

Latest update: April 2026

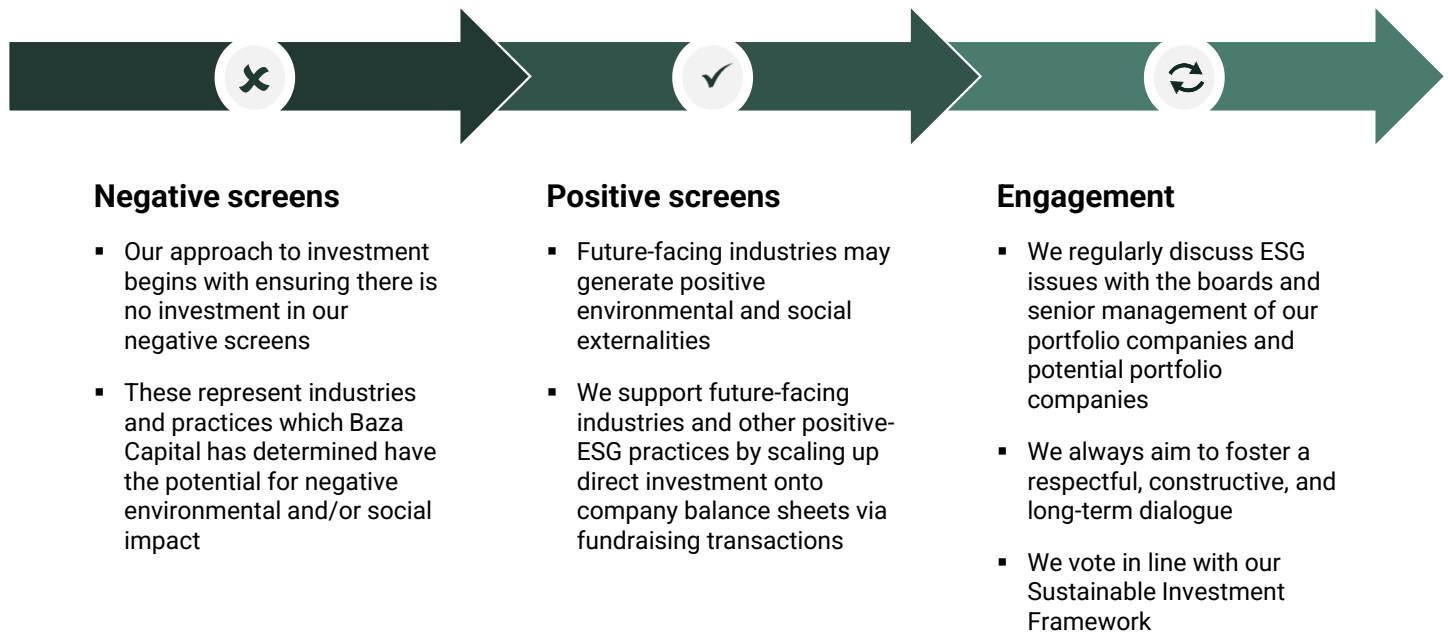
Sustainable Investment Framework

1. Our approach to sustainable investment

We have developed a Sustainable Investment Framework that is fully integrated across our funds and has been since inception of each fund. We use sustainable investment tools such as negative screens, positive screens and engagement in the design and delivery of our fund strategies.

Our Sustainable Investment Framework underpins every investment decision, ensuring sustainability considerations are embedded throughout our risk and return optimisation process.

Our Sustainable Investment Framework has been developed to apply to all potential investments. We have found that appropriate Environment, Social & Governance (ESG) data is not readily available for companies outside the S&P/ASX 200 and can be inconsistent across and within providers when it is available. We have designed our process to cater for the myriad business types and sizes that we encounter across the ASX (c. 2,100 companies as at September 2025).



Each of our funds must adhere to the screening criteria set out in this document.

Our screens can be characterised under three key categories:

1. Direct revenue generating activities
 The commodities, products or services that make money for a company. A quantitative revenue threshold is utilised to determine whether a company should be excluded from the investable universe.
2. Indirect revenue generating activities
 When a company's revenue generating activities consist of extensive provision of products or services to an excluded activity.
3. Business processes, attributes & governance standards
 How a business goes about its revenue generation. Evidence of unwanted processes or attributes are used to assess whether a company is failing to meet best practice or ethical standards.

