

QIC GLOBAL MULTI-ASSET RESPONSIBLE INVESTMENT PROFILE

QIC RESPONSIBLE INVESTMENT

We believe that environmental, social and corporate governance (ESG) factors can have a material impact on the long-term returns of investment portfolios. This was the motivation for QIC becoming a United Nations-backed Principles for Responsible Investment Initiative (UNPRI) signatory in 2008.

ESG factors are integrated into our investment decision-making processes as part of our commitment to delivering strong, long-term returns for clients.

Our Responsible Investment Policy outlines our commitment to the six UNPRI principles.

OUR APPROACH TO RESPONSIBLE INVESTMENT IN GLOBAL MULTI-ASSET

The QIC Global Multi-Asset (GMA) team takes a whole-of-portfolio approach to investments for our multi-sector clients. The team has a set of core investment beliefs and principles, including the pivotal importance of good governance, that guides our investment towards effective decision-making.

In our view,

- Transparency, accountability and a willingness to challenge and be challenged are part of a good decision making process; and
- Economic, Social and Governance factors can have an impact on long term risk and return.

The team makes investment decisions within a rational, clear and considered framework. The investment process recognises the challenges and opportunities with asset valuation and forecasting and responds with a measured and consistent approach. GMA's belief is that environmental, social and governance factors should be considered as a part of our investment decision-making process. Engagement on these issues can be a powerful driver of success.

The UNPRI's 6 Principles provides direction on how QIC GMA can integrate consideration of ESG factors into its investment processes. The six principles and actions taken by QIC GMA in relation to them are:

1. Incorporating ESG issues into investment analysis and decision-making processes.
 - a) include assessment of ESG issues in the investment framework
 - b) assessment of the ESG capabilities of external investment managers and their willingness to incorporate ESG factors in the investments they make on our behalf
 - c) incorporating ESG due diligence and reporting requirements into external investment manager agreements
 - d) Engaging with investment providers (consultants, brokers, research firms) to include ESG factors in investment research and analysis.
2. Being active owners and incorporating ESG issues into our ownership policies and practices.
 - a) Excluding securities involved in the manufacture of cluster munitions, landmines and tobacco from our investment portfolios
 - b) Exercising voting rights either internally or via our external managers. Where appropriate, QIC will influence and override external manager proxy voting decisions
 - c) monitoring and reporting on external investment manager voting practices annually where feasible
 - d) allowing external investment managers to engage on our behalf or where possible engage directly with portfolio companies that breach ESG standards
 - e) requesting that our external investment managers report any significant ESG risk related engagements to us annually.
3. Seeking appropriate disclosure on ESG issues by the entities in which we invest.
 - a) encouraging portfolio companies to disclose their ESG policies or seek external investment managers to do so on our behalf
 - b) supporting shareholder initiatives that promote ESG disclosure.
4. Promoting acceptance and implementation of the principles within the investment industry.
 - a) integrating ESG requirements in requests for proposals
 - b) communicating and engaging with external investment managers on our expectations of ESG integration into investment processes and decisions
 - c) supporting tools for ESG benchmarking and integration
 - d) keeping abreast of best practice tools for ESG integration as it evolves.

CONTACT US

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5. Working together to enhance our effectiveness in implementing the principles.
 - a) participating and supporting networks to share tools and pool resources on ESG integration
 - b) collaborating on ESG issues and initiatives where feasible.
6. Reporting our activities and progress towards implementing the principles.
 - a) reporting our ESG initiatives to our clients and to the QIC Board annually.
 - b) reporting annually to the UNPRI assessment report.

COLLABORATIVE INITIATIVES

QIC are members of regional and international initiatives related to ESG implementation including:

- Responsible Investment Association of Australasia (RIAA)
- UN – Backed Principles of Responsible Investment (UNPRI)
- Investor Group on climate change (IGCC)
- Green Building Council of Australia (GBCA)
- Global Real Estate Sustainability Benchmark Survey (GRESB)
- Institutional Limited Partners Association (ILPA).

MANAGEMENT AND MONITORING

QIC GMA's ESG guidelines are divided into pre-investment and post-investment activities and provides guidance for ESG implementation. These are aligned to the related actions summarised in the previous section. The steps outlined can be applied across key investment processes, such as:

- external investment manager/counterparty selection
- investment due diligence
- fund mandates
- legal clauses
- managing and monitoring
- reporting.

The QIC GMA guidelines are not designed to restrict investments, but are used as a tool to assess investment risk and enhance investment opportunities. The QIC GMA team recognises that the approach to responsible investment is evolving, and is cognisant that the extent of ESG integration varies across each asset class and investment strategy. The guidelines give direction on how best to integrate ESG factors within our existing investment processes when dealing with an external investment manager or counterparty or making decisions internally.

ABOUT QIC

We were born with one objective – to deliver investment outcomes for our clients. Created in 1991 by the Queensland government to serve its long term investment responsibilities, we have grown into a Global Diversified Alternatives business. Spanning infrastructure, real estate, liquid strategies, private equity, and multi-asset solutions, we adapt our approach to suit our clients and the investment context. Predictability has built our reputation. It's in our DNA, embedded in our asset classes and delivered in our returns. It's what we pursue day in, day out for clients and why over \$79 billion¹ dollars of people's dreams are entrusted with us. QIC. Pursuing Predictability.

Brisbane ✕ Sydney ✕ Melbourne ✕ New York ✕ Los Angeles ✕ San Francisco ✕ London ✕ Copenhagen

¹ As at 31 December 2016. Amount is in Australian Dollars.

For more information about QIC Limited ACN 130 539 123 ("QIC"), our approach, clients and regulatory framework, please refer to our website www.qic.com or contact us directly.

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