

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 Responsible Investing 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 sustainable 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 on areas such as board composition and linkage of executive remuneration to ESG factors;
 - ESG and sustainability considerations aligned with our SDG Strategic Advocacy Themes: Gender Equality, Reduced Inequalities and Climate Action. We advocate for companies to raise ambition around a number of key issues aligned with these themes including both gender and ethnic diversity, equal pay, engagement with First Nations Peoples, emissions reduction, and water and waste management;
 - The nature of the matter at hand;
 - Any institutional client instruction, whether for particular companies or particular issues;
 - Melior may utilise external service providers as an additional proxy voting research source.
- 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.

viii. Examples of the escalation measures we may potentially employ include collaboratively engaging the company, voting against the re-election of one or more board directors, voting against the chair of the board of directors, divesting or implementing an exit strategy from our investment, or filing / co-filing a special resolution.

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. Melior will publicly report on voting decisions annually.
- ii. Subject to specific Investment Management Agreements, Melior may be required to report periodically to the client on proxy voting activities.

6. Advocacy Approach

- i. Melior focuses our company engagements around 3 Strategic Advocacy Themes: Gender Equality (SDG 5), Reduced Inequalities (SDG 10) and Climate Action (SDG 13). We estimate that companies in the ASX 300 collectively employ approximately 2 million people. Gender equality and broader inequalities such as modern slavery, inadequate work-place safety and lack of indigenous reconciliation are key societal issues which we believe Corporate Australia has a critical role to play in addressing. We also estimate that the Scope 1 greenhouse gas emissions of the ASX 300 are equivalent to approximately one-third of Australia's national emissions, highlighting the critical role that ASX companies have in driving forward emissions reduction and therefore climate action.

ii. 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.

iii. Melior will also at times engage with policy makers directly or indirectly through a number of avenues such as membership groups and public statements. All policy engagements seek to align with Melior's commitment to responsible investing.

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. Governance of this Policy

- i. The Melior Risk and Compliance Committee approve any amendments to this policy. The CIO is responsible for implementation of this policy.
- ii. This policy will be reviewed at least annually and changes may be made as considered necessary or desirable from time to time.

Further details can be found in our 2020 Proxy Voting Report.

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