

Crédit Agricole Group CSR Sector Policy Metals and Mining

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1. Scope

This policy covers the mining and metals sector on the following activities within the Crédit Agricole S.A. Group (the “**Group**”):

- Financing dedicated to projects (project financing, buyer credits, advisory mandates, etc.) and non-dedicated financing (general purpose financing): “dedicated and non-dedicated financing services.”
- Equity investments: “investments”
- Active and passive asset management: “asset management”
- Property insurance: “insurance”

For the purposes of this policy, the mining and metals sector covers (i) the exploration and mining of metal ores (ferrous, non-ferrous, precious, uranium, etc.) or non-metal ores (coal, phosphate, potash, etc.), (ii) the transport of ores from the mine site to the port of export, and (iii) the conversion of ores into primary metals or products (mineral processing, heap leaching, primary metallurgy) but excludes recycling and metalworking activities¹. The framework for activities related to thermal coal mining is developed within the Group CSR sector policy “Thermal coal”.

The Group’s dedicated financing services related to the development, construction, or expansion of a mining or metallurgical facility are covered by sections 4 and 5 of the Policy.

Other forms of involvement pertaining to mining or metallurgical companies are covered by section 6 of the Policy.

This Policy will be reviewed periodically.

2. Issues and objectives of the Policy

Metals are primarily used for production of capital or consumer goods. Uranium is also an important primary energy source for electricity generation. Lastly, other mineral substances such as phosphates and potash are necessary for agriculture and the chemical industry. The mining industry therefore appears to be essential to the economy.

However, mining and metallurgical activities can produce critical negative environmental and social impacts. These include, in particular, greenhouse gas emissions, impacts on biodiversity (impacts on natural or critical habitats and ecosystem services), and social impacts (physical and economic population displacements, community health and safety).

Recycling has become a very important source of metals. Significant savings measures are taken by agriculture and the chemical industry concerning the use of non-metallic resources (notably fertilizers). However, these measures do not make it possible to go without a primary source of raw materials and mining production is therefore necessary² even if its level of production depends on political choices (recycling requirements, energy policies, etc.). It is therefore essential for environmental and social aspects to be properly assessed and managed. Similarly, good governance is a critical factor for the extractive industry to contribute sustainably to the economic growth of producing countries.

¹ Metalworking covers, in particular, the production of metal parts for the construction industries (e.g., aluminum foundries for the automotive industry and steel rolling mills).

² The global growth of industrial production and the average lifetime of goods affect the need for a primary source of metals.

This Policy supplements the energy policies of States and the investment policies of the Group's clients and is not intended to replace them. It aims to specify the Group's CSR³ criteria in the metals and mining sector and the Group's conditions of involvement based on the identified societal issues. It supplements the implementation of the Equator Principles within their scope.

3. Frame of reference

The Group's activities in this sector will be analysed taking into account the identified issues and, in particular, the work and standards resulting from the following conventions, initiatives, or institutions:

- The International Council on Mining and Metals (ICMM).
- The standards of the World Bank group and in particular the International Finance Corporation (IFC) Performance Standards and Environmental, Health, and Safety Guidelines.
- The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas relative to tin, tantalum, tungsten, their ores and mineral derivatives, and gold.
- The rules adopted by the US Securities and Exchange Commission (SEC) and the principles proposed by the European Union (EU) Parliament on the disclosure of payments by resource extraction issuers.
- The International Cyanide Management Code for the gold mining industry.
- The Kimberley Process for the diamond industry.
- The ITRI Tin Supply Chain Initiative (ITSCI) for tin minerals traceability in central Africa.
- The World Nuclear Association (WNA) Sustaining Global Best Practices in Uranium Mining and Processing.
- The Extractive Industries Transparency Initiative (EITI).
- The Voluntary Principles on Security and Human Rights.

4. Exclusion criteria

The Group will not support the following activities:

- Thermal and metallurgical 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).

Furthermore, with regard to dedicated financing activities, the Group will also abstain from transactions when a risk of material non-compliance has been identified and the Group has not received, in its opinion, satisfactory answers with respect to:

- The IFC Performance Standards (or equivalent standards for cofinancing with an export credit agency or a multilateral institution) or the IFC Environment, Health, and Safety Guidelines, in particular with respect to the ESMS, protection of the fundamental rights of workers, population displacements, management of wastelands, closure and restoration plans, biodiversity conservation, impact on critical natural habitats, consent of indigenous peoples and protection of cultural heritage.
- The relevant initiatives listed in section 3 (International Cyanide Management Code for gold mining, Kimberley Process for diamonds, ITSCI for tin minerals, WNA Sustaining Global Best Practices for uranium).
- Public consultation or, where applicable, consent of affected indigenous peoples.
- Inter-State consultations in the event of major cross-border impacts.

