



PUBLIC DISCLOSURE STATEMENT

MELIOR INVESTMENT MANAGEMENT

ORGANISATION CERTIFICATION

FY2022-23

Australian Government

Climate Active Public Disclosure Statement



| | |
|--------------------------|--|
| NAME OF CERTIFIED ENTITY | Melior Investment Services Pty Ltd (ACN 637 770 293) as Trustee for Melior Investment Management Fund Services Trust |
| REPORTING PERIOD | 1 July 2022 – 30 June 2023 Arrears report |
| DECLARATION | <p><i>To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.</i></p> <p>Lucy Steed CEO, Melior Investment Management 30/10/2023</p> |



Australian Government
**Department of Climate Change, Energy,
the Environment and Water**

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Version August 2023.



1.CERTIFICATION SUMMARY

| | |
|------------------------|---|
| TOTAL EMISSIONS OFFSET | 82.82 tCO ₂ -e |
| OFFSETS USED | 100% ACCUs |
| RENEWABLE ELECTRICITY | 100% |
| CARBON ACCOUNT | Prepared by: Pathzero |
| TECHNICAL ASSESSMENT | 11/10/2023 Pathzero Next technical assessment due: FY2026 |
| THIRD PARTY VALIDATION | Type 1 10/10/2023 GPP Audit |

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2. CARBON NEUTRAL INFORMATION

Description of certification

This inventory has been prepared for the financial year from 1 July 2022 to 30 June 2023 and covers the investment management business operations of Melior Investment Services Pty Ltd (ACN 637 770 293) as Trustee for Melior Investment Management Fund Services Trust (ABN: 40 660 840 848).

This inventory does not include emissions related to the investment portfolio in the Melior Australian Impact Fund.

In FY2023, Melior Investment Services triggered a base year reset due to the inclusion of all Professional Services to the emissions boundary. Melior Investment Services underwent an additional technical assessment and type 1 third-party verification as part of the base year reset procedures set by Climate Active.

FY2023 is Melior Investment Services new base year.

Organisation description

The Melior investment management business was established in 2018 by Lucy Steed and Tim King with backing from the founders of Adamantem Capital, Rob Koczkar and Anthony Kerwick. After scanning the market, they saw a gap for an Australian equities impact investment manager. With their team of nine Melior currently manages the Melior Australian Impact Fund which is an impact investing fund investing in Australian and New Zealand listed equities.

Melior believes that to have a genuinely positive impact and deliver sustainable performance, a company must focus on “what” it offers as well as “how” it operates. That’s why its investment approach involves deep assessment of a company’s impact along with its ESG practices. This is a key differentiator from traditional ESG investing, where ESG screens can be high level and applied without a deep understanding of the company. Companies must also pass a rigorous financial assessment and portfolio construction principles to be considered for investment.

Melior Investment Services Pty Ltd (ACN 637 770 293) as Trustee for Melior Investment Management Fund Services Trust (ABN: 40 660 840 848) operates at the following location: Level 8, 167 Macquarie Street, Sydney, 2000, NSW

3.EMISSIONS BOUNDARY

Inside the emissions boundary

All emission sources listed in the emissions boundary are part of the carbon neutral claim.

Quantified emissions have been assessed as relevant and are quantified in the carbon inventory. This may include emissions that are not identified as arising due to the operations of the certified entity, however are **optionally included**.

Non-quantified emissions have been assessed as relevant and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

Outside the emissions boundary

Excluded emissions are those that have been assessed as not relevant to an organisation's operations and are outside of its emissions boundary or are outside of the scope of the certification. These emissions are not part of the carbon neutral claim. Further detail is available at Appendix D.

