



QIC GLOBAL LIQUID STRATEGIES 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 LIQUID STRATEGIES

The QIC Global Liquid Strategies (GLS) team has a strong and scalable ESG capability. By integrating ESG factors into the GLS investment process, we aim to enhance returns and protect value for clients.

QIC GLS' investment philosophy is based on the belief that fundamental factors drive fixed interest markets over medium to longer term timeframes, with other transitory and technical influences causing markets to deviate from 'fair value' over shorter timeframes. We recognise that ESG factors can affect the operational and financial performance of investee companies. Consequently, we integrate these factors into our investment analysis, considering whether they may impact a company's fundamentals and/or market pricing.

ESG INTEGRATION PROCESS

Our ESG integration approach is based on the following principles:

- By integrating ESG factors into the Global Liquid Strategies (GLS) investment process, we aim to enhance returns and protect value for clients.
- We recognise that ESG factors can affect the operational and financial performance of the companies and countries we invest in.
- The GLS team systematically reviews the potential significance of ESG issues and analyses these within credit, corporate and sovereign issuers.

ESG is embedded in our investment process & values

- ESG is integrated into our bottom-up issuer analysis
- Independent research (by MSCI ESG) enhances our views
- QIC's dedicated Responsible Investment Specialist supports engagement with companies

We tailor ESG solutions for clients

- Ability to screen countries, industries or companies
- Experienced in the Green Bond market
- At forefront of ESG developments (e.g. tobacco & cluster munitions exclusions)

Transparent ESG disclosure

- QIC is a signatory to the United Nations-backed Principles for Responsible Investment Initiative (UNPRI)
- QIC reports on its RI activities to the QIC Board and clients annually

ESG integration is particularly important in our bottom up credit process and ESG factors are also relevant considerations when assessing the counterparties we trade with. For both of these, the evaluation of ESG factors includes:

- analysing the issuer's exposure to material ESG risks and their capacity to manage those risks
- understanding the financial implications of those risks materialising
- forming a view as to whether ESG risks are likely to impact an issuer's spreads and whether or not this is adequately reflected in current market pricing.

CONTACT US

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SCREENING

Based on client requests, QIC GLS has the ability to screen certain companies from our portfolios based on products or sectors. We currently have a QIC wide policy to exclude companies involved in the manufacture of cluster munitions, landmines and tobacco. Country screening is also possible, especially in the case of emerging markets where social risks can be more prominent.

SOVEREIGN ANALYSIS

Our sovereign exposure is predominately (not exclusively) in G7 countries, along with Australia and NZ with potential exposure to other countries. MSCI's sovereign screen, analysis and ratings are also a source of information for us to consider and analyse these ESG risks.

COMMUNICATION AND REPORTING

In addition to completing the annual UNPRI self-assessment, QIC GLS will report to clients at least annually on all ESG issues that we consider material to our investments.

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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