

## Summary of Credit Suisse's Sector Policies and Guidelines

### 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 ten key values that are viewed as critical for the bank's success, and one of those key values 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](#) 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 Public Policy – 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 Reputational 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 Public Policy - 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 Public Policy - 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. In the absence of a specific exception, compliance with both policies and guidelines is mandatory.

## Summary of Forestry and Forest Products Policy

Credit Suisse seeks to promote good forestry 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 companies are companies or projects that are involved in the extraction of resources from forests or the management of forests, operate plantations (e.g., oil palm, rubber, eucalyptus, teak) and/or relevant farming activities (e.g., corn, soy, sugar cane) that may result in the conversion of or otherwise adversely affect natural forests, or buy/sell/trade forest products.

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

- It has implemented professional forestry management operations that are generally perceived as responsible, and/or that it purchases resources from such professional forestry management operations;
- It has considered and, if applicable, responded to local community issues in a meaningful and credible way.

In the event there are any reasonable doubts regarding the criteria mentioned above, the transaction must complete the Bank's Reputational Risk Review Process to ensure that it meets Credit Suisse's standards.

**Activities Outside of High-Income OECD Countries:** All transactions and other business activities involving forestry companies to be conducted outside of high-income OECD countries must complete the Reputational Risk Review Process.

**Activities in High Conservation Value Forests:** As a general rule, Credit Suisse will not finance or advise forestry companies' operations in primary tropical moist forests or other high conservation value forests (HCVFs), or on land that was cleared of such forests within 5 years prior to the proposed transaction, unless such operations are certified by a Forest Stewardship Council (FSC)-accredited certification body or have made substantial and demonstrable progress towards FSC-accredited certification.

### **Excluded Activities Involving Forestry Companies:**

#### i. Protected sites and species

Credit Suisse will not finance or advise forestry companies that are knowingly involved in, collude with, or purchase forest products from forestry operations in World Heritage Sites. Furthermore, Credit Suisse will not finance or advise forestry 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 companies that are knowingly involved in, collude with, 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 companies involved in forestry management or extraction of forest resources that do not have an explicit policy against the uncontrolled and/or illegal use of fire in their forestry 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.

## Summary of Mining Policy

Credit Suisse encourages mining companies to comply with the International Finance Corporation (“IFC”) Environmental, Health, and Safety Guidelines for Mining and for Construction Materials Extraction, and to adhere to the Extractive Industries Transparency Initiative (“EITI”).

**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

In the event there are any reasonable doubts regarding the criteria mentioned above, the transaction must complete the Bank’s Reputational Risk Review Process to ensure that it meets Credit Suisse’s standards.

**Sensitive Activities:** Any transaction involving the following highly sensitive activities must complete the Reputational Risk Review Process and will require a higher level of scrutiny regarding specific issues:

- 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:

- 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)
- 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)

#### 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, unless alternative options are not practicable and benefits to local communities are significant.

#### iii. Mountaintop removal mining

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

#### iv. Major resettlements

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

#### v. 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.

#### vi. 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 expects compliance with the International Finance Corporation's ("IFC") Environmental, Health and Safety Guidelines for Onshore Oil and Gas Development and for Offshore Oil and Gas Development. Furthermore, Credit Suisse encourages oil and gas companies to adhere to the Extractive Industries Transparency Initiative ("EITI").

**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
- Oil spill prevention, preparedness and response
- Site decommissioning and remediation
- Worker and community health and safety
- Public involvement, consultation and disclosure

In the event there are any reasonable doubts regarding the criteria mentioned above, the transaction must complete the Reputational Risk Review Process to ensure that it meets Credit Suisse's standards.

**Sensitive Activities:** Any transaction involving the following highly sensitive activities must complete the Bank's Reputational Risk Review Process and will require a higher level of scrutiny regarding specific issues:

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

### **Excluded Activities Involving Oil & 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:

- 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)
- 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)

#### 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 Palm Oil Guidelines

Credit Suisse requires that its clients' operations be certified according to the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO), or that a client has made a commitment to a time-bound plan to achieve RSPO certification.

Furthermore, in line with its Forestry and Forest Products Policy, Credit Suisse will not knowingly finance 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:

- The clearing of primary tropical moist forests (or land that was cleared of primary tropical moist forests within 5 years prior to the proposed transaction), or other high conservation value forests (HCVFs)
- 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)
- High Conservation Value Forest (HCVF), including primary moist forests or land that was cleared of HCVF within 5 years prior to the proposed transaction.

### **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.