

Template for the pre-contractual disclosure for the financial products referred to in Articles 8.1, 8.2, and 8.2a of Regulation (EU) 2019/2088, and Article 6 first paragraph of Regulation (EU) 2020/852

Product name: AuAg Essential Metals

Legal entity identifier: 515603-2640

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum sustainable investment with a social objective of: ___%

in economic activities that are considered to be environmentally sustainable under the EU Taxonomy

in economic activities that are not considered to be environmentally sustainable under the EU Taxonomy

It will make a minimum sustainable investment with a social objective of: ___%

It promotes environmental and social characteristics and, whilst it did not have a sustainable investment as its objective, will have a minimum share of 5% of its investments as sustainable investments that:

had an environmental objective in economic activities that are considered to be environmentally sustainable under the EU Taxonomy

had an environmental objective in economic activities that are not considered to be environmentally sustainable under the EU Taxonomy

had a social objective

It promotes environmental and social characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?



The fund is a global sector fund focused on companies within the mining and processing industry, with a particular emphasis on companies involved in the extraction and processing of industrial and advanced technology metals. Within this sector focus, the fund promotes the following environmental and social characteristics.

Environmental characteristics

Limited exposure to fossil fuel extraction

The fund promotes the limitation of climate change by restricting exposure to companies whose operations are linked to the extraction of fossil fuels.

Sustainable use and management of water resources

Sustainable investment: an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any other environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, which establishes a list of **environmentally sustainable economic activities**. The regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be aligned with the requirements in the taxonomy.

Taking into account the mining sector's water intensity, the fund promotes responsible water management. The fund promotes the sustainable use of water by integrating water-related risks and stewardship into investment analysis. The fund prioritises companies that report on and actively work with water management, and aims to engage with portfolio companies in order to promote improved water management practices.

Social characteristics

Respect for international norms and responsible business conduct

The fund promotes respect for international norms regarding human rights, labour conditions, environmental protection and anti-corruption, in accordance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Indicator	What it measures
Share of the portfolio invested in companies with less than 5% of revenue derived from the extraction of oil, gas or thermal coal	Exposure to fossil fuels and the fund's compliance with exclusion criteria for fossil fuel production
Share of the portfolio invested in companies with verified serious violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Companies' compliance with international norms on human rights, labour rights, environmental protection and business ethics
Share of producing portfolio companies with a public policy, strategy or documented framework for water management	The extent to which portfolio companies have established governance frameworks for sustainable water stewardship
Share of portfolio companies reporting water withdrawal	Transparency in companies' reporting of water use
Share of portfolio companies conducting water risk assessments	Companies' work to identify and manage water-related operational and geographical risks
Number of verified serious water-related environmental incidents among portfolio companies	Water-related environmental incidents

The indicators are used as part of the fund's ongoing monitoring of portfolio companies' sustainability work and may be considered in the fund's investment process, including in investment decisions, company dialogues and ongoing portfolio monitoring.

The indicators are based on publicly available information from portfolio companies' reporting. Data availability within the mining sector varies between companies, which means that the indicators are in some cases used to provide a general overview of portfolio companies' work within each respective area. The indicators may be developed and refined over time as access to comparable and more detailed data improves.

● **What are the objectives of the sustainable investments that the financial product is intended to partially achieve and how does the sustainable investment contribute to such objectives?**

Contribution to the environmental objective of climate change mitigation

The fund may classify investments in mining companies as sustainable investments when the companies demonstrate a credible and measurable transition towards reduced greenhouse gas emissions.

Since the mining sector is emissions-intensive, the assessment is made relative to the sector. Companies are considered to contribute to the climate objective when they demonstrate a leading or above-average transition towards reduced emissions compared to peer mining companies.

The assessment is based on, among other things:

- clear climate targets and strategies for emissions reduction,
- emissions intensity and/or the development of emissions over time relative to the sector, and
- concrete measures to reduce emissions, such as electrification of operations, energy efficiency improvements or increased use of renewable energy.



How do the sustainable investments that the financial product is intended to partially make not cause significant harm to any environmental or social sustainable investment objectives?

The fund applies a DNSH (Do No Significant Harm) assessment when identifying sustainable investments.

The assessment covers environmental and social risk areas that are material to the mining sector, such as water management, waste and tailings dam safety, biodiversity impact, and occupational health and safety.

The assessment includes analysis of companies' governance, policies, targets, reporting and risk management within these areas. Consideration is also given to the occurrence of serious incidents, environmental damage or violations of international norms.

