Alphinity Stewardship Policy

FEBRUARY 2025

Purpose

This policy sets out the principles underpinning Alphinity's approach to stewardship.

This policy is based on the United Nations Principles for Responsible Investment (PRI) definition of stewardship. The PRI defines stewardship as "the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets, on which their interest depends".

Scope

Stewardship is generally related to company engagement, collaborative engagements, thematic research or thought leadership efforts, and proxy voting activities.

This policy applies to all domestic and global Alphinity equity strategies any associated investment activities.

Our approach for ESG integration is outlined in the Alphinity ESG Policy.

Our commitment and approach

As investors, we have the ability to influence the behaviour and actions of companies we are invested in. We take this responsibility very seriously and, where possible, we are committed to use this influence to reduce environmental, social and governance risks over the short, medium and longer terms to ultimately maximise shareholder value for our clients.

There are four components of our approach to Stewardship. Further information on each is provided below.

- Company engagement
- Proxy voting
- Research & thought leadership
- Collaborative engagement

We believe that environmental, social and governance factors can have a material influence on company performance and returns. As such, we believe that stewardship efforts such as company engagement, proxy voting activities, research and thought leadership, and collaborative engagements have the potential to reduce headwinds for a business and improve returns over the longer term.

Stewardship activities can be focussed on company specific ESG factors such as executive remuneration, as well as issues with broader impacts like climate change. We are disciplined and focussed in our approach to stewardship. We therefore link our stewardship activities to our ESG materiality framework. This ensures that activities such as engagement and proxy voting are focussed on the most material issues for each stock and are relevant to our view of each company.

Stewardship is the responsibility of the entire Alphinity team, both the ESG team and the investment teams. Stewardship priorities and activities are identified in collaboration, however decision making for proxy voting is ultimately the responsibility of the relevant analyst from the investment team.

We are willing to collaborate with other investors where we believe a coordinated voice will be more effective in achieving a positive outcome.

Generally, when considering participation in collaborative engagements we look for its alignment with our portfolio holdings and ESG priorities. We also consider the objectives of the engagement and whether we anticipate that it will create additional impact beyond our existing engagement activities with the company or companies. We believe collaboration is particularly useful for technically difficult areas like climate change.

Thematic research and thought leadership is used to understand ESG risks and opportunities across the portfolio and is particularly important for emerging ESG thematics like climate change. We believe that taking a broader approach to ESG risk management and communicating our views on these thematics externally supports the wider management of ESG risks and helps companies to better understand the expectations of investors.

Company Engagement

We aim, wherever possible, to engage with the companies in which we have invested, as well as those we are considering investing, as we believe this is the most effective way to gain a detailed understanding of ESG risks and communicate expectations related to ESG to management.

We record and track outcomes from all ESG engagement activities. This includes meetings with company Directors, meetings with CEOs and management where ESG is a focus of the meeting, and dedicated meetings with ESG specialists to discuss ESG risks in detail.

The outcomes and insights gained through engagement inform our ESG risk assessment process and therefore our fundamental analysis of a company. As we see engagement as a key part of our investment process, we endeavour to have the relevant member of the investment team attend all meetings.

Engagement Objectives

We aim to engage on issues that are most material for a business. Common engagement topics include:

- Climate change and emissions reduction strategies
- Responsible Artificial Intelligence (AI)
- Governance including remuneration practices, board oversight and responsibility for ESG, ESG-linked KPIs, and ethics and corruption
- Human rights and modern slavery
- Employee engagement and human capital management

We determine materiality using our in-house materiality assessment tool. Issues and engagement topics are identified by the ESG team in conjunction with the relevant analyst from the investment team. Where action on a material issue is required an engagement objective is defined and tracked.

Engagement objectives can also be the result of serious controversies. Our approach to managing controversies is expanded on further in this document.

Stakeholders

We engage with a range of stakeholders to better understand ESG issues and encourage stronger ESG outcomes. Depending on the specific issues involved, these will include the Chair, other Directors, company executives, senior management and/or sustainability specialists at the company. This is primarily done through individual engagements however it can also include group investor meetings and collaborative engagements through industry groups such as PRI, RIAA, CA100+ or 40:40.

We may also engage with other organisations like industry peak bodies, community groups and research organisations, to conduct further analysis on specific topics.

We generally follow the guide below when deciding which stakeholder is best suited for engagement.

Company representative	Engagement objective
Chair or other Directors	• To discuss anything related to corporate governance (proxy voting, remuneration, CEO performance, Board composition etc). • To gain insights on the Board's view of business strategy and high-level risks or opportunities.
CEO and other Executives	• To raise operational-related concerns. • To discuss active controversies and management. • To discuss business strategy and execution.
Senior Managers / specialist resources	• To seek specific information about a particular topic, e.g. climate change. • To discuss disclosures and provide feedback on improvements. • To gather detailed information for ESG/SDG analysis.
Investor Relations	• To clarify aspects from reporting and gather information about the company. • To confirm details of controversies, company announcements, of company related news headlines.

Proxy voting

We believe the right to vote as a proxy for our investors is a valuable asset. We intend, wherever possible and practical, to vote on every resolution put to shareholders. **Our primary objective when voting is to maximise the value of our clients' investments.** We will comply with a mandate client's instruction to vote in a particular manner; however, any such instruction will not bind the votes we exercise on behalf of any other clients. We apply a consistent voting policy, as summarised below.

