



**PUBLIC TRANSPARENCY REPORT**

**2023**

**Alphinity Investment Management Limited**

Generated 15-12-2023

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Our corporate purpose is to help our clients to achieve their financial goals through specialist investment management strategies. We believe that companies that are on a positive trajectory towards sustainability are better positioned to mitigate risks and take advantage of emerging opportunities. We integrate ESG considerations into our investment process because we believe ESG factors have the potential to impact the short and long term performance of companies, markets and countries, and that the consideration of ESG in the investment process should improve risk-adjusted returns over time. For these reasons, we take ESG risks into consideration in our investment decision making and ownership practices. Incorporating ESG considerations into investment decision making and portfolio construction can also help to build a more resilient organisation and can protect both the business and our clients from financial and non-financial risks. We believe that incorporating ESG factors into investment analysis helps us to achieve our corporate mission by improving the long-term performance of our investee companies and the risk-return profile of our portfolios.

We take a risk-based approach to ESG integration, scaling our ESG research efforts depending on the extent of the possible risks and/or opportunities for each company. Concentrating on risk is important because it recognises that ESG factors can have a significant impact on financial performance. This reflects our fiduciary obligation to our clients to both maximise returns and minimise risks. ESG efforts are typically concentrated in the pre-investment and investment phases and for companies with elevated exposure to ESG risks. However, we do see value in monitoring progress for specific companies within our investment universes where that company may move back into the pre-investment phase, or where that company requires monitoring for benchmarking purposes.

We believe the formal incorporation of ESG factors into our overall investment analysis is essential and, where possible, actively seek to reflect this when evaluating a company's worth. As part of our commitment to incorporate ESG matters into our investment process, Alphinity is a signatory to the United Nations-backed Principles for Responsible Investment (PRI), official supporters of the Task Force on Climate-Related Financial Disclosures, is a member of the Responsible Investment Association of Australia (RIAA) and also the Investor Group on Climate Change (IGCC).

Five pillars of responsible investment:

1. ESG integration: We believe that ESG considerations can have a material impact on the performance of companies (positively and/or negatively) and as active investment managers we need to understand and integrate these risks appropriately. ESG research remains a fundamental input into our investment process and recognise that as our views on ESG and emerging thematic mature, so will our integration of research efforts for material ESG issues that may influence the investment case.
2. Stewardship and active engagement: We are active managers and focus on using our influence to encourage better ESG outcomes and reduce risk. Stewardship efforts such as company engagement, proxy voting activities, research and thought leadership, and collaborative engagements are an important part of responsible investing. These activities have the potential to influence company behaviour, improve practices, reduce headwinds for a business and ultimately, improve returns over the long-term.
3. Thematic research : Thematic research and thought leadership are used to understand ESG risks and opportunities across the portfolio and are particularly important for emerging ESG thematic like climate change, nature and biodiversity, and modern slavery. We believe that taking a broad approach to ESG risk management and communicating our views externally supports wider ESG management and helps companies understand investor expectations.
4. Sustainable strategies: We have two dedicated sustainability strategies structure around the United Nations Sustainable Development Goals (SDGs). The Global Sustainable Equity Fund and the Australian Sustainable Share Fund aim to invest in companies where their products and services are delivering sustainable solutions and have a net positive alignment with the SDGs.
5. Transparency: We have a public ESG Policy and Stewardship Policy in place and disclose our proxy activities and portfolio holdings. We publish an annual ESG and sustainability report and publish fact sheets on climate change, modern slavery, SDG analysis and ESG integration.

## Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

ESG integration: The management of all aspects of ESG is shared between the dedicated ESG team and the investment team. Over the past year we introduced a number of formal touchpoints between the ESG team and investment team to review ESG materiality assessments, discuss engagements, and collaborate on ESG research topics. We have continued to apply our ESG materiality process across our funds and have implemented an internal ESG risk level for integration into our investment tools and reports. The outcomes of this assessment process will help inform our direct company engagement agendas, direct further research and participations in investor collaborative initiatives, and where relevant, assist in our assessment of company valuations and investment decisions. Any stock assessed at the highest risk level of 'avoid' has not met our minimum ESG risk criteria and consequently is not considered for investment. We monitor ESG risks and opportunities and any influence on investment decisions and publish examples in our annual ESG and sustainability report. We implemented a review process to formally review ESG risks and engagement at least twice annually. The investment team regularly participates in ESG briefings or teach-in sessions run by the ESG team.

**Policies:** We have reviewed our Responsible Investment policies and developed additional policies and disclosures to enhance transparency of our processes. In FY22 the Alphinity Board approved three new responsible investment policies to replace the single ESG Policy that has been in place since 2012 (Responsible Investment Policy, Stewardship Policy and ESG Policy). We have also published a Climate Change statement and factsheets on modern slavery, SDG analysis and ESG integration. Our ESG investment philosophy is also outlined in detail in our attached FY22 ESG and Sustainability Report.

**Sustainable funds:** We use a consistent and documented approach for the SDG analysis for the two sustainable funds which received limited assurance from an external third-party in FY22. We have developed sector-level assumptions for our SDG analysis process and publish the SDG alignment for all fund holdings in our annual ESG and Sustainability Report. This year we also introduced a bi-annual review process with a member of the Sustainable Compliance Committee. This process ensures consistency across our analysis, validates the SDG alignment against the sector assumptions and provides feedback to revise our methodology where necessary. These funds have received RIAA certification.

**Stewardship and active engagement:** We centralised proxy voting oversight with the ESG team. Decision making for each specific vote is the responsibility of the relevant investment team member, however having the process centralised under the ESG team facilitates the tracking of key trends and voting decisions over time. In FY22 we initiated more structured engagement approaches for specific companies across our funds. The purpose of these plans was to incorporate timelines and escalation strategies alongside engagement objectives for specific stocks. Many engagement objectives have multi-year timelines and results aren't always achieved year on year.

