ADAMANTEM GROUP

MODERN SLAVERY STATEMENT

DECEMBER 2022

This Statement is for the period 1 July 2021 to 30 June 2022

STRICTLY CONFIDENTIAL

In the spirit of reconciliation the Adamantem Group acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

FOREWORD

It is increasingly evident that investors and businesses must consider, assess and manage sustainability risks in their operations and their supply chains to create long-term value for all stakeholders. The Adamantem Group strives to deliver outstanding financial returns on investments alongside positive environmental and social outcomes, through adopting a responsible investing approach – and in some cases an impact investing approach - in both our private and public equities businesses. Responsible investing is at the heart of what we do and this includes incorporating human rights and modern slavery in the core functions and day-to-day operations of our own business.

This is our third voluntary modern slavery statement. We are not required to lodge one under the *Modern Slavery Act 2018* (Cth) but do so as part of our proactive commitment to responsible investing and our desire to increase awareness and encourage action amongst the broader investment community.

For the previous two years, we have submitted a separate statement for each of our two key operating businesses, our private equity business Adamantem Capital,[1] and our public equities business Melior.[2] In 2022, we streamlined our business operations and therefore have prepared this combined Modern Slavery Statement as a representation of the commitment and achievements of the entire Adamantem Group business with respect to modern slavery.[3]

We are proud to submit this Statement and share our progress, with key initiatives this Reporting Period designed to better monitor and manage potential modern slavery risk in our operations and supply chain.

There is still work to be done, and through our actions and public reporting we hope to share our knowledge and experience, encourage broader industry engagement and learn from others so that we can continue to evolve our own approach.

This joint statement is made pursuant to section 14(1) of the Act and constitutes the joint statement of Adamantem Capital and Melior for the Reporting Period. This statement has been approved by the board of Adamantem Holdings as the parent entity of Adamantem Capital and Melior on 7 December 2022 and is signed by Rob Koczkar as director of Adamantem Holdings, Adamantem Capital and Melior.

ROB KOCZKAR
Director, Adamantem Holdings, Adamantem Capital and Melior

LUCY STEED
Chief Executive Officer, Melior

1 Adamantem Capital Management Pty Ltd (ABN 31 616 283 124)
2 Melior Investment Management Pty Ltd (ABN 16 629 013 896)
3 The Adamantem Group covers both the Adamantem Capital and Melior businesses. All actions, policies and procedures apply at the Group level unless otherwise specified

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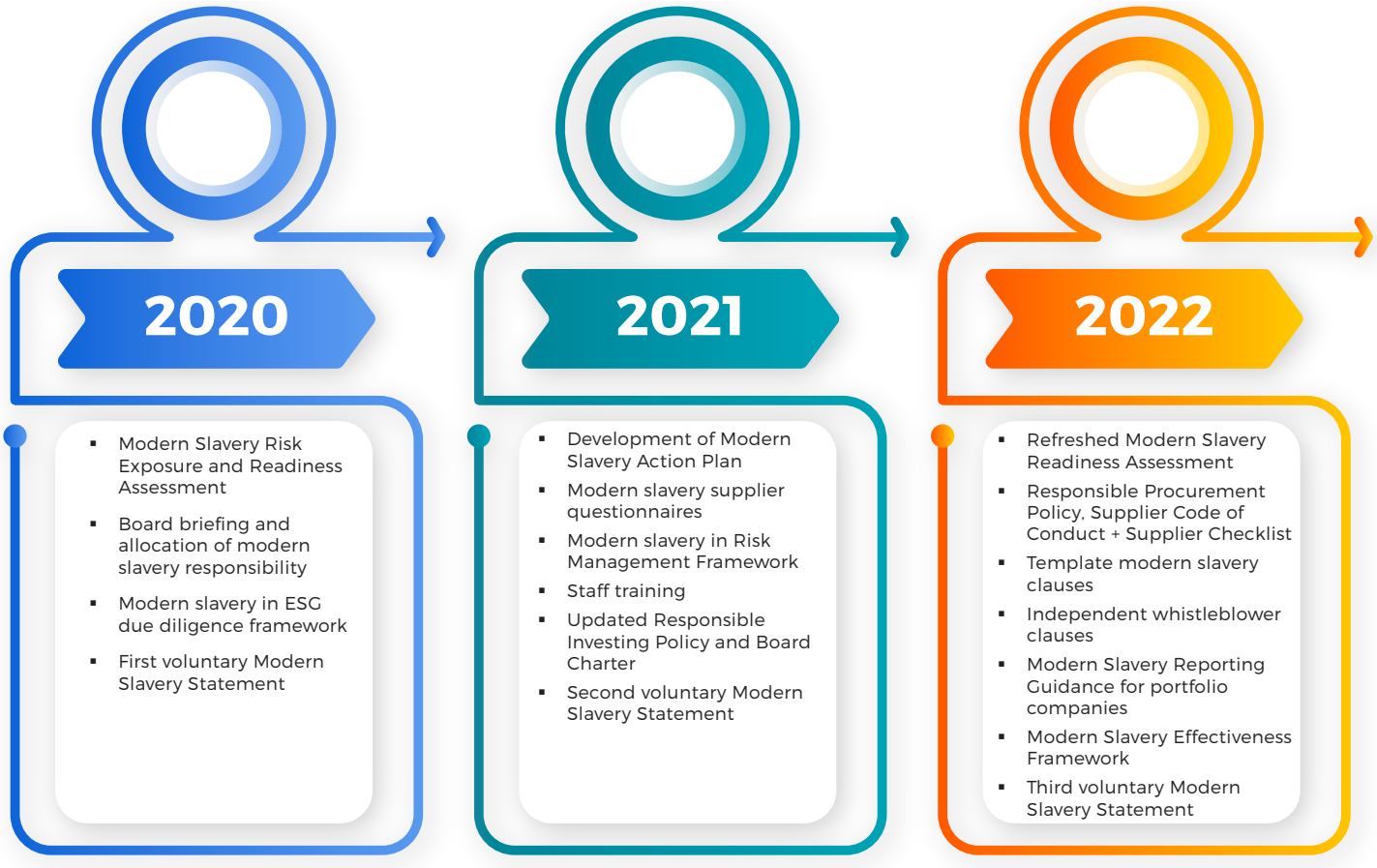
1. Executive summary

The Adamantem Group's responsible investing approach is underpinned by an outcomes-based Theory of Change, developed in 2021, which links our RI activities to the outcomes and impacts we seek to achieve for all stakeholders. This approach is built on three RI Pillars: Environmental Sustainability, Social Inclusion and Governance and Transparency.

