



LEA 02	Discretionary Mandate	Gateway
<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's ESG issues <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure <input type="checkbox"/> To engage internal ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff 	<p>Type of engagement</p> <ul style="list-style-type: none"> <input type="checkbox"/> Individual/ internal staff engagements <input type="checkbox"/> Collaborative engagements <input type="checkbox"/> Service provider engagements 	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's ESG issues <input checked="" type="checkbox"/> To enhance corporate transparency or identify the need for additional or improved ESG disclosure <input type="checkbox"/> To engage internal ESG advisors <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff

RI TRANSPARENCY REPORT

2020

Alphinity Investment Management Limited

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 10	Engagement methods	✓	Public		✓					
LEA 11	Examples of ESG engagements	✓	Public		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Public		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	🔒	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

Alphinity Investment Management Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2 Additional information. [Optional]

100% long-only equity funds

OO 02	Mandatory	Public	Peering	General
-------	-----------	--------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 | Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 | Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

14

OO 02.4 | Additional information. [Optional]

Alphinity runs Australian Share portfolios and Global (ex-Australia) Share portfolios for both wholesale and retail investors

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 | Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 | Additional information. [Optional]

nil

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 | Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 | Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		10	165	000	000
Currency	AUD				
Assets in USD		6	885	767	036

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

Not applicable as we do not have any assets under execution and/or advisory approach

OO 06

Mandatory

Public

Descriptive

General

OO 06.1

Select how you would like to disclose your asset class mix.

 as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	98	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	2	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

 as broad ranges**OO 06.2**

Publish asset class mix as per attached image [Optional].

OO 06.3

Indicate whether your organisation has any off-balance sheet assets [Optional].

 Yes No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 09	Mandatory	Public	Peering	General
--------------	------------------	---------------	----------------	----------------

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

98	Developed Markets
2	Emerging Markets
0	Frontier Markets
0	Other Markets
100%	Total 100%

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

	Listed equity – engagement
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.	
	Listed equity – voting
<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting providers <input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf	

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Cash

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12 **Mandatory** **Public** **Gateway** **General**

OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Closing module

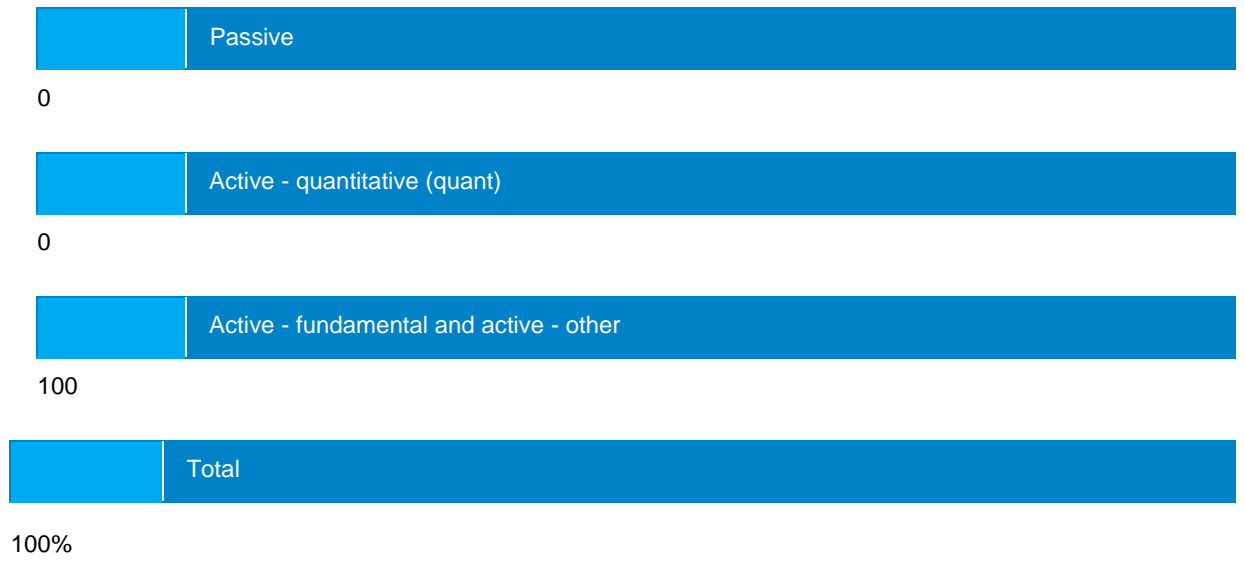
- Closing module

Peering questions

OO LE 01 **Mandatory to Report Voluntary to Disclose** **Public** **Gateway** **General**

OO LE 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

Percentage of internally managed listed equities



Alphinity Investment Management Limited

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Alphinity seeks quality, undervalued companies in or about to enter an earnings upgrade cycle. It identifies these companies through a combination of fundamental research, with ESG factors taken into account as a matter of course, and some quantitative analysis that can help direct the focus of our fundamental research.

"Governance structure of organisational ESG responsibilities" might be required for large/bureaucratic organisations but is not needed for 14-person firms with a flat structure

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Alphinity has been a signatory to the Principles for Responsible Investment since 2011. This position paper sets out Alphinity's approach to ensuring the long-term sustainability of returns for its investors through the management of environmental, social and governance (ESG) risks and opportunities in its investment portfolios. This paper applies primarily to Alphinity's Australian Equities operations. Alphinity Global Equities has a more limited ability to interact with its investee companies and exercise influence on those companies at this stage of its development, due to its size but it is working towards similar objectives as its activities mature. This paper should be read in conjunction with Alphinity's ESG policy which covers some similar matters in a more specific manner.

Corporate responsibility

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

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

Transparency: Alphinity believes transparency is consistent with good governance and that it should display an appropriate degree of transparency around its investment activities, within the sensible boundaries of commercial sensitivity. Similarly, the companies in which it invests should also strive toward a reasonable level of transparency, also within the sensible boundaries of commercial sensitivity.

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

Climate Change: Alphinity acknowledges the findings of the Intergovernmental Panel on Climate Change and

believes that a global challenge such as this needs to be addressed by coordinated actions by all parties, particularly our own government. Anthropogenic climate change is a material social and economic threat and might, in some cases, present economic opportunity to investee companies. The actions of businesses and individuals can play a critical part in mitigating the impact of a changing climate. We therefore need to take into account the impact on companies' earnings and valuations of material current and future climate change risks and opportunities in the expectation that society will at some point move to limit global warming to below 2°C.

