

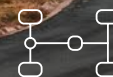


RESOURCE<sup>®</sup>  
CAPITAL FUNDS

# 2021 ESG Report



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At Resource Capital Funds (“RCF”), our vision is to build strong, successful, innovative and sustainable businesses that strive to create value for all stakeholders. We believe that the consideration of environmental, social and governance (“ESG”) factors is not just about assessing and managing risk but also drives opportunities for our business and the companies in which we invest. This means that ESG is at the forefront of our investment decision-making and stewardship approach.

RCF is committed to transparency, responsible investment and making positive impacts for our stakeholders.

## About This Report

In this, RCF’s second ESG report, we describe our approach to managing key ESG themes across our business and within our portfolio companies and share updates on our future strategy. This report includes sustainability data for the year ending December 31, 2021.

References to “RCF,” “the Company,” “the Firm,” “we” and “our” refer to Resource Capital Funds. Financial figures are in U.S. dollars unless otherwise noted.

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# About RCF

Established in 1998, Resource Capital Funds (“RCF” or the “Company”) pioneered the concept of a mining-focused private equity fund. Since its inception, RCF has provided financial support to over 200 mining and mining services companies. Today, RCF manages investment vehicles (“Fund” or “Funds”) which have invested in public and private mining and mining services companies across more than 32 mineral commodities in more than 51 countries. Our investment management teams, which include professionals with extensive mining and ESG experience as well as deep investing expertise, are organized around the following four investment strategies aimed at providing funding throughout the development risk spectrum and capital structure:



**RCF Private Equity** invests in growth-oriented mining companies where our capital, expertise and capabilities can help create value.



**RCF Opportunities** invests in mining assets at all stages of development, including exploration through pre-feasibility stages of projects and selectively at more advanced stages of project development and operations.



**RCF Jolimont Innovation** invests in high-growth mining equipment, technology and services (“METS”) companies.



**RCF Credit** expects to build a diversified portfolio of credit investments across three broad strategies: development capital, growth and operating capital, and special situations.



## Vision, Mission and Values



**OUR VISION**  
Build strong, successful, innovative and sustainable businesses that strive to produce superior returns to all stakeholders.



**OUR MISSION**  
Act as a transparent and trusted fiduciary, delivering value to Limited Partners.  
  
Be a long-term partner to the mining companies and projects in which we invest.  
  
Provide a challenging, engaging, inclusive and rewarding environment for employees to work.



**OUR VALUES**  
Passion  
Discipline  
Integrity  
Respect  
Teamwork



Co-Founder & Managing Partner  
Resource Capital Funds

## A Message from James McClements

At Resource Capital Funds, we understand first-hand the vital role that responsible mining plays in providing the raw materials that underpin global infrastructure and the transition to a sustainable world. Minerals are critical inputs for the manufacture of many of the technologies that are necessary to support the “just transition” and global decarbonization efforts, and according to estimates by the International Energy Agency (“IEA”), the energy sector alone will require as much as six times the current output in minerals by 2040 to meet the demands of this transition. To ensure that the supply of the critical materials can meet this demand, strong growth in investment in diversified sources of supply is required.

RCF has seen a renewed interest by investors in mining as a desirable asset class, as they recognize there are sizeable opportunities for those who can produce critical minerals in a sustainable manner. These investors are increasingly concerned about how companies are managing ESG issues; today, it is no longer enough to simply avoid adverse outcomes from mining operations and to be aware of risks. Mining companies must demonstrate the proactive and positive contributions they are making to protect the environment, contribute to the socio-economic development of local communities and create value for all stakeholders.

### ESG Stewardship

ESG stewardship is a foundational component of RCF’s investment strategy, and responsible investing is a key lever of RCF’s approach to value creation. For RCF, it’s not simply about the commodity we invest in, it is about how that commodity is mined. As such, we have built our Company’s reputation on the way in which we integrate ESG criteria into our rigorous investment analysis and ongoing management,

which enables our investment teams to systematically identify and address material ESG risks and opportunities.

RCF has been investing exclusively in the mining and minerals industry for almost 25 years, through all phases of the commodity lifecycle. Our team has deep technical knowledge, commercial experience and people networks. This means we are well positioned to participate as a strategic capital partner to create sustainable value by working closely with the boards and management of our portfolio companies to de-risk and develop and operate mining assets. An important part of this is advocating for and supporting the implementation of ESG “good practices” across a range of areas, including, but not limited to, health and safety, environmental performance, local and Indigenous participation, and governance. RCF’s active participation in portfolio companies’ ESG committees is an important tool for governance and collaboration, allowing us to share learnings and drive sustained value creation and protection.

### Transparency

RCF recently conducted our first materiality assessment to identify the issues that are truly important to our various stakeholders and that have the greatest impact on our business. We heard from our stakeholders about the importance of transparency in our approach to disclosure and reporting. To this end, this report is our first step towards alignment with globally recognized ESG reporting frameworks, the Sustainability Accounting Standards Board (“SASB”) and the Task Force on Climate-related Financial Disclosures (“TCFD”). We intend to continue to improve our disclosure, including working closely with our portfolio companies to help them improve their ESG data management and reporting practices.

### Looking Ahead

Stakeholders’ expectations around ESG performance continue to evolve, and companies will need to invest more time and resources in evaluating and influencing ESG risks and opportunities. Early identification of important ESG factors presents companies with the ability to mitigate potential risks through project design, remedial work or engagement with key stakeholders. RCF is ideally placed to leverage our influential relationships with our portfolio companies to ensure this is done effectively.

Looking forward, RCF will continue to develop and execute on our Responsible Investment Strategy. In this report, we are pleased to share our ESG roadmap which focuses on several key areas including climate, diversity, equity and inclusion, and ESG data management and reporting. This will be complemented by the development of targets so that we can measure our progress against our sustainability goals. We remain steadfast in our commitment to ground ESG in our core strategy with a view to long-term value creation for all our stakeholders.

I invite you to learn more about RCF’s ESG strategy, commitments and accomplishments in the following pages of this report.

**James McClements**  
Co-Founder & Managing Partner



## In Conversation with RCF's Chief Sustainability Officer, Kevin PCJ D'Souza

### Q: You recently joined RCF's senior leadership team. What drew you to the Company?

A: I was drawn to RCF as I truly believe the Company is motivated by creating long-term value based on a holistic approach to ESG. For me, it was clear that at RCF, ESG is not merely a bolt-on. Rather, it's built into RCF's business strategy. The Company has a strong reputation and a purposeful organizational culture that starts at the senior leadership level and that ensures all aspects of ESG are firmly embedded in every investment decision they make. Through their Responsible Investment Strategy, they seek to identify and help mitigate ESG impacts and risks and capitalize on opportunities throughout the entire mining lifecycle, from exploration through to post-closure, by collaboratively working with their portfolio companies to strengthen ESG practices and performance. They identify and assess both risks and opportunities to generate not just financial but also environmental and societal value. Through this approach, RCF aims to demonstrate that mining and ESG can be successfully integrated and that mining can be a driver for positive change. These and more were all important considerations for me prior to joining the Company, and I now look forward to working with my RCF colleagues on continuously improving our ESG performance.

### Q: You have been known to speak about "authentic ESG." What does that look like in practice in the mining industry?

A: I believe ESG as a construct is fundamentally about understanding how a business interacts with the world. This starts with a strong governance structure that

includes clear lines of accountability and ownership. A robust ESG strategy and pragmatic framework involves putting in place policies and minimum operating standards based on accepted industry "good practices" that reflect each company's unique situation and that go beyond mere legal and regulatory compliance. Internal processes and procedures that prioritize, integrate and address the needs and goals of all stakeholders, from local communities to shareholders, are also critical components of authentic ESG implementation. And of course, meaningful ESG metrics and analytics to quantify and monitor a company's impact are essential for continuous improvement. For me, authentic ESG is also about taking a hands-on approach with boots on the ground. ESG cannot be directed from a satellite unit responsible for creating reports, delegated to "armchair experts" or simply analyzed on paper. This is where I believe RCF really excels in terms of how our investment teams conduct due diligence and post-investment collaboration with our portfolio companies to influence the implementation of responsible mining practices and in turn determine how authentic a company is when it comes to their ESG practices and commitments.

### Q: What key trends do you see shaping the mining industry in the near to medium term and what role does ESG play in these trends?

