Public sustainability policy

For a sound world, and a sound financial system

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1. Introduction

AuAg manages funds focused on metals, mining companies and green technology. The holdings range from precious metals such as gold and silver to strategic and critical metals, as well as companies developing solar power, hydrogen, recycling and energy storage for the energy transition. AuAg is convinced that precious metals serve as long-term stores of value, and that metals such as lithium, copper, silver and rare earth elements, together with the technologies that use them, are essential for an electrified society.

The mining industry, where most of AuAg's portfolio companies operate, carries an environmental and social footprint, from energy and water consumption, land disturbance and tailings management, to labour conditions, health and safety, and relations with local communities and indigenous peoples. The portfolio also includes companies developing energy technology, a sector with a different risk profile, with challenges related to supply chains, raw material sourcing and land use. AuAg views these risks as part of the investment analysis and seeks companies that manage them responsibly.

This policy describes how AuAg integrates sustainability into its investment activities. It applies to all funds and mandates managed by AuAg. The sustainability work is conducted through the integration of sustainability risks, the application of exclusion criteria, dialogue with portfolio companies, and the promotion of environmental and social characteristics in accordance with the funds' product disclosures.

2. Definitions

Term	Definition
Do No Significant Harm (DNSH)	A principle that seeks to ensure that actions supporting an environmental or social objective do not negatively impact other objectives.
ESG	Environmental, Social, Governance.
Exclusions	The exclusion of certain companies or products from investment portfolios on the basis of established ESG criteria and the fund's binding exclusion criteria.
Principal Adverse Impacts (PAI)	Negative impacts that an investment might have on Sustainability Factors as measured through indicators defined in SFDR.
SFDR	Sustainable Finance Disclosure Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
Sustainability Factors	Environmental, social, and employee-related matters, respect for human rights, anti-corruption and anti-bribery matters.
Sustainable Investments	An investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee follows good governance practices (SFDR Article 2(17)).
Sustainability Risks	An environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

3. Our investment framework

AuAg is convinced that capital's ability to drive sustainability creates a favourable situation for everyone involved: AuAg believes that better sustainability work benefits all parties, the companies, society and our fund investors.

3.1 Sustainability risks

Sustainability risk is defined as an environmental, social or governance event or circumstance that, if it occurs, could cause an actual or potential material negative impact on the value of an investment (SFDR Article 2(22)).

The investment team identifies and assesses sustainability risks as an integrated part of the investment process and follows them up every quarter. When elevated sustainability risks are identified, the team will take appropriate action, which may include deeper analysis, engagement with the company, and follow-up on specific improvement measures. If sufficient progress is not made, AuAg will consider reducing or exiting the position.

AuAg uses third-party data and analysis to support this process, including ESG risk ratings. (See Annex 3.)

3.2 Investment strategy

3.2.1 How AuAg selects investments

AuAg follows a structured investment process in which sustainability is integrated at every stage, from initial analysis through to ongoing ownership.

Pre-analysis: Before investing in a company, AuAg conducts an analysis covering the company's business model, financial position, and material sustainability risks. As part of this step, each company is screened against AuAg's binding exclusion criteria and subjected to a norm-based screening against the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Companies that do not meet these criteria are not eligible for investment.

Selection and portfolio construction: Investment decisions are based on a combined assessment of identified sustainability risks. The assessment includes an evaluation of the company against the environmental and social characteristics promoted by the fund, as well as the sustainability factors that are material for the fund's investment strategy. The specific characteristics promoted, and the indicators used to measure them, are defined in each fund's product disclosures. Binding criteria are applied before any investment is made.

The outcome of this assessment is considered as an integrated part of the investment decision. Each fund's specific sustainability indicators, investment selection criteria, and classification methodology are described in the fund's pre-contractual disclosures and fund rules.

3.2.2 What AuAg avoids

AuAg will not invest in companies that are in breach of internationally recognised norms, including the UN Global Compact (UNGC), the OECD Guidelines for Multinational Enterprises, or the UN Guiding Principles on Business and Human Rights (UNGP), where constructive dialogue and engagement are assessed not to be fruitful.

In addition, each fund applies its own binding exclusion criteria based on the fund's specific sustainability profile and the characteristics the fund promotes. Fund-specific exclusions are set out in each fund's pre-contractual disclosures.

