



RESOURCE<sup>®</sup>  
CAPITAL FUNDS

# 2023 ESG Annual Report

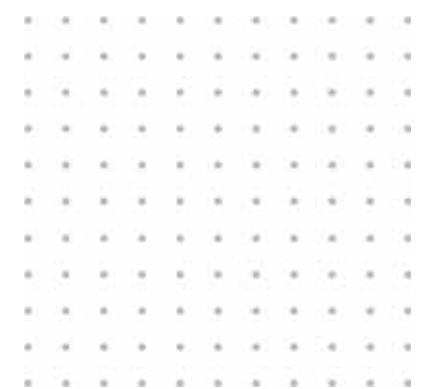
YEAR ENDING DECEMBER 31, 2022

Mining is not a choice. How we mine is.

13 <b>Al</b> Aluminum	13 <b>Si</b> Silicon	13 <b>Cr</b> Chromium
13 <b>Mn</b> Manganese	13 <b>Fe</b> Iron	13 <b>Ni</b> Nickel

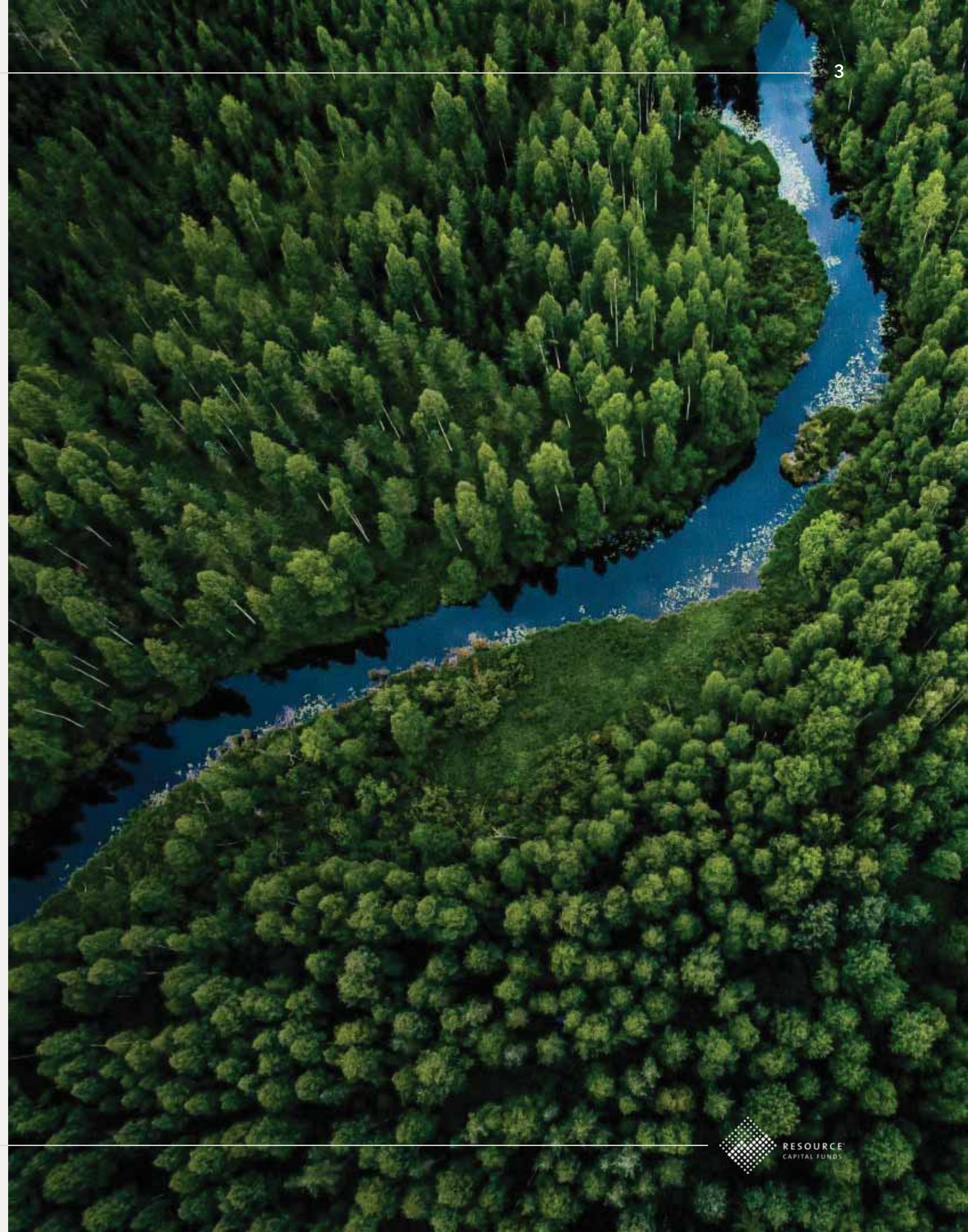
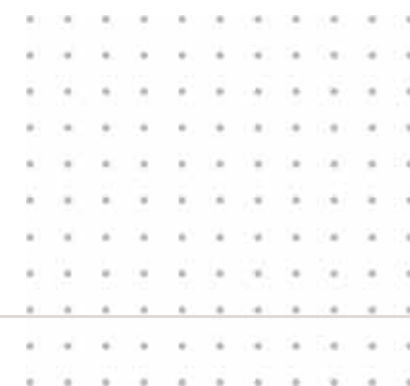
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# Acknowledgement

Resource Capital Funds ("RCF") recognizes and shows its respect to the Indigenous, Traditional, and Tribal Peoples of the lands, waters, and territories where RCF and its portfolio companies operate globally. RCF holds deep respect for the distinct cultural and spiritual connections that Indigenous, Traditional, and Tribal Peoples have to these lands, waters, and territories, and their valuable contributions to society. RCF is committed to encouraging its portfolio companies to consider how their operations interact with and affect Indigenous communities and to make long-term decisions which respect and value Indigenous culture.



# About This Report

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## Scope and Key Issues Contained in this Report

RCF's 2023 ESG Report provides an overview of RCF's approach and performance in environmental, social, and governance (ESG) issues across its business and portfolio companies for the year ended December 31 2022, unless a different time period is noted. In addition to 2022 activities, the report also includes progress and planned activities for 2023, where applicable.

To enhance transparency in its reporting, RCF is pleased to disclose ESG performance data aligned to certain leading sustainability reporting frameworks including the Sustainability Accounting Standards Board (SASB) Asset Management and Custody Activities Standard, Task Force on Climate-related Financial Disclosures (TCFD) and the Institutional Limited Partners Association ESG Data Convergence Initiative (EDCI).

This is RCF's third ESG report.

# About RCF

For 25 years, 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 every person. A pioneer in mining-focused alternative investments, RCF partners with companies to build strong, successful, innovative, and sustainable businesses that strive to produce superior outcomes for all stakeholders, offering distinct investment strategies that provide capital throughout the development and capital structure, and risk/return spectrum.

Mining is an essential global industry for the world of today and the future. With paradigm shifts in demand driven by decarbonization and other global factors, RCF has the investment experience, technical knowledge, commercial creativity, and global networks necessary to invest throughout commodity cycles.

## Groundbreaking



Data as of June 30, 2023

RCF has made **220+ investments** worldwide and supported **25+ mines** into production

# Global network of local investors in key mining jurisdictions

**Commodity Group**

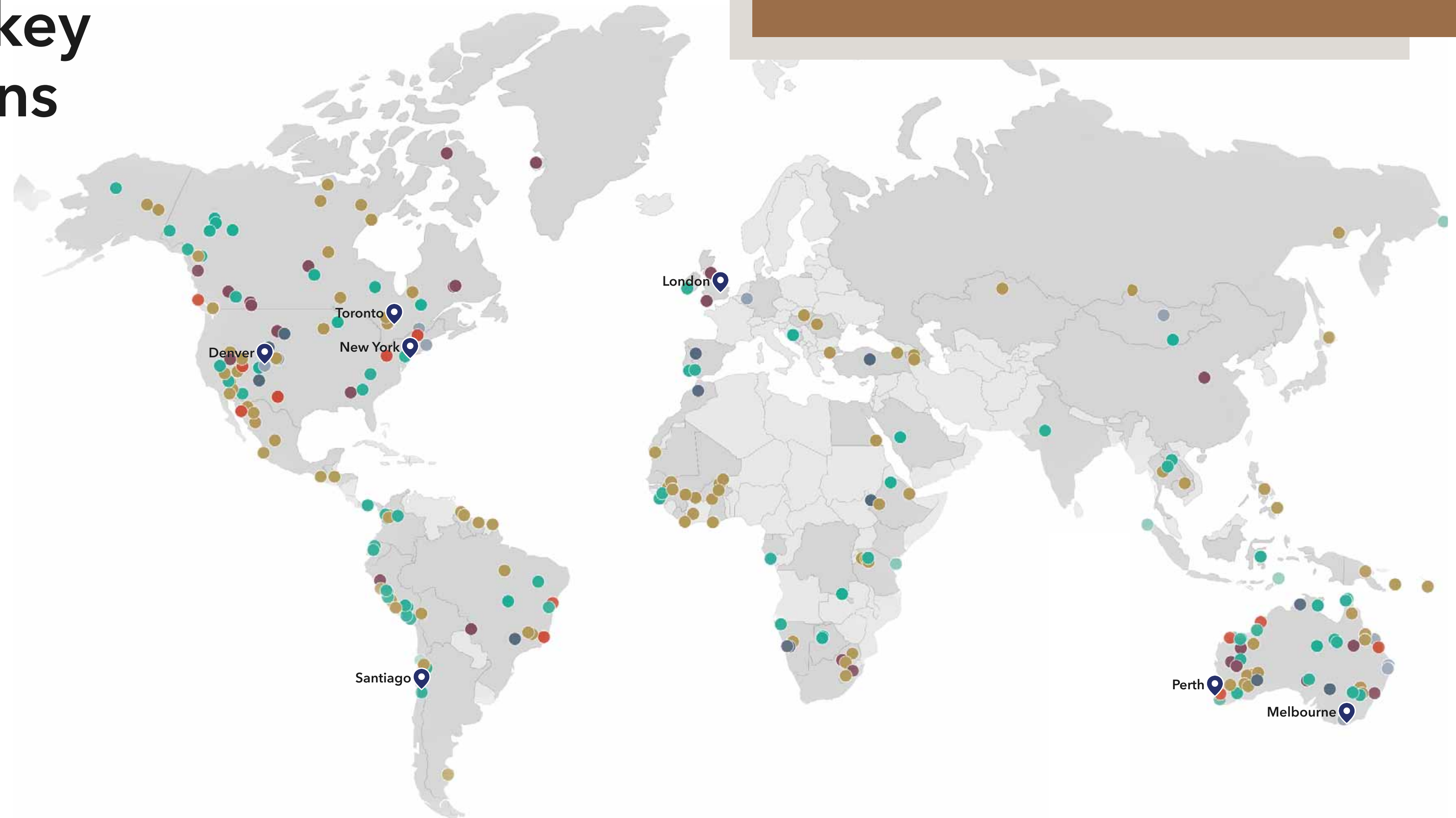
- Energy Transition Metals
- Steel Materials
- Services/Innovation
- Industrial Metals
- Precious Metals
- Other

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Countries RCF Invested In

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RCF Office



# A diversified platform of mining specific strategies



## RCF Private Equity

The RCF Private Equity strategy seeks to achieve significant returns from investments in the mining industry. It is founded on the belief that the world is undergoing a paradigm shift in the demand for metals and minerals. The RCF Private Equity strategy seeks a leading role in advancing projects to cash flow through a focus on late-stage assets in strong mining jurisdictions.



## RCF Opportunities

The RCF Opportunities strategy rests on the belief that meeting the planet's surging demand for metals, driven by technological innovation, changing demographics, and global electrification and decarbonization objectives, relies on new discoveries and project advancement. To offset the natural risks of early-stage exploration, the RCF Opportunities Strategy pursues a diversified and relatively unconstrained approach that seeks to lower volatility, flatten the j-curve, and generate realizations during and after the investment period.



## RCF Jolimont Innovation

RCF Jolimont is the only growth private equity investment strategy in the mining innovation sector and is at the forefront of emerging technologies and ideas in the mining industry. RCF Jolimont is continually scanning and evaluating mining technology products and services from around the world and have extensive relationships with leading research institutions and universities globally. RCF Jolimont invests in high growth mining equipment, technology and services (METS) companies. The METS sector presents investment opportunities, magnified during periods of volatile commodity prices and/or high operating costs. Mining companies rely increasingly on METS companies to provide incremental as well as step-change solutions to improve productivity and lower costs.



## RCF Private Credit

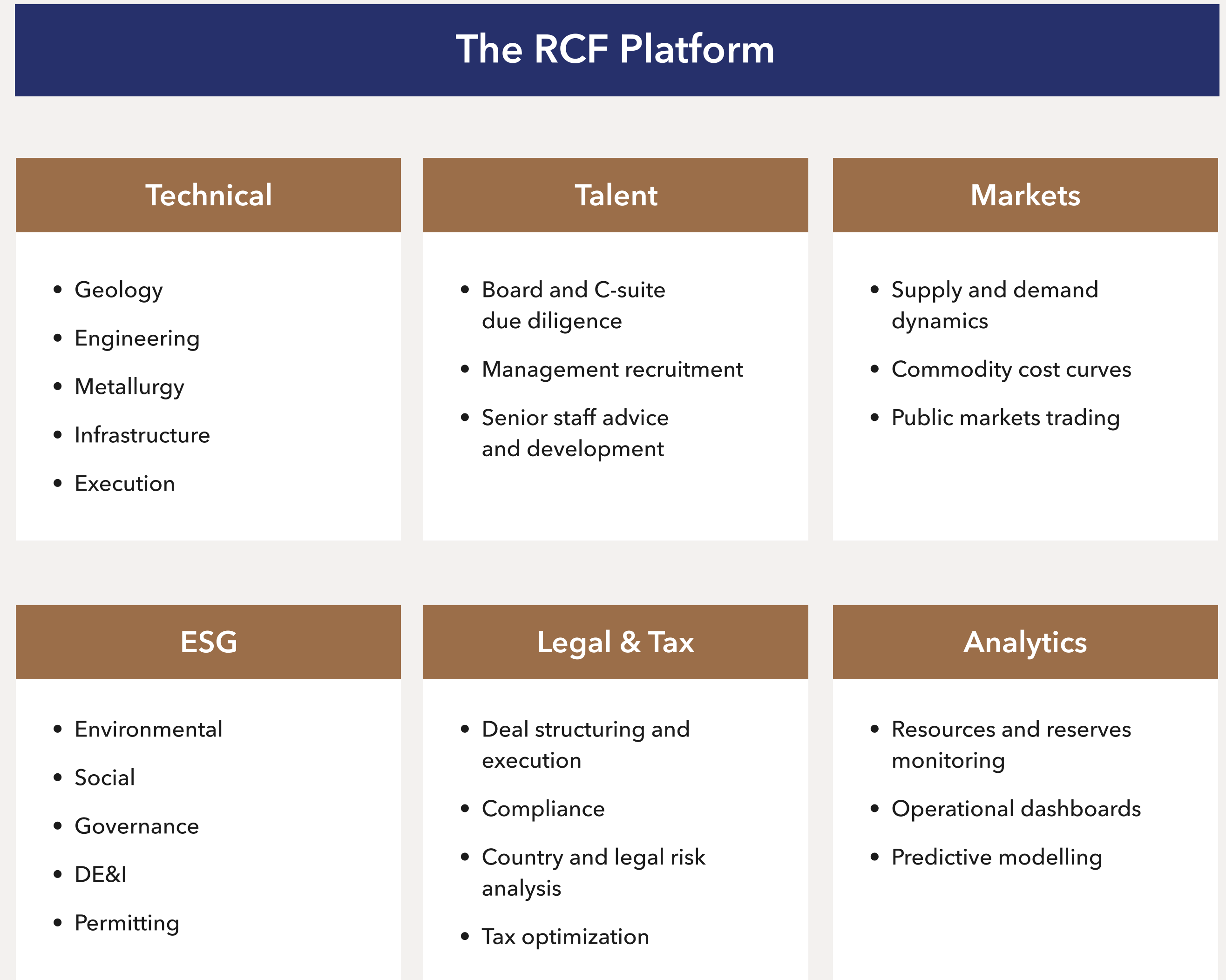
The RCF Private Credit strategy seeks to achieve attractive risk adjusted returns and yields from investing in mining debt instruments. The significant capital needs of the mining industry as it invests in new production capacity to meet the demands of the energy transition, and the reduction in appetite from traditional sources of capital for the industry, present an attractive opportunity for private credit investment.

The RCF Private Credit Strategy seeks to invest in producing mining and midstream companies and in de-risked, feasibility-stage, permitted and construction-ready development projects in established mining jurisdictions.

# Multi-disciplinary, in-house expertise

RCF has a cadre of professionals with both global mining industry and investment expertise. Possessing dynamic insights, thoroughly embedded with best-in-class technical and operational knowledge, commercial experience, and people networks, that proficiency is deeply ingrained, institutionalized, and able to be deployed in a flexible manner.

The investment professionals of RCF have extensive experience developing and producing mining assets, are fluent with global mining technology, and know how to recognize value and opportunity. Investment teams are supported by RCF’s in-house technical, ESG, legal, analytics, markets and talent teams, and the specialized expertise of their members.





# Authenticity Matters

RCF's enduring values of passion, discipline, integrity, respect, and teamwork guide the firm's engagement with all stakeholders, decision-making processes, and commitment to investment excellence. These values drive actions and enable RCF teams to build long-term relationships with investors and the wider mining community.

Responsible investment is at the forefront of the RCF approach to value creation. Critical to this is maintaining a culture of ethical behaviour, transparency, and responsibility in investment processes and ownership practices. The identification and management of ESG impacts, risks and opportunities is deeply embedded within investment decisions and investment management processes.



## Mining alternative investments expertise

Resource Capital Funds is a mining-focused alternative investment firm that partners with companies to build strong, successful, innovative and sustainable businesses that strive to produce superior returns to all stakeholders.

### 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**

## RCF Believes

### Mining is essential

Almost everything society needs is either **grown** or **mined**. A growing population, continued urbanization, emerging market economies, and the need for critical inputs for technology in the energy transition drive demand.

### Value-add

RCF invests in **growth-oriented** mining companies where its **capital, expertise, and capabilities** can help **create value**. RCF has the ability to invest thoughtfully anywhere in the mining ecosystem.

### Partnering

RCF has a **dedicated co-investment program**. RCF has resources to introduce a broad range of additional investors to portfolio companies.

### Responsible investment

RCF supports **sustainable business practices** and **active management** of environment, social and governance issues to enhance the benefits mining can bring to society and local communities.

## RCF Looks For

### Motivated management teams

RCF looks to partner with **motivated** management teams that have a track record of developing **profitable, sustainable** and **successful** minerals assets.

### Innovation and emerging technologies

RCF likes to partner with companies that promote and harness **innovation** and **emerging** technologies to achieve efficiencies over their competition.

### Sustainable practices

RCF partners with companies that are serious about **responsible mining**. RCF believes everyone has to take responsibility for the environmental, social and governance impacts of mining.

### Quality mineral assets

RCF's in-house team of technical and investment experts scour the globe for **technically** and **economically** attractive mineral assets. RCF seeks out commodities that are **strategic** and in attractive stages of the market cycle.

## A Letter from RCF's Co-Founder & Managing Partner

### Celebrating 25 years

In 2022, RCF celebrated its silver anniversary. In those 25 years, RCF has invested in more than 220 mining and mining technology companies, producing over 30 commodities, in more than 50 countries, across multiple commodity cycles. While there are much larger public organizations and much larger mining deals, globally, RCF has arguably been involved in more mining, mining technology and mining infrastructure deals than any other entity.

The firm's collective experience, including RCF's technical knowledge, commercial experience, and people networks, influences RCF's strategy and approach. A key aspect of this is a deep understanding of the importance of responsible investment factors to the value and performance of our portfolio companies.

This report provides further details on RCF's approach to managing material ESG issues. ESG considerations have always been a part of the RCF investment processes and understanding that mining companies need a strong "social license" to successfully operate. RCF recognizes that expectations around ESG performance continue to evolve, and the effective management of social and environmental risks and impacts (as well as positive contributions) are playing a growing role in attracting and retaining investment in the mining sector.

