



**PUBLIC RI REPORT**

**2021 PILOT**

**Alphinity Investment Management Limited**

**Generated 2022-11-21**

# About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 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

### Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- **Why does your organisation engage in responsible investment?**
- **What is your organisation's overall approach to responsible investment?**
- **What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?**

Alphinity is committed to investing responsibly not only because we have found that environmental, social and governance considerations can have a material impact on both the risk and the returns of investments. We believe that companies with good ESG practices and processes have a better chance of outperforming over the long term as they are better placed to adapt to the changing world. Company engagement gives us an opportunity to create or preserve value by encouraging our investee companies to enhance their business practices, including those relating to ESG. Consequently, ESG risks and opportunities are integral to our investment process and are taken into account when considering and valuing the companies we invest in on our clients' behalf.

Corporate responsibility: Alphinity has always integrated ESG considerations in its investment processes in order to better manage risk. In order to continue its success in long-term investing it needs to allocate capital to enterprises with sustainable business operations and practices. Long-term value creation is largely a result of the effective management of financial, physical and human capital so investment opportunities should be evaluated according to governance practices, including labour practices, health, safety and diversity; social practices including community engagement; and environmental practices, including the management of natural resource scarcity and exposure to climate change risks.

Engagement: Alphinity has found the most effective way to align the interests of its investors with investee companies is through vigorous interaction, including discussion with the company of relevant responsible investment principles, encouraging them to improve and disclose.

Transparency: Alphinity believes transparency is consistent with good governance and that it should display an appropriate degree of transparency around its investment activities, within the sensible boundaries of commercial sensitivity. Similarly, the companies in which it invests should also strive toward transparency, also within the sensible boundaries of commercial sensitivity. Alphinity exercises proxy votes on all resolutions that go to company meetings and publishes those votes.

Human rights: These are fundamental to a just society. Alphinity aims to promote and respect observance of basic human rights and freedoms and will encourage its investee companies to do the same. Alphinity was a signatory to the PRI engagement with the Australian Parliament which has resulted in the establishment of a Modern Slavery Act.



Climate Change: Alphinity supports efforts to keep temperatures change below 1.5 degrees and acknowledges the findings of the Intergovernmental Panel on Climate Change and believes that a global challenge such as this needs to be addressed by coordinated actions by all parties, particularly our own government.

## Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- 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. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policy makers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

Over the past year we've made several significant advancements in our approach to responsible investment. Firstly, we've introduced a new role, an ESG and Sustainability Manager. Jessica Cairns joined the team in 2020 and is responsible for assessing and integrating ESG and Sustainability-related matters across both the global and domestic funds. Jessica works closely with both investment teams, is involved in company engagements where relevant, and also has oversight of the overall ESG and Sustainability processes and systems. Jessica is based in the Sydney office, alongside the rest of Alphinity's investment team.

Secondly, we've made a number of important changes to ESG exclusions across our portfolios:

1. We've excluded tobacco, controversial weapons and thermal coal from all portfolios
2. We've excluded all Fossil Fuels from the Sustainable Share Fund universe.

Thirdly, we've introduced a more formalised ESG risk review and integration process. This process will assist us to identify, assess, manage, and track ESG related issues for companies within our portfolios in a consistent and transparent way. We've used material issues by sector and third party ESG metrics and data to make sure our consideration of different ESG matters are robust and transferable.

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

Lastly, we've increased our participation in collaborative initiatives with other investors as we recognise that it's important to work with others to drive better outcomes. We are now members of the Investor Group on Climate Change, participants in the Climate Action 100+ initiative, and are also a lead investor through the 40:40 Vision initiative and investor working group.

Reflecting on the last year, we are most proud of our continued focus on active engagement and use of that engagement to drive outcomes in the companies we invest in. The most relevant example of that is Rio Tinto and their lack of accountability following the Juukan Caves disaster in May 2020. Immediately following the incident, we spoke with the London-based Chairman of Rio Tinto to try and work out what went wrong. In this call he promised a Board report and full co-operation with the many other enquiries around the matter. When the Board report was delivered a few months after the blast, not only was it far from adequate, in our view, it failed to find anyone really accountable for the incident. After this we, along with our shareholders, reengaged with the Board and Management to communicate our desire for further action to be taken against the responsible leaders within the business. Eventually the CEO and two senior executives announced their resignations. A number of director departures has also occurred. We're proud of our involvement in the engagement.

## Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

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

In the immediate term we will be producing our first annual impact report for the end of FY21. In this report we will share our key outcomes for the year including engagement numbers, key topics, and outcomes from company engagement (like the Rio example above). We will also highlight key company case studies, and our Sustainable Share Fund portfolio's contribution to the Sustainable Development Goals (UN SDGs).

The second main priority for the next two years is to complete a portfolio wide analysis of climate change risks considering both transition and physical risks, in line with the Task Force on climate Related Financial Disclosures (TCFD). We are also considering how we better use climate change scenario analysis in the financial assessments of companies.

## Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

**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	Johan Carlberg
Position	CEO and Chairman
Organisation's name	Alphinity Investment Management

● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by Alphinity Investment Management Limited in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of Alphinity Investment Management Limited's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and 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.

# Organisational Overview (OO)

## Organisational information

### Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

☐ (O) Fund management

☒ (1) This is our only (or primary) type

### 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 that are also PRI signatories in their own right?

- ☐ (A) Yes
- ☒ (B) No

## Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

## Assets under management

### All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries	US\$ 8,670,000,000.00
(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission	US\$ 0.00
(C) AUM subject to execution, advisory, custody, or research advisory only	US\$ 0.00

## Asset breakdown

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

**Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.**

Percentage of AUM	
(A) Listed equity – internal	100.0%
(B) Listed equity – external	0.0%
(C) Fixed income – internal	0.0%
(D) Fixed income – external	0.0%
(E) Private equity – internal	0.0%
(F) Private equity – external	0.0%
(G) Real estate – internal	0.0%
(H) Real estate – external	0.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	0.0%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	0.0%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external	0.0%
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(Q) Other – internal, please specify:	0.0%
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(R) Other – external, please specify:	0.0%
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(S) Off-balance sheet – internal	0.0%
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(T) Off-balance sheet – external	0.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

**Provide a further breakdown of your listed equity assets.**

**(A) Internal allocation**

(1) Passive equity	0.0%
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(2) Active – quantitative	0.0%
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(3) Active – fundamental	100.0%
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(4) Investment trusts (REITs and similar publicly quoted vehicles)	0.0%
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(5) Other, please specify:	0.0%
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# ESG strategies

## Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity:

(A) Screening alone	0.0%
(B) Thematic alone	0.0%
(C) Integration alone	0.0%
(D) Screening and integration	100.0%
(E) Thematic and integration	0.0%
(F) Screening and thematic	0.0%
(G) All three strategies combined	0.0%
(H) None	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 LE	CORE	OO 6 LE	LE 8	PUBLIC	Listed equity	1

What type of screening is applied to your internally managed active listed equity assets?

