



FY2021 **MELIOR AUSTRALIAN IMPACT FUND** ANNUAL IMPACT REPORT

Published September 2021. This report is for the period 1st July 2020 to 30th June 2021. This information has been prepared for wholesale clients only.

1. Introduction

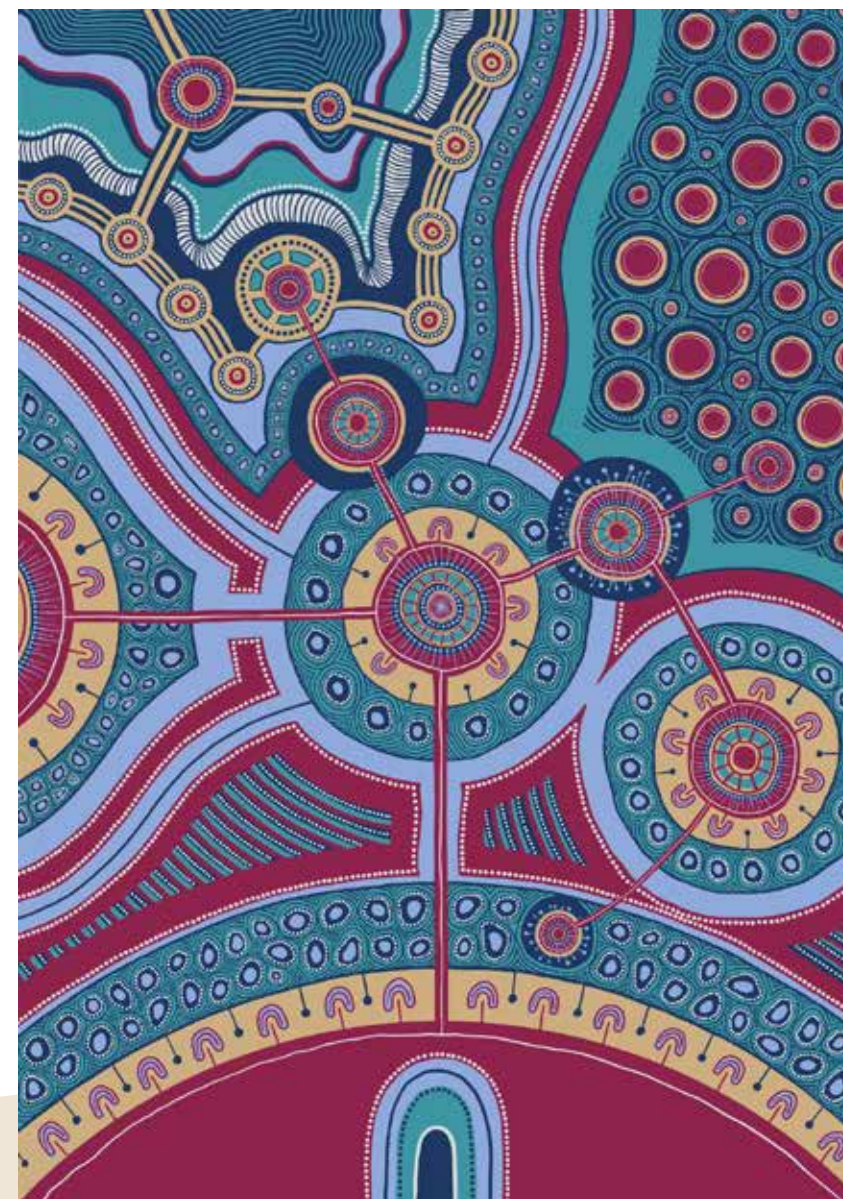
Melior is delighted to release its 2nd Annual Impact Report for the Melior Australian Impact Fund (Fund).

It has been another challenging year globally. Destruction from fires and floods has continued, civil unrest has heightened and the economic and health impacts of COVID-19 have escalated. We believe there is an increased urgency for investors and corporates to take action to help contribute to solutions that support positive environmental and social change. Public companies have the opportunity to play a central role in building a better, more sustainable future given their collective scale with the ASX 300 employing around two million people and representing more than one third of Australia's Scope 1¹ emissions.

We feel privileged to feature throughout this year's impact report contemporary Aboriginal artist and Gumbaynggirr and Budjalong descendent, Amy Allerton's "Seeds of Change" artwork. We commissioned Amy to design an artwork for our Reconciliation Action Plan (RAP) submission and are delighted to further showcase the Seeds of Change artwork in this report.

Amy took inspiration from Melior's vision to invest for a better future in designing the "Seeds of Change" artwork. Like Amy, we believe that the future has far-reaching potential "if like-minded people join together with a common purpose to create a better world through their decisions, connections, integrity and resources."

1. Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level.



"SEEDS OF CHANGE" ARTWORK

"The Seeds of Change" tells the story of the interconnected past, present and future impact that we create when we collaborate with, and invest in, people, place and culture.

It begins with the past, where like-minded people join together with a common purpose to create a better world through their decisions, connections, integrity and resources. Here, the seeds of change are planted and watered in pursuit of the future vision.

The present shows the growth of the seeds of change, as they spread their roots and lay new seeds. The network of collaboration grows in size and diversity, reaching out and connecting with new communities and taking new opportunities to create change.

The future has unlimited, far-reaching potential, as influence and impact spreads out exponentially. Not only do new connections, collaborations and yet-to-be- seen opportunities lay ahead, but also an abundant harvest as we begin to see the positive social and environmental impacts of the first seeds.

Our Annual Impact Report seeks to detail how Melior has helped deliver positive impact in the period 1st July 2020 to 30th June 2021.

In managing the Fund, Melior has dual objectives:

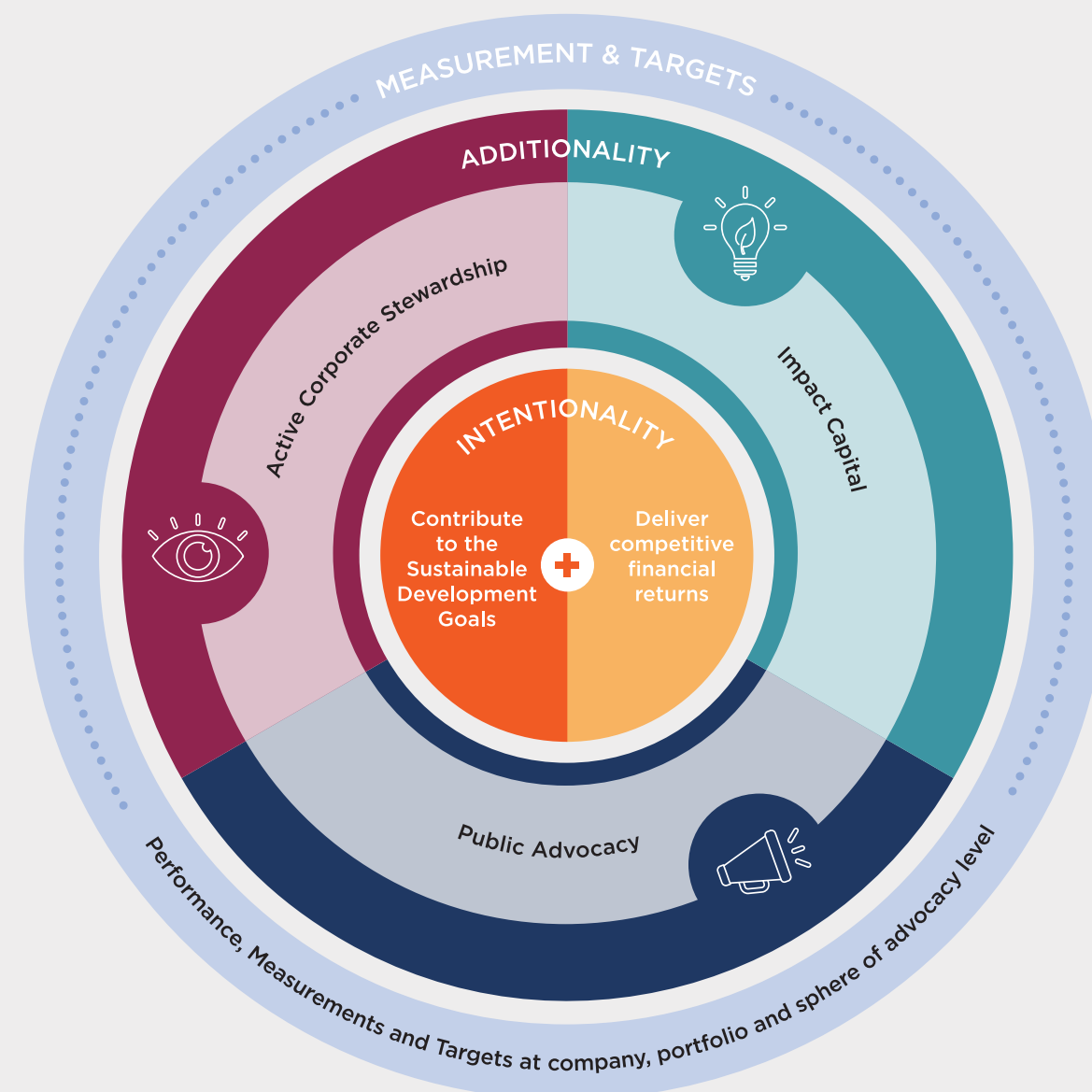
- to deliver competitive financial returns through its multi-dimensional alpha approach which uses deep research and rigorous Impact, Environmental, Social and Governance (ESG) and Financial frameworks to identify sustainable high performing companies; and
- to achieve positive social and environmental impact by contributing to the United Nations' Sustainable Development Goals (SDGs) through our investments, active corporate stewardship and public advocacy.

This report outlines in the following sections how Melior approaches investing for impact in public equities and how the fund has achieved positive impact over the year.

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2. Melior Impact Thesis

Our Impact Thesis below illustrates Melior's multifaceted approach to achieving Impact in public equities. In the following section we expand on how each of the components of our Impact Thesis contributes to delivering positive net impact and competitive financial returns.



Melior believes there are 3 critical aspects of impact investing that need to be addressed in a public equities context: intentionality, additionality and measurement & targets.

INTENTIONALITY

Melior intends to create positive change by contributing to the SDGs through the listed companies in which the Fund invests, the active corporate stewardship the team leads and the public advocacy Melior drives.

What a company² does – the goods and services it provides (Impact assessment) – and *how* the company goes about producing those goods and services and its commitment to improve its ESG operations (ESG assessment), are key factors Melior considers when investing in listed companies. Melior's rigorous framework considers both these elements in detail using a multi-dimensional deep in-house research approach. The investment process requires that a company passes both our impact and ESG assessments before a company can be considered for investment using our financial framework.

ADDITIONALITY

Additionality is the opportunity to have a direct impact on companies and the broader stakeholder community in delivering positive change. Whilst 'traditional' impact additionality has focused on primary capital additionality (i.e. a project's inability to proceed without the additional capital), in public equities we seek to create additionality using the following key levers:

- **Impact Capital.** We seek to allocate the Fund's capital to listed companies in the secondary market that contribute to the SDGs and have strong ESG and financial credentials. We also seek to participate in capital raisings to help grow the positive impact of a company. In addition, we have the ability to participate in company initial public offerings (IPOs) that contribute to the SDGs and have attractive financials.
- **Active Corporate Stewardship.** We actively engage boards and management of portfolio companies and also companies we don't own, to contribute to solutions and the collective voice in driving forward positive environmental and social impact. Melior also shares best practice sustainability insights when engaging with companies and introduces companies to sustainability partners to help accelerate impact.
- **Public Advocacy.** We provide thought leadership to educate the broader stakeholder community and advocate publicly on social and environmental issues. We also seek to live our values and "walk the talk" in our own business.

² The terms 'company' and 'listed company' are used interchangeably between listed companies, REITs, stapled securities and any other entity we can invest in.

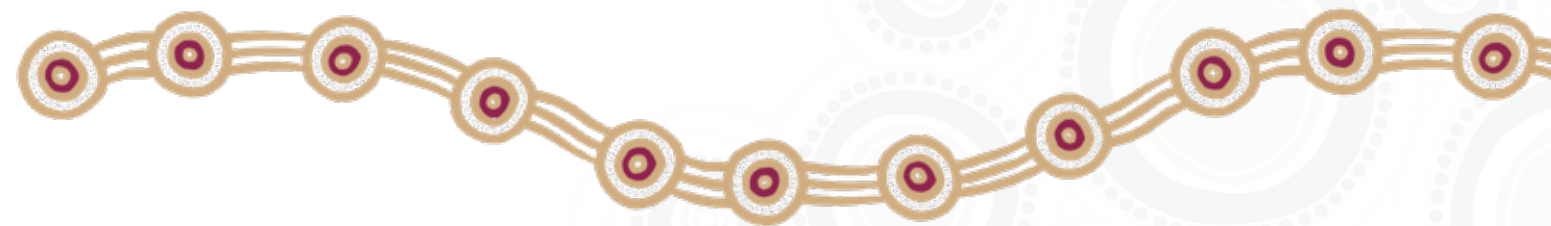
MEASUREMENT & TARGETS

In order to assess impact, the impact needs to be measurable. Availability and uniformity of data continues to be a challenge in public equities but is improving through an increasing focus by investors and companies on environmental and social outcomes.