### The RCF approach to ESG

RCF's approach to the integration of ESG into investment decision making processes and stewardship is continually reviewed and further

developed to account for rapidly evolving global best practices for both the mining and investment sectors.

The continued improvement of RCF's approach to ESG is especially important as the world undergoes a paradigm shift in the demand for metals and minerals, driven by global decarbonization efforts and the energy transition, a systemic fundamental need for minerals supported by global urbanization and consumption patterns and, historic underinvestment in the mining industry over the last decade. RCF believes that 'the time is now' to invest in the mineral supply chain, but it is imperative that this investment is directed to ethical and sustainable production.

Understanding ESG risks and ensuring that potential negative impacts on people and the environment are effectively mitigated is foundational to RCF's approach to ESG. Every company in which RCF invests needs to demonstrate a robust commitment to addressing and managing material ESG issues such as safety, governance, and stakeholder and environmental impacts. RCF collaborates and engages with portfolio company management to identify and implement responsible mining and good international ESG industry practices, while ensuring adherence to relevant industry standards and commitment to creating social value in their business system.

RCF also identifies opportunities in investments to positively impact society and the environment, in alignment with the United Nation's Sustainable Development Goals (SDGs). The growth of minerals supply not only plays a vital role in enabling clean energy transitions, but also supports economic growth while delivering positive outcomes for national governments, companies, and communities.

### Collaboration and transparency

As a signatory of the Principles for Responsible Investment (PRI) since 2013, RCF is committed to identifying opportunities to collaborate with other stakeholders to improve ESG outcomes. In 2022, RCF joined the Global Battery Alliance (GBA) as the only private equity mining finance firm, joining other organizations to discuss best practices throughout the mining value chain, from mine sites through to the Original Equipment Manufacturers (OEMs).

During the year, RCF also became a member of the Institute of Limited Partners Association (ILPA)-backed ESG Data Convergence Initiative (EDCI), which aims to drive convergence around meaningful ESG metrics for the private equity industry. As part of RCF's participation, it has reported on a core set of ESG metrics, including greenhouse gas emissions, renewable energy, board and C-suite diversity, work-related accidents, net new hires, and employee engagement for Resource Capital Fund VII L.P. (RCF VII) portfolio companies. RCF is proud to be part of this important initiative and look forward to contributing to the continued improvement of the reporting framework.

Increased transparency brought about by new disclosure rules is a great example of what ESG is truly about: clear, consistent, and comparable information that allows stakeholders to understand and benchmark ESG performance. In RCF's 2021 ESG Report, disclosure was brought in line with the Sustainability Accounting Standards Board (SASB) and Taskforce for Climate Related Financial Disclosure (TCFD) frameworks. Consistent with a commitment to

improving transparency on ESG performance, in this year's report RCF has expanded and enhanced reporting against the TCFD.

### ESG Challenges

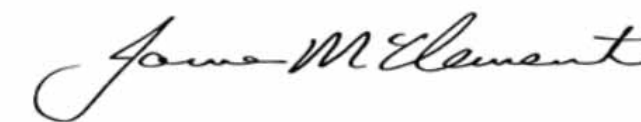
Facing ESG challenges and learning from them to advance RCF's objectives is a key part of its approach to ESG. Tragically in 2022, these challenges included three fatalities at RCF's portfolio company operating mines.

RCF has supported each of the companies in their responses and investigations and is monitoring improvement plans implemented because of these incidents. RCF is also reviewing its approach to responding to ESG-related significant incidents, including engagement, governance and learning.

### Looking forward

RCF's ambition for 2023 is to continue to develop and execute its ESG strategy, with an emphasis on enhancing stewardship, to drive improved ESG performance and create long-term value for all stakeholders.

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

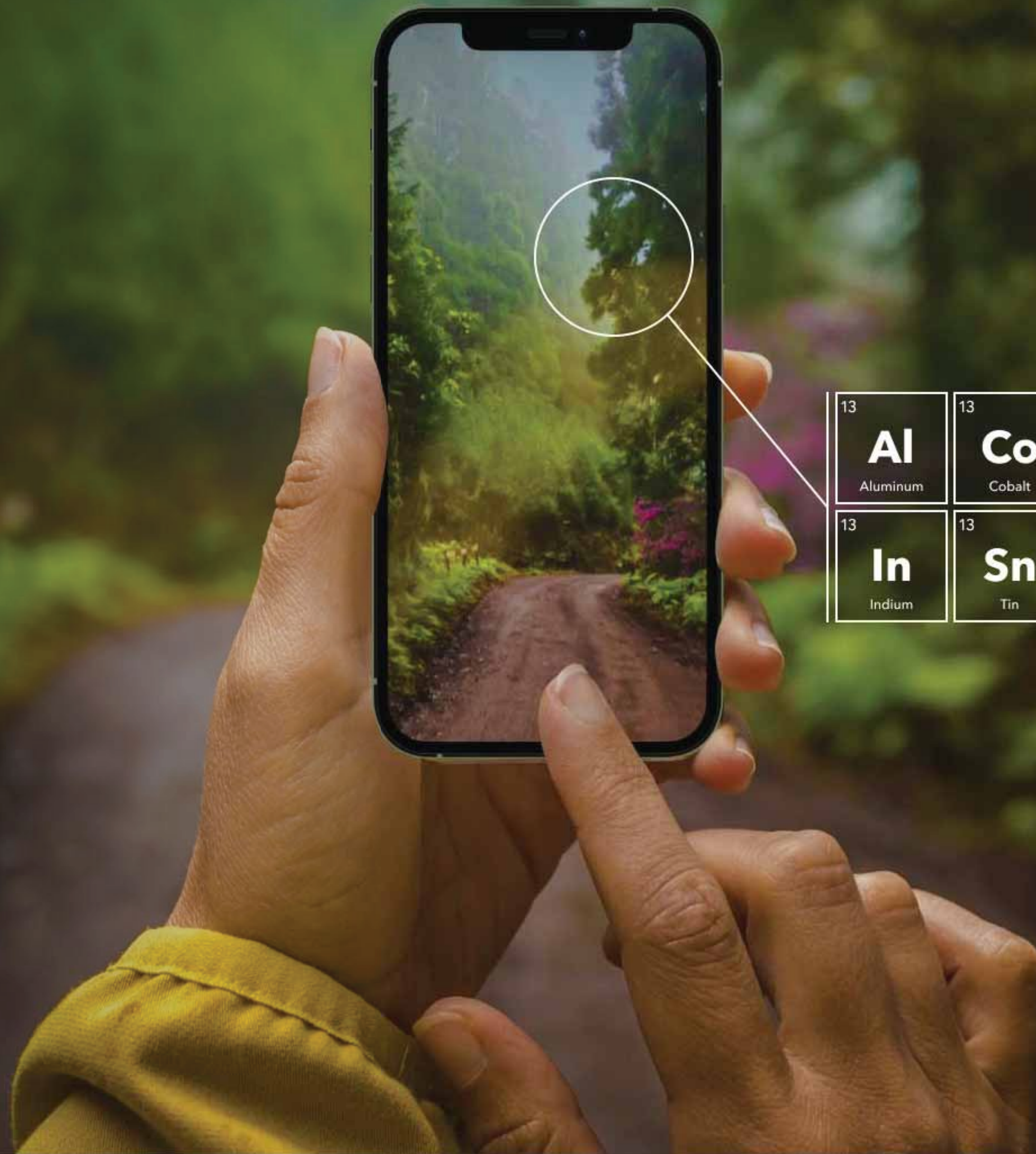


**James McClements**  
Co-Founder & Managing Partner



# ESG at RCF

Responsible mining for a sustainable future.



13 <b>Al</b> Aluminum	13 <b>Co</b> Cobalt	13 <b>Cu</b> Copper
13 <b>In</b> Indium	13 <b>Sn</b> Tin	13 <b>Ta</b> Tantalum

# ESG at RCF

Responsible investment is at the forefront of RCF's approach to value creation. Through years of experience, RCF has witnessed first-hand the symbiotic relationship between effective ESG performance and strong, resilient financial performance.

This relationship is being increasingly recognised and demonstrated across the globe. ESG is rated as both the highest business risk and opportunity for mining and metals companies globally, along with the closely related climate change and license to operate.<sup>1</sup> A 2021 study found that mining companies with high ESG ratings provided 10% higher shareholder returns during the COVID-19 pandemic.<sup>2</sup>

Since becoming a signatory to the United Nations supported Principals for Responsible Investment (PRI), RCF has worked continuously to strengthen and improve its responsible investing practices and ESG performance. Today, the understanding and management of ESG impacts, risks, and opportunities is deeply embedded within RCF's investment strategies.

Further details of how RCF embeds ESG into its business processes are provided in this report.

1. [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/mining-metals/ey-top-10-business-risks-and-opportunities-for-mining-and-metals-in-2023.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/mining-metals/ey-top-10-business-risks-and-opportunities-for-mining-and-metals-in-2023.pdf)

2. [pwc.com/mine](https://www.pwc.com/mine)

## ESG LEADERSHIP



**Jessica Jones**

Director, ESG

## ESG COMMITTEE



**Jasper Bertisen**

Consultant, Commercial



**Sherri Croasdale**

Partner, Senior Advisory Partner and Head of New York



**David Halkyard**

Partner, Head of Credit Strategy



**Jacqueline Murray**

Partner, Investment Team Leader



**Michael Rowe**

Partner, HR Business Director

## The RCF Responsible Investment Policy

First implemented in 2012, RCF's Responsible Investment Policy (the Policy) codifies its commitment and approach to integrating the PRI and ESG into investment analysis and decision making, and RCF's approach to stewardship and engagement, governance and accountability, and disclosure and standards.

The Policy is updated every two years in line with RCF's key risks, opportunities, and stakeholder expectations. The current version of RCF's Responsible Investment Policy can be viewed at this link.

All investment actions at RCF are guided by its Responsible Investment Policy, overseen by RCF's Managing Partner and Executive Management, and supported by its ESG Committee.

The RCF ESG Committee is responsible for governing the development and implementation of responsible investment practices, and monitoring effectiveness and performance. Further details of accountabilities for ESG at RCF are provided on page 16.

# Our ESG Guiding Principles

RCF has been a signatory of the PRI since 2013. 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.



## Principles of Responsible Investment

Consistent with RCF's fiduciary responsibilities, RCF is committed to the following six Principles of Responsible Investment:

- 1 Incorporation of ESG issues into investment analysis and decision-making processes.
- 2 Active ownership and incorporation of ESG issues into ownership policies and practices.
- 3 Seek appropriate disclosure on ESG issues from portfolio companies.
- 4 Promote acceptance and implementation of the Principles within the investment industry.
- 5 Work together to enhance effectiveness in implementing the Principles.
- 6 Report on activities and progress towards implementing the Principles.

RCF has implemented these Principles around three Key Focus Areas:



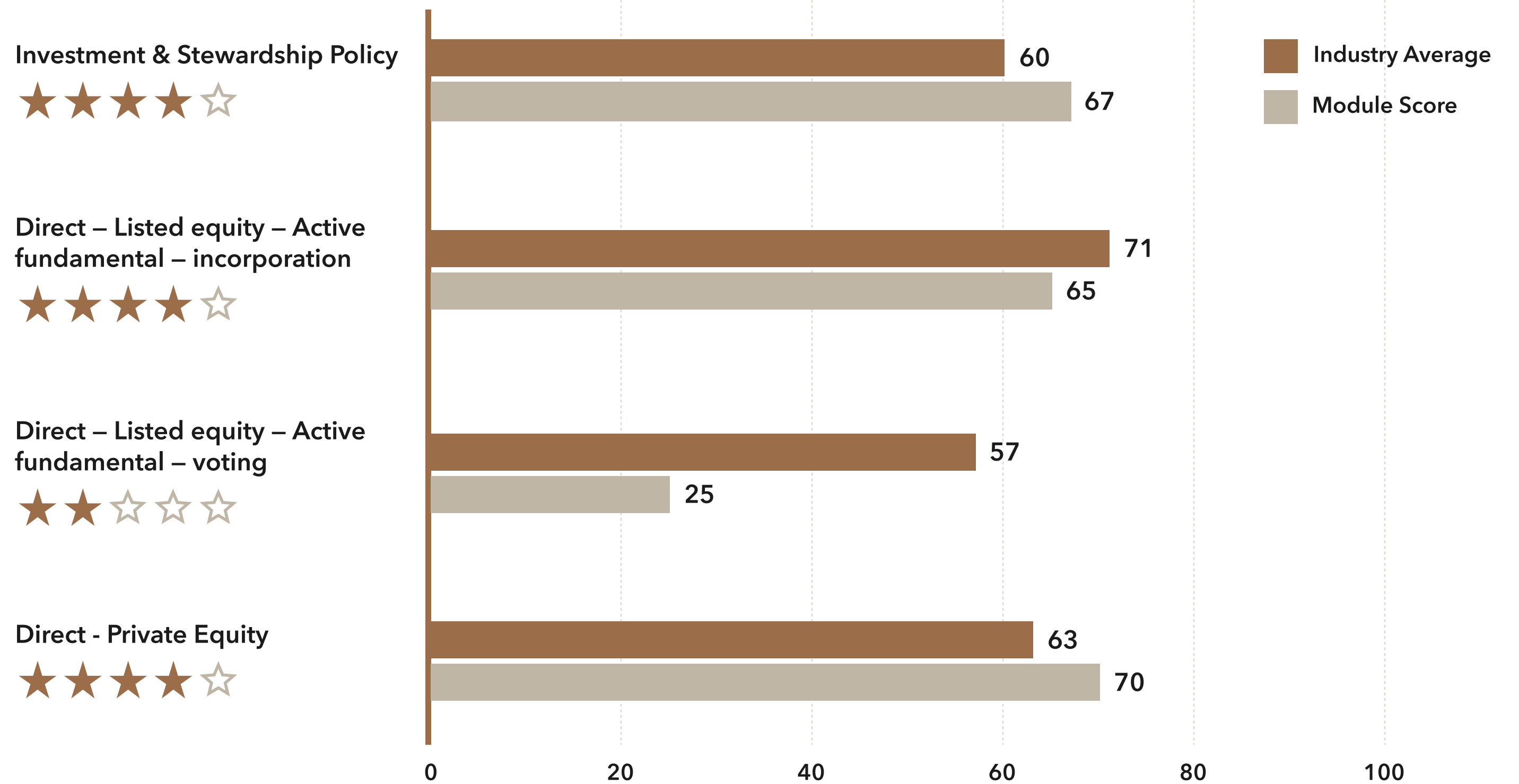
# PRI Reporting and Assessment

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. Signatories are required to report on their responsible investment activities annually, however the 2022 reporting cycle was delayed by the PRI as it formally reviewed its reporting requirements. The PRI has launched a revised Reporting Tool for the 2023 reporting cycle which improves the clarity, consistency and applicability of the framework and improves its alignment with other industry frameworks and classification. Together with climate change, human rights are recognized as a priority issue by the PRI, which encourages investors to embed these issues in their policy and governance practices.

RCF has submitted its 'transparency' report which will be published by the PRI in November 2023 and available on RCF's website.



## RCF's PRI Summary Scorecard: 2021 Reporting Cycle



Broadly, RCF believes its scores reflect efforts to deliberately build an ESG program and adopt responsible investment principles. RCF was pleased to receive above-average scores for the "Investment and 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, which did not provide details of RCF's stance on shareholder resolutions or approach to voting disclosure. RCF understands that proxy voting is part of our responsibility as stewards of our Limited Partners' (LPs') investments. In 2022 RCF completed a full review of its proxy voting policy intended to enhance its approach to voting and collaboration with other shareholders, and in particular those proxy votes which relate to ESG matters (refer to page 59).

1. DISCLAIMER: Source: UNPRI. Scores are disclosed for all modules where RCF received a score for the 2021 reporting cycle. Signatories report on their responsible investment activities by responding to asset-specific modules in the Reporting Framework. Each module houses a variety of indicators that address specific topics of responsible investment. Assessment scores are based on information provided directly to the PRI by RCF in the 2021 reporting cycle. The information has not been audited by the PRI or any other party acting on its behalf.

# Accountabilities

RCF maintains a clearly articulated and comprehensive approach to ESG accountability across the organization.

Accountabilities for ESG at RCF are summarised in the graphic to the right.

Level

1

### RCF Managing Partner and Business Unit Heads

- Oversight and approval of RCF's Investment Decision-Making Process (IDMP) and Responsible Investment Policy.
- Oversight of alignment between RCF's investment strategy and ESG/Responsible Investment.

### ESG Committee

- The Committee comprises Partners and the Chief Sustainability Officer.
- Provides non-executive governance of RCF's Responsible Investment strategy and monitoring performance.

Level

2

### ESG Practitioners

- Accountable for design and implementation of RCF's overall ESG and Responsible Investment strategy and disclosure, including training and ESG subject matter expertise.
- Report to the Chief Investment Officer and seek guidance from the ESG Committee.
- Lead ESG and Responsible Investment stewardship throughout the holding period through detailed due diligence, proactive ESG governance and stewardship.

### Legal and Compliance

- Responsible for legal, compliance, and regulatory oversight with respect to ESG.
- Oversight of the Proxy Voting policy.

Level

3

### Investment Team Leaders

- Collaboration with ESG Practitioners over approach and depth of ESG due diligence.
- Recommend investment decisions taking into account advice from ESG and other (technical, legal, human resources, etc.) teams.
- Monitor ESG performance and Responsible Investment stewardship.
- Leading implementation of the Proxy Voting policy.

### Technical Team

- Collaborates with ESG Practitioners and provides subject matter expertise on specific ESG-related issues for due diligence and portfolio company stewardship to investment teams.



# Material ESG Issues

RCF has defined and prioritised the ESG issues that are generally most material to the performance of the companies in which RCF invests, as well as those that relate to RCF as a management company. Issues identified reflect the nature of RCF's business and ESG strategy, views of broader industry stakeholders, and the evolving investment landscape.

It should be noted that the materiality of certain issues varies significantly between RCF's investments, reflecting the global nature of its strategy and ability to invest at all stages in the mining lifecycle and across the mining ecosystem. For example, for a mining project, water stewardship may be of a lower materiality in a geography that has plentiful water for all users, and security and human rights may be more material in countries that have challenges protecting and respecting human rights. Integrated mine closure may become more material as mining operations reach maturity and progress towards end of life.

RCF will continue to review materiality and update its ratings, adjusting its approach as issues and expectations evolve.