Voting Policy

The following summarises our voting policy. This outlines our generic position on governance-related factors. In all cases, we will consider these factors at a company specific level and might sometimes make voting decisions that differ to our general view.

- We intend to vote on all resolutions concerning companies in which our clients are invested, where we have been assigned the right to vote; and
- We will ensure that votes are cast in a timely and efficient manner by having procedures in place to minimise discrepancies and mismatches between eligible votes and those cast, including through appropriate due diligence of service providers who may implement these procedures on our behalf.
- We will consider the merits of all resolutions put forward, irrespective of the proponents of the resolution. Where resolutions are proposed in multiple parts, we will also consider both the individual merits of each part of the resolution and the impact of the resolution as a whole.
- For issues considered material, we will generally provide feedback to the company on our voting intention where our voting intention differs from the recommendations of the relevant board and management.
- We will, in determining our voting instructions, consider the views of suitably skilled professional third-party advisory firms who provide advice on proxy voting and corporate governance issues. We will use our own judgement to determine if the third-party advisory voting selections are appropriate or whether an alternative view should be taken.

Guiding principles on proxy voting decisions

As stated we consider each proposal on its individual merits and will determine a voting position based on the specifics of each company and the relevant proposal. The following guiding principles are used to assist our decision making, however, there are many circumstances when our vote on specific issues may deviate from these principles.

Method	Description
Board structure	We believe that good corporate governance is reflected in a company when the following is reflected in the board structure of a company: • The Board should be made up of a majority independent Directors, subject to the skills and experience that the individual brings to the Board, with an adequate degree of diversity between directors. • The roles of Company Chair and Chief Executive Officer should be separate individuals. • Board sub-committees for various specialty functions such as Audit and Remuneration. • Directors should be independent of management and free of any business or other relationship that could materially interfere with management's decisions.
Re-election	When deciding on the re-election of the Directors we will consider the following: • The number of other positions they hold, to endure they are able to dedicate sufficient time to performing the duties required of a Director. • Their attendance record at board and committee meetings. • Their effectiveness in that particular role. We will vote against members of the remuneration committee if they approve excessive remuneration arrangements or propose equity-based compensation plans that unduly dilute the ownership interest of shareholders.
Remuneration	When determining a voting position for Executive remuneration, we consider: • The magnitude of past remuneration (including any short- and long-term incentives) relative to the financial performance of the company. • The Board's rationale in arriving at the proposed new structure. • The degree of difficulty involved in achieving the targets set for future incentive awards, including maximum and minimum payouts. We resist schemes which can pay out substantial rewards for companies that have delivered below-median returns for shareholders. We recognise that incentives can be an effective driver of company behaviour. As such, we encourage companies to include measurable hurdles related to ESG where it is deemed meaningful and material.
Shareholder proposals	Shareholder proposals are becoming more common, particularly for companies listed outside of Australia. As with all resolutions, each shareholder proposal is reviewed on its individual merits and our voting position is determined based on the specifics of each company and the relevant proposal. Shareholder proposals are often related to specific ESG issues such as gender diversity or climate change. As such, when considering our voting position, we use the following to assist our response: • The company's response to the proposal and whether we believe the proposal has been addressed through existing commitments or disclosures. • The materiality of the proposal, taking into account any alignment with our internal ESG processes. • The proponent and any concerns over the affiliations or objectives of the organisation. In all cases, we will only vote in favour or a shareholder proposal where we believe it is in the best interests of shareholders and is consistent with our fiduciary duty. We endeavour to document our reason for voting in favour of shareholder proposals where the issue is considered material.

Escalation

Engagement is generally our first option for addressing an ESG issue with a company. If a particular ESG objective is not being resolved through engagement, we will consider escalating the issue to Board and/or seek to execute our voting rights by voting against specific Directors or resolutions. Should the issue be material and we believe it is not being adequately addressed, we are unlikely to remain a shareholder of the company.

We track ESG engagement and proxy voting activities to monitor progress against issues, and identify where escalation is a necessary course of action.

Responsibilities

ESG and Sustainability team

This team is responsible for coordinating stewardship activities, tracking engagement and proxy voting activities, and working with the investment team to identify engagement objectives.

The ESG team is also responsible for external reporting of stewardship activities, primarily through the annual ESG and Sustainability Report.

Investment team

Responsible for integrating engagement outcomes into the investment case where possible and managing the ultimate relationship with the company.

Company meetings are jointly facilitated between the ESG and investment teams. The ESG team may not attend all company meetings, however, the relevant member of the investment team will generally be present at all company meetings.

Sustainable Compliance Committees

The Sustainable Compliance Committees are made up of two external ESG and Sustainability experts plus the relevant portfolio managers. While the Committees are formally in place to support the global and domestic sustainable funds, the external Committee members will often be involved in discussions around stewardship more broadly.

External Reporting

Outcomes of our stewardship activities will be reported as follows:

- Annual ESG and Sustainability Report
- Monthly and quarterly fund commentaries (where relevant)
- Annual proxy voting report for each Fund

Review

We will undertake a review of this policy at least annually or more frequently if required. It is approved by Alphinity's Board and senior executives, who have ultimate oversight for responsible investment activities and ESG strategy and policy.