³ Corporate Social Responsibility

5. Dedicated financing

a. Analysis criteria

The Group will analyze every financing operation associated with construction or expansion of a metal or mining facility according to the following criteria:

Capacity and commitment of the project or client to engage with stakeholders and manage environmental and social risks:

- Quality of the environmental and social impacts assessment
- Quality of the plans for managing these various impacts
- Quality of accident management plans (in particular, hazardous substances spill preparedness plan)
- Consultation of affected populations and, where appropriate, consent of indigenous peoples
- Establishment of a grievance mechanism at the project level
- Disclosure of relevant information (including the payment of revenues to governments according to EITI, SEC, and EU principles and rules)
- Inter-State consultations in the event of cross-border impacts

Environmental commitments:

- Potential impacts on biodiversity and eco-services
- Pollutant emissions (including management of wastelands and greenhouse gas emissions)
- Management of water resources
- Mine site closure and restoration plan

Social and human rights commitments:

- Labor rights and working conditions including compliance with the International Labor Organization (ILO) core conventions⁴
- Community health and safety
- Impact on local communities (physical or economic population displacements)
- Rights of indigenous peoples on traditional lands
- Origin and conditions of production of ores in the case of processing facilities (traceability processes)
- Impact on cultural heritage

The quality of the assessment and management of these impacts will be measured against the IFC Performance Standards and the relevant Environmental, Health, and Safety Guidelines, with particular emphasis on whether the client has established and maintains an Environmental and Social Management System (ESMS) commensurate with the level of its environmental and social risks and impacts and aimed at monitoring impacts and mitigation measures over time.

Due to the many issues raised, the Group will assume that artisanal mines do not comply with IFC Performance Standards.

Asbestos mining projects also raise critical social issues due to the lack of regulation for the use of asbestos in some countries.

Concerning existing assets, the analysis will focus on the management plans and will seek to identify any material gap with respect to the standards mentioned above.

b. Implementation

All transactions will be assessed against all the analysis criteria above and the Group will seek to determine whether an exclusion criterion exists.

⁴ ILO's 8 core conventions relate to elimination of forced and compulsory labour (C29 and C105), effective abolition of child labour (C138 and C182), elimination of discrimination in employment and occupation (C100 and C111), and freedom of association and effective recognition of the right to collective bargaining (C87 and C98).

If an exclusion situation is identified or if the outcome of the general analysis is negative, the Group will not participate in the transaction. Any potential exceptional situation will be handled in accordance with section 7 below.

Compliance with the environmental and social impact management plans will be monitored in cooperation with the Group's CSR specialists from the beginning of the transaction and throughout the life of the financing as part of the transaction's annual review process.

Where the involvement is an advisory mandate, the Group will seek to promote the principles included in this Policy. The Group will not accept an advisory mandate if it is aware of the confirmed, definitive existence of an exclusion criterion. During the course of the mandate, if it appears that the project contradicts the principles of this Policy, the Group will not participate in the considered financing.

6. Other modes involvement

This paragraph applies to non-dedicated financing, investments, asset management, and insurance for clients significantly active in mining.

The Group expects its clients to develop good practices and behaviour to limit their environmental & social impacts in accordance with sections 4 and 5 of this Policy, to adhere to industry good practice principles (such as those defined by the ICMM or the World Bank group and the relevant industry initiatives), and to respect the principles and rules adopted by the OECD, SEC, and EU with respect to payment disclosure and responsible supply chains.

With regard to non-dedicated financing activities, the client's policy will be assessed against the principles of the Group's Policy during the annual review of the system. Support for the principles of the ICMM and the EITI and the relevant initiatives listed in section 3 or membership in these organizations or initiatives will be a strong consideration. The analysis will also assess whether the client monitors climate impacts, implements mitigation measures and is publicly reporting on these aspects (website, annual report⁵, etc.). In particular, the Group will not develop a relationship with companies significantly involved in asbestos or artisanal mining activities.

With regard to investments, asset management, and insurance, decisions will take into account the general analysis of the non-financial performance of companies as well as the possible existence of exclusion criteria.

7. Exceptional circumstances

Transactions that present uncertainty with respect to compliance with the Policy will be reviewed according to the decision-making processes in place.

8. References and glossary

International Council on Mining and Metals (ICMM):
<http://www.icmm.com/en>

Extractive Industries Transparency Initiative (EITI):
<http://eiti.org/>

IFC Performance Standards and Environmental, Health, and Safety Guidelines:
https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Documents.pdf?MOD=AJPERES&CVID=jkV-X6h
and
<https://www.ifc.org/wps/wcm/connect/29f5137d-6e17-4660-b1f9-02bf561935e5/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES&CVID=jOWim3p>

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and

⁵ Reporting according to the Global Reporting Initiative (GRI) is considered as a good practice.

High-Risk Areas:

<https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

Rules adopted by the US Securities and Exchange Commission (SEC) on disclosure of payments:

<http://www.sec.gov/news/press/2012/2012-164.htm>

International Cyanide Management Code for the gold mining industry:

<http://www.cyanidecode.org/>

Kimberley Process:

<https://www.kimberleyprocess.com>

ITRI Tin Supply Chain Initiative (ITSCI):

<https://www.internationaltin.org/>

World Nuclear Association Sustaining Global Best Practices in Uranium Mining and Processing:

http://www.world-nuclear.org/uploadedFiles/org/WNA/Publications/WNA_Position_Statements/PDUraniumMining.pdf

Voluntary Principles on Security and Human Rights:

<http://www.voluntaryprinciples.org/wp-content/uploads/2019/12/TheVoluntaryPrinciples.pdf>

Wetlands of international importance covered by the Ramsar Convention:

<https://rsis.ramsar.org/?language=en>

UNESCO World Heritage sites:

<http://whc.unesco.org/en/list/>

Alliance for Zero Extinction

<https://zeroextinction.org/>