



Critical Metals strategy

Our approach to Environmental, Social and Governance (ESG) considerations

In 2023, InfraVia launched a dedicated strategy to invest in critical metals (Lithium, Nickel, Cobalt, Copper, Rare Earths, Graphite, etc.) across the entire value chain, including extraction, processing, and recycling, through long-term investments. This Critical Metals strategy aims to support the energy transition and secure reliable supply chains for French and European industries.

Context

The energy transition requires massive electrification and expansion of renewable energy supplies, and cannot be achieved without reliable, sustainable, and traceable access to the critical metals necessary for the development of these technologies.

No metals. No transition.

The metals defined as critical by the European Union, on the basis of which InfraVia has structured its strategy¹, are used in a wide range of technologies and applications that are essential for the production of carbon-free energy and enable energy to be produced, transported, stored, and used with a lower carbon impact.

These low-carbon technologies consume more metals than traditional technologies, for example:



Renewables: Aluminium, copper and silicon are essential metals in the production of solar panels, while wind turbines require special steels and metal alloys for their construction, as well as copper and rare earths for the permanent magnets in the turbines.



Sustainable mobility: Electric vehicles use batteries that contain metals such as lithium, cobalt, nickel, copper, aluminium, and graphite. In addition, aluminum and light alloys are used to reduce the weight of vehicles, which improves their energy efficiency. Similarly, rare earths are indispensable in the composition of electric motors that require permanent magnets.



Energy storage: metals are essential in the development of energy storage technologies such as stationary batteries or hydrogen, which are used to store energy produced by renewable sources and release it when necessary, contributing to supply and demand equilibrium and the optimization of electricity production.



Energy transmission: Copper and aluminium are widely used in the construction of energy transmission networks such as power lines and transformers, thus contributing to the efficiency of the power grid and the distribution of energy produced from renewable sources.

Access to metals: a matter of sovereignty

The supply of critical metals has become essential to support the energy transition with the objective of reducing economies' dependence on fossil fuels such as oil, coal, and gas.

As explained in the Varin report submitted to the French government in 2022, securing these metals is a major sovereignty issue for European industry, to be addressed by developing investment capacity in industrial projects across the entire value chain: extraction, processing and recycling.

Metal recycling and consumer moderation both have roles to play in a transition towards sustainable mobility and low carbon energy, but they will not alone be sufficient to meet the demand for metals over the next 20 years. Additional primary material will be needed, and as Europe has few mining resources it must rely on minerals that will be mostly mined abroad.

¹ Other metals might be considered going forward

The countries supplying such minerals, and the host communities around the mines themselves, have high expectations of benefiting from their production, in terms of job creation, skills transfer, and ultimately economic diversification, as they embark on their own low carbon transition paths. Preserving a company's "license to operate" means mining responsibly and ensuring transparent supply chains. This requires a clear focus on, and demonstration of, traceability, respect for biodiversity and human rights, engagement with local populations, life cycle analysis, carbon footprint and water intensity, among other things. This focus is of course also required by European importers, their governments and financiers, and increasingly by their clients and end consumers in the value chain.

Our ambition

The ambition of InfraVia with the Critical Metals strategy is to contribute to Europe's minerals sector value chain and to support the ongoing energy transition. We strongly believe that a disciplined ESG integrated policy is key to secure financing and that ESG considerations can be a valuable source of financial performance.

We aim, through our critical metals strategy, to contribute on ESG aspects by:

- 1. Supporting investment in the energy transition by enabling access to critical metals required for energy transition projects.**
- 2. Enhancing transparency and traceability across the supply chain for the benefit of manufacturers and end consumers.**
- 3. Ensuring solid ESG standards.**
- 4. Monitoring and targeting to improve ESG performance of the underlying investments once deployed.**

Integration of ESG criteria into investment policy

ESG considerations assess material impacts, risks, opportunities and are integrated at every stage of the investment process: from the pre-selection of opportunities to due diligence prior to the investment decision, to the monitoring of the portfolio holdings.