Melior leverages a number of different measurement metrics, both quantitative and qualitative, at the stock, portfolio and 'sphere of advocacy'³ level to assess our impact.

The sections below report on our progress across our three key impact components; impact capital, active corporate stewardship and public advocacy.

We believe that investing in equities for impact can help address the liquidity and scale challenges of unlisted impact assets and play a complementary role in helping investors build diversified 100% impact portfolios across multiple asset classes.



³ Melior's Sphere of advocacy defined on page 20.

DELIVERING COMPETITIVE RETURNS

3. Impact Capital



FY21 PERFORMANCE⁴

For the year ending 30 June 2021, the Fund outperformed the S&P/ASX300 Total Return Index (Benchmark) by +3.7% net of fees. Markets rebounded strongly over the year with the Benchmark returning +28.5% and the Fund returning +32.2% after fees. This placed the Fund in the top quartile of all Australian large cap funds, across both funds with and without responsible investment strategies⁵.

The Fund's top stock contributor to performance this year was Oz Minerals. Oz Minerals is a leader in driving renewable energy solutions through its production of copper. Copper is a highly efficient conduit with an infinite life cycle and a major component in renewable energy technology, such as solar, wind and battery storage, as well as in electric vehicles (EVs). Oz Minerals

has been reporting on its sustainability metrics since 2008, including a focus on biodiversity and cultural heritage. Since 2016 it has integrated its sustainability and financial reporting, demonstrating the interdependency between sustainability and value creation.

The Fund's outperformance for the second year in a row since its inception further demonstrates that companies creating positive impact in a sustainable way have the potential to generate superior returns over time.

⁴ Past Performance is not a reliable indicator of future performance. Performance measured over FY21.

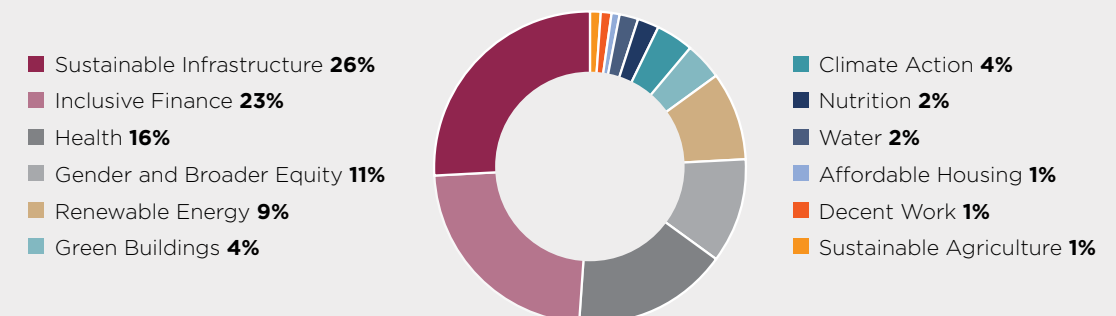
⁵ Peer group: Morningstar Category – Australian Large Growth, Blend and Value.

⁶ Fund Inception: 1 July 2019.

CONTRIBUTING TO THE SDGS THROUGH CAPITAL ALLOCATION

Melior invested the Fund's capital in a diversified portfolio of companies over the year. A snapshot of the SDG impact thematic that the Fund has allocated to through its listed equities investments is illustrated in the following chart.

Fund Impact Investment Theme Exposures[^]



[^] As at 30th June 2021 – portfolio weighted primary and secondary Sustainable Development Goals (SDG) investment themes.

PORTFOLIO HOLDINGS IMPACT

To be considered for investment, stocks need to first pass our multi-dimensional impact scoring framework before being assessed based on their ESG and financial credentials. The impact framework considers both the positive and negative impact (when relevant) of a company's core goods and services to determine a net impact score. Each stock that passes the impact framework needs to contribute to at least one or more SDG sub-goals and have a net positive impact score. An additional overlay is considered for large companies which have the opportunity to create significant impact in gender equality through the size of their workforce or climate action where companies with large emissions have the potential to drive significant emission reduction.

Measuring the impact of the companies we invest in forms a key part of our impact thesis. This is challenging given the lack of uniformity and availability of data. We collate data from a number of sources such as company annual reports, company sustainability reports, governments and industry associations and leverage our deep research approach and understanding of stocks and sectors to help address the measurement challenge.

We have also sought independent assurance of our impact key performance indicators (KPIs) to ensure they are a fair representation of a company's impact.⁷

Allocating our impact capital in the secondary market has its limitations. We acknowledge that when we purchase listed shares there is no new capital raised, however we believe our investment sends a clear signal that the company's positive impact is a key driver for our investment. In the long term as more investors collectively invest with a positive lens, we believe this will help companies to raise equity, lower their cost of capital and scale their impact. We have already seen the power of "negative impact signalling" in the secondary market. For example companies with businesses that cause harm have actively made balance sheet decisions to exit these businesses in part to avoid investors exclusion screens. We expect that over time a similar effect can be achieved by "positive impact signalling" where companies are encouraged to make balance sheet decisions to shift their businesses to meet investors' positive impact mandates.

FY2021 PORTFOLIO HOLDINGS

Impact Highlights

Some examples of the positive impact our portfolio companies have had⁷



185,000+
TONNES OF FRUIT AND
VEGETABLES PRODUCED

equivalent to the annual fruit and
vegetable consumption of about
2 million Australians



110,000+
TONNES OF COPPER PRODUCED
enough copper to produce over
25,000 MW of onshore wind farm
renewable energy capacity



3,700+
INDIGENOUS PEOPLE
EMPLOYED



3,681
AFFORDABLE HOUSING
PLACES PROVIDED
with homes 75-80% of the
median catchment price



62,000+
TONNES OF CO2
EMISSIONS AVOIDED

from energy efficient offices -
equivalent to taking
13,543 cars off the road



20+BILLION
KWH RENEWABLE
ENERGY GENERATED
equivalent to powering
2.9 million homes



23+MILLION
MOBILE
CONNECTIONS



16,000
STUDENTS ASSISTED
WITH ONLINE
EDUCATION SERVICES



10M+
COVID VACCINES
manufactured
in Australia



600,000+
LOANS DEFERRED
by Australian banks due to
COVID-19




700,000
TONNES OF LITHIUM
CONCENTRATE PRODUCED
enough lithium to facilitate
the production of 3.5 million
electric vehicles

⁷ The impact KPIs highlight a subset of the impact of the companies we invest in and consist of both company specific KPIs and aggregate company KPIs. The KPIs are based on a company's full year impact and not the duration or impact of Melior's holdings. KPIs uses the latest 2020 or 2021 data available. The portfolio is as at 30 June 2021. Point Advisory has provided limited assurance over the impact KPIs for the year ended 30 June 2021 in accordance with Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Australian Auditing and Assurance Standards Board. For some impact KPIs Melior has provided equivalent measures using external sources to help investors understand a company's impact. Please contact us if you would like further details on Melior's methodology.


FY21 CAPITAL RAISINGS

In addition to allocating capital to listed companies in the secondary market, the Fund also has the opportunity to participate in capital raisings and IPOs of companies looking to list on the ASX or NZX. Whilst the Fund did not allocate impact capital to IPOs in FY21, the fund did participate in a number of capital raisings that helped to grow the positive impact of the companies we invest in including:



SELECT HARVESTS

Select Harvest raised \$120 million from investors to purchase 1,566 hectares of almond orchards, 641 hectares of unplanted land and water entitlements as well as equipment in northwest Victoria. Select also intends to allocate some of the capital to infrastructure that improves yields, mitigates harvest risks and improves irrigation efficiency at this new facility.



IGO raised \$766 million from investors to acquire a 25% interest in the Greenbushes Lithium mine (~40% of global lithium supply) and a 49% interest in the Kwinana Lithium Hydroxide Plant in Western Australia. This acquisition enabled IGO to become a leading ASX producer of key clean energy metals: lithium, nickel, copper and cobalt.



Costa Group raised \$190 million from investors to purchase a central Queensland citrus grower. This capital will increase Costa's total citrus planting by 4,513 hectares and also increase table grapes by 240 hectares. The Group are also targeting planting an additional 210 hectares of citrus by 2023.

FY21 PORTFOLIO ESG TARGETS

In addition to outperforming the S&P/ASX300, Melior also aims for the Fund to outperform the benchmark on ESG factors. Whilst aggregating ESG characteristics across companies is challenging, Melior has identified 13 universal KPIs (below) to assess its performance versus the benchmark in allocating the Fund's capital to companies with strong operational ESG characteristics.

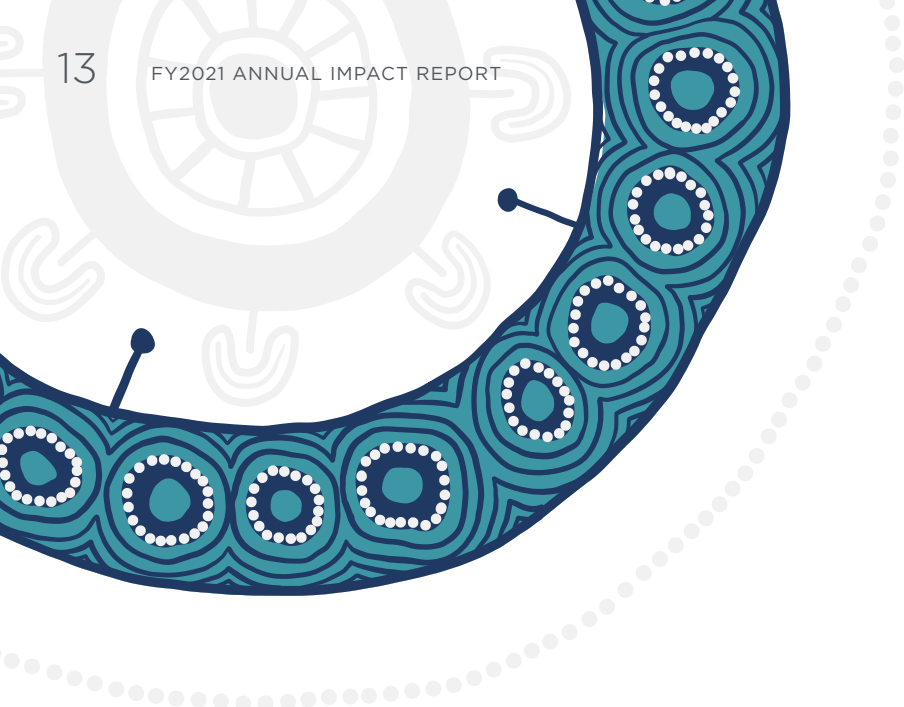
The Fund's performance against the Benchmark across each of the KPIs as at 30 June 2021 is illustrated in the following table. We are delighted that this year we have outperformed the ASX300 on all 13 ESG KPIs, an improvement on last year's June outperformance where the Fund outperformed on all but one of the ESG KPIs tracked.

Environmental KPIs	Portfolio ⁹	S&P/ASX 300 ⁹
Carbon intensity (t CO2/\$m Rev)	92	276
Net Zero Emissions Target	50%	22%
TCFD Supporter	63%	26%
Waste Reduction policy	84%	57%
Water Reduction policy	69%	41%
Social KPIs		
Women in Management	34%	28%
Female Leader (CEO and/or Chair)	28%	14%
Gender pay gap target +/- 5%	38%	13%
Modern Slavery Policy/Statement	84%	76%
Reconciliation Action Plan ⁸	25%	15%
Governance KPIs		
% Females on Boards	37%	30%
Independent Directors	83%	73%
Board Sustainability Committees ⁸	34%	29%

ESG KPIs calculated from Melior's ESG framework. Women in Management, Females on Boards and Independent Directions are calculated as an average of each company's own representation percentage (e.g. 5 women on a 10 person board would be 50%). Other KPIs are calculated as the number of companies as a percentage which meet the criteria within either the Melior Fund or the S&P/ASX300 Index.

⁸ or equivalent.

⁹ as at 30 June 2021.



