

Melior Investment Management

Modern Slavery Statement

This statement is made by Melior Investment Management Pty Ltd (“Melior”) for the period 1 July 2019 – 30 June 2020 (“Reporting Period”)

Melior acknowledges the Traditional Owners of country throughout Australia and recognises their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

At Melior, we believe that there is no more important time for corporates to help contribute to solutions that support positive environmental and social outcomes through the goods and services they produce and how they operate. We believe that organisations have a responsibility to consider their role in ensuring the respect of all human rights and avoidance of human rights abuses.

As part of our strong commitment to a better, fairer world, we assess and address the risks of modern slavery in the operations and supply chains of the businesses in which we invest. Evidence of a Modern Slavery Policy or Statement is one of 12 key performance indicators targeted in Melior portfolio companies. During the Reporting Period, the Melior portfolio outperformed the ASX 300 Benchmark with respect to modern slavery by 25%, with 55% of portfolio companies achieving this KPI. By submitting this Modern Slavery Statement, we extend our analysis to also consider modern slavery risks within our own operations and supply chains.

Melior does not meet the consolidated revenue threshold requiring it to file an annual modern slavery statement under the *Modern Slavery Act 2018* (Cth). However, we are voluntarily making this statement to play our part in helping to reduce risks to people, improve the integrity and quality of global supply chains and strengthen our approach to responsible investing.

This inaugural Modern Slavery Statement sets out the first steps we have taken on this journey, which we intend to use as a foundation to build upon and deepen our approach over the coming years. We look forward to continuing to work with our suppliers, listed companies, and our investors, to help raise awareness of modern slavery issues, and influence others to assess and manage the risk of harm arising as a result of business activities and relationships.



Rob Koczkar
Director



Anthony Kerwick
Director

This Modern Slavery Statement was approved by the Board of Melior Investment Management Pty Ltd on 23 March 2021.

EXECUTIVE SUMMARY

Modern slavery happens in all industries but is often hidden and hard to detect because of the complexity of global supply chains. Melior is aware that every business has the potential to inadvertently cause, contribute to, or be directly linked to modern slavery through its operations and supply chains.

Driven by a desire to have a positive impact on the world and drive change by influencing companies to do better, Melior has chosen to voluntarily report under the *Modern Slavery Act 2018* (Cth). This statement follows the mandatory reporting criteria in the Act and sets out:

- An overview of the Melior business, including details of our structure, operations and supply chains, to provide context and background
- The actions we have taken during the Reporting Period to assess potential modern slavery risks in our operations and supply chains, with a focus on how they may cause, contribute to or be directly linked to modern slavery
- The actions we have taken during the Reporting Period to address these modern slavery risks, and how we intend to assess the effectiveness of these actions going forward

Modern slavery victimises millions of adults and children who are exploited, abused, denied basic human rights and deprived of their dignity, and in framing our statement we have focused on the risk of harm to people. We consider our voluntary modern slavery reporting to be an important step in delivering on our Responsible Investing Policy commitment.

“Melior respects the protection of internationally proclaimed human rights and works to ensure that we are not complicit in human rights abuses.”

1. THE MELIOR BUSINESS

1.1 About Melior

Melior Investment Management Pty Ltd (ABN 16 629 013 896) (“**Melior**”) is an Australian impact investment manager, established in 2018. We seek to drive positive change by actively investing in Australian and New Zealand listed companies that we believe deliver a positive social or environmental impact aligned to the United Nations’ Sustainable Development Goals (“**SDGs**”). Our ambition is to generate outstanding returns for investors and to contribute to a better future.

Melior invests for the longer term and actively engages with companies to positively influence management on their alignment with relevant SDGs and material environmental, social and governance (“**ESG**”) factors.

We apply a 5-step responsible investment approach that considers:

- (a) Impact assessment – companies are mapped to one or more actionable impact investment themes and their alignment to the SDGs to determine a net impact score based on assessment of current and future positive and negative impacts
- (b) ESG assessment – quantitative and qualitative assessment of companies’ operational strength with respect to Environmental, Social and Governance issues is assessed
- (c) Financial assessment – Melior’s sector focused framework is applied to identify high-quality companies with strong financials
- (d) Portfolio construction – Melior’s portfolio is built and managed with consideration of concentration limits, diversification, market capitalisation and liquidity
- (e) Advocacy for impact – insights generated from Melior’s proprietary ESG and Impact research is leveraged to identify advocacy opportunities with companies to improve positive impacts and de-risk business