Implications

Alphinity incorporates ESG considerations into its investment and risk management processes and regularly reviews the ESG risk within its equity portfolios. The assessment of individual securities as investment opportunities and the consideration of ESG risks and opportunities pertaining to those securities is the responsibility of Alphinity's portfolio managers and analysts. Alphinity will review at least quarterly the ESG attributes of its portfolios with the aim of being aware of where the risks and opportunities are concentrated. The review will include portfolio ESG factor scores using data provided by a recognised ESG research house; estimation of portfolio carbon metrics using data provided by a recognised research house; consideration of social risks through the assessment of exposure to human rights, and safety; specific consideration of climate change transition risk through exposure to fossil fuels of companies operating in carbon-intensive industries; specific consideration of climate change physical risks to investee companies' assets through assessment of the impact of extreme weather events, changing weather patterns and rising sea levels on physical assets and supply chains. Regarding climate change, Alphinity will ensure that an appropriate carbon price is factored into the analysis of companies where relevant. That price is reviewed annually with an eye on changes in the international market price of carbon, extrapolating trends when appropriate.

Alphinity has found that active engagement with a company generally leads to a better understanding of how that company intends to fulfil its obligations as a responsible corporation as well as making the company aware of our expectations as a responsible shareholder. Alphinity engages with investee management on all matters it believes will have a material impact on its long-term sustainable value, and on ESG practices it believes the company should be reviewing. The intent of this dialogue is not to make Alphinity aware of inside information: quite the opposite. Possession of inside information is a significant personal and business risk, and acting on inside information is a crime. The intent is to improve the company's awareness of the various risks and opportunities that will allow it to make better decisions, which will improve social outcomes and benefit shareholders over the medium and long term.

Alphinity votes all proxies and engages with companies in a manner consistent with its Corporate Responsibility Principles, subject to client direction. Proxies are a valuable asset and we have a duty to vote proxies in investee companies to promote good ESG practices. Alphinity engages a proxy adviser to advise on proxy votes but will ultimately make its own decisions. Votes are cast in a manner consistent with our duties and responsibilities to investors. Votes are to be cast in a manner consistent with long-term value creation and good governance. Alphinity will not generally abstain from voting unless is directed to by a client, or it has exited the stock prior to the meeting being held. Where Alphinity intends to vote against a board or management recommendation, Alphinity will engage with the company to inform them of the reasons with the expectation that the issue should not reoccur in the future.

Further detail is on the website about avoiding companies, collaboration and transparency

No

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	---

Yes

No

Describe why your organisation has not yet gone through a process to identify transition and physical climate-related risks and opportunities.

We are in the process of doing this for the companies we invest in. TCFD is only in the early stages of being adopted and reported on in this market but we are hopeful that sufficient data will be available over the course of 2020 to allow a meaningful assessment of risks and opportunities at some point this year.

SG 01.8
CC

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

SG 01.9
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

We are in the process of working with information providers to obtain accurate and meaningful data to help with this

- No

SG 1.10
CC

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2019/02/Responsible-Investing.pdf>

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

Attachment

Your investment objectives that take ESG factors/real economy influence into account

ESG incorporation approaches

Active ownership approaches

URL/Attachment

URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2019/03/Responsible-Investing.pdf>

Attachment

Reporting

URL/Attachment

URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2019/03/Responsible-Investing.pdf>

Attachment

Climate change

URL/Attachment

URL

URL

<https://www.alphinity.com.au/wp-content/uploads/2019/03/Responsible-Investing.pdf>

Attachment

We do not publicly disclose any investment policy components

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

Alphinity aims to:

- * maintain the integrity of our advice and services to clients;
- * act efficiently, honestly and fairly;
- * comply with all relevant financial services laws, ASIC guidance and the requirements of our Australian Financial Services Licence;
- * comply with all agency and fiduciary obligations under the common law.

We have in place arrangements for the management of conflicts of interest that may arise, wholly or partially, in relation to activities undertaken by us or our representatives in the provision of financial services as part of our business.

The Board is committed to ensuring the adequacy of our conflicts of interest arrangements and has appointed the Compliance Manager as the responsible person for implementing, reviewing and updating these arrangements as per the Policy.

We manage conflicts in accordance with a three-step conflicts management process that involves identifying, assessing and responding to conflicts.

No

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1 Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

- Yes
- No

SG 04.2 Describe your process on managing incidents

Lacking bureaucracy we don't need such a process: the person who carries out responsible investing analysis of a company is the same person that carries out investment research on that company. We know what is going on in the companies we're invested in so are well placed to identify and respond to incidents should they occur.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2 Additional information. [Optional]

we will review our activities more frequently if issues arise which need to be addressed

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- Investor relations
- Other role, specify (1)
- Other role, specify (2)
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

All investment staff have the responsibility of assessing investee companies' ESG issues, communicating with companies about how these will be resolved/mitigated/improved, and incorporating the outcome into the financial models that drive the investment process. As a 12-person organisation, Alphinity does not possess the range of hierarchies described above, all staff are intimately involved in the portfolios and implementing responsible investment for our clients. The board has a pure governance role, it does not get directly involved in investment activities but endorses and oversees policies and procedures

Alphinity's Sustainable Share Fund has a governance committee containing two highly-qualified external experts in the field of sustainability to help refine, assess and interpret the very high-level data provided by ESG/Sustainability service providers.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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Number

0

SG 07.4	Additional information. [Optional]
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All portfolio managers and analysts are intimately involved in the implementation of our responsible investment activities. It is not devolved to any one person or group of people. We believe this provides superior integration and coordination than having a separate group of people trying to exert influence

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Board consists of two investment staff and two external directors who represent outside equity interests of the firm. It has oversight and accountability but no direct role in climate-related issues - other than the two investment staff who do as part of their operational roles.

The CEO is one of the directors and has ultimate responsibility for climate-related issues as well as a role in applying them to investments.

The PMs also have similar roles for their sectoral responsibilities. There are no Analysts although that section needed to be ticked in order to complete the indicator

The external experts on the Sustainable Share Fund Compliance Committee have an oversight role and, even though they have no investment responsibilities, are heavily involved in assessing and monitoring climate issues

SG 07.7
CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Unlike large/bureaucratic organisations, Alphinity does not have management-level positions. All staff are directly involved in managing investments.

