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Berne Declaration
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BANKTrack

Walter B. Kielholz
Chairman
Credit Suisse Group
Paradeplatz 8
8070 Zürich

6 December, 2007

Dear Mr. Kielholz,

The contribution of CREDIT SUISSE' investments to climate change

The Berne Declaration BankTrack, and our partner organisations Corner House and PLATFORM have been evaluating the contribution to climate change and current mitigation measures of large British investment funds, as well as CREDIT SUISSE. We are concerned about the contribution that the investment services provided, and the investments made, by CREDIT SUISSE and its subsidiaries are making in these respects.

There is now a widespread acceptance of the need for a change in pace in dealing with climate change. In June 2007 the G8 stated that "global greenhouse gas emissions must stop rising, followed by substantial global emission reductions". If current trends continue, the IPCC estimates that average global temperatures could rise by up to 6.4° C this century[1], with devastating and irreversible effects for the planet and its inhabitants.

The Stern Review highlighted the crucial need for a shift in investment: "[t]he investment that takes place in the next 10-20 years could lock in very high greenhouse gas emissions for the next half-century." Within Britain, there is now a growing expectation that the nation's large investors help drive a low-carbon future. Recognition of this exists within the sector, with the Institutional Investors Group on Climate Change stating "investment decisions taken now will have a major impact on current and future global greenhouse gas emissions and, hence, on the world's climate."

We recognise CREDIT SUISSE' role as a signatory to the Carbon Disclosure Project. However, according to the enclosed data reported by Capital Bridge based on public

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[1] Intergovernmental Panel on Climate Change, *Fourth Assessment Report:Working Group I Report "The Physical Science Basis": Summary For Policymakers*, at 13 (2007).

disclosure sources, CREDIT SUISSE held 474 separate investments on the various dates set out in the report totaling £ 5,293 million in 42 out of the 57 companies comprising the:

- top ten UK-listed, the top ten US-listed and the one German-listed oil and gas companies;
- top five coal producing companies listed in the UK, and in the US;
- top five coal burning utilities listed in the UK, in the US and in Germany; and
- top five US-listed, the top five German-listed and the one UK-listed automobile manufacturing companies.

Through its holdings in these companies, CREDIT SUISSE is contributing significantly to the warming of the earth. As a result, CREDIT SUISSE is currently not positioned as part of the solution.

There exist currently no sector-specific guidelines on how and when financial institutions should manage the climate impacts of their investments. There are, however, various responsibilities that arise from the OECD Guidelines on Multinational Enterprises[2]. We have set out in the Annex to this letter our understanding of these responsibilities, and we would like to understand how CREDIT SUISSE considers it is complying, in respect of your investments, with the several relevant recommendations set out in the Guidelines.

We look forward to your response

Yours sincerely,

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Berne Declaration
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Encl.: Annex
CapitalBridge data

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[2] CREDIT SUISSE is a multinational enterprise operating in many countries around the world, and as such is subject to the OECD Guidelines for Multinational Enterprises, as revised in 2000 (the Guidelines). Its key operations include making investments, and providing investment services, and these are activities that the Guidelines apply to.

Annex

1. Background

It is widely believed that to avoid the most dangerous impacts of climate change, global average temperatures cannot be allowed to rise by more than 2° over pre-industrial levels. Staying within this limit will require that by 2050, global emissions be reduced by up to 50 percent from 1990 levels, and as much as 80 percent in the developed world.[3] In February 2007, the Intergovernmental Panel on Climate Change reported that the global average surface temperature over the last 100 years has increased by about 0.74°C, with the trend over the last 50 years being nearly twice that for the last 100 years; that further warming will occur; and that continued greenhouse gas emissions at or above current rates would cause further warming and induce many changes in the global climate system during the 21st century that would very likely be larger than those observed during the 20th century.

EU ministers have already said that developed countries should consider greenhouse gas emissions reductions in the order of 15-30% by 2020. At the launch of the Stern Review the UK announced a proposal for a new Euro-wide emissions target of 30% by 2020 and at least 60 % by 2050.

2. The Guidelines

The most important greenhouse gas (GHG) is carbon dioxide, followed by methane. The most important activities which lead to the emission of carbon dioxide include the production, transportation, processing, refining, storing, burning, liquefying, distributing, marketing, selling and burning of coal, oil and gas. These activities also involve the emission of methane. CREDIT SUISSE' activities, in the form of the investments in the companies as reported by Capital Bridge, directly support the emission of GHGs, and in particular carbon dioxide and methane.

CREDIT SUISSE held 410 separate investments on the various dates set out in the report totaling £14,735 million in 23 out of the 57 companies comprising our research. We consider that the following provisions of the Guidelines apply[4] to CREDIT SUISSE' activities in respect of these, and potential future, investments.

1. Taking due account of climate change agreements and policies

Under Section II of the Guidelines (General Policies), it is provided that:

> **Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard,**

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[3] Intergovernmental Panel on Climate Change (2007), *Fourth Assessment Report: Working Group III Report: Mitigation of Climate Change: Summary For Policymakers;* European Commission (2007), *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Limiting global climate change to 2 degrees Celsius - The way ahead for 2020 and beyond*.

