

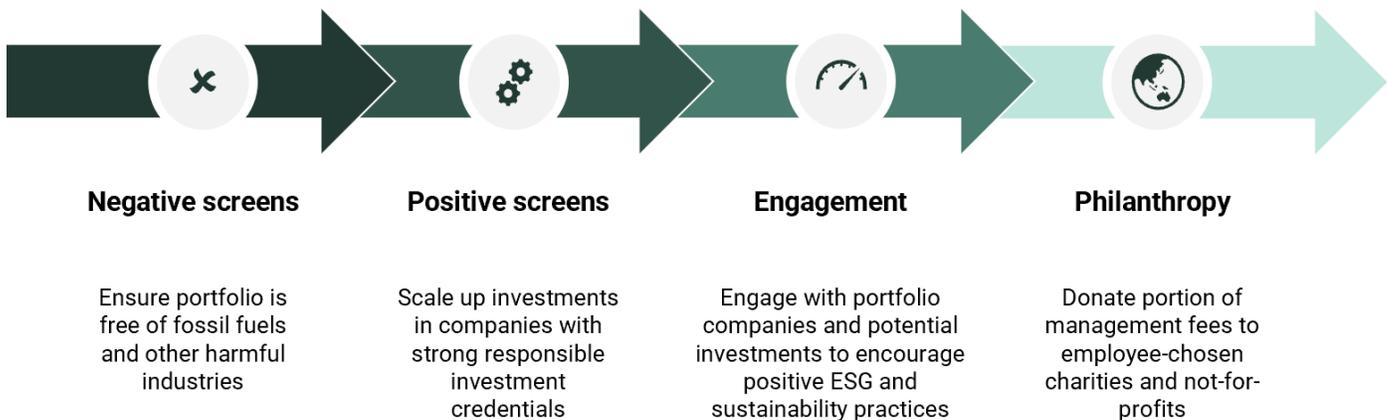
Latest update: September 2023

Responsible Investment Framework

Our approach

We have developed a Responsible Investment Framework that is fully integrated across our funds and has been so since inception of each fund.

Our Responsible Investment Framework has been developed to apply to all potential investments. We have found that quality responsible investment data is not readily available 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 of business types and sizes that we encounter across the ASX (currently 2,200+ companies). Our process is flexible and detailed, allowing us to capture over 50 responsible investment attribute data points.



Negative screens

Our approach to responsible investment starts with a screening process which ensures no direct investment in our 'negative screens'. These represent industries and practices which we believe can have negative social and/or environmental impact. Our negative screens are outlined below:

- Direct involvement in fossil fuel (all forms of hydrocarbons, including oil, gas, coal and tar sands) exploration, development, and production
- Provision of significant services to fossil fuel industry (no investment if 25%+ of revenue or operational focus)
- Operates in a carbon intensive industry without appropriate carbon mitigation, reporting or transition plans
- Primary operations relate to gambling
- Direct revenue from destruction of ecosystems
- Direct revenue from carbon intensive agriculture (such as cattle herding) (no investment if 25%+ of revenue or operational focus)
- Direct revenue from animal cruelty (including live animal export, not including reasonable levels of animal testing on medical grounds)
- Direct revenue from old growth logging

- Direct revenue from development of military technology and 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)
- Direct revenue from production and manufacture of tobacco, tobacco-based products and nicotine alternatives (such as vaping products)

Diversity investigation

We also investigate the diversity of Boards and senior management prior to investment. This involves assessing policies that relate to diversity, any measurable objectives and the company's progress against these.

Controversy screening

We seek to avoid investments in companies that have had evident environmental, social or governance controversies in recent times. Controversies are investigated for all investments and evaluated on a case-by-case basis. Examples of controversies that fail our Responsible Investment Framework include (non-exhaustive):

- Board remuneration and independence issues
- 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.

Future-facing industries

We believe there is significant opportunity for heightened long-term returns through investing in future facing industries. Examples of some of the future facing industries that we focus on (non-exhaustive):

- Healthcare & wellbeing
- Education
- Electrification
- Renewable energy
- Carbon mitigation

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

Responsible investment scale-ups

Future facing industries can generate positive social and environmental externalities which we support through direct investment onto company balance sheets in fundraising transactions where possible. We have the ability to scale-up such investments by up to 25% relative to the investment level determined by our risk/return assessment.

We also scale-up investments in companies that have particularly strong responsible investment credentials on the same basis (direct investment and by up to 25%). This may include assessment of ESG policies, practices, reporting and/or outcomes. We are able to scale-up for strong responsible investment credentials in neutral industries as well as future facing industries.

Clarification and up to date information

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

In all cases our final responsible investment assessment is undertaken immediately prior to final investment decision to ensure up-to-date and detailed information is recorded. Once invested we assess a company's responsible investment characteristics on an ongoing basis in line with updated company disclosure.

Our approach to mining investment

Our Responsible Investment Framework includes a detailed process for investing in mining companies that are playing a critical role in electrification. The process leverages the experience of the Baza Capital founders who have worked in industry and as corporate advisors across the operational stage spectrum of mining companies (from early-stage explorers to some of the world's largest multi-asset producers). Our approach considers an assessment of the commodity as well as the parameters of the mine (or prospective mine). An investment into a mining company at the project development or production stage requires detailed strategies on how the carbon emissions would be monitored, reported and mitigated. Mining feasibility studies and ongoing reporting once in production increasingly provides disclosure of potential Scope 1 and Scope 2 emissions, which aids in this assessment.

We also assess the ecosystem impact of mines and monitor any controversies relevant to the company's conduct with respect to interactions with the environment, social outcomes or governance.

Our approach also considers the merit of investment in commodities that are critical to the transition to a net zero emission economy. Minerals such as rare earths, copper, graphite, lithium and nickel are preferred commodity exposures. We scale up investments in fundraisings relating to these commodities provided potential mine developments fit our required responsible investment parameters. We may also scale up investments in metals & mining fundraisings where a company has otherwise shown strong responsible investment credentials, including with respect to such aspects as strong community programs, stakeholder cooperation (particularly in the case of native peoples), and commitment to retention and encouragement of biodiversity (non-exhaustive).