Percentage coverage out of your total listed equities where screening strategy is applied

(A) Positive/best-in-class screening only	0.0%
(B) Negative screening only	0.0%
(C) A combination of positive/best-in-class and negative screening	100.0%

## Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(3) (Proxy) voting on listed equity – active
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>



# ESG incorporation

## Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

	(1) ESG incorporated into investment decisions	(2) ESG not incorporated into investment decisions
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>

# Voluntary reporting

## Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

	(1) Yes, report on the module
ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(A) Listed equity	<input checked="" type="radio"/>

# ESG/sustainability funds and products

## Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

### Percentage

(B) Listed equity – active	100.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

### Coverage of ESG/RI certification or label:

(A) Listed equity	5.0%
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# Climate investments

## Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

0.0%

## Other asset breakdowns

### Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

(1) Listed equity	
(A) Developed	96.0%
(B) Emerging	4.0%
(C) Frontier	0.0%
(D) Other	0.0%

# Investment and Stewardship Policy (ISP)

## Responsible investment policy & governance

### Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- ☒ (A) Yes, we do have a policy covering our approach to responsible investment
- ☐ (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Approach to stewardship
- ☐ (F) Approach to sustainability outcomes
- ☐ (G) Approach to exclusions
- ☐ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives
- ☒ (K) Responsible investment governance structure

- ☐ (L) Internal reporting and verification related to responsible investment
- ☒ (M) External reporting related to responsible investment
- ☐ (N) Managing conflicts of interest related to responsible investment
- ☐ (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

**What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?**

1. Overall Commitment: We believe that formal incorporation of ESG factors into our overall investment analysis is essential, and actively seek to reflect this when evaluating a company's worth. Sustainability is imperative for all companies, and we as fund managers have an active role to play in ensuring that the companies in which we invest are taking responsibility for ESG issues, and that we need to actively monitor the compliance of investee companies to ensure they live up to best practice in this area. This reflects our obligation to our clients to both maximise returns and manage risk. By improving our understanding of individual companies' management of ESG issues, which can present significant risks as well as potential opportunities, we aim to achieve our objective of generating above average, long term sustainable returns. 2. Internal dedicated ESG resource: The management of ESG issues is the responsibility of all members of the Alphinity investment team, however, due to the significance and increasing complexity of ESG investment risks and opportunities, in August 2020 Jessica Cairns joined the team as a dedicated resource for ESG and Sustainability. As the ESG and Sustainability Manager, Jessica supports the domestic and global teams to integrate ESG across the management of all funds, undertake research, training and reporting on key thematic areas (e.g. climate change and modern slavery), and support the overall assessment of key ESG issues and company engagement. 3.

External rating providers: Alphinity subscribes to MSCT's ESG research database which contains comprehensive reports on ~5,500 publicly traded companies. We also subscribe to the Refinitiv Eikon ESG dataset which provides information for >10,000 companies globally across up to 450 individual ESG metrics. We use this information in two ways; to screen poor performing companies from our universes (<BB rating for MSCI), and to inform our understanding of ESG risks. We use the external rating provider information as a starting point and do our own research to confirm various risks. 4. ESG integration process: We have implemented an ESG risk process which includes 6 steps. The third step is a risk review process to identify key risks that are material for companies within our portfolios. We are working on developing a defined set of material ESG areas per sector that will be a starting point for the risk review process. We will then use third party data, company research and understanding gained through engagement to assign an inherent and residual risk score for each material area. Where relevant, we then use the outcomes to inform engagement action plans, further research, and document any considerations for the investment case.

We will also complete regular reviews (most likely quarterly) of the implementation of the ESG risk process to ensure it's consistent between managers and broader teams. 5. Sustainable Share Fund Compliance Committee: We also have a Sustainable Share Fund Compliance Committee that oversees the sustainable universe for the Sustainable Share Fund and assists us to address grey areas across a range of ESG topics. Although the committee is in place for the Sustainable Share Fund, they also inform our thinking across the other funds and help to identify key emerging or priority issues from an ESG perspective. 6. Internal Reporting: We integrate ESG aspects into portfolio level internal reports. For example: \*Proprietary ESG report that presents ESG data for our portfolios against the benchmark including, the average ESG ratings and scores, carbon footprint, top 10 contributors \*Monthly and quarterly active controversies reports using third party data, news feeds, and other alerts \*Quarterly internal ESG reports \*Portfolio summaries We also complete issues-based reporting where relevant. For example, as part of our commitment to the 40:40 vision, we analysed gender diversity data for companies across our portfolios and identified a list of companies where engagement was required. .

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

☒ (A) Overall approach to responsible investment. Add link(s):

<https://www.alphinity.com.au/about-us/responsible-investment/> <https://www.alphinity.com.au/wp-content/uploads/2020/05/Responsible-Investing.pdf> <https://www.alphinity.com.au/wp-content/uploads/2021/04/ALPH-ESG-Integration.pdf>

☒ (B) Guidelines on environmental factors. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2020/05/Responsible-Investing.pdf> <https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf> <https://www.alphinity.com.au/about-us/responsible-investment/>

☒ (C) Guidelines on social factors. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2020/05/Responsible-Investing.pdf> <https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf> <https://www.alphinity.com.au/about-us/responsible-investment/>

☒ (D) Guidelines on governance factors. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2020/05/Responsible-Investing.pdf> <https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf> <https://www.alphinity.com.au/about-us/responsible-investment/>

☒ (E) Approach to stewardship. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf>

☒ (I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf>

☒ (J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf>

☒ (K) Responsible investment governance structure. Add link(s):

<https://www.alphinity.com.au/wp-content/uploads/2019/09/Alphinity-ESG-Policy.pdf>

☒ (M) External reporting related to responsible investment. Add link(s):

<https://www.alphinity.com.au/our-thoughts/fund-reports/2021-2/>

☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- ☐ (A) Overall approach to responsible investment
- ☐ (B) Guidelines on environmental factors
- ☐ (C) Guidelines on social factors
- ☐ (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

100.0%

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☐ (C) Investment committee
- ☒ (D) Other chief-level staff, please specify:

Portfolio Managers

- ☐ (E) Head of department, please specify department:
- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

In your organisation, which internal or external roles have responsibility for implementing responsible investment?

- ☐ (A) Board and/or trustees  
☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))  
☐ (C) Investment committee  
☒ (D) Other chief-level staff [as specified]  
☐ (E) Head of department [as specified]  
☒ (F) Portfolio managers  
☒ (G) Investment analysts  
☒ (H) Dedicated responsible investment staff  
☐ (I) Investor relations  
☐ (J) External managers or service providers  
☐ (K) Other role, please specify:  
☐ (L) Other role, please specify:  
☐ (M) We do not have roles with responsibility for implementing responsible investment.