Direct revenue generating activities and indirect generating activities screens have clear, binary metrics that can be readily observed or sought. Business processes, attributes & governance standards often require a case by case value judgment. All decisions for negative screens in this category are detailed in our Sustainable Investment Assessments (standardised forms reflecting our Sustainable Investment Framework), which are carried out prior to any investment and include detailed supporting information.

2. Negative screens

Our approach to investment begins with seeking to ensure there is no investment in our negative screens. These represent industries and practices which we believe can have negative environmental and/or social impact. Our negative screens are outlined below.

REVENUE THRESHOLD NEGATIVE SCREENS

Negative screen	Category	Description	Revenue threshold
Fossil fuels	Direct revenue generating activities	Direct involvement in fossil fuel exploration, development, or production All forms of hydrocarbons; including oil, gas, coal, and tar sands	0%
Armaments & military technology	Direct revenue generating activities	Revenue from development, manufacturing, and maintenance of armaments (weapons or machines that can be used in armed combat to kill or injure, such as guns, explosives, drones, and nuclear weapons) and development of military technology	0%
Gambling	Direct revenue generating activities	Operation of casinos and gambling facilities or production of gambling products, including poker machines, online betting, or digital casino activities	0%
Alcohol production	Direct revenue generating activities	Revenue exposure to the production of alcohol	5%
Junk foods	Direct revenue generating activities	Production or sale of foods determined to have low nutritional value or possessing addictive properties such as through high sugar content or additives	25%
Mandatory detention of asylum seekers & for-profit prisons	Direct revenue generating activities	Evidence of activities that directly enable the mandatory detention of asylum seekers, or the operation of for-profit prisons	0%
Pornography	Direct revenue generating activities	Production of materials determined to be pornographic in nature	0%
Payday or predatory lending	Direct revenue generating activities	Lending products and services with exploitative terms that target vulnerable communities, including 'payday loan' schemes	0%

Negative screen	Category	Description	Revenue threshold
Nuclear	Direct revenue generating activities	Primary focus is operation of nuclear energy plants or the mining of, extraction of, and/or exploration for uranium <i>Note: if uranium is not a company's primary commodity focus but it does have some limited exposure to uranium mining, extraction, or exploration, this screen does not apply</i>	0%
Tobacco	Direct revenue generating activities	Production or manufacture of tobacco, tobacco-based products, and nicotine alternatives (such as vaping products)	0%
Animal cruelty	Direct revenue generating activities	Live animal export, animal testing for cosmetic purposes, and production of controversial animal products	Production 5% Sales 25%
Chemicals of concern	Direct revenue generating activities	Production or manufacturing of controversial agricultural chemicals	0%
Services to fossil fuel industry	Indirect revenue generating activities	Provision of significant products and services to the fossil fuel industry that are designed specifically for activities linked to fossil fuel exploration, development, or production; and/or without these services, fossil fuels exploration, development, or production activities would not be possible <i>Note: this screen does not apply to companies engaged in activities where the primary focus of their product or service is to minimise the environmental impact of a fossil fuel explorer, developer, or producer</i>	25%
Alcohol sales & distribution	Indirect revenue generating activities	Revenue derived from the sales & distribution of alcohol	25%

BUSINESS PROCESSES, ATTRIBUTES & GOVERNANCE STANDARDS NEGATIVE SCREENS

Note: The following negative screens address the approach of a company to revenue generation. Indicators of undesirable practices or attributes are used to evaluate whether the business may be falling short of established best practices or ethical standards. The aspects described are not automatic exclusions and often require case by case value judgement.

Negative screen	Category	Description	Revenue threshold
Contamination of environments with harmful chemicals	Business processes, attributes & governance standards	Activities that consistently, or extensively on a one-off basis, contaminate environments with harmful chemicals	NA
Destruction of valuable environments	Business processes, attributes & governance standards	Activities which have a direct negative impact on recognised UNESCO World Heritage areas or other high conservation value areas (biological, ecological, social, or cultural areas of outstanding significance) ¹	NA

Negative screen	Category	Description	Revenue threshold
Human & labour rights	Business processes, attributes & governance standards	Evidence of direct, repeated, and systemic labour rights violations, including child labour, forced labour, sweatshops, and significant harm to communities without adequate remediation or redress <i>Note: there are further details in the Baza Capital Modern Slavery Policy</i>	NA
Carbon intensive industry	Business processes, attributes & governance standards	Operates in a carbon intensive industry without appropriate carbon mitigation, reporting, or transition plans ² Carbon intensive industries are deemed to include: <ul style="list-style-type: none"> ▪ Mining – project construction or production stage ▪ Metal processing, refining, smelting or manufacture ▪ Electricity generation ▪ Air travel ▪ Road transport ▪ Shipping ▪ Construction ▪ Cement production ▪ Industrial processes ▪ Agriculture ▪ Large scale manufacturing 	NA

