



QIC

QIC JOINT MODERN SLAVERY STATEMENT

—

2019-20

DECEMBER 2020

1 QIC JOINT MODERN SLAVERY STATEMENT 2019-20

As both an investment manager and a corporation, QIC Limited and its subsidiaries (together, 'we' or 'our') aspire to carry out our business and investment activities responsibly and act with integrity in our dealings with clients, our people, our suppliers and the wider community. This Statement has been prepared in accordance with the requirements of the Modern Slavery Act 2018 (Cth). It describes the steps we have taken during the year ending 30 June 2020 to assess and address the risk of modern slavery occurring in our operations and supply chain, including our investment portfolios.

For more information on how we are embedding environmental, social and governance factors across our business, please see our Sustainability Report.

This Statement was approved by the QIC Limited Board of directors on behalf of QIC Limited and subsidiary entity QIC Private Capital Pty Ltd on 24 November 2020.



Ian Martin AM, QIC Chair

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1 INTRODUCTION

This is the first statement that QIC Limited and its subsidiary entities¹ have prepared to meet the reporting requirements that became law in the *Modern Slavery Act 2018* (Cth) ('Act' or 'MSA') on 1 January 2019. Before the Act became law, we worked to identify the potential for modern slavery risk across the business and committed to building an effective response over time.

We rely on the definition of modern slavery in the Act, which covers eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour and deceptive recruiting for labour or services.

Through this statement ('Statement' or 'MSS'), we aim to provide insights about how we are managing the modern slavery risks we may be exposed to through our business operations, supply chains and investments. We do this by outlining what we are doing to identify, assess and address the risk that modern slavery practices may be occurring in our global and domestic operations, supply chains and investments².

We appreciate that modern slavery is a global phenomenon and to the extent we can, we recognise the opportunity for influence and commercial leverage to build wider awareness and to contribute to ultimately ending modern slavery practices.

1.1 Reporting entities under this Statement

Our business comprises a number of different corporate entities with QIC Limited ACN 130 539 123 the ultimate parent company and QIC Private Capital Pty Ltd ACN 076 279 528 our largest subsidiary. Both entities meet the reporting threshold requirements of the Act and are required by law to lodge a statement annually.

Recognising our opportunity to help build awareness and to improve transparency we have produced one Statement for the QIC Group. Therefore, this Statement is prepared and issued by both QIC Limited and QIC Private Capital Pty Ltd, who meet the mandatory reporting requirements of the Act, as well as other entities that both companies own or control ('QIC Group').

1.2 The structure of our business

QIC is a diversified alternatives investment manager specialising in infrastructure, real estate, private capital, liquid strategies and multi-asset investment solutions.

As one of Australia's largest investment managers, QIC manages A\$79 billion on behalf of over 110 clients including sovereign wealth funds, superannuation and pension plans, insurers, universities and other institutional investors spanning Australia, Europe, UK, Asia, Middle East and the USA.³

QIC is a Government Owned Corporation constituted under the *Queensland Investment Corporation Act 1991 (Qld)*. In accordance with the *Government Owned Corporations Act 1993 (Qld)*, QIC has a Board of Directors responsible for directing and controlling QIC's activities. The responsibility for QIC's day-to-day operation and administration is delegated by the QIC Board to the Corporate Management Group, which consists of the Chief Executive Officer and senior executives.

QIC has over 956 employees⁴ and is headquartered in Brisbane, Australia. During the reporting period it had offices located in Sydney, Melbourne, New York, Los Angeles, Cleveland⁵, San Francisco, London and Copenhagen⁶.

1 Throughout this document, 'QIC', 'QIC Group', 'we', 'us' or 'our' refers to QIC Limited, QIC Private Capital Pty Ltd and the entities that they own or control.

2 Where this Statement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events, these statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

3 As at 30 June 2020.

4 Employee number current as at 30 June 2020. QIC had 874 employees as at 30 September 2020.

5 Physical office locations current as at 30 June 2020. Subsequent to issue of this Statement our Cleveland and Los Angeles offices have closed and our Los Angeles team working model has changed.

6 Ibid.

Figure 1: QIC Geographic Footprint



As a global diversified investment manager, QIC's capabilities comprise:

- **Global Real Estate** – invests in Australian and international retail and commercial properties with specialist experience in deal origination and execution through to asset and funds management, leasing, marketing and property development.
- **Global Infrastructure** – actively invests in, and manages, a global diversified portfolio of infrastructure assets across transport, energy and utilities and PPP/social sectors, leveraging deep industry knowledge, relationships with strategic investors and a strong understanding of value drivers for each sub-sector.
- **Global Private Capital** – invests in outstanding companies within attractive themes, targeting high conviction strategies in selected sectors, seeking the best access points across all forms of private equity; fund-of-funds, co-investments, direct and secondaries.
- **Liquid Markets Group** – managing fixed income, absolute return and cash portfolios, and customised overlay solutions across currency management, implementation, asset rebalancing and portfolio protection.
- **State Investments** – spanning whole-of and multi-asset portfolio management and liability hedging solutions. State Investments oversee Queensland Government whole-of-fund client portfolios, ensuring that each client's asset allocation is consistent with their investment objectives.