## People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief- level staff	(4) Other chief- level staff [as specified]	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

**Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.**

N/A. Responsible investment research is part of normal analysis of prospective investments. It is an expected part of analysing rather than a separate element for which a KPI might be appropriate. If a poor job is being done off analysing companies, it will be reflected in that KPI.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

**(1) Board and/or trustees**

(D) Objective on ESG performance ☐

**(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))**

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(D) Objective for ESG performance ☐

**(4) Other chief-level staff**

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(D) Objective for ESG performance ☐

**(6) Portfolio managers**

(A) Objective on ESG incorporation in investment activities	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>

**(7) Investment analysts**

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>

**(8) Dedicated responsible investment staff**

(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>
(G) We have not linked any RI objectives to variable compensation	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

**How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?**

- ☐ (A) Quarterly or more frequently
- ☐ (B) Bi-annually
- ☒ (C) **Annually**
- ☐ (D) Less frequently than annually
- ☐ (E) On an ad hoc basis
- ☐ (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

## Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

**Does your organisation incorporate ESG factors into your strategic asset allocation?**

- ☐ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- ☐ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- ☐ (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- ☒ (D) **Not applicable, we do not have a strategic asset allocation process**

# Stewardship

## Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity	100.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- ☒ (A) Key stewardship objectives
- ☐ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- ☐ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☒ (D) Specific approach to climate-related risks and opportunities
- ☐ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☒ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☐ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- ☒ (H) Approach to collaboration on stewardship
- ☐ (I) Escalation strategies
- ☐ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☐ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (M) None of the above elements are captured in our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12.1	PLUS	ISP 12	N/A	PUBLIC	Stewardship policy	2

**Describe any additional details related to your stewardship policy elements or your overall stewardship approach.**

We take our stewardship responsibility very seriously. We recognise that as investors we have the ability to influence the behaviour and practices of companies we are invested in, and try where possible to influence positive outcome from an ESG perspective.

We engage with all companies in which we have invested, and those in which we might consider investing. Such engagement will cover all aspects of the company relevant to its prospects, which naturally includes ESG matters. We seek to be pro-active in raising ESG matters with companies to ensure that proper consideration is taking place by them. The outcome of our engagement will be taken into account when performing financial modelling and valuation work on a company, and when making decisions regarding the ownership of that company in our portfolios. We will seek to engage with Directors to the greatest extent practical, as they are in place to represent shareholders.

We also seek to engage with high-level company executives, as they are most directly responsible for day-to-day activities regarding operational matters. We also engage with parties outside companies to the extent necessary to properly evaluate ESG risks and opportunities and arrive at outcomes beneficial to our investors.

We record all engagement activities in an engagement log and report on key engagement activities through internal meetings.

## Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

**How is your stewardship policy primarily applied?**

- ☒ (A) It requires our organisation to take certain actions
- ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
- ☐ (D) We have not developed a uniform approach to applying our stewardship policy

## Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

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

### (1) Listed equity

(A) Maximise the risk–return profile of individual investments	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>

## Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

(1) Listed equity

(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input type="checkbox"/>
(I) We do not prioritise our engagement targets	<input type="checkbox"/>



## Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.

(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff)	1
(B) External investment managers, third-party operators and/or external property managers (if applicable)	We do not use this method
(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)	We do not use this method
(D) Informal or unstructured collaborations with peers	3
(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar)	2

## Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation

- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

#### Describe your position on collaborating for stewardship.

We look for opportunities to collaborate with other investors when there is an added benefit through collaborating, for example, sharing objectives, combined effort to enhance impact etc. Generally, when considering participation in collaborative engagements we look for alignment with our portfolio holdings and ESG priorities. We also consider the objectives of the engagement and whether we believe it creates additional opportunities beyond our standard engagement activities with various companies.

We also believe this approach is useful for technically difficult areas like climate change (eg CA100+ initiative).

## Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?**

#### (1) Listed equity

(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>

(E) Voting against the chair of the board of directors ☒

(F) Voting against the annual financial report ☒

(G) Divesting or implementing an exit strategy ☒

(H) We did not use any escalation measures during the reporting year. Please explain why below ☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?**

**(1) Listed equity**

(A) Collaboratively engaging the entity with other investors ☐

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

(C) Publicly engaging the entity (e.g. open letter) ☐

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

(E) Voting against the chair of the board of directors ☐

(F) Voting against the annual financial report ☐

(G) Divesting or implementing an exit strategy ☐

(H) We do not have any restrictions on the escalation measures we can use ☒

## Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

**Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.**

Management of ESG aspects, including engagement, is the responsibility of all members of the investment team. ESG related engagement targets or objectives are coordinated by the ESG and Sustainability Manager, however engagement activities are completed by all members of the team.

Engagement meetings are held regularly with investee companies, and companies we are looking to invest in. Such engagement will cover all aspects of the company relevant to its prospects, which naturally includes ESG matters. More and more we are also participating in dedicated meetings on specific sustainability or ESG topics eg climate change, sustainability strategy, modern slavery etc.

When there is an engagement meeting with an ESG or sustainability aspect (eg related to a controversy, annual reporting, strategy day, specific topic) at a minimum the ESG and Sustainability Manager and responsible analyst/PM will attend. For meetings that are addressing material ESG matters (eg net zero targets), or are related to holdings in the Sustainable Share Fund we will also often involve our Sustainable Share Fund Compliance Committee including two external experts.

All engagements are tracked through an internal engagement log. This log is used to track progress against objectives, frequency of meetings, key topics covered, and any outcomes. This log is accessible to all staff. The results of engagement are discussed through the weekly investment meetings and considered when making investment decisions.

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.

## Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.

(1) Engagement type		(2) Primary goal of stewardship activity	
(A) Example 1	a) Internally (or service provider) led	a) Managing ESG risks/opportunities	
(B) Example 2	a) Internally (or service provider) led	c) Both managing ESG risks and delivering outcomes	
(3) The ESG factors you focused on in the stewardship activity		(4) Description of stewardship activity and the desired change(s) you achieved	
(A) Example 1	Governance, Remuneration	<p>As a substantial shareholder of Steadfast shares, we engaged deeply with the board around the AGM in October regarding remuneration issues. We expressed reservations around the total remuneration of the CEO, the adjustments to EPS for setting F21 hurdles and beyond, and rigor of hurdles set. To its credit the board responded by lifting the F21 starting EPS number for the hurdles to be met. <b>(response continued in row below)</b></p>	

We had been concerned that the original lower number (which had included some one off costs but not a one off gain that was included in F20) could be seen as ‘double dipping’ and making the hurdles for F21 not rigorous enough. The change the Board agreed to alleviate that issue by using a more appropriate EPS number which had the effect of making the hurdles much harder to achieve and is reassessing future performance hurdles. This took away the bulk of our concerns and we were willing as a result to support the Rem report.

