

PRESENTATION OF THE CSR SECTOR POLICY

Oil and gas sector

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 – Oil and gas sector](#)

SCOPE OF THE POLICY:

The present policy applies to all forms of involvement of the Bank in the oil & gas sector, which covers oil & gas exploration and production, transport by pipelines, and processing facilities (oil refineries, liquefaction terminals).

ISSUES:

Oil is likely to remain one of the main sources of energy worldwide according to the International Energy Agency, although conventional oil production tends to level off. The share of natural gas in the global energy mix should continue to increase. Oil or gas activities may cause critical negative impacts (in environmental terms including on biodiversity, on natural or critical habitats, as well as on ecosystem services, or in social terms including physical and economical displacement of populations, on community's health and safety). Some non-conventional operations or some practices like flaring can present specific challenges.

REFERENCE FRAME:

Financing and investments in this sector are analyzed taking into account the issues identified and in particular the work and standards resulting from the main agreements and initiatives of the sector (including the International Petroleum Industry Environmental Conservation Association (IPIECA), the International Association of Oil & Gas Producers (OGP) or the International Energy Agency (IEA)).

ANALYSIS CRITERIA:

The Bank analyzes every financing or investment related to the construction or expansion of an oil or gas installation according to the following criteria:

- Capacity and commitment of the project or client to dialogue and manage environmental and social risks (quality of the environmental and social impacts assessment, quality of these different impacts management plans, quality of the accident management plans (in particular action plan in case of oil spill), consultation of the affected populations and, if appropriate, consent of indigenous peoples, establishment of a grievance mechanism at project level, disclosure of the relevant information, inter-States consultations in case of cross-border impacts);
- Environmental commitment (potential impacts on biodiversity and on eco-services, discharge of pollutants and in particular emissions of greenhouse gas, management of water resources);
- Social and human rights commitments (labor rights and working conditions, including the respect of International Labor Organization core conventions, community's health and safety, impact on local communities (physical or economical displacement of population), 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 oil or gas installation if aware of the following characteristics:

- Critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- Located of the project within a site listed on the UNESCO World Heritage list;
- Extra heavy oil extraction projects including any oil sands projects, regardless of the method of extraction;
- Gas To Liquids or Coal To Liquids projects;
- Oil project located in the Arctic;
- Infrastructure projects mainly dedicated to projects listed above.

These exclusions are adding up to cases where the Bank wouldn't have received, in its opinion, a satisfactory answer concerning the significant non-compliance with environment, health or safety standards (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 the absence of public consultation, or, if appropriate, of consent from affected indigenous peoples, or the absence of inter-State consultation in the case of major cross-border impacts.

IMPLEMENTATION:

When the financing or the investment is directly related to the development, construction or expansion of an oil or gas installation, 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 directed 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).

Transactions that present uncertainty with respect to compliance with the Policy shall be referred to the CERES committee (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".

(Public use – updated December 2017)