Collectively QIC invests in more than 13,600 companies across 57 countries around the world. The majority of holdings by value are in Australia, the USA, Belgium and the United Kingdom. Approximately 65% of QIC's investment activity is managed internally with 35% conducted through externally appointed investment managers⁷. QIC's operations also include making investments in non-operated joint ventures in real estate and infrastructure assets in Australia and the USA.

QIC invests across all sectors of the economy, with its largest exposures by value in the Real Estate and Development, Transportation Infrastructure and Banking sectors.

As a corporation, QIC contracts with approximately 10,000 suppliers⁸. These range from other regulated financial institutions that provide fund and trade administration and investment management firms to corporate and operational suppliers such as cleaning, travel, office equipment and supplies. Through QIC's real estate operations in Australia and North America, QIC contracts with suppliers that enable the operations of commercial and retail properties.

⁷ Information regarding QIC's investment holdings relates only to physical investments and does not include derivative exposures.

⁸ At 1 July 2019, includes suppliers to QIC's corporate offices and shopping centres.

We have undertaken a modern slavery risk exposure assessment of QIC's operations, supply chains and investment portfolios, which is discussed in more detail in section 1.3.2 of this Statement. Some of the industries QIC interacts with have a greater potential for the risk of modern slavery than others. QIC's approach is risk-based and we are focussing initially on the areas where the risk to people may be greatest.

1.3 Describing the risks of modern slavery practices in QIC's operations, supply chains and investment portfolios

The 'risks of modern slavery practices' means the potential for QIC to cause, contribute to, or be directly linked to modern slavery through our operations, supply chains and investment portfolios. The UN Guiding Principles on Business and Human Rights (Principle 24) explain that the most 'severe' risks (those that would cause the greatest harm to people) should be addressed initially. Recognising this consideration is more important than the probability of the risk occurring, we undertook a risk assessment of our operations, supply chains and investment portfolios to understand where the potential for modern slavery may be highest.

We have considered how QIC may cause, contribute or be directly linked to modern slavery and we describe these risks below.

Figure 2: Describing how the risk of modern slavery practices may be present

Level of involvement	Description
Cause	Our operations directly result in modern slavery practices. This concept also describes the risk of an asset we own on behalf of clients or manage using exploited labour.
Contribute	We facilitate or incentivise modern slavery practices. For example, this could occur where our contract is key to a supplier and unrealistic cost targets are unknowingly set or tight service delivery timeframes are requested with no additional resources.
Directly linked	Our operations, supply chains or investments are connected to modern slavery through the activities of another entity, like a supplier or investee company.

1.3.1 Describing modern slavery risk exposure in our operations

Our operations include investment and asset management and the operation of retail properties⁹. Primarily, this relates to engaging a workforce to provide and support QIC providing investment and asset management activities for our clients and investors.

We have concluded that exposure to modern slavery practices is least likely to be present through our direct operations. This is based on an assessment of workforce composition, business model and industry. Remuneration is award compliant, benchmarked and reviewed annually.

At 30 June 2020, our workforce comprised 956 direct employees and 129 Professional Services Consultants and Independent Contractors. Of the direct employees, 837 were employed through a permanent contract, 93 were employed via a temporary contract and 26 were casual employees. We employed 794 people in Australia, 152 in the USA and 10 in the UK¹⁰.

Through the retail properties which are operated by QIC Global Real Estate, 205 employees were contracted through a property service company to provide asset management services.

⁹ Our operations include internally managed investment portfolios and assets as per the Commonwealth Modern Slavery Act – Guidance for reporting entities <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

¹⁰ Data is at 30 June 2020.

1.3.2 Risk exposure assessment of our supply chains and investment portfolios

We undertook an initial supplier risk assessment using a four criteria approach. This has enabled us to identify areas of QIC's business supply chains where there is a higher exposure to the risk of modern slavery. Factors used to conduct the initial risk assessment have been drawn from sources including guidance issued by Australian Council of Superannuation Investors (ACSI) and KPMG and the Guidance issued by the Minister for Home Affairs.

Initially we assessed suppliers based on available data to tier one of the supply chain according to four criteria:

Vulnerable populations

High-risk business models

High risk sectors

Geographies

Each of our suppliers was allocated a risk rating based on these risk factors along with additional sector level research. As part of our assessment we aggregated the results to understand our total exposure to the risk of modern slavery by supplier type. This assessment included the external investment managers which we appoint.

Figure 3: Four-factor modern slavery risk assessment methodology of suppliers

Suppliers are scored and a risk factor is applied for each criterion based on QIC sector level research.