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Alphinity has been a participant in all of the events conducted by the PRI in Sydney

Alphinity has also been involved in the engagements with three Australian companies in the current Oil and Gas environmental engagement, and for the only Australian company in the water security in agriculture engagement

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
 Responsible Investment Association of Australasia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

One of our experts is chair of the Human Rights Working Group of RIAA and we have also been involved in the Corporate Engagement Working Group

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment

Description

Subscribe to MSCI's ESG, Carbon and Sustainability research products
 Pay to support sell-side research provision, including for a bespoke mapping format for the SDGs
 Sponsor and appear in RIAA events

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment

Description

Presenting to RIAA conference on being part of the solution when it comes to the companies you invest in

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published in-house research papers on responsible investment

Description

Various pieces

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Encouraged the adoption of the PRI

Description

Advocated PRI membership to peers at each opportunity

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description

Leading engagement on Oil and Gas for three Australian companies; and for the engagement on water security in agriculture for one Australian company

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

Supported sell-side ESG analysts with commission allocation, event attendance and guided research efforts on SDG adoption

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

- Yes

If yes

- Yes, individually
- Yes, in collaboration with others

SG 11.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available

provide URL

<https://responsibleinvestment.org/hr-investor-statement/>

- No
- No

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

Setting expectations around what companies should be providing investors such as:

a) Policy - a stand-alone and/or integrated organisational-wide human rights policy, or policies, that reflects our commitment to respect and support human rights, outlining commitments and accountabilities, and issued by the CEO or Chair of the Board; b) Governance - human rights explicitly included in the entity's governance structures and integrated into decision-making procedures; c) Culture - a culture that supports respect for human rights as core to business values and decisions and commits to meaningful consultation with potentially affected stakeholders; d) Due diligence - processes, as part of organisational operational risk management, that support the identification, assessment, prevention and mitigation of potential material adverse human rights impacts and risks, integrate due diligence findings and tracks effectiveness of due diligence responses; e) Grievance - accessible and safe grievance mechanisms and procedures to allow rights holders to report human rights concerns; f) Remediation - processes to enable the remediation of material adverse human rights impacts companies cause or to which they contribute; and g) Disclosure - a system for monitoring the effectiveness and publicly reporting on the entity's progress on assessing, mitigating and responding to adverse human rights impacts associated with its operations, products and services and business relationships.

And committing to our own action:

1. Governance - reference human rights frameworks and conventions in our investment policies and promulgate these throughout our management systems to operationalise these policies; 2. Integration - include human rights impacts and risks and opportunities in our ESG assessment and investment decision-making procedures; 3. Stewardship - build human rights risks and opportunities into our active owner and stewardship initiatives (i.e. engagement and voting); 4. Collaboration - share knowledge and participate in collaborative industry initiatives and across stakeholder groups to amplify our message and magnify our impact to this commitment; and 5. Transparency - publicly report on our progress and the effectiveness of our responses.

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
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Yes, we use investment consultants

SG 12.4	Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.
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- Custodial services
- Investment policy development

	Describe how responsible investment is incorporated
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We have two highly-qualified external consultants on our Sustainable Share Fund Compliance Committee who have a governance role. They review and help develop Alphinity's investment policies with an view to improving practices and advancing the industry

- Strategic asset allocation
- Investment research

	Describe how responsible investment is incorporated
--	---

While the external consultants on our Sustainable Share Fund Compliance Committee do not act as portfolio managers or analysts, they also have a governance role in that they review companies in the portfolio for appropriateness around ESG and SDGs and also review the output of our external data provider (currently MSCI) for relevance and accuracy.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above
- No, we do not use investment consultants.

SG 12.7	Additional information [Optional].
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The consultants we use have a very specific role purely around responsible investment and, in particular, assessing the way in which our companies are supporting the achievement of the SDGs

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3

Additional information. [OPTIONAL]

all our activities are around bottom-up stock selection, not asset allocation. ESG and Climate factors are assessed on a company-by-company basis.

As TCFD becomes more reported on by companies the usefulness of that information will improve and we will be better placed to conduct scenario analysis

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Sustainable Development

- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We presently use MSCI carbon data There are still relatively few Australian companies that report according to TCFD standards so much of the data is estimated. There are serious shortcomings in calculating this data as the emissions of so many companies is estimated. However our assessment of portfolio emissions intensity generally comes out materially lower than the benchmark for all portfolios.

SG 14.5

Additional information [Optional]

We calculate carbon emisisions intensity and footprint of our portfolios however as the input data is so questionable we put lots of caveats over the output.

Much work still needs to be done to get consistent and comparable data

SG 14 CC

Voluntary

Public

General

**SG 14.6
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Allow investors to see an estimate of the emissions intensity of the fund they are invested in	tonnes of scope 1 and 2 CO2 equivalent emitted per \$US million of revenue	divide disclosed/estimated emissions of company (sourced from MSCI) into \$US revenue of company
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Allow investors to see an estimate of the footprint of the portfolio and thus their own proportionate contribution	tonnes emitted per \$million invested	total company emissions divided by portfolio's share of the company, summed across all companies and divided into the size of the portfolio, then divided into million-dollar shares
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	a subset of the portfolio carbon footprint above		
Carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	see above in WACI		

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

At present, carbon calculations are for information only. We do not put targets in place for number of reasons, including the inaccuracy of estimates provided and the perverse impact of currency movements on the final metrics

- Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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Yes

Please describe

Yes - we encourage all companies to report under TCFD guidelines so that there will eventually be consistent and reliable numbers from which to make meaningful conclusions

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	--

%	
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4

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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Area	
------	--

Energy efficiency / Clean technology

Asset class invested	
----------------------	--

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area	
--	--

5

Cash

Brief description and measures of investment

Encouraging the replacement of energy generation via coal with gas as a stepping stone towards renewable energy. One of the challenges is that there are few companies of sufficient scale in our domestic universe that are purely renewable, and some of the major players in renewables also operate coal-fired plants.

- Renewable energy

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

- Cash

Brief description and measures of investment

The Fund has a position in a company that owns solar power generation in Australia and the USA, also in an energy infrastructure company thta has significant solar assets and is developing a technology for transporting hydrogen through gas pipelines which

- Green buildings

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

10

- Cash

Brief description and measures of investment

Two AREITs which have improved green star ratings on buildings through energy efficiency efforts (in brownfields) and design (in greenfields), including installing mass solar collectors on industrial buildings.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

Cash

Brief description and measures of investment

Listed company which, among other things, dedicates a proportion of apartments developed to social housing groups and first home-buyers;

Listed company that specialises in affordable housing communities for retired people

Education

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

Cash

Brief description and measures of investment

English language testing company which teaches and assesses language skills and matches students with university places in various parts of the world

Global health

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

25

Cash

Brief description and measures of investment

Three health care companies involved in

- a) prevention of cancer (HPV), producing vaccines, blood fractionation and treatment of haemophilia,
- b) production of humidifiers for ventilators
- c) production of CPAP machines for treatment of sleep apnea.

Also invested in a Hospital operator and a health insurance provider

Water

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

1

Cash

Brief description and measures of investment

Company that produces small-scale distributed water treatment and desalination plants for use in third world countries

Other area, specify

No

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Incorporating responsible investment at the analyst/PM level rather than leaving it to a "specialist" ESG analyst is a key factor in Alphinity's RI efforts. This ensures it is incorporated in decision making at all levels rather than trying to convince analysts/PMs of the importance of an issue after the fact

Our Sustainable Share Fund, which endeavours to use the UN Sustainable Development Goals as a framework for directing stock investments from a positive point of view, is an important innovation for the Australian market. We know of no other domestic equity fund doing this. Our SDG efforts are hampered by the early stage at which SDG research by external providers has reached but this is improving.

