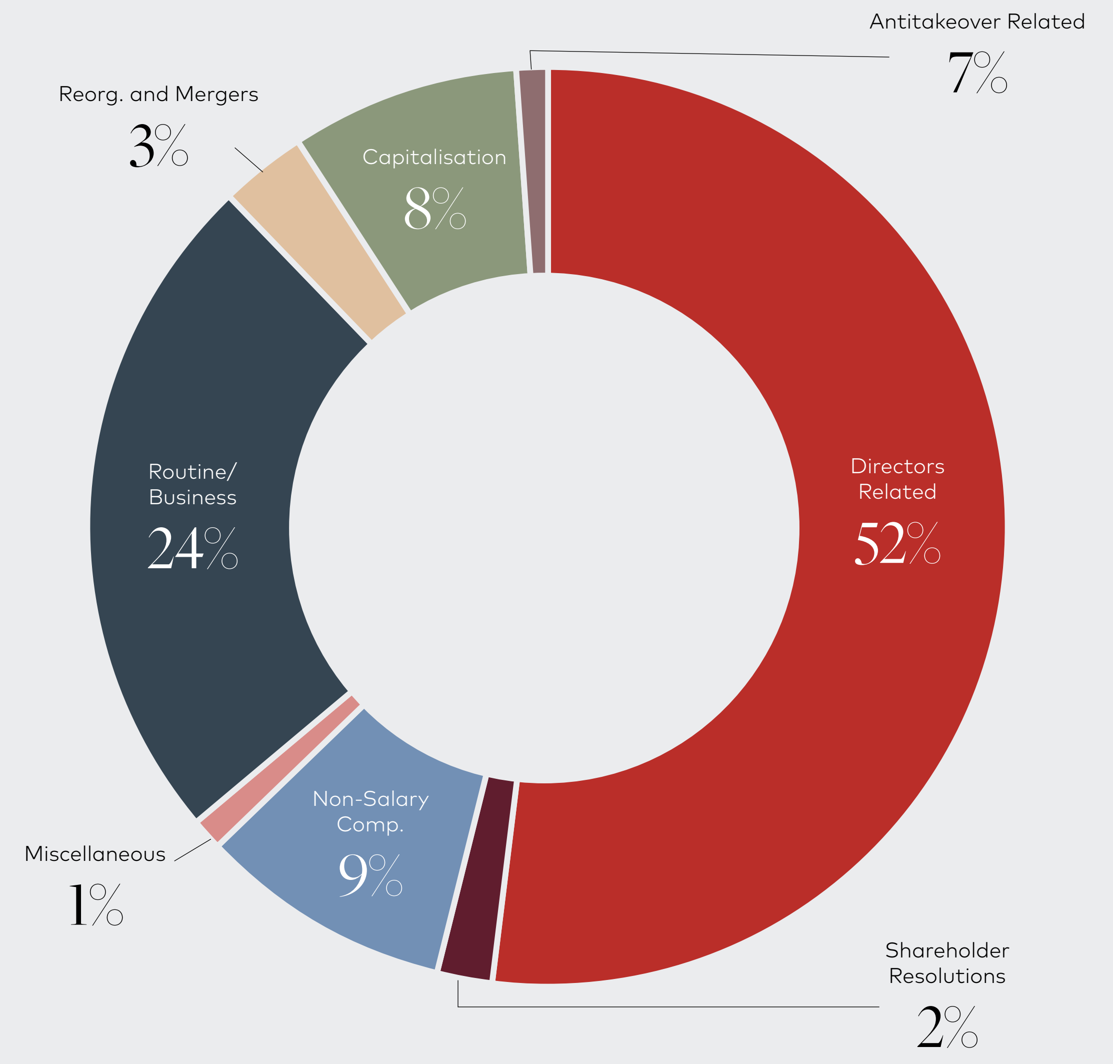
In 2020-21, QIC voted in opposition to management recommendations on 23 per cent of votable proposals. Figure 5 demonstrates where QIC voted in opposition to the management recommendation.

Figure 3: Breakdown of meetings by geography



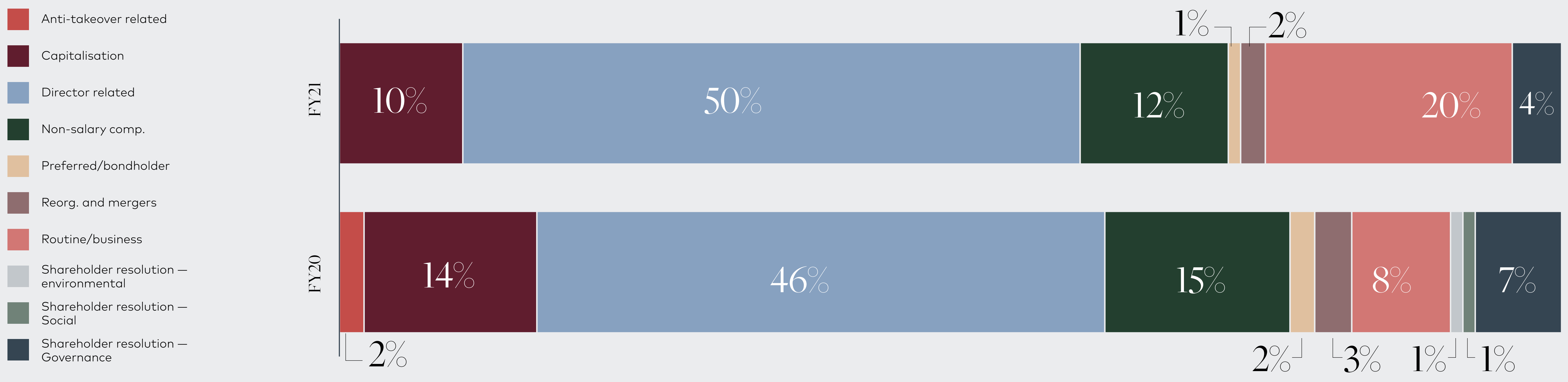
Source: Institutional Shareholder Services

Figure 4: Breakdown of proposals by category



Source: Institutional Shareholder Services

Figure 5: Breakdown of votes in opposition to management



Source: Institutional Shareholder Services

7.9 External manager monitoring and engagement

QIC's State Investments and Global Private Capital teams appoint external investment managers and conduct regular reviews of these managers' ESG performance. This is carried out through engagements and an annual ESG survey to better understand how our managers are addressing ESG issues on our behalf and evolving their own ESG approaches. The ESG surveys focus on topics including ESG policy, integration, material issues, and resourcing.

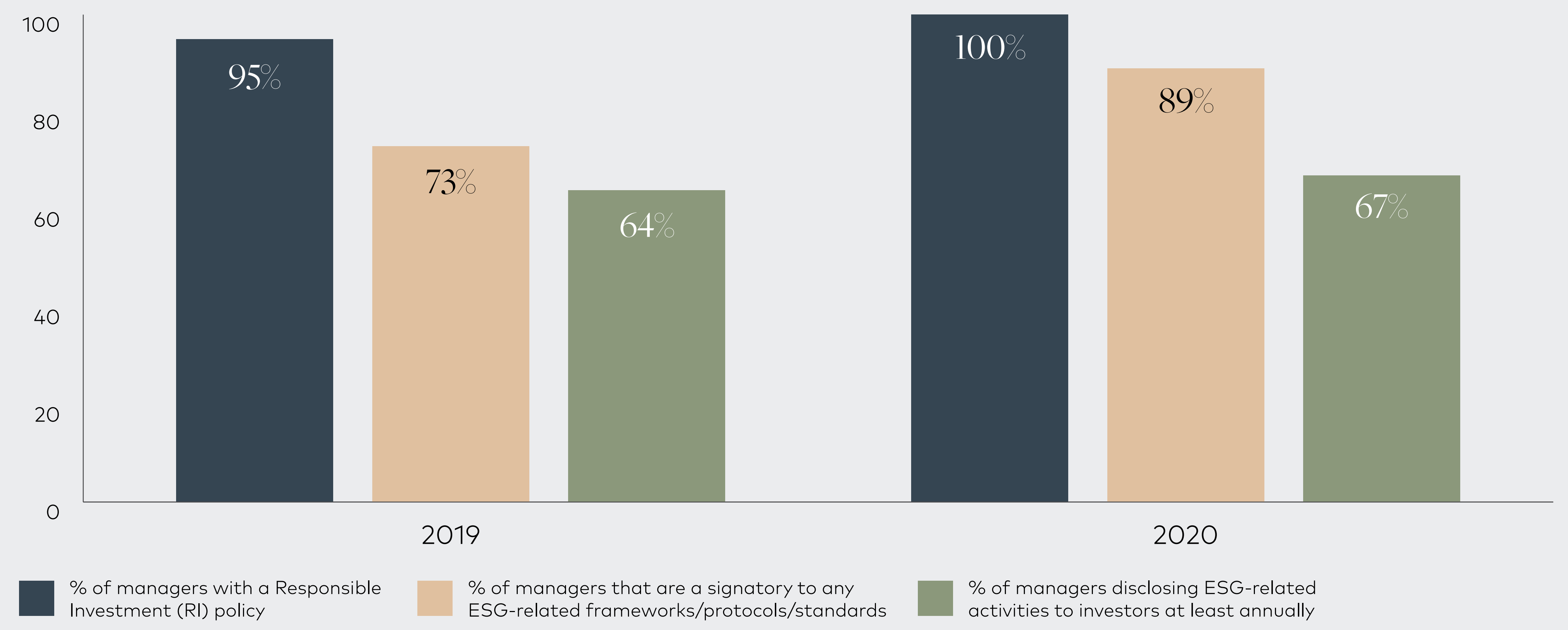
QIC State Investments external manager survey

QIC State Investments appoints external managers to manage listed equities and some infrastructure and alternatives exposures. Figure 6 summarises these managers' ESG approaches.

The top five issues identified by managers, in order of the number of mentions:

1. physical climate risk
2. corporate governance
3. transition climate risk
4. diversity
5. cybersecurity.

Figure 6: Managers' ESG approach



Figures source: QIC

QIC Global Private Capital external survey 2020-21

QIC Global Private Capital (GPC) invests both directly and through General Partners (GPs). As part of our ongoing due diligence, Global Private Capital formally surveys its GPs to better understand ESG capability and how this is evolving. Undertaking this annual survey also allows us to track changes and capture trends over time. This builds a better understanding of how ESG is integrated into the operation of GPC's portfolio.

Over the reporting period we began an engagement program with all GPs. The purpose of the engagement was to reiterate QIC's commitment to ESG and detailed our processes at both firm and asset class levels. Key insights from the 2020-21 external manager survey include:

- the dominant sustainability frameworks being used by GPs are the SASB framework and UN SDGs
- 82 per cent of managers either agreed or strongly agreed that integration had positively affected investment decisions
- the trend of managers either becoming signatories to the United Nations Principles for Responsible Investment (UN PRI) or aligning with the UN PRI continues upward, with 66 per cent of managers now a signatory or aligning versus 63 per cent in 2020 and 48 per cent in 2019.

Over 80 per cent of GPs are requesting regular reporting on ESG issues from underlying portfolio companies. While this is to be commended, there appears to be a disconnect between collecting regular reporting from underlying portfolio companies and the provision of data, with only a small number of managers able to provide key quantitative data.

Figures 7 and 8 highlight the upward trend in managers' ESG-related planning and process.

Figure 7: Managers answering yes to 'are ESG factors integrated into your organisation's investment process?'

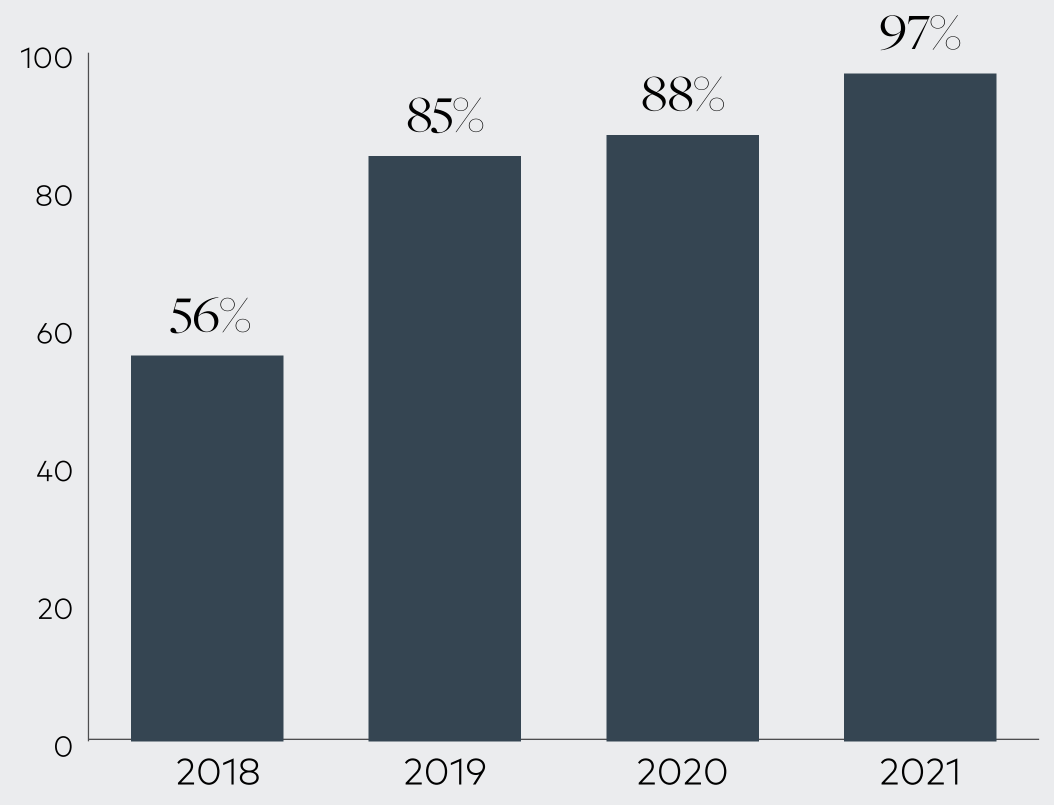
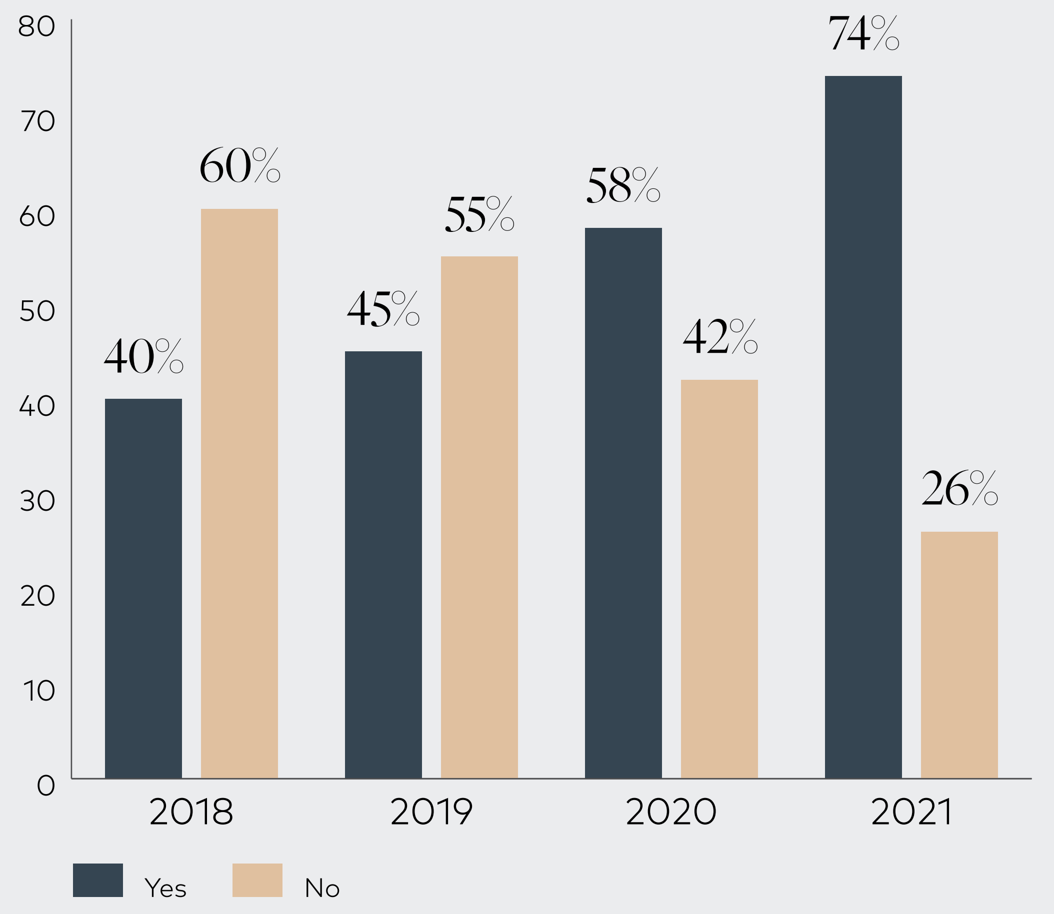


Figure 8: Managers' response to 'Does your organisation have a formal diversity and inclusion policy or initiative?'



QIC

7.10 Industry memberships and participation

QIC engages and collaborates through a number of ESG-related industry forums. This allows us to contribute to the development of initiatives while gaining relevant insights into the latest ESG developments.

Our current memberships and partnerships include:

- United Nations Principles for Responsible Investment (UN PRI)
- Responsible Investment Association of Australasia (RIAA)
- Investor Group on Climate Change (IGCC)
- Property Council of Australia (PCA)
- GRESB
- Green Building Council Australia (GBCA)
- Climate Action 100+

Across the organisation during 2020-21, QIC employees actively served on a range of ESG-related working groups.

Table 3

Industry initiative	Industry group	Member
Climate Action 100+	IGCC Australasia Engagement Group	Kate Bromley, General Manager, Responsible Investment
Investor Group on Climate Change	Physical Risk & Resilience	Kate Bromley (Chair), General Manager, Responsible Investment
	Transparency & Thought Leadership	Andrew Saunders, Senior Manager, Responsible Investment
Bloomberg Women's Buyside Network Australia/NZ Chapter	Founding member — gender diversity in the investment industry	Susan Buckley, Managing Director, Liquid Markets Group
UN PRI	Sovereign Debt Advisory Committee	Marayka Ward, Director LMG Sustainable Investments, Liquid Markets Group
AFMA	ESG Risk Forum	Marayka Ward, Director LMG Sustainable Investments, Liquid Markets Group
AFMA	Sustainable Finance Forum	Marayka Ward, Director LMG Sustainable Investments, Liquid Markets Group
S&P	ESG Leadership Council	Marayka Ward, Director LMG Sustainable Investments, Liquid Markets Group
Reserve Bank of Australia	Global Foreign Exchange Committee and Australian Foreign Exchange Committee	Stuart Simmons, Director, Head of Currency, Liquid Markets Group
Wilson Towers Watson	Thinking Ahead Institute, Investing For Tomorrow (Climate) working group	Kate Bromley, General Manager, Responsible Investment
Institutional Limited Partners Association (ILPA)	Diversity & Inclusion Working Group	Crystal Russell, Partner, Global Private Capital
Property Council of Australia	National Sustainability Roundtable	Melissa Schulz, General Manager, Sustainability
	National Social Sustainability Committee	Melissa Schulz, General Manager, Sustainability
Cleaning Accountability Framework	Steering Committee	Vlado Bujaroski, Portfolio Operations Manager, Global Real Estate

QIC

7.11 ESG benchmarking results

QIC participates in a range of global ESG benchmarks to assess and provide transparency around our performance. We also view these as an opportunity to drive continuous improvement as ESG integration practices evolve.

UNPRI

UN PRI 2021 Transparency and Assessment Reports were delayed this year due to issues with its pilot reporting framework. At the time of writing, the PRI anticipated assessment reports for 2021 to be delivered by June 2022. There will also be a delay to the next reporting cycle until January 2023.

NABERS

The National Australian Built Environment Rating System (NABERS) is a national environmental rating system measuring the operational efficiency of a building or tenancy (energy and water consumption, waste management, indoor environment quality).

All of QIC Global Real Estate's core retail and commercial assets are assessed annually for energy and water performance ratings and our Investment Management teams have NABERS improvement targets in their KPIs.

Each of our funds recorded performance improvement during the latest period (see Table 4).

Table 4: NABERS results[12]

Module	QTCF[13] — NABERS		QPF[14] — NABERS		QOF[15]	
Category	Energy	Water	Energy	Water	Energy	Water
Rating 2020	3.3	3.1	3.5	3	5.2	4.1
Rating 2021	4.0	4.1	4.1	3.9	5.3	4.2

GBCA Green Star Ratings

Green Star is an internationally-recognised sustainability rating system for buildings, fit-outs and communities. The Green Star Performance Benchmark provides a holistic sustainability performance measure.

In FY22, QIC Global Real Estate is submitting all retail and commercial assets for Green Star Performance ratings.

12 The above table presents self-calculated portfolio ratings based on formal individual asset ratings provided by NABERS[16].
QTCF — QIC Town Centre Fund; QPF — QIC Property Fund; QOF — QIC Office Fund.

13 QPF — NABERS Energy and Water for Shopping Centre Base Building, 100% of QPF shopping centre portfolio has been rated by NABERS Energy and 99% has been rated by NABERS Water. Centres include: Claremont Quarter (Energy only), Castle Towers, Westpoint, Canberra Centre, Eastland, Watergardens, Woodgrove, Hyperdome, Robina Town Centre, Grand Central, Werribee, Epping, Helensvale, and Coomera Town Centre.