3.3 Sustainable investment

Where a fund makes sustainable investments as defined in Article 2(17) of the SFDR, AuAg assesses whether the investment contributes to an environmental or social objective, does not significantly harm any other environmental or social objective (the "Do No Significant Harm" principle), and whether the investee company follows good governance practices.

The specific methodology used to identify and assess sustainable investments, including the objectives pursued, the indicators applied, and the minimum share committed, is set out in each fund's product disclosures.

3.4 Oversight and monitoring

AuAg's sustainability work is subject to ongoing oversight and follow-up. The CEO is responsible for day-to-day implementation. The portfolio management function is responsible for integrating sustainability into investment decisions and monitoring portfolio companies on an ongoing basis.

As an internal operational control of the sustainability work, AuAg's compliance and sustainability specialist, who is organisationally separate from portfolio management, is responsible for reviewing and following up that the sustainability criteria are adhered to in practice. Independent external risk control and compliance functions additionally provide external oversight and report material observations to the CEO and the Board.

3.5 Engagement

Where monitoring identifies sustainability concerns, AuAg's primary response is direct engagement with the company. AuAg initiates dialogue with the leadership to promote improvement in areas assessed to be material for the fund's sustainability objectives or for the long-term value of the investment.

If initial dialogue does not produce satisfactory results, AuAg will consider escalating its engagement. This may include formal correspondence or evaluating whether the position should be reduced or exited.

4. Initiatives & classifications

4.1 Initiatives

AuAg, through its fund company AIFM Capital, is a signatory to the following voluntary frameworks:

– The UN Principles for Responsible Investment (UN PRI)
– The UN Global Compact

4.2 SFDR classification

AuAg’s funds are classified under the EU Sustainable Finance Disclosure Regulation (SFDR). AuAg always strives to be transparent in its reporting and disclosures in accordance with Article 8, and fund-specific classifications and related product disclosures are available on each fund’s page.

5. Conflicts of interest

Potential or actual conflicts of interest are identified, documented and managed in accordance with AuAg’s conflicts of interest policy. AuAg neither pays nor accepts third-party compensation, and applies fixed remuneration only for its employees.

6. Policy review

This document is a public summary of AuAg's sustainability policy. It is updated in accordance with AuAg's internal policies and procedures. AuAg's full regulatory disclosures are available at auagfunds.com.

Annex 1: Principal Adverse Impact statement

This statement is provided in accordance with Article 4 of Regulation (EU) 2019/2088 (SFDR). It describes AuAg's current approach to principal adverse impacts (PAI) of investment decisions on sustainability factors, and AuAg's direction of travel.

What are principal adverse impacts?

Principal adverse impacts are the negative effects that investment decisions can have on sustainability factors, including environmental matters, social and employee issues, respect for human rights, anti-corruption, and anti-bribery matters. PAI indicators are the metrics used to measure how investee companies negatively affect these factors.

PAI at entity level

AuAg does not currently apply PAI systematically at entity level as binding criteria in investment decisions. This reflects the limitations in the availability, quality, and coverage of ESG data for the companies AuAg invests in, given the funds' focus on a niche sector where data coverage and consistency across providers remain uneven.

Using incomplete or inconsistent data may produce misleading conclusions. AuAg has therefore chosen not to apply PAI systematically at entity level at this time.

PAI at product level

AuAg may consider principal adverse impacts at the level of individual funds (product level). PAI-related data is collected and reported per fund in accordance with each fund's specific product disclosure.

Direction of travel

AuAg is actively working to develop its data collection and methodology with the objective of integrating PAI indicators systematically at entity level. To support this, AuAg is building a proprietary data infrastructure to improve the collection and quality of ESG data for portfolio companies.

The target is to have this framework fully in place no later than 2028. As data quality and coverage improve — both through this internal development and AuAg's own engagement with portfolio companies — this approach will be reviewed and updated accordingly.

Annex 2: Principles for active ownership

AuAg manages assets exclusively in the interest of its clients. Where AuAg's funds hold shares in portfolio companies, AuAg may exercise voting and other ownership rights on behalf of clients.

Monitoring, dialogue, and escalation

Investment decisions are generally based on company analyses covering the business model, strategy, financial and non-financial performance, capital structure, sustainability performance, and corporate governance. AuAg collects information through company briefings, investor meetings, capital market days, external analysis, and direct company contact.