Inside emissions boundary

Quantified

- Accommodation
- Air travel
- Base buildings
- Carbon neutral products and services
- Electricity
- Food and catering
- ICT services and equipment
- Paper
- Postage and couriers
- Printing and stationery
- Professional services
- Staff commuting
- Taxi and rideshare
- Telephone and internet
- Waste
- Water and wastewater
- Working from home

Non-quantified

N/A

Optionally included

N/A

Outside emission boundary

Excluded

Investments

4. EMISSIONS REDUCTIONS

Emissions reduction strategy

Melior has set the following greenhouse gas emissions targets:

- A target to maintain carbon neutral Scope 1 and Scope 2 emissions.
- A target to reduce absolute Scope 3 emissions (excluding financed emissions) by 5% by FY30 relative to the FY23 baseline year.
- A target to reduce Scope 3 emissions intensity (excluding financed emissions) per FTE staff member by 30% by FY30 relative to the FY23 baseline year.

A combination of absolute and intensity targets has been set to reflect both our commitment to emissions reduction but also our projected business growth to FY30. Our largest source of controllable emissions are business flights, which will increase as our business grows. While our business was successfully managed through video-conferencing during the COVID-19 pandemic, face to face meetings with our investors, investee businesses and broader network are fundamental to our ongoing success. We will work towards reducing both our absolute emissions and our per FTE flight intensity between now and FY30, but also recognise that these targets rely on the airlines meeting their decarbonisation goals.

Emissions reduction actions

Most notably during the past 12 months we have been petitioning with our building management to improve their environmental efforts. During FY23 they have delivered a number of initiatives:

- Increased NABERS Energy rating to 3.5 stars (previously 3 stars).
- Increased NABERS Water rating to 2 stars (previously 1 star).
- Upgraded to LED lighting throughout the tower.
- Successfully rolled out an in-tenancy waste stream and organics bin systems.
- Removal of single-use plastic umbrella bags and replaced with microfiber cloth umbrella dryer.
- Rolled out of environmentally and socially sustainable soap and soap dispensers throughout the tower, in partnership with Two Good Co.

An important part of our approach to emissions reduction is engaging with our employees around emissions reduction opportunities. During the past 12 months Melior undertook the following employee awareness focused actions:

- Discussed Melior's sustainability performance with staff and encouraged staff to suggest sustainability initiatives.
- Held internally led climate-related deep dive research sessions for the Investment Team.

5.EMISSIONS SUMMARY

Emissions over time

In FY2023, Melior Investment Services triggered a base year reset due to the inclusion of Professional Services to the emissions boundary. Melior Investment Services underwent an additional technical assessment and type 1 third-party verification as part of the base year reset procedures set by Climate Active.

FY2023 is Melior Investment Services new base year.

| | | Emissions since base year | |
|------------|---------|--|---|
| | | Total tCO ₂ -e (without uplift) | Total tCO ₂ -e (with uplift) |
| Base year: | 2022-23 | 82.82 | N/A |

Significant changes in emissions

The increase in emissions between 2021-22 to 2022-23 is largely caused by the inclusion of all professional services in our emissions boundary. In addition, there has been an increase in flights, FTE, and net lettable area, each contributing to increases across several emissions categories.

Melior recognise that our emissions have increased year on year. For multiple emissions sources, particularly air travel, this was a conscious business decision. We believe flying achieves better business outcomes and we are better able to execute our investment philosophy. We are reliant on the government establishing robust national emissions reduction requirements and other businesses reducing their emissions to see a meaningful reduction in many of our largest emissions sources.

| Emission source name | Previous year emissions (t CO ₂ -e) | Current year emissions (t CO ₂ -e) | Detailed reason for change |
|-----------------------|--|---|---|
| Air Travel | 0.24 | 6.8 | Travel has resumed to pre-COVID levels. |
| Base Building | 1.00 | 13.59 | Increase in FTE and net lettable area. |
| Professional Services | 4.48 | 42.00 | Inclusion of all professional services in our emissions boundary. |

Use of Climate Active carbon neutral products, services, buildings or precincts

| Certified brand name | Product/Service/Building/Precinct used |
|----------------------|--|
| Energy Australia | Electricity |

Emissions summary

The electricity summary is available in the Appendix B. Electricity emissions were calculated using a market-based approach.

