

PRESENTATION OF THE CSR SECTOR POLICY

Metals and mining

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 - Metals and Mining](#)

SCOPE OF THE POLICY:

The present policy applies to all forms of involvement of CACIB in the metals & mining sector, sector which covers the exploration and underground or surface mining of metal ores (ferrous, non-ferrous, precious, uranium...) or non-metal ores (coal, phosphate, potash...), the transport of the ores from the mine site to the export harbor facilities and processing facilities of the ores until the production of primary metals or products (mineral processing, heap leaching, primary metallurgy) but excluding recycling and metal-working.

ISSUES:

Metals are mostly used for production of capital and consumption goods. Furthermore, uranium and coal are significant sources of energy for electricity generation. Lastly, other mineral materials like phosphates and potash are needed by agriculture and the chemical industry. The mining industry is therefore essential to the economy.

Metals & mining activities can however produce critical negative environmental and social impacts. This includes in particular the emission of greenhouse gas, impacts on biodiversity (impacts on natural and critical habitats and ecosystem services) and social impacts (such as physical or economic displacement of population, health and safety of communities).

Recycling has become a very significant source of metals. Significant saving measures are implemented in agriculture and the chemical industry concerning the use of non-metallic resources (especially fertilizers). These measures do not, however, make it possible to avoid a primary source of raw materials and mining production is thus necessary while the level of production is affected by political choices (recycling policies, energy policies ...). It is therefore essential that environmental and social aspects are properly assessed and managed. Likewise good governance is a critical factor for the extractive industry to contribute on a sustainable basis to the economic growth of producing countries.

Coal raises a specific dilemma to the extent that, while a significant share of the global energy mix is still based on its combustion, the current development of the coal industry seems incompatible with the international agreement to combat climate change.

REFERENCE FRAME:

Financing and investments in this sector are analyzed taking into account the issues identified and the works and standards resulting from the main conventions and initiatives of the sector (of which the International Council on Mining and Metals (ICMM) and the standards of the World Bank Group).

ANALYSIS CRITERIA:

The Bank analyses every financing or investment related to the construction or expansion of a metal and mining installation according to the following criteria:



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- Capacity and commitment of the project or client to engage with stakeholders and to manage environmental and social risks including the quality of the environmental and social impacts assessment, the quality of the management plans of these different impacts, the quality of accident management plans, the consultation of affected populations and, if necessary, consent from indigenous peoples, the setting up of a grievance mechanism at project level, disclosure of relevant information, or inter-States consultations in the event of cross-borders impacts;
- Environmental commitments (potential impacts on biodiversity and eco-services, discharge of pollutants, management of water resources or closure and rehabilitation plans of mine sites);
- Social and human rights commitments (labor rights and working conditions including compliance with International Labor Organization’s core conventions, community health and safety, impact on local communities (physical or economical displacement of population), rights of indigenous peoples on traditional lands, origin and condition of production of the ore in the case of processing facilities (traceability processes), impact on cultural heritage).

EXCLUSION CASES:

The Bank will not participate in financings or investments directly related to the development, construction or expansion of any metal or mining installation in the following cases:

- Coal mining projects;
- Asbestos mining projects;
- Artisanal mining;
- Critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- Location of the project within a site listed on UNESCO World Heritage list.

These exclusions are adding up to cases where, when a risk of material non-compliance has been identified, the Bank has not received, in its opinion, satisfactory answers with respect to: the IFC Performance Standards (or equivalent standards when an export credit agency or a multilateral institution is involved) or the Environment, Health and Safety Guidelines, in particular with respect to the ESMS, protection of the fundamental rights of workers, displacement of population, management of tailings, closure and rehabilitation plans as appropriate, biodiversity conservation, impact on critical natural habitats, consent of indigenous people and protection of cultural heritage, public consultation or, when appropriate, consent from affected indigenous peoples or inter-States consultation in the event of major cross-borders impacts.

IMPLEMENTATION:

When the financing or the investment is directly linked to the construction or expansion of a metal or mining installation, the project will be assessed against all the analysis criteria set out above and the Bank will seek to determine if an exclusion criterion exists. If an exclusion situation is identified or if the outcome of the general assessment is negative, the Bank will not participate in the transaction. Compliance with the environmental and social management plans and conditions will be monitored as part of the annual review process of the transactions.

The Bank will not develop relationship with clients predominantly active in coal mining or significantly involved in asbestos or artisanal mining activities.

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. In particular, the Bank will take into account the proportion of the client’s controversial activities, the possibilities of evolution and may, if necessary, limit its interventions to particular transactions (financings dedicated to specific investments, for example).

The Bank will not develop relationship with clients predominantly active in coal mining or significantly involved in asbestos or artisanal mining activities.

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”.



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