To assist our efforts we have engaged two highly credible industry external experts to assist with adjudicating areas which have inadequate external research and to ensure that the Fund remains true-to-label and able to make credible claims about the way it addresses the SDGs.

No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p>Disclosure to public and URL</p> <ul style="list-style-type: none"> <input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used 	<p>Disclosure to clients/beneficiaries</p> <ul style="list-style-type: none"> <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used
<p>Frequency</p> <ul style="list-style-type: none"> <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested 	<p>Frequency</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
<p>URL</p> <p>https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf</p>	

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

Disclosure to clients/beneficiaries	
Disclosure to clients/beneficiaries	<ul style="list-style-type: none"> <input type="checkbox"/> Details on the overall engagement strategy <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input type="checkbox"/> Number of engagements undertaken <input checked="" type="checkbox"/> Breakdown of engagements by type/topic <input checked="" type="checkbox"/> Breakdown of engagements by region <input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input checked="" type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement <input checked="" type="checkbox"/> Other information <p>we provide whatever information is requested by the client. These are wide ranging and constantly changing</p>
Frequency	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p>Disclosure to public and URL</p> <p><input checked="" type="radio"/> Disclose all voting decisions</p> <p><input type="radio"/> Disclose some voting decisions</p> <p><input type="radio"/> Only disclose abstentions and votes against management</p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="radio"/> Disclose all voting decisions</p> <p><input type="radio"/> Disclose some voting decisions</p> <p><input type="radio"/> Only disclose abstentions and votes against management</p>
<p>Frequency</p> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input checked="" type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad hoc/when requested</p>	<p>Frequency</p> <p><input checked="" type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input type="checkbox"/> Ad hoc/when requested</p>
<p>URL</p> <p>https://www.alphinity.com.au/wp-content/uploads/2019/03/ALPH-Proxy-voting-2018.pdf</p> <p>URL</p> <p>https://vds.issgovernance.com/vds/#/NjY1Ng==/</p>	

SG 19.2

Additional information [Optional]

All information is disclosed to clients on the basis of their requirements and set out in the IMA with the client. It is difficult to generalise across all our different mandates.

Public fund information is disclosed on our website and that of our administrator

Alphinity Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- Screening alone (i.e., not combined with any other strategies)
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	 95
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- Screening and integration strategies
- Thematic and integration strategies
- Screening and thematic strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	 5
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- All three strategies combined
- We do not apply incorporation strategies

Total actively managed listed equities

100%

LEI 01.2

Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies.

The mix determined by client preferences; they choose from four products we offer. To this point, most have chosen the funds which integrate ESG rather than screening.

The screened fund, the Sustainable Share Fund, uses the UN Sustainable Development Goals as part of the investment process, in addition to screening out activities and seeking strong ESG performance

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

The portfolios without a Sustainable remit (ie unconstrained general equity funds) utilise ESG in assessing the fundamental value of the company and the risks/opportunities it faces. This might include specific financial impacts, a risk adjustment to valuation methodologies, or a blanket exclusion based on risk or sustainability.

LEI 02

Voluntary

Public

Additional Assessed

PRI 1

LEI 02.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- Raw ESG company data

Indicate who provides this information

- ESG research provider
 Sell-side
 In-house – specialised ESG analyst or team
 In-house – analyst or portfolio manager

- Company-related analysis or ratings

Indicate who provides this information

- ESG research provider
 Sell-side
 In-house – specialised ESG analyst or team
 In-house – analyst or portfolio manager

- Sector-related analysis or ratings
 Country-related analysis or ratings
 Screened stock list

Indicate who provides this information

- ESG research provider
 Sell-side
 In-house – specialised ESG analyst or team
 In-house – analyst or portfolio manager

- ESG issue-specific analysis or ratings

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify

LEI 02.2	Indicate whether you incentivise brokers to provide ESG research.
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Yes

LEI 02.3	Describe how you incentivise brokers.
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We allocate a meaningful amount of commission to brokers providing ESG research (according to quality) to encourage greater efforts and will pay additional commission for bespoke work or instances of excellence

No

LEI 03	Voluntary	Public	Additional Assessed	PRI 1
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LEI 03.1	Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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- Engagement
 - We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.
- (Proxy) voting
 - We have a systematic process to ensure the information is made available.
 - We occasionally make this information available.
 - We do not make this information available.

LEI 03.2	Additional information. [Optional]
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This item seems to be directed at large organisations with separation between the engagement/proxy process and investment decision making. In our case all engagement and proxy voting is initiated by the PMs themselves so all are aware of the information involved and no formal process for sharing that information is required.

When advising institutional clients who exercise their own proxies on how to vote, the information is provided systematically.

(A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

For the Sustainable Share portfolios only - other Funds are not screened other than for companies with serious governance concerns

- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

For the Sustainable Share Fund only - other Funds are not formally screened

We do not screen for best in class, purely for positive ESG and the ability to address one or more of the SDGs.

- Norms-based screening

LEI 04.2

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

Negative screens are mandated by the Fund's Responsible Entity. Should they change, as happened in 2018 when the fund adopted SDGs, a consultation and notification process was followed as required by the governance structure of the Fund. Efforts over and above that are determined by the investment team as information comes to hand, including using an external data provider to monitor sustainability ratings of all companies in our investable universe.

Positive screen: the team seeks out companies which have a particularly positive impact on E, S, G and/or the ability to address and support achievement of Sustainable Development Goals.

For the Funds without the negative screen, stocks are often excluded from consideration based on specific factors relevant to that stock, for instance a shareholding structure not conducive to good governance (ie dominated by an individual and therefore effectively a private company), poor governance practices (ie we need to vote against directors or remuneration structures consistently, with no result from engagement), poor environmental performance or particularly egregious social impact (for example payday lenders).

LEI 05	Mandatory	Public	Core Assessed	PRI 1
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LEI 05.1 Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

LEI 05.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3 Indicate how frequently third party ESG ratings are updated for screening purposes.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.4 Indicate how frequently you review internal research that builds your ESG screens.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5	Additional information. [Optional]
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The Sustainable Share Fund is also assessed monthly by a committee containing two external experts in sustainability

LEI 06	Voluntary	Public	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.
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- Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- Audits of fund holdings are undertaken regularly by internal audit function
- Periodic auditing/checking of the organisations RI funds by external party
- Other; specify
- None of the above

LEI 06.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
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Our portfolio management system is pre-loaded with the securities which would breach fund restrictions and will block any trade from being approved that would breach the screens. But if a breach were ever to occur the process would be to rectify it immediately to bring the Fund back into compliance with the rules, and then follow the normal incident/breach procedure of working out how the breach occurred and rectify systems/practices to ensure that it cannot reoccur.

