

# PROXY VOTING AND ADVOCACY POLICY

## 1. Introduction

- i. Melior Investment Management Pty Ltd (Melior) recognises its fiduciary duty to act in the best interests of clients. As such, voting rights are exercised with the primary objective being to uphold the interests of the portfolio's beneficial owners by protecting and enhancing the value of the portfolio assets. Melior seeks to create positive impact for its clients by advocating for companies to improve disclosure and influencing them to raise their ESG ambition.
- ii. The Melior Proxy Voting and Advocacy Policy (Policy) sets out the rules and disclosure Melior applies in relation to proxy voting as well as the advocacy approach Melior adopts to influence companies to have a positive impact.

## 2. Environmental, Social and Governance (ESG) Considerations

- i. Melior is an Australian Impact investor seeking to drive positive impact by investing in listed companies that it believes are delivering positive social and environmental changes aligned to the United Nations' Sustainable Development Goals (SDGs). Thus, Melior incorporates environmental, social and governance considerations into investment decision making, advocacy opportunities and ownership practices.
- ii. Proxy voting rights are a valuable asset of the investor and are intrinsically linked to Melior's views on ESG practices.

## 3. Proxy Voting Guidelines

- i. The objective of Melior's Proxy Voting Policy is to promote the best interests of clients as well as remaining consistent with our ESG policy.
  - Melior will consider and vote upon every resolution according to this policy.

- ii. At no time will Melior use the shareholding powers exercised in respect of its client's investments to advance its own commercial interests.
- iii. A primary aim of this Policy is to encourage a culture of performance among investee companies.
- iv. Voting decisions are made on a case-by-case basis by an assessment of the matter presented and after taking into consideration the likely effect on the performance of the portfolios.
- v. In exercising voting discretion, Melior consider the following:
  - Ensuring that companies act in the best interest of shareholders and other key stakeholders;
  - Improving the corporate governance of investee companies.
  - ESG and sustainability considerations;
  - The nature of the matter at hand;
  - Any institutional client instruction, whether for particular companies or particular issues;
- vi. Melior will exercise best efforts to ensure all proxies are voted, however there may be some circumstances where it is not possible to do so. These circumstances include:
  - Late notice of shareholder meetings; and
  - We are precluded to vote by law or in cases of conflicts of interest which cannot be resolved.
- vii. Upon finalisation of proxy vote elections, with oversight from the CIO on a best effort's basis, the lead analyst for the security will lodge votes directly via an online portal using CGI Glass Lewis.

#### 4. Conflicts of Interest

- i. Melior has a Conflicts of Interest Policy which is available in our compliance manual. Melior's duty is to vote proxies in the best interests of clients.
- ii. In situations where Melior's interest conflicts with or appears to be in conflict with client's interest', the Chief Compliance Officer will determine the appropriate resolution.

#### 5. Disclosure

- i. Melior will document and keep records of all proxy voting activities directly.
- ii. Subject to the Investment Management Agreement, Melior may be required to report periodically to the client on proxy voting activities.

#### 6. Advocacy Approach

- i. Melior will go beyond the process of exercising voting rights in the investment management process. Melior seeks to influence corporate decision making by:
  - Assessing companies using Melior's proprietary ESG framework and identifying material ESG issues and disclosure deficiencies.
  - Tracking company ESG performance including tracking key ESG portfolio KPIs vs the ASX300 benchmark and seeking to raise ESG ambition across the investable universe.
  - Conducting regular company meetings with senior management and Board members to highlight to management material ESG issues specific to the company.
  - Seeking to influence companies on mitigating risks and identifying opportunities that contribute to their sustainability.

#### 7. Roles and Responsibilities

- i. The Investment Team is responsible for the implementation of this Policy with oversight by the Chief Investment Officer.
- ii. Ultimately the Melior Board of Directors (Board) bears responsibility for the determination of the Policy, and for any changes made in the course of review of the Policy.

#### 8. Review

- i. This policy will be reviewed by the Chief Compliance Officer no less than annually with subsequent reviews from the Board.

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