# ESG REPORT 2022-2023 VISIONBLUE ENABLING THE CLEAN ENERGY TRANSMON

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Sir Mick Davis

#### **MESSAGE FROM SIR MICK DAVIS**

We founded Vision Blue in 2021 with the aim of accelerating the responsible supply of critical materials necessary to facilitate the clean energy transition and contribute to meeting the targets of the Paris Agreement to limit global warming.

I am delighted that Vision Blue is already making significant progress. Vision Blue Resources Limited ("VBR") has raised over US\$650m, invested in multiple projects and has already enabled two to enter production. Vision Blue has also enhanced its own processes and procedures to reflect our growth and commitment to Environmental, Social and Governance ("ESG") practices. We seek to use Vision Blue's position to positively influence and align investees with our ESG framework and principles, as well as industry standards that will support the portfolio companies in achieving their business objectives.

Since founding Vision Blue, we have seen a growing realisation amongst investors, governments, industry and others that the world is facing a major shortfall in the supply of metals and minerals required to deliver the low carbon energy transition. In the coming decades, demand for critical materials such as graphite, silicon, lithium, cobalt, and magnetic rare earth elements is expected to grow significantly, and the supply side response to this secular change in demand is currently considered to be insufficient.

We hope that the companies in the Vision Blue portfolio will make meaningful contributions to the supply of these critical materials. In particular, in 2023, Serra Verde began commercial production of rare earths, making it the only scale



IEA (2021) - The Role of Critical Minerals in Clean Energy Transitions, 2021, IEA, Paris

supplier of the four critical rare earths used to make permanent magnets outside of Asia, while NextSource Materials is commissioning its graphite project and made its first bulk shipment.

While financial markets continue to remain challenging and commodity markets absorb the impact of current geopolitical events, there is a significant and growing need to support emerging supply chains without which the energy transition may be delayed or disrupted. In this regard, we are pleased to see continued western government initiatives to support the establishment of accountable and diversified supply chains. However, more needs to be done if we are to complete the energy transition in the required timescale and meet the Paris targets.

We are also working alongside the Vision Blue investee companies to help them develop value creating opportunities. This includes unlocking investment and downstream integration opportunities, as well as the development of long-term partnerships with OEMs, battery manufacturers and other industrial companies. The new, emerging global supply chains for critical minerals will require new approaches and partnerships that differ substantially from those in the traditional mining industry.

We remain convinced that our strategy will create significant benefits for all Vision Blue's stakeholders and enable us to contribute to the ongoing decarbonisation of the global economy.

# SUMMARY & HIGHLIGHTS

#### HIGHLIGHTS

- Over US\$650m raised to accelerate the supply of critical materials
- 6 investments made in rare earths, tin, graphite, cobalt, vanadium and silicon
- ESG framework implemented
- TCFD aligned climate change strategy developed under which we:
  - Measured, and published Vision Blue's greenhouse gas ("GHG") emissions
  - Seek to minimise GHG emissions from Vision Blue's operations and contribute to climate mitigation
- Completed first UN PRI report

### HOW WE ARE ACCELERATING THE RESPONSIBLE SUPPLY OF CRITICAL METALS AND MINERALS



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#### **ABOUT VISION BLUE**

Vision Blue is a private investor creating a diverse portfolio of strategic investments in companies in the clean energy related metal and mineral resources sector which is essential to the clean energy transition, against the backdrop of limited supply.

We have a unique industry network, and decades of experience in mining, finance and ESG management that we believe provides a competitive advantage to capitalise on metals and mining opportunities linked to the transition to clean energy.

*Our investments support four key areas* 

- Clean energy generation
- Energy storage and distribution
- Energy efficiency
- The decarbonisation of existing industrial processes.



#### "THE AFFORDABILITY AND SPEED OF ENERGY TRANSITIONS WILL BE HEAVILY INFLUENCED BY THE AVAILABILITY OF CRITICAL MINERAL SUPPLIES."<sup>1</sup>

Delivering the energy transition and meeting the targets of the Paris Agreement to reduce carbon emissions and limit global warming will require an increase in the use of renewable energy technologies.