The social assessment covers in particular occupational health and safety, as well as compliance with international guidelines on human rights, labour conditions, anti-corruption and business ethics. Companies with verified serious violations and no credible remediation plan are not classified as sustainable investments.

The DNSH assessment is based on public information, third-party data and internal analysis. Investments that do not meet the fund's DNSH criteria are not classified as sustainable investments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

In the DNSH assessment, the fund considers relevant principal adverse impact (PAI) indicators, with a focus on risks that are material to the mining sector.

This covers in particular indicators related to impacts on biodiversity-sensitive areas, water management, hazardous waste, and norm violations. This includes, for example, analysis of water impact based on companies' quantitative reporting of water withdrawal and recycling, site-specific water risk assessments conducted, and the occurrence of serious incidents.

The assessment is based on a combined analysis of quantitative indicators, governance, risk management and incident history. Investments with serious and unaddressed adverse impacts are not classified as sustainable investments.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Description:

The investments classified as sustainable investments are assessed to be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through norms-based screening of investee companies. The assessment covers companies' policies, governance systems and management of actual or potential adverse impacts in their own operations and in relevant business relationships.

Companies with verified serious violations of international norms without a credible remediation plan

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The EU Taxonomy establishes a principle of no significant harm, according to which taxonomy-compliant investments must not cause significant harm to the objectives of the EU Taxonomy and which is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The remaining part of this financial product has underlying investments that do not take account of the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

are not classified as sustainable investments.



Is consideration given to this financial product’s principal adverse impacts on sustainability factors?

Yes,

The fund considers principal adverse impacts on sustainability factors through a combination of exclusion criteria, norm-based screening and monitoring of sector-specific sustainability indicators.

Particular emphasis is placed on factors that are material to the mining industry, such as exposure to fossil fuel extraction, water management, and compliance with international norms on human rights and business ethics.

Data availability for certain PAI indicators is limited, as many investee companies do not yet report this information. The fund therefore uses the best available data from external providers and public company reporting. Work to ensure data quality is ongoing.

No

What investment strategy does this financial product follow?

Pre-screening analysis

Each potential portfolio company is analysed on the basis of its business model, financial position and relevant sustainability-related risks. At this stage, the company is assessed against the fund's binding exclusion criteria and norm-based screening.

Selection and portfolio construction

Investment decisions are made following a combined assessment of financial conditions and identified sustainability risks. Binding criteria are applied prior to any investment being made.

Ongoing monitoring

Portfolio companies are continuously monitored with regard to financial performance, sustainability risks, incidents and controversies. If a company no longer meets the fund's requirements, measures may be taken, such as engagement, reduction of the holding or divestment.

Active ownership

Active ownership and company dialogue are an integrated part of the investment strategy and are conducted in part in accordance with the management company's shareholder engagement policy.

For the portion of the portfolio classified as sustainable investments under Article 2(17), a specific methodology is applied for the assessment of contribution, principal adverse impacts and good governance.

The **investment strategy** governs investment decisions based on factors such as investment objectives and risk.

Good governance practices include sound management structures, employee relations, employee remuneration, and tax compliance.



● **What are the binding elements of the investment strategy used to select the investments that attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy consist of exclusion criteria and norm-based screening, which are applied prior to investment.

The following criteria are binding:

Activity	Threshold
Extraction of oil, natural gas, or thermal coal	>5% of revenue
Production or development of cluster munitions, anti-personnel mines, chemical or biological weapons, or nuclear weapons	>5% of revenue
Production of weapons or war materiel	>5% of revenue
Production of tobacco products	>5% of revenue
Production of alcoholic beverages	>5% of revenue
Production of pornographic material	>5% of revenue
Commercial gambling activities	>5% of revenue
Production or commercial use of genetically modified organisms (GMOs)	>5% of revenue

The Norm-based screening:

Companies with verified serious violations of the UN Global Compact or the OECD Guidelines for Multinational Enterprises are excluded.

Water:

Producing companies are not considered investable if they are subject to verified serious water-related environmental incidents with significant adverse environmental impact, and where the company lacks credible measures or follow-up to address and remediate the incident.

● **What is the minimum percentage for reducing the scope of the investments considered prior to the application of that investment strategy?**

The fund has not established a predetermined quantitative minimum share for how large a proportion of the investment universe shall be reduced through the application of the investment strategy's binding criteria.

The revenue-based exclusion criteria, the norm-based screening and the policy requirements for producing companies are applied systematically prior to investment and reduce the investable universe to the extent that companies do not meet these requirements.

The extent of the reduction varies over time depending on the composition of the global mining company universe and the prevalence of companies that do not meet the criteria.