Addressing modern slavery risks is an important element of the Social Inclusion pillar and it is integrated throughout the investment lifecycle and our operations:

- **Investing:** Adamantem Capital and Melior assess modern slavery risks in operations and supply chains in due diligence on prospective investments
- **Stewardship:** Adamantem Capital and Melior advocate for and supports improved understanding, management and reporting of modern slavery risks in operations and supply chains in their investments
- **Operating** its own business: the Adamantem Group assesses, manages and reports on modern slavery risks within its own operations and supply chains
- **Influence:** the Adamantem Group shares its insights and contributes to broader industry discussion and collaboration regarding modern slavery

We have made significant progress over the past two years in the way that we consider and address modern slavery risks across all four key business activity areas.

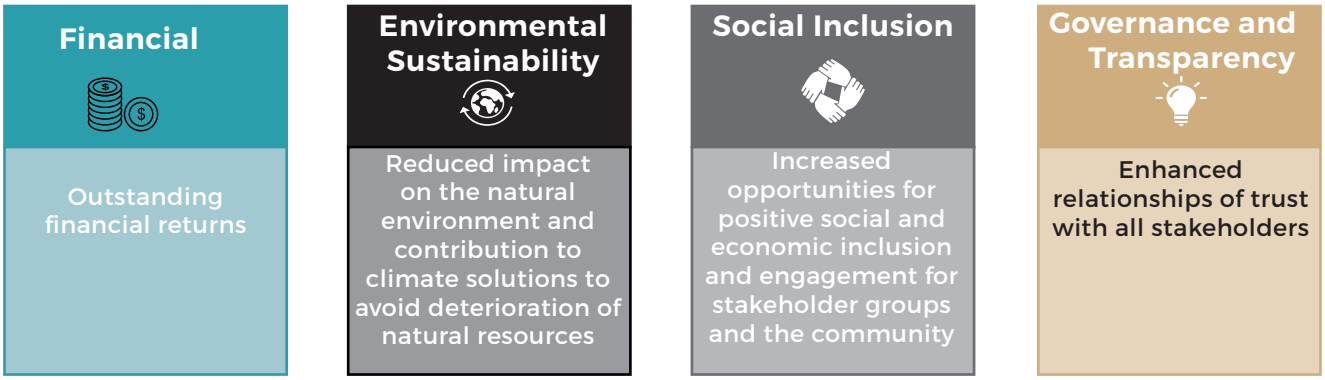


2. The Adamantem Group business

The Adamantem Group's ambition is to consistently produce outstanding financial returns for investors alongside positive environmental and social outcomes for all our stakeholders – our investors, our Portfolio Companies (and their stakeholders), our company (including our employees, suppliers, regulators and policy makers) and the broader community.

The responsible investing and impact investing practices of Adamantem Capital and Melior are designed to take into account RI Pillars of Environmental Sustainability, Social Inclusion, and Governance and Transparency.

Outstanding financial returns with positive social and environmental outcomes



2.1 About Adamantem Capital

2.1.1 Overview

Adamantem Capital is a private equity investment manager, established in 2016, specialising in the Australian and New Zealand mid-market. It invests with conviction behind clear, well-articulated and well-researched value creation opportunities.

During the Reporting Period, Adamantem Capital managed two private equity investment funds which were established to make control investments in companies with an enterprise value of between A$100 million and A$300 million operating in Australia and New Zealand in accordance with its responsible investing approach based on the RI Pillars.

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2.1.2 Adamantem Capital investments

As at the end of the Reporting Period, the Adamantem Funds held investments in eight portfolio companies across a range of different industries:

Adamantem Capital Fund I	
Heritage Lifecare	New Zealand aged care and retirement operator
zenitas Healthcare Limited	Australian community-based healthcare business specialising in the provision of allied health and home care services to the aged and disability sectors
as sure as Hellers NZ's Butcher	Leading producer of processed meats in New Zealand
Hygain Feeding Champions Since 1983	An Australian manufacturer of specialised, premium horse feed and supplements for the horse racing, breeding and equestrian markets
Legend The Power to Transform	An Australian firm that engineers and distributes electrical components for commercial and industrial buildings, power distribution networks, infrastructure and mining operations
Adamantem Capital Fund II	
climate friendly	An Australian carbon farming project services provider, supporting rural, regional and remote Australia's greenhouse gas emissions and regenerate the landscape through carbon farming
Linen Services Australia	A market leader in outsourced laundry services in Australia and New Zealand, serving customers across healthcare, aged care, manufacturing, mining, construction, transport, hospitality and food industries
NAK HAIR Australia	An Australian producer of professional haircare products with mainly vegan formulations

An overview of the Adamantem Capital investment approach and performance during the Reporting Period can be found in the Adamantem Capital Annual Responsible Investing Report here.

2.2 About Melior

2.2.1 Overview

Melior is a specialist impact investment equities manager founded in Australia in 2018, and manager of the Melior Fund. Melior's vision is to seek to invest for a better future by delivering long term competitive returns and contributing to the United Nations Sustainable Development Goals.

Melior's investment philosophy is that investing in companies that contribute to the SDGs, and have strong financial and ESG credentials, have the potential for benchmark outperformance over time. Melior seeks to contribute to the SDGs through its investment capital, engaging management and boards to improve their sustainability, publicly advocating for better social and environmental outcomes and measuring progress. Melior uses the term "impact investing" to describe its investment approach.

