

# Mining & Metals Sector

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The RBS Environmental, Social and Ethical (ESE) risk management framework is one of a number of risk management systems we operate, comprising policies and processes to give us better insight into our customers' activities, help address issues of concern, minimise risks to the bank and manage stakeholder expectations. It gives clear guidance to staff on the procedures they must follow when dealing with customers and transactions in these sectors.

Our policies reflect adherence to national and international laws and regulations, wherever they apply. We have also incorporated a number of voluntary standards such as the Equator Principles and the UN Global Compact.

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## Scope

This policy covers RBS support provided to companies and projects related to the Mining & Metals sector. This covers:

- Mining companies or projects that are involved in the exploration and production of raw metal ores (e.g. bauxite, copper, iron ore), non-metal ores (e.g. coal, uranium, limestone) and precious materials (e.g. gold, diamonds, rare earths).
- Companies or projects that are involved in the primary processing of metals and non-metals products, including iron & steel manufacturers, aluminium smelting & refining.

## Context

The mining and extraction of natural resources plays a key role in supporting the world economy and is a significant driver of economic development. The demands of population growth continue to drive the need for increased extraction and the more effective use of mineral resources.

However this demand also produces greater risks as exploration for mineral resources expands into new areas bringing with it the increased probability of negative impacts on both the environment and communities in which they operate.

## Our ESE policy requirements

We expect and encourage our customers to demonstrate commitment and compliance to mitigating ESE risk through:

- Having in place policies and plans which demonstrate a good understanding of ESE issues
- Demonstrating the capacity to manage these risks through good governance and controls
- A positive track record of managing ESE risks
- A commitment to transparency.

Within our policy we set out **Prohibited**, **Restricted** and **Normal** activities. We do not support customers and/or transactions involved in prohibited activities.

Customers engaged in restricted activities undergo enhanced due diligence including review by a reputational risk forum or approver and annual evaluation. Customers undertaking normal activities are assessed on a three-yearly basis.

This table highlights key activities that fall within the Mining & Metals policy:

<b>Prohibited</b>
<ul style="list-style-type: none"> <li>• Project finance of projects involving the use of Mountaintop Removal (MTR) mining methods</li> <li>• Significant producers of coal using MTR mining in Appalachia, USA</li> <li>• Undiversified coal mining companies where more than 65% of company revenues are generated from coal operations including the mining, storage and transportation of coal</li> <li>• Artisanal/informal mining</li> <li>• Extraction of asbestos</li> <li>• Use of harmful child labour, forced labour, modern slavery or human trafficking (as defined by international standards, including the International Labour Organization and the UK Modern Slavery Act 2015)</li> </ul>
<b>Restricted</b>
<ul style="list-style-type: none"> <li>• Extractive operations in UNESCO World Heritage Sites, IUCN I - IV Protected Sites, UNESCO Ramsar Sites, UNESCO Man &amp; Biosphere Sites and High Conservation Value Forests</li> <li>• Clear evidence of the direct displacement of indigenous peoples without free prior and informed consent or resettlement of large numbers of people relating to a single project</li> <li>• Minor producers of coal using MTR methods in Appalachia and involvement in other forms of mountaintop mining</li> <li>• Major coal mining companies where more than 50% of company revenues are generated from coal operations including the mining, storage and transportation of coal</li> <li>• Diamond companies that have not signed the Kimberley Process Certification Scheme (to prevent trade in conflict diamonds)</li> <li>• Use of cyanide or mercury in processing operations without adoption of the International Cyanide Management Code for cyanide (or equivalent) or appropriate chemical management controls (for mercury)</li> <li>• Involvement in the disposal of tailings in riverine or shallow sea environments or involvement in deep-sea mining</li> <li>• Companies with mines in areas of war or armed conflict</li> <li>• Inadequate commitment to manage ESE risks (e.g. environmental, health &amp; safety, human rights, mine closure) or material violations of environmental and social laws or companies that have had recent significant environmental and/or social incidents (major pollution events / accidents)</li> </ul>

**Normal**

We assess all customers' approach to: environmental impacts, health and safety, biodiversity, labour standards and human rights.

- The customer demonstrates compliance with international and local laws and has policies in place to manage ESE risks
- There are no material issues identified during the assessment process and the customer can demonstrate a good track record for meeting health and safety and environmental standards
- Particular consideration is given to customers operating in countries with weak governance and poor regulatory frameworks to ensure the management of their environmental and social risks are robust.