¹ We cross refer against UNESCO World Heritage List and Maps, and Protected Planet

² Where a company operates in a carbon intensive industry, we evaluate the transition plans and decarbonisation strategies of our portfolio constituents to analyse whether they are supported by clear action plans for addressing the challenges presented by climate change. This helps us to understand their ability to manage risks and leverage the opportunities arising from the transition. We ensure that the findings from our assessments are adequately addressed with these companies.

Listed Investment Companies/Trusts

Baza Capital also applies a negative screen process to Listed Investment Companies or Listed Investment Trusts (LICs or LITs). The screen seeks to look through to underlying holdings of the LIC or LIT, and applies a 25% of funds under management threshold to the direct revenue generating activities category negative screens listed above.

Controversy screening

We seek to avoid investments in companies that have had evident environmental, social or governance controversies in recent times, which may sit within or outside of the negative screens listed above. Controversies are investigated for all investments or potential investments and evaluated on a case-by-case basis. Examples of controversies that may fail our Sustainable Investment Assessment include (non-exhaustive):

- Board remuneration and independence issues
- Clear and material agency costs
- Clear ignorance, or intentional breaking, of laws & regulations
- Environmental catastrophes
- Sexual harassment, misconduct, and/or assault charges
- Destruction of sacred property
- Insider trading

The controversy assessment is also applied to existing investments on a real-time basis.

3. Positive screens

We utilise positive screens to increase investment exposure to:

- A. particular sectors (which we term *future-facing industries*); and
- B. business processes, attributes & governance standards

A. Future-facing industries

We believe there is significant opportunity for heightened long-term returns through investing in future-facing industries, where the industry has positive ESG impact. The key future-facing industries that we focus and report on:

- Healthcare, wellbeing & education – includes biotechnology, medical technology, and healthy foods
- Electrification & decarbonisation – includes renewable energy, sustainable construction, and energy efficient transport
- Environmental products & services – includes recycling, resource conservation, sustainable products, and sustainable agriculture
- Critical & electrification minerals
- Essential infrastructure – includes disaster prevention & management
- Responsible investment – includes community & impact finance

Such industries can have tailwinds due to the likelihood of government and regulatory support, accentuated flows of capital, and other, idiosyncratic, long term macro trends.

B. Positive business processes, attributes & governance standards

Examples of positive business processes, attributes & governance standards can include (non-exhaustive):

- Diversified gender representation on boards and in senior management teams
- Achievement against measurable gender objectives
- Detailed and transparent sustainability reporting
- Renewable energy in a company’s power mix
- Community programs and involvement
- Demonstrated collaboration with communities, including as relates to First Nations peoples
- Investment in and adoption of innovative approaches to minimising environmental damage, including as relates to carbon emissions

Positive screen scale-ups

We aim to invest directly to company balance sheets through fundraising transactions where possible. When we do so, we scale up such investments by up to 25% relative to the investment level determined by our risk/return assessment based on the ESG credentials of the business. Our matrix for determining the level of scale-up follows:

Category	Description	Scale-up	Examples
Future-facing industries	Operating with conceptual/early-stage plans, minor opex and/or minor capex in future-facing industry	+5%	<ul style="list-style-type: none"> ▪ Critical minerals explorer ▪ Early-stage biotechnology company
Future-facing industries	Operating with mature/sophisticated plans, material opex and/or material capex in future-facing industry	+10%	<ul style="list-style-type: none"> ▪ Critical minerals developer ▪ Biotechnology company in early stages of commercialisation ▪ Renewable energy developer at feasibility stage
Future-facing industries	Operating with revenue in future-facing industry	+15%	<ul style="list-style-type: none"> ▪ Critical minerals producer ▪ Biotechnology company that has successfully navigated approvals and is receiving revenue for their product ▪ Renewable energy producer

Category	Description	Scale-up	Examples
Business processes, attributes & governance standards	Strong positive business processes, attributes & governance standards	+5%	<ul style="list-style-type: none"> ▪ Gender-balanced board and management ▪ Detailed sustainability reporting ▪ Carbon mitigation aims and progress
Business processes, attributes & governance standards	Very strong positive business processes, attributes & governance standards	+10%	<ul style="list-style-type: none"> ▪ Measurable gender objectives, measurement, and outcomes ▪ Extensive sustainability reporting that is integrated with operational, financial & strategy reporting ▪ Carbon neutral operations or better
Maximum scale-up		+25%	

We scale up for direct investments into positive business processes, attributes & governance standards in neutral industries (i.e. not a negative screen, but not deemed future-facing) up to a maximum of +10% in line with the above matrix.

