ABN·AMRO

Our Risk Profile - Sustainability Risk

Summary – Sustainability Risk Standard for Project Finance

Why does ABN AMRO have a Sustainability Risk Standard for Project Finance?

ABN AMRO strives to create long-term value for its stakeholders, to respect human rights and safeguard the environment. The Bank recognizes that, in its role as a financial service provider, it can (a) be impacted by or (b) have impact on social, environmental and governance (ESG) risks at the bank's counterparties or invested assets, either at the company level or through their core Business activities. To manage these sustainability risks, ABN AMRO operates a Sustainability Risk Policy Framework. This framework includes a set of policies and other documents, that together allow the Bank to understand and manage its ESG risks in line with the Bank's risk profile and strategic pillar to support clients' transition to sustainability.

The *Sustainability Risk Standard for Project Finance* belongs to the Sustainability Risk Framework of the Bank; it outlines the sustainability requirements for the ABN AMRO's project finance activities. This standard aims to ensure that all project finance transactions are managed in accordance with the Bank's sustainability risk principles.

This standard applies to ABN AMRO Bank N.V. and all its subsidiaries, branches and representative offices that are under its control (together referred to as 'ABN AMRO' or 'the Bank'), unless explicitly stated otherwise.

What requirements does ABN AMRO apply for Project Finance?

ABN AMRO is a signatory to the Equator Principles and has committed to incorporate the latter into its internal documents .

The ten Equator Principles are integrated in our governance as followed:

1. Review and categorization of the project – When a Project is proposed for financing, the Business categorises the project based on the magnitude of its potential environmental and social risks and impacts, including with respect to human rights and climate change, as determined by the sustainability risk classification of the Bank and the International Finance Corporation (IFC):
   a. Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
   b. Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
   c. Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.
2. Environmental and social assessment of the project – For all Category A and Category B Projects, the Business ensures that the client: (i) performs an Assessment Process that addresses the relevant environmental and social risks and impacts of the proposed project and (ii) proposes measures to minimize, mitigate, and offset adverse impacts in a manner relevant and appropriate to the nature and scale of the proposed Project. For Category A and, as appropriate, Category B projects an

Environmental and Social Impact Assessment is conducted including human rights impacts and climate risks.

3. Environmental and Social Standards applicable to the project – The Business evaluates the project's compliance with (i) the Bank's own sustainability requirements embedded in the Sustainability Risk Policy Framework, (ii) the relevant host country legislation combined with IFC Performance Standards as guidance for projects located in Designated Countries[1], and (iii) IFC Performance Standards and the World Bank Group Environmental, Health and Safety Guidelines for project located in Non-Designated Countries.
4. Environmental and Social Management System and Equator Principles Action Plan – For all Category A and B Projects, the Business verifies that the client develops and maintains an Environmental and Social Management System and Plan. Where the applicable standards are not met to the Bank's satisfaction, the client and the Business must agree on an Equator Principles Action Plan.
5. Stakeholder Engagement – For all Category A and B Projects, the Business verifies that the client effectively engages stakeholders in a structured and appropriate manner. This engagement includes the public disclosure of (a summary of the) Environmental and Social Assessment documentation, and an informed consultation and participation process for projects with significant adverse impacts on affected communities. For projects affecting indigenous peoples, the Business verifies that the project complies with the rights of indigenous people contained in relevant national and international law. For projects that meet special circumstances[2], the Business must require a qualified Independent Environmental and Social consultant to evaluate the consultation process with Indigenous Peoples and the outcome of that process against i) host country laws, ii) the IFC Performance Standard 7 and iii) the extent to which Free Prior and Informed Consent (FPIC) has been obtained.
6. Grievance Mechanism – For all Category A and, as appropriate, Category B projects, the Business verifies that the client establishes a grievance mechanism that resolves concerns promptly, through an understandable, transparent and culturally appropriate consultative process that is readily accessible, at no cost, and without retribution to the party that originated the issue or concern.
7. Independent Review of the project – For all Category A and, as appropriate, Category B projects, the Business verifies that the client assigns an independent consultant or external expert to carry out a review of the Environmental and Social documentation required under Equator Principle 2, 3, 4 and 5.
8. Covenants between the Bank and the client – The contract between the Bank and the client includes a covenant on the client's compliance with all relevant host country environmental and social legislation. For Category A and B projects, this also includes clauses on compliance with the Environmental and Social Management Plan and Action Plans, periodic reporting and, if applicable, a decommissioning plan. In case of non-compliance, the Bank works with the client on remedial actions. If the client fails to comply within an agreed period, the Bank reserves the right to exercise appropriate remedies, including calling an event of default.
9. Monitoring of the project – The Business continues to monitor and assess the Project's compliance with the Equator Principles after Financial Close. For Category A and, as appropriate, Category B projects, the client is required to appoint external experts to verify its monitoring information.
10. Reporting and transparency – For Category A and, as appropriate, Category B projects, the Bank requests clients to publish a summary of the Environmental and Social Impact Assessments online, and to publicly report on GHG emission levels. At least annually, the Bank reports publicly about its Equator Principles implementation processes and transactions.

[1] The list of Designated Countries can be found on the Equator Principles website.

[2] These circumstances are: 1) Projects with impacts on lands and natural resources subject to traditional ownership or under the customary use of Indigenous People 2) Projects requiring the relocation of Indigenous People from lands and natural resources subject to traditional ownership or under customary use; and 3) Projects with significant impacts on critical cultural heritage essential to the identity of Indigenous Peoples, or Projects using their cultural heritage for commercial purposes.