## RCF's ESG Material Issues

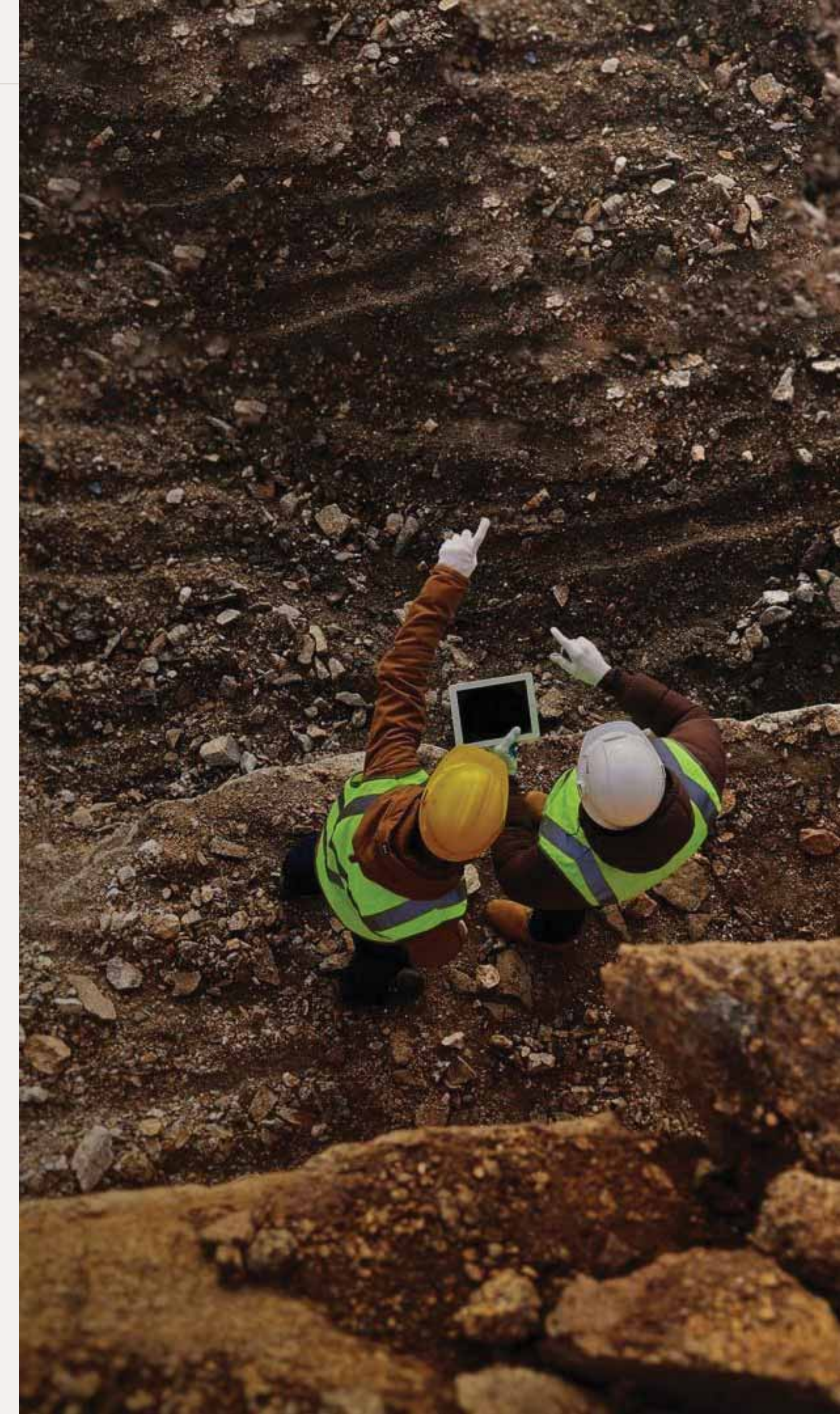
● Primary Issue ● Secondary Issue

Category	Material Topics	Definition	Materiality of Issue in Our Mining Investments	Materiality of Issue to RCF Firm and Business Strategy
<b>Environment</b>	Biodiversity and Habitat Conservation	Protection or enhancement of legally protected areas, critical habitats, key biodiversity areas, valued ecosystem components, endangered and threatened species, and ecosystem services.	Primary Issue	Issue Not Material
	Climate Change and Energy	Climate-related physical and transition risks and opportunities, including adaption, resilience, governance, strategy, and reduction of greenhouse gas emissions. Disclosure in line with the TCFD (Task Force on Climate-Related Financial Disclosures).	Primary Issue	Secondary Issue
	Waste and Hazardous Materials	Contamination risks to human health, operations, communities, and the environment. Managing waste in line with the mitigation hierarchy.	Secondary Issue	Issue Not Material
	Water Management and Stewardship	Water stewardship to manage the impacts and risks of operational water requirements, and to water resources shared with communities and the environment, including water quality and quantity.	Primary Issue	Issue Not Material
	Tailings Management	Design, construction, operation and decommissioning of Tailings Storage Facilities (TSFs) to ensure structural integrity. Effective governance of tailings and TSFs to industry-recognised standards is critical for maintaining their integrity.	Primary Issue	Issue Not Material
<b>Social - People and Communities</b>	Employee Welfare, Engagement and Talent Development	Optimisation of human resources, including engagement, commitment and capability, talent development, succession planning, and competition for skilled workers.	Secondary Issue	Primary Issue
	Occupational Health and Safety	Commitment to the health, safety, and wellbeing of workers and their families, local communities, and wider society. Workplace practices and critical controls must be in place to prevent fatalities, minimise injuries, and eliminate occupational diseases, towards a goal of zero harm.	Primary Issue	Primary Issue
	Integrated Mine Closure	Planning and design for mine closure to manage ESG risks and opportunities in consultation with relevant authorities and stakeholders, and appropriate financial provisioning to fund agreed closure and post-closure commitments.	Secondary Issue	Issue Not Material

## RCF's ESG Material Issues

● Primary Issue   ● Secondary Issue

Category	Material Topics	Definition	Materiality of Issue in Our Mining Investments	Materiality of Issue to RCF Firm and Business Strategy
<b>Social - People and Communities</b>	Stakeholders and Community	Approach to working with local and Indigenous communities, achieving a "social licence to operate," and creating social value through employment, enterprise, and economic contribution. Managing risks and opportunities associated with cultural heritage, in-migration, resettlement, artisanal and small-scale mining, vulnerable groups, and community health and safety.	Primary Issue	Secondary Issue
	Security	Security of workers and communities, respecting human rights associated with security activities, aligned with the Voluntary Principles of Security and Human Rights.	Secondary Issue	Issue Not Material
	Human Rights and Labour Rights	Respect for human rights and the interests, cultures, customs, and values of workers and communities, guided by the United Nations (UN) Guiding Principles on Business and Human Rights.	Primary Issue	Issue Not Material
	Diversity, Equity, Inclusion, and Belonging	Fair treatment of all workers and a culture of workplace diversity, equity, and inclusion.	Secondary Issue	Primary Issue
<b>Governance</b>	Risk Management	Approach to assessing and treating risk based on risk appetite, within the context of stakeholder expectations and the risk environment.	Primary Issue	Primary Issue
	Board Composition and Competency	Accountability, oversight and reporting of ESG issues at Executive and Board level, including ESG expertise and capability, diversity, equity, and inclusion.	Primary Issue	Issue Not Material
	Ethical Business	The corporate governance and transparency that supports ESG performance, including compliance with legal and other requirements, Code of Conduct, anti-bribery and corruption, revenue transparency, and disclosure of ESG performance in line with accepted reporting frameworks.	Primary Issue	Primary Issue
	Cybersecurity and Data Privacy	Protection of secure, critical, or sensitive data.	Secondary Issue	Primary Issue
	Business Continuity	Organization's ability to continue to operate in the face of disruptive events, reducing the impact of these events on the environment, society, and governance factors.	Primary Issue	Primary Issue

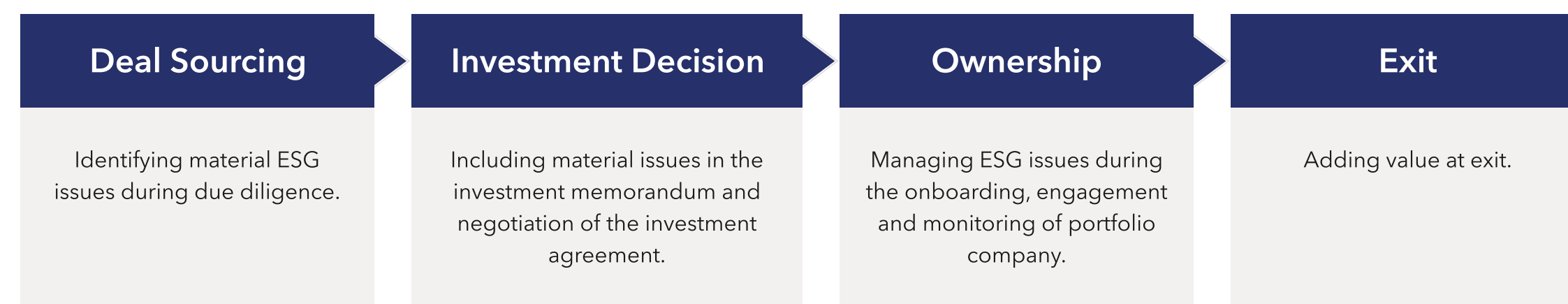


# ESG Integration into Investment Analysis and Decision Making

ESG impacts, risks and opportunities are considered at all stages in RCF's Investment Decision Making Process (IDMP)<sup>1</sup>, with the aim of creating better investment outcomes for all stakeholders. RCF's relationships with portfolio companies, which often begin at the early stages of exploration and/or project development, support this approach.

First and foremost, RCF ensures its investment practices comply with regulatory requirements, and the companies in which RCF invests are expected to adhere to all applicable host country laws and regulations, at a minimum.

## Decision-making steps across the investment process



1. As consistent with and subject to fiduciary duties and legal, regulatory or contractual requirements.

## Due Diligence

Fundamental to RCF's investment strategy is an emphasis on due diligence. For ESG matters, this is led by RCF's in-house ESG Practitioners. Due diligence is based on specialized research and key information collected from portfolio companies, which is cross-referenced against applicable legal requirements and relevant international mining-specific good international industry practice standards.

As a first step in RCF's deal-sourcing/due diligence at the pre-investment stage, to the extent possible, RCF uses ESG impact, risk and opportunity assessment to understand if projects meet RCF fund's "risk appetite" alongside attractive financial returns. In 2022, RCF enhanced its ESG due diligence to focus on material issues and also ESG opportunities and impacts in relation to the UN SDGs.

The extent of ESG due diligence varies based on factors like investment scale, project size, location, and stage in the mining lifecycle.

Site visits aid understanding of ESG aspects. Despite the travel limitations of the COVID-19 pandemic, during 2022 RCF teams completed 17 such site visits.

When significant ESG risks arise, RCF either refrains from investment or recommends actions for risk management.

Examples where RCF declined to invest in 2022 at the ESG due diligence stage included a lithium exploration project with significant local community opposition, primarily given its proximity to a UNESCO World Heritage site. RCF also declined to invest in a gold project in a complex permitting jurisdiction, with potentially high impacts to vulnerable indigenous groups in a key biodiversity area.

# Stewardship

In a responsible investment context, stewardship refers to the use of influence by investors to maximise overall long-term value - including the value of common economic, social, and environmental assets - on which returns and clients' and beneficiaries' interests depend.<sup>1</sup>

Although RCF has varying levels of operational control and influence over portfolio companies, RCF is uniquely placed to support achievement of these outcomes through ongoing influence and engagement.

Establishing and growing influence where needed is a critical part of RCF's ESG strategy to maximise the long-term value of investments. RCF seeks to gain influence through building collaborative and trusted relationships, providing technical advice, advocacy, focused engagement, and board representation.

1. <https://www.unpri.org/investment-tools/stewardship#:~:text=Also%20known%20as%20'active%20ownership,%20and%20beneficiaries'%20interests%20depend>

## Engagement

RCF's ownership activities are guided by ESG action plans, which aim to mitigate risk where possible and to leverage opportunities. The action plans are based on due diligence recommendations and may vary in application. They can include reviewing technical reports, supporting the business to enhance the ESG capability of its board, performance improvement programs, or more direct engagement by sitting on executive committees within the company to directly provide ESG technical expertise.

## Performance Monitoring

During RCF's ownership period, ESG performance may assist in attracting funding for the advancement and development of projects and/or securing product offtake. RCF seeks to monitor the ESG performance of Portfolio Companies against ESG actions plans and good industry practice. Where possible, RCF includes the requirement for portfolio companies to report its ESG performance on a quarterly basis in investment agreements. RCF began collecting available ESG data from portfolio companies in 2018, including selected metrics from the SASB and Global Reporting Initiative (GRI) related to workplace health and safety, energy use and greenhouse gas emissions, community grievances and investment, environmental incidents, headcount and training.

To improve ESG data consistency, verification and useability for our Limited Partners (LPs), in 2022 RCF adopted the ILPA EDCI as a framework for ESG data reporting. The initiative aims to drive convergence around meaningful ESG metrics for the private equity industry, to generate useful, performance-based, comparable ESG data.

## Exit

Management of ESG risks can add value to the exit process, and businesses that can demonstrate they are effectively managing ESG risks are likely more attractive to buyers.

Throughout the holding period, RCF seeks to ensure that effective ESG risk management 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.

# Alignment to Global ESG Initiatives

Disclosure, engagement, and collaboration with leading industry frameworks, associations and initiatives enables RCF to continue to lift ESG performance and transparency, in line with its risk and opportunity profile and stakeholder expectations.

Following are some of the key frameworks and organisations RCF is an affiliate of or seeks to align to.



## United Nations Sustainable Development Goals

The [United Nations Sustainable Development Goals \(SDGs\)](#) are a universal call to action to end poverty, protect the environment, and ensure all people enjoy peace, prosperity, and equality by 2030 (Agenda 2030).

Adopted by 193 countries, the SDGs took effect in January 2016. Agenda 2030 has five overarching themes, known as the “Five Ps”: People, Planet, Prosperity, Peace, and Partnerships, which span the 17 SDGs.



RCF is guided by the belief that when done responsibly and sustainably, mining can deliver strong returns to investors and at the same time, play a key role in the sustainable development of emerging economies.

Society understands that decarbonising the global economy, meeting the Paris Agreement climate targets, and the realising of the SDGs

will result in a sustained demand for metals and minerals over the coming decades.

RCF assesses the potential positive and negative impacts of its investments on the SDGs and considers ways in which negative impacts can be mitigated. RCF also aligns its RCF Foundation grants to the SDGs.



### Principles for Responsible Investment

The Principles for Responsible Investment (PRI) recognises that ESG issues can affect the performance of investment companies and seeks to apply principles that better align investors and broader society's objectives.

RCF has been a signatory to the PRI since 2013 and integrates ESG factors in line with the PRI to enhance its investment and ownership decisions, and amplify influence through stewardship efforts. Further details are provided in the latest PRI Submission ([link](#) and page 15).



### Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is a reporting framework that sets standards for the disclosure of financially material sustainability information from companies to their investors.

The 2021 ESG Report was RCF's first reporting effort aligned with the SASB Asset Management and Custody Activities Standard framework. RCF has continued this reporting in this 2022 ESG Report. RCF will extend this reporting for material issues in future ESG Reports in alignment with the SASB Mining and Metals Standard.



### Institutional Limited Partner Association (ILPA) ESG Data Convergence Initiative (EDCI)

The EDCI aims to create and release ESG private market benchmarks which can be leveraged to help translate high-level ESG objectives into material and tangible impact.

More than 220 General Partners (GPs) and 100 Limited Partners (LPs) representing around US\$27 trillion in Assets Under Management (AUM) globally have committed to the initiative, with 2,000 companies included in the benchmark.

See page 31 for further information on RCF's work in 2022 in relation to the EDCI.



### Task Force on Climate-Related Financial Disclosures

Created in 2015 by the Financial Stability Board (FSB), the Task Force on Climate-Related Disclosures (TCFD) is a voluntary reporting framework that aims to promote a more consistent approach to addressing and disclosing climate-related financial risks and opportunities. The widely accepted framework is grouped into four pillars – governance, strategy, risk management, and metrics and targets.

Refer to page 35 for RCF's TCFD report.



### Global Battery Alliance

The Global Battery Alliance (GBA) is a public-private collaboration platform founded in 2017 at the World Economic Forum to help establish a circular, responsible, and just battery value chain by 2030.

The aim of the GBA is to ensure that battery production not only supports green energy, but also safeguards human rights and promotes health and environmental sustainability. The initiative is a partnership of 130+ businesses, governments, academics, industry actors, international and non-governmental organizations.

RCF is proud to have joined the GBA in 2022 as the first and only member from a private equity mining finance firm. As a decades-long investor in the minerals critical to energy transition, RCF aims to contribute understanding of some of the challenges associated with expanding production and seek opportunities to partner with others to further its commitment to ethical sourcing of mined materials.

## RCF's Approach to Good International Industry Practice

RCF seeks to adopt accepted mining and finance industry-related good international industry practices to inform risk and opportunity assessments during the investment analysis and decision-making process, particularly where performance beyond legal requirements is needed to effectively manage an ESG risk or opportunity.

### Informing RCF's approach to ESG



**The International Council on Mining and Metals' (ICMM)** is an industry leadership organisation working for a safe, just, and sustainable world that is enabled by responsibly produced minerals and metals. This includes defining good practice ESG requirements of members. The ICMM Performance Expectations are widely recognised as the metals and mining industry's good international industry practice framework for ESG.



**The International Finance Corporation Performance Standards (IFC)** and Environmental and Social Sustainability Framework are a set of social and environmental guidelines that define risks and impact management expectations for projects funded by the IFC (the private sector arm of the World Bank). The standards are designed to promote sustainable development and responsible business, and have become widely adopted as good international industry practice.



**The Equator Principles** are a voluntary framework adopted by financial institutions to assess and manage the social and environmental risks associated with project financing. They are a set of guidelines that help banks and financial institutions determine, evaluate, and manage the potential environmental and social impacts of projects they consider for financing.



# Stakeholder Engagement

Collaboration and advocacy are essential to tackling the biggest issues in mining and maximising the value of investments - engaging on ESG good practices can enhance standards across the industry.

RCF engages with stakeholders, including portfolio companies, Limited Partners, and employees to fulfil its responsible investment commitments and lead to better ESG outcomes. Engagement is focused on specific ESG performance areas and material issues.

A summary of why and how RCF engages with each of its stakeholder groups is provided in the table to the right.

## RCF's Stakeholders and Engagement Approach

Stakeholder Group	Why RCF engages	How RCF engages	Example of engagement in 2022
<b>Portfolio Companies</b>	Stewardship to deliver value creation during the hold period, to be realised at exit and beyond. RCF focuses on improving a Portfolio Company's material ESG impact, risk, and opportunity management, which may require performance above regulatory compliance.	<ul style="list-style-type: none"> <li>Direct ongoing engagement with management and ESG teams.</li> <li>Active monitoring of ESG data and performance reporting.</li> <li>Site visits.</li> <li>Participation on ESG Committees.</li> <li>Taking Board positions or actively adding ESG capability to Board or management.</li> <li>Active focus on material issues and collaboration to build trust and influence.</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, RCF directly engaged on an ongoing basis with 10 Portfolio Companies across its funds. RCF also either chaired and/or participated in a further six formal ESG committees/working groups of other Portfolio Companies.</li> <li>17 site visits were completed relating to prospective or existing investments.</li> <li>Six RCF-nominated or recommended board members with ESG background were established on Portfolio Company boards.</li> </ul>
<b>Limited Partners</b>	<ul style="list-style-type: none"> <li>To understand RCF LPs' strategic ESG priorities and ensure it meets its evolving expectations.</li> <li>Foster understanding of RCF's approach to ESG and associated impacts, risks, and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Direct one-on-one meetings.</li> <li>RCF thought leadership and position statements on material ESG issues.</li> <li>Investor forums and roadshows.</li> <li>Annual General Meeting (AGM), presentations, and quarterly and annual reports.</li> <li>Responding to investor questionnaires.</li> <li>ESG Report.</li> </ul>	<ul style="list-style-type: none"> <li>During 2022, RCF held 69 meetings with LPs.</li> <li>RCF also provided responses to ESG related questionnaires submitted by our investors and presented on ESG at the AGM.</li> <li>In response to increased demand from LPs for transparent ESG data, RCF published its 2nd ESG report, including reporting against international frameworks.</li> <li>RCF reported 2022 ESG performance for RCF VII in alignment with ILPA EDCI, a partnership of private equity stakeholders aiming to generate useful, performance based, comparable ESG data for LPs.</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>Promote the acceptance and implementation of the PRI across the industry.</li> <li>Share and receive technical knowledge to enhance our effectiveness in responsible investment and ESG performance.</li> </ul>	<ul style="list-style-type: none"> <li>Conference and panel participation.</li> <li>Authoring news and thought leadership articles.</li> <li>Participation in publications and guidance development working groups.</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, RCF published six ESG-related papers and made 16 ESG-related conference contributions. Topics included the growing demand for battery metals and energy transition, ESG stewardship, human rights, and artisanal small-scale mining.</li> <li>Membership in the Global Battery Alliance (refer to page 22 for further details).</li> </ul>



## RCF's Stakeholders and Engagement Approach (continued)

Stakeholder Group	Why RCF engages	How RCF engages	Example of engagement in 2022
Industry	Promote RCF's ESG performance and approach.	Alignment to ESG frameworks and membership to organisations.  Social media announcements of company events and news.	Contribution to the Mining Association of Canada's Towards Sustainable Mining (TSM) special working group to draft a new protocol on <i>Equitable, Diverse, and Inclusive Workplaces</i> and update the existing <i>Safe, Healthy, and Respectful Workplaces</i> protocol (refer to page 53 for further details).  RCF maintains close professional relationships with the leadership of the ICMM, World Gold Council, and Mining Association of Canada.
Employees	Align the business around RCF's values, strategy, and positioning.  Maximise employee engagement and a sense of community and care.  Leverage RCF's deep technical and investment knowledge across our global teams.  Share ideas to improve decision-making.	Employee ownership.  Employee surveys.  Performance reviews.  Town Halls, All Hands meetings.  Internal communications, C.O.R.E intranet platform and employee-led community.  In-office noticeboards.  Site visit reports.	Company-wide sharing of annual partner strategy alignment workshop information and outcomes.  Sharing of site visit reports by technical and deal teams following site visits to facilitate due diligence and stewardship.  Around 40% of employees have some ownership of RCF Management Company.
Communities	Support social value creation and promote sustainable development in the local and Indigenous communities proximal to portfolio company operations.  Monitor RCF's portfolio companies' "social licence" and approach to community engagement, grievance management, strategic social investment, local employment and procurement, and overall social performance.	Indirect engagement through portfolio company stewardship.  Visiting Portfolio Companies communities during site trips.  Philanthropy through the RCF Foundation via employee and PC grant applications.	RCF Management Company (RCFM) community outreach programs.