A: RCF believes there are five global megatrends that are influencing the mining industry in a significant way: decarbonization, consumption, underinvestment, geo-politics and sustainability. The green energy transition is creating a shift that is "critical mineral" driven which is creating a surge in demand for critical minerals to deliver

the new technology, infrastructure and capacity required to meet global decarbonization goals. At the same time, population growth and continued efforts to eliminate poverty across the globe are creating a rising demand for material goods that will add significantly to the need for mined products. However, the past decade has been marked by a sustained period of underinvestment in new metal and mineral supply. When you add to that the intensifying geo-political tensions and the rollback of globalization to shore up national infrastructure and reduce supply chain dependence on single jurisdictions, you create a significant imbalance between supply and demand of minerals.

These interrelated trends are putting a renewed spotlight on mining and increased scrutiny on how critical minerals are sourced, which will only intensify in the coming years. Companies that are managing ESG strategically to bring greater local economic benefits and are more sensitive to local concerns and needs will be best positioned to take advantage of these trends while ensuring they can create and protect long-term value.

### Q: What are your priorities for ESG at RCF going forward?

A: At RCF we are aware that we don't have all the answers. But for us, ESG is an evolution – it is a process not an outcome. As such, one of our immediate priorities is to build on RCF's ESG Strategic Roadmap (the "Roadmap") with an executable framework of actions and deliverables. The Roadmap focuses on several key areas that resulted from our internal strategic assessment, supplemented by the materiality assessment we conducted in early 2022. We have

started by focusing on improving our due diligence and post-investment stewardship processes to continue to ensure we uphold the Principles for Responsible Investment ("PRI") and align with the United Nations Sustainable Development Goals ("SDGs"). We are developing a multi-year Diversity, Equity & Inclusion ("DE&I") strategy that will include a governance structure, training programs and an overhaul of our talent management policies and procedures. We are also in the process of assessing our climate-related risks and opportunities, and as part of that, we are strengthening our understanding of the emissions intensity of existing and potential portfolio companies. The other priority focus area for us is to enhance the way we collect and monitor ESG data from our portfolio companies, and in turn to improve our own reporting so that we can continue to demonstrate meaningful impact. For instance, this report includes RCF's first SASB disclosure, against the "Asset Management & Custody Activities" Standard. Going forward, we are committed to evolving our approach to ESG disclosure to include reporting against select indicators for our portfolio companies.

ESG is constantly changing, but I am confident that at RCF we have the right company culture, visionary leadership and appropriate strategy to meet the future challenges of an ever-evolving ESG landscape and thereby continue to future-proof our business.



**Kevin PCJ D'Souza**  
Chief Sustainability Officer &  
Member of RCF's ESG Committee

## Corporate and ESG Highlights



14

new portfolio company investments in 2021



14

exited investments in 2021



19%

of RCF Partners are female



RCF has participated in  
9 of our portfolio companies' ESG committees



\$1.45M

distributed by the RCF Foundation since 2008

## Our Approach to ESG

At RCF we believe in the importance of investing responsibly and that there is a strong symbiotic relationship between effective ESG performance and strong financial performance. Hence, we see ESG as a key lever of value creation. Since formalizing our approach to ESG in 2013, we have focused on deepening ESG integration across the investment lifecycle, from initial due diligence through to exit. Our relationships with our portfolio companies, which often begin at the early stages of project development, as well as RCF's long-term investment horizon, support this approach.

Our responsible investment actions are guided by RCF's senior leadership, who provide ultimate oversight of our ESG strategy. We have an established ESG Committee, which is made up of senior Partners from across RCF, plus our Chief Sustainability Officer. The Committee is responsible for governing the advancement, development and implementation of our Responsible Investment Strategy and monitoring the effectiveness of our performance. It meets at least twice a year to review RCF's policies and strategy, evaluate ESG objectives and assess our portfolio companies' ESG performance.

RCF's Responsible Investment Policy articulates our portfolio stewardship approach, which includes a robust pre-investment due diligence process, a post-investment ESG management plan and an exit strategy. Our Chief Sustainability Officer works closely with RCF's investment teams to ensure as much as possible that relevant ESG matters are integrated into their investment analysis and management activities. First and foremost, RCF's investment practices comply with regulatory requirements, and the companies we invest in are expected to adhere to all applicable laws and regulations, as a minimum. Our approach also reflects RCF's longstanding commitment to the Principles for Responsible Investment.

The comprehensive integration of ESG criteria into our investment analysis enables us to evaluate and assess ESG-related risks and opportunities which may affect an investment's performance. Our investment analysis is based on specialized research and key information disclosed by portfolio companies and findings from site visits, which are cross-referenced against applicable legal requirements, relevant industry "good practices" and key voluntary standards.

## Working with Our Portfolio Companies to Integrate ESG

Although the companies in which we invest are independently operated and managed, RCF actively collaborates and engages the companies to encourage them to implement responsible mining and ESG business "good practices" along with relevant industry standards into their business systems. We seek to actively monitor key ESG risks and opportunities at the Fund level and encourage our portfolio companies to do the same.

RCF chairs and/or participates in several ESG board committees and working groups within our portfolio companies, actively participating in regular meetings to review their ESG management approach and actual performance. The creation of these committees continues to seek to raise awareness and build institutional ESG capacity within the companies and provides a forum for in-depth ESG discussions. In addition, where necessary, we have also helped our portfolio companies recruit board and management team members who have strong ESG expertise through our network of highly experienced ESG professionals. These ESG specialists work to ensure ESG is fully understood, appropriately discussed and proactively managed at the board level to protect and build company value.



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*Within RCF there is a genuine desire to do the right thing by helping portfolio companies move up the curve in terms of their ESG practices and to partner with our companies to produce positive outcomes for all stakeholders.”*



**Jasper Bertisen**  
Partner, Investment Team Leader &  
Chair of RCF's ESG Committee





# 2023 ESG Roadmap

Continuing to enhance our approach with a focus on long-term value.



## 1 ESG Strategic Framework

- Review of ESG Policy & Strategy
- Review ESG Committee Charter
- Develop and implement multi-year ESG strategy



## 3 Climate Change Strategy

- Review Climate Change Policy
- Develop multi-year climate strategy
- Assess climate-related risks and opportunities for current portfolio companies
- Improve TCFD reporting



## 5 Diversity, Equity & Inclusion Strategy

- Develop multi-year DE&I strategy
- Establish employee resource groups
- Conduct current state inclusivity assessment
- Review policies and procedures



## 2 Total Portfolio Stewardship

- Conduct ESG “heatmap” diagnostic for portfolio companies
- Continual improvement of ESG due diligence
- Deliver internal ESG training
- Strengthen Board ESG Committee impact



## 4 Develop ESG Investment Theses

- Continue to evaluate LP ESG-related perspectives and expectations
- Explore ESG thematic impacts aligned with the SDG Impact Standard
- Ensure ESG is integrated in exit strategies



## 6 ESG Performance Reporting

- Survey portfolio companies to get a baseline of available ESG data and quality
- Set appropriate ESG targets and key performance indicators



## Frameworks and Standards

RCF actively engages and participates in relevant industry initiatives and ESG-related collaborations, and we seek to employ tools provided by internationally recognized mining specific “good practice” frameworks. In particular, our strategy and related processes draw from the following sources and frameworks:



The United Nations Principles for Responsible Investment (“PRI”): A UN-supported network of investors that works to understand the investment implications of ESG factors.



The Sustainability Accounting Standards Board (“SASB”): An ESG guidance framework that sets standards for the disclosure of financially material sustainability information from companies to their investors. Please refer to [page 26](#) of this report for RCF’s first SASB disclosure, against the “Asset Management & Custody Activities” Standard.



The Task Force on Climate-related Financial Disclosures (“TCFD”): A set of voluntary financial disclosures developed to help companies provide consistent climate-related financial information to investors and other stakeholders.

## UN Sustainable Development Goals (“SDGs”)



The SDGs offer a universal approach and outcomes-based framework to realizing positive societal outcomes by providing 17 overarching goals and 169 targets that represent a call to action to end poverty, protect the planet, and ensure that by 2030 all people everywhere enjoy peace and prosperity.