4. Active Corporate Stewardship

MELIOR'S STEWARDSHIP APPROACH

Boards and executive leadership teams are facing increased pressure from a range of stakeholders to improve their disclosures on material ESG factors, set meaningful targets to drive positive change and minimise harm, and integrate this into the value creation strategy of the company.

Despite significant evidence that companies with a clear purpose and strong performance in material ESG factors can have a lower cost of capital, premium valuation multiples, a reduced risk of negative events and, most likely, increased longevity, this is often not well understood.

Understanding, measuring and managing material ESG factors tends to be complex and resource intensive. As this is a relatively new phenomenon for many companies, they often do not have the in-house skills to navigate this complexity.

We believe that Melior has an important role to play in actively engaging with the boards and management teams of companies both held in our portfolio and also companies where we are not shareholders.

Melior conducted over 200 advocacy engagements across 54 companies in FY2021. Approximately 80% of these companies were held at some point during the year, with the remaining 20% not held but identified as having the potential for creating positive change.

Melior's approach to advocacy is different to most fund managers. We believe:

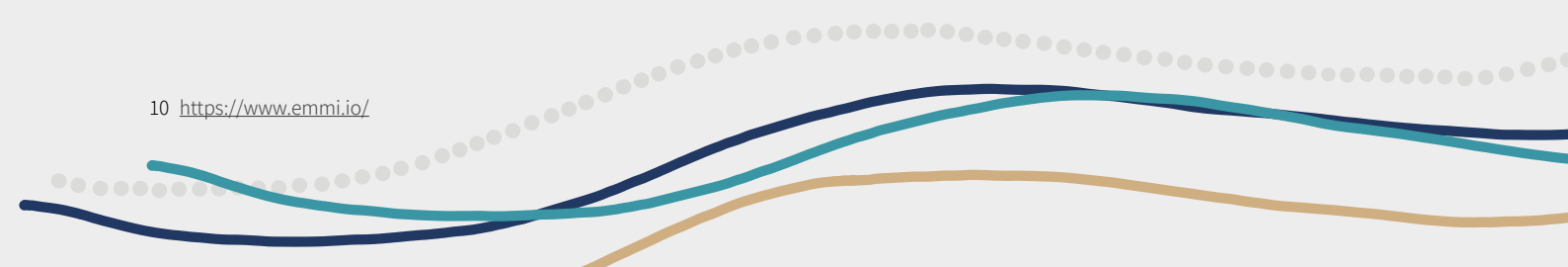
- It's important to share best practice insights and help companies find partners who can help develop solutions. We leverage our networks to help accelerate impact. For instance, this year we contributed to developing Emmi¹⁰, a carbon risk tool for companies that allows investors to track carbon financial risk.
- Advocacy engagement needs to occur not only at management level, but also at board level. Over the year we have directly engaged with numerous board directors and presented to several boards on their sustainability strategies.
- To create significant change and meaningfully contribute to the SDGs, active corporate stewardship needs to extend to companies not held in the portfolio that have the potential to create positive impact. For example, we presented to the Board of a fossil fuel producing company (which the Fund does not invest in) and discussed a wide range of topics including measurement and management of Scope 3 emissions, asset stranding risk and pivoting toward a renewable energy asset base.

“Tim King has been vociferously advocating for meaningful change, putting ESG initiatives and targets front and centre of discussions at the most senior levels in corporate Australia. His willingness to engage and generously share his insights with companies, their boards and senior leadership, not only on the importance of ESG, but also on the 'HOW' to go about embedding sustainability in their strategies for the future, has been invaluable, especially with the investor lens on.

CHRISTINE HOLMAN

NON-EXECUTIVE DIRECTOR ON BOARDS OF METCASH LTD, COLLINS FOODS LTD, CSR LTD AND THE MOOREBANK INTERMODAL COMPANY

¹⁰ <https://www.emmi.io/>



Advocacy in Action

Some examples of the companies that Melior has engaged with over the year and their reflections on their engagement with Melior.

“

From the outset, Fortescue's vision has been to ensure that our communities benefit from our success and we are now seeing increased interest from all stakeholders, including our investors, on our commitment to sustainability. We value the ongoing engagement and pragmatic insight of the Melior team on ESG considerations, with a focus on our transparency and disclosure.

ANDREW DRISCOLL

GM INVESTOR RELATIONS



“

Sustainability looks different in every organisation. The guidance Melior provided on how to approach sustainability in a way that was reflective of Collins Foods as an organisation was extremely valuable. Our inaugural sustainability report has been very well received by our stakeholders.

ROBERT KAYE SC

CHAIR



“

At OZ Minerals creating value for all our stakeholders – shareholders, employees, communities, governments, and suppliers – is at the centre of our Strategy. We approach sustainability through this stakeholder value creation lens and believe that only when we create value for all our stakeholders will we be successful and sustainable. We value ongoing engagement with Melior on ESG matters which provides us with valuable feedback and confidence that our approach to sustainability is aligned with shareholder expectations.

TRAVIS BEINKE

GROUP MANAGER INVESTOR RELATIONS



“

Pauls Ramsay's vision for Ramsay from the very early days of the business was based around what is described as The Ramsay Way or 'people caring for people'. Our sustainability strategy 'Ramsay Cares' evolved from this core purpose and feedback from Melior and others on the increasing importance investors place on ESG provides valuable input as we further develop and embed our sustainability approach.

KELLY HIBBINS

GROUP HEAD OF INVESTOR RELATIONS



Some case studies on the companies that Melior has engaged with and the improvements they have made over the period we have engaged with them.

Melior does not claim to have sole responsibility for influencing a company's improvement; rather we see ourselves as part of a collective voice of stakeholders such as investors, customers, employees and suppliers engaging with corporate Australia to lift ESG and impact ambition.



Melior has been an active proponent in ESG engagement and advocacy, providing regular insights and feedback on our approach and disclosures. We have appreciated the engagement with the Melior team over the past year, and their continued support of our sustainability efforts.

TIM RODSTED, HEAD OF SUSTAINABILITY

MELIOR'S ADVOCACY ENGAGEMENT

Melior began discussions with BlueScope in 2019 and has had an active dialogue with management on sustainability issues, including our Chief Investment Officer Tim King presenting at the Responsible Steel Forum at the Port Kembla Steel Works in December 2019.

Melior had multiple engagements with BlueScope in FY2021, including with senior management. The engagement has included discussions on BlueScope's material sustainability topics including their approach to driving down emissions, inclusion and diversity, safety and supply chain sustainability.

BlueScope has continued its progress in multiple areas that we have also advocated for, including further investing in solutions to lower carbon emissions and improving its diversity and inclusion and supply chain sustainability.

ADVOCACY EVIDENCE

BlueScope acknowledges that there is more work to be done such as improving First Nations Peoples engagement. Nevertheless, good progress has been made to date and BlueScope slated a substantial sustainability reporting suite for September 2021 (including its inaugural Climate Action Report).



Building and improving on our ESG performance and reporting is not something to be done in isolation from our existing and potential investors. That is why Costa values our interaction with Melior and their constructive input and feedback on ESG matters, which helps us to address those areas which are important for not only our own performance, but also in meeting the expectations of the broader investment community.

SEAN HALLAHAN, CEO

MELIOR'S ADVOCACY ENGAGEMENT

Melior first engaged with Costa in early 2019 where management articulated how climate risk had shaped the company's Sustainable Commercial Farming strategy. During the course of FY21 Melior have had multiple engagements with management concentrating on critical ESG issues including modern slavery, climate change, waste, water and remuneration structure. We are also continuing to advocate for further development of reporting on key environmental data.

ADVOCACY EVIDENCE

Costa published its first Taskforce on Climate related Financial Disclosure-aligned report in April 2021 and established a Horticultural Innovation and Technology Committee at board level.



“In the ongoing development of our Environmental Social and Governance strategy and initiatives, Melior has been a valued sounding board on the direction we’ve taken. We always have meaningful conversations with Melior on our own Environmental, Social and Governance journey as well as being kept abreast of developments and expectations of investors, society and governments around large companies responsibilities in this space.

ANNE LOCKWOOD, CHIEF FINANCIAL AND COMMERCIAL OFFICER

MELIOR’S ADVOCACY ENGAGEMENT

Melior initially engaged with management in 2019 where they made clear their intention to improve ‘ESG disclosure’. At this point, we designated Integral Diagnostics as an ‘ESG momentum’ stock given the clear intent by management to improve their sustainability strategy.

During FY2021, we conducted multiple engagements with management discussing a number of focus areas including emissions measurement and targets, supply chain, diversity and Reconciliation Action Plans.

ADVOCACY EVIDENCE

In August 2020, ESG became one of Integral Diagnostics strategic pillars and the company published its inaugural ESG report, including its intent to measure its greenhouse gas emissions.

PROGRESSING THE SUSTAINABLE DEVELOPMENT GOALS AND SETTING 2030 TARGETS

During FY2021, we have continued to focus our advocacy engagements with all companies around our 3 Strategic SDG Themes; Gender Equality, Reduced Inequalities and Climate Action, whilst continuing to also advocate on other key societal issues such as ethical supply chains, biodiversity, cybersecurity and animal welfare.

These three themes were chosen as they have been identified in the [Sustainable Development Report](#) as continuing to pose significant or major challenges for Australia and New Zealand in delivering their commitment to the SDGs. These themes also have universal relevance to all listed companies given their collective role as significant employers and operators.

In this year’s impact report, we have set a baseline of six absolute impact targets to be achieved by 2030 in line with Australia and New Zealand’s commitment to achieve the SDGs.

Melior has defined two absolute targets for each of our three Strategic Themes. We believe these targets will contribute significant impact towards achieving the SDGs.

STRATEGIC THEMES

2030 IMPACT GOAL FOR ‘ALL COMPANIES’



Achieve 40:40:20 target for ELT¹¹
Have a pay gap of +/-5%



Have at least one director from a minority¹²
Have a RAP¹³ or equivalent



Have Net Zero Emissions targets
Have water and waste reduction policies and targets

The “all companies” target is defined as companies that are within Melior’s ‘Sphere of Advocacy’. This includes current and past portfolio holdings, potential portfolio holdings on our “watchlist”, and high priority companies defined as some of Australia and New Zealand’s biggest greenhouse gas emitters and / or employers. As of 30 June 2021, our ‘Sphere of Advocacy’ included 51 companies.

Using our Proprietary Advocacy Reporting Framework, we score the progress of each company within our ‘Sphere of Advocacy’. We have been consistently engaging with many companies for more than 2 years and have scored each company based on those individual discussions and engagements. To be designated as “Achieving”, both of the targets associated with that theme must be reached.

¹¹ Executive leadership team defined by Melior as CEO-1.

¹² Defined as someone who self identifies as an underrepresented minority or LGBTQ+.

¹³ Reconciliation Action Plan.



Gender Equality

Gender inequality continues to pose a major challenge both in Australia and globally. We believe that corporate Australia and New Zealand have a significant role to play in ensuring women’s full and effective participation in the workforce, particularly in leadership positions. We have previously published insight reports including Gender (in)Equality and COVID-19 which discuss the importance of gender equality and how Melior applies a gender lens investing assessment to its investment process for the Fund.

Currently, very few companies disclose their gender pay gap and there is a significant gap between male and female remuneration. We are advocating for all companies in our Sphere of Advocacy to have a pay gap target of +/-5%. Over time, as both disclosure and absolute pay gaps in organisations improve, we intend to move from reporting on targets to track and advocate to companies to achieve a pay gap of +/- 5%. This goal has been set out in our 2030 Absolute Impact Goals.

We are also advocating for all companies within our ‘Sphere of Advocacy’ to establish 40:40:20 gender representation (i.e. 40% male: 40% female: 20% either gender) at executive leadership team level.

As of 30 June 2021, 20% of companies in our Sphere of Advocacy are “Achieving” on Gender Equality based on them achieving both the 40/40/20 executive leadership level and +/-5% gender pay gap target. These companies include Medibank (held), Meridian Energy (held), Wesfarmers (held), Spark NZ (held) and Mirvac Group (not held).



BEST PRACTICE EXAMPLE - SPARK NEW ZEALAND (SPK)

Spark is one of the largest private sector employers in New Zealand with ~5,200 employees. Spark has set a 40:40:20 target for its leadership team, its board members and its workforce. The company has exceeded its leadership and board targets with >40% female representation at both levels which we believe demonstrates clear intentionality to address gender equality. Spark outperforms the ASX300 benchmark which has approximately 28% women on leadership teams and 30% women on boards. Spark is one of a minority of ASX 300 companies to have a female CEO and also a paid parental leave program for employees regardless of gender, sexuality, age or whether the employee is giving birth or adopting a child which is a key policy for improving female workplace participation.

