

PRESENTATION OF THE CSR SECTOR POLICY

Real estate

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 – Real estate](#)

SCOPE OF THE POLICY:

The present policy applies to all forms of involvement of the Bank directly related to real estate assets, namely, any asset characterized by its ground coverage and its nature as building:

- commercial buildings: residential buildings, office buildings, logistical buildings (logistical platforms, warehouses, etc.), shops (shopping centers, shopping galleries, hypermarkets/supermarkets, retail parks, etc.), hotels, leisure parks and casinos, private clinics, nursing homes, and to a lesser extent, parking facilities;
- buildings principally affected to a mission of public service: universities and schools, hospitals, administrative buildings, retention facilities.

ISSUES:

Real estate assets cover each country's general needs in terms of, among others: housing, economic activities (tertiary activities: offices, warehousing: logistics, retail: shops ...), leisure activities (hotels, entertainment, casinos...), access to medical care (hospitals, private clinics, nursing homes...), access to education (universities...), and access to the public and semi-public sector buildings (administrative buildings, retention facilities ...).

The size of the real estate market in each country is of course correlated to demographic trends and (public and private) economic dynamism of relative areas. The construction, restructuration, rehabilitation and operation of real estate assets have to take into account environmental and social considerations. They can trigger negative impacts on environment (greenhouse gas emissions, perturbation of ecosystems, air and water pollution) and human rights (economical and physical people displacements). They can also cause nuisance during construction works, especially noise pollution.

REFERENCE FRAME:

In this sector, funding and investments are analyzed considering the identified issues and the works and standards resulting from the main conventions and initiatives of the sector (including the World Bank group standards, the Ramsar Convention, the UNESCO World Heritage list ...).

ANALYSIS CRITERIA:

The Bank analyses every transaction related to the construction, restructuration, light or significant rehabilitation of real estate assets, acquisition or operation of these assets according to the following criteria:



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- Dialogue with stakeholders and environmental and social risks management (preventive archeology, safety of structures (geological surveys, seismic risk, materials quality, constructor experience), quality of the environmental and social impacts assessment, quality of the management plans of these different impacts, quality of accident management plans, consultation of affected populations and, if necessary, consent from Indigenous Peoples (as defined by the United Nations), setting up of a grievance mechanism at project level, ethical business conduct (loyalty of practices, prevention of fraud and corruption risks), inter-States consultations in the event of cross-borders impacts.
- Environmental commitments (potential impacts to biodiversity (in particular soil conversion, ecosystems fragmentation, important access to natural environments), discharge of pollutants and in particular emission of greenhouse gas, waste removal conditions and management, management of water resources, soil erosion, noise pollution, visual impacts (especially on landscapes), energy consumption of buildings).
- Social and human rights commitments (labor rights and working conditions including compliance with International Labor Organization core conventions, quality of the migrant workers influx management, community health and safety, impact on local communities of which physical or economical displacement of population, rights of indigenous peoples over traditional lands, impact on cultural heritage).

EXCLUSION CASES:

The Bank will not participate in transactions linked to the construction, restructuring, rehabilitation, acquisition or operation of real estate assets if aware of the following characteristics:

- Negative critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- Negative critical impact on 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 material non-respect of standards relative to the environment, health, or safety (in particular in terms of environmental and social management system, protection of fundamental rights of workers, displacement of populations, protection of biodiversity, impacts on critical natural habitats, consent of indigenous peoples, and protection of cultural heritage) or the absence of public consultation, or, if appropriate, consent of affected indigenous peoples, or the absence of inter-States consultations in case of major cross-border impacts.

IMPLEMENTATION:

Where the transaction is directly linked to the construction, restructuring, rehabilitation, acquisition or operation of real estate assets, the project will be assessed against all the analysis criteria 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.

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 could, if necessary, 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".