2.2.2 Melior investments

During the Reporting Period, the Melior Fund invested in ~30 ASX listed companies across a range of industries. An overview of the Melior investment approach and performance during the Reporting Period can be found in the Melior Annual Impact Report Summary here.

2.3 Exclusion of investments from this Statement

As investment managers, Adamantem Capital and Melior are contracted to manage the Funds. The operations of Adamantem Capital and Melior are therefore separate and distinct from the Portfolio Companies invested in by the Funds. As a result of the nature of these activities and the structure of the Funds, Adamantem Capital and Melior do not control the Portfolio Companies. This Statement excludes consideration of the operations and supply chains of individual Portfolio Companies.

2.4 Impact of COVID-19 on Adamantem Group operations and supply chains

The Reporting Period saw the continuation of the COVID-19 pandemic, however with less significant impacts on our business than previous years, as the Group has become accustomed to working flexibly or working from home. Adamantem Group staff continued to work from home where required, and we have continued to take steps to support the physical and mental health, safety and wellbeing of our staff in the office and at home.

3. Structure

3.1 Operations

The Adamantem Group has its registered office at Level 8, 167 Macquarie Street, Sydney, NSW, 2000.

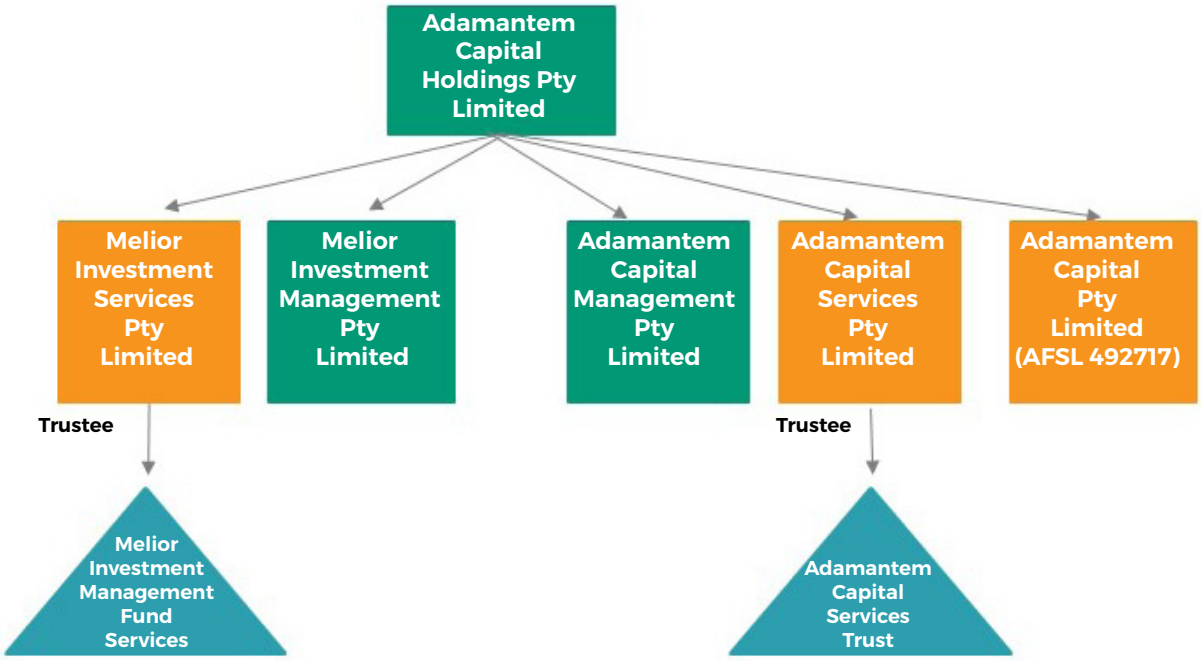
As at the end of the Reporting Period, the Group had a team of approximately 42 permanent staff, including investment and operations professionals. The Adamantem Group is headquartered in Sydney, Australia, with all members of staff working from the Sydney CBD office or from their home in the Sydney region.

3.2 Corporate Structure

Previous Modern Slavery Statements have been submitted separately by Adamantem Capital and Melior. This year, in line with the streamlining of our business operations, this Statement is submitted by Adamantem Holdings on behalf of the Adamantem Group.

The corporate structure of the main operating entities in the Adamantem Group as at the end of the Reporting Period is set out below.

