GLOBAL INFRASTRUCTURE SUSTAINABILITY REPORT

2020

QIC

Contents

IMPORTANT INFORMATION

QIC Limited ACN 130 539 123 ("QIC") is a wholesale funds manager and its products and services are not directly available to, and this document may not be provided to any, retail clients. QIC is a company government owned corporation constituted under the Queensland Investment Corporation Act 1991 (QLD). QIC is regulated by State Government legislation pertaining to government owned corporations in addition to the Corporations Act 2001 (Cth) ("Corporations Act"). QIC does not hold an Australian financial services ("AFS") licence and certain provisions (including the financial product disclosure provisions) of the Corporations Act do not apply to QIC. QIC Private Capital Pty Ltd ("QPC"), a wholly owned subsidiary of QIC, has been issued with an AFS licence and other wholly owned subsidiaries of QIC are authorised representatives of QPC. QIC's subsidiaries are required to comply with the Corporations Act. QIC also has wholly owned subsidiaries authorised, registered or licensed by the United Kingdom Financial Conduct Authority ("FCA"), the United States Securities and Exchange Commission ("SEC") and the Korean Financial Services Commission. For more information about QIC, our approach, clients and regulatory framework, please refer to our website www.qic.com or contact us directly.

To the extent permitted by law, QIC, its subsidiaries, associated entities, their directors, employees and representatives (the "QIC Parties") disclaim all responsibility and liability for any loss or damage of any nature whatsoever which may be suffered by any person directly or indirectly through relying on the information contained in this document (the "Information"), whether that loss or damage is caused by any fault or negligence of the QIC Parties or otherwise. This Information does not constitute financial product advice and you should seek advice before relying on it. In preparing this Information, no QIC Party has taken into account any investor's objectives, financial situations or needs. Investors should be aware that an investment in any financial product involves a degree of risk and no QIC Party, nor the State of Queensland guarantees the performance of any QIC fund or managed account, the repayment of capital or any particular amount of return. No investment with QIC is a deposit or other liability of any QIC Party. This Information may be based on information and research published by others. No QIC Party has confirmed, and QIC does not warrant, the accuracy or completeness of such statements. Where the Information relates to a fund or services that have not yet been launched, all Information is preliminary information only and is subject to completion and/or amendment in any manner, which may be material, without notice. It should not be relied upon by potential investors. The Information may include statements and estimates in relation to future matters, many of which will be based on subjective judgements or proprietary internal modelling. No representation is made that such statements or estimates will prove correct. The reader should be aware that such Information is predictive in character and may be affected by inaccurate assumptions and/or by known or unknown risks and uncertainties. Forecast results may differ materially from results ultimately achieved. **Past performance is not a reliable indicator of future performance.**

This Information is being given solely for general information purposes. It does not constitute, and should not be construed as, an offer to sell, or solicitation of an offer to buy, securities or any other investment, investment management or advisory services in any jurisdiction where such offer or solicitation would be illegal. This Information does not constitute an information memorandum, prospectus, offer document or similar document in respect of securities or any other investment proposal. This Information is private and confidential and it has not been deposited with, or reviewed or authorised by any regulatory authority in, and no action has been or will be taken that would allow an offering of securities in, any jurisdiction. Neither this Information nor any presentation in connection with it will form the basis of any contract or any obligation of any kind whatsoever. No such contract or obligation will be formed until all relevant parties execute a written contract. QIC is not making any representation with respect to the eligibility of any recipients of this Information to acquire securities or any other investment under the laws of any jurisdiction. Neither this Information nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Promoting resilience and adaptabilty for a sustainable future

QIC Global Infrastructure takes a holistic approach to sustainability and is focussed on ensuring the resilience and adaptability of the businesses that we invest in – both for today and the future. Now more than ever, businesses need to be both resilient to societal events; changing weather patterns, workforce demographics and technology disruption, while also adaptable to changing community expectations.

At the time of writing this report, there is great upheaval and uncertainty for the global community. The COVID-19 pandemic and ensuing health, financial and economic crisis is testing the ability of all businesses to adapt to this unprecedented change. This challenge also follows the devastating 2019 summer bushfires in Australia and slowing economic conditions against the backdrop of constant and accelerated technological, societal and environmental change.

This has reinforced the need for infrastructure businesses to continually improve their resilience and adaptability given the critical and essential role that they play in enabling the economy and local communities.

The impact and management of the COVID-19 pandemic has already resulted in significant and useful learnings on resilience strategies and building long-term sustainable infrastructure companies.

We see the 2020s as a transformational decade as we work towards meeting the Paris Agreement Targets and contribute to the United Nations Sustainable Development Goals (UN SDGs). We recognise the steps we take in the next decade will define the future climate. In addition, there are multiple forces - such as changing community expectations, increasing regulatory oversight and capital providers - which are driving change in the way businesses approach the sustainability of their operations.

We believe that to protect and enhance value for our clients, we must actively work with the companies that we invest in to deliver sustainable operating and financial performance over the long-term.

We actively engage with each of the companies in the portfolio to ensure they value sustainability and have embedded this focus in everyday decision-making, operational processes, and long-term corporate plans and strategies. Businesses must work to find a balance between generating business growth and stable returns for shareholders and protecting and enhancing the environment, their peoples' well-being and the community in which they operate.

Our 2020 Sustainability Report sets out the key highlights and initiatives during the past year. It details how we integrate sustainability risks and opportunities into our investment process as well as our active core-asset management approach.

Ross Israel
Head of Global Infrastructure

2019 at a glance

PARF
total renewable energy generated
348.6GWh

QGIF
remains net carbon positive

TCFD
QIC's second response under the framework – See QIC Sustainability Report

UNPRI
A+ Rating

Building sustainability in global infrastructure

For QIC Global Infrastructure to meet its objective of delivering long-term returns to our clients, we need to balance the interests of many stakeholders - including the environment, community, employees, regulators and shareholders - so that our businesses are financially, socially and environmentally sustainable over the long-term.

We believe active engagement on sustainability performance with portfolio companies will protect and enhance value over the long term. For QIC Global Infrastructure, 'sustainability' is the ability of the business to responsibly deliver investment returns today, without compromising the ability of the business to deliver stable returns in the future.

Our teams' experience in managing assets within their respective sectors and across market cycles, means they are accustomed to monitoring lead indicators and understanding the potential impacts on each of the infrastructure asset classes within their sector. The global nature of our team also provides opportunities to understand how sustainability trends from one jurisdiction may influence others. Our thinking on these topics is also supported by our commitment to strategic research and our sector-centric approach which ensure we feed these insights into our investment and asset management processes.

We have identified climate resilience, decarbonisation, decentralisation, and social and technological change as megatrends which also underpin another transformative megatrend – sustainability. Sustainability runs through many of our investment themes as demonstrated in a number of our recent acquisitions. It also underpins our future pipeline of opportunities.