1 Vulnerable populations	VULNERABLE POPULATIONS Description Migrant students and workers. Base skilled workers: Individuals who live and work across national borders. Citizenship/residency is temporary or unknown. Individuals working in base skilled jobs. Individuals from low socio-economic or linguistically diverse backgrounds. Prominence Cleaning, security, catering, transport and maintenance.
2 High risk business models	HIGH RISK BUSINESS MODELS Description Where recruitment and pay are not monitored. Outsourcing of significant labour needs. Prominence Hiring & contracting companies, horticulture.
3 High risk sectors	HIGH RISK SECTORS Description Raw materials, service procurement and goods not for resale. Common services and marketing/clothing/internal business purchases. Prominence Food and drink supply, facilities maintenance, company merchandise/uniforms.
4 Geographies	GEOGRAPHIES Description Purchases directly linked to the manufacturing in conflict-affected, destabilised or developing nations. Modern slavery risks are high under poor regulation. Prominence Third world or developing nations. Low GDP, food or resource staples.

We also estimated risk exposure across our investment holdings using data provider, Fair Supply, which is described in more detail in section 1.3.4 below. This data set provides an important baseline estimate of risk exposure of portfolio companies and extends to tier ten of their supply chains. Each of our investment teams are addressing modern slavery risk from the perspective of their own relative risk exposure to ensure we are concurrently managing this risk across all asset classes. Based on our initial assessment, each of our investment teams is developing a multi-year plan to engage with higher risk areas of the portfolio first.

For our suppliers, over the next 12 months, we propose to undertake a more detailed risk assessment. This is expected to focus on the high risk categories of suppliers identified during the first reporting period through screening checks and enhanced due diligence.

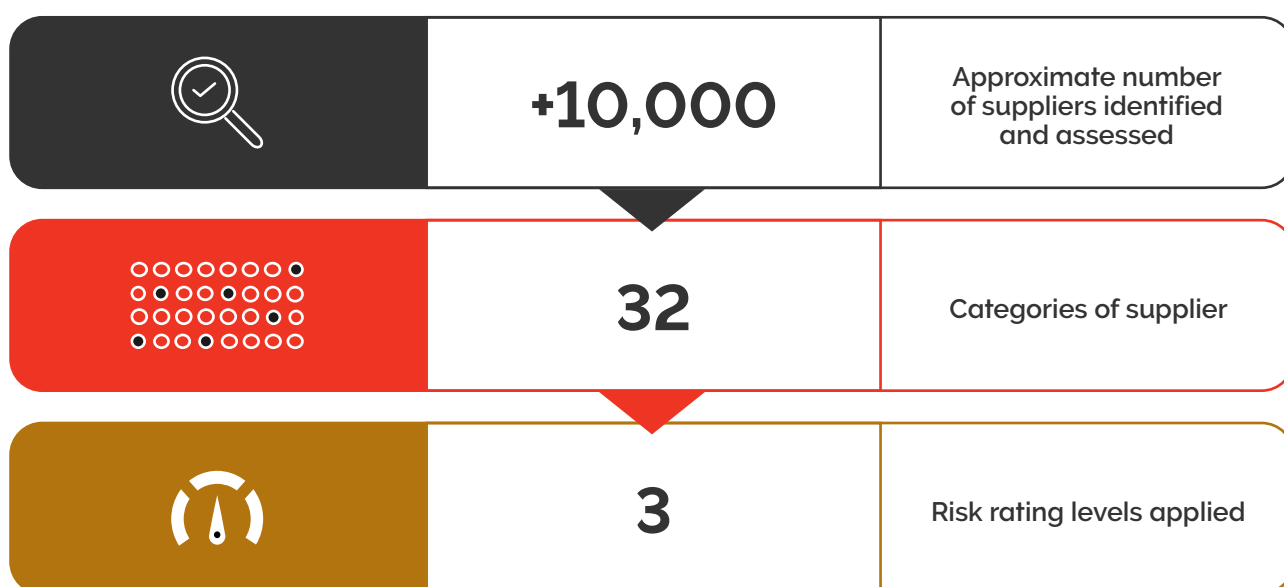
1.3.3 Describing modern slavery risk exposure in our supply chains

QIC's supply chains include suppliers to our corporate and real estate operations, as well the external investment managers who we appoint.¹¹

Ahead of the first reporting period, we undertook an initial modern slavery risk exposure assessment across our suppliers based on available data¹². Our initial risk assessment used the methodology that included categorising suppliers using a four factor approach and is described in section 1.3.2. This enabled us to identify suppliers and supplier categories that posed the highest calculated risks in relation to modern slavery. We contracted with approximately 10,000 suppliers through our corporate and real estate operations. We identified 32 categories of supplier of which approximately 95% are located in Australia¹³.

Some of the higher risk categories of suppliers identified include construction and fit out suppliers, security services, cleaning services, IT services and suppliers of IT products.

We are using this information to enhance our procurement processes and to implement a higher level of due diligence over the next 12 months for types of suppliers where the potential for modern slavery risk is greatest.



¹¹ Our supply chain includes external managers we appoint as per the Commonwealth Modern Slavery Act – Guidance for reporting entities <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

¹² Based on supplier data for the 2018/19 year.

