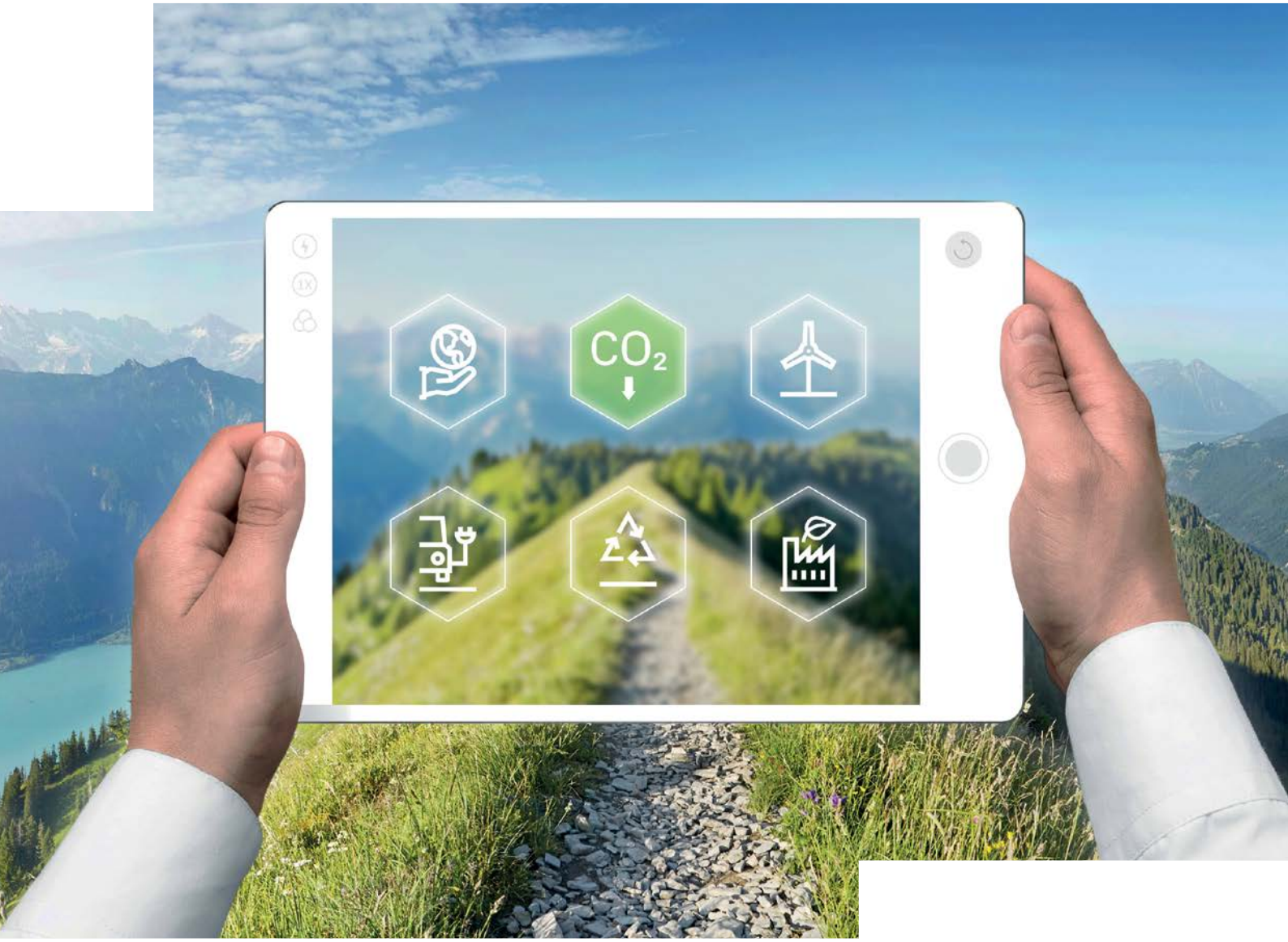
Asset Management

CREDIT SUISSE

Impact and engagement report

Credit Suisse (Lux) Environmental Impact Equity Fund



Q3 2021

Belgium: for professional clients only

Luxembourg: for retail and professional clients

Investing in environmental innovations

Contents

One year on

Just over a year has passed since we launched the Credit Suisse (Lux) Environmental Impact Equity Fund, a year that has seen the penetration of environmental solutions increase across several industries and the enactment of a number of landmark policies that underscore the case for investing in environmental technologies. Be it the planned upgrade of the electric grid and water infrastructure in the US, the new emissions trading scheme in China, or the EU's "Fit for 55" plan, governments' competitiveness to produce the most future-proof environmentally balanced economic model is becoming ever more visible.

This report describes our approach to how we look at environmental impact and details the fund's exposure to products and services that we think provide urgently required solutions to today's environmental challenges. Given our integrated approach to thematic investing and active ownership, we believe that funds like ours can act as an important signal to equity markets of the increasing urgency of environmental issues. We are very grateful for the support from our clients around the world who have recognized this investment opportunity and entrusted us with their capital.

