QIC

Sustainability Report

2022

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QIC licenses and applies the SASB Materiality Map® in our work.

Real Estate Net Zero Target

QIC Real Estate's fund level 2028 net zero carbon targets (currently covering Scope 1 & 2 carbon emissions) are supported by the development and ongoing maintenance of asset-level Net Zero Carbon Emissions Roadmaps which are aggregated to the fund level. These Roadmaps document the carbon emissions reduction initiatives planned to be implemented annually out to 2028 to achieve the net zero carbon targets. Initiatives follow a reduction and elimination first approach and include energy efficiency upgrades to aging plant and equipment, optimisation of existing plant and equipment, electrification of natural gas-powered plant and the deployment of onsite solar PV systems or purchase of renewable electricity from the grid. The initiatives are integrated into the capital plans and relevant annual budgets for each asset. Net Zero targets rely on an increase in renewable energy consumption (QPF/QTCF: ~70%, QOF: ~60%, QARP: ~64%, QACPF: ~68%) and a reduction in electricity consumption (QPF/QTCF: ~25%, QOF: ~35%, QARP: ~21%, QACPF: ~22%). All targets apply to assets that are 100% owned and managed by QIC. The purchase of carbon offsets is expected to be required to offset residual carbon emissions relating to sources such as refrigerants, and for which there is not yet an alternative carbon-free replacement. We expect offsets to represent ~5-10% of the baseline emissions profiles across all five funds (baseline years are as follows: FY18 for QTCF & QPF core assets, FY15 for QOF and FY21 for QARP and QACPF). Target progress is quantified annually and receives limited independent assurance, in accordance with the Australian Standard on Assurance Engagements (ASAE3000). For more information on net zero carbon emissions targets for real estate and summaries of our current Net Zero Carbon Emissions Roadmaps, please see our latest QIC Real Estate Sustainability Report.

Infrastructure Net Zero Target

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

Target modelling shows the most material drivers of decarbonisation during the time period to likely include: 2021-2030: renewable energy and electrification, bio-based fuels and electric vehicles as well as some emerging hydrogen fuels; 2031-2040: renewable energy and hydrogen. This timing is estimated only, with actual trajectory likely to change over time dependent on the timing of adoption of new technology, operational improvements, growth or reduction in business activity and the potential new investment/divestment of businesses in the portfolio. If additional equity is acquired in either an existing or a new relevant business, the baseline will be adjusted accordingly for the 2030 target.

Progress on our net zero emissions target will be quantified using independent verification and regular scope 1 & 2 emissions tracking metrics, reported in QIC's annual sustainability reporting. For more information on QIC's Net Zero Emissions target for infrastructure, please see our latest QIC Infrastructure Sustainability Report.

ACCESS
QIC Sustainability Reports

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.

Contents






The QIC Sustainability Report is for the financial year ended 30 June 2022. QIC also publishes complementary sustainability reports for our Real Estate, Infrastructure and Liquid Markets Group divisions and the QIC Annual Report.

This Sustainability Report provides examples of ESG-related challenges, opportunities and performance across our business, recognising its diverse asset classes and sector breadth.

ACCESS
QIC website for annual and sustainability reports

1 Introduction

1.1 Message from the CEO

In my first months as QIC's CEO, new global humanitarian and economic crises were developing. The invasion of Ukraine, inflationary pressures, energy security and the threat of recession were not headline items anticipated even six months prior.

Indeed, at that time, the global community was preparing for a post-pandemic future and had united in November 2021 for COP26, fuelled by an ambition to make meaningful gains through climate action.

Much attention is being directed to these other urgent crises of today, and necessarily so, but I feel reassured there appears near-universal acknowledgement that we cannot afford to slow our progress on climate change.

The *2022 Global Investor Statement to Governments on the Climate Crisis* is a case in point. Ahead of COP27 in November 2022, QIC and more than 500 other investors signed this statement urging governments to rapidly implement policies that will enable investments needed to respond to climate change.

Promisingly, governments have been responding, with the Australian Government introducing legislation to set an emissions reduction target of 43 per cent by 2030 and net zero by 2050, and the Queensland Government releasing an Energy and Jobs Plan with a target of 70 per cent renewable energy by 2032.

This past year has seen some moving of the dial, particularly regarding disclosure requirements on climate and other sustainability-related risks. This includes the Australian Prudential Regulation Authority (APRA)'s *CPG 229 Climate Change Financial Risks*, the expectation of mandatory reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) in Australia and Singapore, and soon-to-be-released reporting guidelines under the International Sustainability Standards Board (ISSB) and the Taskforce for Nature-Related Financial Disclosures (TNFD).

I support these requirements for better disclosure, especially given sustainability-related risks, including climate, are increasingly considered by investors when making investment decisions. At QIC, we seek to continually improve data inputs and disclosures to meet these requirements as they evolve.

I believe that managing these risks, as well as investing in the energy transition, can lead to long-term value creation. With more than A$98bn in assets under management, QIC, on behalf of our investors, can play an important role in helping contribute to climate action, while also capitalising on unprecedented opportunities to invest in areas that support decarbonising the planet.

With around A$100bn in assets under management, QIC, on behalf of our investors, can play an important role in contributing to climate action, while also benefiting from unprecedented opportunities to invest in decarbonising the planet.

When asked in QIC's FY22 Environmental, Social and Governance (ESG) survey, our clients identified renewable energy generation, infrastructure and enabling assets as key investment opportunities. In line with this, our Infrastructure team has executed a further A$4bn in global investments since the beginning of 2021 which support alignment to a low carbon economy. A large part of this investment was directly into renewable generation assets which now leaves a A$4.5bn exposure in this sector.

> I cannot think of a single issue where the interests of investors, governments, NGOs and individuals align like climate change.

We also launched our Natural Capital capability in 2022 which includes an objective to deliver environmental outcomes, such as carbon sequestration and biodiversity improvements, alongside commercial returns from environmental credits and agriculture. It will be an exciting space to watch develop and is a natural alignment in the Queensland context given the State's significant carbon and biodiversity potential.

Outside real assets, our Liquid Markets Group also continues to invest in green, social and sustainability-linked bonds.

Within QIC, decarbonisation pathways are a growing priority. We achieved net zero carbon emissions for our corporate operations for FY21 (Scopes 1, 2 and 3), an achievement certified by Climate Active in 2022[1]. Within parts of QIC's real estate and infrastructure portfolios we made further net zero commitments[2], and we are working towards establishing a QIC-wide net zero target.

I cannot think of a single issue where the interests of investors, governments, NGOs and individuals align like climate change. Given this, I believe it is incumbent on all investors and asset managers to contribute to the global sustainability agenda through collaboration, in line with Sustainable Development Goal #17, Partnerships for the Goals.

In 2022, we responded directly to the International Financial Reporting Standards (IFRS) draft on sustainability and climate disclosures, and we became a member of the Australian Sustainable Finance Institute, including membership on the Technical Advisory Group to contribute to the Australian sustainable finance taxonomy.

We also continue to be an active member of the Investor Group on Climate Change (IGCC) and the Responsible Investment Institute Australasia (RIAA) and respond to the global ESG benchmark, GRESB.

This year's report expands on these insights, as well as many other aspects of our sustainability practices and performance. We look forward to the 2023 financial year to further our sustainability efforts so that we continue to deliver long-term results for our clients and play our part in contributing to the protection of our planet and its people.

Kylie Rampa
CEO QIC

If you have any feedback or questions about our 2022 Sustainability Report, please contact us at sustainabilityreport@qic.com

1 Certification and definitions in accordance with assessment criteria applied by Climate Active. 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 and electricity/energy emissions from QIC's overseas office spaces. Further information in section 3.2.1 below.

2 QIC Real Estate's Net Zero Carbon Emissions target relates Scope 1 and 2 carbon emissions, for assets which are 100% owned and operated by QIC Real Estate within QPF, QTCF, QARP, QACPF and QOF; QIC Infrastructure's Net Zero Emissions target relates to the Scope 1 & 2 emissions for QIC Infrastructure's pooled infrastructure funds.

1.2 About QIC

1.2.1 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 natural capital investments. One of the largest institutional investment managers in Australia, we have A$98.7 billion (US$67.9 billion) in funds under management[3], and almost 900 employees, serving 130 clients. QIC is headquartered in Brisbane, Australia, with offices in Sydney, Melbourne, New York, San Francisco and London.

Table 1: Direct economic value generated and total capitalisation

Economic value generated	$000
Total revenue and other income	616,605
Total expenses (operating costs, employee wages and benefits, etc.)	486,108
Profit before income tax	130,497
Total capitalisation	**$000**
Debt	24,017
Equity	268,984

1.2.2 Our vision

QIC's vision and purpose guide our approach to all that we do.

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.

3 As at 30 June 2022

1.2.3 Our capabilities

Infrastructure

QIC is a long-term infrastructure investor with a proven, 16-year track record. With an international team of more than 110 professionals across five offices, QIC Infrastructure manages almost A$29bn (US$19.8bn) across 23 direct investments worldwide.

QIC Infrastructure actively invests in, and manages, an internationally diversified portfolio of infrastructure assets across transport, energy and utilities and PPP/social sectors, leveraging deep industry knowledge, relationships with strategic investors and a strong understanding of value drivers for each sub-sector.

Private Capital

The QIC Private Capital (QPC) team manages approximately A$8.4bn (US$5.6bn) of assets on behalf of its clients, with international mandates weighted towards information technology and healthcare.

The Private Capital investment strategy is targeted to deliver strong concentrated exposures to high-quality opportunities in the international private equity community. The team are also strong and aspiring supporters of the Queensland founder and investor ecosystem.

Real Estate

QIC Real Estate owns and manages a $16.8bn (US$11.5bn) portfolio of 38 real estate assets (retail, office and industrial) across Australia and the US on behalf of our institutional investment clients.

Our management and investment approach centres on creating vibrant town centres at the heart of communities.

Natural Capital

In 2022, QIC established its Natural Capital platform. The platform aims to deliver sustainable agricultural returns with large-scale environmental outcomes, including carbon sequestration, biodiversity conservation and reef water quality.

Liquid Markets

QIC Liquid Markets Group creates solutions for today's markets through our fixed interest, overlay rebalancing and hedging solutions.

Our fixed interest business invests predominantly in debt of government, government-related, financial and corporate issuers according to mandate limits.

Our Implementation Services business provides hedging and rebalancing services via derivative instruments across equity, fixed interest, commodities and currency markets. It also executes trades for our fixed interest mandates.

Private Debt

QIC's Private Debt offering is structured to provide institutional investors with access to a defensive income stream with a strong yield.

QIC initially launched its Infrastructure Debt capability to provide access to a burgeoning asset class combining the stability of infrastructure assets with the downside protection and complexity premium of private lending.

This was followed by the launch of our Multi-sector Private Debt capability which offers exposure to a diversified portfolio of Australian and New Zealand private debt securities.

1.3 Sustainability highlights

Figure 1: Sustainability highlights featured in this report

E	Launched our Natural Capital capability with the objective of delivering risk-adjusted commercial agricultural and environmental market returns alongside positive environmental outcomes through the delivery of nature-based solutions (NbS) at scale. Achieved net zero emissions for our corporate operations (Scopes 1, 2 and 3) in FY21, an accomplishment certified by Climate Active in 2022[4]. Announced new net zero targets for several Infrastructure and Real Estate funds[5].
S	Launched a social housing platform in August 2022, which will deliver 1,200 new social and affordable dwellings for Queenslanders. Realised a 33% increase in QIC's procurement spend with Indigenous businesses. Appointed QIC's inaugural Head of Diversity and Inclusion to lead and deliver on our Diversity, Inclusion and Wellness strategy. Launched our Diversity, Inclusion and Wellness Policy as well as a Domestic and Family Violence Policy.
G	Delivered a new Sustainability Governance Framework. Developed new Sustainable Investment Beliefs and Guiding Principles. Revised our Sustainable Investment Policy.

Social housing platform launched in 2022

4 Certification and definitions in accordance with assessment criteria applied by Climate Active. 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 and electricity/energy emissions from QIC's overseas office spaces. Further information in section 3.2.1 below.

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2 Investing Responsibly


North Western Roads

2. Investing Responsibly

At QIC, investing responsibly means making investment decisions that we believe will deliver strong, long-term, risk-adjusted investment performance for our clients.

We believe that fundamental to this strong performance is the consideration of ESG factors in our investment processes. In this section, we describe how QIC strives to invest responsibly, including through strengthening our sustainability governance, integrating ESG across and within our asset classes, and through our active ownership approach.

2.1 Sustainability governance

In 2022, our Responsible Investment team led the development of a Sustainability Governance Framework to define key roles and accountabilities in relation to ESG integration across QIC. This framework, described at a high level in the following table, supports the effective delivery of QIC's sustainability strategy and is a further step towards the ongoing maturity of QIC's sustainability approach.

Figure 2: QIC's Sustainability Governance Framework

Board

The role of the Board is to **approve the sustainability strategy and policy, and monitor implementation** in relation to QIC as a corporation and its investment portfolios.

Board Committees

Risk Committee

In relation to QIC as a corporation and its investment portfolios, the role of the **Risk Committee** is to:

- monitor sustainability-related risks
- assure sustainability-related processes and performance data
- escalate matters arising to the Board.

Audit Committee

In relation to QIC as a corporation and its investment portfolios, the role of the **Audit Committee** is to:

- assure integrated reporting
- escalate matters arising to the Board.

Investment Committee(s)

In relation to investment portfolios and at asset level, the role of the **Investment Committees** is to:

- make investment decisions in accordance with the Responsible Investment Policy
- monitor performance against targets and identify risks
- escalate matters arising to the Board.

HR & Remuneration Committee

In relation to QIC as a corporation and its investment portfolios, the role of the **HR & Remuneration Committee** is to:

- ensure sustainability performance objectives and targets are integrated into KPIs.

Management & Advisory Committees

Executive Committee

In relation to QIC as a corporation and its investment portfolios, the role of the **Executive Committee** is to:

- endorse the sustainability strategy
- oversee implementation and performance and escalate any matters arising to the Board.

Sustainability Advisory Committee

In relation to QIC as a corporation and its investment portfolios, the role of the **Sustainability Advisory Committee** is to:

- advise the Executive Committee on the sustainability strategy and performance.

Management

Management

The role of **management** is to propose and implement sustainability strategy and to prepare sustainability-related reporting in relation to QIC as a corporation and its investment portfolios.

Investment Teams

The role of **investment teams** is to develop investment strategy in accordance with the Sustainable Investment Policy and provide data to report against performance objectives and targets.

2.1.1 Sustainable Investment Policy

QIC's Sustainable Investment Policy aims to ensure sustainability risks and opportunities are appropriately considered and managed as part of the investment processes adopted by QIC's investment teams. The responsibility for the approval of the Sustainable Investment Policy and the monitoring of its implementation sits with the QIC Board.

In 2022, our policy underwent a significant review to remain in step with the fast-evolving ESG landscape. Amongst other things, the revised policy introduces our new Sustainability Beliefs and Guiding Principles.

DOWNLOAD
QIC Sustainable Investment Policy

Sustainable Investment Beliefs

We have mapped our Sustainability Beliefs to the UN Sustainable Development Goals (SDGs) to ensure they reflect both global sustainability priorities and issues that are material to our investors. Our beliefs are detailed in Table 2. Refer to Appendix 1 of this Sustainability Report for examples of how our Sustainable Investment Beliefs are integrated through QIC policies and practices.

Table 2: Sustainable Investment Beliefs

Belief		Sustainable Development Goal
1	Environmental, social, and governance factors are fundamental to achieving long-term investment outcomes and asset performance.	1 No Poverty; 3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure
2	Businesses that create social and environmental value through their activities have improved financial, reputational, and competitive advantage.	7 Affordable and Clean Energy; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 17 Partnerships for the Goals
3	Financial and economic systems depend on healthy ecosystems for human well-being and economic growth and are significantly challenged by the future impacts of global environmental changes.	3 Good Health and Well-Being; 9 Industry, Innovation and Infrastructure; 13 Climate Action; 14 Life Below Water; 15 Life on Land
4	Businesses that contribute to achieving a global net zero emissions economy and mitigating the systemic risk of climate change will ensure continued social licence and sustainable value creation.	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action
5	Diversity, equity, and inclusion are essential to optimise business performance and to realise the potential of all stakeholders including employees, clients, suppliers, and the community.	4 Quality Education; 5 Gender Equality; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions
6	Sustainable value chains are necessary for sustainable financial performance and are strategic priorities for the long-term within a circular economy.	12 Responsible Consumption and Production

2.2 Materiality

2.2.1 ESG and materiality

Across QIC, teams seek to consider material ESG factors in investment decisions to build better-informed views of investment risk and opportunity. We apply a materiality framework (Figure 3 below) to collectively identify the key issues facing QIC as an investor and as a corporation. The process to define these issues includes inputs derived from data accessed via third-party data providers, the SASB Materiality Framework, monitoring via the RepRisk platform and our annual stakeholder perception survey, as well as emerging issues identified through ongoing research.

Figure 3: QIC's materiality framework

Exposure assessment	Exposure to ESG risks and opportunities are mapped to sub-industry level using the QIC ESG Heatmap which draws on QIC and third-party ESG data.
Financial materiality	Exposure to financially material ESG issues is mapped to sub-industry level using the Sustainability Accounting Standards Board (SASB) Materiality Framework.
Alignment with global goals	QIC has developed a methodology to assess alignment with the UN SDGs, to determine the extent to which portfolios invest, contribute or align with globally recognised goals.
ESG-related reputational risks	We undertake daily monitoring of exposure to ESG-related reputational risks across QIC's investment holdings using the RepRisk platform.
Stakeholder alignment	Our annual Stakeholder Perception Survey captures input from a range of internal and external stakeholders.
Emerging ESG issues	We identify emerging issues through ongoing research and monitoring of the regulatory environment.

As an investor in infrastructure, real estate, listed equities, fixed income, natural capital and private equity and 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.

The following six ESG areas of focus[6] represent the most significant issues we manage.

Figure 4: QIC's six ESG areas of focus

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

6 This is a non-exhaustive representation of the outputs of the QIC ESG Materiality Framework.

2.2.2 A stakeholder lens on materiality

In line with the Global Reporting Initiative (GRI) requirements, QIC undertakes an annual process to understand the sustainability issues material to our business[7]. This process is critical as material issues help to guide and prioritise work across the organisation for the coming year and inform longer-term strategic planning.

An identification and prioritisation process informs our assessment which involves surveying key internal and external stakeholders, including:

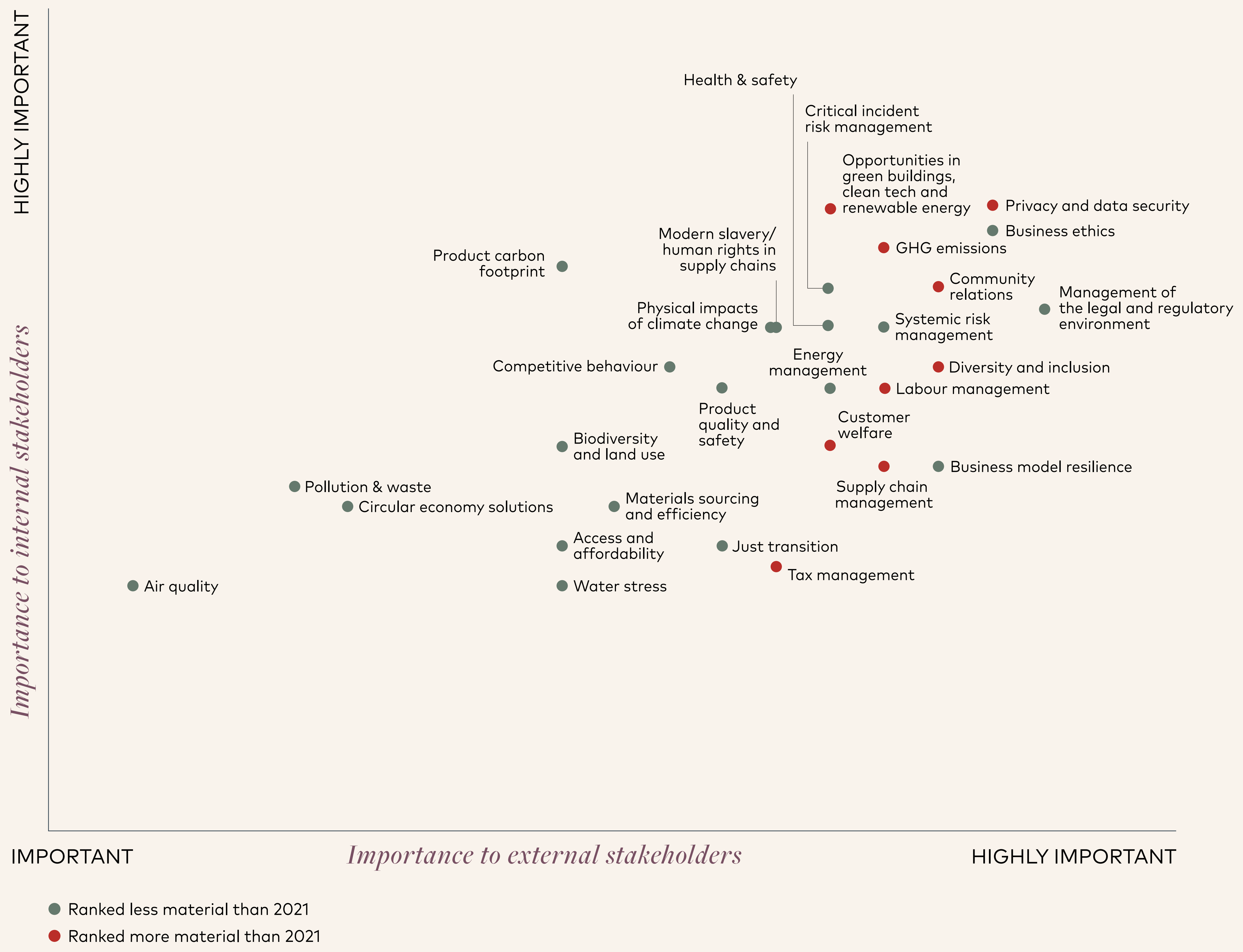
- QIC employees
- QIC board members
- clients
- asset consultants
- relevant non-government organisations.

Responses were reviewed and are presented in Figure 5.

In 2022, the five most material ESG issues identified by QIC's stakeholders were: (1) privacy and data security, (2) business ethics, (3) management of the legal and regulatory environment, (4) opportunities in green buildings, clean technology and renewable energy, and (5) GHG emissions.

Privacy and data security has moved to the fore as a key material issue for respondents, with the issue being viewed as more material in 2022 when compared to 2021. Opportunities in green buildings, clean technology and renewable energy and community relations are also viewed as more material by stakeholders this year.