¹³ Due to the way data is captured this geographical split is based on the location of the creditor and not necessarily where the supplier is headquartered or where services are supplied.

1.3.4 Describing modern slavery risk exposure in our investment portfolios

Exposure to the risk of modern slavery can also exist in the investment portfolios we manage. Our Responsible Investment Principles acknowledge the importance of understanding and where possible, addressing human rights issues as part of our investment activities.

To understand modern slavery risk exposure across our internally and externally managed investment portfolios, we have estimated all physical investment holdings¹⁴ to tier ten of investee companies' supply chains. This assessment was carried out by the Environmental, Social and Governance (ESG) data provider and professional services firm Fair Supply (see below)¹⁵.

While this risk exposure assessment is not a measure of underlying risk nor does it confirm the existence or non-existence of actual slavery, it is an important starting point and a basis to further assess underlying risk. It is also an efficient way to gain insight into the potential for modern slavery risk beyond tier one of company supply chains for a large number of companies.

Geographical location and industry are dominant factors in determining modern slavery risk exposure and we are using the outputs of this analysis to guide due diligence, monitoring efforts and prioritise deeper investigation into potential higher risk industries.

While modern slavery risks exist within all supply chains, our assessment indicates the greatest potential for the risk of modern slavery for our business is via exposure to the Construction and Engineering, Hotels, Restaurants and Leisure, Paper and Forest Products, Auto Components and Food Products industries.

By geographical location, our aggregated holdings are most exposed to Australia, the USA, Belgium and the United Kingdom by value. Focussing purely on a risk to people, our assessment shows the potential for modern slavery risk is highest through small investment exposures in India, Serbia, Ukraine, Indonesia and Romania¹⁶.

Each of our investment teams are addressing modern slavery risk from the perspective of their own relative risk exposure to ensure we are concurrently managing this risk across all asset classes. Based on our initial assessment, each of our investment teams is developing a multi-year plan to engage with higher risk areas of the portfolio first.



Understanding modern slavery risk exposure to tier ten of supply chains

We worked with Fair Supply to undertake a baseline measure of exposure to modern slavery risk through our internally and externally managed investment portfolios.

Using data based on economic inputs and outputs and geographical location, this assessment provided an informed estimation of modern slavery risk exposure. A global multi-regional input-output (MRIO) database holds information about economic supply chains and draws its input data from a range of data sets such as the Australian Bureau of Statistics, Eurostat, United Nations Statistics Division. This enables estimating the risk of modern slavery to tier ten in the supply chains. The economic supply chain data is paired with a slavery data set that holds information about modern slavery incidents, including severity, likelihood and country/industry. These data sets are combined to provide an estimation of modern slavery risk exposure based on industry and geography and will form the basis for further assessment over the next year.

¹⁴ This initial assessment does not include derivative exposures, which we may consider over time as we mature

¹⁵ Before the assessment carried out by Fair Supply, we also conducted an Initial Risk Assessment using the four factor supplier categorisation approach described in 1.4.2 to Tier One.

¹⁶ Fair Supply data provides an estimation of absolute modern slavery risk exposure as well as an intensity measure which considers the risk of modern slavery by company/country/industry per million dollars invested.

1.4 Steps we have taken to identify and address modern slavery in our supply chains, operations and investment portfolios

Consistent with the aim of the Act, our Modern Slavery Framework seeks to build our capacity over time to effectively respond to the risk of modern slavery and contribute to establishing an industry leading approach. This section provides an overview of our activity over the reporting period.

Overview of activity FY2019-20

- Allocated responsibilities and accountabilities to relevant governance forums and executives to oversee the implementation of the reporting requirements
- Established a cross-functional Modern Slavery Steering Committee, chaired by QIC's Chief Risk Officer, to undertake the work to meet the inaugural reporting requirement and guide our initial policy position
- Developed a Modern Slavery Standard setting out our high level policy position on modern slavery, our planned remediation approach and our commitment to addressing instances of modern slavery where we are aware of them
- Commenced the development of a Supplier Code of Conduct including expectations related to identification of potential instances of modern slavery and expected responses
- Assessed our operations, supply chains and investment portfolios for exposure to modern slavery risk
- Leveraged established ESG practices to assess and monitor investment portfolios
- Commenced incorporating modern slavery questions into supplier monitoring programs
- Commenced incorporating modern slavery requirements into our supplier contracts
- Set strategic priorities and developed a staged approach to build capacity over time to respond to modern slavery risk
- Established milestones and measures of success to assess the effectiveness of our approach over time.

1.4.1 Governance structure and policy framework

Governance structure

Central to our approach is a robust governance structure. Ultimately the QIC Board has responsibility for overseeing the management of modern slavery risk. The Board is assisted by the QIC Board Risk Committee which oversees the implementation of the reporting requirements under the Act. A cross-functional Modern Slavery Steering Committee, chaired by the Chief Risk Officer, was established in December 2018 to develop and implement our Modern Slavery Framework and guide our initial policy position. The Steering Committee provides regular progress updates to our executive committees, Risk Committee and the Board.