Holger Frey
Portfolio manager of the Credit Suisse (Lux) Environmental Impact Equity Fund

Angus Muirhead
Head of Equities at Credit Suisse Asset Management

Dominik Scheck
Head of ESG at Credit Suisse Asset Management

Introduction

Credit Suisse recognizes that financial institutions like ours have an important role to play in the transition to a more sustainable economy – be it providing capital, participating in financial markets, facilitating infrastructure development, or managing wealth for the transition. If we fail to take action now, the twin threats of biodiversity loss and climate change will inflict irreparable harm to our planet.

For Credit Suisse, 2020 was a year of introspection and new target setting. In 2020, we declared our new ambition to achieve net-zero emissions by no later than 2050. We also announced our goal to provide at least CHF 300 billion of sustainable financing over the next ten years. This is on top of the over 150 transactions in clean and renewable energy businesses we have already been supporting since 2010. Finally, we announced significant changes to our governance structures, placing sustainability at the heart of everything we do. This includes the creation of the new Sustainability, Research, and Investment Solutions (SRI) function at the executive-board level and the establishment of the new Sustainability Advisory Committee at the Board-of-Directors level. We believe that these changes will help to accelerate our sustainability efforts, embedding them across all client segments and enabling us to achieve our ambition of becoming a leader in sustainability.

Daniel Wild
Global Head of ESG Strategy at Credit Suisse Sustainability, Research, and Investment Solutions

Key figures: gauging the potential impact made by our portfolio companies

Key figures: gauging the potential impact made by our portfolio companies

Since its inception in June 2020, the Credit Suisse (Lux) Environmental Impact Equity Fund[1] has grown to 1,536 million (as of October 29, 2021) in assets under management.

Although our portfolio companies exercise responsible overall ESG business conduct, the thesis underpinning our investment strategy is primarily concerned with the benefits that their output provides to customers and the environment. That is why impact metrics detailed in this report focus solely on the outcomes provided by the companies' products and services, and not on the effects of their otherwise responsible means of operating or charitable contributions. While secondary markets do provide an important avenue for exit by private companies, we do not claim that buying shares in these companies in liquid markets creates additional impact. Nonetheless, a USD 10 million investment in the fund can be mapped to – on a proportional basis – the following outcomes generated by the investee companies:[2]

7,858
tonnes of CO_2 emissions avoided

2,594
cars off the road

575,891
kWh of renewable electricity generated

enough to power
49
households for one year

80,275,612
liters of water saved, recycled, or treated

equivalent to
32
Olympic-size swimming pools

327
tonnes of waste material recycled

25
full garbage trucks of waste not in the landfill

4,354
trees planted

91,423
kg of CO_2 captured

28
tonnes of waste material avoided

equivalent to
5
African bush elephants

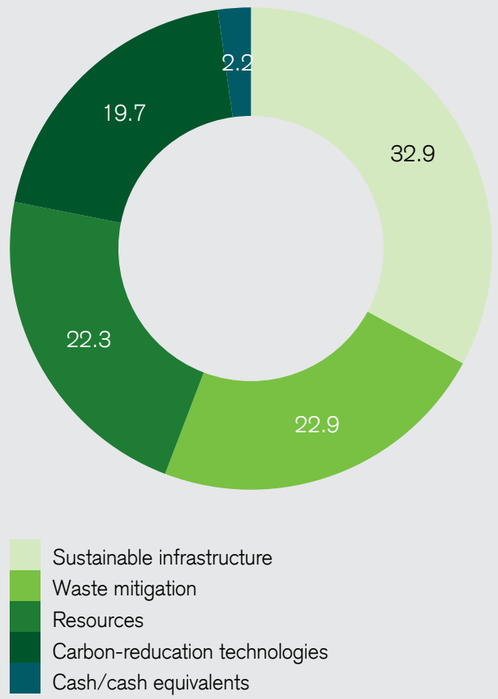
2,345,002
kWh of power saved

62,986
incandescent lamps switched to LEDs

202,153,243
fully charged smartphones

Credit Suisse (Lux) Environmental Impact Equity Fund: portfolio breakdown

Portfolio allocation by subtheme (in %)

