



ESG Due Diligence for Potential Acquisitions

UPDATED October 8, 2024

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 Atlas¹?
- 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?
- Were there any severe weather events that impacted operations in the last 3 years?
- Were there any insurance claims related to severe weather events in the last 3 years? And resulting change in insurance coverage?

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?
- What are the future initiatives most likely to reduce emissions, e.g. purchased electricity from a grid that is becoming more renewable-dominated, renewable power on site, changes to mine plan (open pit to underground) or processing etc.

¹ The database can be found [here](#).

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?

2 Social

2.1 Labour Relations

- Does the company have a formal policy prohibiting child and forced labour?
- Does the company report under the Modern Slavery Act or similar act in the relevant jurisdiction?
- 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)?
- Does the company have a grievance mechanism in place for collecting and addressing community concerns?

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^{2,3}?
- Is the project/operation located in a jurisdiction that is subject to international sanctions?
- Is the project/operation located in or near Indigenous communities, treaty land or areas with either ratified or asserted land claims and if so, does the company engage in discussions with community leadership and obtain free, prior and informed consent (FPIC) prior to undertaking any activities involving the land, water or natural resources?
- Does the company have a formal human rights policy aligned with international standards?

2.6 Supply Chain and Procurement

- Does the operator have a supply chain code of conduct?
- Are there any alliances with voluntary or compliance bodies for the purpose of ensuring that suppliers are not engaging in forced labour or other unfair practices?

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?

² None of Altius' current royalty assets are located in a jurisdiction defined as high-risk for conflict.

³ The link to the database can be found [here](#).

- 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?