These technologies are reliant upon the supply of critical materials and demand has already doubled since 2017, reaching US\$320bn in 2022<sup>1</sup>. In 2022, investment

<sup>1</sup> IEA (2023) - Critical Minerals Market Review 2023, IEA, Paris

#### CRITICAL MATERIALS AND THE ENERGY TRANSITION

#### in critical minerals rose by 30%<sup>1</sup> and exploration spending rose by 20%<sup>1</sup>, driven by record growth in lithium exploration, and critical minerals start-ups raised a record US\$1.6bn in 2022<sup>1</sup>.

Demand for critical minerals for clean energy is expected to experience unprecedented growth, up to three-and-a-half times over the period to 2030 as the world moves through the energy transition<sup>1</sup>.

The adoption of renewable energy will depend on factors including the speed of innovation and the stability of mineral markets that witnessed significant volatility after two years of pandemic-related supply chain disruptions followed by the onset of global geopolitical uncertainty.

High raw material costs now make up a larger share of the total cost of clean energy technologies, which led in 2022 to the first increase in the price of clean energy equipment<sup>1</sup>, reversing a decade of falling costs that had resulted from technological innovation and economies of scale.

Also, there is a growing recognition that further policy intervention and international cooperation are needed to ensure adequate and sustainable mineral supplies to meet the needs of the energy transition. Global temperatures have already risen by 1.1°C and current policies would bring us to 2.7°C by 2100, far beyond the 1.5°C target that countries set in Paris<sup>2</sup>. Without accelerated action, extreme adverse weather-related events are expected to increase.

<sup>1</sup> IEA (2023) - Critical Minerals Market Review 2023, IEA, Paris <sup>2</sup> Climate Action Tracker (2023)

# Mineral requirements for energy technologies by sector



IEA (2023) - Critical Minerals Market Review 2023, IEA, Paris. Net Zero Emissions by 2050 Scenario.





Vision Blue is creating a portfolio of strategic investments in metal and mineral resource companies essential to the clean energy transition and global decarbonisation.

By 31 December 2023, we had secured strategic positions in graphite, vanadium, tin, silicon, rare earths and cobalt, and continue to assess other potential targets that will aid the energy transition. To remain on track for global net zero targets, the world requires shorter lead times to production and an additional US\$140bn<sup>1</sup>

IEA (2023) - Anticipated investment in mining of critical minerals by region in the Net Zero Scenario, 2022-2030

to be committed for investment in critical minerals. Vision Blue's ambition is to play a role in meeting this rapidly growing demand by 2030.

The implementation of appropriate ESG standards aims to support our portfolio companies in achieving their business outcomes through:

- Compliance with regulations and requirements
- Risk reduction
- Meaningful stakeholder relations
- Licence to operate and market, enabling increased marketability of products
- Enhanced brand and reputation
- Improved access to capital

Where relevant, we encourage the Vision Blue investee companies to participate in leading industry standards such as the Global Industry Standard on Tailings Management, International Council on Mining & Metals Sustainable Development Framework, or commodity or industry specific supply chain standards.





Sinova Global is reopening a large scale, high-purity quartz quarry and constructing a silicon metal production plant. It aims to become the leading North American supplier of high-grade silicon metal.





#### COMPANY OVERVIEW



LOCATION BC, Canada and Tennessee, US

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STAGE OF DEVELOPMENT Construction



VISION BLUE STRATEGY

Strategic investment to support the development of a vertically integrated North American supplier of high-grade, fully traceable silicon by reopening a very highgrade quartz project.

#### **KEY ESG CHARACTERISTICS:**

- Quarry with reduced environmental impacts: simple process, minimal amounts of waste, and use of existing infrastructure
- Smelter to offer direct employment opportunities for local communities, as well as revenues and associated benefits to the region
- Electricity supply with a low carbon energy profile from hydro power (at the quarry site), and a mix of renewable / conventional power with comparatively low carbon footprint (at the smelter site), and main transportation by rail.



