

2025
Responsible Investment Report

About this report

This is Alphinity's fifth Responsible Investment Report. This report highlights responsible investment outcomes and achievements for the 2025 calendar year across all Alphinity strategies including the Alphinity Australian Share Fund, Alphinity Concentrated Australian Share Fund, Alphinity Sustainable Share Fund, Alphinity Global Equity Fund - Active ETF, the Alphinity Global Sustainable Equity Fund - Active ETF, and the Alphinity Global Equity Fund - UCITS (launched in September 2025).

This reporting period is 1 January 2025 to 31 December 2025. Unless stated otherwise, the data, outcomes and examples in this report are from this period.

Materiality analysis

Each year, we review the overall materiality of more than 40 ESG topics for all companies held during the reporting period. The purpose of this review is to rank these ESG topics and determine the top 30 material issues and priority thematics for our holdings, enabling us to focus our research, engagement and reporting on the issues that matter most.

To determine the most material ESG issues, we analyse the risk and opportunity assessments captured within our ESG Framework across all investee companies. This analysis is then combined with the outcomes from our external materiality assessment, incorporating client perspectives, insights gained from international conferences, and shifts in government priorities.

Within our ESG Framework, materiality is determined on a scale of high opportunity to high threat. When making this determination, we consider the short, medium, and long-term relevance of the topic and the potential size of the financial, reputational, operational or strategic risk or opportunity that it presents.

The outcomes from this analysis are presented on the adjacent page. The Thematics section of this report presents the outcomes of our materiality analysis per thematic along with additional highlights from research, engagement, and proxy voting.

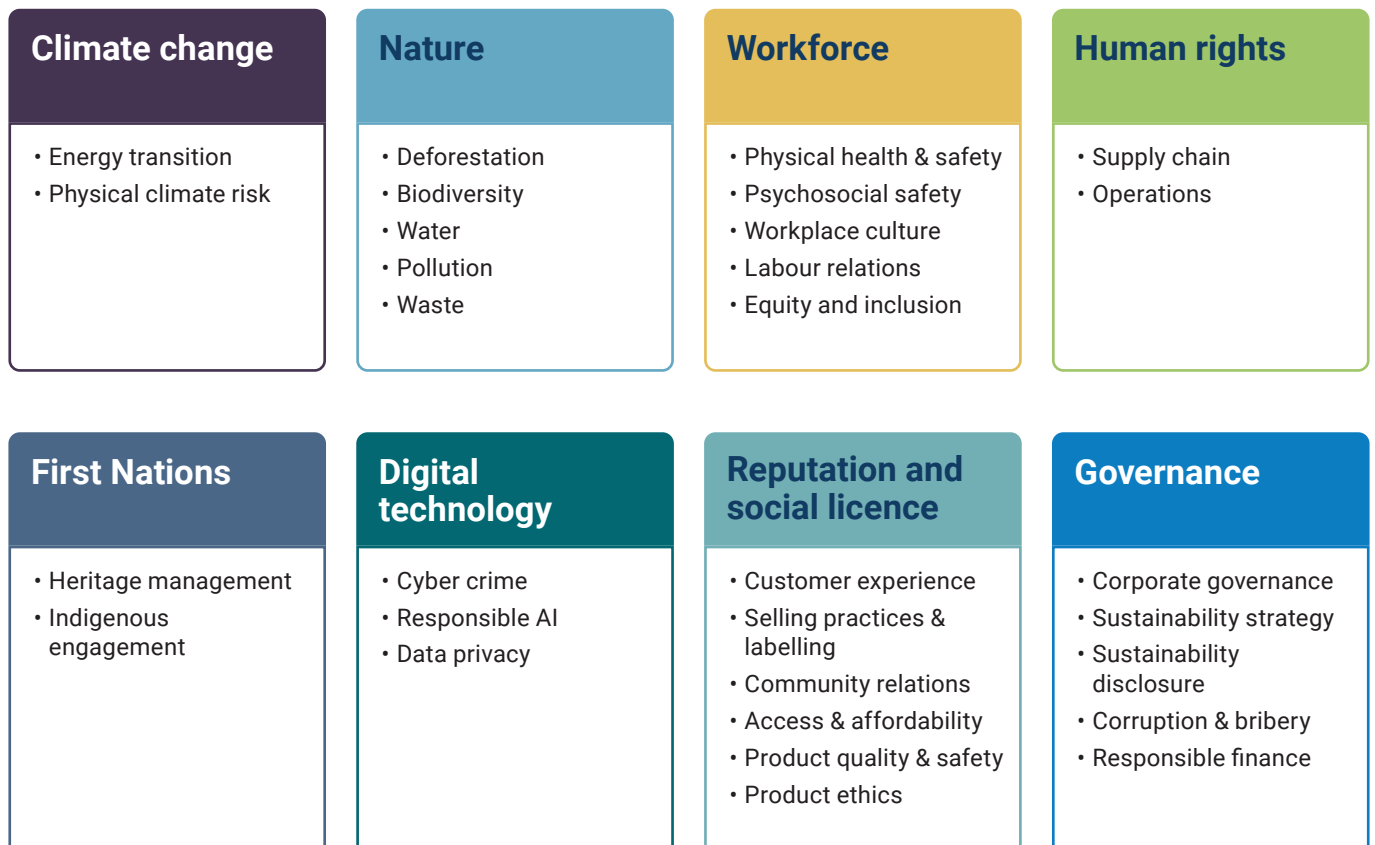
Definitions for the top 30 material issues are presented in Appendix 1.

Identifying our top 30 material ESG issues

Combining internal portfolio-weighted materiality with external stakeholder priorities to determine our responsible investment focus areas.



8 priority thematics and 30 material issues across our 2025 holdings



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Introduction from the Alphinity founders



Andrew Martin
Principal,
Portfolio
Manager



Stephane Andre
Principal,
Portfolio
Manager

We are pleased to present Alphinity's fifth Responsible Investment Report, covering the 2025 calendar year. This report reflects another year of meaningful progress in how we integrate environmental, social and governance considerations into our investment process, stewardship activities and sustainable investment strategies. We believe this work is essential to fulfilling our fiduciary duty – by embedding ESG considerations into our fundamental analysis, we are better positioned to identify risks, capture opportunities and deliver long-term value for our clients. Through detailed case studies, portfolio insights and examples of engagement, the report demonstrates how this approach works in practice – including where judgements are required and how our thinking continues to evolve.

2025 also marks the end of an era for Alphinity, with Bruce Smith retiring from his full-time role as a founding Principal and Portfolio Manager. Bruce was instrumental in shaping both the philosophy and the practical foundations of Alphinity's approach to responsible investing – championing the view that rigorous ESG integration and strong investment returns are not only compatible but mutually reinforcing. We are pleased that Bruce will remain a member of our Sustainable Compliance Committees, ensuring continuity as we move forward.

We also welcomed Siobhan Toohill as a member of our Sustainable Compliance Committees in March. She has joined the committees as an external expert alongside our longstanding member, Elaine Prior. Siobhan brings extensive corporate sustainability experience in banking, real estate, and through various non-executive roles. Her expertise is helping us to stay informed of changes to the sustainability landscape and navigate the increasing complexity in sustainable investing.

In 2025, we further strengthened the structure and discipline of our approach:

- We developed and implemented a Good Governance Assessment to standardise governance risk analysis and investment decision-making.
- In response to the growing relevance of defence as an investment thematic, we revised our Weapons Policy and implemented a structured pre-investment due diligence framework for defence, enabling us to assess opportunities in the sector with greater rigour and consistency.

- We expanded our Net Zero Alignment and Responsible AI Frameworks across all strategies. We also updated our SDG Alignment Framework for our sustainable strategies.
- We deepened our focus on emerging areas such as nature-related risks, First Nations considerations, AI value chain impacts and geopolitical exposure – including completing our first TNFD aligned nature disclosure and piloting the Dhawura Ngilan Business and Investor Initiative to embed First Nations considerations into our investment process.
- We launched our first UCITS fund, extending our global equity strategy to international investors. The fund was classified as Article 8 under the European SFDR, aligning our approach with Europe's sustainability disclosure standards and committing us to its ongoing compliance and reporting requirements.

Stewardship remains a cornerstone of our approach. During the year, we completed 220 ESG-related engagements with more than 100 companies globally. Collaborative initiatives, including Climate Action 100+, PRI Advance and other industry working groups, continued to play an important role in amplifying our influence and deepening our understanding of systemic risks.

Looking ahead, we expect responsible investing to remain a complex and at times polarising area for markets. Shifts in political priorities, regulation and corporate behaviour are already influencing how companies approach issues such as climate, diversity and social responsibility. In this environment, we believe a disciplined focus on materiality, long-term value and active stewardship is more important than ever.

We remain confident that responsible investing, applied thoughtfully and rigorously, will continue to support our objective of delivering attractive long-term, risk-adjusted returns for our clients. We thank our clients, investee companies and industry peers for their ongoing engagement and trust, and we look forward to continuing this work in the year ahead.

2025 responsible investing snapshot

ENGAGEMENT

220 engagements with 100+ companies

90 engagement objectives actioned across ESG and sustainability topics

GOOD GOVERNANCE

Two-stage governance risk assessment

Standardised across 50+ quality indicators

PROXY VOTING

Voted 100% of proxy items put to shareholders

With 35% of meetings with at least one vote against management or a shareholder proposal

DEFENCE

New due diligence framework

Across geographic, product, human rights and governance dimensions

ON THE GROUND

>10 site tours and research trips

Mine sites · tailings dam · CCS opening · salmon farming

FIRST NATIONS

Dhawura Ngilan pilot commenced

Embedding First Nations considerations across our ESG framework

CLIMATE

New transition risk dashboard & scenario analysis tool

Disclosed net zero alignment and priority ratings for 2025 holdings

SUSTAINABLE FUNDS

RIAA certified – classified 'Sustainable Plus'

Maintained certification for Alphinity Sustainable Share Fund and Global Sustainable Equity Fund - Active ETF

ESG INTEGRATION

Calculated and disclosed ESG risk score distribution

Across all 2025 holdings

DIGITAL TECHNOLOGY

Expanded responsible AI framework

Integrating AI value chain considerations into our approach

NATURE

First TNFD-aligned statement published

Taskforce on Nature-related Financial Disclosures aligned statement

HUMAN RIGHTS

Strengthened risk assessment

First Modern Slavery Act aligned policy published alongside this report

Our operations



About Alphinity

Established in

2010

21

full time employees

5

strategies across
Australian and global
listed equities

2

dedicated sustainable
strategies

**\$A30
billion**

of assets under
management
(31 December 2025)

Who we are

Alphinity is an active equities investment manager based in Sydney. Our purpose is to always put clients' interests first by striving to deliver consistent outperformance. We do this through our philosophy of investing in quality, undervalued companies which our research concludes are in, or about to enter, a period of earnings upgrades.

Alphinity was established in 2010 by its four founders who had all worked together in Australian equities at a large global firm since the early 2000s. In 2015, Alphinity expanded to include a highly experienced global investment team, applying the same philosophy and process to the much larger set of equity investment opportunities outside of Australia. We now have two dedicated teams managing Australian and global equity strategies, supported by a range of specialist resources.

Our boutique ownership structure creates alignment between our portfolio managers and the objectives of investors in our strategies. By outsourcing the bulk of business management, distribution, administration and compliance services to Fidante, a wholly-owned subsidiary of ASX-listed financial services company Challenger Limited, Alphinity employees can focus solely on investing and adding value for our clients.

We have five active strategies across Australian and global equities, including two sustainable strategies. Our sustainable strategies aim to invest in listed global and Australian companies that we assess as having the ability to make a net positive contribution to society in areas of economic, environmental and/or social development by contributing towards the advancement of the 17 United Nations Sustainable Development Goals (SDGs).

Our team

Our team is made up of 21 full-time employees across portfolio management (both Australian and global equities), responsible investment, trading and quantitative research.

In 2025, we farewelled one of our founders, Bruce Smith who retired from his role on 31 December. Bruce will remain as a valuable member of our Sustainable Compliance Committees.

Global



Jeff Thomson
Portfolio Manager



Jonas Palmqvist
Portfolio Manager



Chris Willcocks
Portfolio Manager



Trent Masters
Portfolio Manager



Matisse Clark
Research Analyst



Ty Archibald
Research Analyst

Domestic



Bruce Smith
Principal, Portfolio Manager



Stephane Andre
Principal, Portfolio Manager



Andrew Martin
Principal, Portfolio Manager



Stuart Welch
Portfolio Manager



Jacob Barnes
Portfolio Manager



Andrey Mironenko
Senior Research Analyst



Monique Rooney
Senior Research Analyst

Shared resources



Jessica Cairns
Head of Responsible Investment



Moana Nottage
Senior Responsible Investment Analyst



Jasmine Singer
Responsible Investment Associate



Andrew Hair
Chief Commercial and Operating Officer



Andrew Taylor
Head of Trading



Elfreda Jonker
Client Portfolio Manager



Richard Hitchens
Head of Quantitative Research



Nick Ying
Trader/Quantitative Analyst

Fidante administration and distribution (~100 staff)

Investment operations

Risk & performance

Compliance

Fund finance

Business services

Our strategies

Alphinity has five active strategies across domestic and global equities with total funds under management of \$A30 billion as at 31 December 2025.

Strategy name	Strategy summary	Year established	Number of stocks
Australian Share	Diversified portfolio of quality large-cap Australian shares	2010	35-55
Concentrated Australian Share	Concentrated portfolio of Australian shares representing our best ideas	2010	20-30
Sustainable Share	Diversified portfolio of Australian shares that support one or more of the United Nations Sustainable Development Goals	2010	35-55
Global Equity	Concentrated portfolio of high-quality global shares diversified across different industries and countries	2015	25-40
Global Sustainable Equity	Concentrated portfolio of global shares that support one or more of the United Nations Sustainable Development Goals	2021	25-40

Emissions and waste

Alphinity has a small operational footprint, however, we recognise the need to manage our impact and make a positive contribution where possible. Below is a snapshot of our operational carbon and waste footprints, including offsetting activities.

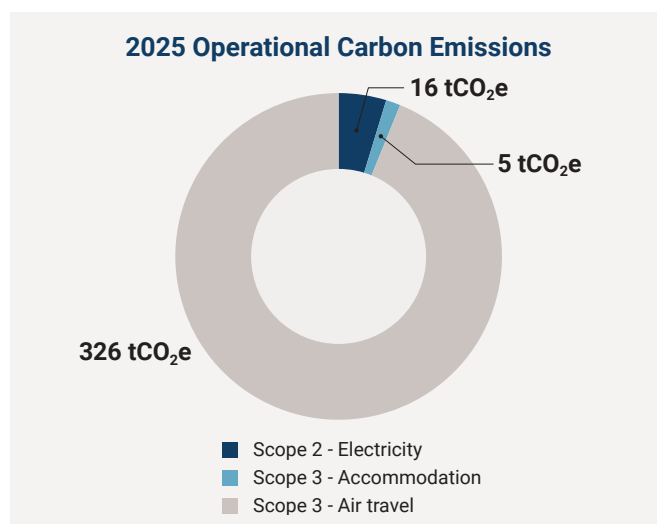
Emissions footprint

Alphinity's operational energy use is relatively small and consists of three main components: air travel, accommodation and office electricity. Scope 2 emissions are calculated using information from our electricity provider and state-level emissions factors. Scope 3 emissions are estimated using flight and accommodation details provided by the internal team and emissions factors provided by Blue Halo.

Emissions from domestic and international air travel are a material contributor to our overall emissions footprint. Members of our investment team regularly travel to complete essential company research that enhances our fundamental analysis and informs investment decision-making. We also travel to meet with our investors. We are aware of this impact and try to reduce the amount of travel wherever possible. We also have a policy against purchasing business class tickets for corporate travel.

Our 2025 emissions footprint is estimated to be 348tCO₂e. We have no scope 1 emissions since we do not use fuel in our operations.

We have purchased 348 tonnes of carbon offsets through Carbon Positive Australia as a donation to help fund nature-based projects across Australia.



Other relevant scope 3 emissions for our operations include emissions from taxis, public transport and working from home.

Waste footprint

Alphinity's operational waste footprint is relatively small and largely comprised of office-related and food waste.

We receive quarterly waste reports from our building management, Dexus, which provide detailed breakdowns of waste streams including general waste, mixed recycling, organic waste, paper and cardboard. These reports demonstrate relatively strong office recycling performance, with 49% of total waste volume being diverted from landfill through recycling in 2025.

We aim to continually increase these rates through improved waste segregation practices and utilising an organics bin to manage food. While our operational waste footprint remains modest given our office-based activities, we continue to look for opportunities to reduce waste and improve diversion rates from landfill.

Diversity and inclusion

Alphinity prides itself on fostering an inclusive workplace and stable team. As a boutique asset manager, Alphinity has a small number of employees and a low rate of staff turnover.

Our workforce is culturally diverse with people from a range of backgrounds and nations. Almost half our employees were born outside of Australia, from places including Sweden, Belgium, Japan, South Africa, England, Russia and China. While we celebrate this diversity, we recognise the ongoing challenge of increasing gender diversity, particularly within the portfolio management team. With no changes to the team over the year, the gender diversity of our investment team - all portfolio managers, ESG, trading and quantitative research - remained at 26%.

We implemented a formal Diversity and Inclusion Policy in December 2025, reflecting our commitment to building a diverse and inclusive workplace that enhances investment decision-making.

- Our policy focuses on expanding our talent pipeline and embedding inclusive practices. Key initiatives include providing clear diversity objectives to recruiters to ensure diverse candidate pools, embedding inclusive language across recruitment processes, and tracking and reporting annually on diversity progress.

The below chart presents our diversity metrics for staff employed full-time as at 31 December 2025.

Gender diversity

Portfolio management team



All staff



Ethnic diversity

All staff



Giving back

We continue to support charities that align with the interests of our team. This year we provided financial support to:

- Médecins Sans Frontières (Doctors without Borders): providing medical assistance to people affected by conflict, epidemics, disasters, or exclusion from healthcare.
- Care Australia: an international aid organisation focused on poverty reduction and humanitarian response.
- Women Up North: a Northern NSW service for women, children and young people who have experienced domestic or family violence or abuse.



Our approach to responsible investing






Alphinity is committed to investing responsibly. We do this by considering ESG risks and opportunities in our financial analysis, supporting improved practices through active engagement with companies, and contributing to ESG leadership efforts through industry research and collaborative engagements.

Our five pillars of responsible investing were established in 2021 and continue to guide all aspects of Alphinity’s investment practices across all strategies. We are signatories to the United Nations-backed Principles for Responsible Investment (PRI). The PRI defines responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership. Alphinity’s two Sustainable Funds are both certified by RIAA and have a Sustainable Plus rating.

[2025 PRI Transparency Report](#)

[RIAA certification](#)

Pillars of Responsible Investment

ESG integration	Stewardship	Sustainable strategies	Thematics	Transparency
 <p>AIM</p> <p>We integrate ESG factors into investment decisions.</p>	 <p>AIM</p> <p>We are active managers and focus on using our influence to encourage better outcomes, reduce risk and create value for our clients.</p>	 <p>AIM</p> <p>We deliver credible sustainable investments for our clients through disciplined SDG alignment, strong governance and transparent reporting.</p>	 <p>AIM</p> <p>We integrate thematic research, and develop bespoke Frameworks, to inform our ESG and SDG analysis.</p>	 <p>AIM</p> <p>We disclose information which is material to our stakeholders, including proxy activities, portfolio holdings, policies, and performance against these Responsible Investment pillars.</p>
<p>GOALS</p> <ul style="list-style-type: none"> • Implement an ESG Framework to identify and manage ESG risks and opportunities for holdings and prospects • Monitor ESG risks and opportunities, and influence on investment decisions 	<p>GOALS</p> <ul style="list-style-type: none"> • Establish and track progress against engagement objectives to manage ESG risks • Vote on all resolutions put to shareholders • Escalate ESG issues in line with our Stewardship Policy 	<p>GOALS</p> <ul style="list-style-type: none"> • Use a consistent and documented approach for the Sustainable Development Goal (SDG) analysis • Report the SDG alignment of strategy holdings • Maintain Responsible Investment Association of Australia (RIAA) certification for both sustainable funds 	<p>GOALS</p> <ul style="list-style-type: none"> • Identify key thematics and undertake research to inform both portfolio and company-level views • Develop and integrate bespoke thematic frameworks into our ESG and SDG processes as required 	<p>GOALS</p> <ul style="list-style-type: none"> • Publish an annual Responsible Investment Report • Review responsible investment policies and develop additional policies as needed • Remain PRI signatories and publish our Transparency Report

ESG integration

Alphinity seeks to identify and invest in attractively valued, quality companies which we believe are in, or are about to enter, an earnings upgrade cycle. Integrating environmental, social and governance (ESG) considerations into investment decisions is the responsibility of the portfolio management team with the support of the responsible investment (RI) team. It is viewed as a key component of fundamental investment analysis.

ESG issues can have an immediate and long-term material impact on company performance, can disrupt business operations and can increase operating costs. However, they can also increase efficiency, create new product opportunities and support a company's social licence to operate. By deepening our understanding of how individual companies manage ESG issues, we aim to more effectively identify the related risks and opportunities, enhancing our ability to achieve our objective of delivering sustainable, above-average, long-term returns.

Our investment approach incorporates five methods for integrating ESG considerations into investment decisions. The method used depends on the materiality of the identified ESG issue and the overall risk to the portfolio. Our 5 ESG integration approaches are:

- **Divestment** where the ESG risk is material enough to undermine the investment case.
- **Portfolio management** including portfolio construction.
- **Financial modelling** to influence valuation.
- **Engagement** including engagement objectives that manage risks over time.
- **Monitor** ESG risks that are long term, highly uncertain or not immediately material.

See our [ESG Policy](#) for more information on our overall approach to ESG integration including firm-wide exclusions, data sources and responsibility.

ESG Framework

Our ESG Framework provides the structure for assessing and integrating material ESG risks and opportunities across our holdings. It is made up of three main components: bespoke frameworks, ESG materiality and risk levels, and ongoing risk management.

We use a materiality-based approach to assess the relative significance of ESG factors for each company and determine the appropriate integration response. When completing this assessment, we include issues across the short, medium and long term and those that may have an impact at a systemic, industry and company level.

For each assessment the analyst reviews all ESG issues and assigns a materiality score on a scale of high opportunity to high threat. For issues assessed as material, a management score is then determined on a scale from lagging to leading. Finally, priority issues are converted into risk statements and integrated into a risk register for ongoing management.

At a portfolio level, we also track ESG trends across holdings to identify emerging risks and thematic patterns that may warrant further research or engagement.

Where necessary, we use bespoke frameworks to inform our assessments. Some inform the materiality score, some the management score, and some both – for example, our Good Governance Assessment informs the management score for corporate governance, our Workplace Culture Framework informs both the materiality and management scores for workplace culture, and our Net Zero Alignment Framework informs the management score for energy transition. For other issues, scores are determined using our analysis of company performance metrics, incident history, corporate disclosures and insights from direct engagement.

To ensure that all material and relevant ESG issues are considered, Alphinity seeks to access multiple sources of ESG information, with a preference wherever possible for first-hand insights obtained by the portfolio management and Responsible Investment teams from direct company engagement, industry experts or other third parties.

ESG issues

Within our framework, we assess materiality across over 40 ESG topics. For example, energy transition, deforestation, pollution, waste, health and safety, labour relations, human rights, data privacy, corruption and bribery and corporate governance.

A list of the top 30 material issues can be found on page 3 of this report. Definitions are included in Appendix 1.

Implementation

Assessments under our framework are completed as part of pre-investment due diligence and on an ongoing basis for existing holdings:

- We undertake formal ESG risk reviews of our holdings at least twice yearly and on an ongoing basis through weekly and monthly investment meetings.
- We document the outcomes of our analysis using a standard company ESG review template, internal thematic research reports, and as part of a live risk register.
- We integrate bespoke frameworks into our pre-investment due diligence and, as new frameworks are developed, conduct thorough analyses of all current holdings.

The case study on page 14 illustrates how ESG considerations are integrated across the investment lifecycle.

ESG FRAMEWORK OVERVIEW

INPUTS

ESG data & ratings · Company disclosures · Industry reports · Direct engagement insights · Third-party experts



STEP 1

Bespoke frameworks

G Good Governance

N Net Zero Alignment

F Responsible Financing

W Workplace Culture

H Human Rights

A Responsible AI

D Defence Due Diligence

Modular approach – frameworks added as needed

Each framework delivers a scored outcome that informs company-level materiality / management scores



Scored outcomes feed into relevant materiality topics

STEP 2

ESG Materiality & Risk Level

1 – Low

2 – Medium

3 – High

4 – Avoid

Materiality: 40+ E, S & G topics assessed on a scale of 1 (high opportunity) to 5 (high threat)

Management: Material issues are assigned a management score of 1 (lagging) to 3 (leading)

Risk assessment: Priority material issues, determined based on the materiality and management scores, are converted into risk statements assessed on likelihood and consequence, and integrated into a risk register

⊗ Level 4 'Avoid' = not investable / divest

👥 PM & RI teams collaborate on determinations



STEP 3

Risk Management & Integration

Live risk register

Portfolio management & position sizing

Investment / divestment decisions

Financial modelling

Ongoing monitoring

Engagement & stewardship

↗ Integration is scaled to risk size (likelihood & consequence)

🕒 Reviewed formally at least twice annually and ongoing through weekly investment meetings



OUTPUTS

ESG risk levels & risk statements · ESG review reports · Investment considerations & integration actions
Engagement objectives & priority issues · Portfolio trend analysis

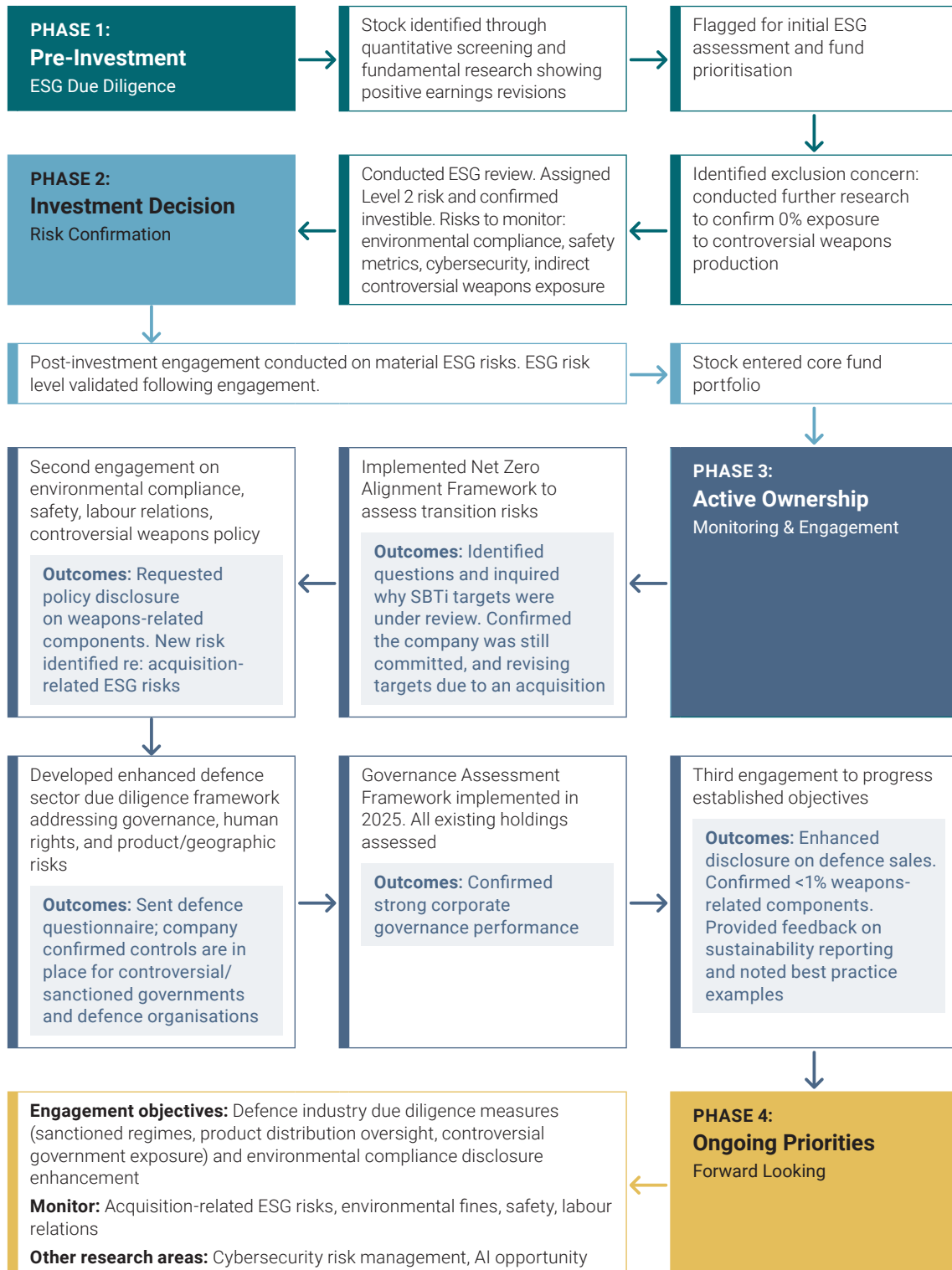
Continuous improvement: Risk management outputs, engagement priorities & portfolio trends feed back into framework development

CASE STUDY

The following example illustrates how ESG considerations are integrated across the investment lifecycle, from pre-investment analysis through to active ownership, using a case study from one of our global equity holdings. It shows how the introduction of new frameworks and company-specific events can shape our ESG risk assessments and engagement objectives over time.

Integrating ESG across the investment lifecycle

US-listed industrials company | Global portfolio holding throughout 2025






2025 highlights

ESG incident and event tracking

Our ESG Framework provides a structured approach to assessing ongoing risks and opportunities, but material events and incidents — such as controversies, regulatory shifts or leadership changes — require an active response. In 2025, we implemented a standardised approach to identify and monitor these events as they arise. This covers environmental and social controversies, significant geopolitical or regulatory developments, major claims by NGOs or community groups, notable AGM outcomes, and key leadership changes that could influence corporate governance.

Once identified, these events are managed and integrated through our ESG Framework. For example, the following ESG events were identified in 2025. Further examples of ESG integration are provided throughout the thematic section of this report.

Company	Event	Potential implication	Action	Integration approach
	September 2025: Complaint lodged with Federal Treasury alleges recruitment fee and accommodation abuses at a Malaysian supplier to Ansell employing Bangladeshi workers.	Complaint presents significant reputational risks given this is the second major human rights issue linked to Ansell's Malaysian supply chain.	Engaged with Ansell shortly after the incident and confirmed supplier will reimburse recruitment fees. Updated engagement objective related to modern slavery.	Engage. Monitor progress to further mitigate modern slavery risks.
	July 2025: Two consecutive governance events occurred. A corruption related tax lawsuit in Mongolia and the announced departure of the CEO in May, earlier than market expectations.	Reputational and legal risks from the Mongolia tax case. Leadership transition risk, including potential senior management turnover and short-term investor confidence impacts.	Held a one-on-one meeting with the Chair to understand the outlook of the legal proceedings and drivers of the CEO transition. Assessed succession planning and leadership stability risks. Reduced position size to reflect elevated controversy and governance risk.	Portfolio management and reduced position sizing. Ongoing monitoring of legal resolution, CEO succession and operational performance.
	January 2025: A union representing ~18,000 Costco employees (about 5.5% of its total workforce) voted to strike if wage and benefit concerns were not addressed by 31 January.	Strikes can materially affect operational productivity and overall employee sentiment. Depending on the outcome this issue could also increase operational costs related to wages.	Identified the issue through the weekly investment team meeting. Assessed potential financial materiality. Monitored news flow and developments closely.	Financial modelling of impact from strikes. Monitor news and employee sentiment.

New frameworks and enhancements to existing frameworks

We developed and implemented two new frameworks for governance assessments and defence investing, further enhanced our Net Zero Alignment Framework, and commenced a project to develop a framework to better assess First Nations related risks and opportunities and risk management.

- **Good Governance Assessment:** We standardised our governance risk assessments and implemented a two stage assessment of governance risk and quality across more than 50 indicators, producing a clear pass/fail outcome that directly informs company investability.
- **Due Diligence (DD) Framework for Defence:** We strengthened our ESG due diligence process for defence-related stocks by implementing an enhanced process to address specific criteria such as good governance, human rights concerns, and the interplay between product-based risks (e.g. AI in weapon systems) and geographic risks (e.g. exposure to sanctioned regimes).
- **Net Zero Alignment Framework:** We continued the development and implementation of our Net Zero Alignment Framework, with particular emphasis on criterion 5 alignment of capital allocation with stated decarbonisation targets and criterion 6 emissions performance relative to a net-zero pathway.
- **First Nations:** We commenced a pilot with the Dhawura Ngilan Business and Investor Initiative to test and embed First Nations considerations within our ESG Framework, with the aim of establishing a scalable approach for ongoing integration across Australian and global equities.

Further information on each of these initiatives can be found within the relevant thematic chapter later in this report.

Site tours and research trips to enhance our ESG assessments

In 2025, we completed a number of ESG focused site tours and four research trips. Site tours included the opening of Santos' Carbon Capture and Storage (CCS) asset at Moomba South Australia, an Amazon distribution centre tour focused on automation technology, a community Rehabilitation Tour of the South32 Boddington rehabilitation project, a tour of the research reactor and Nuclear Medicine Production Facility at the Australian Nuclear Science and Technology Organisation, and visiting the Brumadinho tailings dam collapse site with Vale to better understand improvements in tailings safety management.

2025 research trips

On the ground research enhances our analysis of material ESG issues and supports more effective engagement with our portfolio companies. The following examples highlight four research trips from 2025. See the thematic sections of this report for more information.

Tasmania: Salmon farming and nature risks

In June, the Responsible Investment team visited Tasmania to assess environmental and community challenges facing the salmon farming industry, including the extinction risk of the Maugean skate in Macquarie Harbour. Through farm visits to Tassal's operations and stakeholder discussions in Hobart, we gained insights into nature-related risks within the seafood supply chain and their overlap with climate change, social licence and governance considerations. This informed our engagement approach with supermarkets and highlighted broader aquaculture industry risks relevant across our investment universe.



Western Australia: Mining sector social licence

In August, our Senior Responsible Investment Analyst visited Western Australia to engage with mining companies and Traditional Owner groups, including site visits to South32's Boddington bauxite mine and Pilbara Minerals' Pilgangoora lithium mine. The research assessed mining sector progress on nature, First Nations engagement, decarbonisation, artificial intelligence and psychosocial safety. These insights strengthened our understanding of key ESG risks in the sector, underpinning these companies' social licence to operate and informed our ongoing engagement priorities with mining portfolio companies.



Korea, Taiwan and China: Sustainability of AI

In June, our Head of Responsible Investment joined a small group tour through Taiwan, Korea and China to meet with companies across the AI value chain. The trip provided insights into the sustainability of AI from both fundamental and ESG perspectives including energy consumption, supply chain considerations and governance frameworks. This enhanced our ability to assess AI-related risks and opportunities for technology portfolio companies.