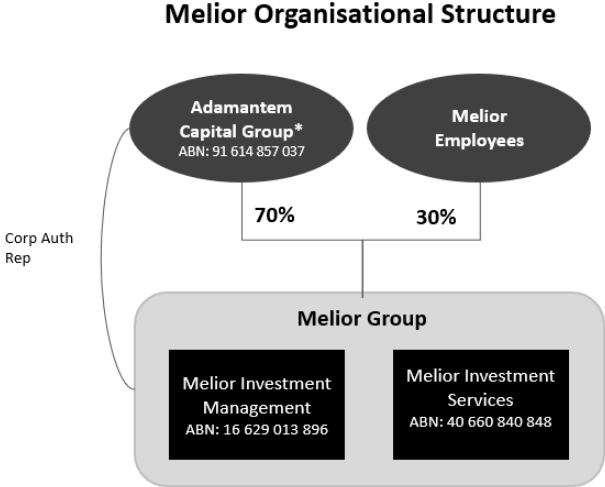
Melior operates as a corporate authorised representative of Adamantem Capital Pty Ltd (ABN 91 614 857 037, AFSL 492717) (“**Adamantem**”). Adamantem is an independently owned Australian investment firm and is a signatory to the United Nations Principles of Responsible Investing.

1.2 Melior’s Structure

This statement is made by Melior¹, a private company with its registered office at Level 29, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000.

Melior is the investment manager of the Melior Australian Impact Fund (ARSN 634 081 744). The business of Melior is operated by Melior Investment Fund Services Trust (ABN 40 660 840 848).

The corporate structure of the entities in the Melior group is set out below.



⁴ Owned 50/50 by Rob Koczkar and Anthony Kerwick

1.3 Melior Operations

1.3.1 General operations

Melior manages the Melior Australian Impact Fund as a registered managed investment scheme (“**Melior Fund**”). The Melior Fund’s investment strategy is to invest in Australian and New Zealand companies delivering competitive market returns and positive social and/or environmental impacts aligned to the SDGs (“**Portfolio Companies**”).

¹ It includes the operations of Melior which are conducted through the Melior Investment Services Pty Ltd (ACN 637 770 293) as trustee for the Melior Investment Fund Services Trust (ABN 40 660 840 848) (“**Melior Services**”).

Melior has a team of 6 permanent staff, including investment and operations professionals. Melior is headquartered in Sydney, Australia, with all members of staff working from the Sydney CBD office or from their home in the Sydney region.

1.3.2 Melior investments

During the Reporting Period, the Melior Fund invested in 20-50 Portfolio Companies with a benchmark target of S&P/ASX300 Total Return Index. As at 30th June 2020, Melior Investments were aligned to the following Sustainable Development Goal Investment Themes.

FUND IMPACT INVESTMENT THEME EXPOSURES*



*As at 30th June 2020 - portfolio weighted primary and secondary Sustainable Development Goals (SDG) investment themes.

As an investment manager, Melior does not control any Portfolio Company and this statement excludes the operations and supply chains of individual Portfolio Companies. However, through our impact investment process, Melior does assess whether potential investments may be exposed to modern slavery risks, and during the investment period measures evidence of a Modern Slavery Policy or Statement as one of 12 key KPIs. Melior has also actively advocated for increased preparation of modern slavery statements under the *Modern Slavery Act 2018* (Cth).

1.4 Melior’s Supply Chains

Melior directly procures a variety of products and services:

- Products – primarily comprise office supplies and office equipment
- Services – primarily comprise professional services support (such as legal and accounting support), as well as services in relation to travel, telecommunications, recruitment, property rental (including cleaning) and IT support and data services

Melior's direct supplier arrangements vary from long term relationships (for example in the case of property rental agreements) to specific project-based engagements (for example in the case of professional services support on specific fund areas). Project-based engagements are, mostly, with suppliers where there is a long-standing relationship and working history.

The majority of Melior's material suppliers are Australian or New Zealand based.

Impact of COVID-19 on Melior's operations and supply chains

During the COVID-19 pandemic, Melior has had to significantly alter the way it operates on a day-to-day basis. The majority of our staff have been working from home since early 2020, and we have had to adapt and adjust to new ways of working with our Portfolio Companies and our suppliers. Melior is acutely aware that the pandemic may serve to increase the risks of modern slavery in certain instances. We have taken steps to ensure the health and safety of our staff. We have sought to maintain our supplier relationships and keep open communication channels about the impact of the pandemic on working conditions and business capabilities. We are proud that our work with respect to modern slavery advocacy and reporting has continued to be a high priority throughout the pandemic. For example, we engaged with 64% of portfolio companies to discuss issues such as modern slavery, among other inequalities. We will continue to monitor the impact of COVID-19 across our business, our Portfolio Companies and our suppliers and factor it into our modern slavery risk assessment and action plans.