#### SILICON AND THE ENERGY TRANSITION



Silicon metal is critical for a diverse range of applications that include solar photovoltaic cells, power grid infrastructure, semiconductors, integrated circuits, light weight car bodies and battery anodes. Highgrade silicon metal is increasingly used as a battery anode material as it has high capacity, fast charging speeds and relatively low costs per kWh. Silicon metal has been designated a critical metal in the US, EU, UK and Australia.

#### **ESG PROGRESS**

Project planning is well advanced and Sinova has undertaken a number of steps to prepare for the commencement of plant construction and eventual production. This includes a comprehensive identification of ESG risks and materiality analyses, and the establishment of an ESG strategy, policy and framework that have been reviewed and endorsed by the Sinova ESG Committee.

An ESG Management Executive Workshop has also been undertaken and an ESG Working Group is planned for 2024 to oversee the development and completion of:

- Sinova Group level ESG requirements, including an ESG and climate change strategy
- A plan and roadmap for a public ESG report and stakeholder engagement plans, and
- An ESG Roadmap and Management Plan to support transition into operating assets.



#### CASE STUDY "BACKPACK BUDDIES" INITIATIVE

Sinova sponsored the Backpack Buddies Program for the provision of weekend meals for economically disadvantaged school children of Lake County, Tennessee where its smelter will be located. Lake County has the fifth lowest per capita income and sixth lowest median household income by county in the United States. Sinova's donation supported 70 students and will fund the program for the entire 2023/2024 school year. The anonymous program provides child-friendly meals for students to take home with them for breakfast, lunch, dinner, and snacks to cover Saturday and Sunday. The meals typically consist of quick and easy to prepare foods.

# mineração SERR/VERDE

Serra Verde is the first large-scale producer outside Asia of all four rare earth elements ("REEs") used in magnet production and aims to be a sustainable, large-scale provider of essential rare earths. Serra Verde is an integrated ionic clay rare earth mining and processing operation that began commercial production at its Pela Ema deposit early in 2024 and is accelerating plans to increase capacity.



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### COMPANY OVERVIEW



location **Minaçu, Brazil** 

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STAGE OF DEVELOPMENT **Production** 



COMMODITY Rare Earth Elements

#### **VISION BLUE STRATEGY**

Strategic investment to fully fund construction and commissioning of Serra Verde in Phase I production, fund studies into further expansions and explore possible integration downstream.

#### **ESG CHARACTERISTICS:**

- Strong focus on safety, with industry-leading results
- Excellent accessibility and infrastructure, in a region with a long history of mining and significant skilled resources
- Surface mining methods without the need for drilling, blasting, grinding or milling
- Simple closed-circuit ore extraction process with benign reagents and reduced environmental impact
- 100% grid hydro power
- Dry stack tailings facility (to conform with Global Industry Standard on Tailings Management)
- Strong community support, and significant socio-economic contributions in an economically distressed region
- Biodiversity programs in place, including continuous wildlife monitoring and reforestation program with on-site nursery for local species.

# SERR/VERDE

#### REES AND THE ENERGY TRANSITION



REEs are key components in many electrical devices. Demand for heavy and magnetic rare earth elements is expected to increase due to their use in the manufacture of permanent magnets for EVs and wind turbines. The rare earths produced by Serra Verde are considered critical raw materials in the US, UK, Canada, EU and Australia.

#### **ESG PROGRESS**

Serra Verde has made significant progress towards alignment with industry best practice and leading ESG standards. A number of operational ESG appointments have been made to provide necessary capabilities and capacity to deliver on established ESG requirements.

Serra Verde has integrated ESG risks into its corporate risk framework and register and an ESG committee has been formed. Operationally, a comprehensive ESG policy and set of management standards has been completed and implemented. A climate change strategy is also under development and initial work to benchmark Serra Verde's GHG emissions has begun.



#### CASE STUDY BUILDING A RESPONSIBLE SUPPLIER OF RARE EARTHS

utilising the advantages of its deposit, excellent local infrastructure, close links with its community and a commitment to leading practices. As an ionic clay deposit, Serra Verde will use low operating risk open pit mining techniques and simple, established processing technologies with no hazardous chemicals or wet tailings. The operation also benefits from 100% renewable electricity, supplied from nearby hydro-electric power plants. The operation is located in a historic mining area with a skilled workforce, with over 70% of current employees from local communities. Almost 30% of employees are female. Serra Verde has also developed and implemented a comprehensive ESG framework and aims to operate to high environmental standards.