**Collaborative engagement and thought leadership:** We have increased our participation in collaborative initiatives with other investors as we recognise that it is important to work with others to drive better outcomes. We are support investors with the Climate Action 100+ engagements for two Australian and two Global companies and continue our support for the 40:40 Vision. We are lead investors for the inaugural PRI Advance initiative for one Australian mining company and one Global mining company, and continue our collaborative engagement with FAIRR on antimicrobial resistance. Last year we published a report on assessing workplace culture in the mining industry and are current partners with the CSIRO on a research project on responsible AI. Alphinity made a submission in response to the Australian Government's discussion paper titled 'Safe and Responsible AI in Australia', outlining our views related to the risks and opportunities associated with Artificial Intelligence (AI) technology and the role of regulation in supporting the responsible application of AI.

### Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We will be producing our third annual ESG and Sustainability report in the first quarter of 2024. In this report we will share key outcomes for the reporting period including examples of ESG integration, engagement insights and outcomes, stewardship activities, company case studies and the UN Sustainable Development Goal alignment for the companies held in our Australian and Global sustainable funds. We aim to achieve limited assurance for the metrics verified in the FY22 ESG and Sustainability Report (carbon emissions data and alignment towards the Sustainable Development Goals for our sustainable funds). We will continue developing and monitoring progress against specific engagement objectives, collaborating with other stakeholders and consider how we can better use climate change scenario analysis within our investment portfolios.

### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

Stephane Andre

Position

CEO

Organisation's Name

Alphinity Investment Management Limited

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

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# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	14	08	2023

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

(A) Yes

(B) No

# ASSETS UNDER MANAGEMENT

## ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 13,042,684,396.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

**Additional information on the exchange rate used: (Voluntary)**

AUD/USD 0.65

## ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	100%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental 100%

(D) Other strategies 0%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

**How much of your AUM in each asset class is invested in emerging markets and developing economies?**

### AUM in Emerging Markets and Developing Economies

(A) Listed equity (2) >0 to 10%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

#### (1) Listed equity - active

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| (A) Yes, through internal staff    | <input checked="" type="checkbox"/> |
| (B) Yes, through service providers | <input type="checkbox"/>            |
| (C) Yes, through external managers | <input type="checkbox"/>            |
| (D) We do not conduct stewardship  | <input type="radio"/>               |

### STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active (6) >40 to 50%

## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



## ESG STRATEGIES

### LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

#### Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	93%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	7%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only 0%

(B) Negative screening only 93%

(C) A combination of screening approaches 7%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

7%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

**Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?**

(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

7%

(B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

**Which ESG/RI certifications or labels do you hold?**

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (N) Greenfin label (France)
- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products
- (AB) National stewardship code
- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)

- (AE) People's Bank of China green bond guidelines
  - (AF) RIAA (Australia)
  - (AG) Towards Sustainability label (Belgium)
  - (AH) Other
- Specify:

Responsible Investment Association of Australasia (RIAA) Certification

## SUMMARY OF REPORTING REQUIREMENTS

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

## POLICY, GOVERNANCE AND STRATEGY (PGS)

### POLICY

#### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

**Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?**

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues
- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

- (A) Overall approach to responsible investment  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (B) Guidelines on environmental factors  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (C) Guidelines on social factors  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (D) Guidelines on governance factors  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (G) Specific guidelines on human rights (may be part of guidelines on social factors)  
Add link:  
<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>
- (J) Guidelines on exclusions

Add link:

<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Policy-Documents-ESG-Dec2022.pdf>

**(L) Stewardship: Guidelines on engagement with investees**

Add link:

<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Stewardship-Policy-Dec2022.pdf>

**(N) Stewardship: Guidelines on engagement with other key stakeholders**

Add link:

<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Stewardship-Policy-Dec2022.pdf>

**(O) Stewardship: Guidelines on (proxy) voting**

Add link:

<https://www.alphinity.com.au/wp-content/uploads/2022/12/Alphinity-Stewardship-Policy-Dec2022.pdf>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

**(A) Yes**

Elaborate:

Our Responsible Investment Policy and ESG Policy clearly acknowledge that the integration of environmental, social, and corporate governance factors into our investment management processes and ownership practices is essential for our success as investment managers.

- **Responsible Investment Policy:** We integrate ESG considerations in our investment process because we believe ESG factors have an impact on the long-term performance of companies, markets and countries, and that the consideration of ESG in the investment process should improve risk-adjusted returns over time. For these reasons, we take ESG risks into consideration in our investment decision making and ownership practices as these are essential for our success as investment managers. Incorporating ESG considerations into investment decision making and portfolio construction can also help to build a more resilient organisation and can protect both the business and our clients from financial and non-financial risks. We believe that incorporating ESG factors into investment analysis helps us to achieve our corporate mission by improving the long term performance of our investee companies and the risk-return profile of our portfolios.
- **ESG Policy:** We recognise that ESG considerations can have a material impact on the performance of companies (positively and/or negatively) and we as active investment managers need to understand individual companies' ESG risks and opportunities. Where possible we seek to engage with company management and advocate for companies to mitigate potential risks and maximise opportunities from their ESG issues. This reflects our obligation to our clients to both maximise returns and manage risk. By improving our understanding of the way in which individual companies manage ESG issues, we aim to achieve our objective of generating above average, long term sustainable returns. We believe the formal incorporation of ESG factors into our overall investment analysis is essential and, where possible, actively seek to reflect this when evaluating a company's worth.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation’s policy(ies) or guidelines on stewardship?**

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

**Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?**

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

### AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

We do not vote on behalf of all clients.