Our analysis of ASX300 companies has found that there is a significant lack of disclosure around gender pay gap data and pay equality targets. Spark has made the courageous step to be one of the first New Zealand companies to disclose its median pay gap and despite still having work to do in closing the gap in several areas of its business, the company demonstrates strong leadership in this area.

Gender pay ratio

CATEGORY	NUMBER OF EMPLOYEES IN CATEGORY	PAY RATIO AVERAGE ¹⁴	PAY RATIO MEDIAN ¹⁵
Leadership: Spark’s wider leadership group, including the Leadership Squad	57	2%	-2%
Technology: employees that work in technology focused areas of the business	2,296	-18%	-26%
Customer channels: people primarily employed within our contact centres and retail operations	1,138	0%	0%
Rest of spark¹⁶: including corporate, product, marketing and customer units	1,733	-15%	-21%
TOTAL	5,224	-17%	-26%

Source: Spark New Zealand Annual Report 2020.
14 Pay Ratio = (average female salary – average male salary) / average male salary.
15 Pay Ratio = (median female salary – median male salary) / median male salary.
16 In future reporting we will provide more detail on the ‘Rest of Spark’ category, to understand our performance and inform actions to drive change over the medium term.



Reduced Inequalities

Reduced Inequalities is another SDG where Australia's progress is lagging. This is a highly complex, multidimensional area where we are focusing on two issues that we see as being critical in the Australian and New Zealand context; addressing inequalities faced by First Nations Peoples, and ensuring that workforces and leadership teams appropriately reflect the diversity beyond gender of the broader community. We have explored these issues in detail in two thought pieces: [Taking Action on Reconciliation](#) and [Diversity Beyond Gender – the next frontier](#).

Our targets for Reduced Inequalities are for all companies within our 'Sphere of Advocacy' to develop a Reconciliation Action Plan (RAP) or equivalent and for all companies to disclose the diversity of their boards beyond gender, and target (at a minimum) one director who self-identifies as an underrepresented minority based on dimensions such as ethnicity, age, disability, religion or LGBTQ+. Led by momentum coming out of the UK and the US, companies are tackling the issue of cultural diversity not solely because it's the "right thing to do" but because of the substantial benefits to company value.¹⁷

As of 30 June 2021, 30% of companies in our Sphere of Advocacy have a RAP or equivalent including Medibank, Woolworths, Wesfarmers, Qantas and Sims Metals. At this point, we have not been able to find any Australian companies that disclose the diversity of their boards beyond gender. As both of these targets need to be reached in order for a company to be scored as "achieving" on our Reduced Inequalities goal, there are currently no companies in our Sphere of Advocacy designated as "achieving".

¹⁷ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

BEST PRACTICE – MEDIBANK PRIVATE (MPL)

Medibank is one of the largest private health insurers in Australia providing access to quality essential health-care services to ~3.7 million customers. Medibank is a significant employer in Australia with ~4,000 employees.

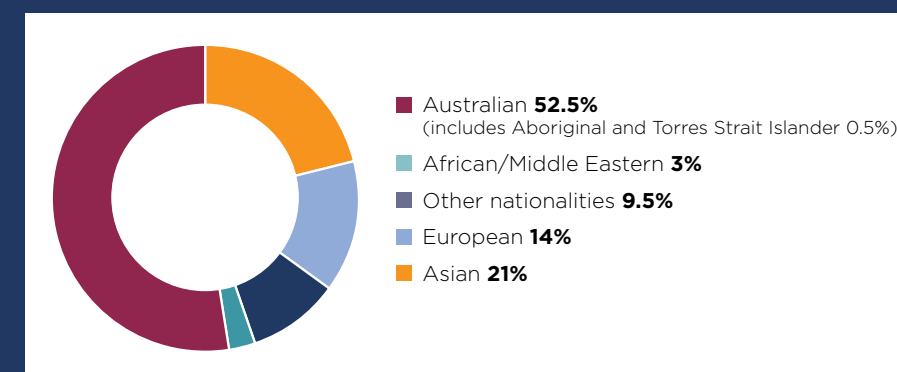


Indigenous Australians continue to experience poorer health outcomes than non-Indigenous Australians in some areas¹⁸. Medibank has committed to working with Indigenous communities to help achieve reconciliation, supporting health equality and improve overall Indigenous health outcomes. Medibank was the first private health insurer in Australia to launch a RAP. The company continues to make progress against what it set out to achieve in its fourth RAP including:

- Increasing representation of Aboriginal and Torres Strait Islander employees
- Launching an Aboriginal Employee Network
- Partnering with the Australian Indigenous Doctors' Association
- Exceeding spend targets with Aboriginal and Torres Strait Islander businesses

Medibank is one of a handful of Australian/New Zealand-listed companies that disclose the diversity of its workforce by ethnicity/background and disclose that 22% of their extended leadership team identify as being from a non-Australian, New Zealand or British background. Melior views this as a positive first step and will be engaging with and advocating to Medibank to extend this disclosure and set targets for the broader diversity of its board beyond gender.

Medibank's people



Source: https://www.medibank.com.au/content/dam/retail/about-assets/pdfs/investor-centre/annual-reports/Medibank_SustainabilityReport2020.pdf page 23

¹⁸ <https://www.aihw.gov.au/reports-data/population-groups/indigenous-australians/about>



Climate action

Climate change is arguably the greatest challenge facing humanity as highlighted in the recent Intergovernmental Panel on Climate Change (IPCC)¹⁹ Sixth Assessment Report which found that human activity was “unequivocally” the cause of rapid changes to the climate, including sea level rises, melting polar ice and glaciers, heatwaves, floods and droughts. The Climate Council’s “Aim High, Go Fast”²⁰ report earlier this year said, “Australia, as a major emitter in its own right and a giant of the global fossil fuel economy, has a major role to play in the global effort to stabilise the climate. Bold and decisive climate action ultimately protects us and is in our national interest.”

Melior is advocating for all companies within our Sphere of Advocacy to set Net Zero Emissions targets. Our engagement with companies also focuses on action plans to achieve the targets and how quickly the targets can be achieved. Water scarcity and waste are also key factors in tackling climate change. Unfortunately, no science-based water or waste reduction targets currently exist, so in the meantime, we are calling on companies to develop comprehensive policies to address water and waste reduction. We intend to track and report on water and waste targets over coming years as better reporting and disclosure frameworks are established.

As of 30 June 2021, 41% of companies in our Sphere of Advocacy are “Achieving” on Climate Action i.e. have set both Net Zero Emissions targets and have comprehensive water and waste reduction policies. Examples include Dexu (held), Telstra (held) and Woolworths (not held).

19 <https://www.ipcc.ch/report/ar6/wg1/>

20 <https://www.climatecouncil.org.au/resources/net-zero-emissions-plummet-decade/>

BEST PRACTICE EXAMPLE - FORTESCUE METALS GROUP LTD



Fortescue (FMG) is a global leader in the iron ore industry, a key input into the manufacture of steel, one of the world’s most important engineering and construction materials with strong circular economy credentials.

Driving emissions reduction in hard to abate sectors such as steel manufacturing is crucial for Australia to achieve net zero emissions before 2050. This will be achieved through the accelerated deployment of mature and demonstrated zero-emissions technologies and the rapid development and commercialisation of emerging zero-emissions technologies in harder to abate sectors. Below are some key highlights outlining Fortescue’s climate action leadership.²¹

US\$400 - US\$600 million investment in green energy projects expected in FY22

Investing in climate action initiatives focused on reducing emissions in the hard to abate iron ore extraction and steel making sectors

Net Zero operational emissions by 2030

During FY21 FMG brought forward its net zero goal to 2030, which requires its Scope 1 and Scope 2 emissions across existing and future operations to reduce to zero

Fortescue Future Industries (FFI) Investments

FFI, a wholly owned subsidiary of FMG, was established in FY21. 10% of FMG’s net profit after tax has been allocated to FFI to invest in new green industries and decarbonisation technology research globally

Construction of a solar array at its Chichester Hub

The project involves the installation of 166,740 solar panels, covering an area equal to 79 Melbourne Cricket Grounds. It will provide up to 100% of day-time stationary energy requirements at the mine sites

Investigating alternatives to diesel as an important step to decarbonising the mining haul fleet

FMG has partnered with Williams Advanced Engineering to develop a zero emissions battery electric haul truck

Successful test production of green iron and finalisation of a ship designed to consume green ammonia

FFI successfully produced high purity green iron in a research environment of 97% Fe from FMG’s iron ores without using coking coal

21 <https://reneweconomy.com.au/fortescue-plans-to-run-pilbara-mine-on-solar-only-during-day-but-battery-the-key-97504/>
<https://www.fmg.com.au/in-the-news/media-releases/2021/03/02/fortescue-partners-with-williams-advanced-engineering-to-develop-zero-emissions-battery-electric-haul-truck>
<https://www.fmg.com.au/docs/default-source/announcements/fy20-climate-change-report.pdf>

5. Public Advocacy

To maximise positive environmental and social impact, Melior believes multiple stakeholders need to push for change; government, business, academia, customers, employees, students, philanthropy, and non-government organisations all have a critical role to play.

Our advocacy efforts this year have extended beyond corporate engagement on a number of channels. These include:

Public Submissions to the Australian Government in support of;

- the Climate Change Bill which was intended to ensure there are equitable, transparent and science-based plans to address the impacts of climate change; and
- the Uluru Statement of the Heart to enshrine a First Nations' voice to Parliament in the Australian Constitution.

Proxy Voting, we published our first proxy voting report outlining our voting principles in FY21 which aims to drive value creation and positive social and environmental impact by ensuring optimal board composition and appropriate remuneration structure.

Collaborating and Engaging with Non-Government Organisations such as ClimateWorks Australia, Chief Executive Women and Animals Australia.

Educating the Next Generation on responsible investing via lecturing at universities such as University of Technology Sydney and University of Sydney.

Publication of Insights pieces on topics including on Scope 3 greenhouse gas emissions, the impact of COVID on gender equality, water scarcity and Reconciliation Action Plans.

Conferences including speaking on a panel at the Gender Lens Investing Summit, a RIAA financial advisor forum on Indigenous issues, and the Australasian Investor Relations Association Conference on "Navigating ESG & Stewardship through the COVID Lens".

Media features across multiple channels including the ABC TV program Close of Business, Australian Financial Review, Financial Standard and FS Sustainability. Topics included climate risk, clean energy, corporate culture and Reconciliation Action Plans.



In his capacity as a UTS Business School Industry Fellow, Tim has been an ongoing contributor to UTS's Sustainable Finance courses and honours research programs. With Melior at the forefront of impact investing, Tim has made valuable contributions and thought leadership in educating and mentoring the next generations of graduates on ESG topics and Responsible Investing more broadly.

DR. KYLIE-ANNE RICHARDS
LECTURER (FINANCE),
UTS BUSINESS SCHOOL,
UNIVERSITY OF
TECHNOLOGY SYDNEY



PUBLIC ADVOCACY

Melior Walking the Talk

RECOGNITION AND MEMBERSHIPS

Melior is a member of the Responsible Investment Association Australasia (RIAA) and was recognised as a Responsible Investment Leader in 2021. Melior is also a signatory to the Principles for Responsible Investment (PRI), a supporter of the Task Force on Climate-related Financial Disclosures and a supporting partner of Hesta's 40:40 Vision.



Signatory of:



CARBON NEUTRALITY

Melior has been certified as carbon neutral according to the Climate Active standard.

Melior's carbon footprint was offset by purchasing offset credits from Savannah burning on the Tiwi Islands.



SOCIAL FOCUS

Melior lodged its first Reflect Reconciliation Action Plan in FY2021.

Melior is a proud supporter of Social Ventures Australia, a not-for-profit organisation that works with partners to alleviate disadvantage in Australia.

Melior voluntarily reported under the Australian Modern Slavery Act 2018 in order to assess and address the modern slavery risks in our operations and supply chain.



DIVERSITY

At Melior, we believe diversity not only contributes to a more inclusive workplace but also greater diversity of thought and talent and subsequent outperformance potential.

We have a female CEO and a gender balanced team. Melior's investment team is >50% female and 60% of our overall employees are female. We recognise that we have further to go in broadening the diversity of our team across other dimensions such as ethnicity.

Melior is a strong flexible work supporter with all of our team working flexibly. Our diversity related policies include:

- Providing paid parental leave of 3 months to the primary carer and 3 weeks to the secondary carer in addition to statutory entitlements.
- Supporting employees experiencing domestic violence including by providing 10 days paid domestic and family violence leave, providing flexible working arrangements and return to work support.
- Providing equal opportunities for employment including pay equity and career advancement based on merit.