# ESG Performance

Measuring and evaluating practices to meet RCF's ESG strategy.

13 <b>Al</b> Aluminum	13 <b>Si</b> Silicon	13 <b>Cr</b> Chromium
13 <b>Mn</b> Manganese	13 <b>Fe</b> Iron	13 <b>Ni</b> Nickel



# 2022 ESG Performance Summary

Investment Process			
<p><b>17</b></p> <p>site visits, which included review of ESG and other technical matters.</p>	<p><b>5</b></p> <p>new portfolio company investments.</p>	<p><b>6</b></p> <p>exited investments.</p>	<p><b>15</b></p> <p>ESG due diligence processes completed.</p>
<p><b>6</b></p> <p>portfolio company ESG Committees participated in.</p>	<p><b>2</b></p> <p>new ESG Committees established.</p>	<p><b>6</b></p> <p>ESG board positions in portfolio companies facilitated by RCF.</p>	<p><b>10</b></p> <p>Portfolio company ongoing engagement on ESG through the year.</p>

## Environment



Reported climate change risk and opportunities in line with the Task Force on Climate-Related Disclosure.

Calculated the Scope 1, 2 and material Scope 3 emissions, including around 50% of AUM of financed emissions, and benchmarked the emissions intensity of RCF VII companies.

Received an investment commitment from the Clean Energy Finance Corporation, Australia's 'green bank', for RCF Jolimont Innovation Fund II.



## 2022 ESG Performance Summary (continued)

### Advocacy

RCF experts authored six ESG-related publications and made 16 ESG-related conference contributions.

Joined the Global Battery Alliance as the only mining focused private equity firm.



### Governance



Collected and disclosed key ESG performance metrics for RCF VII portfolio companies, in line with the ILPA EDCI.

Revised and expanded ESG due diligence template to focus on material issues and ESG opportunities and impacts related to the SDGs.

### Social

34% of Executive, non-Executive Management, and Professionals in RCF are women; and over 42% of all employees are female.

Around \$130k distributed by the RCF Foundation to charitable projects in Australia, USA, Canada, South America, Africa and the United Kingdom.



RCF experts continued to directly volunteer with several non-profit organizations that aim to help support underrepresented groups including Women in Mining (Canada, USA, and UK), the Australian Institute of Company Directors Director Pipeline Project, Canadian Black North Initiative (BNI), International Women in Mining (IWIM), and Diversity in Sustainability (DiS).

# Portfolio Company ESG Awards

## RCF Jolimont Innovation



Real Time Instruments (RTI International) was awarded the 2022 Export Council of Australia and New South Wales Premier's Export Award in Resources and Energy.

This was awarded for outstanding international success in the production, processing and value adding of extractive resources or provision of equipment, services or solutions related to the resources and energy sectors.

## RCF Opportunities



Liberty Gold Corp was awarded the 2022 Environment Excellence Award from the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining.

This was awarded for innovative use of GIS and LIDAR at the Goldstrike Oxide Gold Property in southwest Utah. The innovation improved resource efficiency, minimized ground disturbance, and avoided environmental problems.

## RCF Private Equity



Ausenco was named one of Canada's Top 100 Employers for Young People in 2022 by Mediagroup Canada Inc., organizers of the annual Canada's Top 100 Employers project.

This award recognizes employers that offer the nation's best workplaces and programs for young people starting their careers.

In addition, Hemmera, an Ausenco company, was recognized as one of Canada's Greenest Employers for 2022.

# ESG Challenges



## Performance Challenges

A key part of RCF's ESG approach is to face ESG challenges head on, and learn from them to advance its objectives. Tragically in 2022, these challenges included its three fatalities at portfolio company operating mines. These were:

- In May at Cuprous Capital's Khoemacau underground copper mine in Botswana, two blasting crew workers from the underground mining contractor, Australian-based Barmingo, were fatally injured. This was the first instance of a fatal accident at the operation since the mine's development began in 2018.
- In November, an IAMGOLD employee died as a result of an off-site incident associated with the Essakane mining operation in north-eastern Burkina Faso. The incident occurred during hoisting of mobile equipment.

In addition, in September at one of RCF's portfolio companies (name withheld due to legal privilege), there was a reported allegation from the mineworker's union of misconduct, including cases of racism. The allegations were reported in the local press and were subsequently independently investigated and resolved under the direct supervision of the company's Board of Directors. The allegations were also later rescinded by the union.

RCF has supported the companies in their responses and investigations and is monitoring improvement plans implemented as a result of these incidents. RCF is also reviewing its approach to responding to ESG-related significant incidents, including engagement, governance, and learning.

## Stewardship Challenges

RCF continues to review and improve its approach to engaging with existing portfolio companies and apply those learnings to new investments. ESG-related stewardship challenges in 2022 included:

- Limited site visits due to the ongoing COVID-19 pandemic.
- Barriers to influencing ESG strategy and performance in portfolio companies due to low levels of ownership or control.
- ESG performance data reporting gaps.

Going forward, RCF's focus areas for improving stewardship include:

- Implementing an enhanced ESG due diligence framework.
- Establishing RCF ESG performance expectations for material issues.
- Consistently applying ESG action plans.
- Enhancing ESG data performance collection and monitoring.

RCF is also working to align its ESG-related impact more definitively in accordance with the SDGs.

## EDCI Data Convergence Initiative

In 2022, RCF joined the Institutional Limited Partner Association's ESG Data Convergence Initiative (EDCI), aimed at promoting consistent ESG metrics. This initiative helps GPs and portfolio companies assess their ESG standing, enhancing transparency and comparability for LPs. The EDCI has 325+ members, comprising GPs and LPs, with 2,000+ portfolio companies.

Initial data covers six categories, including emissions, renewable energy, board diversity, injuries, new hires, and employee engagement. Boston Consulting Group (BGC) aggregates the data into an anonymized benchmark and it is then shared with invested LPs.

RCF submitted 3-year data (2020-2022) from Resource Capital Fund VII L.P., covering 100% of RCF VII and 20% of AUM. Results varied across metrics, with operating companies performing better and pre-feasibility/feasibility projects performing lower. RCF will collaborate with EDCI to interpret and benchmark these results.

RCF aims to expand reporting to other funds in future years.

Number of companies represented	7
Number of commodities represented	6
Number of countries	6
Percent of RCF Fund VII L.P. represented	100%
Percent of total RCF AUM reported	~20%

### Work Related Accidents

	Injuries	Days lost due to injury <sup>1</sup>	Fatalities
2020	170	3,236	0
2021	172	5,525	0
2022	170	1,734	3

### Net New Hires

	Total FTEs	Total New FTEs	Avg. Annual % Turnover
2020	5,091	300	10%
2021	5,383	292	21%
2022	5,863	480	19%

### Diversity

	Women on Board
2020	12%
2021	19%
2022	21%

### GHG Emissions (metric tonnes CO<sub>2</sub>e) and energy (GJ)

	Scope 1	Scope 2	Total energy consumption	Renewable energy consumption
2020	506,879	15,792	2,265,483,761	31,504,169
2021	634,194	59,058	2,732,407,643	29,824,630
2022	616,842	185,555	3,197,681,471	28,101,530

As per the EDCI guidance, all data are 100% figures from the portfolio companies, and have not been adjusted for RCF's equity ownership. Data was subject to internal validation. The data has not been externally assured, is indicative in nature and may be subject to change.

1. Defined as number of days for which the employee is incapable of performing the "normal duties of work" as a result of an occupational injury.

# Progress against RCF's 2023 ESG Roadmap

The RCF 2023 ESG Roadmap is shown below, with progress from 2022 against the roadmap detailed on pages 33 and 34.





# 2022 Progress Against the RCF ESG Roadmap

● Completed in line with Roadmap 
 ● Partially completed in line with Roadmap 
 ● Not started or no action, not meeting commitments in Roadmap 
 ● New Action in 2022

Goal	Actions	Progress in 2022	Priorities for 2023
<b>ESG Strategic Framework: Focusing on the right foundations to improve RCF's internal ESG governance</b>	Review of Responsible Investment Policy: Articulate RCF's strategic intent and approach	<ul style="list-style-type: none"> <li>Completed policy review and update to align more closely to the PRI and associated recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Implement Policy review.</li> <li>Subsequent policy review is scheduled for 2025.</li> </ul>
	Review of ESG Committee Charter	<ul style="list-style-type: none"> <li>Charter reviewed, fully updated, approved, and implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Next review and update scheduled for 2025.</li> </ul>
	Develop and implement a multi-year ESG strategy	<ul style="list-style-type: none"> <li>Strategy completed and implementation commenced.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor ongoing implementation.</li> <li>Next review and update scheduled for 2024.</li> </ul>
	(New in 2022) Establish ESG performance expectations for portfolio companies	<ul style="list-style-type: none"> <li>Identified need to articulate RCF's ESG performance expectations for portfolio companies, to inform assessment of risk and opportunity, term sheets and stewardship. Implementation will focus on material topics not sufficiently managed by legal requirements, with reference to Good International Industry Practice.</li> </ul>	<ul style="list-style-type: none"> <li>Draft ESG performance expectations and implementation plan, and commence implementation (including Investment Team training).</li> </ul>
<b>Total Portfolio Stewardship: Ensuring robustness and consistency in RCF's approach as responsible investors</b>	Conduct ESG "heatmap" diagnostic for portfolio companies to focus RCF's stewardship plans	<ul style="list-style-type: none"> <li>Delayed.</li> </ul>	<ul style="list-style-type: none"> <li>Review application across investments. If deemed appropriate complete "heatmap" and update portfolio company stewardship plans.</li> </ul>
	Continual improvement of ESG due diligence: Focus on robust process, materiality, and actionable recommendations	<ul style="list-style-type: none"> <li>Formalised approach to ESG due diligence.</li> <li>Revised and expanded ESG due diligence template to focus on the full spectrum of material issues, ESG impacts, risks and opportunities related to the SDGs.</li> </ul>	<ul style="list-style-type: none"> <li>Further refinement of due diligence template to ensure focus on material issues relevant to RCF's ESG performance expectations, holding period, and governance rights.</li> </ul>
	Deliver internal ESG training	<ul style="list-style-type: none"> <li>Delivered ESG "101" sessions across the business.</li> </ul>	<ul style="list-style-type: none"> <li>Multi-year ESG training plan framework to be completed, and training to commence in 2023.</li> </ul>
	Strengthen Board and ESG Committee impact: Fulfilling RCF's fiduciary duties and improving RCF's risk-return	<ul style="list-style-type: none"> <li>Established an additional two ESG committees.</li> <li>Ongoing engagement with current and future ESG-experienced NEDs.</li> <li>Contributed on six portfolio company ESG committees/working groups to ensure focus on materiality and good international industry practices.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a generic ESG Committee Charter for portfolio companies.</li> <li>Continue direct engagement with current and future ESG-experienced Non-Executive Directors.</li> <li>Develop a process and procedure for responding to ESG-related significant incidents, including reporting, engagement, governance, and post incident learning.</li> </ul>
<b>Climate Change strategy: Deepen RCF's understanding and management of climate change risk and opportunities</b>	Review Climate Change Policy	<ul style="list-style-type: none"> <li>Scheduled for 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Update policy and implement.</li> </ul>
	Develop multi-year climate change strategy	<ul style="list-style-type: none"> <li>Key actions identified for implementation throughout 2023 and 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Publish strategy and associated targets.</li> <li>Establish climate change expectations/terms for new funds.</li> </ul>

# 2022 Progress Against the RCF ESG Roadmap

● Completed in line with Roadmap 
 ● Partially completed in line with Roadmap 
 ● Not started or no action, not meeting commitments in Roadmap 
 ● New Action in 2022

Goal	Actions	Progress in 2022	Priorities for 2023
Climate Change strategy: Deepen RCF's understanding and management of climate change risk and opportunities	Assess climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Calculated and published Scope 1, 2, and Scope 3 emissions for RCFM.</li> <li>Calculated total energy use and Scope 1 and 2 emissions for around 50% AUM (invested emissions).</li> <li>Assessed emissions intensity of new investments as part of due diligence process.</li> </ul>	<ul style="list-style-type: none"> <li>Calculate Scope 1 and 2 emissions for Opportunities Fund II and Jolimont Mining Innovation Fund II, in line with CECF reporting requirements.</li> <li>Develop complete view of RCF's invested emissions.</li> <li>Complete high-level physical impacts of climate change risk assessment.</li> </ul>
	Improve TCFD reporting	<ul style="list-style-type: none"> <li>Aligned and published reporting to TCFD framework.</li> </ul>	<ul style="list-style-type: none"> <li>Advance TCFD reporting to disclose work completed in 2022 and 2023.</li> </ul>
Develop ESG Theses: Embedding ESG in RCF's investor relations and marketing approaches	Continue to evaluate LP ESG-related perspectives and expectations	<ul style="list-style-type: none"> <li>Applied LPs feedback during the year to refresh materiality analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Refresh materiality analysis to incorporate additional funds and evolving issues.</li> </ul>
	Explore ESG thematic impacts aligned with SDG Impact Standard	<ul style="list-style-type: none"> <li>Aligned due diligence and RCF Foundation frameworks with UNSDG Impact Standard.</li> </ul>	<ul style="list-style-type: none"> <li>Identify and define portfolio company ESG-related impacts aligned with SDGs.</li> </ul>
	Ensure ESG integrated into exit strategies	<ul style="list-style-type: none"> <li>No progress in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Work with deal teams to integrate ESG into exit strategies, including clear ESG objectives, aligned with material issues.</li> </ul>
Diversity, Equity, Inclusion and Belonging (DEIB) Strategy	Develop multi-year DEIB strategy	<ul style="list-style-type: none"> <li>No progress in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Draft preliminary DEIB strategy for internal engagement.</li> <li>Update RCF's programs to reflect best practices in DEIB.</li> <li>Develop metrics and key performance indicators to measure, track and report RCF's progress.</li> </ul>
	Establish employee resource groups	<ul style="list-style-type: none"> <li>Established Employee Mentoring groups and conducted in-house sharing and learning sessions between RCF departments.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen and focus mentoring and learning activities.</li> </ul>
	Conduct current state inclusivity assessment	<ul style="list-style-type: none"> <li>No action in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Action deferred to 2023.</li> </ul>
	Review policies and procedures	<ul style="list-style-type: none"> <li>No action in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>Action deferred to 2023.</li> </ul>
ESG Performance Reporting: Ensure RCF's disclosure reflects RCF's activity and strategy and is aligned with stakeholder expectations	Survey portfolio companies to get a baseline of available ESG data and quality	RCF VII only: <ul style="list-style-type: none"> <li>Reviewed existing data availability.</li> <li>Collected data and reported to ILPA EDCI for 2020, 2021 and 2022.</li> </ul>	<ul style="list-style-type: none"> <li>RCF VII: Continue to report to ILPA EDCI, and expand for selected metrics of SASB Mining and Metals.</li> <li>Future Funds: Establish data expectations, standards, and governance.</li> </ul>
	Set appropriate ESG targets and KPIs	<ul style="list-style-type: none"> <li>No action in 2022; focus on data collection as the foundation for future target setting.</li> </ul>	<ul style="list-style-type: none"> <li>Develop KPIs to enhance ESG governance.</li> <li>Develop KPIs for DEIB.</li> <li>Identify opportunities for greenhouse gas emissions targets.</li> </ul>

# Climate Change

Responsibly supporting the energy transition.



<sup>13</sup> <b>Al</b> Aluminum	<sup>13</sup> <b>Si</b> Silicon	<sup>13</sup> <b>Cr</b> Chromium
<sup>13</sup> <b>Mn</b> Manganese	<sup>13</sup> <b>Fe</b> Iron	<sup>13</sup> <b>Ni</b> Nickel

# Addressing Climate Change **Responsibly**

Climate change is a pressing global challenge. RCF recognises the global effort to reduce global greenhouse gas emissions to limit the increase in global average temperatures to 2°C and pursue efforts to limit the increase to 1.5°C. The inextricable links between climate change, water, biodiversity, and socio-economic development mean action in line with the Paris Agreement is critical to achieving the UN Sustainable Development Goals.

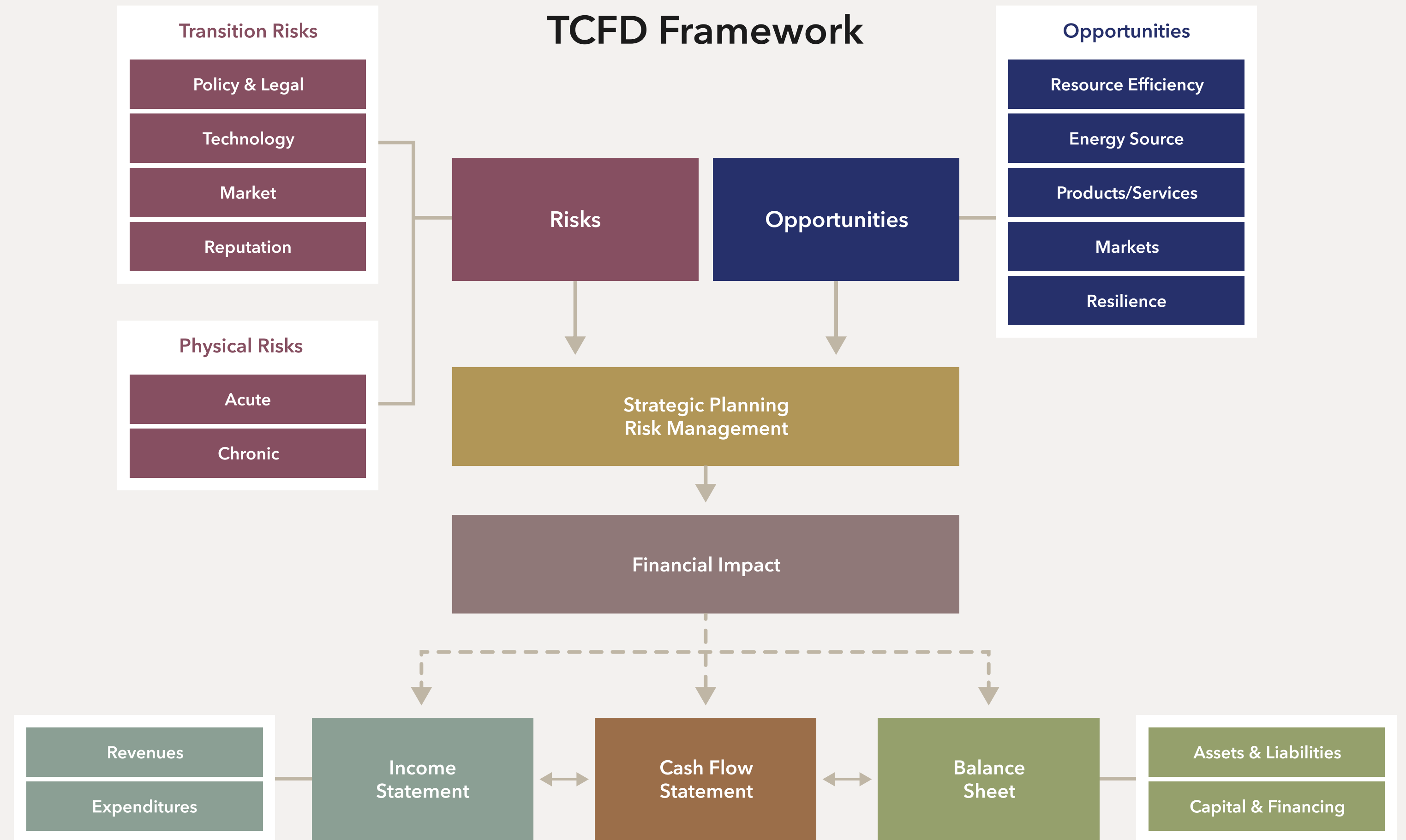
The mining and metals sector's role in meeting this challenge is both through the production of minerals needed for the transition to a low carbon economy, and reduction in the emissions from the energy required for the extraction and subsequent treatment of mined products into forms capable of being used in downstream applications and products.