# GOVERNANCE

## ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

**Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?**

- (A) Board members, trustees, or equivalent**
- (B) Senior executive-level staff, or equivalent**

Specify:

Alphinity founders and Portfolio Managers

- (C) Investment committee, or equivalent**

Specify:

Portfolio Managers

- (D) Head of department, or equivalent**

Specify department:

Head of ESG and Sustainability, Portfolio Managers

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

**Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?**

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

- (A) Internal role(s)

Specify:

All members of the Alphinity team (incl investment analysts and portfolio managers) are responsible for implementing the approach to responsible investment. Recognising there is a need to conduct specific ESG research and analysis, and manage ESG engagements, Alphinity also has two dedicated resources for ESG and Sustainability. Jessica Cairns joined Alphinity in August 2020 and is the Head of ESG and Sustainability, followed by Moana Nottage as an ESG and Sustainability analyst in June 2021.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Explain why: (Voluntary)

Board members represent discrete shareholder groups. They are not remunerated and do not receive performance evaluations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

(1) KPIs are linked to compensation

(2) KPIs are not linked to compensation as these roles do not have variable compensation

(3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

In addition to having a dedicated ESG and Sustainability team, Alphinity requires that all employees maintain a high degree of professional competency, which includes keeping up to date on ESG issues and associated thought leadership. This can include training sessions by the ESG team, attending conferences, talks by independent experts, online courses, relevant journal articles and independent specialist research.

Alphinity believes that the integration of environmental, social and corporate governance considerations into our investment management process and ownership practices is essential, as these factors can have a significant impact on financial performance. As a consequence, the primary incentive to integrate ESG factors into investment decisions is realised through alignment of the investment team with underlying investors. This is achieved through significant co-investment in the investment strategies, but also through remuneration incentives which align with performance .

(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?**

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>	<input type="radio"/>

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

### What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?**

- (A) Yes, including all governance-related recommended disclosures
  - (B) Yes, including all strategy-related recommended disclosures
  - (C) Yes, including all risk management-related recommended disclosures
  - (D) Yes, including all applicable metrics and targets-related recommended disclosures
  - (E) None of the above
- Add link(s):

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?**

- (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
  - (B) Disclosures against the European Union's Taxonomy
  - (C) Disclosures against the CFA's ESG Disclosures Standard
  - (D) Disclosures against other international standards, frameworks or regulations
- Specify:

TCFD

Link to example of public disclosures

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

- (E) Disclosures against other international standards, frameworks or regulations
- (F) Disclosures against other international standards, frameworks or regulations
- (G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?**

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

## STRATEGY

### CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**Which elements do your organisation-level exclusions cover?**

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**How does your responsible investment approach influence your strategic asset allocation process?**

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) **Not applicable; we do not have a strategic asset allocation process**

**STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?**

**(1) Listed equity**

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?**

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. 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 like 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 like 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 like engagement and proxy voting are focussed on the most material issues for each stock and are relevant to our view of each company.

See our Stewardship Policy and Annual ESG and Sustainability Report for more information.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?**

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.**

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 and human rights. Accordingly, we are contributing to the Climate Action 100+ and PRI Advance initiatives as supporting and lead investors respectively.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Rank the channels that are most important for your organisation in achieving its stewardship objectives.**

**(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

- 1
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

**(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

- 3
- 4
- 5

**(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- 2
- 4
- 5

(F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?**

Management of ESG aspects through stewardship, including company engagement and proxy voting, is the responsibility of all members of the investment team and linked to our ESG materiality framework. We aim to engage on issues that are most material for a business determined using an in house 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. 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. Decision making for each specific proxy vote is the responsibility of the relevant investment team member, with support from the ESG and sustainability team. We consider each proposal on its individual merits and will determine a voting position based on the specifics of each company, the specifics of each proposal and how this interfaces with the ESG materiality assessment. Over time, if a specific 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

As a small team all based in one office, we have very short communication lines and therefore share feedback on companies and engagements through regular team meetings and discussions.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**If relevant, provide any further details on your organisation's overall stewardship strategy.**

The ESG and Sustainability 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.

The investment team is 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.

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.

Outcomes of our stewardship activities are reported in the Annual ESG and Sustainability Report, monthly and quarterly fund commentaries (where relevant) and proxy voting reports on the website for each Fund.

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes

Select from the below list:

- (1) in all cases
- (2) in a majority of cases
- (3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How is voting addressed in your securities lending programme?**

- (A) We recall all securities for voting on all ballot items

- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

(A) Yes, for all (proxy) votes

Add link(s):

<https://www.alphinity.com.au/about-us/responsible-investment/>

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

**(1) In cases where we abstained or voted against management recommendations**

**(2) In cases where we voted against an ESG-related shareholder resolution**

(A) Yes, we publicly disclosed the rationale

(3) for a minority of votes

(3) for a minority of votes

(B) Yes, we privately communicated the rationale to the company

(C) We did not publicly or privately communicate the rationale, or we did not track this information

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

○

○

**(A) Yes, we publicly disclosed the rationale - Add link(s):**

<https://www.alphinity.com.au/about-us/responsible-investment/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?**

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. In 2022 we centralised proxy voting oversight with the ESG team. Decision making for each specific vote is the responsibility of the relevant investment team member, however having the process centralised under the ESG team facilitates the tracking of key trends and voting decisions over time.

## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

**For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

### (1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one

(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal

(C) Publicly engaging the entity, e.g. signing an open letter

(D) Voting against the re-election of one or more board directors

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting

(G) Litigation

(H) Other

(l) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

o

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups
- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions  
 (B) We publicly disclosed details of our engagements with policy makers

Add link(s):

<https://www.alphinity.com.au/our-response-to-the-australian-government-consultation-on-responsible-ai/>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

## STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

CSL engagement on donor health

- (1) Led by
- (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CSL is one of the world's largest biotechnology companies that specialise in plasma collection and vaccines. Our ESG analysis identified that donor health was a material risk for CSL and could create future regulatory pressures if not addressed adequately. Specifically, we identified a concern in the US market where the frequency of donations is higher than in other places like the UK and Australia. As such, there is potential that the US regulators may change allowable donation rates if concern about long-term donor health, and benefits for the community, is not addressed. We started engaging with CSL on this matter in late 2020 after completing an ESG review of the business. This was also following a report which highlights a number of concerns related to plasma locations in the US, exposure to low socio-economic groups, and potential impacts to donor health. In June 2022 CSL published a new ESG strategy including a focus on donor health.