Our ESG Advisory Committee, chaired by a QIC Limited non-executive director and consisting of management representatives across the five investment teams also receives reports and updates on the implementation of the Act's requirements and modern slavery related activities.

Following the consideration and development of the seminal aspects of our modern slavery reporting and response mechanisms, the Modern Slavery Steering Committee will be refined to comprise specialist skills from our ESG team, our Risk Management Group, our Legal team and our procurement specialists as relevant, as the ongoing governance body. This forum will become the ongoing point of escalation, drive business wide engagement and consider feedback for all modern slavery matters.

The Committee will also provide reporting on modern slavery issues and provide visibility to our Executive on the implementation of the goals we set each year in our Modern Slavery Action Plan outlined in section 1.6. As relevant, the Committee will update the QIC Board Risk Committee, ESG Advisory Committee, QIC's executive committees, relevant subsidiary boards and the QIC Limited and QIC Private Capital Pty Limited Boards on progress and suggested actions.

Figure 4: QIC's Modern Slavery governance structure



Policy framework

We have established policies and procedures designed to ensure that directors, management and employees meet high standards of professionalism and integrity and adhere to relevant industry standards and legal requirements. Our expectations are clearly articulated and documented in our Code of Conduct and Ethics.

Over 2019-20 we reviewed and amended a range of existing policies to integrate modern slavery considerations. These included our Code of Conduct and Ethics, Third Party Risk Management Policy, Responsible Investment Policy and Whistleblowing Policy.

We also developed a stand-alone policy document, the Modern Slavery Standard, that sets out our high level policy position on modern slavery and outlines our approach for identifying, managing and remediating instances of modern slavery.

QIC's Modern Slavery Standard

As noted above, during the current reporting period, we have developed and approved a Modern Slavery Standard to apply across the QIC Group.

The Standard describes our policy position on modern slavery in our activities, outlines our approach for preventing, identifying, managing, responding to and reporting modern slavery risk and is part of both our Risk Management Framework and Environmental, Social and Governance Framework. We are in the process of embedding the Standard's requirements across our business and ensuring our people are aware of their responsibilities under it.

1.4.2 Enhancing our diligence and ongoing monitoring

We have incorporated modern slavery considerations into certain supplier monitoring programs, using a risk based approach and are developing a Supplier Code of Conduct, clearly outlining our expectations of suppliers. Moving forward, using a risk based approach and consistent with our aspiration to build maturity over time, we intend on progressively integrating relevant human rights and modern slavery assessment questions into initial supplier onboarding, tender processes and subsequent ongoing supplier due diligence. Ongoing supplier diligence and monitoring programs will similarly be further updated using a risk-based approach to require heightened and/or tailored monitoring and engagement where appropriate, with an initial focus on high risk categories of suppliers.

During the reporting period, we commenced taking the appropriate steps to incorporate modern slavery into key supplier monitoring programs. We are also developing a draft Supplier Code of Conduct clearly outlining our expectations of suppliers, which we are in the process of issuing and implementing.

1.4.3 Leveraging QIC's existing ESG practices

The integration of ESG considerations is an established part of how we invest. Through our dedicated Responsible Investment team and our network of ESG resources within our investment teams, we integrate a range of ESG considerations into our investment decision-making and asset management.

The QIC ESG Framework embeds human rights issues as a focus area for our business. Taking account of the social impacts of the companies we invest in is consistent with our Responsible Investment principles.

We have taken the introduction of the Act as an opportunity to review and enhance the consideration of human rights within our existing ESG processes. As a starting point, we have undertaken a modern slavery risk exposure assessment of all our investment holdings, which has provided an important baseline measurement. This assessment has enabled each of our investment teams to develop a risk-based strategy to specifically address modern slavery risk.

We will continue to account for human rights considerations, including modern slavery, in our investment processes in the following ways:

- Including the consideration of modern slavery in our investment due diligence and manager onboarding processes.
- Developing an informed, risk-based approach to address modern slavery risk through our corporate engagement and active asset management processes.
- Engaging with all external managers on ESG issues through review meetings and our annual ESG capability assessment surveys.
- Undertaking daily monitoring of our investment holdings for a range of ESG issues including human rights.
- Continuing to report on our ESG performance through QIC's annual Sustainability Report.

1.4.4 Integrating contractual controls

We have developed contract terms to incorporate modern slavery obligations into supplier contracts. These terms are designed to provide us with access to information in the event instances of modern slavery are identified in our supply chain. We have established operational processes requiring consideration of modern slavery contract clauses in future supply contract negotiations. These processes, which are currently included in the QIC Legal team's activities, will be enhanced and supported by firm-wide organisational messaging that heightens awareness of modern slavery risks during supplier negotiations, as well as being a component of managing supplier relationships throughout their lifecycle.

