



Document Type:	<b>AMG Policy</b>	Classification:	<b>Public</b>
Title:	<b>Environmental Policy</b>	Publication date:	<b>August 2024</b>
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# ENVIRONMENTAL POLICY

## 1 PURPOSE

At AMG Critical Materials N.V. and its group companies (“**AMG**”), we are dedicated to making a positive contribution to a sustainable world. We endorse and support the definition of corporate social responsibility set by the World Business Council for Sustainable Development, hence commit to ethical business practices, and contribute to economic development. For AMG, this translates into three main sustainable development objectives:

1. Be responsible stewards of the environment;
2. Meet or exceed regulatory standards through sound business practices; and
3. Target industrial activities contributing to greenhouse gas reduction through the circular economy or technologies enabling partners to reduce emissions.

Our primary environmental goal is to directly facilitate activities that substantially reduce CO<sub>2</sub> emissions through the circular economy or by developing technologies enabling our business partners to lower greenhouse gas (“**GHG**”) levels.

This Environmental Policy (“**Policy**”) is designed to actively address the identified environmental material impacts, risks, and opportunities (“**IRO**”) linked to AMG operations, as set forth in our double materiality assessment and reach our sustainable development goals. For completeness this Policy also includes non-material, but relevant, other environmental-related sustainability matters.

## 2 SCOPE AND APPLICABILITY

This Policy applies to AMG and all its AMG group companies, in and during all its operations, extending to service providers, suppliers and temporary workers.

AMG is firmly committed to full compliance with all local and national rules and regulations applicable to AMG's subsidiaries. Where the requirements of such domestic legislation are stricter than this Policy or set additional requirements, the relevant stricter or additional rules of such domestic legislation shall prevail.

This Policy is available to all stakeholders concerning AMG's environmental impact. Relevant stakeholders are required to comply with the Policy by collaborating on improving AMG's environmental impact. Significant Policy updates are communicated to relevant portfolio companies and stakeholders.

## 3 ROLES & RESPONSIBILITIES

- The Management Board has adopted this Policy for all employees of the AMG Group and is responsible for the implementation of this Policy. The AMG Management Board regularly



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reviews the effectiveness of IRO management in the company's ESG policies, programs, and practices, sharing findings with the Supervisory Board.

- The AMG group companies are responsible for developing business-specific guidelines that align with this Policy and environmental issues related to their operations.
- The EHSS department is responsible for tracking, coordinating, and reporting progress on our key environmental programs.

#### **4 AMG'S COMMITMENTS TO THE ENVIRONMENT**

AMG is committed to minimizing its overall environmental impact while encouraging its group companies to advance innovative CO<sub>2</sub> reduction technologies. We are dedicated to reducing our operations' impact on the environment and promoting sustainability across all organizational levels. Sustainability drives us to minimize negative impacts and maximize value globally. Specifically, AMG aims to conserve water, energy, and ecosystems; reduce carbon emissions; minimize waste; and support environmental sustainability. We seek to identify, measure, and understand the direct and indirect impact of its operations, developing realistic solutions for mitigation. We comply with environmental regulations, and commit to communication of progress to stakeholders.

##### **4.1 Climate change**

At AMG we assess the impacts and opportunities of near- and long-term environmental-related physical and transitional risks as part of the overall AMG risk management process.

In doing so, we identified climate change as a material topic<sup>1</sup> for AMG.

Limiting global warming will reduce climate change-related impacts on ecosystems and human health. AMG has a role to play in supporting climate change mitigation by implementing voluntary reductions of greenhouse gasses within its control, and by developing materials science solutions that assist our customers in reducing CO<sub>2</sub> emissions through the end use of products. At AMG, we define this as enabled CO<sub>2</sub> reduction or "scope 4".

We annually measure our contribution to climate change, by quantifying direct and indirect emissions of our operations and value chain<sup>2</sup>. We have been measuring and combating our scope 1 and 2 emissions since 2019 and have added scope 3 since 2022.

As part of our Climate Transition Action Plan, we have identified the following levers.

##### **4.1.1 Scope 1 and 2: Direct and electricity-based decarbonization levers**

In 2019, AMG has set its scope 1 and 2 baseline and has identified decarbonization levers:

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<sup>1</sup> As per the EU Corporate Sustainability Reporting Directive Double Materiality Assessment

<sup>2</sup> In accordance with The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard



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- Optimizing metallurgical processes to reduce the combustion of carbon-containing materials.
- Reducing electricity and natural gas use in our innovative production facilities through our energy management programs.
- Expanding renewable energy sourcing through on-site electricity generation, power purchasing agreements and covering energy use with renewable energy certificates.