ACM/MIM Structure Chart

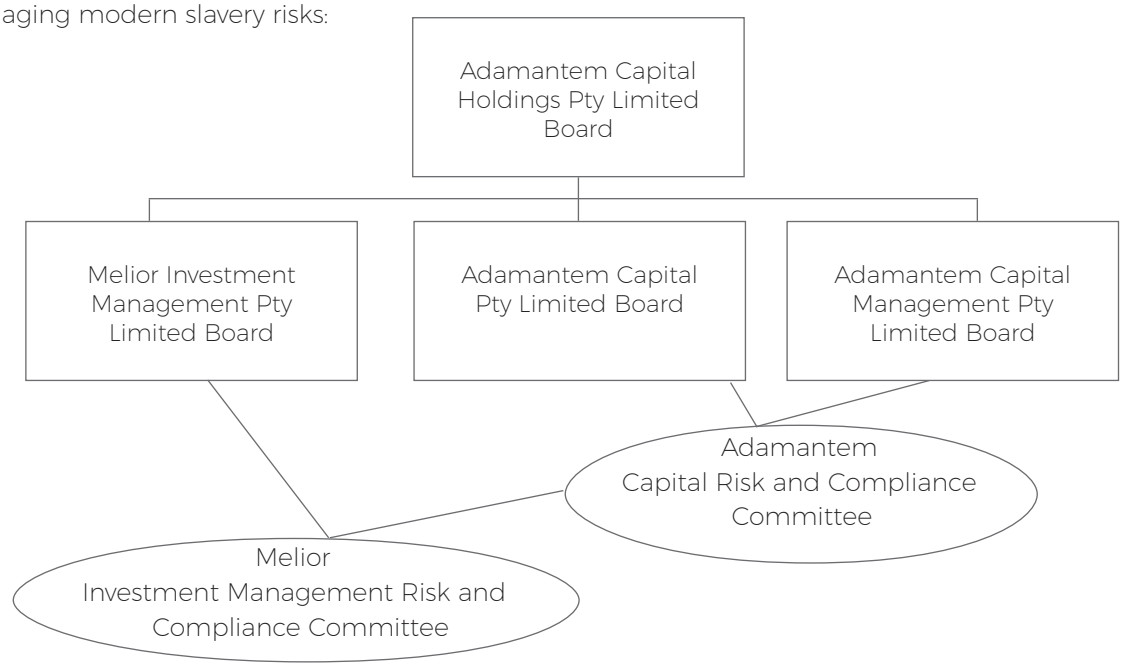


Adamantem Capital and Melior are corporate authorised representatives of Adamantem Capital Pty Limited (ABN 91 614 857 037, AFSL 492717), which is an independently owned Australian investment firm. Adamantem Capital Services Pty Ltd (ACN 616 283 115) as the Trustee for Adamantem Capital Services Trust is the main operating and procurement entity for the Adamantem Group. Melior Investment Services Pty Ltd (ACN 637 770 293) as Trustee for Melior Investment Management Fund Services Trust is the operating and procurement entity for the Melior business.

3.3 Governance

The Adamantem Capital Risk and Compliance Committee and Melior Risk and Compliance Committee (RCCs) are delegated responsibility for the overall management of modern slavery risks in our business and are directly accountable to the Adamantem Capital Board and the Melior Board, respectively. The Adamantem Holdings Board of Directors is responsible for signing off on the Adamantem Group's voluntary Modern Slavery Statement.

The following table illustrates the Adamantem Group's governance structure as it is relevant for assessing and managing modern slavery risks:



3.3.1 Risk management in our operations

The Adamantem Group manages modern slavery risks within its own business in accordance with its Australian Standard ISO 31000:2018-aligned Risk Management Framework and its Board-approved MS Action Plan.

The Risk Management Framework sets out the processes for identifying, analysing, evaluating, monitoring and reporting on risks arising in the Adamantem Group business and specifically identifies modern slavery and unethical supply practices as supply chain risks. These risks have an inherent rating as low (modern slavery risks) and moderate (unethical supply practices risk) and are reviewed and reported on annually by the Group General Counsel to the RCCs.

The MS Action Plan demonstrates our proactive commitment to integrating and implementing RI within our business, setting out the intended actions to be taken across the four key areas of the Adamantem Group business. The MS Action Plan is designed to target high risk elements of our operations and supply chain and focus on strengthening our supply chain management processes and policies.

3.3.2 Risk management in our investment processes

Investments made by the Adamantem Fund are made in accordance with the Adamantem Capital Responsible Investing and Impact Investing Policy. The Policy clearly states that it will not invest in businesses that engage in modern slavery as defined by the Act. Modern slavery risk is assessed by Adamantem Capital in pre-investment due diligence where it is considered to be a material risk, and Adamantem Fund Portfolio Companies are supported during their ownership period to assess modern slavery risks in their operations and supply chains, and to report under the Act where required to do so.

Investments made by the Melior Fund are assessed by Melior for modern slavery risk prior to investment as part of its ESG assessment process, and during the investment period, Melior measures evidence of modern slavery performance indicators as one of 20 key KPIs. Melior actively advocates for continuous improvement in the reporting and analysis of modern slavery risks. The Melior Proxy Voting and Advocacy Policy states that it will exercise its voting discretion with a consideration of ESG and sustainability, aligned with its Corporate Impact Pillars SDG Strategic Advocacy Themes which include 'Social Inclusion'.

As noted in section 2.3, the operations and supply chains of individual Portfolio Companies are excluded from this Statement.

3.3.3 Modern Slavery responsibilities

The Group General Counsel is responsible for identifying, monitoring and reporting on modern slavery risks and impacts to the relevant RCCs, and overseeing the implementation of the risk controls specified in the Risk Management Framework.

The Senior Associate – Legal, Governance & Compliance, together with the Director, People, Office and Culture, have day-to-day responsibility for assessing and managing modern slavery risks and impacts across the Adamantem Group business operations by overseeing the implementation of the Responsible Procurement Policy, Supplier Checklists and Risk Questionnaires, MS Action Plan action items, and measurement of progress against the Effectiveness Framework, which is overseen by the Managing Director, Responsibility and Impact.

3.3.4 Policies

The Adamantem Group manages the risk of modern slavery in our operations and supply chains as well as in our investments through a broad suite of policies which are discussed in further detail throughout this Statement.

Policy	Purpose
Operations	
Diversity, Inclusion and Equal Opportunity Policy and Diversity & Inclusion Framework	To ensure that the Group maintains a diverse workforce and inclusive culture. Policy includes a commitment to uphold the ILO conventions regarding freedom of association, collective bargaining, child labour, forced labour and non-discrimination
Acceptable Workplace Behaviour Policy	To create a positive workplace. Policy sets out informal and formal complaint reporting procedures
Workplace Health and Safety Policy	To provide a safe and healthy work environment for all employees
Whistleblower Policy	To foster good corporate governance and ethical behaviour. Policy provides internal and external avenues for reporting complaints and concerns, and specifically addresses non-retaliation and victimisation of whistleblowers
Supply Chain	
Responsible Procurement Policy and associated Supplier Code of Conduct and Supplier Onboarding Checklist	To ensure that the purchasing decisions minimise negative and enhance positive impacts on the environment and society by setting standards and increasing our understanding of suppliers' alignment with our RI Pillars. Checklist includes specific questions regarding modern slavery reporting and policies and Supplier Code includes expectations with respect to labour and human rights
Investments	
Adamantem Capital Responsible Investing and Impact Policy	To outline Adamantem Capital's approach to RI in its investment processes. Policy specifically excludes investments in businesses engaged in modern slavery
Melior Responsible Investing Policy	To outline Melior's approach to RI. Policy includes investment beliefs and approach including Impact and ESG assessment criteria
Melior Proxy Voting and Advocacy Policy	To outline Melior's approach to proxy voting and advocacy to influence companies to have a positive impact

