



## Context

Resource Capital Funds (RCF) supports the mining industry to produce the minerals and metals that underpin global infrastructure and the transition to a more sustainable world. RCF does this by providing a broad range of bespoke alternative funding arrangements to private and public exploration, mining, mining services and technology companies, across a diversified range of mineral commodities and geographic regions.

RCF's vision is to build strong, successful, and sustainable businesses that deliver superior returns to all stakeholders over time. Responsible investment, which RCF defines as the incorporation of Environmental, Social and Governance (ESG) impacts, risks and opportunities into investment decisions and investment management, is at the forefront of RCF's approach to value creation

RCF believes in the importance of maintaining a culture of ethical behavior, transparency, and responsibility in investment processes and ownership practices, and ensures all investment practices comply with regulatory requirements.

## About this Policy

This Policy provides an overview of the firm-wide approach to integrate **Environmental, Social, and corporate Governance ("ESG")** impacts, risks, and value creation opportunities into all investment processes.

The materiality of ESG risks and opportunities, and the risk appetite across RCF's investment portfolio varies by investment strategy, sector, and geography. In addition, the level of influence and control that RCF has over its portfolio companies varies significantly, depending on the investment structure and contractual rights. The materiality of different ESG considerations, level of risk, risk appetite, holding period as well as RCF's level of control and influence, all determine how each element of this Policy is implemented in practice.

This Policy is reviewed on a regular basis to reflect the evolution of RCF's approach to Responsible Investment, the nature of RCF's investment portfolio and evolving ESG standards and performance practices. This Policy supersedes any policies or commitments made public prior to its effective date.

## Our Commitment to Responsible Investment

Signatory of:



RCF has been a signatory of the *UN Principles for Responsible Investment ("PRI")* since 2013. The PRI urges investors to integrate ESG factors into investment decision making and active ownership practices. Where consistent with RCF's fiduciary responsibilities, RCF commits to the following six Principles:

- **Principle 1:** RCF will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** RCF will be active owners and incorporate ESG issues into ownership policies and practices.
- **Principle 3:** RCF will seek appropriate disclosure on ESG issues from portfolio companies.
- **Principle 4:** RCF will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** RCF will work together with industry and the investment community to enhance the effectiveness in implementing the Principles.
- **Principle 6:** RCF will report on activities and progress towards implementing the Principles.

# Our Approach

RCF applies a four-pillar approach to implementing these Principles.

## 1. Investment Analysis & Decision Making

ESG impacts, risks and opportunities are considered at all stages in RCF 's Investment Decision Making Process.

- 1. Screening:** Depending on each Investment Fund's mandate and risk appetite, RCF applies negative, norms-based or positive screens to exclude or include investment in specific companies, commodities, sectors or activities.
- 2. Pre-Investment Due Diligence:** RCF does not rely on proprietary ESG ratings. Instead, it conducts its own assessment to identify material ESG impacts, risks and opportunities, and determine the overall performance and alignment of a potential investment with RCF's value creation approach and long-term stewardship commitment. This assessment is typically led by RCF's dedicated ESG team, who conduct in-depth due diligence through discussion and review of documentation. It often includes engagement of external expertise and site visits as required. RCF maintains a detailed due diligence template to promote a rigorous and systematic approach to identifying material ESG factors. A summary of due diligence findings and recommended actions is submitted to the relevant Investment Committee, which is ultimately responsible for each investment decision.

RCF recognizes that ESG impacts, risks and opportunities are specific to local conditions and culture, and may change throughout the mining project lifecycle, from early exploration stage, through construction and operations right into post closure. RCF expects its portfolio companies to fully comply with the applicable legal and regulatory requirements and align with accepted mining-relevant Good International Industry Practices ('GIIP'). This could include undertaking comprehensive social and environmental baseline studies; completing Environmental and Social Impact Assessments ('ESIA'); and developing and implementing adaptive management/action plans to ensure proactive management of identified and assessed ESG impacts, risks, and opportunities.