Brazil: PRI conference and tailings management

In November, our Head of Responsible Investment participated in the PRI conference in São Paulo, where discussions focused on responsible investing in defence, nature-related risks, First Nations engagement, and climate action. A site visit to Vale's Brumadinho tailings disaster area and monitoring facilities offered valuable perspectives on improvements in tailings management and evolving regulatory requirements. This visit enhanced our understanding of emerging environmental risks across key sectors in the region and helped us align with broader sustainability and ESG themes that inform our global research and engagement with portfolio companies.



Domestic equities: ESG materiality and integration insights

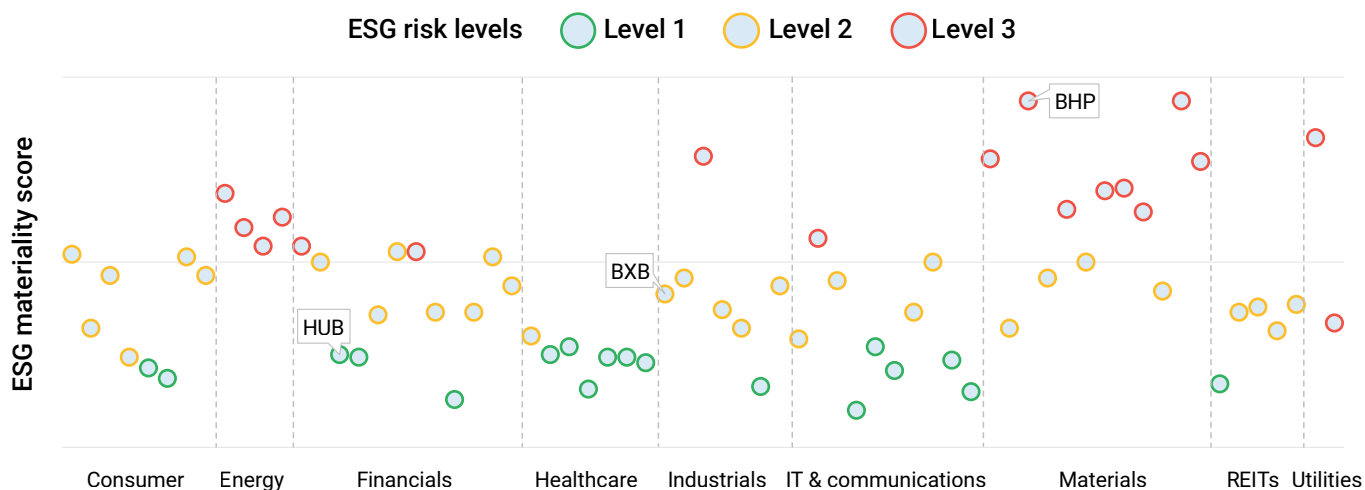
The following graph presents the ESG risk distribution by sector for 67 Australian equities held across our domestic investment strategies in 2025. Each point on the graph shows the ESG materiality score for an individual holding and the assigned ESG risk level.¹

Generally, companies within the energy, materials and utilities sectors present the highest overall ESG materiality scores due to the large number of diverse operational ESG risks which are present. For example, risks linked to workforce and safety, labour relations, heritage management, rehabilitation, pollution, corruption and bribery and corporate governance.

Financials, IT, and communications sectors face more social and governance material issues but generally remain moderate to low risk. Industrials and consumer sectors have diverse materiality based on company specifics, mainly influenced by supply chain risks, workforce issues, and operational dynamics. REITs are typically less variable, with material concerns centred on environmental compliance, supply chain factors, and workforce safety.

The five most material, non-governance, issues across our 2025 holdings were cyber crime, physical climate risk, psychosocial safety, workplace culture and energy transition.²

ESG materiality and risk distribution (2025 domestic holdings)



The following table presents three examples of companies across risk levels and the corresponding material issues and integration approach.

Name (ticker)	Sector	ESG risk level	Material issues	ESG integration
BHP (BHP)	Materials	Level 3	Physical climate, rehabilitation, safety, heritage management, community relations, corporate governance	Financial modelling, engagement objectives, and position sizing
Brambles (BXB)	Industrials	Level 2	Deforestation, physical safety, modern slavery (supply chain), corporate governance	Engagement objectives
HUB24 (HUB)	Financials	Level 1	Cyber crime, data privacy, product quality and safety, corporate governance	Engagement and monitoring

¹ ESG risk levels are assigned based on the ESG materiality but may be increased due to active controversies.

² These issues are determined based on our bottom-up materiality analysis for each company and have been weighted by the average holdings across the year. This list excludes corporate governance, sustainability strategy, and sustainability disclosure as these issues are highly material across all companies and sectors.

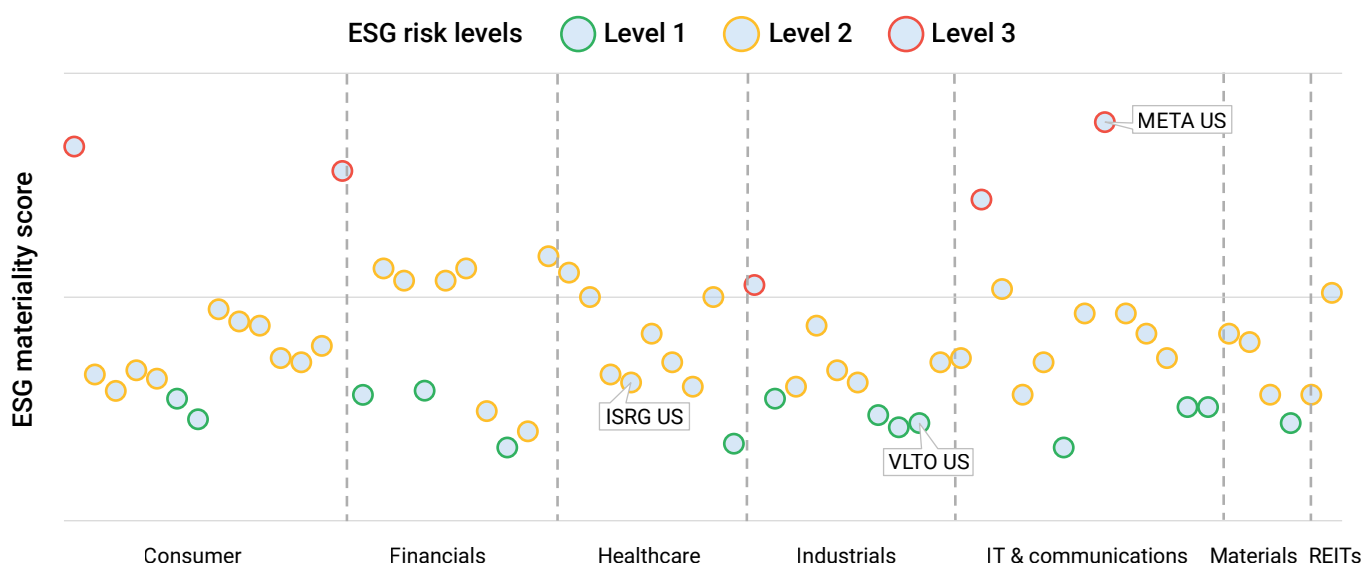
Global equities: ESG materiality and integration insights

The following graph presents the ESG risk distribution by sector for 62 global equities held across our global investment strategies in 2025. Each point on the graph shows the ESG materiality score for an individual holding and the assigned ESG risk level.³

IT, financial, and consumer companies generally score highest in overall ESG materiality due to diverse operational risks, including cyber crime, data privacy, product quality, deforestation, water, human rights, workplace culture, labour relations, and governance. Healthcare firms face moderate risk, mainly around social and governance issues. Industrials and materials vary by company but are largely influenced by emissions, environmental compliance, safety, labour relations, and opportunities related to energy transition and circular economy. REITs have less variation, with materiality driven by workforce safety and supply chain factors.

The five most material, non-governance, issues across our 2025 holdings were cyber crime, product quality and safety, energy transition, responsible AI and workplace culture.⁴

ESG materiality and risk distribution (2025 global holdings)



The following table presents three examples of companies across risk levels and the corresponding material issues and integration approach.

Name (ticker)	Sector	ESG risk level	Material issues	ESG integration
Meta (META US)	IT	Level 3	Energy transition, psychosocial safety, responsible AI, data privacy, cyber crime, product ethics, corporate governance	Heightened monitoring, regular review and position sizing
Intuitive Surgical (ISRG US)	Healthcare	Level 2	Product quality, cyber crime, responsible AI, customer experience, corporate governance	Engagement objectives
Veralto (VLTO US)	Industrials	Level 1	Workforce, product quality, green products (water)	Engagement and monitoring

³ ESG risk levels are assigned based on the ESG materiality but may be increased due to active controversies.

⁴ These issues are determined based on our bottom-up materiality analysis for each company and have been weighted by the average holdings across the year. This list excludes corporate governance, sustainability strategy, and sustainability disclosure as these issues are highly material across all companies and sectors.



Stewardship

As investors, we have the ability to influence the behaviour and actions of companies that we own. We take this responsibility very seriously and are committed, where possible, to use this influence to reduce environmental, social and governance risks over the short, medium and long term to maximise value for our clients.

Engagement

We aim to actively engage with companies in our investment portfolio and those under consideration for investment. We firmly believe that this approach provides us with a detailed understanding of ESG risks and opportunities, informs our fundamental analysis, and allows us to communicate our expectations to company management. We also participate in collaborative engagements where they add value.

Proxy voting

Alphinity takes its ownership responsibilities seriously and believes the right to vote as a proxy for our investors is a valuable asset. We have a commitment to vote 100% of resolutions put to shareholders.

Industry contribution

Our commitment to stewardship is reflected in our active involvement in the responsible investment industry, which includes producing research reports, joining working groups, collaborating with industry peers, and speaking at conferences.

[!\[\]\(2e39534fa484c54b999a1fc9c8a46d5a_img.jpg\) Stewardship policy](#)

Engagement

Wherever possible, we aim to engage with representatives of the companies in our portfolios and across the wider investment universe. Engagement provides us with a detailed understanding of ESG risks and opportunities and allows us to communicate our expectations to company management.

We engage through various forums, such as one-on-one, small group and large group meetings. Our engagement approach also varies depending on the issue. For proxy matters, we typically engage with the Board, Senior Management or Investor Relations. For ESG issues, we connect with ESG experts, such as the Sustainability Manager, and for controversy-related matters, we often engage with Investor Relations, Executives, or the Board.

Our engagement agenda is informed by our ESG Framework and determined by the portfolio management and Responsible Investment team together. We endeavour to have the appropriate member of the portfolio management team attend ESG meetings as the insights feed into our ESG analysis and can influence investment decisions.

Collaborative engagements

We collaborate with other investors where we believe a coordinated voice will be more effective in achieving an outcome that aligns with our investment and stewardship objectives.

When considering participation in collaborative engagements, we look for alignment with our portfolio holdings and ESG priorities. We consider the objectives of the engagement and whether it will create additional benefit beyond our existing engagement activities.

We are proud to support collaborative engagement initiatives organised by the UN PRI, the Investor Group on Climate Change (IGCC), FAIRR and HESTA's 40:40 Vision. Each membership requires approval from our senior management to ensure alignment with Alphinity's stakeholders, internal ESG philosophy and external commitments. Contribution to these initiatives is led by the Responsible Investment team, with support from members of the portfolio management team.

Climate Action 100+ collaborative engagements

We continued our involvement in the Orica, Dyno Nobel, Walmart, and Trane Technologies engagements as support investors and with Wesfarmers as a co-lead investor.

In 2025 we also joined the Qantas, Woodside and Santos engagements as support investors. The decision to join these engagements was informed by Net Zero Alignment analysis and reflects our view on transition risk for these companies.

PRI Advance collaborative engagements

We continued our involvement in the Freeport-McMoRan engagement as a co-lead investor, and with the BHP and Rio Tinto engagements as support investors.

40:40 Vision

We continued to engage with our portfolio companies on gender diversity and senior leadership representation.

CASE STUDY

Our journey with Climate Action 100+

At Alphinity, we see clear value in contributing to collaborative investor initiatives that seek to address material risks such as climate change. Systemic risks cannot be effectively managed through isolated company engagement alone – they require shared learning, coordinated investor expectations and sustained dialogue with companies in hard-to-abate sectors. Our involvement in Climate Action 100+ (CA100+), which we joined in 2019, reflects this dual value: contributing to collective stewardship while deepening our own transition risk capabilities and informing investment decision-making.

Our CA100+ journey



Building Capability

Early engagements with Orica and Dyno Nobel from 2020 enabled deep, technical discussions on decarbonisation pathways in the chemicals sector. This experience built our confidence to engage on complex transition challenges – directly informing our step into a co-lead investor role for Wesfarmers in 2025.

Stepping into Leadership

Our longstanding shareholding in Wesfarmers, combined with knowledge developed through CA100+ working groups, positioned us to take on active leadership. In 2025, we led two productive meetings, establishing objectives such as scope 3 emissions reduction and decarbonisation of WesCEF.

2025 HIGHLIGHT: Chemicals sector engagement

All three focus companies delivered meaningful progress in 2025. Both **Orica** and **Dyno Nobel** published scope 3 emissions targets, and **Wesfarmers** improved its climate disclosures for its chemicals business – a step Alphinity has encouraged since 2022, prior to the company's CA100+ inclusion.

Engagement outcomes by company

Orica

Support Investor · Since 2020

Implemented scope 3 emissions targets: **25% reduction by 2035** (2022 baseline)

Dyno Nobel

Support Investor · Since 2020

Scope 3 targets: **25% reduction in upstream emissions** per tonne AN purchased by 2030; **40% reduction in downstream emissions** per tonne sold by 2030 (2020 baseline)

Wesfarmers

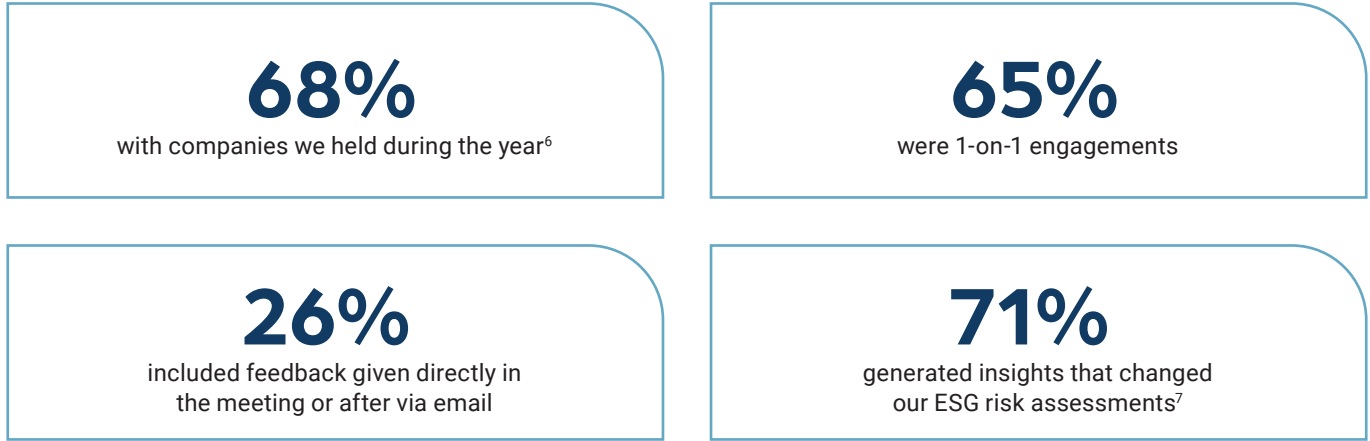
Co-Lead Investor · Since 2025

Disclosed **emissions intensity of nitric acid produced** and the impact of abatement technologies

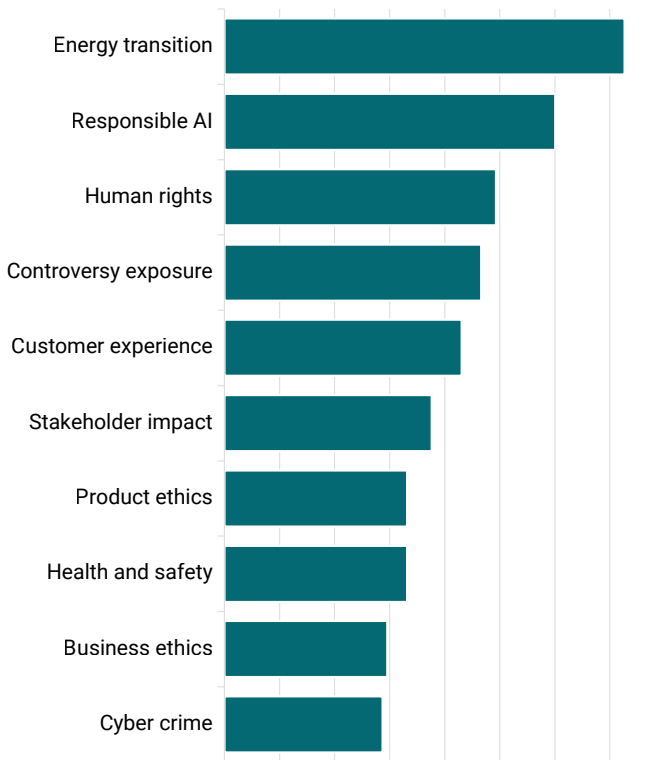
2025 engagement metrics

We track a range of metrics for our engagements which allows us to monitor and report our ESG engagement practices to internal and external stakeholders. This also helps us track progress on engagement objectives and document when topics are raised with companies. Following the enhancement to our processes in 2024, there were no material changes to the metrics we track in 2025. Examples of our engagement activities can be found throughout the thematic chapters of the report.⁵

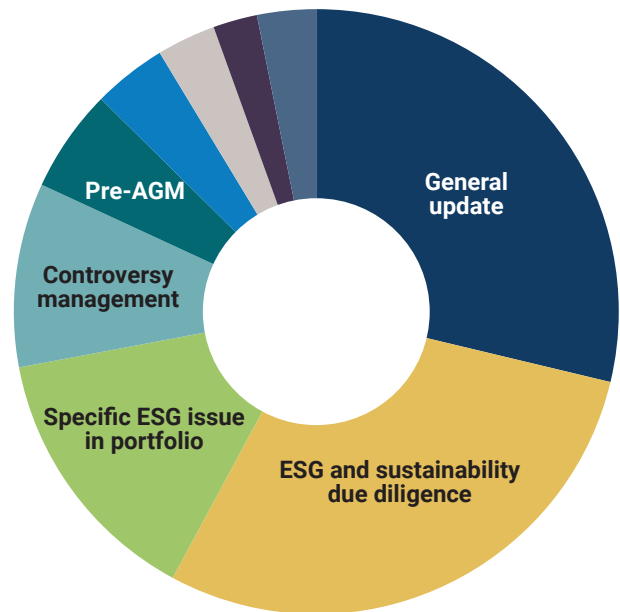
In 2025 we completed **220 ESG-related engagements** with more than **100 individual companies**.



Top 10 engagement topics



Engagements by reason⁸



⁵ As individual meetings routinely cover multiple ESG topics, the thematic engagement percentages reported throughout this report will sum to more than 100%.

⁶ The remaining engagements were with prospective companies being assessed for our portfolios, companies material to our investible universes, or as part of broader research.

⁷ These changes to our ESG risk assessments may include the identification of a new ESG risk, resolution of an active issue or controversy, an improved ESG management score for a specific issue, or confirmation or change of an ESG risk level.

⁸ The remainder of the reasons for engagement included: post-results, research project, collaborative engagement, and questionnaire.

Engagement objectives

Engagement objectives are central to our stewardship approach, helping us plan and track progress across various engagement priorities. These objectives are identified through our ESG Framework and are in place to mitigate ESG-related risks or opportunities across our portfolios.

Establishing a clear, quantifiable engagement goal for an issue helps clarify our intentions and actions as they relate to a company. Doing so ensures that our stewardship activities consistently add value and allow us to monitor how we contribute to the company’s outcomes.

In 2025, we strengthened our approach by introducing a more structured engagement objective framework with defined milestones, escalation levels and priority ranks as described below. This improves our approach to forward planning, the questions we ask companies, and how we monitor the outcomes achieved. Together, these elements bring greater discipline and transparency to how we manage engagement across our portfolios.

Elements of our approach

Material issue

Identify material issue via ESG Framework and identify potential engagement objective.

Prioritisation

Adjusts with materiality of issue, progress and portfolio significance

Milestone tracking

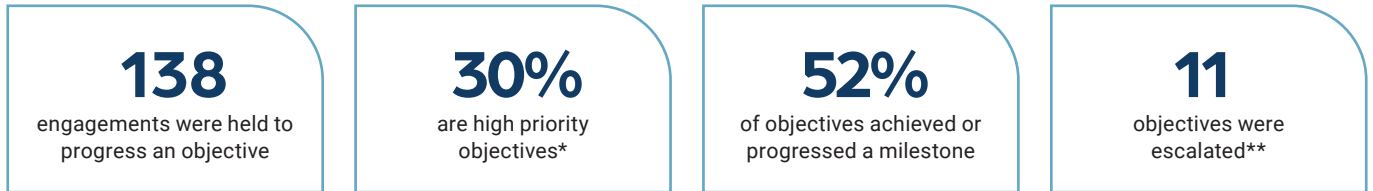
Each objective has a starting milestone and goal milestone, with asks at each milestone, and outcomes tracked.

Escalation plan

Depending on risk direction, company responsiveness and progress on the issue.

2025 highlights

Across 220 engagements in 2025, we identified and actioned 90 engagement objectives across more than 50 companies. These objectives spanned 30 ESG topics, with the leading priorities being climate change, human rights and digital technology. At year-end, 53% of objectives sat at the commitment milestone stage or beyond, including 21% where our active focus was on achieving disclosure or mitigation milestones. Company examples are provided in the thematic sections of this report.

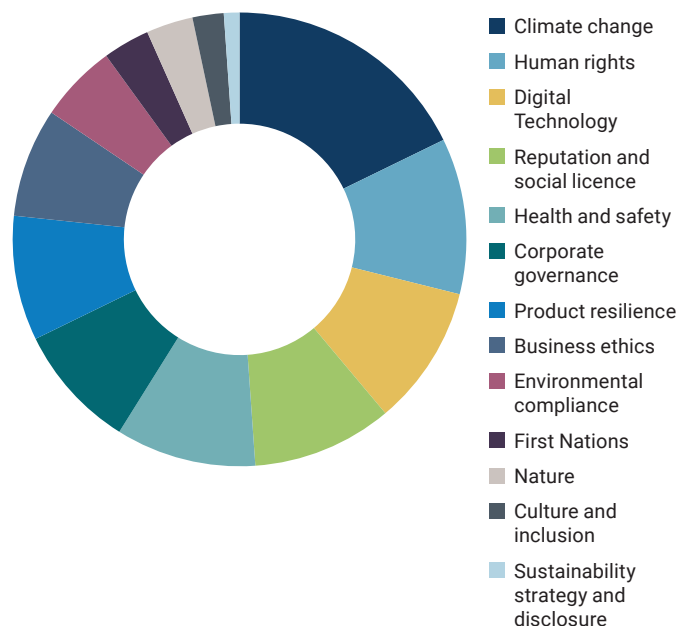


Active milestone**	% of objectives
Identified as a material issue	11%
Acknowledged by the company as an issue	14%
Committed to addressing the issue	21%
Implemented strategy to manage the issue	32%
Disclosed management of issue	19%
Mitigated risk	2%

*Priority level is determined using the outcomes of our ESG Framework and other factors such as controversies and the risk direction. Escalation in this context refers to actions such as voting against directors, requesting additional meetings or written communications.

**Active milestone describes the stage of each objective actioned through the year, as at 31 December 2025.

Engagement objectives by topic

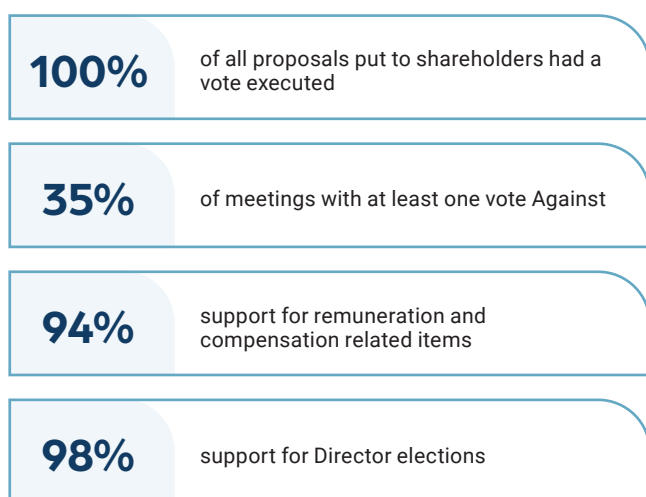


Proxy voting

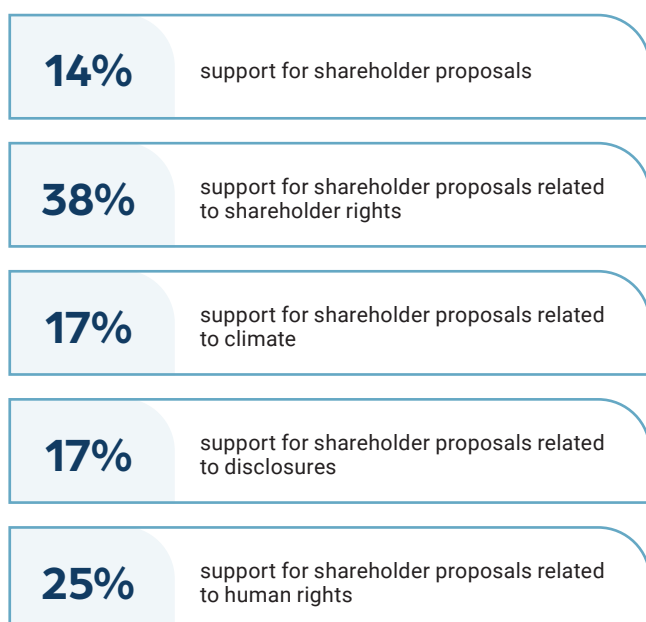
Alphinity takes its ownership responsibilities seriously and believes the right to vote as a proxy for our investors is a valuable asset. Our primary objective when voting is to maximise the value of our clients' investments. We do this by voting on Director elections, analysing and voting on remuneration reports, and by critically assessing the value of a wide range of shareholder resolutions raised each year. Refer to our Stewardship Policy for further information on our approach.

The following proxy voting statistics are for all votes executed across our managed funds and where we have been delegated to vote on behalf of our clients.

In 2025 we exercised voting rights at 83 company shareholder meetings. We voted on 2155 proxy items which represents 100% of votable ballots.



In 2025 shareholder proposals represented 7% of the total votable items. The below statistics summarise our votes in favour of shareholder proposals.



The following tables present examples of our voting activities across companies held during the 2025 period.

Management proposals

Company	Item, vote and justification
Newmont	Item: Executive Compensation Vote: Against. Misalignment between operational performance and incentive outcomes; lack of integration related to worker fatalities during the year.
CSL	Item: Remuneration Report Vote: Against. Lack of alignment between the STI award and outcome and challenges with business performance throughout the year.
Mineral Resources	Item: Approve Grants for Malcolm Bundy Vote: Against. Concern with short-term incentive structure for the Chair of the Board.
Chipotle	Item: Executive Compensation Vote: Against. Concern with one-time retention grants and lack of performance criteria.
Ferrari	Item: Elect John Elkann Vote: Against. Overboarding concerns.

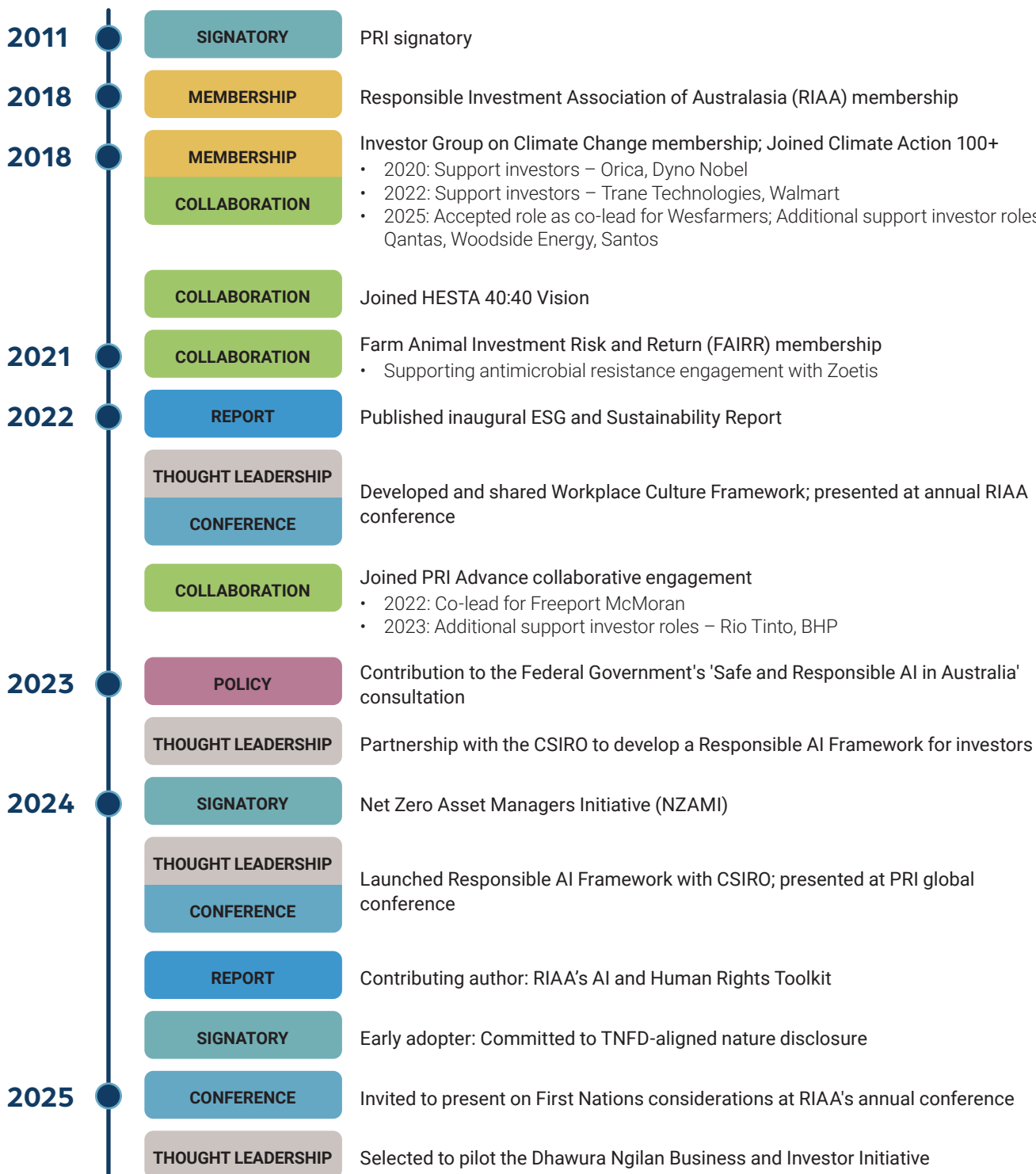
Shareholder proposals

Company	Item, vote and justification
Amazon	Item: Report on impact of data centres on climate commitments Vote: Against. Amazon's disclosures on data centre energy use, emissions, and renewable energy procurement provide excellent transparency on the impact of data centres on its climate commitments. Moreover, scope 1 emissions (fuel in transport and logistics) account for over 90% of the company's operational emissions, making the data centre component less significant.
Chubb	Item: Report on GHG Emissions Associated with Underwriting, Insuring, and Investment Activities Vote: For. Additional disclosure related to scope 3 emissions would enhance our ESG risk assessment process and support better clarity on transition risk.
National Australia Bank	Item: Approve Strategy to Eliminate Financed Deforestation Vote: Against. While we agree that more information on financing deforestation is needed, NAB is taking steps to improve its approach and has committed to enhancing disclosure. We have established a formal engagement objective on this topic and will monitor progress.
Netflix	Item: Reduce Ownership Threshold for Shareholders to Call Special Meeting Vote: For. The company threshold of 20% is higher than peers and overall average of 15%; improve shareholder rights.
The Coca-Cola Company	Item: Issue Third Party Assessment of Safety of Non-Sugar Sweeteners (NSS) Vote: For. Agree that more disclosure on the potential health impacts of NSS is needed.

Industry contribution

Established in 2010, Alphinity has steadily enhanced its responsible investment capabilities. We see stewardship as a broader part of responsible investing that goes beyond just engaging with companies or voting on proxies. It involves actively contributing to progress on important systemic issues that require collective action, like climate change or the responsible use of artificial intelligence.

For us, this has taken shape across five areas, each represented in the timeline below: becoming **signatories** to globally recognised frameworks and initiatives; holding **memberships** in leading responsible investment networks; participating in **collaborative** engagements; contributing to **policy** dialogue with government; publishing **reports** and developing frameworks as **thought leadership**; and presenting at industry **conferences**.



Sustainable strategies

Alphinity has two sustainable strategies available to investors through our funds or as customised mandates: the Alphinity Sustainable Share Fund and the Alphinity Global Sustainable Equity Fund - Active ETF. Both strategies aim to invest in companies that generate products and services with a net positive alignment to the United Nations Sustainable Development Goals (SDGs), exceed our minimum ESG criteria,⁹ and are also identified as undervalued and within an earnings upgrade cycle.

These investment strategies are built on the 17 SDGs, a universal framework designed to mobilise efforts to end poverty, improve health and education, reduce inequality, and spur innovation and economic growth while managing climate change and encouraging preservation of our oceans and forests. Given their holistic nature, and the specifics outlined in the 169 underlying targets, we believe the SDGs provide a suitable framework to define sustainability in the context of investing.

Our commitment to our clients is to offer sustainable strategies that are underpinned by a rigorous and transparent approach. We acknowledge there are always going to be some areas of subjectivity in company SDG alignment. To address this, each strategy has a:

- Charter that establishes the strategy's objectives, outlines exclusions and specifies the governance framework under which operations are conducted. In 2025, we published enhanced definitions for excluded activities in these documents, providing greater clarity on our exclusion criteria. The charters can be found here.
- Sustainable Compliance Committee¹⁰ responsible for approving companies within the sustainable investment universe and maintaining the integrity of the strategies.
 - Comprising two Portfolio Managers and two external sustainability experts for each strategy, the committees ensure our internal SDG Alignment Framework is being applied consistently and brings diverse perspectives to help assess the sustainability case of a company.
 - The committee also advises on engagement priorities, emerging sustainability trends and key issues worthy of further research and exploration.
 - In 2025, we welcomed Siobhan Toohill to Alphinity's Sustainable Compliance Committee, bringing extensive corporate sustainability expertise across banking, real estate, and non-executive roles to help us navigate the evolving sustainable investing landscape.



⁹ A company's ESG criteria is assessed using our ESG Framework. Any stock that is assessed at the highest risk level of 'avoid' has not met Alphinity's minimum ESG criteria and consequently is not considered for inclusion in the Fund. See the ESG integration section of this report for more information on our process.