#### **4.1.2 Scope 3: Value chain decarbonization levers**

In 2023, AMG has set its baseline for scope 3 and has identified decarbonization levers:

- Engaging with relevant stakeholders to combat climate change.
- Working with suppliers to reduce their carbon footprint and to minimize their climate impacts.
- Identifying opportunities to purchase less carbon-intensive goods and services.

#### **4.1.3 Enabling CO<sub>2</sub> reduction for customers**

At AMG, we additionally report on avoided emissions as it aligns with our core strategy:

- We continuously develop opportunities related to the growth of our enabling CO<sub>2</sub> reduction product portfolio.
- As per the GHG Protocol guidance, avoided emissions are not netted against Scopes 1, 2, 3.

#### **4.1.4 Climate-related physical and transitional risk and opportunity levers**

AMG completed its baseline assessment of climate-related physical risks and opportunities and has identified the following levers:

- For physical risk climate change, continue to evaluate effectiveness of resilience measures and incorporate mitigations into our CapEx planning.
- For transition risk, develop and deliver solutions that reduce carbon emissions and minimize the negative environmental effects of energy production.
- For transition opportunity, support a lower-carbon economy and provide customers alternatives to achieve resource efficiency, cost savings, and the enabling of CO<sub>2</sub> reduction through the use of our products and technologies.

## **4.2 Resource use and circular economy**

Our slogan is “Everything that can be recycled will be recycled”. As a leader in circular economy trends, AMG is committed to minimizing waste. We transition to recycled material when technically possible and consider further transitioning away from the use of virgin resources as a competitive advantage in many of its processes. In doing so, AMG has already innovated several secondary metals manufacturing technologies.

Environmental Management programs (ISO 14001) assist us in building and implementing programs based on the highest standards in our activities and at our sites. This includes reducing waste from our operation which is aligned with circular economy.

As part of our circularity program, we have identified the following resource levers.



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#### **4.2.1 Optimizing resource outflows related to products and services**

It is our mission to provide critical materials and related process technologies that in addition advance a less carbon-intensive world. To this end, AMG is focused on the production and development of energy storage materials and products including highly engineered systems and critical materials addressing CO<sub>2</sub> reduction in a variety of end use markets.

#### **4.2.2 Improving resource inflows, including resource use**

The objective is to establish a consistent approach for planning, implementing, measuring, and monitoring our strategies related to resource use and circular economy. We encourage our global operations to transition away from the use of virgin resources, including relative increase of secondary (recycled) resources. Further, our global operations are encouraged to sustainably source and use renewable resources where possible and practicable. We strive to manufacture products and technologies that align with the principles of the circular economy.

#### **4.2.3 Managing (hazardous) waste**

We aim to minimize waste streams by deploying comprehensive waste management programs within the businesses promoting the management and recycling of business, production, and chemical wastes. Waste management programs are built on the foundations of efficient use of raw materials, increasing reuse, recycling, and keeping landfill disposal minimalized and as a last resort. AMG seeks to increase its use of renewable resources and sustainably sourcing where practical in its operations.

At AMG we conform to the requirements of the European Commission's REACH (Registration, Evaluation, Authorization and Restriction) Program for the manufacturing and importing of products. AMG manufactured and imported products' properties of chemical substances are identified, which will allow their safe handling and registration as required by REACH. We are committed, when possible, to the substitution of the most dangerous chemicals when suitable alternatives have been identified.

### **4.3 Water conservation**

At AMG we view water consumption and water scarcity as global trends that are important to monitor. Though our activities are found not significantly water-intensive during our sustainability due diligence procedures, we consider the right to water a fundamental human right and thus have taken measures to guard this right.

### **4.4 Water recycling**

At AMG, we encourage our businesses to recycle water. AMG mining assets generate tailings (residues of mineral processing), which are stored in purpose-built tailings storage facilities (TSFs). TSFs are specially designed reservoirs filled with tailings and water. We remove water through drains or evaporation while the solids settle, gradually filling the reservoir. Our mining operations and tailings management programs are developed with consideration of the following.