NextSource Materials aims to become an integrated, global supplier of critical battery and technology materials. NextSource operates the Molo graphite mine and it has plans to develop turn-key graphite battery anode production facilities globally.





#### COMPANY OVERVIEW



LOCATION South-western Madagascar (mine), and Mauritius (battery anode facility)



#### STAGE OF DEVELOPMENT

Mining operations in production, battery anode facility at feasibility



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Natural graphite concentrate and processed graphite for battery applications

#### **VB STRATEGY**

Vision Blue invested in NextSource to help bring the Molo mine into production while also progressing the development of value-added graphite processing facilities to produce active anode material, which is the final form of graphite used in EV batteries. The first battery anode facility is planned to be located in Mauritius to produce coated, spheronized and purified graphite.

#### **ESG CHARACTERISTICS:**

- Conventional, opencast mining process with no wet tailings
- NextSource's Molo mine is the largest employer in the area
- Hybridised diesel, solar (35%) and battery storage system, with longer term decarbonisation plans under investigation
- No physical resettlements required in Phase 1.



#### GRAPHITE AND THE ENERGY TRANSITION



Graphite is currently used in all lithiumion batteries and thus is essential for the electrification of the automotive sector. Graphite is also used in steel making, as well as the production of fire retardants and graphene, amongst other things. Graphite has critical mineral designation in the US, UK, EU, Canada and Australia.

#### **ESG PROGRESS**

NextSource constructed and commissioned a solar hybrid plant during 2023 which is expected to reduce GHG emissions by 2,275 tonnes per year once the plant is fully operational.

NextSource has established an integrated sustainability management system, covering health, safety, environment, community and quality, incorporating requirements of ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety) and ISO 9001 (Quality), and is aligning its operations with the IFC Performance Standards and the Equator Principles.

Significant progress has been achieved in health and safety with all employees receiving 'fit for work' medical and HR checks as well as additional safety training.

A VP for Sustainability and an on-site Health and Safety Manager have been appointed to manage ESG matters with the support of international consultants and streamlined ESG Policies have been established and implemented. Planned community, land compensation and social programs are being implemented and grievance mechanisms are used effectively by community.

Future work of the company will focus on further building out of the ESG management framework and reporting as the project goes into production.



#### CASE STUDY LOCAL EDUCATIONAL INFRASTRUCTURE

Over the past few years, NextSource has invested in local educational infrastructure to support host communities with targeted interventions and social projects. Significant work has been done to improve the local schools' infrastructure and provide education materials. This work includes the rehabilitation and construction of school canteens in the neighbouring settlements of Beamalo and Sonjarano, the provision of educational materials kits for 485 children, as well as providing school and library books, teaching materials and teacher uniforms.

3.6 Portfolio company context and ESG characteristics | Cornish Metals

# CornishMetals

Cornish Metals is reopening the historic South Crofty tin mine, located in Cornwall, South West England. South Crofty is a high-grade tin resource and has the potential to be amongst the lowest cost producers globally.



### **Cornish**Metals

#### COMPANY OVERVIEW



LOCATION Cornwall, UK

COMMODITY

Tin



STAGE OF DEVELOPMENT Feasibility / Dewatering



VISION BLUE STRATEGY

Strategic investment to advance the reopening of South Crofty including, through mine dewatering, resource drilling and completion of a feasibility study. Potential downstream opportunities are also under evaluation.

#### **ESG CHARACTERISTICS:**

- Recommissioning of historic high-grade underground tin mine with a small surface footprint, minimal surface waste, and positive environmental and socio-economic benefits
- Processing plant planned with low visual impact, low noise and no dust
- No permanent surface tailings storage planned
- Significant infrastructure for future operations, with access to grid power
- Strong community support, with a long history of mining in the region, aims to create highly skilled and well-paid employment.