We appreciate that we may have the potential to impact on modern slavery and human rights in our capacity as a landlord to retail tenants through the shopping centres we operate. We are progressively integrating modern slavery clauses into leasing contracts. This is to ensure we have access to relevant and timely information to engage with tenants in the event modern slavery instances are identified. This is consistent with our corporate and responsible investment principles and the expectations of our clients and stakeholders.

1.4.5 Engaging with suppliers

Cleaning Accountability Framework

In the property retail sector, the cleaning industry is considered to be high risk for instances of modern slavery.

Our Global Real Estate team has been an active participant in the Cleaning Accountability Framework (CAF) since 2014, with representation on both the Steering Committee and the Standards Sub-Committee.

Working with CAF, the collective aim is to standardise practices and uphold labour rights within the cleaning industry. CAF's work extends to a range of activities including supplying tools for tendering for business, auditing assets and cleaning companies.

Communications with our suppliers have been developed and we have engaged with some higher risk suppliers via an online survey to gauge their awareness and readiness for modern slavery reporting. Our expectations from our suppliers on human rights and addressing modern slavery are being incorporated into a new Supplier Code of Conduct that we anticipate issuing during 2020.

Relevant human rights and modern slavery assessment questions are being built into supplier onboarding, tender processes and subsequent ongoing supplier due diligence. Ongoing supplier due diligence and monitoring programs will be updated using a risk-based approach to require heightened and/or tailored monitoring and engagement where appropriate, with an initial focus on higher risk categories of suppliers.

1.4.6 Remediation and taking action

We have considered the remediation practices we employ when responding to instances of modern slavery. Our policy position is to take a case by case approach, with a high level range of response mechanisms to be considered as relevant. We are developing more detailed formal response framework as we increase our understanding of the potential range of modern slavery scenarios that could be identified across our operations, supply chains and portfolios. To this end we have mapped a range of scenarios to inform the development of our formal, detailed remediation approach.

The number of possible modern slavery scenarios which could be identified necessarily requires us to consider a case by case response approach. However, our framework includes core principles that are consistent with the intent of the Modern Slavery Act. This includes the principle of aiming to address as far as is practically possible the adverse impact caused by restoring the victim(s) to their previous situation.

Deepening this understanding over time help us to determine what response may be appropriate given circumstances, severity, resourcing, leverage and other factors.

A key factor in determining our ability to take remedial action is the degree of leverage we have. In some business relationships we may have significant leverage, for example where we have a controlling interest in an asset or where we are the major customer of a supplier. In other instances, our leverage may be limited, such as where we own a very small proportion of a company held via a passive mandate with an external investment manager, or where we are a minor commodity purchaser from a supplier.

We may explore means by which we can increase our leverage through collective engagement with like minded organisations and investors (see Figure 4).

Importantly, we have a number of means by which instances of modern slavery can be escalated to ensure that we have an appropriate response. This includes the ability for employees to lodge an incident form under QIC's Escalation Policy, raising a grievance either formally or informally under the QIC Grievances Standard, or by reporting anonymously using the Whistleblower hotline under the Whistleblowing Policy. This hotline is managed externally and is available to both employees as well as our suppliers, investment counterparties and associates.

1.4.7 Building awareness and employee training

In the first reporting year we have focussed on raising awareness and educating the employees who participated in the Modern Slavery Steering Committee and also, the ESG Champions network. Each of these forums received communications and briefings on the Modern Slavery Act's requirements, the impacts to our business and proposed changes to processes. By ensuring that the Modern Slavery Steering Committee constituted a broad representation of stakeholders from across our business, including those people who regularly procure goods and services as part of their role we consider that this initial group aligns with our risk based approach to build capacity over time.

An online training module has been developed to engage and educate our employees on the risk of modern slavery. The training module will be released to employees as part of our mandatory annual training in FY2020-21. The module includes information on the Modern Slavery Act, types of modern slavery, reporting obligations, case studies to identify risks of modern slavery and processes involved in addressing instances of modern slavery. An awareness campaign to complete the module will be developed to supplement staff communications.