The physical impacts of climate change and the transition to a low carbon economy presents a range of financial risks and opportunities. Created in 2015 by the Financial Stability Board (FSB), the Task Force on Climate-Related Disclosures (TCFD) aims to promote a more consistent approach to addressing and disclosing climate-related financial risks and opportunities. The widely accepted framework is grouped into four pillars - governance, strategy, risk management, and metrics and targets (see table to the right).

RCF sought to provide its initial disclosure aligned with the TCFD framework in its 2021 ESG Report. RCF is committed to continuous improvement of both performance and disclosure. The following sections seek to demonstrate RCF's advances towards TCFD reporting on relevant climate-related risks and opportunities and extends the disclosure of RCF's firm and portfolio company (invested) emissions.



Source: Recommendations of the Task Force on Climate-related Financial Disclosures

# Governance

As with all of RCF's responsible investment actions, RCF's senior leadership strives to oversee management of climate-related risks and opportunities. Accountabilities for responsible investment governance at RCF, which includes climate change, are summarised on page 16. Further detail about RCF's over-arching governance processes is provided on page 56.

Direct oversight of RCF's Climate Change Policy, established in 2015, 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 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 in-house ESG Practitioners, with guidance from the ESG Committee. RCF Investment Committees for each Fund make decisions on where RCF deploys capital, considering material ESG issues, including the findings from climate-related analysis.

During 2022, RCF's ESG committee discussed several evolving climate-related risks and opportunities, including the potential impacts of carbon pricing on investment performance and the potential mining project costs of renewable energy integration. Such discussions informed the development of RCF's three-year climate change strategy and workplan and the continued enhancement of RCF's reporting against the TCFD reporting framework.



# Strategy

RCF acknowledges that a changing climate and the energy transition represent both risks and opportunities to the mining and metals sector which may affect RCF's strategy, investments and returns. Given the scale of RCF's invested (Scope 3) emissions relative to RCF's own business, its investment portfolio is the primary focus of RCF's climate strategy.

RCF has identified climate-related risks and opportunities which it expects will impact portfolio companies over the short (one to three years), medium (three to six years) and long term (more than six years). RCF's initial approach to identifying, assessing and managing these risks and opportunities is described in the pages that follow.



# Climate-Related Investment Risks and Opportunities



## Physical Risks

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Mining projects are often located in harsh climates. More frequent and intense weather events may increase the physical challenges to mining operations, such as direct damage to mine infrastructure, disruptions to operations and indirect impacts from their supply chain. Examples of physical risks are detailed in the table below.

Physical Risk	Potential Mining Industry Impacts <sup>1</sup>
<b>Acute: Event driven</b>	<ul style="list-style-type: none"> <li>• More frequent droughts, forest fires, and floods may alter the supply of water and other key inputs to mine sites and disrupt development or operations.</li> <li>• Flooding from extreme rains can also cause operational disruptions, including mine closure, washed-out roads, and unsafe water levels in tailing dams.</li> </ul>
<b>Chronic: Longer-term shifts in climate patterns</b>	<ul style="list-style-type: none"> <li>• Changing climatic patterns can result in an increase in rainfall and flooding events leading to operational disruptions.</li> <li>• Significant global metals resources are in water-stressed and arid areas and (depending on the change in climatic pattern) this could lead to vulnerability of operational water supply, increased competition for shared water resources and increased costs.</li> <li>• Extreme heat in already hot places - particularly Australia, China, and parts of North and West Africa - can decrease worker productivity and raise cooling costs. It can also put workers' health (and sometimes their lives) at risk.</li> </ul>

1. Reference: <https://www.mckinsey.com/capabilities/sustainability/our-insights/climate-risk-and-decarbonization-what-every-mining-ceo-needs-to-know>



## Transition Risks

Transitioning to a lower-carbon economy will require extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk but also opportunity to RCF and its portfolio companies. Transition risks and opportunities are detailed in the table at the right.

### Transition Risks and Opportunities of Climate Change in the Metals and Mining Industry

Risks	Potential Risks	Potential Opportunities
<b>Policy and Legal</b>	<ul style="list-style-type: none"> <li>Increased carbon taxes, carbon pricing and cap and trade programs could increase costs for mining companies and/or require companies to make investments to reduce emissions from operations.</li> <li>Portfolio companies may face increased climate-related litigation risk from potential non-compliances or the perception that they are not acting quickly enough to mitigate climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>The need to secure mineral inputs critical to decarbonization has led many governments to implement Critical Minerals strategies which may include significant incentives to bring new projects into construction.</li> </ul>
<b>Technology Changes</b>	<ul style="list-style-type: none"> <li>Disruptive new low-emissions technologies may change demand for commodities, positively or negatively depending on whether commodities are inputs in new or displaced technology (e.g., new battery technology may change the market fundamentals for certain metals that RCF invests in, including nickel, lithium, vanadium, Platinum Group Metals (PGMs) and graphite).</li> <li>Portfolio companies may experience challenges adopting new technologies necessary to support emissions reduction targets. The cost and unproven nature of new technology could reduce RCF's investments' productivity and profit margins.</li> </ul>	<ul style="list-style-type: none"> <li>Mining Equipment, Technology and Services Sector (METS) companies that are innovating to reduce industry emissions, (e.g., autonomous and electric vehicles, and advanced sensors and monitoring systems) may improve their competitive position.</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>As metals play a vital role in the transition to cleaner energy production, demand for some commodities may be reduced, influenced by different climate transition pathways.</li> </ul>	<ul style="list-style-type: none"> <li>Companies that proactively seek opportunities in higher-demand commodities may be able to diversify and better position themselves for the transition to a lower-carbon economy.</li> <li>Relatively low emissions mining operations may develop a competitive advantage, provide better access to capital, or enhance their ability to secure attractive offtake agreements.</li> </ul>
<b>Portfolio and Strategy</b>	<ul style="list-style-type: none"> <li>Climate change may enhance pollution concerns or scarcity pressures in mining areas, resulting in stricter environmental regulation. This may impact on RCF's investments costs of, or access to, key inputs such as water, and/or the ability to secure land approvals for new developments.</li> </ul>	<ul style="list-style-type: none"> <li>As demand for transition metals grow, so will government incentives to support mining projects and initiatives that provide the critical resources. Environmental regulation could become faster and more efficient for these investments.</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>Negative stakeholder impressions of the mining industry's contribution to climate-change could cause reputational damage, decrease investor confidence, create challenges in maintaining positive community relations and pose additional obstacles to companies' ability to develop projects, which may result in a material adverse impact on their financial position.</li> </ul>	<ul style="list-style-type: none"> <li>Mining companies that demonstrate leadership and innovation to address climate change while also maintaining their financial performance will enhance their reputation with all stakeholders and improve investor confidence.</li> </ul>

# Risk Management

As with other ESG issues, RCF strives to take a materiality-based approach to integrating climate-related risk and opportunity management into RCF's strategic planning and investment processes. RCF's management response to climate change continues to develop, but currently spans the key areas detailed below.

## Commodity and Diversification Focus

RCF recognizes that transition risks and opportunities will have significant impacts on demand for metals and minerals. As such, it continually monitors global market trends to ensure that as far as possible, RCF funds are positioned to withstand and benefit from these structural trends. For example, this includes the assessment of government climate targets and related demand for renewable energy infrastructure, which in turn impacts demand for certain metals. Senior investment professionals meet semi-annually to review RCF's commodity focus and ensure that they are well-positioned to respond to changes.

RCF's Fund portfolios are well diversified in terms of commodity and jurisdiction, which mitigate the risk of exposure to climate-related risks in any single region or market. By focusing on high-quality assets, RCF aims to select portfolio companies able to withstand fluctuations in commodity price and other risks, including potential increased costs resulting from the transition to a low-carbon economy.

## Climate-related Due Diligence and Stewardship

RCF's updated due diligence process is the main method for attempting to identify climate-related risks and opportunities, as well as for assessing how companies are preparing for climate change impacts. RCF takes into consideration government requirements and compliance with applicable jurisdictional emission limits (in line with Nationally Determined Contributions), current and evolving carbon trading regulations and offset requirements, as well as any regional reporting obligations. RCF continues to enhance its approach to understanding the relative greenhouse gas emissions intensity of investments. Where data is available, RCF considers the potential impact of regulated carbon prices on future financial returns and asset and portfolio values and monitors these through the holding period if they are material.

As part of RCF's climate change strategy, it is planning to conduct a high-level review of the resilience of its portfolio against the physical impacts of climate change in more detail, including consideration of a more extreme physical climate temperature increase scenario.

RCF has commenced calculating current and future Scope 3 Financed Emissions exposure from its investments, with 2022 RCF VII emissions disclosed on page 44 of this report.

## Reporting and Engagement

RCF seeks to actively engage with its investors and the market to ensure it remains in line with their expectations for climate action and disclosure. RCF published its Climate Change Policy and position statement in 2015, and its first TCFD aligned report in its 2021 ESG report, including disclosure of RCFM Scope 1 and 2 emissions, and selected categories of Scope 3 emissions. RCF has extended this reporting in 2022 by more specifically articulating its climate-related risks and opportunities, and advancing its Scope 3 calculation, including a sub-set of its financed emissions (for around 50% of its AUM).

RCF believes that collaboration is essential to achieving global decarbonization targets in a sustainable way. In 2022 RCF was pleased to join the Global Battery Alliance, which aims to ensure that the extraction of these materials occurs ethically and in line with best practices, and not at the expense of communities or the environment. RCF is the only mining focused private equity firm to join the Alliance to date (refer to page 22 for further details).



## RCF Jolimont Innovation

The RCF Jolimont Innovation Fund invests in high-growth Mining Equipment, Technology, and Service (METS) companies that seek to tackle the mining industry's biggest challenges with innovative solutions. These challenges include electrifying mining fleets, addressing inefficient water consumption, fatigue monitoring for operators of heavy equipment, and improving the management of tailings storage facilities.

Since its inception, the Fund has evaluated over 1,000 companies across Africa, Australia, Canada, Europe, New Zealand, South America, and the U.S., and has made significant investments in more than 14 companies.



In 2022, the Clean Energy Finance Corporation (CEFC) committed up to \$13.5 million to the RCF Jolimont Mining Innovation Fund II. This commitment is aimed at clean energy businesses developing industry-specific software and technology to improve energy efficiency, develop mine-specific renewable energy storage solutions, and increase electrification of mine site vehicles. The Fund will report the Scope 1 and 2 emissions of its portfolio companies, consider the decarbonization potential of technologies under development and look for opportunities to increase focus on net zero targets.

# Metrics

RCF started calculating a portion of its greenhouse gas emissions baseline in 2021, which has been continued in 2022. RCF's target is to calculate a complete view of its greenhouse gas emissions across Scope 1, 2 and 3 by the end of 2025. RCF's progress towards this target is detailed below.

## Scope 1 and 2 Emissions

RCF continues to calculate its annual firm emissions footprint, to assess the climate impact of its own activities. RCF first calculated and disclosed its RCFM Scope 1 and 2 emissions in the 2021 ESG report using the *Greenhouse Gas Protocol Corporate Accounting and Reporting Standard* (Greenhouse Gas Protocol), and has again calculated and disclosed its 2022 emissions in this report (refer to page 44). As an office-based company, RCF has no Scope 1 emissions. RCF's Scope 2 emissions relate to its energy usage at its leased office premises.

## Scope 3 Emissions

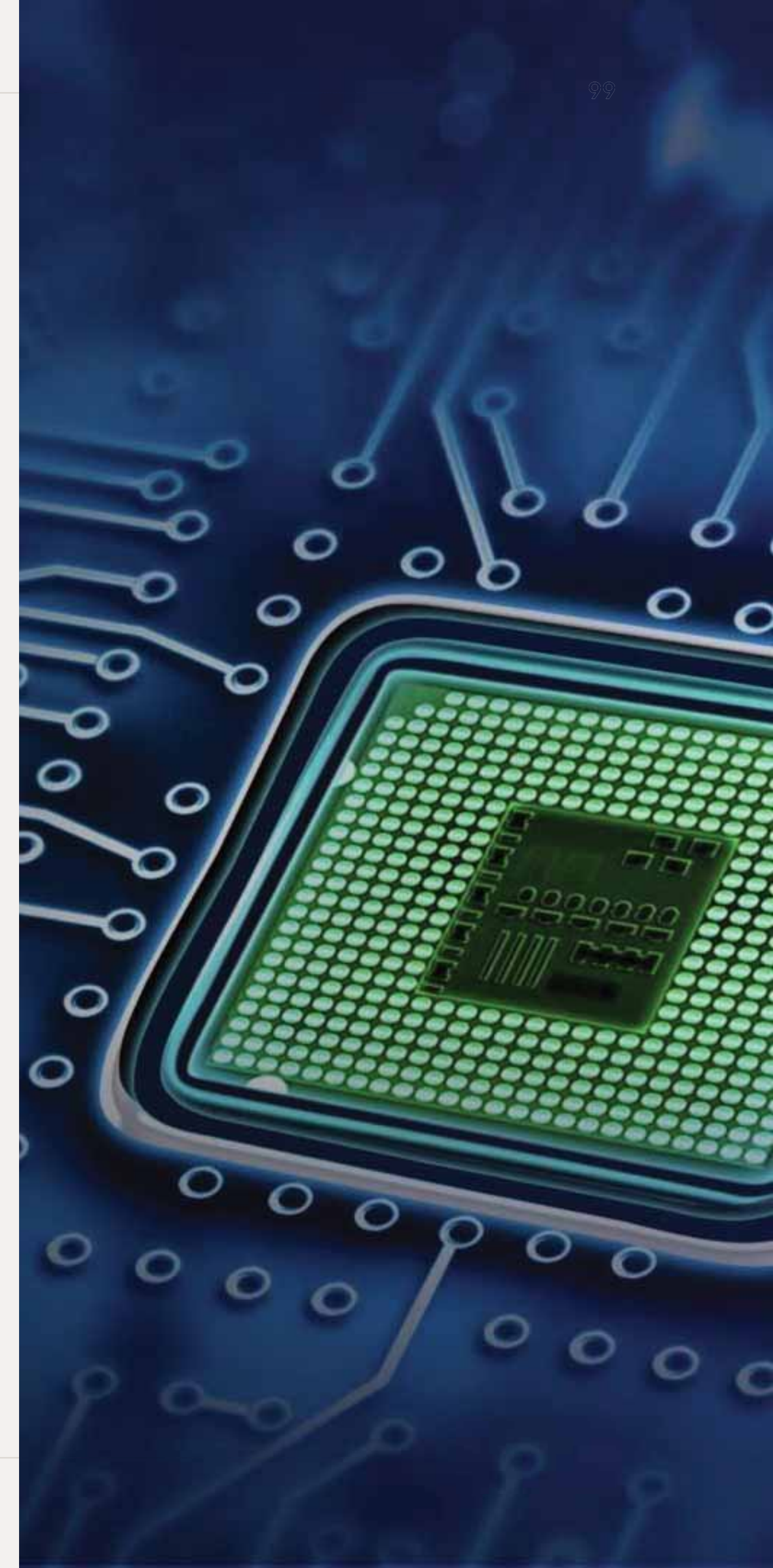
In 2021 RCF commenced calculation of its Scope 3 emissions baseline using organisational reporting boundaries in accordance with the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

To start this process, in 2021 RCF calculated and disclosed only its Scope 3 Category 6 (Business Travel) emissions. In 2022 RCF have updated these metrics and extended its Scope 3 calculation to cover other material Scope 3 categories (refer to page 44).

Given the scale of RCF's investment activities compared to its footprint as an office-based company, RCF recognize that its Scope 3 Category 15 (Financed Emissions) represents the most material source of emissions for RCF. In 2022 RCF calculated the Scope 1 and 2 emissions of portfolio companies in its most recent flagship fund, RCF VII (refer to page 31) for 2020 to 2022 and part of Fund VI for 2022. These metrics have been reported as part of RCF's commitment to the EDCI initiative (refer to page 31).

In 2022 RCF also engaged Skarn Associates (a leading ESG data analysis firm) to forecast future Scope 1 and 2 emissions for RCF VII companies to 2025 and provide emissions intensity benchmarking data. This has helped RCF to understand how the emissions profile of its portfolio companies will evolve over time, particularly as some projects move from construction into full operation.

A summary of the 2021 and 2022 emissions RCF has calculated is provided in the table on the next page.



## Summary of RCF 2021 and 2022 Greenhouse Gas Emissions<sup>1</sup>

		2022		2021
		2022 Emissions	Proportion of 2022 Emissions (%)	2021 Emissions
<b>Scope 1</b>	Direct Emissions	0	0.0%	0
<b>Scope 2</b>	Indirect Emissions	227	0.4%	208
<b>Scope 3</b>	Category 1: Upstream Goods and Services	2,144	4.0%	Not calculated
	Category 2: Upstream Capital Goods	40	0.1%	Not calculated
	Category 3: Upstream fuel and energy related activities	14.5	0.0%	Not calculated
	Category 6: Business Travel	2,014	3.8%	561 <sup>3</sup>
	Category 8: Upstream Leased Assets	127	0.2%	Not calculated
	Category 15: Financed Emissions <sup>2</sup>	48,724	91.4%	Not calculated
	<i>Total</i>		53,063	99.6%
<b>Total</b>		<b>53,290</b>		<b>769</b>

1. Metric tonnes CO<sub>2</sub>e  
 2. Financed emissions have been disclosed for Fund VI and Fund VII only. Within Fund VI, only Ausenco's financed emissions were calculated. For Fund VII, all financed emissions were disclosed, representing 100% of AUM of this fund. In total, between Fund VI and VII, financed emissions were calculated for around 50% of total AUM for RCF.  
 3. Impacted by COVID-19 travel restrictions



# Targets

As part of RCF's climate change strategy, RCF has set qualitative targets for the period 2023 and 2024. These are focused on enhancing RCF's climate change governance, risk assessments, and disclosure.

## Climate change and decision-making

Update RCF's climate change policy and governance through due diligence, stewardship, engagement, and disclosure processes to ensure climate change risks and opportunities are fully embedded in business decision-making.

## Physical risk analysis

Conduct broad scenario analysis to identify global locations of RCF's investments that would be most at risk from the physical impacts of climate change.

## Greenhouse gas emissions

RCF is committed to continuing to advance its understanding of Scope 3 Financed Emissions. RCF will apply the *Greenhouse Gas Protocol* definitions of organizational boundaries and materiality to expand its Scope 3 financed emissions calculations in 2023 and 2024 to provide a full account of emissions by the end of 2025. RCF will focus its effort in 2023 on portfolio companies in the RCF Jolimont Innovation Fund and Opportunities Fund.

## Emissions Reduction

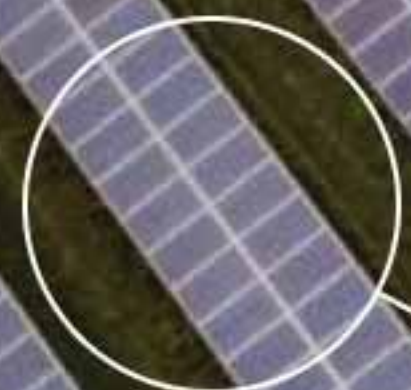
RCF is actively implementing its climate change strategy, with a focus on assessing opportunities for setting measurable emissions reduction targets across its most material emissions source, Scope 3 Financed Emissions category.