14 QTCF — NABERS Energy and Water for Shopping Centre Base Building, 100% of QTCF shopping centre portfolio has been rated by NABERS Energy and 98% has been rated by NABERS Water. Centre include: Claremont Quarter (Energy only), Castle Towers, Westpoint, Canberra Centre, Eastland, Watergardens, Woodgrove, Hyperdome, Robina Town Centre, Grand Central, Werribee, and Epping.

15 NABERS Energy and Water for Office Base Building, 100% of QOF office portfolio has been rated by NABERS Energy and Water. Offices include: 111 George Street, 33 Charlotte Street, 30-54 Mary Street and 63 George Street.

16 The ongoing implementation of environmental initiatives is delivering continuous annual improvements in these scores. QIC Global Real Estate has committed to achieving average 5.5-Star NABERS Energy and 4.5-Star NABERS Water ratings across our office fund by 31 December 2025 and achieving a minimum 4-Star NABERS Energy rating by 31 December 2023 for each of our core retail assets.

QIC

GRESB

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

While we have provided 2019 scores below for information, it should be noted that due to a change in methodology in 2020, GRESB has advised that objective comparison to GRESB scores allocated prior to 2020 is not meaningful.

Global Real Estate

QIC Global Real Estate has participated in GRESB reporting since 2012 for the QIC Town Centre Fund (QTCF) and QIC Property Fund (QPF) and started reporting for the QIC Office Fund (QOF), QIC Australian Core Plus Fund (QACPF) and QIC Active Retail Property Fund (QARP) in 2016.

As noted last year, GRESB results from 2020 were based on some fundamental changes to assessment methodology, and it is important to recognise the significance of these methodological changes and their impact on individual fund results. Due to the significant changes made to the reporting tool in 2020, GRESB subsequently advised that objective comparison between absolute GRESB scores from 2020 with previous years' results was not meaningful[17]. These methodology changes also led to an overall small decline in average scores across the Australian property industry.[18]

We continue to work closely with the Property Council of Australia and its members to ensure the GRESB benchmark further evolves as a useful tool for investors to understand and compare performance, reward demonstrated leadership in real performance, and appropriately measure the industry's contribution to mitigating climate change impacts and the many other significant ESG challenges faced by Australian real estate managers.

Our 2021 results, alongside prior year results, are detailed in Table 5. Significant variations in the 2020 and 2021 scores in part relate to the types of sustainable building certifications achieved by the assets in the funds. GRESB scoring favours holistic green building certifications such as GBCA Green Star Performance ratings due to their comprehensive approach to rating the overall sustainability of a building. QARP assets were assessed under this rating during the year, leading to a higher overall GRESB score in 2021. The remaining QIC Global Real Estate portfolio of assets will be assessed under this rating during FY22.

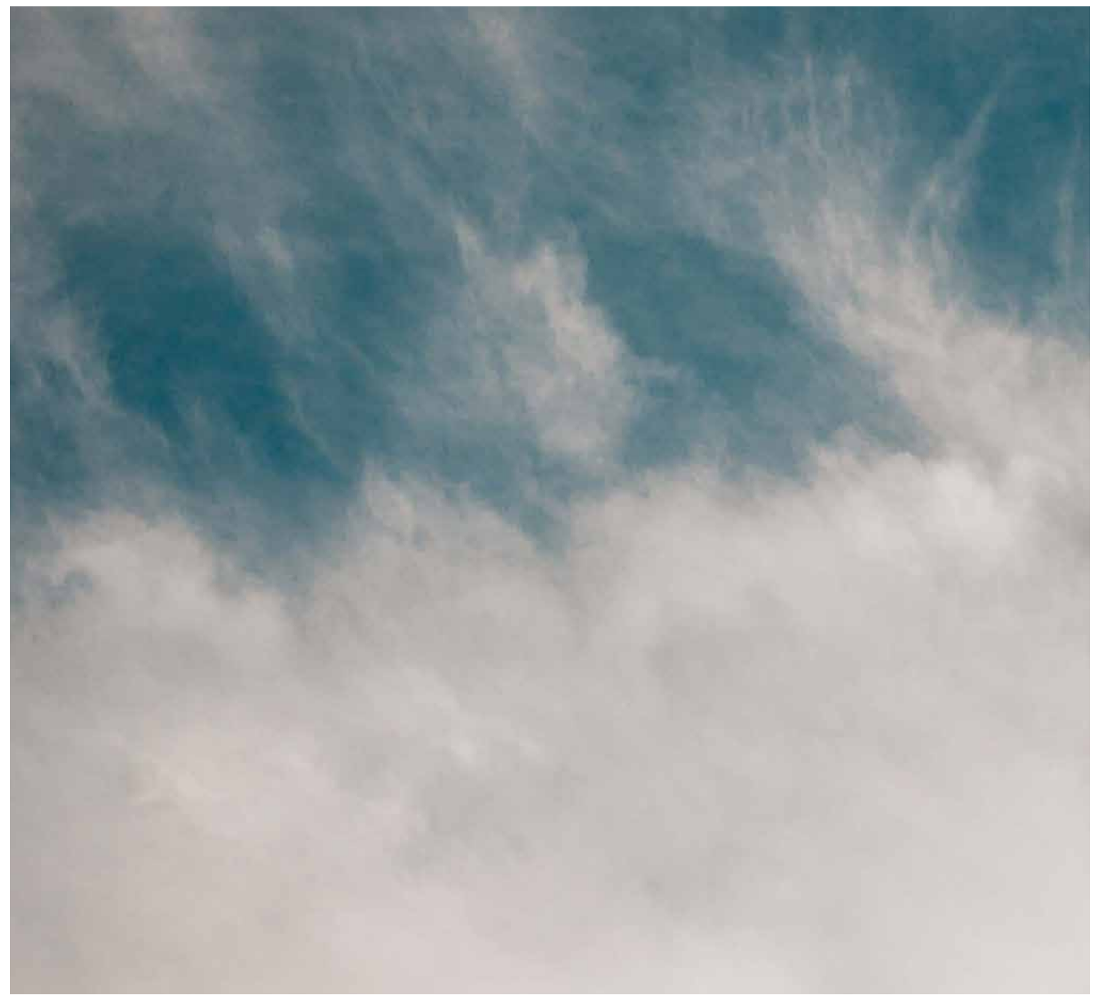


Table 5: GRESB reporting results — QIC Global Real Estate

Fund	2019 score	*	2020 score	2021 score	Overall score vs GRESB average
QIC Property Fund	85		77	83	83 vs 73
QIC Town Centre Fund *(formerly QIC Shopping Centre Fund)*	85		76	82	82 vs 73
QIC Australia Core Plus Fund	84		77	82	82 vs 73
QIC Office Fund	90		89	81	81 vs 73
QIC Active Retail Property Fund	83		79	87	87 vs 73

* Due to a change in methodology in 2020, GRESB has advised that objective comparison to GRESB scores allocated prior to 2020 is not meaningful.

17 GRESB, Results Communication to Stakeholders, November 2020 https://gresb.com/wp-content/uploads/2020/11/Document-B-Results-Communication-to-Stakeholders.pdf

18 Property Council of Australia, November 2020 https://www.propertycouncil.com.au/Web/Content/Media_Release/National/2020/Australia_continues_to_lead_on_global_ESG_benchmarks.aspx

Global Infrastructure

QIC Global Infrastructure elected not to participate in the GRESB assessment in 2020 due to COVID-19's impact across the portfolio. While many portfolio assets were still heavily impacted by the ongoing pandemic, the team recommenced GRESB assessment participation in 2021 for the QIC Global Infrastructure Fund (QGIF).

QGIF performed very strongly in the GRESB 'Management' component score, achieving 29 out of 30 possible points. The management component score measures the fund-level strategy and leadership management, policies and processes, risk management and stakeholder engagement approaches. The management component score makes up 30% of the overall rating for a fund.

The 'Performance' component makes up the remaining 70% of the GRESB score and reflects the weighted average of scores for assets in the fund. It is important to note that non-participating assets are scored a zero which impacts the fund score.

For the 2021 report QGIF had:

- 3 assets reporting who had previous experience with the benchmark;
- 3 assets reporting for the first time under the Grace Period; and
- 4 assets unable to report due to resourcing and ongoing COVID-related issues.

Table 6: GRESB assessment results — QGIF

Fund	2019 score	*	2020 score	2021 score	Overall score vs GRESB average
QIC Global Infrastructure Fund	65/100 **Fund score:** 86/100 **Weighted Average Asset Score:** 56/100		N/A	49/100 **Management:** 29/30 **Performance:** 20/70	49 vs 77 **Management** 29 vs 27 **Performance:** 20 vs 50

* Due to a change in methodology in 2020, GRESB has advised that objective comparison to GRESB scores allocated prior to 2020 is not meaningful.

This significant percentage of assets that did not participate or had no previous experience with the benchmark is the reason for the performance score of 20/70 and difference compared to the 2019 result when 3 out of 3 assets responded. It is on this basis that we don't believe the score is reflective of the actual management and performance of sustainability within our portfolio companies.

QIC Infrastructure Portfolio (QIP)

At this stage we do not report for the QIP Fund, however we still encourage portfolio companies to respond and three of our QIP assets received very strong scores. This reflects the maturity of these businesses, their resourcing and approach to sustainability, as well as their familiarity with the GRESB Survey after several years of participation. See Table 7.

Table 7: GRESB assessment results — QIP

QIP Asset	2018 score	2019 score	*	2020 score	2021
Port of Brisbane	Grace period	87/100		–	89/100
Thames Water	86/100	86/100		89/100	87/100
PowerCo	88/100	75/100		–	97/100

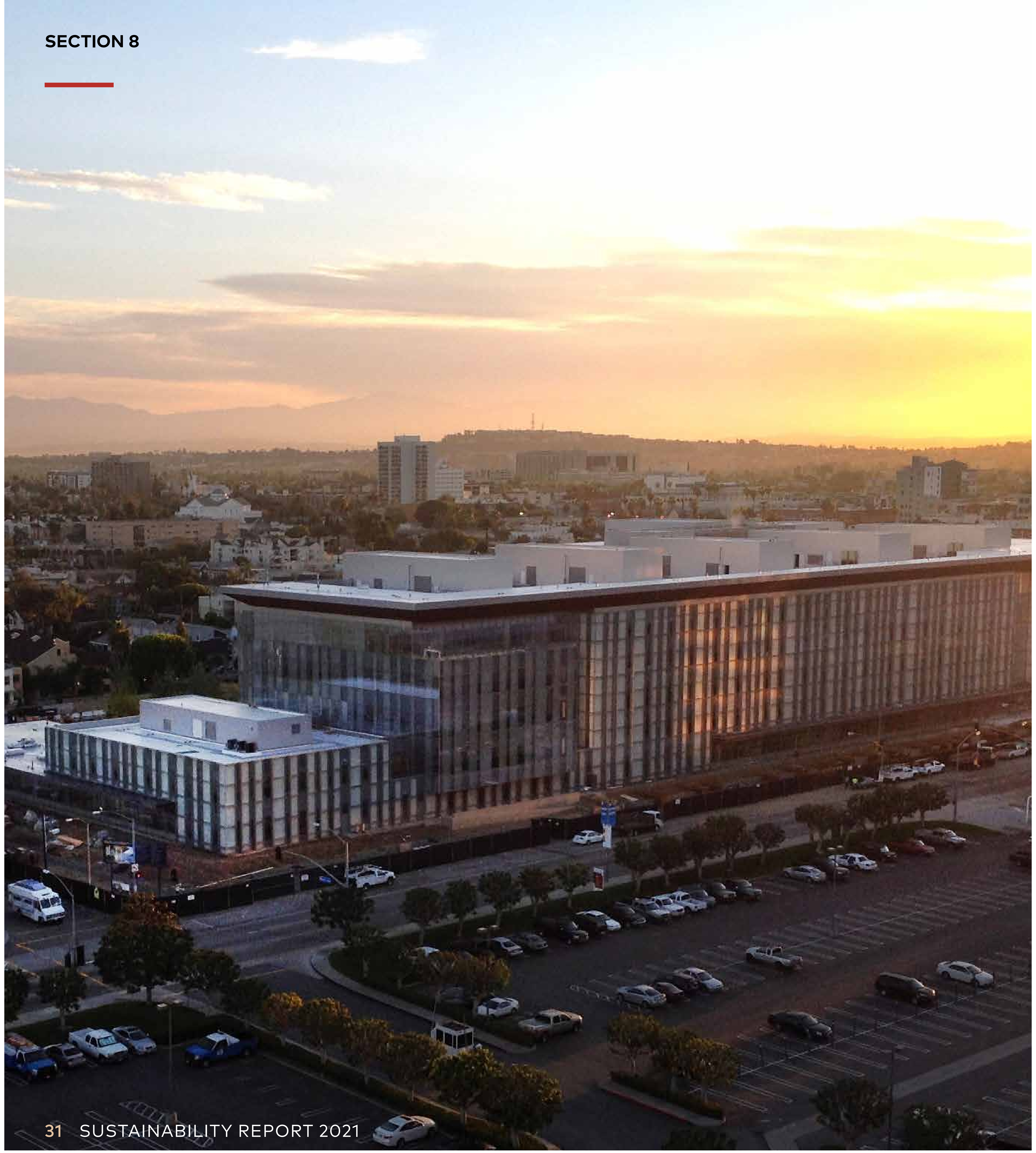
Next steps:

- Our priority will be to continue to work closely with all our assets on their sustainability approach and performance as part of our overarching active management for our investments. With respect to GRESB this will include:
  - — Utilising the 2021 GRESB results to inform and reinforce our focus areas under our existing asset management plan. The GRESB benchmark is an input into our asset strategy development process.
  - — Providing greater guidance and support for our portfolio companies in responding to the GRESB survey to ensure the work they are doing is accurately reflected in their response and benchmarking. This will include using the expertise gained in our high performing portfolio companies. We will develop toolkits and run training sessions for our management teams.
  - — Working to continuously expand the number of our portfolio companies participating in the GRESB survey.
- We will explore the inclusion of QIP as a fund reporting under GRESB. This will benefit QIP investors and leverage the existing work already occurring.
- We will also actively work with GRESB to ensure it continues to evolve as an effective benchmarking platform for infrastructure investors.
  - — We continue to see opportunities to improve the survey and the assessment to ensure that the outcome fairly reflects relative sustainability performance.
  - — This approach reflects our view that sustainability benchmarks including the GRESB survey should be used to inform and drive improved sustainability performance, rather than just representing "tick the box" compliance.
  - — We will use our representative role on the GRESB Advisory Board to influence the platform.

QIC

8. Task Force on Climate-related Financial Disclosures (TCFD)

SUSTAINABILITY REPORT 2021



Task Force on Climate-related Financial Disclosures (TCFD)

Climate change is a systemic, long-term issue. Today it is well understood that climate change and the inevitable transition to a low carbon global economy presents financial risks and opportunities for investors. Further, we understand that limiting the global temperature rise within internationally agreed climate objectives will still mean that we are exposed to a more unstable climate, including more frequent extreme weather events than we have experienced historically.

In this context it's critical that investors consider material climate risks as part of building resilient portfolios now and in the future. Further, within the rapidly evolving climate risk landscape, we acknowledge our approach must also adapt in response to the pace of change. To mitigate the systemic risk of climate change, businesses collectively have a role in achieving a net zero emissions global economy.

This section of the report covers the progress made over the past financial year to understand and mitigate climate risk within our business using the TCFD framework.

8.1 Governance

Figure 9: QIC's Sustainable Governance Structure

Board

The QIC Board has ultimate responsibility for managing the risks associated with climate change and is supported by a number of committees and functions within the organisation.

Board Risk Committee

As climate change is built into the company's formal risk management process, the Board Risk Committee plays a key supporting role by assessing and updating the Board on enterprise-wide risks, including those associated with climate change.

Board Remuneration Committee

The Board Remuneration Committee also supports the Board through the oversight of QIC's remuneration policies and programs, including review of and reporting on corporate KPIs and the company's corporate ESG KPI. This KPI drives integration of ESG considerations across the business, including climate risk.

Sustainability Advisory Committee (SAC)

The SAC has representation from each investment head, is chaired by the QIC CEO and also has an independent director who is a leader in the sustainability field. The Committee meets on a six-weekly basis to develop and implement QIC's ESG strategy. Our work on both physical and transition risk is regularly presented to this committee for feedback and approval.

Management oversight

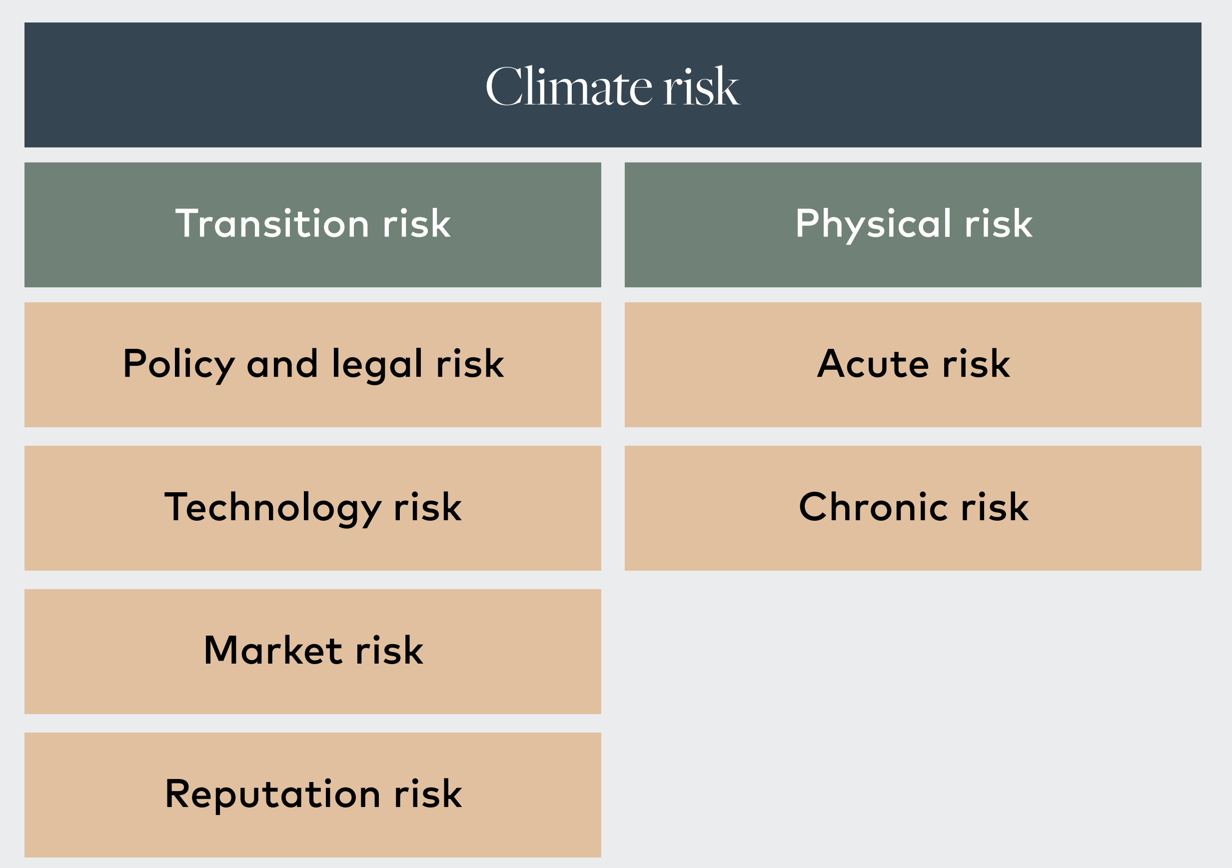
Global, systemic ESG issues, like climate risk, that affect QIC are considered by our Responsible Investment team. This team develops the corporate ESG strategy, focusing on six key ESG focus areas including climate risk. In addition to working with the aforementioned committees, this team works with nominated "ESG Champions" across QIC's investment teams to both develop and provide oversight of climate change strategy.

8.2 Strategy

Framing climate-related impacts

Climate risk can take several forms and we view the Financial Stability Board's[19] Recommendations of the TCFD as a clear definition of this risk. The recommendations support organisations to disclose clear, comparable and consistent information about the risks and opportunities presented by climate change. They are structured around four areas that represent core elements of how organisations operate — governance, strategy, risk management, and metrics and targets. The recommendations and breakdown of each risk type (see Figure 10) enable us to work within a comprehensive and globally accepted framework

Figure 10: Financial Stability Board's Recommendations of the TCFD



Source: Financial Stability Board's Recommendations of the Task Force on Climate-related Financial Disclosures

19 The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. It was established after the G20 London summit in April 2009 as a successor to the Financial Stability Forum (FSF). The Board includes all G20 major economies, FSF members, and the European Commission. Hosted and funded by the Bank for International Settlements, the Board is based in Basel, Switzerland.

Analysis

We undertake climate-risk analysis for QIC's investment portfolios using data from a range of company and sector sources to understand potential climate risks and opportunities, including:

- third-party ESG data providers
- data from credible not-for-profit organisations
- government departments and agencies
- primary, company level data.

These analyses allowed us to build:

- baseline carbon emissions assessments at portfolio and asset level
- sector, industry and sub-industry analysis to understand absolute carbon emissions, carbon intensity profiles, and exposure to physical and transition risks.

Climate scenario analysis

Recognising the inherent uncertainties in the emergence of the physical impacts of climate change and as the global economy decarbonises, we continue to undertake scenario analyses. The analyses we have undertaken are aligned to the TCFD recommendations and these encourage companies to assess their resilience to a 2°C or lower scenario.

To date these analyses include:

- physical climate risk assessments looking at material climate variables, asset location, historical performance and potential vulnerability under future climate scenarios
- global warming scenarios to analyse real asset portfolios' exposure to low-carbon transition risk
- carbon pricing analysis to understand the impact of climate regulations on revenue at asset and portfolio level.