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- **Affected communities:** We respect the rights of project-affected people through meaningful engagement with them and their perspectives.
- **Integrated knowledge base:** We maintain a knowledge base to support safe tailings management and inform decision-making.
- **Design, construction, operation and monitoring:** We manage risk for all phases of the lifecycle of TSF, from design through construction, operation, monitoring and closure.
- **Management and governance:** We establish standards, systems and accountabilities to support the safety and integrity of the TSF.
- **Emergency response and long-term recovery:** We make sure there is preparation for emergency response to failures, and long-term recovery at all our TSFs.
- **Public disclosure and access to information:** We publicly disclose and provide access to information to support public accountability.

Our mining operations have management systems and dedicated facilities to dispose of mineral residues while preventing environmental contamination. Facilities with mining activities are required to assess natural phenomena such as extreme flooding and seismic events, as well as operational criteria, and incorporate these factors into their tailing's storage facilities designs. They are also required to monitor to detect tailings dam seepage.

There are three key monitoring elements that our tailings storage facilities undertake.

1. Regular surveillance to monitor operational activities and storage facility integrity.
2. Dam safety inspections, by third party engineers to evaluate and observe operations to identify potential deficiencies.
3. Dam safety audits conducted by a third party, to independently review the integrity and safety of our tailing's storage facilities.

The results of these audits are reported to the Company's senior management team and regulatory authorities, as required. Corrective actions are implemented for deficiencies and verification reviews conducted to prevent re-occurrence.

Our operations with tailing storage facilities are continuously evaluating new technologies and approaches to improve operation, maintenance, and monitoring activities. We reuse as much inert waste as possible. For example, where possible, we use waste rock to backfill our mines, fill roads with non-hazardous mineral wastes, and continually assess tailings for additional mineral extraction. The design, construction, operation, and closure of our waste storage facilities aligns with the requirements of environmental assessments and government approvals.

#### **4.5 Biodiversity**

When we operate in critical habitats – those that are rich in biodiversity and important to conservation – we apply stringent mitigation standards. AMG's position on areas of "High Conservation Value" is to limit development as much as possible.



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We apply the mitigation hierarchy in our projects and operations to minimize our impact on the environment as much as possible. First, we avoid impacts on biodiversity and ecosystem services. Where avoidance is not possible, we minimize our impact. Where our operations have affected biodiversity, we seek to restore and/or mitigate impacted habitats.

AMG has conducted a review of our global operations to determine the potential for adverse impacts to biodiversity and actions to mitigate or lessen their severity. We conduct impact assessments for any new major project or large expansions to existing operations. As part of this biodiversity assessment, we carefully consider the potential environmental impact of our activities and how local communities may be affected before, during and after operations (decommissioning), and, when appropriate, develop biodiversity action plans before we start.

Our standards are aligned with relevant international standards, including those set by the International Finance Corporation.

#### **4.6 Product stewardship**

We are committed to minimizing the harmful impact of our operations and products. As a global manufacturer, we comply with global product-related regulations. We work to limit the negative environmental impact of our products and this responsibility is at the forefront of our employees' daily focus.

### **5 MONITORING AND GRIEVANCES**

We systematically identify, assess, and manage and track environmental impacts, risks & opportunities in our operations, along the value chain and throughout the product life cycle. Certain large operations locations comply with ISO14001 and ISO50001 (environmental management systems) certification requirements in order to ensure proper topic management cycles.

The EHSS department will oversee tracking environmental related indicators and progress across the entire group. Insights into our progress will be detailed in our annual sustainability report.

AMG is committed to preventing environmental violations in its own operations. In our own operations, we will promptly resolve any violations. Employees are encouraged to report situations of non-compliance with this Policy to their immediate supervisor, department head, or the designated EHSS officer or in writing through an incident report. Employees may also report concerns following our Speak Up & Reporting Policy published on AMG Critical Materials N.V.'s website under "corporate governance". AMG prohibits retaliation against anyone that raises a good faith concern or complaint under this Policy, regardless of whether the concern or complaint ultimately is determined to be a violation of this Policy or applicable law.



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## **6 TRAINING**

AMG group companies are responsible to provide initial and periodic training to relevant AMG employees on this Policy and AMG group company specific guidelines prepared to support the implementation of the elements of this Policy. The EHSS department regularly reviews this Policy to ensure compliance with all applicable laws and regulations and advises AMG group companies of any revisions.

## **7 OTHER RELATED DOCUMENTS**

Other AMG policies and AMG documents that are related to the topic of this Policy are, amongst others:

- AMG Code of Business Conduct
- AMG Speak Up & Reporting Policy
- AMG GHG Data Collection Procedure

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