(B) Example 2

Heritage Management, reputational risk, regulatory risk

The destruction of Juukan Caves by Rio Tinto in May 2020 was a devastating incident that has significantly impacted the Australian Mining sector. From the outset, we engaged directly with Rio Tinto leadership at the highest level to understand what had caused this issue. This was primarily led by a Portfolio Manager and Mining sector analyst. We also engaged with traditional owners and experts in Aboriginal heritage. **(response continued in row below)**

Following the release of the Board review into the incident we were part of a broader group of investors that encouraged further action against the CEO and Executives with direct responsibility. As a result the CEO and Executives resigned and the company have made significant changes to their organisational structure related to heritage management.

This event also triggered engagement with other mining companies within our portfolio's (eg Fortescue, Oz Minerals).

## Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

**How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?**

- ☐ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?**

- ☐ (A) We participate in "sign-on" letters on ESG policy topics. Describe:
- ☒ (B) We respond to policy consultations on ESG policy topics. Describe:  
We are currently part of a consultation through the IGCC Policy working group. We are currently providing feedback on the NSW Energy Plan.
- ☒ (C) We provide technical input on ESG policy change. Describe:  
We are currently part of a consultation through the IGCC Policy working group. We are currently providing feedback on the NSW Energy Plan.
- ☐ (D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:
- ☐ (E) We proactively engage regulators and policymakers on other policy topics. Describe:
- ☐ (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

○ (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

● (B) No, we do not have these governance processes in place. Please explain why not:

Our policy engagement activities are very limited and generally conducted through memberships with organisations like IGCC.

## Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

**Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

○ (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

● (B) No, we do not a policy(ies) in place. Please explain why not:

Our policy engagement activities are very limited and generally conducted through memberships with organisations like IGCC.



## Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

- ☐ (A) We publicly disclosed details of our policy engagement activities. Add link(s):
- ☐ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):
- ☒ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:  
 Our policy engagement activities are very limited and generally conducted through memberships with organisations like IGCC.
- ☐ (D) Not applicable, we did not conduct policy engagement activities

## Climate change

### Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

- ☒ (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:  
<https://www.alphinity.com.au/about-us/responsible-investment/>
- ☐ (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?**

● (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

<https://www.alphinity.com.au/about-us/responsible-investment/> <https://www.fsb-tcdf.org/supporters/>

○ (B) No, we currently do not publicly support the TCFD

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

**How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?**

☑ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

Internal processes are: Engagement logs and reporting carbon intensity reporting risk management

☑ (B) By articulating internal/external roles and responsibilities related to climate. Specify:

All members of the investment team are responsible for managing climate change risks through their management of ESG.

This has been extended to the new ESG and Sustainability Manager who joined in 2020.

☑ (C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

All client updates include a section on ESG and climate change. We are also starting to speak to them about their views on climate change targets, commitments, and priority actions for companies. We are also speaking to clients about their views on the Say on Climate vote as we see this as a key emerging area for voting.

☑ (D) By incorporating climate change into investment beliefs and policies. Specify:

The board is responsible for approving the companies ESG policy/Approach to RI. This includes our commitments to Climate Change.

The investment team are responsible for incorporating climate change into investment beliefs and company valuations.

☑ (E) By monitoring progress on climate-related metrics and targets. Specify:

☐ We monitor the carbon intensity of all funds compared to the benchmark. We do not currently have targets in place for climate change

- ☐ (F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:
- ☐ (G) Other measures to exercise oversight, please specify:
- ☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

#### What is the role of management in assessing and managing climate-related risks and opportunities?

☒ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

Alphinity has a flat organisational structure. Management includes the vast majority of employees who report to the investment committee or CEO.

All members of the team are responsible for identifying and management ESG risks which includes climate change.

☒ (B) Management implements the agreed-upon risk management measures. Specify:

management are responsible for addressing climate change risks within their covered stocks and across the portfolio where they are the responsible manager

☒ (C) Management monitors and reports on climate-related risks and opportunities. Specify:

Risks are reporting quarterly to the Board and Investment committee. This includes climate change risks where relevant.

☒ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

where necessary, budget/time is allowed to adequately assess climate change risks.

☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

# Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?**

☒ **(A) Specific financial risks in different asset classes. Specify:**

We invest in equities. Our investment timeframe is 3 years. Specific financial risks related to equities are:

\*Threat: changes to global climate policy (including carbon/border tax) impacts the regulatory environment and operating conditions for investee companies, potentially reducing revenue, earning revisions and subsequently share price

\*Opportunity: Introducing clear targets and actions to decarbonise operations and enhance business strategies leads to greater opportunities and reduced operating costs over time (and position in the market)

\*Threat: Businesses fail to correctly plan for and estimate the potential impacts of climate change therefore creating uncertainty in their financial reporting and governance. This may also lead to loss of shareholder confidence, impacts on future earnings or regulatory action where their fiduciary duty has been breached.

\*Threat: Impacts from externally imposed restrictions to business operations (eg coal mining bans) are not accurately anticipated by the market, creating sector wide disruption and loss of share price.

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

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, this impact will most likely <have limited impact in the investment time horizon> be realised beyond our investment time horizon.

The move away from thermal coal investment has been rapid. It's therefore possible some thermal coal assets could be stranded in the next 3-5 years. In 2020 we made a policy change to exclude all thermal coal investments from our portfolios. This is a policy position across all funds. Our Sustainable Share Fund, extends this exclusion to all fossil fuel production (above a 10% threshold)

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

When considering physical climate risk, we consider future and current weather conditions. Across our investee companies, almost all asset have some level of exposure to direct physical climate risks. 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 – eg bushfires

Having reviewed the TCFD, CDP and Annual Reporting of high-risk companies, we believe companies we are invested in have adequate processes/systems in place to manage the existing threats from physical climate impacts. We are also engaging with companies on their use of climate scenarios, management strategies for future climate change risks, and plans to increase the resilience of assets once the physical impacts of climate change become more pronounced.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

almost all assets have exposure to indirect climate risks. Mainly through supply chain risks (incl upstream and downstream). Over the longer term we expect these risks to become more pronounced.

This is particularly relevant for companies where supply chains rely on farming/agriculture. We expect that as the physical impacts of climate change become worse, and more regions are impacted by severe weather events more frequently, the global supply of food and other farmed goods will be impacted.