These analyses have informed further work undertaken to develop climate-related risk mitigation strategies as well as our engagement with portfolio companies across real asset portfolios.

Engagement

We continue to engage with boards, management teams and our externally appointed managers to better understand their strategic responses to climate risk. Depending on the nature of the investment, our engagement focuses on either physical or transition risk, or both. When engaging, we are ultimately trying to assess the following:

- whether there is a good understanding of the nature of the risk
- the systems and process in place to manage the risk
- whether strategy takes into account the physical and transition risks associated with operations/investments.

To guide our engagement, we apply the TCFD framework with questions generally focused on:

Corporate engagement on climate risk

Climate risk element	Example engagement questions
Physical risk	Does the company have a clear understanding of exposure to relevant climate variables based on relevant projections?
	Can the company articulate the level of vulnerability to operations associated with the material exposures?
Transition risk	Has the company tested the sensitivity of the business against relevant climate change scenarios?
	Has the company applied an internal carbon price to understand potential impacts on the business?
Metrics and targets	What climate metrics are currently being monitored and reported?
	What, if any, targets are in place over the short, medium and long term?

Collaboration

Collaboration is an important part of our approach to understand climate risk. Given the complex nature of the issue, the science continues to evolve and provide additional granular information. Acknowledging this, QIC views working with others as important to test our own thinking and to contribute to the wider conversation. Some examples of our collaborative approach include:

Climate Action 100+

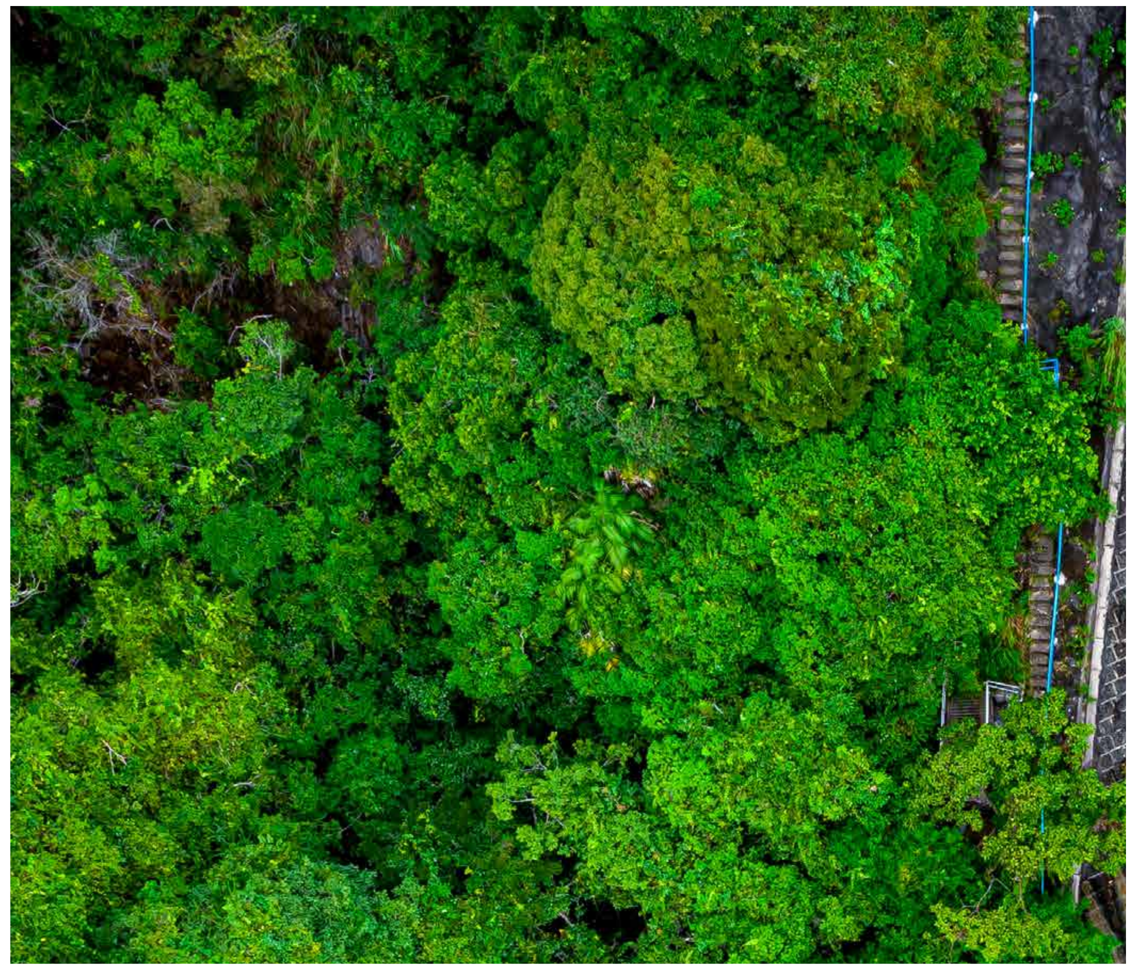
We continue to be an active member of Climate Action 100+ — an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change and to engage with these companies to curb emissions, improve governance, and strengthen climate-related financial disclosures.

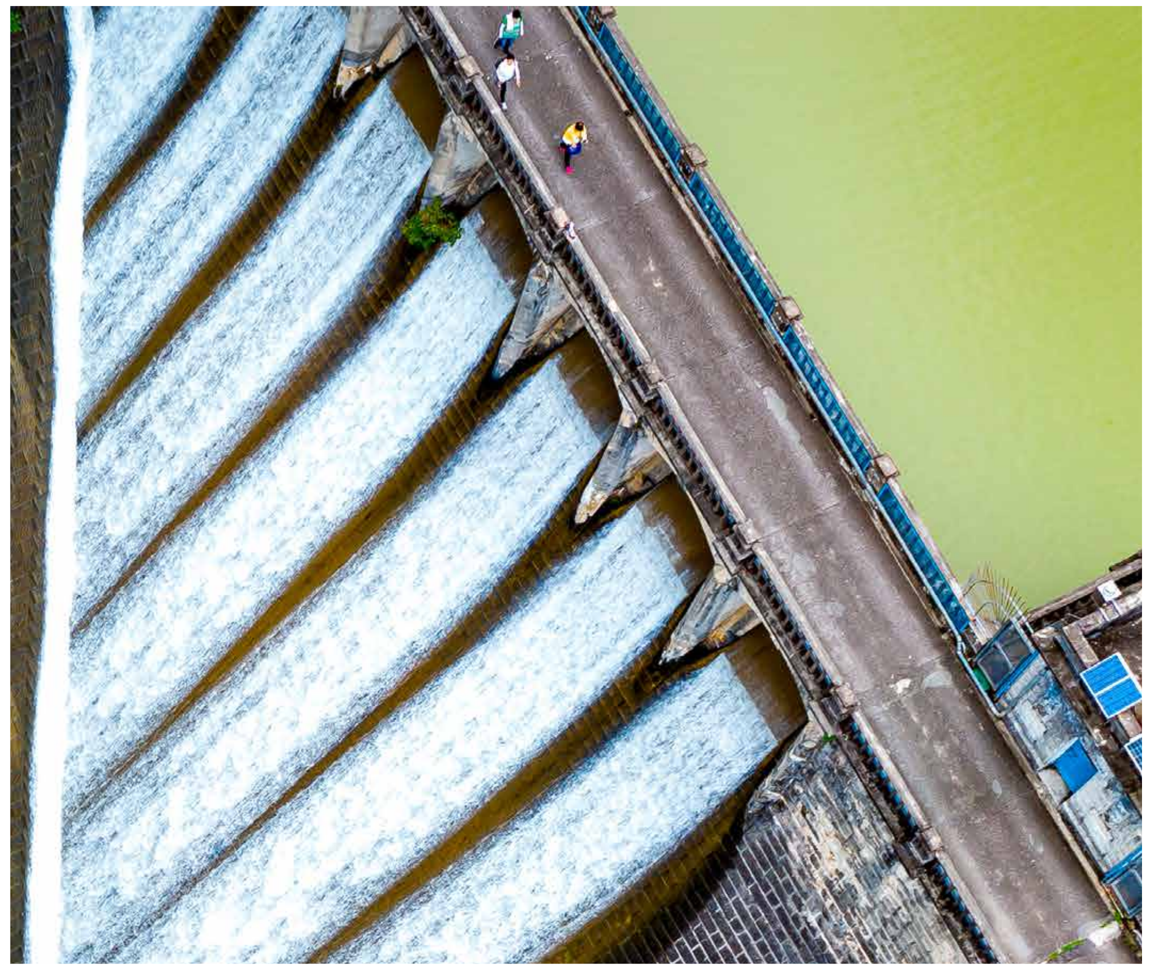
Investor Group on Climate Change

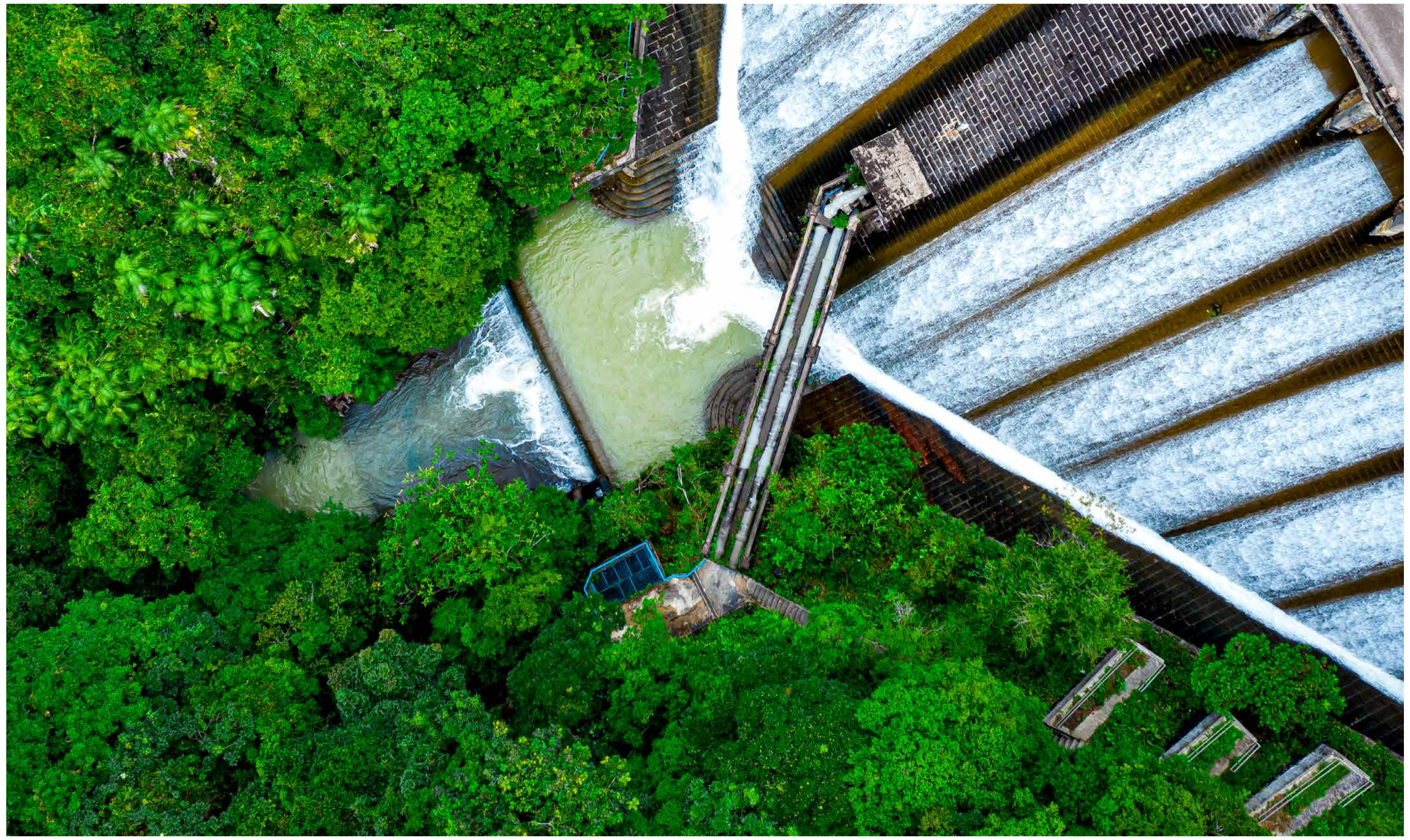
We continue to be an active member of the Investor Group on Climate Change (IGCC) and participate in two working groups — Transparency and Thought Leadership, and Physical Risk and Resilience Groups.

CLIMATE LEAGUE 2030

In 2020-21 QIC became a foundation supporter of Climate League 2030, a 10-year, private sector-focused initiative to support and act towards a goal of reducing Australia's annual greenhouse gas emissions by at least a further 230 million tonnes from what is projected for 2030.







8.3 Physical risks and opportunities

Rising temperatures mean we will still see changes in the climate that result in physical risks such as floods, storms or sea level rise, even under large scale CO_2 emissions reduction scenarios[20]. At the same time the challenge of utilising intelligence from climate science to manage climate-related financial risks across the economy remains significant[21]. We continue to further our understanding and address physical impacts across portfolios. Over the reporting period we extended our physical risk and opportunities assessment to include infrastructure, listed equities and corporate credit portfolios.

Listed equities and corporate credit portfolios

We have evaluated listed equities and corporate credit portfolios to understand the most financially impactful climate hazards and how they might affect portfolio value.

This analysis was undertaken using two different third party, climate risk assessment datasets. These tools provided an assessment of:

- both chronic hazards (gradual changes in temperatures, precipitation) and acute hazards (coastal flooding, cyclones), taking into account the specific locations of company facilities
- how exposed a company may be to an increase or decrease in business interruptions or asset damages from the physical manifestations of climate change
- company specific estimates of future cost, revenue and valuation impacts under various scenarios
- physical climate risk exposure by geography at 2050 under a given climate scenario
- an overview of the robustness of risk management strategies for the portfolio holdings.

Table 8 summarises detail from these physical climate risk analyses. We use this information in our corporate and external manager engagement activity. An issue we encounter is that data gaps, due to a lack of emissions data, can be significant for some asset classes meaning we can only assess a proportion of some portfolios.

Table 8: Physical climate risk analysis

Fund	Estimated Portfolio Value at Risk (%)	Estimated Issuers at Risk (%)	Estimated Issuers with Tenable Risk Management Strategies (%)	Portfolio coverage (%)
QIC Diversified Australian Equities Fund	1.6%	25%	2%	99.3%
QIC International Equities Fund	2.5%	42%	10%	99.8%
QIC Australian Fixed Income Fund	0.9%	18%	12%	27.5%

Source: ISS ESG Climate Impact Assessment, holdings at 30 June 2021

Real Estate and Infrastructure portfolios

We have assessed QIC's real estate and infrastructure portfolios to understand the potential impacts of projected physical climate change in terms of exposure and vulnerability. As physical climate risk is highly location specific, we have conducted a bottom-up assessment that considers asset level exposure to a range of climate hazards and trends.

The assessment relied on data from sources that included CSIRO and Bureau of Meteorology (BOM) for climate projections for Australian assets and similarly reputable organisations for international assets. The assessment considered two scenarios or Representative Concentration Pathways (RCP)[22], these were RCP4.5 and RCP 8.5 at 2030 and 2090.

We have assessed the potential impacts of physical climate changes for the following climate variables:

20 IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press. In Press.

21 Fiedler, T., Pitman, A.J., Mackenzie, K. et al. Business risk and the emergence of climate analytics. Nat. Clim. Chang. 11, 87-94 (2021). https://doi.org/10.1038/s41558-020-00984-6

22 RCP — Representative Concentration Pathway (RCP) is a prediction of how concentrations of greenhouse gases in the atmosphere will change in future as a result of human activities assets against the relevant factors.

We considered the impact of projected climate change by assessing the historical sensitivity of an asset to past weather events and extremes and overlaying this information with forward-looking climate data to develop a narrative for how each asset may respond to physical climate changes in the future.

This process provided asset-level insights of the overall vulnerability to material changes in the identified climate variables. Findings are summarised in the tables below and show the percentage of assets with a high, moderate, or low exposure and resulting vulnerability reflected in the current ability to respond to climate change factors.

Where an asset or portfolio company is identified as having a moderate or high vulnerability to a climate change variable, we are prioritising our engagement to support or to develop adaptation actions. As climate science and the ability to utilise climate data continues to improve, we believe it is important to periodically reassess the exposure of our portfolios to projected physical climate change.

Table 9: Physical climate risk assessment

	Extreme Temperature		Extreme Rainfall/Flood		Fire		Sea Level Rise	
	Exposure	Vulnerability	Exposure	Vulnerability	Exposure	Vulnerability	Exposure	Vulnerability
QIC Global Real Estate								
% of Properties High	48%	11%	7%	7%	15%	0%	4%	4%
% of Properties Moderate	19%	30%	37%	4%	52%	15%	15%	0%
% of Properties Low	33%	59%	56%	89%	33%	85%	81%	96%
QIC Global Infrastructure								
% of Portfolio Companies High	35%	0	6%	0	6%	6%	0%	6%
% of Portfolio Companies Moderate	59%	53%	71%	53%	12%	12%	24%	29%
% of Portfolio Companies Low	6%	47%	29%	47%	82%	82%	29%	18%

Note:
Seven assets with coastal exposure were included in the sea level assessments

8.4 Transition risks and opportunities

We continue to explore the risks and opportunities associated with the transition to a low carbon economy. During the previous reporting period we undertook a climate scenario analysis of our real asset portfolios. This assisted in identifying the key risks and opportunities associated with the transition, existing mitigation measures in place and assigning a residual risk rating and associated timeframe (i.e. short, medium, long-term).

The climate scenario analysis was based on three customised climate change scenarios developed in conjunction with KPMG (see Figure 11) and subsequently has informed our ongoing work in these asset classes.

We are working on a range of initiatives to build on the findings of the scenario analysis to ensure these risks are further explored and integrated into existing management processes. To date this work has informed the further analysis of transition risk at asset level, the application of a shadow carbon price and is contributing to the development of asset class level net zero emissions strategies.

Figure 11: Climate scenarios

Rapid Transition

This scenario is aligned with achieving a 1.5°C warming outcome and involves a rapid curtailing of emissions, seeing a global peak in 2022. It is government led with penalties and/or forced closure of high emitting assets and sees fossil fuels being less than 20% of the global energy mix by 2040. It also assumes a high range carbon price is in place by 2030 and a reduction in consumption across all sectors, especially luxury, due to changing consumer preferences.

Market Based

This scenario is aligned with achieving a 2°C outcome and involves a business led reduction in greenhouse gas emissions. There is an increase in consumption globally with a focus on circular economy principles, natural gas is a bridging fuel and the energy transition is largely technology led where low carbon growth dominates and incumbent industries atrophy. It assumes a low range carbon price is in place at 2020 and medium ranger price is effective by 2030.

Head in the Sand

The third scenario we examined is aligned with a 4°C outcome and involves a business-as-usual approach with little regulation beyond current levels. Fossil fuels remain ~50% of energy mix and there are high rates of global resource depletion and biodiversity loss. Inequality continues to increase across the globe.

CASE STUDY

Collaborating with portfolio companies for long-term resilience.

While it is important for QIC to understand risk at a portfolio and sector level, it is critical that the management team of our portfolio companies take ownership of the risk identification and resulting management plans. As a long-term investor, we are actively supporting our assets in this process and are well progressed in working with those with higher unmitigated risk profiles. We work with the management teams to develop business strategies that seek to ensure the assets are adaptable and resilient and positioned to capture the opportunities that climate transition presents. We are also developing a key set of metrics that we will track and review periodically, to provide signposts as to which of the three scenarios is most likely to play out and understand how this may impact our real asset portfolios.

To inform a net-zero emissions target in 2021-22, our Global Infrastructure team assessed what a potential net-zero emissions pathway would look like for each of its assets. The assessment steps included:

- understanding each asset's emissions profile and the primary activities driving emissions generation
- assigning a difficulty level based on the profile and generation activities
- understanding the assets' sensitivity to a potential carbon price across three scenarios — USD40tCO_2e/USD60tCO_2e/USD80tCO_2e — assessment showed there is relatively low exposure across the portfolio under all scenarios when applied to direct emissions
- identifying relevant emissions-reduction categories applicable at the asset level — energy efficiency, fuel switching, renewable energy
- understanding the potential cost to offset residual emissions across the portfolio.

23 Australian Bureau of Statistics, Energy Account, Australia 2019-20 financial year

CASE STUDY

Solar technology arrives at Robina Town Centre

In August 2020, Robina Town Centre — a QIC Global Real Estate asset on Queensland's Gold Coast — started installation of the largest rooftop solar system in the southern hemisphere. This massive project — comprising over 13,000 solar panels — was delivered in March 2021, in conjunction with Yurika (an Energy Queensland team of market-leading experts in distributed energy, electrical infrastructure, metering and telecommunications).

We expect our solar network to generate approximately 9,000 MWh of electricity each year — enough to power 26,023 homes for the same period — which is more than 50 per cent of the centre's common area consumption.

The new technology is expected to reduce Robina Town Centre's carbon emissions by more than 6,000 metric tonnes of CO_2 annually, the equivalent of removing approximately 1,350 passenger vehicles from the road each year.

QIC

8.5 Risk management

QIC manages risk in accordance with the Board's Risk Appetite Statement and Risk Management Framework, including the Enterprise Risk Management Policy. The risk management process is consistent with International Standard ISO 31000: Risk Management. Our Risk Management Framework includes an enterprise-wide methodology for rating risks and provides for assessment of business risks using the consequence and likelihood tables incorporated into the Risk Rating Procedure included in the Board's Risk Appetite Statement.