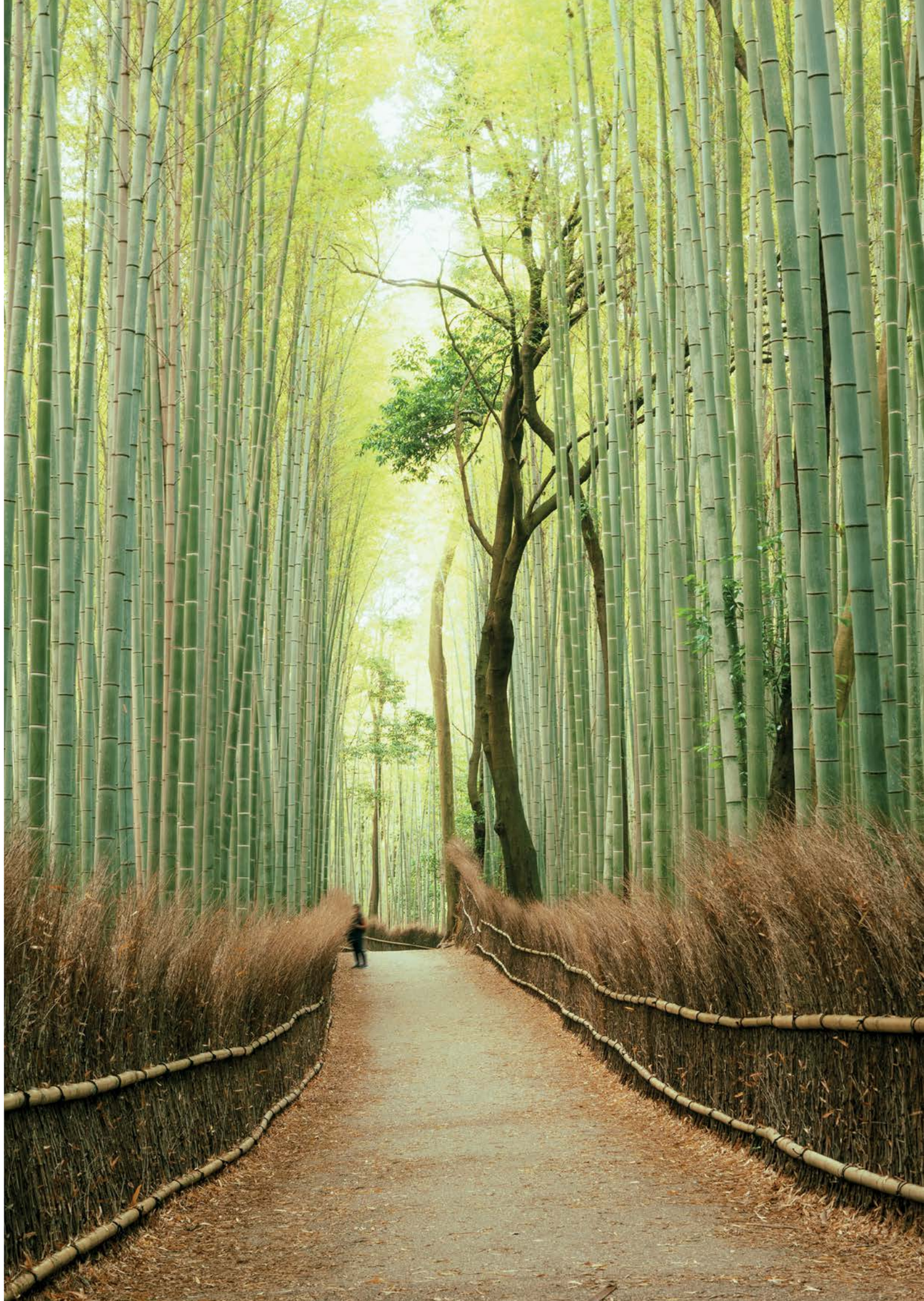


Source Credit Suisse, data as of May 31, 2021

[1] The fund meets the sustainability criteria defined under the Credit Suisse Sustainable Investment Framework.
[2] The estimates are based on the impact generated by products and services of each portfolio company as stated in the latest available reports. Only portfolio companies for which relevant metrics or estimates are available have been included in the calculation of the outcomes. The calculation focuses on environmental benefits for customers rather than investee companies' own operations and is based on comparing the average market value of each fund holding over one year (June 30, 2020 – June 30, 2021) with the average enterprise value over the same period. For more details, please refer to the Appendix.

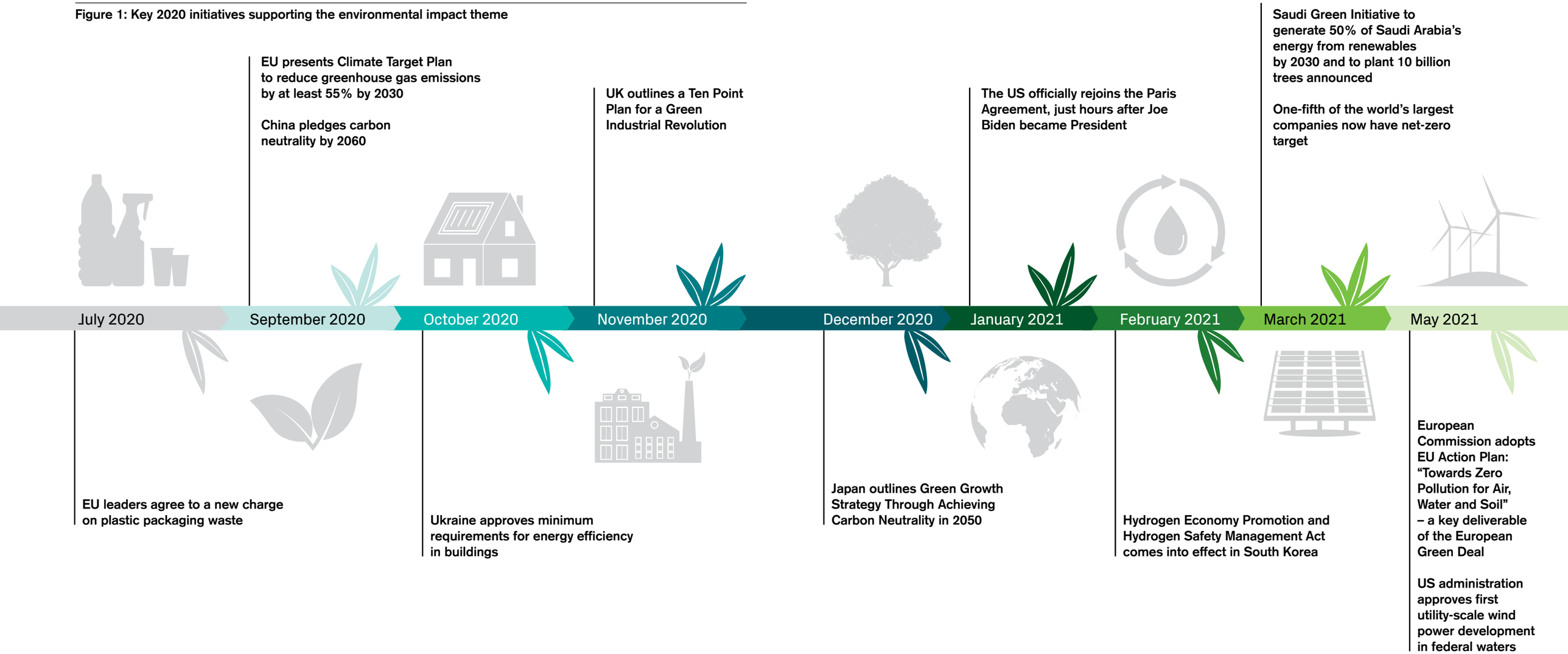
Information about the product's investment objectives, risks, charges, and expenses, as well as more complete information about the product, is provided in the prospectus (or relevant offering document), which should be read carefully before investing.
This is an indicative asset allocation that may change over time.