4. Adamantem Group supply chains

4.1 Overview

Since the last Reporting Period, there has been no material change to the products and services directly procured by the Adamantem Group. These continue to include:

- **Products** – office supplies, office equipment, catering supplies and consumables for the office
- **Services** – professional services support (such as legal, accounting, financial advisory and management consultancy support), as well as services in relation to travel, telecommunications, recruitment, public relations, property rental (including cleaning) and IT support

The only change to note during Reporting Period is that both Adamantem Capital and Melior moved office buildings, to a combined space, with a new landlord. The Group is in regular discussions with building management regarding ESG risks and initiatives.

During the Reporting Period, the Group had in excess of 200 suppliers. In 2020 and 2021, we focused on analysing our supply categories and likely risk areas (details of which are included in our previous Modern Slavery Statements). In 2022, we have deepened our understanding of our suppliers' performance and commitment to human rights and modern slavery as part of the rollout of the Adamantem Group Responsible Procurement Policy (see further details in section 5.1).

Modern slavery clauses

Example of a modern slavery clause we seek to include in all supplier contracts

Compliance
The Supplier must comply with all Modern Slavery Laws and take reasonable steps to identify, assess and address risks of Modern Slavery in its operations and supply chains.

Supplier warranties
The Supplier represents and warrants that, as at the date of this Agreement, neither it nor the Supplier Personnel or its Related Bodies Corporate:

a. have been convicted of any offence involving Modern Slavery; and
b. to the best of its knowledge, having made reasonable enquiries, have been or are the subject of any investigation, inquiry or enforcement proceedings by any government Agency regarding any offence or alleged offence of, or in connection with Modern Slavery.

Notification
The Supplier will immediately give written notice to Adamantem if it becomes aware of a possible, potential, suspected or actual breach by it or its Supplier Personnel of any Modern Slavery Laws.

Assistance
The Supplier will comply with any reasonable requests made by Adamantem for assistance, for the provision of information or documents as required by Adamantem to enable Adamantem's own compliance under or related to Modern Slavery Laws.

5. Modern slavery risks in Adamantem Group operations and supply chains

5.1 How we assess modern slavery risk exposure

We continue to apply the UNGP framework of "cause, contribute to, or be linked" when assessing the Adamantem Group's relationship to modern slavery. As our operations and supply chain have not materially changed in the past 2 years, we continue to leverage the findings of a modern slavery risk exposure assessment conducted by an external consultant in 2020.

The assessment determined that the Adamantem Group's modern slavery risk exposure is higher through our supply chains than through our own operations,[4] consequently our risk assessment activities focus on our supply chains:

- The Responsible Procurement Policy facilitates an initial assessment of the responsibility and sustainability credentials of all new material suppliers (based on monetary thresholds). The Policy stipulates that all new material suppliers must agree to the Supplier Code and Supplier Checklist
- The Supplier Code sets the expectations for supplier behaviour and contains obligations with respect to modern slavery, including clauses addressing: freedom of association; collective bargaining; child labour; and forced labour
- The Supplier Checklist assesses suppliers' ESG capabilities, and specifically requests information regarding mandatory modern slavery reporting and any modern slavery or ethical policies in place to assist our risk assessment. During the Reporting Period, the Supplier Checklist was sent to 20 suppliers, with an 80% response rate.

Adamantem Group Responsible Procurement Policy

Examples of provisions to address modern slavery

"Adamantem's suppliers and business partners are expected to respect the human rights of their employees and those who are impacted by their business. They are expected to not tolerate any form of modern slavery in their workplaces, or those of their supply chain."

"[A] Supplier's responses to the [Responsible Investing Supplier] Checklist will be assessed to determine a potential supplier's current alignment with our Responsible Investing Pillars approach, including their approach to human rights and modern slavery. A supplier's willingness to commit to addressing any gaps in their responses to the Checklist will also be considered in the procurement decision."

"If violations have occurred, Adamantem will work with the relevant supplier or business partner to mitigate the impacts and to seek to prevent them recurring. If the supplier is unable or unwilling to cooperate with us to mitigate the impacts, Adamantem may choose to end the relationship with the supplier (subject to contractual obligations)."

4 Excluding our exposure through our investments, which is outside the scope of this Statement

5.2 Findings

Our findings from the last reporting period in relation to modern slavery risks in our operations and supply chains, as set out below, remains applicable.

Operation/Supply Chain Element	Description of potential modern slavery risks
Procurement of services that rely on base skilled labour, which are considered at higher risk of modern slavery practices	We have identified that there is a risk that the Adamantem Group may be directly linked to modern slavery through our use of the following services: ▪ Premises cleaning ▪ Premises security ▪ Catering
Procurement of products which are exposed to higher risks of modern slavery in their production processes	We have identified that there is a risk that the Adamantem Group may be directly linked to modern slavery through our procurement of the following products: ▪ IT & computer equipment, which often contain high risk commodities that are connected with child labour and forced labour ▪ Groceries and consumables, which are exposed to sector, commodity and geographic risk
Investment in Adamantem Fund Portfolio Companies which operate in sectors with higher risks of modern slavery	Adamantem Capital has identified that there is a risk that it may be indirectly linked to modern slavery through the Adamantem Funds' investments in Portfolio Companies which operate in the following high risk sectors: ▪ Manufacturing ▪ IT services & software ▪ Healthcare services ▪ Agriculture/Agricultural products These portfolio companies may also have supply chains located in areas of high geographic risk
Our overall exposure to modern slavery risk is considered to be Low	The risk that modern slavery exists in the Adamantem Group or any of its suppliers is rated as 'low' in the Risk Management Framework. Our Risk Management Framework notes that the causes of this potential risk include supplier conduct, Group processes not identifying risk areas, not requiring suppliers to disclose these issues and/or lack of awareness of the issues. This may result in severe human risks to those involved and reputational risks to the Adamantem Group. We aim to mitigate this risk via controls, including deliberate consideration of human rights and responsible sourcing (including modern slavery risks) when making purchasing decisions.