All risk across the business is identified and rated in accordance with this approach to bring consistency at an enterprise level. Existing controls that mitigate identified risks are taken into consideration to determine the residual risk rating. Identified risks, which include climate change risks, are rated according to QIC's risk rating standards and then compared to the Board-approved Risk Appetite Statement to determine if any further mitigation is required to bring residual risks within the Board's Risk Appetite.

By incorporating climate-related risks in QIC's Risk Management Framework and assessing them in the same way as other business risks, the Board and management can ensure that there is a common understanding of the level of risk throughout the business and ensure that appropriate focus, priority and controls are employed to manage the residual risk in an acceptable way. Given the impact of climate-related risks, we recognise the need for these risks to be measured against different time horizons, i.e. assessed on short, medium or long-term basis, depending on the scope of the risk assessment, the type of investment decision, the investor's investment strategy and the type of asset and its lifecycle, the standard risk assessment methodology ensures a systematic yet flexible approach.

Our Risk Appetite Statement considers climate risk under three categories — physical risk, transition risk, and risks associated with climate liabilities. Not only does this align with the TCFD recommendations it also allows the business to get a more granular understanding of how risks may manifest under the broad banner of 'climate change'. This facilitates more informed discussions and the formation of targeted mitigation measures across the business.

8.6 Metrics and targets

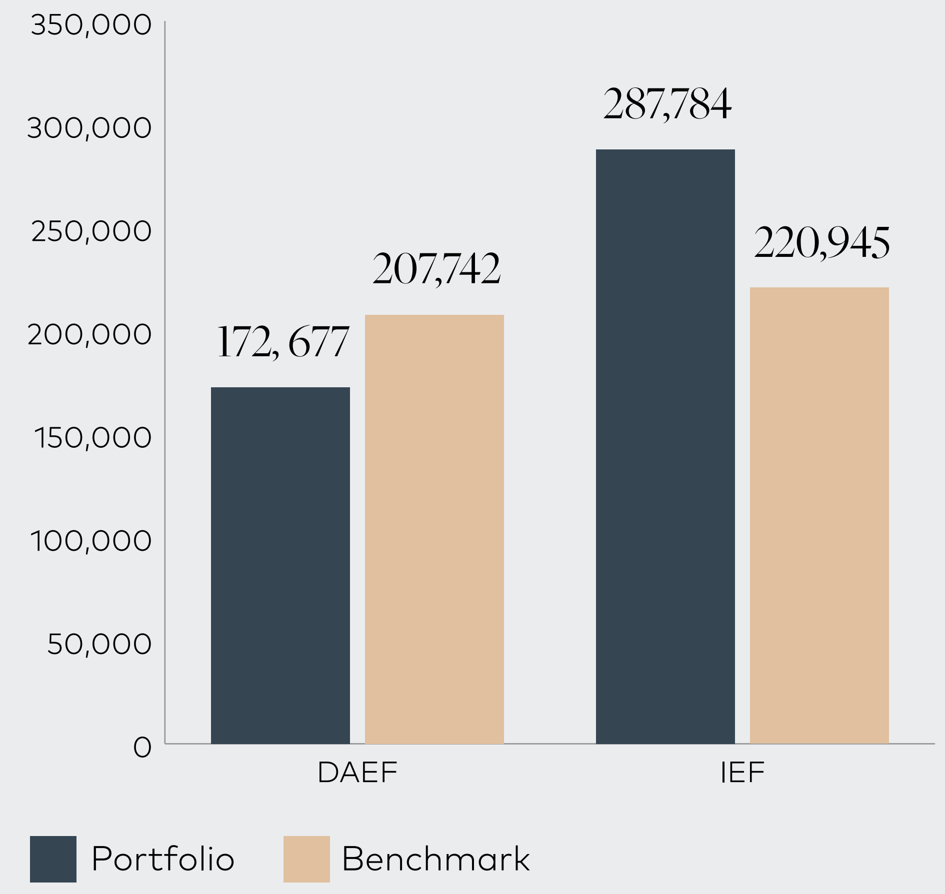
We are committed to improving transparency on ESG issues, including the reporting of carbon metrics. This year our disclosure covers carbon emissions reporting for listed equities, fixed income as well as real estate and infrastructure investments.

Equities

Figure 12 shows the Scope 1 and 2 carbon emissions for the QIC Diversified Australian Equities Fund (DAEF) and the QIC International Equities Fund (IEF). These figures represent the total equity share of Scope 1 and 2 carbon emissions associated with QIC's investments in the portfolio companies. The carbon emissions for each Fund's benchmark is also provided. The Diversified Australian Equities Fund is below (17 per cent) the benchmark, while the International Equities Fund is above (31 per cent) the benchmark. The detailed measurement of total portfolio emissions on a market capitalisation weighted basis is sensitive to higher emitting companies. QIC is currently investigating approaches to improve the emissions profile of the listed equity portfolio.

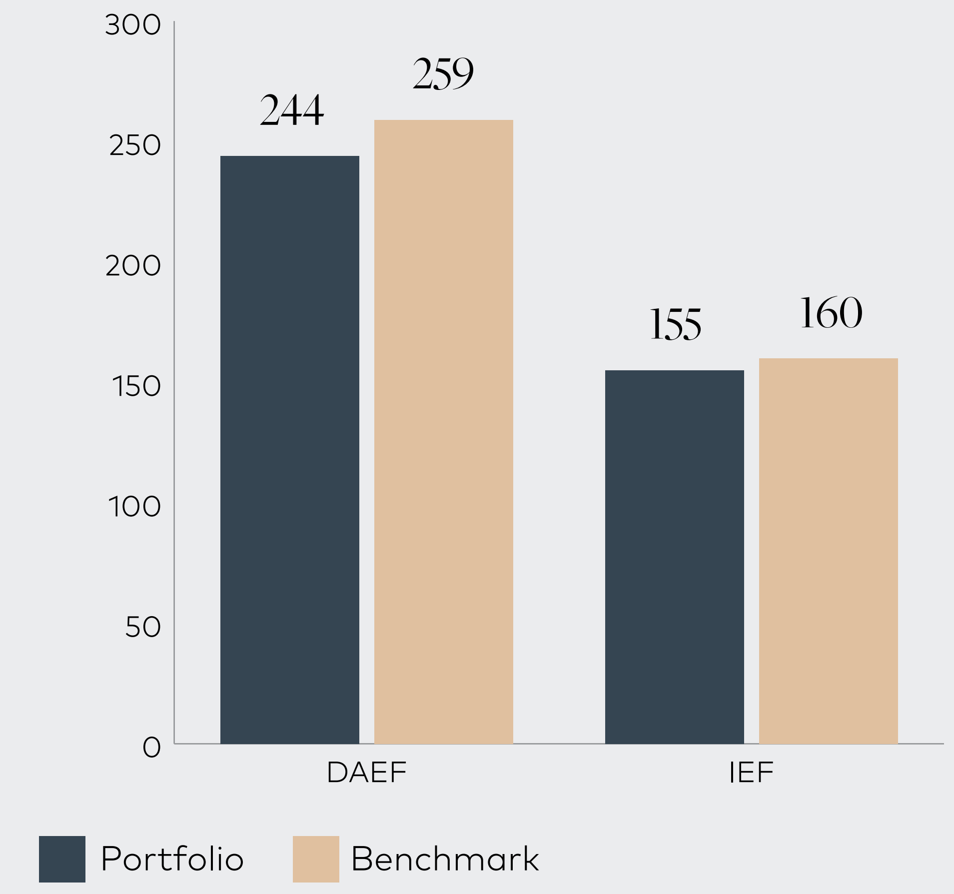
The Weighted Average Carbon Intensity (WACI) metric estimates a portfolio or index's exposure to carbon-intensive companies. The WACI is calculated using the carbon intensity (Scope 1 + 2 emissions/$M sales) for each portfolio company and calculating the weighted average by portfolio weight. On a WACI basis both equities portfolios were less carbon intensive than their respective benchmarks at 30 June 2021 (refer to Figure 13).

Figure 12: Total carbon emissions — Scope 1 and 2 (tCO_2e) — QIC Diversified Australian Equities Fund and QIC International Equities Fund



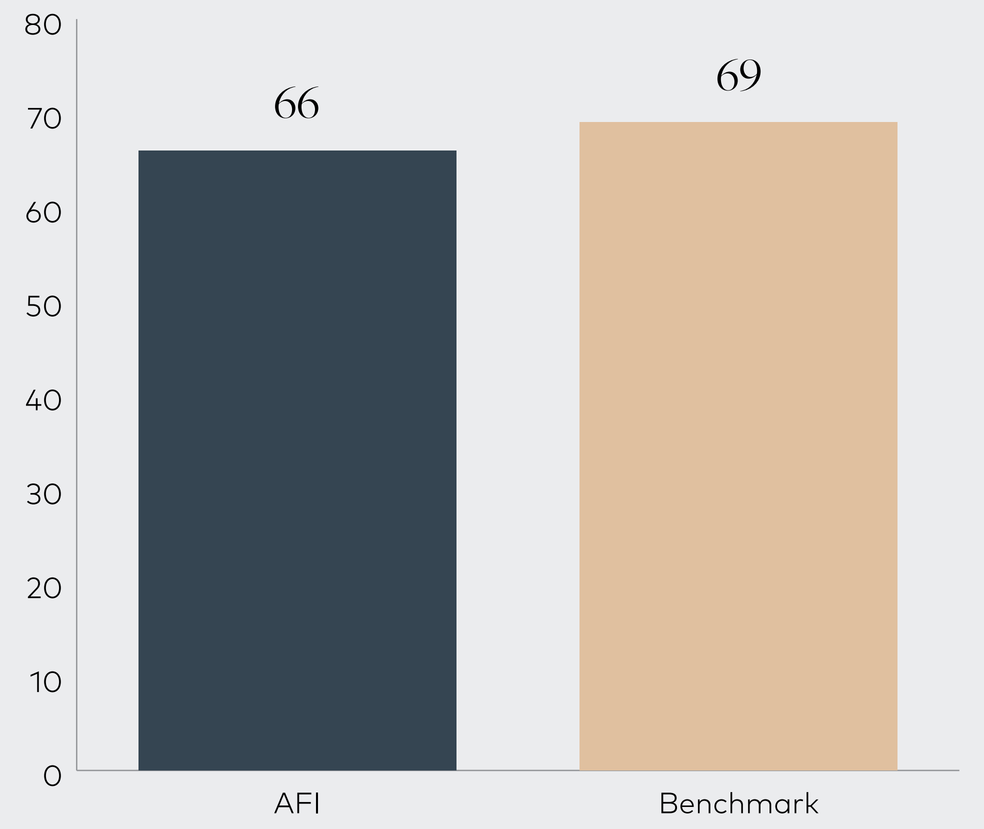
Source: ISS ESG Data

Figure 13: Weighted average carbon intensity (tCO_2e/$m sales) — QIC Diversified Australian Equities Fund and QIC International Equities Fund



Source: ISS ESG Data

Figure 14: Weighted average carbon intensity (tCO_2e/$m sales) — QIC Australian Fixed Income Fund (AFI) (corporate credit issuers only)



Source: ISS ESG Data

Corporate Credit

For the QIC Australian Fixed Income (AFI) fund, emissions data coverage of issuers is low, currently at 27.5 per cent of the portfolio weight. This coverage issue reflects the portfolio's construction with many of its issuers being supranational, sovereign or semi-sovereign (i.e. state government) entities.

While data coverage of issuers is low, more than 96 per cent of the corporate holdings in the fund have relevant emissions data, representing strong coverage for corporate credit. Due to the emissions coverage issue, the WACI illustrated in Figure 14 predominantly reflects the corporate issuers within the fund. While acknowledging the coverage issue, the fund's WACI is currently outperforming the benchmark. The Liquid Markets Group also runs a proprietary carbon model that estimates emissions for the remainder of the physical holdings of the portfolio and it benchmark (i.e. corporate holdings not covered and supranational, sovereign and semi-sovereign issuers). The charts above do not include that output.

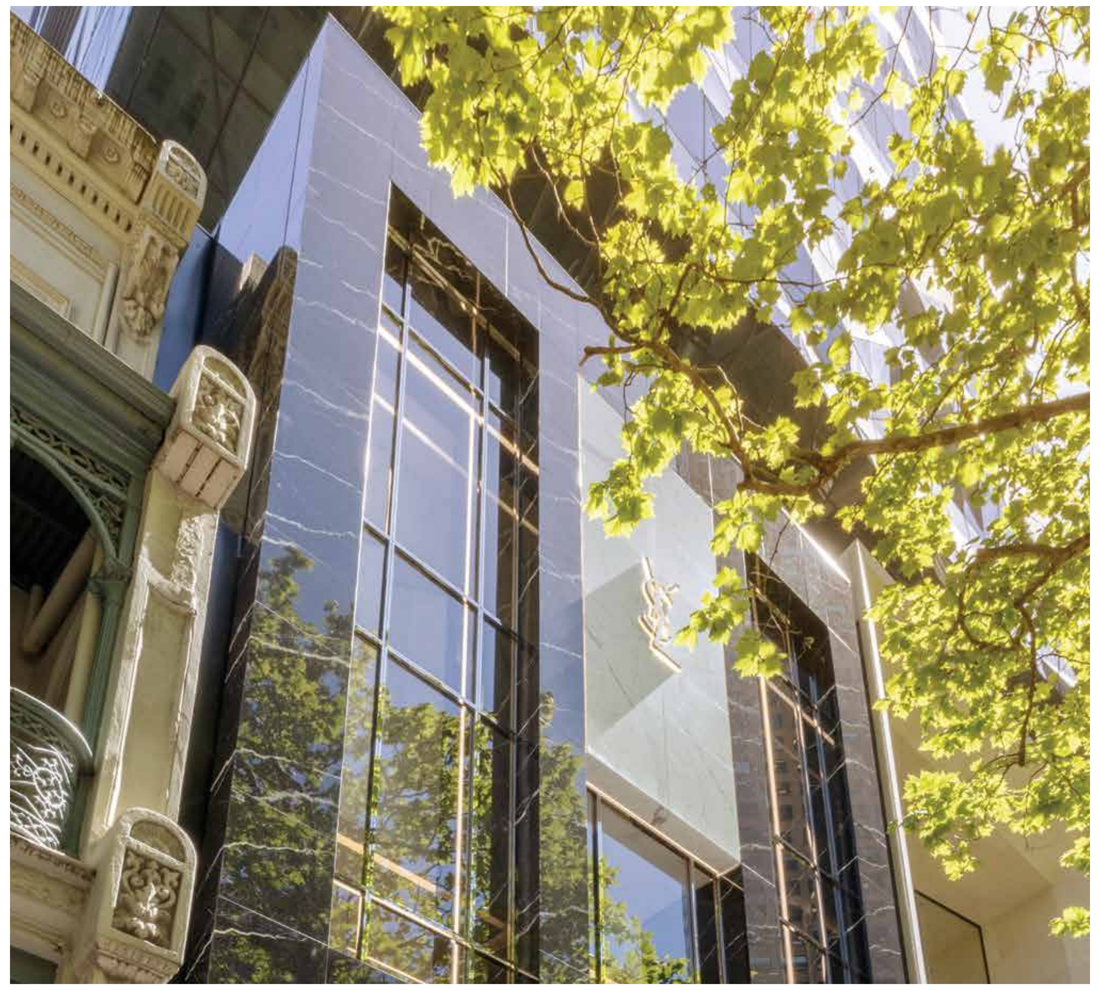
The QIC Short-Term Income Fund (STIF) aims to deliver cash-plus outcomes with less volatility than traditional Australian fixed-interest funds. Interest rates, credit and inflation exposures are managed on an absolute return basis without reference to a benchmark.

From a carbon emissions data perspective, currently 76 per cent of the Fund is covered by portfolio weight.

The carbon metrics for the Fund are provided below. The percentage of holdings with a 2°C scenario (2DS) or the Science Based Targets initiative (SBTi) currently sits at 49 per cent.

Table 10: Carbon metrics — QIC Short Term Income Fund

Metric	STIF (tCO_2e/$m sales)
WACI	133



Real Estate

In FY21 QIC Global Real Estate saw an ongoing reduction in both Scope 1 and Scope 2 emissions. This was due to:

- Scope 2 emission reductions were driven in part by the ongoing utilisation of a building analytics platform across 10 sites, and in part by renewable energy generated and consumed at our retail assets Robina, Watergardens, Grand Central and Domain Central.
- Our chosen building analytics platform uses data-driven insights and integrates building intelligence, machine learning and technical engineering support to help our operations teams reduce the carbon footprint of our assets and build future resilience.

We also saw a reduction in Scope 1 and 2 emissions intensity (i.e. Scope 1 and 2 emissions, divided by the total lettable area of our assets).

Table 11: QIC Global Real Estate operational emissions

Reporting Metric		FY19	FY20	FY21	Year on Year Variance	Year on Year Variance
GHG Emissions	Scope 1 emissions (tCO_2-e)	8,008	12,630	11,379	-1,251	-10%
	Scope 2 emissions (tCO_2-e)	118,965	101,361	83,619	-17,742	-18%
	Total Scope 1 + 2 emissions (tCO_2e)	**126,972**	**113,991**	**94,998**	**-18,993**	**-17%**
GHG Intensity	Scope 1 + 2 Intensity (kg CO_2-e/m²)	79	74	64	-10	-13%

Notes:

1 GHG data is aggregated across all GRE Funds, and excludes assets where QIC does not have operational control (Westfield Coomera and Helensvale and Claremont Quarter)

2 Reduced operating hours and foot traffic due to COVID-19 related intermittent lockdowns during FY20 and FY21 has impacted performance across both years, and this should be taken into consideration when comparing year on year performance and considering any related carbon emission reductions.

Figure 15: Total Scope 1 + 2 Emissions (tCO_2e)

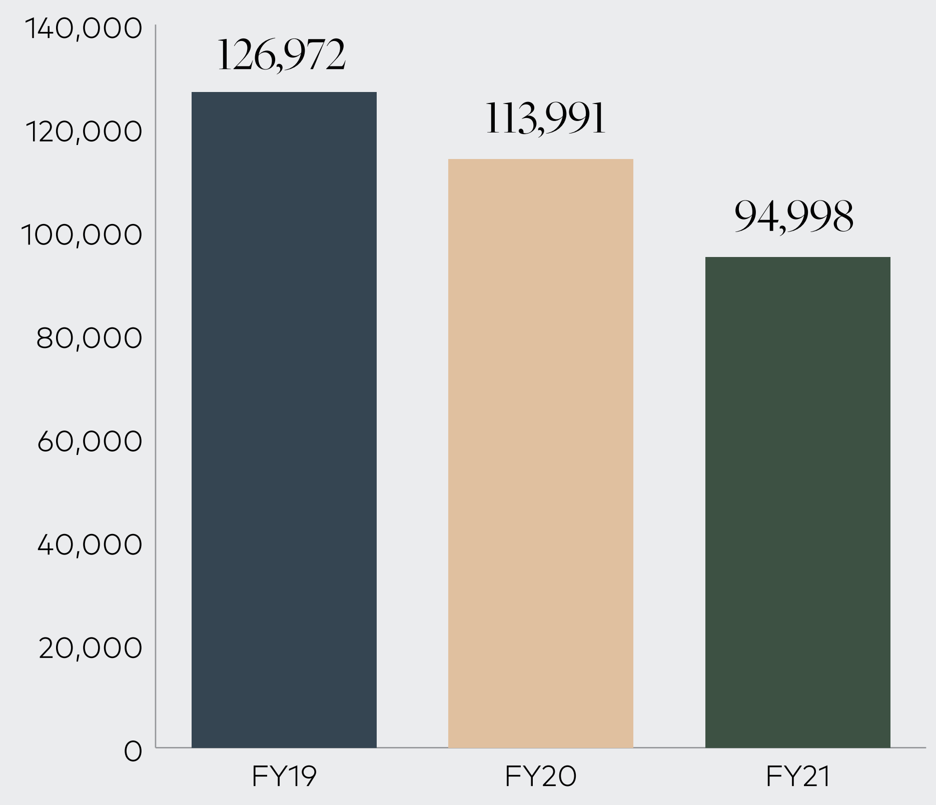
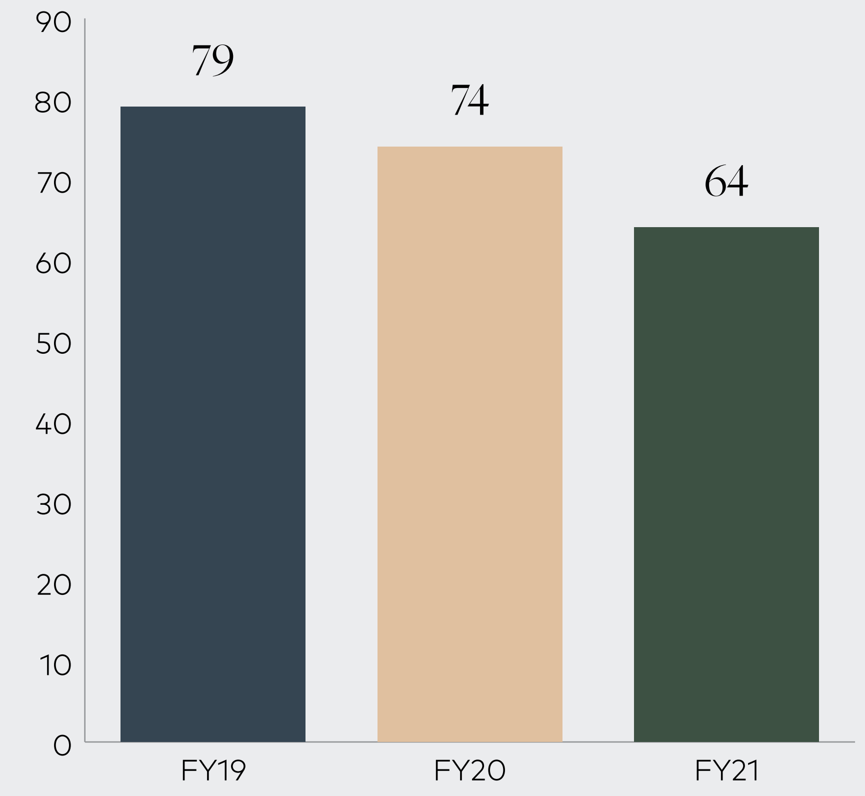


Figure 16: Scope 1 & 2 Intensity (kg CO_2-e/m²)



QIC Global Real Estate — Targeting Net Zero Carbon Emissions by 2028

In June 2020, QICGRE announced a target to achieve Net Zero Carbon Emissions by 2028 for our core managed portfolio of Australian retail assets[24].