¹⁰ As of 1 January 2026, Bruce Smith retired from Alphinity but continues to serve as an expert on both Sustainable Compliance Committees, which comprises two external ESG experts and two investment professionals (including Bruce and one portfolio manager).

2025 highlights

The Sustainable Compliance Committee's function and responsibilities remained unchanged throughout the year. In 2025:

- We held 20 committee meetings where over 90 companies were discussed.
- 72 companies were proposed for approval, with 85% granted approval. Companies not approved typically required further research or engagement and remain under active consideration for future inclusion.

Strengthened our SDG Alignment Framework through targeted research

Our SDG Alignment Framework is a dynamic methodology that evolves as we assess new companies with diverse business models and respond to emerging sustainability issues. In 2025, we undertook research across a range of sustainability topics to enable more efficient and standardised company assessments in future. Highlights include:

- Integrated the outcomes of our **Responsible Financing Framework** in the SDG alignment of global financial service companies, and expanded the criteria to assess private equity businesses.
- Incorporated our **Net Zero Alignment Framework** when assigning the negative alignment to SDG13 (Climate Action) for emissions-intensive companies.
- Enhanced our **commodity SDG alignment methodology** (see case study on pages 34-36).
- Conducted research into the **sustainability of packaging** to develop SDG alignment assumptions by material type and end-market.
- Considered the positive and negative impacts of **media and entertainment companies** (e.g. gaming, music, television).
- Investigated how **animal pharmaceutical companies** help prevent zoonotic disease and address SDG3 (Good Health and Well-being).

SDG Alignment Framework

A company's alignment with the SDGs is measured using a proprietary methodology developed and maintained by Alphinity. This ensures that our sustainable investing process is transparent, with a clear rationale for how companies align, or misalign, with the SDGs.

Our framework assesses the positive and negative SDG alignment of a company's products and services, using the 169 targets that underpin the 17 goals. A materiality factor (classified as low, medium, or high) is multiplied by each revenue item to indicate how significant and distinct its contribution is. The materiality factor reflects the strength of each revenue segment's alignment with an SDG target. High materiality (weighted at 100%) is applied where alignment is direct and clearly evidenced; medium (66%) where alignment is relevant but indirect or partial; and low (33%) where alignment exists but is less certain, or where the SDG alignment is one step removed from the company's product or service. The net score must be positive for a company to be approved by the Sustainable Compliance Committee. Following Sustainable Compliance Committee approval, stock selection for inclusion in the portfolio is made within the defined sustainable universe by the investment team applying the Alphinity investment process.

For more information on our approach, refer to this link for the 2025 version: [Sustainable Investing Factsheet](#). The SDG alignment of all companies held during 2025 in the Funds are presented in Appendix 3.

As this assessment is conducted in-house and involves judgment in evaluating company alignment to the SDGs, individual perspectives may differ given the subjective nature of some assessments. Companies may positively impact one SDG but negatively impact another, and people with different views and values may reach different conclusions. The committee plays a key role in navigating these nuances, helping our teams reach considered, consistent decisions. The following governance mechanisms are designed to promote consistency and rigour in the application of the framework.

- **Sector-based assumptions** provide guidance throughout the SDG alignment process.
- **Biannual review of SDG data** is undertaken with the two external experts serving on the Sustainable Compliance Committee, ensuring quality and consistency.
- **Limited environmental assurance** is conducted on the application of the SDG Alignment Framework annually, providing limited assurance of the SDG data presented in this report. Limited assurance has been obtained since FY22, with the FY25 assurance report attached on page 100.

Limitations: While the framework is applied consistently and supported by governance controls, it relies on a combination of internal assumptions and publicly available company disclosures which may be subject to interpretation. Our SDG alignment assessment involves judgement, particularly when evaluating complex value chains, mixed revenue streams and emerging products or services. SDG alignment outcomes may change over time to reflect improved information, company disclosures, updated assumptions and evolving sustainability thematic.

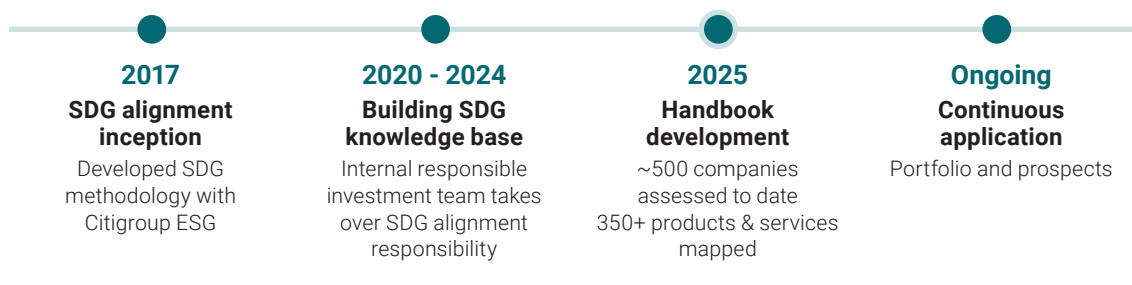
Advancing our SDG Alignment Framework

Our SDG alignment methodology has evolved since its inception in 2017, when Alphinity developed the concept to create the investment universe for the Alphinity Sustainable Share Fund with Citigroup. Since bringing this analysis in house five years ago, we have completed the SDG alignment for close to 500 companies. This extensive research has given us deep expertise in understanding how different industries and business models align, or misalign, with the Sustainable Development Goals.

At the end of 2025, we brought this rich dataset together to create our first SDG Handbook, a comprehensive reference tool that maps over 350 different products and services to the SDGs. This handbook will help to guide the positive and negative SDG alignment decisions for companies, strengthening the integrity and discipline of our sustainable investment process, while still allowing flexibility for company-specific nuances.

The illustration below shows how the handbook is organised by sector, and reflects a broad range of products and services which align to the SDGs. For example, the industrials sector includes more than 60 products and services which align (positive or negative) to 15 different SDGs. These include waste management, industrial components, construction materials and infrastructure services. The information technology and consumer sectors are similarly broad in their scope, covering products and services across semiconductors, software, public safety, food services and tourism. The energy sector covers fewer products and SDGs, reflecting the limited number of companies assessed. Given that most energy companies are excluded from our Funds due to fossil fuel-related revenues, we have only developed alignment assumptions for fossil fuel energy generation, oil and gas exploration, and refining at this stage.

SDG handbook development journey



~500 companies assessed for SDG alignment

Sector	Products & services	Number of SDGs aligned ¹¹
Industrials	~60	15
Information Technology	~50	14
Consumer Staples	~50	15
Materials	~50	9
Consumer Discretionary	~30	11
Financials	~30	10
Healthcare	~22	9
Communication Services	~20	8
Real Estate	~20	8
Utilities	~10	8
Energy	~5	7

350+ products and services mapped to the SDGs

¹¹ Number of SDGs with positive or negative alignment assumptions in the sector.

2025 SDG insights

The SDG characteristics of both sustainable strategies are presented in this section of the report, using holding details of each Fund. The insights are presented using a weighted approach¹², which multiplies the SDG alignment of companies held in the Fund for the 12-month reporting period by its average portfolio position size.

Our sustainable investing approach is to consider the positive and negative SDG alignments and invest in companies where the SDG outcome is net positive. Similar to previous years, both the Alphinity Sustainable Share Fund and Alphinity Global Sustainable Equity Fund - Active ETF have the strongest overall contribution to SDG3 (Good Health and Well-being), SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation and Infrastructure) and SDG11 (Sustainable Cities) on a net basis. We also map the SDG alignment of our Funds to four globally important thematic, where all holdings through 2025 contributed to at least one.

This year, we found four SDGs that most commonly presented with negative alignment. These are SDG13 (Climate Action) due to carbon emissions, SDG12 (Responsible Consumption and Production) to reflect waste generation, SDG15 (Life on Land) for ecosystem impacts, and SDG6 (Clean Water and Sanitation) due to water use. Other examples of negative alignment for specific companies are provided for each Fund below.

These negative impacts can often overlap with our management of ESG issues and provide a clear engagement agenda with companies. As companies mature in their management of issues like climate change and water, we anticipate that the SDG alignment can be adjusted and company SDG scores can improve over time.

100% of our holdings contribute to at least one of the following sustainability thematic

Sustainable cities	Inclusive economies	Healthy lives	Climate action
 	   	  	 
Companies that deliver:			
<p>Waste and water management services; urban infrastructure; renewable energy and electrification of cities; iron ore and steel products; safe and efficient transport systems; materials and industrial activity.</p>	<p>Responsible financial services; business productivity solutions; technologies that underpin the digital economy; access to internet and information.</p>	<p>Healthy and accessible food; disease prevention and treatment; healthcare services and insurance; safe communities.</p>	<p>Low carbon solutions, renewable energy and battery storage; critical minerals such as lithium, copper and nickel; reliable energy to power our cities and economy.</p>

¹² To reflect our sustainable investing activity over the 12-month period of this report, we utilise a weighted approach to SDG alignment rather than point-in-time company-level scores. To do this, we create composite portfolios for each Fund representing all companies held in 2025 and their average monthly holding weight. A weighted net SDG alignment score is calculated by multiplying each company's positive/negative SDG alignment score by its average monthly weight. This upweights the SDG score of companies held at larger weights for longer periods.

Examples of new 2025 portfolio companies




Ingenia Communities' SDG alignment centres on inclusive urbanisation and reduced inequality, with support for sustainable tourism.

Ingenia develops and manages 102 residential communities across Australia's east coast, delivering land lease and affordable rental accommodation for active downsizers and seniors (SDG11, SDG10). The land lease model supports the economic and social inclusion of older Australians who may otherwise face housing insecurity, while community programs such as Activate and Ingenia Connect promote social belonging and access to health and government services. Beyond residential communities, Ingenia operates 35 holiday parks and resorts, hosting 697,000 guests in FY25, with over 95% being domestic travellers, reinforcing its role in supporting regional economies and local communities (SDG8).¹³




CRH is a global leader in building materials, supplying essential products such as cement and aggregates that supports infrastructure.

In addition to supplying building materials (SDG9), a key differentiator is CRH's vertically integrated model which enables circular economy practices (SDG12). In 2024, CRH repurposed 45 million tonnes of industrial by-products and waste, positioning itself as one of North America's largest recyclers.¹⁴ This not only enhances efficiency but also supports growing demand for low-carbon solutions. CRH's recycled asphalt, for example, helps customers reduce their upstream scope 3 emissions. The company has positioned 48% of its portfolio to feature sustainable attributes, enabling more sustainable customer decisions and to tap into markets where green premiums can be captured.




As a specialty grocer operating more than 400 stores across the US, Sprouts Farmers Markets supports access to fresh, organic and nutritious food.

Sprouts is helping bring fresh, organic produce to communities while creating meaningful change within the agricultural industry, empowering local farmers and promoting sustainable farming practices. The company demonstrated an impressive sustainability strategy and customer proposition. In 2024, organic products comprised 30% of revenue, plant-based meat and dairy alternatives accounted for 11% of revenue, and there was a 43% increase in products from regenerative agriculture practices.¹⁵




Sonic is a leading healthcare company with specialist operations in pathology and laboratory medicine, radiology, and general practice services including skin cancer clinics and vaccines.

With more than 3,500 locations globally, Sonic delivered accessible healthcare to 129 million patients in FY25. The company's global footprint ensures access to essential diagnostic and preventative health services, supporting early disease detection and improved health outcomes across diverse communities.¹⁶

¹³ Ingenia Communities | [2025 Sustainability Report 2025_Sustainability_Report_Final.pdf](#)

¹⁴ CRH | [2024 Sustainability Performance crh-2024-sustainability-performance-report_final_interactive.pdf](#)

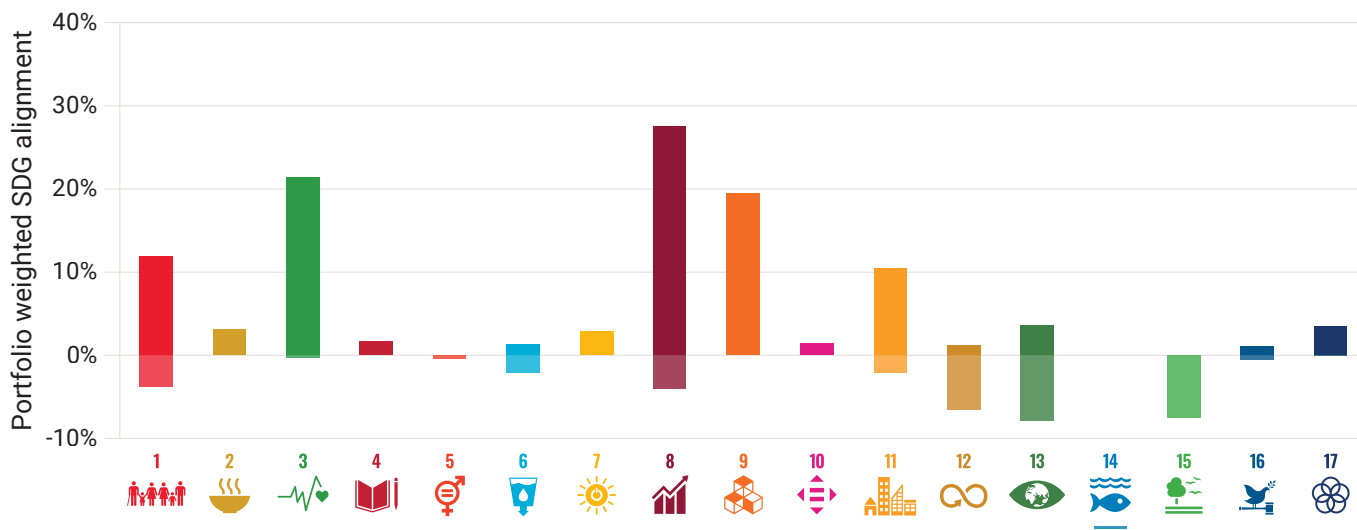
¹⁵ Sprouts Farmers Market | [2024 Impact Report Sprouts-2024-Impact-Report.pdf](#)

¹⁶ Sonic | [2025 Sustainability Report SHL_Sustainability-Report_2025.pdf](#)

Alphinity Sustainable Share Fund insights

The following chart presents the weighted SDG alignment across all companies held in the Fund in 2025.

Alphinity Sustainable Share Fund



Positive SDG alignment



SDG8 had the strongest overall alignment as a result of our investment in major banks like Commonwealth Bank, NAB and Westpac, insurance companies like QBE and Suncorp and logistics providers like Brambles and Qube which support the flow of goods across the economy. Alignment to **SDG1** also reflects major banks facilitating access to finance for retail customers.



Meaningful alignment to **SDG3** represents critical therapeutic products provided by CSL, hearing implants from Cochlear, respiratory support systems from ResMed and Fisher & Paykel Healthcare, and health insurance from Medibank. Life360 improves child and road safety through its technology platform, while Ansell's rubber gloves protect healthcare workers from disease.



The alignment to **SDG9** reflects the dominant contribution of BHP and other miners like Rio Tinto, IGO, and Alcoa which produce important transition metals. Copper, aluminium, nickel and lithium strongly support electrification while iron ore underpins steel used across infrastructure and transport. See page 34 for a case study exploring how we approach SDG alignment within the mining sector. Ventia's construction contracting and Wesfarmers' retailing of homebuilding goods also drive alignment towards **SDG9**.



Property companies like GPT and Ingenia Communities, and waste disposal services from Cleanaway, support the alignment to **SDG11** through housing solutions and waste management.

Company-specific alignment to other SDGs include: **SDG2 (Zero Hunger)** for food retailers like Coles and a2 Milk; **SDG7 (Affordable and Clean Energy)** and **SDG13 (Climate Action)** for essential future-facing commodities like lithium from IGO; and **SDG17 (Partnerships for the Goals)** for internet connectivity services from Telstra.

Negative SDG alignment



The most pronounced negative to **SDG13** is driven by emissions impacts from miners including BHP, Rio Tinto and Alcoa, and airlines like Qantas. Our Climate Change section (page 38) outlines the top carbon contributors in the Alphinity Sustainable Share Fund and engagement examples.



While miners demonstrate net positive contributions to the SDGs, there are also impacts to land (**SDG15**), water (**SDG6**) and cultural heritage (**SDG11**) which we recognise in our company assessments and are topical stewardship areas with companies in the sector.



The negative to **SDG15** reflects the land footprint from open-pit mining operations, particularly BHP, Rio Tinto, IGO and Alcoa. Real estate developers like Goodman Group and GemLife Communities also contribute through land transformation.



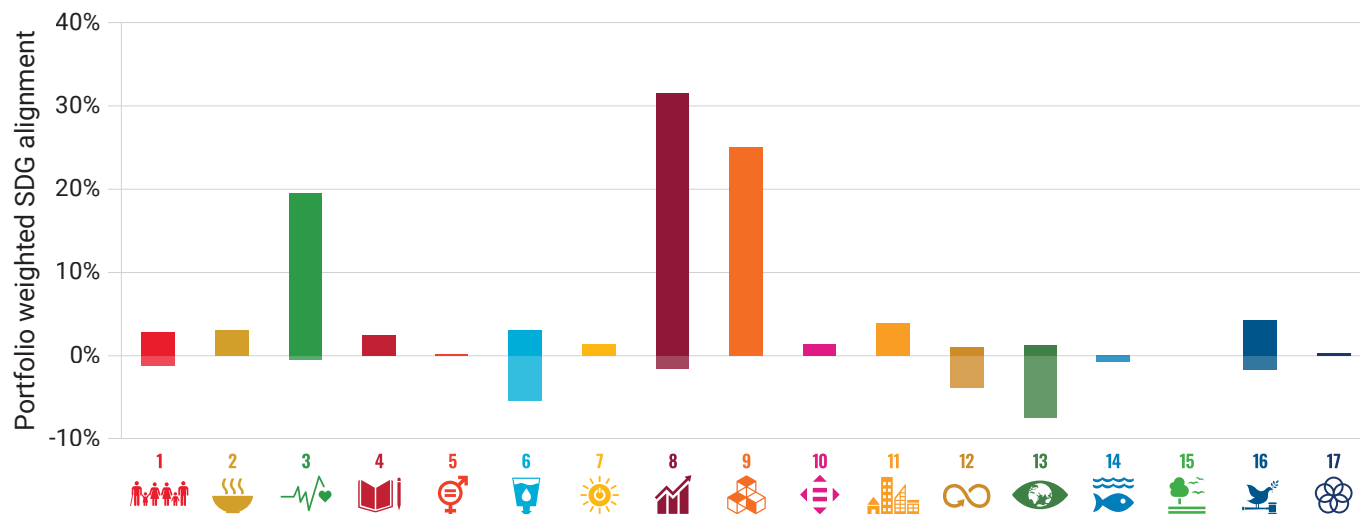
The negative to **SDG12** reflects inherent waste from real estate development (Goodman Group, GPT), healthcare companies (CSL), and impacts from consumer companies through the sale of non-essential goods and packaging waste (Wesfarmers, Coles). These real estate developers also have a notable land footprint which we consider to be a negative impact to **SDG15**.

Additionally, the negatives to **SDG1** and **SDG8** were driven by major banks. We acknowledge the risks brought by debt cycles and systemic threats from large financial institutions.

Alphinity Global Sustainable Equity Fund - Active ETF insights

The following chart presents the weighted SDG alignment across all companies held in the Fund in 2025.

Alphinity Global Sustainable Equity Fund - Active ETF



Positive SDG alignment



SDG8 has the strongest overall alignment as a result of our investment in technology companies like Microsoft and ServiceNow, and financial institutions like DBS Group, Morgan Stanley and Chubb. These companies facilitate economic productivity and offer access to finance globally. Alignment to **SDG1** also reflects banks facilitating access to finance for retail customers.



Strong alignment to **SDG9** represents leading-edge technology companies (e.g. NVIDIA, TSMC, Broadcom) and those that facilitate industrial activity through electrification, automation solutions and components (Schneider Electric, Parker Hannifin, Amphenol). Building materials from CRH, industrial gases from Linde, and biosolutions from Novonosis support sustainable development across construction, manufacturing and healthcare.



The alignment to **SDG3** reflects the contribution of healthcare companies like AstraZeneca and Intuitive Surgical, alongside Thermo Fisher's laboratory equipment. Procter & Gamble offers a range of personal health and care products, while Veeva supports the healthcare sector through software solutions.



Water treatment solutions from Veralto, waste management services from Waste Connections and automotive components from O'Reilly drive the alignment to **SDG11**.

Company-specific alignment to **SDG2 (Zero Hunger)** for food retailers like Sprouts Farmers Markets and Walmart, and **SDG16 (Peace and Justice)** driven by communication and command centre products from Motorola Solutions.

Negative SDG alignment



The most pronounced negative to **SDG13** is driven by the emissions impacts from large technology companies that draw on energy for data centre activities (NVIDIA, Microsoft). The production of cement and other building materials from CRH, industrial gases from Linde (particularly energy-intensive air separation units and grey hydrogen production) and emissions from semiconductor production at TSMC are also emissions intensive. Our Climate Change section (page 38) outlines the top carbon contributors in the Alphinity Global Sustainable Equity Fund - Active ETF and engagement examples.



The negative to **SDG12** reflects the waste impacts from consumer technology such as Apple, and packaging and non-essential products sold by Walmart, Procter & Gamble and Amazon.



The water footprint from semiconductor and data centre activity (TSMC, NVIDIA, Microsoft) drive the negative alignment present in **SDG6**.

Enhancing our SDG Alignment Framework for miners

Mining is a sector that often prompts questions from sustainable investors. On the surface, the association with environmental disturbance, emissions, or community impact can seem at odds with the objectives of a sustainable fund. It is a fair subject – but we think it deserves a more nuanced answer than a blanket industry exclusion.

The reality is that not all mining contributes equally to sustainable development. A company producing lithium for electric vehicles or copper for renewable energy infrastructure presents a different sustainability proposition from one extracting thermal coal for power generation. A mining company with assets in water-abundant regions and operating as a fully electrified, green-powered mine has distinct SDG considerations compared to a miner that operates in a water-scarce region, with a reliance on fossil fuels to power sites, and with negative First Nations impacts.

We believe that mining, done responsibly and directed to the right commodities, contributes meaningfully to the achievement of the SDGs, and represents a compelling investment opportunity for our clients. The commodities a company mines, the end-markets those commodities serve, and the way in which operations are managed all determine whether its net contribution to sustainable development is positive or negative.

We assess each company on its own merits. The two exceptions are thermal coal and gold, which we consider net negative against the SDGs on balance and exclude above a 5% revenue threshold for the Alphinity Global Sustainable Equity Fund - Active ETF, and 10% for the Alphinity Sustainable Share Fund. Thermal coal is excluded given the availability of cleaner energy alternatives; gold because its end-use is mostly jewellery and wealth storage which lacks alignment to the SDGs.

For all other mined commodities, we apply a purpose-built framework to assess whether a company's net alignment to the SDGs is positive. This considers both what a company mines and how it mines it. The following case study walks through the development and application of this framework.



Framework development

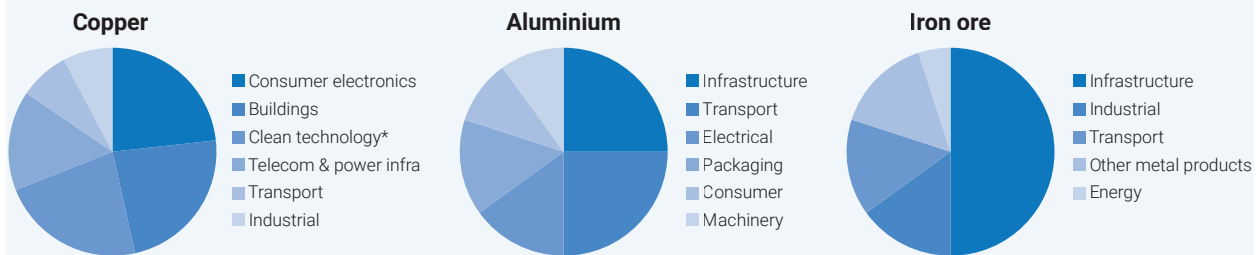
In 2025, we completed a research project to map how individual commodities flow across end-markets and create a detailed view of their associated SDG alignment. The process involved three stages: mapping commodity end-markets, developing positive SDG alignment assumptions, and assessing negative alignments at the company level.

Commodity SDG Assessment Process

STEP 1

Determine commodity end-markets

We analysed demand data from the International Energy Agency and other sources to map how 11 commodities flow across end-markets such as infrastructure, transport and clean technology. The charts below illustrate the end-market breakdown for three examples: copper, aluminium and iron ore.



STEP 2

Develop positive SDG alignment assumptions by commodity end-market

We developed positive SDG alignment assumptions for each commodity based on its end-market application. The table summarises the SDGs most materially supported by each example commodity, reflecting both the size of end-market demand and the significance to the SDG.

Commodity	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
Copper	Electrification	Consumer electronics	Industrial applications	Transport	Mitigation technology
Aluminium	Energy infrastructure		Infrastructure / Industrials	Transport	
Iron Ore	Energy infrastructure		Infrastructure	Transport	Adaptation infrastructure

Low High



STEP 3

Assess negative SDG alignment (company-specific)

Unlike the positive alignment, which is assessed at the commodity-level, negative SDG alignments are applied on a company-specific basis. These reflect a company's commodity exposure, the regions in which it operates, asset-level details and the quality of its management practices. The four negative SDG alignments commonly associated with miners, as shown, overlap with our ESG risk assessments and stewardship priorities.



*Clean technology end-market data reported by the [International Energy Agency Critical Mineral Outlook \(2025\)](#).

Framework application and outcomes

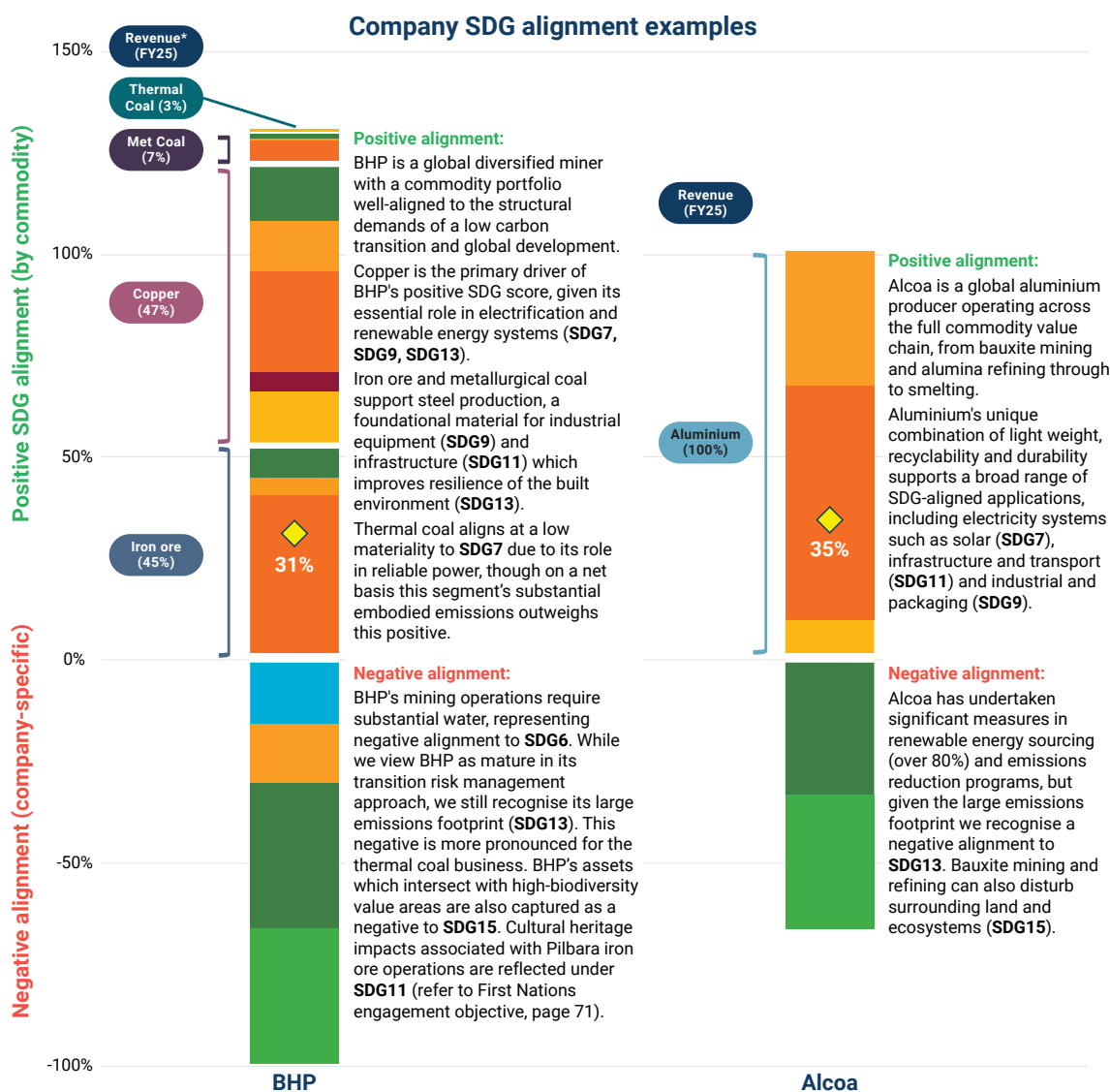
7 mining companies
reassessed using the framework in 2025

11 metals
built into the framework (e.g. iron ore, aluminium, silver)

Lithium, nickel, and copper
ranked highest for positive SDG alignment

In 2025, we applied the enhanced framework to existing mining holdings in the Alphinity Sustainable Share Fund and to prospects reviewed by the Sustainable Compliance Committee. We broadened the framework to cover 11 metals and will seek to add more as mining companies with different commodities come into scope of our investment universe. Across seven companies reassessed, we found that lithium, nickel and copper exposure have the strongest positive SDG alignment, reflecting their critical role in the energy transition.

This chart demonstrates the net SDG alignment for BHP and Alcoa, where positive SDG contributions are grouped by commodity revenue and negative SDG alignment is assessed by specific operational impacts. We also refer to the outcomes of our Net Zero Alignment Assessment (see our climate change chapter on page 38) when applying the negative to SDG13 (Climate Action).



*BHP's revenue by commodity sums to greater than 100% due to adjustments for equity accounted investments, consistent with the company's segment reporting.

Thematics

The thematics in this section reflect the ESG issues that matter most across our holdings. They are determined through our annual materiality analysis which is described earlier in this report.

This thematic structure helps translate a large and complex set of ESG risk and opportunities into a clear set of focus areas. It supports consistency in how we prioritise research and engagement, enables tracking of emerging patterns across holdings, and provides a practical way for stakeholders to understand where we are concentrating stewardship effort and why. Each chapter that follows outlines the key issues, 2025 highlights and examples of how insights have informed our investment decisions and engagement priorities.

Climate change

Captures both transition risks and opportunities (including decarbonisation pathways, policy and technology shifts) as well as physical climate risks that can disrupt assets, supply chains and demand.

It is material across portfolios because it can alter cost structures, capital requirements, competitive dynamics and the resilience of long-lived assets across multiple sectors.

Nature

Focuses on biodiversity, deforestation, water, pollution and waste, recognising that nature loss can create operational constraints, regulatory exposure, liability risks and supply chain disruption, while also opening opportunities in circular economy solutions.

It is material to our portfolios because many holdings depend on natural systems for inputs, operate in sensitive locations, or face growing stakeholder and regulatory expectations on nature-related impacts and dependencies.

Workforce

Covers physical safety, psychosocial safety, workplace culture, labour relations, and equity and inclusion.

It is material because workforce issues can directly affect productivity, turnover, operating costs, continuity of service and the likelihood of incidents or disputes—particularly in labour-intensive, high-risk or highly visible sectors—ultimately influencing earnings quality and reputational risk.

Human rights

Considers risks in both supply chains and operations, including modern slavery, worker exploitation and adverse impacts in higher-risk geographies or activities.

It is material to our portfolios because failures in due diligence and remediation can lead to supply disruptions, loss of major customers, litigation and penalties, exclusion from procurement contracts, and sustained reputational damage.

First Nations

Focuses on heritage management and Indigenous engagement, including the quality of relationships, consent processes and benefit sharing where projects and operations intersect with Traditional Owner rights and interests.

It is material because inadequate engagement can delay or prevent permitting and expansion, trigger controversy and legal action, and undermine social licence—particularly for resources, energy and infrastructure exposures within our portfolios.

Digital technology

Covers cyber crime, data privacy and responsible AI, reflecting the growing reliance on digital infrastructure and data-driven decision-making across sectors.

It is material because cyber incidents and privacy failures can cause direct financial loss and disruption, regulatory action and customer churn, while weak AI governance can introduce safety, bias and ethical risks that threaten trust and long-term franchise value.

Reputation and social licence

Brings together customer experience, selling practices, community relations, access and affordability, product quality and safety, and product ethics.

It is material because stakeholder trust can shift quickly and compound across issues, driving regulatory intervention, litigation, activism, lost demand and higher costs—particularly for consumer-facing companies and those operating in contested environments.

Governance

Covers corporate governance, sustainability strategy and disclosure, corruption and bribery, and responsible finance.

It is material because governance quality influences decision making, risk culture and accountability, shaping a company's ability to manage crises and execute strategy; weaknesses can increase the likelihood of misconduct, regulatory breaches, capital misallocation and value-destructive events.

Climate change

Energy transition | Physical climate risk

We recognise that climate change along with a disorderly transition are significant systemic risks to the global economy and to our investments. We support the global objective of achieving net zero greenhouse gas emissions by 2050 or earlier, consistent with the Paris Agreement, while ensuring our commitments do not compromise our fiduciary duty to maximise risk-adjusted returns.

Geopolitics continued to shape the global climate agenda in 2025. The Trump Administration formally withdrew the US from the Paris Agreement, and political pressure drove changes to key financial sector climate alliances, including the Net Zero Banking Alliance and the Net Zero Asset Managers initiative. The EU maintained its role as a global climate anchor, submitting an updated target ahead of COP30 for a 66–72% emissions reduction below 1990 levels by 2035, while Australia similarly strengthened its commitments with a new 2035 target for 62–70% reduction below 2005 levels.

Despite these political headwinds, the fundamental case for integrating climate into investment analysis remains intact. Physical climate risks continue to materialise regardless of policy cycles, and the long-term trajectory toward decarbonisation is driven by economics and technology as much as regulation.

At Alphinity, we assess both transition and physical climate risks at the individual company level, recognising that exposure is materially shaped by where a company operates. A business with significant revenues or assets in the EU or Australia faces a very different environment than one predominantly exposed to the US. This jurisdictional lens is central to how we evaluate the financial materiality of climate risk.

We remain signatories to the Net Zero Asset Managers initiative. As at 31 December 2025, this initiative was under review, and we expect to provide further comment on our commitment once the review is complete.

Climate risk management

Our approach to climate risk management is built on five integrated components: risk analysis, benchmarking, carbon metrics, stewardship, and investment case considerations.