Some of RCF's portfolio companies have conducted Environmental and Social Impact Assessments (ESIA), which include estimates of greenhouse gas emissions and strategies for mitigation. Additionally, certain portfolio companies have committed to reducing greenhouse gas emissions and exploring renewable energy options.

In 2023 and 2024, RCF's climate change strategy will include a thorough review of these opportunities, and tracking their evolution and progress over time. RCF will also assess opportunities to reduce its RCFM Scope 2 emissions and other material Scope 3 categories (Category 1 and 6).

# Environmental Performance

Opportunity mined responsibly.

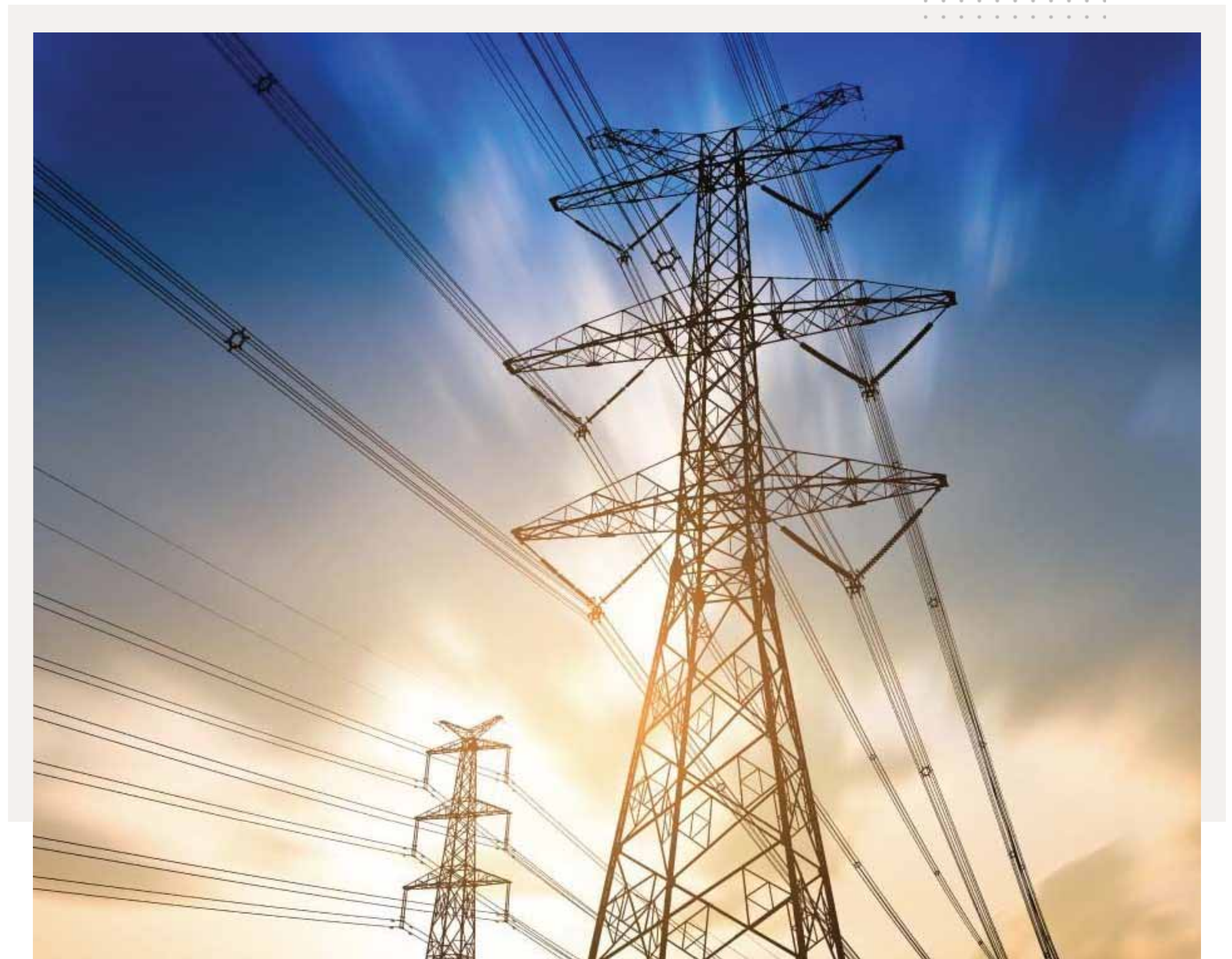


<sup>13</sup> <b>Si</b> Silicon	<sup>13</sup> <b>Cu</b> Copper	<sup>13</sup> <b>Zn</b> Zinc	<sup>13</sup> <b>Ga</b> Gallium	<sup>13</sup> <b>Ge</b> Germanium
<sup>13</sup> <b>Se</b> Selenium	<sup>13</sup> <b>Ag</b> Silver	<sup>13</sup> <b>Cd</b> Cadmium	<sup>13</sup> <b>In</b> Indium	<sup>13</sup> <b>Te</b> Tellurium

# Risks and Impacts

Mining relies on acquiring and preserving rights to collectively owned resources derived from nature, such as land and water. However, the mining industry can also generate environmental risks and impacts. The escalating effects of climate change and the ongoing decline in biodiversity have intensified strain on the Earth's natural systems along with competition for environmental resources.

RCF conducts due diligence on a wide range of environmental issues facing its portfolio companies in an effort to better understand how these may affect performance. Post initial investment, RCF seeks to regularly review its portfolio companies' environmental performance, for example, by collecting and reviewing performance data on material environmental issues and reviewing environmental management practices. This includes monitoring leading and lagging indicators to ensure that appropriate investigations have been initiated, and corrective and/or preventative action plans put into place. RCF may also engage external specialists to conduct specific environmental assessments and, where necessary, work with portfolio companies to develop performance improvement plans.





# Management of Material Environmental Issues

A summary of RCF’s approach to managing its most material environmental issues is provided in the table to the right, along with examples of associated key management actions taken in 2022 and issues for future focus. Additional detail is also provided on RCF’s progress in managing Tailings Storage Facility (TSF) risk. Climate Change is discussed in detail on page 35.

Material Issue	Approach to due diligence and stewardship	Key actions in 2022	Future focus
<b>Biodiversity and habitat conservation</b>	Protection or enhancement of legally protected areas, critical habitats, key biodiversity areas, valued ecosystem components, endangered and threatened species, and ecosystem services.	Updated due diligence framework for more structured consideration of biodiversity and habitat conservation.	<p>Develop biodiversity related expectations for future investments.</p> <p>Review material nature-related disclosure frameworks such as the Taskforce on Nature-related Financial Disclosures, to identify ways to incorporate the recommendations into RCF’s responsible investment approaches.</p>
<b>Water management and stewardship</b>	Water stewardship to manage the impacts and risks of operational water needs, and for water resources shared with communities and the environment, including water quality and quantity.	Updated RCF’s due diligence framework for more structured consideration of water-related risks and impacts.	<p>Develop RCF water stewardship-related expectations for future investments.</p> <p>Identify material water risks across RCF VII and define water metrics to track performance.</p>
<b>Tailings Storage Facility (TSF) management</b>	Design, construction, operation, and decommissioning of TSFs to ensure structural integrity (refer to page 49 for further details). Effective governance of tailings and TSFs to industry-recognised standards is critical for maintaining their integrity.	Began to align selected requirements of the 2019 <i>Investor Mining and Tailings Initiative</i> and the <i>Global Industry Standard on Tailings Management (GISTM)</i> to RCF’s due diligence process.	Compile a directory of RCF’s TSFs in line with the 2019 <i>Investor Mining and Tailings Initiative</i> , then focus stewardship and action plans to maintain oversight over Very High or Extreme Consequence Risk TSFs.



## Tailings Management

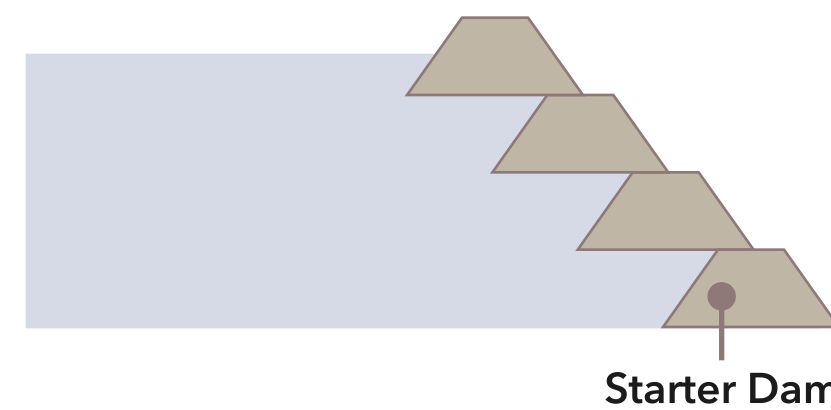
Tailings are the residual, slurry-like material left after metals are extracted from ore, consisting of fine rock and soil particles, water, and residual processing reagents. Tailings produced during processing are stored in a Tailings Storage Facility (TSF).

Tailings and TSFs can pose potential human health and safety risks, and adverse impacts on the environment. Responsible tailings management is critical to minimising and mitigating these risks. The primary risk of TSFs is loss of tailings containment into the surrounding environment, either during operation or after TSF closure. The impact of a TSF loss of containment ranges from minor land and water contamination with low environmental and social impacts and minimal operational disturbance, to a catastrophic event resulting in multiple casualties, severe impacts on livelihoods, and significant environmental damage.

There are three main tailings dam construction types based on the design of the main dam embankment - upstream, downstream and centreline (refer figure below). The design is chosen based on factors like dam siting, geology, seismicity, climate, construction methods, and tailings characteristics.

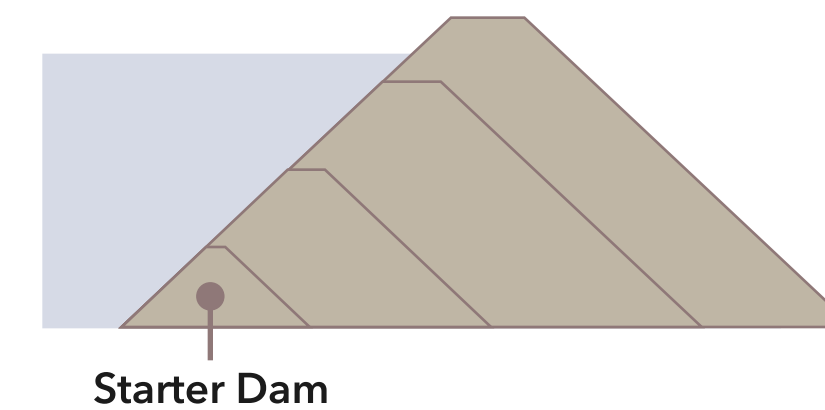
Studies show that if a main TSF embankment is constructed by an upstream method, instability issues are twice as likely to occur than from a dam constructed from other methods such as downstream or centreline<sup>1</sup> (refer to the figure below).

### Upstream Construction



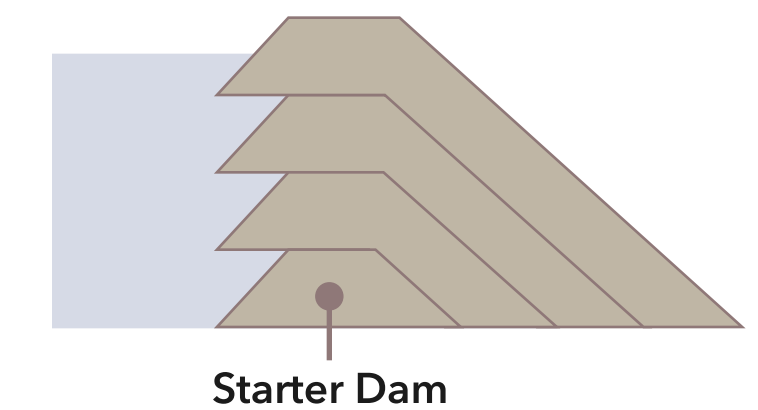
The stability of the facility depends on the integrity of the tailings. Although this method has a history of successful use spanning decades, its design demands more consistent operational control and management effort compared to downstream construction.

### Downstream Construction



The construction technique isn't dependent on tailings stability and offers greater operational versatility.

### Centreline Construction



This construction approach is valuable when the dam's overall footprint faces physical limitations. While the facility's stability still depends on tailings integrity, to a lesser degree than upstream construction, it necessitates heightened operational control, management diligence, and thorough review compared to downstream construction.

RCF's due diligence process and stewardship includes assessments of planned or existing TSF construction methodologies, design and operational management standards, material risks, and TSF governance and oversight. In 2022 RCF began to align selected requirements of the 2019 *Investor Mining and Tailings Initiative* and the GISTM to its due diligence process.

Across RCF's portfolio companies at the end of 2022, there were a total of seven active TSFs and one closed TSF. The main embankments of all these dams and their subsequent raises have been either downstream or centreline construction. Based on the assessment of the consequences of dam failure, three dams operated by RCF portfolio companies have been classified as High or Extreme Risk under their

respective operating standards. None of these dams have upstream construction methods for their main embankment, significantly reducing their likelihood of failure.

Currently, RCF is working to enhance transparency in relation to TSF management by its portfolio companies, in line with the 2019 *Investor Mining and Tailings Initiative*, led by the Church of England Pensions Board and the Swedish Council on Ethics. RCF intends to compile a directory of the Very High or Extreme Consequence Risk TSFs in its investments, including location, raising method, heights, volumes, risk ratings, and other technical details. RCF will also be focusing stewardship and action plans to ensure RCF maintains oversight over these.

1. <https://www.nature.com/articles/s41598-021-84897-0>

# Social Performance

Focusing on local relationships and communities.



13 <b>Co</b> Cobalt	13 <b>Cu</b> Copper	13 <b>Ag</b> Silver
13 <b>Sn</b> Tin	13 <b>Ta</b> Tantalum	13 <b>Au</b> Gold

# Committed Engagement

Social performance is the outcome of a company's engagement, activities, and commitments that directly and indirectly impact stakeholders - or, affect the quality of relationships with those stakeholders.

RCF has specific areas of focus for the social performance of its portfolio companies: the health, safety, and wellbeing of workers; grievance management; engagement with stakeholders, including local and Indigenous communities; human and labour rights; and diversity, equity, inclusion and belonging (DEIB).

**Through engagement and stewardship,** RCF aims to pursue continual improvement in social performance, and support opportunities to contribute to the social, economic, and institutional development of host countries and local and Indigenous communities. In addition to global international good industry practices to guide its approach to social performance (refer to page 23), RCF also refers to the UN Guiding Principles on Business and Human Rights, and the Voluntary Principles of Security and Human Rights.

RCF has collected social performance data from its portfolio companies since 2018. To more effectively evaluate performance and provide standardised data to investors and other stakeholders, RCF has recently begun collecting and reporting data points for health and safety, human resources, and Board diversity in alignment with the EDCI ESG Data Convergence Initiative (refer to page 31) for RCF Fund VII. RCF intends to extend this approach to other RCF Funds and will continue to incorporate additional datapoints to monitor social investment and human rights.

For RCF Management Company (RCFM), RCF's commitment to the health and safety of its workers is codified in its Occupational Health and Safety Policy, which details its approach to providing a safe workplace and managing hazards and injuries.



## Management of material social performance issues

Material Issue	Approach to due diligence and stewardship	Key Management Actions in 2022	Future Focus
<b>Health, safety and wellbeing</b>	Commitment to the health and safety of workers and their families, local communities, and wider society. Workplace practices and critical controls are in place to prevent fatalities, minimise injuries and eliminate occupational diseases, towards a goal of zero harm.	<p>Collected key safety performance metrics for RCF VII Portfolio Companies and reported to the EDCI for benchmarking.</p> <p>Completed 17 site visits to assist establishing whether portfolio companies are adhering to safe working practices in line with RCF's expectations.</p> <p>Due diligence and portfolio company monitoring, including review of health and safety policies and performance.</p>	<p>Develop RCF health and safety performance expectations for future investments.</p> <p>Understand EDCI benchmarks for comparison to Fund VII data, and translate them into widely published safety statistics.</p>
<b>Stakeholder and Communities</b>	<p>Working with local and indigenous communities, achieving a licence to operate, and creating social value through employment, enterprise, and economic contribution. Managing risks and opportunities associated with cultural heritage, in-migration, resettlement, artisanal and small-scale mining, Indigenous people and vulnerable groups, and community health and safety.</p> <p>Supporting philanthropic initiatives through the RCF Foundation.</p>	<p>Participation in six portfolio company ESG Committees, which review strategy and social performance.</p> <p>Distribution of around \$130k by the RCF Foundation to charitable projects in Australia, USA, Canada, South America, Africa, and the United Kingdom.</p>	<p>Develop RCF social performance expectations and metrics for future investments.</p> <p>Further focus RCF Foundation grants to benefit the communities where RCF's portfolio companies operate.</p>
<b>Human and labour rights</b>	Respect human rights and the interests, cultures, customs and values of workers and communities, guided by the UN Guiding Principles on Business and Human Rights and the Voluntary Principles of Security and Human Rights.	Updated due diligence framework for more structured consideration of human and labour rights.	<p>Develop RCF human rights-related expectations for future investments.</p> <p>Conduct RCFM training on mining and related human rights.</p> <p>Consider developing an RCF Modern Slavery Statement.</p>
<b>Diversity, Equity, Inclusion and Belonging (DEIB)</b>	Fair treatment of all workers and a culture of workplace diversity, equity, inclusion, and belonging.	<p>Collected RCF VII Board diversity and employee turnover data.</p> <p>Work closely with companies to identify diverse candidates for Board roles.</p>	<p>Approve and implement RCFM DEIB Strategy.</p> <p>Understand EDCI Board diversity and turnover benchmarks for comparison to RCF VII data.</p> <p>Further focus of RCF Foundation on the regions of our portfolio companies' projects and operations.</p>

# Diversity, Equity, Inclusion and Belonging (DEIB)

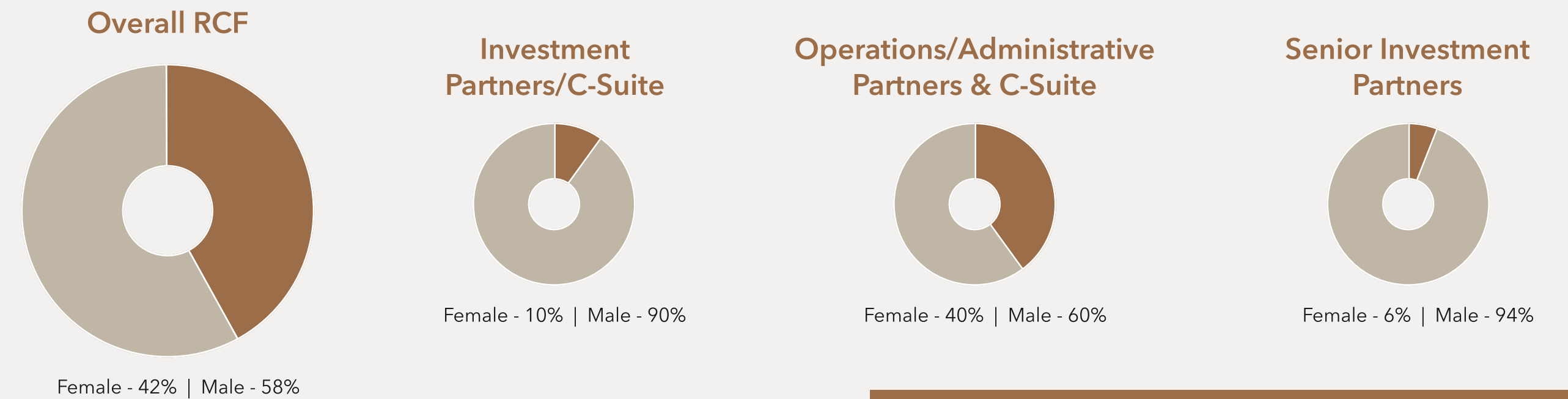
RCF believes that having a workforce comprised of individuals who bring diversity in gender, age, ethnicity, cultural background, and sexual orientation leads to creativity, innovation, and ultimately, better decision-making. RCF strives to promote diversity, ensure equity, foster inclusion, and cultivate a sense of belonging within its organization. RCF has visible and consistent commitment from top leadership to drive DEIB initiatives, with regular communication around the importance of DEIB throughout the organization and modelling inclusive behaviours. RCF is committed to creating an environment where every team member feels valued, respected, and empowered to contribute their best.