This Reporting Period, we overlaid the above risk findings with the results of our Supplier Checklist responses, which indicated that of the responding suppliers:

- All provide fair pay and working conditions, including compliance with applicable laws and regulations
- 69% mandatorily report under the Act
- 81% have specific organisational standards or policies in place in respect of modern slavery or ethical practices for their employees and contractors

On the basis of the above, we have determined that the Adamantem Group's modern slavery risk exposure remains at the 'linked' level of responsibility, and these assessments and findings have formed the basis for our actions this Reporting Period.

6. Actions taken by Adamantem during the Reporting Period to address modern slavery risks

6.1 Modern Slavery Readiness Assessment

In 2020, the Group conducted a Modern Slavery Readiness Assessment for each of Adamantem Capital and Melior with an external consultant, to assess the business' ability to monitor and manage modern slavery risks. In line with our commitment to continuous improvement, we re-engaged the external consultant to measure the progress of the Adamantem Group as at the end of the Reporting Period.

The results of the analysis, indicate an overall high scoring for Adamantem Group's performance, with improved scoring achieved across both Adamantem Capital and Melior in all assessment areas of:

- Responsibility and Accountability
- Governance and Policy
- Due Diligence and Management Systems
- Supply Chain Management
- Grievance and Remediation
- Investment Processes

The most significant improvements were noted in the areas of Supply Chain Management and Governance and Policy, largely as a result of the actions taken to address modern slavery risk in our Operations and Supply Chain, described in section 6.2.

Feedback from this assessment process will feed into the further development of our MS Action Plan.

6.2 Actions taken during the Reporting Period to address Modern Slavery Risks

Given the Adamantem Group's low risk profile and linked responsibility status, our actions this Reporting Period focus on our key areas of influence. Our MS Action Plan is structured across our 4 key business activity areas of Invest, Stewardship, Operations, Influence. During this Reporting Period, the focus of the bulk of our activities and initiatives was addressing modern slavery risk in the Adamantem Group Operations:

What we did	Why we did it
Operations	
Effectiveness Framework – Developed a proprietary Modern Slavery Effectiveness Framework for tracking and assessing the effectiveness of our MS Action Plan and conducted baseline measurements. Further details regarding the Effectiveness Framework are included in section 7 below	To increase our accountability and ability to measure the impact our of modern slavery initiatives in mitigating and managing the risk of modern slavery in our operations
Whistleblower services – Engaged an external provider of whistleblower and ethics service and support, and appointed two internal whistleblowing protection officers	To facilitate the identification and reporting of modern slavery incidents in accordance with our Whistleblower Policy and enhance our oversight
Modern Slavery Reporting Guidance – Reviewed academic commentary and best practice examples, and prepared a Modern Slavery Reporting Guidance note (also shared with Adamantem Fund Portfolio Companies required to report	To understand market expectations and enhance our approach to modern slavery reporting
Supply Chain	
Responsible Procurement Policy, Supplier Code and Checklist – Implemented Responsible Procurement Policy, Supplier Code and Supplier Checklist (see further details in section 5.1) and developed a matrix to monitor supplier responses and identify high-risk suppliers	To ensure that purchasing decisions align with our modern slavery commitments, set expectations for supplier conduct and better understand suppliers, to ultimately identify and manage modern slavery risk exposure in our supply chain
Modern Slavery clauses – Developed a standard set of terms and conditions relating to modern slavery to be included in supplier contracts that address: supplier compliance with the Act; incidents of modern slavery breaches; and an agreement to facilitate the Group's compliance with modern slavery laws	To reflect the market shift towards greater transparency, reporting requirements and business accountability with respect to supply chain contracting and further encourage supplier compliance
Policy training – Conducted all staff training regarding development and implementation of Responsible Procurement Policy, Supplier Code, Supplier Checklist and Modern Slavery clauses	To ensure risk awareness and implementation of modern slavery initiatives throughout the Adamantem Group business

The Group also continued to undertake actions that address modern slavery through our three other business activity, including:

ESG Metrics - Adamantem Capital rolled out its proprietary "ESG Metrics Reporting Framework" to Fund II Portfolio Companies, including reporting relating to child labour, young workers and forced or compulsory labour.

Melior updated its Quarterly KPIs and ESG Framework to include an evaluation of the quality and effectiveness of that statement.

Portfolio Company tools – Developed a Modern Slavery Toolkit to support Adamantem Fund Portfolio Companies to assess modern slavery risks in operations and supply chains, and build a modern slavery action plan

Responsible Investment – Continued to consider modern slavery in pre-investment due diligence processes for each of Adamantem Capital and Melior

Whistleblower services – As at the end of the Reporting Period, 87% of Adamantem Fund Portfolio Companies supported to establish external whistleblowing services to enhance grievance mechanisms and access to remedy

Modern slavery thoughtpiece – Released thoughtpiece "Supply chain sustainability steps into the spotlight" focusing on management of supply chain sustainability risks

UNGC reporting – Completed UNGC reporting, which includes public disclosure of policies and actions regarding human rights and labour rights (see further details in section 9 below)

Engagement – Adamantem Capital conducted targeted engagement on the topic of modern slavery with two key investors and one key supplier.

Melior engaged with 20 high-risk organisations on the topic of modern slavery and conducted a meeting solely dedicated to modern slavery reporting with the Human Rights team of a large national retailer.