(B) Example 2:

Title of stewardship activity:

CA100+ Orica engagement

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have engaged as support investors in the Climate Action 100+ initiative for a number of years. Orica and Incitec Pivot have both committed to net zero in the time frame and established short-term emissions reduction targets. We were pleased to see both companies publish climate targets in 2021. The ongoing focus of the group is to encourage more ambitious short-term targets, invest in future low carbon solutions and improve transparency in regards to climate lobbying. We have held meetings with senior management throughout the year to communicate these views and these have been well received.

(C) Example 3:

Title of stewardship activity:

PRI Advance

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) **Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We have recently joined the PRI Advance initiative as a co-lead for a global mining company and a support investor for an Australian mining company. As a new initiative, we have initiated engagement within the working group. Company specific engagement will begin in the second half of 2023.

(D) Example 4:

Title of stewardship activity:

AMR Engagement

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) **Led by an external investment manager, real assets third-party operator and/or external property manager**

(2) Primary focus of stewardship activity

- (1) **Environmental factors**
- (2) **Social factors**
- (3) Governance factors

(3) Asset class(es)

- (1) **Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In 2021, we signed on to a collaborative initiative with FAIRR that strives for greater disclosure over how animal pharmaceutical companies are addressing the risk of antimicrobial resistance (AMR). Our primary interest was Zoetis' role in antibiotics and other antimicrobials to the agriculture industry. We engaged with the company on multiple occasions to communicate our views on responsible antimicrobial production, oversight in applications and investment into alternatives. These meetings, alongside company disclosures, increased our confidence that the company is responsibly managing AMR risks. We have published an external research report to support knowledge in the investment industry around AMR considerations and how companies can mitigate this risk.

(E) Example 5:

Title of stewardship activity:

## Workplace Culture

- (1) Led by
- (1) Internally led
  - (2) External service provider led
  - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
  - (2) Social factors
  - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
  - (2) Fixed income
  - (3) Private equity
  - (4) Real estate
  - (5) Infrastructure
  - (6) Hedge funds
  - (7) Forestry
  - (8) Farmland
  - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Following the extent of sexual harassment, bullying and racism highlighted in Rio Tinto's workplace culture report in 2022, we undertook a research and engagement project to explore the related risks across the industry and deepen our understanding of the factors that can drive, or mitigate, harmful behaviour within a company. We interpreted one-on-one company interviews and industry reports to shape our perspective on how companies manage and report on workplace culture. A unique assessment framework was developed and used to evaluate the workplace culture performance of companies involved in the project. We published the framework with good practice examples and questions to ask companies in the hope that other investors apply this framework and advocate for a transformed mining industry that is safe for all and more inclusive in future.

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

### Has your organisation identified climate-related risks and opportunities affecting your investments?

- (A) Yes, within our standard planning horizon
- Specify the risks and opportunities identified and your relevant standard planning horizon:

We invest in publicly listed equities with an investment timeframe of three years. We have identified the following threats and opportunities relevant across our portfolios in the short term (3-5 years) in our Climate Change Statement. These guide our assessment of stock level climate-related risks:

- Threat: Changes to global climate policies (for example, a carbon border tax) impacts the regulatory environment and operating conditions for investee companies, potentially affecting the cost of capital, reducing revenue and/or lifting costs, and prompting earnings downgrades, which could lead to share price declines.
- Threat: Investee companies fail to appropriately plan for and estimate how the potential impacts of climate change (physical or transition) may limit their future earning potential, leading to a loss of shareholder confidence and reduced financial performance.
- Threat: External pressure to set a net zero commitment, encourages investee companies to make false or misleading statements leading to regulatory or legal action.
- Opportunity: Strategically considering climate change drivers as a business opportunity rather than a threat creates opportunities for new markets and/or revenue streams for investee companies. This increases shareholder confidence and reduces the likelihood that the low carbon transition will have an overall net negative impact on the business.

**(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate change risks are generally longer term and exhibit a lower degree of certainty in terms of impact and timing. As such, we undertake research and engagement to better understand the possible impact from climate risks and encourage company action which mitigates this. Over the longer term (5+ years) we have identified the following threats and opportunities relevant across our portfolios in our Climate Change Statement:

- Threat and/or opportunity: Changes to global climate policies and global weather patterns, significantly impacts macro-economic factors like import/export markets, government investments, tourism and migration, and consumer behaviour, which significantly change global market conditions.
- Threat: Changes to global climate policies affects global trade and impacts Australia's position as a major exporter of minerals and energy.
- Opportunity: An accelerated transition to a low carbon economy creates new market opportunities, which continues to benefit businesses that are actively seeking to participate in the transition.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

**(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Alphinity acknowledges the findings of the Intergovernmental Panel on Climate Change and supports the United Nations Paris Agreement to limit global warming to well below 2°C by 2050, compared to pre-industrial levels, and transition the economy to net zero. As a key investment thematic, climate change presents a range of material social and economic threats and opportunities to investee companies. These threats and opportunities could be driven by the physical impacts of climate change (for example, increased average temperatures) or by the transition to a low carbon economy (for example, changes in local and global carbon policies as well as changes in demand and supply dynamics). We believe that climate change is a significant economic risk and, if not managed appropriately, has the potential to negatively impact many of the companies in our portfolios. We believe the timing of such impacts is uncertain and, as such, we encourage our investee companies to transition in a way that is most suitable to their business strategy, and which will drive suitable returns. To enable greater transparency and clarity around risks to individual companies and to financial markets more generally, we support and encourage disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

We undertake research and engagement to better understand the possible impact from climate risks and encourage company action which mitigates this. With respect to net zero, and the transition to a low carbon economy our view is:

- Climate change is a systemic risk, recognised by the world's largest governments, investors, and businesses as a material threat to our global economy. In response, there is a worldwide shift towards more sustainable and low emissions solutions, and away from unabated emissions heavy industries and fossil fuels.
- We recognise that some companies may benefit from the negative impacts of climate change in the shorter and mid-term, and the timing for the transition away from fossil fuels is still largely unresolved.
- We review each company on a case-by-case basis and strongly encourage a logical and timely transition, in the interest of transitioning in line with the wider economy.