☒ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

We consider trends and opportunities related to low carbon transition scenarios (in line with the Paris Agreement). Sectors most likely to benefit under these scenarios are: \*mining - where the primary product is used for the energy transition (eg copper, aluminium, iron ore, rare earth etc). Example companies are Fortescue and Rio Tinto \*consumer - where the products are focussed on healthy or sustainable consumer options (eg Costa foods, Hello Fresh) \*Technology - technology is key to delivering solutions to transition to a low carbon future (eg Infineon) \*Industrials - where there is a strategic focus on providing practical solutions towards the low carbon transition (eg Trane Technologies, Daimler, Vestas)

☒ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

We believe the sectors which contribute most significantly to achieving global climate goals are sectors which are essential for the low carbon transition including mining (minerals needed for new technology and solutions), technology (innovation needed to transform industries and make cities more sustainable), financials (to incentivise and finance the transition), and industrials (to make cities more sustainable and reduce global emissions).

Sectors with the highest contribution to global emissions (eg mining, transport, materials) are also critical to the low carbon transition. When investing in sectors with high average emissions (scope 1, 2 and 3) we review the company's total emissions, emissions intensity, carbon targets and reporting.

☐ (G) Other climate-related risks and opportunities identified. Specify:

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<b>(5) 11–20 years</b>	<b>(6) 21–30 years</b>	<b>(7) &gt;30 years</b>	
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

☒ **(A) Specific financial risks in different asset classes. Specify:**

we invest in equities. Our investment timeframe is 3 years. Specific financial risks related to equities beyond our investment timeframe (10+ years) are:

\*Threat: Changes to global climate policy (including provision of a climate tax) impacts the regulatory environment and operating conditions for investee companies, potentially reducing revenue, earning revisions and subsequently share price

\*Threat: changes to global climate policy impacts global trade and impacts Australia's position as the main exporter of minerals and energy

\*Threat: consumer sentiment related to climate change impacts decision making and has an affect on behaviour (eg air travel, online shopping, etc)

\*Opportunity: Introducing clear targets and actions to decarbonise operations and enhance business strategies leads to greater opportunities and reduced operating costs

\*Opportunity: increased green loan / sustainable bond offering for sustainable companies reducing the cost of debt

\*Threat: Businesses fail to correctly plan for and estimate the potential impacts of climate change therefore creating uncertainty in their financial reporting and governance. This may also lead to loss of shareholder confidence, impacts on future earnings or regulatory action where their fiduciary duty has been breached.

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

In the long term, most sectors are at risk of having stranded assets. For individual companies this is dependent on their investment strategies, adaptation planning (including future proofing), asset lives etc.

We believe there is good awareness of the physical impacts of climate change and most companies still have time to adapt their long term assets to be resilient under future climate conditions. We believe there is less clarity and awareness when it comes to transition related impacts and therefore, looking at the 10-20 year time horizon the sectors most at risk are related to the energy transition (mining, utilities etc).

To manage this we are actively engaging with investee company senior leaders to understand their transition plans and developing our own perspectives on the timing of the low energy transition. This will continue to evolve over time but we are currently watching the debate around gas and hydrogen very closely.

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

When considering physical climate risk, we consider future and current weather conditions. Across our investee companies, almost all asset have some level of exposure to direct physical climate risks. 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 – eg bushfires Having reviewed the TCFD, CDP and Annual Reporting of high-risk companies, we believe companies we are invested in have adequate processes/systems in place to manage the existing threats from physical climate impacts. We are also engaging with companies on their use of climate scenarios, management strategies for future climate change risks, and plans to increase the resilience of assets once the physical impacts of climate change become more pronounced.

☒ (D) **Assets with exposure to indirect physical climate risk. Specify:**

almost all assets have exposure to indirect climate risks. Mainly through supply chain risks (incl upstream and downstream). Over the longer term we expect these risks to become more pronounced.

This is particularly relevant for companies where supply chains rely on farming/agriculture. We expect that as the physical impacts of climate change become worse, and more regions are impacted by severe weather events more frequently, the global supply of food and other farmed goods will be impacted.

☒ (E) **Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

We mainly consider the 1.5 and 2 degree IPCC/IEA scenarios (in line with the Paris Agreement). Sectors most likely to benefit under these scenarios are: \*mining - where the primary product is used for the energy transition (eg copper, aluminum, iron ore, rare earth etc). Example companies are Fortescue and Rio Tinto \*consumer - where the products are focussed on healthy or sustainable consumer options (eg Costa foods, Hello Fresh) \*Technology - technology is key to delivering solutions to transition to a low carbon future (eg Infineon) \*Industrials - where there is a strategic focus on providing practical solutions towards the low carbon transition (eg Trane Technologies, Volvo)

☒ (F) **Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

We believe the sectors which contribute most significantly to achieving global climate goals are sectors which are essential for the low carbon transition including mining (minerals needed for new technology and solutions), technology (innovation needed to transform industries and make cities more sustainable), financials (to incentivise and finance the transition), and industrials (to make cities more sustainable and reduce global emissions).

Sectors with the highest contribution to global emissions (eg mining, transport, materials) are also critical to the low carbon transition. When investing in sectors with high average emissions (scope 1, 2 and 3) we review the company's total emissions, emissions intensity, carbon targets and reporting.

☐ (G) Other climate-related risks and opportunities identified, please specify:

☐ (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

Alphinity is committed to investing responsibly because we have found that environmental, social and governance (ESG) factors can have a material impact on both the risk and the returns of investments. We believe that companies with good ESG practices and processes have a better chance of outperforming over the long term as they are better placed to adapt to the changing world. This view encompasses the threats and opportunities presented by climate change.

We accept the findings of the Intergovernmental Panel on Climate Change and support the United Nation Paris Agreement to limit global warming to below 2°C and support the actions required to achieve this. We believe that a global challenge such as this needs to be addressed through coordinated actions by all parties, including investors, private business, and particularly our own government. Anthropogenic climate change is a material social and economic threat and could, in some cases, present economic opportunities to investee companies. The actions of businesses and individuals can play a critical part in mitigating the impact of a changing climate. We therefore need to take into account the short, medium and long term impacts on companies' earnings and valuations considering the material current and future climate change risks, including both threats and opportunities

These threats and opportunities could be driven by the physical impacts of climate change (eg increased average temperatures) or by the transition to a low carbon economy (eg changes in global carbon policies). To enable greater transparency and clarity around risks to the financial markets and individual companies, we support and encourage disclosure in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

In our experience, climate change has the most influence on investment product strategies where those products are ESG labelled or sustainability labelled funds. Last year, after considering the way in which oil and gas companies contributes to or detracts from the Affordable and Clean Energy Goal (SDG 7) and to the Climate Action Goal (SDG 13), we concluded that the Sustainable Share Fund should extend its exclusions from just high impact fossil fuels to all fossil fuels.

Our in-depth analysis concluded that not only is unabated fossil fuel production incompatible with the achievement of SDGs, and therefore with Charter under which the Fund operates, but also that reducing GHG emissions of activities using these fossil fuels to the point of carbon neutrality is already affordable today when the significant external costs of using fossil fuels, including climate risks, are taken into account.