### **Cornish**Metals

#### TIN AND THE ENERGY TRANSITION



Tin is a key component of high-tech hardware, electrical vehicles, renewable energy infrastructure and robotics. Tin has critical mineral designation in the UK, US and Canada.

#### **ESG PROGRESS**

Cornish Metals has made significant progress in developing a dedicated ESG function as well as through the establishment of a Sustainability Board Committee. Cornish has also proceeded to develop its frameworks and is implementing an internal ESG Reporting Framework that enables the company to measure, track and report performance metrics.

In addition, management plans (constructions, environmental, dust, noise, transport etc.) have been defined and are being implemented as well as ESG policies, including a Health and Safety Policy.



#### CASE STUDY WATER TREATMENT PLANT

Following Vision Blue's investment, Cornish Metals has built and commissioned a new water treatment plant. A feasibility study is being conducted simultaneously with the dewatering process and will be followed by an investment decision to restart production. The operation is anticipated to have a demonstrably positive effect on water quality in the nearby Red River, which currently receives untreated mine water from several historical mines as a legacy of past mining activities carried out over many centuries. The water discharged from the mine is being used to power a hydro-turbine that generates up to 20% of the power the plant will consume. Other renewable heat opportunities are being explored to make use of the treated mine water which is a constant 25°C all year round and has the potential to heat at least 800 homes in the local area.



Ferro-Alloy Resources is developing a large vanadium project in the Republic of Kazakhstan.



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#### COMPANY OVERVIEW



LOCATION Southern Kazakhstan



STAGE OF DEVELOPMENT Feasibility study



COMMODITY Vanadium

#### VISION BLUE STRATEGY

Fund the expansion of the existing, cashflow generating, processing facilities and complete the bankable feasibility study.

#### **ESG CHARACTERISTICS:**

- Remote location, with no nearby communities or competing land use
- Investor friendly climate, with supportive government.

# VANADIUM AND THE ENERGY TRANSITION



Vanadium is primarily used as an alloy for making high strength steel which has a number of environmental benefits including lightweighting and a reduction of carbon emissions across the supply chain. However, there is increasing demand for vanadium from vanadium redox flow batteries used in grid scale energy storage. Vanadium is identified as a critical raw material by the UK, EU, US, Canada and Australia.

#### **ESG PROGRESS**

Ferro-Alloy Resources is developing its environmental, social, health and safety programme with the aim of recognising the requirements of key stakeholders including local communities, governments, employees and investors, as well as customers.

Ferro-Alloy Resources has appointed independent consultants to oversee existing principles, controls, procedures, and performance metrics in order to align with relevant international standards, such as the Equator Principles, and the IFC Performance Standards. Currently, the company is undertaking a broad Environmental and Social Impact Assessment (ESIA) led by international consultants, which will feed into the feasibility study. The company has also started using the TCFD framework to guide and manage its climate framework, assess climate risks and report GHG emissions.

In 2023, a Sustainability Committee was established that will guide the actions of the Ferro-Alloy Resources Board.



#### CASE STUDY DEVELOPING A WORKFORCE OF THE FUTURE

Ferro-Alloy's operations are in the Kyzylordinskaya oblast of southern Kazakhstan, 16km from the nearest settlement and developing a skilled local workforce will be critical to Ferro-Alloy's success. The Group currently employs an operating and management team of 200 employees, nearly all of whom are Kazakhs, and, with the exception of specialists, are hired from the local villages and the nearby town of Shieli. In order to provide opportunities, FAR has signed an agreement with the Satbayev Technical University where selected postgraduate students will be given technical work experience opportunities.

# **C** Kobaloni Energy

Kobaloni Energy is a private cobalt sulphate refinery development company, targeting production of fully traceable low emission cobalt sulphate crystal for the electric vehicle battery industry. This refinery would be one of few in the western world to convert cobalt hydroxide into a cobalt sulphate product required by automotive and battery production end-users.





#### COMPANY OVERVIEW



LOCATION
Planned for Zambia



STAGE OF DEVELOPMENT Feasibility study



COMMODITY Cobalt

#### **VISION BLUE STRATEGY**

Finance completion of the bankable feasibility study and working capital to final investment decision on Phase 1 refinery.