Across all portfolios we have excluded investment in producers of thermal coal producers (10% revenue threshold). This is based on the poor long-term outlook for thermal coal as the world de-carbonises, and the associated investment risk for coal-producing companies. Our sustainable portfolios take this a step further and exclude fossil fuel producers and energy generation from fossil fuels (5% revenue threshold for the Global Sustainable Equity Fund and 10% revenue threshold for the Australian Sustainable Share Fund) as we seek to avoid companies that are involved in activities we consider incompatible with the achievement of the United Nations Sustainable Development Goals.

We monitor the climate scenarios and relevant information published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change. We also reference other scenarios like those published by NGFS depending on the nature of our assessment. At this stage we have not completed detailed scenario analysis using these inputs, however, intend to do this by the end of 2024 at the latest. The Alphinity investment process uses both fundamental and quantitative analysis to select stocks that have the potential for earnings surprise. Investment managers are all responsible for considering climate change risks and opportunities in their fundamental analysis of a stock. This includes considering the potential physical and transition risks and opportunities associated with climate change.

We believe sectors/assets related to energy extraction and production are the most at risk of being stranded, however given our investment timeframe is 3 years, the impact on fossil fuel commodities outside of thermal coal will most likely be realised beyond our investment time horizon. Nonetheless, there are a range of transition risks that are likely to materialise over the medium term for oil and gas producers and high emitters .

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

**Which sectors are covered by your organisation’s strategy addressing high-emitting sectors?**

**(A) Coal**

Describe your strategy:

Across all portfolios we have excluded investment in producers of thermal coal producers (10% revenue threshold). This is based on the poor long-term outlook for thermal coal as the world de-carbonises, and the associated investment risk for coal-producing companies.

**(B) Gas**

Describe your strategy:

Our sustainable portfolios exclude gas producers (5% revenue threshold for the Global Sustainable Equity Fund and 10% revenue threshold for the Australian Sustainable Share Fund) as we seek to avoid companies that are involved in activities we consider incompatible with the achievement of the United Nations Sustainable Development Goals.

**(C) Oil**

Describe your strategy:

Our sustainable portfolios exclude oil producers (5% revenue threshold for the Global Sustainable Equity Fund and 10% revenue threshold for the Australian Sustainable Share Fund) as we seek to avoid companies that are involved in activities we consider incompatible with the achievement of the United Nations Sustainable Development Goals.

**(D) Utilities**

Describe your strategy:

Our sustainable portfolios exclude companies generating electricity from fossil fuels including thermal coal, natural gas, and oil (5% revenue threshold for the Global Sustainable Equity Fund and 10% revenue threshold for the Australian Sustainable Share Fund) as we seek to avoid companies that are involved in activities we consider incompatible with the achievement of the United Nations Sustainable Development Goals.

- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium
- (L) Agriculture, forestry, fishery
- (M) Chemicals
- (N) Construction and buildings
- (O) Textile and leather
- (P) Water
- (Q) Other
- (R) We do not have a strategy addressing high-emitting sectors

**Provide a link(s) to your strategy(ies), if available**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios
- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

- (A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

We monitor the climate scenarios and relevant information published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change. We also reference other scenarios like those published by NGFS depending on the nature of our assessment. At this stage we have not completed detailed scenario analysis using these inputs, however, intend to do this by the end of 2024 at the latest. The Alphinity investment process uses both fundamental and quantitative analysis to select stocks that have the potential for earnings surprise. Investment managers are all responsible for considering climate change risks and opportunities in their fundamental analysis of a stock. This includes considering the potential physical and transition risks and opportunities associated with climate change.

We identify climate-related risks on a stock-by-stock basis using our ESG materiality framework. This materiality framework is used to analyse and identify the most material ESG risks and opportunities for each company across our portfolio's. In this context, we actively seek to identify and consider risks related to the transition to a low carbon economy, and the physical impacts of climate change. We also consider threats and opportunities when completing this analysis. When a potential risk is identified, we complete further additional analysis, research or company engagement as required to better understand the extent of the risk, timeframes, and how the company is managing, or planning to manage, the issue.

Across our portfolios we manage a number of specific climate related threats and opportunities through investment decision making, valuation and modelling, and company engagement. These risks vary by sector and depend significantly on each company's operating model, operational or asset locations, energy use, supply chains, and the specific low carbon pathway in place. Our understanding of relevant climate risks has been developed based on our knowledge of investee companies and their strategies, participation in industry groups like the Investor Group on Climate Change (IGCC), and consideration of relevant climate scenarios (for example, the IEA Sustainable Development Scenario). In response to climate-related threats and opportunities, and to support the transition to a low carbon economy, we implement the following six core actions:

- Risk analysis: We consider climate related risks as part of our fundamental approach to ESG management. This analysis includes transition and physical risks
- Benchmarking: We use the CA100+ indicators to assess company specific performance. We complete portfolio wide assessments on climate risk and opportunity to compare and benchmark.
- Carbon footprints: We measure the carbon intensity and absolute carbon footprints of our portfolios to identify large contributors to our portfolios. We report regularly to our clients on portfolio emissions and disclose this data in our annual ESG and Sustainability Report.
- Stewardship: We participate in collaborative engagements (for example, Climate Action100+). We encourage companies to reduce their emissions and improve their strategic direction, targets and disclosure. We track progress against engagement objectives and report outcomes.
- Investment case considerations: We invest in companies supporting the low carbon transition. We consider climate change factors in our investment case considerations when relevant.

