

Summary – Oil & Gas

Why does ABN AMRO have a sustainability requirements for Oil & Gas?

ABN AMRO strives to create long-term value for its stakeholders, respect human rights, safeguard the environment and curb climate change. The bank recognizes that in its role as a financial service provider it may be exposed to social, climate, 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 banks moderate risk profile.

More specifically, ABN AMRO has formulated sustainability requirements for clients in the Oil & Gas industry. ABN AMRO acknowledges that the energy sector poses significant sustainability risks, such as:

- *Climate change*: the energy sector is one of the largest contributors to global Greenhouse Gas (GHG) emissions, due to its direct impact (such as flaring and fugitive emissions) and the combustion of fossil fuels by other actors/sectors;
- *Pollution*: the extraction, processing and transportation of fossil fuels poses the risk of spills and hazardous waste which, if not dealt with responsibly, may result in pollution of water, soil and/or air;
- *Ecosystems & Biodiversity*: the energy infrastructure as well as the extraction and transportation of fossil fuels may disturb wildlife habitat and lead to the degradation of ecosystems and local biodiversity.
- *Occupational Health & Safety*: employees may be exposed to health & safety risks due to accidents and the effects of hazardous waste and emissions;
- *Local communities*: the extraction and transportation of fossil fuels may have adverse effects on local communities due to pollution and/or competing land claims.

What is the scope?

The requirements apply to lending clients of ABN AMRO and all its subsidiaries, branches and representative offices and legal entities that are under its control, in the following sectors

Non Integrated Oil & Gas	Upstream
Integrated Oil & Gas	Upstream
Oil & Gas Exploration and Production Services	services
Fuel Pipelines	Midstream
Gas Distribution	Downstream

Due-diligence standards

For all clients in Oil & Gas 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 is included in the appendix below.

In addition, the bank applies specific rules for energy activities in sectors that are highly sensitive due to their complex nature and/or diverging stakeholder views. These are nuclear power, shale gas & coal seam gas and oil & gas sector activities in fragile states, conflict-affected and high-risk areas. Credit proposals related to these energy sources are assessed and validated against additional requirements.

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 Standard 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 to determine their compliance with the bank's Policy:

- During the client onboarding and review process;
- During the credit approval and review process for clients with an exposure over 1 million Euro.

Appendix 1 - Requirements for Oil & Gas

Exclusions

In line with IEA Roadmap for the Global Energy Sector to Net Zero in 2050, and the goals of the Paris agreement, ABN AMRO excludes direct finance of:

- oil & gas exploration & production activities - i.e. all methods used to discover new oil and natural gas deposits - that have been licenced/approved after 2021.

In addition, and in accordance with the ABN AMRO Exclusion List, the Bank will not directly finance the following activities in the energy sector:

- oil & gas exploration & production activities in the Arctic Region or oil & gas supporting services dedicated to oil & gas exploration activities in the Arctic Region.¹
- oil sands exploration and production.

Sensitive energy sector activities

In addition, the bank applies additional rules for energy activities in sectors that are highly sensitive due to their complex nature and/or diverging stakeholder views. These are:

- existing nuclear power
- shale gas & coal seam gas
- oil & gas sector activities in fragile states, conflict-affected and high-risk areas²

	Upstream/ Midstream/ Services		Downstream	
	Minimum requirement	Benchmark	Minimum requirement	Benchmark
1. Compliance				
a) REVISED: Clients comply with all national laws and regulations, as well as international conventions and legislation applicable to them, and obtain, maintain and ensure compliance with all requisite permits and licenses.	X		X	
b) NEW: Clients have an anti-corruption and anti-bribery policy or statement in place, and/or otherwise demonstrate business ethics and transparency.	X		X	
2. Stakeholders				
a) REVISED: Clients know who their main stakeholders are (e.g. local communities, workers, NGOs, local authorities) and have a stakeholder engagement plan to engage with them constructively and openly.	X		X	

¹ Activities in the Southern Barents Sea (that is the Barents Sea below the 'High Arctic' line) are subject to a case-by-case assessment. Mitigating factors guiding the case by case approach for the southern Barents Sea include: No ice (year round); Benign local climatic conditions (e.g. wind, waves); Environmental Impact assessment (EIA) guaranteeing that the activities do not interfere the habitats of already vulnerable species; Availability of infrastructure in case of spills (e.g. close to shore); Robust and reliable legal framework.

² Fragile states, conflict-affected and high-risk areas as defined by the [World Bank](#)

