



CLIMATE TRANSPARENCY REPORT 2020

Alphinity Investment Management Limited

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-3049FEBA-3B86-4A6F-9EA2-666B66C59395/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	-	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Alphinity Investment Management Limited
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 5 - 9.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2011
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	92% from 38 Voluntary indicators

Alphinity Investment Management Limited

Reported Information

Public version

Strategy and Governance

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.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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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.

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

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

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.

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
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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 14.5

Additional information [Optional]

We calculate carbon emissions 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
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**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.

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.

Yes

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

%

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.

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