We recognise that companies may suffer from the economic costs and financial losses resulting from the increasing severity and frequency of physical climate risk drivers. The main disruptive risks in operations and the supply chain include variable temperatures and adverse weather impacts, such as heat waves, drought, floods or storms. Over the longer term we expect these risks to become more pronounced. These risks vary by sector and depend significantly on each company's operating model, operational or asset locations, and appetite to transition towards more resilient business practices. This is part of our ESG materiality assessment tool and it has been addressed where considered material for various companies. For example:

- Banks are exposed through loans to the resource sector, residential property and agriculture sector
- Infrastructure assets are exposed to asset damage and increasing maintenance costs through current weather patterns
- Insurance sector will be exposed through severe weather events, impacting their premiums and customers

(2) Describe how this process is integrated into your overall risk management

We acknowledge climate change and a disorderly transition as a significant risk for the global economy and most listed public companies in our investment universe. Consequently, we incorporate this as a specific focus area within our ESG materiality review and engagement agendas. We monitor GHG emissions in portfolio companies and actively engage with high emitters to understand associated risks and also where appropriate to encourage strategies to reduce/mitigate emissions. This includes encouraging companies to make a net zero commitment, where it can be reasonably supported with clear and practical short and medium-term targets. Our ESG policy does not specifically encourage investee companies to align to net zero. In saying that, we remain cognisant of mandatory climate disclosures arising and an increased global focus on climate action. We have also observed growing regulatory focus such as carbon trading schemes and more ambitious national carbon reduction commitments. The cost of transition in the long-term may be higher for investee companies that have not considered their transition pathways in detail. In line with our broader approach to ESG risk management, we review each company on a case-by-case basis and strongly encourage a logical and timely transition, in the interest of transitioning in line with the wider economy.

We use a range of carbon-related metrics across our portfolios to help assess overall carbon exposure, sector or company level risks, and progress towards net zero. These metrics are useful indicators of a portfolio's potential exposure to transition risks such as policy intervention or changing consumer behaviour. Metrics that are tracked and reporting both internally and externally are:

- Weighted Average Carbon Intensity: Portfolio's exposure to carbon intensive companies, expressed in tonnes of CO<sub>2</sub> equivalent emissions per \$US million revenue (TCO<sub>2</sub> e/\$USm)
- Total Carbon Emissions: The absolute greenhouse gas emissions associated with a portfolio, expressed in tonnes of CO<sub>2</sub> e (tonnes)
- Carbon Footprint: Total carbon emissions for a portfolio normalised by portfolio market value, expressed in tonnes of CO<sub>2</sub> e per \$AUD million invested (CO<sub>2</sub> e/\$AUDm).
- Number of climate related company engagements and relevant outcomes
- Percent of portfolio that has climate management measures in place: Net zero commitments, Interim targets, TCFD disclosure

Climate change risks are generally longer term and exhibit a lower degree of certainty in terms of impact and timing. As such, engagement is an essential part of our overall method to assess and monitor the climate risk of companies and better understand the possible impact from climate risks. We partake in extensive engagement in relation to climate change and focus our attention especially on the large emitters in our portfolios. These engagements are used to gather information about climate risks and management, to influence and support emissions reductions that are timely and feasible, to advocate for enhanced disclosure and to, ultimately, mitigate investment risks. Specific engagement objectives are developed for each company where relevant. Proxy voting is exercised to communicate support or concern related to the climate strategy of companies held within the portfolio. The following are high level examples and give a sense of the usual engagement objectives related to climate change, and for high emitters especially:

- Improve disclosure on emissions profiles and any commitments or targets
- Set climate goals that are realistic, achievable, and based on a range of possible scenarios
- Align capital allocation frameworks with any commitments and disclose the capital expenditure required to achieve short to mid-term targets
- Clearly communicate benefits of products and services towards net zero
- Invest in low carbon solutions and opportunities

- (B) Yes, we have a process to manage climate-related risks
- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - (3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
    - [https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)
- (E) Weighted average carbon intensity**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - (3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
    - [https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

- (A) Scope 1 emissions
- (B) Scope 2 emissions**
  - (1) Indicate whether this metric was disclosed, including the methodology
    - (1) Metric disclosed
    - (2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

**(C) Scope 3 emissions (including financed emissions)**

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

**(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

o (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?**

**(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**

o (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

**Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?**

**(A) The UN Sustainable Development Goals (SDGs) and targets**

(B) The UNFCCC Paris Agreement

(C) The UN Guiding Principles on Business and Human Rights (UNGPs)

(D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(E) The EU Taxonomy

(F) Other relevant taxonomies

(G) The International Bill of Human Rights

(H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(I) The Convention on Biological Diversity

(J) Other international framework(s)

(K) Other regional framework(s)

(L) Other sectoral/issue-specific framework(s)

- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

**What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?**

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

**Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?**

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons

- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

## HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

**During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?**

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

As investors, we have a responsibility to ensure, to the greatest extent possible, that modern slavery does not occur in the companies in which we invest, including in their supply chains. We assess a company's ability to manage modern slavery risks within their supply chains and operations based on governance and oversight, existing policies, and management strategies that enables them to identify and respond to incidences as they arise.

We subscribe to external ESG research providers and closely monitor any flags against for UN Global Compact Compliance or controversies related to human rights violations.

In the last couple of years there has been a notable increase in modern slavery disclosure. This enhanced disclosure supports our efforts to complete due diligence in this area and supports more effective engagement with companies that we own. We actively encourage our investee companies to disclose their risks related to modern slavery, include case studies, outline their governance practices, and highlight mechanisms to manage issues when they arise

Melissa Stewart is a member of our Australian Sustainable Share Fund and Global Sustainable Equity Fund Sustainable Compliance Committees and provides us with important expertise in human rights. Melissa is a human rights lawyer, with past roles at the United Nations, NGOs, government, and private sector, and has specific expertise in modern slavery.

