

## Policy Snapshot

At QIC, we believe that material environmental, social and governance factors (ESG) are fundamental to long-term investment outcomes and asset performance.

We consider ESG factors as core to our investment decision-making process.

We exercise our ownership rights either internally or via our external managers.

We communicate QIC's approach to Sustainable Investment on our website and report our activities to our clients.

## 1. Introduction

QIC Limited and its wholly owned subsidiaries and funds (together 'QIC', 'we' or 'our') are committed to considering environmental, social and governance (ESG) factors in our investment processes. In doing so QIC recognises that the consideration of material ESG factors is fundamental to long-term investment outcomes and asset performance supportive of our long-term value creation objectives. Material ESG factors may be considered in the context of managing risk and in the identification of investment opportunities, to improve business performance and increase preparedness for emerging risk.

Our approach is aligned with the principles of UN PRI, to which we have been a signatory since 2008.

## 2. Application

The Sustainable Investment Policy (the "Policy") applies to QIC's investment Teams, and all other employees with responsibilities for the assessment and oversight of investments and ESG risk and opportunities. It will be applied consistent with but subject to any applicable fiduciary or similar duties and applicable, legal or contractual requirements.

## 3. Objective

The Policy sets out the broad elements of QIC's approach and is supported by additional principles and guidance for each of QIC's investment teams, tailored to the specific asset class and investment strategy.

The primary objective of the Policy is to ensure that ESG risks and opportunities are appropriately identified, assessed and managed as part of the investment strategy and decision-making processes adopted by QIC's investment teams. Material ESG factors are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material impact on the value of an investment.

The Policy also promotes investment and asset management decision making that is intended to contribute to a more sustainable financial system, supportive of long-term value creation, acknowledging that this relies on investment in and the protection of healthy ecological and social systems.

## 4. Principles

The following principles support QIC's purpose to "create shared value by responsibly investing for the prosperity of clients, people and communities" and are guided by our belief that:

- Financial and economic systems depend on healthy ecological and social systems. Where these are challenged so too is economic stability and human well-being, impacting our ability to generate returns.

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- The systemic risk of climate change is both an era defining challenge and a substantial investment opportunity through the transition to a low carbon economy.
- How capital is allocated impacts ecological and social systems, influencing systemic risks and society's resilience to them.
- ESG factors are dynamic and require ongoing monitoring, analysis, review and capacity building.

#### 4.1 QIC's operating principles for ESG

- We recognise that ESG factors can be systemic and idiosyncratic and therefore need to be considered throughout the investment process, at the individual investment and portfolio level.
- We consider the role of ESG factors in contributing to structural shifts, the investment risks and opportunities this creates, and the role of capital allocation on these ecological and social systems.
- We consider the intersection of E, S and G factors, acknowledging that this can yield useful insights for investment decision making.
- Effective stewardship can enhance investment performance and contribute to the management of systemic risks.
- QIC's stewardship activities should prioritise meaningful outcomes, both to the long-term performance of our investments and within the real economy.
- Collaborative stewardship initiatives should be prioritised, having regard to legal constraints, where they can drive more meaningful outcomes.
- We apply to ourselves the standards expected of investee companies and publicly report our progress.

Further details specific to the approach and topics relevant to each investment team are outlined in separate procedural documentation or guidance notes as needed. Progress on priority areas of focus is detailed within QIC's sustainability reporting.

## 5. Implementation

As an investor and asset manager in multiple asset classes, including infrastructure, fixed income, private debt, real estate, natural capital, listed equities and private equity, we understand that ESG issues vary in materiality across asset classes, sectors and industries. Our approach to ESG integration targets what is suitable for the investment. While differing asset classes, time horizons, level of operational control and risk profiles mean that the details of each approach will differ there are a number of features that remain consistent.

QIC aims to appropriately identify, consider and manage material ESG risks and opportunities as part of the investment approaches of each investment team in a way that supports long-term investment outcomes for our clients and stakeholders. This will be undertaken consistent with but subject to any applicable fiduciary or similar duties and applicable legal, regulatory or contractual requirements.

All investments must fall within the Board's pre-approved risk appetite and any specific requirements of our clients in order to proceed.

### 5.1 Internally managed investments

For internally managed investments ESG due diligence is undertaken prior to investment and continues to be monitored, including for risks arising during the life of the investment. This process considers material ESG factors identified via our own and third-party research. Consideration is also given to potential reputational risks from ESG and other issues, both to the investment and to QIC.

Where identified, potential concerns are generally raised with the entities in which we invest to seek additional information on how these risks are being mitigated and may result in specific requirements being made of the investee in order to proceed, changes sought via ongoing engagement or a decision to exit.

## 5.2 Externally managed investments

In instances where QIC uses external asset managers, consideration is given both to the ESG performance of the manager and the quality of its approach to assessing material ESG factors within its investment process as most relevant to the asset class invested in. Performance is typically monitored via an annual questionnaire to managers and we aim to hold regular meetings with managers over the course of the year as part of our ongoing stewardship.

## 5.3 Exclusions

Exclusions are periodically reviewed. As far as practicably possible, QIC does not invest in companies generating revenue from the production or manufacture of tobacco and related products<sup>1</sup>, nor do we have exposure to controversial weapons<sup>2</sup>. An example of where it cannot always be practically applied includes investments in derivative indices or pooled investment vehicles via external managers.

## 5.4 ESG Thematics

Where ESG developments are driving investment opportunities research is undertaken into specific ESG thematics, such as decarbonisation, health and biodiversity/nature, to shape QIC's investment strategy and help better identify and assess opportunities.

## 6. Conflict of interest

All conflict of interests, including perceived conflicts, relating to the Policy and ESG matters generally are managed in accordance with QIC's Conflicts of Interest Policy available on the QIC website.

## 7. Roles and responsibilities

The following table outlines the roles and responsibilities in relation to this Policy.

<i>Responsible party</i>	<i>Overview of the role</i>
<i>Board</i>	Approve this Policy.
<i>Risk Committee</i>	Endorse and monitor implementation of and compliance with this Policy and monitors associated risks.
<i>Investment Committee(s)</i>	Incorporate the Policy into the Investment committees' decision-making processes.
<i>Executive Management Team</i>	Endorse this Policy and recommend to the Board, oversee implementation and escalate matters, including instances of non-compliance to the Risk Committee and Board as appropriate.
<i>Management</i>	ESG Corporate team – Develop and review this Policy and implement and prepare reporting consistent with this Policy and establish systems for monitoring compliance. Investment Teams – Develop and implement investment strategies in accordance with this Policy and provide data to support the disclosure of its activities.

<sup>1</sup> Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.

<sup>2</sup> Controversial weapons are defined as biological and chemical weapons, blinding laser weapons, depleted uranium, cluster munitions, landmines, white phosphorous, and weapons that used non-detectable fragments.

## Associated Documents

QIC Proxy Voting Standard

### Endnotes

References to 'sustainable investment', 'sustainability' or variations thereof in this Policy are not intended to reflect the meaning of 'sustainable investments' under Article 2(17) of Regulation (EU) 2019/2088 (the 'SFDR') and are intended to refer to QIC's proprietary framework. Any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits referenced are not promoted to investors and do not bind any investment decisions or the management or stewardship of funds advised or managed by QIC for the purpose of the SFDR.