

# Summary of Credit Suisse's Sector Policies and Guidelines

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## Introduction

To ensure its long-term success, Credit Suisse is committed to conducting its business in a sustainable and responsible manner. Credit Suisse has therefore established and is continuing to develop sector-specific policies and guidelines for sensitive industries.

### Sustainability and the Credit Suisse Group Code of Conduct

The [Credit Suisse Group Code of Conduct](#) establishes the framework within which Credit Suisse and its employees are required to conduct business. The Code of Conduct defines twelve ethical values and professional standards that are viewed as critical for the bank's success, and one of those professional standards is sustainability. It is thus a requirement of the Code of Conduct that environmental and social issues be given due consideration in the management of our resources and infrastructure as well as in our business decisions, and that we abide by the principles set out in the agreements on sustainability that we have entered into, including the United Nations Global Compact and others.

### Interface to Reputational Risk Review Process

It is Credit Suisse's policy to avoid any action that could pose an unacceptable level of risk to our reputation. It is therefore the responsibility of each employee to protect the bank's image.

Credit Suisse conducts a detailed [Reputational Risk Review Process](#) (RRRP) of any transaction that entails potential reputational risks. If a potential risk exists for environmental reasons or due to human rights issues, the analysis will be performed by the internal specialist unit Sustainability Affairs. As part of the analysis, it conducts in-depth reviews to determine whether potential clients adhere to the relevant industry standards and whether transactions are compatible with Credit Suisse's existing sector-specific policies and guidelines.

### Purpose and Scope of Policies and Guidelines\*

Credit Suisse recognizes the vital importance of various industry sectors, including some that may have significant impacts on the environment, for the global economy. Future economic growth will rely in part on those sectors to provide raw materials or to meet energy demands. Operations seeking to meet these demands, however, must at the same time operate in a sustainable manner, with respect for local communities and the environment.

Given the potential impacts that operations in those industry sectors may have, Credit Suisse seeks to promote responsible practices that protect the environment, ensure worker health and safety, and engage the public through consultation and disclosure.

The policies and guidelines summarized below set out environmental and social standards that we expect clients operating in certain sensitive sectors to comply with when conducting their activities. They help us strengthen our risk review process and ensure the same standards - which are based on criteria defined by international organizations such as the UN or the World Bank - are applied to potential transactions across the entire bank.

The policies and guidelines apply to all business activities of Credit Suisse relating directly to companies operating in those sectors, regardless of whether the company is in a direct contractual relationship with Credit Suisse or the object or target of a Credit Suisse client.

The policies and guidelines are issued by Sustainability Affairs and are developed in collaboration with key stakeholders including sector teams within our business divisions, and are subsequently approved by the Reputational Risk Sustainability Committee. We regularly review them to ensure that they are relevant and current.

The policies and guidelines are designed to guide our decision-making and help our clients understand how they can best respond to the social and environmental issues facing their industry and ensure the long-term sustainability of their business.

Any exceptions to the aforementioned policies and guidelines may only be granted on a case-by-case basis pursuant to our Reputational Risk Review Process.

### Engagement and Feedback

Credit Suisse appreciates all comments and feedback on our approach to sector-specific policies and guidelines. Should you wish to provide feedback, please contact the Sustainability Affairs group at [sustainability.affairs@credit-suisse.com](mailto:sustainability.affairs@credit-suisse.com).

\* At Credit Suisse, the difference between policies and guidelines is that policies are more formal documents that, in general, provide higher-level guidance on broad issues and industry sectors, while guidelines seek to provide hands-on guidance to transaction teams on more narrow issues or industry sectors.

## Summary of Forestry and Agribusiness Policy

Credit Suisse seeks to promote good forestry and agribusiness practices and to discourage net forest conversion and the resulting increase in greenhouse gas emissions and biodiversity loss.

For the purposes of this policy, forestry and agribusiness companies are companies or projects that are involved in the extraction of resources from forests or the management of forests, or operate plantations (e.g., oil palm, rubber, eucalyptus, teak) or relevant farming activities (e.g., corn, soy, sugar cane, cattle ranching) that may result in the conversion of or otherwise adversely affect natural forests.

**Reputation of Client:** Credit Suisse will only finance or advise reputable forestry and agribusiness companies with a record of responsible management of environmental and social issues relating to their operations. Assessments of a forestry or agribusiness company's reputation and management practices should be based on its ability to demonstrate that it has adequately addressed the following issues:

- Habitat depletion, fragmentation, and degradation
- Water contamination and use
- Hazardous materials management
- Air emissions
- Worker and community health and safety
- Public involvement, consultation, and disclosure

Credit Suisse strongly encourages forestry or agribusiness companies to adhere to the principles and criteria of an appropriate international sustainable certification scheme.