Figure 5: Materiality matrix



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

2.3 ESG integration

At QIC, we manage diverse asset classes and products on behalf of our clients, and we have different levels of ownership in, and influence over, our investments. This diversity across our business is also reflected in the most material issues relevant to each asset class.

Due to this, the way that we integrate ESG into our investment processes is tailored for each asset class. The following describes key aspects of the integration process by asset class.

Infrastructure

Asset class overview
Diversified portfolio across various sectors of health care, electricity and utilities, and transport.

Ownership description
Our shareholding percentages range from 5.4% to 100% across the portfolio[8].

Integration approach
Active management through engagement of a portfolio company's board and management.

Integration process
- thematic and sector-centric investing
- initial screen
- investment evaluation
- active engagement
- performance monitoring and reporting.

QIC Infrastructure embeds a strategic approach to sustainability at our portfolio companies. This is achieved through a focus on continual improvement in:

- board composition and competency
- management team capability, resourcing and accountability
- culture/leadership
- systems and processes
- data driven decision making
- integrated sustainability
- enterprise governance
- performance.

Real Estate

Asset class overview
Retail, commercial and industrial real estate assets. This year, QIC Real Estate also welcomed the Natural Capital platform to the division and launched a social housing platform in August 2022.

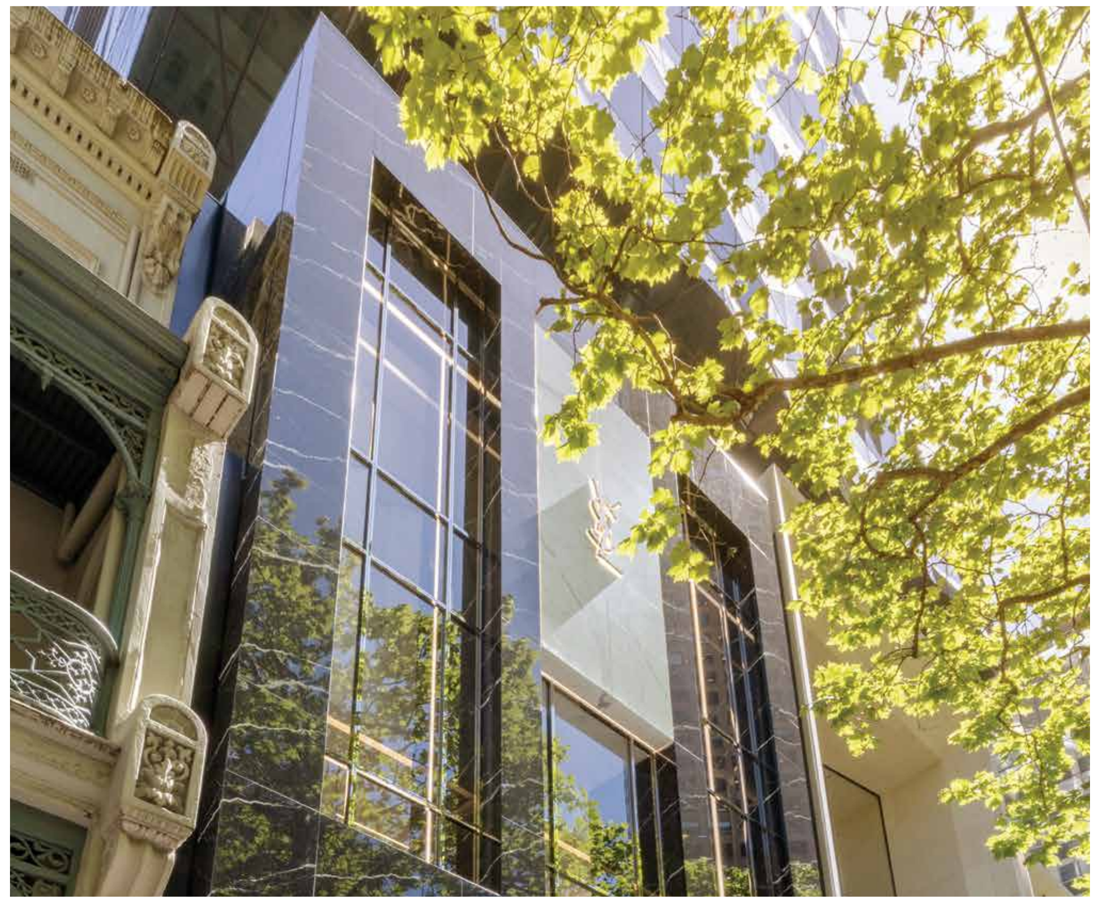
Ownership description
The majority of our real estate assets are 100% owned by QIC-owned funds. We also have joint venture arrangements for a number of assets and seek operational control.

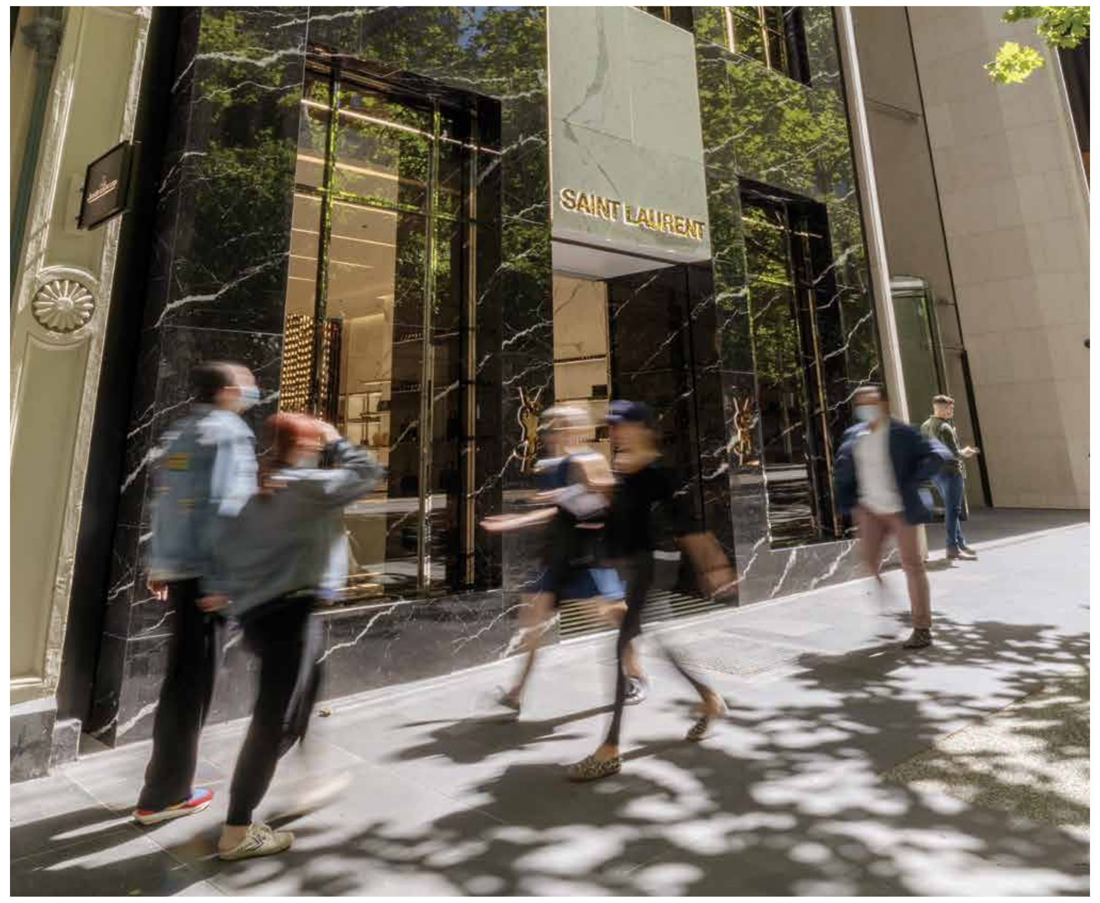
Integration approach
Active management with day-to-day operational control.

Integration process
ESG factors are considered in investment decisions at different points in the investment cycle, including in the visioning and strategy, due diligence for asset acquisitions, asset management and development, and divestment stages.

We seek to assess investment decisions on their alignment with QIC Real Estate's ESG Strategy, and the impact each investment decision will have on the achievement of the long- and short-term objectives underpinning this strategy.

With day-to-day operational control, QIC Real Estate addresses the four key elements of our sustainability strategy on a practical level by setting targets, monitoring our performance (including in real-time), and driving improvements to our practices. The four elements of our strategy are: Resource Efficiency & Circular Economy, Climate Change, Sustainable Value Chain and Community Investment.





80 Collins Street, Melbourne

8 As at 30 June 2022.

Private Capital

Asset class description
Diverse private equity portfolio through funds, co-investments and direct investments.

Ownership description
Predominately as a limited partner or minority equity holder.

Integration approach
Private Capital seeks to invest in and alongside the best private equity and venture capital managers. Such a process includes the ongoing assessment of ESG capabilities.

Integration process
- origination
- evaluation
- execution and closing
- management and reporting.

Each Private Capital opportunity is reviewed by QIC's Responsible Investment team. Such assessment utilises a cycle of continuous improvement, including:

- active engagement with general partners and co-investments
- ESG third-party providers such as RepRisk and FairSupply
- annual surveys and peer group analysis
- client and stakeholder feedback and focus areas.

Liquid Markets

Asset class overview
Fixed interest, overlay rebalancing and hedging solutions.

Integration approach
We actively integrate sustainability considerations into portfolio positioning to protect and enhance portfolio returns, and the reputation of our clients. We do this through the steps articulated below.

Integration process
For fixed interest, we actively manage sustainability risk and opportunity through our 'screen, integrate, engage' process:

- initial credit research
- ongoing monitoring
- engagement
- exclusions, including permanent and transitory
- modelling medium and long-term portfolio and industry pathways.

For Implementation Services where the positions are through derivative instruments, we apply the 'screen, integrate, engage' process to our derivative counterparties and brokers. We engage and have excluded counterparties via trading limits for ESG transgressions.

Private Debt

Asset class overview
Providing borrowers with capital solutions and clients with access to a diversified exposure to high-quality private debt securities.

Integration approach
QIC Private Debt recognises that we can influence ESG outcomes in the investment process through deal origination and structuring, as well as ongoing engagement. We seek to integrate ESG principles into the way we structure, assess and monitor investments.

Integration process
We seek to integrate ESG considerations in investment due diligence and structuring, including through sustainability-linked and green loans, where appropriate. ESG reporting may also be included in loan documents, and we may use third-party audits of reported performance against targets to verify accuracy.

2.3.1 Our people

Integration across our asset teams is led by a dedicated, central Responsible Investment (RI) team whose primary responsibility is to lead the organisation's ESG strategy and the development of ESG technical capabilities across the organisation. The RI team works in collaboration with QIC's investment teams, and in particular with the ESG leads embedded across the business. Each investment team at QIC is responsible for integrating ESG into their investment process and develops tailored ESG solutions across portfolios, sectors and industries.

QIC's ESG Integration Working Group comprises the RI team and ESG leads. The group is responsible for monitoring industry trends, engaging with stakeholders and evolving QIC's capacity to respond to the increasing demand for sustainability in business practices. This includes:

- delivering coordinated and consistent ESG integration across investment teams
- monitoring ESG integration practices, investment strategies and opportunities
- positioning the organisation ahead of client and stakeholder expectations
- improving transparency of performance data and metrics.

QIC's Responsible Investment team and investment team ESG leads are shown in Figure 6.

Figure 6: QIC's ESG teams

Responsible Investment

Rowan Griffin

Executive Director, ESG

- Dr Sebastian Thomas, Climate & Environment Lead
- Elizabeth O'Callaghan, RI Strategist
- Max Reinhardt, RI Data Analyst

Infrastructure

Andrew Sellick

Principal, Sustainability

- Helen McNamee, Manager, Energy & Utilities (US)

Liquid Markets

Marayka Ward

Director, Sustainable Investments

Private Debt

Phil Miall

Head of Multi-Sector Private Debt

Real Estate

Melissa Schulz

General Manager, Sustainability

- Bob Fynan, Environment Manager
- Linda Smith, Community Manager

Private Capital

Nicholas Guest

Partner

State Investments

Andrew Beehag

Investment Director, State Initiatives and Responsible Investment

- Tessa Calligeros, Strategist ESG

* Rowan Griffin joined QIC in FY23

2.3.2 Tools and resources

While sustainability data continues to be a challenge for the industry, QIC is increasing our access to relevant ESG datasets as well as improving our ability to capture data directly from our portfolio companies. We are selectively engaging in the data partnerships that enable us to gain meaningful sustainability insights and support us in meeting disclosure requirements.

Table 3 includes an overview of the data and tools we currently integrate into our ESG processes to support our analyses.

Table 3: ESG data and tools

Third-party platforms	Data usage
MSCI ESG Manager	ESG rating scores and research reports ESG screening — climate, fossil fuels, alcohol, gambling, chemicals, human rights, labour relations, Modern Slavery, gender, natural capital, biodiversity, sanctions Carbon data including Scope 1, 2 and 3 emissions and carbon intensity metrics WACI calculations
ISS Data Desk	Forward looking climate analysis Carbon foot printing SDG Impact and Assessment (see also SDI-AOP.org)
ISS Proxy Exchange	Monitoring of external managers' proxy voting activity through the third-party providers platform
RepRisk	AI-based daily monitoring of ESG risks for portfolio holdings, at our counterparties and for our suppliers.
ISSB/SASB	SASB Materiality Map®
Sustainable Development Investment Asset Owner Platform Taxonomy (SDI-AOP.org)	UNSDG alignment, contribution, and impact mapping
Various — World Bank, UN Development Programme, University of Notre Dame, World Resources Institute, The Economist	The following data sets feed into our Sovereign ESG Model: • World Development Indicators • Worldwide Governance Indicators • Notre Dame Global Adaptation Initiative • World Resources Institute Aqueduct Tool • Human Development Data — Environmental sustainability • Human Development Data — Work, employment & vulnerability • Human Development Report Inequality in income (%) • Global Food Security Index
FairSupply	Supply chain model datasets to estimate risk exposure associated with Modern Slavery, carbon emissions, water use, land use and biodiversity impacts
Munich Re — Location Risk Intelligence Platform	A comprehensive software solution to analyse and to manage physical risks of natural hazards and climate change. The solution accesses the world's largest natural catastrophe loss database, NatCatSERVICE, which contains more than 45,000 entries on natural hazards

2.3.3 ESG integration case studies

ACTIVE ASSET MANAGEMENT

Building strong corporate governance frameworks

QIC Infrastructure seeks to establish a strong corporate governance framework through the boards of our portfolio assets, providing the means for the business to protect and grow its value. Some of the ways it achieves this are through:

- benchmarking the portfolio asset's board and corporate policies, procedures and risk management frameworks against the broader infrastructure portfolio to ensure best practice is implemented
- working with the business to establish robust and flexible governance frameworks that allow the board and management team to operate effectively and efficiently in an ever-changing environment
- providing corporate governance frameworks, policy templates and toolkits
- ensuring the governance framework is tailored for each portfolio asset, with regard to the size and complexity of the business
- conducting board risk management workshops for less mature boards
- facilitating effective Non-Executive Director collaboration in order to deliver the best governance outcomes across the portfolio.

Through these value-add processes, the board of the portfolio company has a well-defined governance policy framework, management can operate the business with a clear and accountable decision-making framework to meet the defined objectives of the business and the expectations of behaviour for the people involved with the business are clear and understood.

PORTFOLIO MONITORING

Divestment decision based on credible reports of direct forced labour

Modern slavery is a serious, and growing, humanitarian issue. With complex, international supply chains, and large, diverse portfolios, we rely on our internal credit team and third-party monitoring of modern slavery risks.

QIC's Liquid Markets Group credit monitoring team became aware of a media article (from a reputable global outlet) late on Friday 22 July 2022. It alleged the use of illegal child labour at a factory in Alabama, USA by a major global brand. By the following Monday morning, QIC had restricted bonds in the parent entity corporation, adding them to our Dynamic Exclusion List.

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

This was immediately actioned and by close of the Australian trading session the following day, QIC had sold all Australian dollar bonds in the parent entity. By the end of that week, QIC had also divested all of the remaining US dollar green bonds.

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

ACCESS
QIC Liquid Markets Group Sustainability Report

2.4 Active ownership

Active ownership is a key aspect of the investment process for our Liquid Markets Group (LMG), State Investments and Private Capital teams. Through corporate engagement, proxy voting and external manager monitoring and engagement, we seek to influence improvements with respect to ESG matters.

2.4.1 Corporate engagement

LMG actively engages with fixed interest investors on ESG considerations. Since LMG started tracking engagements in 2016, the team has noticed the following improvements:

- greater understanding of sustainability issues at executive levels (for example, corporate treasurers now talk about sustainability rather than deferring to an ESG specialist)
- an openness to discuss and collaborate on sustainability practices and plans
- improvement in the provision of sustainability data.

Given these improvements, we expect our engagement program will evolve to focus on thematic issues of importance to QIC and our clients, such as climate change and target setting. In our view, thematic engagements may be more effective when executed collaboratively and we anticipate the structure of our program will change towards participating in more group engagements.

In FY22, LMG undertook 40 engagements with investee entities and issuers of debt. An overview of the nature of these engagements is provided in section 6.4, with high-level details summarised in the following charts.

Since 2016, QIC's LMG team has noticed an improvement in issuers' sustainability knowledge, collaboration and data provision.

Figure 7: LMG engagements by issuer type FY22 (%)

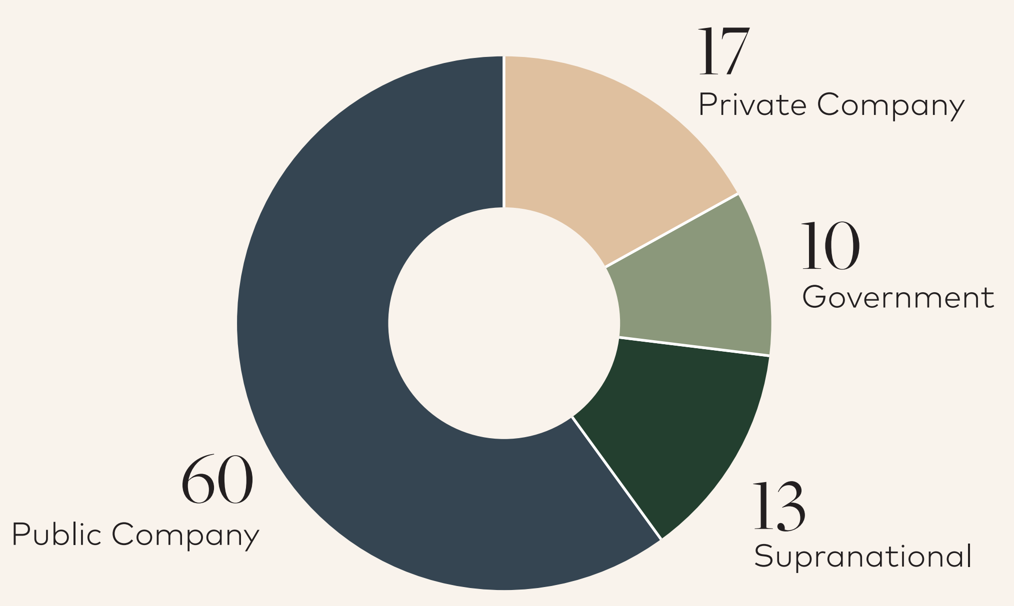


Figure 8: LMG engagements by industry FY22 (%)

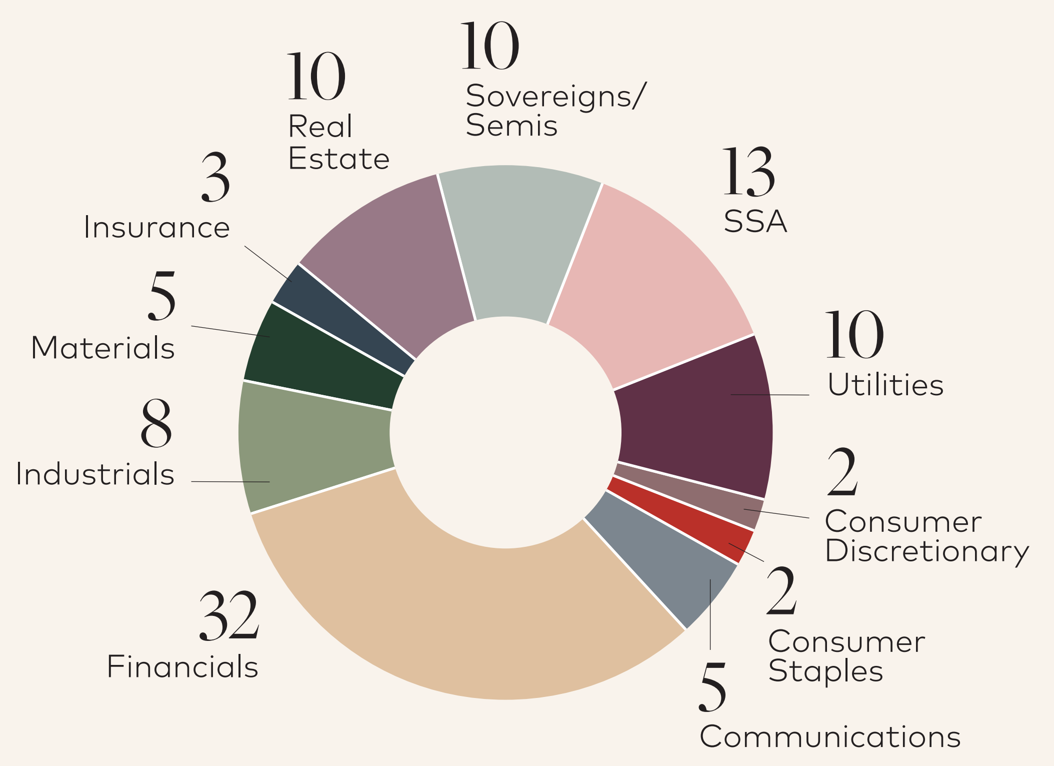
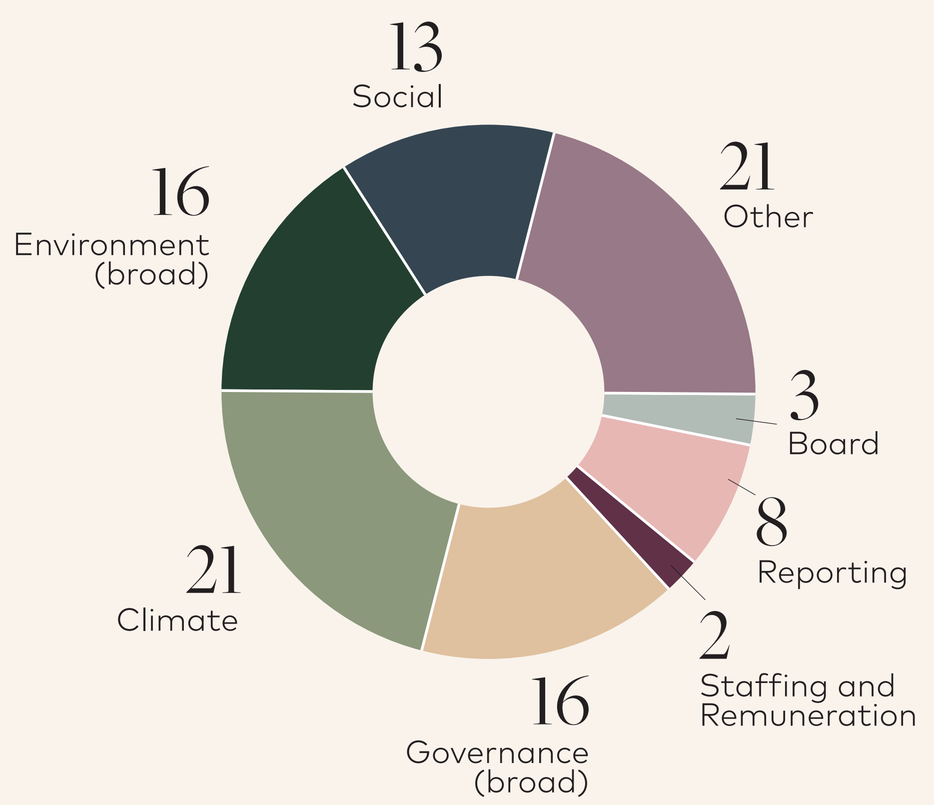


Figure 9: LMG engagement topics FY22 (%)



2.4.2 Proxy voting

During 2022, QIC exercised our voting rights at 5,437 separate meetings, with 53,690 resolutions voted on QIC's behalf.