We assess climate risk at a company level through our ESG Framework, incorporating physical risks, transition risks (assessed using our proprietary Net Zero Alignment Framework), and operational emissions exposure to capture regulatory, financial and reputational impacts. This is complemented by clear exclusions for thermal coal producers across all portfolios, with stricter fossil fuel-related exclusions applying to our sustainable strategies.¹⁷

We measure and disclose carbon intensity and financed emissions across all strategies. While emissions metrics alone do not define transition risk, they help identify major contributors, inform engagement priorities and track progress over time.

Active stewardship is central to our approach: we engage with large emitters, set measurable climate-related objectives, escalate concerns where progress is insufficient, and collaborate through industry initiatives.

Finally, where climate risks are material, we integrate these into valuation, financial modelling and portfolio construction to ensure climate considerations are reflected in disciplined, risk-adjusted investment decisions.

The following graphic provides an overview of this approach. Our [Climate Change Statement](#) presents more information on our overall approach and is aligned with the Task Force on Climate-related Financial Disclosures (TCFD). See Appendix 4 for a TCFD reference table.

¹⁷ We exclude thermal coal producers with a 10% revenue threshold across all investment strategies. We also exclude fossil fuel producers and companies that generate energy using fossil fuels from our sustainable strategies (10% revenue threshold for the Alphinity Sustainable Share Fund and 5% for the Alphinity Global Sustainable Equity Fund - Active ETF).

TRANSITION RISK MANAGEMENT APPROACH

Integrates fundamental bottom-up analysis with climate metrics to assess net zero alignment, manage transition risk, and drive systematic engagement across portfolios.

HOW THE FRAMEWORK OPERATES



Net Zero Alignment

Introduced in 2024 to evaluate companies' net zero alignment and forward-looking transition preparedness. Supports stewardship and risk management.

FRAMEWORK CRITERIA

1	Net Zero Ambition
2	Science-based Targets
3	Emissions Disclosure
4	Decarbonisation Plan
5-7	Remaining criteria (in development)

Emissions Metrics

We monitor emissions to evaluate transition risk across the portfolio and identify sector and company-level trends. These include:

- Portfolio Carbon Intensity**
This indicates the emissions associated with a company's operations, normalised by revenue, and weighted by position size (tonnes of CO₂e per million \$US revenue.)
- Company Emissions Profile**
We assess company emissions risk through a range of metrics, including absolute emissions, carbon intensity, peer-relative positioning, regulatory exposure and carbon pricing risk.

Transition Risk Dashboard

Assigns each company a formulaic priority rating (Low / Medium / High) based on absolute emissions and net zero alignment outcomes. The priority ratings guide further actions such as ESG integration, monitoring, engagement and research.

Net Zero Alignment by Emissions Footprint			
	Small	Moderate	Large
Aligned	Low	Low	Medium
Committed to aligning	Low	Medium	High
Not aligning	Medium	High	High

ESG integration

The outcomes of the net zero alignment and emissions metrics together inform ESG integration strategies. Based on the assessment and subsequent ESG risk level designation, this may require adjustments to the investment case.

ENGAGEMENT PRIORITIES

CRITERIA 1-3	CRITERIA 4	SCOPE 1 & 2	SCOPE 3	OPPORTUNITY
Strengthen Net Zero Alignment Improve scores on net zero ambition, emissions disclosure and/or science-based targets.	Credible Decarbonisation Plan Develop a decarbonisation strategy quantifying emissions reductions by key levers.	Mitigate Direct Emissions Risk Adopt abatement technologies, R&D, and support policy advocacy.	Mitigate Value Chain Risk Address material value chain emissions through targeted strategies.	Climate Solution Opportunities Develop and scale products and services that support the net zero transition.

2025 highlights

Scenario analysis tool

In 2025, we enhanced the Net Zero Alignment Framework with the development of a scenario analysis tool to assess company emissions performance and targets across different climate scenarios. This will be a key input to assess the Framework's three remaining criteria: net zero aligned capital allocation, emissions performance against net zero pathways, and net zero achievement. Scenario data from four leading sources are integrated into the model: the Network for Greening the Financial System (NGFS), International Energy Agency (IEA), Transition Pathway Initiative (TPI) and the Australian Climate Change Authority (CCA). A case study is presented later in this section.

Transition risk dashboard for enhanced company-level insights

We developed a transition risk dashboard that combines company emissions metrics and our internal net zero alignment data. The dashboard provides a snapshot of transition risk per company with an overall priority rating, translating our analysis into actionable insights that support investment decisions and targeted corporate engagement. The example below illustrates this for global building materials producer, CRH. The distribution of priority levels for 2025 holdings and company examples is provided on pages 44-47.

CRH

CRH produces construction materials including aggregates, cement, ready-mixed concrete, and asphalt, and is one of the largest suppliers of infrastructure components in North America.

Sector Materials	Sub-industry Construction materials	Scope High impact	Priority rating High
----------------------------	-----------------------------------------------	-----------------------------	--------------------------------

Net Zero Alignment

Net zero ambition	Pass	Committed to net zero by 2050
Short and medium-term science-based targets	Pass	Near-term emissions reduction target validated by SBTi
Emissions disclosure	Pass	Emissions reported and assured
Decarbonisation plan	Fail	Clear levers to reach near-term targets, however, no quantified reduction attributed to these levers
Net Zero Alignment Status Committed to aligning		

Engagement Objectives

Strengthen net zero alignment (criteria 1-3)	—
Implement credible decarbonisation plan (criteria 4)	Develop a quantified decarbonisation strategy
Mitigate transition risk (e.g. R&D, hard-to-abate technology)	Technological solutions for low-carbon cement
Integrate Scope 3 considerations	Reduce product life-cycle emissions
Benefits from green opportunities	Offer customers lower carbon cement, asphalt, aggregates etc

Emissions Profile

Absolute emissions (tCO ₂ e)		Emissions intensity (tCO ₂ e/\$M revenue)	
Company emissions	29 000 000	Company emissions	826
Sub-industry average (MSCI World)	22 000 000	Sub-industry average (MSCI World)	796
Relative to sub-industry average	+33%	Relative to sub-industry average	+4%

Over 50% of engagements in 2025 focused on climate

Of the 220 engagements held in 2025, climate change featured as a key issue in over 50% of meetings, reflecting its materiality to our portfolios. The energy transition remains a particularly significant focus area across our engagement program. Examples of issues discussed with companies through the year include:

- Explored the business opportunity around physical risk resilience with companies like Worley (engineering solutions for infrastructure) and John Deere (climate change can tighten planting windows and increase the value of precision agriculture tools).
- Discussed transition and community-related risks of data centres for companies with direct exposure to infrastructure (e.g. Goodman Group) or those with significant AI roll out plans (e.g. Veeva). This was informed by our Sustainability of AI research trip and is part of our broader initiative to advance Responsible AI research and address additional ESG considerations throughout the AI value chain (see case study on page 76).
- Engaged with banks such as CaixaBank, NatWest and National Australia Bank on financing the transition and supporting customers in their transition plans, while integrating credible transition plans into financing decisions.
- Discussed the impact of warming waters in Tasmania on production costs and supply risk with salmon producers and food retailers such as Coles.
- Assessed the integrity of carbon credit development and use with companies such as Qantas and Woodside Energy.
- Examined climate-related lobbying activities and the role of policy advocacy with companies like Wesfarmers, Qantas and Dyno Nobel where operations are still hard-to-abate and need technological breakthroughs and policy support to improve economics and feasibility.



Scenario analysis tool in practice

In 2025, we enhanced our approach to climate scenario analysis by developing a bespoke tool, which integrates over 50 scenarios across sub-industries and net zero pathways, and maps them against company emissions performance and targets.

This tool helps us to assess the credibility of company decarbonisation plans and transition resilience. This approach also offers flexibility to address our unique investment needs, such as applying bespoke scenario assumptions to different company operations or reviewing scope 3 emissions where upstream or downstream risks are more material than operational emissions.

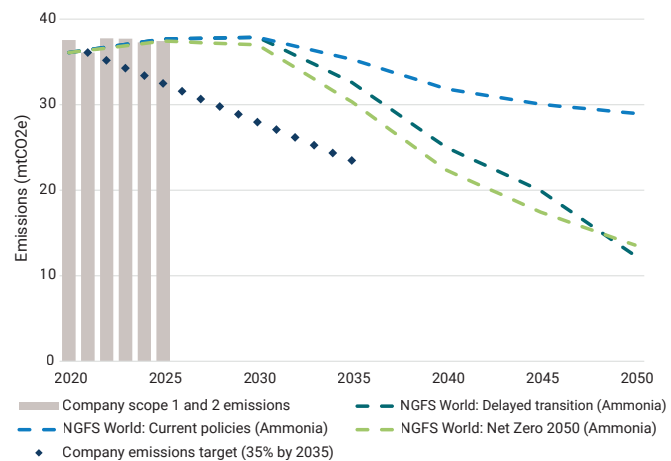
The following example demonstrates how we apply the scenario analysis tool to assess transition risk for an example chemicals company with ammonia operations. The outputs of this tool feed directly into our broader ESG integration process, informing more detailed assessments of company transition risks and shaping targeted engagement questions – as well as supporting our evaluation of the three remaining Net Zero Alignment Framework criteria (capital allocation, emissions performance, net zero achievement).

What does this chart illustrate?

This chart summarises the emissions performance of a chemicals company against three relevant scenarios developed by the Network for Greening the Financial System (NGFS). This company has a large emissions footprint and the sector requires major shifts to reach net zero by 2050. Operational emissions have remained relatively flat since 2020, which is not in line with its medium-term target to reduce emissions 35% from 2020 levels by 2035. However, the company's emissions reduction target exceeds the pace required under the NGFS ammonia sector pathways, including the Net Zero 2050 scenario, indicating strong transition preparedness if the target is achieved.

Example chemicals company

Scope 1 & 2 emissions vs. NGFS scenarios – Ammonia pathway



How can we use this tool in company engagement?

Key questions based on this analysis:

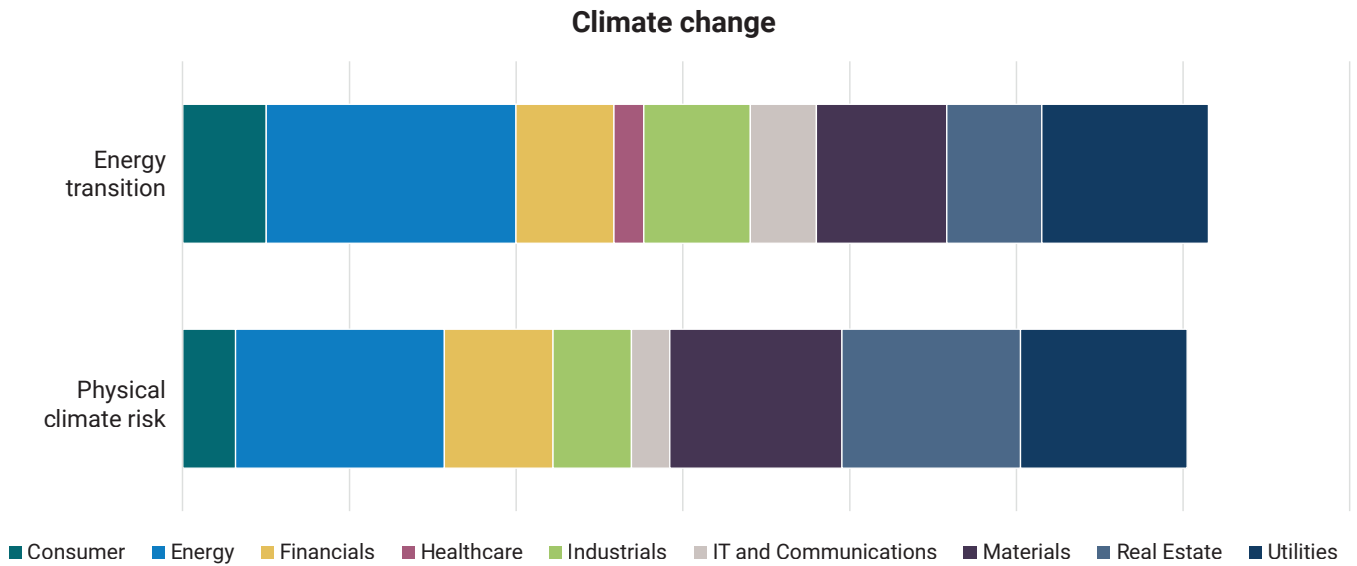
- What major projects support your stated medium-term emissions target and what is the expected emissions impact?
- How are you assessing exposure to carbon pricing and regulatory tightening as ammonia sector emissions are expected to decline post-2030?
- How does your capital allocation plan account for the accelerated transition required post-2030?

Why does this matter for investment decisions?

This gap between emissions performance and stated ambition may indicate growing transition-related costs or other financial implications in future. The chart also highlights that the emissions trajectory for the ammonia sector shows steeper declines after 2030. This indicates that the timing for transition risk to materialise, such as through carbon pricing mechanisms, regulatory tightening, or increased stakeholder attention, may accelerate post-2030. This timing presents a material investment consideration for companies involved in the ammonia value chain.

Materiality

The following graph presents the average materiality outcomes by sector for the two top 30 material climate-related issues.



Companies within the energy, materials and utilities sectors tend to have the highest exposure to transition-related risks and opportunities. These sectors are typically more exposed to transition risks including longer-term business model changes, regulatory pressure, carbon pricing and changing stakeholder expectations. Regulation is a key driver of transition risk. In Australia for example, the Safeguard Mechanism effectively introduced a carbon price for companies like Woodside Energy and Wesfarmers that operate high emitting facilities. Globally, companies such as Waste Connections are subject to methane management regulation, while CRH’s European operations may also be subject to carbon pricing regulations. We also remain cognisant of the electrification demands brought by the net zero transition, which may lead to changing dynamics in electricity prices and supply, particularly for companies with significant electricity footprints such as Linde, Rio Tinto and South32.

Companies within the real estate, energy, utilities and materials sectors have the highest exposure to physical climate risks, due to their significant infrastructure footprints and the likelihood of acute weather impacts and business model disruptions from events such as drought, excessive rainfall and storms.

Despite the focus on climate change from many governments, investors, and companies, the overall level of disclosure by companies of physical climate risks and scenario analysis remains low. This is also a key driver of physical risk being included in the top material issues in 2025, as the actual and residual risks are still challenging to assess.

Australian equities: Transition risk outcomes

The following section outlines the financed emissions profile of our Australian funds, progress on net zero alignment for the 67 companies held during the year, and how we prioritise transition risk actions.

Financed emissions and portfolio net zero alignment

Financed emissions

The carbon intensity of the Alphinity Australian Share Fund (ASF) decreased in the first half following South32's exit from the portfolio, then rose toward year-end with the addition of Alcoa. Both companies generate significant emissions due to aluminium smelting operations. The Alphinity Concentrated Australian Share Fund (CASF) experienced similar trends in carbon intensity, though amplified due to its concentrated portfolio structure. Other notable carbon contributors across these funds were BHP, Rio Tinto, Qantas, and Woodside Energy.

The Alphinity Sustainable Share Fund (SSF) maintained the lowest carbon intensity across Australian strategies and remained below the ASX300 benchmark, largely due to fossil fuel exclusions (e.g. AGL, Woodside Energy). The decrease in the first half also reflected South32's exit, while the modest year-end increase was driven by Alcoa's addition. Other notable carbon contributors throughout the year were BHP, Qantas, and Rio Tinto.

Portfolio net zero alignment

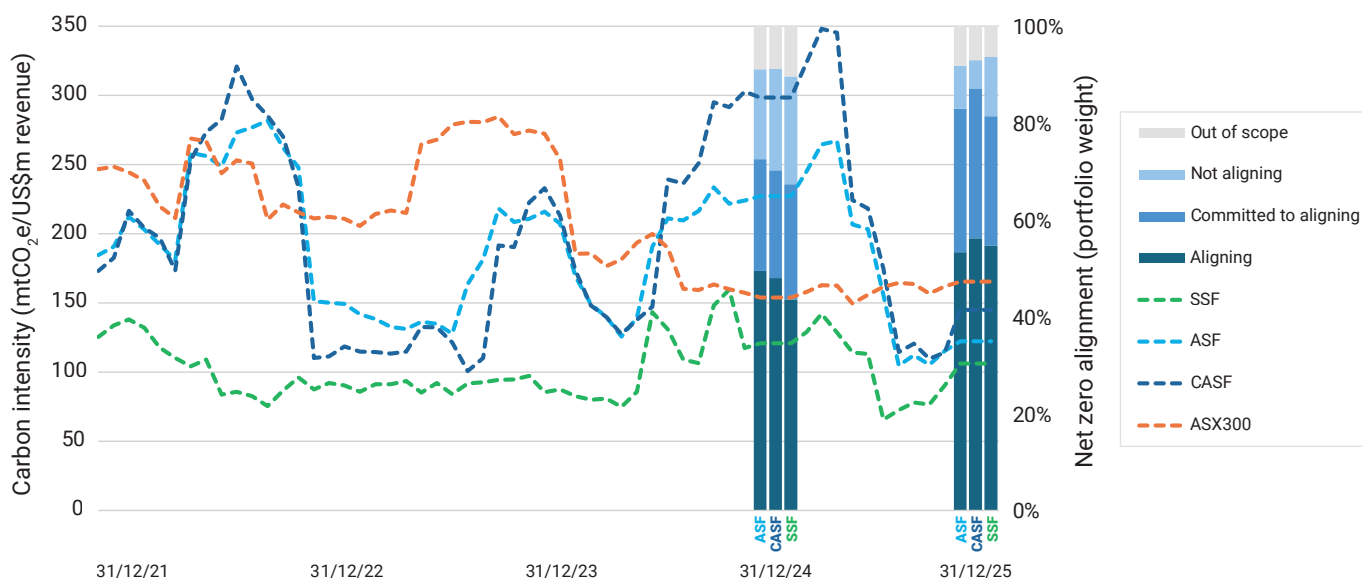
Australia's regulatory landscape is shaping up to be one of the more demanding environments for climate action globally. With carbon pricing tightening under the Safeguard Mechanism, mandatory climate disclosures established and national emissions commitments in place, we believe that net zero alignment is consistently more material for ASX-listed companies. This is reflected in the comparatively stronger alignment levels across our Australian funds.

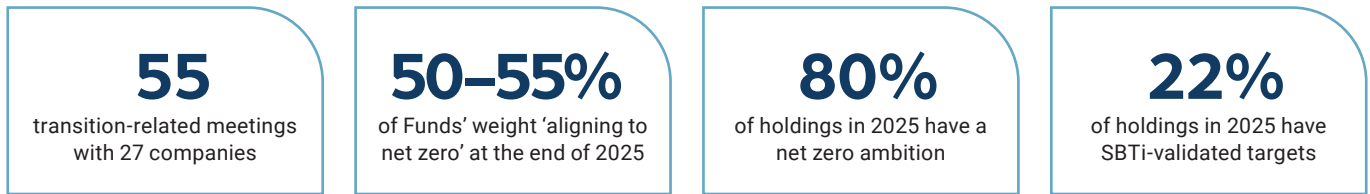
Our Net Zero Alignment Framework assesses companies against four criteria: net zero ambition (criterion 1), science-based targets (criterion 2), emissions disclosure (criterion 3) and decarbonisation plan (criterion 4). The Funds' net zero alignment improved in 2025, with over 80% by weight 'aligning' or 'committed to aligning' (up from 75% in 2024). This reflects both portfolio constituent changes and company-level progress during the year, driven by:

- **Companies with a net zero ambition showing the largest positive trend:** Over 80% by weight meeting this criterion compared to 70% in 2024. This increase was primarily driven by the addition of companies with net zero ambitions (e.g. Alcoa, a2 Milk) and the exit of those without (e.g. Capstone Copper).
- **Science-based targets covered around 70% of the Funds' weight and three companies progressed in their assessment:** Westpac and ANZ both clarified emissions targets are 1.5°C aligned while Ansell received validation from the science-based targets initiative (SBTi). Nearly all portfolio companies also disclosed emissions.
- **Decarbonisation plan performance remained steady at 70% by Funds' weight:** New portfolio additions such as Orica and Charter Hall had credible decarbonisation plans, helping to maintain the Funds' net zero alignment level. These positive trends offset a decline in Newmont's score, as it reviews its climate roadmap following the Newcrest acquisition.

Portfolio climate metrics

Australian equity funds: Carbon intensity and net zero alignment





Company priorities

In 2025 we introduced a new prioritisation framework which assists in enhanced transition risk identification, stewardship priorities and monitoring. The matrix shows the number of 2025 holdings across different priority levels.

The data shows that most are either "aligning" or "committed to aligning" with net zero, particularly among companies with small to moderate emissions footprints. This low priority group typically undergoes an annual review of net zero alignment, rather than targeted engagement or research, as transition risk is often less material.

Notably, there were no large emitters classified as "not aligning" in 2025, indicating reduced exposure to the highest priority category through the year. Companies with large footprints in the "committed" category, such as Woodside Energy, represent our highest priority for transition risk management. Other large emitters (such as BHP and Rio Tinto) are assigned medium priority, reflecting that while their climate plans are considered "aligning", continued monitoring is warranted given their emissions profile.




Net Zero Alignment by Emissions Footprint

Australian company distribution (2025 holdings)



9 companies are 'out of scope' of the net zero alignment assessment given small emissions footprint (<2000 tonnes). The 'size' of emissions footprint can be relative, and a quality overlay to the priority rating can be made on a company-by-company basis.

The following table presents three examples of companies across different priority ratings, with the corresponding transition considerations and engagement objectives and progress against these in 2025:

Company	Priority rating	Transition considerations
 Committed to aligning	High	<p>With one of the largest emissions footprint in the ASX300 (20.7 mtCO₂e) and an uncertain outlook for its carbon-intensive South African aluminium smelter. South32 faces significant transition challenges. Its climate plan lacks quantified emissions reduction expectations, which is required for a company in the mining sector to be 'aligning' to net zero.</p> <p>Engagement objective and progress: Improve detail in the Climate Transition Action Plan, specifically around the time-bound milestones required to meet FY35 emissions targets. Whilst its 2025 Climate Action Plan demonstrated improved disclosure on its preferred pathways to meet its FY35 target, further improvement is needed to quantify emissions reductions by lever, and define time-bound interim milestones.</p>
 Aligning	Medium	<p>With a moderate emissions footprint (11 mtCO₂e) and strong transition planning, BHP is prioritised at a medium level for continued monitoring and engagement on decarbonisation progress. We engaged on transition risk with BHP across six meetings in 2025.</p>
 Committed to aligning	Low	<p>JB Hi-Fi is a consumer retail company with a small emissions footprint (60,000 tCO₂e) and sufficient emissions reduction programs. While we have identified its decarbonisation plan is not quantified, we do not view transition risk to be a priority issue at this time, and therefore engagement objectives are not established.</p>

Global equities: Transition risk outcomes

The following section outlines the financed emissions profile of our global funds, progress on net zero alignment for the 62 companies held during the year, and how we prioritise transition risk actions.

Financed emissions and portfolio net zero alignment

Financed emissions

The carbon intensity of the Alphinity Global Equity Fund - Active ETF (GEF) increased during the first half of 2025 before declining through the rest of the year. The increase was driven by the addition of CRH to the portfolio, a global building materials producer. The decrease resulted from the exit of Waste Connections, a waste management company, and reduced exposure to Linde, an industrial gas company with emissions-intensive hydrogen production, towards year-end.

The Alphinity Global Sustainable Equity Fund - Active ETF (GSEF) experienced a modest increase in carbon intensity driven by companies like Linde and CRH, which together with Waste Connections contributed to the majority of the Fund's financed emissions. Similar to the Alphinity Global Equity Fund - Active ETF, the reduction in the second half resulted from the exit of Waste Connections and a reduction in Linde's position size.

Portfolio net zero alignment

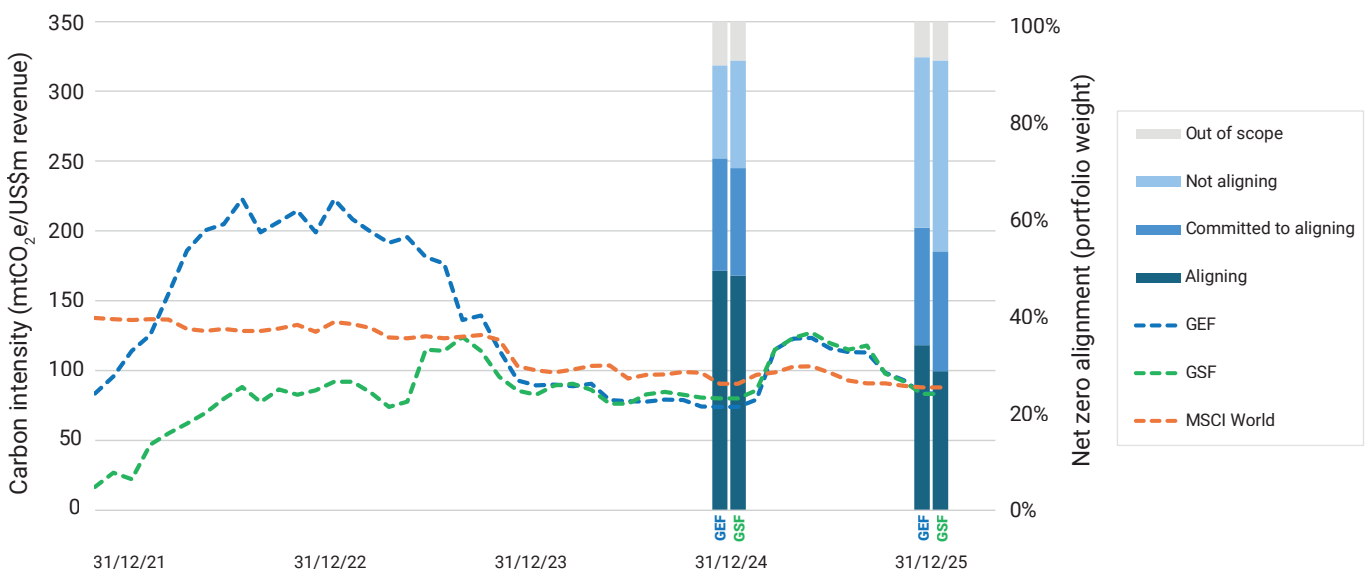
Outside of Australia, the regulatory backdrop for corporate climate accountability varies across markets. While momentum is building in many jurisdictions, the pace and stringency of climate-related regulation remains uneven globally, particularly in the US. This is reflected in more varied net zero alignment outcomes among our global holdings.

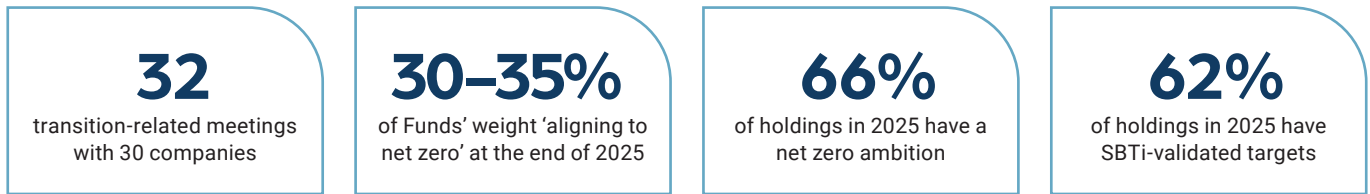
Using the same framework outlined in the Australian equities section above, the Funds' net zero alignment decreased to 55% by weight 'aligning' or 'committed to aligning' (from 70% in 2024), reflecting portfolio construction decisions through the year. This was driven by:

- **Portfolio turnover:** The shift in portfolio net zero alignment through 2025 does not reflect companies retracting their climate commitments. Rather, it results primarily from portfolio adjustments. We added several 'aligning' companies including Tencent, AstraZeneca and NatWest, though exits from a larger number of 'aligning' companies (e.g. Merck, Thermo Fisher, Trane Technologies) drove the net decrease.
- **New positions without a net zero ambition:** The Funds' weight with a net zero ambition moved from 65% to 55%, driven by new positions in 'not aligning' companies (e.g. Morgan Stanley, CaixaBank, Parker Hannifin, Caterpillar). All four lack a net zero ambition, which prevents progress in alignment level even with strong performance on subsequent criteria. For example, Caterpillar and Parker Hannifin hold science-based emissions targets, disclose emissions and have a reasonable decarbonisation plan. Similarly, Morgan Stanley and CaixaBank have both committed to net zero financed emissions by 2050, addressing their most material value chain emissions, but are considered 'not aligning' until they formalise operational net zero strategies.
- **Science-based targets coverage decreased:** Despite NVIDIA achieving SBTi validation during the year, the Funds' weight with science-based emissions targets fell from 70% to 60% due to portfolio changes. One company (Coca-Cola) did revise its emissions targets, replacing its 2030 absolute reduction target with a 2035 target aligned to a 1.5°C trajectory, resulting in a decline in the company's alignment level to 'committed to aligning'. Notably, performance regarding Criterion 4 (Decarbonisation Plan) remained consistent at 65%, with no holdings showing a change in this assessment score in the year.

Portfolio climate metrics

Global equity funds: Carbon intensity and net zero alignment





Company priorities

In 2025 we introduced a new prioritisation framework which assists in enhanced transition risk identification, stewardship priorities and monitoring. The matrix shows the number of 2025 holdings across different priority levels. The data shows that the majority are either "aligning" or "committed to aligning" with net zero. Two large emitters, Waste Connections and Costco, are classified as "not aligning" and represent the highest priority from a transition risk perspective. Both have reasonable interim targets but lack a net zero ambition or a quantified decarbonisation plan. Given their emissions footprints, this highlights a risk to monitor and action via company engagement. Several large emitters in the "committed to aligning" category also warrant ongoing monitoring. For example, CRH and Alphabet have established net zero commitments with aligned targets but would benefit from quantified decarbonisation plans. While their commitments demonstrate transition preparedness, we continue to assess implementation progress given their emissions profiles.

We have identified a group of moderate emitters classified as "not aligning", including semiconductor chip designers such as NVIDIA and Broadcom, and industrial companies like Parker Hannifin and Caterpillar. These companies demonstrate strong near-term transition management with established interim emissions targets but have not yet formalised long-term net zero ambitions. The pattern of companies lacking a long-term net zero ambition is consistent with our 2024 findings, where we observed that some global companies prefer to focus on near-term, actionable emissions programs over long-term commitments. Despite their 'not aligning' status, we assess these companies to be managing transition risk appropriately with actions commensurate to their industry and regulatory environment.

Net Zero Alignment by Emissions Footprint

Global company distribution (2025 holdings)




	Small (<100kt CO ₂ e)	Moderate	Large (>2mt CO ₂ e)
Aligning	6	10	4
Committed	1	10	5
Not aligning	7	11	2

Priority Rating

- Low – Strong alignment with manageable emissions footprint
- Medium – Moderate risk requiring monitoring
- High – Significant emissions without net zero alignment

4 companies are 'out of scope' of the net zero alignment assessment given small emissions footprint (<10,000 tonnes). The 'size' of emissions footprint can be relative, and a quality overlay to the priority rating can be made on a company-by-company basis.

The following table presents three examples of companies across different priority ratings, with the corresponding transition considerations and engagement objectives and progress against these in 2025:

Company	Priority rating	Transition considerations
 Committed to aligning	High	As one of the world's largest semiconductor manufacturers, TSMC has a substantial emissions footprint (12.8 mtCO ₂ e) driven by energy-intensive fabrication processes. While TSMC has established a net zero commitment and demonstrates strong disclosure practices, its climate plan currently lacks science-based interim targets. Engagement objective and progress: Establish time-bound interim emissions reduction targets which quantify the decarbonisation levers available. In 2025, TSMC announced it would pursue absolute emissions reduction targets aligned with SBTi.
 Aligning	Medium	As a leading automotive aftermarket retailer with a moderate emissions footprint (490,000 tCO ₂ e), O'Reilly has established a net zero commitment but has not published interim targets or a quantified decarbonisation plan. While the emissions footprint is material, it is significantly smaller than other high-priority large emitters, resulting in a medium priority rating and ongoing engagement with regard to transition risk.
 Committed to aligning	Low	AstraZeneca is a pharmaceutical company with a moderate emissions footprint (342,000 tCO ₂ e). It demonstrates strong transition risk management across all dimensions of our net zero alignment framework. We continue to track annual emissions reduction progress and implementation of its climate commitments.

Nature

Deforestation | Biodiversity | Water | Pollution | Waste

Nature is a fundamental building block of our economy, providing essential services that businesses rely on to operate. The global deterioration of nature presents both risks and opportunities for companies. These may be realised through impacts on product development and sales, regulatory fines and incentives, supply chains disruption, and changing societal expectations.

We align with the TNFD's definition of nature, encompassing the diversity of living organisms and their interactions across land, ocean, freshwater and atmosphere. Within our ESG Framework, nature is assessed through eight core, interlinking elements including climate change (reported as a separate thematic in this report), biodiversity, deforestation, water use, waste, pollution, rehabilitation and air quality. Five of these topics - deforestation, biodiversity, water, pollution and waste - are within the top 30 material ESG issues.

For nature-related issues, we consider both dependencies and impacts when assessing the overall materiality of the issue in companies. We also consider potential risks related to nature impacts embedded in the supply chain. In our view, this is one of the most complex considerations when assessing nature. As is the case with human rights, risks can be embedded at any tier along the supply chain and can therefore be difficult for companies to oversee and influence.



2025 highlights

Nature fact sheet

In 2024, Alphinity became an early adopter of the Task Force on Nature-related Disclosures (TNFD). In 2025 we published our first TNFD-aligned disclosure as our [Nature Fact Sheet](#).

26% of engagements in 2025 discussed nature-related issues

Of the 220 engagements held in 2025, 26% of the meetings included discussion of nature-related issues.

Examples of issues discussed throughout the year include:

- Nature-related dependencies and impacts in the supply chain. For example, we discussed biodiversity and agriculture considerations with Walmart, water sensitive regions and impacts with L'Oréal, and salmon sourcing with Coles.
- The use of water and energy for cooling AI data centres. Meetings with Envicool, Tencent, SK Hynix and GDS as part of our Sustainability of AI research trip informed our views on water risks and opportunities across the AI value chain.
- Deforestation and biodiversity impacts through lending activities with companies such as the Commonwealth Bank of Australia, National Australia Bank, and Banco do Brasil.
- The interrelationship between First Nations issues and nature impacts for the mining and energy industry. We held discussions with companies such as Rio Tinto, BHP, Woodside and Santos.
- Increased use of recycled plastics and reduction in packaging waste with companies such as Wesfarmers, Procter & Gamble, Walmart and Amcor.

Vale Brumadinho tailings and South32 rehabilitation tours

As part of our ongoing research into the environmental and social impacts of mining, we participated in two research trips which have strengthened our analysis and stewardship efforts with the mining sector:

- **A tailings safety site tour to Brumadinho in Brazil hosted by Vale.** As part of this tour we heard from Vale Directors and Senior Management about the changes to tailings safety management that have been implemented since the Brumadinho tailings dam collapse in 2019. For example we were given tours of the 24/7 monitoring control room, filtered tailings operations in Belo Horizonte, and the Brumadinho community centre. We also learned about the ongoing recovery and rehabilitation efforts at the disaster site and heard from workers who were there the day the dam collapsed. We are not shareholders of Vale, however the insights gained from this tour directly inform our ESG analysis for BHP and Alcoa, which both have operations in Brazil. BHP is also implementing similar tailings safety programs and rehabilitation efforts following the Samarco tailings dam collapse in 2015.