**Sensitive Activities:** Any transaction involving the following sensitive activities must be referred to Sustainability Affairs and may subsequently require escalation to the Reputational Risk Review Process:

- **Activities in High Conservation Value Forests:** As a general rule, Credit Suisse will not finance or advise forestry or agribusiness companies with operations in High Conservation Value Forests (HCVFs), or any primary tropical moist forests, or on land that was cleared of such forests after 2005, unless such operations are certified by a Forest Stewardship Council (FSC)-accredited certification body (in the case of forestry) or the Roundtable on Sustainable Palm Oil (in the case of palm oil) or have made substantial and demonstrable progress towards such certification.
- **Peatland Operations:** For transactions involving forestry or agribusiness activities impacting peatlands, particular scrutiny will be applied to assess the legality of these operations and to ensure that best practices are applied for managing plantations on peat soils and for minimizing the release of carbon dioxide captured in peat.
- **Activities Outside of High-Income OECD Countries:** All transactions and other business activities involving forestry or agribusiness companies to be conducted outside of high-income OECD countries must complete the Reputational Risk Review Process.

### Excluded Activities Involving Forestry and Agribusiness Companies:

#### i. Protected areas

Credit Suisse will not finance or advise on operations undertaken by forestry and agribusiness companies in the following areas: UNESCO World Heritage Sites; Wetlands on the Ramsar List; most protected areas (IUCN categories I, II, III and IV); primary tropical moist forests, HCVFs and critical natural habitats where there is significant degradation or conversion (unless legacy assets are involved). Furthermore, Credit Suisse will not finance or advise forestry or agribusiness companies that are knowingly involved in harvesting or trading tree species that are protected under Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

#### ii. Illegal logging

Credit Suisse will not finance or advise forestry or agribusiness companies that are knowingly involved in, or knowingly purchase resources from, illegal logging operations or where there are credible doubts as to the legality of such logging operations.

#### iii. Uncontrolled and/or illegal use of fire

Credit Suisse will not finance or advise forestry or agribusiness companies that do not have an explicit policy against the uncontrolled and/or illegal use of fire in their forestry, plantation or extractive operations.

#### iv. Violation of local laws

Credit Suisse will not finance or advise forestry companies against which there is credible evidence of material violations of applicable laws and regulations relating to environmental or social matters.

#### v. Major resettlements

Credit Suisse will not finance or provide advice on operations undertaken by forestry or agribusiness companies that require resettlement of substantial numbers of people.

#### vi. Human rights

Credit Suisse will not finance or advise forestry or agribusiness companies against which there is credible evidence of involvement in human rights abuses such as, e.g., forced labor, employment of children, or the use of violence against local communities and indigenous groups.

## Summary of Mining Policy

Credit Suisse seeks to promote responsible mining practices that protect the environment, ensure health and safety for workers and local communities, and engage the public through consultation and disclosure.

For the purposes of this policy, mining companies are companies or projects that are involved in the mining of raw metal ores or raw metals (e.g., bauxite, copper, iron), non-metal products (e.g., coal, uranium, limestone) or precious materials (e.g., diamonds, gold, platinum).

**Reputation of Client:** Credit Suisse will only finance or advise reputable mining companies with a record of responsible management of environmental and social issues relating to their operations. Assessments of a mining company's reputation and management practices should be based on its ability to demonstrate that it has adequately addressed the following issues:

- Water contamination and use
- Habitat depletion, fragmentation and degradation
- Waste management
- Site decommissioning and remediation
- Worker and community health and safety
- Public involvement, consultation and disclosure

Where subcontractors are used for operations that have a significant impact on the above issues, the mining company should be able to demonstrate that it has processes in place to ensure that its first tier contractors comply with the mining company's standards.

In its assessment of clients, Credit Suisse values the application of or participation in the following best practice standards as positive factors: the International Finance Corporation's ("IFC") Environmental, Health, and Safety Guidelines for Mining and for Construction Materials Extraction, the Extractive Industries Transparency Initiative ("EITI"), the International Council of Mining and Metals, the Voluntary Principles on Security and Human Rights (for security services), and the International Cyanide Management Code (for gold mining).