The environmental and social footprint of mining activities is not uniform; it depends on many specific factors – the type of mine (open pit, underground), the characteristics of the operators (multinational companies or smaller-scale companies), the size of the mine and its geographical location, the type of ore mined, and the stage in the value chain (extraction, refining, recycling). Similarly, the risks surrounding governance are specific to each jurisdiction.

In this context, InfraVia applies a comprehensive and proprietary ESG framework for the analysis and monitoring of Critical Metals investments. This analytical framework was developed in coordination with the French government and industry professionals and is based on principles established by the World Bank and the International Finance Corporation relating to the sustainable supply of raw materials. It also draws on voluntary international standards derived from industry best practice, such as the principles of the International Council on Mining and Metals (ICMM), the Towards Sustainable Mining (TSM) initiative, and the Initiative for Responsible Mining Assurance (IRMA).

The ESG framework serves as a tool for the investment team to analyze the material impacts, risks, and opportunities associated with the investments under consideration.

Pre-investment stage:

InfraVia has defined exclusion criteria in certain countries or certain type of mine projects – e.g. seabed mining projects or artisanal mines.

Due diligence:

Before any investment decision is made, investment opportunities are analyzed according to the ESG framework, including for example:

1. **Business integrity:** compliance, human rights and workers' rights, anti-corruption.
2. **Environmental risk management and positive impacts:** impact assessments, due diligence across the value chains, emergency preparedness, planning for the rehabilitation and closure of mining sites.
3. **Social responsibility and engagement with stakeholders:** safety and respect for human rights, broad community support, complaint management mechanisms.
4. **Environmental responsibility:** carbon emissions level, biodiversity protection, increased vigilance in protected areas, water and waste management.

Specialized third parties can be involved in the due diligence, where considered appropriate.

On-going monitoring of ESG performance

InfraVia's ambition is to promote the positive impact and to limit or even reduce the negative impacts of its investments. InfraVia implements action plans based on ESG performance indicators identified at the time of investment.

ESG criteria are taken into account in the investment cycle, and the action plans are regularly monitored, as are the relevant indicators depending on the investments, such as carbon footprint and water consumption, environmental and social impacts, climate impacts, biodiversity, waste treatment, impact on local populations, compliance and permit allocation conditions.

Voting and Engagement Policy

InfraVia exercises its shareholder rights by:

- monitoring the holding of its funds, taking ESG into account in its investment development
- seeking to establish a constructive dialogue with investee companies
- exercising its voting rights at general meetings in the best interest of the holders of the funds'
- working with other shareholders where relevant

InfraVia may, where appropriate and subject to governance requirements, request representation on the companies' boards of directors.

InfraVia monitors developments in industry practices and standards to update its policy and analytical framework as appropriate. For more information about our engagement policy, please refer to InfraVia's website <https://infraviacapital.com/wp-content/uploads/2023/10/Shareholders-engagement-policy-.pdf>

Governance

InfraVia's governance and decision-making process ensure responsible and robust decision-making. A highly qualified ESG Director is dedicated to the Critical Metals strategy and is integrated into the investment team. She monitors industry developments and standards, supervises the implementation of the ESG strategy and coordinates the investment team's ESG integration at all stages of the investment process.

An ESG Committee including independent experts is also responsible for reviewing the ESG strategy and the ESG performance targets set for the investments made, and for reviewing the annual ESG performance of the portfolio.

Sustainable Finance Disclosure Regulation

The Critical Metals Fund complies with the provisions of Article 8 of the European Union's SFDR, as a product that promotes environmental and social characteristics. InfraVia, as an asset management company, complies with transparency obligations and will produce an annual report on Principal Adverse Impacts (PAI).

This document presents an overview of our ESG values, approach, and objectives for the Critical Metals strategy. It reflects our views at the time of publication but may change as regulations, the market and the geopolitical situation evolve. We will do our best to disseminate our values and achieve these objectives, but we cannot guarantee that all our actions will be crowned with success or that all the companies in our portfolio will achieve their objectives.