The case for environmental impact is becoming stronger



As pressure mounts on governments to take action aimed at mitigating climate change and protecting the environment, so does the pace of implementing supportive policies, legislation, and strategies. Looking back on the past twelve months since launching the Credit Suisse (Lux) Environmental Impact Equity Fund, here are some highlights and achievements from the global community, all of which support the development of the environmental impact theme.

Figure 1: Key 2020 initiatives supporting the environmental impact theme



Why the time to act is now

The decline of our natural world has increased alarmingly.

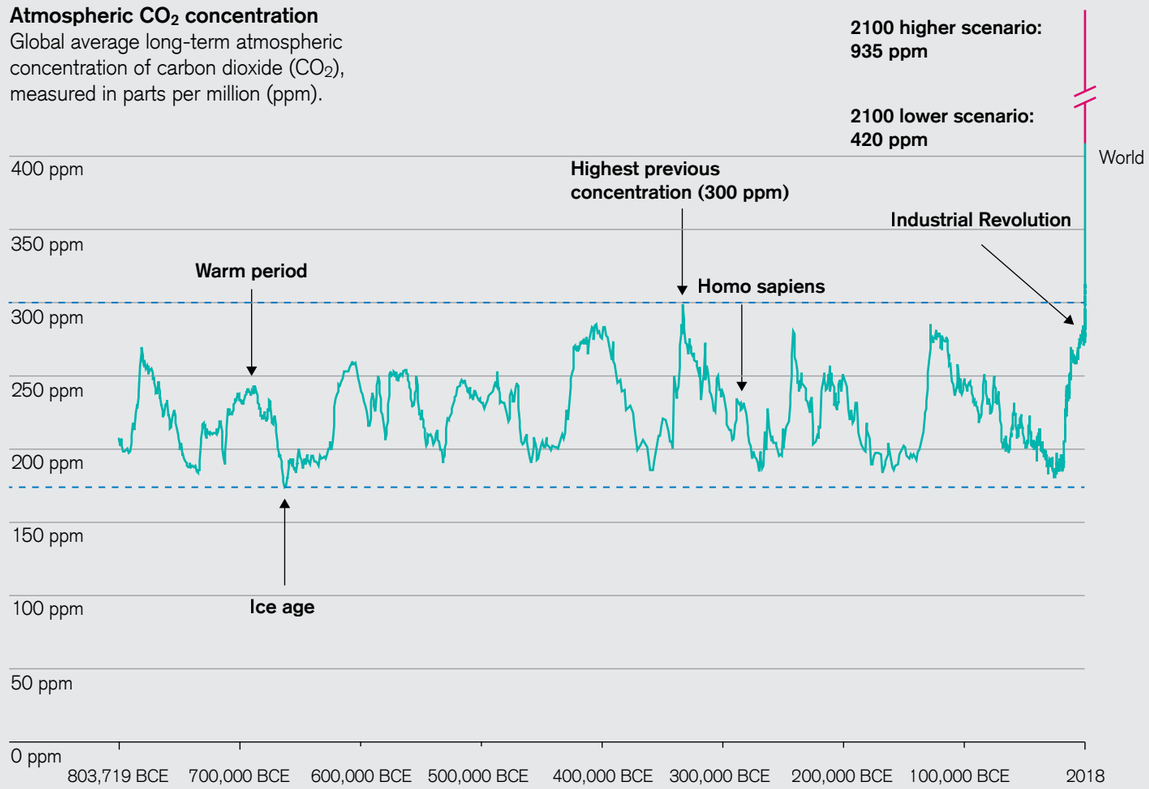
Since the industrial revolution of the 1800s and subsequent industrial expansion, CO_2 levels in the earth's atmosphere have skyrocketed past the historical range of approximately 170 to 300 parts per million (ppm) that had been maintained for at least the previous 800,000 years. Now in excess of 400 ppm, higher than at any time in at least the last million years, this level is projected to rise even further to 420 ppm under a highly optimistic scenario requiring immediate and sharp emissions reductions, or 935 ppm under a pessimistic, "business as usual" scenario by 2100. This extreme increase in atmospheric carbon dioxide concentration has led to an unprecedented warming of the globe, which in turn has detrimental effects on our climate, weather patterns, sea levels, and ocean acidity, to name a few.[3]