Figure 10 provides a breakdown of company headquarter locations, while Figure 11 shows the breakdown by category.

During the 2022 proxy voting season, QIC voted in line with company management on 80% of the votable proposals. Where we voted in opposition to company management, these were distributed across all proposal categories. Figure 12 provides a breakdown of our votes in opposition to management across the different proposal categories. There has been no notable change year on year at this level of analysis.

2.4.3 External manager monitoring and engagement

QIC's State Investments and 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.

Figure 10: Breakdown of meetings by geography (%)

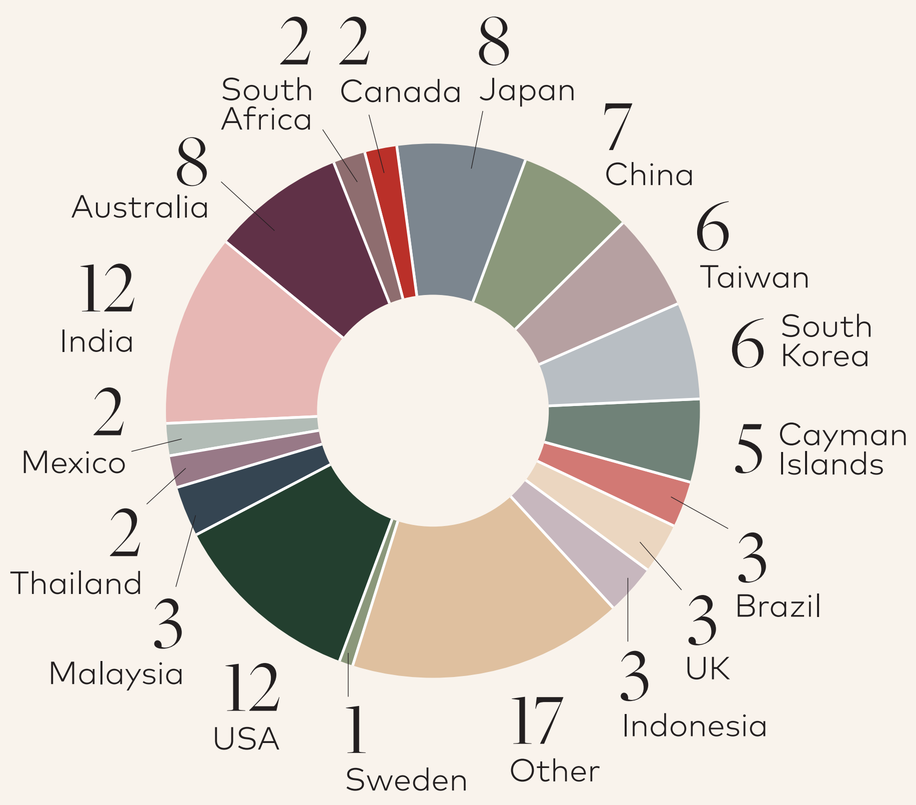


Figure 11: Breakdown of proposals by category (%)

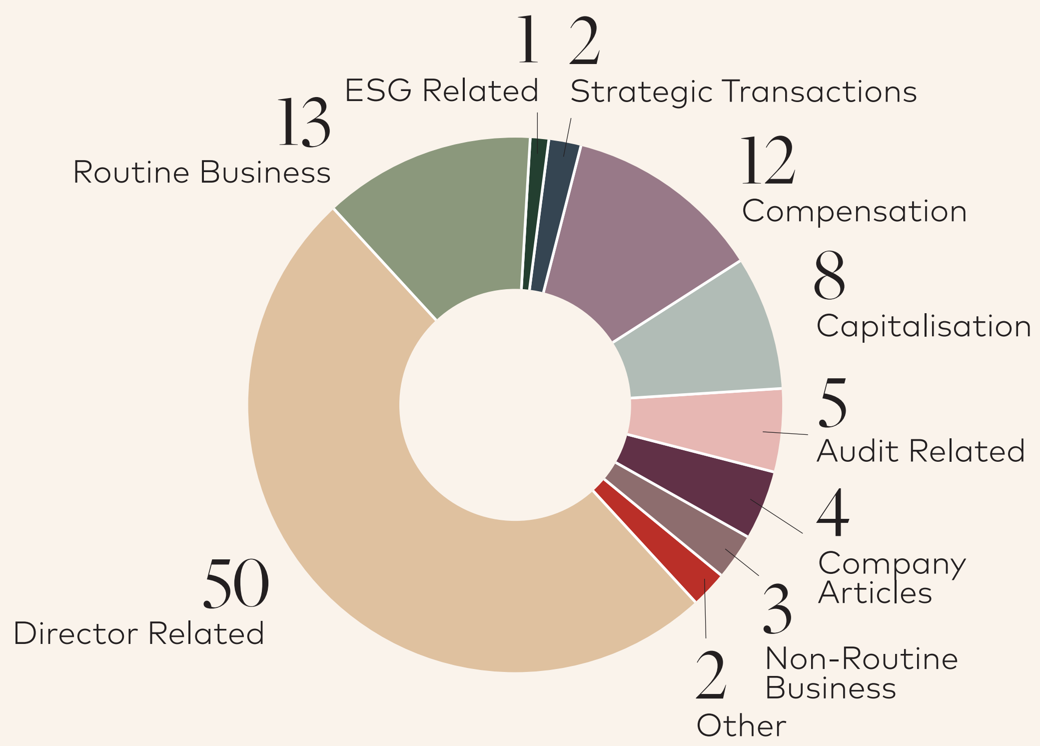
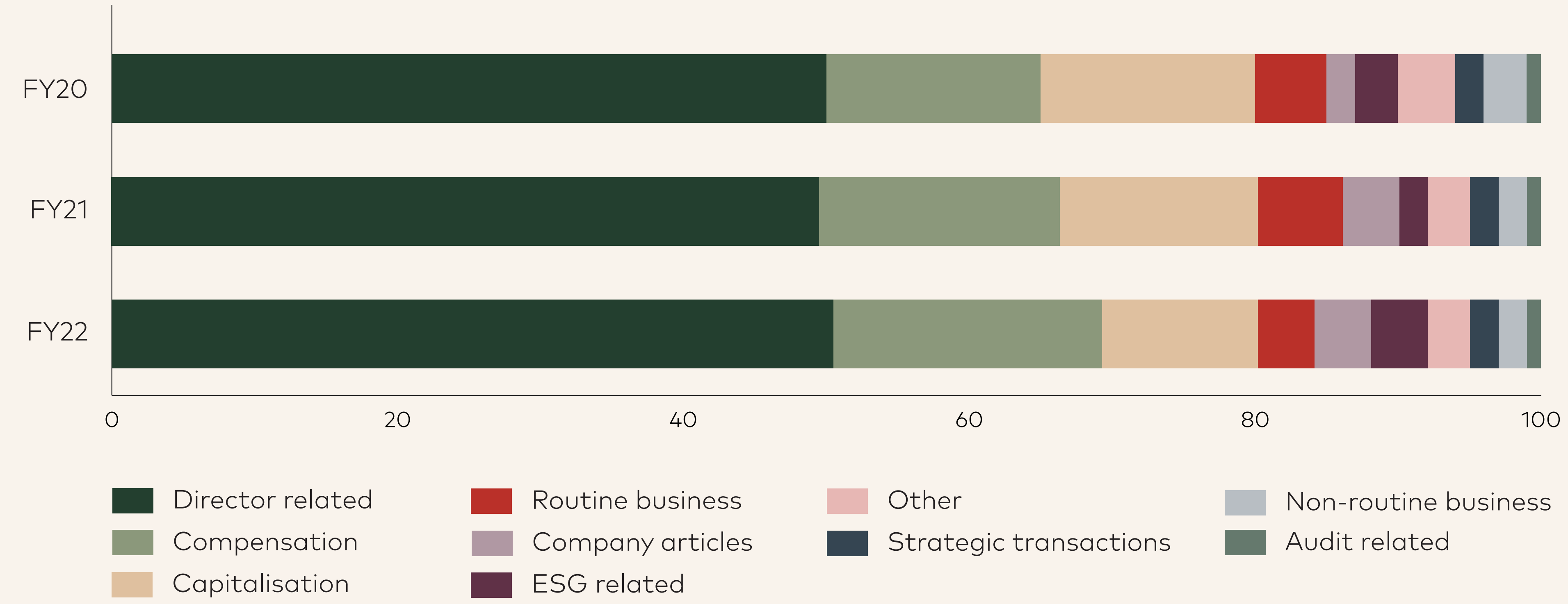


Figure 12: Breakdown of votes in opposition to management (%)



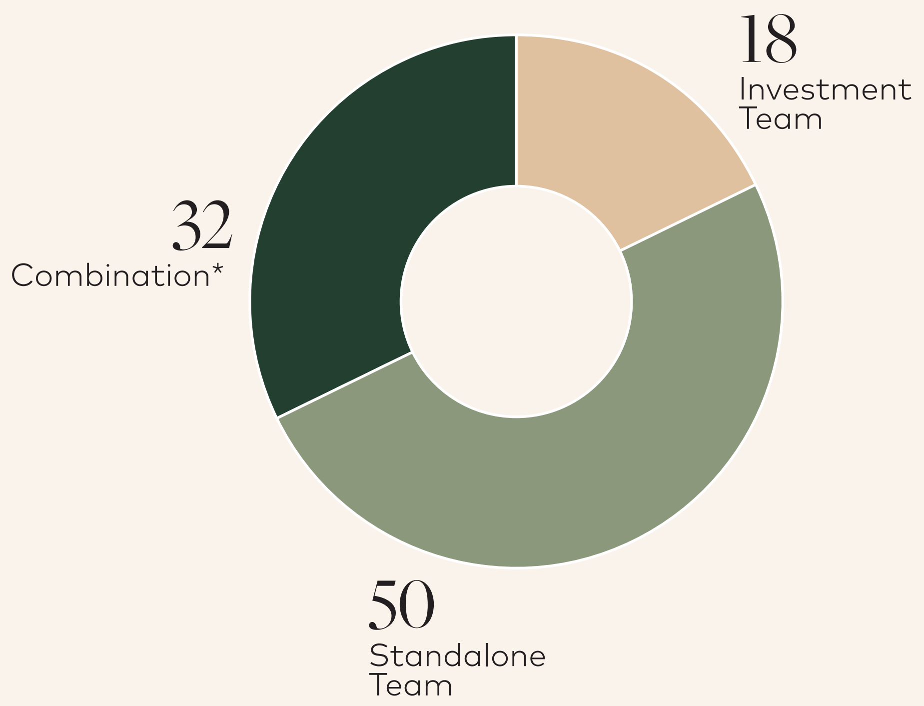
QIC State Investments external manager ESG survey 2020-21

QIC State Investments appoints external managers to manage listed equities and some infrastructure and alternatives exposures. Each year, QIC distributes an annual ESG survey to all our externally appointed managers. We experienced a 100% response rate in 2022 from a combined total of 22 listed and unlisted managers.

Respondents were asked questions relating to ESG adoption, resources and frameworks, as well as their diversity and inclusion policies and integration.

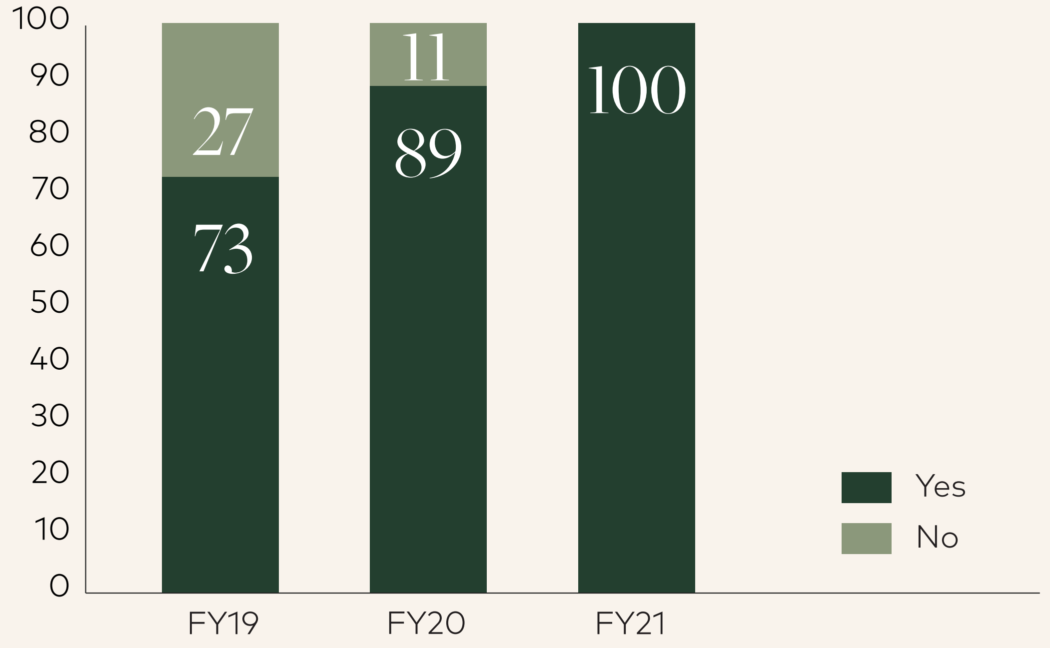
Notably, all of our external managers have an ESG policy in place.

Figure 13: Where ESG functions sit in organisations (%)
Where does the ESG resource function sit within your organisation? (Listed Managers)



* A combination of investment team, standalone teams and/or legal or compliance teams. Most of the combinations included integration with the investment team.

Figure 14: Signatories to frameworks (%)
Are you a signatory or aligned to any framework or protocol?



QIC Private Capital external manager ESG survey 2021-22

Each year, QIC issues an annual ESG survey to QIC Private Capital's external managers.

It is designed to provide insight into how our managers are thinking about ESG risks and opportunities within the portfolios we invest. Survey results allow us to better understand and benchmark the degree to which our external managers integrate ESG into their investment practices.

This year the survey saw responses from 36 of our managers across North America, Europe and Asia Pacific. Respondents were asked questions relating to ESG adoption, resources and frameworks, as well as their diversity inclusion policies and integration.

Some key survey highlights for 2022 include:

- 90% of managers have a formal ESG policy which represents a small increase from 2021
- 78% of managers have formal diversity and inclusion policies or initiatives (compared to 74% in 2021)
- managers reported the SASB Standards as the most influential reporting tool in their organisation's ESG approach
- managers rated the top five ESG issues for 2022 as privacy and data security, diversity and inclusion, supply chain management, health and safety, labour management
- 65% of respondents rated privacy and data security as the top ESG issue in 2022. It should be noted that privacy and data security was also identified as the most material issue in our materiality survey, as described in section 2.2.2.

In 2022, there was a notable increase in the proportion of managers that integrated human rights issues into their investment processes, with 78% integrating these issues into the due diligence process and 70% conducting ongoing monitoring of their portfolio companies in relation to these issues.

FY22 saw a 39% increase in formal diversity and inclusion policies since 2018, with 78% of respondent organisations reporting to have a formal D&I policy or initiative in 2022.

Figure 15: ESG integration
Are ESG factors integrated into your organisation's investment process?

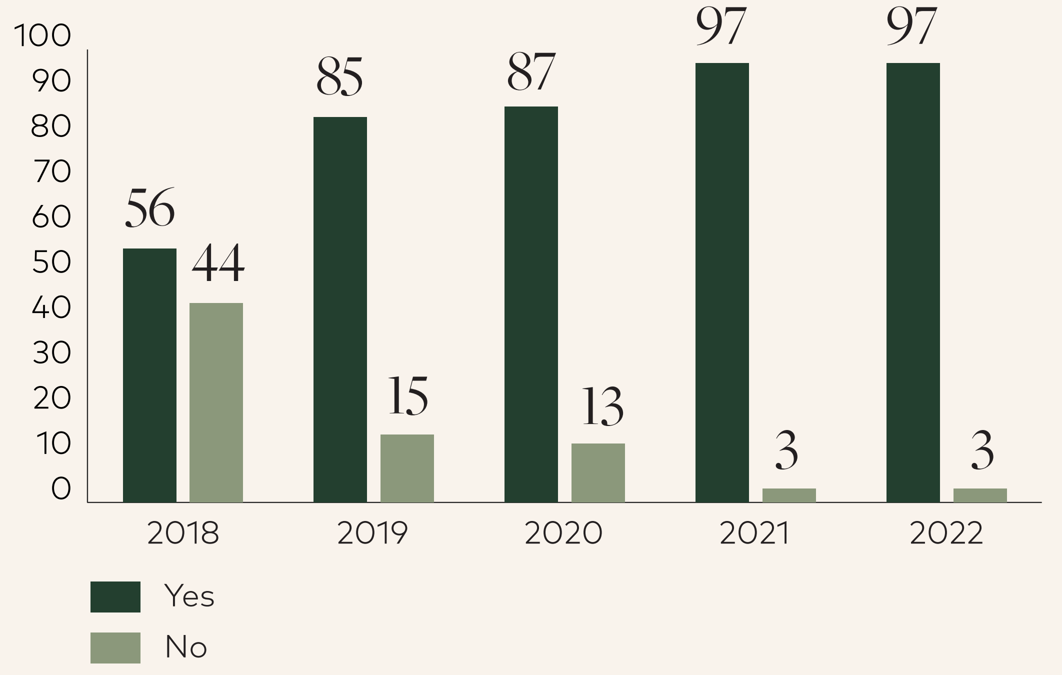


Figure 16: Human rights issues integration into investment processes
How does your organisation integrate issues relating to human rights in supply chains and modern slavery into the investment process?

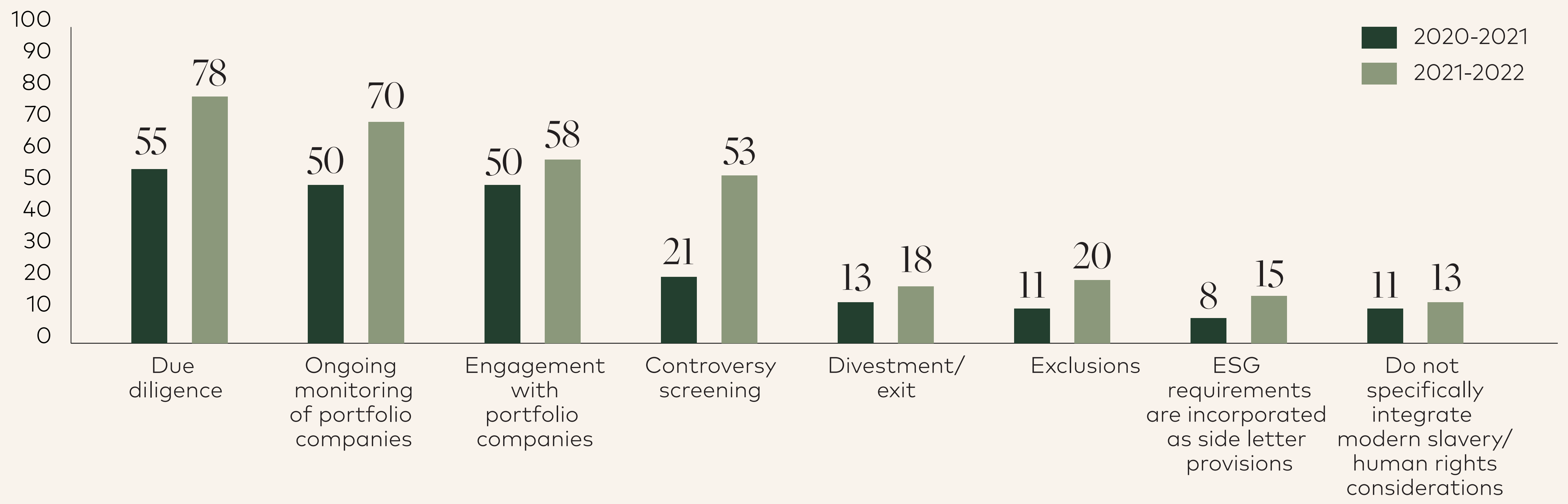
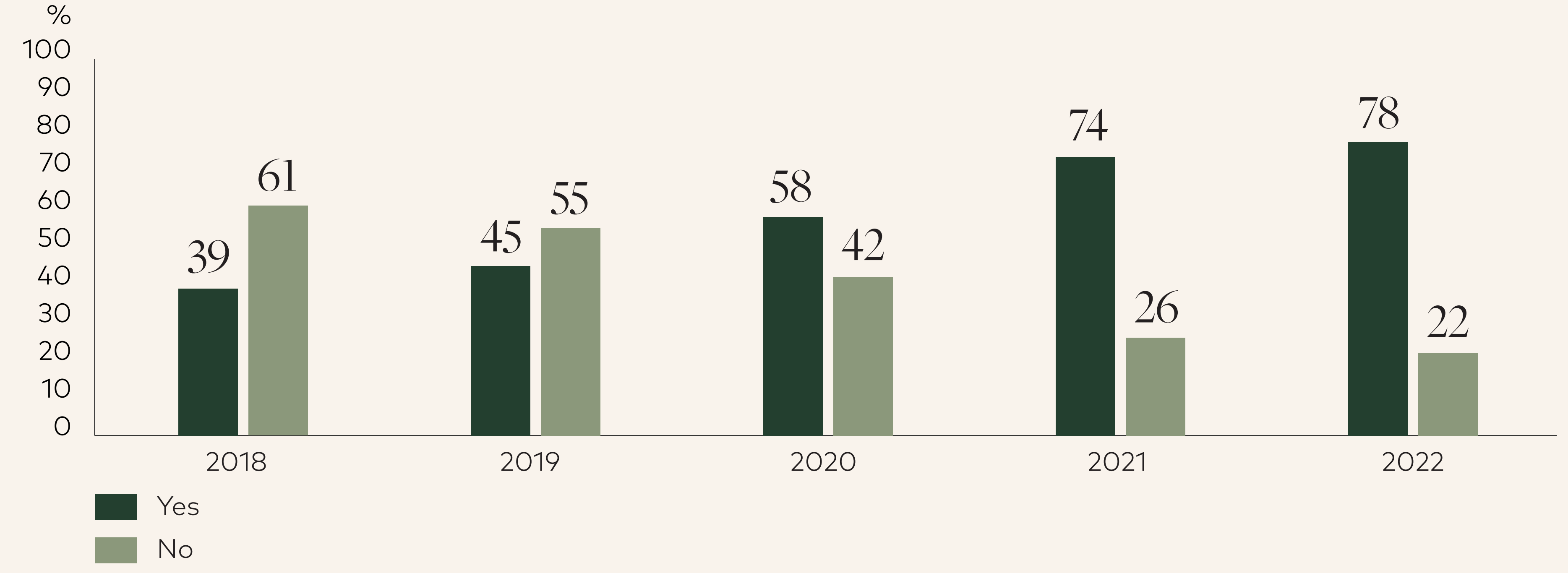


Figure 17: Diversity and inclusion policies and initiatives
A formal diversity and inclusion policy or initiative?



