

## Responsible Investment Policy

### Background & Approach

Craton Capital is a specialist asset management firm, which seeks to provide superior long-term returns for its investors, which involves careful evaluation of investment return potential as well as risks. While we do not prescribe how our investors should consider Responsible Investment and ESG factors, we believe both the search for investment returns as well as the identification and inclusion of investment risks are broadened and enhanced by considering ESG factors. We therefore incorporate ESG factors within the investment process, which we believe will give better long-term, risk adjusted returns for our investors.

Craton Capital is proud to be a signatory to the UN Principles for Responsible Investment

### Definition of Responsible Investment

While recognising the broad range of potential definitions of Responsible Investment, Craton Capital supports the definition provided by the PRI: "Responsible investment is a strategy and practice that incorporates ESG factors into investment decision-making and active ownership."

There are a range of factors applicable across the investment spectrum, such as climate change, transparency and human rights. For Craton Capital, which specializes in the natural resources sector, several factors may have higher importance than in other sectors. These include direct environmental impact at operations and engagement with local communities, regional and national governments where underlying assets are located. A more definitive list of factors which are considered is given below:

*considered, consistent, value-driven*

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Local / Direct Environmental pollutants of water, air, noise</li> <li>• Hazardous material management</li> <li>• Usage and efficiency of water, power, materials, fossil fuels, land</li> <li>• Mining waste management, tailings storage design</li> <li>• Mine rehabilitation strategy</li> <li>• Energy efficiency, power sources, fossil fuel usage,</li> <li>• CO2 &amp; GHG emissions per unit produced</li> <li>• Impact on biodiversity, independent environmental studies</li> </ul>	<ul style="list-style-type: none"> <li>• Employment practices, labour standards, diversity</li> <li>• Worker and local community health and safety</li> <li>• Community involvement and support, local training and employment, land-use compensation and resettlement</li> <li>• Supply chain control</li> <li>• Local and national government relations</li> </ul>	<ul style="list-style-type: none"> <li>• Ownership</li> <li>• Management structure and remuneration</li> <li>• Board diversity</li> <li>• Director independence</li> <li>• Compliance, accounting standards and audit</li> <li>• External shareholder proxy voting inputs</li> </ul>

### Purpose of Responsible Investment Policy

This Responsible Investment Policy is intended to provide guidelines to inform the investment process, procedures and targets as well as to support members of the Responsible Investment team, ESG incorporation team and investment team in their decisions regarding incorporating ESG factors into business and investment decisions at Craton Capital.

The Responsible Investment policy is also intended to confirm and demonstrate Craton Capital's commitment to the PRI principles publicly, to clients and investors and other Responsible Investment stakeholders.

### Scope of this Policy

This policy, as well as Craton Capital's commitment to implement Responsible Investment principles, apply to all assets managed and advised by the firm.

## Implementation of Responsible Investment Policy

Integrating Responsible Investment into our investment process involves considering ESG factors closely throughout the fundamental research process. This involves identifying which of the factors are material and most significant for a sector or company, attempting to qualify and quantify each potential investment according to each factor and then including and weighting the factors appropriately in the investment decisions.

## Stewardship and Engagement

We recognise that Responsible Investment involves more than just picking investments which score well in ESG factors. In line with the UN PRI principle 3, we will seek appropriate disclosure on ESG issues by using our frequent interaction with management of companies across our investment universe to encourage greater consideration and reporting of ESG factors. In addition, we will use recommendations of third-party providers, combined with our own knowledge on companies, to vote as shareholder representatives on relevant issues.

## Responsibilities for Responsible Investment within Craton Capital

Due to the close integration of ESG factors and Responsible Investment principles within the investment process, the responsibility for implementing the responsible investment policy within Craton Capital lies with the whole investment team.

This team includes the key CIO role, held by Markus Bachmann who is also CEO for the firm, which demonstrates the firm's commitment to Responsible Investment at the highest level

## Reporting and Review

We recognise that the Responsible Investment space is developing and improving, and aim for Craton Capital's performance within this arena to continually improve as well. As a signatory to the UN PRI, we will report annually on our activities and will actively seek recommendations from the PRI for improvement. These will be used to update the Responsible Investment policy at least annually, while implementation of Responsible Investment principles within the investment process will be a continuous process.

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