Sustainability drives investment performance through the following means: reduces reputational risk and builds a stronger social licence; facilitates growth and expansion; minimises regulatory and legal intervention risks; provides lower operating costs and opportunities to optimise capital expenditure; promotes operational resilience; and last but not least, increases employee productivity as well as improves opportunity to attract and retain talent.

Leisel Moorhead
Partner - Global Infrastructure

Sustainability Pillars

QIC Global Infrastructure has identified the following four, key pillars which establish our approach to sustainability:

- Climate Resilience
- People and Culture
- Risk & Governance
- Community and Stakeholders

Climate Resilience

As a manager of long duration assets which provide essential services, our strategy is to identify and understand the financial implications relating to climate opportunities and risks in order preserve the integrity of the assets' physical conditions, operations, and regulatory stability.

People and Culture

We actively engage with portfolio companies to build a resilient workforce today and for the future; one that has a diverse, inclusive and innovative culture.

Risk and Governance

We build and maintain robust, best-practice risk governance frameworks which empower management to deliver strategy, provides clear accountability, and ensures a strong safety and positive-risk culture.

Community and Stakeholders

We engage to understand material issues for key stakeholders and build a culture of transparency to ensure the company is seen as a trusted organisation.

We also seek to partner with the community stakeholders in our sphere of influence to ensure the business can make a positive impact.

Sustainability Targets 2020

We work with each of our assets to develop a sustainability action plan which has a series of targeted initiatives. For 2020 we have identified the following target action areas across the portfolio which are also consistent with our Sustainability Pillars.

Net Zero Carbon Strategy and Carbon Transition Risk

In 2019 we developed a net zero carbon strategy for our infrastructure portfolio. We are also in the process of engaging and working with each of our portfolio companies to develop their strategy and approach to net zero carbon.

We have set an aspirational target of net zero carbon for the portfolio by 2030. We recognise this is ambitious, but we feel setting an ambitious goal allows us to drive change.

In 2020, we will continue this journey with a view to having all portfolio companies either adopting a net zero carbon target or implementing an emissions' reduction strategy that is consistent with meeting the Paris Agreement.

During 2019, we held a series of workshops where we undertook climate scenario analyses to gain a deeper understanding of our infrastructure portfolio's exposure to climate change impacts under 1.5°C, 2°C and 4°C warming scenarios. The outputs will form part of QIC's disclosures under the Taskforce on Climate-related Financial Disclosure (TCFD) framework to be published later this year.

In addition to this analysis, we are also in the process of applying an internal carbon price analysis to inform our engagement with portfolio businesses on strategic responses to carbon risk and 'no regret' actions that can be taken in the short term.

Physical climate resilience

In 2017, we undertook a climate resilience assessment for assets across the portfolio. This year we are undertaking a further assessment of the assets recently acquired to test their resilience to physical climate risk against the vulnerability and critical framework we developed.

Sustainable Development Goals (SDG mapping

We will map the infrastructure portfolio to assess alignment and contribution to the SDGs.

Measuring social performance

We will undertake a desktop assessment of how our portfolio companies manage and measure social performance and social licence.

Modern slavery

Working with an independent, external party, we are evaluating portfolio companies and their supply chains to enable an informed, risk-based approach to address modern slavery which will be integrated into our active asset management processes.

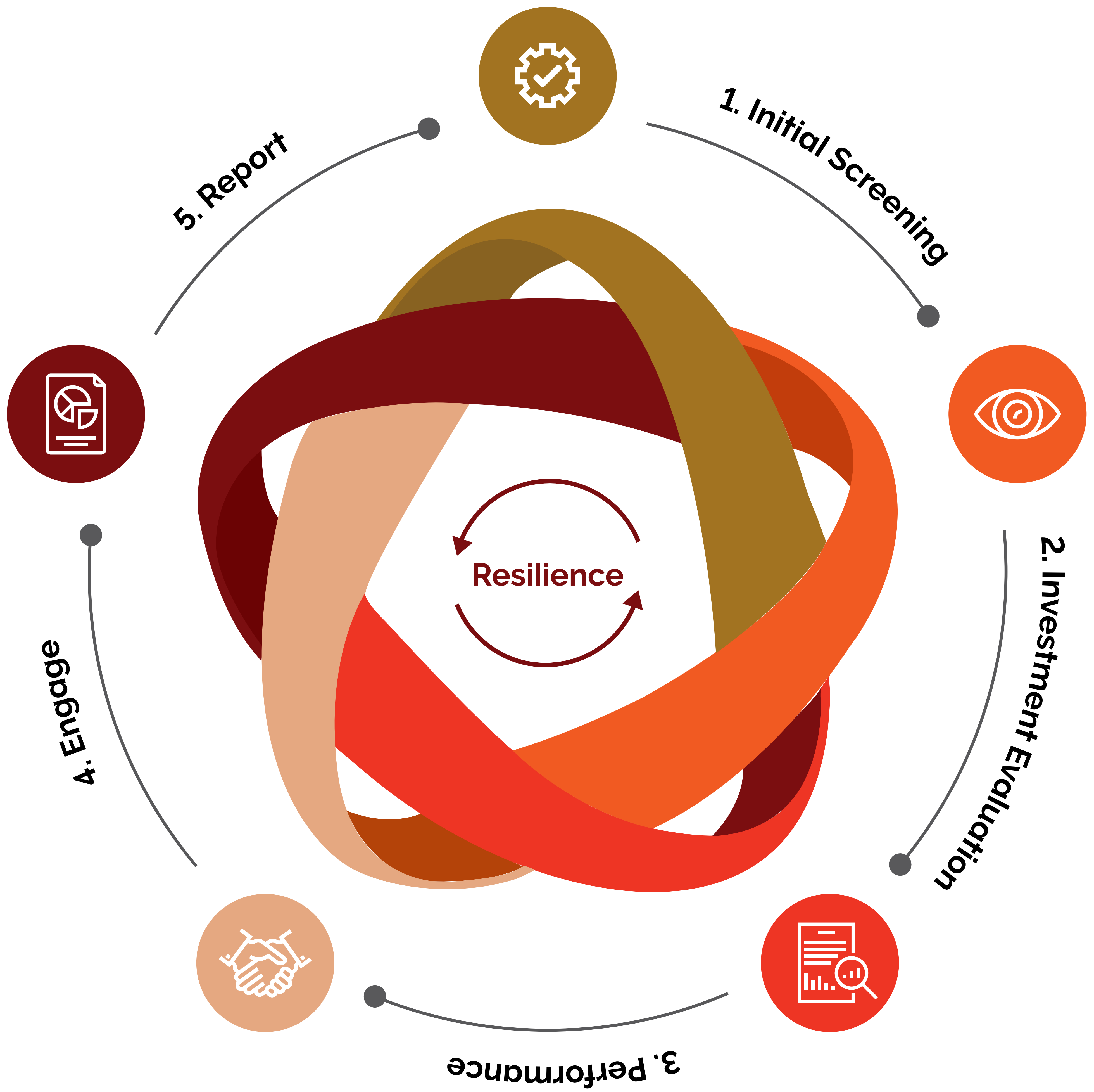
Global Infrastructure asset managers are also engaging through Boards and with management teams of portfolio companies to ensure they can report on Modern Slavery obligations within the required timeframes.