QIC

2.5 ESG benchmarking results

QIC recognises this fast-evolving space requires continual improvement to keep pace with industry best practice and our clients' expectations, and we look forward to continuing to share our ESG results.

2.5.1 UN PRI

QIC became a signatory to the United Nations-aligned Principles for Responsible Investment (PRI) in 2008[9]. The PRI conducts an annual survey to assess the ESG performance of more than 3,000 asset owner and asset manager signatories from around the world.

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

Due to issues with this pilot reporting framework, the 2021 Assessment Report was significantly delayed with results received in September 2022.

QIC achieved positive results across the business, and these are summarised in Table 4. These results reflect our responsible investment practices as at calendar year 2020.

QIC's PRI 2021 results

QIC has achieved a pleasing 4 or 5 stars (out of 5) across ten reporting modules for 2021, and notably achieved above the median module score in those categories.

QIC is currently in discussions with UN PRI on the two outstanding scores of 3 out of 5 stars — both for Direct — Listed Equities. QIC's uses external managers for its Listed Equity portfolio, and this is the first time QIC has been scored against these categories.

Table 4: 2021 PRI results

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

9 QIC is a UN PRI signatory and pays an annual fee.

2.5.2 GRESB

GRESB[10] 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.

GRESB reporting results — QIC Real Estate

QIC 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.

2022 saw significant overall score improvements for QOF, QTCF and QPF when compared to 2021 scores, related to the types of sustainable building certifications achieved by the assets in the funds.

While QARP and QACPF also gained points related to sustainable building certifications in 2022, both funds missed out on points relating to ESG targets applicable to their assets during the reporting period. We have since developed a series of ESG targets across these funds for FY23 for which we expect to receive greater recognition in future GRESB results.

It should be noted that Victoria and New South Wales-based assets were again impacted by COVID lockdowns during the reporting period, which resulted in reduced asset operating hours, potentially resulting in a temporary uplift in overall scores.

GRESB reporting results — QIC Infrastructure

QIC Infrastructure saw positive performance across both its QGIF and QIP funds, achieving overall scores of 86 and 91 respectively out of a possible 100. This includes allocation of the full 30 points available for 'Management', reflecting QIC Infrastructure's commitment to active management and driving ESG outcomes across our portfolio companies.

QGIF was recognised as a 'GRESB Most Improved' entity in both the Diversified Class and Globally Diversified Region categories, which is testament to the effectiveness of our efforts to drive sustainability outcomes. 2022 also saw an increase in the GRESB participation of QGIF portfolio companies as Brussels Airport, Sea Swift and MasParc all took part for the first time.

Three of QIC Infrastructure's portfolio companies were also recognised for their sustainability improvements, also receiving GRESB Most Improved recognition. These are:

- Lochard Energy in the Energy and Water Services — Energy Resource Storage Companies category
- Tilt Renewables in the categories for Renewable Power and Renewable Power — Wind Power Generation
- Port of Melbourne in the Transport — Port Companies category.

Table 5: QIC Real Estate GRESB results

Fund	2020 score	2021 score	2022 score	Overall score vs GRESB Average	GRESB Green Star designation
QIC Property Fund	77	83	91	91 vs 74	☆☆☆☆☆
QIC Town Centre Fund (formerly QIC Shopping Centre Fund)	76	82	92	92 vs 74	☆☆☆☆☆
QIC Australia Core Plus Fund	77	82	82	82 vs 74	☆☆☆☆
QIC Office Fund	89	81	92	92 vs 74	☆☆☆☆☆
QIC Active Retail Property Fund	87	87	85	85 vs 74	☆☆☆☆

Table 6: QIC Infrastructure GRESB results

Fund	2020 score	2021 score	2022 score	Overall score vs GRESB Average	GRESB Rating
QIC Global Infrastructure Fund	N/A	49	86	86 vs 82	☆☆☆
QIC Infrastructure Portfolio	N/A	N/A	91	91 vs 82	☆☆☆☆

10 QIC is an investor member of GRESB and pays an annual fee.

2.5.3 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 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[11].

In the most recent NABERS assessment period of the 2021 calendar year, the following average portfolio ratings were achieved:

Table 7: QIC Real Estate NABERS results

	NABERS Energy Ratings			NABERS Water Ratings		
Fund	2019	2020	2021	2019	2020	2021
QIC Property Fund	3.6	4.1	4.4	3.1	3.9	3.9
QIC Town Centre Fund (formerly QIC Shopping Centre Fund)	3.4	4.0	4.3	3.2	4.1	4.0
QIC Office Fund	5.1	5.3	5.3	4.1	4.2	4.6

Note: The above table presents self-calculated portfolio ratings based on formal individual asset ratings provided by NABERS, using the NABERS protocol.

2.5.4 Green Star Performance

Green Star is an internationally recognised sustainability rating system for buildings, fitouts and communities. The Green Star Performance Benchmark provides a holistic sustainability performance measure in relation to the operation of existing buildings.

In FY22, QIC Real Estate submitted all retail and commercial assets for Green Star Performance ratings, which has provided us with a baseline against which to identify future opportunities for performance improvements[12].

Eastland, Melbourne, Victoria

11 QIC pays a fee to an independent assessor who pays a lodgement fee on QIC's behalf to NABERS for each individual rating undertaken.
12 QIC is a member of the Green Building Council of Australia who administer the Green Star sustainable building rating tools, and we pay an annual fee.

2.6 Investing responsibly — 2022 highlights

SOCIAL AND AFFORDABLE HOUSING

Material issue: Social Capital

In August 2022, a unique Queensland partnership between QIC, Australian Retirement Trust (ART) and Brisbane Housing Company (BHC) and supported by the Queensland Government's Housing Investment Fund was established. This partnership provides a new commercial framework for the financing, development, and operation of social and affordable housing at scale — seeking to positively effect social change and provide attractive risk-adjusted returns for investors.

The Queensland partnership will see ART invest into a subordinated debt tranche managed by QIC, that will fund the development of new social and affordable housing built and managed by BHC. The ongoing management of the housing and servicing of the debt will benefit from an ongoing subsidy provided by the Queensland Government's Housing Investment Fund.

Up to 1,200 new homes are to be delivered through the partnership, with the initial stage delivering half the planned total across seven sites by 2025.

This structure is an example of state governments, institutional investment and the community housing sector working together to create a commercially-viable, industry-driven, and human-centred response to meet Queensland's current housing challenges.

NATURAL CAPITAL

Material issues: Climate Change and Environmental Sustainability

There is global momentum to address the challenges of population growth, food security, biodiversity protection, and climate change. At QIC, we believe this will drive institutional investors towards investment opportunities which can not only deliver returns but make a positive contribution to the environment. In response, the premium for nature-based solutions is growing and natural capital has emerged as an investment class that embraces this growth and delivers robust returns.

Natural capital can be defined as the agricultural land, reefs, wetlands, forests, fields, or waterways that produce goods (food, fibre, timber) or ecosystem services (carbon sequestration and clean water). The increasing demand for natural capital assets means that global markets are developing ways to more fully price the nature-based solutions that fall out of these assets, including through carbon credits, biodiversity offsets and 'Reef Credits'.

Agricultural land holds the vast stock of Australia's natural capital assets. By adopting best practice management and technology, large-scale agricultural managers have the best ability to deliver not only attractive commercial outcomes but significant nature-based solutions.

In 2022, QIC launched its Natural Capital platform. This vehicle is designed to promote environmental outcomes alongside sustainable agricultural returns in Queensland. With careful asset selection, investment and management, we believe that a real-asset backed natural capital platform can deliver environmental outcomes at scale and attractive, long-term, and risk-adjusted returns for investors.

DOWNLOAD
QIC White Paper — Harvesting Natural Capital: An emerging asset class

2.6 Investing responsibly — 2022 highlights

RENEWABLE ENERGY

Material issues: Climate Change and Energy Transition

QIC recognises the significant challenge of climate change presents attractive investment opportunities in the energy transition. Renewable energy is one part of the solution.

As the infrastructure asset class increasingly moves to renewables, the debt financing required to support the transition provides investors with the opportunity to integrate ESG considerations into their investment decisions and target direct investments toward achieving sustainability goals.

QIC, through its Infrastructure Private Debt platform, acted as a Joint Lead Arranger, alongside leading lenders including Canada Pension Plan Investment Board (CPP Investments) and CarVal, on a US$450 million debt facility to fund the growth of Cypress Creek Renewables (CCR)'s solar and storage project pipeline.

CCR is one of the largest solar owners and developers in the U.S., having developed more than 11GW of solar projects since inception[13]. CCR owns and operates its own 1.7GW fleet of solar assets and has a 12GW active development pipeline. Its Operator & Maintenance Services division is the fourth largest in North America, serving 4GW of solar projects across the country[14].

CCR's projects will help meet the increasing demand for renewable resources in the U.S.

13 https://ccrenew.com
14 https://ccrenew.com

RENEWABLE ENERGY

Material issues: Climate Change and Energy Transition

Contributing to decarbonisation across infrastructure sectors, QIC and IFM, two of Australia's largest Infrastructure fund managers, led a new renewable energy program to help reduce greenhouse gas emissions and electricity costs at key Australian airports, ports, energy utilities, roads and hospitals.

Renewable Energy Hub, utilising their CORE Market software platform, designed and executed a scheme of large-scale power purchase agreements (PPAs) — which will be delivered in three stages; and estimated the project will facilitate the supply of more than 400 GWh of renewable energy per annum by 2025.

Stage one of the program covers seven critical infrastructure assets across New South Wales and Victoria, including Melbourne Airport, NSW Ports, Southern Cross Station, Ausgrid, Nexus Hospitals, NorthWestern Roads Group's WestLink M7 and Transurban's CityLink, which has also joined the program.

Stage two saw Brisbane Airport enter a six-year agreement to secure power linked to renewable energy through Stanwell Corporation's renewable energy pipeline, which will supply up to 185 GWh of power each year. We are actively working on Stage three of the program.

In the first stage, announced in March 2022, the assets are expected to collectively procure from Origin approximately 135 GWh of renewable energy per annum and by using wind energy will save 85,000 tonnes of greenhouse gas emissions being released into the atmosphere.

By 2025, the entire program is expected to save around 250,000 tonnes of greenhouse gas emissions annually.

2.7 Industry participation

We use our voice as an investor by participating in industry forums and membership-based groups to address ESG issues. This allows us to contribute to the development of a range of initiatives while gaining relevant insights into the latest developments in ESG. In doing so, we acknowledge we don't have all the answers and are working collaboratively to share learnings and gain insights into how others approach ESG integration.

We engage regularly in collaborative efforts with industry groups, clients, academia and government to broaden our understanding of expectations about ESG issues and how others are managing these across their business.

Our current memberships and partnerships include:

Signatory:

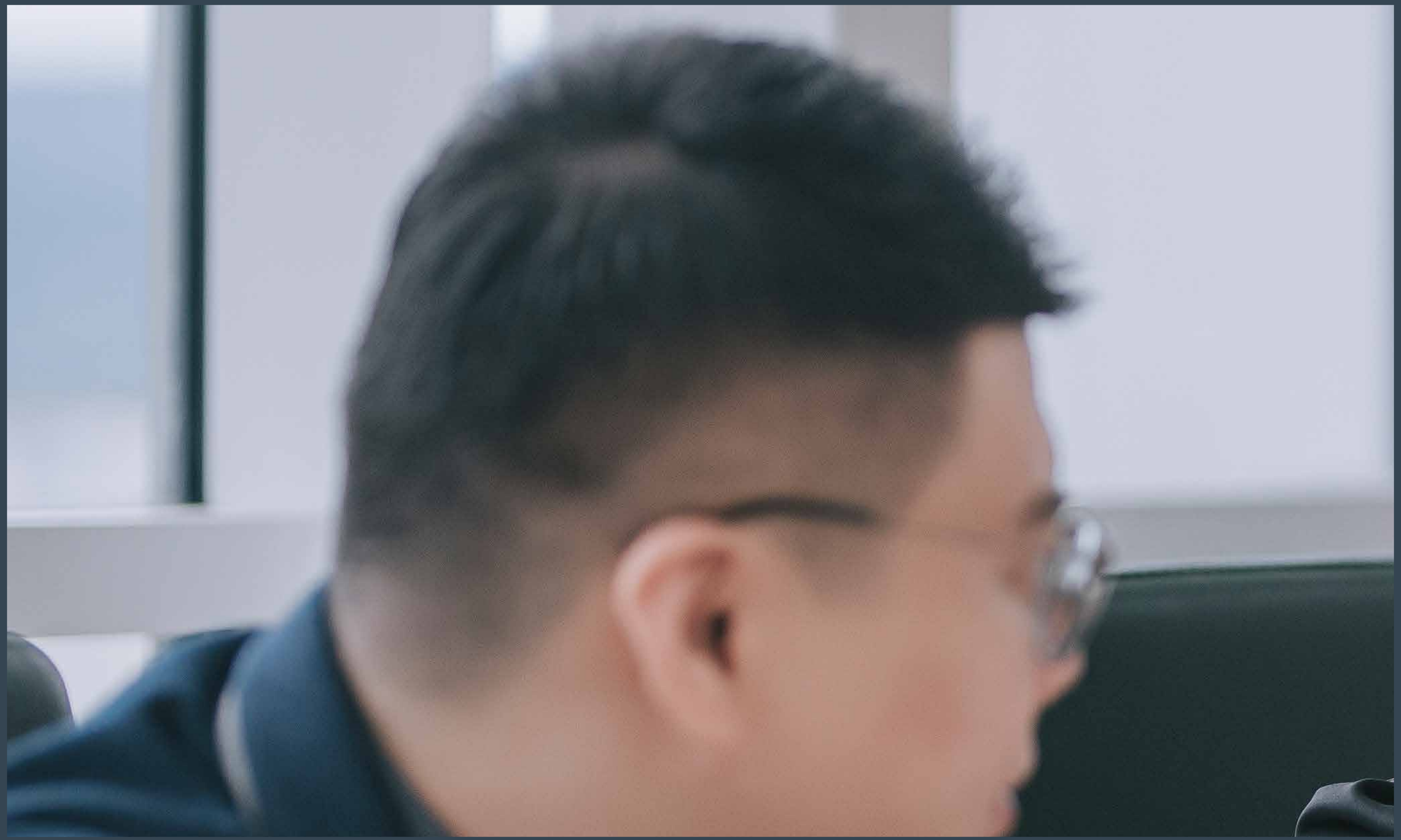
Reporting alignment:

Recognition:

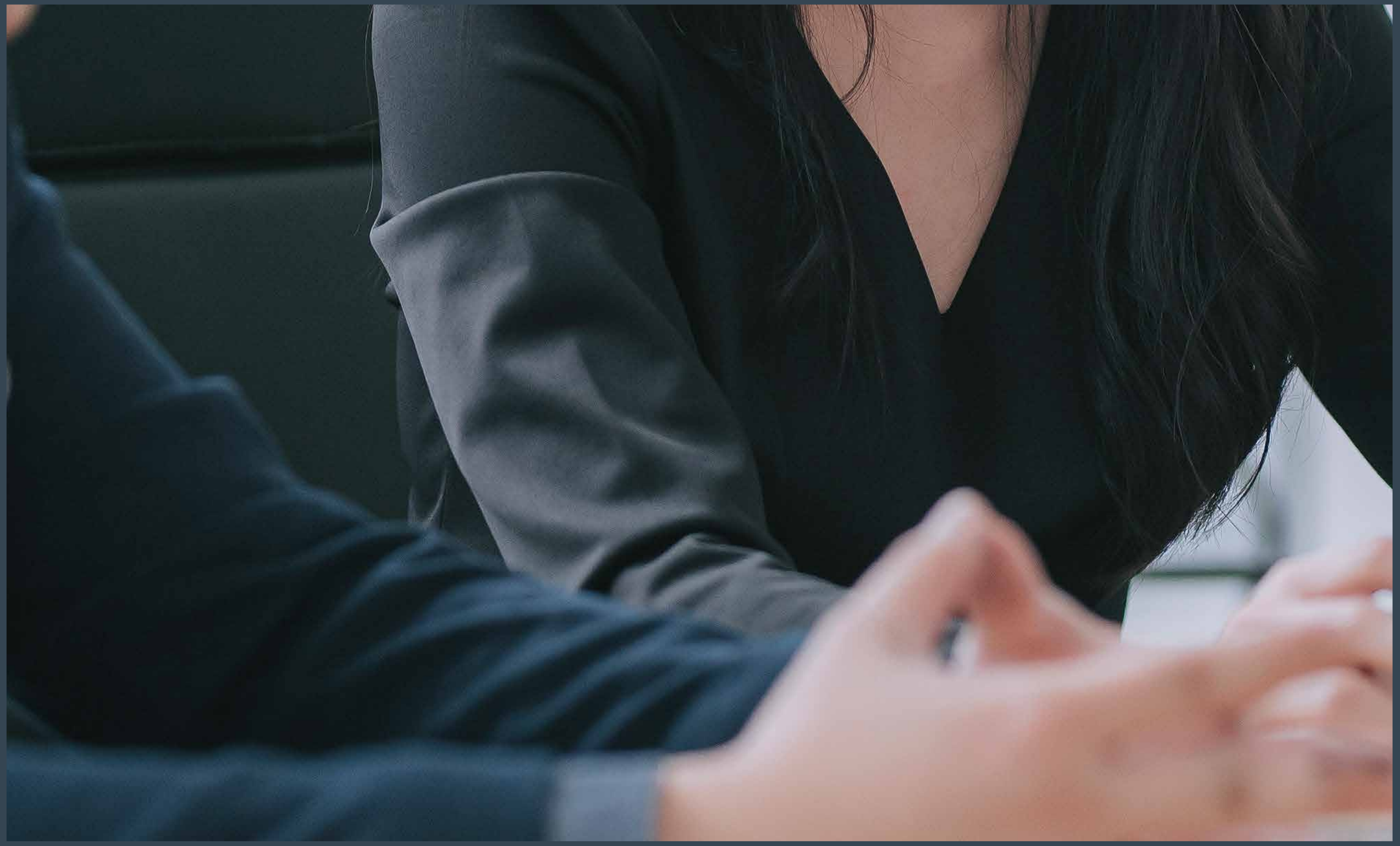
Across the organisation during the 2021-22 period, QIC employees actively served on a range of ESG-related working groups.

Table 8: Participation in industry forums

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
	Paris Aligned Investment Working Group	Melissa Schulz, General Manager, Sustainability, Real Estate
Australian Sustainable Finance Institute	Technical Advisory Group	Dr Sebastian Thomas, Climate and Environment Lead, 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 Sustainable Investments, Liquid Markets Group
AFMA	ESG Risk Forum	Marayka Ward, Director Sustainable Investments, Liquid Markets Group
AFMA	Sustainable Finance Forum	Marayka Ward, Director Sustainable Investments, Liquid Markets Group
S&P	ESG Leadership Council	Marayka Ward, Director Sustainable Investments, Liquid Markets Group
Responsible Investment Institute Australasia	RIAA Nature Working Group	Marayka Ward, Director Sustainable Investments, Liquid Markets Group Andrew Saunders, Head of Natural Climate Solutions, Natural Capital
Reserve Bank of Australia	Global 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
Australian Investment Council	Diversity, Equity & Inclusion Committee	Crystal Russel, Partner, Private Capital
Australian Association for Investors in Non-Listed Real Estate Vehicles (ANREV)	Sustainability Committee	Melissa Schulz, General Manager, Sustainability, Real Estate
Property Council of Australia	National Social Sustainability Committee	Amy Gillett, Community Manager, Real Estate
	Modern Slavery Working Group	Amy Gillett, Community Manager, Real Estate
	National Sustainability Roundtable	Melissa Schulz, General Manager, Sustainability, Real Estate
Cleaning Accountability Framework	Board	Vlado Bujaroski, Portfolio Operations Manager, Real Estate (until 1 January 2022)
Sustainability Digitalisation Project	Roundtable	Melissa Schulz, General Manager, Sustainability, Real Estate



3 Operating Responsibly



QIC Purple Ribbon Advocates, pictured, are trained to provide assistance to team members affected by domestic and family violence.

3. Operating Responsibly

At QIC, operating responsibly means focusing on continuous improvement in the way we support, respect and encourage our people and in the way we operate our business.

