

Summary - Metals & Minerals

Why does ABN AMRO have a sector policy for Metals & Minerals?

ABN AMRO strives to create long-term value for its stakeholders and make a positive contribution to safeguarding human rights and the environment. The bank recognizes that in its role as a financial service provider it may be exposed to social, environmental and ethical risks through the activities of clients. To manage these sustainability risks, ABN AMRO operates a Sustainability Risk Policy Framework in line with the bank's moderate risk profile.

More specifically, ABN AMRO has formulated sustainability requirements for clients in the metals and minerals industry. ABN AMRO acknowledges that the extractive industry poses significant sustainability risks, such as:

- *Pollution*: The extractive industry produces large volumes of waste, liquid effluents, air emissions, water usage and residual heavy metals;
- *Climate change*: The extractive industry is generally a very energy intensive industry; thus contributing to climate change;
- *Ecosystems and biodiversity*: The extractive industry often operates in environmentally sensitive areas, impacting natural habitats at and around the mining and waste disposal sites;
- *Health and safety (H&S)*: Employees and local communities may face health and safety issues (e.g. dangerous labor conditions, exposure to dangerous goods);
- *Local communities*: Extractive industry activities can have adverse effects on local communities and protected areas, affecting the needs and rights of indigenous sustainable economic participation, and leading to social disruption.

What is the scope of this policy?

This policy, applies to ABN AMRO and all its subsidiaries, branches and representative offices and legal entities that are under its control and it applies to all the bank's capacities: lender, investor, asset manager, service provider and purchaser.

For the purpose of this policy, the metals and minerals sector is divided in the following three subsectors with specific requirements:

- *Mining of metals and minerals*: the exploration and extraction of metals and minerals from the earth as well as some primary processes such as separating the valuable - from the invaluable materials (sand and rock)
- *Processing of metals and minerals*: refining, smelting and further processing of metals and minerals.
- *Trading of metals and minerals*.

Due-diligence standards

For all three subsectors within metals & minerals, ABN AMRO applies a set of minimum requirements and benchmark criteria. ABN AMRO will only finance clients who comply with all applicable minimum requirements, or have an improvement plan in place to do so within a limited timeframe. The benchmark criteria, which are aligned with international best practices, are used to compare the client's performance with their industry peers on an ongoing basis. An overview of the applicable minimum requirements and benchmark criteria for metals & minerals is included in the appendix below.

ABN AMRO has an inclusive approach. This means that the bank will engage with clients who do not yet meet the bank's minimum requirements, but who are willing and able to do so within a limited timeframe. The exception to this inclusive approach concerns activities on ABN AMRO's [Exclusion List](#); as these activities are simply too risky from a sustainability perspective.

How does ABN AMRO put its standards into practice?

In accordance with its Sustainability Risk Policy for Lending and Project Finance, ABN AMRO puts its sustainability standards into practice through a sustainability risk management process. This covers the following steps; risk determination, risk assessment, approval of the transaction and monitoring and reporting. ABN AMRO reviews (prospective) clients at various moments to determine their compliance with the bank's Policy:

- When the client is first accepted;
- If and when the client applies for a loan – the review is then repeated every year;
- In the event of incidents or if important new information comes to light based on which the client's risk level or performance score might change.

Appendices:

Appendix 1: sustainability standards for Mining of metals and minerals

Appendix 2: sustainability standards for Processing of metals and minerals

Appendix 3: sustainability standards for Trading of metals and minerals

Appendix 1 – Requirements Mining

Compliance	Minimum requirement	Benchmarks
1. Clients declare to be in compliance with national laws and regulations applicable to them and to obtain, maintain and ensure compliance with all requisite permits and licenses.	X	
2. Clients have an anti-corruption and anti-bribery policy or statement in place.	X	
Stakeholder engagement		
3. Clients have identified who their main stakeholders are and have a strategy to engage regularly, openly and constructively with these stakeholders.	X	
4. Clients have in place effective operational-level grievance mechanisms for stakeholders who may be adversely impacted.	X	
5. Where small scale / artisanal mining is encountered, clients support the development of a more sustainable small scale / artisanal mining sector.		X
Environmental risks		
6. Clients perform Environmental Impact Assessments for each relevant operation and update / review environmental due diligence regularly.	X	
7. Summaries of Environmental Impact Assessments and environmental due diligence reports are made publicly available.		X
8. Clients demonstrate their commitment to managing environmental risks and impacts and are expected to have an environmental policy in place that describes the management of their key environmental risks and impacts both while the mine is in operation and after mine closure, among others: <ul style="list-style-type: none"> • biodiversity, • air/soil/water pollution, • waste (incl. tailings and overburden) and wastewater, • water use, energy use, and • usage of chemicals (including mercury). 	X	
9. Revenues from thermal coal mining do not compose more than 25% of total revenues of the client.	X	
Human rights impacts and risks		
10. Clients perform Social Impact Assessments for each relevant operation and update / review human rights due diligence regularly.	X	
11. Summaries of Social Impact Assessments and human rights due diligence reports are publicly available.		X
12. Clients demonstrate their commitment to managing human right risks and impacts and are expected to have a policy in place that describes the management of their salient human rights risks and impacts both while the mine is in operation and after mine closure, such as: <ul style="list-style-type: none"> • discrimination, • labour rights (e.g. working conditions in line with ILO conventions, living wage), • rights of local communities. 	X	
13. Clients have obtained Free Prior and Informed Consent.	X	
14. Where involuntary resettlement is unavoidable, clients ensure that the resettled communities experience improved lives and livelihoods through for example effective compensation programs.	X	
15. Clients have a community development plan in place which ensures benefits for the communities that are affected by the mining operation through employment opportunities and community services (e.g. health & education).	X	
16. When making use of private security arrangements to secure mining operations, staff and assets, clients ensure that security personnel operates in accordance with the client's policies and the Voluntary Principles on Security and Human Rights.	X	

17. Clients active in mining in conflict areas have performed additional due diligence to ensure that they respect human rights and do not contribute to conflict, following internationally accepted standards for due diligence such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.	X	
Health and safety risks		
18. Clients demonstrate their commitment to managing health and safety risks and are expected to have a health & safety policy in place that describes the management of their key risks both while the mine is in operation and after mine closure.	X	
19. Clients are expected to have a system in place for emergency preparedness & response (where relevant in relation to tailings management) in line with international standards such as UNEP and ICMM guidance on Awareness and Preparedness for Emergencies at the Local Level (APELL) or equivalent.	X	
Supply chain management		
20. Clients apply environmental, human rights and health & safety criteria to the selection of suppliers, service providers and contractors and monitor their performance.	X	
Management and reporting systems	X	
21. Final responsibility for the environmental, human rights and health & safety policies and commitments lies with board level management.	X	
22. Clients have operational guidelines in place for each individual site to guarantee that corporate commitments and policies are supported and complied with at individual sites.	X	
23. All employees are regularly trained on relevant environmental, human rights, health & safety and anti-corruption policies of the company.	X	
24. Clients are expected to have a corporate Environmental and Social Management System (ESMS) in place. The ESMS is in line with international standards such as ISO:14001 or OHSAS:18001, has clear objectives and targets and includes documented procedures to mitigate, monitor and measure, on a regular basis, the environmental, human rights and health & safety impacts of the business activities.	X	
25. Clients have drawn up SMART reduction targets on among others the following key performance indicators: <ul style="list-style-type: none"> • fatalities and (lost time on) injuries, • incidents, • energy use and water use, • greenhouse gas (e.g. CO₂, SO₂) and other emissions, • waste. 	X	
26. Clients report on their environmental, human rights and health & safety performance. This includes the disclosure of incidents and results on key performance indicators (requirement 25).	X ¹	
Track record		
27. Clients have a good track record: <ul style="list-style-type: none"> • performance against targets (requirement 25) show improvement over time, • the company has a demonstrated capacity in comprehensive and transparent response management, • inspection authorities have not reported structural shortcomings in the company's management of environmental, human rights and health & safety risks, • there is no or limited bad press on the sustainability performance of the client and/or it has responded adequately to it. 	X	
28. Clients actively participate in or support sustainability initiatives such as International Council on Mining and Metals, UN Guiding Principles for Business and Human Rights, Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights, UN Global Compact, Initiative for Responsible Mining Assurance.		X

¹ Minimum requirement for large globally operating listed companies.

