



## RESPONSIBLE INVESTMENT POLICY

### Policy Snapshot

QIC believes that environmental, social and corporate governance (ESG) factors are likely to have an increasingly material impact on the long-term returns of investment portfolios.

QIC became a signatory to the United Nations-backed Principles for Responsible Investment Initiative (UN-PRI) in 2008.

Considering ESG factors is part of our investment decision-making process.

We exercise our voting right either internally or via our external managers.

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

Company exclusions are considered on a case by case basis.

### Application

This Policy applies across all of QIC's Investment teams.

### Objective

QIC believes that environmental, social and corporate governance (ESG) factors can have a material impact on the long-term returns of investment portfolios. Considering ESG factors is part of our investment decision-making process and we are committed to delivering strong, long-term investment performance to our clients.

### Commitment to the UN-PRI

QIC became a signatory to the United Nations-backed Principles for Responsible Investment Initiative (UN-PRI) in 2008. The six Principles for Responsible Investment<sup>1</sup> provide guidance on how we can integrate the consideration of ESG factors into our investment decision-making and ownership practices.

#### The six Principles are:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.

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<sup>1</sup> Responsible Investment: The integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance (Mercer, 2012).



5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

QIC is committed to applying these principles in our investment processes.

## Responsibilities

The QIC Board is responsible for ensuring we meet our commitment to the UN-PRI.

The QIC Executive Committee (ExCo) is responsible for ensuring that each QIC Investment team integrates ESG factors into its investment processes. The ExCo must ensure the following framework is adhered to:

## Framework

- Commitment to integrating environmental, social and governance (ESG) issues into our investment decision making processes. This also includes engaging with our portfolio companies on ESG issues.
- Each QIC Investment team has a documented approach on how it integrates the consideration of ESG factors into its investment processes.
- In addition to meeting the required investment criteria and financial returns (within the appropriate risk parameters), we explore investment opportunities that provide specific environmental and social benefits (where possible).
- An Environmental Management System is in place for those investments where relevant and feasible.
- Considering ESG factors when appointing new external investment managers.
- Exercising our voting rights either internally or via our external managers. Where appropriate, QIC will influence and override external manager proxy voting decisions. Schedule 1 sets out QIC's principles and responsibilities on proxy voting.
- Benchmarking our ESG activities against global standards and initiatives such as the UN-PRI, and the Global Real Estate Sustainability Benchmark Study and reporting on these.
- Communicating QIC's approach to Responsible Investment on the QIC website and updating it annually.
- Reporting QIC's Responsible Investment activities to the QIC Board and clients annually.

## Exclusions

We recognise that at times specific company products or activity will be considered for exclusions in a manner that is consistent with QIC's commitment to Responsible Investing. To the extent that these exclusion decisions do not conflict with client investment mandates, QIC will consider such decisions on a case by case basis. QIC's decision to exclude securities from our portfolios is subject to the following criteria:

- International conventions/treaties to which Australia is a signatory
- Australian, National or State law
- Significant policy positions of the Australian or State Government
- Legal status of the product or activity

QIC currently excludes securities involved in the manufacture of cluster munitions, landmines and tobacco from our investment portfolios. These exclusions do not apply to derivative indices.



## Schedule 1: QIC's Proxy Voting Standard

### Objective

- Document QIC's principles and responsibilities in terms of proxy voting; and
- Support the mission and values of QIC by maintaining a high level of integrity and excellence which will allow QIC to comply with its legal, regulatory and fiduciary obligations and protect the reputation of QIC, its clients and other stakeholders.

### Definition

"Proxy Voting" means the exercise of all voting rights related to QIC's securities. These securities include securities managed internally by QIC or externally by an investment manager.

### Principles

- QIC's overall intent is that where it is practical to do so, proxies should be voted on securities registered in the name of QIC. Appropriate due diligence must be undertaken prior to undertaking proxy voting. The due diligence process may utilise the services of external investment managers and proxy advisory service providers (for example, at times QIC uses the services of Institutional Shareholder Services (ISS)).
- Investment teams appointing external investment managers delegate responsibility for proxy voting to the external managers. Where appropriate, QIC will influence and override external manager proxy voting decisions.
- Upon request, QIC will disclose to its clients details of the exercise of proxy voting rights via an annual summary of voting records. Such reporting will be available as soon as practical but within three months of the end of the relevant financial year.
- The QIC Board delegates the authority to the Chief Investment Officer and the Managing Director of the relevant Investment team, to instruct external investment managers on voting proxy direction.

All QIC Investment teams are required to apply these principles unless otherwise documented below.

### Responsibilities

Proxy voting is the responsibility of the relevant QIC Investment team. The following responsibilities apply, except where otherwise directed by the relevant client.

#### **Portfolios managed by the Global Multi-Asset Team**

For Australian and international securities held by the Global Multi-Asset team, the responsibility for proxy voting will be delegated to the external investment managers. Appropriate review of the managers' corporate governance and proxy voting policies, guidelines and expertise will form part of the due diligence in respect of the initial appointment of the manager and the ongoing manager review process.

Notwithstanding the above, where circumstances warrant, the QIC Board delegates the authority to the Chief Investment Officer or his delegate to influence and override external investment managers' proxy voting decisions.



## Other Portfolios

QIC exercises voting rights across all its investments (either internally or via our external managers for proxies). Where proxies need to be voted on securities held within other portfolios managed by QIC, responsibility for proxy voting will be handled in a manner consistent with the principles in this policy. Subject to the agreement of the Chief Investment Officer (or his delegate), amendments may be made to cater for particular situations and reported to the next appropriate Board meeting if such amendment is deemed by the Chief Investment Officer to be material.

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