3.1 People

At QIC, we believe our people perform at their best when they feel valued, happy, healthy and encouraged to bring their authentic selves to work every day. This year, QIC has progressed our diversity, inclusion and wellness strategy supporting our five strategic pillars of gender equality, LGBT+, accessibility, cultural and linguistic diversity (CALD) and First Nations people.

Highlights from the past year include:

- the appointment of QIC's inaugural Head of Diversity and Inclusion to lead and deliver on QIC's Diversity, Inclusion and Wellness strategy
- the launch of QIC's Diversity, Inclusion and Wellness Policy to provide the framework by which QIC actively manages and encourages diversity, inclusion and wellness
- the launch of QIC's Domestic and Family Violence policy which supports those affected by, or those using Domestic and Family Violence with up to 10 days paid leave. In addition, a Domestic and Family Violence e-learning module was made available for all employees to understand how to recognise, respond and refer instances of Domestic and Family Violence and build awareness
- in 2021–2022, 179 people across our corporate offices and shopping centres participated in inclusive leadership sessions, collectively undertaking approximately 700 hours of training
- the commencement of Respect@QIC, a project that focuses on QIC's position and response to sexual harassment and other forms of unwanted behaviors in our workplace. Listening sessions were conducted with external consultants to devise an appropriate suite of responses including policy, training and support.

To better understand and respond to the sentiments of our people, QIC will conduct a staff survey in the first half of FY23.

QIC

Gender diversity[15]

49%
WOMEN
Gender balance across QIC

44%
WOMEN
Board gender balance

39%
WOMEN
Senior leadership gender balance

0.14%
GAP
Gender pay equity

3.1.2 Across our employee networks

Throughout the reporting period, QIC's employee-led resource groups delivered engagement and awareness campaigns within QIC. These campaigns ranged from a podcast series to celebrations of days of significance, fundraisers for community organisations and online engagement campaigns. Details on our resource groups and key 2022 achievements are shown in Table 9.

Australian LGBTQ Inclusion Awards

Table 9: Engagement and achievements of employee-led resource groups

Network	QPride	Balance	QLife	QIC Young Professionals
Purpose	Champion an inclusive work environment Provide a voice to LGBT+ employees Raise awareness and celebrate diversity Educate our people on LGBT+ issues	Focus on achieving gender equality, balance in gender representation and work life balance for all employees across QIC	Provide a platform of health and wellbeing options to help our people to perform at their best at work and at home	Foster a community amongst the young professionals at QIC, providing resources and opportunities to grow and develop their careers and networks
FY22 Update	QIC awarded Bronze tier employer in 2022 Australian LGBTQ Inclusion Awards — received a 61% increase from our 2020 score	Launched podcast series 'Conversations with QIC Women' to highlight career journeys of our female team members	93% of QIC employees responded positively when asked if QIC is committed to the health, safety and wellbeing of employees — Nov 2021 Pulse Survey Raised awareness of Domestic and Family Violence and raised over $3,300 for prevention	Launched a mentoring program focused on career development and professional growth for our Young Professionals

Table 10: Key D&I targets and performance

Focus Area	Target	Performance as at 30 June 2022
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[16]	100%
Reconciliation	Implementation of our Reconciliation Action Plan (RAP)	84% of actions in Innovate RAP strategy are complete
Gender balance	Gender balance across QIC to be +/– 5%	(-1.3%) 49% female
	Gender balance in the senior leadership of QIC to be +/– 10%	(-22%) 39% female
	Board gender balance of 50/50 composition	44% female/56% male
Gender pay equity	Within +/– 2% average compa-ratio, measured annually	0.14%

15 As at 30 June 2022.
16 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.

3.2 Environment

3.2.1 Carbon emissions from corporate operations

In the previous reporting period, QIC reported we registered to become Climate Active carbon neutral certified. We have chosen to align with the Climate Active framework to demonstrate our use of robust methodologies and high-integrity carbon offsets. At the time of this report, we are yet to finalise our FY22 emissions profile. This will be disclosed in our 2023 Sustainability Report.

Net zero for FY21 (Scopes 1, 2 and 3 emissions)

QIC's corporate operations achieved net zero emissions in FY21 for Scopes 1, 2 and 3 emissions[17] through the use of carbon offsets. This achievement was certified by the Climate Active initiative in 2022. This was not finalised prior to the release of the 2021 Sustainability Report, an account of our baseline emissions and carbon offsets is included in this year's report.

Using the carbon reduction hierarchy of energy efficiency, QIC developed its baseline emissions profile identifying key emissions sources and providing insight into activities where efficiency improvements could be made. Our baseline emissions profile is in Table 11.

Table 11: Emissions inventory

Emission source category	tonnes CO_2-e
Accommodation and facilities	40.7
Air transport (km)	307.2
Cleaning and chemicals	266.3
Carbon neutral products and services	0.0
Construction materials and services	128.5
Electricity	1,070.6
Food	238.9
ICT services and equipment	2,974.5
Land and sea transport (km)	216.2
Office equipment and supplies	338.6
Postage, courier and freight	152.5
Products	9.9
Professional services	2,845.2
Stationary energy	0.6
Taxi	9.6
Waste	9.3
Water	5.7
Working from home	123.3
Total net emissions	**8,737.6**

Carbon offsets

QIC views carbon offsets as a valuable tool in the transition to a net zero emissions future and prioritised the purchase of carbon offsets from quality Australian and international projects that deliver positive carbon outcomes and which also generate co-benefits, such as biodiversity improvements and social or cultural benefits.

Our corporate decarbonisation journey is now centred on the strategic reduction and replacement of carbon emissions through energy efficiency projects, lower emissions electricity and reduced business travel, as well as improved waste management.

To offset our FY21 emissions, the projects we supported include:

- an avoided deforestation project in Peru — the Cordillera Azul National Park REDD+ Project. This project is delivering ESG outcomes beyond carbon, specifically aimed at supporting UN Sustainable Development Goals
- credits purchased through the Aboriginal Carbon Foundation, including credits for two savannah burning for greenhouse gas abatement projects and a project to re-establish native forest
- the manufacture of energy efficient bricks in India.

Beyond our required offsets, QIC purchased 500 credits through Greenfleet generated through a biodiverse tree planting project.

Offsets summary

The following describes the types and number of offsets from projects supported in this reporting period. All listed credits were retired in May and June 2022.

Table 12: Summary of offsets

Project description	Type of offset units	Registry	Eligible quantity (tCO_2-e)	Percentage of total
AAC Block Project By Aerocon Buildwell Pvt. Ltd. (EKIESL-June 2016-02) (Stapled with Greenfleet offsets)	VCU	Verra	500	5.7%
Cordillera Azul National Park REDD Project	VCU	Verra	6,500	74.5%
Tiwi Islands Savanna Burning for Greenhouse Gas Abatement, Tiwi Islands Shire, Northern Territory	ACCUs	ANREU	641	7.3%
Merepah Fire Project, Cape York Peninsula, Queensland	ACCUs	ANREU	670[18]	7.5%
Paroo River North Environmental Project, Paroo, Queensland	ACCUs	ANREU	438	5.0%

17 Certification and definitions in accordance with assessment criteria applied by Climate Active. 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 and electricity/energy emissions from QIC's overseas office spaces.

18 12 credits are to be carried forward to the next reporting period.

3.3 Operations

3.3.1 Workplace Health and Safety

QIC is committed to providing a safe and healthy working environment for all our employees, and a safe place to visit for those we welcome to our assets and offices.

To do this, we apply and seek to continuously improve our Workplace Health and Safety (WHS) framework and controls, have WHS specialists embedded across the business and our WHS and Wellbeing Management Committee provides oversight and direction. We also provide WHS workplace training to build a positive health and safety culture and ensure employees understand their role in managing health and safety risks. Our commitment to WHS is underpinned by Board approval of our WHS and Wellbeing Policy.

World Economic Forum's Global Risk Report 2022

Digital Dependencies and Cyber Vulnerabilities are two of the key threats of the next decade.

Managing health and well-being during the pandemic

The year saw COVID-19 continue to disrupt lives and affect health and wellbeing. Operationally we continued to monitor and respond to changes in government health directives. Our employees were provided with free rapid antigen test (RAT) kits and flu vaccinations and had access to QIC's well-being program, QLife, which provides a range of benefits and programs to equip our people with the tools and resources to support their wellbeing.

Assurance and reporting

QIC continues to strengthen its WHS control framework through the implementation and assurance of a WHS management system aligned to AS/NZS ISO 45001[19]. We are on track to apply for accreditation to this standard in FY24.

Another focus for the business was an uplift in data collection and reporting to enhance our ability to identify incident trends across our operations and implement targeted mitigation measures. This was a result of increased utilisation and system enhancements to the incident reporting system launched in FY21.

3.3.2 Cybersecurity

As society becomes more connected to the digital world, the cost of cybersecurity becomes more apparent in non-financial domains such as critical infrastructure and societal cohesion. Themes relating to supply chain vulnerabilities, ransomware, growing complexity of regulation, quantum computing concerns and the emergence of the metaverse are more tangible.

QIC continues to address emerging trends through a strong controls 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, in FY22 QIC completed its cybersecurity uplift initiative with the enhancement of four core elements — access control, data security, internet and email security, and perimeter defences.

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.

Other key features of our cybersecurity controls include:

- periodic external attack simulations
- regular security awareness training
- a Security Information and Event Management (SIEM) platform to accumulate and centralise all event logging and alerting
- engagement of a global Security Managed Services Provider for 24-hour monitoring, anomaly detection, forecasting, and identification of new cybersecurity trends.

Educating employees on cyber threats

Each QIC employee has a role to play in identifying cybersecurity threats. QIC maintains an education and awareness program which encompasses many forms of training, including induction training, annual eLearn and policy/compliance acknowledgement, monthly phishing simulations and various campaigns such as a QR code exercise, annual lunch and learn events, monthly articles and ad hoc advisories.

19 Occupational health and safety management systems — requirements for guidance for use.

3.3.3 Procurement

Our procurement objective is to maximise the benefits and value for money that can be delivered through the procurement of goods and services while also advancing the economic, environmental and social objectives of QIC and our clients.

We recognise the key role our suppliers play in helping us to achieve our procurement objective. We aim to procure responsibly and from suppliers who share our values. It is 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.

To this end, we have continued to embed our Supplier Code of Conduct into our contracts and conducted our annual reviews of the Code. Changes to the Code this year included an increased focus on supporting supplier diversity, understanding our suppliers' approaches to Domestic and Family Violence, as well as refining our environment expectations to better reflect QIC's own environmental journey.

Indigenous procurement spend increased by about 33% in FY22.

Expanding our Indigenous procurement

In FY22, QIC continued to deliver on its Indigenous procurement strategy, increasing our spend with Indigenous businesses by approximately 33%. To support our buyers to locate and purchase from Indigenous businesses we have also developed an Indigenous procurement Operational Toolkit.

Refer to section 4.1 for more on our Indigenous procurement and Indigenous Strategy developments.

Managing modern slavery risks in our supply chain

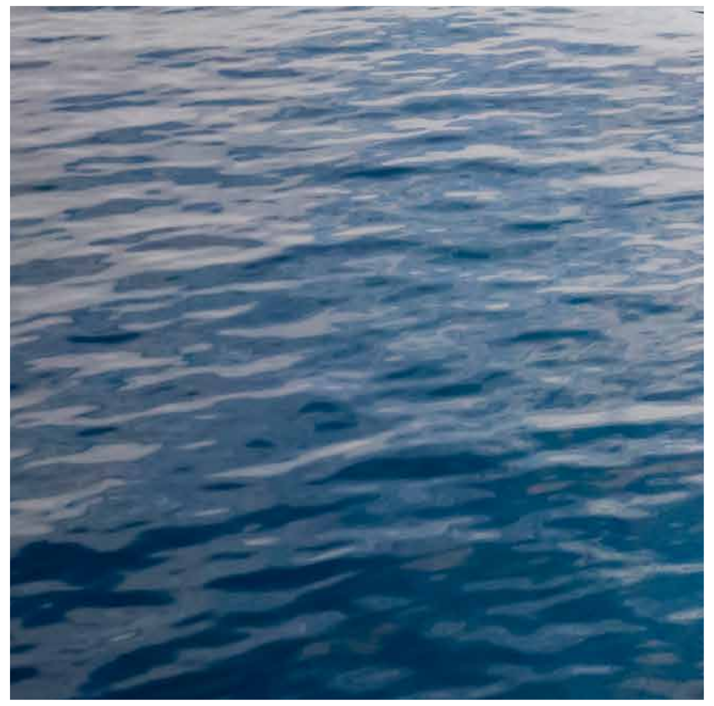
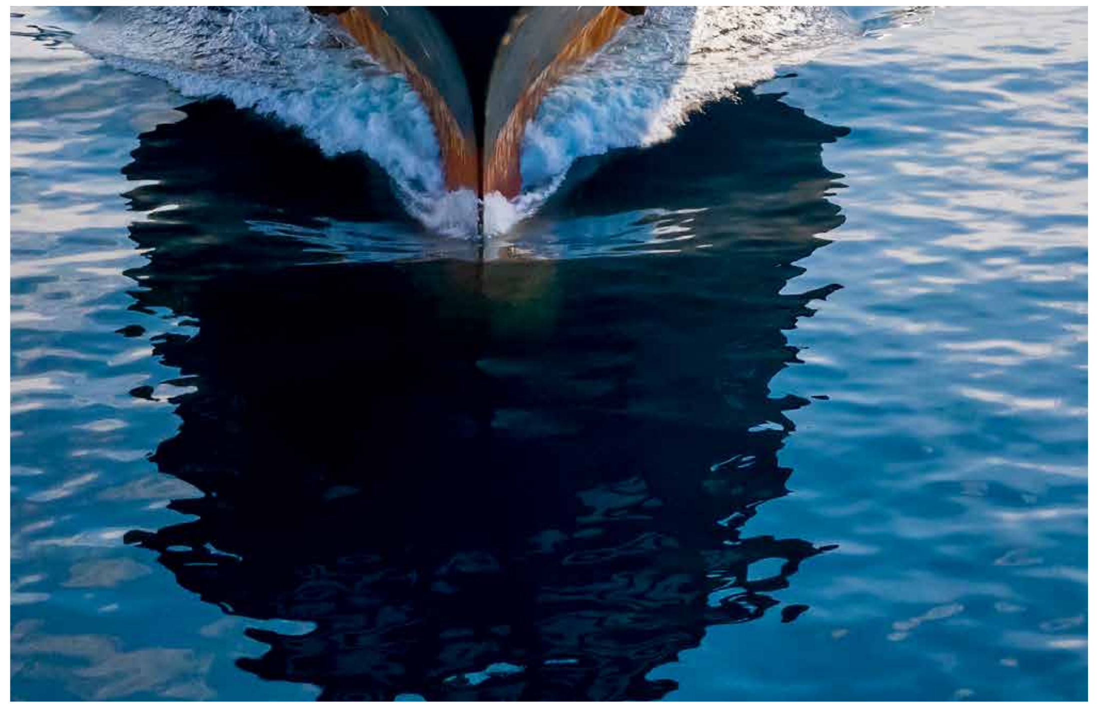
We continue to work closely with professional services provider, Fair Supply, to understand the modern slavery risk of our supply chain through to Tier 10. Additional analysis undertaken for our 2021 Modern Slavery Statement showed the higher modern slavery risks are not at the direct supplier level (Tier 1) and instead are deeper in supply chains.

This year, we continued to conduct risk assessments, due diligence and implement remediation measures to mitigate modern slavery risk in our supply chains. For example, we updated our third-party due diligence questionnaire and annual operational due diligence supplier questionnaire to address supplier self-awareness relating to potential supply chain connections with Uyghur forced labour and/or other modern slavery activities connected with the Xinjiang province.

DOWNLOAD
QIC Supplier Code of Conduct

ACCESS
QIC Modern Slavery Statement



QIC

3.4 Compliance

3.4.1 Regulatory compliance

As an investment manager, QIC operates in a highly regulated environment. Our Regulatory Affairs and Compliance (RAC) team provides independent oversight, monitoring and supervision of regulatory risk initiatives throughout QIC.

The RAC team stays abreast of relevant regulatory changes in all jurisdictions in which we operate and market and works closely with teams across QIC so their knowledge of regulations remains current. In addition, QIC provides feedback on various consultation papers issued by international regulators in the jurisdictions in which we operate, either directly or through industry bodies of which we are a member.

3.4.2 Fraud and corruption

At QIC, we expect the highest ethical standards and conduct from our Board, employees and suppliers and we do not tolerate fraud, bribery or corruption.

QIC has an established framework which includes a Fraud, Bribery and Corruption Policy and related response plan, and our Chief Risk Officer is formally appointed as the QIC Fraud Control Officer responsible for the effective operation of the framework.

All incidents of fraud, bribery and corruption involving employees and contractors are regarded as misconduct and may warrant summary dismissal. All staff are required to review and acknowledge the Fraud, Bribery and Corruption Risk Policy at the commencement of their employment and annually thereafter as part of the ongoing Risk training. In addition, QIC works with its internal auditors to ensure that areas which are exposed to a higher risk of fraud are included in the internal audit program.

QIC is within the jurisdiction of the QLD Crime and Corruption Commission (CCC) for the investigation of any matters and for the 2022 financial year, QIC has not experienced any material violations to fraud, bribery and corruption requirements that warranted reporting to the CCC.

REGULATIONS

Greenwashing Disclosure Working Group

'Greenwashing', the practice of misrepresenting a company's sustainability credentials, is of growing concern to regulators across the world as ESG factors are increasingly considered in the allocation of capital.

To better understand the issue and implement appropriate governance, QIC established a Greenwashing Disclosure Working Group in early 2022 comprising members of our Legal and Regulatory Affairs and Compliance, Risk Management, Responsible Investment and Client Solutions and Capital teams.

The group successfully developed a Sustainability Content Approval Framework that clarifies processes and introduces new or revised processes, where required. The group also delivered briefings to investment and corporate teams across QIC. Greenwashing remains a priority for the business with a focus on internal governance and monitoring regulatory developments.

3.4.3 Conflicts of interest

Our regulators and clients alike expect QIC to put our clients' interests ahead of our own interests and to effectively address potential, perceived or actual conflicts of interest that can arise in the ordinary course of business. As part of QIC's risk-based conflicts of interest framework, a number of organisational arrangements, systems and controls are used to identify and manage potential, actual or perceived conflicts of interest.

3.4.4 Money laundering and terrorism financing risk

QIC plays an important role in preventing, detecting and reporting suspicions of money laundering and terrorism financing activities to competent authorities. QIC's anti-money laundering and counter terrorism financing (AML/CTF) risk-based framework includes processes and procedures to help us identify, mitigate and manage the risks from money laundering and terrorism financing to which we are exposed. The framework sets out the applicable customer identification procedures that are to be carried out before providing AML/CTF regulated services to relevant third parties, ongoing customer due diligence and transaction monitoring undertaken by QIC.

3.4.5 Respecting economic sanctions

At QIC, we are committed to preventing violations of applicable economic or trade sanctions through a risk-based framework that establishes the principles for compliance with sanctions laws and requires the identification and management of sanctions risk. In addition to complying with the requirements of the Australian sanctions regime, QIC complies with sanctions declared by the United Nations Security Council and, if applicable, those of key jurisdictions where it operates including the European Union, the United Kingdom and the United States.

QIC

4 In the Community

QIC provided the Granites Mine Affected Area Aboriginal Corporation (GMAAAC) Board with financial governance training.

4. In the Community

Volunteering, community investment, workplace giving, and Indigenous engagement and skills building are some of the ways QIC supports communities.

4.1 QIC's Indigenous Strategy

QIC's 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.

In FY22, we remained focused on how we can further reconciliation efforts through our community engagement, employment, procurement and investment capabilities and policies. It is through these pillars and our commitments highlighted in our Reconciliation Action Plan (RAP), where we can contribute to meaningful outcomes for Aboriginal and Torres Strait Islander people, communities, and organisations.

Some of the key initiatives of the past year include:

- continued to work closely with the Queensland Government's Deadly Innovation team to identify opportunities for investment, procurement and employment
- continued to focus on QIC's Indigenous Procurement strategy, which has resulted in a significant increase in our spend with Indigenous businesses and has seen us firmly embed a number of quality Indigenous suppliers into our supply chain
- renewed our Supply Nation membership, as well as forming a new relationship with Kinaway Chamber of Commerce
- partnered with Black Coffee to host networking events to facilitate introductions between Indigenous businesses and QIC buyers in an informal environment
- continued to raise cultural awareness amongst our staff, through Indigenous walking tours, lunch and learn sessions, and celebration of key Indigenous calendar events
- launched QIC's Cultural Protocol Document to provide a framework for effectively engaging with Aboriginal and Torres Strait Islander people, communities and organisations at all levels
- continued to raise funds and donate to Indigenous charities (Indigenous Literacy Foundation, Deadly Choices Foundation)
- launched the inaugural QIC Reconciliation Award which recognises the outstanding achievements of QIC staff that have actively contributed to QIC's Reconciliation journey.

WORKING WITH THE INDIGENOUS COMMUNITY

Education and skills building

An important part of QIC's Indigenous Strategy is to work with Indigenous people, communities and organisations to provide opportunities in education and skills building. Here are some highlights of our 2022 achievements:

- awarded the QIC Indigenous Tertiary Scholarship to two worthy recipients (bringing our total to seven awarded since inception)
- continued to support the CareerTrackers program with our highest intake of interns (four students placed)
- donated over 200 laptop devices to Indigenous organisations and communities in need
- our Chief Financial and Operating Officer is a mentor to a young Indigenous female through the CareerTrackers women mentoring program
- our Indigenous Partnership Manager hosted a workshop on Indigenous Leadership at the CareerTrackers annual Program Day

- our Chief Economist has joined the Board and Finance Committee of an Aboriginal community-controlled organisation in South-East Queensland as their independent expert advisor.

It is an honour for QIC to be accepted into the communities that we engage with and we are excited to continue to build on our existing relationships. We also look forward to creating new relationships with other Indigenous people, organisations and communities into the future.

Andrew Niven
QIC's Indigenous Partnership Manager

4.2 QIC Real Estate's community program

4.2.1 New strategic partnership

QIC Real Estate undertook a structured and evidence-based approach in selecting 'physical health and wellbeing' as the most materially relevant social theme for our portfolio-wide Community Investment Program. QIC believes this focus will allow us to deliver community value across our Real Estate asset portfolio.

In order to deliver our new Community Investment Program, QIC Real Estate entered into a joint partnership with Nutrition Australia and YMCA.

The joint partnership was selected due to the organisations' collaborative approach, their ability to reach across our asset portfolio geography, their existing relationships and their ability to co-design a program that meets QIC's needs, including the ability to provide a menu of activity to cater for the diversity of assets in the portfolio, which can be tailored for size and demographics.