Embedding sustainability in our investment approach

During 2019, we acquired an interest in six new assets. We have highlighted two of these acquisitions as examples of how we are not only delivering on our investment themes of decarbonisation and decentralisation, but also ensuring the future sustainability and adaptability of our assets.

Our approach to integrating sustainability into our investment process

Each stage of our investment process includes the evaluation and management of risks and opportunities which we believe may affect an investment's value. Given the long duration of infrastructure assets, this assessment needs to consider not only factors that could impact in the short term, but also emerging risks which can have longer term implications. This is particularly the case for sustainability considerations. Our investment process has a rigorous approach to considering material environmental, social and governance factors. We have a toolkit which helps our investment teams identify and categorise material issues which are then reported to our investment committee.



Environmental Sustainability: The focus of Generate Capital

Generate Capital is a leading platform for sustainable investments focused on renewable energy generation, energy storage applications, energy efficiency initiatives, waste reduction activities and clean transportation. Through Generate Capital, funds are channelled to ensure we do more with less of our critical resources.

Generate Capital finances, owns and manages distributed infrastructure assets which are aligned to the themes of environmental sustainability and decentralisation.

Through its platform investment model, Generate Capital seeks to capitalise on the structural inefficiency of capital markets with respect to the funding of small-scale and decentralised infrastructure. The platform investment model involves the establishment of exclusive investment programs with an accompanying network of infrastructure developers and solution providers, as well as a customer-led Infrastructure-as-a-Service deployment strategy whereby customer value propositions dictate infrastructure solutions. Generate has 25 partners, 400 customers and approximately 2,000 assets.

Generate Capital focuses solely on sustainable energy, mobility, waste and water infrastructure.
Every investment must demonstrate a positive environmental impact.

The sustainability focus of Generate Capital:

Power: Expanding renewable energy generation.

Storage: Supporting renewable and decentralised energy through decentralised storage and grid services.

Energy efficiency: Reducing the power intensity of buildings.

Waste: Accelerating circular economy activities to reduce landfill and minimise greenhouse gas emissions.

Transportation: Accelerating the adoption of low carbon mobility such as hydrogen fuel cells and electric vehicles.

Major projects currently underway include: the deployment of energy efficiency devices across the Hillsborough school district, which is the eighth largest school district in the United States with over 200,000 students; the construction of community solar assets in New York; and the roll-out of zero emission hydrogen powered forklifts across Amazon and Walmart warehouses.

Arash Shojaie
Principal - Global Infrastructure

Distributed Energy: Pacific Energy leading by example

Pacific Energy crystallises our vision for an investment platform focussed on distributed generation – a belief in further decentralised and modular power. A leader in delivering 'off-grid' power to remote communities and resource companies, with broad capabilities in renewables (solar and wind and batteries, Pacific Energy is well placed to access an emerging and sustainable opportunity set.

In December 2019, we achieved financial close on the acquisition of Pacific Energy, which was listed on the ASX and acquired through a Scheme of Arrangement process. Pacific Energy owns and operates approximately 40 power stations with a total contracted power generation capacity of approximately 400MW, including a 10MW gas-peaking power plant and 6MW of hydro power plants in Victoria. These power stations utilise either gas, diesel, dual fuel or renewables to generate electricity, delivering 'off-grid' power supply to the remote Australian communities and to the resources sector. Pacific Energy is one of the largest providers of remote power in Australia and provides a platform for QIC to pursue distributed energy opportunities.

Carbon dioxide is emitted as a by-product of the generation of power from diesel and gas generation units. Whilst emissions and carbon costs are not attributable to Pacific Energy and is instead from mine operators, this was investigated as part of detailed due diligence and formed part of the considerations to the ongoing business plan. The business plan anticipates that carbon-intensive diesel fuel generators will be displaced by either gas or renewable powered units in the transition away from carbon. Due to the intermittency of renewables power supply and current economics, it is not viable for off-grid mining operations to rely exclusively on solar and/or wind. Hybrid systems overcome this limitation and ensure a reliable electricity supply by combining renewable sources with existing fossil fuel-based generation. QIC is actively working with the company on the transition to renewables and batteries that will occur over the medium to long-term. Pacific Energy is well positioned to capitalise on this trend by continuing to further develop its renewables capability and product offering to customers.

The asset management team is exploring the potential for Pacific Energy to be an investment platform to pursue distributed generation opportunities in the renewable sector, replacing or providing a hybrid solution in conjunction with gas and diesel generators. Trends in tender requests show an increase in demand for a renewable component to the energy supply solution. This is well demonstrated through Pacific Energy's recent contract win to supply power to the town of Esperance on behalf of Horizon Power. The project will deliver the construction of a hybrid generation solution including solar, wind, battery storage, and gas-fired generation. Horizon Power expects the new solution to cut greenhouse gas emissions by half, reduce electricity supply costs by 39 per cent and create over 50 jobs during construction. Further consideration and business planning will be given to similar initiatives as the business, with the help of QIC, looks to be a leading provider of low carbon energy solutions to off-grid locations.

Patrick Mulholland
Principal- Global Infrastructure

Active engagement in asset managment

In performing our role as investment manager, we seek to influence investment outcomes through a combination of governance and stakeholder engagement.

This requires a deep understanding of:

1. the specific investment risks and opportunities of each asset;
2. ensuring each business has appropriate frameworks in place to track and manage operational risks; and
3. adjusting business plans to minimise the risks and maximise the value opportunities created by the external environment, including changes whether they are disruptive or evolutionary in nature.

Importance of transparency and disclosure in promoting sustainability

One of our objectives is to create transparency for key stakeholders by continuously improving the disclosure of portfolio companies' sustainability. We are proud that both the Port of Melbourne and Port of Brisbane's inaugural releases of their Sustainability Reports in 2019, aligned with the Global Reporting Initiative (GRI) framework.

Preserving assets through climate resilience strategies

The 2019 Australian bushfires and global COVID-19 pandemic are a stark reminder that we are operating in an environment of change and disruption. There is an increasing pace of change across the business environment, with a growing number of emerging issues both internally and externally. This requires the continuing evaluation of technological and societal changes, changing geopolitical dynamics and evolving economic issues. Furthermore, the level of this change and disruption is unpredictable and unprecedented, especially in its scale and frequency

The 2019/2020 summer bushfires in Australia provide a dramatic vision of what the future might look like if we, as a global community, are not able to take adequate steps to prevent the catastrophic impact of climate-related events. More recently the global pandemic from COVID-19 has significantly changed our way of life as governments impose restrictions and lockdowns to deal with the spread of the pandemic.

In response, we are working with each of our assets to address these immediate impacts to employees, operations, our customers and the broader community in which the businesses operate. This has reinforced the need for infrastructure businesses to be able to operate in evolving environments and continually improve their resilience and adaptability, especially given the critical and essential role that they play in the economy and local communities.