This net zero carbon emissions pathway enabled QIC Global Real Estate to become the first Australian signatory to the World Green Building Council's Net Zero Carbon Buildings Commitment for a retail portfolio, contributing to a global effort from the building and construction industry to limit global temperature rises through a significant reduction in carbon emissions.

Our plan to achieve this target includes a scaled-up energy efficiency program combined with a large scale onsite solar roll out, both of which commenced during the FY21 reporting period. More information on the activities completed during the year to progress each of these programs follows.

The following table shows QIC Global Real Estate's Scope 1 and 2 carbon emissions associated with our core managed Australian retail portfolio of assets, demonstrating the year-on-year progress toward our 2028 net zero target.

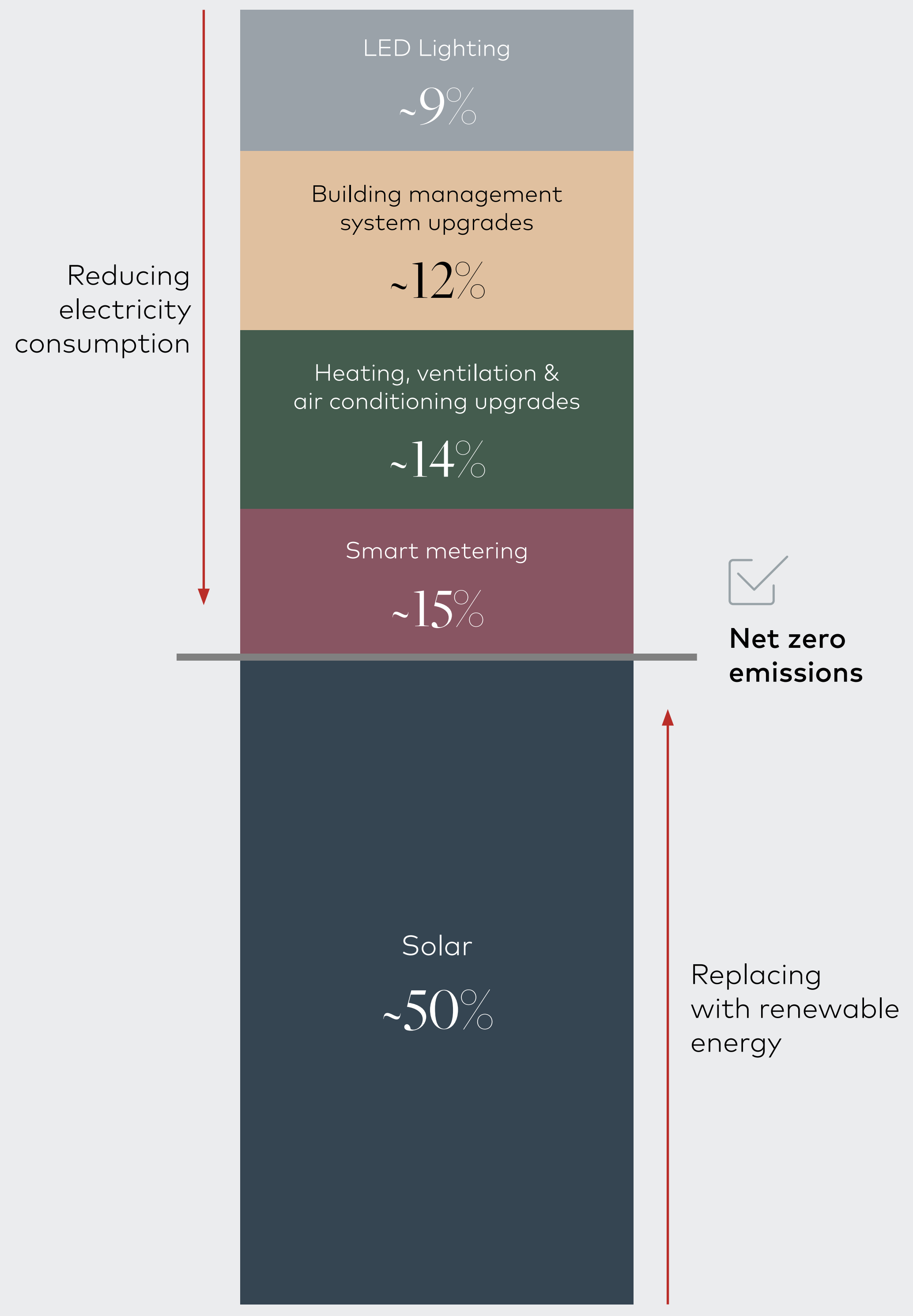
Table 12

Emissions Scope	FY20	FY21	Year on Year % Change*
Scope 1 & 2 emissions (tCO_2-e)	85,713	75,874	-11.5%

* Reduced operating hours and foot traffic due to COVID-19 related intermittent lockdowns during FY20 and FY21 has impacted performance across both years, and this should be taken into consideration when comparing year on year performance and considering any related carbon emission reductions.

24 The Net Zero Carbon Emissions target at 2028 relates to the Scope 1 & 2 emissions for QIC Global Real Estate's core Australian retail portfolio, which includes assets wholly held by QPF and QTCF.

Figure 17: QIC Global Real Estate Net Zero pathway



Onsite Solar Roll Out

Our large scale onsite solar roll out program commenced during FY21, with solar systems installed at four of our centres. System sizes and supply commencement dates can be seen in the table below.

Table 13: Asset solar capacity

Fund	Asset	System Capacity	Supply Commencement Date
QIC Town Centre Fund/QIC Property Fund	Watergardens	2.4 Megawatts	23 March 2021
	Grand Central	1 Megawatts	5 May 2021
	Robina Town Centre	5.5 Megawatts	14 June 2021
QIC Active Retail Portfolio	Domain Central	1.4 Megawatts	1 November 2020

Installation of onsite solar also commenced during the year at Hyperdome, which is expected to be completed during FY22. The solar networks across these initial five assets (Tranche 1 of the program), once completed, are expected to deliver over 15 megawatts of solar power capacity and reduce carbon emissions across the portfolio by more than 17,000 metric tonnes per year.

We plan to commence reporting on the carbon reductions achieved through these systems in 2022 allowing incorporation of a 12-month performance period.

Energy Efficiency

A number of initiatives were completed during the year to reduce our energy use across the portfolio, which are outlined in more detail below.

Lighting Upgrades

Energy efficient LED lighting upgrades to back of house, carparks and loading docks were completed at Watergardens, Woodgrove, Hyperdome, Canberra Centre and Westpoint during FY21.

Mechanical Plant Upgrades and Optimisation

Major chiller upgrades were completed at Watergardens, Robina Town Centre and Westpoint during FY21.

- **Watergardens**: Several individual, packaged air conditioning units were replaced with a centralised chiller plant achieving improved operating efficiencies and energy savings. Additional energy savings have been achieved by taking advantage of tenancy air overflow conditioning to common mall area, i.e. implementing a spill air system.
- **Robina Town Centre**: Decommissioned two end-of-life chillers and replaced with one high-capacity energy efficient chiller. This was part of a plan to progressively rationalise from five to three chillers at the Centre by transitioning to more appropriately sized and efficient systems.
- **Westpoint**: Replacement of a 4-Megawatt chiller with a high efficiency 1.9-Megawatt chiller.

Data Analytics and Plant Optimisation

During FY21 we continued the progressive deployment of CIM's PEAK platform[24] across the QIC Global Real Estate portfolio of assets. Chiller performance monitoring was initiated at Watergardens and Westpoint which assisted in identifying performance issues with the existing chillers at those sites and guided the optimum sizing of replacement chillers as part of end-of-life upgrades. Equipment run-time tables were also developed for each asset which has allowed asset operation managers to validate the run-time of key plant and equipment and cut unnecessary operation where identified. During FY22, this monitoring will be rolled out across the other shopping centre assets.

Global Infrastructure

GHG Emissions

The QIC Global Infrastructure team's primary objective is to build resilient and adaptable portfolios that will deliver value over the long-term. This requires us to balance the interests of all stakeholders, including customers, the environment, community, employees, and shareholders.

Since FY19, the Global Infrastructure team has transitioned seven companies into the portfolio, increasing our exposure substantially within the Energy & Utilities and Transport industries. Six of these acquisitions were made in historically high emitting industries (Electricity, Stationary Energy and Transport).

The acquisitions made throughout FY20 and FY21 increased GHG Emissions both on an absolute and intensity basis, compared with our FY19 position. However both the FY20 and FY21 emissions data include the same set of assets, and despite increasing our equity share by $370M in FY21, we have seen a decrease in absolute Scope 1 and Scope 2 emissions since FY20.

Table 14: QIC Global Infrastructure operational emissions

Reporting Metric		FY19	FY20	FY21	Year on Year Variance	Year on Year Variance
GHG Emissions	Scope 1 emissions (tCO_2-e)	119,397	184,213	162,632	-21,581	-12%
	Scope 2 emissions (tCO_2-e)	34,084	27,693	24,773	-2,921	-11%
	Total Scope 1 + 2 emissions (tCO_2e)	**153,481**	**211,907**	**187,405**	**-24,502**	**-12%**
GHG Intensity	Scope 1 + 2 Intensity (tCO_2-e/$M[1])	12	15	9	-7	-44%

Note:
1 Per AUD$1,000,000 FUM.

Figure 18: GI Scope 1 & 2 Emissions (equity share) (tCO_2e)

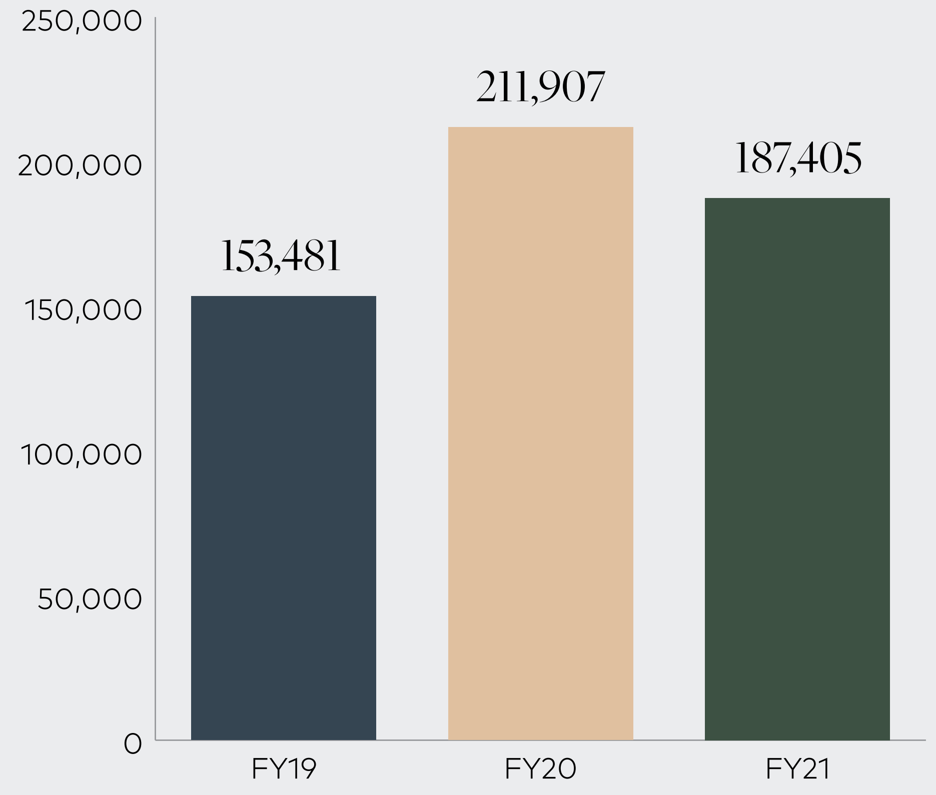
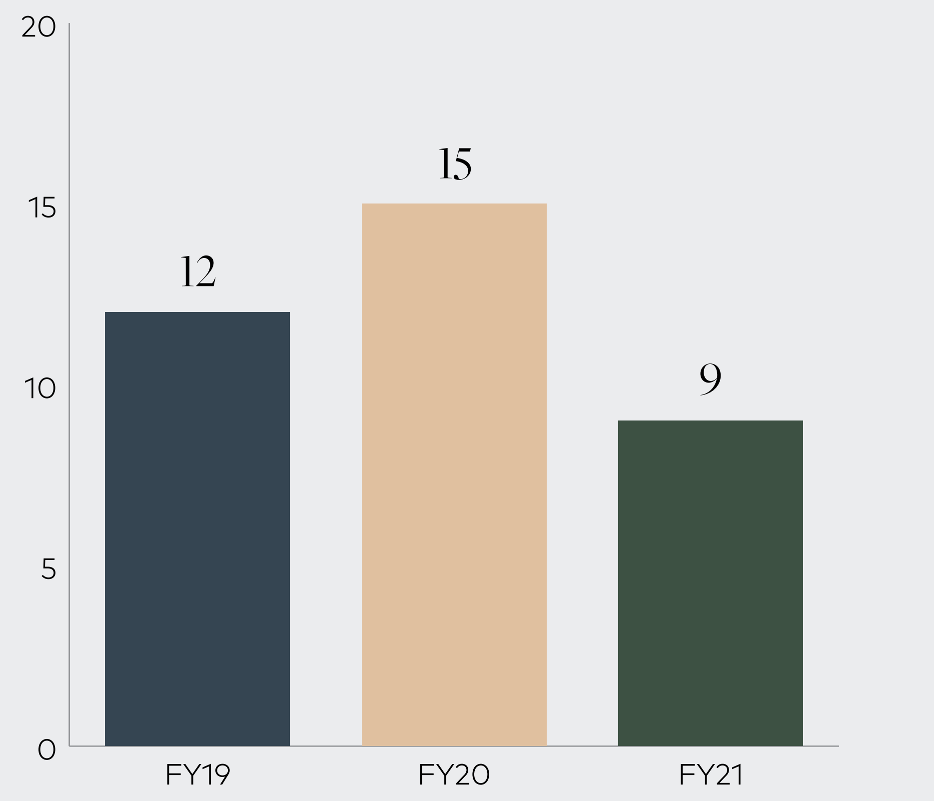


Figure 19: GI Scope 1 & 2 Intensity (equity share) (tCO_2-e/$m)



Notes:

1 The significant increase in Scope 1 + 2 emissions from FY19 is due to 7 major acquisitions made during FY20 and FY21.
Assets acquired in FY20 and FY21:
- Generate Capital — Energy & Utilities, distributed energy
- Hobart International Airport — Transport, gateway transport
- Nexus Day Hospitals — Social/PPP, healthcare
- Pacific Energy — Energy & Utilities, distributed energy
- Seaswift — Transport, freight & logistics
- Brussels Airport — Transport, gateway transport
- Titles Queensland — Government, Registry Infrastructure

2 All emission reporting covers a 12-month period for portfolio assets. Some portfolio companies report their emissions on a calendar not financial year basis, so in these instances we have used CY20 figures in the place of FY21 data.

3 For 3 portfolio companies, FY21 data was not yet available. A conservative estimate was made, using the FY20 emissions data in the place of actuals.
Assets with estimated FY21 data:
- Generate Capital
- Pacific Energy
- Brussels Airport

24 The CIM PEAK platform is an analytics platform that integrates building intelligence, machine learning and technical engineering support to improve efficiency, sustainability and comfort across sites and property portfolios

8.7 GRE Green Bond Update

In 2019, QIC Town Centre Fund (QTCF) issued a A$300 million Climate Bond Initiative (CBI) certified green bond, a world-first for the retail property sector and an important milestone for QTCF, endorsing QICGRE's progress and ongoing focus on sustainability.

The Green Bond asset pool included three high-quality Australian retail assets which have undergone staged redevelopment programs and are part of a portfolio-wide energy efficiency program of works which continue to deliver further energy improvements. These assets are:

Our Green Bond update covers performance and activities completed during the 2020 calendar year.

Carbon reduction initiatives implemented over this period included the commencement of installation of a 5.5-Megawatt solar PV system at Robina Town Centre and a 1-Megawatt system at Grand Central, noting these two systems officially commenced supply in the second quarter of the 2021 calendar year. The systems are expected to reduce annual carbon emissions at the centres by more than 8,500 tonnes CO_2-e (Robina Town Centre) and more than 1,500 tonnes CO_2-e (Grand Central) respectively.

Mechanical plant upgrades at Robina Town Centre resulted in the decommissioning and replacement of two end-of-life chillers with one high-capacity energy efficient chiller. This work is part of a plan to progressively rationalise from five to three centralised chillers at the centre by transitioning to more appropriately sized and efficient systems. The deployment of our CIM data analytics platform continued through 2020 with chiller performance modelling and equipment run-time monitoring implemented across the three centres. This initiative, along with the support of the CIM engineers assists our centre operations staff to optimise the operation of significant plant and equipment targeting improved energy efficiencies and lowering our carbon emissions.

COVID-19 lockdowns across Victoria and Queensland during 2020 resulted in reduced operating hours and foot traffic due to government mandates on non-essential retail. This has therefore impacted our environmental performance over the same period and significant reductions in the carbon emissions intensity at Eastland and Grand Central during 2020 must be considered in this context. This QTCF Green Bond update report has received limited assurance from Sustainalytics. Their annual review letter can be viewed here.

Transaction Summary

Tenor	6 years
Issue amount	A$300 million
Type of Instrument	Senior unsecured A$MTN
Maturity Date	25 August 2025
Use of Proceeds	The QTCF Green Bond has been issued in accordance with QIC Town Centre Fund Sustainability Financing Framework (the QTCF Framework) which has been developed to support and contribute towards meeting the United Nations Sustainable Development Goals (SDGs), and has met the criteria for certification by the Climate Bonds Initiative under the Climate Bonds Standard. The QTCF Green Bond has also been issued in line with the voluntary process guidelines for issuing Green Bonds published by the International Capital Market Association in June 2018 (the Green Bond Principles). The net proceeds from the issuance of the QTCF Green Bond has been fully allocated to the QTCF Green Bond asset pool for staged redevelopment of the following shopping centres: (a) Eastland (b) Robina Town Centre (c) Grand Central The staged redevelopment works for these three shopping centres, together with the QTCF portfolio-wide energy efficiency program and solar PV rollout, will in aggregate contribute to deliver carbon emissions intensity reductions (kg CO_2/m^2) for each of the shopping centres that meet the minimum requirements for Climate Bond Standards certification under the Low Carbon Buildings — Property Upgrade criteria. This requires a minimum 30% carbon emissions intensity reduction for a 5-year bond increasing to a minimum of 34% for a 10-year bond. The QTCF Green Bond has a tenor of 6 years which requires a minimum 30.8% carbon emissions intensity reduction.

Allocation Reporting for SFT as of 30 June 2021

Eligible Green Bond Project Expenditure	$955.4m
Green Bond Proceeds (100% allocated)	($300.0m)

The A$300 million QTCF Green Bond proceeds have been fully allocated to the QTCF Green Bond project pool as at 30 June 2021, which comprised expenditure incurred for staged redevelopments of Eastland, Robina Town Centre and Grand Central.

Impact Reporting for SFT (Statement for Financial Transaction)

Green Building Project		Eastland Ringwood, VIC	Robina Town Centre Gold Coast, QLD	Grand Central Toowoomba, QLD
QTCF Total Asset Balance (A$million)		$456.5	$214.1	$284.8
Allocated Amount (A$million)		$142.5	$66.3	$91.2
2020 Gross Lettable Area (GLA m²)		140,728	155,068	92,744
Carbon Emissions Intensity Reductions	Baseline Monthly GHG Intensity ($kgCO_2/m^2$)	14 (Calendar Year 2013)	9.1 (Calendar Year 2013)	12.6 (Calendar Year 2014)
	2019 Actual Monthly GHG Intensity ($kgCO_2/m^2$)	12.5	8.5	10.3
	2020 Actual Monthly GHG Intensity ($kgCO_2/m^2$)	8.4	8.4	8.5
	Actual Monthly GHG Intensity Reduction vs Baseline Year ($kgCO_2/m^2$)	5.6	0.7	4.1
	Estimated Annual GHG Avoided* (Tonnes CO_2-e)	9,456.9	1,302.6	4,563.0
	Actual % Monthly GHG Intensity Reduction vs Baseline Year	40%	8%	33%
	% Monthly GHG Intensity Reduction Modelled (Baseline to Completion)	37%	42%	37%
Green Buildings Ratings Standard	NABERS Energy 2016	3.0	3.0	3.5
	NABERS Energy 2020	4.5	4.5	4.0

* Estimation calculation based on: Final GLA (m²) x (Monthly GHG Intensity — Baseline GHG Intensity) x 12 (months/yr)/1,000 (kg/tonne).