Our actions to manage modern slavery risks in our investment are:

1. We use a standard risk framework to identify companies on our portfolios that present a high level of risk within their upstream supply chains, downstream value chains, or operation
2. Modern slavery is one of our core engagement thematic. We use insights from our risk assessment to inform engagement.
3. Modern Slavery is an evolving ESG thematic. Research is therefore an important tool to effectively assess risks related to human rights regulation, disclosure requirements, investor and stakeholder expectations, and location specific issues. Its also important to allow us to benchmark best practice and understand the specific issues associated with particular commodities or sectors

**(B) We assessed whether individuals at risk or already affected might be at heightened risk of harm**

Explain how these activities were conducted:

As above.

**(C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts**

Explain how these activities were conducted:

we will engage with stakeholders on an adhoc basis. For example, we engaged with trade union representatives to understand the impact to workers from the energy transition. We have also engaged with traditional owners to understand the impacts to native title and human rights related to mining and energy developments.

**(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities**

Specify:

As investors, we have a responsibility to ensure, to the greatest extent possible, that modern slavery does not occur in the companies in which we invest, including in their supply chains. Reviewing a company's modern slavery disclosures, including relevant policies, sustainability reports, and specific modern slavery statements is a standard component of our ESG review process. This is an important ESG topic and is discussed in many company engagements. We generally seek information on any high-risk areas and commodities to which the company might be exposed.

Explain how these activities were conducted:

- o (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?**

**(A) Workers**

Sector(s) for which each stakeholder group was included

- (1) Energy**
- (2) Materials**
- (3) Industrials**
- (4) Consumer discretionary**
- (5) Consumer staples**
- (6) Healthcare**
- (7) Finance**
- (8) Information technology**
- (9) Communication services**
- (10) Utilities
- (11) Real estate

**(B) Communities**

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate
- (C) Customers and end-users
  - Sector(s) for which each stakeholder group was included
  - (1) Energy
  - (2) Materials
  - (3) Industrials
  - (4) Consumer discretionary
  - (5) Consumer staples
  - (6) Healthcare
  - (7) Finance
  - (8) Information technology
  - (9) Communication services
  - (10) Utilities
  - (11) Real estate
- (D) Other stakeholder groups

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?**

- (A) Corporate disclosures
  - Provide further detail on how your organisation used these information sources:
 

We review ESG disclosures regularly as part of our ESG due diligence and risk management processes. Information contained in these disclosures inform our assessment of modern slavery risks and management.
- (B) Media reports
  - Provide further detail on how your organisation used these information sources:
 

We subscribe to controversy reporting through our ESG research provider. These reports include summaries of media reports which sometimes include issues related to human rights. We also monitor media reports as part of our ongoing ESG management practices.
- (C) Reports and other information from NGOs and human rights institutions
  - Provide further detail on how your organisation used these information sources:

We reference human rights reports from NGOs and other organisations as part of our modern slavery risk management assessment (described above). Examples include the Human Rights Watch reports.

**(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank**

Provide further detail on how your organisation used these information sources:

Our modern slavery risk assessment framework is underpinned by some external data that helps to identify high risk countries or regions. For the FY22 assessment we used the Global Slavery Index data and assessment.

**(E) Data provider scores or benchmarks**

Provide further detail on how your organisation used these information sources:

Our modern slavery risk assessment framework is underpinned by some external data that helps to identify high risk countries or regions. For the FY22 assessment we used the Global Slavery Index data and assessment.

**(F) Human rights violation alerts**

Provide further detail on how your organisation used these information sources:

Our external ESG ratings and research provider includes Global Standards screening and information on compliance with human rights principles.

**(G) Sell-side research**

Provide further detail on how your organisation used these information sources:

We use a range of sell-side research that helps inform our ESG analysis, including information and insights on human rights.

**(H) Investor networks or other investors**

Provide further detail on how your organisation used these information sources:

We are part of the PRI Advance program which is focussed on collaborative engagement between investors to address human rights in the mining and energy sectors.

(I) Information provided directly by affected stakeholders or their representatives

(J) Social media analysis

**(K) Other**

Specify:

Site visits

Provide further detail on how your organisation used these information sources:

We have attended a number of site visits to further investigate human rights issues in specific supply chains eg Palm Oil in Indonesia and Apparel in Bangladesh and Vietnam.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?**

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities

● (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

Explain why:

No specific examples of this however it is part of our general approach to modern slavery engagement

# LISTED EQUITY (LE)

## OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

(3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors

(1) for all of our AUM

(B) Yes, our investment process incorporates material environmental and social factors

(1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period

(1) for all of our AUM

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion

○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors

○

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?**

### (3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but it does not include scenario analyses

(1) for all of our AUM

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

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(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

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### **(B) Yes, we have a formal process but it does not include scenario analysis - Specify: (Voluntary)**

Company: In FY22, we introduced a more structured ESG integration review process. Material issues and associated risks for each company are determined by the ESG and investment team and can be updated at any time. Regardless, we believe that a structured review process is necessary to drive consistency and accountability across the various teams. At the company level, the ESG materiality assessment and ESG risk levels are reviewed with each member of the investment team, covering their relevant stocks with the ESG team at least twice a year.

Portfolio: A portfolio-wide analysis on key ESG topics (climate change, modern slavery, health and safety and diversity) is completed annually as part of our ESG and Sustainability Report disclosures.

Industry: We monitor ESG developments very closely as we remain conscious that this is a fast-evolving and dynamic space. We monitor market views on material ESG topics, changing regulations, controversies and emerging thematic areas on an ongoing basis. Emerging ESG themes can often benefit from a structured top-down assessment approach and our proprietary frameworks and guidelines inform our views on complex topics such as climate change, modern slavery and workplace culture. We believe that it is important to look ahead and build internal knowledge and framing around crucial upcoming topics such as nature and biodiversity.

