The mining industry provides essential resources to most sectors of the economy, with mining commodities integrated into a broad range of equipment and consumables. The worldwide demand for mineral resources is increasing in both developing and developed countries. At the same time mineral reserves are becoming scarcer and more difficult to access. The industry also supports economic growth in the regions where mining activities take place, through job creation, revenue generation and infrastructure development.

However, mining activities can have a potentially negative impact on the environment and society in terms of community relations, health and safety, land use, ecosystems, waste and bribery and corruption.

Commitment

KBC acknowledges that the mining sector faces a variety of environmental, social and governance risks that should be balanced against the sector’s economic potential. These include:

- Human rights impacts: working conditions, health and safety of employees and local communities, and the rights of indigenous people.
- Environmental risks: water use and water quality, waste generation, air pollution, pollution of ground and surface water, soil contamination, greenhouse gas emissions, land use and impact on ecosystems.
- Governance risks: revenue mismanagement and lack of transparency, environmental and social policies.

KBC therefore expects clients that are involved in mining activities to take account of these risks in their operations. KBC also expects its clients to operate in accordance with relevant international, regional and national laws, regulations and permits.

As a signatory of the UN Global Compact Principles, KBC is committed to embracing, supporting and – within its sphere of influence – enacting a set of core values in the areas of human rights, labour standards, the environment and combating corruption within all its operations. We therefore take these principles into account in our client and supplier assessment. Given the specific relevance of the principles to the mining sector, clients involved in mining activities are scrutinised especially closely on their compliance with the UN Global Compact Principles.
Implementation

KBC is very cautious when lending or providing insurance to the mining industry. Within its credit and insurance acceptance process, KBC assesses all mining companies on the issues addressed above. KBC also relies to this end on the external assessments of independent data-providers. In the case of mining operations linked to the energy sector, the KBC Energy Credit Policy also applies, which means, for instance, that coal mining is excluded.

KBC is only willing to finance or insure mining activities:

- If counterparties/mines within the EU are compliant with EU, local and national legislation;
- If counterparties/mines outside the EU:
  - Operate in a country that is compliant with:
    - the Extractive Industry Transparency Initiative (EITI) standards; or
    - the ICMM Sustainable Development Framework.
  - And the counterparty explicitly endorses the Voluntary Principles on Security and Human Rights.

KBC applies a separate assessment in the case of integrated counterparties that are also active in the extraction of metals, minerals or chemicals and where the financing in question does not relate to those mining activities. Account is taken in this case of the environmental, social and governance risks set out above. KBC also considers the assessments supplied by external data-providers. Companies assessed to be in serious violation of the UN Global Compact Principles can be excluded via the Human Rights List or the Blacklist (UN Global Compact Worst Offenders).

KBC offers you the possibility to check the authenticity of this document on www.kbc.com/en/authenticity

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