[4] CREDIT SUISSE is a multinational enterprise operating in many countries around the world, and as such is subject to the OECD Guidelines for Multinational Enterprises, as revised in 2000 (the Guidelines). Its key operations include making investments, and providing investment services, and these are activities that the Guidelines apply to.

enterprises should:
1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.

Further, under Section V of the Guidelines (Environment), it is provided in the *chapeau* that:

Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development.

These provisions require (in a non-legally binding manner) multinational enterprises to contribute to environmental progress, to consider international agreements, principles, objectives and standards, to take due account of the need to protect the environment, public health and safety, and to conduct their activities so as to contribute to sustainable development.

The international legal and policy framework for addressing climate change that is relevant for assessing compliance with the Guidelines has been well-established for many years, and is rapidly developing in the light of increasing scientific understanding and political developments.

The foundational international agreement is the 1992 United Nations Framework Convention on Climate Change (UNFCCC), in force since 1994. Its "ultimate objective" is to stabilise GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Under the 1997 Kyoto Protocol, in force since 2005, most developed countries have a legal obligation to reduce or limit their GHG emissions, amounting to a total cut in emissions of at least 5% from 1990 levels in the commitment period 2008-2012. It is widely recognized that these cuts are nowhere near sufficient to prevent dangerous climate change.

We therefore request you to explain and demonstrate to us how, in respect of each of these companies in which investments have been made or may be made in the future, whether on behalf of CREDIT SUISSE itself or its clients, you considered the 1992 UNFCCC, the Kyoto Protocol, Switzerlands obligations and the accepted need to prevent temperatures rising by more than 2^0C above pre-industrial levels.

2. Collecting and evaluating the GHG emissions that result from your investments

The Guidelines (Section V.1(a)) provide that:

In particular, enterprises should:
1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
a) Collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities.

The effect of this provision is to require CREDIT SUISSE to collect and evaluate the GHG emissions of each of the companies in which it invests, or in which it is considering investing.

We consider that this includes not only the emissions of coal burning utilities, but the emissions that can be expected to result from the mining of coal, oil and gas by the respective companies, and from the use of the products of the automobile manufacturers.

We request you to explain and demonstrate to us how you have complied with this provision.

3. Establishing objectives, targets and reviews for GHG emission reduction

The Guidelines (Section V.1(b)) provide that:

> **In particular, enterprises should:**
> **1. Establish and maintain a system of environmental management appropriate to the enterprise, including:…..**
> **b) Establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives**

The effect of this provision is to require CREDIT SUISSE to establish measurable objectives and, where appropriate, targets for GHG emission reductions by the companies in which it invests, or in which it is considering investing, including periodically reviewing the continuing relevance of these objectives.

We request you to explain and demonstrate to us how you have complied with this provision.

4. Monitoring and verifying progress towards GHG emission reductions

The Guidelines (Section V.1(c)) provide that:

> **In particular, enterprises should:**
> **1. Establish and maintain a system of environmental management appropriate to the enterprise, including:…..**
> **c) Regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.**

The effect of this provision is to require CREDIT SUISSE regularly to monitor and verify GHG emission reduction progress by the companies in which it invests, or in which it is considering investing.

We request you to explain and demonstrate to us how you have complied with this provision.

5. Providing the public and employees with information on GHG emissions from your investments

The Guidelines (Section V.2(a)) provide that:

> **2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:**
> **a) Provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of**

the enterprise, which could include reporting on progress in improving environmental performance

The effect of this provision is to require CREDIT SUISSE to provide information on the GHG emissions from the companies in which CREDIT SUISSE invests, or in which it is considering investing.

We request you to explain and demonstrate to us how you have complied with this provision.

6. Carrying out life cycle assessments, and addressing these in decisions

The Guidelines (Section V.3) provide that:

> **In particular, enterprises should:…..**
> **3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle.**

In investing in the specified companies, CREDIT SUISSE is enabling the emission of GHGs, which is clearly an impact associated with its services.

The effect of this provision is to require CREDIT SUISSE to undertake such a life cycle assessment, and to address the results of such assessments in their decisions on which companies in which to invest.

We request CREDIT SUISSE to provide us with any life cycle assessments it has conducted, and to explain and demonstrate how this provision has been complied with in respect of its investments in each of these companies.

7. Adopting procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise

The Guidelines provide that:

> **In particular, enterprises should:…..**
> **6. Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:**
> **a) Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise.**

If any part of CREDIT SUISSE has adopted technologies and procedures for reducing the GHG emissions associated with its investments, then the effect of this provision would be to require CREDIT SUISSE to encourage (unless inappropriate) the adoption of such technologies and procedures in all parts of the enterprise.

We request CREDIT SUISSE to inform us whether any part of the enterprise has adopted such technologies and procedures; and, if so, to explain and demonstrate how the adoption of these technologies and procedures has been encouraged in all parts of the enterprise.