(B) Implementation: Thematic

LEI 07	Mandatory	Public	Descriptive	PRI 1
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LEI 07.1	Indicate the type of sustainability thematic funds or mandates your organisation manages.
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- Environmentally themed funds
- Socially themed funds
- Combination of themes

LEI 07.2	Describe your organisation's processes relating to sustainability themed funds. [Optional]
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We manage unconstrained equity mandates and Sustainable Share mandates. The client determines which strategy best suits its needs

Alphinity is committed to Responsible Investing across all its activities but Sustainable Investing goes several steps further.

We are committed to supporting those companies we believe do good and avoiding those we believe don't. By "good" we mean those that help to advance, in a net way, one or more of the Sustainable Development Goals. We seek companies which, along with offering attractive financial returns, rank well on ESG metrics and/or have the capacity to make a positive impact on society in areas of economic, environmental and social development by contributing towards the advancement of the UN SDG agenda, as that agenda evolves.

We avoid companies that are involved in activities we consider harmful to society and are inconsistent with the achievement of the Goals, and/or display poor practices in their management of ESG issues.

Using Alphinity's investment philosophy and process, we combine Fundamental and Quantitative research to assess stocks to ensure that they are quality, undervalued companies in or about to enter an earnings upgrade cycle.

The result is a balanced portfolio of 35-55 companies with attractive investment fundamentals and prospects. We do not identify with any particular investment 'style' as our approach has proven successful through a number of different market cycles, although our process will typically have a slight bias towards growth.

The Alphinity Sustainable Share Fund has a Compliance Committee which meets at least monthly and includes the Portfolio Managers and two high;y-qualified independent sustainability experts. The Committee's role is to rigorously review the investable universe to ensure compliance with the Charter; adjudicate on "grey areas"; refine the Fund's Charter and filters as the SDGs evolve; help identify areas of company engagement; and review the external service providers used.

(C) Implementation: Integration of ESG factors

LEI 08	Mandatory	Public	Core Assessed	PRI 1
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LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #0070c0; margin-right: 5px;"></div> <div style="background-color: #0070c0; color: white; padding: 2px 5px;">Environmental</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </p>
Social	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #0070c0; margin-right: 5px;"></div> <div style="background-color: #0070c0; color: white; padding: 2px 5px;">Social</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </p>
Corporate Governance	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #0070c0; margin-right: 5px;"></div> <div style="background-color: #0070c0; color: white; padding: 2px 5px;">Corporate Governance</div> </div> <p> <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90% </p>

LEI 08.2

Additional information. [Optional]

E, S and G issues are considered for all funds but applied most stringently in the Sustainable Share Fund. For unconstrained Funds, considering ESG forms part of the normal research process as there is the potential for these factors to have significant positive or negative impact on value. The degree of stringency for each factor is determined by the nature of the company, although governance is a key consideration for all companies.

LEI 09**Mandatory****Public****Core Assessed****PRI 1****LEI 09.1**

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
 - External consultants with deep knowledge of and expertise in Sustainability
 - None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.4 Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5 Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

LEI 09.6 Additional information. [Optional]

We engage extensively with investee companies about all issues, including ESG as this is a part of our normal investment analysis. Where there are material concerns, companies are given the opportunity to respond and there have been instances of improved practices taking place as a result of raising concerns about non-compliance or inadequate reporting.

We do not produce research notes or record routine processes but do keep a database of relevant insights and interactions

LEI 10	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

- Economic analysis
- Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
 - 10-50%
 - 51-90%
 - >90%
- Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

Portfolio weighting

Security sensitivity and/or scenario analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

Other; specify

LEI 10.2

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- Valuation multiples
- Other adjustments; specify

in some cases, blanket rejection of companies with inadequate controls or risks that are large and/or not being addressed

LEI 10.4 Describe the methods you have used to adjust the income forecast/valuation tool.

The method used depends on the nature of the issue involved.

For example, in the case of a potentially stranded asset like a coal mine we would take a pessimistic view of the potential life of the mine and bring forward clean-up costs.

In the case of a company with adverse social impacts or poor corporate governance we would rather tend to increase the discount rate or adjust our valuation to reflect the increased risk our to which investors are being exposed.

In the case of a company with poor governance or critical issues that are not being addressed we would tend to avoid exposure altogether

LEI 10.5 Describe how you apply sensitivity and /or scenario analysis to security valuations.

When assessing key value drivers of a company we arrive at a base case, i.e. what we expect to happen, but then typically flex those drivers through a range of potential outcomes in order to see what might happen should things not go according to our expectations. This is an important factor in being aware of what could go wrong (or right) that changes our willingness to accept risk.

Outputs and outcomes

LEI 12	Voluntary	Public	Descriptive	PRI 1
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LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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Screening

	Describe any reduction in your starting investment universe or other effects.
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In the Sustainable Share portfolio, industry screens take out around 15% of the universe, including almost all of the Consumer Staples sector for reasons of exposure to gambling and alcohol. This can have a negative impact on performance in falling markets, when the defensive nature of Staples tend to be more appealing. While from period to period this can make a big impact, over almost seven years running the fund it has only had a modest impact on performance relative to the comparable unconstrained fund.

The other bias is towards smaller companies. As a number of large companies are screened out, by definition this pushes the fund towards smaller cap exposures for replacements. This can have a positive or a negative impact depending on the market environment

	Specify the percentage reduction (+/- 5%)
--	---

	%
--	---

15

Thematic

Describe any alteration to your investment universe or other effects.

We have adopted the UN SDGs as one of our positive screens for the fund, seeking companies that contribute to the achievement of those goals. Research on the SDGs is still developing but the groups of companies that tend to come up most positively are in the Real Estate and Health Care industries. Strict application of a screen such as this would arrive at an interesting portfolio but not necessarily a balanced one

Integration of ESG factors

Select which of these effects followed your ESG integration.

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Engagement / Voting
- Other; specify
- None of the above

LEI 12.2 | Additional information.[Optional]

The main bias introduced by fund screening is in some sectors, as described above, and towards small-cap companies. This is because many of the companies excluded by the screens are quite large-cap, we need to go further down the capitalisation list to fill those spaces. This can have performance implications over time as small cap stocks have their own return characteristics depending on the stage of the market cycle

LEI 13	Voluntary	Public	Descriptive	PRI 1
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LEI 13.1 | Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.