We can also see clearly how climate change is affecting sector level strategies. For example, we now look for commodities that lend themselves to solutions rather than a the cause of problems. Commodities like Copper, Iron, Rare Earths etc will enable the development of technology needed to transition to a low carbon future.

Global policy related to climate change also has impacts on our strategies. For example, the introduction of the EU Taxonomy and associated Delegated Acts will significantly change how global investment is directed. This will of course have flow on impacts to global markets and conditions.

## Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- ☐ (A) An orderly transition to a 2°C or lower scenario
- ☐ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☐ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☒ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

## Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

- ☒ (A) Internal carbon pricing. Describe:  
A carbon price is factored into the analysis of companies where relevant
- ☐ (B) Hot spot analysis. Describe:
- ☐ (C) Sensitivity analysis. Describe:
- ☐ (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:
- ☒ (E) TCFD reporting requirements on companies. Describe:  
We actively review the TCFD reporting requirements on investee companies. This informs engagement and our analysis of portfolio and company level risks. We support the ongoing disclosure under the TCFD requirements and actively work with our investee companies where the reporting is not sufficient.
- ☒ (F) Other risk management processes in place, please describe:  
\*We monitor emissions intensity of all companies within our portfolios and engage where necessary \*We review CDP responses of investee companies \*we are members of IGCC and participants in a number of their working groups

☐ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

**In which investment processes do you track and manage climate-related risks?**

☒ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

We identify and track engagement objective and outcomes using an internal management system. This engagement is coordinated by the ESG and Sustainability Manager but is the responsibility of the whole investment team.

In most cases, climate change is a relevant engagement topic for companies within our portfolios. Through engagement we aim to encourage companies to:

- Have clear climate change target/s in place, preferably aligned with the Paris Agreement and aiming for net zero by 2050. These targets should be realistic and achievable and be supported by a clear action plan for strategy
- Measure and report progress against targets on an annual basis
- Communicate the challenges and limitations of reducing emissions and achieving net zero
- Link climate change management (transition and physical) with their business strategy and financial reporting

In the past year this engagement has been particularly relevant for the energy and mining sectors, especially with the growing focus on the energy transition and likely move away from fossil fuels towards green energy like hydrogen.

☒ (B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

Climate change has been a key topic of resolutions over the past number of years. We track climate related issues for relevant companies through AGMs.

☐ (E) In the asset class benchmark selection process. Describe:

☒ (F) In our financial analysis process. Describe:

as part of the financial analysis process we identify relevant climate related risks and make adjustments are appropriate. For example, when assessing utilities, we consider the impacts of climate change and where relevant apply a carbon tax for large emitters, adjust for lower long term National Energy Market (NEM) prices, and change cash flow projections based on possible changes to long term demand and supply.

☐ (G) Other investment process(es). Describe:

☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

☒ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

The investment committee is responsible for overseeing the organisation risk management processes, including climate change risks. This is particularly relevant where climate change risks impact investment considerations and valuations.

☒ (B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk). Describe:

☐ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

☐ (D) Executive remuneration is linked to climate-related KPIs. Describe:

☐ (E) Management remuneration is linked to climate-related KPIs. Describe:

☐ (F) Climate risks are included in the enterprise risk management system. Describe:

☐ (G) Other methods for incorporating climate risks into overall risk management, please describe:

☐ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

## Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

**Have you set any organisation-wide targets on climate change?**

☐ (A) Reducing carbon intensity of portfolios

☐ (B) Reducing exposure to assets with significant climate transition risks

☐ (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes

☐ (D) Aligning entire group-wide portfolio with net zero

☐ (E) Other target, please specify:

☒ (F) No, we have not set any climate-related targets

## Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- ☒ (A) Total carbon emissions  
☒ (B) Carbon footprint  
☐ (C) Carbon intensity  
☒ (D) Weighted average carbon intensity  
☐ (E) Implied temperature warming  
☐ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)  
☐ (G) Avoided emissions metrics (real assets)  
☐ (H) Other metrics, please specify:  
☐ (I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

(1) Coverage of AUM		(2) Purpose
(A) Total carbon emissions	(1) for all of our assets	monitoring
(B) Carbon footprint	(1) for all of our assets	comparison to benchmark
(D) Weighted average carbon intensity	(1) for all of our assets	comparison to benchmark per fund
(3) Metric unit		(4) Methodology
(A) Total carbon emissions	tonnes	source: Alphinity, MSCI, 31/12/21
(B) Carbon footprint	tonnes/\$m invested	source: Alphinity, MSCI, 31/12/21

(D) Weighted average carbon intensity

weighted ave tonnes/\$US revenue

source: Alphinity, MSCI, 31/12/21

(5) Disclosed value

(A) Total carbon emissions

1083415

(B) Carbon footprint

95

(D) Weighted average carbon intensity

155

## Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

**What climate-related metric(s) has your organisation identified for physical risk monitoring and management?**

- ☐ (A) Weather-related operational losses for real assets or the insurance business unit
- ☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- ☐ (C) Other metrics, please specify:
- ☐ (D) Other metrics, please specify:
- ☒ (E) We have not identified any metrics for physical risk monitoring

# Sustainability outcomes

## Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☐ (A) No, we have not identified the sustainability outcomes from our activities
- ☒ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- ☒ (A) The UN Sustainable Development Goals (SDGs) and targets
- ☐ (B) The Paris Agreement
- ☐ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- ☐ (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- ☐ (E) The EU Taxonomy
- ☐ (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
- ☐ (G) Other framework/tool, please specify:
- ☐ (H) Other framework/tool, please specify:
- ☐ (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

At what level(s) did your organisation identify the sustainability outcomes from its activities?

- ☒ (A) At the asset level
- ☐ (B) At the economic activity level
- ☒ (C) At the company level
- ☒ (D) At the sector level
- ☒ (E) At the country/region level
- ☐ (F) At the global level
- ☐ (G) Other level(s), please specify:
- ☐ (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

How has your organisation determined your most important sustainability outcome objectives?

- ☒ (A) Identifying sustainability outcomes that are closely linked to our core investment activities
- ☒ (B) Consulting with key clients and/or beneficiaries to align with their priorities
- ☒ (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- ☒ (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)
- ☒ (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)
- ☐ (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- ☒ (G) Understanding the geographical relevance of specific sustainability outcome objectives
- ☐ (H) Other method, please specify:
- ☐ (I) We have not yet determined our most important sustainability outcome objectives



# Transparency & Confidence-Building Measures

## Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☐ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☒ (E) ESG objectives of individual funds
- ☒ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☒ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☒ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☒ (J) A list of our main investments and holdings
- ☒ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

## Client reporting – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 48	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – ESG assets	6

What ESG information is included in your client reporting for the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets?