#### **ESG CHARACTERISTICS:**

- Refinery design seeking to enable 'zero-waste' discharge process further improving Kobaloni Energy's ESG credentials from a circular economy perspective
- Production of saleable by-products from the effluent stream will eliminate the importation of key agricultural and domestics chemicals into Zambia
- Environmental permitting started and community engagement underway
- Investigating the option to hire a vanadium redox flow battery system as an alternate standalone backup power solution
- Located in a special economic zone with good infrastructure in place and direct access to Kafue Gorge hydro-electric scheme.



#### COBALT AND THE ENERGY TRANSITION



Cobalt (in sulphate crystal form) is used in the production of lithium-ion battery cathodes that are required for the electrification of the automotive sector. Cobalt is categorised as a critical mineral by Canada, US, EU, UK and Australia.

#### **ESG PROGRESS**

The ongoing bankable feasibility study has outlined a number of positive ESG opportunities for the project, particularly the potential of the refinery to become a 'zero-waste' operation by utilising its waste material to produce commercially saleable gypsum as well as sodium sulphate for the domestic Zambian agricultural and detergent manufacturing industry. Furthermore, the removal of waste disposal concerns provides greater flexibility around the location of the project site, creating the opportunity to locate the plant in a fiscally attractive special economic zone with good infrastructure in place.

The Kobaloni Energy team is also investigating the potential to deploy a vanadium redox flow battery system as an alternate standalone backup power solution.

### ESG GOVERNANCE, STRATEGY AND APPROACH

- A CONTRACT

#### **MESSAGE FROM VISION BLUE'S HEAD OF ESG**

The effective management of Environmental, Social and Governance ("ESG") factors is central to the Vision Blue investment approach and reporting. Adherence to high ESG standards is a prerequisite for any company seeking to access capital markets and participate in the rapidly evolving global supply chains for critical materials.

Our first annual ESG report provides an overview of the progress we made during 2022 and 2023, outlining the frameworks we have established to govern our own processes and setting out how we plan to improve and build upon our work in the years ahead. As the companies in the Vision Blue portfolio mature, they are facing a number of common ESG challenges. These include the need to build ESG leadership and management capacity, understanding international stakeholder expectations and requirements, planning and implementing supply chain traceability, carbon accounting and reporting, as well as communicating with capital markets, stock exchanges and investors.

Reflecting the early stage of many of the Vision Blue investments, we have focussed on helping portfolio company management teams develop appropriate plans and policies and establish the required internal capacities that will aim to enable them to successfully and responsibly develop their operations. We are pleased with progress across the portfolio and believe that this could be a source of competitive advantage for the Vision Blue investee companies in future.

We have also undertaken training and information sharing programs within Vision Blue to share ESG best practices from across the portfolio. We believe this has the potential to create significant opportunities for learning and continuous improvement across the Vision Blue investments.

We also enhanced our own processes, establishing a new framework for

collecting, analysing and consolidating information from portfolio companies that will be implemented into our next ESG report. Additionally, we expanded our own resources and helped a number of Vision Blue portfolio companies to recruit dedicated ESG managers in order to implement ESG management standards and support progress towards asset-level decarbonisation.

In 2023, Vision Blue adopted a Climate Strategy and Plan aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations reflecting the critical role that Vision Blue and the mining and metals sector can play in supporting the global transition to a lower carbon economy. Vision Blue has published a Climate Change Position Statement, which is available on the Vision Blue website. Vision Blue is now aligning its reporting frameworks with the TCFD principles and will provide further disclosures in next year's ESG report.

In line with our pledge to minimise and mitigate our own greenhouse gas emissions we have measured Vision Blue's own GHG footprint and have developed an approach for making a contribution to climate mitigation.

Vision Blue became a signatory of the UN Principles for Responsible Investment ("PRI") in 2021, and in 2023 submitted its first report under the PRI's revised Reporting Framework. The results provide a positive benchmark of the significant progress we have made to date and will be helpful as we seek to further enhance our processes.