Public Reporting – Shared last year's Modern Slavery Statements for each of Adamantem Capital and Melior with our staff, investors, Portfolio Companies and publicly and included commentary on modern slavery and commitments in the inaugural Adamantem Capital Annual Responsible Investing Report, Melior Annual Impact Report and Melior Proxy Voting Report

7. Assessing the effectiveness of our actions

In 2021, we made a commitment to mature our approach to tracking and assessing the effectiveness of our MS Action Plan. In response, in March 2022, we developed and adopted the Adamantem Group Modern Slavery Effectiveness Framework. The Effectiveness Framework allows the Adamantem Group to assess whether actions and policies are being implemented optimally, whether it has responded effectively and to drive continuous improvement.

Although there is no established best practice for effectiveness tracking, as all market participants are in the process of developing their approaches, the development of the Effectiveness Framework has been guided by principles of the UPGP and the GRI Standards, as well as extensive research of third party commentary on modern slavery risks and approaches.

7.1 How do we approach effectiveness?

The Effectiveness Framework sets out:

a. a cross-functional approach to assessing effectiveness, through applying standardised Effectiveness Metrics; and
b. the process for how the Group will report against this Effectiveness Framework.

The RCCs have ultimate responsibility for the Effectiveness Framework, with results and proposed actions reported annually. The finalised results are used to inform amendments to the MS Action Plan and our annual Modern Slavery Statement. The Effectiveness Framework will be reviewed every four years.

7.2 How do we measure effectiveness?

The Effectiveness Framework is structured as a phased process to progressively assess effectiveness in both qualitative and quantitative ways as follows:

FY 22 + 23

- Establish baseline numbers (where possible)
- Measurement and year on year comparison

FY 24 – 26

- Introduce additional Effectiveness Metrics
- Measurement and year-on-year comparison

Effectiveness Metrics are tracked by the Responsible Investment and Impact and Legal teams.

7.3 Effectiveness Metrics

The following Effectiveness Metrics have been collated for the Reporting Period.

	Metric	FY22
INVESTMENT	# of investors specifically engaged with regarding modern slavery	Adamantem Capital - 2
	# and % of ESG reviews conducted on potential transactions that included modern slavery as a focus area [Adamantem Capital]	Adamantem Capital - 5 deals, 100%[5]
STEWARDSHIP	% of Adamantem Fund Portfolio Companies completed supply chain modern slavery risk assessment [Adamantem Capital]	Adamantem Capital - 50%
	% of Portfolio Companies issued Modern Slavery Statements (mandatory/ voluntary)	Adamantem Capital - 37.5% Melior - 97%
OPERATIONS (Supply Chain)[6]	% of material suppliers issuing Modern Slavery Statements	50%
	% of material suppliers with policies specifically addressing modern slavery	65%
	# of material suppliers engaged with regarding modern slavery	1
OPERATIONS (Internal)	# of reports of modern slavery (and remediation undertaken if necessary)	0
	% of actions implemented to deadline (ie compliance with MS Action Plan)	93%
	% of staff completing human rights and modern slavery training	N/A[7]
INFLUENCE	# of instances of public engagement on modern slavery (includes conferences, interviews, webinars, working groups and thought pieces)	1 Thoughtpiece 2 Working Groups 3 Webinars Melior - 20 Corporate Stewardship Engagements

5 All potential transactions proceeding past the first stage of investment committee review are required to undertake external due diligence, which necessarily includes a consideration of modern slavery

6 Note re material suppliers – Phase 1 of the Effectiveness Framework metrics assesses the performance of Adamantem and Melior's material suppliers in combination. Material suppliers are the top twenty suppliers as determined by spend

7 No human rights and modern slavery training was undertaken during the Reporting Period

8. Process of consultation

This Statement was drafted with input from key stakeholders across the Adamantem Capital and Melior businesses. The Managing Director, Responsibility and Impact, Group General Counsel, Director, People, Office and Culture, and Senior Associate – Legal, Governance and Compliance, who have key responsibility for the management and reporting of modern slavery, operate across the two businesses.

All entities in the Adamantem Group are owned and controlled by the same shareholders and have appointed the same directors who have prepared, reviewed and adopted this Statement.

9. Other relevant information

The Adamantem Group seeks to engage and positively influence individuals, organisations and the broader investment community in relation to modern slavery principles and practices. We do this through engaging with industry collaborations, and sharing our thinking and initiatives through publications and in public forums including:

- **UNGC Early Adopter CoP** – The Adamantem Group joined the UN Global Compact in 2021, which includes signing up to the 10 Principles of the UNGC which cover human rights, labour rights (including modern slavery), bribery and corruption and environmental commitments. We submitted our first Communication on Progress (as an Early Adopter) on 29 June 2022. The CoP specifically addresses how modern slavery is managed throughout the business through Policies, Prevention, Concerns and grievance mechanisms and Lessons learnt – our responses are publicly available here
- **UNPRI Reporting** – Each of Adamantem Capital and Melior remain a signatory of the Principles for Responsible Investment. Both Adamantem Capital and Melior prepared Assessment Reports and Transparency Reports in 2021
- **RIAA working group engagement** – The Adamantem Group participated on the Human Rights Working Group and First Nations Peoples Working Group of the Responsible Investment Association Australasia