RCF believes private equity has a critical role to play in delivering the SDGs, and we are aligned with the shared belief that the mining industry has an unprecedented opportunity to mobilize significant human, physical, technological and financial resources to advance the goals. At RCF, we aim to consider both the potential positive and negative impacts on the SDGs of our investments. In addition, grant proposals submitted for consideration by the RCF Foundation are assessed based on their alignment with the SDGs.





## The Principles for Responsible Investment (“PRI”)



The PRI is an international reporting framework that promotes the incorporation of ESG factors into investment practices across asset classes. It provides a common language and industry standard for reporting responsible investment practices. By implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

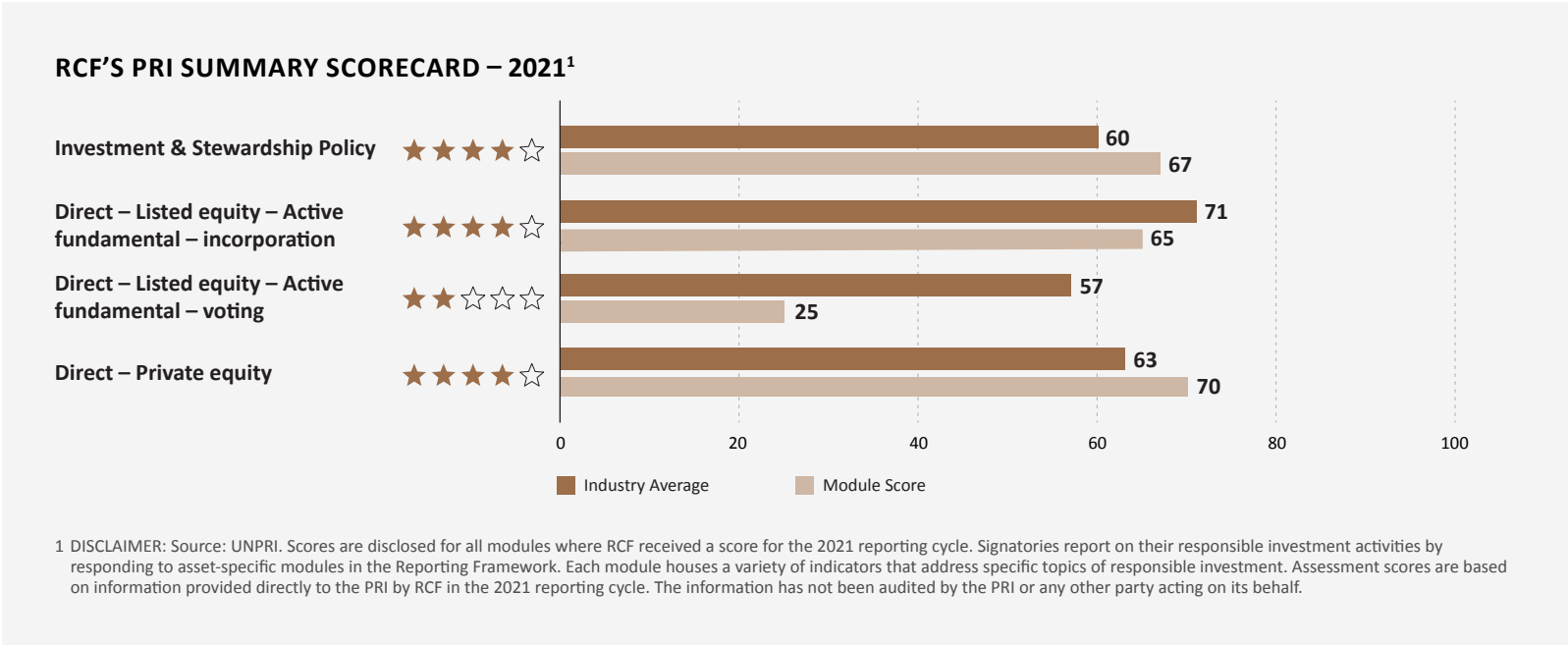
RCF has been a signatory to the PRI since 2013, and we report to the PRI on our responsible investment activities annually. The reporting framework includes questions about investment practices that help drive the mission of the PRI. It considers how ESG factors are incorporated into investment processes and asset allocation decisions, how signatories assess and understand sustainability outcomes, and how these outcomes are measured.

The PRI assesses signatories’ responses to identify how their responsible investment practices can be improved, with a primary focus on responsible investment implementation across organizations’ overall investment processes. Reporting modules are scored with a numerical grading system ranging from 1 to 5 stars. The lowest grade is one star, allocated to those whose responsible investment behavior is at the lower end of what is expected from signatories. The highest score is five stars and awarded to those signatories who demonstrate leading practices within the responsible investment industry. In 2021, RCF received the following scores:

Broadly, we believe our scores reflect RCF’s efforts to deliberately build our ESG program and adopt responsible investment principles across our business. We were pleased to receive above-average scores for the “Investment & Stewardship Policy” and “Private equity” modules, which cover the majority of assets under management.

The lower score for the “Listed equity – Active fundamental – voting” module primarily relates to the PRI’s assessment of RCF’s proxy voting policy and approach. RCF understands that proxy voting is part of our responsibility as stewards of our LPs’ investments to provide clear and transparent feedback to investee companies, complementing ongoing engagement with portfolio companies on material business issues, including ESG and compensation matters. For this reason, we have recently completed a full review of our proxy voting policy intended to enhance our approach to voting and collaboration with other shareholders, particularly those proxy votes which relate to ESG matters.

Our full Assessment Report and Transparency Report for the 2021 reporting cycle is available [online](#).





## Stakeholder Engagement

We believe in the importance of respectful, meaningful and proactive stakeholder engagement to help us build and maintain strong relationships and better understand the interests and concerns of individuals and organizations that have a strong interest in and/or influence on RCF.

Our key stakeholders and our approach to engagement include:

### LIMITED PARTNERS (I.E., THOSE WHO INVEST IN RCF'S FUNDS) AND PROSPECTIVE INVESTORS

The majority of our Limited Partners ("LPs") are located in the U.S. (based on tax status) and range from university endowments, foundations and philanthropic trusts to family trusts and pension funds. To fulfill our commitment to being a transparent and trusted fiduciary, we regularly engage with our LP's, providing quarterly reports and holding an annual general meeting to share our views on trends in the mining industry and the economic environment. The annual general meeting also includes a dedicated session to update LPs on material ESG matters which affected our portfolio companies and RCF's ESG strategy.

### PORTFOLIO COMPANIES

RCF aims to be a long-term partner with the companies and projects in which we invest. This includes providing flexible financing alternatives, assisting in advancing projects and helping management teams raise capital. The level of engagement with our portfolio companies is based on the materiality of issues and the size of our holding, along with companies transitioning into the development/operational phases.



### EMPLOYEES

As of December 31, 2021, RCF employed 95 people who work at our seven locations around the world. Our mission is to provide a challenging, engaging, inclusive and rewarding work environment and to ensure employees from diverse backgrounds, genders and ethnicities are offered equal opportunities at all levels. Flexible working approaches have been in place at RCF for many years, which enabled us to address the complexities associated with working from home during the COVID-19 pandemic with greater nimbleness and agility.

### COMMUNITIES

Earning and maintaining local community and/or Indigenous groups' acceptance is perhaps one of the most challenging aspects of investing in mining, but also presents a great opportunity. A key focus of our due

diligence process is evaluating and monitoring each portfolio company's understanding of concerns and dynamics of the local communities and/or Indigenous groups where their operations are located and their ability to manage the social impacts, risks and opportunities unique to each jurisdiction. At RCF, we believe that responsible mining positively progresses socio-economic development and we seek to assess and monitor whether our portfolio companies are fully attuned to local concerns and needs, and how they deliver local equitable benefits and create shared value (including local employment and procurement).

In 2021, RCF employees in our Denver and Perth offices had the opportunity to participate in volunteering initiatives to show support for their local communities. These events also had the benefit of contributing to RCF's internal team-building efforts.



## ESG Materiality and Priorities

In 2022, we conducted a materiality assessment to help us further our understanding of RCF’s key ESG impacts, risks, opportunities and stakeholder expectations, and to provide guidance on strengthening our ESG governance, management, measurement and reporting performance. The materiality assessment was comprised of peer benchmarking, internal and external stakeholder engagement surveys, and follow-up interviews.