As uncertainty surrounding COVID-19 resolves, businesses will need to prepare to return to full operations. Yet we also need to think what the 'new normal' looks like and give consideration to: the ongoing role of government; the future of globalisation; human behaviour and sentiment; and our ability to work together as a global community to tackle these global challenges.

As a manager of long duration assets which provide essential services, we continually apply a long-term strategic review of these changing and interconnected factors. We have developed a climate resilience strategy to identify and understand the financial implications relating to climate opportunities and risks. This in turn will preserve the integrity of our assets' physical conditions, operations and regulatory stability. Furthermore, to understand how climate change and the environment will impact our assets' business model, customers, markets and other stakeholders, we closely work with our assets through the Board and the management teams to build the best future in a dynamic environment by making today's business more resilient but also creating tomorrow's new business.

Through direct engagement with the Boards, we seek to ensure each company understands its material climate risks, incorporates climate resilience into its business strategy and aims to develop a net zero carbon emissions strategy. Several of our assets are establishing Safety and Sustainability committees to especially focus on health, safety, environment and sustainability.

In 2019 we continued to deepen our understanding of transition risk by undertaking scenario analysis consistent with the TCFD at the asset, sector and portfolio level. This scenario testing considered many aspects of the growth drivers for the portfolio companies. For example, to meet a 1.5°C target there could be reduced consumption, international trade and global shipping offset by increased regulatory intervention including the introduction of a carbon price. We also found under a 4° scenario, there would likely be extreme weather events impacting commercial, industrial and transport and energy infrastructure while also having a negative impact on air quality which in turn would lead to greater health implications and a strain on public funds. By undertaking this scenario analysis, we can test the 'no regret' actions which are to be taken 'today' while working to develop strategies within the business to ensure they are contributing to a positive impact and preparing to be adaptable and resilient.

We continue to measure carbon emissions through our annual carbon foot-printing exercise across our portfolio, and also engage with portfolio companies and managers on how they are managing carbon risk and targeting potential opportunities to work towards meeting a net zero carbon target.

Matina Papathanasiou
Deputy Head of Global Infrastructure

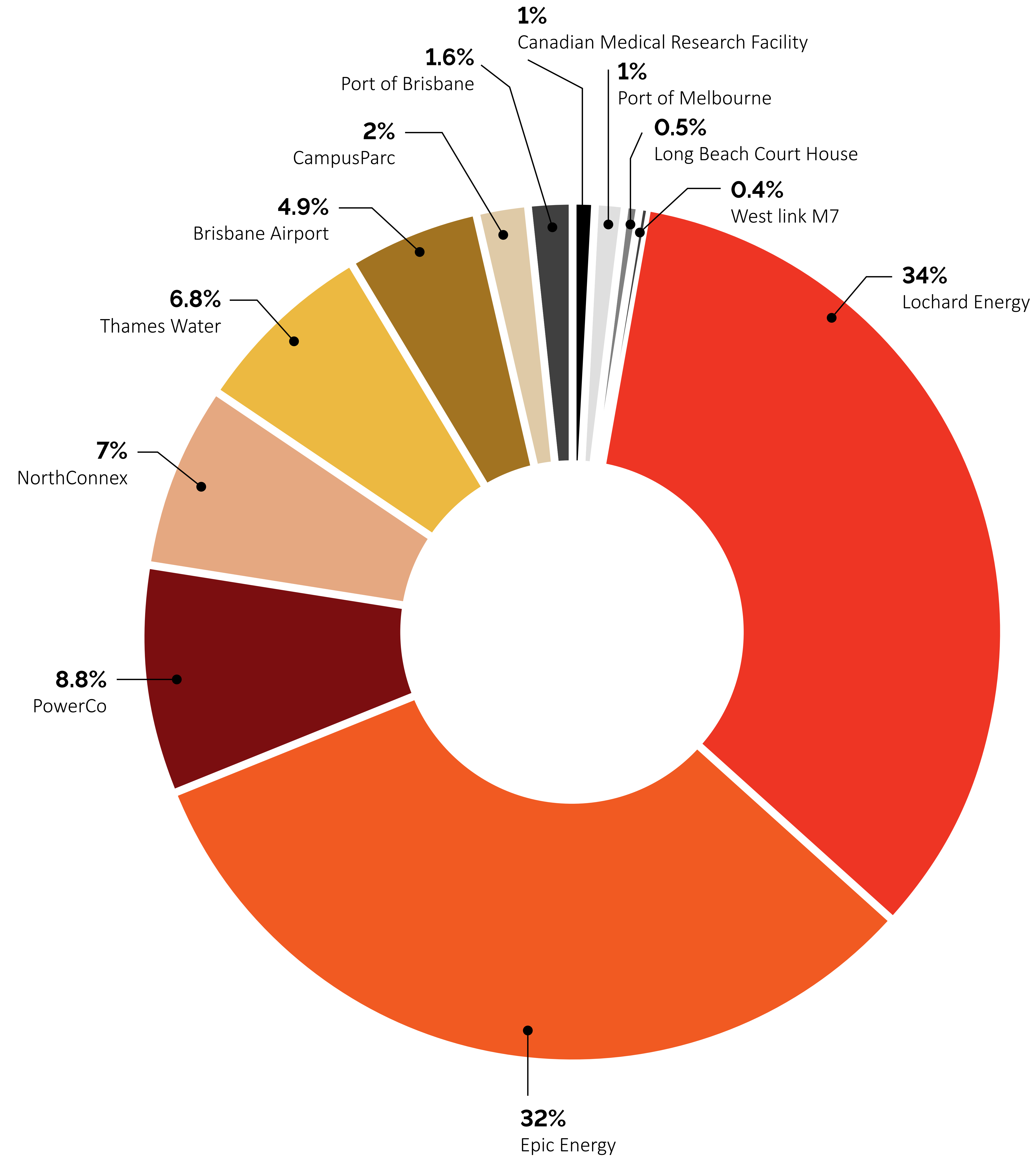
Calculating QIC Global Infrastructure's carbon footprint

QIC Global Infrastructure's carbon footprint was calculated using Scope 1 and 2 emission data for the FY19 period.

When assets could not supply emission data, raw consumption data was requested and relevant calculations completed to understand their emissions. Energy Content Factors and Emission Factors for Australian-based assets were sourced from the National Greenhouse Accounts Factors – July 2018. For overseas assets, emission factors were sourced from relevant government bodies (i.e. US EPA, Natural Resources Canada, etc).