**Sensitive Activities:** Any transaction involving the following sensitive activities must be referred to Sustainability Affairs and may subsequently require escalation to the Reputational Risk Review Process:

- Coal mining
- Asbestos mining
- Uranium (or other radioactive materials) mining

### Excluded Activities Involving Mining Companies:

#### i. Protected areas

Credit Suisse will not finance or provide advice on operations undertaken by mining companies in the following areas:

- UNESCO World Heritage Sites (unless the activities pre-date the UNESCO designation)
- Wetlands on the Ramsar list (the Register of Wetlands of International Importance of the Ramsar Convention on Wetlands)
- Most protected areas (IUCN categories I, II, III and IV)
- Primary tropical moist forests, High Conservation Value Forests (HCVFs) or critical natural habitats, where the operation results in significant degradation or conversion (unless legacy assets are involved)

#### ii. Tailings disposal in riverine or shallow sea environments

Credit Suisse will not finance or provide advice on operations undertaken by mining companies that include the disposal of tailings in a river or shallow sea-water environment.

#### iii. Mountaintop removal mining

Credit Suisse will not directly finance or provide advice on operations to extract coal or other resources where mountaintop removal mining practices are used.

#### iv. Diamond mining and trading

Credit Suisse will not finance or provide advice for the mining or trading of rough diamonds not certified under the Kimberley Process Certification Scheme.

#### v. Major resettlements

Credit Suisse will not finance or provide advice on operations undertaken by mining companies that require resettlement of substantial numbers of people.

#### vi. Human rights

Credit Suisse will not finance or advise mining companies against which there is credible evidence of involvement in human rights abuses such as, e.g., forced labor, employment of children or the use of violence against local communities and indigenous groups.

#### vii. Violation of local laws

Credit Suisse will not finance or advise mining companies against which there is credible evidence of material violations of applicable laws and regulations.

## Summary of Oil and Gas Policy

Credit Suisse seeks to promote responsible oil and gas industry practices that protect the environment, ensure health and safety for workers and local communities, and engage the public through consultation and disclosure.

For the purposes of this policy, oil and gas companies are companies or projects that are involved in exploration and production (i.e., extraction and primary processing) including drilling contractors, pipeline transport, refining of oil and/or gas, or site decommissioning and remediation of both production and refining sites.

**Reputation of Client:** Credit Suisse will only finance or advise reputable oil and gas companies with a record of responsible management of environmental and social issues relating to their operations. Assessments of an oil and gas company's reputation and management practices should be based on its ability to demonstrate that it has adequately addressed the following issues:

- Water contamination and use
- Air emissions
- Habitat depletion, fragmentation, and degradation
- Waste management
- Prevention, preparedness and response for oil spills and/or gas leaks
- Site decommissioning and remediation
- Worker and community health and safety
- Public involvement, consultation and disclosure

Where subcontractors are used for operations that have a significant impact on the above issues, the oil and gas company should be able to demonstrate that it has processes in place to ensure that its first tier contractors comply with the oil and gas company's standards.

In its assessment of clients, Credit Suisse values the application of or participation in the following best practice standards as positive factors: the International Finance Corporation's ("IFC") Environmental, Health and Safety Guidelines for Onshore Oil and Gas Development and for Offshore Oil and Gas Development, the Extractive Industries Transparency Initiative ("EITI"), and the Voluntary Principles on Security and Human Rights (for security services).

**Sensitive Activities:** Any transaction involving the following sensitive activities must be referred to Sustainability Affairs and may subsequently require escalation to the Reputational Risk Review Process:

- Oil sands and oil shale development
- Arctic oil and gas exploration and development
- Transnational pipelines

### Excluded Activities Involving Oil and Gas Companies:

#### i. Protected areas

Credit Suisse will not finance or provide advice on operations undertaken by oil and gas companies in the following areas:

- UNESCO World Heritage Sites (unless the activities pre-date the UNESCO designation)
- Wetlands on the Ramsar list (the Register of Wetlands of International Importance of the Ramsar Convention on Wetlands)
- Most protected areas (IUCN categories I, II, III and IV)
- Primary tropical moist forests, High Conservation Value Forests (HCVFs) or critical natural habitats, where the operation results in significant degradation or conversion (unless legacy assets are involved)

#### ii. Major resettlements

Credit Suisse will not finance or provide advice on operations undertaken by oil and gas companies that require resettlement of substantial numbers of people.

#### iii. Human rights

Credit Suisse will not finance or advise oil and gas companies against which there is credible evidence of involvement in human rights abuses such as, e.g., forced labor, employment of children or the use of violence against local communities and indigenous groups.

#### iv. Violation of local laws

Credit Suisse will not finance or advise oil and gas companies against which there is credible evidence of material violations of applicable laws and regulations.