- ☒ (A) Qualitative analysis, descriptive examples or case studies
- ☒ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☒ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☒ (E) Information on ESG incidents, where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

## Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☐ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☒ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☐ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☐ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☒ (J) A list of our main investments and holdings
- ☒ (K) ESG case study/example from existing fund(s)

☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

## Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

What ESG information is included in your client reporting for the majority of your assets under management?

- ☒ (A) Qualitative ESG analysis, descriptive examples or case studies  
☒ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance  
☐ (C) Progress on our sustainability outcome objectives  
☒ (D) Stewardship results  
☒ (E) Information on ESG incidents where applicable  
☐ (F) Analysis of ESG contribution to portfolio financial performance  
☐ (G) We do not include ESG information in client reporting for the majority of our assets under management

## Frequency of client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 51	CORE	Multiple, see guidance	N/A	PUBLIC	Frequency of client reporting – All assets	6

For the majority of each asset class, how frequently do you report ESG-related information to your clients?

(A) Listed equity

(1) Quarterly

## Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

**What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?**

- ☐ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- ☒ (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- ☒ (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- ☐ (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Who has reviewed/verified the entirety of or selected data from your PRI report?**

(A) Board and/or trustees	(4) report not reviewed
(B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))	(2) most of the report
(C) Investment committee	(4) report not reviewed

(D) Other chief-level staff, please specify:	NA	(4) report not reviewed
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(E) Head of department, please specify:	NA	(4) report not reviewed
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(F) Compliance/risk management team	(1) the entire report
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(G) Legal team	(4) report not reviewed
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(H) RI/ ESG team	(1) the entire report
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(I) Investment teams	(1) the entire report
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 59	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Which of the following 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) EU Ecolabel
- ☐ (H) EU Green Bond Standard
- ☐ (I) Febelfin label (Belgium)
- ☐ (J) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- ☐ (K) Greenfin label (France)
- ☐ (L) ICMA Green Bond Principles
- ☐ (M) Le label ISR (French government SRI label)
- ☐ (N) Luxflag Climate Finance
- ☐ (O) Luxflag Environment
- ☐ (P) Luxflag ESG
- ☐ (Q) Luxflag Green Bond
- ☐ (R) Luxflag Microfinance
- ☐ (S) National stewardship code (e.g. UK or Japan), please specify:
- ☐ (T) Nordic Swan Ecolabel
- ☐ (U) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic), please specify:
- ☐ (V) People's Bank of China green bond guidelines
- ☒ (W) RIAA (Australia)

- ☐ (X) Towards Sustainability label (Belgium)
- ☐ (Y) Other, please specify:

## Listed Equity (LE)

### Pre-investment phase

#### Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

**Does your organisation have a formal investment process to identify material ESG factors across listed equities?**

**(3) Active – fundamental**

(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

**(3) Active - Fundamental**

(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input checked="" type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input checked="" type="checkbox"/>

## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

**Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?**

**(3) Active – fundamental**

(A) We monitor long-term ESG trends for all assets	<input type="radio"/>
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(B) We monitor long-term ESG trends for the majority of assets	<input checked="" type="radio"/>
(C) We monitor long-term ESG trends for a minority of assets	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>

## ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

How does your financial modelling and equity valuation process incorporate material ESG risks?

### (3) Active – fundamental

(A) We incorporate governance-related risks into financial modelling and equity valuations	<input type="checkbox"/>
(B) We incorporate environmental and social risks into financial modelling and equity valuations	<input type="checkbox"/>
(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations	<input type="checkbox"/>
(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process	<input checked="" type="checkbox"/>



(E) We do not incorporate ESG risks into our financial modelling and equity valuations



## Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

**What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?**

### (3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics



(B) We incorporate information on historical performance across a range of ESG metrics



(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics



(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability



(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

**In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?**

### **(3) Active – fundamental**

(A) We incorporate information on current performance across a range of ESG metrics	(2) in the majority of cases
(B) We incorporate information on historical performance across a range of ESG metrics	(2) in the majority of cases
(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability	(2) in the majority of cases

## **ESG incorporation in portfolio construction**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Outline one best practice or innovative example where ESG factors have been incorporated into your equity selection and research process.**

As part of our stock initiation process, we completed a review of Lynas from an ESG perspective. We found that the company presented with a number of ESG risks and opportunities that required further investigation.

For social aspects, the main risk is associated with community concern in Malaysia and the highly politized nature of their operations in that region. The following points outline how we thought through this risk:

\*Lynas' operations are currently split between mining activities in Kalgoorlie WA and processing activities in Malaysia. Although they have been operating in Malaysia for a number of years there is still concern from the community over the processing practices and potential for contamination. The concern is mainly from a small group of local residents, supporting by local members of parliament, that strongly oppose the company do not want them to continue to operate in future.

\*By the end of 2023 Lynas will be relocating their processing facility from Malaysia to Kalgoorlie. They will still have some operations in Malaysia, however the processing stage which is most controversial because it produces a radioactive by-product will no longer occur in Malaysia. They are also required to build a long term storage facility for the existing waste. This plan and development will be approved by the global body for radioactive materials.

\*To understand the nature of the social risk better, we engaged with an independent expert in Malaysian politics, a separate expert in Rare Earth processing, and spoke directly to Lynas Senior Managers. We spoke specifically to their Head of Community to understand their processes and practices for community engagement.

\*Given that Lynas will be exiting Malaysia soon, we believe the social risk will decrease significantly over time. We also believe that should community concern escalate in the meantime, they have the resources and processes in place to actively engage and try to mitigate the impact. It is important to note that their CEO and Head of Community is based in Malaysia and has strong understanding of the local context.

\*We do not expect there to be same level of concern from the Kalgoorlie community when the processing is moved to WA. The plant will need to meet Australian standards and the community have not raised any major concerns as yet. It is also well documented that the radioactive levels of the rare earth processing waste is extremely low and is somewhat comparable to waste from copper processing and fertiliser

For environmental aspects, the main risk is associated with the rare earth processing requirements (seen as 'dirty') and low level radioactive waste that's generated. To understand the risk further we spoke directly with the CEO, who provided a number of reports into the radioactivity levels of the waste product, and a number of independent experts. From this analysis we are comfortable that the risk of environmental impact from the Lynas operations is medium to low and will reduce further when the processing activities are relocated to Kalgoorlie in 2023. The view that Rare Earth mining is 'dirty' is largely because the vast majority of the industry is based in China and is not operated to a high environmental management standard. We have also seen reports that state the radioactive levels from the waste material is similar to fertiliser.