#### Markus Nöthiger

Head of ESG - Vision Blue

#### Signatory of:





#### **ESG STRATEGY AND APPROACH**

Effective governance is fundamental to ensuring that ESG considerations are part of Vision Blue's overall business strategy, management and decisionmaking processes.

Vision Blue actively oversees ESG and climate related risks and opportunities, and aims to ensure that these considerations are integrated into strategy and decision-making processes.

Vision Blue's main environmental and social impacts occur in the mining and processing operations conducted by investee companies. Vision Blue only invests in companies that have a demonstrated commitment to ESG and are willing to build appropriate ESG systems.

Although Vision Blue does not have control over investees, we seek to use Vision Blue's position to positively influence and align investees with our ESG framework and principles, as well as industry standards that will support the portfolio companies in achieving their business objectives.

Vision Blue's ESG Investment Principles define the requirements and expectations to which we expect a portfolio company to conform. These cover a wide range of issues including management frameworks, governance, health and safety, the environment, social issues, transparency and disclosure, as well as supply chain accountability.

These principles are incorporated into our investment process, from initial due diligence to investment decision to ongoing monitoring and managing relevant ESG aspects in portfolio companies.

In early-stage projects in which Vision Blue invests, the focus is on management intent and plans, and monitoring performance to those plans. For investments in more mature operations, the ESG expectations and requirements are higher, and we place a greater emphasis on evidence of ESG implementation and performance.

We engage regularly with all portfolio companies including through site visits and regular management meetings. The primary objective of managing ESG in portfolio companies is the systematic improvement of ESG in Vision Blue's investments, contributing to an overall improvement in their risk and reward profile.

#### **ESG IN OUR INVESTMENT PROCESS**

#### ESG due diligence

- Systematic review of material risks and issues
- Critical review of management's intent, plans, controls and capabilities
  - Summary report

#### **Investment decision**

- Incorporation of ESG factors
- Agree ESG requirements and incorporate into investment documentation

#### Monitoring and engagement

- Support the development of appropriate ESG frameworks
- Monitor and evaluate progress and performance
- Provide feedback and support

#### **Portfolio reporting**

 Quarterly and annual reporting of ESG information to Vision Blue where available

#### **Vision Blue reporting**

- Internal annual reporting to shareholders
- Annual reporting to PRI
- Annual public ESG reporting

#### **ESG FRAMEWORK**

Following the launch of Vision Blue in 2021, a priority task was to develop a sound ESG framework as the foundation for our approach to responsible investment.

We expect that our ESG framework will evolve over time to reflect market developments, the growing maturity of the Vision Blue portfolio, as well as engagement with portfolio companies.

The Vision Blue ESG framework builds upon Vision Blue's Business Principles and ESG Investment Principles which set out a high level approach to the way in which Vision Blue works and provides a foundation for all other activities. We have established an internal ESG program to further embed responsible investment within the Vision Blue organisation and build capacity. This includes regular teach-ins for Vision Blue staff as well as the inclusion of ESG topics in regular board and management meetings and reviews. The ESG team participates in relevant internal investment management meetings. We are also building an ongoing internal training programme which will build awareness of our approach to ESG as Vision Blue develops.

Vision Blue engages with co-investors in portfolio companies to support the





adoption of relevant and proportionate ESG management and reporting frameworks and standards. By working in partnership we seek to ensure that portfolio companies adhere to generally recognised industry standards, and report consistently and efficiently while sharing knowledge and expertise.

We also engage frequently with Vision Blue Resources' investors to understand their approach and positioning regarding ESG issues and reporting. This has included discussions around the adoption of standards such as PRI and TCFD, amongst other things. As a result, we were able to refine and expand the quality of our ESG standards and those of Vision Blue's portfolio companies.

Finally, we have committed to undertake initiatives to increase transparency around our activities, publicly demonstrate our performance, and build trust in our commitment to leading ESG standards. These steps include:

- Publishing an annual ESG report, this being Vision Blue's first, which we expect to enhance and improve over time
- Vision Blue Resources being a member and signatory of the UN PRI and, in 2023, Vision Blue Resources reported for the first time under the PRI's revised Reporting Framework

- Committing to minimising and mitigating Vision Blue's greenhouse gas emissions
- Aligning our reporting with the recommendations and principles of the TCFD.