In total, 58 individuals provided us with valuable insights on RCF’s ESG commitments and topic areas, our ability to address these topic areas, as well as recommendations on our ESG communications and reporting. The outcome of the engagement process helped us establish a prioritized list of key issues and actions to support our ESG strategy.

The materiality assessment also emphasized the importance of enhancing our ESG governance policies, the necessity to focus on goal setting, performance measurement and management, the value of adhering to specific “good practice” ESG frameworks, programs and initiatives, and the imperative of consistent and effective ESG communications.

While DE&I was identified as a secondary priority topic by our stakeholders, we believe that DE&I merits prioritization given its importance to business excellence. As a result, we are developing a multi-year DE&I strategy focused on reviewing and updating our talent management policies and procedures. We are also aware that there is a notable lack of wider diversity in the mining industry and our aim is to address this imbalance through our engagement practices with our portfolio companies.

Our materiality assessment survey revealed that our stakeholders believe that RCF demonstrates an above-average commitment to ESG relative to our private equity peers.

Based on the results of our materiality assessment, the priority ESG topics for RCF’s investment portfolio and RCF as a company are:

		Portfolio	Company
Environmental	Tailings management	●	
	Water stewardship and efficiency	●	
	Energy management and efficiency	●	●
	Hazardous material management	●	
	Mine waste management	●	
	Biodiversity and habitat conservation	●	
	Climate change (including GHG emissions)	●	●
Social	Community relations	●	●
	Health and safety	●	●
	Involuntary resettlement	●	
	Indigenous Peoples relations	●	
	Employee welfare		●
	Employee engagement and talent development		●
	Security and human rights	●	
	Land access and rights	●	
	Integrated mine closure	●	
	Diversity, equity and inclusion		●
Governance	Anti-corruption and bribery	●	
	Board composition and competency	●	
	Business conduct and ethics	●	●
	Permitting and regulatory compliance	●	
	Enterprise risk management		●
	Revenue transparency	●	
	Cybersecurity and data privacy		●
	Disclosure and reporting		●

● Primary Topics

● Secondary Topics





## Governance

“

*The ESG space is constantly evolving. One thing that has remained unchanged, however, is RCF's commitment to the principle of good governance. We recognize the connection between sound ESG governance and practice and the positive impact this has on facilitating everything from permit approval to securing a robust 'social license to operate,' and even access to capital. Therefore, every new RCF investment begins with due diligence on the quality of a company's governance structure, policies and practices.”*



**Chris Corbett**  
Chief Investment Officer



### Our Approach

At RCF, we believe that good corporate governance is the foundation of successful performance. Primary governance topics for RCF’s investment portfolio include anti-corruption and bribery, board composition and competency, business conduct and ethics, and permitting and regulatory compliance, all of which are addressed in our due diligence process. Prior to investing in a company, RCF teams seek to evaluate not just the composition of a company’s Board of Directors but also the potential conflicts of interest, legal and regulatory risks, the levels of real and perceived transparency, and government capacity in the project’s jurisdiction.

RCF seeks investments where the company has a clear and transparent anti-corruption and bribery policy that is enforced company-wide and communicated to key stakeholders. We expect companies to provide training on the different forms and manifestations of corruption and fully understand all relevant anti-corruption laws and regulations.

We will not invest in jurisdictions with excessive sovereign risk, countries that are the subject of international sanctions or those in which it is illegal for a U.S. entity to invest. As per our 2022–2023 ESG Strategic Roadmap, we will be reviewing our approach to assessing and managing governance risks and opportunities. This may include the development of region-specific guidelines and criteria for investment decisions as recommended by our stakeholders.

Although the majority of RCF’s invested capital is deployed into privately owned companies, we have recently updated our proxy voting policy relating to our public company holdings to reflect the increased importance of proxy voting as an effective way for shareholders to contribute to clear, effective and accountable stewardship.

Examples of how we engage with our portfolio companies on their governance performance include the following:

- At a gold company, we gained broad shareholder support for meaningful changes to the Board to improve corporate governance and strategy.
- At a vanadium project, we helped to engage a consultant to assist the Board in developing its ESG vision and strategy and to prepare the company for operational-stage reporting against global standards as it enters construction.

### Governance at RCF

We not only assess the governance practices of our portfolio companies but also aim to ensure that RCF’s own internal governance structures, policies and practices are in line with stakeholder expectations and compliance. RCF is an SEC-registered investment advisor, and as fiduciaries of our investors’ capital, we strive to conduct ourselves with integrity in everything we do.

At RCF, we believe that good corporate governance is the foundation of successful performance.





### How We Conduct Business

At RCF, governance is led by our 16-member Partner group, all members of which have an ownership stake in the firm. In addition, 95 current and former employees held varying levels of ownership stakes in the firm in 2021. The RCF Partner group includes people with a wide range of diverse perspectives, as well as individuals who have been with RCF for many years and those who are new to the firm.

### Conflicts of Interest

RCF’s policies and procedures aim to identify and properly disclose, mitigate and/or eliminate applicable conflicts of interest. RCF has a duty to act solely in the best interests of its investors and to make full and fair disclosure of all material facts, particularly where RCF’s interests conflict with the interests of an investor.

In certain instances, disclosure to and consent of an investor may be facilitated through the Limited Partner Advisory Committee or another independent committee to the extent required by the applicable client’s governing documents. The Limited Partner Advisory Committee, which comprises a group of LPs, makes decisions and addresses conflicts on behalf of all the LPs.

### Ensuring Business Continuity

We have established a comprehensive firm-wide succession plan, alongside continuation plans for each of our Funds, to mitigate risk, ensure development plans for key roles and potential successors, and be well prepared should someone in a key leadership role depart. Each RCF Fund has an internal Investment Committee (“IC”), which includes Partners, members of the investment team (i.e., those proposing and managing investments) and most have independent external committee members. Risks and opportunities, including ESG, are presented to the IC and assessed in the context of the entirety of the investment. IC members monitor the portfolio as a whole and engage with members of the investment team as needed during due diligence and subsequent commitment and execution.

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*Governance is truly the glue that holds ESG together. Without good governance, a company cannot implement environmental and social performance in a meaningful manner.”*



**Russ Cranswick**  
Partner & Head of RCF Opportunities Fund







# Environment

“  
RCF recognizes that metals and mining operations depend on access to shared environmental resources, including water, land and energy. We are committed to the responsible stewardship of these resources throughout the mining lifecycle.”



**Martin Valdes**  
Partner, Head of RCF Fund VII

14 Si Silicon	29 Cu Copper	30 Zn Zinc	31 Ga Gallium	32 Ge Germanium
34 Se Selenium	47 Ag Silver	48 Cd Cadmium	49 In Indium	52 Te Tellurium



### Our Approach

At RCF we understand that mining is subject to potential risks and liabilities associated with the impacts to the environment. We recognize that environmental legislation, including climate change regulation, is evolving in a manner which will require stricter standards and enforcement.

We strive to conduct extensive due diligence on a wide range of environmental issues facing our portfolio companies to understand how these may affect performance. We currently place particular emphasis on effectiveness of biodiversity, waste and tailings management, and water stewardship, which were identified by our stakeholders in our materiality assessment as being of primary importance. Going forward, we will also be looking more closely at climate-related resiliency and adaptation as well as GHG emissions and a portfolio company’s approach to climate change risk management.

We regularly review our portfolio companies’ environmental performance. Depending on RCF’s level of influence on a company’s environmental practices and strategies, we may undertake several actions. These include collecting data on material environmental issues and reviewing environmental management practices, including monitoring leading and lagging indicators to ensure that appropriate investigations have been initiated and corrective and/or preventative action plans put into place. We may also engage external specialists to conduct specific environmental assessments and, where necessary, develop remediation plans.

Examples of how we use environmental due diligence to inform our capital allocation decisions and engage with our portfolio companies on their environmental performance include the following:

- At a bauxite project, we helped select highly specialized external consultants to identify critical habitat and develop a biodiversity action plan.
- Following extensive due diligence on a polymetallic project in Central Africa, RCF made the decision not to invest based on our belief that negative impacts on a critical biodiversity habitat could not be mitigated by the company.

### Tailings Management

Tailings consist of processed rock or soil which are left over after the minerals of value have been separated from the rock or soil in which they occur. They can pose potential human health and safety risks and have adverse effects on the environment. Responsible tailings management is critical to minimizing and mitigating these risks.