10. References

10.1 Mandatory criteria

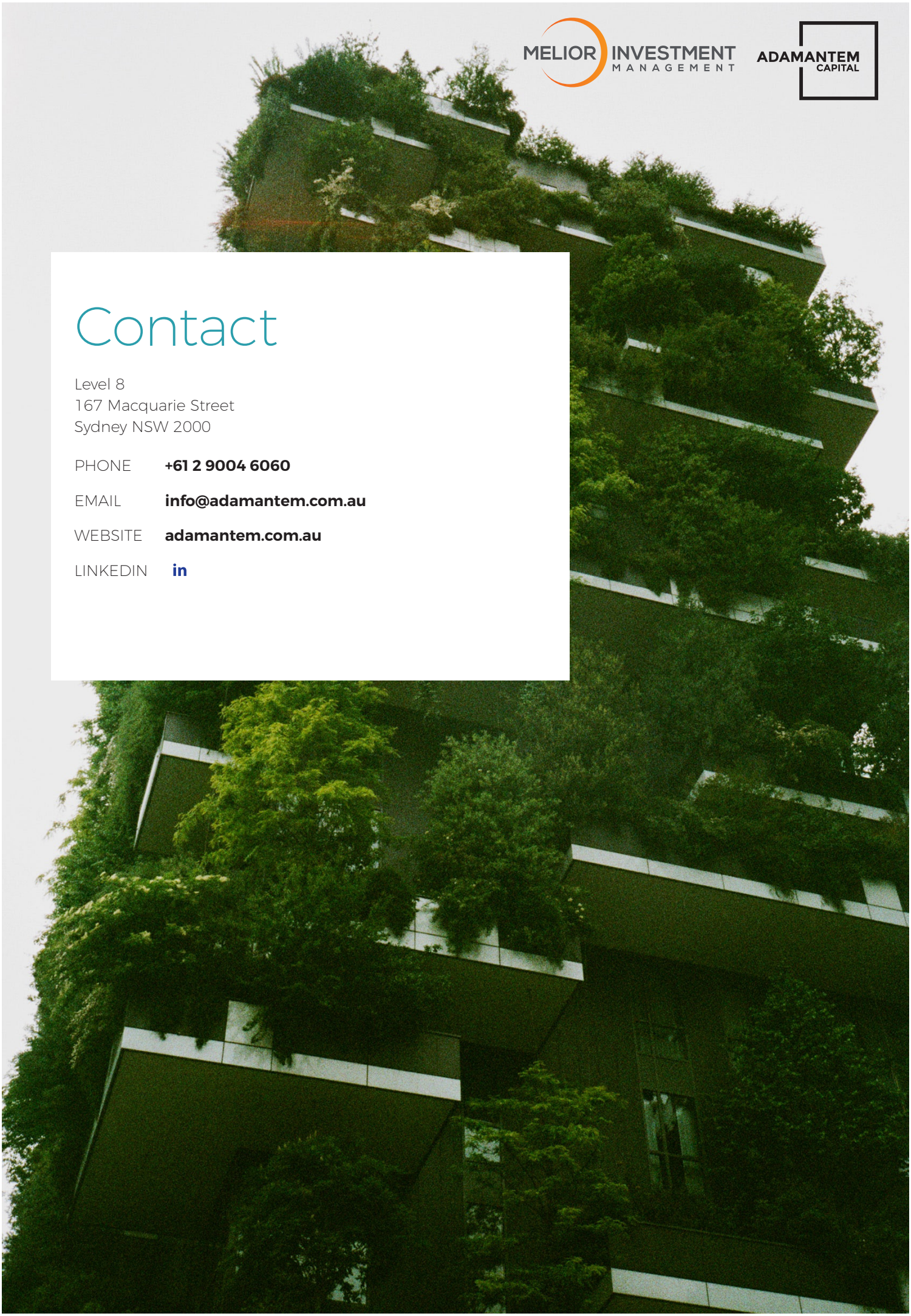
This Statement has been prepared to meet the mandatory reporting criteria of the Act as follows

Mandatory criteria	Section
Identify the reporting entity	2
Describe the reporting entity's structure, operations and supply chain	3 and 4
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	5
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	6
Describe how the reporting entity assesses the effectiveness of these actions	7
Describe the process of consultation that any entities that the reporting entity owns or controls	8
Provide any other relevant information	9

10.2 Glossary

Act	*The Modern Slavery Act 2018* (Cth)
Adamantem Capital	Adamantem Capital Management Pty Ltd (ABN 31 616 283 124)
Adamantem Funds	The two private equity investment funds managed by Adamantem Capital
Adamantem Fund Portfolio Companies	The eight investment companies held by the Adamantem Capital Funds
Adamantem Group or the Group	Adamantem Holdings and all subsidiary entities, including Adamantem Capital and Melior
Adamantem Holdings	Adamantem Capital Holdings Pty Limited (ABN 63 606 371 724)
CoP	UNGC Communication on Progress
Effectiveness Framework	Adamantem Group board-approved Modern Slavery Effectiveness Framework

Effectiveness Metrics	Standardised metrics measured in accordance with the Effectiveness Framework
ESG	Environmental, Social and Governance
Funds	Together, the Adamantem Funds and the Melior Fund
GRI Standards	Global Reporting Index global standards fro sustainability impacts
KPI	Key performance indicator
ILO	International Labour Organisation
Melior	Melior Investment Management Pty Ltd (ABN 16 629 013 896)
Melior Fund	Melior Australian Impact Fund (ARSN 634 081 744)
Melior Fund Portfolio Companies	ASX listed entities held by the Melior Fund as at the end of the Reporting Period
MS Action Plan	The Adamantem Group Modern Slavery Action Plan
Portfolio Companies	Together, the Adamantem Capital Portfolio Companies and Melior Portfolio Companies
Reporting Period	1 July 2021 to 30 June 2022
RCC	The Adamantem Capital Risk and Compliance Committee and The Melior Risk and Compliance Committee
RI	Responsible Investing
RI Pillars	Adamantem Group Responsible Investing Pillars being Environmental Sustainability, Social Inclusion, and Governance and Transparency
RI & I Policy	Adamantem Capital Responsible Investing and Impact Policy
SDGs	United Nations Sustainable Development Goals
Statement	Adamantem Group Modern Slavery Statement for the Reporting Period prepared in accordance with the Act
Supplier Checklist	Adamantem Group Supplier Onboarding Checklist
Supplier Code	Adamantem Group Supplier Code of Conduct
UNGP	United Nations Guiding Principles on Business and Human Rights



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