FY2021 **MELIOR AUSTRALIAN IMPACT FUND** HOLDINGS REPORT

Published September 2021. This report is for the period 1st July 2020 to 30th June 2021. This information has been prepared for wholesale clients only.

Introduction

This report discloses the Fund’s portfolio holdings as at 30 June 2021. The report outlines for each holding how we believe each company¹ contributes to the Sustainable Development Goals (SDGs). We also summarise the key advocacy areas Melior has focused on with each company over the financial year ending 30 June (FY21) to drive additional positive impact.

CONNECTING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The SDGs were developed in 2015 as a set of 17 global goals for countries to commit to achieving by 2030, to tackle some of the most paramount challenges we face today. Whilst the goals were not designed with investors in mind, they provide a universal framework and foundation to guide our assessment of a company’s impact.

In assessing whether a company has a positive impact we look beyond the 17 goals to the underlying 169 sub-goals to consider whether it contributes positively to the SDGs. Melior leverages a multi-dimensional impact assessment that requires each company to connect to one or more SDG sub-goals and to achieve a net positive impact score, taking into account both positive and negative impact of its core goods and services.

Whilst only a subset of the 169 sub-goals are relevant from a developed markets investing perspective, Melior seeks to connect with the sub-goal language that is relevant in identifying companies that provide solutions that help contribute to creating a more sustainable world.

Melior also leverages the Principles for Responsible Investing (PRI) SDG impact investing market map to link each stock to SDG thematics that help investors classify stocks across key thematics. Whilst a number of stocks connect with more than one theme or SDG sub-goal, the primary thematic and a maximum of two SDG sub-goals have been included in the report.

1 The terms ‘company’ and ‘listed company’ are used interchangeably between listed companies, REITs, stapled securities and any other entity we can invest in.

METHODOLOGY

The impact key performance indicators (KPIs) provided have been determined using the below methodology:

- The impact reported reflects each company’s impact and does not seek to adjust the impact KPIs based on the capital Melior has allocated to the company.
- The company’s impact is based on its full year impact and not the duration of the Fund’s holding period if not held for the full year. Whilst Melior seeks to invest in companies over the long term, we are an active fund manager and buy and sell our holdings over time.
- Data has been collated from a number of sources such as company annual reports, company sustainability reports, governments and industry associations. For some impact KPIs we have provided an equivalent measure to provide investors with a better understanding of the company’s impact; for example, comparing the emissions reduction of a company to the number of cars taken off the road. These equivalent measures leverage external sources and have been developed by Melior. Please contact us if you would like further details on this methodology.

- Companies the Fund invests in have different reporting year ends. We have sought to use the most recent data available and disclose what period the data reflects. For this reason, in some cases reference is made to FY20 rather than FY21. The data provided in this report was collated during July and early August 2021.

INDEPENDENT ASSURANCE

While it is not a simple process to measure the impact from a company’s output, we recognise it is important and have sought to provide impact metrics for each company we invest in. We appointed Point Advisory to provide limited assurance over the impact KPIs for the year ended 30 June 2021, in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Standards Board. The Point Advisory Assurance Report can be found [here](#).





AFFORDABLE HOUSING



SDG CONTRIBUTION

As a provider of lower cost housing solutions, Lifestyle Communities (LIC) provides “access to safe and affordable housing” (SDG11.1).



Company Impact Description

There is an increasingly alarming shortfall of suitable housing for Australia’s ageing population. Older single women in particular are becoming vulnerable to housing insecurity at rising rates. LIC offers affordable, safe, low-maintenance housing to Australians over 50. Remaining socially connected while living in these communities provides significant health and wellbeing benefits for homeowners, 43% of whom are single women.

Impact Metrics

In 2020 LIC’s portfolio of affordable housing stood at 23 communities, currently accommodating 3,681 homeowners. These homes were sold at an average 75-80% of the median house price in their respective catchment areas. LIC continues to expand its affordable housing pipeline, spending \$124 million on land, construction and development costs over FY20.

Melior FY21 Key Advocacy areas

Melior is advocating for LIC to disclose carbon emissions and set a target to increase the use of renewable energy within its communities. We are also advocating for the company to set female management representation targets and report on modern slavery supply chain risks.



DECENT WORK



SDG CONTRIBUTION

As an online employment solutions platform, Seek (SEK) helps to “achieve full and productive employment and decent work for all” (SDG8.5).

SEK’s online education also provides “access to affordable technical, vocational and tertiary education.” (SDG4.3)



Company Impact Description

SEK is a market leader in online employment marketplaces, delivering access to employment and education opportunities to millions of people and creating shared value for candidates, hirers, students and employees. In Australia it accounts for approximately 31% of all job placements and across its Asian businesses, it accounts for close to 20% of employment placements.

SEK continues to invest in education businesses such as FutureLearn and Coursera.

Impact Metrics

During the last 12 months SEK assisted over 265m candidates looking for a new job and approximately 1.1 million hirers trying to find people with the skills they need to succeed across developed and developing countries including Australia, New Zealand, Asia and Latin America.

SEK also helped provide or connect over 80m students worldwide with education to further their career. Online Education Services (OES), a majority owned subsidiary of Seek helped 16,000 non-traditional students achieve their career aspirations through online education.

Melior FY21 Key Advocacy areas

Like many other “asset-light” services and technology-based companies, SEK’s disclosure of its environmental impact lags other corporates. Melior is advocating for SEK to increase its ambition around emission reduction disclosure and targets including for SEK to set a net zero target and adopt Task Force on Climate-related Financial Disclosures reporting.



GENDER AND BROADER EQUALITY



SDG CONTRIBUTION

As a large employer with leading gender practices, Super Retail Group (SUL) helps “ensure women’s full and effective participation and equal opportunities for leadership” (SDG5.5).



Company Impact Description

SUL operates four brands, BCF, Macpac, Rebel Sport and Supercheap Auto, with over 60% of sales from its exercise and outdoor apparel and equipment businesses. SUL is a significant employer, employing nearly 13,000 workers in the retail sector in Australia and New Zealand. SUL demonstrates leadership in improving gender equality outcomes for its 48% female-represented team members by conducting an annual gender pay gap review with a target to achieve gender pay equity, setting a 2030 target to achieve 50:50 gender equality and analysing all performance ratings by gender. SUL has also committed to achieving gender balance targets across its leadership positions, and already achieves superior female representation compared to the ASX 300.

Impact Metrics

SUL employs 6,285 women across Australia, New Zealand and China. The board of directors is led by a female Chairperson. SUL has also launched numerous training and development programs to help support development of talent, with staff completing over 7,000 hours of learning in FY20.

Melior FY21 Key Advocacy areas

Melior is advocating for ambitious leadership in tackling modern slavery risk within SUL’s supply chain, including full transparency of suppliers beyond tier 1. Although SUL dedicates significant resources to its ethical sourcing efforts, we believe this is a key potential risk for the company and opportunity to show leadership in the Australian retail industry. Melior is advocating for SUL to adopt Climate-related Financial Disclosures reporting and expand its emission disclosures to include scope 3 and adopt a Reconciliation Action Plan.



SDG CONTRIBUTION

As a large employer with leading gender practices, Wesfarmers (WES) helps “ensure women’s full and effective participation and equal opportunities for leadership” (SDG5.5).



As a large operator with a strong focus on reducing emissions, WES also contributes to progress on “climate change mitigation” (SDG13.3).

Company Impact Description

WES operates some of the largest Australian household name retailers such as Bunnings (50% of sales) and Kmart Group and Officeworks (totalling ~40% of their sales). WES is one of the largest private sector employers in Australia and New Zealand with more than 100,000 employees. With a gender balanced board, leadership team, and total workforce, WES has superior female representation compared to the ASX 300 and demonstrates clear intentionality and strong leadership to address gender equality such as having targets in place to improve representation across female senior executive positions and providing gender pay disclosure and a gender pay gap target of +/-5%.

WES is also adapting its business to a low carbon future by setting net zero emissions reductions targets with 2025 and 2030 interim gateways across its business units and using a shadow carbon price in all of its investment decisions. As of 2020, each Wesfarmers division has set emissions reduction targets or aspirations, with senior executive compensation tied to progress against these goals. As the largest sourcing retailer in the southern hemisphere, Kmart’s climate action initiatives which collaborate with suppliers are critical to driving down embedded waste and emissions at source.

Impact Metrics

The company has >50% female representation across its workforce employing over 61,000 females and 5 females make up in its team of 11 executives.

Over FY20, WES’s retail divisions (Bunnings, Kmart, Officeworks) collectively reduced their Scope 1 & 2 carbon footprint by 24,365 tonnes of CO2, equivalent to taking 5,299 cars off the road. WES has committed \$950m in capital over 5 years to funding the Mt Holland lithium project, which will enable approximately one million electric vehicles to go on the road every year. As a joint venture owner of Queensland Nitrates, WES also invested approx. \$0.65 million of research and development into the completion of a Green Ammonia feasibility project in 2020.

Melior FY21 Key Advocacy areas

Melior is advocating for high ambition in WES’s emission reduction targets to include scope 3 emissions and be implemented as fast as is practicably and technologically possible. Melior is advocating for increased investment in green technology that will enable a transition to low carbon for its non-retail business units. We are highly engaged with WES regarding their supply chain and potential embedded risks from global sourcing of raw materials and finished products, particularly in their retail businesses.

Disclosure of workforce cultural and ethnic diversity as well as payroll system improvements are additional areas of focus.



GREEN BUILDINGS



SDG CONTRIBUTION

Charter Hall’s (CHC) property assets provide “reliable sustainable and resilient infrastructure” (SDG9.1).

Its climate initiatives and Green Star building portfolio are helping “reduce the adverse per capital environmental impact of cities, including by paying special attention to air quality and municipal and other waste management” (SDG11.6).



Company Impact Description

CHC is one of Australia’s leading property groups; managing and investing in property assets across the office, logistics, retail and social infrastructure sectors. CHC maintains Australia’s largest Green Star property footprint, with 212 Green Star Performance ratings across the portfolio. CHC has strong sustainability credentials such as mapping its path to net zero (scope 1 and 2 emissions) by 2030 and working with its customers and contractors to reduce scope 3 emissions.

CHC also has a focus on improving the resource efficiency of the buildings it operates through a number of climate related goals relating to biodiversity, waste and water, helping reduce the adverse per capita impact of cities.

Impact Metrics

Across Australia, CHC’s office assets provide green floor space (as defined by having an above average NABERS rating) for close to 90,000 office workers (pre-covid), equivalent to roughly a third of total employees working in the Melbourne CBD. CHC operates 26 office buildings with NABERS energy ratings of 5 stars or higher.

By 2020, CHC had installed 21MW of solar PV, with a potential to generate enough energy to power 2,150 homes. A further 47 solar projects partnering with retail and logistics tenants were progressed in FY20 which will add to this capacity.

Melior FY21 Key Advocacy areas

Melior has been advocating for CHC to implement Taskforce Climate Related Financial Disclosure reporting and have its emissions reduction plans certified by the Science Based Targets initiative. We are also advocating CHC to adopt a Reconciliation Action Plan and are pushing for gender pay equality.



SDG CONTRIBUTION

Dexus’s (DXS) office buildings provide “reliable, sustainable and resilient infrastructure” (SDG9.1).

Its climate focused initiatives and Green Star building portfolio also help “reduce the adverse per capital environmental impact of cities, including by paying special attention to air quality and municipal and other waste management” (SDG11.6).



Company Impact Description

DXS operates 45 office buildings with NABERS energy ratings of 5 stars or higher. In FY20, 97% of new customer leases included a green lease clause.

By improving the resource efficiency of the buildings it operate, DXS is helping to reduce the adverse per capita impact of cities. As one of Australia’s largest office landlords, DXS not only delivers impact in terms of sustainable infrastructure and green buildings, it also sets a high standard for its approach to climate action. DXS is targeting net zero emissions by 2030 in order to minimise the environmental impact of its buildings and is one of only eleven companies in Australia certified by the Science Based Targets Initiative for ambitions aligned to “below 1.5 degrees” warming scenario.

Impact Metrics

Across Australia, DXS office assets provide green building floor space (as defined by having an above average NABERS rating) for over 117,000 office workers (pre-covid), equivalent to around a third of total employees working in the Sydney CBD.

DXS has achieved a 50% reduction in group office emissions intensity since FY08 (\$164 million saved through energy efficiency since FY08).

In 2020 DXS exceeded its target of delivering 1,000,000 square metres of office property to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating.