ESG factor 1

ESG factor and explanation
<p>Social: gambling stocks are screened out of Sustainable Share Fund</p> <p>Aristocrat Leisure is a technology company that primarily operates in the gambling space, unacceptable to the Fund and therefore screened out.</p>
ESG incorporation strategy applied
<p>Screening</p> <p><input checked="" type="checkbox"/> Screening</p> <p><input type="checkbox"/> Thematic</p> <p><input type="checkbox"/> Integration</p>
Impact on investment decision or performance
<p>Not owning Aristocrat between 2014 and 2018 caused the Fund to miss out on considerable passive performance and active opportunity cost compared to the un-screened fund which owned Aristocrat over that period. Not owning Aristocrat helped performance a little in 2019</p>

ESG factor 2

ESG factor and explanation
<p>Social: encouraging fresh food</p> <p>We had the opportunity to support the IPO of Costa, a company wholly involved in growing berries, citrus and mushrooms. It practices sustainable agricultural practices through water conservation and the minimal use of chemicals, and supplies major Australian supermarkets and fruit sellers as well as China and Europe through its farms in China and Morocco.</p>
ESG incorporation strategy applied
<p>Thematic, Integration</p> <p><input type="checkbox"/> Screening</p> <p><input checked="" type="checkbox"/> Thematic</p> <p><input checked="" type="checkbox"/> Integration</p>
Impact on investment decision or performance
<p>Costa was a strong contributor to Fund performance over its holding period</p>

ESG factor 3

ESG factor and explanation
Governance: avoiding investment in Harvey Norman for governance reasons, this is a company controlled by its founder without regard for minority shareholders. It has some opaque accounting practices and been prone to making meaningful investments in tangential areas to its core business, which is what minorities are presumably owning the shares for. Screened for poor corporate governance even in funds for which screening is not in place. There are a number of other companies for which this is also the case.
ESG incorporation strategy applied
<p>Screening</p> <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration
Impact on investment decision or performance
Largely positive - it has been a consistent underperformer largely for governance reasons, so not being exposed has been modestly positive for returns

ESG factor 4

ESG factor and explanation
Recycling and waste management: our investments in Bingo Industries and Cleanaway have been mixed experiences. Bingo specialises in collecting waste from industrial and construction sources, sorting and recycling as much as possible, resulting in >75% diversion from landfill. Cleanaway has more residential waste and also treats toxic waste. Both contribute significant positive benefit to society
ESG incorporation strategy applied
<p>Thematic, Integration</p> <input type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration
Impact on investment decision or performance
Cleanaway was a positive contribution to performance; Bingo has also been positive although has been very volatile

ESG factor 5

Alphinity Investment Management Limited

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

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Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

URL

<https://www.alphinity.com.au/wp-content/uploads/2018/08/ESG-Policy.pdf>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)
- (Proxy) voting approach

Voting

- ESG issues
 - Prioritisation and scope of voting activities
 - Methods of voting
 - Transparency of voting activities
 - Regional voting practice approaches
 - Filing or co-filing resolutions
 - Company dialogue pre/post-vote
 - Decision-making processes
 - Securities lending processes
 - Other; (specify)
 - Other
 - None of the above
- No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

- Yes
- No

LEA 01.6 Additional information [optional]

As an active equity manager we actively engage with all the companies in which we own shares, and also a lot of companies that we don't presently have an ownership interest in.

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1 Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Individual / Internal staff engagements</div> <ul style="list-style-type: none"> <input type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other; (specify) <input type="checkbox"/> We do not outline engagement criteria for our individual engagements
Collaborative engagements	<div style="background-color: #0070C0; color: white; padding: 2px; margin-bottom: 5px;">Collaborative engagements</div> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input checked="" type="checkbox"/> Ability to add value to the collaboration <input type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration <input type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Alleviate the resource burden of engagement <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Other; (specify) <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers

No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1

Indicate whether you define specific objectives for your organisation's engagement activities.

Individual / Internal staff engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 05**Mandatory****Public****Core Assessed****PRI 2****LEA 05.1**

Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

LEA 05.2

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

LEA 05.3 | Additional information. [Optional]

Discreet ESG-related engagements tend to be driven by the Sustainable Share Fund Compliance COmmittee and tend to be directed at companies which are in the portfolio, or those in which we are considering investing.

LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1 | Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

LEA 06.2 | Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

No

LEA 06.3 Additional information. [Optional]

Where engagement has been taking place with management, any non-resolution would be escalated to the board. We rarely have issues that are not resolvable at that level but should that happen we are unlikely to stay shareholders in the company involved. We need to be convinced that the companies we are investing in are acting in the best interests of all stakeholders, to the extent possible.

LEA 07 Voluntary Public Additional Assessed PRI 1,2

LEA 07.1 Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
 It is the investment decision makers who are generally conducting the engagement.
- None

LEA 07.3 Indicate whether insights gained from your organisation’s engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 07.4 Additional information. [Optional]

Internal engagement is undertaken by the PM/analyst involved so the only information sharing mechanism required is with the rest of the team is when assessing the issue to benefit from collective wisdom, or for knowledge and mutual learnings after the decision has been made. We systematically advise clients seeking proxy advice of our conclusions so they can use it to assess issues more fully. Collaborative engagements tend to have a formal outcome, but insights are shared where relevant and when it doesn't contravene client confidentiality. Some clients have little interest in engagements.

LEA 08 **Mandatory** **Public** **Gateway** **PRI 2**

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input type="radio"/> Yes, we track the number of collaborative engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our collaborative engagements <input type="radio"/> We do not track

LEA 08.2 Additional information. [Optional]

"Engagement" is not an activity separated from investment decisions, it is a core part of our investment process and happens at every point of contact with investee companies.

We do not use service providers to engage, all activity that takes place is either by us individually or as part of a collaboration through PRI/RIAA.

Outputs and outcomes

LEA 09 **Mandatory to Report Voluntary to Disclose** **Public** **Core Assessed** **PRI 2**

LEA 09.1 Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/>	90	97
Collaborative engagements	<input type="checkbox"/>	3	3

LEA 09.2

Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

No. of interactions with a company	% of engagements
One interaction	<input type="radio"/> >76% <input type="radio"/> 51-75% <input type="radio"/> 11-50% <input checked="" type="radio"/> 1-10% <input type="radio"/> None
2 to 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
More than 3 interactions	<input type="radio"/> >76% <input checked="" type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
Total	100%

LEA 09.3

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

Type of engagement	% leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 09.5	Additional information. [Optional]
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We engage with every company we own on a regular basis. All individual engagement is conducted by the internal investment team; none by service providers. Collaborative engagement generally takes place when we take a role in a PRI or RIAA collective engagement, such as the current Oil and Gas engagement on which we are the Australian co-lead, and the water security in agriculture engagement that recently was wound up.

We note that the scoring involved here seems not to take into account important factors such as scope and portfolio concentration. It presupposes that if you have >\$US5 billion under management you will therefore have hundreds of companies to engage with. We have interacted extensively with all of our companies but, as we have quite concentrated portfolios, the number of companies involved is still under 100 so max 3 stars

LEA 10	Voluntary	Public	Additional Assessed	PRI 2
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LEA 10.1

Indicate which of the following your engagement involved.