COVID-19 lockdowns across Victoria and Queensland during 2020 resulted in reduced operating hours and foot traffic due to government mandates on non-essential retail. This has therefore impacted our environmental performance over the same period and significant reductions in the carbon emissions intensity at Eastland and Grand Central during 2020 must be considered in this context. This QTCF Green Bond update report has received limited assurance from Sustainalytics. Their annual review letter can be accessed through the 2021 QICGRE Sustainability Report.

CASE STUDY

Tilt Renewables acquisition strengthens QIC's position as Australia's largest renewable energy generation platform

QIC Global Infrastructure's investment in decarbonisation and energy transition deepened this year through Powering Australian Renewables' (PowAR) acquisition of the Australian business of Tilt Renewables.

This acquisition, and subsequent rebranding of the combined platform to Tilt Renewables, has further strengthened its position as Australia's largest renewable energy generation platform[25].

Tilt Renewables — a partnership between the QIC Global Infrastructure Fund and its co-investors (together QGIF), the Future Fund, and AGL Limited — now owns more than 1,300MW of operational renewable energy capacity across nine geographically diverse wind and solar generation assets.

This significant transaction also provided the platform with a high-quality development pipeline, which at over 3,500MW will see it play a leading role in the decarbonisation of the Australian energy market.

25 Australian Energy Infrastructure Commissioner 2021 Ecogeneration maps for wind and solar

QIC

9. Trusted Organisation

SUSTAINABILITY REPORT 2021

Trusted organisation

9.1 Workplace Health and Safety

QIC is committed to workplace health and safety (WHS) across its operations and workplaces — a commitment underpinned by Board approval of our WHS and Wellbeing Policy. WHS specialists embedded in operational and corporate functions provide a balanced approach to WHS management across the QIC portfolio. Our WHS and Wellbeing Management Committee also meets on a regular basis to provide oversight and direction on WHS initiatives across the business.

Procedures and plans were implemented across operations and workplaces in response to COVID-19 and work continues in monitoring and responding to changes in government health directives.

During the year, an incident reporting system was implemented, providing real-time incident data that enables identification of trends and emerging WHS risks, and informs initiation of targeted WHS risk management strategies. Further enhancements were made to this system to include task tracking, workplace inspections and audit reporting register.

Organisationally and operationally, key WHS focus areas for QIC[26] include the continuation of:

- implementing QIC's WHS Management System across our operations with a goal of achieving accreditation against international standard AS/NZS ISO 45001 *Occupational health and safety management systems* in 2023
- maturing QIC's safety culture across all areas
- mitigating psychosocial hazards and psychological risks, supported by mental health and wellbeing initiatives
- alignment of QIC's WHS Management System with ISO 45003 *Occupational health and safety management — Psychological health and safety at work: managing psychosocial risks — Guidelines*
- executing annual WHS assurance activities designed to verify effectiveness of our WHS management system controls.

26 This includes QIC wholly owned and operationally managed assets.

QIC

9.2 GHG emissions

In previous years, we have reported QIC's carbon footprint inclusive of Global Real Estate's retail and office assets. Going forward, we will be reporting the emissions of QIC's corporate operations independently, as both entities are now aligned to separate emission reduction frameworks.

Table 15: Emission reduction frameworks

Entity	Framework Aligned
QIC Global Real Estate (ABN 8307 6279 528)	World Green Building Council: Net Zero Carbon Buildings Commitment
QIC Corporate (ABN 9594 2373 762)	Climate Active: Carbon Neutral Certification

In 2021, QIC registered to become Climate Active[27] carbon neutral certified. This certification is central to QIC's continued sustainable operations, as it reaffirms our commitment to transparent reporting, and credible disclosures to our clients and the public. Using the carbon reduction hierarchy of energy efficiency, we developed our baseline emissions profile identifying key emissions sources and providing insight into activities where efficiency improvements can be made.

Table 16: Baseline emissions

Emission source	2020-21 (Baseline)
Scope 1 (direct emissions)	0.10
Scope 2 (purchased electricity)	1,070.60
Scope 3 (indirect emissions)	7,666.90
Total (tCO_2e)	**8,737.60**

Note:

1 Emissions boundary covers QIC Limited's corporate office space (ABN 95 942 373 762) and excludes emissions associated with QIC's financial investments or international offices.

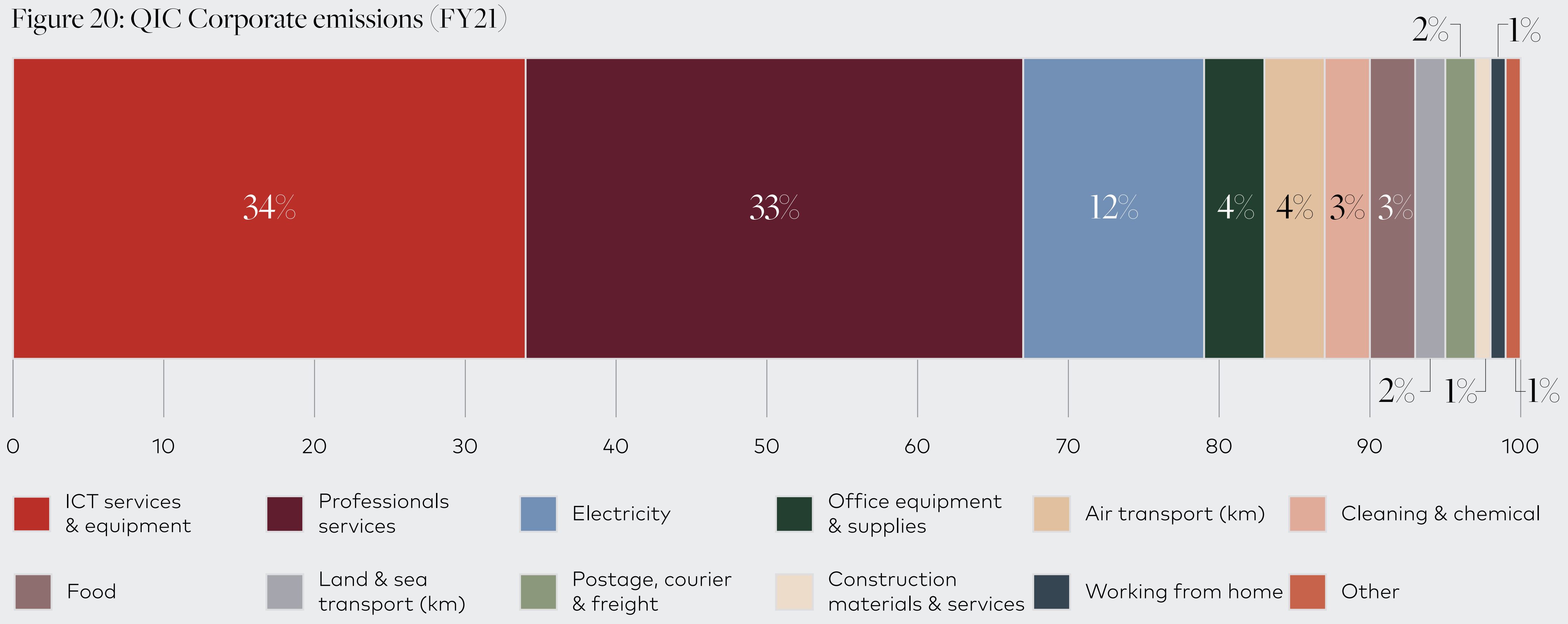
Scope 3 emissions make up 88% of the QIC Corporate FY21 emissions baseline. The source of these emissions is predominately from our ICT equipment (e.g. computer components and hardware), and through our professional services suppliers. Figure 20 provides a breakdown of these emissions into their high-level sources.

The key focus areas for our corporate emissions reduction strategy are listed below:

- **Engagement with building managers on electricity supply:** QIC will seek opportunities for emissions-reduced, or net-zero electricity.
- **Energy efficiency improvements**: Energy efficient lighting and appliances will be installed, and servers will be switched from onsite, to sustainable offsite providers.
- **Develop business practices:** Flexible working arrangements to be encouraged along with reduced business travel as well as offsetting emissions associated with flights.
- **Waste handling management:** Collaboration with office space managers to ensure the responsible recycling and disposal of waste. Partnerships will be established for re-use and recycling of IT equipment.
- **Corporate tenancies:** Future workplace fit out and design will consider Green Star certification alignment.

27 Climate Active is an ongoing partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active certification is awarded to businesses and organisations that have credibly reached a state of achieving net zero emissions, otherwise known as carbon neutrality. Transparency of information is important for maintaining consumer confidence in Climate Active claims. Public reporting ensures the public can understand what an organisation has done to achieve carbon neutrality.

Figure 20: QIC Corporate emissions (FY21)



QIC

9.3 Cybersecurity

Cyberattacks are one of the key threats of the next decade, as identified by the World Economic Forum's *Global Risks Report 2021*. With the COVID-19 pandemic hastening digital dependency, themes such as rapidly accelerating automation, information suppression and manipulation, gaps in technology regulation, and gaps in technology skills and capabilities are more apparent.

QIC is addressing these emerging trends through a strong framework foundation aligned to *Tier 3 Repeatable Cybersecurity Practices* of the National Institute of Standards and Technology (NIST) Cybersecurity Framework and forward-looking cybersecurity strategy. As part of the strategy, QIC has undergone a cybersecurity uplift initiative with the enhancement of four core elements — access control, data security, internet and email security, and perimeter defences.

To support the Information Security framework and controls, QIC's IT Risk and Security team periodically conducts cybersecurity incident simulations targeting our critical business controls and data handling processes, with alternating scenarios such as ransomware attacks, phishing attacks, account compromise, stolen/lost devices, data leaks, and denial of service attacks.

We also conduct periodic external attack simulations, such as penetration tests and 'Red Team' exercises to ensure our defences can withstand attacks exploiting physical and social domains. Regular security awareness training and phishing simulation exercises ensure our employees are capable of detecting and reporting security threats.

To detect and triage current threats, QIC uses Splunk as our Security Information and Event Management (SIEM) platform. The platform searches, monitors and analyses machine-generated big data, which is then centralised and correlated into meaningful information to be analysed for risks. In addition to our SIEM platform, QIC engages with a global Security Managed Services Provider for 24-hour monitoring, anomaly detection, forecasting, and identification of new cybersecurity trends.

We conduct periodic external attack simulations, such as penetration tests and 'Red Team' exercises to ensure our defences can withstand attacks exploiting physical and social domains.

QIC

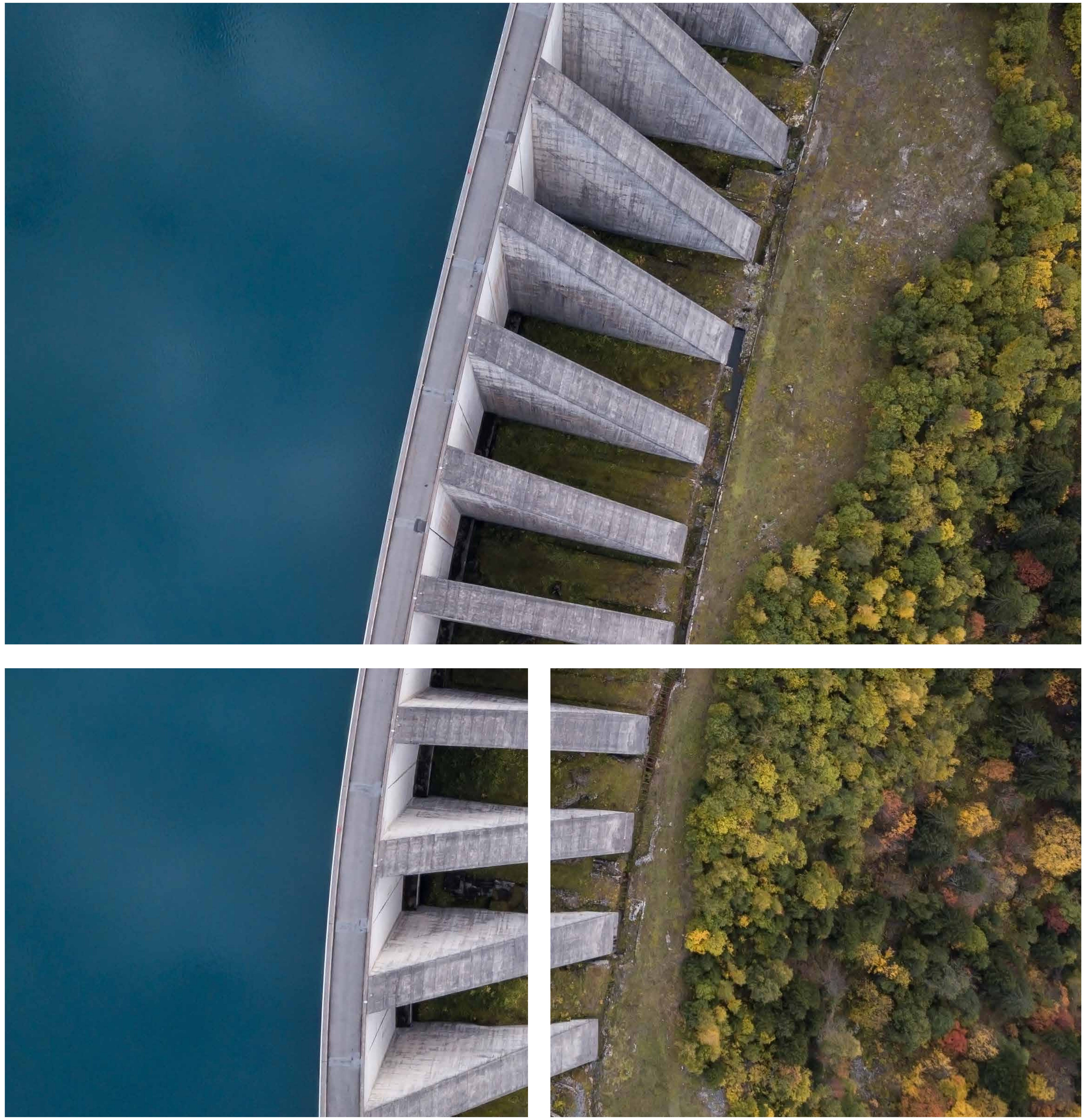
9.4 Money laundering and finance risk

QIC plays an important role in preventing, detecting and reporting suspicions of money laundering and terrorism financing activities to competent authorities. QIC's *Joint Anti-Money Laundering and Counter Terrorism Financing Program* includes processes and procedures to help us identify, mitigate and manage the risks from money laundering and terrorism financing to which we are exposed. It also sets out the applicable customer identification procedures that are to be carried out before providing a designated service to a customer, ongoing customer due diligence and transaction monitoring undertaken by QIC.

9.5 Procurement

QIC's procurement objective is to maximise the benefits and value for money that can be delivered through procurement of goods and services whilst advancing economic, environmental and social objectives for the long term wellbeing of QIC and its clients. QIC is committed to undertaking its procurement with integrity, probity and accountability. We see procurement as an opportunity for us to have a positive impact in our community. Establishing QIC's Indigenous Procurement strategy and our membership of Supply Nation, both outlined in section 10.3, are examples of our commitment.

We recognise the key role that our suppliers play in helping us to achieve this. We ensure that we procure responsibly, and from suppliers who share our values. It's important to us that our suppliers meet or exceed our minimum standards and performance expectations, and understand our commitment to do business with ethically, environmentally and socially responsible suppliers. QIC's Supplier Code of Conduct sets out our standards and expectations.



10. Inclusive Employer

SUSTAINABILITY REPORT 2021

SECTION 10

Inclusive employer

10.1 Diversity and inclusion

At QIC, we know that our people perform at their best when they feel valued, happy, healthy, and encouraged to bring their whole and authentic self to work every day. To support this ethos, in early 2020 QIC launched a refreshed three-year Diversity and Inclusion Strategy to deepen our commitment across our five pillars of diversity and inclusion — gender, LGBT+, accessibility, cultural and linguistic diversity, and our First Nations people. Our diversity, inclusion and wellness commitments and progress are monitored by the QIC Limited Board and continue to be key performance objectives for the organisation. Each component of the strategy has clear performance targets.

A strong and supportive approach to flexibility has been maintained, ensuring our employees continue to benefit from the remote working and wellness routines realised during the first half of 2020, while maintaining a culture of high performance and outcomes for our clients. Over 90% of respondents in our November 2020 Pulse survey continue to incorporate formal or informal flexibility into their work routines, with the business further supporting a 60/40 split of office and remote working for all employees. In addition, QIC has proactively supported our employees and their families (such as school holiday programs and access to parenting webinars) as they have navigated the pandemic environment.

Over the past year our investment in building our inclusion capability has increased through an organisation-wide Inclusive Leadership Workshop, providing employees with real-life examples and practical actions to build on our inclusive culture — in every interaction and conversation, day in, day out. Practical and tangible, the workshop has now been completed by over 350 QIC employees, with additional opportunities for employees to participate in 2021-22.

We have continued to embrace and share in the success of our employee-led networks and working groups — Balance, QPride, Young Professionals, and Reconciliation Action Plan (RAP). We also proudly added a fourth network to our business in July 2020, Qlife, which focuses on employee health and wellbeing. The importance of the strategies and resulting initiatives continue to be a focus, as we sustain our energy and momentum across the broad spectrum of diversity, inclusion and wellness at QIC.

QIC

10.2 Diversity and inclusion targets

Table 17: QIC Diversity and inclusion targets

Focus area	Target	Performance as at 30 Jun 2021
Inclusion	At least 80% of our people think the culture in their team is positive and inclusive, measured annually	89%
Flexibility	At least 80% of our people have formal or informal flexibility into their work routine, measured annually	100%[1]
Reconciliation	Implementation of our Reconciliation Action Plan	Development of our *Innovate* RAP
Gender balance	Gender balance across QIC to be +/– 5%	–3% (47% female)
	Gender balance in the senior leadership of QIC to be +/– 10%	–17% (33% female)
	Board gender balance of 50/50 composition by 2020[2]	43% female 57% male
Gender pay equity	Within +/– 2% average average compa-ratio, measured annually	1.18 %

Notes:
1 During COVID-19, 100% of our people have worked remotely and we anticipate that into the future post-pandemic, there will be a much greater uptake of formal flexible working arrangements.
2 The QIC Board has nine members. Currently there are four female directors and five male directors.

10.3 Reconciliation Action Plan (RAP)

At QIC our vision for reconciliation is an Australia that embraces equal, fair and just opportunities for Aboriginal and Torres Strait Islander peoples and actively supports reconciliation in our political, business and community structures. We recognise the importance of building a better future for all Australians, which must pay respect to and build trust with Australia's First Nations Peoples.

Our reconciliation commitments have deepened during 2020-21, with key achievements including the launch of our second Innovate Reconciliation Action Plan (RAP) and the appointment of QIC's inaugural Indigenous Partnership Manager, Andrew Niven.

NAIDOC Week celebrations at Canberra Centre.

Building on this momentum, some of the key initiatives of the past year include:

- awarding the *QIC Indigenous Tertiary Scholarship* to two more worthy recipients in March 2021
- purchasing licences to the Australian Institute of Aboriginal and Torres Strait Islander Studies *Core Cultural Learning* online training program for QIC Board, Executive Committee, RAP Committee and HR Business Managers
- continuing to proudly celebrate the key events on the Indigenous calendar including National Reconciliation Week and NAIDOC Week
- active involvement in the Committee for Brisbane to ensure we play a part in the Indigenous-related objectives this committee words towards
- participation in the Responsible Investment Association of Australasia working group for Indigenous economic empowerment through the Responsible Investment sector
- continuing to work closely with the Queensland Government's Deadly Innovation team to identify opportunities for investment, procurement and employment
- establishing QIC's Indigenous Procurement strategy, which has quadrupled our procurement spend with Indigenous businesses and seen us onboard several new Indigenous suppliers
- renewing our Supply Nation membership and sending QIC employees to Supply Nation training
- continuing to support Indigenous university students through the CareerTrackers program and by creating our own direct opportunities through casual undergraduate positions.

CASE STUDY

The Murri School

Since joining the business in November 2020, QIC's inaugural Indigenous Partnership Manager Andrew Niven has been working with our IT team to identify suitable Indigenous organisations to which to donate our used IT equipment.

Through this process we have partnered with The Murri School in Brisbane — a school for Indigenous students from disadvantaged backgrounds in Prep to Year 12. To date, we have provided 50 desktops to The Murri School's computer labs, and have committed to improving its Wi-Fi connectivity and donating a further 50 laptops to Year 10-12 students. The school is grateful for our contribution and at QIC we are extremely humbled that we can support such a worthy cause.