| Emission category | Sum of Scope 1 (t CO2-e) | Sum of Scope 2 (t CO2-e) | Sum of Scope 3 (t CO2-e) | Sum of Total Emissions (t CO2-e) |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------------|
| Accommodation and facilities | 0.00 | 0.00 | 0.91 | 0.91 |
| Food | 0.00 | 0.00 | 0.93 | 0.93 |
| ICT services and equipment | 0.00 | 0.00 | 5.58 | 5.58 |
| Postage, courier and freight | 0.00 | 0.00 | 0.04 | 0.04 |
| Professional services | 0.00 | 0.00 | 42.00 | 42.00 |
| Transport (land and sea) | 0.00 | 0.00 | 0.94 | 0.94 |
| Waste | 0.00 | 0.00 | 2.90 | 2.90 |
| Water | 0.00 | 0.00 | 0.37 | 0.37 |
| Working from home | 0.00 | 0.00 | 2.62 | 2.62 |
| Office equipment and supplies | 0.00 | 0.00 | 0.83 | 0.83 |
| Base Building | 0.00 | 0.00 | 13.59 | 13.59 |
| Staff Comutting | 0.00 | 0.00 | 5.31 | 5.31 |
| Travel (Air) | 0.00 | 0.00 | 6.80 | 6.80 |
| Total | 0.00 | 0.00 | 82.82 | 82.82 |

Uplift factors

N/A

6. CARBON OFFSETS

Offsets retirement approach

This certification has taken an in-arrears offsetting approach. The total emission to offset is 83 t CO₂-e. The total number of eligible offsets used in this report is 83. Of the total eligible offsets used, 0 were previously banked and 83 were newly purchased and retired. 0 are remaining and have been banked for future use.

Co-benefits

The ACCUs were retired from the Wiralla Regeneration Project. The Kullilli Bulloo River Aboriginal Corporation have a partnership with the Land Manager at Wiralla located in Southwestern Queensland. The ACCUs in this transaction are owned by the Kullilli Bulloo River Aboriginal Corporation and therefore all proceeds from the sale go directly to the corporation enabling continued investment into their community.

Eligible offsets retirement summary

| Offsets retired for Climate Active carbon neutral certification | | | | | | | | | | | |
|---|----------------------|----------|-----------------|--|---------|------------------|---|---|---|--|-------------------------|
| Project description | Type of offset units | Registry | Date retired | Serial number (and hyperlink to registry transaction record) | Vintage | Stapled quantity | Eligible quantity retired (tCO ₂ -e) | Eligible quantity used for previous reporting periods | Eligible quantity banked for future reporting periods | Eligible quantity used for this reporting period | Percentage of total (%) |
| Wiralla Regeneration Project | ACCUs | ANREU | 13 October 2023 | 3,807,594,580 - 3,807,594,662 (ERF116713) | 2020-21 | 0 | 83 | 0 | 0 | 83 | 100% |
| Total eligible offsets retired and used for this report | | | | | | | | | | 83 | |
| Total eligible offsets retired this report and banked for use in future reports | | | | | | | | | 0 | | |

| Type of offset units | Eligible quantity (used for this reporting period) | Percentage of total |
|--|--|---------------------|
| Australian Carbon Credit Units (ACCUs) | 83 | 100% |

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A

APPENDIX A: ADDITIONAL INFORMATION

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Australian Government
Clean Energy Regulator



13 October 2023

VC202324-00313

To whom it may concern,

Voluntary cancellation of units in ANREU

This letter is confirmation of the voluntary cancellation of units in the Australian National Registry of Emissions Units (ANREU) by ANREU account holder, Climate Friendly Financial Solutions Pty Limited (account number AU-2980).

The details of the cancellation are as follows:

| | |
|-----------------------|---|
| Date of transaction | 13 October 2023 |
| Transaction ID | AU30182 |
| Type of units | KACCU |
| Total Number of units | 83 |
| Serial number range | 3,807,594,580 - 3,807,594,662 |
| ERF Project | Wiralla Regeneration Project - ERF116713 |
| Vintage | 2020-21 |
| Transaction comment | Retired on behalf of Melior Investment Services Pty Limited ATF Melior Investment Management Fund Services Trust to offset the FY23 operational emissions of the business |

Details of all voluntary cancellations in the ANREU are published on the Clean Energy Regulator's website, <http://www.cleanenergyregulator.gov.au/OSR/ANREU/Data-and-information>.