In 2019, to address these risks, we engaged an internationally recognized consultancy to conduct a full assessment of our portfolio companies that have mining waste or water storage facilities. The initial review determined that there are no high-risk facilities within our portfolio, and the recommendations from the review were added to our due diligence process. We continue to work with external experts to help update our approach to better align with the Global Industry Standard on Tailings Management (“GISTM”).



### Global Industry Standard on Tailings Management (“GISTM”)

In 2020, the GISTM was released with the aim of enhancing the safety of mine tailings facilities across the globe and preventing catastrophic failures. The GISTM is focused on safeguarding the rights of project-affected people by mandating transparency and accountability by mining companies regarding tailings management. To be compliant with the GISTM, mine operators must use specified measures to prevent the catastrophic failure of tailings facilities and to implement best practices in planning, design, construction, operation, maintenance, monitoring, closure and post-closure activities.

Our Approach to Climate Change

At RCF we recognize that climate change is one of the most pressing global challenges of our time and that actions aligned with the goals of the Paris Agreement are critical to achieving the SDGs, given the inextricable links between climate change, water, biodiversity and socio-economic development. We acknowledge that a changing climate and its impacts represent both physical and transitional risks and opportunities which could impact portfolio companies and potential returns to the Funds.

The Task Force on Climate-related Financial Disclosures (“TCFD”)

Created in 2015 by the Financial Stability Board (“FSB”), the TCFD’s aim is to promote more consistent disclosure of climate-related financial risks and opportunities. Their widely accepted framework is grouped into four pillars – governance, strategy, risk management, and metrics and targets. RCF acknowledges the importance of the TCFD’s recommendations to providing investors with an increased understanding of the financial implications of climate change for their investments. This report is our introductory disclosure against the TCFD framework, and we are committed to continuous improvement of both performance and disclosure.



Governance

As with all RCF’s responsible investment actions, our senior leadership oversees the management of climate-related risks and opportunities. The direct management of RCF’s Climate Change Policy, which was established in 2020, is under the mandate of the ESG Committee. The Climate Change Policy outlines RCF’s approach to evaluating climate-related risks and opportunities, including considering climate risk as a factor in due diligence and ongoing portfolio company engagement.

In practice, responsibility for identifying, assessing and managing climate-related risks lies with RCF’s investment teams, working in partnership with our Chief Sustainability Officer, and with guidance from our ESG Committee. Where applicable, investment committees for each Fund make decisions on where RCF deploys capital, considering material ESG issues, including the findings from climate-related analysis.

Strategy

Given the scale of our investment activities relative to RCF’s own business, our investment portfolio is the primary focus of our climate strategy. We have identified several climate-related risks and opportunities which we expect to impact our portfolio companies over the short, medium and long term:

PHYSICAL RISKS

The physical impacts of climate change risks to mining operations, infrastructure, transport routes and communities globally, due to acute physical risks including the increased severity of extreme weather events and chronic physical risks related to longer-term shifts in climate patterns. For example, climate change is expected to cause more frequent droughts and floods, altering the supply of water to mining sites, disrupting operations and impacting local communities.

TRANSITION RISKS AND OPPORTUNITIES

The mining sector is facing pressure from governments, investors and society to reduce emissions. As governments align with the goals of the Paris Agreement, potential increases in regulated carbon prices may impact asset cash flows and valuations. We have also identified that relatively low emissions mining operations appear to be developing a competitive advantage which may provide better access to capital or enhance their ability to secure attractive offtake agreements.

For RCF, a key consideration is how demand for different commodities will be influenced by different climate transition pathways, as metals play a vital role in the transition to cleaner energy production. RCF’s investment strategy actively seeks to identify opportunities to invest in future-facing commodities that will support global decarbonization.



## A Paradigm Shift in Mineral Demand: The Green Energy Transition

The International Energy Agency (“IEA”) has clearly stated that “an energy system powered by clean energy technologies differs profoundly from one fueled by traditional hydrocarbon resources.”<sup>1</sup> Green energy technologies require substantially more mined minerals and metals – especially critical minerals like copper, lithium, nickel, manganese, cobalt, graphite and rare earth elements. By the IEA’s estimates, efforts to reach the climate goals of the Paris Agreement could require a quadrupling of mineral production by 2040, and a more aggressive net-zero global emissions by 2050 scenario would require six times more mineral inputs. Both scenarios will create unprecedented long-term demand for metals and minerals across the global energy transition spectrum. RCF is well positioned to participate as a strategic capital partner to projects aimed at sustainable sources of metals and minerals to ensure society has the fundamental primary materials to solve global resource constraints.

## Risk Management

RCF’s due diligence process is our main method for identifying climate-related risks and opportunities and assessing how companies are preparing for climate change impacts. We take into consideration government requirements and compliance with applicable jurisdictional emission limits (in line with Nationally Determined Contributions, “NDCs”), carbon trading regulations and offset requirements as well as any regional reporting obligations. We have recently enhanced our approach to understanding the relative GHG emissions intensity of investments, as well as beginning to consider the impact of future carbon taxes or other regulatory penalties upon asset cash flows.

RCF’s Fund portfolios are well diversified in terms of commodity and jurisdiction, which mitigates the risk of exposure to climate-related risks in any region or market. Our extensive due diligence process is focused on identifying low-cost, long-life mines with high-quality mine operators that share our values in responsible mining. By focusing on high-quality assets, RCF’s portfolio companies are generally able to withstand fluctuations in commodity price or potential increased costs resulting from the transition to a low-carbon economy.

Our approach to climate risk management is continually evolving, and future priorities include further work to understand current and future climate risks (and interconnectedness with other ESG issues) for our portfolio companies. This will help us identify RCF’s most material exposures and enable us to collaborate with boards and management to ensure that resilience and adaptation actions are implemented. We are also exploring the integration of an internal carbon price

into our financial models, allowing us to understand the potential impact of various climate scenarios on future asset and portfolio values.

## Metrics and Targets

### RCF’S CARBON FOOTPRINT ACROSS INTERNAL OPERATIONS

In 2022 we conducted an initial screening exercise to identify the material emissions categories across RCF. As an office-based company, we have no Scope 1 emissions. Our Scope 2 emissions relate to our energy usage at our leased office premises. Due to the international locations of our portfolio companies and office locations, we identified that a significant amount of Scope 3 emissions come from business travel.

#### GHG Emissions 2021<sup>1</sup>

Scope 1: Direct Emissions	Scope 2: Indirect Emissions <sup>2</sup>	Scope 3: Business Travel (Flights) <sup>3</sup>	Total Emissions
0	208 tCO2-e	501 tCO2-e	709 tCO2-e

For future years, we intend to expand our emissions measurement to cover additional areas of Scope 3 emissions, including remote working and professional services. We also aim to set specific targets for emissions reduction as we identify areas for improvement; for example, while most of our offices have high levels of energy efficiency, we have identified that our Perth office has potential for improvement in this area and are actively engaged with our landlord to address this. The nature of our business, particularly the importance of site visits to the due diligence process, makes it challenging to significantly reduce business travel for site-based work, however, we continue to seek alternatives where possible.

Four out of seven RCF offices have achieved Leadership in Energy and Environmental Design (“LEED”) ratings, with our Toronto office receiving the highest LEED rating – Platinum.

### PORTFOLIO COMPANY GHG EMISSION INTENSITY

Given the scale of our investment activities compared to our footprint as an office-based company, we recognize that our portfolio companies’ emissions represent the most material source of Scope 3 emissions for RCF. Many of our portfolio companies have completed Environmental and Social Impact Assessments (“ESIA”), some of which estimate GHG emissions and identify areas for mitigation and reduction. Additionally, several of RCF’s portfolio companies have made commitments to GHG reductions and renewable energy opportunities.

As part of our TCFD strategy we have begun to compile an initial Scope 1 and Scope 2 GHG emissions inventory for portfolio companies within our current flagship Fund, Resource Capital Fund VII L.P. Where actual GHG emissions are not available, we have used a database of emissions from global mining operations compiled by Skarn Associates, an ESG data analysis firm. We intend to continue to work closely with our portfolio companies to encourage them to begin calculating their GHG baseline for Scope 1 and Scope 2 emissions, as well as to set credible GHG reduction targets.