Overall QIC Global Infrastructure Portfolio – FY19

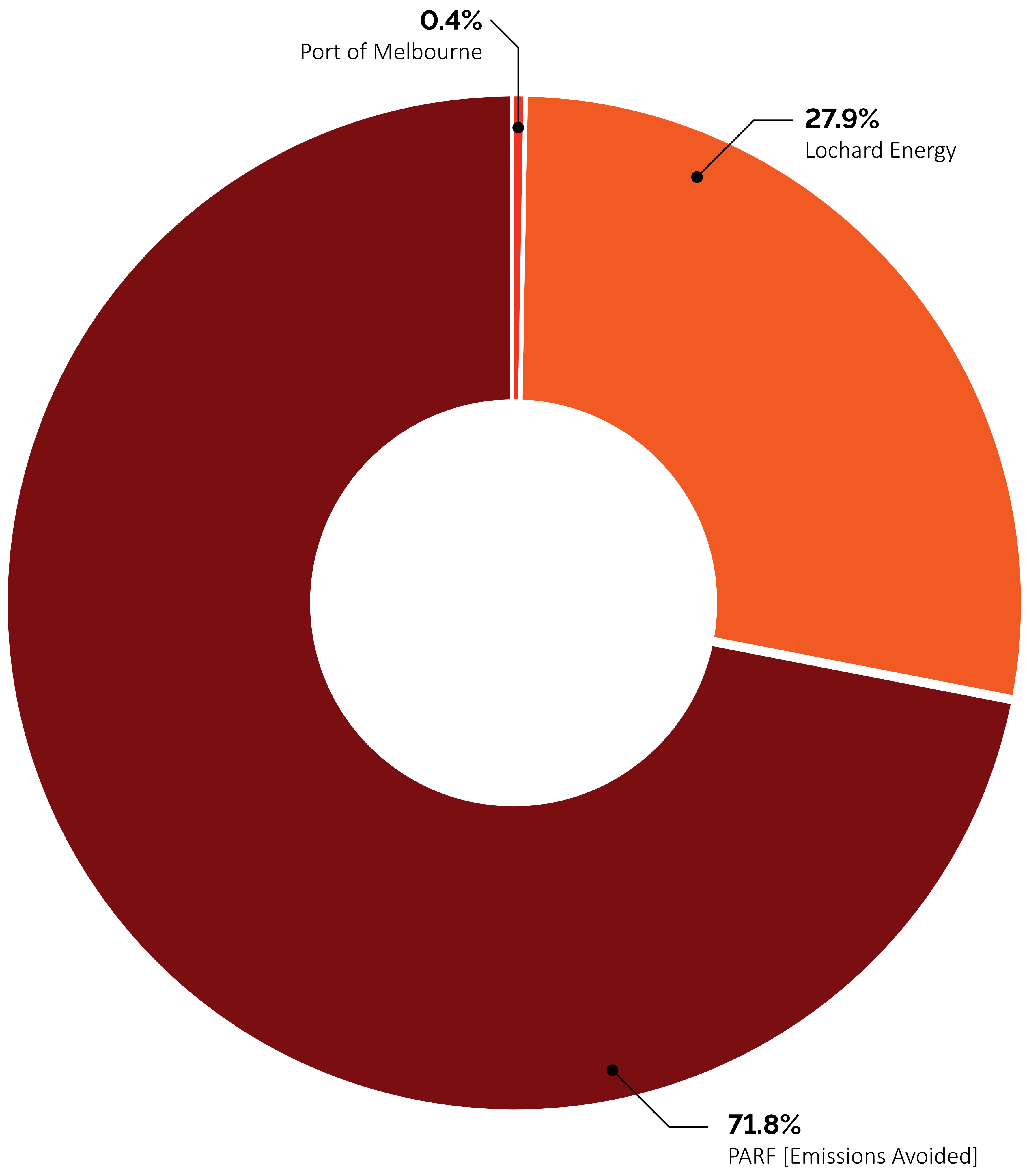
The overall portfolio emissions for QIC Global Infrastructure are dominated by the two assets, Lochard Energy and Epic Energy (EESA, which collectively account for greater than two-thirds of the portfolio's emissions. Both assets are captured under the Australian Government's National Greenhouse and Energy Reporting Act, which requires them to report on their direct (Scope 1+2 emissions on an annual basis and actively seek to implement energy efficiency initiatives to reduce their emissions intensity. QIC continues to work with each of these assets to understand the carbon exposure risks over the short, medium and long term. In Australia, gas is widely considered as an important transition fuel over the short- to medium-term, with the risk of decarbonisation impacts on the demand for gas likely to be over the longer term. For example, in response to the longer-term risk, Lochard Energy has established a 'New Energy' division which monitors the development of the Australian energy market and identifies emerging threats and opportunities based on detailed studies conducted by Lochard Energy and independent advisers.



QIC Global Infrastructure Fund (QGIF) – FY19

QIC Global Infrastructure Fund's emission profile was dominated by Lochard Energy and the Powering Australian Renewables Fund (PARF), with the Port of Melbourne making an immaterial contribution to portfolio emissions. The avoided emissions as a result of the renewable energy generated by the utility scale wind and solar assets in PARF, more than offset the emissions generated by Lochard Energy and Port of Melbourne, thereby making the portfolio net carbon positive.

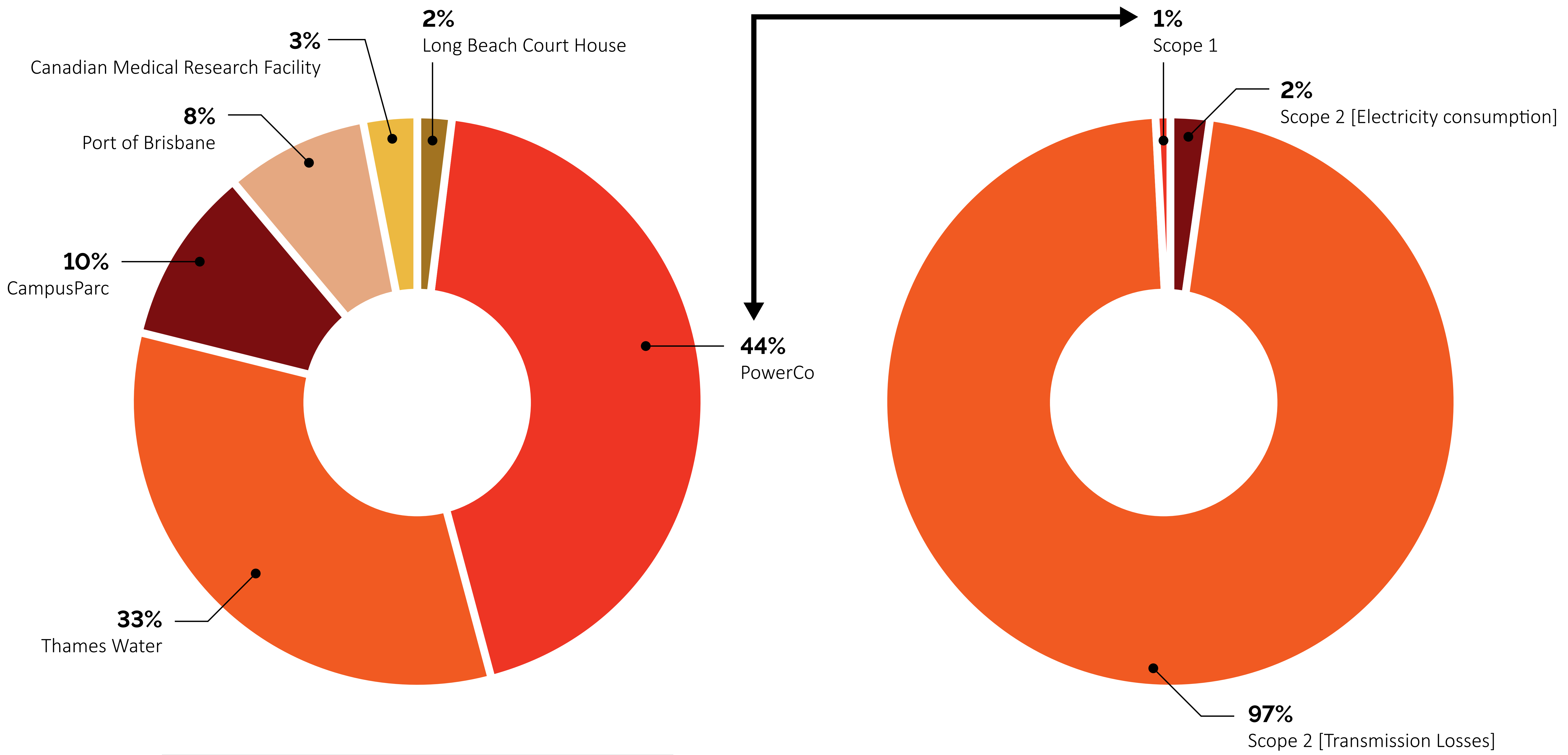
The figures below reflect the percentage of equity share held by the fund:



*Based on average passenger vehicle emissions of 4.3tco2e p.A.
- https://greenfleet.com.au/individuals/offset-emissions

QIC Infrastructure Portfolio (QIP) – FY19

QIC Infrastructure Portfolio's emission profile was dominated by two assets, PowerCo in New Zealand and Thames Water in the United Kingdom. Both assets have significant direct emissions as a result of their operations with very different drivers contributing to their overall profile. PowerCo's emissions were largely associated with transmission losses across the electricity distribution network, whereas Thames Water had water and waste-water treatment as a high, energy intensive business. However, Thames Water was able to implement initiatives which resulted materially reduced operational GHG emissions per megalitre of treated water by 85 per cent over three years to March 2019. Over the same period, they achieved a 43 per cent reduction in operational GHG emissions per megalitre of waste-water treated. In 2018/19, Thames Water generated 22 per cent of its own electricity needs from renewable sources including sludge (281GWh), wind (5GWh) and solar power (12GWh).



Powerco total GHG emissions of

30,904 tCO2e

Accelerating de-carbonisation through a green energy solution

QIC has an important opportunity to accelerate our thinking and support management teams to develop decarbonisation pathways. We believe hydrogen will play an important role in achieving this.

Our research and discussions with key technology players lead us to believe that major investment opportunities will eventuate in terms of the integration of green hydrogen across multiple infrastructure segments.

We aspire to be at a forefront of the adoption of green hydrogen-based solutions in new investments, as well as developing decarbonisation opportunities for assets under QIC's management.

As a part of our commitment to active management, we are developing technology and business strategies which will lead to the decarbonisation of operations of assets we manage.

We identified green hydrogen as an important enabler of delivering effective decarbonisation for our assets. Two key developments have contributed to the growth of hydrogen in recent years. First is the falling cost of hydrogen supply from renewables. The second factor is the increased focus on the need to mitigate greenhouse gas emissions. We expect hydrogen will play a role in the future energy mix and transportation with green hydrogen – which is produced using renewable energy – currently enjoying strong global political momentum with a growing number of policies and projects.

Due to its broad applicability as an effective energy carrier, we are actively exploring the potential of hydrogen in the following ways:

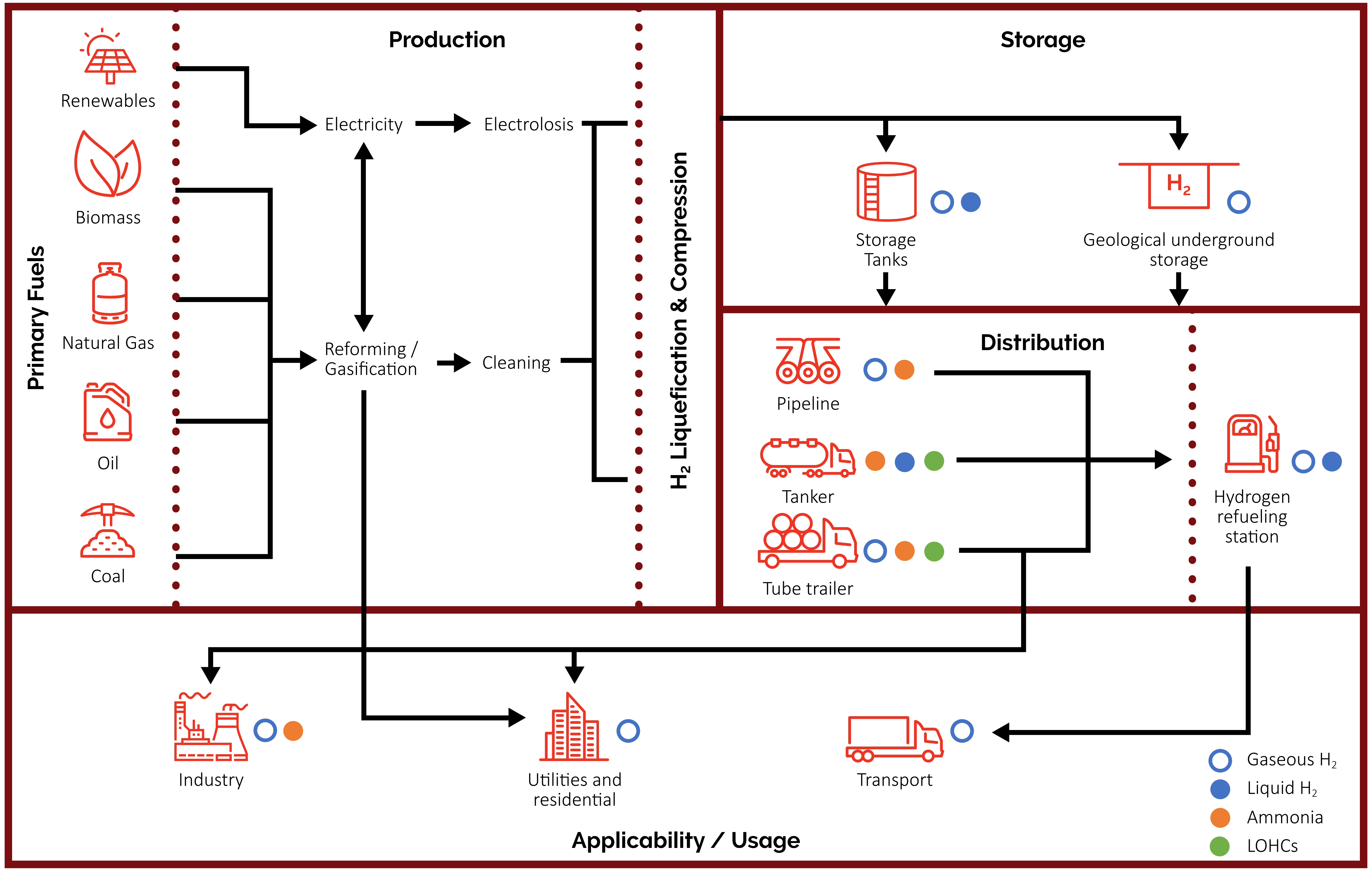
- Transitioning existing energy generation assets from fossil fuels to 'hybrid', stand-alone power systems. These systems can combine solar generation, green hydrogen production (via electrolysis) and gas-to-power conversion of hydrogen (via fuel cell technology).
- Exploring airports and port operations' adoption of green hydrogen production. For example, using hydrogen-powered fleets such as short haul trucks in ports, and in airports' ground fleets.
- Actively working with companies to progress feasibility assessments of small-scale pilot projects. We are also working on developing business cases for developing greenfield, large-scale opportunities relating to the integration of renewable hydrogen in transportation. This will build on the global momentum for hydrogen-enabled transport decarbonisation including forklifts, trucks, buses and trains.