Melior FY21 Key Advocacy areas

Although DXS exhibits best practice in its approach to climate action and reducing environmental impact of the communities it operates, it currently does not have a Reconciliation Action Plan and lags its property peers in terms of approach to reconciliation. We are also advocating for DXS to set waste and water reduction targets.



GREEN BUILDINGS



SDG CONTRIBUTION

Goodman Group’s (GMG) logistics and warehouse assets provide “reliable, sustainable and resilient infrastructure” (SDG9.1).

Its climate initiatives are also helping “reduce the adverse per capital environmental impact of cities, including by paying special attention to air quality and municipal and other waste management” (SDG11.6).



Company Impact Description

As one of the largest owners of logistics and warehouse assets globally, GMG has taken the lead in committing to a 100% renewable energy target by 2025. This will be powered by the installation of 400MW of solar PV capacity, which will help its customers - key players in global consumer supply chains to achieve carbon neutral goals.

By conducting industry-leading energy efficiency upgrades and improvements on its buildings, GMG is helping to reduce the adverse per capita impact of cities.

Impact Metrics

As at 30 June 2020, GMG’s global development work in progress stood at A\$6.5bn, with developments in 30 cities including Tier 1 cities Beijing and Tokyo, demonstrating significant investment in new and refurbished efficient warehouses, business parks and industrial facilities. GMG manages 17,460 trees across its Australian portfolio alone (around the same number of trees as New York’s Central Park) and installed smart irrigation systems across 65 sites to save 40 million litres of water in 6 months, the equivalent of 16 Olympic swimming pools.

GMG have made impressive commitments to reducing the carbon emissions from its buildings, having installed 50MW solar capacity on rooftops to date. It is targeting 400MW of solar installations globally by 2025 - which would be equivalent to more than 1% of the cumulative large scale solar projects installed in the whole of Australia - on space already occupied by industrial buildings.

Melior FY21 Key Advocacy areas

Key focus areas that Melior is engaging with GMG on are around diversity, in particular gender where GMG lags property peers, and remuneration structure. We are also engaging with GMG in relation to its scope 3 emissions disclosure and targets.



SDG CONTRIBUTION

As a major residential and commercial property developer with a focus on lowering emissions, Lendlease (LLC) provides “quality, reliable, sustainable and resilient infrastructure” (SDG9.1).

It’s focus on sustainable communities is helping “reduce the adverse per capital environmental impact of cities, including by paying special attention to air quality and municipal and other waste management” (SDG11.6).



Company Impact Description

LLC is an integrated property group developing and managing residential, commercial and infrastructure projects globally. LLC is a ‘1.5 degree’ aligned company and has set out its path to net zero. This includes using 100% renewable energy by 2030 and collaborating with tenants and residents to transition to renewable energy by 2040.

Impact Metrics


As at 30 June 2020, LLC’s total development pipeline stood at \$113 billion, including 21 major urbanisation projects across 9 cities. LLC residential projects will provide housing for approx. 471,000 residents. LLC’s Asian construction business delivered more than 75,000 telecommunications towers and rooftop antenna sites in Japan.

Melior FY21 Key Advocacy areas

Biodiversity and conservation of habitat for critical species such as koalas has been a key focus of Melior’s engagement with LLC. We also want to see a Science Based Targets initiative certification for net zero emissions targets and more female representation at senior management level.




HEALTH



SDG CONTRIBUTION

Cochlear (COH) provide solutions to prevent or reduce hearing loss which “promotes mental health and wellbeing” (SDG3.4).



Company Impact Description


The World Health Organisation estimate that over 5% of the world’s population require rehabilitation to address disabling hearing loss and this is expected to grow to 10% of the world’s population by 2050. Hearing loss impacts many aspects of life including communication, speech, cognition, education, employment and mental health. COH is the global leader in implantable hearing solutions with products including cochlear implants, bone conduction implants and acoustic implants.

Impact Metrics

COH has sold and implanted over 600,000 units (>31,000 implanted last year) in more than 100 countries. COH invested over \$180m in research and development in FY20 as they continue to develop new implants and electrodes, sound processors, clinical & surgical support tools and Connected Care solutions.


Melior FY21 Key Advocacy areas

Melior has identified a number of areas where improved environmental, social and governance disclosure is required such as animal testing policy disclosure. 50% of COH employees are female, however their leadership team is far behind this. Their board female representation target is 30%. We are advocating for 40:40:20 as well as adopting a Reconciliation Action Plan.



SDG CONTRIBUTION

CSL’s plasma-derived products reduce “premature mortality from non communicable diseases” (SDG3.4) such as immunodeficiencies, bleeding disorders, hereditary angioedema and neurological disorders. Its vaccine business contributes to “end the epidemics” of “communicable diseases” (SDG3.3) including influenza and COVID-19.



Company Impact Description

Rare and serious diseases such as immunodeficiencies, bleeding disorders, hereditary angioedema and neurological disorders cause significant mortality and morbidity globally. Plasma protein therapies are used by ~125,000 Americans and over 300,000 Europeans each year often in life-threatening conditions, as well as trauma and emergency medical needs that arise every day. CSL is the global leader in plasma-derived therapies.

Each year, influenza causes more than 650,000 deaths and 3-5 million severe diseases on average globally. As of August 2021, the COVID-19 pandemic has caused the deaths of more than 4.3 million people globally. CSL has been a significant player in Australia’s COVID-19 response including manufacturing the AstraZeneca COVID-19 vaccine in Australia.

Impact Metrics

CSL spent ~US\$1billion on research and development launching new plasma-derived or recombinant products and vaccines, and expanding the uses of its existing products to other diseases. CSL made 29 product registrations or new indications for serious diseases, and had 34 products in clinical trials in FY20.


CSL’s Seqirus business is the second largest global producer of influenza vaccines, producing over 100 million doses. Over the year, CSL has manufactured and supplied over 10 million doses of vaccine in Australia.

Melior FY21 Key Advocacy areas

Melior has been advocating for CSL to set a net zero target and develop its Diversity & Inclusion policies and disclosure, particularly regarding a Reconciliation Action Plan and potentially an equivalent initiative for its US business. We are also advocating for CSL to become a TCFD Signatory.




HEALTH



SDG CONTRIBUTION

Fisher & Paykel’s (FPH) ventilators, humidifiers and masks for both adults and children, contribute to reducing “premature mortality from non-communicable diseases” (SDG3.4) such as asthma and chronic obstructive pulmonary disease and helps “end preventable deaths of newborns and children under 5 years of age” (SDG3.2).



Company Impact Description


Respiratory diseases such as asthma and chronic obstructive pulmonary disease (COPD) cause significant mortality and morbidity globally. The WHO report that COPD is the third leading cause of death worldwide, causing 3.2m deaths in 2019, and estimate that asthma affected an estimated 262 million people in 2019 and caused 461,000 deaths. FPH is a leading designer and manufacturer of products including ventilators, humidifiers and masks for both adult and child (including neo-natal) patients requiring acute and chronic respiratory care, surgery and the treatment of obstructive sleep apnoea.

Impact Metrics

FPH products impacted the lives of over 20 million patients around the world, including millions of people with COVID-19. In FY20 they also invested \$140 million into research and development projects over the year. Their R&D team works with both patients and clinicians in order to develop better technology that enhances patient care.


Melior FY21 Key Advocacy areas

FPH is relatively well progressed in its ESG strategy particularly regarding emissions disclosure and targets. Melior continue to engage with them on diversity and inclusion targets and supply chain issues.



SDG CONTRIBUTION

Integral Diagnostic’s (IDX)diagnostic imaging services and other radiology treatments help reduce “premature mortality from non-communicable diseases through prevention and treatment” (SDG3.4).



Company Impact Description

Every day across Australia, X-rays, MRI, CT, ultrasound and other radiology technologies are used to significantly improve health outcomes for over 9 million Australian patients, suffering everything from bone fractures and arthritis to cancer, stroke and heart disease. IDX provides diagnostic imaging services to general practitioners, medical specialists and allied health professionals and their patients in Australia and New Zealand to primarily diagnose medical conditions and in certain cases provide front line treatment (Interventional Radiology e.g. stents).

Impact Metrics

IDX provided over 1.7 million diagnostic imaging examinations to more than 660,000 patients across Australia and New Zealand in FY20. The company also invested \$17 million in expanding its footprint by acquiring additional diagnostic imaging centres and investing in new equipment and upgrades to its technologies such as \$1.4 million for each new CT at Bacchus Marsh Hospital and Pindara Hospital.

Melior FY21 Key Advocacy areas

Melior has engaged extensively with IDX on its ESG journey with specific focus around emissions reduction targets and climate action and developing a Reconciliation Action Plan particularly given its exposure to regional Australia. We want to see IDX become a TCFD Signatory and increase its ELT gender target from 30% to 40%.



HEALTH



SDG CONTRIBUTION

Ramsay Health Care’s (RHC) medical infrastructure and services help reduce “premature mortality from non-communicable diseases through prevention and treatment and promotes mental health” (SDG3.4).

Company Impact Description

RHC has a global network of acute care hospitals, day surgery clinics, primary health care clinics, mental health clinics, neurorehabilitation facilities and diagnostic imaging facilities that serve both private and public health system patients.

Impact Metrics

RHC’s global network of hospitals treated ~8.5 million patients in FY20 in over 500 locations across 10 countries. Its Australian hospital network has higher than industry average patient safety related to hospital acquired infections with an infection rate (per 10,000 bed days) of 0.3% vs public hospitals at 0.7%. RHC invested \$681m in FY20 on capital expenditure focused on building new hospitals and expanding and enhancing its existing hospitals and the range of services they offer.

Melior FY21 Key Advocacy areas

Melior has engaged with RHC on setting emissions targets, establishing a 40:40:20 gender balance target for its ELT (given >70% of its extensive workforce are female), developing a Reconciliation Action Plan and identifying modern slavery risks given its complex supply chain and global operations. We also want to see remuneration linkages to ESG factors.



SDG CONTRIBUTION

As a major health insurer, Medibank (MPL) helps reduce “premature mortality from non-communicable diseases through prevention and treatment” (SDG3.4) and also helps “achieve universal health coverage, including financial risk protection” (SDG3.8).

Company Impact Description

MPL health insurance policies provide millions of customers with access to quality essential health-care services and contributes to achieving universal health care coverage. Medibank enables access to vital insurance products for the Australian population.

Impact Metrics

MPL paid benefits of ~\$5.5 billion in FY20 for the provision of healthcare and well-being services and products. These included 1.3 million hospital admissions, 500,000 surgical procedures and 22.7 million extras services such as physiotherapy, dental and optometry. MPL provides 3.7 million customers with access to health insurance. It supplied cover to an additional 82,000 people in FY21. The majority of the new policyholders are covered by MPL’s more affordable insurance brand, ‘ahm’.

Melior FY21 Key Advocacy areas

MPL has strong ESG disclosure however, Melior has engaged with the company around emissions reductions and net zero targets and executive remuneration linkage to key ESG factors.



INCLUSIVE FINANCE



SDG CONTRIBUTION

As one of the major banks in Australia, ANZ helps “support productive activities, decent job creation, entrepreneurship” and encourages “the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services” (SDG8.3).

Company Impact Description

Small Business employs over 4.7 million people, making it the largest private sector employer in Australia. ANZ provides essential financial services to 8.5m individuals and business customers. Access to financial services such as business loans in turn support the economy through job creation, innovation and growth in small businesses. ANZ is also a large employer that has been a leader on gender diversity at Board and management level and reports on gender pay gap and has gender pay gap targets.

Impact Metrics

ANZ provided \$12 billion in loans to small businesses, enabling them to grow their businesses and employ a large proportion of the Australian and New Zealand population. ANZ has made a commitment to fund and facilitate \$50 billion by 2025 towards sustainable solutions for its customers, including initiatives that help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing, of which \$9 billion has already been lent since October 2019.

ANZ provided important support to its customers and the economy through the COVID-19 pandemic, deferring repayments on 119,000 mortgages and 23,000 business loans. ANZ has over 21,000 female employees and has achieved 40:40:20 board and management team targets.

Melior FY21 Key Advocacy areas

Melior is advocating across a broad range of topics including, but not limited to, greater action around scope 3 emissions (emissions by lending customers), responsible lending (facilitation of live animal exports), indigenous reconciliation and reduced inequality (the development and implementation of ANZ’s new Reconciliation Action Plan, reporting on ethnic diversity, implementation of Royal Commission recommendations, data security and compliance with regulatory requirements such as Austrac’s reporting framework).



SDG CONTRIBUTION

As Australia’s biggest bank, Commonwealth Bank of Australia (CBA) helps “support productive activities, decent job creation, entrepreneurship” and encourages “the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services” (SDG8.3).