4. Stewardship

Baza Capital stewardship includes engagement & advocacy, voting, monitoring, and divestment decisions. Detailed further information can be found in our Investment Stewardship Policy.

Engagement & advocacy

We regularly discuss ESG issues with the boards and senior management of our portfolio companies and potential portfolio companies. We always aim to foster a respectful, constructive, and long-term dialogue. We are often among the first responsible or sustainable investment firms that emerging ASX-listed companies interact with.

We engage with company management to clarify when reported sustainable investment information is unclear.

We will advocate for positive sustainability practices with the companies that we meet and particularly those that we own. This includes in relation to diversity as detailed below.

Once invested we assess a company's sustainable investment characteristics on an ongoing basis in line with updated company disclosure and ongoing dialogue with company management.

Engagement on diversity

We investigate the diversity of Boards and senior management prior to investment. This involves assessing the make-up of boards and senior management teams, assessing policies that relate to diversity, checking reporting and transparency as relates to diversity, and checking any measurable objectives and the company's progress against such objectives.

We must engage with companies where there is a demonstrated failure in cultivating personnel diversity. A lack of diversity is defined as companies with six or more Board members where all members are one gender and the company fails our Diversity Questionnaire within the Sustainable Investment Assessment.

Voting

We vote at company annual general meetings, extraordinary general meetings, and scheme meetings in line with our Sustainable Investment Framework. Our Stewardship Policy and Voting Guidelines provide detailed information on our approach to voting.

Monitoring

We monitor all our investments for sustainability updates on an ongoing basis. This includes thorough reading of disclosures – including annual reports and sustainability reporting – and engagement with management.

Divestment

If a company has been found to breach a negative screen while we own, we will engage with management, board, and other relevant personnel to understand the issue and whether it could have been avoided and/or whether it can be effectively managed. If we are not comfortable with the response we will divest and document the decision in our Sustainable Investment Breach Database.

5. Transparency

We value transparency across our business, including in relation to our Sustainable Investment Framework and practice thereof. We aim to lead by example and therefore we are keen to ensure clear disclosure with respect to our Sustainable Investment Framework and associated outcomes.

We strictly abide by our negative and positive screens as detailed in this document. Nonetheless, from time to time, negative and positive screens require value judgements. We aim to build trust and ensure comfort with respect to our sustainability determinations through acting with integrity and transparency, and ensure that all negative and positive screen decisions are chronicled and auditable.

6. Additionality

We define additionality in the sustainable investment context as the measurable positive ESG outcomes that occur specifically because of an investment decision, which would not have happened otherwise. In this context, additionality denotes that the capital provided enables or accelerates positive change beyond what would have occurred through normal market forces or existing funding sources. It is about demonstrating that an investment creates genuine incremental benefit rather than substituting for capital that would have been available anyway.

It is difficult for us to prove additionality conclusively, however there are certain elements which we consider combine to cultivate additionality:

- Our funds under management are material in the ASX-listed emerging company context; the area of the market in which we make the majority of our investment
- We are often the first, or among the first, ESG-focused investors that our brokers have dealt with
- We conduct a large volume and value of fundraising investments (i.e. direct to balance sheet investment) relative to passive on-market investment
- We meet 150-200 company management teams and boards each year
- We are often the first, or among the first, ESG-focused investors that ASX-listed emerging companies engage with

Our presence in the ASX investment community, our engagement and advocacy, and the volume and value of our investments, is influential. It is reasonable to intimate that, at least directionally, ASX-listed (particularly emerging) companies have better ESG-practices; and future-facing industry and companies with positive business processes, attributes & governance standards, are achieving more funding with better terms, than would be the case without Baza Capital in the ASX investment community operating within our Sustainable Investment Framework.



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7. **Reporting**

We undertake to release a Sustainability Update on an annual basis, which covers our sustainability practices and chronicled outcomes.

We also report monthly on direct investment (fundraising) metrics for our Baza Special Opportunities Fund, and on our investments in future-facing industries in our Baza High Conviction Fund.