If you require additional information about the above transaction, please email CER-RegistryContact@cer.gov.au

Yours sincerely,

David O'Toole
ANREU and International
NGER and Safeguard Branch
Scheme Operations Division
Clean Energy Regulator
registry-contact@cer.gov.au www.cleanenergyregulator.gov.au



OFFICIAL

APPENDIX B: ELECTRICITY SUMMARY

There are two international best-practice methods for calculating electricity emissions – the location-based method and the market-based method. Reporting electricity emissions under both methods is called dual reporting.

Dual reporting of electricity emissions is useful, as it provides different perspectives of the emissions associated with a business's electricity usage.

Location-based method:

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

Market-based method:

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

For this certification, electricity emissions have been set by using the **market-based approach**.

| Market Based Approach Summary | | | |
|---|---------------------|----------------------|-------------------------------|
| Market Based Approach | Activity Data (kWh) | Emissions (kg CO2-e) | Renewable Percentage of total |
| Behind the meter consumption of electricity generated | 0 | 0 | 0% |
| Total non-grid electricity | 0 | 0 | 0% |
| LGC Purchased and retired (kWh) (including PPAs) | 0 | 0 | 0% |
| GreenPower | 0 | 0 | 0% |
| Climate Active precinct/building (voluntary renewables) | 0 | 0 | 0% |
| Precinct/Building (LRET) | 0 | 0 | 0% |
| Precinct/Building jurisdictional renewables (LGCs surrendered) | 0 | 0 | 0% |
| Electricity products (voluntary renewables) | 5,385 | 0 | 81% |
| Electricity products (LRET) | 1,247 | 0 | 19% |
| Electricity products jurisdictional renewables (LGCs surrendered) | 0 | 0 | 0% |
| Jurisdictional renewables (LGCs surrendered) | 0 | 0 | 0% |
| Jurisdictional renewables (LRET) (applied to ACT grid electricity) | 0 | 0 | 0% |
| Large Scale Renewable Energy Target (applied to grid electricity only) | 0 | 0 | 0% |
| Residual Electricity | 0 | 0 | 0% |
| Total renewable electricity (grid + non grid) | 6,631 | 0 | 100% |
| Total grid electricity | 6,631 | 0 | 100% |
| Total electricity (grid + non grid) | 6,631 | 0 | 100% |
| Percentage of residual electricity consumption under operational control | 100% | | |
| Residual electricity consumption under operational control | 0 | 0 | |
| Scope 2 | 0 | 0 | |
| Scope 3 (includes T&D emissions from consumption under operational control) | 0 | 0 | |
| Residual electricity consumption not under operational control | 0 | 0 | |
| Scope 3 | 0 | 0 | |

| | |
|---|----------------|
| Total renewables (grid and non-grid) | 100.00% |
| Mandatory | 18.80% |
| Voluntary | 81.20% |
| Behind the meter | 0.00% |
| Residual scope 2 emissions (t CO2-e) | 0.00 |
| Residual scope 3 emissions (t CO2-e) | 0.00 |
| Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO2-e) | 0.00 |
| Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO2-e) | 0.00 |
| Total emissions liability (t CO2-e) | 0.00 |