Company Impact Description

Access to CBA’s capital and financial services is critical for supporting job creation, innovation and growth for Small and Medium Sized Enterprises (SMEs). As Australia’s largest bank serving individual and business customers predominantly in Australia and New Zealand, CBA provided a vital lifeline for borrowers during the COVID-19 pandemic, both via loan payment deferrals and approving new loans to SMEs.

With over 40,000 employees CBA is a significant employer and is a leader in driving improved gender equality outcomes for women in the workforce. More than half of CBA’s employees are women and it provides leading gender policies and practices including reporting gender pay gaps, age diversity and gender diversity. CBA has also set gender equality goals at executive manager and above roles by 2025.

Impact Metrics

CBA provides essential banking services to 17m customers. Through the COVID-19 pandemic, CBA deferred repayments on more than 250,000 loans. It also approved new loans to SMEs worth more than \$6bn over the year.

CBA employs ~25,000 women and reports no discernible pay gap at general manager level and below.

Melior FY21 Key Advocacy areas

Melior is advocating for full transparency of CBA’s loan book with respect to both lending exposure by industry, but also Scope 3 emissions exposure by industry. This will build a baseline to measure Scope 3 loan book emissions to facilitate the establishment of net zero emissions targets. Other areas we are advocating for are on remuneration structure and customer remediation and responsible lending policy (including live animal export).



INCLUSIVE FINANCE



SDG CONTRIBUTION

Netwealth's (NWL) investment platform and services help “strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all” (SDG 8.10).



Company Impact Description

NWL's platform and services help account holders take control of their financial future with a range of superannuation and investment tools. As a digital disruptor, NWL's technology development drives innovation in the financial services industry which benefits the level of service provided to customers, including the minimum entry level to access investment options and lowers the fees platform customers pay across the industry, thereby playing an important role in supporting retirement outcomes for Australia's steadily ageing population.

Impact Metrics

NWL's innovative investment platform enables almost 100,000 Australians to actively plan for their financial future through more than 2500 financial planners.

Melior FY21 Key Advocacy areas

Data privacy and cyber security is the key engagement focus area for NWL, however Melior is also advocating for NWL to disclose and adopt targets relating to its environmental footprint. We also want to see them lift their women in management targets.



SDG CONTRIBUTION

As one of the major banks in Australia, Westpac (WBC) helps “support productive activities, decent job creation, entrepreneurship” and encourages “the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services” (SDG8.3).



As a large employer with leading gender practises WBC also helps “ensure women's full and effective participation and equal opportunities for leadership” (SDG5.5).

Company Impact Description

WBC is one of Australia's largest banks, enabling its business and individual customers access to financial services such as business loans that in turn support the economy through job creation, innovation and growth in small businesses.

With a head count of over 40,000 WBC is a significant employer driving improved gender equality outcomes for women in the workforce via its industry leading policies and practices. More than 50% of WBC's staff are women and it was the first bank to publicly commit to the target of 50% of their leadership roles held by women, which was first achieved in 2017 and has remained at this level since.

Impact Metrics

WBC provides crucial banking services to over 14m customers across Australia and NZ, including a large number of small and medium sized businesses. Like its banking peers it supported customers through the COVID-19 pandemic by deferring payments on ~215,000 loans. Westpac also assisted 75,000 customers suffering hardship in 2020.

Over 20,000 of WBC's employees are women and it reports no material gender pay gap within its organisation.

Melior FY21 Key Advocacy areas

Melior is advocating for WBC to provide full transparency of its loan book including action around scope 3 emissions (emissions by lending customers). In addition, Melior is also advocating to improve the long term incentive executive remuneration link to material ESG metrics (this is also a focus for CBA). We also want to see further community engagement and indigenous employment.



NUTRITION



SDG CONTRIBUTION

Costa's (CGC) fruit and vegetable production helps provide “access to safe, nutritious and sufficient food all year round” (SDG2.1).



Its sustainable farming strategy is also important in providing “sustainable food production systems and resilient agriculture practices” (SDG2.4).

Company Impact Description

Nutritious diets are crucial for good health, wellbeing and preventing development of diseases linked to malnutrition such as adult obesity. This is an area where Australia's progress towards global nutrition targets has actually worsened, hence access to affordable, quality fruit and vegetables can help Australia achieve its sustainable development goals. As Australia's leading grower, packer and marketer of premium quality fresh fruit and vegetables, CGC is a major supplier of nutritious and healthy produce both Australia-wide and overseas.

CGC's Sustainable Commercial Farming strategy is critical to ensuring the company can continue to farm in the face of increasingly extreme climate conditions, and with a sustainable environmental footprint. CGC have made significant investments and commitments to ensure they are farming sustainably including releasing their first Climate-related Financial Disclosures report and with climate resilience top of mind, CGC's protected cropping footprint stands at 65% (of group earnings).

Impact Metrics

Operated almost 5,000 hectares of planted farmland and production across five major categories (including mushrooms, tomatoes and berries). Total fruit and vegetable global production for the group in 2020 was in excess of 185,000 tonnes - the equivalent to the annual fruit and vegetable consumption of close to 2 million Australians.

CGC recorded \$50.3m in productivity and growth capital expenditure during 2020, partially dedicated to improving the sustainability of its facilities, e.g. solar panels installed at its Monarto Mushroom facility enabled 900 tonnes of avoided CO2 emissions in 2020.

Melior FY21 Key Advocacy areas

Melior is advocating for increased disclosure and transparency of modern slavery risks within CGC's supply chain across Australia, China and Morocco. We also want to see net zero emissions targets and more focus on sustainable packaging.



SDG CONTRIBUTION

As a large almond grower with a focus on resource efficiency, Select Harvests (SHV) is contributing to “sustainable food production systems and resilient agriculture practices” (SDG2.4).



Company Impact Description

Plant-based milk and proteins are gaining importance as a dairy alternative for consumers with environmental and animal welfare concerns. SHV is one of the largest almond growers in Australia and grows, processes and markets Australian almond products for both the domestic and export market. SHV aims to be a leader in the supply of plant-based foods. Balancing business objectives with effective environmental management, SHV has introduced initiatives to improve irrigation efficiency, support bee population health, and has built a co-generation plant which generates electricity from almond by-product (hull, shell and orchard waste).

Impact Metrics

Farming on >7,600 hectares of planted orchards, in 2020 SHV processed 23,250 metric tonnes of almonds - over 20% of the annual Australian crop. With resource efficiency at the fore of their investments, SHV have developed methods to reuse the hulls and shells of picked almonds for composting orchards or selling as dairy feed. Collection of these by-products will generate enough compost to cover 85% of their orchards in 2021.

Melior FY21 Key Advocacy areas

Melior is advocating for SHV to provide more robust collection and disclosure of its resource use data, including energy and greenhouse gas emissions, waste and water. This will enable SHV to set high ambitions for improving resource efficiency and target net zero emissions. Melior is also advocating for SHV to adopt TCFD reporting and a Reconciliation Action Plan.



RENEWABLE ENERGY



SDG CONTRIBUTION

IGO produces key battery materials which the world needs to increase “the share of renewable energy in the global energy mix” (SDG7.2).

Company Impact Description

IGO is a mining company and has repositioned itself as the only company globally which can supply four key electric vehicle (EV) battery materials; Copper, Nickel, Cobalt and Lithium. IGO has a strong focus on responsible production and integrates “Proactively Green thinking” and a sustainability framework into all aspects of its value chain.

In June 2021 IGO announced the successful completion of its transformational US\$1.4bn lithium joint venture with Tianqi Lithium Corporation. The JV comprises a stake in the world-class Greenbushes Lithium Mine (the largest & lowest cost hard rock lithium mine globally) and a 100% owned and operated interest in the Kwinana Lithium Hydroxide Refinery. Once commissioned, Kwinana will be the first fully automated lithium hydroxide refinery in Australia, producing battery grade lithium hydroxide from high quality spodumene concentrate from Greenbushes.

Impact Metrics

IGO has a 25% interest (via their 50% stake in the Tianqi JV) in the Greenbushes Lithium mine which produced 700,000 tonnes of Lithium over CY20. Their ‘share’ of this production is enough lithium to contribute to the production of over 3.5 million EVs.

Melior FY21 Key Advocacy areas

IGO is on its journey of ESG disclosure and target setting. Melior has had discussions with the CEO on issues such as emissions targets, gender pay gap, Reconciliation Action Plan adoption, diversity and inclusion beyond gender, and battery material recycling options to contribute to a closed loop.



SDG CONTRIBUTION

Mercury NZ’s (MCY) hydro power and geothermal stations contribute to increasing “the share of renewable energy in the global energy mix” (SDG7.2).

Company Impact Description

MCY is a 100% renewable electricity generator with 19% of New Zealand generation capacity comprising 14 hydro power stations and geothermal stations, and a wind farm under construction. MCY also has a key role to play to protect New Zealand’s fresh water systems and specifically the Waikato river, and undertakes a number of environmental management activities such as hydrological analysis, geomorphological studies and ecological monitoring.

Impact Metrics

MCY’s provides 100% renewable electricity generation that is equivalent to the power needs of around 890,000 New Zealand homes yearly.

MCY is spending NZD \$465 million on the 60 turbine Turitea wind farm, which will be the largest in New Zealand. The Turitea wind farm will produce clean energy that could power 375,000 electric vehicles.

Melior FY21 Key Advocacy areas

Unlike Meridian Energy, MCY does not report on the number of employees by salary band and the female/ male salary ratio at each band. Melior is advocating for improved disclosure and appropriate target setting.



RENEWABLE ENERGY



SDG CONTRIBUTION

Meridian Energy’s (MEZ) hydro power and wind farm assets contribute to increasing “the share of renewable energy in the global energy mix” (SDG7.2).

Company Impact Description

MEZ is New Zealand’s largest energy generator with 29% of New Zealand generation capacity, comprising 7 hydro power stations and 5 wind farms, all of which are renewable assets. MEZ’s renewable electricity assets are a critical contributor to fulfilling New Zealand’s Zero Carbon Act which provides a framework by which New Zealand can develop and implement clear and stable climate change policies that contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5°.

Impact Metrics

MEZ electricity generation is equivalent to the yearly power needs of around 2 million New Zealand homes.

MEZ will spend \$395m NZD on 41 turbines for the 176MW Harapaki Wind Farm, in Hawke’s Bay, New Zealand. Construction will occur over the next 3 years. Harapaki will power the equivalent of more than 70,000 average households in New Zealand.

Melior FY21 Key Advocacy areas

Although MEZ reports on the number of employees by salary band and the female/male salary ratio at each band, unlike MCY New Zealand, it does not report on the ethnicity of its board nor workforce. Melior advocates for MEZ to target the ethnicity of its employees and workforce to be representative of the New Zealand population.



SDG CONTRIBUTION

Oz Minerals (OZL) produces copper which the world needs to “increase substantially the share of renewable energy in the global energy mix” (SDG7.2).

Company Impact Description

OZL is a leader in driving renewable energy solutions through its production of copper. Copper is essential for the development of renewable energy being a highly efficient conduit used in renewable energy systems to generate power from solar, hydro, thermal and wind energy. Copper is also a major component in Electric Vehicles used in electric motors, batteries, inverters, wiring and in charging stations.

Impact Metrics

The \$900 million Carrapateena mine represents one of the largest copper reserves in Australia and the world, having estimated reserves of 220 million tonnes of ore as at 30 June 2020. Carrapateena produced its first copper concentrate in December 2019 following a three-year construction period.

The Carrapateena mine will produce enough copper over its 20 year life to facilitate the construction of 300,000 MW of onshore wind capacity, which is equivalent to almost 6 times the generation capacity of Australia’s National Electricity Market (NEM 2020-2021).

Melior FY21 Key Advocacy areas

Melior has successfully advocated to OZL to sell down its stake in uranium miner Toro Energy (TOE); Melior does not consider that uranium has a role to play in world which is aligned with the SDGs. Amongst other things, we are advocating for the adoption of a net zero emissions target inclusive of scope 3 emissions.



SUSTAINABLE INFRASTRUCTURE



SDG CONTRIBUTION

Atlas Arteria’s (ALX) road infrastructure provides “quality, sustainable and resilient infrastructure” (SDG9.1).

Atlas’s roads also reduce “the number of global deaths and injuries from road traffic accidents” (SDG3.6).



Company Impact Description

ALX owns and operates toll roads in France, Germany and the United States providing essential transport infrastructure critical to the movement of people and goods. Atlas has a strong sustainability focus including encouraging the roll out of EV vehicles through providing high power electric charging stations and offering dedicated lanes to car poolers, taxis and zero emission vehicles. It is also trialling a low-carbon plant based asphalt to replace petroleum based bitumen and investing in initiatives to enhance biodiversity such as wildlife crossings.