In FY23, a pilot Wellness Hub program across QIC Real Estate's asset portfolio will be implemented to test and learn the type of in-centre activations that best resonate with our diverse local communities. The Wellness Hub will deliver a range of activities designed to empower customers to make healthy lifestyle choices, including free body composition scans with personalised health plans, cooking demonstrations and nutritional shopping tours, yoga classes and mindfulness workshops.

The Wellness Hub pilot constitutes the first step in a long-term strategic undertaking by QIC Real Estate to introduce the communities it serves to the benefits of healthy eating and exercise, and encourage an improvement in their overall physical health and wellbeing.

4.2.2 Community contributions

In FY22, QIC Real Estate contributed over $1.2 million to its communities, through a mixture of cash, paid volunteering time, in-kind contributions and management-related inputs. This is an increase of 81% from FY21, primarily due to our new community partnership with Nutrition Australia and YMCA, increased asset-related community activity after the easing of COVID-19 restrictions, improved community data capture and an increase in management costs.

ACCESS
QIC Real Estate ESG Report

4.3 Corporate and employee giving programs

Launch of our workplace giving fund

QIC works closely in engaging with the communities our investment assets are a part of, building meaningful community partnerships that make a real difference. To mark QIC's 30th anniversary, in 2021-22 QIC established the QIC Charitable Foundation. The Foundation has been set up as a perpetual fund that will continue to grow over time and build upon our culture of workplace giving. In its first year, our employees donated over $31,000 to the Foundation, with donations made to Orange Sky Australia and Friends with Dignity.

2,000+ volunteering hours

QIC's Community Day provision enables our people to donate their time to assist a charity or cause they are passionate about.

During 2021-22, 297 employees utilised this opportunity and supported causes related to homelessness, flood management, medical and health research and more. Many QIC employees also actively donate their time and effort to support community and charitable organisations through pro bono work and advice.

25 years as sponsor of the Queensland Community Foundation

QIC is a founding sponsor of the Queensland Community Foundation (QCF), a leading Australian State and National charitable organisation responsible for building a permanent trust fund to generate a continuous income stream for a wide range of Queensland charities. This year marks the 25th anniversary of Queensland Community Foundation and 25 years of the Foundation's partnership with QIC.

Since 1997, QIC and QCF have worked together to help create real and meaningful impacts across communities in Queensland — impacts in areas where it matters most. QIC is incredibly proud of our partnership with QCF and our continued support of the Foundation in fulfilling its mission to lead, grow and celebrate philanthropy in Queensland.

Over the past year QIC has provided QCF with both in-kind and financial support and we were delighted to play an active role across many of the Foundation's key campaigns and celebrations. For more details about the QCF, visit their website at www.qcf.org.au.

5

Task Force for Climate-related Financial Disclosures


Robina Town Centre

Task Force for Climate-related Financial Disclosures (TCFD)

At QIC, we continue to grow our understanding of the risks inherent in climate change. This TCFD section highlights the latest in our strategy, governance, risk assessments and progress in understanding and addressing these risks.

5.1 Governance

In 2022, QIC updated its sustainability governance processes with a new Sustainability Governance Framework. This framework articulates the accountabilities and oversight of sustainability strategy, performance, risks and disclosures. A high-level overview of this framework is included in Section 2.1 of this report.

While many areas of the business have responsibilities with respect to climate risk and opportunity, the key governance and decision-making responsibilities in financial year 2022[20] lie with the groups outlined in Figure 18.

20 Following the transition of leadership from Damien Frawley to Kylie Rampa in April 2022, a review of internal corporate governance arrangements was undertaken, with minor governance updates expected to be embedded in 2022-23. These governance updates are not reflected in this report.

Figure 18: Climate governance

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 Committee	**Risk Committee** As climate change is built into the company's formal risk management process, the Risk Committee plays a key supporting role by assessing and updating the Board on enterprise-wide risks, including those associated with climate change. Since September 2021, climate risk has been regularly reported in the Key Risk Report at each Risk Committee meeting.
Management Advisory Committee	**Sustainability Advisory Committee (SAC)** The SAC has representation from each investment head and has an independent third-party member who is a leader in the sustainability field. Chair of the committee changed from QIC CEO to Independent Chair in March 2022. Throughout FY22, the Committee met on a six-weekly basis to advise on and review QIC's ESG strategy and sub-strategies, and advise on implementation. Work on both physical and transition risk is regularly presented to this committee for feedback and approval.
Management	**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 leads across QIC's investment teams to both develop and provide oversight of ESG strategy including with respect to climate change.

For details of the broader accountabilities of these groups with respect to sustainability, please refer to Section 2.1 of this report.

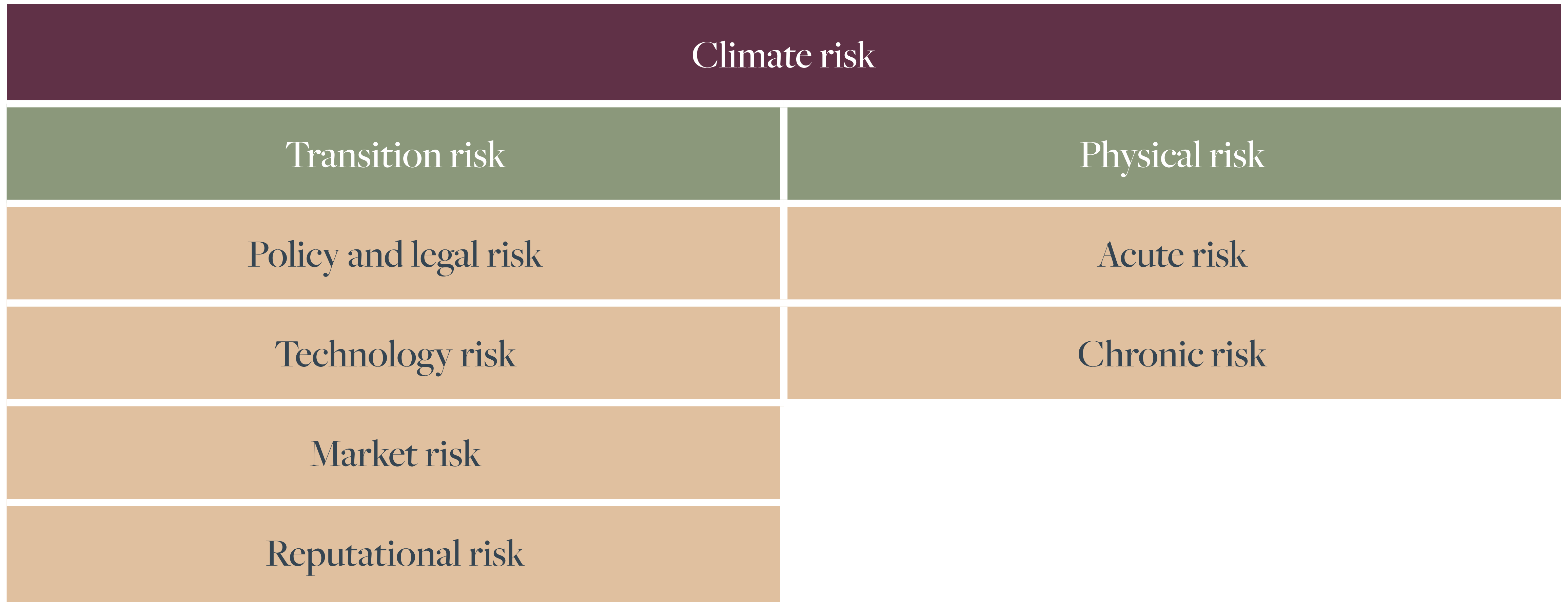
5.2 Strategy

At QIC, we recognise the potential societal, environmental and economic risks associated with climate change can present impacts to investment portfolios and assets. Taking action to mitigate and adapt to climate change can result in opportunities, including investing in renewables and other low-carbon energy sources. QIC continues to build our understanding of climate risks and opportunities. Our approach to managing climate risk and opportunities is multi-faceted, and mirrors the broader sustainability approach reported against in this report.

ESG integration	Active ownership	Corporate operations	Industry engagement
QIC seeks to integrate climate risk, amongst other sustainability factors, into our investment processes. This includes taking steps to assess physical and transition climate risks and opportunities, as described in this section. Refer to Section 2.3 for more on integration.	We use corporate engagement, proxy voting, direct management practices (where relevant) and external manager operations to help address climate risk and opportunities in our portfolios. Refer to Section 2.4 for more on active ownership.	QIC has employed an emissions reduction hierarchy to strategically reduce our corporate emissions. We have aligned our emissions measurement and reporting to the Climate Active framework. Refer to Section 3.2 for more on our carbon emissions from corporate operations.	QIC uses its voice as an institutional investor to contribute to the development of industry initiatives, including in climate forums such as the Investor Group on Climate Change and its initiatives, Climate Action 100+ and Climate League 2030. Refer to Section 2.7 for more on our industry participation.

As presented in previous reports, QIC views the Recommendations of the TCFD as a clear and practical approach to defining and managing climate risks and opportunities. The recommendations support organisations to disclose information about the risks presented by climate change, both in terms of the physical impacts of global heating and the transition risks generated by regulatory and market dynamics arising from the transition to sustainable social and economic systems. The Recommendations also support the disclosure of climate opportunities, as well as the governance, strategy, risk management and metrics and targets of an organisation to respond to both climate-related risk and opportunity.

Figure 19: Recommendations of the TCFD



Source: Recommendations of the TCFD

Analysis

QIC undertakes analysis in relation to all QIC asset classes to understand potential climate risks and opportunities affecting them. To do so, QIC uses data from a range of company and sector sources, including:

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

When implemented at a portfolio level, these analyses can help to inform:

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

Given the diversity in our asset classes and our varied levels of control and influence, the analysis performed by our investment teams differs. Please refer to QIC's Sustainability Reports for more details on our practices and performance for our Liquid Markets Group, Real Estate and Infrastructure portfolios.

Climate scenario analysis for real asset portfolios

A key component of the TCFD's Climate Risk and Opportunity Assessment Framework is scenario analysis. It lies at the core of the TCFD for understanding climate-related risks and opportunities. As reported in previous years, QIC developed three key scenarios for consideration in our climate-related risks and opportunities assessment of our real asset portfolios. These are described in the adjacent figure.

Figure 20: Climate scenarios

1.5° Rapid Transition	2° Market Based	4° Head in the Sand
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.	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 medium range carbon price is effective by 2030.	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.

Since 2019, QIC has undertaken discrete scenario analyses for our real asset portfolios aligned to the TCFD recommendations which encourage companies to assess their resilience, taking into consideration different climate-related scenarios, including 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, including analysis of the possible financial implications within our Real Estate portfolio
- global heating 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.

NGFS CLIMATE SCENARIOS

This year, QIC began considering the potential economic impacts of climate change presented by the Network for Greening the Financial System (NGFS). The NGFS is a group of more than 120 central banks and supervisory authorities[21] that integrates the impact of climate change on the global economy using a number of large-scale models.

Modelling output from the NGFS includes the impact on the global economy of various climate-change scenarios across 50 countries and regions, including Australia. The scenarios are broadly divided into Orderly transitions, Disorderly transitions and actions that lead to catastrophic climate change (Hot House World), each representing trade-offs between physical risks and transition risks.

While QIC's consideration of NGFS in FY22 was exploratory in nature, we will expand these considerations in FY23 and beyond.

Engagement

We continue to engage with portfolio company 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.

Our engagement is informed by the TCFD framework with questions linked back to one of three climate elements, as outlined in Table 13.

Table 13: 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?

21 As at 1 November 2022

5.2.1 Physical risks

Warmer temperatures resulting from climate change are leading to increased incidence and severity of floods, cyclones, heatwaves, droughts and wildfires, as well as rising sea levels as glaciers melt[22]. Governments and the private sector alike are under increasing pressure to understand the impacts of these physical changes in order to manage their climate-related financial risks.

In this section of the report, we describe the latest developments in our assessments of physical risks across our liquid equities, fixed income and real asset portfolios.

Listed equities and corporate credit portfolios

QIC continued to use two third-party climate risk assessment datasets to model physical climate risk and understand the most financially impactful climate hazards and how they might affect portfolio value.

These tools provide 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 sites
- how exposed a company may be to an increase or decrease in business interruptions or asset damages from the physical manifestations of climate change
- physical climate risk exposure by geography at 2050 under a given climate scenario.

QIC also used Munich Re's Location Risk Intelligence software to conduct more detailed physical risk analysis of bonds, where their use of proceeds or underlying assets could be more easily identified, such as some real estate and infrastructure bonds (as opposed to bonds where proceeds can be used for general corporate purposes).

In our 2021 report, we provided details of assessments of potential impacts of projected physical climate change in terms of exposure and vulnerability for our real estate and infrastructure portfolios. This year, these investment teams have continued to inform their understanding of physical risks and opportunities as it relates to their assets and portfolios.

Real Estate

QIC Real Estate engaged an actuarial and insurance consultant with expertise in physical climate risk to assess and quantify the financial impacts of climate change at an asset and portfolio level. This builds on the assessment of physical climate impacts completed in the previous reporting year.

The relationship between acute and chronic risks and Net Operating Income (NOI) and therefore asset values for each of our real estate assets was assessed, with impacts until 2050 modelled under two of the Intergovernmental Panel on Climate Change's (IPCC) climate scenarios (RCP 4.5 and RCP8.5[23]).

The analysis concluded that asset values are most sensitive to future levels of rainfall (for chronic climate drivers), while storms and cyclones are the acute climate drivers with the largest financial impact. This work is ongoing and is enabling the Real Estate team to strategically prioritise the adaptation measures that should be rolled out across the portfolio.

In FY22, QIC Real Estate subscribed to Munich Re's Location Risk Intelligence software, which is used to inform our due diligence processes related to asset acquisitions.

ACCESS
QIC Real Estate ESG Report

22 IPCC, 2022: Summary for Policymakers [H.-O. Pörtner, D.C. et al]. In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. et al] Cambridge University Press, Cambridge, UK and New York, NY, USA, pp. 3–33.

23 Representative Concentration Pathways used in the Fifth IPCC Assessment as a basis for the climate predictions and projections presented in WGI AR5 Chapters 11 to 14.

Infrastructure

In FY22, QIC Infrastructure subscribed to Munich Re's Location Risk Intelligence software. This software provides high-quality natural hazard expertise and has enabled our Infrastructure team to:

- perform detailed risk exposure analysis of their individual assets and overarching portfolio
- cluster the main location risk hotspots
- create more meaningful outputs that can ultimately be used to make better decisions across client portfolios.

The platform is used to evaluate projected exposure to natural hazards in our existing Infrastructure portfolio and during the due diligence evaluation of prospective investments.

The platform provides projected exposure under a number of greenhouse concentration scenarios adopted by the IPCC. These scenarios are referred to as the Representative Concentration Pathways (RCP).

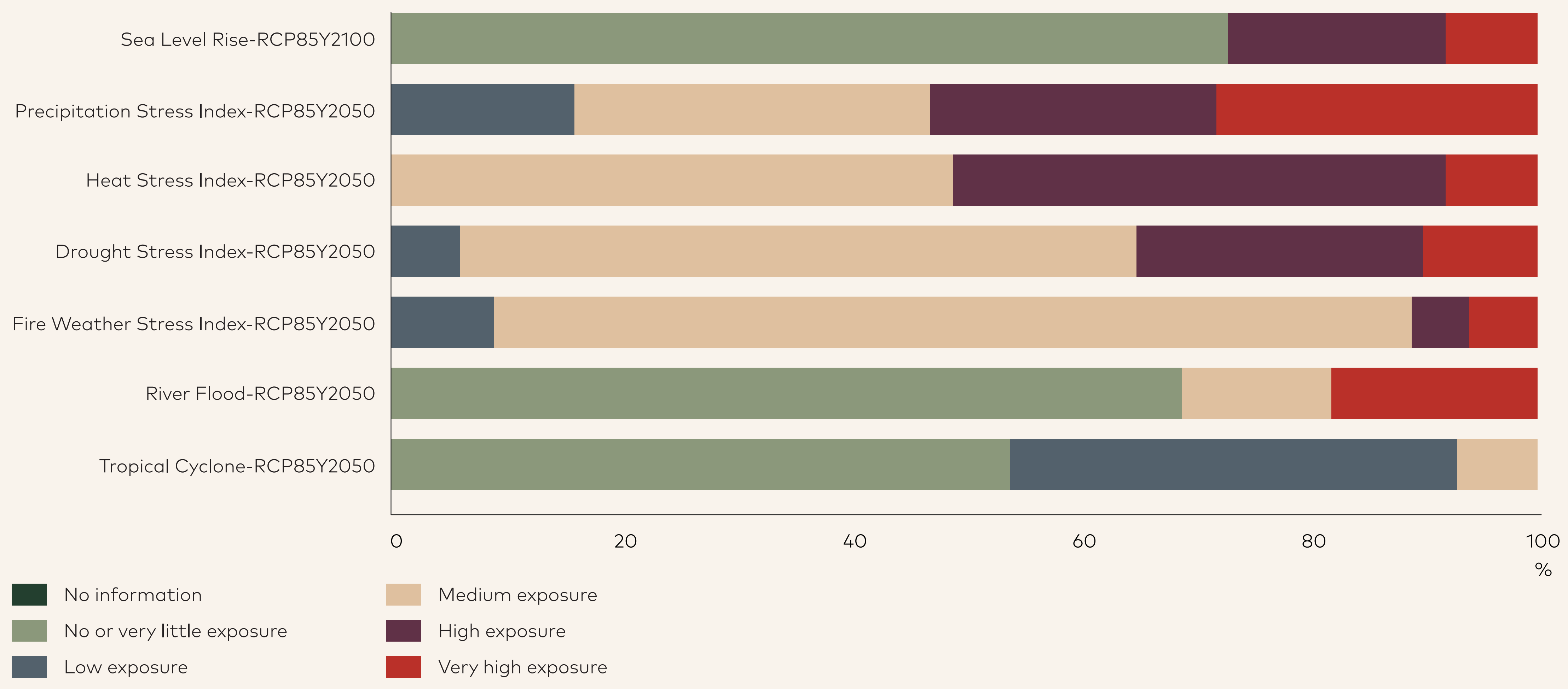
Figure 21 represents the effects of the most severe RCP scenario (RCP8.5) on QIC's infrastructure portfolio. As expected under this worst-case scenario, the modelling suggests that the whole portfolio would become more highly exposed to the various climate factors. However, most of the portfolio (by GAV) would remain a low-to-medium exposure across the various hazards.

Exposure to rain, flooding and sea level rise impacts are slightly worsened under this RCP8.5 scenario. However, given 33% of QIC's infrastructure assets (by GAV) are located adjacent to ocean/rivers, this analysis still falls within QIC's risk expectations.

For further detail on this analysis, download the Infrastructure Sustainability Report.

DOWNLOAD
QIC Infrastructure Sustainability Report

Figure 21: Projected effects from the most severe RCP scenario (RCP8.5) on QIC's infrastructure portfolio



Source: QIC Infrastructure, 2022

5.2.2 Transition risks

In addition to the physical risks of climate change, emerging regulatory, legal, technology and market developments can present 'transition risks' related to the transition to a low-carbon global economy. In line with these societal and economic shifts, the private sector is looking at ways to transition investment portfolios and businesses. At QIC, our understanding of transition risks continues to evolve and, as with physical risks, requires a nuanced approach to identifying and mitigating these risks across our diverse investment portfolios.

For our listed equities and corporate bond portfolios, the same third-party datasets used to assess physical risks inform our understanding of transition risks, providing an assessment of:

- company specific estimates of future cost, revenue and valuation impacts under various scenarios
- an overview of the robustness of risk management strategies for the portfolio holdings.

Liquid Markets Group (LMG)

Most of QIC's physical bond mandates no longer hold bonds financing oil and gas exploration and production, coal mining, and coal fired power generation. We have also increased holdings (measured by percentage of notional market value of a portfolio) of green, social, sustainable, and sustainability-linked bonds across many of our unitised funds during the financial year. Some of these bonds finance renewable energy and projects to reduce emissions.

For example, the QIC Australian Fixed Interest Fund increased labelled bond holdings from 7.1% of notional market value at 30 June 2021 to 10.8% of notional market value at 30 June 2022, having been as high as 12.6% of notional market value at 31 December 2021.

Another way LMG considers portfolio decarbonisation and transition risk is by analysing the type of climate targets set by bond issuers in the portfolios. LMG aggregates data, based on percentage of portfolio Net Asset Value (NAV), into the following categories:

- no target
- company-devised target
- committed to the Science Based Target initiative (SBTi) aligned target
- target validated by SBTi
- for government bonds: Paris Agreement ratification status.

The team's analysis across unitised funds shows a higher proportion of NAV to issuers with SBTi-aligned or SBTi-validated climate targets, and for benchmark-aware funds a higher proportion than the benchmark at 30 June 2022. However, the analysis of 'no target' issuers does show data discrepancies in third-party ESG data providers.