Appendix 2 - Requirements Processing

Compliance	Minimum requirement	Benchmarks
1. Clients declare to be in compliance with national laws and regulations applicable to them and to obtain, maintain and ensure compliance with all requisite permits and licenses.	X	
2. Clients have an anti-corruption and anti-bribery policy or statement in place.	X	
Stakeholder engagement		
3. Clients have identified who their main stakeholders are and have a strategy to engage regularly, openly and constructively with these stakeholders.	X	
4. Clients have in place effective operational-level grievance mechanisms for stakeholders who may be adversely impacted.	X	
Environment, human rights, health & safety impacts and risks		
5. Clients demonstrate their commitment to managing environmental, human rights and health & safety impacts and risks and are expected to have a policy in place that describes the management of their key risks, including: <ul style="list-style-type: none"> environmental protection (e.g. air/soil/water pollution, waste and wastewater management, water use, energy use and chemicals), employee and community health & safety, emergency preparedness & response, salient human rights, labour rights (e.g. working conditions in line with ILO conventions). 	X	
Supply chain management		
6. Clients apply environmental, human rights and health & safety criteria to the selection of suppliers, service providers and contractors and monitor their performance.	X	
7. Clients sourcing minerals from conflict areas, have performed additional due diligence to ensure that they respect human rights and do not contribute to conflict, following internationally accepted standards for due diligence such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.	X	
Management and reporting systems		
8. All employees are regularly trained on relevant environmental, human rights, health & safety and anti-corruption policies of the company.	X	
9. Clients are expected to have a corporate Environmental and Social Management System (ESMS) in place. The ESMS is in line with international standards such as ISO:14001 or OHSAS:18001, has clear objectives and targets and includes documented procedures to mitigate, monitor and measure, on a regular basis, the environmental, human rights and health & safety impacts of the business activities.	X	
10. Clients have drawn up SMART reduction targets on among others the following key performance indicators: <ul style="list-style-type: none"> fatalities and (lost time on) injuries, incidents (e.g. spills) energy use and water use, and emissions of greenhouse gasses and other pollutants. 	X	
11. Clients report on their environmental, human rights and health & safety performance. This includes the disclosure of incidents and results on key performance indicators (requirement 10).	X ²	
Track record		
12. Clients have a good track record: <ul style="list-style-type: none"> performance against targets (requirement 10) shows improvement over time, the company has a demonstrated capacity in comprehensive and transparent response management, inspection authorities have not reported structural shortcomings in 	X	

² Minimum requirement for large globally operating listed companies.

<p>the company's management of environmental and human rights risks,</p> <ul style="list-style-type: none"> there is no or limited bad press on the sustainability performance of the client and/or it has responded adequately to it. 		
13. Clients actively participate in or support sustainability initiatives such as UN Global Compact, UN Guiding Principles for Business and Human Rights, International Council on Mining and Metals, Voluntary Principles on Security and Human Rights, World Steel Association, Aluminium Stewardship Initiative.		X

Appendix 3 - Requirements Trade

Compliance	Minimum requirement	Benchmarks
1. Clients declare to be in compliance with national laws and regulations applicable to them and to obtain, maintain and ensure compliance with all requisite permits and licenses.	X	
2. Clients have an anti-corruption and anti-bribery policy or statement in place.	X	
3. Clients active in international diamond trade, only trade in rough diamonds certified under the Kimberley Process.	X	
Stakeholder management		
4. Clients have identified who their main interested stakeholders are and engage regularly, openly and constructively with these stakeholders.		X
Supply chain management		
5. Clients demonstrate their commitment to managing environmental, human rights and health & safety impacts in their supply chain and are expected to have a policy in place that describes the management of their key risks, including: <ul style="list-style-type: none"> environmental protection, human rights and labour rights (working conditions in line with ILO core conventions), health & safety, and anti-corruption measures. 	X	
6. Clients apply environmental, human rights and health & safety criteria to the selection of suppliers, service providers and contractors.	X	
7. Clients active in trading minerals from conflict areas, have performed additional due diligence to ensure that they respect human rights and do not contribute to conflict, following internationally accepted standards for due diligence such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.	X	
Management and reporting systems		
8. Clients report on their environmental, human rights and health & safety performance. This includes the disclosure of incidents and results on key performance indicators.		X
Track record		
9. Clients have a good track record: <ul style="list-style-type: none"> performance on key environmental, human rights and health & safety performance indicators shows improvement over time, the company has a demonstrated capacity in comprehensive and transparent response management, inspection authorities have not reported structural shortcomings in the company's management of environmental and human rights risks, there is no or limited bad press on the sustainability performance of the client and/or it has responded adequately to it. 	X	
10. Clients actively participate in or support sustainability initiatives such as UN Global Compact, UN Guiding Principles for Business and Human Rights, Extractive Industries Transparency Initiative, International		X

Council on Mining and Metals, Initiative for Responsible Mining Assurance, Responsible Jewellery Council.		
---	--	--