



## **ESG Due Diligence for Potential Acquisitions**

*October 7, 2022*

### **1 Environment**

#### **1.1 Environmental Management**

- Has the company/operation been subject to any material fines and/or penalties related to environmental incidents?
- Is the company/operator in compliance with all relevant operational (including all environmental) permits and authorizations?
- Does the company/operation implement an environmental management system?
- Is the environmental management system aligned with international standards (IFC Performance Standards, World Bank Environmental, Health, and Safety Guidelines, ISO 14001)?

## 1.2 Water Management

- Has the company/operator been subject to material environmental fines related to water contamination?
- Is the project located in an area of high water stress as identified in the World Resources Institute Water Risk Atlas<sup>1,2</sup>?
- Does the company/operator have a water management plan in place?

## 1.3 Climate-Related Risks

### 1.3.1 Physical Risks

- Has the company/operator conducted a climate physical risk assessment as part of its baseline environmental assessments and have high/severe climate-related risks been identified?
- Is the project/operation exposed to high risks related to frequent extreme weather events, such as storms, drought, or flooding?

### 1.3.2 Transition Risks

- Is the company/operator subject to increased climate regulations (i.e. existing, pending, or proposed), such as carbon pricing mechanisms?
- Will the asset significantly contribute to the Company's emissions profile?

## 1.4 Tailings Management

- Has the company/operator experienced a material tailings dam breach at this asset?
- Has the company/operator been subject to fines or penalties related to tailings management?
- Does the company/operator implement international best practice standards for tailings management (e.g. Global Industry Standard on Tailings Management, Mining Association of Canada's Tailings Management Protocol)?
- Does the company/operator conduct independent reviews of tailings management and performance?

## 1.5 Biodiversity

- Is the project/operation located on, adjacent to, or near protected areas?
- Is the project located on, near, or adjacent to a World Heritage Site?
- Does the company/operator have a biodiversity management plan in place?

## 1.6 Mine Closure

- Does the company/operator have a mine closure plan in place?
- Does the company make adequate provision for closure-related costs?

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<sup>1</sup> The database can be found [here](#).

<sup>2</sup> NTD Internal: Gunnisson and Chapada would fall into High and Medium-High, respectively.

## 2 Social

### 2.1 Labour Relations

- Does the company have a formal policy prohibiting child and forced labour?
- Has the company/operator been involved in allegations or incidents of forced or child labour?
- Has the company been involved in any prolonged work stoppages (i.e. strikes, blockades, etc.)?
- Does the company have a formal ethics policy or code of conduct in place?
- Does the company formally support international labour standards (e.g. ILO Core Conventions, Fundamental Rights at Work)?

### 2.2 Workplace Health and Safety

- Has the company been subject to material fines for health and safety incidents?
- Does the company have a health and safety management system in place?
- Is the health and safety management system certified to international standards (e.g. ISO 45000)?
- How does the company perform on key health and safety metrics (e.g. fatalities, LTIFR, AIFR, NMIFR)?

### 2.3 Community Relations

- Has the company been involved in significant community disputes, including business interruptions related to community unrest?
- Does the company have a community relations and stakeholder engagement program in place?
- Has the company entered into any agreements with communities (e.g. Impact Benefit Agreements, community development agreements)?

### 2.4 Security

- Has the company been involved in any significant security incidents?
- Does the company require a high level of security, including armed security, at the operation that could contribute to community conflicts/unrest?
- Does the company align security practices with the Voluntary Principles on Security and Human Rights?

### 2.5 Human Rights and Rights of Indigenous Peoples

- Has the company/operator been involved in any human rights abuses?
- Is the project/operation located in a high-risk area for conflict as per the Heidelberg Conflict Barometer<sup>3,4</sup>?
- Is the project/operation located in a jurisdiction that is subject to international sanctions?
- Does the company have a formal human rights policy aligned with international standards?

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<sup>3</sup> None of Altius' current royalty assets are located in a jurisdiction defined as high-risk for conflict.

<sup>4</sup> The link to the database can be found [here](#).

### **3 Governance**

#### **3.1 Business Ethics and Corruption**

- Has the company/operator been involved in any bribery or corruption cases?
- Has the company been subject to fines or penalties related to bribery or corruption?
- Does the company/operator have an anti-corruption policy in place?

#### **3.2 ESG Disclosure**

- What level of public disclosure for this asset, i.e. not aggregated in a segment exists on GHG emissions (Scope 1 and 2) and water usage and discharge?
- If disclosure is limited, can we obtain this data once annually?

#### **3.3 Cybersecurity**

- Has there ever been a breach of the company/operator's internal IT network or similar security event in the last three years?
- Does the company/operator have IT systems and security controls in place to prevent a breach of their systems and information?

#### **3.4 ESG Standards**

- Does the company/operator adhere to any global ESG standards or frameworks (e.g. The Copper Mark, MAC Towards Sustainable Mining, ICMM Mining Principles, 4R Nutrient Stewardship)?
- What are the company's ESG scores from key ratings agencies?
- Does the company/operator have a supplier code of conduct?