ALX also invests significantly in the safety of its roads and has demonstrated its roads result in less accidents than other roads in surrounding areas.

Impact Metrics

ALX operates 2,362 km of toll roads across France, USA and Germany. The largest asset, APRR in France, spends \$300m pa to improve the safety of the roads (equivalent to almost 130,000/km pa) and staff use 550 cameras to monitor driver behaviour, traffic and accidents around the clock. Users of the Dulles Greenway, USA, were more than 92% less likely to suffer an injury in a crash compared to other roads in the surrounding counties. Roads like ALX’s will facilitate the adoption of self-drive vehicles and truck platooning - the latter reducing truck fuel consumption by as much as 20%. ALX offers 149 electric car charging stations, including 92 very-high speed charging points, along the APRR network in France.

Melior FY21 Key Advocacy areas

ALX has strong ESG disclosure in many areas however, Melior has engaged with the company over reporting under the TCFD framework, setting a net zero emissions target and establishing a stronger linkage of ESG factors with management remuneration.



SDG CONTRIBUTION

Bluescope’s (BSL) steel manufacturing helps provide “quality, reliable, sustainable and resilient infrastructure” (SDG9.1).

Bluescope’s leading carbon reduction focus and investment in this hard to abate sector is also helping contribute to “climate change mitigation” (SDG13.3).



Company Impact Description

BSL is Australia’s largest manufacturer of steel, one of the world’s most important engineering and construction material used in every aspect of our lives. As a permanent material, which can be recycled over and over again without losing its properties, steel is fundamental to the circular economy. Furthermore, steel is a significant enabler to many major greenhouse gas mitigation technologies such as electrification and the hydrogen economy and in 2019 BSL became a founding member of the steering group Net-Zero Steel Pathway Methodology Project.

Producing steel however is a carbon intensive activity and the steel industry is a hard to abate sector where there is no silver bullet solution. According to the International Energy Agency (IEA), steel industry emissions must fall by at least half by 2050. BSL has a significant opportunity for material emissions reduction through the adoption of new technologies such as green hydrogen, as well as the expansion of its EAF (Electric Arc Furnace) North Star asset which substitutes steel production from carbon intensive blast furnace technology. BSL recently appointed engineer Gretta Stephens as Chief Executive Climate Change to spear head its drive to global carbon reduction strategies.

Impact Metrics

In FY20 46 % of BSL’s raw steel production originated from recovered and recycled scrap steel. This is equivalent to almost 50 Sydney Harbour bridges of recycled steel.

BSL is investing \$1 billion in the North Star expansion of low emission EAF steelmaking capacity in the USA which is due to be commissioned in 2022. EAF is a coal-free method of producing steel using scrap steel and pig iron. North Star’s annual HRC (Hot Rolled Coil) capacity will expand by 850kt to 2.95 mt. Compared to the annual emissions from an equivalent blast furnace, this is equivalent to taking 826,000 cars off the road.

Melior FY21 Key Advocacy areas

Melior has been engaging actively with not only BSL, but groups like Responsible Steel and The Australian Industry Energy Transitions Initiative on accelerating action towards achieving net zero emissions and setting short, medium and long term Paris aligned emission reduction targets. Melior is advocating that targets should be supported by a clear strategy for decarbonisation which indicates the technologies the company will rely on to decarbonise. Other examples of Melior’s advocacy include advocating for gender pay disclosure and the adoption of a Reconciliation Action Plan.



SUSTAINABLE INFRASTRUCTURE



SDG CONTRIBUTION

The iron ore produced by Fortescue Metals Group (FMG) is a key input for producing steel which provides “quality, reliable, sustainable and resilient infrastructure” (SDG9.1).

FMG’s subsidiary Fortescue Future Industries (FFI) focuses on renewable energy technology is helping develop “climate change mitigation” solutions (SDG13.3).



Company Impact Description

FMG is a global leader in the production of iron ore which is a key input into the manufacture of steel, one of the world’s most important engineering and construction materials with strong circular economy credentials. FMG has demonstrated leadership in its net zero operational emissions targets, moving forward its target date from 2040 to 2030 in March 2021.

FMG is a leader in the development of renewable energy technology via the allocation of 10% of its annual profit to FFI to develop technologies in green hydrogen, green ammonia and green iron ore. These technologies are vital for emissions reductions in “hard-to-abate” sectors such as the steel and cement industries.

Impact Metrics

In FY20 FMG produced 178 mega tonnes of iron ore, which is enough to make steel for around 2100 Sydney Harbour Bridges.

In June 2021, FMG announced it had developed the design of a green ammonia-powered ship; trialled the production of iron from green electricity at low temperatures without coal; and had successfully tested large batteries on haul trucks, hydrogen fuel cells on drill rigs and green ammonia technology on its locomotives. In FY22 FFI expects to invest US\$400 - US\$600 million (A\$ 540 - A\$810 million) in green energy projects.

Melior FY21 Key Advocacy areas

Melior is advocating for FMG to develop pathways to accelerate action towards net zero scope 3 emissions (which are the scope 1 emissions of the consumers of iron ore as well as shipping, and emissions from the mining process). Other important advocacy areas include gender pay equality and continuing FMG’s focus on relationships with First Nations Peoples.



SDG CONTRIBUTION

Sparks (SPK) mobile network and services help “increase access to information and communications technology” (SDG9.8).

As a large employer with leading gender practices Spark also helps “ensure women’s full and effective participation and equal opportunities for leadership” (SDG5.5).



Company Impact Description

SPK provides essential digital communication services to New Zealanders and thousands of New Zealand businesses. Spark is also a significant provider of communication services to regional New Zealand.

SPK is one of the largest private sector employers in New Zealand with ~5200 employees. Spark has set a 40:40:20 target for both its leadership team, its board members and its workforce. The company has exceeded its leadership and board targets with >40% female representation at both levels and gender pay parity in its management team and on the board.

Impact Metrics

SPK provides mobile connections to more than 2.5m New Zealanders and over 700,000 broadband connections.

SPK employs ~2,000 women and is one of a very small number of ASX300 companies to have a female CEO.

Melior FY21 Key Advocacy areas

Melior has had discussions with SPK regarding expanding its diversity reporting and targets beyond gender, to other factors such as ethnicity and age.



SUSTAINABLE INFRASTRUCTURE



SDG CONTRIBUTION

As Australia’s largest Airport with leading sustainability practices, Sydney Airport (SYD) provides a key form of “reliable, sustainable and resilient infrastructure” (SDG9.1) for the Australian economy.



Company Impact Description

SYD owns and operates Sydney Airport, Australia’s largest port of entry and exit for people, playing a vital role in the transport value chain, including facilitating tourism, business travel and logistics. SYD has a strong focus on embedding sustainability in all aspects of its business and was the first Australian Company to sign a syndicated sustainability linked loan. It has a number of climate initiatives such as becoming carbon neutral by 2025 and reducing carbon emissions per passenger by 50% by 2025. The majority of SYD scope 3 emissions are from landing and take off. The acquisition of the airport’s fuel infrastructure in 2020 means it now has the power to invest in sustainable aviation fuel capacity to improve the emissions intensity of the aviation sector. It is also installing Ground Power Units to allow aircraft to plug into electricity instead of running their jet-fuelled Auxiliary Power Units.

Impact Metrics

Sydney Airport and the 44m passengers that pass through the facility every year (pre COVID) make a \$42b economic contribution to the Australian economy. It also provides key support for Australia’s large international and domestic tourism industry with its 600,000 jobs and facilitates the arrival of a large number of the almost 1m foreign students that study in Australia, supporting 240,000 jobs.

Melior FY21 Key Advocacy areas

Melior is advocating for SYD to include scope 3 in its emission reduction targets and further partner with the aviation industry to drive technology and innovation in the field of Sustainable Aviation Fuel and electric aircraft. Other key advocacy areas include remuneration structure and board diversity.



SDG CONTRIBUTION

Telstra’s (TSL) communication services “increase access to information and communications technology” (SDG9.8).



As a large employer with leading gender practices Telstra also helps “ensure women’s full and effective participation and equal opportunities for leadership” (SDG5.5).

Company Impact Description

TLS is Australia’s largest communication services provider, providing essential communication infrastructure to metro and regional Australia. Telstra provides mobile coverage to Australia’s population and helps one million vulnerable customers stay connected.

With almost 30,000 employees TLS is a significant employer driving improved gender equality outcomes for women in the workforce via its industry leading policies and practices. Examples include its commitment to interview at least 50% women in the recruitment process and its 3% gender pay gap.

Impact Metrics

TLS provides mobile network coverage to over 99% of the Australian population. Part of its \$3b in capital investment in 2021 includes increasing fast 5G mobile coverage to 75% of the Australian population (from 50%). It provides nbn connections for 3.4m households and businesses. TLS has provided 6500 smartphones to women impacted by domestic violence. It also assisted 2.6m customers through the COVID pandemic so they could stay connected.

Melior FY21 Key Advocacy areas

Melior is advocating for TLS to significantly improve its relationships and treatment of First Nations Peoples to restore trust following unconscionable business practices with respect to vulnerable First Nations consumers.



SUSTAINABLE INFRASTRUCTURE



SDG CONTRIBUTION

Transurban’s (TCL) roads help reduce “the number of global deaths and injuries from road traffic accidents” (SDG3.6).



Transurban’s road infrastructure also provides “quality, sustainable and resilient infrastructure” (SDG9.1)

Company Impact Description

TCL develops, owns and operates toll roads in Australia and North America providing not only essential transport infrastructure critical to the movement of people and goods but safer roads. Monash University Accident Research has shown the rate of crashes on TCL’s roads is 50 to 80 per cent lower than on similar roads and TCL has also established Australia’s first research-dedicated crash test lab with the goal of alleviating the significant impact of death and injury on our roads.

TCL also has 234 kW of solar energy generation capacity on site. By 2022 both its Sydney and Brisbane roads will have 80% of their power needs from wind. TCL are working on reducing its own emissions by half by 2030 and has committed to net zero (scope 1,2 and 3) by 2050.

Impact Metrics

TCL’s 368km of roads (operational and under construction) across Australia and North America save its users 339,000 hours in travel time every workday. Its roads are up to 68% safer compared to like roads (source: Monash University) and result in approximately 746 fewer hospitalisations than otherwise would have occurred. Initiatives such as reducing speed limits before peak hour, congestion detection to decrease the risk of rear end and lane change collisions, LED lighting in tunnels to promote alertness and art installations to improve driver engagement all contribute to lowering the injury rate on its roads.

Drivers on TCL roads reduce their greenhouse gas emissions by 30% due to its safer, faster and more free flowing travel, equivalent to taking ~179,000 cars off the road each year. Its Westconnex and Northconnex projects respectively remove 5,000 and 3,000 trucks off suburban roads. Roads like TCL’s will facilitate the adoption of self-drive vehicles and truck platooning - the latter reducing truck fuel consumption by as much as 20%.

Melior FY21 Key Advocacy areas

TCL is undertaking feasibility studies of congestion pricing, but with the rollout of electric vehicles and automated vehicles there is a significant opportunity to accelerate the reduction in Scope 3 traffic emissions through initiatives such as toll discounts for EVs and dedicated lanes for EVs. Melior has also engaged with the company over the ethnicity of its workforce reporting and establishing a stronger linkage of ESG factors with management remuneration.



WATER



SDG CONTRIBUTION

Reliance’s (RWC) innovative plumbing products help to “increase water-use efficiency” (SDG6.4).



Company Impact Description

RWC’s range of innovative high-quality plumbing products for residential, commercial and industrial use allow for precise, reliable and safe delivery of water. For example, its water measurement products prevented 340,000 leaks in the USA in 2018.

Impact Metrics

RWC has estimated to have spent more than \$20 million in FY20 on research and development into products that direct, control and manage flowing water in the built environment and company guidance suggests that level of spending will likely increase. Its 22,000 different products manufactured under 900 patents are not only designed to manage water flow efficiently but to be simple and easy to install. Its SharkBite product prevents more than 52m water pipes being soldered, glued or crimped every year (potentially more harmful and hazardous pipe connection processes).

Melior FY21 Key Advocacy areas

Melior has been engaging with RWC to improve its ESG reporting and ambition. In the Melior FY2020 Annual Impact Report RWC noted that: “Melior were very proactive and helpful in talking with us about what they would like to see covered in our first Social Impact Report. It is extremely encouraging to be able to engage in such a positive and constructive way on ESG matters.” - Phil King - Head of Investor Relations



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