Policy and regulatory settings continue to evolve, and we are continuously working to understand current regulatory bases to support the development of hydrogen and overcome any potential barriers

Tibor Schwartz
Senior Advisor – Asset Management
Global Infrastructure

Mapping hydrogen pathways across production, storage and applications

Source: “The role of hydrogen and fuel cells in the global energy system”, from the Journal: Energy & Environmental Science, Issue 2, 2019, published by the Royal Society of Chemistry, UK.



People and Culture

It is all about the people. The ongoing success of our portfolio assets is about making sure we have the right people in place at all levels of our businesses.

Culture starts at the very top and you cannot underestimate the importance of instilling and demonstrating the right values and behaviours throughout an organisation.

Businesses where employees embrace and share the same passion and vision as their leaders will be rewarded with a sustainable and exciting future.

When it comes to people, particularly for our newer acquisitions, 2019 has been a year of sharing, learning and discovery for our portfolio assets.

One of QIC Global Infrastructure's overarching principles in its active core asset management approach is to establish a strong governance framework through the Board of the company. A clear strategy is then developed and the right management team empowered to deliver that strategy which is measured against a performance framework that ensures accountability. It is critical to the business' success that we have the right people on the Board and a high-quality management team.

We take an active role in recruiting and working with Boards and Executive teams to set the right culture, diversity and competencies within the assets. We also develop extensive relationships with specialised recruitment firms to help us identify high-calibre Board candidates, culminating in the formation of diverse, highly-talented Boards that work well with the executive teams.

Additionally, we place a lot of rigour and care throughout the selection process for appointing Directors. We ensure candidates demonstrate the right values and behaviours and offer complementary skills to the other Directors. Directors are expected to actively contribute to the Board's role in overseeing culture, governance (including risk, workplace health and safety, and crisis management), key management oversight and the strategic direction of the business. Comprehensive induction sessions are undertaken with each new appointee to ensure they are fully briefed on the asset deliverables and to provide them with an understanding of the role that QIC plays.

When executive changes need to be made, we play a supporting role with the Chairs to ensure a smooth handover of responsibilities to the new incumbent and the stabilisation of employees. This support has resulted in seamless transitions and the continued focus of the business.

In respect to diversity and inclusion initiatives, we continue to focus on engaging with management teams across our portfolio. In April 2019, we hosted a QIC Global Infrastructure Diversity and Inclusion Forum which was attended by management team representatives from each of the portfolio companies in Australia and New Zealand as well as two of our non-executive directors. It was a great platform for hosting discussions and cross-fertilisation of ideas. Participants gave positive feedback, saying they enjoyed both the discussion on the topic of diversity and inclusion as well as the opportunity to create connections with people working in similar, operating environments.

We will continue to engage with portfolios to assess and understand the company's culture, with a number of companies undertaking culture assessments to identify areas of focus. Strategies and initiatives are then developed to continue to evolve to the desired culture needed by the business.

Shirley Robertson
Senior Advisor – Asset Management
Global Infrastructure

Workplace, Health & Safety during the COVID-19 pandemic

During the COVID-19 pandemic, QIC worked closely with our assets' management teams to manage increased workplace health and safety (WH&S) risks for employees while also working to ensure businesses could continue provide essential services to their customers. In this initial crisis management phase, we have focussed on key operational areas: pandemic preparedness, WH&S (hygiene measures, prevention and containment measures), risk of procurement disruption and assessing for any single points of failure.

As the measures in response to the managing the virus increased restrictions on movement and travel the risks and operational impacts continue to evolve over time, particularly for companies operating in remote locations.

Pandemic Preparedness:

We set up a weekly engagement with management teams on COVID-19 measures from which we provided reports to the Board on key WH&S measures and operational measures.

WH&S including hygiene measures, prevention and containment measures

There was a broad variety of WH&S risks as portfolio businesses were comprised of a wide variety of workforces with diverse work groups within each of those business, ranging from: corporate teams, field services which undertake maintenance, operations staff for remote and regional facilities and control centres, crews who operate marine vessels and healthcare workers. In addition, some of the workforces were direct employees' while others were construction or operations and maintenance contractors.

Measures put in place included working from home where possible, segregating teams, restricting access to key operational sites to critical operations personnel, increasing hygiene and cleaning protocols, and changes to work practices. Our priority was to ensure employees who needed to continue to work on site were safe whilst allowing the business to keep delivering its essential services. To ensure resilience of critical roles, we also engaged with management teams to ensure protocols were in place to ensure there was appropriate back up if any person in a critical role was to fall ill.

Operating in remote locations

QIC's 'pandemic' assessment was tailored for assets such as Sea Swift, PARF and Pacific Energy which operate in remote locations. For instance, these assets had field staff who were necessary to undertake fault repairs to maintain services, continue construction activity, commission assets, and do essential maintenance activities. These businesses thought through and assessed different WH&S risks and adjusted work plans to limit the activities undertaken. Through our engagement with the management teams our asset managers identified best practices and shared these across portfolio companies.

As companies move from crisis management to a stabilised new environment marked by extended lockdowns, WH&S risks will evolve creating new challenges including risk of managing increased absenteeism with greater employee responsiveness to illness or caring for ill family members or an increased focus on mental health with continued isolation. We will continue to work closely with our companies through this period to maintain a WH&S focus and embed best practice business continuity planning and execution.