- **A site tour to Boddington bauxite mine in Western Australia.** We joined a community rehabilitation tour at Boddington to better understand South32's rehabilitation program and the basis for the ongoing community concern that has affected companies like South32 and Alcoa that operate in the region. South32 is aiming to reduce disturbed land from 42% to 25% within three years. Techniques include advanced seed science and environmental DNA monitoring. Biodiversity restoration rates are high, with 220 native species seeded per plot. The tour highlighted ongoing challenges with community perception and deforestation impacts but also highlighted the significant progress South32 has made in rehabilitation.

Sustainable packaging framework

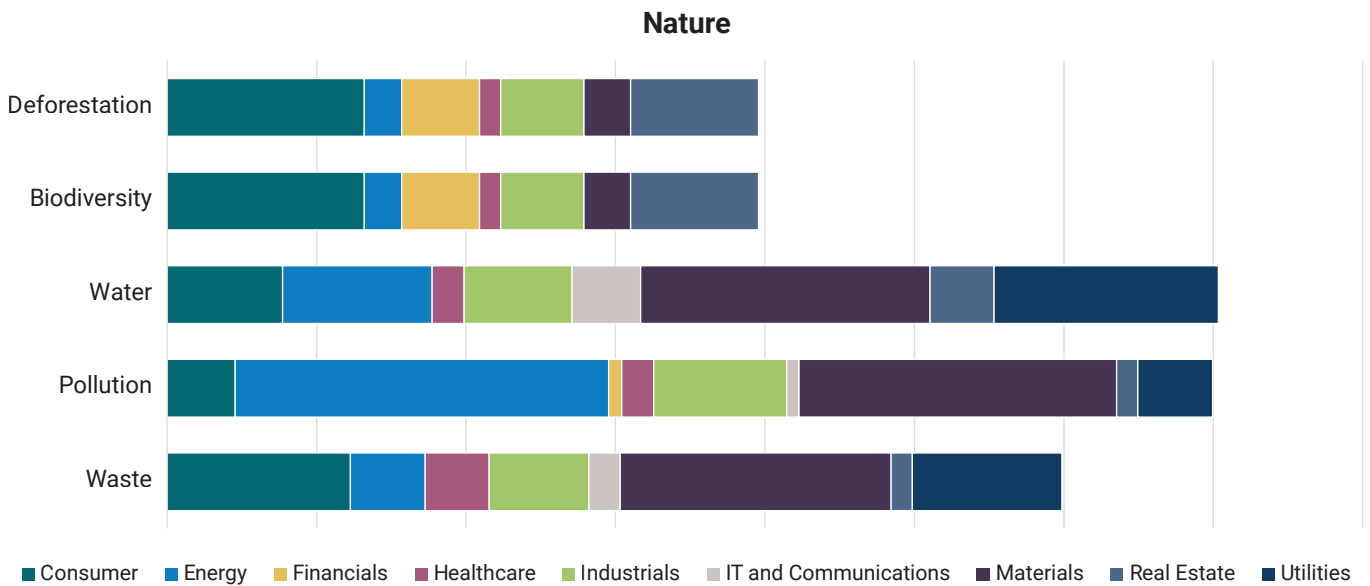
In 2025 we developed a sustainable packaging framework to strengthen the analysis that underpins our two sustainable strategies. This framework also establishes a clearer understanding of which packaging types can be considered more or less sustainable along with their environmental and social impacts.

The assessment process consolidates the environmental and social considerations associated with each major packaging material. It also highlights the influence of factors such as end uses, recycling rates, and downstream impacts on the overall sustainability profile of packaging options. For instance, conventional plastic packaging is typically associated with low recycling rates and presents significant pollution risks. In contrast, aluminium packaging is considered to offer a more circular outcome, as it is highly recyclable and can be reused multiple times with lower downstream impacts.

By adopting a structured and comparable approach, this framework enables more consistent and evidence-based assessments of packaging companies. This supports improved investment decision-making across our sustainable investment strategies.

Materiality

The following graph presents the average materiality outcomes by sector for the five top 30 material nature-related issues.



Companies within the consumer, energy, materials, real estate and utilities sectors have the highest overall exposure to nature-related risks and opportunities. These sectors are typically exposed to nature-related dependencies within the supply chain (consumer and real estate) or impacts in operations (materials, utilities, real estate and energy).

The materiality of water has increased this year with the growing focus on water use in the AI value chain, and the interface between water rights and First Nations/community issues for mining and energy companies. Rio Tinto is an example of this where community groups have raised concerns about water pollution and impacts at assets in Madagascar, Guinea and Australia. Other companies that have contributed to the high materiality of water are Coca-Cola, Alcoa, BHP, a2 Milk, Walmart, and TSMC.









The materiality of pollution risks and opportunities has also increased this year. This is a result of changes in our underlying holdings, increasing our exposure to construction and manufacturing through new positions such as Amphenol, CRH, Charter Hall, GPT and Orica.

Biodiversity continues to be challenging to assess for many companies due to the lagging disclosure of key metrics such as the impact on biodiversity sensitive sites, rehabilitation rates and sustainably grown and sourced agricultural products. We expect the materiality of this issue will increase as disclosure and regulation becomes more standardised.

Deforestation remains a material issue across most sectors including consumer, energy and financials. In 2025, there was an increase in shareholder activity through shareholder proposals related to deforestation in 2025. For example, National Australia Bank received its first deforestation related shareholder proposal which called for more action to combat downstream impacts through lending and business services. New regulations such as the European Union’s Deforestation Regulation (EUDR) have also driven increased awareness and action related to traceability and transparency over supply chains with deforestation impacts. This is relevant for companies such as Walmart, Brambles, and Procter & Gamble.

Active engagement objectives

The following are examples of nature-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
	Packaging Reduce the total quantity of plastics used in Amazon packaging and manage social licence concerns	Established: 2024 As one of the world's largest e-commerce platforms, Amazon ships billions of packages annually, making packaging material choices, recyclability, and plastic intensity highly consequential. Excessive single-use plastic and low recycling outcomes create regulatory, reputational, and long-term cost risks.	We voted for a shareholder proposal requesting a report on plastic packaging reduction efforts and communicated our rationale to the company. While Amazon has made progress through its "Ships in Product Packaging" program, further focus on plastic reduction would be valuable to shareholders and support long-term sustainability goals.	
	Deforestation Improve oversight of timber sourcing to manage deforestation risks	Established: 2022 While Brambles' circular model reduces new timber procurement needs, ongoing sourcing is still required. The company is committed to 100% sustainable timber sourcing. We established this objective in 2022 to encourage enhanced auditing and full supply chain transparency.	We re-engaged with Brambles senior management this year for a progress update. We confirmed that the transparency ask has been met and additional auditing of the timber supply chain has commenced. This represents a milestone outcome for this objective and demonstrates strong progress in managing deforestation risk.	
	Circular economy Advance recycled material offerings amid commercial opportunities and strengthening regulations	Established: 2025 As North America's largest recycler, CRH leverages vertical integration to supply high recycled-content products. Growing regulatory and customer demand for sustainable solutions presents strong commercial upside, but maintaining leadership is critical to avoid regulatory and market risks.	We held our first meeting with CRH senior management post-investment to understand their commercial strategy for recycled materials. CRH noted that 25% of current materials are recycled aggregates, with targets to reach 50% overall and up to 70% in some applications. CRH is also engaging governments to strengthen regulations that support recycled material use, positioning itself to benefit from policy tailwinds.	
	Water Undertake a review of water impact across assets and address specific concerns from various communities related to water impacts	Established: 2024 In 2024 we added a new engagement objective to manage ongoing risks related to community and First Nations engagement and water impacts. Key assets are in Western Australia, Simandou, and Madagascar.	We participated in a small group meeting with a Rio Tinto Director as a support investor in the PRI Advance Collaborative engagement. We raised our views with the Board and shared our experience engaging with impacted First Nations groups in Australia.	

 New
  Regressed
  No change
  Milestone progressed or achieved
  Closed

Enhancing our assessment of nature-related risks in farmed seafood

[🔗 Nature-related risks in farmed seafood](#)

What was the issue?

Seafood supply chains are exposed to a complex and interconnected set of environmental and social risks, including biodiversity loss, nutrient pollution, animal welfare concerns, human rights issues and impacts on local communities. As one of the most globally traded food commodities, seafood sourcing is subject to increasing scrutiny from investors, regulators, NGOs and other stakeholders. In Australia, attention has grown on salmon farming impact in Tasmania and the extinction risk facing the Maugean skate in Macquarie Harbour.

These issues have become increasingly material for major food retailers. At the 2024 Annual General Meetings of Coles and Woolworths, shareholder proposals addressing nature related risks attracted substantial support (>30%). We voted in favour of the proposals calling for improved reporting and transparency on biodiversity and environmental impacts. We see better disclosure as an important first step in improving how companies identify, manage and are held accountable for nature related risks.

What did we do?

In June 2025, our Responsible Investment team visited Tasmania to better understand the environmental, regulatory and community issues facing the salmon industry. Our activities included:

- **Stakeholder engagement** including discussions with a local member of parliament, the Blue Economy Cooperative Research Centre, advocacy groups (Neighbours of Fish Farming and Living Oceans), and an independent scientist on the Tasmanian Environment Protection Authority Board. These conversations provided a range of perspectives on ecosystem health, regulation, community sentiment and social licence.
- **A site visit with Tassal**, Australia's largest salmon producer, including hatcheries, sea pens, processing facilities and the remote operations centre. This provided direct insight into the company's environmental management practices, animal welfare programs and use of technology to limit nature impacts.
- **A visit to the Institute for Marine and Antarctic Studies (IMAS)** captive breeding program for the endangered Maugean skate, offering insights on dissolved oxygen trends and the outlook for salmon farming in Macquarie Harbour.
- **A follow-up engagement with Coles**, where we shared insights from the trip and discussed implications for responsible sourcing certifications and aquaculture welfare standards. We subsequently developed an engagement objective focused on improving disclosure across its seafood supply chains.



What were the key insights?

While the visit focused on salmon farming in Tasmania, the insights gained were broader and informed our understanding of what good practice looks like across sustainable aquaculture systems. The trip helped clarify a set of attributes that now underpin our engagement across companies with material seafood exposure. Insights from this framework are outlined below.

A framework for sustainable seafood sourcing

Attribute	Description
Site selection	Choose locations that avoid harm to endangered species, minimise community disruption, and include robust mitigation strategies for sensitive sites.
Community engagement	Proactive and measurable engagement with NGOs, residents and First Nations groups, underpinned by social licence metrics and third-party validation.
Certification & due diligence	Critically assess seafood certification schemes and supplement with internal minimum standards such as stock density and animal welfare.
Environmental management	Reduce nutrient loading, manage dissolved oxygen and plan for climate adaptation factors such as warming sea temperatures.
Environmental monitoring	Regular, verified disclosure of metrics such as dissolved oxygen, nitrogen, phosphorus, mortality rates, antibiotic usage and feed sourcing.
Animal welfare	Clear minimum standards across aspects like density, enrichment, humane slaughter and antimicrobial resistance.

Looking ahead: What does this mean for our investments?

Our research and on the ground engagement reinforced that nature-related risks in seafood supply chains can translate into material financial risks if not well understood and managed. For companies with exposure to aquaculture – particularly seafood producers and retailers – these risks can affect operating licences, regulatory outcomes, input costs, supply chain resilience and brand trust. Importantly, nature-related risks rarely occur in isolation; they intersect with climate impacts, social licence and governance, increasing the potential for compounding risk across the seafood value chain.

For seafood producers, this underscores the importance of robust environmental management systems, strong regulatory compliance and credible strategies to address biodiversity, water quality and animal welfare. Where these elements are weak or poorly disclosed, we see heightened risk of operational disruption, regulatory intervention and reputational damage. For retailers, exposure is typically indirect but can still be material, particularly where sourcing practices rely heavily on certification without sufficient due diligence or transparency.

These insights now inform how we assess and engage with companies that have material exposure to seafood sourcing. We have integrated the six attribute framework into our investment analysis and stewardship approach, using it to identify key risk indicators, guide engagement priorities and assess the credibility of disclosures for companies like Coles, Woolworths, Walmart and Costco. Over time, this work supports more informed investment decisions and clearer expectations for companies on how nature-related risks in the seafood industry are identified, managed and governed.

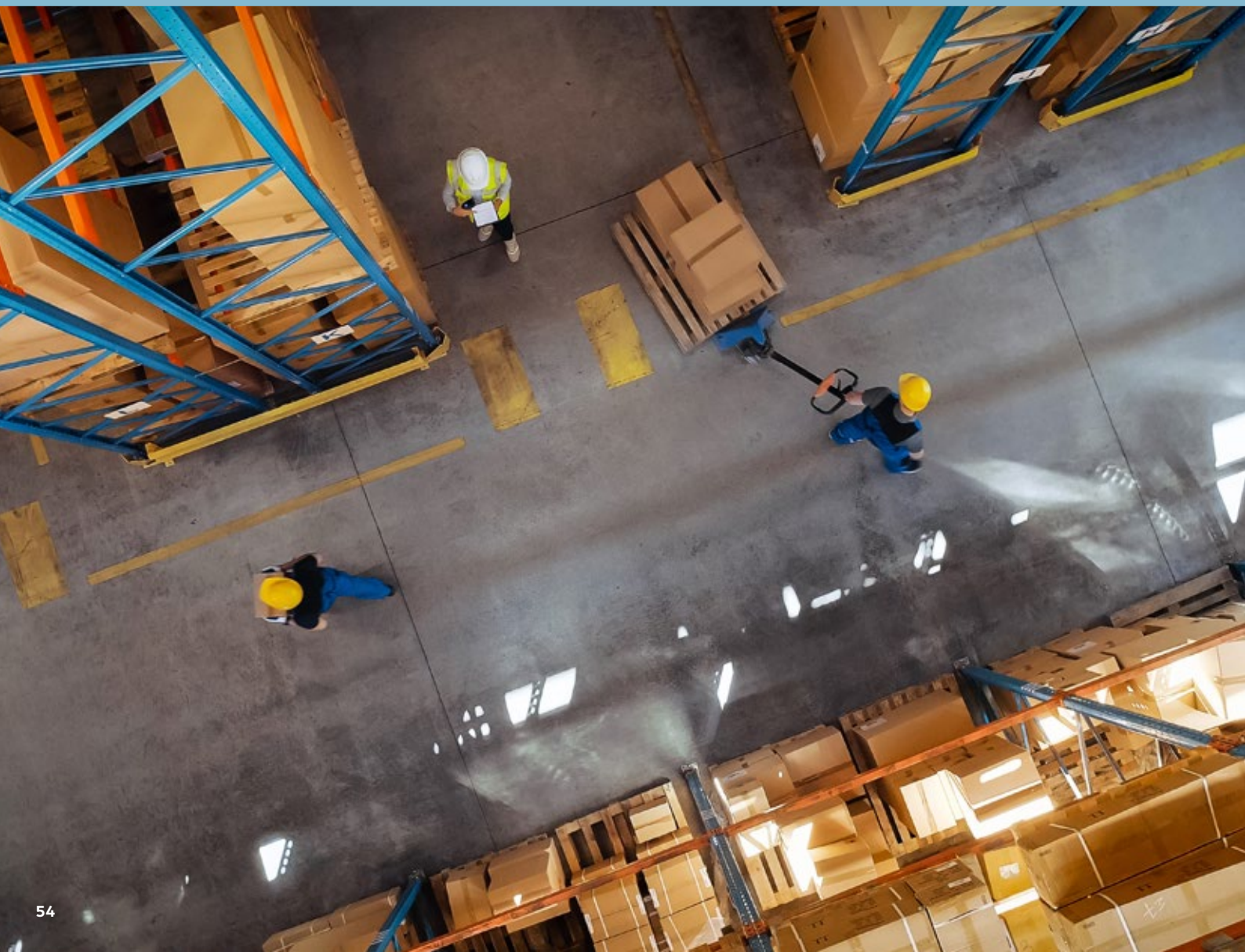
Workforce

Physical health and safety | Psychosocial safety | Workplace culture | Labour relations | Equity and inclusion

A company's workforce is among its most valuable assets. An effective employee value proposition should guarantee a safe, inclusive work environment, fair pay and leave policies, and comprehensive benefits that help reduce turnover and boost employee satisfaction.

In recent years, many businesses have faced labour shortages, increased turnover, drops in safety performance, rising labour costs, and ongoing industrial disputes with employees under collective bargaining agreements. These challenges highlight the importance of focusing on workforce value, recruiting and keeping essential staff, and upholding a strong social licence to operate.

Within our ESG Framework, five interrelated topics inform our assessment of workforce-related risks and opportunities: physical health and safety, psychosocial safety, workplace culture, labour relations, and equity and inclusion. All five are among the top 30 most material issues for our 2025 holdings.



2025 highlights

30% of engagements in 2025 discussed workforce-related issues

Of the 220 engagements held in 2025, 30% included workforce as a key issue.

Examples of issues discussed throughout the year include:

- Psychosocial safety risk management with Wesfarmers, JB Hi-Fi, and Woolworths following media reports of violent behaviour from customers in store.
- Fatality risk management with TSMC and Rio Tinto following incidents in 2025.
- Employee diversity and inclusion with a growing focus on indigenous employment with JB Hi-Fi, Woodside Energy, Santos, and Coles.
- Changing employee sentiment and culture, especially related to return-to-office programs versus flexible workforce arrangements, with Medibank, Nubank and the Commonwealth Bank of Australia.

Managing worker safety and human rights risks in outsourced operations

In 2025, we deepened our engagement with companies that rely heavily on contracted workforces to better understand the intersection between worker safety and human rights risks. Through targeted engagements with Ventia, CBRE, Brambles and Charter Hall, we assessed how contractor safety oversight, pay practices and human rights due diligence are managed across large, decentralised operations.

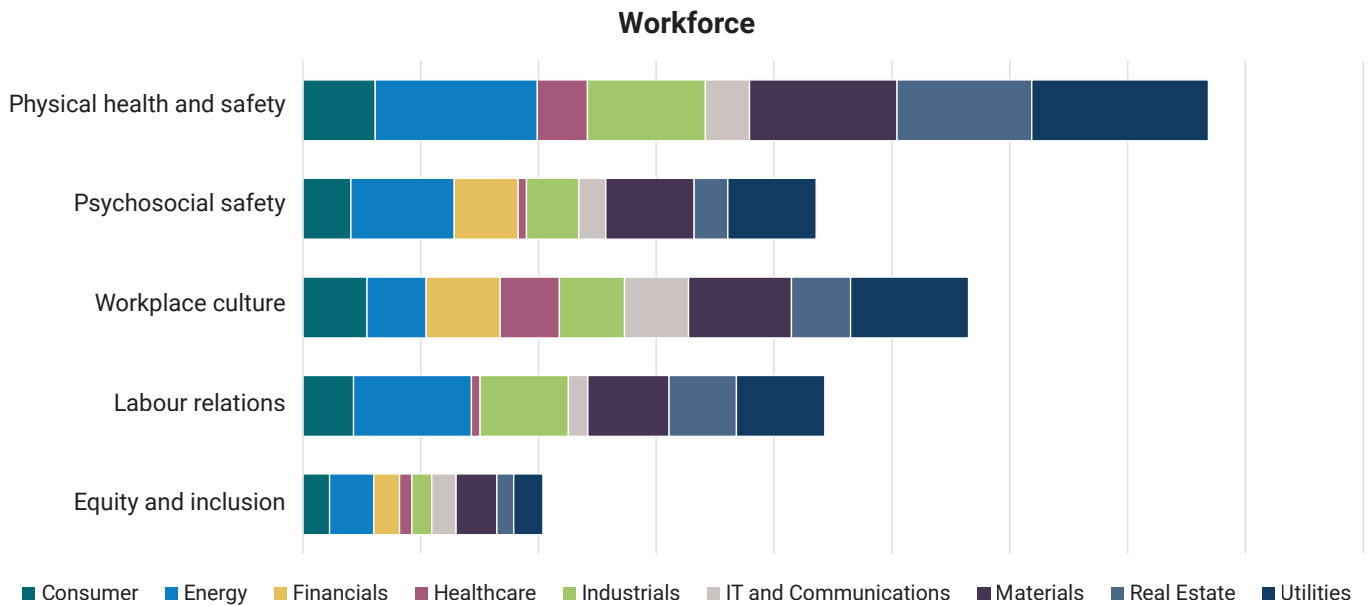
This work highlighted leading practices such as enterprise wide safety systems, risk based contractor frameworks and modern slavery screening, while also revealing gaps in safety performance data collection and accountability that can heighten vulnerability to human rights risks. The insights enhanced our evaluation of workforce risks and guided new engagement objectives with CBRE. We also raised our contractor safety disclosure and human rights oversight objective with the Brambles Chair. Further detail on this objective is provided below.

International research to inform our view on workforce risks and opportunities

In 2025, research trips to Asia and Brazil deepened our understanding of systemic risks such as ageing workforces and evolving workplace trends which can influence productivity, cost structures, and operational resilience. These insights directly inform our investment decisions and engagement priorities, helping us anticipate demographic and structural shifts that impact long-term value. For example, in Asia the aging population and talent retention is seen as a systemic threat and has implications for companies such as TSMC and Tencent. In Brazil, the professional workforce is young with high employee benefit expectations. This has implications for companies such as MercadoLibre.

Materiality

The following graph presents the average materiality outcomes by sector for the five top 30 material workforce-related issues.



Workforce-related risks and opportunities are relevant to most sectors. However, companies within the materials, energy, industrials and utilities sectors tend to have the highest overall exposure. This is due to the inherent risks within these sectors related to physical and psychosocial safety, labour relations conflicts, and challenges with diversity and inclusion.

Physical health and safety is among the top 10 most material issues for our 2025 holdings. This has remained consistent year on year and is representative of the ongoing challenges with serious incident and fatality management amongst many industries.

The materiality of the labour relations issue has increased in 2025 due to the ongoing focus on fair work by the Australian Government. The Same Job Same Pay legislation continues to affect companies such as Qantas and BHP. Woolworths also experienced strikes in its distribution centres related to work conditions and the adoption of artificial intelligence. This is also reflected globally with high levels of unionisation and labour-related litigation amongst our holdings increased the focus on this issue. Companies such as Amazon, Walmart, Costco, Caterpillar, and Parker Hannifin contributed to the high materiality of this issue.

Psychosocial safety is especially relevant for our Australian companies because of laws designed to recognise and address psychosocial safety concerns in the workplace. This issue has become more important for companies involved in retail, customer service, and mining. Companies such as Woolworths, Wesfarmers, NAB and Rio Tinto contributed to the materiality of this issue.

Equity and inclusion continue to be politicised in the US market. However, most companies remain committed to their programs, recognising the value they bring to employee sentiment and overall culture.

Active engagement objectives

The following are examples of workforce-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
BHP	Psychosocial safety Enhance reporting and management of sexual harassment and psychosocial safety	Established: 2022 Psychosocial safety in mining has grown significantly in focus since 2022. BHP has begun reporting sexual harassment data but now faces emerging legal risks, including a potential class action.	We engaged with BHP Directors on the integration of physical and psychosocial safety into executive remuneration, and reviewed risk mitigation progress and the rollout of an improved site safety program with the CEO. We are satisfied with current progress and see no need to revise the objective.	
Brambles	Contractor physical health and safety Disclose contractor safety metrics and demonstrate safety management across different areas of the business	Established: 2022 Brambles manages a global pool of approximately 347 million pallets, crates, and containers, relying heavily on third-party service facilities alongside its own pallet centres. This objective asks the company to report safety metrics across both its own workforce and its third-party network.	We raised this issue with Brambles' leadership and Board, both of whom showed commitment to improving safety management across their third-party network. The company has made progress in collecting safety data and is expected to provide further disclosure in due course.	
CBRE	Contractor physical health and safety Disclose contractor safety metrics and demonstrate safety management across different areas of the business	Established: 2025 CBRE is a global commercial real estate firm operating in over 100 countries, with 33% of revenue from facilities management. Its use of contracted labour and extensive international reach create complex safety management challenges.	After identifying disclosure gaps, we held two meetings in 2025 for further due diligence on contractor safety. These improved our confidence in CBRE's practices, but we set a new engagement objective to improve safety metric disclosure, and raised this at a shareholder outreach meeting with senior company representatives.	

 **New**
 **Regressed**
 **No change**
 **Milestone progressed or achieved**
 **Closed**

Human rights

Human rights (supply chain) | Human rights (operations)

We strongly support the United Nations Guiding Principles on Business and Human Rights and expect our investee companies to do the same. We have a responsibility to ensure, to the greatest extent possible, that human rights and modern slavery violations do not occur across our investee companies and their supply chains. Beyond our ethical responsibility, we recognise the material investment risks associated with a failure to manage these issues, which can manifest as supply chain disruptions, reputational harm, lawsuits and penalties, shareholder activism, and regulatory change.

Human rights is a broad thematic encompassing a range of material risks and opportunities that can manifest across a company's operations, supply chains, and through its products and services. Grounded in the principles of dignity, equality and respect as set out in the United Nations' Universal Declaration of Human Rights, this thematic covers issues such as discrimination, land rights, community impact and worker treatment. These often intersect with other thematics within our ESG Framework, including First Nations, governance, climate change and social licence.

Within human rights, we focus on modern slavery as a distinct risk area. Modern slavery involves situations where individuals are exploited through force, coercion or deception, and can include human trafficking, forced labour, debt bondage, forced marriage and the worst forms of child labour. Considerations related to modern slavery underpin our investment process given the material supply chain and reputational risks it presents for companies, and the growing legal obligations to identify and mitigate risks across their value chains.

The escalating geopolitical environment has further heightened these risks, with conflict and political instability increasing the vulnerability of workers within global supply chains and raising material questions about corporate exposure to conflict-affected areas and the human rights implications of that exposure.

Human rights risk management

In 2021, we introduced a Human Rights Framework to identify and analyse these risks across investee companies and potential investments.

We assess risk across upstream supply chains, operations, and downstream value chains at the company level, incorporating both historical and ongoing controversies. This is complemented by structured risk data – such as high-risk countries and products – which we have expanded over the years. We also conduct a detailed management assessment of governance, risk management programs, and disclosure quality to form a view on residual risk for supply chain risks, given this is the area presenting highest exposure in our portfolios.

The outputs inform the company-level materiality scores and ESG risk levels assigned under our ESG Framework. Where human rights risks are material, we integrate these insights into portfolio construction and investment decisions. The assessment also supports our engagement with companies, helps identify systemic trends and research priorities, and informs ongoing risk monitoring. The following graphic provides an overview of this approach.

Our [Modern Slavery Fact Sheet](#) provides further detail on our overall management approach across both operations and investment activities.

HUMAN RIGHTS RISK MANAGEMENT APPROACH

A systematic framework to identify, assess, and engage on human rights and modern slavery risks across supply chains, operations and downstream value chains.

HOW THE FRAMEWORK OPERATES



Risk assessment

Identifies companies with elevated risk across three categories, completed as part of pre-investment due diligence and revised annually for all holdings. Exposure to controversies are flagged via desktop research or ESG research providers – including UN Global Compact compliance or NGO reports.

<p>Upstream supply chain</p> <p>Analysis across 27 high-risk products: 14 from the Global Slavery Index plus 13 additional from the US List of Goods Produced by Child or Forced Labour and other research sources.</p>	<p>Operational risks</p> <p>Exposure to 90 high-risk countries (Global Slavery Index) plus 20 additional countries flagged on the UN and other sanction lists, active conflict databases or the Corruption Perceptions Index.</p>	<p>Downstream value chain</p> <p>Assessed at a sub-industry level. High-risk applications include financial services (lending or investing), defence (weapons) and transport (human trafficking). Banks and defence companies are subject to dedicated due diligence frameworks.</p>
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Outcome Company risk is assessed as High, Medium, Low or Negligible across business categories.

Management assessment

Assesses a company's response and management of human rights risks across four categories:

<p>Policy</p> <p>E.g. Human rights and modern slavery policy statements; alignment to UN Global Compact. Human rights provisions in Supplier Code of Conduct.</p>	<p>Due diligence</p> <p>E.g. Supply chain risk assessments, audits, and incident reporting.</p>
<p>Transparency</p> <p>E.g. Detail on high-risk regions or products; supply chain disclosure quality.</p>	<p>Remediation</p> <p>E.g. Detail on remedy cases; supplier consequence where remediation is unsuccessful.</p>

Outcome Company performance is assessed as Limited, Developing, or Mature.

Focus companies

Focus companies are identified considering the risk and management assessment outcomes. Typical characteristics of these companies include:

<p>Historical or active controversies</p>	<p>Exposure to high-risk commodities or jurisdictions</p>	<p>Limited disclosure on management practices</p>	<p>Limited disclosure on risks</p>
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Outcome ESG risk statements and integration with ESG risk levels and actions.

Engagement, ESG integration and research

<p>ESG integration</p> <p>The outcomes of the risk assessment and management response together inform ESG integration strategies. Based on the risk and management assessment and subsequent ESG risk level designation, this may require adjustments to the investment case.</p>	<p>Targeted engagement</p> <p>Human rights is a core engagement thematic. Risk assessment insights inform prioritised company dialogue.</p>	<p>Research</p> <p>Ongoing research is undertaken on emerging risks and benchmarks best practice across sectors and geographies. For example, commodity-specific risks, site visits and evolving regulation.</p>
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2025 highlights

25% of engagements in 2025 discussed human rights issues

Since we began tracking engagement data in 2020, human rights has remained a top 10 engagement topic. Examples of issues discussed throughout the year include:

- Supply chain transparency with Aristocrat and Ferrari, where we sought greater clarity on high-risk supply chain exposure. We also engaged with Wesfarmers and JB Hi-Fi on supplier influence and collaboration, and with L'Oréal on its rollout of a living wage commitment across its supplier base.
- Operational risks with Ventia, CBRE, Brambles, Charter Hall and CRH, focusing on the use of contractors and the heightened human rights and safety vulnerabilities of outsourced business models.
- Downstream and customer-facing risks with Qantas where we provided feedback to improve metrics for human trafficking disclosures. We continued to discuss the due diligence around product misuse risks with Thermo Fisher given historical controversies related to DNA analysis equipment sold into China. We also engaged with Siemens Energy on managing human rights risks in regions like Western Sahara, where projects face challenges from indigenous communities.

Enhanced integration of conflict, corruption and sanctions data into human rights risk assessments

Over the past four years, we have undertaken country level screening to strengthen our understanding of human rights risks across portfolio company operations. While conflict, corruption and sanctions have long been considered within our broader ESG integration activities, these factors can also act as key drivers of heightened human rights risk. Where poor governance, active conflict or sanctioned operating environments are present, the likelihood and severity of adverse human rights impacts may be materially elevated. This has become increasingly evident in recent years, including in regions such as the West Bank and Ukraine.

In 2025, we expanded our Human Rights Framework to incorporate a broader set of conflict, corruption and sanctions data sources. These include the EU's Conflict Affected and High Risk Areas list, the Armed Conflict Location and Event Data Project (ACLED), the Uppsala Conflict Data Program (UCDP) and the Corruption Perceptions Index. Sanctions screening draws on the United Nations Security Council Sanctions list, as well as sanctioned regimes maintained by the Australian Department of Foreign Affairs and Trade (DFAT), the US Office of Foreign Assets Control (OFAC) and the European Union.

By mapping portfolio company operational locations against these datasets, we can more effectively identify elevated exposure to human rights, conflict and sanctions risks. This analysis is considered alongside other materiality factors, including past controversies, residual issue severity, the scale and significance of operations, and the strength of company governance frameworks.

See page 66 for further insights into how this enhancement has strengthened our management of human rights and conflict risks across the portfolio.

Research meetings in Brazil to assess coffee supply chain risks

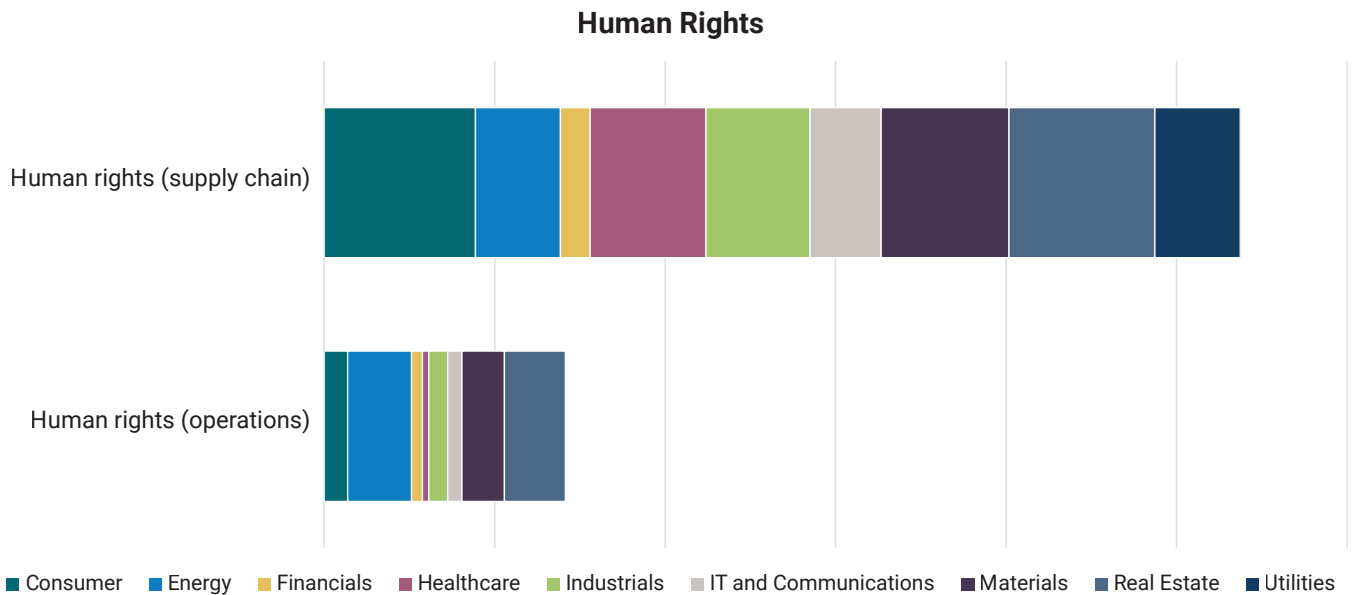
During our research trip to Brazil, which included attendance at the UN PRI conference, we met with various companies and local experts, gaining insight into key human rights challenges and priorities in the Brazilian market. Meetings with JBS, Rumo, Santander Brazil, and Connectus highlighted coffee, beef, and soy as Brazil's main commodities and helped us identify the major human rights risks associated with each.

After the trip, we also engaged with a human rights advocacy group and Cooxupe, one of the largest coffee cooperatives in the world. Cooxupe serves as a central hub for over 19,000 coffee farmers, with more than 97% being smallholders and family farmers, and has responsibility for establishing environmental and social standards for its members.