The manner in which we produce food and energy, discard waste, and consume resources is annihilating the earth's fragile natural equilibrium that all species (including humans) rely on for their survival. Human activity has pushed nature to its limits, having caused the loss of 83% of all wild mammals and 50% of plant life,[4] with an estimated one million animal and plant species likely to become extinct within the next decades.[5]

Not only does the destruction of our natural systems threaten our health and well-being, livelihoods, and food sources, but its toll is increasingly taxing the global economy as well. In 2020, global losses of USD 210 billion resulted from natural disasters such as severe storms, wildfires, floods, and droughts, all exacerbated by climate change.[6] Plastic pollution accounts for at least USD 13 billion per year in economic damage to marine ecosystems,[7] and millions of premature deaths worldwide related to air pollution have been estimated to cost the global economy USD 225 billion in lost labor income in just a single year.[8]

Under the current state of planetary emergency whereby the earth has crossed a series of climate "tipping points" posing not only an existential threat to civilization but also to global economic and political stability, the urgency to act has never been greater. Action in the form of transforming current human activities into sustainable practices undeniably comes at a significant economic cost; however, the cost of inaction will be much steeper. We rather think of these transition costs as investments in humanity's future with the added benefit of profiting from a fast-growing, potentially enormous industry in technologies and services offering solutions that deliver significant impact in solving the world's most pressing environmental challenges.

Figure 2: Unprecedented atmospheric CO_2 concentration marks historic shift away from fossil fuels



Sources
Atmospheric CO_2 concentration (Our World in Data): ourworldindata.org/grapher/co2-concentration-long-term
Climate Change: Atmospheric Carbon Dioxide | NOAA Climate.gov: climate.gov/news-features/understanding-climate/climate-change-atmospheric-carbon-dioxide
Atmospheric Carbon Dioxide Levels | GlobalChange.gov: globalchange.gov/browse/multimedia/atmospheric-carbon-dioxide-levels

[3] Atmospheric Carbon Dioxide Levels | GlobalChange.gov: https://www.globalchange.gov/browse/multimedia/atmospheric-carbon-dioxide-levels
[4] pnas.org/content/115/25/6506
[5] weforum.org/agenda/2019/05/biodiversity-loss-pollution-climate-change-report/
[6] munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2021/2020-natural-disasters-balance.html
[7] wedocs.unep.org/handle/20.500.11822/25302
[8] worldbank.org/en/news/press-release/2016/09/08/air-pollution-deaths-cost-global-economy-225-billion

United Nations Sustainable Development Goals

Since their launch in 2015, the United Nations Sustainable Development Goals (UN SDGs)[9] have gained significant importance as a sustainability guide for companies across several industries. Given the holistic nature of the 17 SDGs, companies increasingly report on their contribution to achieving some of the goals, which provides insightful information that is of particular interest to thematic investors.

As more and more purpose-driven companies shift their strategic focus to making positive contributions, our investment universe is expanding. We seek exposure to companies that are fulfilling their ambition of helping to accelerate the transition toward a more sustainable economy through developing and producing sustainable and SDG-aligned products. The Credit Suisse (Lux) Environmental Impact Equity Fund invests in listed companies that provide innovative solutions to the most pressing environmental challenges facing humanity. The fund has a global reach, and the potential impact of its investee companies and their solutions affects people all over the world. Those companies are active in sectors such as carbon-reduction technologies, waste mitigation, resources, and sustainable infrastructure. The purpose of this report is to show the beneficial impact that the fund's investee companies have made over the past year.

Channeling funds toward those four investment themes plays a critical role in providing innovative solutions that can help mitigate our climate challenges, while creating numerous exciting investment opportunities at the same time. The companies themselves are paving the way to a more sustainable future by prioritizing their goals and taking responsibility for alleviating key threats to the environment. Thanks to their ability to innovate, they can provide products or services aligned with the SDGs, which benefit people and the planet. Their corporate strategies include targeting challenging areas that affect us all and the generations to come, disclosing the significant positive impacts they are making, and allocating resources in a way that supports achieving UN SDGs, for example by developing alternative, affordable energy solutions that reduce the impact of climate change.