## Summary of Controversial Weapons Policy

Given the heightened sensitivity of certain types of weapons and the background of the international conventions on nuclear, biological and chemical weapons, anti-personnel mines and cluster munitions, which prevent the state parties from, among other things, using, producing and transferring such weapons or assisting anyone to engage in such activities, Credit Suisse has taken a firm position on the issue.

### **Excluded Business Activities with Companies Involved in Controversial Weapons:**

Credit Suisse strictly complies with all applicable laws and regulations in the countries in which it conducts business. For the purpose of this Policy, the prohibitions of the Swiss Federal Act on War Material have been adopted for global application by Credit Suisse. As a result, Credit Suisse will not directly finance the development, manufacture and acquisition of nuclear, biological and chemical weapons, anti-personnel mines and cluster munitions.

As a general rule and in addition to compliance with the legal requirements outlined above:

- Credit Suisse will not enter into business relationships with producers of anti-personnel mines and cluster munitions and has terminated any existing business activities with such companies
- Credit Suisse will not hold securities of anti-personnel mines or cluster munitions producers in its proprietary trading book
- Credit Suisse will not include securities of anti-personnel mines and cluster munitions producers in its actively-managed retail and institutional funds and in discretionary mandates.

The above provisions apply regardless of whether the company is in a direct contractual relationship with Credit Suisse or the object or target of a Credit Suisse client (such as where Credit Suisse is financing an acquisition for a client).

Where Credit Suisse provides a research analysis on any such company, language shall be added to the research report stating the bank's position not to enter into business relationships with companies involved in the development, manufacture or acquisition of anti-personnel mines and cluster munitions.

## Summary of Palm Oil Guidelines

Credit Suisse is committed to supporting best practices in the palm oil sector that discourage net forest conversion, and associated impacts such as biodiversity loss and greenhouse gas emissions.

The principles and criteria developed by the Roundtable on Sustainable Palm Oil (RSPO) are the most credible, transparent and robust standards in the palm oil sector. As a basic reassurance of a palm oil company's commitment to sustainable industry practices, Credit Suisse requires all its clients to be members of the RSPO – either on the level of the parent company or all of the relevant subsidiaries – or to formally commit to become member.

Furthermore, Credit Suisse requires that its clients' operations be certified according to the principles and criteria of the RSPO, or that a client has made a commitment to a time-bound plan to achieve certification for the parent company or all relevant subsidiary companies.

Also, in line with its Forestry and Agribusiness Policy, Credit Suisse will not knowingly provide financial services to projects or activities prohibited by host country legislation and international conventions relating to the protection of biodiversity resources and cultural heritage.

In addition, Credit Suisse will not knowingly finance projects or activities located in or involving any of the following:

- Primary tropical moist forests, High Conservation Value Forests (HCVFs) or critical natural habitats, where the operation results in significant degradation or conversion of land cleared after 2005
- UNESCO World Heritage Sites (unless the activities pre-date the UNESCO designation)
- UNESCO Biosphere Reserves
- Wetlands on the Ramsar list (the Register of Wetlands of International Importance of the Ramsar Convention on Wetlands)
- Most protected areas (IUCN categories I, II, III and IV)
- Illegal logging
- Uncontrolled or illegal use of fire

### **Activities Covered:**

For the purposes of these guidelines, the palm oil sector includes both upstream companies involved in growing oil palm or primary processing of the oil palm fruit in crude palm oil (CPO) mills, as well as downstream companies involved in refining palm oil and/or palm kernel oil or crushing palm kernels.

The use of palm oil in the production of oleochemicals, food, soaps, detergents, cosmetics, and biofuel and biodiesel, as well as the national or international trading of palm oil or palm oil products (including oleochemicals and biofuel and biodiesel) are in principle considered outside of the core scope of these guidelines. However, Credit Suisse encourages its clients pursuing these activities to source their raw materials from RSPO-certified providers.

Credit Suisse shall exercise discretion in deciding whether to apply these guidelines to:

- (a) transactions that only have an indirect connection to palm oil production and trade; or
- (b) the provision of financial services to a company that has only marginal involvement in the palm oil sector.

Credit Suisse will make such decisions on a case-by-case basis after assessing the materiality of risk.

## Summary of Hydropower Guidelines

The New Framework for Decision-Making by the World Commission on Dams (WCD) is the most credible, transparent and robust guiding document with respect to facilities involving dams. The WCD recommendations are taken into account by Credit Suisse when providing financial services to the sector.