● **What is the policy to assess good governance practices of the investee companies?**

The fund assesses good governance practices in investee companies through norm-based screening against the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

What asset allocation is planned for the financial product?

#1A: 5% of the allocation consists of sustainable investments.

#1B: 80% of the allocation promotes the environmental and/or social characteristics pursued by the fund (producing mining companies covered by the fund's ESG analysis, of which 5% are classified as sustainable investments under #1A).

Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- turnover which reflects the share of income from the investee companies' green operations.
- capital expenditure, showing the green investments made by investee companies, e.g. those relevant for a transition to a green economy.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are those for which there are not yet low-carbon alternatives available and which, among other things, have greenhouse gas emissions at levels corresponding to best performance.

#2: 20% of total investments consists of other exposures — development companies, royalty companies and exchange-traded products (ETF/ETC) — which do not integrate any environmental or social characteristics.



Category 1 Aligned with environmental or social characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

Category 2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor regarded as sustainable investments.

Category 1 Aligned with environmental or social characteristics includes:

- sub-category #1A Sustainable, which covers sustainable investments with environmental or social objectives.
- sub-category #1B Other environmental and or social characteristics, which covers investments aligned with the environmental or social characteristics that are not regarded as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

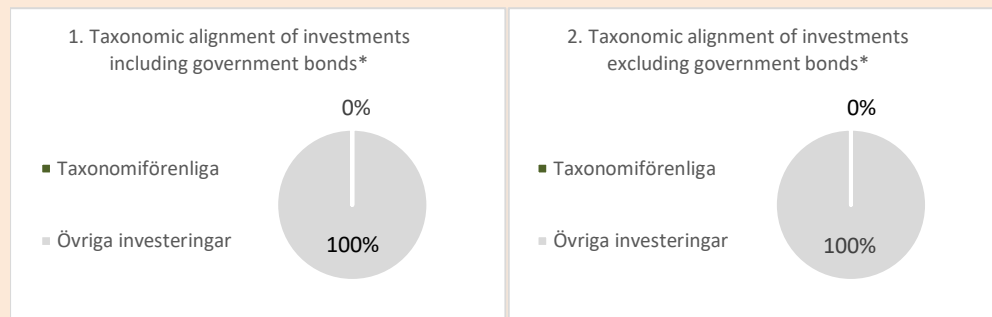
The financial product does not use derivatives.



To what minimum level are the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- The fund does not commit to having a minimum share of taxonomy-aligned investments.
- The fund does not invest in government bonds.

The two charts below show in green the minimum percentage of the investments aligned with the EU taxonomy. As there is no suitable methodology for determining the taxonomic alignment of government bonds, the first graph shows taxonomic alignment with regard to all of the financial product's investments, including government bonds, while the second graph shows taxonomic alignment only with regard to the investments of the financial product that are not government bonds.*



*In these graphs, "government bonds" refers to all exposures in government securities

● **What is the minimum share of investments in transitional and enabling activities?**

N/A



What is the minimum share of sustainable investments with an environmental objective that is not aligned with the EU Taxonomy?

The fund has a minimum share of 5% of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The contribution to the environmental objective of climate change mitigation is assessed using the fund's own methodology and not against the Taxonomy's technical screening criteria.



What is the minimum share of socially sustainable investments?

The fund has not determined a minimum share of socially sustainable investments.



What investments are included under “#2 Other”, what is their purpose, and are there any minimum environmental or social safeguards?

This category covers royalty companies, development companies, cash positions, money market instruments, ETFs and other assets that do not integrate environmental or social characteristics into the investment analysis.

These investments serve a financial purpose within the portfolio — royalty companies and development companies provide exposure to metal price performance with a different risk profile than producing companies, while cash positions, money market instruments and ETFs are used for liquidity management and portfolio efficiency.

Although these investments do not actively promote environmental or social characteristics, they are subject to the fund's minimum safeguards. Investments are not made in companies that violate international norms such as the UN Global Compact or the OECD Guidelines for Multinational Enterprises



Has a specific index been selected as a benchmark to determine whether this financial product complies with the environmental and/or social characteristics it promotes?

No specific index has been selected as a benchmark to determine whether this financial product complies with the environmental or social characteristics it promotes.

● *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

● *How is the investment strategy's continuous alignment with the calculation method of the index ensured?*

Not applicable.

● *How does the designated reference benchmark differ from a relevant broad market index?*

Not applicable.

● *Where can the method used to calculate the selected index be found?*

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product-specific information online?

More product-specific information can be found on the website:

<https://aifmgroup.com/auag-essential-metals/>

<https://www.auagfunds.com/en/investment-solutions/auag-essential-metals>