2. MODERN SLAVERY RISKS IN MELIOR'S OPERATIONS AND SUPPLY CHAINS

2.1 What actions did we take to assess our modern slavery risk exposure?

We are aware that Melior has the potential to inadvertently *cause, contribute to, or be directly linked to* modern slavery. Following our decision to voluntarily report under the *Modern Slavery Act 2018 (Cth)* we implemented a workplan, supported by external specialist experts, to assess the potential modern slavery risk exposure in our operations and supply chains, focusing on assessing general areas where modern slavery risks were likely to be most significant. This included co-developing:

- A "Modern Slavery Guide" to develop Melior's understanding of what modern slavery is, key things to look for and tools to identify high risk geographies, sectors and products/services
- A self-assessment questionnaire and supplier modern slavery questionnaire as the first step in the assessment process, to collate a range of information in order to facilitate a deeper dive modern slavery assessment. This included identifying a list of material suppliers during the Reporting Period

We assessed the modern slavery risk exposure in our operations by analysing:

- Risk factors within our own workforce
- Geographical risks based on the location of our operations
- Sector and industry risks based on the sector(s) in which we operate

We assessed the modern slavery risk exposure in our supply chains by analysing:

- Geographical risks based on the location of our material suppliers
- Product, service, and sector risks based on the nature of the products or services supplied by our material suppliers

2.2 Findings

Through this analysis we did not identify any specific occurrences of modern slavery harm and note that Melior does not have operations in high-risk sectors. However, we have identified that the following elements of our operations and supply chains may be directly linked to potential modern slavery risks:

	Operation / Supply Chain Element	Description of potential modern slavery risks
1	Procurement of services that rely on base skilled labour, which are considered at higher risk of modern slavery practices	Melior has identified that there is a risk that we may be directly linked to modern slavery through our use of the following services: <ul style="list-style-type: none"> • Premises cleaning • Premises security
2	Procurement of products which are exposed to higher risks of modern slavery in their production processes	Melior has identified that there is a risk that we may be directly linked to modern slavery through our procurement of the following products: <ul style="list-style-type: none"> • IT & computer equipment, which often contain high risk commodities that are connected with child labour and forced labour • Office supplies, the production of which is often labour-intensive and the supply chain commonly reaches up to 5 tiers, some of which may be located in high-risk geographies.

3. ACTIONS TAKEN BY MELIOR ADDRESS MODERN SLAVERY RISKS

During the Reporting Period, Melior took action to address modern slavery in its general business operations and supply chain, as well as through its investment process and industry advocacy work.

General Business Operations	Investment Process	Industry Advocacy
<p><i>Melior has taken steps to address modern slavery arising through its business operations and supply chain through its risk and reporting framework and supplier due diligence.</i></p>	<p><i>Melior has taken steps to address and assess modern slavery risk arising in its investment process through its investment requirements and reporting activities.</i></p>	<p><i>Melior has taken steps to pro-actively advocate for greater awareness and action with respect to modern slavery risks in the investment industry.</i></p>
<p>Risk Management Framework</p> <p>Adhered to risk management framework which:</p> <ul style="list-style-type: none"> specifically includes modern slavery as a risk [C2.18]; is aligned to the principles of Australian Standard ISO 31000:2018, which addresses human rights and modern slavery risks [C2.18]; and clearly articulates accountabilities and management responsibilities for human rights and modern slavery [D2.49-52]. 	<p>Responsible Investment Policy</p> <p>Published Responsible Investment Policy which specifically excludes investment in a number of industries which are also considered high risk for modern slavery, such as gambling, armament manufacturing, tobacco manufacturing, uranium production and nuclear energy, fossil fuels, alcohol manufacturing, highly processed food and sugar-sweetened drink manufacturing and pornography production. [E1.54-56]</p>	<p>Industry Engagement</p> <p>Actively engaged with ASX300 companies on 3 Key Strategic Advocacy Themes: Gender Equality, Climate Action and Reduced Inequalities, which includes modern slavery.</p>
<p>Board Management</p> <p>The Risk Management Framework was reviewed by the Risk and Compliance Committee in June 2020 to include modern slavery risk within supply chain risks.</p>	<p>Responsible Investment Approach</p> <p>Applied responsible investment approach, steps 1 and 2 of which include a consideration of Impact and ESG. Melior’s proprietary ESG framework requires pre-investment assessment of company policies and practices around a number of modern slavery related factors including human rights, safety, violations, modern slavery and ethical supply chains. [C1.15, E1.53, E1.54-56, E3.64]</p>	<p>Industry Advocacy</p> <p>Advocated within the industry for improved awareness, disclosure, and practices around modern slavery as part of its Key Strategic Advocacy Theme on SDG 10 – Reduced Inequalities. [E1.57, E3.64]</p>
<p>.</p>	<p>Investor Engagement</p> <p>Regular engagement with investors regarding quarterly reporting includes updates on modern slavery progress in Portfolio Companies as a</p>	<p>Industry Body Activities</p> <p>Contributed to industry discussions and working groups regarding modern slavery through RIAA Human</p>