Infrastructure

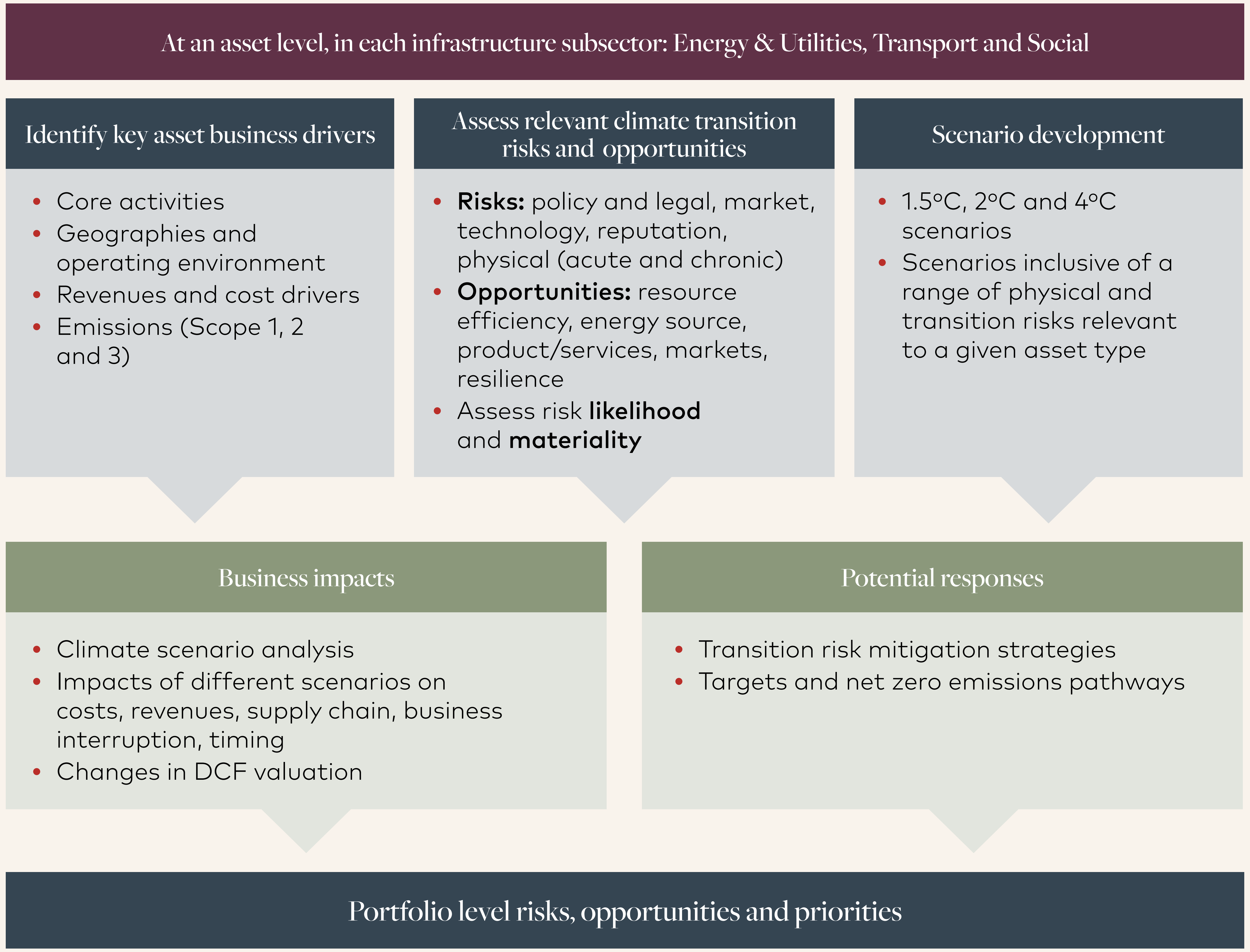
In November 2021, QIC Infrastructure released a Red Paper titled, *Navigating Climate Transition*, which provides insights into the framework and scenario analysis adopted by QIC Infrastructure, and the exposure/opportunity profile across asset types and climate scenarios.

Framework

QIC Infrastructure has adopted a Climate Risk and Opportunity Assessment Framework, adapted from the Cambridge University Climate Wise Transition Risk Framework and the Accounting for Sustainability (A4S) Essential Guide to Valuations and Climate Change. This framework enables:

- the identification of asset, fund and portfolio level risks, opportunities and priorities
- portfolio managers to make informed decisions on future diversification of investment portfolios and allocation of funds.

Figure 22: Climate Risk and Opportunity Assessment Framework adopted by QIC Infrastructure



Source: QIC

Exposure/opportunity profile

Utilising this framework, and incorporating the three climate scenarios as described in 5.2, allowed QIC Infrastructure to develop a risk and opportunity profile across the sectors and asset classes they invest in. The adjacent table provides a high-level summary of climate change exposure profiles (transition or physical-dominated) across QIC Infrastructure asset types and chosen climate scenarios.

During 2022, the team commenced progressively using this framework to understand the climate transition related risks and opportunities of the portfolio companies.

This process is supporting the evaluation of the portfolio company strategy and risk management framework and its alignment with the most significant risks and opportunities.

For further information on QIC Infrastructure's view on navigating climate transition, download their Red Paper from the QIC website.

DOWNLOAD
QIC Red Paper: Navigating Climate Transition

Real Estate

QIC Real Estate manages transition risk by reducing the carbon trajectory of our asset portfolio, guided by our Net Zero Carbon Emissions by 2028 targets, as outlined in the Metrics and Targets section of this report.

Table 14: Summary of climate change exposure profiles (QIC Infrastructure)

Sector	Asset Type	1.5° Scenario	2° Scenario	4° Scenario	Key Risk Exposure Profile	Key Climate-related Opportunities
Energy & Utilities	Utility-scale renewables	Transition	Transition	Physical	In 4° scenario, exposed to extreme weather events/chronic changes in climate affecting renewables power generation	Decreasing costs, innovative technology adoption (storage, green hydrogen), public incentives & consumer preference
	Distributed energy	Transition	Transition	Physical	Carbon pricing and power sector decarbonisation driving transition risk exposure. In 4° scenario, physical climate impacts leading to decentralised power generation	Momentum towards decentralisation of infrastructure, innovative technology adoption, end-use electrification
	Gas midstream	Transition	Transition	Transition	Power sector decarbonisation and heating electrification driving transition risk exposure	Diversification towards hydrogen, renewables + batteries, emissions capture and utilisation
	Water	Physical and Transition	Physical	Physical	Physical climate impacts (increases in temperature, water scarcity) dominating risk profile	Water recycling, electricity generation from biogas
Transport	Ports	Transition	Transition	Physical and Transition	Acceleration of sustainable fuels uptake in 1.5° and 2°. In 4°, a shift in global trade associated with resource scarcity + physical climate impacts (rising sea levels, extreme weather events)	Access to new markets from energy transition products and development of alternative fuels refuelling infrastructure, ports as future "energy hubs"
	Airports	Transition	Transition	Physical	Reduction in short haul passenger air travel in 1.5° and 2°. 4° scenario: increase in operational disruptions due to changing weather dynamics	Facilitating adaptation to alternative fuels in planes via refuelling infrastructure development, airports as future "energy hubs"
	Roads	Transition	Transition	Physical and Transition	Accelerated conversion to alternative fuels. Resiliency of infrastructure and operations in 4° scenario due to physical climate impacts	Facilitate alternative fuels vehicles charging/refuelling infrastructure
	Parking	Transition	Transition	Transition	Changing mobility and fuel types	On-site electricity generation and infrastructure upgrades to provide new services (e.g. EV charging, demand response)
Social	Hospitals and public buildings	Limited exposure	Physical	Physical	Buildings are more vulnerable to the physical impacts of climate change than transition risks	Energy efficiency improvements, on-site low-carbon electricity generation

Source: QIC

5.3 Risk management

We place considerable importance on effective risk management, and have adopted a formal Governance, Risk Management and Compliance (GRC) framework designed to proactively identify, assess and manage risk.

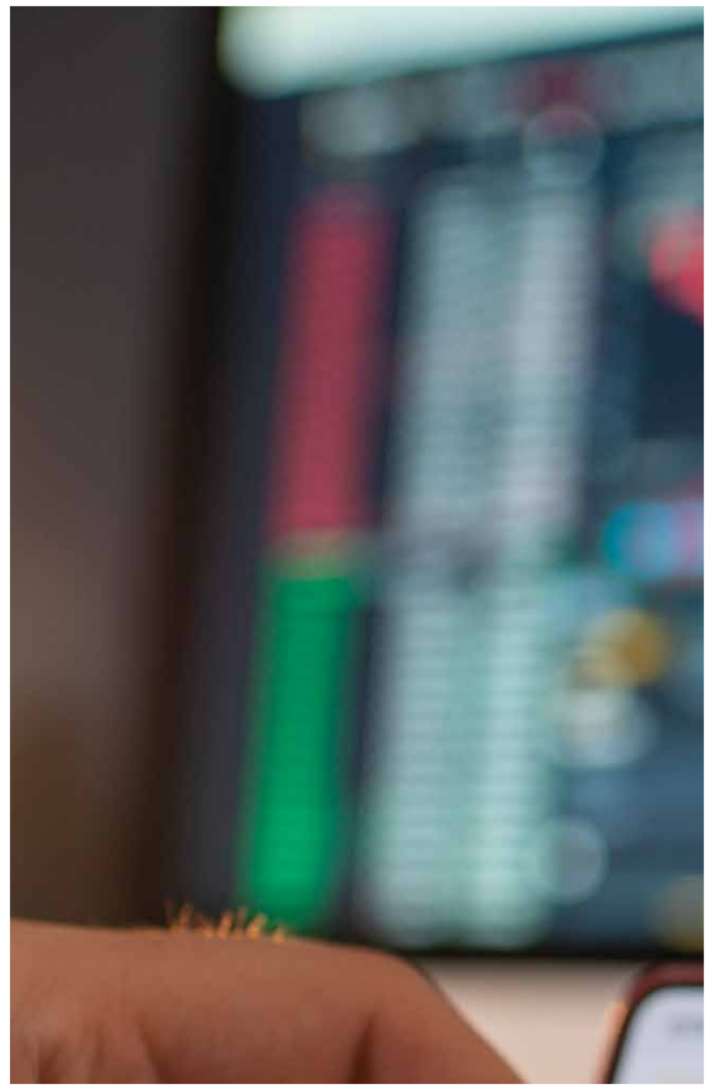
We apply a 'three lines of accountability' approach to managing risks and compliance obligations. This forms part of QIC's broader Governance, Risk and Compliance Framework, which includes relevant Board committees, Executives, investment teams, and the Risk Management Group and audit function.

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.

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 there is a common understanding of the level of risk throughout the business. This ensures 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 to be measured against different time horizons depending on the scope of the risk assessment, the investment strategy, and the type of asset under consideration. QIC's 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.




5.4 Metrics and targets

QIC recognises that to confidently prepare for a low carbon economy, and to build greater resilience to climate change impacts in our assets and portfolios, we must establish targets that signpost our path to net zero and metrics that signal our progress and areas for improvement.

5.4.1 Net zero carbon targets and progress

This year, our Infrastructure and Real Estate teams announced new net zero carbon targets[24].

Real Estate

In June 2020, QIC Real Estate announced a commitment to achieve net zero carbon emissions (Scope 1 and 2) by 2028 for our core managed portfolio of Australian retail assets. In FY21, the same target was expanded to cover QIC's Office (QOF) fund, and in FY22 it was extended to our QIC Active Retail Property (QARP) and QIC Australia Core Plus (QACPF) funds[24].

This brings alignment in long-term carbon ambition across all five QIC Real Estate funds, for those assets that are 100% owned and operated. QPF, QTCF and QOF are signatories to the World Green Building Council's Net Zero Carbon Buildings Commitment, and QIC is in the process of having QARP and QACPF also become signatories.

Carbon performance against net zero targets — QPF and QTCF

The following table presents QIC Real Estate's Scope 1 and 2 carbon emissions associated with its core managed Australian retail portfolio of assets held in QPF and QTCF[24], demonstrating year-on-year progress toward the 2028 net zero target.

Annual progress towards targets for QARP and QACPF will be reported in future years' reports.

Table 15: GHG emissions — QPF and QTCF

Emissions Scope	FY21	FY22	Year on Year % Change*
Scope 1 & 2 emissions (tCO_2-e)	75,874	65,228	↓ 14%

*Note: Reduced operating hours and foot traffic due to COVID-19 related intermittent lockdowns during FY20, FY21 and FY22 has impacted performance, and this should be taken into consideration when comparing year-on-year performance and considering any related carbon emission reductions.

Onsite solar program

Our large scale onsite solar roll out program continued during FY22, with the completion of a 4.9-Megawatt rooftop system at Hyperdome (QLD) and the commencement of the installation of rooftop systems at Bathurst City Centre (NSW), Nerang Mall (QLD) and The Village Upper Mount Gravatt (QLD). Solar system sizes and supply commencement dates can be seen in Table 16.

Energy efficiency

A number of initiatives were completed during the year to reduce our energy use across our Real Estate retail portfolio, including engineering assessments to identify further opportunities to electrify existing plant and equipment, lighting upgrades and mechanical plant optimisation initiatives. For more details, please refer to the latest QIC Real Estate ESG Report.

Table 16: Onsite solar program

Fund	Asset	System Capacity (DC)	Supply Commencement Date*
QPF/QTCF	Watergardens	2.4 Megawatts	23 March 2021
	Grand Central	1 Megawatt	5 May 2021
	Robina Town Centre	5.5 Megawatts	14 June 2021
	Hyperdome	4.9 Megawatts	23 May 2022
QARP	Domain Central	1.4 Megawatts	1 November 2020
	Bathurst City Centre	0.67 Megawatts	December 2022 (Expected)
QACPF	Nerang Mall	0.5 Megawatts	December 2022 (Expected)
	The Village Upper Mount Gravatt	0.35 Megawatts	December 2022 (Expected)

*Note: Reduced operating hours and foot traffic due to COVID-19 related intermittent lockdowns during FY20, FY21 and FY22 has impacted performance, and this should be taken into consideration when comparing year-on-year performance and considering any related carbon emission reductions.

Carbon performance against net zero targets — QOF

The following table presents QIC Real Estate's Scope 1 and 2 carbon emissions associated with its commercial office portfolio held in QOF[24], demonstrating year-on-year progress toward the 2028 net zero carbon target.

Table 17: GHG emissions — QOF

Emissions Scope	FY21	FY22	Year on Year % Change
Scope 1 & 2 emissions (tCO_2-e)	5,174	4,646	↓ 10%

24 All targets relate to Scope 1 and 2 carbon emissions only for assets that are 100% owned and managed by QIC. Net zero carbon target for QPF/QTCF core retail assets relies on ~70% renewable energy consumption (combined onsite solar roll out and purchase of grid sourced renewable energy) and ~25% reduction in electricity consumption through efficiency upgrades, from a 2018 baseline. Net zero carbon target for office assets in QOF relies on ~60% renewable energy consumption (purchase of grid sourced renewable energy) and ~35% reduction in electricity consumption through efficiency upgrades, from a 2015 baseline. Net zero carbon target for QARP relies on ~64% renewable energy consumption (onsite solar roll out) and ~21% reduction in electricity consumption through efficiency upgrades, from a 2021 baseline. Net zero carbon target for QACPF relies on ~68% renewable energy consumption (combined onsite solar roll out and purchase of grid sourced renewable energy) and ~22% reduction in electricity consumption through efficiency upgrades, from a 2021 baseline. Carbon offsets will be purchased for residual emissions from sources with no existing fossil fuel free alternatives (such as refrigerants and diesel used in emergency generators). For all targets, progress is quantified and receives limited independent assurance annually, in accordance with the Australian Standard on Assurance Engagements (ASAE3000).

Infrastructure

QIC Infrastructure formalised net zero emissions commitments for the QIC Global Infrastructure Fund (QGIF) and the QIC Infrastructure Portfolio (QIP) in October 2021. Our commitment incorporates three dimensions:

- at least a 50 per cent reduction in Scope 1 and 2 carbon emissions by 2030
- net zero emissions for Scope 1 and 2 across both portfolios by 2040
- active contribution to our assets' broader industry net zero ambitions (e.g. Scope 3). This commitment furthers our objective to proactively prepare for the escalating risks of climate change and to capture the emerging opportunities from decarbonisation. We believe it reflects the scale and urgency of action required to actively manage and deliver strong risk-adjusted returns from the infrastructure asset class[25].

We have been working with each of our portfolio companies for some time on addressing climate vulnerabilities and reducing emissions. Committing to these targets represents a distillation of the significant work undertaken to understand the specific NZE pathway for each asset within our funds' portfolios. These pathways incorporate four pillars — Reduction, Transition, Advancement, Offset — and are aligned with our long-held view of being active stewards for our investors' assets.

Table 18: Carbon performance against net zero targets — QGIF

Emissions Scope	FY20	FY21	FY22	Year on Year % Change
Scope 1 & 2 emissions (tCO_2-e)	411,224	408,229	372,757	↓ 9%
Equity Stake Scope 1 & 2 emissions (tCO_2-e)	101,582	103,140	101,012	↓ 2%

Table 19: Carbon performance against net zero targets — QIP

Emissions Scope	FY20	FY21	FY22	Year on Year % Change
Scope 1 & 2 emissions (tCO_2-e)	273,315	254,830	259,625	↑ 2%
Equity Stake Scope 1 & 2 emissions (tCO_2-e)	19,508	19,081	19,082	0%

Notes:

1 Emission reporting includes a 12-month period for portfolio assets. Some portfolio companies report their emissions on a calendar not financial year, and this was accounted for. For two portfolio companies, a conservative estimate of the emission profile was used due to data being unavailable.

2 For consistency across reporting periods, the baseline has been adjusted to include the emissions of portfolio companies that have been acquired into the portfolio in preceding years. The intensity and equity share calculations utilised the acquisition value of these portfolio companies.

3 At the time of reporting, three of the portfolio companies had yet to finalise the last quarter of their FY22 results. Hence, utilising historical data, a conservative estimate of the emission profile was adopted for the missing data.

Source: QIC Infrastructure.

DRIVING DATA IMPROVEMENTS

This year, we commenced a QIC-wide ESG Data Strategy that will enhance and, where possible, make consistent our data inputs and disclosures across the business. This strategy includes a series of core metrics, including those related to climate, and maps these to global reporting standards and protocols, including TCFD, SDGs and the Sustainability Accounting Standards Board (SASB). Each core metric will also be aligned to requirements under regulations relevant to our business, including those under Australian Prudential and Regulatory Authority (APRA) and the Sustainable Finance Disclosure Regulation (SFDR).

QIC welcomes the introduction of standardised sustainability reporting under the International Sustainability Standards Board (ISSB). This data strategy will align with the ISSB once implemented.

25 Net zero emissions target includes a 50% reduction in scope 1 & 2 emissions by 2030 from a 2020 baseline, applied to the equity share of emissions for assets in our pooled infrastructure funds. The NZE target model relies on and may change depending on the adoption of new technology, operational improvements, growth or reduction in business activity, availability of equity and the potential new investment/divestment of businesses in the portfolio. Our progress will be quantified using independent verification and regular scope 1 & 2 emissions tracking metrics. Net zero target also includes a 50% reduction in scope 1 & 2 emissions by 2030 from a 2020 baseline, which applies to the equity share of emissions for assets in our pooled infrastructure funds. For infrastructure assets, the net zero pathway incorporates four pillars: operational and design efficiencies; transition to low-carbon fuels and renewable electricity; leveraging emerging technologies; and if required, management of residual emissions through purchase of carbon offsets.

5.4.2 Whole-of-portfolio metrics

We use metrics to track our year-on-year performance. Specifically, we report on our carbon emissions for our listed equities, credit, real estate and infrastructure investments.

Table 20: Infrastructure GHG emissions

Metric	FY20	FY21	FY22	Year on year variation (%)
Scope 1 GHG emissions — equity share (tCO_2e)	303,142	261,698	232,834	-11%
Scope 2 GHG emissions — equity share (tCO_2e)	94,394	97,450	92,465	-5%
Scope 1 + 2 GHG emissions — equity share (tCO_2e)	397,536	359,148	325,299	-9%
Weighted average carbon intensity (tCO_2e/$M)	16.1	13.3	10.9	-18%
Scope 3 GHG emissions (tCO_2e)	Data unavailable	Data unavailable	Data unavailable	Data unavailable

Notes:

1 Emission reporting includes a 12-month period for portfolio assets. Some portfolio companies report their emissions on a calendar not financial year, and this was accounted for. For two portfolio companies, a conservative estimate of the emission profile was used due to data being unavailable.

2 For consistency across reporting periods, the baseline has been adjusted to include the emissions of portfolio companies that have been acquired into the portfolio in preceding years. The intensity and equity share calculations utilised the acquisition value of these portfolio companies.

3 At the time of reporting, 3 of the portfolio companies had yet to finalise the last quarter of their FY22 results. Hence, utilising historical data, a conservative estimate of the emission profile was adopted for the missing data.

Source: QIC Infrastructure

Table 21: Real Estate GHG emissions

Metric	FY20	FY21	FY22	Year on year variation (%)
Scope 1 GHG emissions (tCO_2e)	12,630.00	11,379.40	12,497.80	10%
Scope 2 GHG emissions (tCO_2e)	101,360.70	83,618.80	75,331.60	-10%
Scope 1 + 2 GHG emissions (tCO_2e)	113,990.70	94,998.20	87,829.40	-8%
Weighted average carbon intensity (tCO_2e/$M)	74.1	64.3	55.4	-14%
Scope 3 GHG emissions (tCO_2e)	117,492.40	226,588.30	237,449.20	5%

Notes:

Scope 3 emissions comprise Scope 3 emissions from QIC Real Estate's use of energy and generation of landfill waste and emissions related to the use of energy by our retail and office tenants.

To calculate the emissions related to major tenants' energy use, QIC Real Estate has:

- Used actual FY22 energy use figures provided by the tenant, or
- Used actual CY21 energy use figures provided by the tenant, or
- Estimated FY22 energy use based on actual FY22/CY21 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 20% of the total gross lettable area occupied by major tenants across the portfolio of retail assets which accounts for 7% of Scope 3 emissions.

The FY21 and FY22 Scope 3 emissions figures include additional Scope 3 sources compared to previous reporting years due to commencement of capturing energy use and emissions from major tenants.

Source: QIC Real Estate

Table 22: Corporate bonds* GHG emissions

Metric	FY21 Portfolio	FY21 Benchmark	FY22 Portfolio	FY22 Benchmark
Portfolio data coverage (%)**	23%	10%	43%	12%
Scope 1 + 2 GHG emissions (tCO_2e)	2,673	2,812	770	1,325
Scope 1 + 2 + 3 GHG emissions (tCO_2e)	8,734	9,470	8,221	7,960
Weighted average carbon intensity (tCO_2e/$M)	42.44	47.79	29.63	46.39

Notes:

This data relates to the QIC Australian Fixed Interest (AFI) Fund and its benchmark (Bloomberg AusBond Composite 0+ Index).

Data coverage available for corporate credit issuers only: 43% portfolio coverage in FY22, a significant increase from 24% portfolio coverage in FY21. 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.

* AFI and the benchmark comprise bonds issued by sovereign, semi-sovereign, supranational and corporate entities. Additionally, AFI may hold derivatives. The data we subscribe to through ISS is for physical corporate bond holdings only. Further, ISS data does not cover 100% of the corporate entities.

** This number is the % of portfolio NAV covered by ISS.

Table 23: Listed Equities — Australian GHG emissions

Metric	FY21 Portfolio	FY21 Benchmark	FY22 Portfolio	FY22 Benchmark
Portfolio data coverage (%)*	84.9%	87.3%	90.3%	91.7%
Scope 1 + 2 GHG emissions (tCO_2e)	81,804	94,196	90,696	83,052
Weighted average carbon intensity (tCO_2e/$M)**	167.42	174.53	257.32	228.52

This data relates to the QIC Diversified Australia Equity Fund (DAEF) and its benchmark (ASX200). The data is calculated through ISS on an Enterprise Value, including cash basis.

* This number is the percentage of portfolio NAV covered by ISS.

** The increase in WACI over 2022 was largely driven by an increase in exposure toward the more carbon-intensive energy sector. A large component of the increased exposure was the strong underlying performance of the sector.

