

CSR SECTOR POLICY - METALS & MINING – JUNE 2015

1. Scope of the policy

The present policy (the Policy) applies to all forms of involvement of Credit Agricole CIB (the “Bank”) in the metals & mining sector.

The metals & mining sector is defined, for the purpose of the Policy, as (i) exploration and underground or surface mining of metal ores (ferrous, non-ferrous, precious, uranium...) or non-metal ores (coal, phosphate, potash...), (ii) transport of the ores from the mine site to the export harbour facilities or (iii) processing facilities of the ores until the production of primary metals or products (mineral processing, heap leaching, primary metallurgy) but excluding recycling and metal-working¹.

Financings and investments activities of the Bank directly related to the development, construction or expansion of metals & mining installations are covered by sections 4, 5 and 6 of the Policy.

Section 7 of the Policy covers all other activities which the Bank may have with metals & mining companies.

The Policy applies from the date it is published. Are excluded pre-existing activities in this sector, including commitments already made or business opportunities which are already at an advanced stage of negotiation.

The Policy will be updated from time to time.

2. Sector issues and objectives of the Policy

Metals are mostly used for the 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 to biodiversity (impacts on natural and critical habitats and ecosystem services) and social impacts (such as physical or economic displacements of people and community health and safety).

Recycling has become a very significant source of metals. Significant mineral saving measures are taken by agriculture and the chemical industry. But these measures do not allow avoiding a primary source of natural resources and mining operations are needed² while the level of production is affected by political choices (recycling policies, energy policies...). It is thus important that environmental and social aspects are properly assessed and managed. Also 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 change³.

This Policy comes as a supplement to the rules regarding energy policies from Countries and the investment policies from the clients of the Bank and is not intended to supplant them. It seeks to state the CSR⁴ analysis criteria and requirements of the Bank in the metals & mining sector according to the

¹ Metal-working refers in particular to the production of metal components for construction industries (i.e. aluminium foundries for car components or steel rolling mills).

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

³ Cf. work of the International Panel on Climate Change and in particular the IPCC 5th Assessment Report.

⁴ Corporate Social Responsibility

identified societal issues. It supplements the implementation of the Equator Principles for project finance transactions.

3. Reference frame

In appraising metals & mining financings and investments opportunities, the Bank will be guided by the 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 Environment 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 relative to payment disclosure by Resource Extraction Issuers
- the International Cyanide Management Code for the gold mining industry
- the Kimberley Process for the diamonds 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
- the Energy and Biodiversity Initiative (EBI)

4. Analysis criteria

The Bank will analyse every financing or investment directly related to the development, construction or expansion of a metal & mining installation according to the following criteria:

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

- quality of the environmental and social impacts assessment
- quality of the management plans
- quality of accident management plans (in particular hazardous substances spill preparedness plans)
- consultation of affected populations and, if necessary, consent from indigenous peoples
- setting up of a grievance mechanism at the project level
- disclosure of relevant information (including revenues payments to governments as per the EITI, SEC and EU principles and rules)
- inter States consultations in the event of cross-borders impacts

Environmental commitments:

- potential impacts to biodiversity and eco-services
- discharge of pollutants (including management of tailings and greenhouse gas emissions)
- management of water resources
- closure and rehabilitation plans of mine sites

Social and human rights commitments:

- labour rights and working conditions including compliance with International Labour Organisation (ILO) core conventions⁵
- community health and safety
- impact on local communities (physical or economical displacement of population)
- rights of first native or indigenous people on traditional lands
- origin and condition of productions of the ore in the case of processing facilities (traceability processes)
- impact on cultural heritage

The quality of the assessment and management of those impacts identified will be measured against the IFC Performance Standards and the relevant Environmental, Health and Safety Guidelines, with

⁵ ILO's 8 core conventions on fundamental human rights relate to elimination of forced and compulsory labour (C-29 and C-105), abolition of child labour (C-138 and C-182), elimination of discrimination in respect of employment and occupation (C-100 and C-111) and freedom of association and collective bargaining (C-87 and C-98).

particular emphasis on whether the client has established and maintains an environmental and social management system.

The Environmental and Social Management System (ESM) is aimed to monitor and assess impacts and mitigation measures. The ESM and the analysis by the Bank will have to take into account the complexity of the envisaged project and be commensurate with the level of its environmental and social risks and impacts.

Due to the many issues raised, the Bank will assume that artisanal mining does not comply with IFC Performance Standards.

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

Concerning existing assets, management plans will be assessed and the Bank will seek to determine whether they materially depart from the standard mentioned above.