In the ongoing monitoring process, AuAg assesses risks as they arise. Dialogue with portfolio companies also covers the environmental and social characteristics that AuAg promotes through its funds, with the aim of supporting improvement in these areas over time.

Where the most appropriate response is direct engagement, AuAg will initiate dialogue with the company's senior leadership to promote change in the direction AuAg believes best serves the interests of clients and the long-term sustainability of the company.

If initial dialogue does not produce satisfactory results, AuAg will consider escalating its engagement. This may include formal correspondence, or as a last resort, reducing or exiting the position.

Voting

AuAg's funds shall normally vote at general meetings of companies where a fund owns more than 2% of the company, and otherwise at meetings deemed important for other reasons. Voting is exercised in person or by proxy and solely in the interest of fund investors.

AuAg views voting as a secondary mechanism for promoting change; active engagement and dialogue are prioritised ahead of the voting process.

Board and governance matters

AuAg shall exercise its owner governance without requiring its own board representation. Where AuAg participates in nomination committees, based on the volume of shares held, it will work to ensure a well-composed board in terms of independence, competence, diversity, and gender balance.

AuAg's view is that remuneration of senior executives in portfolio companies should be market-conforming and promote long-term sustainable returns. Remuneration proposals should be discussed with major shareholders well in advance of the AGM.

Communication and review

These principles are subject to annual review. A report on how the principles have been applied is published annually on AuAg's website. The person responsible for ownership matters is appointed by the CEO and reports annually to the Board.

Annex 3: Sustainability risk assessment

AuAg assesses sustainability risks in two stages: at the point of investment and on an ongoing basis.

Pre-investment assessment

Before investing in a company, AuAg reviews the company's ESG risk rating. The company is benchmarked against AuAg's existing holdings and classified as a Leader (the 25% with the lowest ESG risk scores), Average, or Laggard (the 25% with the highest ESG risk scores).

Companies classified as Laggards are subject to enhanced scrutiny. The main contributors to the company's elevated ESG risk rating are identified and assessed. If AuAg proceeds with the investment despite a Laggard classification, the company is flagged for closer monitoring and prioritised for engagement with the aim of supporting improvement over time.

In addition, AuAg reviews the Transparency International Corruption Perceptions Index score for the country in which the parent company is domiciled. Where a country scores below 30, a weighted assessment is conducted before any investment decision is made.

Ongoing monitoring

Portfolio companies are reviewed quarterly. The review covers each company's ESG risk score, reported incidents, and any controversies identified through news screening and third-party data. Where a development is assessed as potentially material, AuAg will initiate direct contact with the company.

Where concerns are not adequately addressed, AuAg will consider escalating its engagement or, as a last resort, reducing or exiting the position.