Figures may not sum due to rounding. Renewable percentage can be above 100%

| Location Based Approach Summary | | | | | | |
|--|---------------------------|---------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| Location Based Approach | Activity Data (kWh) total | Under operational control | | | Not under operational control | |
| Percentage of grid electricity consumption under operational control | 100% | (kWh) | Scope 2 Emissions (kg CO2-e) | Scope 3 Emissions (kg CO2-e) | (kWh) | Scope 3 Emissions (kg CO2-e) |
| ACT | 0 | 0 | 0 | 0 | 0 | 0 |
| NSW | 6,631 | 6,631 | 4,841 | 398 | 0 | 0 |
| SA | 0 | 0 | 0 | 0 | 0 | 0 |
| VIC | 0 | 0 | 0 | 0 | 0 | 0 |
| QLD | 0 | 0 | 0 | 0 | 0 | 0 |
| NT | 0 | 0 | 0 | 0 | 0 | 0 |
| WA | 0 | 0 | 0 | 0 | 0 | 0 |
| TAS | 0 | 0 | 0 | 0 | 0 | 0 |
| Grid electricity (scope 2 and 3) | 6,631 | 6,631 | 4,841 | 398 | 0 | 0 |
| ACT | 0 | 0 | 0 | 0 | | |
| NSW | 0 | 0 | 0 | 0 | | |
| SA | 0 | 0 | 0 | 0 | | |
| VIC | 0 | 0 | 0 | 0 | | |
| QLD | 0 | 0 | 0 | 0 | | |
| NT | 0 | 0 | 0 | 0 | | |
| WA | 0 | 0 | 0 | 0 | | |
| TAS | 0 | 0 | 0 | 0 | | |
| Non-grid electricity (behind the meter) | 0 | 0 | 0 | 0 | | |
| Total electricity (grid + non grid) | 6,631 | | | | | |

| | |
|---|-------------|
| Residual scope 2 emissions (t CO2-e) | 4.84 |
| Residual scope 3 emissions (t CO2-e) | 0.40 |
| Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO2-e) | 0.00 |
| Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO2-e) | 0.00 |
| Total emissions liability (t CO2-e) | 0.00 |

Climate Active carbon neutral electricity products

| Climate Active carbon neutral product used | Electricity claimed from Climate Active electricity products (kWh) | Emissions (kg CO2-e) |
|--|--|----------------------|
| <i>Energy Australia</i> | 6,631 | 0 |
| Climate Active carbon neutral electricity is not renewable electricity. These electricity emissions have been offset by another Climate Active member through their electricity product certification. This electricity consumption is also included in the market based and location based summary tables. Any electricity that has been sourced as renewable electricity by the electricity product under the market based method is outlined as such in the market based summary table. | | |

APPENDIX C: INSIDE EMISSIONS BOUNDARY

Non-quantified emission sources

N/A

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Excluded emission sources

The below emission sources have been assessed as not relevant to this organisation's operations and are outside of its emissions boundary. These emissions are not part of the carbon neutral claim. Emission sources considered for relevance must be included within the certification boundary if they meet two of the five relevance criteria. Those which only meet one condition of the relevance test can be excluded from the certification boundary.

Emissions tested for relevance are detailed below against each of the following criteria:

1. **Size** The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.
2. **Influence** The responsible entity has the potential to influence the reduction of emissions from a particular source.
3. **Risk** The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.
4. **Stakeholders** Key stakeholders deem the emissions from a particular source are relevant.
5. **Outsourcing** The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Excluded emissions sources summary

| Emission sources tested for relevance | Size | Influence | Risk | Stakeholders | Outsourcing | Justification |
|---|------|-----------|------|--------------|-------------|---|
| Investments in Melior Australian Impact Fund (Fund) | Y | N | N | N | N | <p>Size: The emissions sources from all listed companies within the Melior Australian Impact Fund is likely to be significantly larger than those of Melior's investment management business.</p> <p>Influence: The senior management teams of the companies within Melior's Australian Impact Fund are responsible for setting and implementing strategies to influence the reduction of those companies' emissions. As a shareholder, Melior is supportive of the management teams' approaches to emissions reduction initiatives within these companies.</p> <p>Risk: The activities of the companies within the Fund portfolio are unrelated to the investment management business of Melior and these activities will not be likely to be linked to future investment management emissions.</p> <p>Stakeholders: Key stakeholders in our industry appreciate the distinction between the organisational greenhouse gas emissions arising from our day-to-day business operations and the emissions related to the investments within Melior Investment Management's Australian Impact Fund. The investments within the Melior Australian Impact Fund portfolio are not considered a relevant source of emissions for the measurement of "organisational" emissions only (as per the Climate Active certification for organisations).</p> <p>Outsourcing: The activities of the listed companies within the Fund portfolio are not part of the investment management supply chain and the activities conducted by those companies would not be considered to be part of an investment management business.</p> |

We note that our relevance testing is consistent with FY22, but we will continue to monitor changing guidance and expectations in future years.



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