Our meetings have helped us better identify the specific human rights issues facing Brazilian farm workers— including accommodation conditions, bonded labour, and equity. We recognise that, for many of these workers, earning an income often takes precedence over the risks associated with modern slavery. While we do not have direct holdings in coffee producers, this insight is essential for our ESG research and for engaging with companies such as Walmart, Costco, Nestlé, and Starbucks with coffee supply chains

Materiality

The following graph presents the average materiality outcomes by sector for the two top 30 material human rights-related issues.



Human rights risks are relevant across all sectors in the portfolio, but the nature of the risk varies significantly by business model. Supply chain risks remain the most broadly material across sectors, while operational risks are more concentrated and company-specific.

Supply chain exposure is the dominant driver of materiality across the portfolio. Consumer sectors carry particularly high risk given their reliance on agricultural commodities – including cocoa, coffee, palm oil, and seafood – where modern slavery risks are well-documented across forced labour, debt bondage and child labour. Companies such as Walmart, Costco, Woolworths and Coles contribute to the materiality of this issue. Industrials, materials and real estate sectors are also highly exposed due to dependence on construction supply chains, including CRH, CBRE, Goodman Group and Brambles where building materials such as timber and bricks are considered high risk, and migrant worker exploitation remains an issue. Healthcare companies such as Ansell also contribute given their reliance on high-risk supply chains such as rubber. An increasingly important and emerging supply chain risk relates to the renewable energy transition, with companies such as BHP and Caterpillar facing exposure to forced labour risks in solar panel and battery supply chains as they seek to meet their own operational and customer decarbonisation needs.

Operational risks are moderate across the portfolio given most holdings operate in markets with established labour protections, though real estate and facilities management companies present a notable exception given their use of outsourced contractor workforces. A number of holdings particularly on the global side have operational presence in countries considered high risk by the Global Slavery Index, including China, India, Mexico and Malaysia.

Downstream risks do not feature in the top 30 material issues for the strategies overall. Outside of financial services, these risks tend to be company-specific rather than sector-wide. Where emerging product risks carry human rights dimensions, such as algorithmic harms or data privacy in technology or the implications of AI-enabled weapons, these are considered on a company-specific basis. These are also assessed more closely under the product ethics topic within the reputation and social licence thematic.

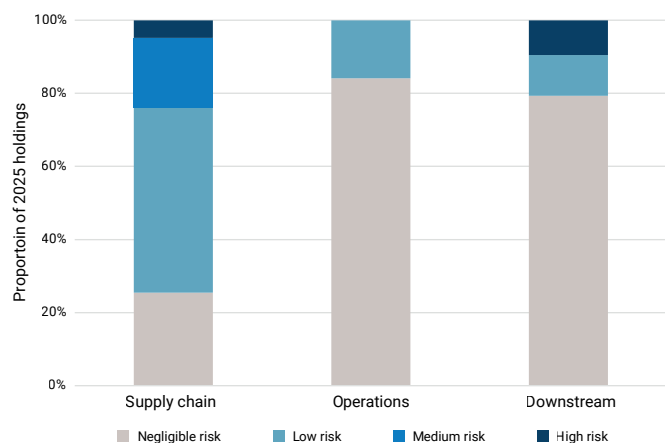
Australian equities: Human rights assessment outcomes

The following section outlines the human rights risk profile of the 67 companies held in our Australian funds during the year, alongside their management of risks in supply chains, and relevant company-level research and engagement priorities.

Risk assessment

Supply chain risks remain the most significant area of exposure, consistent with last year, driven largely by portfolio companies with exposure to agricultural commodities across the consumer, industrials and healthcare sectors. Operational risks are generally low, reflecting strong labour standards in developed markets, although miners and industrial companies operating in higher-risk jurisdictions such as China, India, Brazil and Malaysia continue to face elevated risk. Downstream risks are concentrated in financials, primarily through lending activities, while risks across the rest of the portfolio remain comparatively low. Some exposure persists in transportation assets, including ports and airports, where services may be linked to human trafficking risks.

Australian equities: Human rights risk across the value chain



24%
of holdings with medium-high supply chain risks

70%
of holdings exposure to >5 high-risk commodities

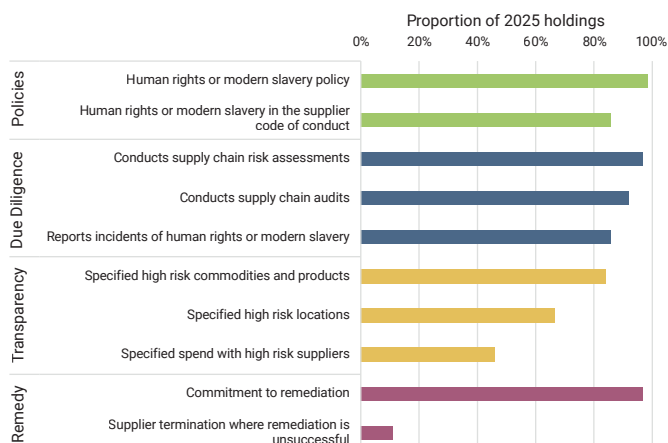
16%
with exposure >10 countries on the GSI

10%
of holdings with medium-high downstream risks

Management assessment

Our Australian holdings in 2025 demonstrate strong performance in policy commitments and supply chain due diligence for human rights risks. Disclosure of supply chain risk assessments and audit activity is generally robust, supported by meaningful levels of incident reporting. Transparency around high risk regions and products within supply chains is evident across much of the portfolio, though further improvement is needed for some companies. Commitment to remediation remains strong, with several companies transparently reporting on terminating supplier relationships where remediation efforts were unsuccessful during the year.

Australian equities: Human rights management (supply chain)



98%
of holdings have a human rights policy in place

92%
of holdings complete supply chain audits



86%
of holdings have specific targets underpinning their human rights strategy

97%
of holdings with commitment to remediation across its value chain

Company priorities

The following table presents three examples of companies across different maturity levels (limited, developing and mature) in managing human rights risks, with corresponding investment considerations and relevant engagement objectives under action in 2025. The focus is largely on supply chain exposure and management, which represents the most material and prevalent risk category across our portfolio.

20
human rights-related meetings with
16 Australian companies in 2025

Company	Assessment	Human rights considerations
	<p>Risk: Low</p> <p>Management: Limited</p>	<p>Xero's business as a cloud based accounting software provider is associated with a low human rights risk profile. The company has limited exposure to high risk geographies, low exposure to high risk commodities and low supplier concentration compared with other portfolio holdings. Based on this low risk, we do not currently maintain an engagement objective for Xero.</p>
	<p>Risk: High</p> <p>Management: Developing</p>	<p>Ansell's manufacturing supply chain in Malaysia presents a concentrated and elevated human rights risk. This has been highlighted across modern slavery incidents within the rubber supply chain that have materially affected customer trust and the company's reputation.</p> <p>Engagement objective: While we assess that Ansell is treating these risks with appropriate focus, following another issue raised at a Malaysian supplier in September 2025, we engaged to understand the context of the situation and the remediation response. Through our engagement with the Chair, we recommended extending modern slavery checks from only high-spend suppliers to all Malaysian manufacturing suppliers, which the company did acknowledge as a potential mitigation tool to explore. This remains an ongoing objective.</p>
	<p>Risk: High</p> <p>Management: Mature</p>	<p>Wesfarmers' extensive apparel supply chain, primarily through Kmart, presents a significant human rights and modern slavery risk, particularly given sourcing from high-risk countries in Asia. We saw this in 2025, as a lawsuit was pursued by the Uyghur Tangritagh Women's Association seeking documents relating to two suppliers with alleged forced labour links to Xinjiang. We engaged with senior management to understand the company's response and to reiterate our expectations regarding transparency and due diligence. During this discussion, Wesfarmers reaffirmed its commitment to transparency and disclosure, and highlighted its willingness to collaborate with parties who have information on human rights and modern slavery issues within their supply chains.</p> <p>Engagement objective: Wesfarmers has demonstrated a mature approach to responsible sourcing, and we recognise the complexity involved in managing apparel supply chains at scale. Building on an engagement objective established in 2023, we have been encouraged by Wesfarmers' receptiveness to our feedback and continued our dialogue around developing a multi-year responsible sourcing program with targets and milestones on human rights priorities, which we believe to be best practice globally. This remains an ongoing objective.</p>

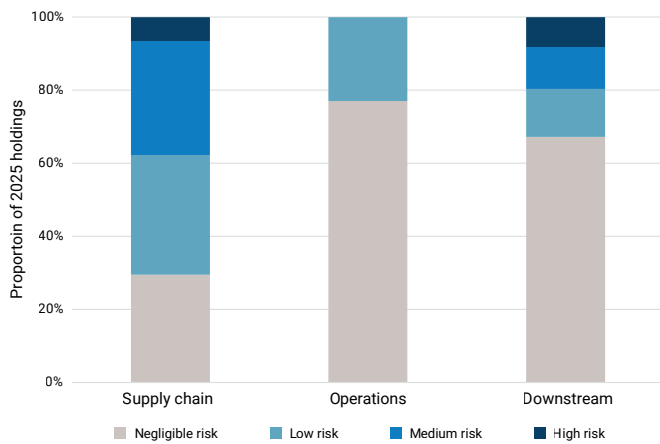
Global equities: Human rights assessment outcomes

The following section outlines the human rights risk profile of the 62 companies held in our Global funds during the year, alongside their management of risks in supply chains, and relevant company-level research and engagement priorities.

Risk assessment

Supply chain risks remain the most significant area of exposure, driven by increased medium to high risk associated with specialised supply chains in the semiconductors and medical technology industries, alongside continued exposure within the consumer sector. Operational risks are generally low across the portfolio, although a subset of holdings faces elevated risk due to diverse regional footprints and engagement in higher labour risk activities, including facilities management and manufacturing, in jurisdictions such as China, India and Mexico. Downstream risks remain concentrated in financials, primarily through lending activities. Additional downstream exposure is present in defence-related applications, where end use may implicate human rights concerns, and within communication services, where content moderation and data privacy practices present low to medium human rights risks.

Global equities: Human rights risk across the value chain



38%
of holdings with medium-high supply chain risks

35%
of holdings exposure to >5 high-risk commodities

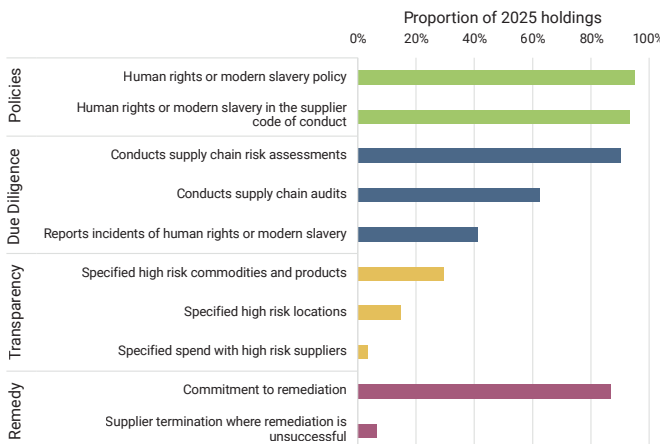
66%
with exposure >10 countries on the GSI

19%
of holdings with medium-high downstream risks

Management assessment

Our global holdings demonstrate generally strong policy commitments to respecting human rights, supported by established supply chain due diligence practices. Disclosure of supply chain audit activity and risk assessments is evident across much of the portfolio, with a growing number of companies reporting on audit scope and outcomes. Transparency around high risk commodities and products is still relatively uncommon, remaining less consistent than Australian holdings which are subject to reporting requirements under the Modern Slavery Act. Most holdings demonstrate a clear commitment to remediation, with a number of companies openly reporting supplier terminations where remediation efforts did not achieve acceptable outcomes.

Global equities: Human rights management (supply chain)



95%
of holdings have a human rights policy in place

62%
of holdings complete supply chain audits

39%
of holdings have specific targets underpinning their human rights strategy

87%
of holdings with commitment to remediation across its value chain

Company priorities

The following table presents three examples of companies across different maturity levels (limited, developing and mature) in managing human rights risks, with corresponding investment considerations and relevant engagement objectives under action in 2025. The focus is largely on supply chain exposure and management, which represents the most material and prevalent risk category across our portfolio.

24
human rights-related meetings with
20 global companies in 2025

Company	Assessment	Human rights considerations
	<p>Risk: Medium</p> <p>Management: Limited</p>	<p>Ferrari's luxury manufacturing model and expanding electric vehicle strategy expose the company to high-risk commodities within complex supply chains, including mica and cobalt. During an engagement in 2025, Ferrari provided limited detail on its oversight of high-risk suppliers, including audit processes and participation in responsible mining initiatives. Given the importance of brand reputation to Ferrari, we view potential supply chain controversies as a material risk.</p> <p>Engagement objective: While currently a less material issue, human rights risks in the supply chain (e.g. rubber, battery materials) could become more prominent, particularly with the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD) which will heighten transparency and risk management requirements. We therefore established an engagement objective for Ferrari to demonstrate supply chain oversight and improve disclosures on its risk management and audit programs related to human rights and environmental risks.</p>
	<p>Risk: Medium</p> <p>Management: Developing</p>	<p>Cintas' garment supply chain exposes the company to human rights risks, particularly through the sourcing of textiles from higher risk regions. During pre-investment analysis and subsequent engagement, Cintas demonstrated a considered approach to supplier oversight, including requirements for strategic suppliers to hold social audit certifications, annual Forced Labor Attestations and facility reviews conducted prior to supplier onboarding. Based on this framework, we view Cintas' responsible sourcing practices as appropriate relative to its risk profile.</p> <p>Engagement objective: While Cintas has established controls to manage human rights risks, increased transparency will be important to assess the effectiveness of these measures over time. Our engagement objective is therefore to encourage improved disclosure on supplier audit outcomes, including the nature of issues identified and the progress of corrective actions. This remains an ongoing objective.</p>
	<p>Risk: High</p> <p>Management: Mature</p>	<p>Walmart's extensive global retail supply chains expose the company to human rights risks across several high-risk commodities, including apparel, seafood, produce, and electronics. We view the company to have a mature approach to managing these risks, supported by a comprehensive responsible sourcing program that includes large scale supplier audits, internal risk assessments, incident reporting and remediation.</p> <p>Walmart focuses its human rights efforts on priority supply chains identified through a salient risk assessment and has demonstrated a willingness to act on findings, including terminating supplier relationships in cases of serious non-compliance. We consider Walmart's supply chain risk management and disclosure to be well developed relative to its risk profile, though we continue to monitor this issue closely.</p>

Managing the intersection of human rights and geopolitical conflict

What was the issue?

The escalation of geopolitical conflicts through 2025 has heightened the importance of assessing human rights risks in affected regions. These conflicts create material investment risks including supply chain disruptions, operational exposures, regulatory sanctions, and reputational damage. Research also indicates a strong overlap between countries with high modern slavery prevalence and active conflict zones, as tensions can exacerbate underlying vulnerabilities and increase exposure to forced labour and human rights violations.

What did we do?

Since 2022, we have been assessing company-level exposure to countries with high modern slavery prevalence and vulnerability using data from the Global Slavery Index. In 2025, we expanded our Human Rights Framework to systematically assess company exposures to countries with active conflict. This enables us to evaluate the intersection of conflict-related risks with existing modern slavery vulnerabilities, alongside compounding exposures to sanctioned regimes and corruption, providing a more holistic view of human rights and operational risks across our portfolio.

The table below presents the proportion of 2025 holdings with operational presence in countries classified as high-risk for modern slavery or active conflict zones. China, India and Mexico represented the most common operational presence, with several markets including Mexico, South Africa and the Philippines, carrying the most conflict exposure. While this data reflects operational presence rather than scale, nature or revenue concentration, it is an important input into our ESG risk management process. This visibility allows us to prioritise risk assessments, engagement and stewardship activity where needed.¹⁸

TOP 10 GEOGRAPHIC RISK EXPOSURES		
Percentage of companies with at least one operating location across countries with modern slavery and/or active conflict risk exposure (2025 holdings)		
Country	Operational Presence	Risk Exposure
China	60%	MS
India	54%	MS & C
Mexico	48%	C
Brazil	47%	MS & C
Malaysia	46%	MS
Hong Kong	45%	MS
UAE	43%	MS
South Africa	40%	C
Thailand	38%	MS & C
Philippines	37%	C

RISK CLASSIFICATION

MS Modern Slavery
 C Conflict
 MS & C Both

¹⁸ Modern Slavery risk classification is based on the Global Slavery Index (GSI). Conflict exposure is determined by a combination of data from the European Commission's list of conflict-affected and high-risk areas, the UN Office for the Coordination of Humanitarian Affairs (OCHA) focus countries, the Armed Conflict Location & Event Data Project (ACLEED), and the Uppsala Conflict Data Program (UCDP). Holding exposure shows the proportion of 2025 holdings with any operational presence (subsidiaries, manufacturing, offices) in each country, based on company-reported geographic data. It does not reflect the scale, nature or materiality of that presence, which are assessed as risks separately under Alphinity's ESG Framework.

How has this improved our approach?

1. Enhanced portfolio-level risk visibility and investment due diligence:

This enhancement offers a view on portfolio and company-level exposures to conflict zones, enabling more effective identification and evaluation of material human rights risks. This strengthens our overall human rights risk assessment and supports more robust risk analysis across holdings. It will also enhance our investment due diligence for new positions and enable ongoing company monitoring.

The framework also informs targeted research trips to regions where human rights risks and portfolio exposure are material. For instance, a 2025 research trip to Brazil focused on systemic human rights concerns within the country's agricultural supply chains. Separately, a 2024 research trip to China investigated human rights risks in the electric vehicle supply chain, and the emerging materiality given exposure to sanctions such as those imposed by the Uyghur Forced Labor Prevention Act (UFLPA).

2. More targeted and informed engagements:

We engaged with companies where conflict zone exposures were identified to understand their human rights due diligence processes and risk management approaches. For example, our engagement with Booking Holdings revealed that while their exposure to conflict-affected areas (West Bank) is financially immaterial, they have established robust governance including a dedicated human rights team following OECD principles. This provided confidence in their approach while confirming the need for continued monitoring of reputational and human rights considerations.

Similarly, our engagement with Motorola Solutions on their Israel operations demonstrated responsible business conduct, including their track record of withdrawing from other high-risk markets when risks could not be adequately managed, alongside board-level oversight and engagement of third-party human rights experts. Both engagements improved our confidence in these companies' governance frameworks, while reinforcing that ongoing monitoring remains important as geopolitical dynamics evolve.

3. Dynamic, evolving risk assessment capability:

Our approach now systematically monitors emerging risks where companies maintain larger operational footprints or where conflict has escalated, ensuring our risk assessments remain current and responsive to the evolving geopolitical landscape. Importantly, conflict monitoring, particularly where a state may face weakened governance, economic desperation and displacement, may serve as a leading indicator of where modern slavery prevalence may arise in the future.

Since the Global Slavery Index has not been updated holistically since 2023, monitoring active conflict helps identify where potential human rights and modern slavery risks may be emerging and enables us to proactively identify portfolio exposures to these intersecting factors. For instance, we engaged with Xero regarding risks related to their Melio acquisition (Israeli company) given regional tensions. The Board had conducted extensive discussion on conflict-related risks, with mitigation strategies including relocating the Melio CEO to the US and duplicating key capabilities outside the conflict zone, demonstrating how companies proactively plan for operational continuity in conflict-affected regions.

First Nations

Heritage management | Indigenous engagement

First Nations refers to the earliest known inhabitants of an area. In Australia, the term recognises Aboriginal and Torres Strait Islander people as the sovereign people of this land.

We support the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and recognise the materiality of First Nations-related risks and opportunities across our portfolios.

Within our ESG Framework, First Nations-related issues are assessed through two core topics: Indigenous engagement and heritage management. Both are within the top 30 most material issues for our 2025 holdings.



2025 highlights

Commitment to pilot the Dhawura Ngilan Business and Investor Initiative (DNBII) Guides

Alphinity is participating as a pilot partner to trial the application of the Dhawura Ngilan Business and Investor Initiative (DNBII) Guides in our investment and stewardship processes.

Through this pilot we aim to improve our assessment of First Nations-related risks and opportunities, identify stewardship priorities for material sectors, gather feedback on the applicability of the Guides for Australian and global equities, and raise awareness of the initiative with our portfolio companies and key stakeholders.

The pilot commenced in September 2025 and will conclude in July 2026. We expect to publish a report with our findings once the pilot concludes.

10% of engagements in 2025 discussed First Nations-related issues

Of the 220 engagements held in 2025, First Nations considerations featured in 10% of meetings.

Examples of issues discussed throughout the year include:

- Shareholder interest in First Nations rights with JP Morgan following a shareholder proposal in 2023. JP Morgan enhanced its disclosures in 2025 to explicitly address concerns about First Nations rights in financing.
- The measurement of First Nations-related policy commitments such as the commitment to Free, Prior and Informed Consent (FPIC) with Santos, Woodside Energy and Rio Tinto.
- Progress against Reconciliation Action Plans (RAPs) for Australian equities. For example, we engaged with JB Hi-Fi, Woodside Energy, Brambles and Westpac to better understand the governance around RAPs and key outcomes to date.
- Management of relationships with key Aboriginal Corporations and local Traditional Owner representatives and the impact on development timelines and approvals. For example, Rio Tinto's ongoing challenges with Robe River Kuruma Aboriginal Corporation, Santos' engagement with the Gomeri people and the impact on the Narrabri project, and BHP's approach to beneficial agreements across its global assets.
- The impact of mining operations on water rights and First Nations culture with Rio Tinto, Newmont and BHP.

Direct engagements with Traditional Owner groups

Given the materiality of indigenous engagement and heritage management for mining and energy companies in our portfolios, alongside our company engagements we also conduct direct engagements with Australian Traditional Owner groups and international First Nations and community groups.

For example, in 2025 we engaged with representatives of the Gomeri Nation regarding issues with Santos' Narrabri gas project, the Robe River Kuruma Aboriginal Corporation regarding ongoing negotiations with Rio Tinto and concerns about water-related impacts, Bougainville community representatives regarding the human rights claims against Rio Tinto, and the Murujuga Aboriginal Corporation to discuss the World Heritage listing and ongoing relationship with Woodside Energy.

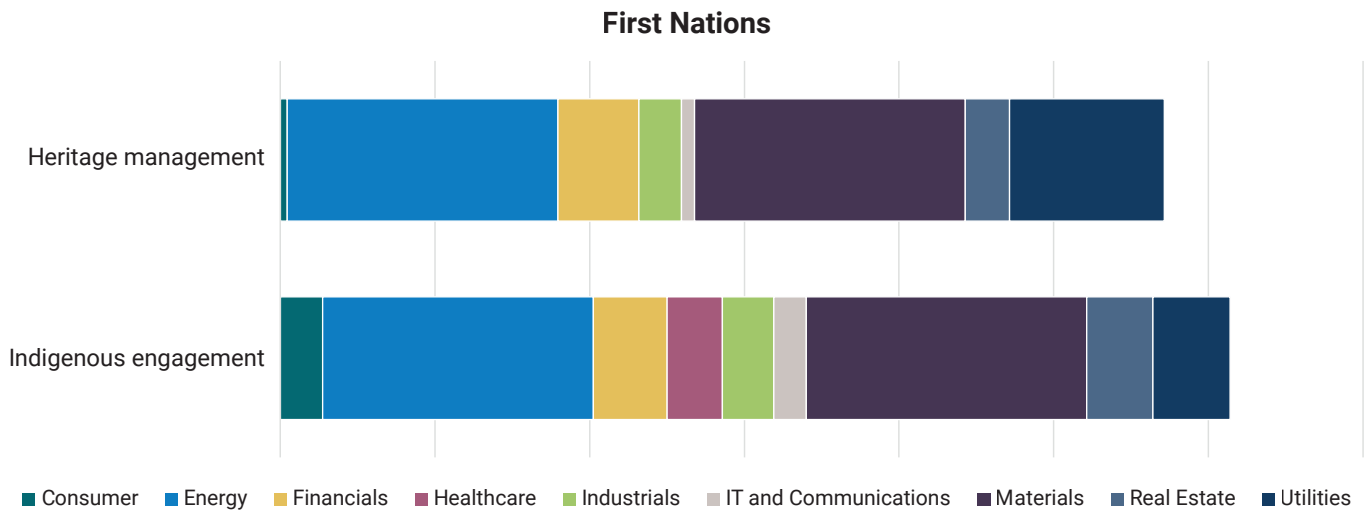
The purpose of these engagements is to gain perspectives directly from First Nations people and communities being impacted by mining and energy developments and operations. These interactions help us to consider the implications from a permitting/controversy risk perspective and also inform our stewardship efforts when engaging with companies.

Responsible Investment Association of Australasia (RIAA) Annual Conference

In May 2025, Moana Nottage, Senior Responsible Investment Analyst, was invited to participate as a panellist at the RIAA Conference, exploring how analysts are incorporating First Nations considerations into investment decision-making and stewardship. Moana shared how First Nations issues are embedded within Alphinity's ESG Framework, with heritage management and indigenous engagement assessed as material risks across sectors such as mining, energy, infrastructure and financial services. She highlighted the value of seeking perspectives directly from Traditional Owners, including through site visits, to understand community needs and gain perspectives that can challenge or test what companies themselves report. Looking ahead, she identified an opportunity to strengthen how social licence is measured, including through metrics that assess the outcomes of First Nations community investment and the effectiveness of free, prior and informed consent (FPIC) processes.

Materiality

The following graph presents the average materiality outcomes by sector for the two top 30 material First Nations-related issues.



First Nations communities form an important stakeholder group for many listed companies across sectors such as energy, mining, consumer and financials. In the mining and energy sectors, these groups can have a material influence on development timelines, permitting approvals, and the overall relationship with the community. In Australia in particular, heritage management is key to maintaining a strong relationship with these groups. In the consumer, healthcare, and financials sectors these groups are often an important part of the global customer base and may require tailored product solutions, equal access priorities, or specific customer engagement programs.







The materiality of First Nations risks and opportunities is generally dependent on the proximity to cultural heritage sites and the level of interaction with First Nations communities. In Australia, Indigenous engagement is relevant to most sectors, but heritage management is generally material for extractive industries, real estate and infrastructure development and operations. Globally, the materiality of these issues is regionally specific but similar across sectors.

Heritage management is among the top 10 most material issues for our 2025 holdings. This is primarily driven by our large exposure to the Australian mining and energy industries through our portfolio holdings, and the impact of heritage management on development timelines and asset operations. Companies such as Santos, Woodside Energy, Rio Tinto, BHP, Northern Star, Newmont, and Mineral Resources contributed to the materiality of this issue. In other sectors, companies such as Goodman Group, AGL, Telstra, Westpac, and Ventia also contributed.

Indigenous engagement has broader relevance across sectors and jurisdictions. In 2025, the materiality rank for this issue increased due to the growing global focus on First Nations rights and increased awareness of this issue. Companies such as Medibank, Wesfarmers, Qantas, Coles, AstraZeneca, JP Morgan and Bank of America have contributed to the materiality of this issue.

Active engagement objectives

The following are examples of First Nations-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
	First Nations engagement Manage active disputes with Traditional Owner groups and mitigate the likelihood of new disputes through strong Benefit Agreements	Established: 2024 BHP operates mines globally. Disputes with First Nations groups can delay operations and damage social licence locally and globally. This objective was established in 2024 following a research trip and engagement with Traditional Owner groups in the Pilbara.	We engaged with BHP throughout 2025 to monitor existing disputes with Traditional Owner groups. We do not believe conditions worsened over the year. Through the DNBII pilot – of which BHP is also a partner – we deepened our understanding of BHP’s approach to Benefit Agreements and Traditional Owner engagement. We acknowledge there are some ongoing disputes; however, we view this objective as having improved.	
	First Nations engagement Update disclosures to demonstrate First Nations-related policy commitments are implemented across the group	Established: 2025 JPMorgan received a shareholder proposal on First Nations impacts in project financing, responding with enhanced disclosure in 2024 that led to a subsequent proposal being withdrawn in 2025. We established this objective following an initial engagement in 2025 as part of the DNBII pilot.	We met with JPMorgan in late 2025 as part of a broad ESG discussion and reviewed changes implemented since the 2024 First Nations proposal. While JPMorgan’s disclosure outlines its First Nations policy, it does not demonstrate how that policy is implemented in practice – including the tools, systems, or metrics used to achieve commitments such as FPIC. This objective aims to close that gap.	
	Heritage management Apply FPIC principles in all projects and evaluate the effectiveness of implementation	Established: 2022 This objective predates Santos’ formal FPIC commitment. As a major energy company operating on Country, applying FPIC is essential for maintaining social licence with First Nations communities and managing project risk. In 2024, Santos integrated FPIC into executive remuneration and updated its related policy commitments.	We met with Gomerioi representatives following the May 2025 Native Title Tribunal decision to re-permit the Narrabri gas project, then with Santos’ Head of Climate and Sustainability to share feedback and understand their FPIC approach. We view progress as static in 2025. There has been some improvement in Santos’ integration of FPIC principles; however, the ongoing challenges with the Gomerioi People undermines this progress. We intend to escalate our feedback on this objective during upcoming Board engagements.	

 New
  Regressed
  No change
  Milestone progressed or achieved
  Closed

Digital technology

Cyber crime | Responsible artificial intelligence (AI) | Data privacy

The rapid acceleration of artificial intelligence (AI), expanding data infrastructure and increasing sophistication of cyber threats continued to reshape the digital technology landscape in 2025. These developments create both significant opportunities and material ESG risks for companies across our portfolios – from improved security and operational efficiency through cloud and AI adoption, to the energy and water demands of AI infrastructure, the growing scale of cyberattacks, and the ethical implications of AI-driven decision-making.

Within our ESG Framework, digital technology risks and opportunities are assessed through three core, interlinking elements: cybersecurity, responsible AI and data privacy. All three are among the top 30 most material issues for our 2025 holdings.



2025 highlights

30% of engagements in 2025 discussed cyber crime, responsible AI or data privacy

Of the 220 engagements held in 2025, 30% of the meetings included discussion about cyber crime, responsible AI or data privacy.

Examples of issues discussed throughout the year include:

- The management of cyber-related events or data breaches with Medibank, Qantas, and DBS. We also discussed benchmarking for cyber risk management with companies such as Sonic Healthcare, Suncorp, John Deere and DBS.
- The management of sensitive data types such as location data and biometric data with Life360 and Thermo Fisher.
- The benefits and risks of automation related to productivity and the workforce with Falabella and Waste Connections.
- Responsible AI governance and oversight with Intuitive Surgical, MercadoLibre, JP Morgan, L'Oréal, Wesfarmers, Aristocrat, and Sonic Healthcare.
- The management of scams and fraud and the impact on customer trust and reputation with National Australia Bank, Commonwealth Bank of Australia, Qantas and Telstra.

Initiated the development of a cyber risk and management assessment questionnaire

Cybersecurity has emerged as a material ESG risk across sectors including financials, healthcare, consumer, and industrials, with the frequency and sophistication of attacks continuing to grow. A key challenge in assessing this risk is that company disclosure remains limited. Given the sensitive nature of cybersecurity information, greater transparency can inadvertently inform potential attackers, making it difficult to assess how companies are managing this risk.

In 2025, Alphinity initiated the development of a more detailed cybersecurity assessment framework, beginning with the design of an engagement questionnaire to be sent to companies. This covers four key dimensions: the nature and materiality of cybersecurity threats faced, governance structures, preparedness practices such as certifications and audits, and incident response plans. Responses are expected to inform dedicated follow-up engagements with higher-risk companies and provide insights to develop a cybersecurity framework.

Sustainability of AI research trip

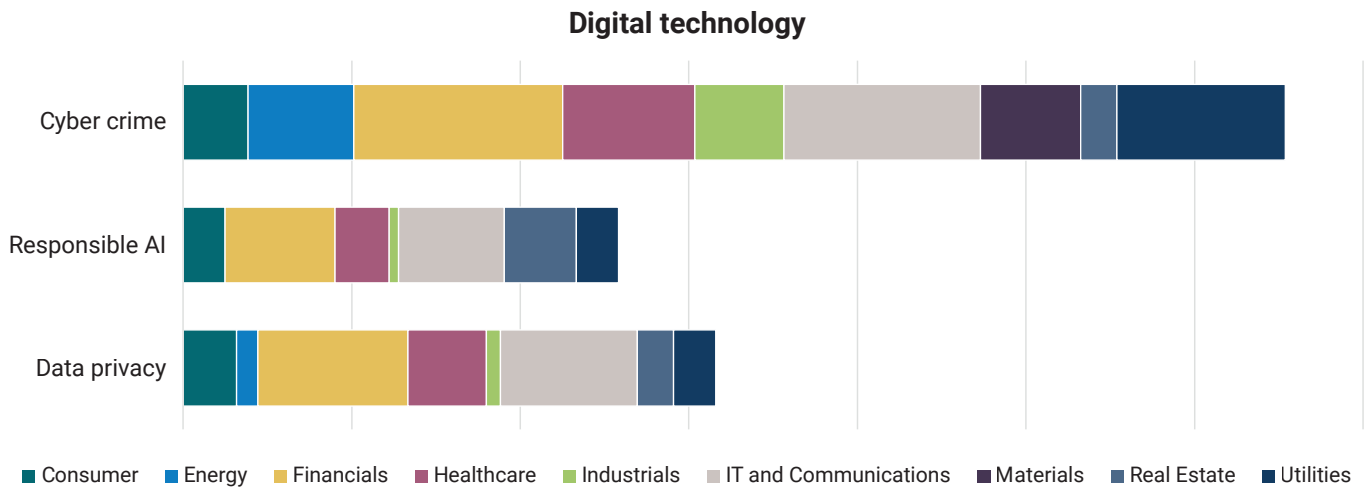
A research trip across Seoul, Taipei, Beijing, Shanghai and Shenzhen provided first-hand insights into the rapidly expanding AI value chain and its growing ESG implications.

As part of this trip we met with semiconductor, cooling-technology and cloud-infrastructure companies to understand the environmental footprint of AI hardware, including the high energy and water intensity of next-generation chips, and the increasing demand for liquid and hybrid cooling systems.

Discussions with leading firms such as Tencent, Baidu, SK Hynix and Delta Electronics highlighted differing levels of ESG maturity, emerging innovations aimed at improving efficiency, and evolving regulatory expectations around responsible AI. Further information on the takeaways is highlighted in the case study below.

Materiality

The following graph presents the average materiality outcomes by sector for the three top 30 material digital technology-related issues.



This thematic has continued to increase in materiality since we introduced digital technology as a primary thematic in 2023 following the rapid advancement of generative AI. Both cyber crime and data privacy are in the top 10 most material issues for our 2025 holdings. Responsible AI is more specific to companies which are using AI for sensitive use cases so has a slightly lower materiality overall.

Cyber crime poses risks to nearly every sector. All companies face asset and operational threats, while those interacting with customers also face risks to customer trust. Sectors with elevated risks are financials, IT and communications, healthcare, and utilities. In 2025, we noted increased commentary from companies about the growing scale and sophistication of attacks including the use of AI-enabled phishing and ransomware.







For some technology companies, cyber crime also presents opportunities to increase security and the management of cloud-based assets and data. For example, companies such as Microsoft, Motorola Solutions and Amazon provide solutions that improve cloud and network security.

The materiality of data privacy has also increased this year. This has been driven by changes in our underlying holdings and greater exposure to technology, healthcare, and financials compared to previous years. Companies such as Tencent, ServiceNow, Motorola Solutions, CaixaBank, TechnologyOne, Medibank and Commonwealth Bank of Australia contributed to the high materiality of this issue.