Future Pathways, Cheryl Moggs AOM, 2020

CASE STUDY

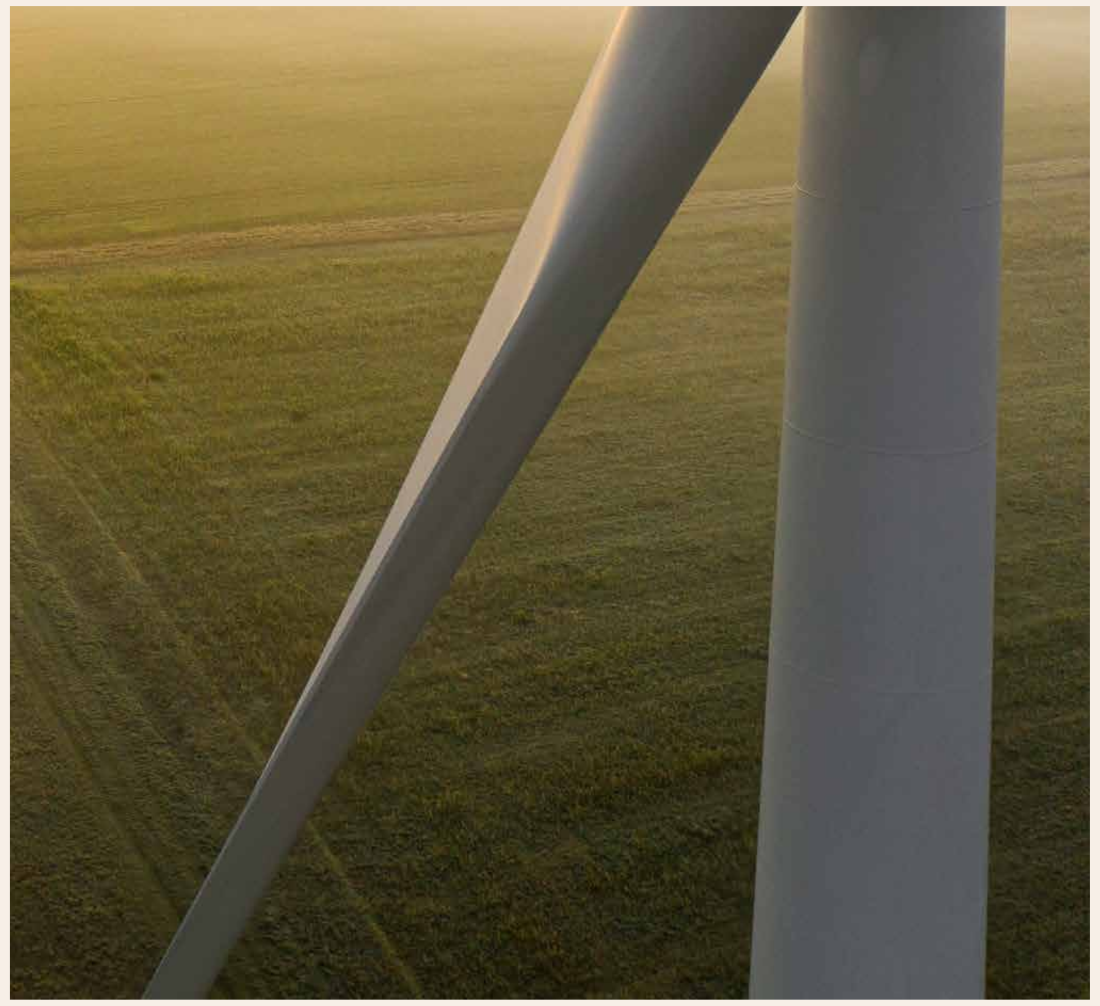
PowAR Silverton Wind Farm

The Wilyakali or Wiljaali is an Indigenous Australian tribal group of the Darling River basin in far west New South Wales, with traditional lands centred on the towns of Broken Hill, Silverton and surrounding country. The Wilyakali People have called the region home for 50,000 years or more and in this part of the country, there is abundant evidence of one of the oldest living civilisations on earth, including the brilliant collection of Aboriginal rock art at Mutawintji to the north-east of Broken Hill.

During 2020-21, Powering Australian Renewables (PowAR) established the Silverton Wind Farm that incorporates 58 wind turbines, 65km of track, overhead and underground power lines, a substation, and maintenance buildings across 135km². This project has the potential to disturb residents, prompting PowAR to conduct comprehensive engagement with the local community, particularly the Wilyakali People.

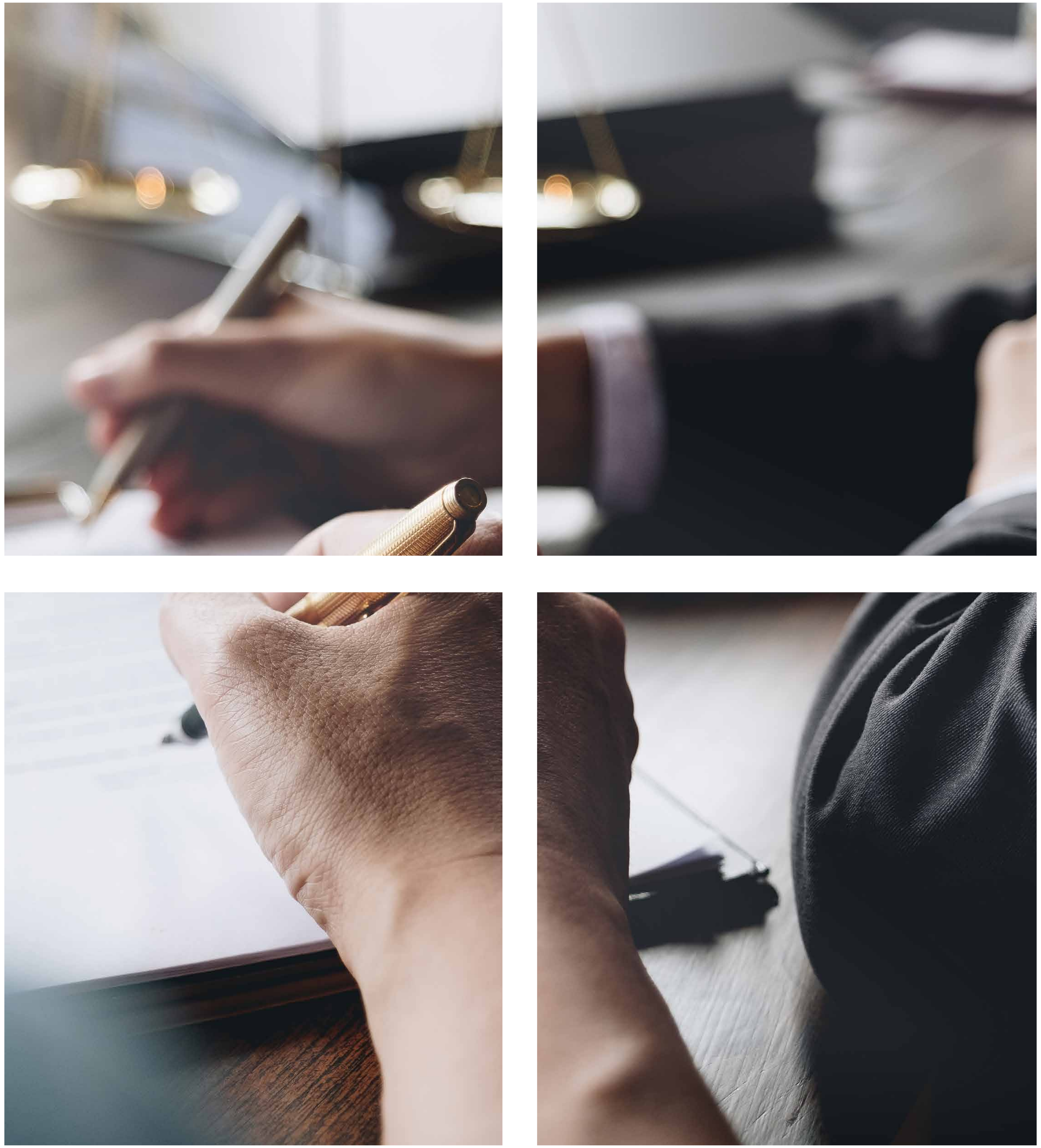
Key engagement activities included:

- assisting and maintaining access for Indigenous stakeholders to heritage items on the site during the works
- leading ongoing consultation with Indigenous stakeholders, including formal meetings with Broken Hill Aboriginal Land Council representatives and local elders every three months during construction to monitor sentiment within the groups
- updating site inductions to include specific training in relation to protection, respect, identification and reporting of sites containing potential artefacts
- requiring contractors to provide physical identification of Indigenous sites during construction
- consultation with the Broken Hill Aboriginal Land Council and local elders about artefact discovery and any potential or actual disturbance
- requiring contractors to provide one week's notice when providing indigenous peoples representatives to complete on-ground visual checks during ground disturbance activities
- formally engaging Broken Hill Aboriginal Land Council to conduct ongoing and 'as requested' monitoring services through the construction period
- conducting regular contractor reporting to the Principal on Indigenous heritage aspects covered by the Heritage Management Plan.



11. Leading Corporate Citizen

SUSTAINABILITY REPORT 2021



Leading corporate citizen

The health and economic impacts of the COVID-19 pandemic have pulled into sharp focus the critical role business plays in society. Despite the many challenges the pandemic has brought, over the past year our community strategy has continued to build on our strong culture of giving and encouraging our people to actively support and participate in community-based initiatives and activities.

11.1 QIC Charitable Foundation

As part of QIC's 30th anniversary celebrations in 2021, we were proud to launch the QIC Charitable Foundation. Established in partnership with the Queensland Community Foundation (QCF), it is part of a perpetual fund that will continue to grow over time and will build on our existing workplace giving culture. As the funds in the foundation grow, we intend to be able to make meaningful donations and contributions each year to important causes that support and improve our communities.

11.2 Charitable partnership with Orange Sky Australia

For the past three years, QIC has supported Orange Sky Australia in its efforts to provide free laundry and shower services to some of the most vulnerable members of our society. As our employees' charity of choice, we have raised much-needed funds for Orange Sky, with more than $17,000 contributed in 2020-21.

Alongside fundraising, many of the QIC team have volunteered with Orange Sky Australia, giving them a deeper insight into the effects homelessness has on our communities.

11.3 The Queensland Community Foundation

The Queensland Community Foundation (QCF) is a leading Australian state and national charitable organisation that builds a permanent trust fund to generate a continuous income stream for a wide range of Queensland charities.

QIC has been a founding sponsor of QCF since 1997, providing both financial and in-kind support. Since its inception, QCF has distributed over $30 million to more than 900 charities across the state.

This year, the partnership was strengthened through our support and involvement across multiple areas. A number of QIC employees work closely with QCF as members of the Board of Governors and the QCF management committee, and through providing pro bono advice and support in human resources, legal, and sustainability initiatives.

QIC was proud to sponsor the ***QCF 2020 Emerging Philanthropist of the Year*** award, won by Jack Growden from LiteHaus International. Jack is a 23-year-old Australian passionate about improving access to digital technology around the world. Jack began the LiteHaus journey by donating his personal laptop to the Kuta Primary School and promised to return with 12 more. After eight computer labs and 8,500 students were given access to digital learning tools, Jack has well and truly delivered on his promise.

Jack has developed a remote learning program to provide marginalised students across the Townsville, Tablelands, Cairns, Burdekin and Charters Towers regions with access to digital devices. He is an innovative, emerging philanthropist, whose significant early achievements embody the qualities that define philanthropic excellence, including outstanding generosity and creativity. As part of our sponsorship, QIC donated $2,000 to a charity of Jack's choice.

QIC is a longstanding, strong supporter of QCF and will continue to support the foundation and its good work throughout Queensland.

11.4 QIC Community Day

Each year, our people can use their annual QIC Community Day to volunteer their time to a charity or community group of their choice.

In 2020-21, 279 employees participated in face-to-face and virtual charitable initiatives and challenges supporting causes related to homelessness, medical and health research, Aboriginal and Torres Strait Islander communities, men's health, domestic and family violence, and disadvantaged youth. More than $46,000 was raised for these causes over the past 12 months.

12. Sustainability Data

SUSTAINABILITY REPORT 2021

Sustainability data

12.1 QIC Global Real Estate consumption data

Note: The following table presents aggregated data from QICGRE's portfolio of retail and office assets. The FY21 data in the table has received limited assurance in accordance with the Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ASAE 3000). Data from assets that QIC does not have operational control over are excluded, this includes our joint venture assets, Westfield Coomera and Helensvale and Claremont Quarter.

Table 18

Reporting Metric		FY19	FY20	FY21	Year on Year Variance
Energy	Total energy use (GJ)	645,673.7	563,121.4	492,671.7	–70,449.7 (–12.5%)
	Intensity (MJ/m²)	400.1	366.1	333.4	–32.7
Water	Total water use (KL)	1,575,176.0	1,262,988.0	899,995.5	–362,992.5 (–28.7%)
	Intensity (KL/m²)	0.98	0.82	0.61	–0.21
Recycling	Waste recycling rate (% of total waste)	35.0%	38.6%	48.9%	10.3%
GHG Emissions	Total Scope 1 emissions (tCO_2-e)	8,007.6	12,630.0	11,379.4	–1,250.6 (–9.9%)
	Total Scope 2 emissions (tCO_2-e)	118,964.7	101,360.7	83,618.8	–17,741.9 (–17.5%)
	Scope 1 & 2 Intensity (kg CO_2-e/m²)	78.7	74.1	64.3	–9.8
	Total Scope 3 emissions [28] (tCO_2-e)	143,814.1	117,492.4	226,588.3	109,095.9 (92.9%)
	Scope 3 emissions Intensity (kg CO_2-e/m²)	89.1	76.4	153.3	76.9
Intensity factor	Gross Lettable Area (m²)	1,613,652.0	1,538,338.3	1,477,866.1	–60,472.2 (–3.9%)

Note:
This table presents aggregated data from QICGRE's portfolio of retail and office assets. The FY21 data in the table has received limited assurance from KPMG. Data from assets that QIC does not have operational control over are excluded, this includes our joint venture assets, Westfield Coomera and Helensvale and Claremont Quarter.

28 Scope 3 emissions include scope 3 emissions from QICGRE's use of energy and generation of landfill waste and emissions related to the use of energy by our retail and office tenants.

12.1 QIC Global Real Estate consumption data (continued)

The following downloadable spreadsheet presents asset level FY21 environmental performance data for each of GRE's five funds: **GRE FY21 Asset Environmental Performance Data**.

- Scope 2 emissions have decreased by 17.5% across the GRE portfolio since FY20. This is in-part due to large scale solar roll-outs across four of our assets. The rooftop solar installed, started generating renewable energy for the assets towards the end of FY21 and has contributed to a decline in grid-sourced electricity.
- Since FY20, we have seen a 10.3% increase in recycling rates across the GRE portfolio. A contributing factor to this result is the implementation of Pulpmaster food waste management systems at three of our QLD shopping centres. For more information on this initiative please refer to **GRE's FY21 Sustainability Report**.
- In FY21 GRE expanded the reporting boundary of our scope 3 emissions reporting. In FY19 and FY20, scope 3 emissions were captured for landfill waste generation, and metered energy of speciality tenants. In FY21 we engaged with our major tenants to capture their separately metred electricity usage — increasing our reported scope 3 emissions by 92.9% from FY21.

Note:
Major tenants generally manage their own energy supply agreements, so to calculate the emissions related to major tenant's energy use GRE has:
- Used actual FY21 energy use figures provided by the tenant, or
- Used actual CY20 energy use figures provided by the tenant, or
- Estimated FY21 energy use based on actual FY21 energy intensity (kWh/m2) of an alternative tenant that most closely matches the expected operational profile of the tenancy that requires estimation. This method was applied to approximately 37% of the total gross lettable area occupied by major tenants across the portfolio of retail assets which accounts for 21% of scope 3 emissions.

12.2 Economic value

Table 19: Direct economic value generated and distributed

QIC	$'000
Direct economic value generated	532,302
Economic value distributed	
Operating costs	180,935
Employee wages and benefits	247,283
Payments to providers of capital	46,039
Payments to government	31,255
Community investments	373
Total economic value distributed	505,885
Economic value retained	26,417

12.3 People data

Table 20: QIC Diversity and inclusion targets

Focus area	Target	Performance as at 30 Jun 2021
Inclusion	At least 80% of our people think the culture in their team is positive and inclusive, measured annually	89%
Flexibility	At least 80% of our people have formal or informal flexibility into their work routine, measured annually	100%[1]
Reconciliation	Implementation of our Reconciliation Action Plan	Development of our *Innovate* RAP
Gender balance	Gender balance across QIC to be +/– 5%	–3% (47% female)
	Gender balance in the senior leadership of QIC to be +/– 10%	–17% (33% female)
	Board gender balance of 50/50 composition by 2020[2]	43% female 57% male
Gender pay equity	Within +/– 2% average average compa-ratio, measured annually	1.18 %

Notes:
1 During COVID-19, 100% of our people worked remotely and we anticipate that into the future post-pandemic, there will be a much greater uptake of formal flexible working arrangements.
2 The QIC Board is composed of nine members. Currently there are four female directors and five male directors.

Table 21: QIC's People Data

GRI 102–8 — Information on employees and other workers

A. Total number of employees by employment contract (permanent and temporary), by gender

	F	M	Grand total
Casual	9	6	15
Maximum term	45	35	80
Open term	345	406	751
QIC project workforce (Non–permanent)	1	4	5
Grand total	**400**	**451**	**851**

Excludes consultants, directors and agency contractors.

B. Total number of employees by employment contract (permanent and temporary), by region

	AUS	UK	USA	Grand total
Casual	15	0	0	15
Maximum term	79	1	0	80
Open term	714	12	25	751
QIC project workforce (Non–permanent)	5	0	0	5
Grand total	**813**	**13**	**25**	**851**

Excludes consultants, directors and agency contractors.

C. Total number of employees by employment type (full-time and part-time), by gender

	F	M	Grand total
Casual	9	6	15
Full–time	337	432	769
Part–time	54	13	67
Grand total	**400**	**451**	**851**

Excludes consultants, directors and agency contractors.

D. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.

Not applicable.

GRI 401–1 — New employee hires and employee turnover

A. Total number and rate of new employee hires during the reporting period, by age group, gender and region

	AUS			UK		USA			Grand total
	F	M	Total	M	Total	F	M	Total	
<30	26	22	48	0	0		0	0	48
31–40	24	21	45	2	2		1	1	48
41–50	11	20	31	1	1		0	0	32
51–60	2	6	8	0	0		0	0	8
60+	1	2	3	0	0		0	0	3
Grand total	**64**	**71**	**135**	**3**	**3**		**1**	**1**	**139**

	AUS			UK		USA			Grand total
	F	M	Total	M	Total	F	M	Total	
<30	19%	16%	35%	0%	0%	0%	0%	0%	35%
31–40	17%	15%	32%	1%	1%	0%	1%	1%	35%
41–50	8%	14%	22%	1%	1%	0%	0%	0%	23%
51–60	1%	4%	6%	0%	0%	0%	0%	0%	6%
60+	1%	4%	2%	0%	0%	0%	0%	0%	2%
Grand total	**46%**	**51%**	**97%**	**2%**	**2%**	**0%**	**1%**	**1%**	**100%**

Due to rounding, come totals may not equal 100%

GRI 401–1 — New employee hires and employee turnover

B. Total number and rate of employee turnover during the reporting period, by age group, gender and region

2020–21 turnover was 14.3% (5.53% voluntary turnover (open terms) and 8.8% involuntary turnover).

1.

	AUS			USA			UK			Grand total
	F	M	Total	F	M	Total	F	M	Total	
<30	10	11	21	0	0	0	0	0	0	21
31–40	12	17	29	5	2	7	0	0	0	36
41–50	11	10	21	4	7	11	0	0	0	32
51–60	3	3	6	6	9	15	0	0	0	21
60+	2	3	5	9	4	13	0	0	0	18
Grand total	**38**	**44**	**82**	**24**	**22**	**46**	**0**	**0**	**0**	**128**

Excludes end of contract and casual termination.

2.

	AUS			USA			UK			Grand total
	F	M	Total	F	M	Total	F	M	Total	
<30	8%	9%	16%	0%	0%	0%	0%	0%	16%	16%
31–40	9%	13%	23%	4%	2%	5%	0%	0%	28%	28%
41–50	9%	8%	16%	3%	5%	9%	0%	0%	25%	25%
51–60	2%	2%	5%	5%	7%	12%	0%	0%	16%	16%
60+	2%	2%	4%	7%	3%	10%	0%	0%	14%	14%
Grand total	**30%**	**34%**	**64%**	**19%**	**17%**	**36%**	**0%**	**0%**	**100%**	**100%**

Due to rounding come total may not equal 100%.

GRI 401–2 — Benefits provided to full-time employees that are not provided to temporary or part-time employees

A. Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:

i. life insurance;
ii. health care;
iii. disability and invalidity coverage;
iv. parental leave;
v. retirement provision;
vi. stock ownership;
vii. others.

i. life insurance — US employees only, notwithstanding default life insurance within Australian Superannuation Plans held by individual.

ii. health care — US employees only.

iii. disability and invalidity coverage — US employees only, notwithstanding disability/TPD and income protection insurance within Australian Superannuation Plans held by individual.

iv. parental leave — available to any employee who has met the required 6 months of service eligibility criteria, excluding causal employees.

v. retirement provision — AU is 10% mandatory contribution via superannuation, US is 3% 401k, UK currently 3% from 6 April 2019 as per the UK Pension Regulator.

vi. stock ownership — investment opportunities through the staff investment scheme are available to all employees with at least 6 months' service.

vii. Critical illness insurance — available for US employees.

B. The definition used for 'significant locations of operation'.

Defined by geography of QIC offices e.g. Australia, United States of America and United Kingdom.

GRI 401–3 — Parental leave

A. Total number of employees that were entitled to parental leave, by gender

Throughout the period, QIC employees (excluding casuals) with tenure of six months or longer were eligible for paid parental leave entitlements, which equates to 836 employees (91.4%).

B. Total number of employees that took parental leave, by gender

In Australia, 37 employees (29 female and 8 male) accessed the paid parental leave benefit as a primary carer and 24 employees (all male) accessed the non-primary carer parental leave benefit. In addition, 1 US employee (male) accessed the non-primary carer benefit and 1 UK employee (female), and 1 US employee (female) accessed paid parental leave benefit as a primary carer meaning, that throughout 2020-21 a total of 39 employees took primary carers parental leave.

C. Total number of employees that returned to work in the reporting period after parental leave ended, by gender

In Australia, 13 employees (10 female and 3 male) are currently on paid parental leave, 24 employees (19 female and 5 male) have returned to work.

D. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender

Data not available.

E. Return to work and retention rates of employees that took parental leave, by gender

Data not available.

Anecdotally we are confident that the retention and return rate of our parental leave population is quite high.

GRI 403–2 — Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

A. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by: i. region; ii. gender.	Physical injury — 0 Absenteeism rate — 0% Work-related fatalities — 0
B. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organisation, with a breakdown by: i. region; ii. gender.	Nil
C. The system of rules applied in recording and reporting accident statistics	In accordance with internal OHS incident reporting and legislative state-based WorkCover requirements.

GRI 404–2 — Programs for upgrading employee skills and transition assistance programs

A. Type and scope of programs implemented and assistance provided to upgrade employee skills

QIC's training and development programs capitalise on common training needs across the broader business, as well as tailored opportunities for investment professionals. Sessions are provided in-house, online and externally, with referred and best-practice providers. QIC also provides every employee with access to LinkedIn Learning as an employee benefit to advocate continuous, self-paced learning opportunity.

These programs continue to expand as the needs of the business evolve and some include:

- Business Writing Skills
- Emerging Leaders Program
- Inclusive Leadership Workshop
- Leading Through Change
- Navigating Through Change
- Thriving Through Change
- Presentation Skills for QIC
- QIC Leadership Excellence Program
- QIC Leadership Excellence Program Tune Up
- Service Excellence Program
- Resilience and Wellbeing Workshops.

B. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment

Outplacement services by an expert third party are provided to this group.

GRI 404–3 — Percentage of employees receiving regular performance and career development reviews

A. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period

QIC performance reviews occur on a biannual basis and all employees participate. These take place through self-assessments and reflective conversations with employees and their direct managers. Informal performance conversations also occur informally throughout the year and it is QIC's expectation that these 1:1 manager/employee catch-ups occur at least monthly.

GRI 405–1 — Diversity of governance bodies and employees

A. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories:
i. Gender;
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;
iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).

i. Directors: 4 females, 5 males
ii. Age group
- under 30 years old — 0
- 30-50 years old — 0
- Over 50 years — 9

iii. NA

B. Percentage of employees per employee category in each of the following diversity categories:
i. Gender;
ii. Age group: under 30 years old, 30-50 years old, over 50 years old;
iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).

This table represents the employment category by 'Level of Work' throughout QIC, on a gender and age basis. The scale is level of work 1 (most junior employees) to level of work 5, 6 and 7 (Senior Managers and Executives).

Level of work by gender	1		2		3		4		5		6		7	Grand total
Row labels	F	M	F	M	F	M	F	M	F	M	F	M	M	
<30	23	20	41	37	10	4	1	1		1				138
31–40	19	2	61	33	67	91	14	26	9	10		1		333
41–50	6	2	24	19	41	54	26	40	16	27	1	5		261
51–60	3	3	7	7	13	26	9	13	1	6	2	5	1	96
60+	1		1	4	3	7	1	3		2		1		23
Grand total	52	27	134	100	134	182	51	83	26	46	3	12	1	851

GRI 405–2 — Ratio of basic salary and remuneration of women to men

A. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation

Applied to all QIC employees globally, the overarching remuneration ratio from male to female is 1:1, evidenced by the following:

- Median male compa-ratio 101.5%
- Median female compa-ratio 101.4%

Gender pay gap at the median is 0.8%

B. The definition used for 'significant locations of operation'

NA

GRI 102–41 — Collective bargaining agreements

A. Percentage of total employees covered by collective bargaining agreements

NA

QIC

12.4 Corporate engagements

Over FY20-21 QIC undertook 52 engagements with investee entities and issuers of debt. The table below provides an overview of the nature of these engagements.

Table 22: Corporate engagements

Industry	Engagement format	ESG discussion points
Consumer Staples	Email correspondence	Reporting
Supranationals	QIC arranged meeting	Sustainability Impact Reporting Governance
Semi government	QIC arranged meeting	Impact reporting Reporting
Supranationals	QIC arranged meeting	Green bond program Impact reporting
Automotive	QIC arranged meeting	Climate Sustainability Governance Green Bonds
Utilities	Investor Group	Carbon Emissions
Supranationals	Email correspondence	Climate Impact reporting
Supranationals	Email correspondence	Social Impact reporting
Financials	Other	Governance Social
Utilities	QIC arranged meeting	Board diversity Social Renewable energy Carbon emissions
Utilities	QIC arranged meeting	Reporting Executive Remuneration Gender Diversity Governance Renewable Energy Transition Plans Carbon Emissions Power Purchase Agreements
Automotive	QIC arranged meeting	Carbon Emissions Electric Vehicles Battery technology COVID-19 customer response
Utilities	Investor Group	Governance Climate Change Carbon Emissions
Utilities	Email correspondence	Climate change Emissions
Real estate	Investor Group	Emissions Reduction
Financials	Investor Group	Libor Transition
Financials	QIC arranged meeting	Libor Transition
Utilities	Investor Group	Nuclear Reform in Europe, Sustainability strategy and issuance of Sustainability Linked Notes, Green Opportunities
Automotive	Investor Group	Ethics & Strategy, Risk Management, Decarbonisation, Sustainable Supply Chain Management and Human Rights
Real estate	Investor Group	Emissions Reduction
Communications	Investor Group	Climate Change Carbon Emissions Renewable Energy Sustainability
Chemicals	Investor Group	Exposure to thermal coal customers
Industrials	Investor Group	Climate Change Health and Safety
Financials	QIC arranged meeting	Sustainable issuance Product design
Consumer Staples	QIC arranged meeting	Sustainable issuance Water and wastewater management Ecological impacts Climate risk Product quality & safety Supply chain management Product design & lifecycle management

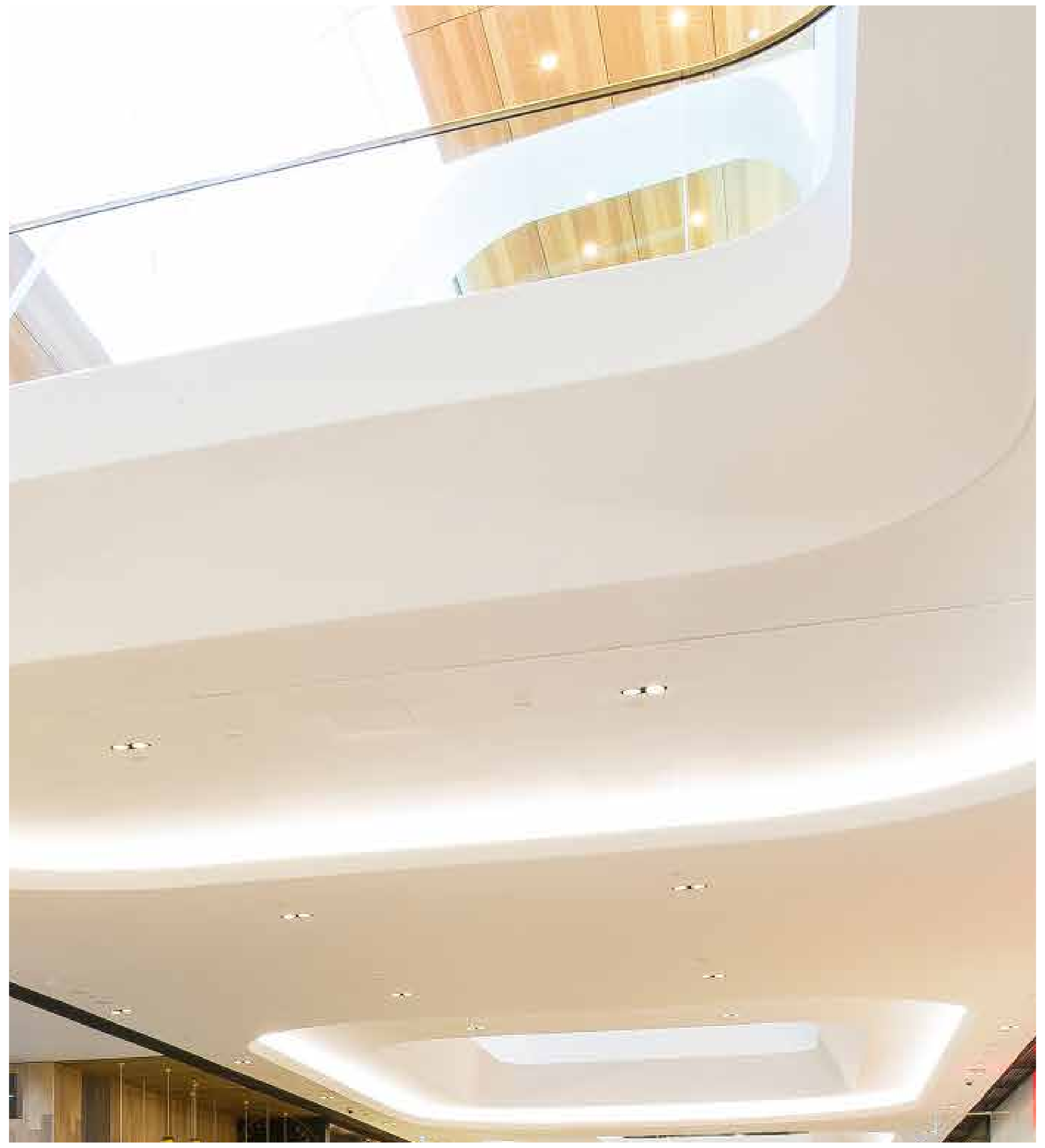
Industry	Engagement format	ESG discussion points
Utilities	QIC arranged meeting	Climate risk Carbon emissions Social — staff diversity Social — supply chain
Sovereign	QIC arranged meeting	Climate Risk Carbon Emissions Green bonds Quality of data
Supranationals	QIC arranged meeting	SDGs Impact investing
Automotive	Investor Group	Climate Change Emissions reduction/carbon neutrality Governance Green Bonds
Energy	Investor Group	COVID-19 Support Climate change and executive remuneration links Green initiatives Net zero pathway
Utilities	Investor Group	Climate change Green energy COVID-19
Industrials	Investor Group	Climate Change Net Zero target Environmental initiatives Sustainability Linked Loan
Industrials	Investor Group	Green energy Environmental initiatives
Real estate	Investor Group	Sustainable issuance Emissions reduction

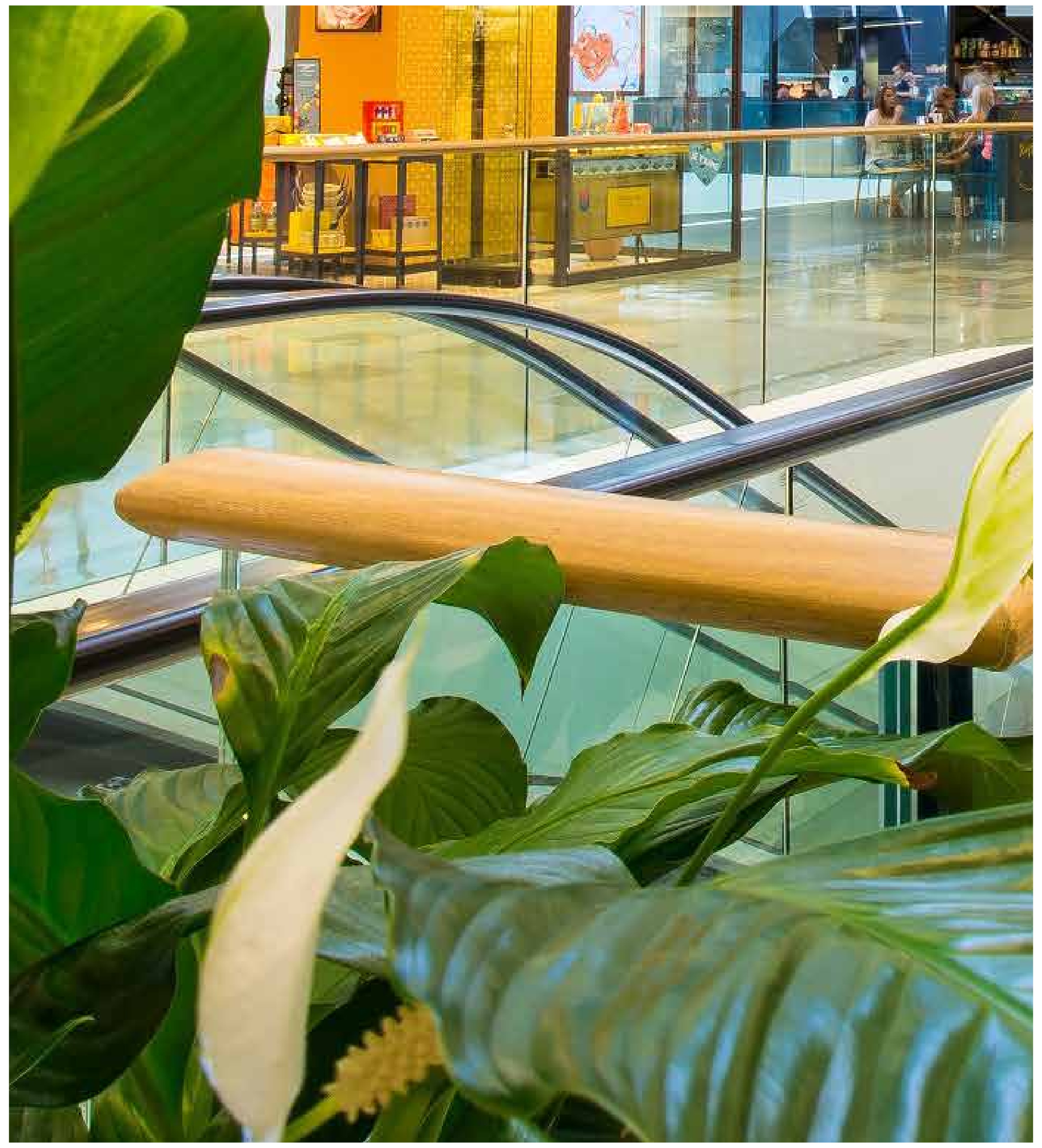
Industry	Engagement format	ESG discussion points
Utilities	Investor Group	Climate change Emissions targets
Utilities	Investor Group	Renewables Stranded Assets Cost of Carbon Emissions reductions Climate change Climate leadership
Financials	QIC arranged meeting	COVID-19 Support Sustainable financing Governance issues Social measures
Multiple	Investor Group	Climate Change
Financials	QIC arranged meeting	Governance Regulation
Real estate	Investor Group	Climate Resilience Community engagement
Financials	QIC arranged meeting	Governance Regulation Staff training
Financials	QIC arranged meeting	Climate risk Lending policy and exposure to coal industry Sustainability
Industrials	Investor Group	Reporting Climate change Modern Slavery Workplace Health and Safety

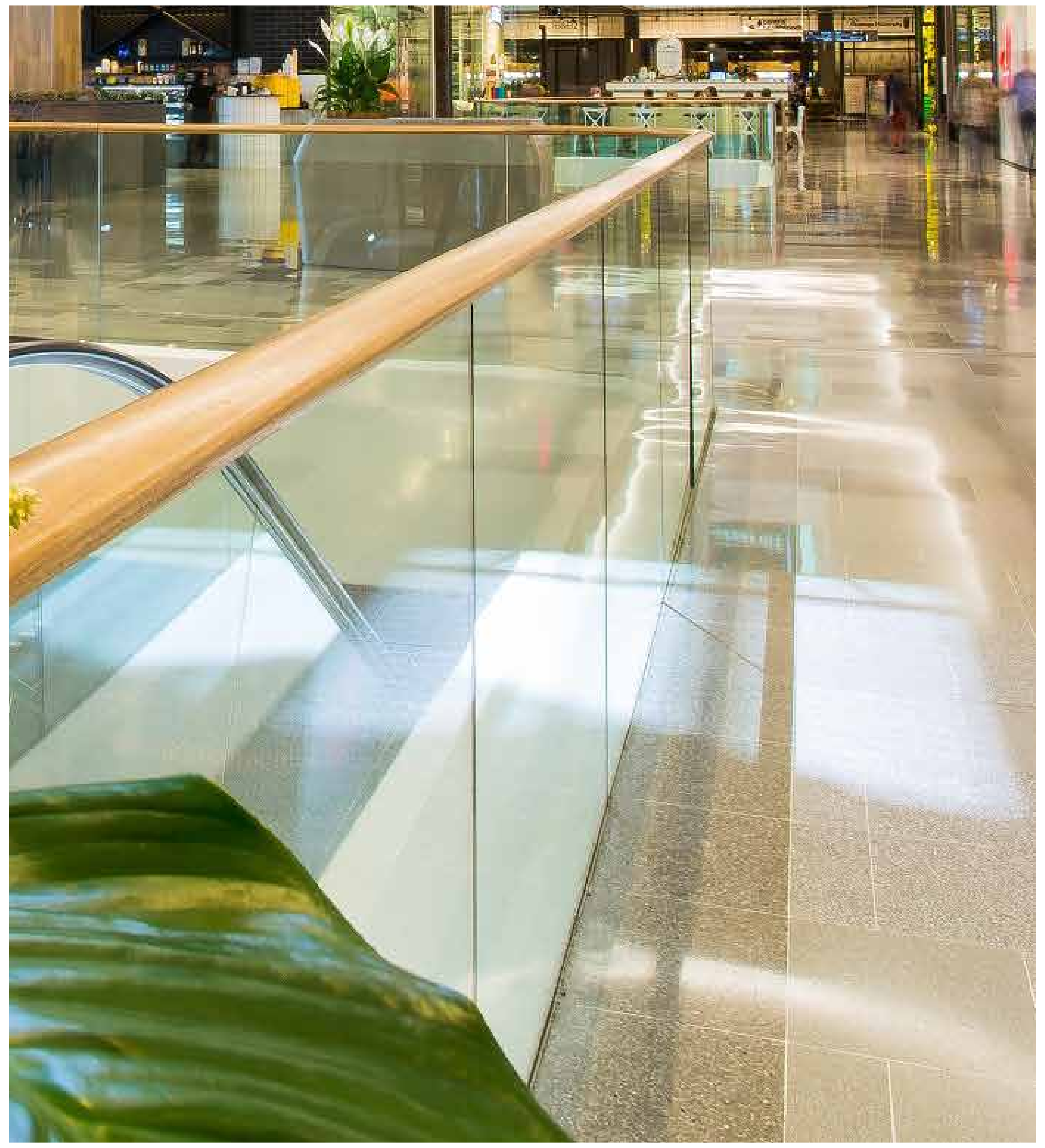
Industry	Engagement format	ESG discussion points
Financials	QIC arranged meeting	Climate Change Diversity and Inclusion Sustainable Financing Materiality Assessment
Sovereign	Investor Group	Diversity and inclusion
Chemicals	Investor Group	Emissions
Telecommunications	QIC arranged meeting	Workplace health and safety Social — essential services
Utilities	QIC arranged meeting	Renewable Energy Power Purchase Agreements Mine rehabilitation
Financials	QIC arranged meeting	Governance Sustainability Material ESG matters
Financials	Investor Group	Paris Agreement Net Zero Commitments Climate Change
Consumer Staples	QIC arranged meeting	Climate Change Renewable Energy Net Zero Emissions Modern Slavery and human rights UN SDGs Health and product safety Data security Governance Green products
Sovereign	Investor Group	Energy efficiency Green products

13. GRI Index

SUSTAINABILITY REPORT 2021







GRI Index

The GRI Standards create a common language for organisations and stakeholders through which the economic, environmental, and social impacts of organisations can be communicated and understood. This index provides a reference between the GRI Standards indicators to which this report aligns, and the content of the report.

Table 23: GRI index

GRI indicator	Title	Relevant section
102–14	Statement from senior decision-maker	CEO statement
102–1	Name of the organisation	Cover page
102–2	Activities, brands, products, and services	Business overview
102–3	Location of headquarters	Business overview
102–4	Location of operations	Business overview
102–5	Ownership and legal form	Business overview
102–6	Markets served	Business overview
102–7	Scale of organisation	Business overview
102–8	Information on employees and other workers	Sustainability data
102–41	Collective bargaining agreements	Sustainability data
102–9	Supply chain	Trusted organisation
102–10	Significant changes to the organisation and its supply chain	No
102–11	Precautionary principle	Responsible investment manager
102–12	External initiatives	Responsible investment manager
102–13	Membership of associations	Responsible investment manager
102–45	Entities included in the consolidated financial statements	Business overview and QIC Annual Report
102–46	Defining report content and topic	Understanding material issues
102–47	List of material topics	Understanding material issues
103–1	Explanation of the material topic and its boundary	Understanding material issues
102–48	Restatements of information	Nothing of note
102–49	Changes in reporting	No significant changes from previous reporting period
102–40	List of stakeholder groups	Understanding material issues
102–42	Identifying and selecting stakeholders	Understanding material issues
102–43	Approach to stakeholder engagement	Understanding material issues Responsible investment manager
102–44	Key topics and concerns raised	Understanding material issues
102–50	Reporting period	Introduction
102–51	Date of most recent report	June 2021
102–52	Reporting cycle	Introduction
102–53	Contact point for questions regarding the report	Please email sustainabilityreport@qic.com
102–54	Claims of reporting in accordance with the GRI Standards	Welcome to our Sustainability Report
102–55	GRI content index	GRI index
102–56	External assurance	This report is not externally assured
102–18	Governance structure	Business overview, Responsible investment manager, and QIC Annual Report
102–16	Values, principles, standards, and norms of behaviour	Business overview and Responsible investment manager
103–2	The management approach and its components	Responsible investment manager Inclusive employer Leading corporate citizen Trusted organisation
103–3	Evaluation of the management approach	Responsible investment manager Inclusive employer Leading corporate citizen Trusted organisation