



Promotion of Social and Environmental Characteristics

Baker Steel Capital Managers LLP (“Baker Steel”, or the “Firm”) makes the following disclosure in accordance with Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”).

Article 10 of SFDR requires website disclosure of information relating to any funds that commit to the promotion of environmental or social characteristics in addition to their financial objectives (“Article 8” funds) or funds that have sustainable investment as their primary objective (“Article 9” funds).

Baker Steel manages and advises a number of funds whose strategies involve investing in the equities of gold and precious metal mining companies, along with in some cases other industrial metals and other primary resources. Within this fund range, Baker Steel manages two Article 8 funds that are within the scope of the Article 10 website disclosure obligation for which further information is detailed below.

Promotion of Environmental and Social Characteristics

The investment objective of the BAKERSTEEL GLOBAL FUNDS SICAV Precious Metals Fund (“BSPM”) is to achieve an appropriate return commensurate with the investment risk, by investing at least two thirds of its total assets in equity securities of businesses engaged in precious metals activities. In doing so, BSPM restricts its investment holdings to companies that follow good governance practices and which meet ESG best practice guidelines.

The investment objective of the BAKERSTEEL GLOBAL FUNDS SICAV Electrum Fund (“BSEF”) is to achieve, with observance of the investment risk, an appropriate value growth in the sub-fund currency through a globally diversified portfolio of investments in shares of companies, whose business objective is the extraction, processing and marketing of primary resources. “Primary resources” refers to those resources that are physically present, e.g. water, precious and industrial metals, oil, natural gas and agricultural commodities. In doing so, the fund restricts its investment holdings to companies that follow good governance practices and which meet ESG best practice guidelines.

Baker Steel believes that by preferentially allocating capital to companies which meet best practice guidelines in areas of environmental management, community engagement and corporate governance it can help raise standards across the mining industry; and by so doing, the industry will become more sustainable, improve its reputation amongst the general public and can better serve the local communities and host countries in which it operates.

Further, incorporating ESG factors into the investment decision making process forms an important element of evaluating and managing risk both directly and indirectly.

Baker Steel believes that the mining industry can be a powerful force for good for those local communities and host countries, when best practice guidelines are followed.

Information on the methodologies and sustainability indicators used to assess, measure and monitor the environmental or social characteristics

Data Sources

ESG performance data for all companies within the investment universe is obtained from a combination of sources including third party data providers including a special independent provider of company ESG data, and directly from company sustainability reports, annual reports and company policies.

Additionally, Baker Steel undertakes site visits to portfolio companies and routinely asks ESG related questions as an integral part of its due diligence process. Baker Steel expects to speak with senior management of portfolio companies at least twice a year and the meeting notes are recorded and filed. Baker Steel monitors progress made on ESG metrics just as it does on operational and financial areas.

Investment Universe Construction and Screening Process

The investible universe is shortlisted by an initial exclusion factor screening. This initial screen includes key sustainability metrics that are non-negotiable. To remain within the investible universe companies must have the following policies: ethics, anti-bribery and corruption, human rights and anti-child labour. These factors have been prioritised as unacceptable such that any company which does not satisfy all of the exclusion factors collectively, will fail the initial screening process and will be excluded from the investible universe. These exclusionary factors continue to be monitored after initial screening across the investible universe.

Minimising the risk of tailings dam failures is one of the greatest challenges of the mining sector. We believe that tailings management is non-negotiable and therefore should be an exclusionary pass or fail factor. We are working closely with the Church of England initiative on tailings safety in order to seek to ensure best practice is followed throughout the industry.

Investable Universe ESG Scoring Process

Companies shortlisted within the investible universe are subject to an annual ESG scoring process. The scoring process is designed to evaluate the sustainability performance of companies within the investible universe. Evaluating a company's performance across these sustainability factors will indicate the distribution, scope and scale of principal adverse sustainability impacts within the company and highlight the most appropriate plan of action to address and mitigate them.

The company performance for each ESG metric is collected and processed to generate a weighted score. The individual metrics are weighted under their respective environmental, social and governance pillars of ESG. A subjective qualitative score is then added which considers aspects of company ESG performance that cannot necessarily be incorporated into the quantitative scoring. This stage of the scoring process adds value to the ESG performance assessment by allowing the investment managers to input their knowledge of the company's operations directly, including from site visits.