Data source and methodology for ESG risk ratings

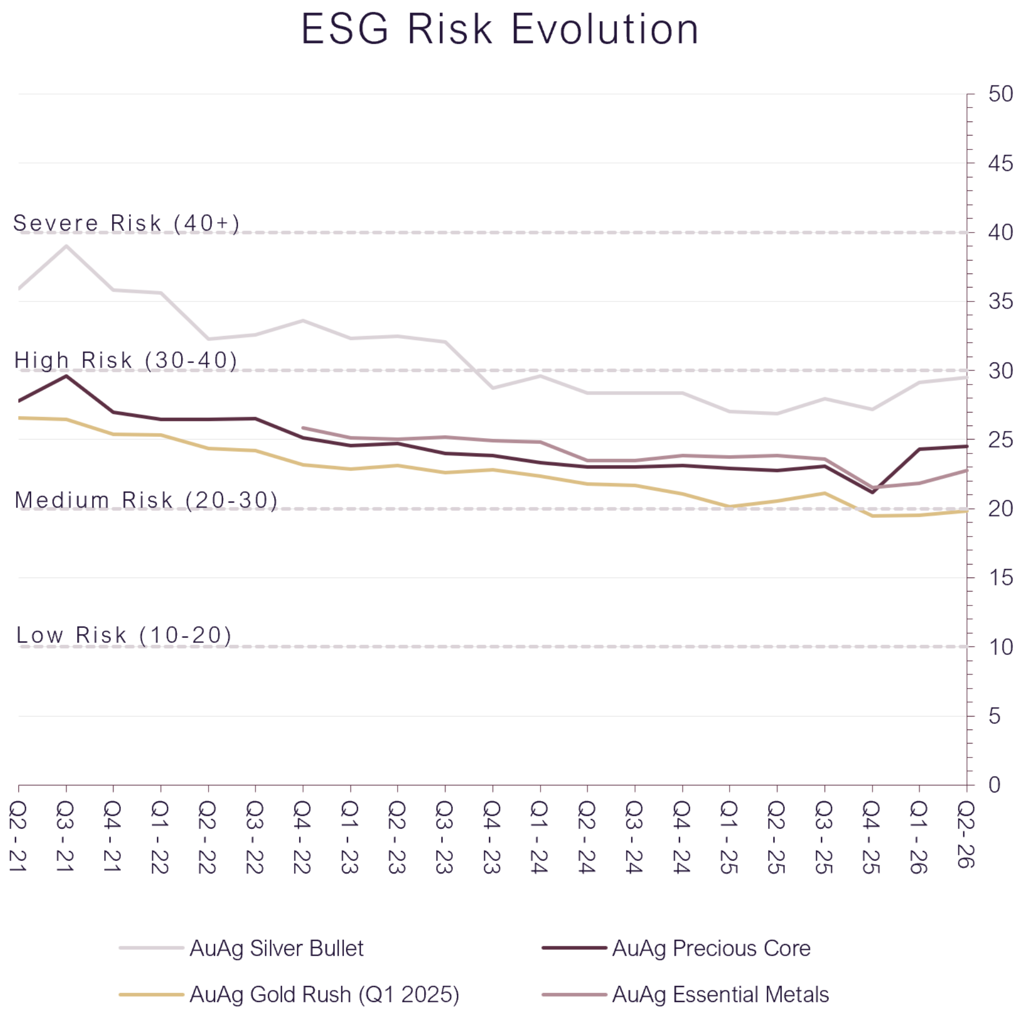
AuAg uses the Morningstar Sustainalytics ESG Risk Rating as the data source for ESG risk ratings at company level. The rating measures a company's exposure to financially material ESG risks and how well those risks are managed. It is expressed as an absolute risk score, where a lower score indicates lower risk, and it aggregates environmental, social and governance factors. Sustainalytics' full methodology description, including details on data sources, update frequency and the limitations of the methodology, is available at www.sustainalytics.com/morningstar-sustainalytics-ratings-transparency.

Sustainalytics B.V. has notified its intention to apply for authorisation with the European Securities and Markets Authority (ESMA) in accordance with Article 51 of Regulation (EU) 2024/3005 on ESG rating activities. Ahead of each publication, AuAg verifies that the provider is included in ESMA's list or register.

Once every quarter, AuAg obtains ESG risk scores for all portfolio companies and calculates a weighted average per fund, in which each company's risk score is weighted by the company's weight in the fund. The average covers the holdings that have a published rating, and the weights are rescaled so that they sum to 100 per cent of the rated portion of the portfolio. Companies not covered by Sustainalytics are not included in the calculation, and the coverage ratio may therefore vary between funds and between quarters, which is the main limitation of the measure. The average is expressed in absolute values on the same scale as the company ratings and is used to monitor the fund's aggregate ESG risk level over time. No artificial intelligence is used in the collection or calculation.

Publication of ESG risk scores

Where ESG risk scores at company or fund level are presented in AuAg's marketing material, Morningstar Sustainalytics is cited as the source together with the rating date, and the material includes a link to this section on AuAg's website, in accordance with Article 13(3) of Regulation (EU) 2019/2088.


ESG Risk Evolution
Severe Risk (40+)
High Risk (30-40)
Medium Risk (20-30)
Low Risk (10-20)
50
45
40
35
30
25
20
15
10
5
0
Q2 - 21
Q3 - 21
Q4 - 21
Q1 - 22
Q2 - 22
Q3 - 22
Q4 - 22
Q1 - 23
Q2 - 23
Q3 - 23
Q4 - 23
Q1 - 24
Q2 - 24
Q3 - 24
Q4 - 24
Q1 - 25
Q2 - 25
Q3 - 25
Q4 - 25
Q1 - 26
Q2 - 26
AuAg Silver Bullet
AuAg Precious Core
AuAg Gold Rush (Q1 2025)
AuAg Essential Metals