General Business Operations	Investment Process	Industry Advocacy
	result of Melior’s investment process. [D2.49-52, E1.53, E3.65]	Rights Working Group webinars. [E3.68]
	<p>Impact Report</p> <p>Prepared Annual Impact Report to reflect achievement of Melior Investment Process, which expressly highlighted modern slavery as one of 12 KPIs for Portfolio Companies and Melior’s target to have 100% of Portfolio Companies to disclose their modern slavery statements.</p>	

Melior is in the process of developing a multi-year modern slavery action plan based on the work done during this Reporting Period. In the short term Melior intends that this action plan will:

- include specific actions to address potential areas of high modern slavery risk identified in our operations and supply chains (see Section 2.2)
- facilitate in depth supplier analysis with respect to modern slavery risks, including assessing any modern slavery statements required to be produced by key service providers
- focus on strengthening our supply chain management processes and policies.

4. ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

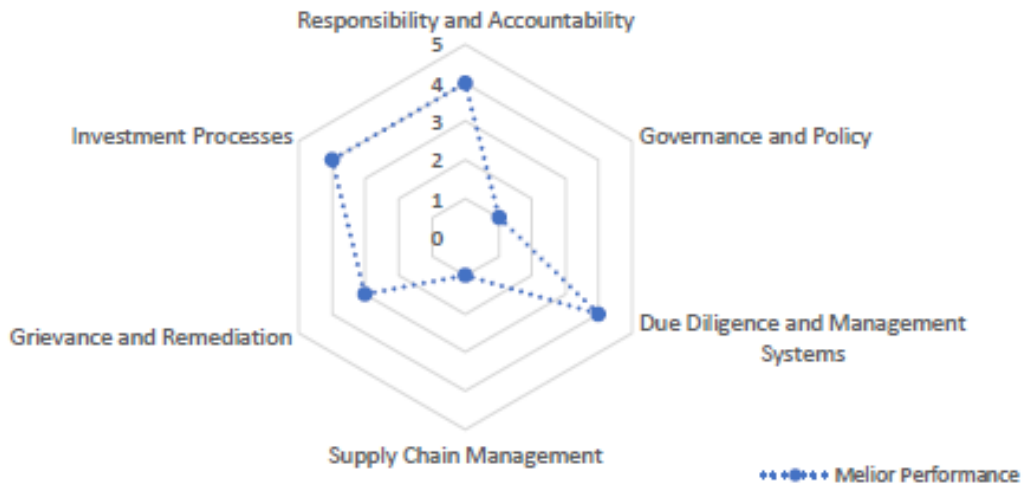
During the Reporting Period Melior focused on commencing our modern slavery risk assessment process and laying the foundations across the business for developing a robust approach to modern slavery risk management.

At this early stage Melior will assess the effectiveness of our actions to address modern slavery risks through the periodic review of the modern slavery section of our risk register.

As we develop our detailed modern slavery action plan, we intend to assess the effectiveness of our actions through:

- a. the development of a formal tracking and measurement framework
- b. understanding how our actions have improved our internal ability to manage modern slavery risks. The results of our modern slavery readiness assessment – conducted by an external advisor – set out below will serve as a baseline for us to measure the effectiveness of the actions we take to improve our internal procedures and processes.

MODERN SLAVERY READINESS ASSESSMENT



Score	Explanation
0	No evidence
1	Partial evidence of some initiatives, but not systematic
2	Systems/processes currently under development
3	Systems exist, but are not appropriately resourced
4	Comprehensive systems in place
5	Best practice and publicly reported on

5. OUR PROCESS OF CONSULTATION

It was not necessary for Melior to formally consult with other members of the Melior group in preparing this statement because all the entities covered by this statement have a common management and Board structure with Melior. This means that there is a common awareness throughout the Melior group of modern slavery risks in the business and the actions that need to be taken.

6. OTHER RELEVANT INFORMATION

Melior's commitment to addressing modern slavery in our operations and supply chain is further reflected through the following:

- We are a signatory to the United Nations Principles for Responsible Investing and report annually in accordance with their reporting framework.

- We are a member of the Responsible Investing Association Australasia.