The materiality of responsible AI remained stable between 2024 and 2025. While company disclosure on AI use cases continued to increase, this did not materially change our assessments. Although good AI governance is important for all industries, responsible AI considerations are most material for AI developers and for companies deploying high risk use-cases, such as facial recognition or AI driven lending and credit decisions. Given the early stage of regulation and limited mandatory reporting, responsible AI remains a moderately material issue.

Active engagement objectives

The following are examples of digital technology-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
	Responsible AI Publish a responsible AI policy and disclose key metrics related to AI use-cases to demonstrate implementation	Established: 2025 CaixaBank is investing €5 billion in AI to benefit millions of customers, with early applications in customer service, call centres, and code generation. The European AI Act requires enhanced controls and governance for AI outputs in banking, raising the bar for policy transparency and accountability.	We engaged with the Head of Data Governance, confirming preparedness for AI regulation. CaixaBank has an internal responsible AI policy governed by its AI Governance Framework, and we recommended publishing it externally with implementation detail – a point reinforced at a subsequent materiality feedback meeting.	
	Cyber crime Manage cyber resilience following systemic IT outages	Established: 2023 As a major Asian bank with millions of digital banking customers, system resilience and cybersecurity are critical for DBS. Systemic IT outages in 2021 and 2023 disrupted customer access and attracted significant regulatory scrutiny, making cyber resilience essential for trust, operational continuity, and compliance.	DBS demonstrated improved cyber resilience following the 2023 outages, with structural changes including the creation of a new CIO role in May 2024 to split IT and operations management. We continue to monitor demonstrable improvements in IT outage management and system resilience.	
	Responsible AI Implement responsible AI governance and management structures and disclose a policy position	Established: 2024 As a health insurer holding sensitive data for millions of Australians, Medibank faces significant data privacy and cybersecurity risks – highlighted by its major 2022 breach. The use of AI in healthcare analytics and customer service elevates these risks further, making strong governance essential for data protection and customer trust.	Medibank used our Responsible AI Framework to benchmark internal practices and has since established an AI Governance Working Group to evaluate each use case for customer, reputational, and data risks before implementation – a milestone outcome addressing our key feedback. Medibank is also considering our recommendation to publish a responsible AI policy externally.	

 **New**
 **Regressed**
 **No change**
 **Milestone progressed or achieved**
 **Closed**

Expanding our Responsible AI Framework to assess value chain considerations

[Responsible AI Framework](#)

[The Sustainability of AI: Insights from Asia's Innovation Hubs](#)

[One Year On: Responsible AI engagement examples and reflections](#)

What was the issue?

Alphinity's Responsible AI (RAI) Framework, developed in partnership with CSIRO, enabled us to assess company-level governance and ESG considerations linked to AI. However, as AI adoption accelerated, it became clear that upstream activities, including semiconductor manufacturing, data centre infrastructure, and hyperscale cloud services, were becoming material drivers of environmental and social risk.

These value chain impacts include high electricity and water usage, supply chain emissions, human rights considerations, and broader systemic pressures from the rapid expansion of AI infrastructure. Our engagements also showed that many companies were not yet considering supplier-level AI risks, leaving gaps in oversight.

What did we do?

To respond to these emerging risks, we have expanded our approach to RAI to incorporate the entire AI value chain, drawing on three core inputs:

Sustainability of AI Research Trip	Extended Company Engagements	Hyperscaler Climate Analysis
 <p>Korea, Taiwan, China</p> <p>Examined ESG pressures across chip makers, cooling manufacturers and data-centre operators. Explored environmental and social issues across the AI value chain such as energy use, water use, e-waste, pollution, worker safety, and human rights.</p>	 <p>23 additional engagements</p> <p>Introduced value-chain considerations into discussions with companies in semiconductor manufacturing, data centre and infrastructure development, and AI technology solutions.</p>	 <p>AWS, Microsoft, Google</p> <p>Undertook a deep review of emissions, renewable-energy commitments, electricity demand growth and data-centre efficiency, ensuring AI infrastructure climate risks are fully integrated into assessments.</p>

What changes have we made to our RAI Framework?

We introduced a new component to our RAI Framework that helps us assess the upstream environmental and social impacts of AI. This component integrates additional ESG factors for the three upstream stages of the AI supply chain:

- **Semiconductors and hardware:** Water intensity of chip fabrication, energy intensity of advanced node manufacturing, worker health and safety, use of conflict minerals and human rights considerations.
- **Data centres and infrastructure:** energy consumption of data centres, water intensity of cooling technologies, impacts on grid stability and energy security.
- **Cloud and AI technology solutions:** energy intensity of AI models, data privacy and cybersecurity.

We have also revised our RAI governance indicators to include a metric addressing AI value chain considerations within the RAI implementation indicator set. This new indicator is designed to assess whether an organisation has incorporated its RAI commitments and policies into procurement activities and supply chain sustainability initiatives. Additionally, we have introduced another indicator under the human, social, and environmental wellbeing principle in our RAI deep dive to evaluate the environmental impact of AI use cases and applications across the value chain.

How do we implement this?

Our Responsible AI Framework is applied as an integrated component of company ESG risk reviews, engagement priorities, and proxy voting decisions where resolutions relate to AI. In 2025, this approach was reflected across a number of portfolio company interactions:

- **Amazon:** We supported a shareholder resolution seeking enhanced Board oversight of the human rights risks associated with AI applications.
- **TSMC:** We engaged directly on the water-related impacts of semiconductor fabrication, examining community-level risks and the company's programs to manage freshwater withdrawals and expand recycled water use in water-stressed regions.
- **Tencent:** An in-person visit to Tencent's headquarters in China provided insight into how the company is optimising data centre energy efficiency across its portfolio; we also discussed its approach to navigating China's evolving AI regulatory landscape and how it embeds ethical considerations into its AI technology solutions.

Given the pace at which AI use cases, infrastructure and regulation are developing, we recognise this as an important evolving space and remain committed to enhancing our approach as new risks and best practices come to light.



Reputation and social licence

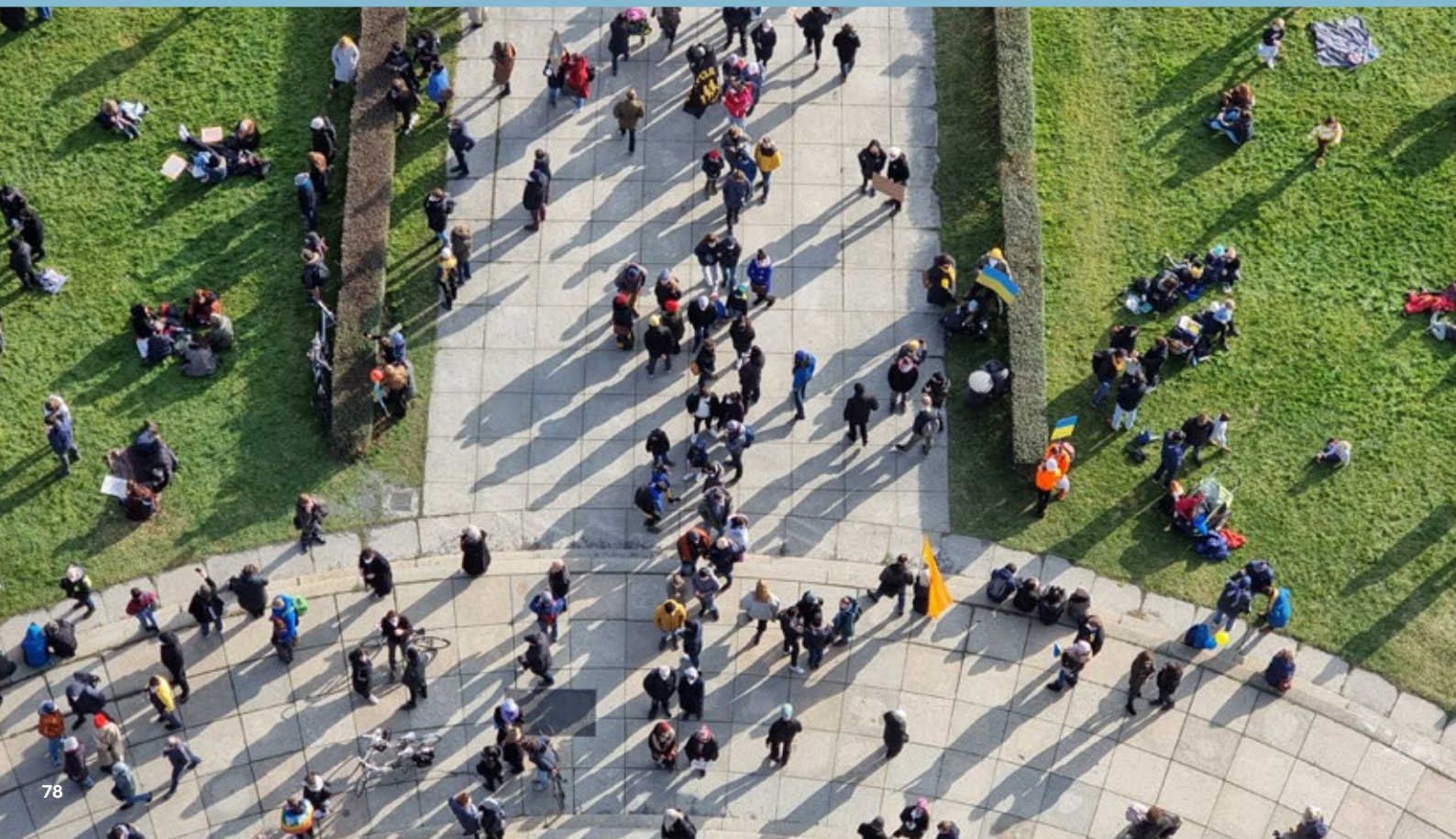
Customer experience | Selling practices and labelling |
Community relations | Access and affordability | Product quality and
safety | Product ethics

We view a company's social licence and overall reputation as a material driver of performance over the short, medium and long term.

A company's social licence to operate reflects the level of trust between the organisation and its key stakeholders. When that trust erodes, the consequences can include regulatory intervention, community disruption, customer-related controversies, unfavourable media coverage, product failures and shareholder activism.

Reputational and social licence-related issues can have a cumulative effect on a business. A seemingly minor issue with one stakeholder group, combined with another from a different group, can compound into significant reputational damage. Certain businesses are also more susceptible to reputational damage due to their size, history, or public visibility.

We believe that strong corporate ethics, stakeholder trust and effective management of controversy exposure are key to protecting a company's reputation and mitigating the impact of adverse events. Within our ESG Framework, we assess 10 drivers of social licence and reputation: customer experience, selling practices and labelling, community relations, access and affordability, product quality and safety, product ethics, animal welfare, health and nutrition, green products and circular economy. Six are among the top 30 material issues for our holdings in 2025.



2025 highlights

50% of engagements in 2025 discussed topics relevant to reputation and social licence

Of the 220 engagements held in 2025, more than 50% included discussion of issues that have had, or could have, an impact on reputation and social licence. Given the breadth of this thematic, many engagements covered multiple topics. Issues assessed under other thematics – such as human rights, climate or First Nations – often carry reputational and social licence implications that we also assess separately:

- 20% addressed active controversies. For example, we discussed human rights incidents with Wesfarmers, Ansell and Blackstone; potential exposure to Russian crude oil with Ampol, Qantas, and the Commonwealth Bank of Australia; remediation of past community impacts with BHP, Rio Tinto and Vale; PFAS litigation and liabilities with Johnson Controls and 3M; and exposure to conflict zones with Motorola Solutions, Xero and Booking Holdings.
- 16% were focused on customer-related metrics or issues. For example, we discussed customer experience and value with CSL, Medibank, Tencent, Falabella, Nu Holdings, and Qantas; and cost of living considerations and hardship with Itau Chile, CaixaBank, National Australia Bank and the Commonwealth Bank of Australia.
- 15% discussed product and business ethics covering issues such as animal welfare, controversial end-markets and defence and weapons exposure. For example, we discussed animal welfare standards with Coles, L'Oréal, JBS, Galderma, and AbbVie; and defence and weapons exposure with DroneShield, Parker Hannifin and Embraer.
- 13% discussed community impacts. For example, we discussed community impacts from mining with Vale, BHP, Rio Tinto, Fortescue, and Freeport-McMoRan. We also discussed health equity with AstraZeneca.

On the ground assessment of social licence considerations for Australian miners

[See additional research](#)

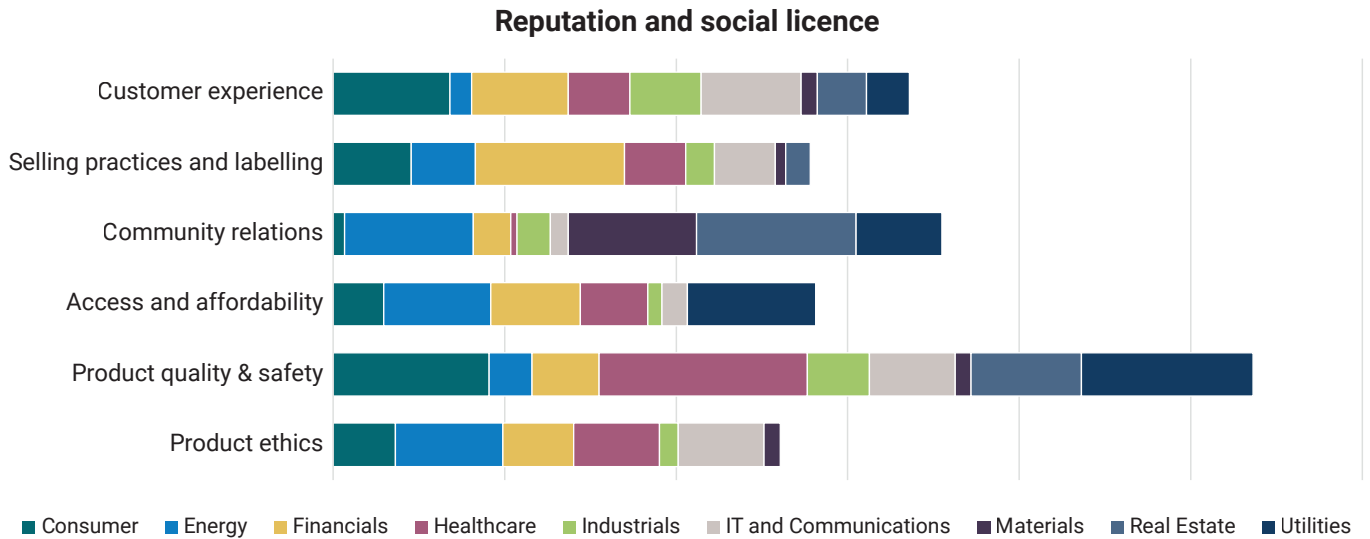
Australian miners face one of the most complex operating environments in the world, managing interconnected obligations across First Nations relationships, land rehabilitation, environmental permitting, workforce wellbeing and decarbonisation. These all directly impact their social licence to operate and grow.

Building on a similar trip undertaken last year, our Senior Responsible Investment Analyst travelled to Western Australia in May 2025 to visit South32's bauxite mine and Pilbara Minerals' lithium mine and meet with Aboriginal Corporations including the Robe River Kuruma and Yinhawangka.

This provided valuable insight on the changing regulatory and operating landscape for mining companies. For example, stricter environmental and biodiversity rules are making permitting and expansion more challenging. Traditional Owners also continue to seek greater economic participation and past compensation. Given these dynamics, this trip reinforced the importance of encouraging companies to measure and disclose their social licence to operate through reputational and community engagement metrics, engaging directly with First Nations groups, and closely monitoring changes to environmental regulations and permitting standards across different locations.

Materiality

The following graph presents the average materiality outcomes by sector for the six top 30 material reputation and social licence-related issues.



The overall materiality of this thematic has not changed between 2024 and 2025. Reputation and social licence are fundamental to company performance and are highly specific to each business and its local context. This is one of the most material thematic for most companies.



Access and affordability and customer experience are most material to companies with exposure to retail, software, streaming, banking, insurance, utilities and telecommunication services. Holdings such as Netflix, Microsoft, Costa Group, Qantas, Wesfarmers and Westpac have contributed to the materiality of these issues.

Product quality and safety is material to companies across most sectors; however, for our holdings this is most material for the consumer, healthcare, real estate and utilities companies. Companies such as GPT, Netflix, Meta, Intuitive Surgical, CSL, and ResMed have contributed to the materiality of this issue.

The materiality of product ethics is driven by company specific issues rather than general sector exposure. For example, defence and weapons exposure across technology, consumer, and industrials; gambling exposure across consumer and technology; unregulated lending and exposure to financial crime across financials; ethical use of data across technology and communications; and systemic health concerns through consumer, technology and communications, and healthcare. Companies such as Meta, Tencent, Motorola Solutions, Coca-Cola, Aristocrat, Block, CSL and Life360 have contributed to the materiality of this issue.

Active engagement objectives

The following are examples of reputation and social licence-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
	Customer and product ethics Implement comprehensive donor health program to support retention and mitigate risks	Established: 2020 We have been engaging with CSL since 2020 to encourage a broader donor health program supporting retention, positive health outcomes across CSL's donor base, and mitigation of reputational and regulatory risks.	CSL has achieved an engagement milestone. Its new strategy includes donor voice surveys, enhanced engagement, health resources, and expanded use of past data to identify trends. It has confirmed the need to understand potential negative health impacts from donation with a study currently underway.	
	Selling practices and labelling Disclose additional information about responsible marketing practices	Established: 2024 As the world's largest beauty company, L'Oréal faces product quality risks and evolving expectations around responsible marketing. This objective was established in 2024 following participation in L'Oréal's capital markets event in Singapore and India.	We confirmed L'Oréal applies the strictest global regulations across all markets. Complaints have remained relatively stable given company size. Responsible marketing is managed through strong claims validation, comprehensive influencer vetting, and a policy against targeting children under 16.	
	Product ethics Improve disclosure on Client Engagement Principles and demonstrate adequate risk considerations for controversial deals	Established: 2022 Marsh has been criticised by NGOs for involvement in projects such as the East African Crude Oil Pipeline. While individual sensitive projects may not pose material investment risk, aggregated high-risk decisions across the firm could result in significant reputational damage over the medium-term.	We escalated our concerns by writing to the company in January 2025, requesting further disclosure on client engagement principles. While Marsh is no longer held in the strategy, this has been a long-standing objective, and we intend to re-engage later in the financial year.	
	Customer and community Improve analysis and disclosures of wider societal benefits from products	Established: 2025 Tencent operates one of the world's largest digital ecosystems, spanning social media, gaming, fintech, and digital content across over a billion users. Current disclosures provide limited insight into how the societal benefits of its products are measured or managed, which is important for social licence and long-term sustainability.	We engaged with Tencent twice in 2025 – during a research trip to Asia and in a one-on-one meeting in Sydney – to discuss end-user benefits, SDG alignment, and metrics that would support better communication of societal impact. We provided feedback on disclosure improvements.	

 New
  Regressed
  No change
  Milestone progressed or achieved
  Closed

Enhancing due diligence for investing in defence

What was the issue?

Since the invasion of Ukraine by Russia, global defence investment has steadily increased. This trend intensified through 2025 as geopolitical tensions escalated, including the Hamas-Israel conflict, the Israel-Iran confrontation, rising strategic competition between the US and China, and significant defence spending commitments across the EU, UK and US. Europe's ReArm Europe Plan / Readiness 2030 aims to mobilise €800 billion in defence investment, the UK's 2025 Strategic Defence Review marked a landmark shift in its deterrence strategy, and in early 2026, the US administration called for a 50% increase in the defence budget to US\$1.5 trillion.

As defence-related exposure becomes more prevalent across global equity markets, investors face difficult questions about the boundaries of responsible investing in the sector. These include where to draw the line on weapons categories, how to differentiate between companies based on governance and ethical standards, and how to manage human rights and conflict-related risks.

For Alphinity, this required a considered approach to balancing material investment opportunities with robust governance, ethical safeguards and reputational risk management.

What did we do?

In April 2024, we initiated a structured review to strengthen our approach to responsible investing for the defence sector. This work focused on refining our Weapons Policy and creating an enhanced pre-investment due diligence (DD) framework for defence. Through this review we have not changed our exclusions for the defence sector, however we have refined our exclusion definitions, improved our governance and oversight, and clarified our exclusions in our external policy documents.



STEP 1 RESEARCH

Large-Scale Company Review

Distributed a detailed, structured questionnaire to major industrial and defence-adjacent companies. Responses directly informed revised policy settings and enhanced DD methodology.

60+
companies



STEP 2 POLICY

Refining the Weapons Policy

Reviewed excluded weapons categories, clarified definitions and exclusion boundaries, and addressed grey areas from new technologies and dual-use capabilities.

EXCLUSIONS

Applies to the final production and manufacture of the finished weapon



Controversial Weapons
Maintained 0% revenue threshold for all funds



Nuclear Weapons
5% threshold (core funds)
0% threshold (sustainable funds)



Conventional Weapons
Exclusions maintained for sustainable funds

INDIRECT EXPOSURE

Implemented additional controls to manage indirect exposure through parts production, engineering/maintenance services, and technology services:

Upper limit revenue thresholds by category & fund type

Enhanced defence DD framework

Improved investment governance

DISCLOSURE

Updated ESG Policy and Sustainable Fund Charters.



STEP 3 FRAMEWORK

Enhanced Due Diligence Framework

A new pre-investment DD process covering four key dimensions:



Geographic Risks Operational and product exposure to conflict-affected regions and controversial governments



Product Risks Exposure to and governance of emerging defence technologies including autonomous systems and dual-use applications



Governance Quality Board oversight of sensitive programs, sanctions compliance, and export control frameworks



Human Rights Commitment to human rights due diligence and adherence to international humanitarian law across the value chain

How has this affected our investment decision-making?

Defence as an investment thematic is here to stay. With rising geopolitical instability and rapid shifts in government defence strategies, it is important that we have structured processes to balance investment opportunities against ethical and reputational risks.

Our enhanced due diligence framework, shaped by extensive company outreach and deeper policy refinement, creates a strong, robust foundation for navigating this complex sector responsibly.

Since implementing this updated policy and due diligence process, we have:

- Approved new companies to our investible universes across all funds. Howmet and Codan are provided as examples below.
- Identified engagement priorities such as understanding how defence electronics firms like Codan and Motorola Solutions manage Board-level risks from UAV technologies used in dual applications and end-user controls. For component suppliers such as Amphenol, Parker Hannifin, and Howmet, the focus is on governance and oversight to prevent distribution to sanctioned areas or governments with poor human rights records.

Company

Outcomes from due diligence process



Approved for investment (core and sustainable)

Howmet Aerospace is a global manufacturer of highly engineered components for aerospace, defence, transportation and industrial end markets, supplying critical engine parts, fasteners and structural components used in both commercial and military aircraft.

From a defence perspective, our due diligence focused on Howmet's indirect exposure to weapons systems through the supply of components for military aircraft (including the F35), alongside its compliance with US export controls and ITAR, governance of sanctions and trade compliance, human rights risk management and product safety oversight.

Howmet has no direct involvement in weapons manufacturing, no exposure to controversial or nuclear weapons, and defence-related revenues remain within policy thresholds, resulting in a pass under our weapons policy.

The company demonstrates strong ESG governance, robust export control compliance, low exposure to high-risk jurisdictions and a comprehensive human rights framework, albeit with some inherent reputational risk associated with downstream use of military platforms.

Overall, Howmet was assessed as having a moderate ESG risk profile, supported by strong operational controls and disclosure, and was deemed appropriate for investment with ongoing monitoring of defence-related controversies and product quality risks.

Engagement objective: Strengthen oversight of product distribution controls to prevent indirect exposure to sanctioned jurisdictions and controversial end-users.



Approved for investment (core and sustainable)

Codan Limited is an Australian-headquartered technology company providing communications and metal detection equipment used across defence, public safety, utilities and humanitarian applications.

From a defence perspective, our assessment focused on Codan's communications systems used in military and unmanned platforms, including encrypted radios and UAV-related technologies, as well as governance around sanctions compliance, customer due diligence, cybersecurity and downstream human rights considerations.

While defence-related communications represent a material but minority share of group revenue and exposure to weapons is assessed as indirect and below our policy thresholds, we identified elevated ESG risks associated with product end use, supply chain security and limited disclosure on downstream human rights impacts.

Overall, Codan passed our weapons policy screens and defence due diligence process but was assigned an ESG risk level 3 warranting ongoing monitoring and engagement on sanctions controls, customer oversight and ethical use of technology.

Engagement priorities: Enhance governance of emerging technology risks such as UAV-related communications systems.

Governance

Corporate governance | Sustainability strategy | Sustainability disclosure | Corruption and bribery | Responsible finance

Governance systems are the structures, rules, policies, procedures, and practices by which a company is directed and controlled. We believe that strong governance is a leading indicator for company performance and provides a critical foundation for long-term value creation.

Within our ESG Framework, governance aspects are integrated across most topics and issues; however, we have identified six specific issues under the governance thematic: corporate governance, sustainability strategy, sustainability disclosure, corruption and bribery, responsible finance, and anti-competition. All except anti-competition are top 30 material issues.



2025 highlights

The majority of engagements discussed aspects related to good corporate governance

Of the 220 engagements held in 2025, most of the meetings included discussion about elements of the company's sustainability strategy, disclosure, or corporate governance.

Examples of issues discussed throughout the year include:

- The integration of environmental and social measures into remuneration structures for executives with Motorola Solutions, Morgan Stanley, Wesfarmers, Rio Tinto, Telstra and Newmont.
- Board oversight of material ESG issues with Qantas, Brambles, National Australia Bank, Rio Tinto, Ansell, Morgan Stanley, O'Reilly Automotive and Parker Hannifin.
- Requests to establish clearer strategies for material ESG issues. For example, we engaged Wesfarmers to document a strategy with targets and goals for its approach to modern slavery risk management. We also engaged Marsh McLennan to focus on the risk management process associated with potentially controversial projects.
- Feedback to improve disclosures for material ESG issues. For example, we encouraged enhanced disclosures with Linde regarding its physical climate risk disclosures, CBRE regarding the disclosure of its contractor safety metrics, NatWest Group regarding further disclosure of misconduct cases and severity and Rio Tinto regarding ESG performance metrics for non-controlled assets that may impact the company's reputation.

Integrated our Responsible Financing Framework into our ESG and sustainability analysis

In 2025, we expanded the scope of our Responsible Banking Framework beyond retail and investment banks to include other financial institutions, such as asset managers. Reflecting this broader application, the framework has been renamed the Responsible Financing Framework.

Originally developed in 2024, the framework was designed to strengthen our assessment of sustainability and ESG risks within large retail and investment banks, recognising the sector's central role in shaping economic outcomes through capital allocation and access to finance. During 2025, we refined and adjusted the criteria to ensure the framework is also fit for purpose when applied to other financials, including asset management companies.

Developed over two years, the Responsible Financing Framework addresses the complex interplay between governance, risk management and culture within financial institutions. It enables more targeted analysis of the most material ESG and sustainability issues and supports consistent benchmarking across institutions. The framework also provides a structured basis for assessing the suitability of financial companies for inclusion in our sustainable strategies.

The framework applies more than 40 qualitative and quantitative criteria, covering areas such as board effectiveness, non-financial incentives in remuneration, ethical clawback mechanisms, risk controls, misconduct disclosure, controversy severity, and due diligence guardrails for high-risk financing. Together, these elements provide a rigorous and holistic view of each company's overall ESG risk profile.

In 2025, we integrated the Responsible Finance Framework into our broader ESG and SDG alignment processes. It was applied consistently in pre-investment reviews and ongoing risk assessments for companies including DBS Group, Blackstone, NatWest and CaixaBank. All four companies passed our assessment, with DBS Group, NatWest and CaixaBank subsequently added as positions across our strategies.

Introduced a Good Governance Assessment to standardise risk analysis and decision-making

In 2025, we developed and implemented a Good Governance Assessment to enhance our evaluation of individual and cumulative risks related to governance factors and the quality of structures in place to mitigate them. The assessment follows a two-stage approach.

- 1. Risk assessment:** Evaluates more than 15 risk factors across six governance components (board structure, board effectiveness, management team, ethics and compliance, shareholder alignment, and tax and accounting) to produce a combined risk score.
- 2. Quality assessment:** Scores 35 indicators of good governance across the same six components, with board structure, board effectiveness, and management team weighted more heavily.

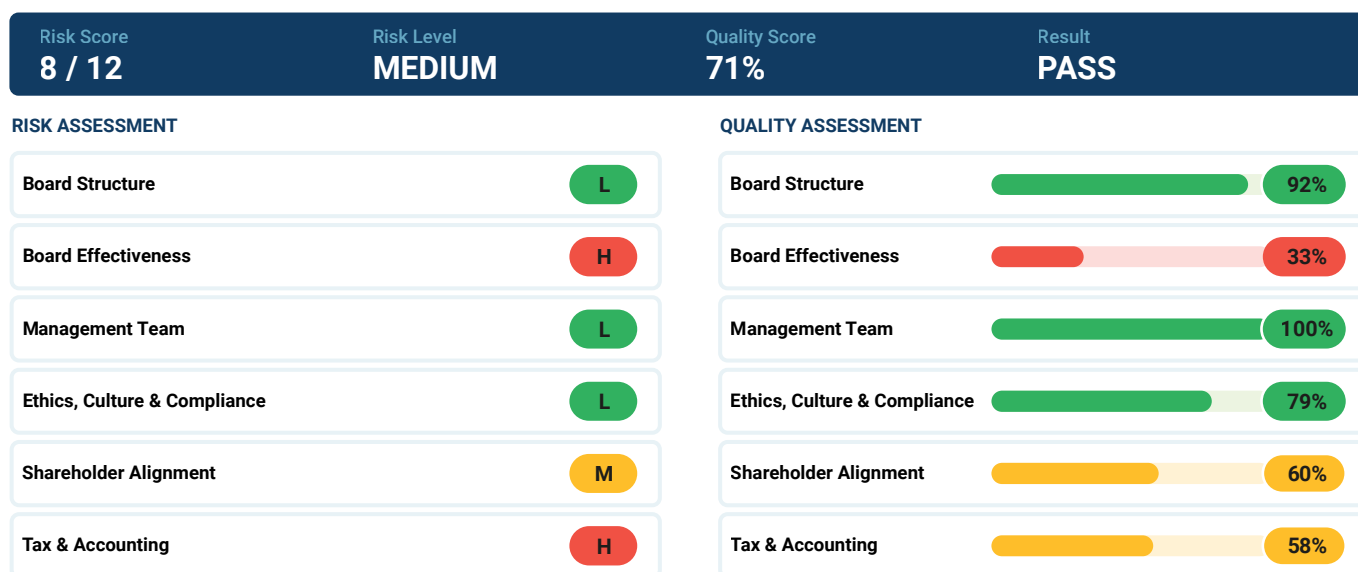
Companies assessed as medium or high risk proceed to a quality assessment. The assessment produces a pass/fail result used by the investment team to determine investability. A company that fails is assigned an ESG risk level 4 and is not investable.

This process assisted our decisions on the investability of companies with past or active governance concerns. For example, companies such as Fortescue, Meta and Mineral Resources.

Below is an illustrative example of the process for a fictional internet services company.

Governance Assessment – Illustrative Example

Example Company | Sub-industry: Internet Services | Date: October 2025

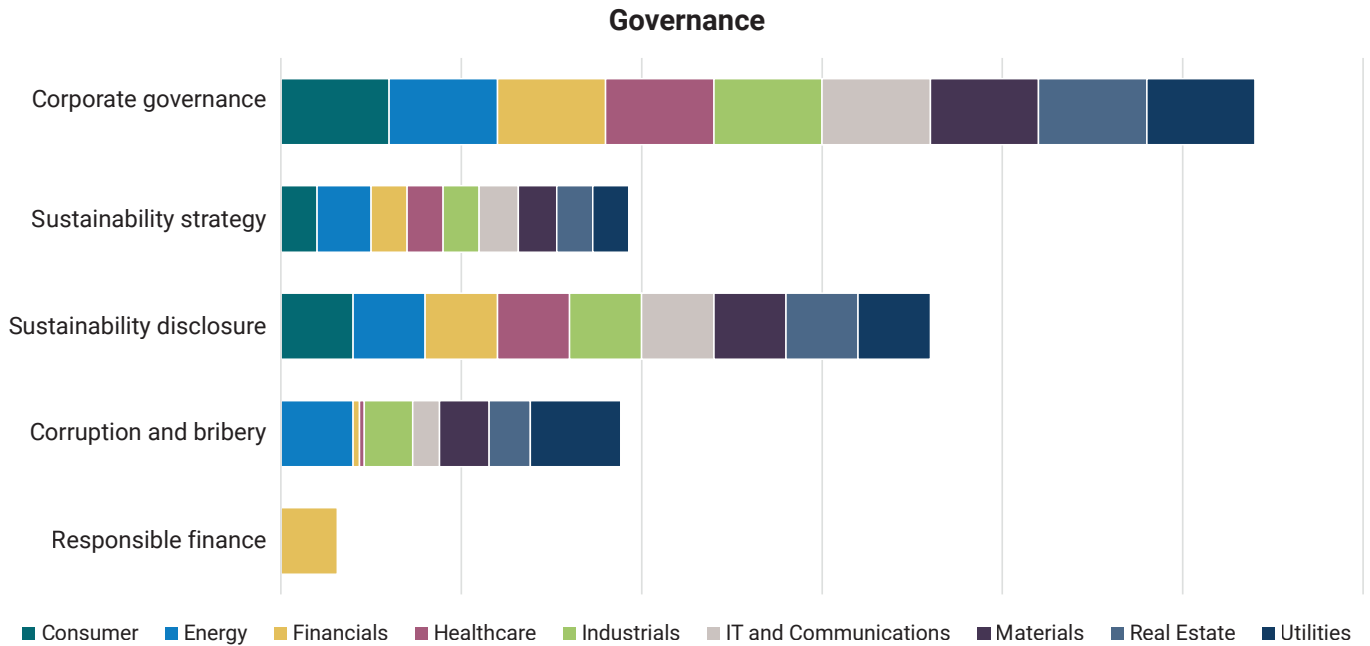


Illustrative only. Board Effectiveness (H risk, 33% quality score) identified as a key risk and engagement priority.

If Medium/High risk at Step 1, proceed to Step 2. FAIL = ESG Risk Level 4 (not investable).

Materiality

The following graph presents the average materiality outcomes by sector for the five top 30 material governance-related issues.











We assess corporate governance, sustainability strategy and sustainability disclosure as equally material across all companies, regardless of sector. Given our investments are all mid to large cap equities, we do not see a difference in the materiality of risks and opportunities related to these issues. The remaining two governance topics – corruption and bribery, and responsible finance – vary more significantly by sector and company.

Corruption and bribery is most material to companies that interact with government organisations. For example, through bid winning and contract negotiation, permitting and development approvals, or for trade negotiations and permissions. Companies such as Ventia, Rio Tinto, TechnologyOne, Howmet Aerospace and Parker Hannifin contributed to the materiality of this issue. This increased in 2025 due to the portfolios’ greater exposure to companies that generate revenues through government contracts or require government approval for developments. For example, Howmet, Codan, Caterpillar, CBRE, and GemLife were added as new positions in 2025.