Table 24: Listed Equities — International GHG emissions

Metric	FY21 Portfolio	FY21 Benchmark	FY22 Portfolio	FY22 Benchmark
Portfolio data coverage (%)*	83.5%	80.6%	90.5%	89.2%
Scope 1 + 2 GHG emissions (tCO_2e)	153,291	119,418	106,773	89,314
Weighted average carbon intensity (tCO_2e/$M)**	105.06	105.04	119.24	126.01

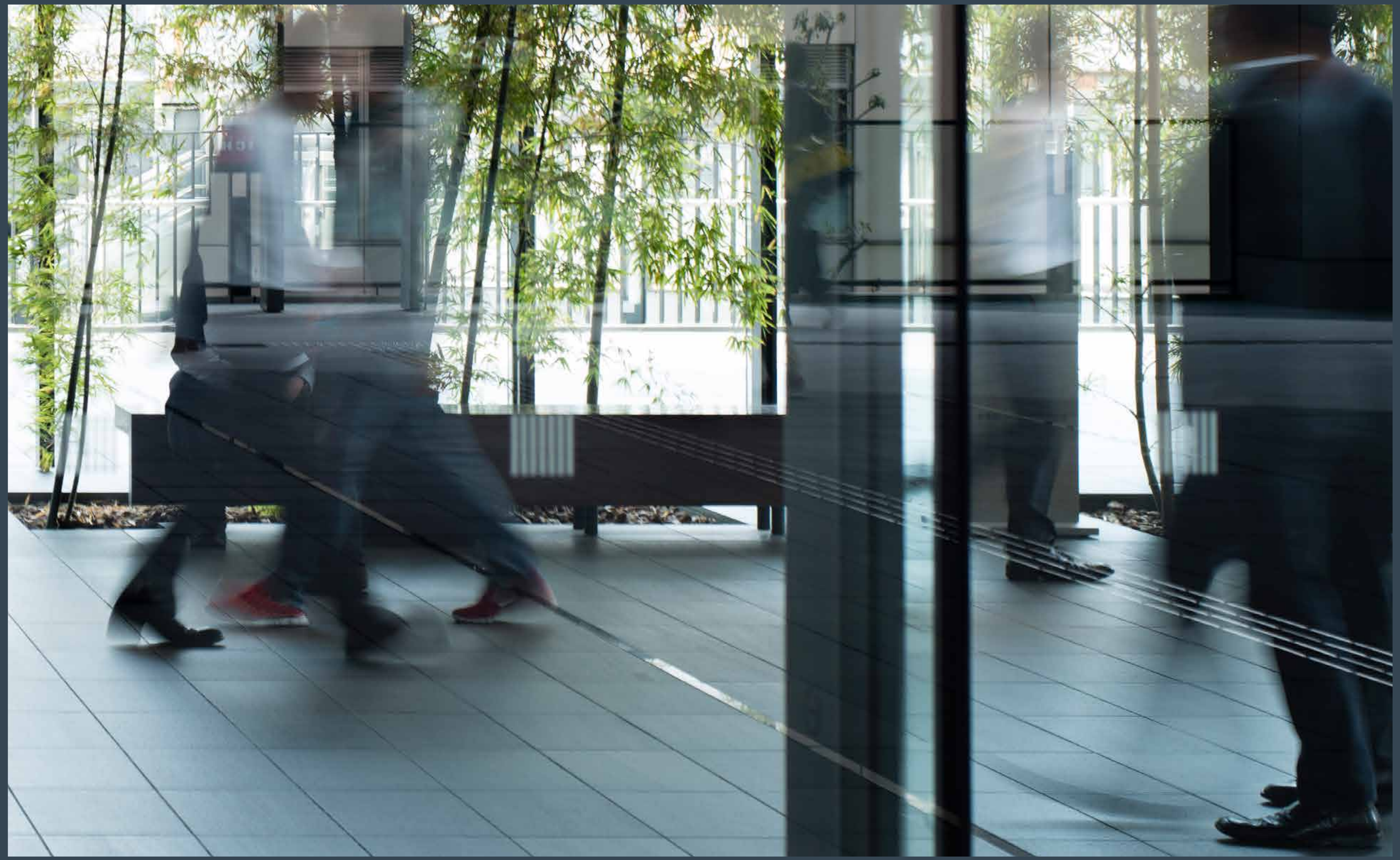
This data relates to the QIC International Equity Fund (IEF) and its benchmark (MSCI ACWI ex-AU custom). The data is calculated through ISS on an Enterprise Value, including cash basis.

* This number is the percentage of portfolio NAV covered by ISS.

** The increase in WACI over 2022 was largely driven by an increase in exposure toward the more carbon-intensive energy sector. A large component of the increased exposure was the strong underlying performance of the sector.

QIC

6 Sustainability Data



6.1 QIC Real Estate consumption data

The below table presents aggregated data from QIC Real Estate's portfolio of retail, office and industrial assets. The FY22 data in the table has received limited assurance.

Table 25: Real Estate consumption data

COVID-19 continued to impact our real estate portfolio during FY22 resulting in reduced operating hours and foot traffic due to intermittent lockdowns associated with Victorian and New South Wales government mandates on non-essential retail and stay at home orders. Lockdowns also impacted the environmental performance of our assets, resulting in reductions across the majority of metrics when compared with previous years prior to FY21. This should be taken into consideration when comparing against previous years' performance. For more details on this data and trends, please refer to the QIC Real Estate ESG Report.

Focus area		FY20	FY21	FY22	Year on Year
Energy	Total energy use (GJ)	563,121.4	492,671.7	495,903.0	3,231.3 ↑ 0.7%
	Intensity (MJ/m²)	366.1	333.4	312.7	-20.7
Water	Total water use (KL)	1,262,988	899,995.5	1,026,204.4	126,208.9 ↑ 14.0%
	Intensity (KL/m²)	0.82	0.61	0.65	-0.4
Recycling	Waste recycling rate (% of total waste)	38.6%	44%	39%	↓ 5%
GHG Emissions	Total Scope 1 emissions (tCO_2-e)	12,630.0	11,379.4	12,497.8	1,118.4 ↑ 9.8%
	Total Scope 2 emissions (tCO_2-e)	101,360.7	83,618.8	75,331.6	-8,287.2 ↓ 9.9%
	Scope 1 & 2 emissions intensity (kg CO_2-e/m²)	74.1	64.3	55.4	-8.9
	Total Scope 3 emissions (tCO_2-e)[26]	117,492.4	226,588.3	237,449.2	10,860.9 ↑ 4.8%[27]
	Scope 3 emissions intensity (kg CO_2-e/m²)	76.4	153.3	149.7	↓ 3.6
Intensity Factor	Gross Lettable Area (m²)	1,538,338.3	1,477,866.1	1,586,064.1	108,198.0 ↑ 7.3%

To calculate the emissions related to major tenants' energy use, QIC Real Estate has:

- Used actual FY22 energy use figures provided by the tenant, or
- Used actual CY21 energy use figures provided by the tenant, or
- Estimated FY22 energy use based on actual FY22/CY21 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 20% of the total gross lettable area occupied by major tenants across the portfolio of retail assets which accounts for 7% of Scope 3.

Note: This table presents aggregated data from QIC Real Estate's portfolio of retail, office and industrial assets. The FY22 data in the table has received limited assurance. The FY21 data has also received limited assurance and the assurance statement of data is available in the FY21 ESG Report.

Data from assets that QIC does not have operational control over are excluded, including our joint venture assets, Westfield Coomera and Claremont Quarter.

26 Scope 3 emissions include Scope 3 emissions from QIC Real Estate's use of energy and generation of landfill waste and emissions related to the use of energy by our retail and office tenants.

27 The FY21 and FY22 Scope 3 emissions figures include additional Scope 3 sources compared to previous reporting years.

6.2 Economic value

Table 26: QIC economic value generated and distributed

QIC	$'000
Direct economic value generated	616,605
Economic value distributed	
Operating costs	209,897
Employee wages and benefits	274,880
Payments to providers of capital	1,019
Payments to government	38,317
Community investments	312
Total economic value distributed	524,425
Economic value retained	92,180

6.3 People data

Inclusion

Target
At least 80% of our people think the culture in their team is positive and inclusive, measured annually

Performance*

89%

Flexibility

Target
At least 80% of our people have formal or informal flexibility in their work routine, measured annually[28]

Performance*

100%

Reconciliation

Target
Implementation of our Reconciliation Action Plan

Performance*

84%

Actions in Innovate RAP strategy complete

Gender balance

Target
Gender balance across QIC to be +/- 5%**

Performance*
49% Female
Gender balance -1.3%

Target
Gender balance in the senior leadership of QIC to be +/- 10%

Performance*
39% Female
Gender balance -22%

Target
Board gender balance of 50/50 composition

Performance*
44% Female
56% Male

Gender pay equity

Target
Within +/- 2% average compa-ratio, measured annually

Performance*

0.14%

* As at 30 June 2022.
** Data collected upon employee commencement.

28 COVID-19 saw 100% uptake of remote working. In FY22, QIC formalised its hybrid working arrangement for staff.

GRI 102-8 — Information on employees and other workers As at 30 June 2022

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

Person Type	Female	Male	Non-specific	Grand Total
Demand	8	4		12
Maximum Term	40	29		69
Open Term	393	417	1	811
Project Workforce	1	4		5
Grand Total	**442**	**454**	**1**	**897**

Excludes consultants, directors and agency contractors

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

Person Type	AU	UK	US	Grand Total
Demand	12			12
Maximum Term	68		1	69
Open Term	767	16	28	811
Project Workforce	5			5
Grand Total	**852**	**16**	**29**	**897**

Excludes consultants, directors and agency contractors

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

Employment Basis	Female	Male	Non- specific	Grand total
Casual	8	4		12
Full-time	382	437	1	820
Part-time	52	13		65
Grand total	**442**	**454**	**1**	**897**

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
For the year ending 30 June 2022

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

Age Range	AU			AU Total	UK		UK Total	US		US Total	Grand Total
	F	M	Non-specific		F	M		F	M		
<30	27	23		50		2	2	1	4	5	57
31-40	52	23		75	1	3	4	1	4	5	84
41-50	29	18	1	48	1	1	2	1		1	51
51-60	7	6		13		1	1	1		1	15
60+		3		3							3
Grand Total	**115**	**73**	**1**	**189**	**2**	**7**	**9**	**4**	**8**	**12**	**210**

Age Range	AU			AU Total	UK		UK Total	US		US Total	Grand Total
	F	M	Non-specific		F	M		F	M		
<30	13%	11%	0%	24%	0%	1%	1%	0%	2%	2%	27%
31-40	25%	11%	0%	36%	0%	1%	2%	0%	2%	2%	40%
41-50	14%	9%	0%	23%	0%	0%	1%	0%	0%	0%	24%
51-60	3%	3%	0%	6%	0%	0%	0%	0%	0%	0%	7%
60+	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	1%
Grand Total	**55%**	**35%**	**0%**	**90%**	**1%**	**3%**	**4%**	**2%**	**4%**	**6%**	**100%**

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

2021–22 turnover was 13.2%* (10.4% voluntary turnover and 2.8% involuntary turnover).

Age Range	AU	UK	US	Grand Total
<30	18	1	3	22
31-40	56	3	3	62
41-50	25	1	1	27
51-60	12			12
60+	2			2
Grand Total	**113**	**5**	**7**	**125**

Excludes end of contract and casual termination.
* Turnover rates based on Open Term employees.

Age Range	AU	UK	US	Grand Total
<30	14%	1%	2%	18%
31-40	45%	2%	2%	50%
41-50	20%	1%	1%	22%
51-60	10%	0%	0%	10%
60+	2%	0%	0%	2%
Grand Total	**90%**	**4%**	**6%**	**100%**

Excludes end of contract and casual termination.
Due to rounding, some totals 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 six months of service eligibility criteria, excluding causal employees.

v. retirement provision — AU is 10.5% 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 six 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 776 employees (88%).

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

In Australia, 50 employees (37 female and 13 male) accessed the paid parental leave benefit as a primary carer and 14 employees (all male) accessed the non-primary carer parental leave benefit. In addition, three US employees (two female and one male) accessed the primary carer benefit meaning, that throughout 2021-22 a total of 53 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

Data not available. Anecdotally we are confident that the retention and return rate of our parental leave population is quite high.

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.

Response:

- 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.

Response:

Nil.

C. The system of rules applied in recording and reporting accident statistics

In accordance with internal OHS incident reporting and legislative state-based workers' compensation 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 catchups 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).

Response:

i. directors: four females, five males

ii. age group:
a. under 30 years old — 0
b. 30 to 50 years old — 0
c. Over 50 years — nine

iii. Not applicable.

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 below represents the employment category by 'Job Level' throughout QIC, on a gender and age basis. The scale is Job Level 1 (most junior employees) through to 4, 5, 6 and 7 (senior managers and Executives). Data as at 30 June 2022.

Level of Work	1		2		3			4		5		6		7	
Age Range	F	M	F	M	F	M	Non-specific	F	M	F	M	F	M	F	Grand Total
<30	20	18	38	39	8	15		1							139
31-40	23	1	58	23	69	74		24	32	8	4		1		317
41-50	8	1	31	12	53	63	1	27	48	21	33	2	4		304
51-60	2	1	10	6	15	25		9	17	2	10	2	5	1	105
60+	1		1	4	3	11		3	3	2	3		1		32
Grand Total	**54**	**21**	**138**	**84**	**148**	**188**	**1**	**64**	**100**	**33**	**50**	**4**	**11**	**1**	**897**

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 103.49%
- median female compa-ratio 103.35%

Gender pay gap at the median is 0.14%

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

Not applicable.

GRI 102-41 — Collective bargaining agreements

A. Percentage of total employees covered by collective bargaining agreements

Not applicable.

6.4 Corporate engagements

This year, QIC undertook 40 engagements with investee entities and issuers of debt. The table below provides an overview of the nature of these engagements.

Industry	Engagement format	ESG discussion points
Government	One on one	Carbon emissions Governance
TMT	Group	ESG, governance
Industrials	Group	Climate Reporting standards Modern Slavery Diversity Health and safety
Industrials	Group	ESG
Utilities	One on one	Carbon emissions Renewable energy Reporting Governance Diversity Health and safety
Financials	Group	Sustainability policies Remuneration Climate risk
Financials	Group	Governance Social — gender Cultural diversity Remuneration Modern Slavery Affordability Customer vulnerability Climate policies Board committees
Real Estate	One on one	ESG
Financials	One on one	Cyber security
Financials	One on one	Sustainability Framework Fossil Fuel policies
Consumer Discretionary	Group	Sustainability policies
Financials	Group	Climate policies ESG Corporate structure
Consumer Staples	One on one	New SLB
Financials	One on one	ESG Climate Environment
Real Estate	Group	ESG Climate Environment
Real Estate	Group	ESG Climate Environment
Insurance	Group	ESG Climate Environment
Utilities	Group	ESG Climate Environment
Financials	One on one	ESG Governance Social Corporate Structure
Supranational	One on one	ESG Social Environment — climate Environment — nature Reporting and frameworks Governance
Government	One on one	Human Rights Environment Climate
Financials	One on one	Climate Risk Financial Inclusion Responsible lending
Financials	Group	Corporate structure General governance Social
Utilities	Group	Corporate structure Environment Social
Utilities	One on one	Social Climate Environmental
Government	One on one	Climate Environmental Social Corporate structure General Governance
Materials	Group	Corporate Structure Climate Risk General Governance
Materials	Group	Corporate Structure Climate Risk General Governance
Semi government	One on one	Climate Environmental Corporate structure
TMT	One on one	Climate Environmental
Real Estate	One on one	Climate Environmental General governance
Financials	One on one	Gender Equality Governance
Supranational	One on one	Climate Environmental General governance
Supranational	One on one	Corporate structure General Governance Social Environmental
Supranational	One on one	Corporate structure General Governance Social
Supranational	One on one	Climate Corporate structure General Governance
Financials	One on one	Governance Environment Social Corporate structure
Financials	One on one	Governance Environment Social Corporate structure
Financials	One on one	Governance Environment Social Corporate structure
Infrastructure	Group	Reporting Climate Environment Social

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7 GRI Content Index

GRI Content 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.

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	Introduction
102-3	Location of headquarters	Introduction
102-4	Location of operations	Introduction
102-5	Ownership and legal form	Introduction
102-6	Markets served	Introduction
102-7	Scale of organisation	Introduction
102-8	Information on employees and other workers	Investing Responsibly; Sustainability Data
102-41	Collective bargaining agreements	N/A
102-9	Supply chain	Operating Responsibly
102-10	Significant changes to the organisation and its supply chain	N/A
102-11	Precautionary principle	Operating Responsibly
102-12	External initiatives	Investing Responsibly
102-13	Membership of associations	Investing Responsibly
102-45	Entities included in the consolidated financial statements	Introduction and QIC Annual Report
102-46	Defining report content and topic boundaries	About this report
102-47	List of material topics	Investing Responsibly
103-1	Explanation of the material topic and its boundary	Investing Responsibly

GRI indicator	Title	Relevant section
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	Investing Responsibly
102-42	Identifying and selecting stakeholders	Investing Responsibly
102-43	Approach to stakeholder engagement	Investing Responsibly
102-44	Key topics and concerns raised	Investing Responsibly
102-50	Reporting period	CEO statement
102-51	Date of most recent report	July 2022 for the FY21 Reporting Period
102-52	Reporting cycle	About this report
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	About this Report
102-55	GRI content index	GRI content index
102-56	External assurance	This report is not externally assured
102-18	Governance structure	Climate-Related Financial Disclosures, Investing Sustainably
102-16	Values, principles, standards, and norms of behaviour	Investing Responsibly
103-2	The management approach and its components	Investing Responsibly

A1

Appendix

Appendix 1

Sustainable Investment Beliefs

Belief		Examples of QIC policies and practices that demonstrate alignment to SDGs
1	Environmental, social, and governance factors (ESG) are fundamental to achieving long-term investment outcomes and asset performance.	(1) **No poverty** -> QIC Modern Slavery Standard, annual QIC Modern Slavery Statement, QIC Sustainable Investment Policy (3) **Good health and well-being** -> QIC Work Health Safety and Wellbeing Policy, QIC Diversity, Inclusion & Wellness Policy, QIC Domestic and Family Violence Policy (5) **Gender equality** -> QIC Workplace Behaviour Policy, QIC Sexual Harassment Standard, QIC Diversity, Inclusion & Wellness Policy (8) **Decent work and economic growth** -> QIC Remuneration Policy, QIC Leave Standard, QIC Rehabilitation and Return to Work Standard, QIC Flexible Working Standard, QIC Modern Slavery Standard, annual QIC Modern Slavery Statement (9) **Industry, innovation and infrastructure** -> QIC Infrastructure Sustainability Report
2	Businesses that create social and environmental value through their activities have improved financial, reputational, and competitive advantage.	(7) **Affordable and clean energy** -> Renewable energy generation through QIC infrastructure assets: Generate, Pacific Energy, Tilt (11) **Sustainable cities and communities** -> Creating value specifically through QIC Infrastructure assets: Nexus Hospitals, NWRG and QIC Real Estate Social Housing. (12) **Responsible consumption and production** -> through portfolio companies in QPC, Real Estate focus on increased recycling rate and circular economy principles (13) **Climate action** -> QIC Sustainable Investment Policy, QIC Real Estate and Infrastructure teams have both conducted physical risk and adaptation assessments on the majority of portfolio assets (17) **Partnership for the goals** -> through QIC's participation and contribution to sustainability work led by industry groups (e.g. IGCC, UNPRI)
3	Financial and economic systems depend on healthy ecosystems for human well-being and economic growth and are significantly challenged by the future impacts of global environmental changes.	(3) **Good health and wellbeing** -> QIC Work Health Safety and Wellbeing Policy, QIC Diversity, Inclusion & Wellness Policy, QIC Domestic and Family Violence Policy (9) **Industry, innovation and infrastructure** -> QIC Infrastructure Sustainability Report (13) **Climate action** -> QIC Sustainable Investment Policy, QIC Real Estate and Infrastructure teams have both conducted physical risk and adaptation assessments on the majority of portfolio assets (14) **Life below water** -> QIC Infrastructure (Sea Swift) (15) **Life on land** -> QIC Natural Capital Team

Belief		Examples of QIC policies and practices that demonstrate alignment to SDGs
4	Businesses that contribute to achieving a global net zero emissions economy and mitigating the systemic risk of climate change will ensure continued social licence and sustainable value creation.	(8) **Decent work and economic growth** -> QIC Modern Slavery Standard, annual QIC Modern Slavery Statement (9) **Industry, innovation and infrastructure** -> QIC Infrastructure Sustainability Report (10) **Reduce inequalities** -> QIC Modern Slavery Standard and annual QIC Modern Slavery Statement, QIC Sustainable Investment Policy, QPC portfolio companies, QIC RAP and associated work (11) **Sustainable cities and communities** -> Creating value specifically through QIC Infrastructure assets: Nexus Hospitals, NWRG and QIC Real Estate Social Housing (12) **Responsible consumption and production** -> through select portfolio companies in QPC, Real Estate focus on increased recycling rate and circular economy principles (13) **Climate action** -> QIC Sustainable Investment Policy, QIC Real Estate and Infrastructure teams have both conducted physical risk and adaptation assessments on the majority of portfolio assets
5	Diversity, equity, and inclusion are essential to optimise business performance and to realise the potential of all stakeholders including employees, clients, suppliers, and the community	(4) **Quality education** -> QIC Real Estate community programs, QIC RAP (5) **Gender equality** -> QIC Workplace Behaviour Policy, QIC Sexual Harassment Standard, QIC Diversity, Inclusion & Wellness Policy (10) **Reduce inequalities** -> QIC Modern Slavery Standard, and annual QIC Modern Slavery Statement, QIC Sustainable Investment Policy, QIC RAP and associated work, QIC Supplier Diversity Guidance Note (12) **Responsible consumption and production** -> through select portfolio companies in QPC, Real Estate focus on increased recycling rate and circular economy principles, QIC Supplier Code of Conduct, QIC Procurement and Third-Party Risk Guidance Note (16) **Peace justice and strong institutions** -> QIC Whistleblower Policy, QIC Enterprise Procurement Policy, QIC Corporate Procurement Standard, QIC Supplier Diversity Guidance Note, QIC Exclusions List
6	Sustainable value chains are necessary for sustainable financial performance and are strategic priorities for the long-term within a circular economy	(12) **Responsible consumption and production** -> QIC Real Estate focus on circular economy principles, QIC Infrastructure notes circular economy as a sustainability megatrend (and strategy is aligned accordingly), QIC Supplier Code of Conduct, QIC Procurement and Third-Party Risk Guidance Note, QIC Sustainable Investment Policy

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