5. Exclusion criteria

The Bank will not participate in financings or investments directly related to the development, construction or expansion of any metals & mining installation if aware of the following characteristics:

- 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
- the project is located within a site listed on the UNESCO World Heritage list

or when a risk of material non-compliance has been identified and has not received, in its opinion, satisfactory answers with respect to:

- the IFC Performance Standards⁶ (or equivalent standards when a 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
- the relevant industry initiatives listed in section 3 (International Cyanide Management Code for gold mining, Kimberley Process for diamonds, ISTCI for tin minerals, WNA Sustaining Global Best Practices for uranium)
- public consultation or, when necessary, consent from affected indigenous peoples
- inter States consultation in the event of major cross-borders impacts

6. Implementation

Where the financing or the investment relates directly to the development, construction or expansion of a metals & mining 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. Any potential exceptional situation will be handled in accordance with section 8 below.

Compliance with the environmental and social management plans and conditions will be monitored in cooperation with the sustainable development specialists of the Bank from the beginning of the operation and along the life of the financing as part of the annual review process of the operations.

Where the transaction is an advisory mandate, the Bank will seek to promote the principles included in this Policy. The Bank will not enter into an advisory mandate when aware at the date of the mandate that the envisaged project definitely exhibits an exclusion criterion. When considering financing a project for which the Bank has acted as financial advisor, it shall only do so in compliance with the present Policy, including in respect of the exclusion criteria.

⁶ Compliance with the Performance Standards is assumed in High Income OECD Countries, provided that satisfactory due diligence on Environmental and Social issues have been duly performed.

7. Involvement of the Bank not directly linked to a specific metals & mining installation

Some transactions are not directly linked to the construction or expansion of a specific metals & mining installation but nonetheless fall within the scope of application of the Policy. In particular, the Bank governs general banking services which may be provided by the Bank to clients which have extensive activities in the metals & mining sector.

The Bank expects its clients to develop good working practices and behaviour to limit their Environmental & Social impacts in line with section 4 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.

The regulatory framework in which the client evolves should lead to the respect of the principles of the Policy for the activities located in High Income OECD Countries.

In other countries, the client policy will be assessed towards the principles of the Bank Policy on the occasion of the annual review of the relationship. Supporting or belonging to ICMM association, EITI and the industry initiatives listed in section 3, as relevant, will be a strong element of assessment. The bank will also assess whether the client monitors and assesses impacts and mitigation measures, and is publicly reporting on these aspects (website, annual report⁷...).

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

In case of a significant difference between the client's policy and track record and the reference frame of the Policy, the recommendation of the CERES committee will be required.

The decision to enter into relation with a new client falling under the scope of the Policy will only be taken after an analysis of the activities of the client according to the same criteria. This analysis shall confirm, if needed at a CERES committee level, that the client practices comply with the principles of the Bank Policy.

Such assessments will be based on information which is either public or which the client has made available to the Bank.

8. Exceptions

Transactions that present uncertainty with respect to compliance with the Policy shall be referred to the CERES committee for recommendation. If the committee considers that the transaction does not conform to the Policy, such transaction will be subject to a final arbitration by the General management of Crédit Agricole CIB.

9. References and glossary

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

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

IFC Performance Standards and Environmental, Health and Safety Guidelines:
<http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards> and
<http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines>

OECD Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High Risk Areas
<http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises/mining.htm>

Rules adopted by the US Securities and Exchange Commission (SEC) relative to payment disclosure
<http://www.sec.gov/news/press/2012/2012-164.htm>

⁷ Reporting according to the Global Reporting Initiative is regarded as a good practice.
CSR-Sector-Policy-Metals-mining-June-2015-en.doc

International Cyanide Management Code for the gold mining industry:
<http://www.cyanidecode.org/>

Kimberley Process:
<http://www.kimberleyprocess.com/>

ITRI Tin Supply Chain Initiative (ITSCI):
https://www.itri.co.uk/index.php?option=com_zoo&view=frontpage&Itemid=60

World Nuclear Association Sustaining Global Best Practices in Uranium Mining and Processing:
<http://www.world-nuclear.org/WorkArea/showcontent.aspx?id=16982>

Voluntary Principles on Security and Human Rights:
http://www.voluntaryprinciples.org/files/voluntary_principles_english.pdf

Wetlands of international importance covered by the Ramsar Convention:
http://www.ramsar.org/cda/fr/ramsar-documents-list/main/ramsar/1-31-218_4000_1

Site listed on the UNESCO World Heritage list:
<http://whc.unesco.org/fr/list/>

Energy and Biodiversity Initiative:
<http://www.theebi.org/>