

Public Sustainability Policy

We invest in the elements | For a sound world, and a sound financial system

Publication date: 2026.04.28

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1. Introduction

AuAg invests in mining companies operating in industries with significant actual impact on the environment and local communities. These companies have a substantial environmental footprint, including energy and water consumption, land disturbance, tailings management and effects on biodiversity. Social impact ranges from labour conditions and health and safety to relations with local communities and indigenous peoples' rights.

The portfolio also includes companies that enable the energy transition, a sector with a different but no less complex risk profile. Challenges here relate to labour conditions in the supply chain, raw material sourcing, manufacturing footprint and land use. The inclusion of these companies reflects the conviction that enabling the energy transition is in itself a sustainability objective, while AuAg remains aware that these companies too can have negative impacts on the environment and social conditions.

This policy describes how AuAg integrates sustainability into its investment activities. It applies to all funds and mandates managed by AuAg. AuAg conducts its sustainability work through its investment activities: by integrating sustainability risks, applying exclusion criteria, engaging with portfolio companies and promoting environmental and social characteristics in accordance with the funds' product disclosures and this policy.

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/binding 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 Art. 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's sustainable related investing framework is built around two core perspectives. The first is how external sustainability factors — sustainability risk — may affect the value of our investments. The second is how the companies we invest in affect the world around them: their impact on the environment, local communities, and other stakeholders. Together, these perspectives shape how we select investments, what we exclude, what environmental and social characteristics we promote, and how we engage with portfolio companies as active owners.

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)).

Given AuAg's focus on the metals and mining sector, sustainability risks are particularly pronounced and wide-ranging. Material risk areas include but are not limited to:

- Climate risk: physical risks such as water scarcity, extreme weather, and disrupted operations, as well as transition risks arising from regulatory change, carbon pricing, and shifting energy markets
- Regulatory and legal risk: increasingly stringent environmental and social legislation that may raise operating costs, restrict access to land or resources, or result in fines and sanctions
- Governance risk: weak board oversight, inadequate internal controls, or poor executive accountability, which may increase the risk of mismanagement, fraud, or reputational damage
- Corruption and integrity risk: exposure to jurisdictions with high corruption risk, which may affect a company's ability to operate and its long-term licence to do so
- Social and community risk: deteriorating relations with local communities or workforce, which may result in operational disruption, strikes, or loss of social licence to operate

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 research to support this process, including ESG risk ratings and news screening. (See Annex 4.)

3.2 Investment Approach

3.2.1 How we select 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 financial conditions and 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 investment management instructions.

3.2.2 What we avoid

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.

AuAg applies investment restrictions on companies within all fund's where the following activities represent the stated share of revenue:

Activity	Threshold
Extraction of oil, natural gas, or thermal coal	>5% of revenue
Production or development of cluster munitions, anti-personnel mines, chemical, biological, 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

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 Board of Directors holds overall responsibility and establishes this Policy. The CEO ensures day-to-day implementation. The portfolio management function is responsible for integrating sustainability into investment decisions and monitoring portfolio companies on an ongoing basis. Independent risk control and compliance functions provide oversight and report material observations to the CEO and Board.

Portfolio companies are monitored continuously with respect to sustainability risks, incidents, and performance against the fund's sustainability indicators. Where monitoring identifies concerns, engagement with the company is the primary course of action.

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 exercising voting rights, formal correspondence, or — as a last resort — reducing or exiting the position.

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
- Swesif — Hållbarhetsprofilen (Swedish Eurosif)

4.2 SFDR Classification

AuAg's funds are classified under the EU Sustainable Finance Disclosure Regulation (SFDR). Fund-specific classifications and related pre-contractual disclosures are available on each fund's page at auagfunds.com.

For an overview of how AuAg's sustainable investing approach applies across its funds, please see Annex 3: Fund Overview.

5. Conflicts of Interest

Potential or actual conflicts of interest may arise as part of AuAg's active ownership and engagement activities. AuAg has policies in place to take all reasonable steps to prevent such conflicts. Where conflicts cannot be avoided, AuAg will identify, manage, and monitor them and, where appropriate, disclose them to clients to prevent them from adversely affecting client interests.

AuAg operates with fixed remuneration only. AuAg's remuneration policy is consistent with the integration of sustainability risks and does not incentivise excessive risk-taking in relation to sustainability. AuAg's remuneration policy is available on request.

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.

Policy owner: Board of Directors, AuAg Funds AM AB

Implementation: CEO / Portfolio Management

Next review date: April 2027

Publication date: 2026.04.28

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 its 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 considers principal adverse impacts at the level of individual funds (product level). PAI-related data is collected and reported per fund in accordance with every 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: Fund Overview

The table below provides an overview of how AuAg's sustainable investing approach applies across its funds. Fund-specific details, including pre-contractual disclosures and sustainability indicators, are available on each fund's page at auagfunds.com.

Fund	ESG Integration	PAI Considered	Active Ownership	Exclusions	SFDR Art.	Swesif
AuAg Silver Bullet	✓	✓	✓	✓	8	✓
AuAg Precious Green	✓	✓	✓	✓	8	✓
AuAg Essential Metals	✓	✓	✓	✓	8	✓
AuAg Gold Rush	✓	✓	✓	✓	8	✓

Annex 4: 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 from Sustainalytics. The company is benchmarked against AuAg's existing holdings and classified as a Leader (top 25%), Average, or Laggard (bottom 25%) based on its ESG risk score.

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.