#### **CLIMATE CHANGE**

As a private equity investor focused on transition metals and minerals, Vision Blue recognises the critical role that the mining and metals sector plays in supporting the global transition to a lower carbon economy.

Vision Blue's mission, vision and mandate are closely aligned with the global climate change agenda. As active investors, Vision Blue supports its portfolio companies in assisting underlying management teams to implement appropriate ESG standards, including climate-related standards (noting that the extent of Vision Blue's influence will vary according to the nature of its ownership interest). We also pledge to report and minimise the GHG emissions from Vision Blue's own operations and make a contribution to climate mitigation commensurate with remaining unavoidable emissions.

In 2023, Vision Blue completed a comprehensive Climate Strategy and published a Climate Change Position Statement, aligned with the recommendations from the 'Task Force on Climate-Related Financial Disclosures' ("TCFD"), and relevant industry standards.

As a result, Vision Blue has committed to:

 Identify, evaluate and manage climaterelated risks as well as explore business opportunities arising from the transition to a lower-carbon future

- Establish metrics and targets aligned with the TCFD recommendations
- Track, measure and report on defined climate-related metrics in our annual ESG report
- Engage and work with Vision Blue's portfolio companies to support their continued efforts towards achieving decarbonisation
- Continue to report and seek to minimise the GHG emissions from our own operations and make a contribution to climate mitigation commensurate with remaining unavoidable emissions.

Vision Blue's emissions<sup>1</sup> amounted to 330.20 tonnes of  $CO_2e$  in 2022 and 525.20 tonnes of  $CO_2e$  in 2023, the vast majority of which are related to business travel (Scope 3). The increase in emissions between 2022 and 2023 reflects the significant growth in Vision Blue's activities. In 2024, we purchased high quality UK-based carbon credits to compensate for the emissions from our own operations that cannot currently be otherwise avoided or eliminated.

Emissions Source		GHG EMISSIONS IN 2022		GHG EMISSIONS IN 2023	
SCOPE 1	Owned Vehicles	0	0%	0	0%
SCOPE 3 SCOPE 2	Office Energy Use	4.18 tCO <sub>2</sub> e	1.3%	7.16 tCO <sub>2</sub> e	1.4%
	Commuting and Business Travel	326.02 tCO <sub>2</sub> e	98.7%	518.04 tCO <sub>2</sub> e	98.6%
	TOTAL	330.20 tCO <sub>2</sub> e	100%	525.20 tCO <sub>2</sub> e	100%

<sup>1</sup> Emissions based on:

- electricity consumption including the London office space of Vision Blue Advisors UK LLP (data provided by the energy supplier)
- business travel (data provided by the travel agency, by the travel companies and internally collected), employees commuting (data collected with an internal survey)
- In cases where direct emission data was unavailable, assumptions have been made based on the "UK Greenhouse gas reporting: conversion factors" database (years 2022 and 2023)
- Vision Blue's GHG emissions calculation procedure is aligned with the GHG Protocol Corporate Accounting and Reporting Standard.

#### PEOPLE

The Vision Blue team members are drawn from a wide range of different backgrounds, including strategy, corporate finance, mine engineering, metallurgy, and ESG. We encourage diversity and invest in skills development and continuous learning for our team. We encourage and reward high-performance and maintain fair employment practices.

As part of our ESG requirements, we expect that Vision Blue portfolio companies will implement programs and activities to manage social issues and challenges with employees and communities. This includes employee care and development, including diversity, fair employment practices, and maximising local content (such as employees, suppliers, contractors) as far as is possible and appropriate.

#### DISCLAIMER

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Any forward-looking statements set out herein speak only as at the date of this ESG Report and are based on Vision Blue's current beliefs and expectations and are subject to substantial risks and uncertainties. Vision Blue expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by applicable (and non-derogable) laws, regulations or rules of binding effect. Past performance is no guarantee of future performance.

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If you would like any further information, please contact: <u>info@vision-blue.com</u>