We believe the environmental risks are quite low and have been amplified due to the community concern. We will continue to monitor their environmental incident reporting and engage further to understand their management strategies for the new Kalgoorlie site, once development is further along.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

#### How do ESG factors influence your portfolio construction?

##### (3) Active – fundamental

(A) The selection of individual assets within our portfolio is influenced by ESG factors



(B) The holding period of individual assets within our portfolio is influenced by ESG factors ☒

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors ☒

(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process ☐

(E) Other expressions of conviction (please specify below) ☐

(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors ☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases did ESG factors influence your portfolio construction?**

### (3) Active – fundamental

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (3) in a minority of cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (3) in a minority of cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active listed equity.

Provide examples below:

(A) Example 1:

The major banks are an example of where we have seen governance issues come to the fore in the last few years, especially in the wake of the Royal Commission. None more so than in Westpac most recently. Management and the Board failed to adequately deal with numerous Austrac issues, which lead to action being taken by the regulator and ultimately a large fine being paid. However the ramifications continue to play out and will do so for some time through material loss of corporate memory and talent (senior staff leaving), regulatory distraction, risk and compliance costs, capital and liquidity costs and cultural upheaval. **(response continued in row below)**

Recognising governance failures have informed our views on future earnings outcomes (in this case poor and ongoing) as well as valuation outcomes (market de-rating the company relative to peers). While part of the issue was cultural as well as a lack of urgency or understanding by the Board, weak remuneration practices have likely contributed as well (not just Westpac but across the sector as shown in the Royal Commission), whereby low variability in remuneration outcomes regardless of earnings outcomes has led to complacency and lack of focus by management on cultural aspects. Compared to Macquarie which has much better aligned and variable comp with long term lock ins and vast equity exposures, the performance differential is stark.

(B) Example 2:

Crown Resorts is a company for which ESG has been a major consideration. Crown has been informally controlled by a single shareholder for a long time, even though not officially on the board, and that shareholder has not only been receiving privileged information but has also shown himself to have priorities which are not always consistent with those of minority shareholders. The company's corporate behaviour has resulted in it being accused of breaching anti-money laundering regulations, which exposed the company to hefty financial penalties, and also to the potential loss of its licences to operate which would have severe repercussions for the viability of the company. We decided not to invest in Crown despite there being some appeal from a valuation viewpoint although would consider for our mandates without a gaming exclusion if the shareholding situation were cleared up.

## ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	CORE	OO 6.1 LE	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 an independent committee that oversees the screening implementation process, but only for our ESG/sustainability labelled funds that are subject to negative exclusionary screening
- ☐ (B) We have an independent committee that oversees the screening implementation process for all of our listed equity assets that are subject to negative exclusionary screening
- ☐ (C) We have an independent committee that verifies that we have correctly implemented pre-trade checks in our internal systems to ensure no execution is possible without their pre-clearance
- ☒ (D) Other, please specify:  
 Excluded companies/sectors are recorded in our internal systems and pre-trade checks need to be passed in order for execution to occur. These checks cannot be overridden by the investment team.
- ☐ (E) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

# Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do your regular reviews incorporate ESG risks?**

**(3) Active – fundamental**

(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>
(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency	<input type="checkbox"/>
(E) We do not conduct reviews	<input type="checkbox"/>

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

**Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?**

**(3) Active – fundamental**

(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions	<input checked="" type="radio"/>
(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions	<input type="radio"/>
(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions	<input type="radio"/>
(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents	<input type="radio"/>
(E) Other	<input type="radio"/>
(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making	<input type="radio"/>



## Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your equity valuation or fund construction and describe how that affected the returns of those assets.

Provide examples below:

(A) Example from your active listed equity:

The decision not to invest in listed retailer Harvey Norman was made entirely for ESG reasons, primarily relating to governance and corporate conduct. This has been negative, although not materially, for fund returns over 2020 as it was a key beneficiary of the Covid-induced consumer spending boom in Australia.

## Reporting/Disclosure

### Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 13	CORE	OO 6 LE	N/A	PUBLIC	Sharing ESG information with stakeholders	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(1) for all of our listed equity assets subject to ESG screens

(2) for the majority of our listed equity assets subject to ESG screens

(3) for a minority of our listed equity assets subject to ESG screens

(4) for none of our assets subject to ESG screens

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation



(B) We publish any changes in ESG screens and share them on a publicly accessible platform such as a website or through fund documentation



(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

**What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?**

### (3) Active – fundamental

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation

2) In the majority of our regular stakeholder reporting

(B) Our regular stakeholder reporting includes quantitative ESG engagement data

2) In the majority of our regular stakeholder reporting

(C) Our regular stakeholder reporting includes quantitative ESG incorporation data

3) In a minority of our stakeholder reporting

# Stewardship

## Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

**Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)**

☒ (A) Yes, we have a publicly available (proxy) voting policy Add link(s):

☐ (B) Yes, we have a (proxy) voting policy, but it is not publicly available

☐ (C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

**What percentage of your listed equity assets does your (proxy) voting policy cover?**

(A) Actively managed listed equity covered by our voting policy

(12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

**Does your organisation's policy on (proxy) voting cover specific ESG factors?**

☒ (A) Our policy includes voting guidelines on specific governance factors Describe:

☐ (B) Our policy includes voting guidelines on specific environmental factors Describe:

☐ (C) Our policy includes voting guidelines on specific social factors Describe:

☐ (D) Our policy is high-level and does not cover specific ESG factors Describe:

## Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)

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

## Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

## Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

**How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?**

- ☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- ☐ (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- ☐ (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- ☐ (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- ☒ (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- ☐ (F) We did not privately or publicly communicate our voting intentions
- ☐ (G) We did not cast any (proxy) votes during the reporting year

## Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

**Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?**

- ☒ (A) Yes, for >95% of (proxy) votes Link:  
<https://www.alphinity.com.au/about-us/responsible-investment/>
- ☐ (B) Yes, for the majority of (proxy) votes Link:
- ☐ (C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:
- ☐ (D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

In the majority of cases, how soon after an investee's AGM/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
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?

- ☒ (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- ☐ (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- ☐ (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- ☐ (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.

- (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company

(5) >95%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?**

- ☐ (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- ☒ (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- ☐ (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

**How are you contributing to the integrity of the end-to-end voting chain and confirmation process?**

Alphinity makes the primary decision on voting and provides instruction to our Administrator who has responsibility for executing votes in line with our instructions. We do not control the votes of some mandate clients. At times we will provide advice on voting but it is the client's decision as to how votes are directed.

## Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 25	PLUS	OO 9 LE	N/A	PUBLIC	Example	2

Provide examples of the most significant (proxy) voting activities that your organisation and/or the service provider acting on your behalf carried out during the reporting year.

Provide examples below:

(A) Example 1:

We assess every vote being put to every meeting for the companies we hold. For example, technology company Life 360 had proposed to reprice options that had fallen out of the money, rather than letting them lapse. After discussion with the company, we decided to vote against the proposal as repricing would seem to defeat the purpose of options in the first place, and there are other means of achieving the same end, such as issuing new options