To ensure that everyone at RCF understands their rights and expectations of their colleagues, RCF requires all employees to complete DEIB training. This training supports a culture of open dialogue, where employees feel comfortable discussing DEIB topics and providing feedback.

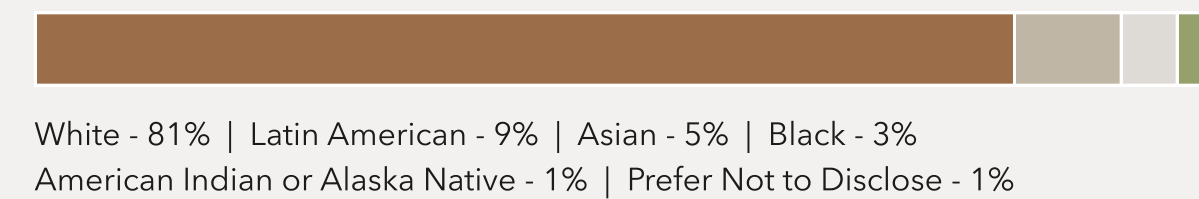
Within its portfolio companies, RCF evaluates Board of Directors' composition from a diversity perspective. Recognizing that there are significant challenges in the mining sector regarding all forms of diversity, RCF engages with its portfolio companies on a regular basis to discuss and influence board changes when necessary.

Going forward, RCF will be assessing its DEIB policies and training with the aim of updating its programs to reflect best practices in unconscious bias awareness, psychological safety, and intercultural intelligence and communication. RCF is also working towards ensuring that its talent acquisition, retention, and promotion practices are free from discrimination of any kind, and RCF is developing metrics and key performance indicators to measure, track, and report its progress. RCF looks forward to sharing updates on DEIB in future ESG reports.

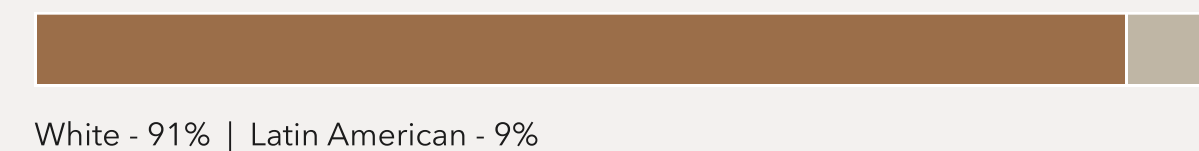
For calendar year 2022, RCF added 26 new employees of which 58% were women, and 15% were diverse in ethnicity.



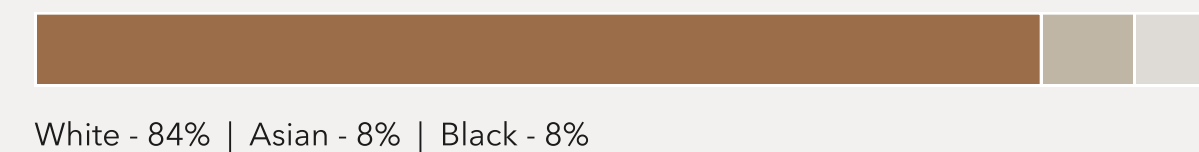
## Ethnicity Company-Wide



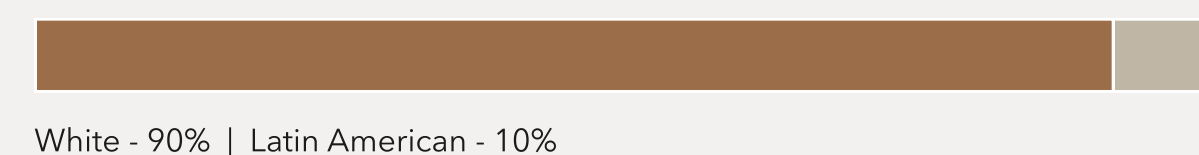
## RCF Management (Male)



## RCF Management (Female)



## Investment Partners/C-Suite



## Collaborating with Global DEIB Initiatives

RCF supports several DEIB initiatives both within and outside of the mining and private equity industries.

For many years, RCF has 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 also members of the WIM UK and WIM Colorado chapters.

During 2022, several of RCF's employees participated as advisory Board or committee members in diversity organizations. This includes the Black North Initiative (BNI), which has a mission to end anti-Black systemic racism in Canada by utilizing a business-first mindset, as well as a grassroots global organization, Diversity in Sustainability (DiS), which aims to support DEIB within the field of sustainability globally across all industries.

During 2021-22 RCF was part of the Mining Association of Canada's Towards Sustainable Mining (TSM) special working group. The group is tasked with drafting a new protocol (to be launched in 2023) titled *Equitable, Diverse, and Inclusive Workplaces* and updating the existing *Safe, Healthy, and Respectful Workplaces* protocol to incorporate important requirements on psychological safety and respectful behaviour.

# The RCF Foundation Activities




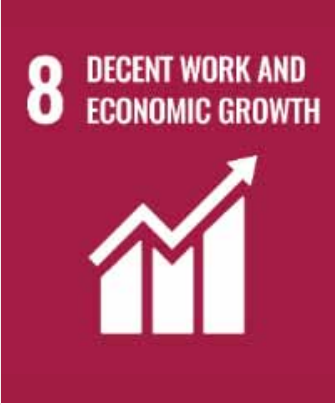






The Resource Capital Funds Foundation (the Foundation) was established in 2008 with a mission to support social change and promote sustainable development on a global scale. The Foundation supports philanthropic initiatives in communities where RCF's portfolio companies operate, and where its employees are located. RCF evaluates funding applications based on each initiative's ability to help achieve UN Sustainable Development Goals (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 the RCF Foundation's Board of Directors. Funding applications may be initiated by RCF's employees (including on behalf of portfolio companies) or by its portfolio companies directly. The 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 US\$250 annually to registered charitable institutions.

The broad mandate of the Foundation has resulted in the support of a wide variety of charitable causes reflecting both geographic and demographic diversity. RCF is proud to be making a positive impact across the globe.

Since inception, the RCF Foundation has disbursed \$1.55 million in grants and contributions to over 180 organizations. In 2022, the RCF Foundation disbursed around \$130,000 to 21 organisations in Australia, USA, Canada, United Kingdom, Africa, and South America.

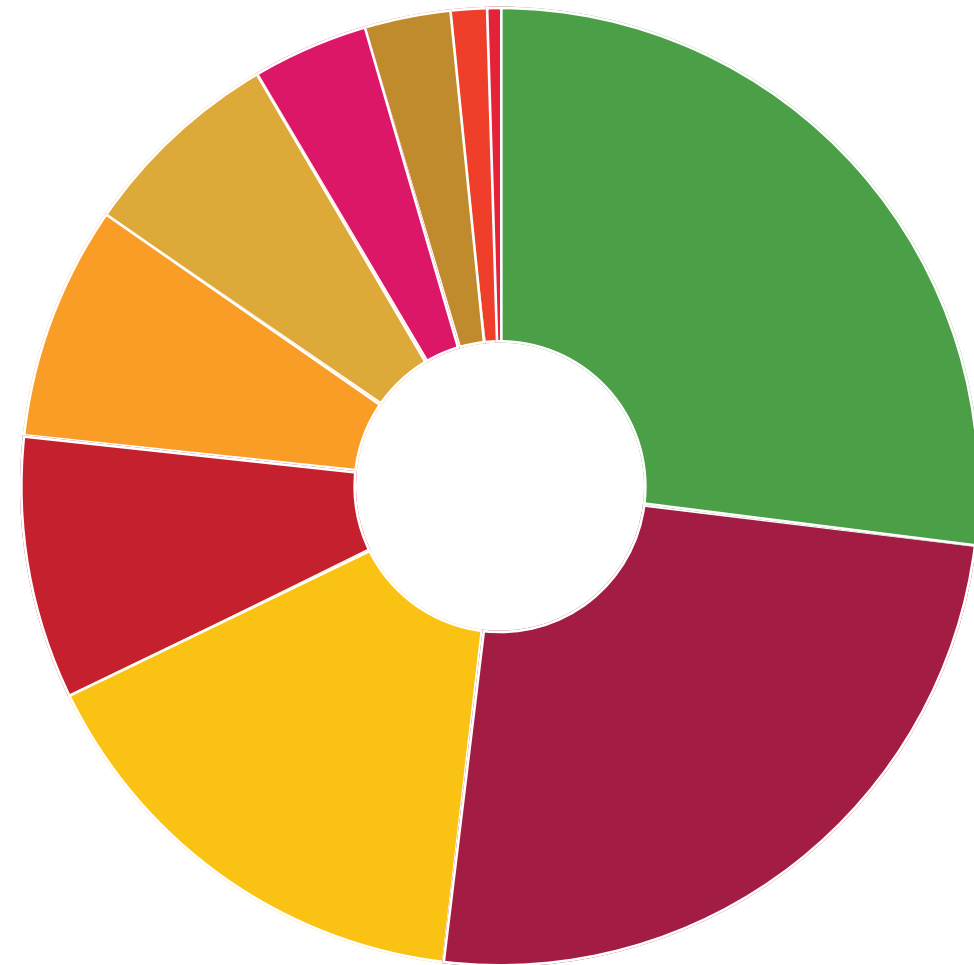
Over the next three years, RCF's Foundation will be focused on increasing the proportion of grants to benefit the communities where its portfolio companies operate, and broadening its geographic impact in non-OECD jurisdictions where RCF believe its dollars will have greatest social impact.

A summary of RCF's Foundation activities is provided below.

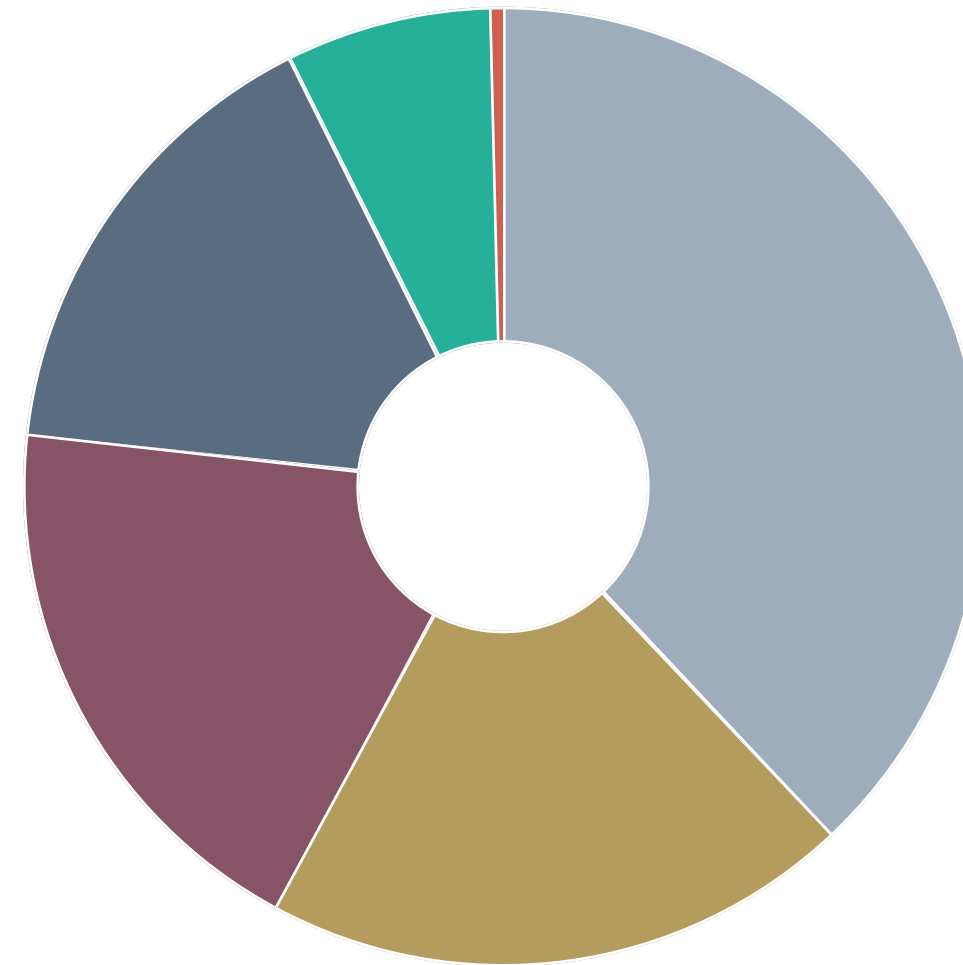
Relevant SDG	Beneficiaries	Geographic Location	Relevant SDG	Beneficiaries	Geographic Location
 <p><b>1 NO POVERTY</b></p>	Covenant House	Canada	 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	Catholic Organisation for Development and Solidarity	Burkina Faso
 <p><b>2 ZERO HUNGER</b></p>	Volunteers of America	USA	 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	ONG de Desarrollo Simon de Cirene	Chile
	Food for Thought	USA			Lil E Coffee Cafe
	Second Bite	Australia	 <p><b>10 REDUCED INEQUALITIES</b></p>	Studio Theatre of Long Island	USA
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	Starlight Children's Foundation	Australia			
	Can Assist	Australia			
	Hawaiian Ride for Youth/Youth Focus	Australia			
	Great Ormond Street Hospital	United Kingdom			
	The Morgan Centre	USA	 <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	Boulder Wildlife Community Fund	USA
	Save Our Youth	USA			
 <p><b>4 QUALITY EDUCATION</b></p>	Trangie Local Aboriginal Land Council	Australia			
	Ensen Chile	Chile	 <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>	Staffy and Bully Breed Rescue Inc	Australia
	Colorado Mining Association Education Foundation	USA			
 <p><b>5 GENDER EQUALITY</b></p>	100Women	Australia			
	Safe Centre Long Island	USA			

# RCF Foundation CY2022

Proportion of Funds Distribution Per UNSDG



Geographical Distribution of Funds



- Good Health and Well-Being
- Decent Work and Economic Growth
- Affordable and Clean Energy
- Quality Education
- Sustainable Cities and Communities
- Zero Hunger
- Reduced Inequalities
- Responsible Consumption and Production
- Gender Equality
- No Poverty

- Australia
- South America
- USA
- Africa
- Canada
- United Kingdom



# Governance

Strong governance is the foundation of successful ESG practices.

13 <b>Al</b> Aluminum	13 <b>Si</b> Silicon	13 <b>Cr</b> Chromium
13 <b>Mn</b> Manganese	13 <b>Fe</b> Iron	13 <b>Ni</b> Nickel



# Good Governance

The ESG space is constantly evolving. One thing that has remained unchanged, however, is RCF's commitment to the principle of good governance as the foundation of successful performance. Good governance and practice can facilitate everything from risk management, permit approval, securing a robust 'social license to operate,' and access to capital.

## RCF's Approach

RCF's approach to investment includes thorough due diligence on a company's governance structure, policies, and practices. This involves assessing board composition, conflicts of interest, anti-bribery and corruption measures, legal risks, transparency, and jurisdictional governance capacity. RCF refrains from investing in jurisdictions with excessive sovereign risk or legal constraints.

In portfolio companies where RCF has significant influence, it exercises this through board appointments and subcommittees. Even in less influential investments, like its Opportunities Funds, RCF engages with management on material risks.

Internally, RCF aligns its governance with stakeholder expectations and regulations. As an SEC-registered investment adviser, RCF takes its fiduciary responsibilities seriously and strives to create a strong culture of compliance. Its Code of Ethics emphasizes the importance of ethical conduct and the prevention or mitigation of conflicts of interest.<sup>1</sup>

RCF's governance is overseen by a diverse 14-member Partner group, all with ownership stakes. This group reflects a mix of longstanding and new members. Each RCF Fund has an Investment Committee (IC), comprising Partners, investment team members, and often external experts, to review and consider investment proposals. Comprehensive investment committee papers summarizing risks and opportunities, including ESG factors, are prepared for each investment, and IC members monitor the portfolio's progress.

1. Registration under the Investment Advisers Act of 1940 does not imply a certain level of skill or training.

# Material Governance Issues

RCF's approach to material governance issues is detailed in the table shown to the right.

Material Issue	Management Approach	Key Management Actions in 2022	Future Focus
<b>Risk Management</b>	<p>RCF's approach to assessing and treating risk based on risk appetite, within the context of stakeholder expectations and the risk environment.</p> <p>Over RCF's 25-year history it has developed a robust and tested Investment Decision Making Process (IDMP) that incorporates learning from RCF's track record. The IDMP is comprised of multiple due diligence phases within a structure that is followed for each investment opportunity and includes the review of ESG, technical, financial, marketing, management, and legal aspects.</p>	<p>Enhancements to due diligence process to ensure residual risks and opportunities are assessed in relation to risk appetite and mitigation strategies.</p>	<p>As per RCF's 2022-2023 ESG Strategic Roadmap, RCF will review its approach to assessing and managing governance risks and opportunities. This may include development of region-specific guidelines and criteria for investment decisions as recommended by RCF's stakeholders.</p>
<b>Board composition and competency</b>	<p>Accountability, oversight and reporting of ESG issues at Executive and Board level, including ESG expertise and capability, diversity, equity and inclusion.</p> <p>RCF evaluates and monitors the composition of an investment company's Board of Directors against a Board Matrix. This Matrix includes a range of criteria (including decision-making, operational experience, marketing, strategy, past industry and geographical experience) as well as diversity in age, gender, ethnicity and other forms of diversity. RCF advocates and supports companies to make changes where necessary to set them up for future success.</p>	<p>Exercised proxy voting rights in relation to the appointment of portfolio company boards and executive compensation.</p> <p>Declined to further consider a board candidate based on due diligence establishing high risk reputational issues.</p>	<p>ESG Operational and financial expertise on Boards to ensure effective oversight and appropriate influence into investments.</p> <p>Broader diversity of Board candidates aside from gender.</p>
<b>Ethical business: Anti-bribery and Corruption</b>	<p>Corruption can take place at any stage of the mining process and encompasses a broad range of behaviours and activities, ranging from legal non-compliance, unethical behaviour, through to bribery.</p> <p>RCF expects its portfolio companies to fully comply with all relevant laws and regulations.</p> <p>RCF expects anti-corruption and bribery policies to be in place, enforced, and communicated to key stakeholders, including relevant training.</p> <p>RCF has in place a robust Code of Ethics to ensure the highest standards of ethical conduct and fulfillment of its fiduciary duty in line with the U.S. Investment Advisors Act.</p>	<p>No key management actions in 2022.</p>	<p>Review and update the relevant policies and procedures to reflect current business practices. Firm-wide training will be conducted in 2023.</p>

Material Issue	Management Approach	Key Management Actions in 2022	Future Focus
<b>Ethical business: Conflicts of interest</b>	RCF's policies and procedures aim to identify and disclose, mitigate and/or eliminate 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 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 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.	No key management actions in 2022.	Review and update the relevant policies and procedures to reflect current business practices. Firm-wide training will be conducted in 2023.
<b>Ethical business: Proxy Voting</b>	RCF's Proxy Voting Policy codifies its approach to voting as stewards of its investors best interest, consistent with proxy voting agreements and investment mandates. It covers voting procedures, conflicts of interest, disclosure, and governance.	Updated RCF's Proxy Voting Policy to enhance its governance and ensure RCF votes consistently in line with its business objectives and commitment to act in the best interests of its clients.	Training for investment teams will be conducted in 2023.
<b>Cybersecurity and data privacy</b>	Protection of secure, critical or sensitive data.  RCF's cybersecurity design provides multiple layers of cybersecurity tools that work in a series, including perimeter defense, secure internet browsing, multiple spam filters, endpoint detect and response tools, enforced operating system and applications updates, and in-house account creation and removal. Security is reviewed annually at a minimum through vulnerability testing, penetration testing, a desktop exercise, risk assessment, and policy review. In case of an incident, RCF use redundant systems, backup cloud locally and local to the cloud, and has an incident response and business continuity policy.	Annual security review completed.	Build a complete zero trust network and further securing web-based applications. RCF are also pursuing Security Operations Centre I Type II and International Standards Association 27001 (Information Security) certification.
<b>Business Continuity</b>	RCF's ability to continue to operate in the face of disruptive events reduces their impact on environment, social and governance factors.	Review and update of Business Continuity Plan as required.	Review and update Business Continuity Plan as required, in particular as RCF's investment portfolio evolves.