In line with its sector-specific policies and guidelines, Credit Suisse will not knowingly provide financial services to projects and activities prohibited by host country legislation and international conventions relating to the protection of biodiversity resources and cultural heritage, including:

- UNESCO World Heritage Sites (unless the activities pre-date the UNESCO designation)
- UNESCO Biosphere Reserves
- Wetlands on the Ramsar list (the Register of Wetlands of International Importance of the Ramsar Convention on Wetlands)
- Most protected areas (IUCN categories I, II, III and IV)
- Primary tropical moist forests, High Conservation Value Forests (HCVFs) or critical natural habitats, where the operation results in significant degradation or conversion (unless legacy assets are involved).

### **Activities Covered:**

The Guidelines are applicable for transactions related to client activities in the hydropower sector as defined below:

- Infrastructure: Construction camps; roads and bridges; dams; power plants: turbines and generators, transformer facilities; transmission lines.
- Activities: Construction of dams; production of electrical energy; transmission; storage of water, irrigation.
- Products: Electricity

Credit Suisse expects its clients to operate in compliance with all applicable laws, regulations, policies and standards. In countries where strict laws and regulations do not exist, or where law enforcement is weak or inconsistent, the application of these guidelines is of particular importance.

Hence, while the guidelines apply to transactions in all jurisdictions, particular attention has to be paid to transactions where the client domicile or the location of the financed activity is situated in an emerging market or a developing country respectively.

## Summary of Nuclear Power Guidelines

Credit Suisse provides a range of financial services to the power sector, and by doing so Credit Suisse seeks also to meet its responsibility to society and future generations in terms of the environment, public health, safety, and pollution.

Credit Suisse is aware of the importance of nuclear power and the complexities involved in its proper management. In providing services to the power sector, and as part of our commitment to responsible engagement and sustainable development, Credit Suisse will carefully evaluate possible transactions in the nuclear power sector – in relation to both new and existing Nuclear Power Plants (NPPs) – and other activities related to it. This evaluation includes a review of the capability and commitment of the client to comply with international best practices, qualifications of the host country's regulatory authorities, facilities' site selection criteria, plant design criteria, safety management, and the decommissioning program.

Credit Suisse will limit any involvement in the sector to transactions/projects that are in line with the latest regulatory, technological, and safety standards. Also, any involvement in such transactions will be subject to approval through Credit Suisse's Reputational Risk Review Process.

Clients in the nuclear power sector are expected to operate in accordance with all applicable national, regional, and international laws and regulations. Related to this, the NPP's host country is required to have ratified the following nuclear-related conventions and treaties:

- Convention on Nuclear Safety (IAEA, Vienna 1994);
- Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (IAEA, Vienna 1997);
- Nuclear Non-Proliferation Treaty (UNO, New York 1968);
- Vienna Convention on Civil Liability for Nuclear Damage (IAEA, Vienna 1963), including the Paris Convention on Third Party Liability in the Field of Nuclear Energy of 29th July 1960 (OECD, Paris 1960), as amended by the Additional Protocol of January 28, 1964, and by the Protocol of November 16, 1982; and the Joint Protocol Relating to the Application of the Vienna Convention and the Paris Convention of September 21, 1988.

If any of these conventions or treaties are not ratified, an assessment has to be carried out on whether the applicable national regulations sufficiently address the corresponding issues.

Further, in line with its sector-specific policies and guidelines, Credit Suisse will not knowingly provide financial services to projects and activities in the nuclear power sector that are prohibited by host country legislation or international conventions relating to the protection of biodiversity resources and cultural heritage, including:

- UNESCO World Heritage Sites (unless the activities pre-date the UNESCO designation)
- UNESCO Biosphere Reserves
- Wetlands on the Ramsar list (the Register of Wetlands of International Importance of the Ramsar Convention on Wetlands)
- Most protected areas (IUCN categories I, II, III and IV)
- Primary tropical moist forests or other High Conservation Value Forests (HCVFs) or critical natural habitats, where the operation results in significant degradation or conversion (unless legacy assets are involved)

### Activities Covered:

The Guidelines are applicable for all transactions related to client activities in the nuclear power sector as defined below:

- Development or building of new nuclear power plants
- Nuclear power generation
- Nuclear fuel production, trading, and reprocessing
- Transport, processing, storage, or disposal of nuclear waste

In countries where laws and regulations meeting international standards do not exist, or where law enforcement is weak or inconsistent, the application of these guidelines is of particular importance. Hence, while the guidelines apply to transactions in all jurisdictions, particular attention has to be paid to transactions where the client domicile or the location of the financed activity is situated in an emerging market or a developing country.