1 IEA, “Total mineral demand for clean energy technologies by scenario”: <https://www.iea.org/data-and-statistics/charts/total-mineral-demand-for-clean-energy-technologies-by-scenario-2010-2040-2>

2 Greenhouse gas emissions are generated from the direct combustion of fuels (Scope 1) and by purchase of electricity from independent suppliers (Scope 2). Scope 3 emissions are the result of activities not owned or controlled by the reporting organization but that the organization indirectly impacts in its value chain.

3 Where actual energy consumption for an office was not available, estimates have been made using the leased area and energy efficiency ratings for each property. Electricity emissions accounting has been carried out using a location-based approach. The location-based approach uses default factors provided by jurisdiction. These factors indicate the average amount of GHG emissions produced (in kgCO2-e) per kWh of electricity consumed from the grid. RCF’s final total electricity consumption per location (actual or estimated in kWh) is multiplied by the relevant grid factors (kgCO2-e/kWh electricity consumption) to estimate emissions.

3 Emission factors for corporate flights are sourced from DBEIS factors for 2022: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>



59	65	66
Pr	Tb	Dy
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# Social Performance

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*We believe the ongoing acceptance of a company’s business practices by the community and other key stakeholders is a critical factor in successfully developing a mining project. RCF’s initial investment is often in the early stages of a mining development project, and companies must understand stakeholder concerns and perceptions and demonstrate a commitment to working collaboratively with the local communities and/or Indigenous groups to make a positive impact at the very beginning of a project.”*



**Jacqui Murray**  
Partner, Investment Team Leader &  
Member of RCF’s ESG Committee



Our Approach

RCF regularly reviews its portfolio companies’ social performance effectiveness and proactively engages management to ensure that strategies are in place to mitigate social impacts and risks, that the companies earn their “social license to operate” and strive to create social value, including post-investment. In particular, we try to assess risks and opportunities focused on occupational health and safety, community engagement, grievance management, strategic social investment, local content, community health, involuntary resettlement and relationships with Indigenous Peoples. Our level of engagement is based on the materiality of issues and the size of our holding, along with companies transitioning into development/ operational phases.

We recognize that we don’t have all the answers when it comes to social performance management and that we have many opportunities for continuous improvement, especially with respect to wider aspects of human rights. Our stakeholders have told us that we need to work on developing key metrics to be better able to evaluate our portfolio companies’ social performance, particularly when it comes to community and relationships with Indigenous Peoples. In response to this feedback, we are reviewing the data we collect from portfolio companies on key social issues, including occupational health and safety leading and lagging indicators, community grievances, local employment performance, local skills training and social investments, to ensure we are collecting the right information to enable better decision-making and engagement.

Examples of how we engage with our portfolio companies on their social responsibility performance and help them provide sustainable long-term benefits to the communities where they operate include the following:

- At a silver-zinc-lead project, we were instrumental in replacing key Board directors and management to bring renewed focus on enhancing important relationships with First Nations communities. This led to meaningful impact-benefit agreements being signed with all three of the First Nations involved in the project.
- At a heap leach gold project, we helped establish an Independent Advisory Panel to engage stakeholders (including government, local leaders, community members, NGOs, academics, technical experts, and business and union representatives), record their concerns about the perceived environmental and social impacts of the project, and hold the project accountable for its commitments to adhere to international “good practices.”



“  
*Diversity provides a competitive advantage in our business; therefore, it is vitally important for us to apply a diversity lens to our recruitment and talent management practices.”*



**Michael Rowe**  
Partner, HR Business Director

## Diversity, Equity and Inclusion (“DE&I”)

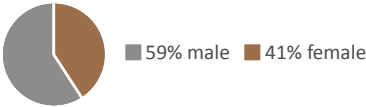
At RCF we believe that having a workforce comprised of individuals who bring diversity in gender, age, ethnicity, cultural background and sexual orientation leads to creativity, innovation and ultimately, better decision-making.

To ensure that everyone at RCF understands their rights and respects their colleagues, we require all employees to complete DE&I training. Within our portfolio companies, we evaluate Board of Director composition from a diversity perspective. Recognizing that there are significant challenges in the mining sector regarding all forms of diversity, we engage with our portfolio companies on a regular basis to discuss and influence board changes when and where we can.

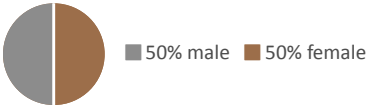
RCF’s Women’s Leadership Group aims to create a forum for open and candid conversations about topics such as career growth, mentoring, and business and professional development for women in the mining and financial sectors. The program’s aim is to provide encouragement and guidance and to develop and foster interaction among women at all levels of the organization.

Going forward, we will be assessing our DE&I policies and training with the aim of updating our programs to reflect best practice in unconscious bias awareness, psychological safety, and intercultural intelligence and communication. We are also working towards ensuring that our hiring, retention and promotion practices are free from discrimination of any kind, and we are developing metrics and key performance indicators to measure, track and report our progress which we look forward to sharing in future ESG reports.

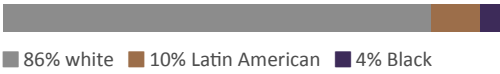
### Overall RCF



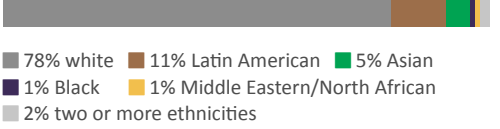
### Operations/Administrative Partners & C-Suite



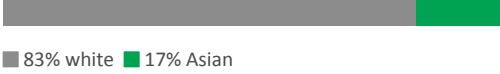
### RCF Management (Male)



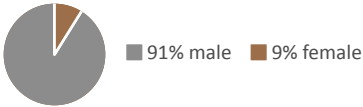
### Ethnicity Company-Wide



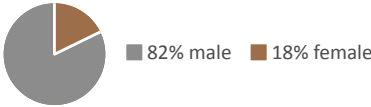
### Operations/Administrative Partners & C-Suite



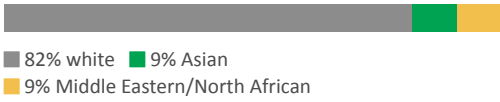
### Investment Partners/C-Suite



### Senior Investment Professionals



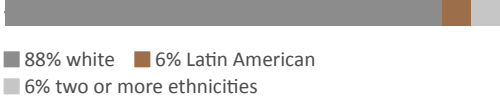
### RCF Management (Female)



### Investment Partners/C-Suite



### Senior Investment Professionals



Jacqui Murray, RCF Partner and Investment Team Leader, participates in Perth Mentor Walks through which she offers mentoring to aspiring women at every stage of their career.

## Collaborating with Global DE&I Initiatives

RCF supports several DE&I initiatives both within and outside of our industry. RCF has for many years been a key and founding sponsor of the Australian Institute of Company Directors Director Pipeline Project, mentoring women on programs to achieve their first board roles. Two RCF employees sit on the Board of the Canadian chapter of Women in Mining (“WIM”), an international non-profit that pursues gender equality and promotes women’s voices, access to opportunities and leadership in the mining sector. RCF employees are members of the WIM UK and WIM Colorado chapters. Several of our employees also participate in diversity organizations such as the Black North Initiative (“BNI”), which has a mission to end anti-Black systemic racism in Canada by utilizing a business-first mindset, and also a grassroots global organization, Diversity in Sustainability (“DiS”), which aims to support DE&I within the field of sustainability across all industries. The RCF Foundation has directly and through portfolio company management teams, supported grants to First Nations and Indigenous organizations in Australia and elsewhere.



Resource Capital Funds Foundation

The Resource Capital Funds Foundation (the “Foundation”) was established in 2008 with a mission to support social change and promote sustainable development on a global scale. The Foundation supports philanthropic initiatives in communities where our portfolio companies operate and where our employees are located.

We evaluate funding applications based on each initiative’s ability to help achieve the SDGs, and all applicants must clearly demonstrate how Foundation funding will contribute to one or more of the 17 goals. Grant review and project selection are conducted by our Foundation’s Board of Directors. Funding applications may be initiated by any of our employees directly or on behalf of portfolio companies. Our Resource Capital Funds Foundation Annual Report provides a summary of the grants and details on the financial position of the Foundation. The Foundation also provides funding for RCF’s employee matched giving program for contributions up to \$250 annually to registered charitable institutions.