1.5 The impact of the COVID-19 pandemic on modern slavery risks

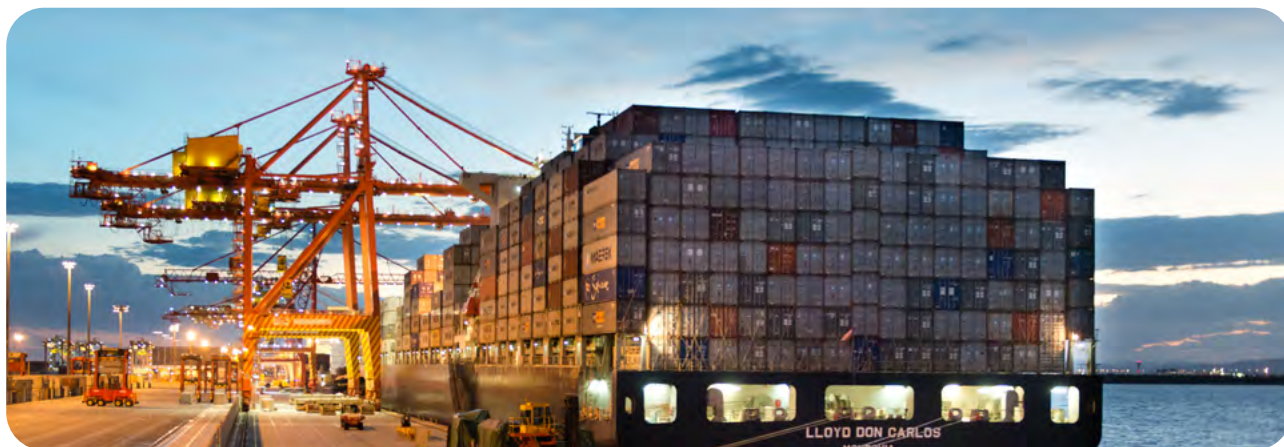
The COVID-19 pandemic has increased the risk of modern slavery for certain populations of vulnerable workers. A decrease in economic demand following the lockdown of key industries has increased the supply of vulnerable populations in search of work and opportunity. Further, it is anticipated in the short to medium term, that as restrictions are lifted and economic production resumes, a subsequent rapid scaling up of production may create an environment that can spur exploitation and unauthorised subcontracting to unethical producers¹⁷.

To respond to these emerging risks, we have incorporated questions about the impact of COVID-19 into our engagement with portfolio companies and externally appointed investment managers. From an investment perspective we perceive the risks are higher for certain industries such as hospitality, medical supplies and the garment industry.

We have also briefed our investment teams and governing bodies regarding the heightened prevalence of modern slavery risk through the pandemic. As we continue to build out our supplier engagement program, we will also build our understanding and awareness of how COVID-19 is impacting vulnerable workers through our supply chains.

As noted above, one of our specific areas of focus has been through the Cleaner's Accountability Framework. That Framework is specifically addressing increased risk factors due to the COVID-19 pandemic. By leveraging resources provided under the Framework, we worked with our cleaning providers to provide access to these resources at each centre. Our objective was to bring cleaning staff back to work in our centres as soon as safely practicable and begin the transition back to normal operations earlier than would have otherwise occurred.

QIC's Executive Committee have met more frequently than usual during the reporting period to ensure that there is good oversight of our COVID-19 response on a firm wide basis. This includes monitoring of all risks posed by the global pandemic, including potential supply chain impacts. The Executive Committee has been guided by a specially formed response committee consisting of representatives from the Risk Management Group and executives from business and investment teams across QIC.