Responsible finance is specific to companies that provide lending to customers. The overall materiality by sector is low; however, due to our significant exposure to financials, this topic ranks among the top 30 material issues. It is also central to strong governance and stakeholder management in the financial sector. Companies such as the Commonwealth Bank of Australia, Westpac, Tencent, DBS and NatWest Group have contributed to the materiality of this topic.

Active engagement objectives

The following are examples of governance-related active engagement objectives which were actioned in 2025.

Company	Objective	Background	2025 progress	Status
	Corporate governance Implement improvements in governance controls and effective CEO succession	Established: 2025 Mineral Resources faced a prolonged governance crisis stemming from undisclosed related-party transactions and tax avoidance by founding CEO Chris Ellison, which surfaced publicly in 2024 following years of internal investigation. Ellison's subsequent departure and broader board accountability concerns made governance reform and CEO succession a material investor priority.	Following significant changes at the Board level, and a number of engagements with the Chair and other Directors, we undertook a comprehensive review using our Good Governance Assessment to confirm investability. Our assessment found governance has materially improved—with stronger board independence, refreshed committees, and clearer risk oversight. While residual risk remains during the CEO succession process and as legacy governance issues continue to be addressed, the trajectory is positive. We established this objective and communicated it to the Chair in the lead-up to and following the AGM.	
	Responsible finance Publish Anti-Money Laundering Policy and disclose more information about controls	Established: 2024 Money laundering allegations in Morgan Stanley's wealth management business in 2024–2025 attracted ongoing media and regulatory scrutiny, representing a material governance and reputational risk.	In addition to prior meetings in 2024, the meeting with the Head of Global Financial Crime provided insight into first- and second-line AML controls and risk-based monitoring for high-risk clients. We were encouraged by the sophistication of internal processes and continue engaging on external disclosures to support investor confidence. We view this as a potentially material risk and will continue monitoring progress.	
	Disclosure Manage deforestation-related lending risks and enhance nature disclosures	Established: 2025 NAB has the largest agricultural lending exposure of any major Australian bank and in 2025 received nature-related shareholder resolutions, focused on enhanced transparency on nature-related risks and minimising deforestation impacts.	We established this objective following a pre-AGM discussion with the Chair on nature disclosures. The Board acknowledged biodiversity risks and noted NAB has completed TNFD-aligned reporting, while flagging metric challenges. We encouraged stronger disclosure on nature impacts within agricultural lending, noting current reporting focuses primarily on risk management. We voted against the shareholder proposal due to lack of specificity but committed to ongoing dialogue with NAB on nature risk and disclosure.	
	Responsible finance Publish metrics related to misconduct cases and high-risk lending decisions	Established: 2025 Risk culture remains a material regulatory and reputational consideration for banks. Greater disclosure on misconduct and high-risk lending escalations provides investors with meaningful insight into how NatWest manages these risks in practice.	We established this objective following an ESG due diligence meeting with NatWest's sustainability team, during which we discussed our Responsible Financing Framework. NatWest performed as one of the strongest banks assessed to date, demonstrating a well-developed risk culture and governance structure. While we view NatWest to be a leader in the industry, we encouraged enhanced disclosure on misconduct cases and high-risk lending escalations to support investor confidence, and shared our framework criteria in detail to guide future reporting.	

 New
  Regressed
  No change
  Milestone progressed or achieved
  Closed

Appendices

APPENDIX 1

ESG topic definitions

Top 30 issues	Summary	Materiality
Climate change		
Energy transition	Management of greenhouse gas emissions, transition to renewable energy sources, and alignment with net zero pathways.	Material where operations or supply chains are carbon-intensive, face climate-related regulatory pressure, or where energy costs significantly impact competitiveness.
Physical climate risk	Exposure and resilience to physical climate impacts including extreme weather, sea-level rise, temperature changes, and water scarcity affecting assets and operations.	Material where critical infrastructure, supply chains, or revenue streams face acute or chronic climate-related disruption risks.
Nature		
Deforestation	Direct and indirect contribution to forest loss through operations, supply chains, or financing.	Material where raw materials or products are linked to high-deforestation commodities (palm oil, soy, beef, timber, pulp), or where financing/project development involves land clearance in forest regions.
Biodiversity	Impacts on ecosystems, species, and natural habitats from operations, land use, or supply chains.	Material where activities occur in or near sensitive ecosystems, protected areas, or critical habitats, or where business operations depend on ecosystem services.
Water	Water consumption, quality impacts, and management in operations and supply chains.	Material where operations are water-intensive, located in water-stressed regions, impact water quality through discharges, or where water availability affects production capacity.
Pollution	Release of harmful substances to air, water, or soil, including chemical spills, toxic releases, and contamination.	Material where operations involve hazardous materials, have a history of pollution incidents, face environmental clean-up liabilities, or operate in communities concerned about pollution impacts.
Waste	Generation, management, and disposal of solid and hazardous waste from operations.	Material where waste generation is significant, disposal costs are substantial, circular economy regulations apply, or waste management failures pose environmental or reputational risks.
Workforce		
Physical health and safety	Prevention of work-related injuries, illnesses, and fatalities through effective safety management systems, hazard controls, and occupational health programs.	Material where operations involve inherent physical risks, hazardous materials, or high-consequence work environments.
Psychosocial safety	Management of workplace factors that affect employees' psychological wellbeing, including work-related stress, burnout, harassment, and mental health support.	Material where work intensity is high, employees face public-facing roles with abuse risk, organisational change creates uncertainty, or where psychosocial hazards have regulatory oversight or reputational impact.
Workplace culture	Quality of organisational values, behaviours, and practices that shape employee experience, engagement, and ethical conduct within the organisation.	Material where culture directly impacts retention, productivity, misconduct risks, or the ability to attract talent in competitive labour markets.

Top 30 issues	Summary	Materiality
Labour relations	Quality of relationships between management and employees, including collective bargaining processes, union engagement, strikes, and dispute resolution.	Material where a significant portion of the workforce is unionised or where labour disruptions could substantially impact operations.
Equity and inclusion	Fair treatment, access to opportunities, and representation across all dimensions of diversity (gender, race, ethnicity, disability, LGBTQ+, age) throughout recruitment, advancement, and compensation.	Material where workforce diversity affects innovation, market access, regulatory compliance, or stakeholder expectations.
Human rights		
Supply chain	Risk of modern slavery such as forced labour or debt bondage, or exploitative practices in supplier operations which impact human rights like low wages, poor working conditions or discrimination.	Material where supply chains involve high-risk geographies (countries with weak labour law enforcement), high-risk sectors (e.g. agriculture, garments, electronics, construction), or complex multi-tier sourcing with limited visibility.
Operations	Risk of modern slavery such as forced labour and debt bondage, or exploitative practices in a company's direct or contractor workforce which impact human rights.	Material where a company uses migrant workers, temporary labour, or operates in regions with weak enforcement, or where business models create vulnerability to exploitation (e.g., subcontracting, piece-rate work).
First Nations		
Indigenous engagement	Respect for Indigenous rights including free, prior and informed consent (FPIC), land rights, cultural heritage, and self-determination.	Material where operations affect Indigenous lands or resources, where Indigenous peoples are key stakeholders, or where regulatory frameworks require Indigenous consultation and consent.
Heritage management	Protection of cultural heritage sites, artefacts, and places of significance from damage or destruction.	Material where operations occur near archaeological sites, sacred places, or cultural landmarks, or where development projects require heritage impact assessments.
Digital technology		
Cyber crime	Vulnerability to cyberattacks, scams, data breaches, ransomware, and system disruptions.	Material where a company stores sensitive customer data, operates critical infrastructure, faces elevated threat exposure, is directly or indirectly exposed to scams, or where cyber incidents could cause operational disruption or significant financial loss.
Responsible AI	Ethical development and deployment of artificial intelligence including fairness, transparency, accountability, and prevention of algorithmic bias.	Material where AI systems make consequential decisions affecting people (credit, hiring, healthcare), where algorithmic bias could cause discrimination, or where AI deployment faces regulatory scrutiny.
Data privacy	Protection of personal information, compliance with data protection regulations (GDPR, CCPA), and transparency about data collection and use.	Material where a business model relies on personal data, operations span multiple regulatory jurisdictions, or where privacy failures pose regulatory penalties or customer trust erosion.
Reputation and social licence		
Customer experience	Quality of customer service, complaint handling, and overall satisfaction with products and services.	Material where customer retention drives profitability, switching costs are low, brand reputation is critical, or where poor customer experience generates regulatory complaints or class actions.

Top 30 issues	Summary	Materiality
Selling practices and labelling	Fairness and transparency in marketing, sales practices, product disclosure, and labelling accuracy.	Material where products are complex (financial services, pharmaceuticals), where mis-selling risks exist, labelling requirements are stringent, or where deceptive practices could trigger regulatory enforcement or consumer backlash.
Community relations	Quality of relationships with local communities affected by operations, including consultation, benefit-sharing, and grievance mechanisms.	Material where operations create significant local impacts (noise, traffic, environmental effects), require community support for licence to operate, or where community opposition could delay or block projects.
Access and affordability	Ensuring essential products and services are accessible and affordable to underserved populations.	Material for companies providing basic necessities (healthcare, utilities, telecommunications, financial services), operating in markets with affordability challenges, or facing regulatory pressure to expand access.
Product quality and safety	Ensuring products meet safety standards and quality specifications to prevent harm to users.	Material where product failures could cause injury or death, where recalls are costly and damage brand reputation, where safety is heavily regulated (pharmaceuticals, automotive, food, medical devices), or where user safety is highly valued and may impact customer trust and value (e.g. online safety, content moderation, pharmaceuticals).
Product ethics	Ethical implications of product design, purpose, and use including potential for misuse or societal harm.	Material where products could enable harmful activities (weapons, surveillance technology, addictive substances), raise moral questions, or face ethical scrutiny from stakeholders.

Governance

Corporate governance	Board composition, independence, diversity, expertise, executive compensation alignment, shareholder rights, and accountability mechanisms.	Material for all companies. Strong governance underpins effective management of all other ESG risks and opportunities.
Sustainability strategy	Integration of sustainability and ESG considerations into long-term business strategy including climate transition planning, stakeholder management, employee value, human rights, and purpose-driven business model.	Material for all companies. Particularly relevant where business model faces disruption from sustainability trends, where investors demand strategic ESG integration, where operating markets have standardised the expectation for sustainability aspirations, goals, or targets, or where regulatory requirements mandate transition planning.
Sustainability disclosure	Transparency and quality of ESG reporting, compliance with disclosure frameworks (TCFD, SASB, GRI, ISSB), and assurance of sustainability data.	Material for all companies. Particularly relevant where disclosure regulations are emerging or mandatory, where investors demand standardised reporting, where disclosure gaps limit investment case, or where greenwashing risks exist.
Corruption and bribery	Prevention of corrupt practices including bribery, facilitation payments, and conflicts of interest.	Material where operations occur in high-corruption jurisdictions, where government interactions are frequent, where third-party intermediaries are used, or where anti-corruption enforcement poses significant penalties.
Responsible finance	For financial institutions: responsible lending, investment, and underwriting practices including ESG risk integration, exclusion policies, and impact financing.	Material where lending or investment portfolios have significant exposure to controversial sectors, where ESG risks could materialise into credit losses, or where stakeholder pressure demands responsible finance commitments.

APPENDIX 2

2025 company engagement

Australian equities (127 meetings)

Company	Date	Company	Date	Company	Date
Woodside Energy	Dec-25	Medibank	Sep-25	Block	Jun-25
BHP	Dec-25	Brambles	Sep-25	Coles	Jun-25
Coles	Dec-25	Ansell	Sep-25	National Australia Bank	Jun-25
TechnologyOne	Dec-25	Woodside Energy	Sep-25	Virgin Australia	May-25
Ampol	Dec-25	Brambles	Sep-25	Qantas	May-25
Dyno Nobel	Dec-25	Suncorp	Sep-25	Rio Tinto	May-25
Qantas	Dec-25	HUB24	Sep-25	BHP	May-25
Mineral Resources	Dec-25	Rio Tinto	Sep-25	BHP	May-25
Wesfarmers	Dec-25	Life360	Aug-25	Guzman y Gomez	May-25
Macquarie Group	Dec-25	BHP	Aug-25	Macquarie Group	May-25
Viva Energy	Dec-25	Commonwealth Bank of Australia	Aug-25	Qantas	May-25
National Australia Bank	Nov-25	Origin Energy	Aug-25	Santos	May-25
Commonwealth Bank of Australia	Nov-25	Telstra	Aug-25	Fortescue	May-25
Macquarie Group	Nov-25	DroneShield	Aug-25	AGL	May-25
National Australia Bank	Nov-25	AGL	Aug-25	Aristocrat Leisure	Apr-25
Westpac	Nov-25	Wesfarmers	Aug-25	Sigma	Apr-25
Westpac	Nov-25	Coles	Aug-25	Rio Tinto	Apr-25
Orica	Nov-25	CSL	Aug-25	Viva Energy	Apr-25
Woodside Energy	Nov-25	Pilbara Minerals	Aug-25	Medibank	Apr-25
Wesfarmers	Nov-25	South32	Jul-25	Ansell	Apr-25
Qantas	Nov-25	Fortescue	Jul-25	Woodside Energy	Apr-25
Alcoa	Nov-25	Sandfire Resources	Jul-25	Coles	Apr-25
Capstone Copper	Nov-25	Liontown Resources	Jul-25	JB Hi-Fi	Apr-25
Macquarie Group	Nov-25	Paladin Energy	Jul-25	ANZ	Apr-25
Newmont	Oct-25	Greatland Gold	Jul-25	BlueScope	Apr-25
Santos	Oct-25	Newmont	Jul-25	Seek	Apr-25
Goodman Group	Oct-25	Fortescue	Jul-25	Sigma	Apr-25
Santos	Oct-25	Capricorn Metals	Jul-25	HUB24	Mar-25
CSL	Oct-25	Dyno Nobel	Jul-25	Santos	Mar-25
Qantas	Oct-25	Xero	Jul-25	Rio Tinto	Mar-25
Wesfarmers	Oct-25	Westpac	Jul-25	Rio Tinto	Mar-25
Spark NZ	Oct-25	Charter Hall	Jul-25	Sonic Healthcare	Mar-25
Ansell	Oct-25	Ventia	Jul-25	South32	Mar-25
Mineral Resources	Oct-25	Charter Hall	Jul-25	Worley	Mar-25
JB Hi-Fi	Oct-25	Qantas	Jul-25	Coles	Mar-25
Wesfarmers	Oct-25	Qantas	Jul-25	Qantas	Feb-25
BHP	Sep-25	Macquarie Group	Jul-25	Rio Tinto	Feb-25
Telstra	Sep-25	Rio Tinto	Jun-25	BHP	Feb-25
Commonwealth Bank of Australia	Sep-25	Coles	Jun-25	Aristocrat Leisure	Feb-25
Mineral Resources	Sep-25	Santos	Jun-25	TechnologyOne	Feb-25
BHP	Sep-25	Wesfarmers	Jun-25	National Australia Bank	Feb-25
National Australia Bank	Sep-25	Suncorp	Jun-25	Santos	Jan-25
				South32	Jan-25

Global equities (93 meetings)

Company	Date	Company	Date	Company	Date
JPMorgan	Dec-25	Unilever	Aug-25	Walmart	Apr-25
Freeport-McMoRan	Dec-25	Booking Holdings	Aug-25	CRH	Apr-25
CBRE	Dec-25	Veralto Corp	Aug-25	SAP	Apr-25
Tencent	Dec-25	3M	Aug-25	MercadoLibre	Mar-25
Johnson Controls	Dec-25	Holcim	Aug-25	CBRE	Mar-25
Parker Hannifin	Dec-25	AstraZeneca	Jul-25	CaixaBank	Mar-25
Banco do Brasil	Dec-25	Waste Connections	Jul-25	Kingspan	Mar-25
Vale	Nov-25	Ferrari	Jul-25	TSMC	Feb-25
JBS	Nov-25	Siemens Energy	Jul-25	Novonosis	Jan-25
Nu Holdings (Nubank)	Nov-25	BAE Systems	Jul-25	NVIDIA	Jan-25
Rumo	Nov-25	SK Hynix	Jun-25	Veolia	Jan-25
Santander (Brazil)	Nov-25	Samsung Electronics	Jun-25		
WEG	Nov-25	Naver	Jun-25		
B3	Nov-25	Yanolja	Jun-25		
Booking Holdings	Nov-25	Lite-On	Jun-25		
Motorola Solutions	Nov-25	Delta Electronics	Jun-25		
Embraer	Nov-25	Asia Vital Components	Jun-25		
Linde	Nov-25	Voltronic Power	Jun-25		
Itau Chile	Nov-25	iFLYTEK	Jun-25		
Cencosud	Nov-25	Kuaishou	Jun-25		
Enel Chile	Nov-25	Zhihu	Jun-25		
Mercedes-Benz	Nov-25	Baidu	Jun-25		
Marsh McLennan	Nov-25	Kingdee	Jun-25		
O'Reilly Automotive	Nov-25	SenseTime	Jun-25		
AbbVie	Nov-25	GDS Holdings	Jun-25		
BMW	Nov-25	CaixaBank	Jun-25		
Sandvik	Nov-25	Envicool	Jun-25		
Falabella	Nov-25	Tencent	Jun-25		
Dassault Aviation	Oct-25	DBS	Jun-25		
Vinci	Sep-25	Meituan	Jun-25		
NatWest	Sep-25	Linde	Jun-25		
Schneider Electric	Sep-25	O'Reilly Automotive	May-25		
Deere & Company	Sep-25	Morgan Stanley	May-25		
Galderma	Sep-25	Thermo Fisher	May-25		
Motorola Solutions	Sep-25	Blackstone	May-25		
Morgan Stanley	Sep-25	Thermo Fisher	May-25		
L'Oréal	Sep-25	L'Oréal	May-25		
Hitachi	Sep-25	O'Reilly Automotive	May-25		
Jacobs Engineering	Aug-25	Intuitive Surgical	May-25		
Procter & Gamble	Aug-25	Waste Connections	Apr-25		
Alfa Laval	Aug-25	Cintas	Apr-25		

APPENDIX 3

Company SDG alignment

Alphinity Sustainable Share Fund (2025 holdings)

	Quartile SDG Rank*	SDG Alignment	
		Positive Alignment	Negative Alignment
Communications			
Aussie Broadband	1	8 (enabling business & economy), 9 (infrastructure), 17 (access to internet)	-
REA Group	2	8 (financial services), 9 (digital infrastructure), 11 (housing market access)	-
Spark NZ	1	8 (enabling business & economy), 9 (infrastructure), 17 (access to internet)	6 (water use), 13 (carbon emissions)
Superloop	2	8 (enabling business & economy), 9 (infrastructure), 17 (access to internet)	-
Telstra	2	8 (enabling business & economy), 9 (infrastructure), 17 (access to internet)	-
Consumer			
a2 Milk Company	1	2 (access to food), 3 (infant health)	
Coles	3	2 (access to food), 3 (healthy food)	3 (alcohol, tobacco), 12 (packaging waste)
Harvey Norman	4	4 (educational equipment), 8 (enabling business & economy)	-
JB Hi-Fi	4	4 (educational equipment), 8 (enabling business & economy)	12 (consumption & waste)
Wesfarmers	4	2 (agricultural services), 3 (health services), 4 (educational equipment), 7 (access to energy), 8 (enabling business & economy), 9 (infrastructure), 10 (affordable goods), 11 (sustainable cities)	6 (water), 12 (consumption & waste), 13 (carbon emissions), 14 (marine pollution), 17 (fossil fuels incongruent with SDGs)
Woolworths	3	2 (access to food), 3 (healthy food), 10 (affordable goods)	3 (alcohol, tobacco), 12 (consumption & packaging waste)
Financials			
ANZ Bank	3	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
Block	3	8 (financial services & SME support)	1 (debt cycles), 13 (carbon emissions), 16 (financial crime)
Commonwealth Bank	3	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
HUB24	4	8 (financial services)	-
Macquarie Group	3	1 (access to finance), 8 (financial services)	8 (systemic risk), 13 (fossil fuel lending)
Medibank	2	3 (health insurance)	-
National Australia Bank	2	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
QBE Insurance	1	8 (insurance), 11 (resilient cities)	-
Suncorp	1	1 (access to finance), 8 (insurance), 11 (resilient cities)	-
Westpac	3	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
Healthcare			
Ansell	2	3 (healthcare products), 8 (safe work)	12 (medical waste), 15 (deforestation & land use)
Cochlear	1	3 (hearing implants), 4 (educational support), 10 (access & inclusion)	-
CSL	1	3 (lifesaving medicine)	12 (medical waste)
Fisher & Paykel Healthcare	1	3 (respiratory aid)	-
Resmed	1	3 (respiratory aid)	-
Sonic Healthcare	2	3 (diagnostic health services)	12 (medical waste)

	Quartile SDG Rank*	SDG Alignment	
		Positive Alignment	Negative Alignment
Industrials			
ALS	1	2 (food safety), 3 (health services), 6 (water quality), 7 (transition metal services), 9 (mining services), 12 (environmental monitoring)	12 (gold services), 13 (fossil fuel services)
Brambles	1	8 (logistics), 9 (industrial solutions)	–
Cleanaway	4	6 (liquid waste management), 11 (waste management), 12 (recycling)	12 (waste to landfill), 13 (carbon emissions)
Qantas Airways	4	8 (tourism & business), 9 (freight services), 10 (migration & mobility)	13 (carbon emissions)
Qube Holdings	3	8 (logistics), 9 (industrial solutions)	13 (fossil fuel transport)
SGH	4	7 (access to energy), 9 (industrial solutions, building materials), 12 (circular economy), 13 (low carbon concrete)	13 (carbon emissions), 14 (marine pollution), 17 (fossil fuel investment against SDG intent)
Smartgroup	3	10 (access to income), 11 (low-carbon transport), 13 (EV adoption)	–
Ventia	1	3 (healthcare infrastructure), 4 (education infrastructure), 7 (access to energy), 9 (infrastructure services), 11 (sustainable cities), 17 (telecommunications infrastructure)	13 (fossil fuel services), 16 (weapons-related servicing)
Information Technology			
Codan	3	9 (technology solutions), 10 (access to income), 16 (safety & security)	16 (weapons-related products)
Data#3	2	8 (enabling business & economy)	–
Life360	2	3 (driver safety), 16 (location sharing for safety)	5 (surveillance), 16 (sensitive data)
TechnologyOne	2	3 (healthcare services), 4 (educational services), 8 (enabling business & economy)	–
Xero	2	8 (enabling business & economy), 9 (SME solutions)	–
Materials			
Alcoa	4	7 (electrification), 9 (infrastructure), 11 (sustainable cities)	13 (carbon emissions), 15 (deforestation & land use)
BHP	4	7 (electrification), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities), 13 (transition minerals, resilient cities)	6 (water use), 11 (cultural heritage), 13 (carbon emissions), 15 (deforestation & land use)
Capstone Copper	3	7 (electrification), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities), 13 (transition minerals)	6 (water use), 13 (carbon emissions), 15 (deforestation & land use)
IGO	2	7 (electrification), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities), 13 (transition minerals)	6 (water use), 13 (carbon emissions), 15 (deforestation & land use)
Mineral Resources	2	7 (electrification), 8 (enabling business & economy), 9 (mining service, infrastructure), 11 (sustainable cities), 13 (transition minerals)	6 (water use), 11 (cultural heritage), 13 (carbon emissions), 15 (deforestation & land use)
Rio Tinto	4	7 (electrification), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities), 13 (transition minerals, resilient cities)	6 (water use), 11 (cultural heritage), 13 (carbon emissions), 15 (deforestation & land use)
South32	4	7 (electrification), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities), 13 (transition minerals)	6 (water use), 13 (carbon emissions), 15 (deforestation & land use)
Real Estate			
Charter Hall	4	3 (health facilities), 4 (educational facilities), 8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities)	12 (construction waste), 15 (land use)
Gemlife Communities	4	11 (residential communities)	15 (land use)
Goodman Group	3	8 (logistics), 9 (infrastructure)	12 (construction waste), 15 (land use)
GPT Group	4	8 (enabling business & economy), 9 (infrastructure), 11 (sustainable cities)	12 (construction waste), 15 (land use)
Ingenia Communities	3	3 (senior living health), 8 (tourism), 10 (access to housing), 11 (residential communities)	3 (alcohol retail), 13 (fuel retail), 14 (marine pollution), 15 (land use)
Utilities			
Fluence	1	6 (water treatment), 9 (infrastructure), 11 (water management)	–

*Net SDG score as at 31 December 2025.

Alphinity Global Sustainable Equity Fund - Active ETF (2025 holdings)

	Quartile SDG Rank*	Positive Alignment	SDG Alignment Negative Alignment
Communications			
Alphabet	1	4 (access to education), 8 (enabling business & economy), 9 (digital infrastructure), 17 (access to internet)	3 (gaming health impacts), 6 (water use), 12 (consumption & waste), 13 (carbon emissions), 16 (misinformation & harmful content)
Spotify	3	3 (wellbeing & mental health), 4 (access to education), 8 (enabling SMEs)	16 (harmful content)
Consumer			
Amazon	4	2 (access to food), 3 (healthy food), 4 (educational equipment), 8 (enabling business & economy), 9 (digital infrastructure)	6 (water use), 12 (packaging & consumption waste), 13 (carbon emissions)
Booking Holdings	4	8 (tourism & business)	13 (aviation emissions)
Danone	3	2 (access to food), 3 (healthy products), 6 (water access)	12 (packaging waste)
Chipotle Mexican Grill	4	2 (access to food)	3 (alcohol), 12 (packaging waste)
O'Reilly Automotive	4	11 (safe transport)	13 (fossil fuel vehicles)
Procter & Gamble	4	3 (healthy living), 5 (feminine hygiene), 9 (water innovation)	12 (packaging waste), 14 (marine pollution)
Sprouts Farmers Markets	3	2 (access to food), 3 (healthy food), 15 (sustainable agriculture)	3 (alcohol), 12 (packaging waste)
Walmart	4	2 (access to food), 3 (healthy food), 10 (affordable goods)	3 (alcohol, tobacco), 12 (consumption & packaging waste), 13 (fuel retail emissions), 14 (marine pollution), 16 (weapons retail), 17 (fossil fuels incongruent with SDGs)
Financials			
Bank of America	3	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
CaixaBank	3	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
Chubb	2	1 (life insurance), 2 (agricultural insurance), 8 (insurance), 11 (resilient cities)	-
DBS Group	2	1 (access to finance), 8 (financial services), 10 (financial inclusion)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
JPMorgan	4	1 (access to finance), 8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
MasterCard	4	8 (payment services), 16 (financial crime prevention)	-
Moody's Corp	3	8 (financial services)	-
Morgan Stanley	4	8 (financial services)	1 (debt cycles), 8 (systemic risk), 13 (fossil fuel lending)
Healthcare			
AstraZeneca	1	3 (lifesaving medicine)	-
Boston Scientific	1	3 (medical devices)	-
Intuitive Surgical	1	3 (robotic surgery), 9 (health technology innovation)	-
Merck & Co	1	3 (lifesaving medicine)	-
Thermo Fisher	2	3 (healthcare services), 9 (industrial analytics)	12 (medical waste)
UnitedHealth Group	3	3 (health insurance)	3 (opioid sales)
Veeva	2	3 (health software)	-

	Quartile SDG Rank*	SDG Alignment	
		Positive Alignment	Negative Alignment
Industrials			
Caterpillar	4	7 (access to energy), 9 (industrial products), 11 (sustainable cities)	13 (fossil fuel services), 15 (deforestation & land use), 16 (weapons-related products)
Cintas	2	6 (health & hygiene), 8 (safe work), 9 (industrial efficiency), 11 (fire protection)	14 (water discharges)
Deere	3	2 (agricultural services), 9 (industrial products)	15 (deforestation & land use)
Howmet Aerospace	3	7 (access to energy), 8 (enabling business & tourism), 9 (industrial components), 11 (sustainable transport)	13 (carbon emissions), 16 (weapons-related products)
Parker Hannifin	2	8 (enabling tourism), 9 (industrial components)	13 (carbon emissions), 16 (weapons-related products)
Quanta Services	1	7 (electricity systems), 9 (infrastructure), 13 (renewable energy)	13 (traditional energy services)
Schneider Electric	1	7 (electrification), 9 (industrial automation & efficiency), 13 (climate solutions)	–
Trane Technologies	2	9 (industrial products)	–
Veralto	2	6 (water treatment), 9 (technology innovation)	–
Waste Connections	1	7 (bioenergy), 11 (waste management), 12 (recycling)	12 (waste to landfill), 13 (carbon emissions, fossil fuel services)
Information Technology			
Amphenol	2	8 (business & tourism), 9 (industrial components), 11 (transport systems), 17 (connectivity infrastructure)	13 (fossil fuel services), 16 (weapons-related components)
Apple	4	4 (educational products), 8 (enabling business & economy)	12 (consumption & waste)
Broadcom	1	8 (enabling business & economy), 9 (technology solutions), 16 (cybersecurity)	6 (water use)
Cadence	1	8 (enabling business & economy), 9 (technology solutions)	–
Microsoft	2	3 (gaming health benefits), 4 (educational software), 8 (enabling business & economy), 9 (digital infrastructure)	3 (gaming health impacts), 6 (water use), 12 (consumption & waste), 13 (carbon emissions), 16 (misinformation, violent gaming content)
Motorola Solutions	1	9 (technology solutions), 16 (safety & security)	16 (surveillance & sensitive data)
NVIDIA	2	8 (enabling business & economy), 9 (technology solutions), 11 (sustainable transport)	3 (gaming health impacts), 6 (water use), 13 (carbon emissions)
ServiceNow	1	8 (enabling business & economy)	–
TSMC	3	8 (enabling business & economy), 9 (technology solutions), 11 (sustainable transport)	6 (water use), 13 (carbon emissions)
Materials			
CRH	3	9 (building materials & infrastructure), 12 (circular materials)	13 (carbon emissions)
Linde	4	3 (gases in health applications), 6 (water treatment), 9 (industrial gases)	3 (soft drink health impacts), 13 (carbon emissions)
Novonosis	2	2 (food & agriculture solutions), 3 (health solutions), 6 (hygiene), 9 (sustainable innovation)	3 (alcohol)
Real Estate			
CBRE	3	3 (health services), 8 (enabling business & economy), 9 (infrastructure)	12 (consumption & waste)

*Net SDG score as at 31 December 2025.

APPENDIX 4

Task Force on Climate-related Financial Disclosures

TCFD category	Disclosure	Addressed	Reference and comments
Governance	a. Describe the Board's oversight of climate-related risks.	Yes	See the Climate Change Statement.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Yes	See the Climate Change Statement.
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Yes	See the Climate Change Statement.
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Yes	See the Climate Change Statement.
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Yes	See the Climate Change Statement. See the Net Zero Alignment analysis on pages 44-47 and case study: Scenario analysis tool in practice on page 42.
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Yes	See the Climate Change Statement.
	b. Describe the organisation's processes for managing climate-related risks.	Yes	See the Climate Change Statement.
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Yes	See the Climate Change Statement.
Metrics and targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Yes	See the Climate Change Statement. See the transition risk outcomes from on pages 44-47.
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Yes	See page 9 and 99.
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	No	NA

APPENDIX 5

Financed emissions

	Total Carbon Emissions Tonnes CO ₂ e		
	2023	2024	2025
Alphinity Group	1 250 785	1 954 691	706 331

	Weighted Average Carbon Intensity Tonnes CO ₂ e/\$USm revenue			Carbon Footprint Tonnes CO ₂ e/\$USm invested		
	2023	2024	2025	2023	2024	2025
Australian Combined	152	240	127	155	257	58
Australian Share Fund	169	227	122	176	232	55
Concentrated Australian Share Fund	173	298	143	195	321	68
Sustainable Share Fund	84	121	113	38	85	51
Global Combined	197	77	83	26	13	23
Global Equity Fund	93	74	82	23	12	22
Alphinity Global Sustainable Equity Fund - Active ETF	86	80	83	17	12	24
Alphinity Group	122	117	98	70	73	35

Sources: Alphinity, Sustainalytics. Data as at 31 December 2023, 31 December 2024, 31 December 2025



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Independent auditor’s review report to the directors of Alphinity Investment Management Pty Limited

Conclusion

We have conducted a review of the following information in the Responsible Investment Report of Alphinity Investment Management Limited (the Company) for the year ended 31 December 2025 (the ‘subject matter’):

Subject matter	Criteria	Location in Responsible Investment Report
Company SDG alignment for the: 1. Alphinity Sustainable Share Fund; and 2. Alphinity Global Sustainable Equity Fund - Active ETF	Alphinity’s SDG Alignment Framework on page 28	Appendix 3, Company SDG alignment
Weighted SDG Alignment for the: 1. Alphinity Sustainable Share Fund; and 2. Alphinity Global Sustainable Equity Fund - Active ETF		Alphinity Sustainable Share Fund insights chart (page 32) and Alphinity Global Sustainable Equity Fund - Active ETF insights chart (page 33).
Selected SDG Narrative disclosures		Sustainable strategies (pages 27 to 28), 2025 SDG Insights (pages 30 to 33) and Company SDG alignment examples (page 36).

Based on the procedures we have performed and the evidence we have obtained, we have not become aware of any matter in the course of our review that makes us believe that the subject matter outlined above for the Company is not prepared, in all material respects, in accordance with the criteria for the year ended 31 December 2025.

Basis for conclusion

Our review has been conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the Auditing and Assurance Standards Board. Our review includes obtaining limited assurance about whether the subject matter is free from material misstatement.

The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the work performed* section of our report.

Our responsibilities under ASSA 5000 are further described in the *Auditor’s responsibilities* section of our report.

We are independent of the Company in accordance with the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), that is relevant to our review of the subject matter in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The management of the Company are responsible for the other information. The other information comprises the Responsible Investment Report, but does not include the subject matter, and our review report thereon.

Our conclusion on the subject matter does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the subject matter, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the subject matter, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the subject matter

The management of the Company are responsible for:

- The identification, selection and development of suitable criteria;
- The preparation of the subject matter in accordance with the criteria; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the subject matter, in accordance with the criteria that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the subject matter, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the subject matter.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the subject matter. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- Selected a limited sample of underlying companies and assessed the Sustainable Development Score against the requirements of the Criteria to consider the appropriateness of management's own Score.
- Evaluated the measurement and presentation of the Sustainable Development Scores within the report against the underlying records.
- Agreed the subject matter disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the subject matter against the requirements of the criteria.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the directors of Alphinity Investment Management Limited, or for any purpose other than that for which it was prepared.



Ernst & Young
Emma Herd
Partner
Sydney
19 May 2026

This material has been prepared by Alphinity Investment Management (ABN 12 140 833 709 AFSL 356895) (Alphinity), the investment manager of Alphinity Australian Share Fund, Alphinity Concentrated Australian Share Fund, Alphinity Sustainable Share Fund, Alphinity Global Equity Fund – Active ETF and Alphinity Global Sustainable Equity Fund -Active ETF (the Funds).

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