Since inception, the RCF Foundation has disbursed \$1.45 million in grants and contributions to over 157 organizations.

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*The broad mandate of the Foundation has resulted in the support of a wide variety of charitable causes reflecting both geographic and demographic diversity. We are proud to be making a positive impact on people across the globe, and we are grateful to be continuing the good work envisioned at the start of the Resource Capital Funds Foundation.”*











Sherri A. Croasdale  
Senior Advisory Partner & Chair of the RCF Foundation





Resource Capital Funds Foundation

2021 Grant Beneficiaries

Relevant SDG	Beneficiaries	Geographic Location
 <div>No Poverty</div>	United Way – Northwest Territories	Canada
 <div>Good Health and Well-being</div>	Happy 2 Be Home Inc.	USA
	Apraxia	USA
	Harry Perkins Institute	Australia
	Silver Chain Group Limited	Australia
 <div>Quality Education</div>	York University	Canada
	GeoFORCE Alaska	USA
	Catholic Organization for Development and Solidarity	Africa
	Alaska Resource Education	USA
	Colorado Mining Association Education Foundation	USA
	The Morgan Center	USA
	Save Our Youth Inc.	USA
	Boy Scouts of America	USA
	AARP Experience Corps Pinal-Casa	USA
 <div>Affordable and Clean Energy</div>	Colorado Cleantech Industry Association Foundation	USA
 <div>Decent Work and Economic Growth</div>	Colorado School of Mines Foundation	USA
 <div>Reduced Inequalities</div>	The Navy Clearance Diver Trust	Australia
 <div>Sustainable Cities and Communities</div>	Twin Hills Trust	Africa
 <div>Life on Land</div>	The Wild Animal Sanctuary	USA





Lighting the Way to a Better Future

In 2021, Orezone Gold Corporation (“Orezone”), a gold mining company that operates in Burkina Faso, applied to the RCF Foundation to obtain funding for the installation of solar powered lights in seven communities surrounding Orezone’s Bomboré gold project. The lack of public lighting presents numerous issues for local residents, particularly for girls and women. At night and without light, women are not able to carry out income-generating activities such as weaving, trade and catering, which puts them at an economic disadvantage. Young girls typically do housework during the day and are not able to do their homework until their domestic chores are completed, thereby limiting the time available for studying during daylight. Lack of lighting also poses safety risks for all community members. In 2021, the RCF Foundation donated \$15,700 for the installation of solar lamps. Based on the success of the project, Orezone has submitted a further application that would provide lighting to 11 additional communities in 2022.



Supporting Early Childhood Education for the Most Vulnerable

Every year, over 200 children under the age of five are diagnosed with cancer in the New York metropolitan area. Because these children suffer from a compromised immune system resulting from chemotherapy, they are not able to attend regular preschool because of the risk of exposure to viruses. For an immunocompromised child, even the common cold can lead to a life-threatening illness. In 2021, the RCF Foundation approved a \$15,000 grant to the [Morgan Center](#) in Brightwaters, NY. This non-profit enables preschool age children battling cancer to learn and socialize with their peers in a safe environment. Morgan Center programs prepare children for kindergarten and provide a sense of normalcy and distraction from the stress of their illness and treatment.





## Sustainability Accounting Standards Board (“SASB”) Index

RCF is committed to providing transparency in our sustainability reporting by providing meaningful information to our Limited Partners and other stakeholders and by continuing to enhance our disclosure, including with the following, which is our first effort to align with the Sustainability Accounting Standards Board (“SASB”) framework. This report includes sustainability data for the year ending December 31, 2021.

SASB is an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB created the Sustainable Industry Classification System® (“SICS”®) to group like companies based on their sustainability-related risks and opportunities. As of the date of this ESG Report, RCF is classified in the “Asset Management & Custody Activities” Primary SICS Industry. The SICS “Metals & Mining” classification is primarily geared towards mine operators and producers, but RCF recognizes that many of the topics and metrics included in this classification are relevant to its ESG performance. Going forward, we will be looking at developing metrics to also align with the SASB “Metals & Mining” Standard as part of our evolving approach to appropriate and balanced reporting.

Topic	Metric	Response
Transparent Information & Fair Advice for Customers	FN-AC-270a.1 (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	RCF does not have any employees who fall under the definition of “covered employees” under the FINRA rules. Therefore, this item is not applicable.
	FN-AC-270a.2 Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	RCF did not sustain any monetary losses in 2021 as a result of legal proceedings associated with our marketing and communications of financial product related information to new and returning customers.
	FN-AC-270a.3 Description of approach to informing customers about products and services	<p>Around 93% of RCF’s Limited Partners (“LPs”) are located in the U.S. (based on tax status) and range from university endowments, foundations and philanthropic trusts to family trusts and pension funds.</p> <p>RCF has an integrated approach to informing potential and existing LPs about RCF’s capabilities to address their needs and meet their particular investment goals. This approach includes detailed policies and procedures to ensure that all marketing materials comply with relevant SEC regulation. Any performance data distributed by the Company and its Supervised Persons to prospective or existing Investors or Clients is subject to the provisions of Rule 206(4)-1 and Rule 206(4)-8 under the Advisers Act.</p> <p>To fulfill our commitment of being a transparent and trusted fiduciary, we regularly engage with our LPs, providing quarterly reports and holding an annual general meeting.</p> <p>Refer to <a href="#">page 11</a> of this ESG report for more detail on how RCF engages, communicates and collaborates with our Investors.</p> <p><b>Form ADV</b></p> <p>As a registered investment advisor, RCF is required to file a Uniform Application for Investment Adviser Registration on Form ADV (“Form ADV”) with the SEC. Parts 1 and 2A of the Company’s Form ADV are available for review by the SEC, applicable state regulatory authorities and the public via the SEC website.</p> <p>Per regulatory requirements, RCF’s policy is to deliver the Form ADV Parts 2A and 2B to each prospective LP, prior to entering into a binding subscription agreement.</p>

Topic	Metric	Response																																										
Employee Diversity & Inclusion	FN-AC-330a.1  Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	<table><thead><tr><th></th><th>Female</th><th>Male</th><th>N/A*</th></tr></thead><tbody><tr><td>Executive Management</td><td>4</td><td>14</td><td>0</td></tr><tr><td>Non-Executive Management</td><td>5</td><td>20</td><td>0</td></tr><tr><td>Professional</td><td>16</td><td>21</td><td>0</td></tr><tr><td>All Other Employees</td><td>12</td><td>0</td><td>0</td></tr><tr><td>Grand Total</td><td>37</td><td>55</td><td>0</td></tr></tbody></table>		Female	Male	N/A*	Executive Management	4	14	0	Non-Executive Management	5	20	0	Professional	16	21	0	All Other Employees	12	0	0	Grand Total	37	55	0																		
			Female	Male	N/A*																																							
		Executive Management	4	14	0																																							
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		All Other Employees	12	0	0																																							
		Grand Total	37	55	0																																							
		<table><thead><tr><th></th><th>Asian</th><th>Black or African American</th><th>Latin American</th><th>White</th><th>Other†</th><th>N/A*</th></tr></thead><tbody><tr><td>Executive Management</td><td>0</td><td>0</td><td>1</td><td>17</td><td>0</td><td>0</td></tr><tr><td>Non-Executive Management</td><td>0</td><td>1</td><td>3</td><td>21</td><td>0</td><td>0</td></tr><tr><td>Professional</td><td>4</td><td>1</td><td>4</td><td>28</td><td>0</td><td>0</td></tr><tr><td>All Other Employees</td><td>1</td><td>0</td><td>1</td><td>10</td><td>0</td><td>0</td></tr><tr><td>Grand Total</td><td>5</td><td>2</td><td>9</td><td>76</td><td>0</td><td>0</td></tr></tbody></table>		Asian	Black or African American	Latin American	White	Other†	N/A*	Executive Management	0	0	1	17	0	0	Non-Executive Management	0	1	3	21	0	0	Professional	4	1	4	28	0	0	All Other Employees	1	0	1	10	0	0	Grand Total	5	2	9	76	0	0
			Asian	Black or African American	Latin American	White	Other†	N/A*																																				
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Professional	4	1	4	28	0	0																																						
All Other Employees	1	0	1	10	0	0																																						
Grand Total	5	2	9	76	0	0																																						
* N/A = not available or not disclosed																																												
† Other includes the classifications: Native American or Alaska Native, Native Hawaiian or Pacific Islander, and “Two or More Races”																																												
Refer to <a href="#">page 22</a> of this ESG report for more detail on RCF’s diversity, equity and inclusion initiatives for fostering equitable employee representation across our global operations.																																												
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.1  Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (“ESG”) issues, (2) sustainability themed investing, and (3) screening	<b>ESG Integration</b> RCF believes in the importance of investing responsibly and that ESG management is as important as a project’s technical characteristics or market conditions. As part of its investment analysis and risk management strategy, every investment team at RCF considers ESG factors in their investment processes. RCF believes that this contributes to the improvement of long-term returns and more sustainable businesses.  100% assets under management employ ESG integration.																																										
		<b>Screening</b> Due diligence incorporates norms-based screening, drawing from relevant international standards to assess portfolio company performance and identify areas where performance does not satisfy RCF’s minimum standards.  RCF also employs negative screening in relation to investments in portfolio companies primarily engaged in the mining, exploitation or commercial production of thermal coal.  100% assets under management employ ESG screening.																																										
		<b>Sustainability-themed Investing</b> RCF does not have assets under management which have a specific mandate to be invested in sustainability-themed assets.																																										