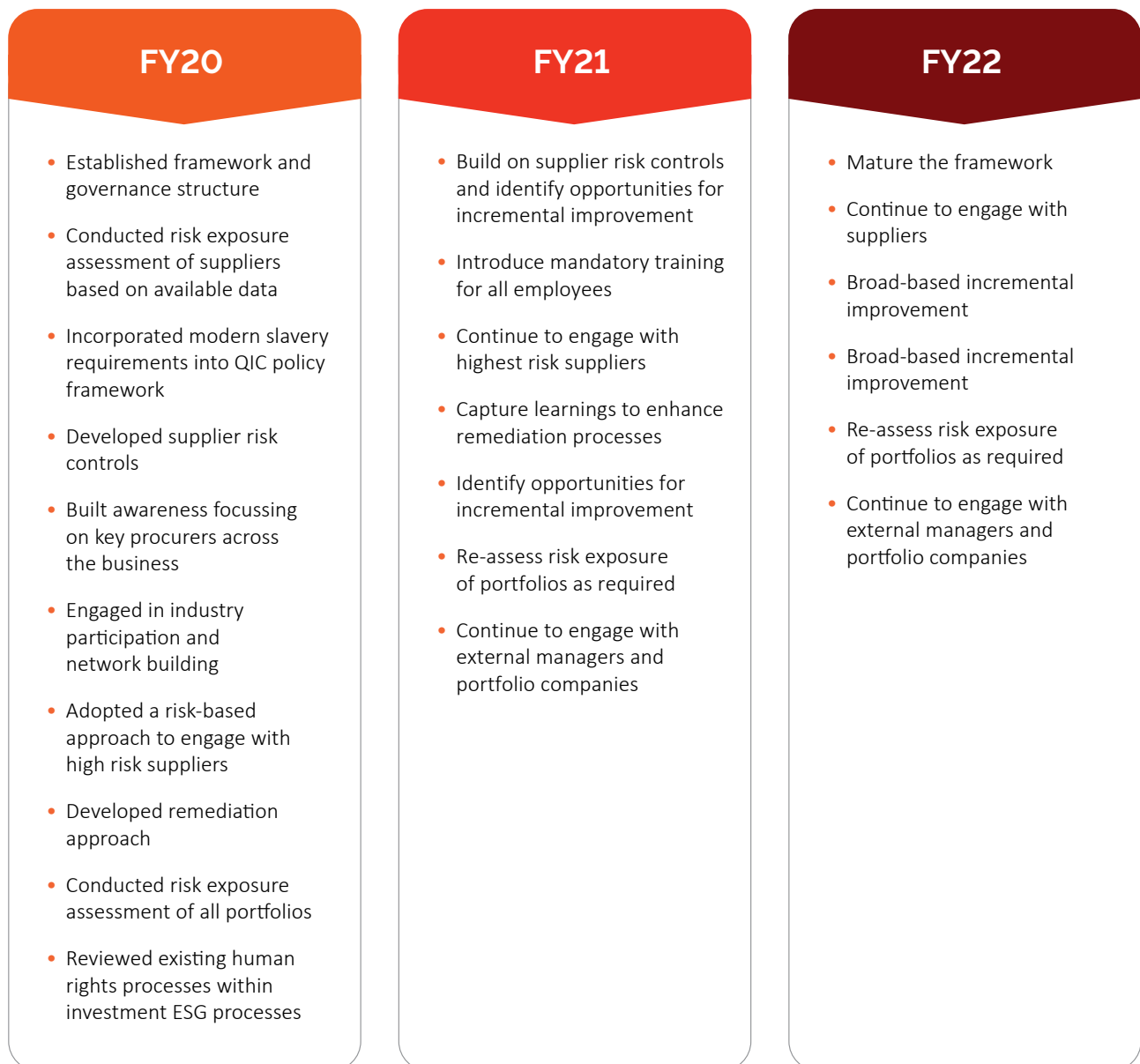


17 COVID-19 and Modern Slavery: Challenges, Opportunities and the Future of the Fight, Council on Foreign Relations, 28 April 2020

1.6 A commitment to continuous improvement

We recognise that modern slavery is a complex issue and that it takes time to build an effective response. Our work to address modern slavery is ongoing and we have developed a draft Modern Slavery Action Plan to develop and enhance our approach over the next three years, with an initial focus on higher risk areas. As our practices evolve and our knowledge of the potential instances of modern slavery in our operations, supply chains and investments deepens it is intended that our planned activities in FY21 and beyond will iterate to reflect our knowledge and capacity. Figure 5 below summarises the key aspects of our draft action plan which will continue to iterate in future as we gain learnings and seek to capture these in our activities going forward.

Figure 5: QIC's Modern Slavery Action Plan



1.7 Assessing the effectiveness of our actions to address modern slavery

To assess the effectiveness of our actions to address the risks of modern slavery practices in our operations, supply chains and investment portfolios we have developed a set of indicative KPIs and intended next steps. These are outlined in the Table below.

Performance against these KPIs will be assessed through QIC's Modern Slavery Steering Committee and reported to the Executive Committee, QIC's Board Risk Committee and the Boards of QIC Limited and QIC Private Capital Pty Ltd.

Category	Description	Indicators
Review of trends, policy and processes	Facilitate regular engagement, feedback, consideration of trends in cases via Modern Slavery Steering Committee	Meet as needed and feedback provided to business
	Formally review modern slavery policy requirements	Review Modern Slavery Standard formally as required under policy framework requirements
	Conduct internal audit or review of specific steps taken to assess and address modern slavery risks via QIC Risk Committee	Consider including in internal audit plan / undertake formal review and interim update
	Capturing and analysing any data patterns emerging from QIC's reporting channels, including e-Notes lodged and reports to the whistleblower hotline via Modern Slavery Steering Committee	Include in reporting to ExCo and Board Risk Committee as necessary, but at least annually on a formal basis
Measuring outcomes	<ul style="list-style-type: none"> • Number of suppliers engaged • Number of external managers engaged • Number of corporate engagements 	Ongoing, reported internally
Staff awareness and training	Requiring employees to complete MS training module	% of employees to complete MS training module
Comprehensive engagement with higher risk suppliers/ companies	Report on ongoing engagement with high risk suppliers and companies to track progress of approach	Ongoing, reported internally
Partnerships	<ul style="list-style-type: none"> • Identify NGO / service provider to provide advice and independent assessment of practices and consider if appropriate to include in membership of the QIC Modern Slavery Steering Committee • Identify and engage with NGO entities 	Ongoing, reported internally

1.8 Our process of consultation with related entities

This Statement is made by QIC Limited and QIC Private Capital Pty Ltd. We have described our governance structure for managing modern slavery risk in section 1.4.1 and this Statement has been prepared incorporating that structure.

The QIC Board, as the parent company of the QIC Group, and as an entity required to report under the Act, has approved this Statement. The Board of QIC Private Capital Pty Ltd, being a QIC subsidiary with a mandatory obligation to prepare and issue a statement under the Act has also approved this Statement.

Before approval, the QIC Board Risk Committee, the QIC ESG Advisory Committee, the Executive Committee and the Modern Slavery Steering Committee have each reviewed and approved this Statement. These forums have responsibilities across the QIC Group business.

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