## PRE-INVESTMENT

### ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?**

#### (2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?**

**(3) Active - fundamental**

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(1) in all cases

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(1) in all cases

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(1) in all cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.**

As the largest renewable energy provider in the US, and a leading investor in infrastructure and innovative clean energy technologies, Nextera Energy is likely to continue experiencing tailwinds to earnings from various public and private sector decarbonisation strategies over the years ahead. NextEra Energy Resources' renewables and storage backlog now stands at ~20,000 MW, and continues to grow strongly, providing strong visibility into significant earnings growth going forward. Regulatory developments such as the Build Back Better program and the Inflation Reduction Act (IRA) also strengthen the long-term outlook for conventional renewable energy (wind, solar) but also new technologies such as green hydrogen that Nextera is actively exploring. The IRA in particular provides meaningful tax credits (for example \$26/MWh PTC for wind/solar projects) and visibility for the next decade and beyond. Our conviction on the underlying environmental and social earnings drivers played a significant part in the initial decision to invest in Nextera and is also reflected in position sizing.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?**

### (3) Active - fundamental

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(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

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(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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## POST-INVESTMENT

### ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

**What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?**

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?**

(2) Active - fundamental

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(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

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(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

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(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

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(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

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(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

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(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

**Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.**

BHP Group Limited and BHP Group (UK) Limited (formerly BHP Group Plc) are defendants to a group action brought by claimants in the English High Court seeking damages for losses in relation to the Fundão Dam collapse in 2015. The dam was owned and operated by Samarco Mineracao (Samarco). As noted in BHP's results for the half year ended 31 December 2022, the Group's provision related to the Samarco dam failure is US\$3.122 billion. On 25 February 2023, a further claim was filed to add approximately 500,000 new claimants to the English Proceedings. Full details of the claims have not been received and the amount of damages sought in the English Proceedings remains unspecified. To properly account for the Samarco dam collapse, the expected settlement is treated as a provision similar to debt in the Portfolio Manager's valuation of the company. The provision was lifted from 3.4 billion to 8.4 billion in the financial model to measure the impact on the investment case after our engagement with management in April 2023 confirmed that the settlement is likely to be higher than originally expected. We will continue to engage with the company and monitor updates related to the new claimants.

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

**For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?**

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

# SUSTAINABILITY OUTCOMES (SO)

## SETTING TARGETS AND TRACKING PROGRESS

### SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

**(A) Sustainability outcome #1**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

**(1) The UN Sustainable Development Goals (SDGs) and targets**

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

**(1) Environmental**

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG13 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

**(1) No target**

(2) One target

(3) Two or more targets

**(B) Sustainability outcome #2**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

**(1) The UN Sustainable Development Goals (SDGs) and targets**

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) **Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG3 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

(C) **Sustainability outcome #3**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) **The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG7 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

(D) **Sustainability outcome #4**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) **The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG12 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

(E) **Sustainability outcome #5**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) **The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) **Environmental**
- (2) **Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG2 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) **No target**
- (2) One target
- (3) Two or more targets

(F) **Sustainability outcome #6**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) **The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG10 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) No target**
- (2) One target
- (3) Two or more targets

**(G) Sustainability outcome #7**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental**
- (2) Social**
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Investing in companies that align with SDG9 under 2 Sustainable Funds.

(4) Number of targets set for this outcome

- (1) No target**
- (2) One target
- (3) Two or more targets

**(H) Sustainability outcome #8**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets**
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights

- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
  - (1) Environmental
  - (2) **Social**
  - (3) Governance-related
  - (4) Other
- (3) Sustainability outcome name
 

Investing in companies that align with SDG8 under 2 Sustainable Funds.
- (4) Number of targets set for this outcome
  - (1) **No target**
  - (2) One target
  - (3) Two or more targets
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

# CONFIDENCE-BUILDING MEASURES (CBM)

## CONFIDENCE-BUILDING MEASURES

### APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

#### How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) **We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion**
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) **Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) **Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI**
- (H) We did not verify the information submitted in our PRI report this reporting year

## THIRD-PARTY EXTERNAL ASSURANCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 2	CORE	OO 21, CBM 1	N/A	PUBLIC	Third-party external assurance	6

**For which responsible investment processes and/or data did your organisation conduct third-party external assurance?**

- (A) Policy, governance and strategy
- (C) Listed equity**
  - Select from dropdown list:
    - (1) Data assured
    - (2) Processes assured
    - (3) Processes and data assured**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 3	PLUS	CBM 1	N/A	PUBLIC	Third-party external assurance	6

**Provide details of the third-party external assurance process regarding the information submitted in your PRI report.**

- (1) Description of the third-party external assurance process
- (2) Assurance standard(s) used by the third-party assurance provider
  - (A) PAS 7341:2020
  - (B) ISAE 3000 and national standards based on this
  - (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
  - (D) RevR6 (Assurance of Sustainability)
  - (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
  - (F) Accountability AA1000 Assurance Standard (AA1000AS)
  - (G) IFC performance standards
  - (H) SSAE 18 and SOC 1
  - (I) Other national auditing/assurance standard with guidance on sustainability; specify:**
    - ASAE 3000
  - (J) Invest Europe Handbook of Professional Standards
  - (K) ISAE 3402 Assurance Reports on Controls at a Service Organisation
  - (L) AAF 01/20
  - (M) AAF 01/06 Stewardship Supplement
  - (N) ISO 26000 Social Responsibility
  - (O) ISO 14065:2020 General principles and requirements for bodies validating and verifying environmental information
  - (P) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
  - (Q) PCAF
  - (R) NGER audit framework (National Greenhouse and Energy Reporting)
  - (S) Auditor's proprietary assurance framework for assuring RI-related information
  - (T) Other greenhouse gas emissions assurance standard; specify:

(3) Third-party external assurance provider's report that contains the assurance conclusion

[https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022\\_2023.pdf](https://www.alphinity.com.au/wp-content/uploads/2023/01/Alphinity-ESG-and-Sustainability-Report-2022_2023.pdf)

## INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

(A) Board, trustees, or equivalent

(B) Senior executive-level staff, investment committee, head of department, or equivalent

Sections of PRI report reviewed

(1) the entire report

(2) selected sections of the report

(C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year