> "Making peace with nature is the defining task of the 21st century.[10]
>
> António Guterres
> United Nations Secretary-General

[9] For more information about the UN SDGs, please refer to THE 17 GOALS | Sustainable Development (un.org): sdgs.un.org/goals
[10] un.org/en/climatechange/un-secretary-general-speaks-state-planet

United Nations Sustainable Development Goals

The investment strategy of the Credit Suisse (Lux) Environmental Impact Equity Fund is strongly aligned with several UN SDGs, including clean water and sanitation (SDG number 6), affordable and clean energy (SDG number 7), industry, innovation, and infrastructure (SDG number 9), sustainable cities and communities (SDG number 11), responsible consumption and production (SDG number 12), and climate action (SDG number 13). Figure 3 shows the fund's exposure to companies whose products and services help achieve each of these six SDGs.

Their alignment with the SDGs is measured based on the net impact that their products and services have on achieving specific targets associated with each of the UN's 17 SDGs. Net impact implies that some of the products and services that a given company offers may be well aligned with the SDGs, while other products may have an adverse impact and show misalignment with the goals.[11]

[11] Please refer to "MSCI SDG Alignment Methodology, MSCI ESG Research, September 2020" for further information about the SDG alignment methodology. More information can be found at MSCI under ESG Investing – Impact Solutions: msci.com/our-solutions/esg-investing/impact-solutions

Figure 3: The investment strategy of the Credit Suisse (Lux) Environmental Impact Equity Fund aligns with selected SDGs[12]

Sources MSCI ESG, sdgs.un.org/goals, Credit Suisse

[12] Please refer to the Appendix for more information about the SGD product alignment methodology.

How we look at impact

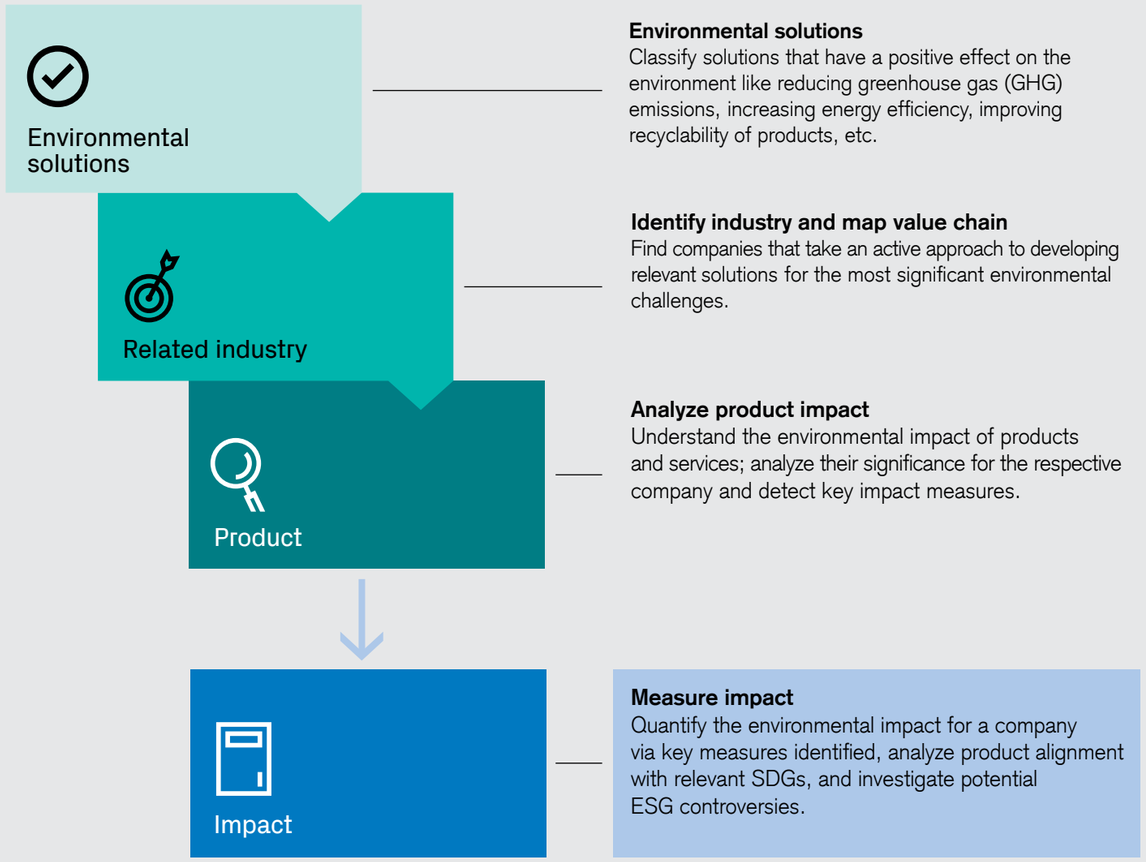
How we look at impact

We consider environmental impact to be any positive alteration to the natural environment that is a result of the application of a product, service, or technology.

One of our strategy's primary objectives is to offer our clients exposure to investments that maximize positive environmental impacts, and we believe an efficient way of doing this is by investing in companies that provide innovative solutions to the world's environmental challenges.

