

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 consumer 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 greenhouse gas emissions, 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:

The Bank's activities 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).

EXCLUSION CASES:

The Bank will not support the following activities:

- Thermal coal mining, asbestos mining, artisanal mining;
- Activities that have a critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- Activities located within a UNESCO World Heritage site or a site meeting the criteria for designation by the Alliance for Zero Extinction (AZE).

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 IFC 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.

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:

- 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).

IMPLEMENTATION:

All transactions 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 impact management plans will be monitored as part of the transaction's annual review process.

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 and with Credit Agricole's climate strategy (in particular the definition of a transition path compatible with climate issues, communication of a thermal coal phasing out plan).

The Bank will not develop relationships with companies whose activity mainly corresponds to exclusion criteria, or developing or planning to develop new thermal coal capacities.

Transactions that present uncertainty with respect to compliance with the Policy will be reviewed according to the decision-making processes in place within the Bank and, in the event of an impact at Group level, referred to the Crédit Agricole Group's Operational Steering Committee for an opinion.

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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