Topic	Metric	Response
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.2 Description of approach to incorporation of environmental, social, and governance (“ESG”) factors in investment processes and strategies	Refer to the main body of this ESG report for comprehensive discussion on RCF’s approach to the incorporation of ESG factors in our investment processes and strategies.
	FN-AC-410a.3 Description of proxy voting and investee engagement policies and procedures	<p><b>Proxy Voting</b> The majority of investments made by the private investment funds to which RCF provides its advisory service (“Clients”) are private companies. Where publicly listed equity positions are held, RCF has adopted policies and procedures which ensure that it complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act.</p> <p>RCF monitors the performance, activities and events related to each investment. When exercising its voting authority securities held by, it considers such information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. RCF votes all proxies in a prudent manner, considering the prevailing circumstances at such time and RCF’s fiduciary duty to its Clients.</p> <p>In accordance with Rule 204-2 of the Advisers Act, RCF maintains appropriate books and records in connection with proxy voting.</p> <p><b>Engagement Policy</b> RCF’s investee engagement procedures are governed by our Responsible Investment Policy and Strategy. The level of engagement with portfolio companies is based on the materiality of issues and the size of the ownership stake.</p> <p>Refer to <a href="#">page 11</a> of this ESG report for more detail on RCF’s engagement strategy.</p>
Business Ethics	FN-AC-510a.1 Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	<p>RCF did not sustain any monetary losses in 2021 as a result of legal proceedings associated with our marketing and communications of financial product related information to new and returning customers.</p> <p>RCF reports all such matters that are material to RCF in our filings with the SEC.</p>
	FN-AC-510a.2 Description of whistleblower policies and procedures	RCF’s Whistleblower Policy encourages employees to bring good faith claims of violations of applicable laws to the attention of the Chief Compliance Officer. The policy includes a non-retaliation measure and does not limit the rights of employees under applicable whistleblower laws and regulation to report violations of any such laws or regulations.
	FN-AC-000.A (1) Total registered and (2) total unregistered assets under management (“AUM”)	<p>(1) RCF’s total registered AUM was nil as of December 31, 2021.</p> <p>(2) RCF’s total unregistered AUM was approximately \$2.5 billion as of December 31, 2021.</p>
	FN-AC-000.B Total assets under custody and supervision	As an alternative asset manager, total AUM is a more relevant activity metric for RCF. As of December 31, 2021, RCF had \$2.5 billion AUM.

# Our Global Presence

RCF is headquartered in Denver and has regional offices in New York, London, Perth, Melbourne, Toronto and Santiago.



**Denver – RCF Management LLC**  
1400 Wewatta Street, Suite 850 Denver CO 80202, USA  
Tel. +1 720 946 1444



**Perth – Resource Capital Funds Management Pty Ltd**  
24 Kings Park Road, Level 1 West Perth WA 6005, AU  
Tel. +61 8 9476 1900



**New York – RCF Management LLC**  
2 Jericho Plaza, Suite 103 Jericho, NY 11753, USA  
Tel. +1 631 692 0043



**Santiago – RCF Management (Chile) SpA**  
Nueva Costanera 4040, #31 Vitacura, Santiago 7630000, CL  
Tel. +56 2 2245 4361



**Toronto – RCF Management (Toronto) Inc.**  
25 York Street, Suite 610 Toronto ON M5J 2V5, CA  
Tel. +1 647 726 0640



**London – RCF Management (UK) Ltd**  
33 St James’s Square, St James’s London SW1Y 4JS, UK  
Tel. +44 20 8132 7672



**Melbourne – Resource Capital Funds Management Pty Ltd**  
133 Flinders Lane, Level 1 Melbourne, VIC 3000, AU  
Tel. +61 3 8638 8950







RESOURCE<sup>®</sup>  
CAPITAL FUNDS

## About Resource Capital Funds

For 25 years, Resource Capital Funds (“RCF”) has been dedicated to delivering capital, growth and innovation to the mining sector to support demand for the foundational materials required to enhance the lives of everyone. RCF is a pioneer in mining-focused alternative investment where it partners with companies to build strong, successful, innovative and sustainable businesses that strive to produce superior returns for all stakeholders. RCF offers distinct investment strategies aimed at providing capital throughout the development and capital structure risk/return spectrum. Mining is an essential global industry for the world today and the world of the future. Everything society needs is either grown or mined. With paradigm shifts in demand driven by decarbonization, emerging middle-income growth and other global factors, RCF has the investment experience, technical and ESG knowledge, commercial expertise, and global networks necessary to invest throughout commodity cycles.

This Resource Capital Funds 2021 Environmental, Social and Governance (“ESG”) Report (the “Report”) has been prepared by RCF Management L.L.C. (“RCF” or “Resource Capital Funds”) to provide information to our Limited Partners and prospective portfolio companies about the ESG processes and expectations of RCF. The Report is based on information available at the end of the year for which the Report has been published and will not be updated to reflect new information or subsequent changes until the subsequent annual report. This Report discusses examples of ESG programs at certain portfolio companies of RCF managed funds; these portfolio companies were selected by a third party who was engaged to assist in the production of this report. The companies discussed and the descriptions provided are for information purposes only and should not be considered a recommendation for or against any company, commodity or ESG program. The sample portfolio companies discussed do not represent all investments made, sold, or recommended to funds managed by RCF. It should not be assumed that any of the portfolio companies discussed were or will be profitable. Certain information contained herein relating to any goals, targets, intentions, or expectations, including with respect to ESG targets and related timelines, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. There can be no assurance that RCF’s ESG policies and procedures as described in this report, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment. RCF is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies, and procedures based on cost, timing, or other considerations. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by RCF with respect to the portfolio company; and other factors as determined by investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis. ESG factors are only some of the many factors RCF considers in making an investment, and there is no guarantee that RCF will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long term value and financial returns for limited partners. To the extent RCF engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG performance of the investment. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by RCF will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends. This Report includes information obtained from published and unpublished third-party sources that RCF believes to be reliable, this information has not been independently verified by RCF. This Report includes forward-looking statements, some of which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “anticipate,” “expect,” “anticipate,” “project,” “target,” “intend,” “believe,” or variations thereon or comparable terminology. Such forward-looking statements are inherently unreliable as they are based on estimates and assumptions about events and conditions that have not yet occurred and any of which may prove to be incorrect. In addition, the accuracy of such statements are subject to uncertainties and changes (including changes in economic, operational, political or other circumstances or the management of the particular portfolio company), all of which are beyond RCF’s control. There can be no assurance that any such expectations and projections will be attained. RCF undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This Report is not an offer to sell or a solicitation to purchase any securities in any company or in any fund managed by RCF or any of its affiliates. All information is as of December 31, 2021 unless otherwise stated.

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resourcecapitalfunds.com



linkedin.com/company/resource-capital-funds



enquiries@rcflp.com

### Resource Capital Funds Headquarters

1400 Wewatta Street, Suite 850  
Denver, CO 80202