We take a holistic view and deploy various forms of ESG data, product life cycle assessments, SDG-product-alignment data, and key impact metrics to assess the impact potential of products and technologies. We look for solutions that help mitigate climate change, avoid air and water pollution, reduce waste, protect natural resources, and/or support material efficiency. In particular, we seek out market leaders and technologies that have the potential to disrupt their industries and market segments, thus carrying the largest potential for positive environmental impact. As the secular trend of moving away from fossil fuel-reliant economies and wasteful consumption of finite resources toward sustainable systems and ways of life continues, we believe that these companies are best placed to capture growth opportunities within their areas, which will further enhance their ability to have a meaningful impact.

Figure 4: Our path to environmental impact in a nutshell



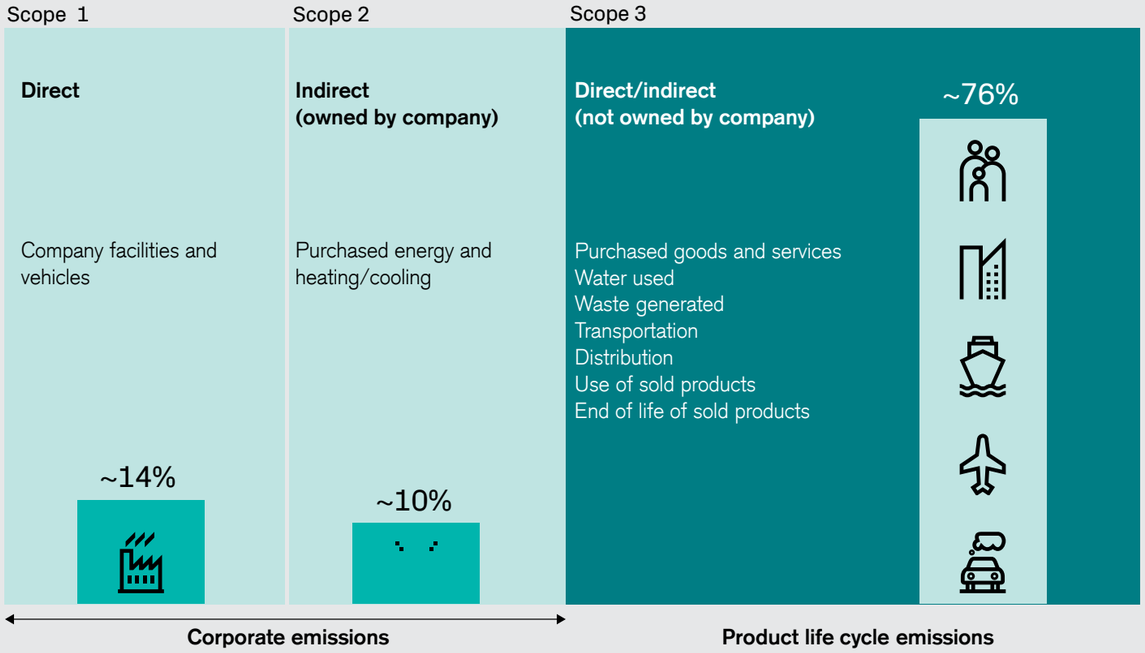
Sources Credit Suisse, Plan A Academy, Ecochain

How to make an impact

In order to understand where our portfolio companies can generate a positive impact, we compare environmental emissions across industries and how they are connected to the life cycle of a product. When analyzing a full product life cycle, we may differentiate between three main areas. Scope 1 in Figure 5 refers to direct emissions from facilities and vehicles operated by a company. Scope 2 includes indirect emissions such as purchased energy, for which an energy provider would be primarily responsible, but still the source emission can be attributed to the company that is using the electricity in the manufacturing process. For both Scope 1 and 2, data availability is generally good, which makes comparisons across companies relatively simple. However, emissions related to Scope 1 and 2 are estimated to account for only 24% of total product life cycle emissions. The majority of emissions are related to Scope 3, which includes the use phase of products, goods, and services used for production or the end-of-life phase. It is estimated that Scope 3 accounts for 76% of overall emissions on average, which is why our impact assessment focuses on solution providers that offer environmentally friendly raw materials and products that are less harmful to the environment during their middle- and end-of-life phases.

> “You cannot get through a single day without having an impact on the world around you.
>
> Dr. Jane Goodall
> World-renowned primatologist and anthropologist

