PRESENTATION OF THE CSR SECTOR POLICY
Automotive

Preamble: this summary presentation of the sector policy is not intended
to replace the official text of the Policy as presented on CACIB website:
CSR Sector Policy – Automotive Sector

SCOPE OF THE POLICY:

The present policy applies to all forms of involvement of the Bank in the automotive sector, defined as the Original Equipment Manufacturers (passenger vehicles and commercial trucks) with a turnover superior to €400 M.

ISSUES:

The automotive sector faces various environmental and social issues. In particular, this sector is accountable for 13% Green House Gas (mainly CO2) emissions and is an important source of air pollution. Fine particles, nitrogen dioxide, volatile organic compounds and carbon monoxide emitted by road vehicles also strongly contribute to ambient air quality degradation. Nonetheless, these emissions could in 2050 be 2.5 to 3 times superior to their current level if no further binding measures are imposed. The automotive sector also raises concerns about health and safety conditions along the value chain, particularly in poor regulatory environment countries.

REFERENCE FRAME:

In this sector, the Bank's operations are analyzed considering the identified issues and the works and standards resulting from the main conventions and initiatives of the sector (of which the EURO standards established by the European Commission regarding emissions of vehicles sold on the European market, the United-States Environmental Protection Agency's norms, and the standards of the World Bank group).

ANALYSIS CRITERIA:

The Bank considers the following environmental and social aspects as the most relevant for the automotive sector:
- The level of greenhouse gas emissions and energy efficiency aspects;
- The level of air pollutants emissions such as nitrogen dioxide (NO_2) and fine particles;
- The presence of an Environmental and Social risk Management System (ESMS), including potentially with respect to supply chain;
- The respect of social and human rights (International Labour Organization's core conventions, respect of the health and safety conditions of local communities …).

EXCLUSION CASES:

The Bank will not participate in financings or investments in the following cases:

- The project has a critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- The project is located within a site listed on the UNESCO World Heritage list.

These exclusions are adding up to cases where the Bank wouldn't receive, in its opinion, a satisfactory answer about the significant non-respect of standards relative to the environment, health, or safety of the International Finance Corporation, in particular in terms of environmental and social management system, protection of fundamental rights of workers, displacement of population, protection of biodiversity, impacts on critical natural habitats, consent of indigenous peoples, and protection of cultural heritage, or relative to the absence of public consultation, or, if appropriate, of consent of affected indigenous peoples.

IMPLEMENTATION:

When the transaction is not directly linked to a project but the client has a significant activity in this sector, the Bank expects the client to develop a policy consistent with the principles set out above. The Bank will in particular take into account the proportion of the client's controversial activities, the possibilities of evolution and may, if appropriate, limit its interventions to particular transactions (financings dedicated to specific investments for example).

Transactions that present uncertainty with respect to compliance with the Policy shall be referred to the CERES committee (ad hoc Evaluation Committee for transactions involving an Environmental or Social Risk) for recommendation, before a final arbitration by the General management of Crédit Agricole CIB.

This Policy falls within the implementation of the CSR Policy of "Crédit Agricole CIB, a useful and responsible Corporate and Investment Bank".