- Letters and emails to companies
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with board/senior management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with the CSR, IR or other management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to operations
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Participation in roadshows
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Other

LEA 10.2

Additional information. [Optional]

The degree of activity depends on the company and/or the particular ESG issues involved. Very few engagements we have with companies pertain only to ESG matters, most are comprehensive engagement with ESG forming a natural and important part, and the focus of the ESG matters raised will depend on the issues of the day and the scope of activity of the company involved. For instance, during AGM season there tends to be a lot of engagement about governance (remuneration and directors) and there is generally discussion between the team to arrive at the correct outcome in a way that reflects good governance practices and the best outcome for shareholders.

LEA 11

Voluntary

Public

Descriptive

PRI 2

LEA 11.1

Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

- Add Example 1

ESG Topic	<p>Climate Change, Health and Safety, Water risks, Labour practices and supply chain management</p> <ul style="list-style-type: none"> <input type="checkbox"/> Executive Remuneration <input checked="" type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input checked="" type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input checked="" type="checkbox"/> Water risks <input checked="" type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>To determine whether a company operating in horticulture across Australia, China and Morocco is making adequate preparation for future climate-related water scarcity, and treating its seasonal workers appropriately.</p>
Scope and Process	<p>We worked with our external sustainability experts to determine the scope and nature of the engagement, gaining insights of potential issues from their expertise in climate change and utilising ESG data provider assessment of issues impacting the company</p> <p>We had several meetings with management and the Chair, conducted site visits and undertook discussions with experts. We concluded that the company is thinking deeply about its climate exposure and has mitigated its risk as much as possible through protected cropping, geographic diversification, micro-irrigation and significant investment in on-site water storage.</p> <p>In addition we engaged on issues around the use of seasonal labourers in fruit picking operations, particularly those from the Pacific Islands and those hired through labour hire organisations, some of which have poor or exploitative practices used on vulnerable people. We were encouraged that the company seems to have high standards when working with labour organisations and zero tolerance for poor behaviour. As a result, this company has become employer of choice among fruit pickers, many of whom return season after season.</p> <p>We also encouraged the company to disclose some of the good things it was doing in a sustainability report. This has now been produced</p>

Outcomes	<input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input checked="" type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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Add Example 2

ESG Topic	<p>Human rights</p> <ul style="list-style-type: none"> <input type="checkbox"/> Executive Remuneration <input type="checkbox"/> Climate Change <input checked="" type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>To arrive at a better understanding of a company's dealings with indigenous land owners when considering mining operations, particularly litigation</p>
Scope and Process	<p>Over a series of engagements we met with the company's CEO and legal counsel to understand the way it deals with various groups of indigenous people who have or claim native title over areas in which the company has resource rights. The company and its founder has always portrayed itself as a friend of the indigenous and has significant employment programs targetting local groups in order to dress some of the inequality they experience compared to broader society. It is testing aspects of its land access agreements in the High Court in order to legally establish what it can and can't do</p>
Outcomes	<ul style="list-style-type: none"> <input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input checked="" type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing

<input type="checkbox"/> Voting
<input type="checkbox"/> Other

Add Example 3

ESG Topic	<p>Climate Change, Pollution</p> <ul style="list-style-type: none"> <input type="checkbox"/> Executive Remuneration <input checked="" type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>Engaged with a gas company around CO2 emissions, fugitive emissions and the risk of stranded assets given its capital expenditure plans</p>
Scope and Process	<p>Over several years we have had meetings with the Chair, directors with environmental responsibilities and the sustainability execs at the company. We tested them on their thinking around long-term gas demand, considering many of the projects in which they have invested have multi-decade lives and multi-year payback periods. We tested them about measuring fugitive emissions and pushed them on their plans to limit emissions.</p> <p>We examined the company's view that the demand for gas will be sustained for some decades and that, in the short term, replacing coal in Japan and China with gas is an environmental positive, and that in the long term demand will be sustained in use cases not well catered for by electricity/batteries, such as haulage, air travel and shipping. being positioned at the low end of the production cost curve will provide some protection against stranding provided demand does not disappear completely.</p> <p>In the end however we concluded that the time to get a return on the capital they need to deploy on gas field expansion is unlikely to be paid back before gas becomes a less viable fuel for generating electricity. We subsequently divested the position.</p>
Outcomes	<ul style="list-style-type: none"> <input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published

	<input checked="" type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input type="checkbox"/> Voting <input type="checkbox"/> Other
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- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 11.2	Additional information. [Optional]
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We do not agree that outsourcing one's engagement is qualitatively equal to individual/internal engagement.

(Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
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	Approach
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- We use our own research or voting team and make voting decisions without the use of service providers.
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

	Based on
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- The service-provider voting policy we sign off on
- Our own voting policy
- Our clients` requests or policies
- Other (explain)
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

LEA 12.2

Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

It is the same people who determine the voting policy that make the decisions about the votes and instruct the votes to be made. Contentious issues are generally discussed among the investment team

We use the advice of two proxy advisors but make our own decisions about votes, subject to the direction of individual clients.

LEA 12.3

Additional information.[Optional]

We consider the recommendations of two proxy advisors but ultimately make our own decision on voting. Any vote adverse to board or management recommendation is clearly raised with the company in advance of the vote for clarification and to encourage better future corporate behaviour. Some of our wholesale clients exercise their votes themselves and generally seek advice from us, especially on controversial matters; others may occasionally instruct us to vote in a certain way, however any instruction by a client does not bind our vote for the other shares at our discretion.

LEA 14

Voluntary

Public

Additional Assessed

PRI 2

LEA 14.1

Does your organisation have a securities lending programme?

- Yes
- No

LEA 14.2

Describe why your organisation does not lend securities.

We consider lending securities to be against the interests of the clients who have entrusted us with their funds

LEA 15

Mandatory

Public

Descriptive

PRI 2

LEA 15.1

Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2 Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

LEA 15.3 Additional information. [Optional]

We raise any contentious issue with the company involved before deciding on the final vote in order to ensure we have a full understanding of the issue involved and the company's perspective on it. Generally speaking it is better to have this sort of dialogue outside the company general meeting schedule as by that time the agenda has already been set and it is too late to influence, other than by making an adverse vote which might be emotionally satisfying but probably doesn't achieve very much

LEA 16

Mandatory

Public

Core Assessed

PRI 2

LEA 16.1 Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.3 In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 16.4 Additional information. [Optional]

We are happy to share this information with clients but at this point not with the general public. The vote itself however is public

LEA 17

Mandatory

Public

Core Assessed

PRI 2

LEA 17.1

For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
- Of the total number of company meetings at which you could have voted
- Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

LEA 17.3

Additional information. [Optional]

LEA 18

Voluntary

Public

Additional Assessed

PRI 2




LEA 18.1

Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2

Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 95
Against (opposing) management recommendations	 05
Abstentions	 0

100%

No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

100

LEA 18.4 Additional information. [Optional]

We do not see voting against as a source of pride, rather it is disappointing to have to do it as it suggests our expectations of management was not clearly enough stated or our views were ignored.