- 3. Exit Phase:** Throughout the holding period, RCF seeks to ensure that effective ESG performance practices are established with a view to an eventual planned exit, and as best as possible, ensure the ability for continued performance under new ownership. During the exit screening processes, RCF also aims to evaluate how potential buyers may potentially affect material ESG factors.

## 2. Stewardship & Engagement

RCF are active owners and promote the Principles of Responsible Investment by:

- 1. Direct Portfolio Company Engagement:** RCF is committed to being an active steward of its investments and regularly engages with portfolio companies to help improve ESG awareness and promote GIIP aligned operating performance. RCF seeks to proactively and regularly engage through open dialogue and tailors its engagement strategy for each portfolio company to reflect its level of actual influence as well as the materiality of ESG impacts, risks, and opportunities.
- 2. ESG Performance Data:** For some investments (depending on the size and level of influence) RCF requires portfolio companies to report specific ESG performance data to RCF on a periodic basis. RCF uses this data to monitor and evaluate performance and inform ongoing engagement strategies.
- 3. Board and ESG Committee Participation:** For direct investments where RCF is a significant shareholder, RCF often has board representation and/or participation in ESG board committees or working groups. These committees seek to build institutional capacity within portfolio companies and provide a forum to resolve ESG issues. Where RCF does not have direct board participation, RCF seeks to have constructive dialogue with management to encourage the adoption of ESG-related GIIP, and RCF may also assist with the recruitment of board and/or management team members with appropriate ESG expertise.

4. **Proxy Voting:** Proxy voting is part of RCF's responsibility as stewards of Client's investments, to provide clear and transparent feedback to portfolio companies on material business issues, including ESG matters. RCF determines how to vote proxies on a case-by-case basis and maintains a separate Proxy Voting Policy which provides guidelines for proxy subject matters which frequently appear.
5. **Industry Engagement:** RCF believes active collaboration between investor partners, mining industry private equity associations, regulators and academia is important to help identify and address current and emerging ESG challenges and promote opportunities. RCF is actively engaged with several relevant organizations, networks, and initiatives, which aim to improve ESG practices in the mining and private equity industries.

### 3. Governance & Responsibilities

Responsibilities for RCF's approach to Responsible Investment includes:

1. **RCF Senior Leadership:** RCF's Managing Partner has ultimate responsibility for overseeing RCF's ESG Policy.
2. **ESG Committee:** RCF has an established ESG Committee, which comprises senior Partners from across RCF, plus RCF's Chief Sustainability Officer. The Committee is responsible for governing the advancement, development, and implementation of RCF's Responsible Investment strategy and for monitoring the effectiveness of RCF's performance in this area.
3. **Investment teams:** Accountability for implementation of this Policy extends to RCF's investment teams, supported by RCF's ESG Practitioners, plus legal and technical subject matter experts.
4. **ESG Practitioners:** RCF's ESG Practitioners are responsible for designing and implementing the initiatives and guidance tools required to deliver its approach to Responsible Investment, including providing ongoing and tailored training to RCF employees. Compliance with this Policy is monitored and evaluated by this team, with support from RCF's ESG Committee as required.

In addition to this Policy, the following policy documents form part of RCF's framework for Responsible Investment:

- RCF's Climate Change Policy
- Compliance Manual and Code of Ethics.

### 4. Disclosure & Standards

RCF understands the importance of adopting standards in its approach to ESG disclosure and transparency, and the need to provide meaningful information to RCF's Limited Partners and other stakeholders. RCF seeks to report on its Responsible Investment practices and performance through:

- Publishing an Annual ESG Report disclosing how material ESG issues are integrated within RCF's investment practices in alignment with the *Sustainability Accounting Standards Board ("SASB")* framework.
- Reporting climate change risks and opportunities, in alignment with the *Task Force on Climate-Related Financial Disclosures ("TCFD")* framework.
- Reporting to the PRI annually on RCF's Responsible Investment activities.
- Participation in the *Institutional Limited Partners Association ("ILPA") ESG Data Convergence Initiative ("EDCI")*.
- Presenting key aspects of RCF's ESG strategy and performance at RCF's Annual General Meeting.