Sea Swift

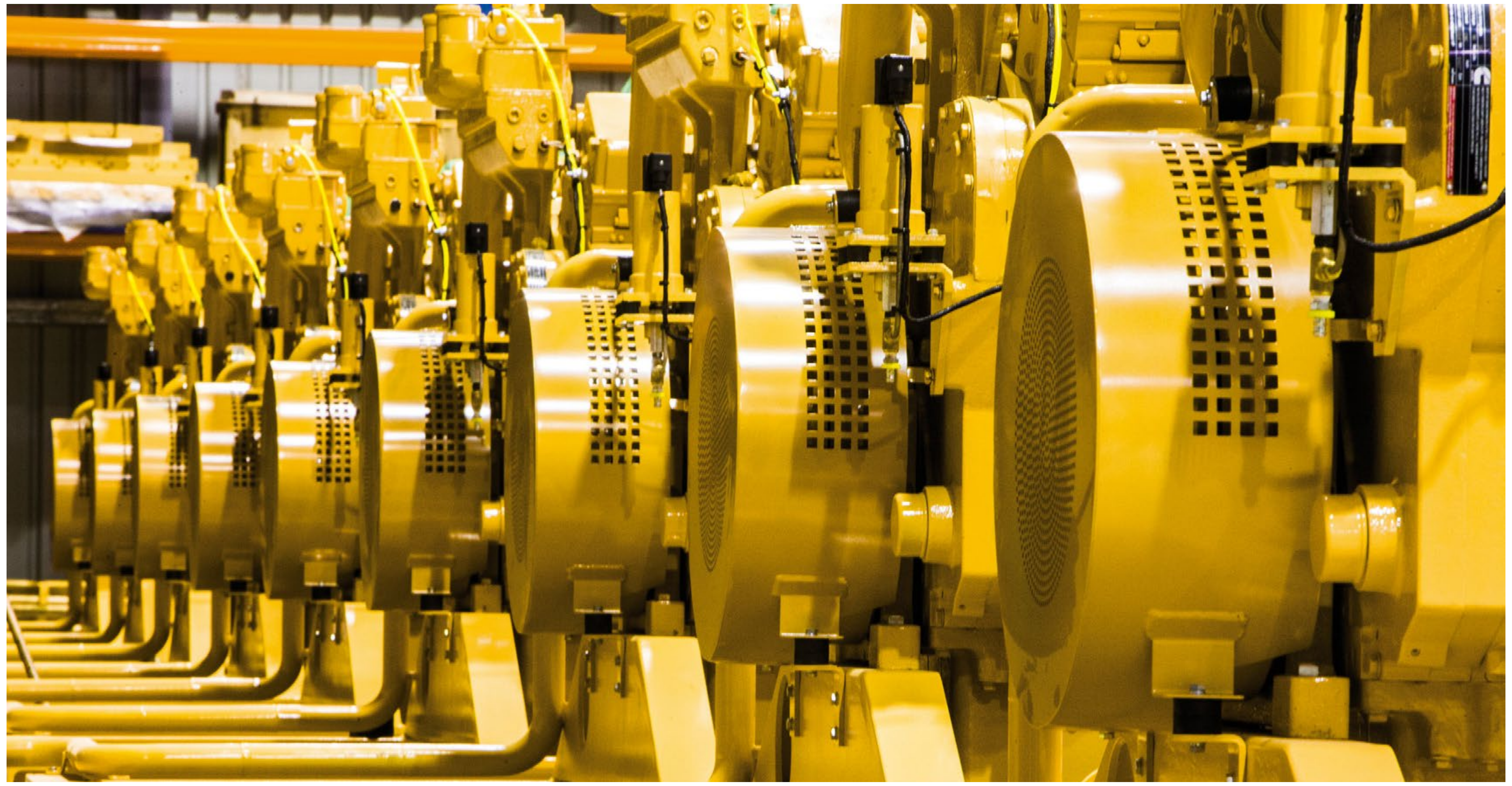
Maintaining vital services for remote communities

With a unique footprint servicing remote islands off the Australian coast, Sea Swift provides a true lifeline to otherwise isolated communities. In response to COVID-19 and to protect the communities, the Australian government placed severe restrictions on travel to these communities and implemented high-hurdles and compliance to those still able to visit, such as Sea Swift. Key defences in place include: separation of shipping; materials handling of goods on and off vessels; clear physical separation of depot employees and local community; and speedy introduction of electronic custody transfer systems.

Pacific Energy

Remote workers and balancing the risk of fatigue

Pacific Energy has many small crews operating and maintaining electricity generating plants across various 'very remote' mine sites. This requires some crews to be flown into these sites by mine operators or private charter, with others travelling by road. Long-distance road travel incurs levels of fatigue and by extension, requires two people to travel together in close proximity. Pre-screening before travel and on arrival at mines was in place, with any personnel exhibiting symptoms quarantined at site in accordance with mine WH&S protocols.



PARF, Coopers Gap Wind Farm (CGWF)

Construction through a crisis

Some assets were impacted through the COVID-19 travel restrictions on personnel who cross state borders or fly into the sites.

In the order of 200 construction workers on-site at CGWF were coming in from intra and interstate alongside some international specialists when state and international borders closed. In response, a full-time paramedic was onsite to performs individual temperature checks on each worker every morning. To further reduce potential exposure to COVID-19, some specialist teams remained at local accommodation rather than traveling to their normal residences at the end of their weekly shifts. Pre-start morning meetings were held in small groups rather than large gatherings, lunch breaks were split over several time periods to address personal distancing in mess rooms and management enacted a weekly / bi-weekly roster of half on-site, half off. Supply chains were analysed and spare parts for use during commissioning activities secured in preparation of construction completion 2H 2020.

Powerco, Lochard Energy, Epic Energy

Keeping the lights on and managing critical operations control rooms

Essential services are just that – essential. Impacts to these businesses mean a direct impact to the broader communities they serve. Lack of gas or electricity to the community is not an option. To allow these critical businesses to continue to adapt, update protocols and operate requires: back-up control rooms; separation of specialist skilled employees; daily and shift-by-shift fitness-for-work checks; back-up accommodation preparedness; ongoing close monitoring of employees; and adaptation to best practices.

Industry engagement and developments

QIC is a member of regional and international initiatives which provide guidance and opportunities to collaborate on some of the challenges of ESG implementation. Throughout 2019 we regularly engaged in these forums. There continues to be increased focus and momentum on the importance of responsible investment to the delivery of long-term sustainable returns.

Memberships

GRESB INFRASTRUCTURE

Investor Group on Climate Change

CDP DRIVING SUSTAINABLE ECONOMIES

PRI Principles for Responsible Investment

riaa Responsible Investment Association Australasia

Contact us

Ross Israel
Head of Global Infrastructure

Level 5, 66 Eagle Street
Brisbane, QLD 4000 Australia

T +61 7 3009 6838
E r.israel@qic.com

Leisel Moorhead
Partner, Global Infrastructure

Level 5, 66 Eagle Street
Brisbane, QLD 4000 Australia

T +61 7 3360 6632
E l.moorhead@qic.com

Kate Bromley
Head of Responsible Investment

Level 5, 66 Eagle Street
Brisbane, QLD 4000 Australia

T +61 7 3020 7028
E k.bromley@qic.com

QIC