## Proxy Voting

As active owners, proxy voting is a key part of RCF's approach to responsible investment. Exercising voting rights on management/shareholder resolutions ensures RCF acts as stewards of its investors' best interests, consistent with proxy voting agreements and investment mandates. Voting also provides clear and transparent feedback to investee companies, complementing ongoing stewardship with management teams and/or board members on material business, ESG, and compensation issues. RCF votes all proxies in a prudent manner, considering the prevailing circumstances.

RCF's approach to proxy voting is codified in its Proxy Voting Policy. The policy covers voting procedures, conflicts of interest, disclosure, and governance. ESG-relevant subject matter considerations included in the policy include company management tenure, skills, diversity and performance, executive compensation, and sustainability risks and opportunities, with a focus on delivering long-term sustainable value. The policy complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the U.S. Investment Advisers Act of 1940.

RCF recently updated its Proxy Voting Policy to enhance its focus on portfolio company governance and ensure RCF votes consistently in line with its business objectives and commitment to act in the best interests of its clients and investors.

# Glossary

<b>Active Ownership</b>	An approach where shareholders or investors take a proactive and engaged role in influencing the behaviour and decisions of the companies in which they have invested.
<b>Artisanal Small-Scale Mining</b>	Informal mining activities carried out by individuals or small groups, often with limited mechanization and equipment.
<b>Biodiversity</b>	The variety of life on Earth including the richness and variability of living organisms and their diversity of genetics, species, ecosystems and ecological processes.
<b>Business Continuity</b>	Organization's ability to continue to operate in the face of disruptive events, reducing the impact of these events on the environment, society, and governance factors.
<b>Critical Minerals</b>	Natural resources that are of strategic importance to an economy, security, and technological advancement due to their essential role in various industries, including manufacturing, energy, and defence. Energy transition critical minerals are a subset of critical minerals that play a particularly crucial role in the global transition toward a more sustainable and low-carbon energy system.
<b>Cultural Heritage</b>	The collective legacy of tangible and intangible artifacts, traditions, knowledge, and practices passed down through generations within a society or community.
<b>Decarbonization</b>	The process of reducing or eliminating the greenhouse gas emissions produced by human activities, particularly those associated with the burning of fossil fuels such as coal, oil, and natural gas.
<b>Due Diligence</b>	A systematic process to collect and interpret information about a prospective investment, which includes both technical and financial due diligence.
<b>Energy Transition</b>	The global energy sector's shift from fossil-based systems of energy production and consumption – including oil, natural gas and coal – to renewable energy sources like wind and solar, as well as lithium-ion batteries.
<b>Engagement</b>	Process through which entities interact and communicate with individuals, groups, or organizations that have a vested interest in their activities, decisions, or outcomes.
<b>Environmental and Social Impact Assessment</b>	A systematic process to evaluate and understand the potential environmental and social risks and impacts of a proposed project before it is implemented.
<b>ESG</b>	ESG stands for Environmental, Social, and Governance. It is a framework used to evaluate and measure the sustainability and ethical impact of a company or organization's activities.
<b>ESG Integration</b>	Including ESG factors in investment analysis and decisions to better manage risks and improve returns. It is often used in combination with screening and thematic investing.
<b>Exit</b>	The process of selling or divesting an investment, typically with the aim of realizing financial gains or achieving specific investment objectives.

<b>Financed Emissions</b>	The greenhouse gas emissions that are associated with the funding, investment, or financial support provided to activities, projects, or organizations that produce emissions. These emissions are often accounted for by equity ownership or contribution.
<b>General Partner</b>	Responsible for a Private Equity Fund's administration, management and operation.
<b>Good International Industry Practice</b>	A set of globally recognized standards, guidelines, and best practices that are widely accepted and followed within the mining industry. RCF particularly focusses on the International Council of Mining and Metals Performance Expectations, International Finance Corporation Performance Standards and the Equator Principles.
<b>Governance</b>	The processes and structures through which organizations and entities are directed, controlled, and managed. Governance is a critical aspect of ensuring that an organization operates effectively, ethically, and in alignment with its objectives and values.
<b>Greenhouse Gas Emissions</b>	Release of certain gases into the Earth's atmosphere that trap heat and contribute to the greenhouse effect, which leads to global warming and climate change. Gases include carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O) and fluorinated gases.
<b>Human Rights</b>	A set of inherent and universal rights and freedoms that are regarded as essential to all individuals, regardless of their nationality, ethnicity, gender, religion, or any other characteristic.
<b>Indigenous Peoples</b>	People that have historical continuity with pre-colonial societies that developed on their territories, and who consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. Indigenous People have social, cultural, economic, and political traditions that stand apart from the dominant societies that surround them. They usually have a deep spiritual and cultural connection to the land and water.
<b>In-Migration</b>	In a mining context, the movement of people into a specific geographic area or region for the purpose of participating in mining activities or seeking employment within the mining industry.
<b>Investment Analysis</b>	The process of evaluating an investment opportunity or asset to determine its potential for generating financial returns and achieving specific investment goals.
<b>Investment Committee</b>	A decision-making body that oversees and advises management on an organization's investment assets. This committee usually has the primary responsibility for investment strategies, objectives, processes and investment decisions.
<b>Investment Decision</b>	Research, analysis, and other steps that lead to a decision to make, maintain, or modify an investment (e.g., to buy, sell, or hold a security), or commit capital to a fund or other asset.
<b>Limited Partner</b>	Investors in a pooled fund that do not take part in its active management. Limited partners/clients can include institutional investors, sovereign and endowment funds, family offices, and high-net-worth individuals.
<b>Material ESG Issue</b>	ESG issue with potential to have a significant impact on the current and future financial, economic, reputational and legal prospects of an issuer, security, investment or asset class.

# Glossary

<b>Mitigation Hierarchy</b>	A structured framework used in environmental and land use planning to guide decision-making and actions related to the avoidance, reduction, and offsetting of environmental impacts.
<b>Net New Hires</b>	Human resources metric which calculates the number of new employees who have been hired by an organization after accounting for the number of employees who have left or been separated from the company during a specific period.
<b>Paris Agreement</b>	An agreement between countries party to the United Nations Framework Convention on Climate Change (UNFCCC) to strengthen efforts to combat climate change and adapt to its effects by limiting global warming to well below 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels, with efforts to limit the increase to 1.5 degrees Celsius.
<b>Portfolio Company</b>	A company that is held within the investment portfolio of a private equity firm, venture capital fund, or other types of investment entities.
<b>Proxy Voting</b>	The exercise of voting rights on management and/or shareholder resolutions to formally express approval, or disapproval, on relevant matters.
<b>Resettlement</b>	The process of moving individuals or communities from their current home or land to a new location, due to development projects. Resettlement can be voluntary or involuntary.
<b>Responsible Investment</b>	An investment approach that considers environmental, social, and governance (ESG) factors in addition to traditional financial criteria when making investment decisions.
<b>Scope 1, 2 and 3 Emissions Greenhouse Gas (GHG) Emissions</b>	Greenhouse gas (GHG) emissions are emissions of gases that trap heat in the atmosphere and are typically split into three categories. Scope 1 emissions are direct emissions from sources owned or controlled by an entity. Scope 2 emissions are indirect emissions, generated by purchased energy. Scope 3 emissions are indirect emissions, not included in Scope 2 emissions, that occur in the value chain of the entity. These include both 'upstream' and 'downstream' emissions. For RCF, Scope 3 emissions are primarily emissions resulting from our investments (invested emissions, calculated on an equity basis).
<b>Screening</b>	Applying filters to securities, issuers, investments, sectors or other financial instruments to rule investments in or out, based on pre-specified criteria.

<b>Social License to Operate</b>	The acceptance, trust, and approval granted by a community, stakeholders, or the broader public to a company, organization, or project, allowing it to conduct its activities in a specific location or within a particular industry.
<b>Social Performance</b>	The extent to which an entity achieves its social and societal objectives and responsibilities. It assesses the organization's management of impacts and risks on society, its interactions with stakeholders, contributions to the well-being of communities, and adherence to ethical and social values.
<b>Social Value</b>	The positive impact that an organization or project has on society and the well-being of individuals and communities beyond its financial or economic performance.
<b>Stakeholder</b>	An individual, group, organization, or entity that has an interest or concern in a particular project, organization, or system and can affect or be affected by its actions, decisions, or outcomes.
<b>Stewardship</b>	The use of influence by investors to maximize overall long-term value, including the value of common economic, social and environmental assets, on which returns and client and beneficiary interests depend.
<b>Sustainability</b>	Sustainability in mining context means conducting operations that minimize environmental, social, and economic harm while maximizing long-term benefits and resource efficiency.
<b>Tailings Storage Facility (TSF)</b>	A structure used in the mining industry to store and manage the waste materials generated during the mining and mineral extraction process. These waste materials consist of finely ground rock particles, water, and residual chemicals used in the mining process.
<b>Transparency</b>	The extent to which investors and other stakeholders have open and easily understandable access to required information about a company's financial and ESG performance.
<b>Water Stewardship</b>	A holistic and collaborative approach to the management and conservation of water resources to ensure their long-term sustainability, availability, and quality.
<b>Work-Related Accidents</b>	Incidents that are directly associated with the work or workplace and result in unintended harm, injury, or damage to employees, visitors, or property.

# Acronyms

<b>AUM</b>	Assets Under Management
<b>BNI</b>	Canadian Black North Initiative
<b>CEFC</b>	Clean Energy Finance Corporation
<b>DiS</b>	Diversity in Sustainability
<b>EDCI</b>	ESG Data Convergence Initiative
<b>ESG</b>	Environment, Social and Governance
<b>FSB</b>	Financial Stability Board
<b>GBA</b>	Global Battery Alliance
<b>GRI</b>	Global Reporting Initiative
<b>ICMM</b>	International Council on Mining and Metals
<b>IDMP</b>	Investment Decision Making Process
<b>IFC</b>	International Finance Corporation
<b>ILPA</b>	Institute of Limited Partners Association
<b>iWiM</b>	International Women in Mining
<b>METS</b>	Mining Equipment, Technology and Services
<b>OEM</b>	Original Equipment Manufacturers
<b>PGM</b>	Platinum Group Metals
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SDG</b>	Sustainable Development Goals
<b>TCFD</b>	Task-Force on Climate-Related Disclosures
<b>TSF</b>	Tailings Storage Facility
<b>TSM</b>	Towards Sustainable Mining
<b>UN</b>	United Nations
<b>WIM</b>	Women in Mining

# Appendix

## SASB Asset Management and Custody Activities

Topic	Metric	RCF Reference
<p>Transparent Information &amp; Fair Advice for Customers</p>	<p>FN-AC-270a.1</p> <p>(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.</p>	<p>RCF does not have any employees who fall under the definition of “covered employees” under the FINRA rules. Therefore, this item is not applicable.</p>
	<p>FN-AC-270a.2</p> <p>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.</p>	<p>RCF did not sustain any monetary losses in 2022 as a result of legal proceedings associated with its marketing and communications of financial product related information to new and returning customers.</p>
	<p>FN-AC-270a.3</p> <p>Description of approach to informing customers about products and services.</p>	<p>Around 89% of RCF’s 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 RCF’s commitment of being a transparent and trusted fiduciary, RCF regularly engages with its LPs, providing quarterly reports and holding an annual general meeting.</p> <p>Refer to page 24 of this ESG report for more detail on how RCF engages, communicates and collaborates with RCF’s 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>As 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>

## SASB Asset Management and Custody Activities (continued)

Topic	Metric	RCF Reference																																																																		
<p><b>Employee Diversity &amp; Inclusion</b></p>	<p>FN-AC-330a.1</p> <p>Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.</p>	<table border="1"> <thead> <tr> <th></th> <th>Female</th> <th>Male</th> <th>N/A*</th> </tr> </thead> <tbody> <tr> <td>Executive Management</td> <td>1</td> <td>2</td> <td>0</td> </tr> <tr> <td>Non-Executive Management</td> <td>9</td> <td>19</td> <td>0</td> </tr> <tr> <td>Professional</td> <td>19</td> <td>36</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>41</td> <td>57</td> <td>0</td> </tr> </tbody> </table> <table border="1"> <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>0</td> <td>3</td> <td>0</td> <td>0</td> </tr> <tr> <td>Non-Executive Management</td> <td>1</td> <td>1</td> <td>2</td> <td>24</td> <td>0</td> <td>0</td> </tr> <tr> <td>Professional</td> <td>4</td> <td>2</td> <td>6</td> <td>41</td> <td>1</td> <td>1</td> </tr> <tr> <td>All Other Employees</td> <td>0</td> <td>0</td> <td>1</td> <td>11</td> <td>0</td> <td>0</td> </tr> <tr> <td>Grand Total</td> <td>5</td> <td>3</td> <td>9</td> <td>79</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* N/A = not available or not disclosed</p> <p>† Other includes the classifications: Native American or Alaska Native, Native Hawaiian or Pacific Islander, and "Two or More Races".</p> <p>Refer to page 53 of this ESG report for more detail on RCF's diversity, equity, inclusion and belonging initiatives for fostering equitable employee representation across its global operations.</p>		Female	Male	N/A*	Executive Management	1	2	0	Non-Executive Management	9	19	0	Professional	19	36	0	All Other Employees	12	0	0	Grand Total	41	57	0		Asian	Black or African American	Latin American	White	Other†	N/A*	Executive Management	0	0	0	3	0	0	Non-Executive Management	1	1	2	24	0	0	Professional	4	2	6	41	1	1	All Other Employees	0	0	1	11	0	0	Grand Total	5	3	9	79	1	1
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	Asian	Black or African American	Latin American	White	Other†	N/A*																																																														
Executive Management	0	0	0	3	0	0																																																														
Non-Executive Management	1	1	2	24	0	0																																																														
Professional	4	2	6	41	1	1																																																														
All Other Employees	0	0	1	11	0	0																																																														
Grand Total	5	3	9	79	1	1																																																														
<p><b>Incorporation of Environmental, Social, and Governance Factors in Investment Management &amp; Advisory</b></p>	<p>FN-AC-410a.1</p> <p>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.</p>	<p><b>ESG Integration</b></p> <p>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.</p> <p>95% AUM generally employ ESG integration.</p>																																																																		

## SASB Asset Management and Custody Activities (continued)

Topic	Metric	RCF Reference
<p><b>Incorporation of Environmental, Social, and Governance Factors in Investment Management &amp; Advisory</b></p>	<p>FN-AC-410a.1</p> <p>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.</p>	<p><b>Screening</b></p> <p>Due diligence incorporates screening drawing from relevant international standards to assess portfolio company performance and to identify areas where performance does not satisfy RCF’s minimum standards.</p> <p>100% assets under management employ ESG screening.</p> <p><b>Sustainability-themed Investing</b></p> <p>RCF does not have assets under management which have a specific mandate to be invested in sustainability-themed assets.</p>
	<p>FN-AC-410a.2</p> <p>Description of approach to incorporation of environmental, social, and governance (“ESG”) factors in investment or wealth management processes and strategies.</p>	<p>Refer to the main body of this ESG report (pages 12 to 25) for comprehensive discussion on RCF’s approach to the incorporation of ESG factors in its investment processes and strategies.</p>
	<p>FN-AC-410A.3</p> <p>Description of proxy voting and investee engagement policies and procedures</p>	<p><b>Proxy Voting</b></p> <p>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 with respect to securities held by its funds, 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>Responsible Investment Policy</b></p> <p>RCF’s investee engagement procedures are governed by the Responsible Investment Policy. 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 page 20 of this ESG report for more detail on RCF’s engagement strategy.</p>



## SASB Asset Management and Custody Activities (continued)

Topic	Metric	RCF Reference
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3.	Scope 1: 25,960 tCO <sub>2</sub> e Scope 2: 22,765 tCO <sub>2</sub> e
	Total amount of assets under management (AUM) included in the financed emissions disclosure.	Approximately 50% of total AUM
	Percentage of total assets under management (AUM) included in the financed emissions calculation.	Approximately 50% of total AUM
	Description of the methodology used to calculate financed emissions.	Scope 1: Primarily activity-based Scope 2: Primarily location-based
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 behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.	RCF did not sustain any monetary losses in 2022 as a result of legal proceedings associated with its marketing and communications of financial product related information to new and returning customers. RCF reports all such matters that are material to RCF in its filings with the SEC.
	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.
Activity Metrics	FN-AC-000.A Total assets under management ("AUM")	(1) RCF's total registered AUM was approximately \$0 as of December 31, 2022. (2) RCF's total unregistered AUM was \$2.6 Billion as of December 31, 2022.
	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 per FN-AC-000.A, as of December 31, 2022, RCF had \$2.6 billion AUM.

## RCF Fund VII: ILPA EDCI Metrics and Mapping to Other Relevant ESG Frameworks

Topic	Metric	
General Data	Number of companies represented	7
	Number of commodities represented	6
	Number of countries	6
	% of Fund Represented	100%
	% of RCF AUM represented	~20%

Topic	Metric	Related Frameworks	2022	2021	2020
Greenhouse Gas Emissions (metric tonnes CO <sub>2</sub> e)	Scope 1	GRI: 305-1 SASB: EM-MM-110a.1. CDP: C6.1 TCFD: Metrics and Targets GHG Protocol WEF: Climate Change	616,842	634,194	506,879
	Scope 2	GRI: 305-2 CDP: C6.3 TCFD: Metrics and Targets GHG Protocol WEF: Climate Change	185,555	59,058	15,792
	Scope 3	GRI: 305-3 CDP: C6.5 TCFD: Metrics and Targets GHG Protocol WEF: Climate Change (material emissions only)	Optional, Not calculated		

Topic	Metric	Related Frameworks	2022	2021	2020
Energy	Total Energy Consumption (kWh)	GRI 302-1 CDP: C8.2&2a SASB: EM-MM-130a.1.	3,197,681,471	2,732,407,643	2,265,483,761
	Renewable Energy Consumption (kWh)	CDP: C8.2&2a SASB: EM-MM-130a.1.	28,101,530	29,824,630	31,504,169
	Renewable Energy Consumption (%)	SASB: EM-MM-130a.1.	0.9	1.1	1.4
Diversity	Women on Board (%)	GRI: 405-1 WEF: Dignity & Equality	21	19	12
	Women in C-Suite (%)	GRI: 405-1 WEF: Dignity & Equality	Optional, Not calculated		
	Under-represented groups on board (%)	GRI: 405-1 WEF: Dignity & Equality	Optional, Not calculated		
	LGBTQ on board (%)	GRI: 405-1 WEF: Dignity & Equality	Optional, Not calculated		
Work-related accidents	Injuries (#)	GRI:2018 403-9a&b SASB: EM-MM-320a.1. WEF: Health and Well-being	170	172	170

RCF Fund VII: ILPA EDCI Metrics and Mapping to Other Relevant ESG Frameworks (continued)

Topic	Metric	Related Frameworks	2022	2021	2020
Work-related accidents	Fatalities (#)	GRI: 403-9a&b SASB: EM-MM-320a.1.	3	0	0
	Days lost due to injury (# day)	WEF: Health and Well-being OSHA	1,734	5,525	3,236
Net New Hires	Total FTEs (#)	GRI: 401-1 SASB: EM-MM-000.B WEF: Employment and Wealth Generation	5,863	5,383	5,091
	Total new FTEs (#)	GRI: 401-1 WEF: Employment and Wealth Generation	480	292	300
	Net new hires organic (#)	GRI: 401-1 WEF: Employment and Wealth Generation	477	290	300

Topic	Metric	Related Frameworks	2022	2021	2020
Net New Hires	Net new hires total (#)	GRI: 401-1 WEF: Employment and Wealth Generation	480	292	300
	Turnover (%)	GRI: 401-1 WEF: Employment and Wealth Generation	19	21	10
Employee engagement	Employee survey completed (%)	NA	29	0	0
	Employee survey response (%)	NA	71	0	0

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## IMPORTANT INFORMATION

This Resource Capital Funds 2022 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. 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. The United Nations Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. Accordingly, investors should not place undue reliance on RCF’s application of the SDGs, as such application is subject to change at any time and in RCF’s sole discretion.

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 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,” “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, 2022 unless otherwise stated.