b) REVISED: Clients have, or participate in, effective ³ operational-level grievance mechanisms for stakeholders who may be adversely impacted by their operations	X			X
3. Environmental & social risk				
a) NEW: Clients have a company policy that requires performing Environmental and Social Impact Assessments and periodic environmental and social due diligence for each relevant operation. Clients should include affected communities as participants in these impact assessments, environmental monitoring, and management of impacts. ⁴	X			X
b) NEW: Clients make summaries of Environmental and Social Impact Assessments and due diligence reports publicly available.		X		X
4. Climate change				
a) NEW: Clients have a strategy in place defining their role in the transition to a Net Zero economy including a view on phasing out exploration, if applicable. The strategy may also include, but not limited to, business model adjustment, investment in low-carbon initiatives, and climate action acceleration within own company and sector.	X		X	
b) REVISED: Clients monitor their scope 1 ⁵ and scope 2 ⁶ greenhouse gas emissions (in absolute or relative terms) and have time-bound intermediate targets to reduce them in line with the Paris Climate goals.	X		X	
c) NEW: Clients measure and monitor their scope 3 ⁷ emissions.	X		X	
d) NEW: Clients disclose their scope 3 emissions.		X		X
e) NEW: Clients monitor their methane emissions resulting from leaking, venting and flaring and have time-bound targets to reduce them.	X		X	
f) NEW: Clients have assessed their exposure to physical climate risks (e.g. to their assets, supply chain and transportation routes) and take measures to mitigate these risks if needed.	X		X	
5. Local environment and biodiversity				
a) NEW: Clients commit to manage the impacts of their operations on the local environment, and seek to minimise, mitigate and compensate the following key environmental impacts (where relevant): - biodiversity (onshore and offshore) ⁸ : - Land-use change - Pollution of air, water, soil	X		X	

³ Effective is defined by the UN Guiding Principles for Business and Human Rights as legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue

⁴ Where relevant, traditional knowledge of the Indigenous communities affected should be incorporated into the environmental impact assessments and management plans through effective consultation, according to IPIECA good practice guidelines.

⁵ Emissions within a company's organizational boundary from sources that the company owns or controls.

⁶ Emissions that result from a company's purchased electricity for its own use.

⁷ Emissions from a company's supply chain.

⁸ The following three impacts are related to three of the five most important drivers of biodiversity loss, as identified by IPBES; land-use change, pollution and over-extraction (of water). The two other key drivers are climate change, to which a whole section is dedicated in this policy, and invasive species, which is of secondary importance for the oil and gas industry.

-	Use of water			
b)	NEW: Clients have an emergency (e.g. oil spill), preparedness and response program in place. ⁹	X		X
c)	NEW: Clients know how their business model depends on ecosystem services – e.g. the provision of fresh water, carbon storage, control of soil erosion - and take measures to preserve these services if needed. ¹⁰	X		X
6. Human rights and local communities				
a)	REVISED: Clients have identified their key human rights impacts and risks and have a policy in place specifying how human rights risk ¹¹ associated with their processes and products are addressed, in accordance with the UN Guiding Principles.	X		X
b)	NEW: Clients are committed to the process of obtaining Free Prior and Informed Consent of Indigenous communities and other vulnerable communities when operations may impact their (land) rights.	X		X
7. Labour conditions				
a)	REVISED: Clients are committed to the core conventions of the ILO, e.g. prohibiting all forms of child labour and forced labour, eliminating discrimination with respect to employment.	X		X
b)	NEW: Clients have a robust safety, health and security management system in place and minimize occupational hazards.	X		X
c)	NEW: Clients disclose worker injury, job related illnesses and fatality data in reporting year and previous years.	X		X
8. Supply chain management				
a)	REVISED: Clients apply environmental and social criteria to the selection of service providers and contractors and monitor their environmental and social performance.	X		X
9. Track record				
a)	Clients have a good track record, in terms of:	X		X
a)	REVISED: Incident rates (e.g. spills, fires, injuries, fatalities, human rights violations) are low or show consistent decline over time;			
b)	capacity in comprehensive and transparent response management.(e.g. no significant shortcomings in the company’s management of environmental and social risks as reported by inspection authorities.)			
c)	Sustaining climate action (e.g. no advocacy directly hampering the global transition or client’s own climate strategy)			
d)	NEW: Treatment of and response to human rights			

⁹ Based on IPIECA good practice guidelines, key elements for a successful response include, but are not limited to, an effective incident management system (IMS), a robust stakeholder engagement program, a spill impact mitigation assessment (SIMA), and a comprehensive oil spill contingency plan (OSCP). It also includes effective oil spill surveillance and monitoring, assessment of environmental impacts and associated restoration and compensation activities.

¹⁰ Based on IPIECA Ecosystem Services Guidance ([ecosystem_services_guidance.pdf \(solon.prd\)](#))

¹¹ Included, but not limited to, right to life, liberty and security of the person, right to highest attainable standard of health, right to an adequate standard of living, right to housing, rights to just and favourable conditions of work, right to non-discrimination, right to food, right to liberty of movement, , right to education, right to access to clean water and sanitation, prohibition against torture, cruel, inhumane or degrading treatment (as identified by the Oil and Gas Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights, Indigenous rights and labour rights are addressed in other requirements).

defenders and civil society groups who oppose oil and gas projects.				
10. Implementation and reporting				
a) REVISED: Clients report comprehensively about their environmental and social performance. This includes the disclosure of their greenhouse gas emissions, and the environment, health & safety statistics. GRI reporting in accordance with the Oil and Gas Sector Supplement can be used as a benchmark.	X		X	
b) Clients disclose tax payments to the governments of all countries where they have operations		X		X
c) 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.	X		X	
d) REVISED: The decommissioning plans for oil & gas activities of clients include the rehabilitation of the natural environment where applicable.	X		X	