The final ESG scores are incorporated into the stock selection process as part of measurement of the sustainability risk element of risk assessment. The ESG scores are then directly integrated into and alongside our investment valuation analysis. Sustainability risk has significant weighting within BSPM's and BSEF's risk management analyses.

Ongoing Monitoring and Impact Measurement

Baker Steel undertakes site visits to portfolio companies during which verification of compliance with the ESG principles is undertaken. Baker Steel uses its voting rights where appropriate to influence portfolio companies to align their operations more directly with the Firm's ESG principles. Where necessary, Baker Steel will engage directly with portfolio companies on ESG issues and encourage adherence to best practice.

The skill set and attitude of investee company management is assessed, together with the direction and oversight of the board, to navigate the environmental impact and social license of operations, along with the strength of corporate governance being paramount to our investment decision. These issues often preclude BSPM and BSEF from investing. Where ESG concerns arise after we have made an investment, we will decide to either divest immediately and / or to engage with company management (at both Board and senior management levels) to fully understand how companies plan to navigate the specific issues identified.

Topics that directly impact investment decisions include (but are not limited to): water usage, worker safety, community engagement, social licence, governance (specifically board independence and change of control provisions) and tailings management policies. Board structure and independence together with remuneration policies are also reviewed. We question and, where appropriate, vote against excessive remuneration and packages that unduly transfer wealth at the expense of all stakeholders. Baker Steel reviews stakeholder returns on an ongoing basis, and assesses whether the risks of mining, the environmental and social impact adequately reward all stakeholders.

The exclusionary factors are regularly monitored across the investable universe. Moreover, the annual ESG data collection and scoring process we undertake will result in the monitoring of a company's sustainability performance and progress over time. An ESG weighted portfolio score is generated and updated as the portfolio changes.

Sustainability Performance Indicators

The ESG score compiles and analyses data covering sustainability metrics across the environmental, social and governance pillars of ESG. Baker Steel has selected 20 sustainability metrics that are most relevant to the Firm's investment strategy and investee companies, and which best reflect the values of the Firm's ESG Policy.

The selected climate and environmental metrics cover environmental management and certifications; greenhouse gas emissions, including an emissions reduction policy and carbon scope 1 and 2 emission intensity calculations; the presence of an energy efficiency policy; water, including the presence of a water management policy and water intensity calculations; and the presence of a biodiversity policy.

The selected social metrics cover employee matters, including health and safety management, injury frequency rates and UN Global Compact engagement; stakeholder relations, including community spending and taxes paid to governments; ethics; human rights; anti-child labour, anti-corruption; and anti-bribery.

The selected governance metrics cover board independence, including the presence of an independent chair or lead independent director and the proportion of independent directors; corporate social responsibility or sustainability committees; diversity, including the proportion of females on the executive committee and the proportion of females on the board; compensation practices, including the presence of an independent chair and the proportion of independent directors on the compensation committee and the implementation of "Say-on-Pay" provisions; audit risk and

oversight, including the presence of an independent chair and the proportion of independent directors on the audit committee; and shareholder rights, including equal voting rights.

Reference Benchmark

The EMIX Global Mining Index is the reference benchmark for BSEF and the EMIX Global Mining Gold Index is the reference benchmark for BSPM.

In each case, the reference benchmark is used for the calculation of performance fees and for performance comparison purposes only. Neither the BSPM nor BSEF portfolios are constrained by or constructed with reference to the respective reference benchmark Indexes and are therefore free to deviate from their respective index at the discretion of the Investment Manager, for reasons including where the respective index constituents do not meet the ESG screening criteria described above.

The reference benchmarks are not constructed based on ESG characteristics and no suitable ESG reference benchmarks have been identified for wither BSPM or BSEF at this time. Baker Steel will consider any ESG indexes that are or become available and make a determination as to whether to specify an ESG reference benchmark for BSPM and / or BSEF by no later than 30 December 2022.

Further information on the construction methodology of each index can be found [here](#).

Information on the Extent to Which the ESG Objectives Have Been Met

Baker Steel has commenced measuring the extent to which the environmental and social objectives promoted by BSPM and BSEF have been achieved. Baker Steel will report publicly on this in 2022 once there is a full year of data available, following the implementation of SFDR.