Due to the quality of companies we own and the vetting process they go through in order to get into the portfolio, we do not often need to vote against management recommendations

LEA 19 **Mandatory** **Public** **Core Assessed** **PRI 2**

LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes

No

LEA 19.2

Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

LEA 19.3

Additional information. [Optional]

Reaction depends on the seriousness of the issue. If it were serious enough we would consider divestment although this would be extreme, few matters that come before boards are that critical

If moderately serious we would collaborate with other investors, most likely through RIAA or PRI channels

More likely reaction is to re-engage with the company and set out the reasons why we voted against the issue and encourage the company to think/ behave differently for future

LEA 20

Voluntary

Public

Descriptive

PRI 2

LEA 20.1

Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

- Yes
- No

LEA 21

Voluntary

Public

Descriptive

PRI 2

LEA 21.1

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

- Add Example 1

ESG Topic	<p>Executive Remuneration, Company leadership issues</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Executive Remuneration <input type="checkbox"/> Climate Change <input type="checkbox"/> Human rights <input checked="" type="checkbox"/> Company leadership issues <input type="checkbox"/> Pollution <input type="checkbox"/> General ESG <input type="checkbox"/> Diversity <input type="checkbox"/> Shareholder rights <input type="checkbox"/> Health and Safety <input type="checkbox"/> Sustainability reporting <input type="checkbox"/> Water risks <input type="checkbox"/> Labour practices and supply chain management <input type="checkbox"/> Anti-bribery and corruption <input type="checkbox"/> Deforestation <input type="checkbox"/> Aggressive tax planning <input type="checkbox"/> Cyber security <input type="checkbox"/> Political spending / lobbying <input type="checkbox"/> Other governance <input type="checkbox"/> Plastics <input type="checkbox"/> Other
Conducted by	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Individual/Internal <input type="checkbox"/> Service provider
Objectives	<p>Assess the appropriateness of what at first seemed to be a fairly convoluted and lucrative remuneration structure</p>
Scope and Process	<p>A property development company disclosed what appeared to be extreme outcomes for management remuneration last year, which caused concern in the investment community. We engaged extensively with directors to understand the structure and how the outcomes were arrived at. The company had performed extremely well and much of the apparent pay was a result of shares having appreciated several times over the period of time between issuance some years ago and when they vested. Actual pay for the current year was quite moderate (in a relative sense) and we supported the remuneration report</p>
Outcomes	<ul style="list-style-type: none"> <input type="checkbox"/> Company changed practice <input type="checkbox"/> Company committed to change <input type="checkbox"/> Disclosure / report published <input type="checkbox"/> Divestment <input type="checkbox"/> Failed/no outcome <input type="checkbox"/> Increased understanding / information <input type="checkbox"/> Invested in company

	<input type="checkbox"/> Ongoing <input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
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Add Example 2

ESG Topic	<p>Climate Change, Political spending / lobbying</p> <p><input type="checkbox"/> Executive Remuneration</p> <p><input checked="" type="checkbox"/> Climate Change</p> <p><input type="checkbox"/> Human rights</p> <p><input type="checkbox"/> Company leadership issues</p> <p><input type="checkbox"/> Pollution</p> <p><input type="checkbox"/> General ESG</p> <p><input type="checkbox"/> Diversity</p> <p><input type="checkbox"/> Shareholder rights</p> <p><input type="checkbox"/> Health and Safety</p> <p><input type="checkbox"/> Sustainability reporting</p> <p><input type="checkbox"/> Water risks</p> <p><input type="checkbox"/> Labour practices and supply chain management</p> <p><input type="checkbox"/> Anti-bribery and corruption</p> <p><input type="checkbox"/> Deforestation</p> <p><input type="checkbox"/> Aggressive tax planning</p> <p><input type="checkbox"/> Cyber security</p> <p><input checked="" type="checkbox"/> Political spending / lobbying</p> <p><input type="checkbox"/> Other governance</p> <p><input type="checkbox"/> Plastics</p> <p><input type="checkbox"/> Other</p>
Conducted by	<p><input checked="" type="checkbox"/> Individual/Internal</p> <p><input type="checkbox"/> Service provider</p>
Objectives	<p>Gas exploration company was not, in our view, adequately disclosing future emissions projections so the market was unable to assess whether or not it was consistent with Paris goals. It was also a member of an industry body that appeared to be working against the interests of controlling emissions.</p>
Scope and Process	<p>We engaged with the company in advance of the shareholder meeting to get its view on the resolutions. When it transpired it would not, in our view, adequately respond to them we voted in favour of two of the resolutions (although not the enabling resolution) in order to send a message to the board that it should be more proactive. We will keep engaging over the next year to encourage compliance and would consider voting in favour of the enabling resolution in the future if adequate action is not seen.</p>
Outcomes	<p><input type="checkbox"/> Company changed practice</p> <p><input type="checkbox"/> Company committed to change</p> <p><input type="checkbox"/> Disclosure / report published</p> <p><input type="checkbox"/> Divestment</p> <p><input type="checkbox"/> Failed/no outcome</p> <p><input type="checkbox"/> Increased understanding / information</p>

	<input type="checkbox"/> Invested in company <input type="checkbox"/> Ongoing <input checked="" type="checkbox"/> Voting <input type="checkbox"/> Other
--	--

- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 21.2	Additional information. [Optional]
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We do not use a service provider for anything other than the mechanical action of voting - we assess and decide on the merits of each issue before the meeting

It is worth noting that effective engagement needs to be undertaken well before an issue is put to proxies: by that time the issues are generally decided and it is too late to exercise any influence other than by voting against something, which generally feels good but often doesn't achieve very much. The most effective form of engagement is communicating expectations around the issues facing a particular company well in advance of a vote being taken, which is what we try to do.

In our market, the most common resolutions put to company meetings are regarding voting on directors and remuneration matters

Alphinity Investment Management Limited

Reported Information

Public version

Confidence building measures

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM1 01.2 Additional information [OPTIONAL]

Verified by CEO, who is also Chair

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme

CM1 03.2 Which scheme?

- National SRI label based on the EUROSIF Transparency guidelines
- B-corporation
- UK Stewardship code
- GRESB
- Commodity type label (e.g. BCI)
- Social label
- Climate label
- RIAA

% of total AUM the scheme applies

- < 25%
 - 25-50 %
 - 50-70 %
 - >75 %
 - Other
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 03.5 Additional information [OPTIONAL]

Only relevant to our Sustainable Share portfolios

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1 Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1 Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

- CEO or other Chief-Level staff

Sign-off or review of responses

- Sign-off
- Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)