Figure 5: Environmental emissions produced by companies



Sources Credit Suisse, Plan A Academy, Ecochain

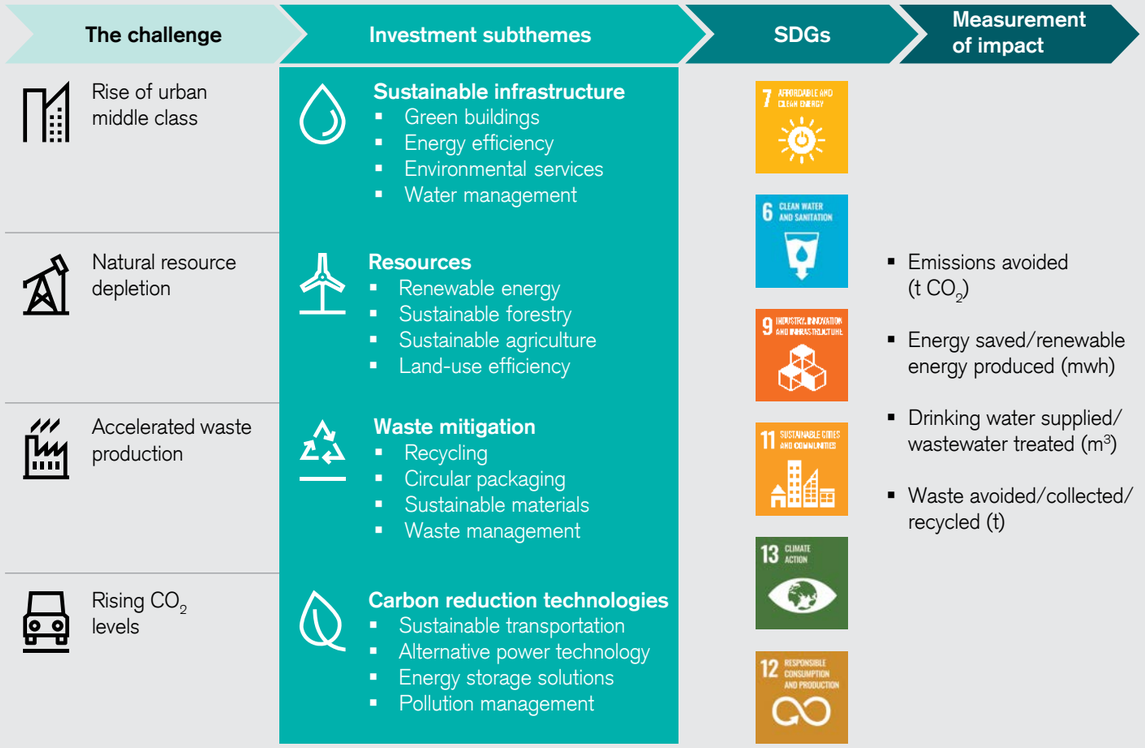
Impact road map and investment subthemes

According to the World Economic Forum, the effects of climate change and environmental degradation rank among the top existential threats to humanity.[13] Not only are these risks large in both impact and likelihood, but they are also inherently complex in nature, which infers that the solution to mitigating them is multifaceted.

In order to guide us in best positioning our portfolio both from impact and diversification perspectives, we have developed an environmental impact road map that begins by identifying four key root causes (i.e. rapid rise of global population, deteriorating natural resources, accelerated waste production, and rising CO_2 emissions) that contribute to the broader issue of climate change and environmental decline. In turn, these causes translate into our four investment subgroups, which provide focus on the types of products, services, and technologies that are aimed at tackling the respective root cause, and hence the broader problem.

By maintaining a balanced exposure to pure-play[14] companies that provide solutions pertaining to these subgroups, we are able to effectively identify companies that address several distinct SDGs. The magnitude of our portfolio companies' impact can be measured quantitatively by metrics such as cubic meters (m^3) of wastewater treated, megawatt-hours (mwh) of clean energy produced, tonnes of plastic waste recycled or of CO_2 emissions avoided, depending on their relevance to each company's solution offering.

Figure 6: The environmental impact road map – maintaining exposure and measuring risks



Source Credit Suisse

> "The greatest threat to our planet is the belief that someone else will save it.

Robert Swan
Polar explorer, environmentalist, and the first to walk unaided to both the North and South Poles

[13] www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf
[14] Pure players are companies that have at least 50% revenue exposure to the environmental impact theme.

Investment subtheme: sustainable infrastructure

Green buildings

Energy efficiency

Environmental services

Water management

As cities continue to expand rapidly due to population growth and the wealth increase of the emerging middle class, there is increasing pressure on building new infrastructure and enhancing that which is already in place. Currently, around 55% of the world's population (which is 7.9 billion people) live in urban areas. This trend is expected to continue, and by 2050, about 70% of the world's population is expected to live in urban areas.[15]

The building sector has the largest potential to significantly reduce GHG emissions compared to other major GHG-emitting sectors.[16] By 2030, about 30% of the projected GHG emissions in the building sector can be avoided with net economic benefits. Energy-efficient buildings, while limiting the growth of CO_2 emissions, can also improve indoor and outdoor air quality, improve social welfare, and enhance energy security.[17] Energy-efficiency technologies, such as smart lighting systems, will play a key role in dampening the effect of immense demand growth from expanding urban centers. Alongside the environmental benefits, a significant economic opportunity also comes with this. Global energy-efficiency measures could generate an estimated EUR 280 to 410 billion in savings on energy spending (and the equivalent of almost double the annual electricity consumption of the United States).[18]

As the world's population grows and its climate changes, access to fresh drinking water dwindles. Currently, 3.6 billion people live in potentially water-stressed areas. This is expected to reach between 4.8 and 5.7 billion by 2050. With the current climate change scenario, water scarcity will displace between 24 million and 700 million people by 2030.[19]

[15] www.worldbank.org/en/topic/urbandevelopment/overview
[16] UNEP, 2009
[17] immobilierdurable.eu/images/2128_uploads/WBCSD_EEB_final_rapport_n__.pdf
To the extent that these materials contain statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.

[18] European Commission, 2015: http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf
[19] sumas.ch/sustainability-statistics/
To the extent that these materials contain statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.

Sustainable infrastructure case study: water management

Kurita – creating an environment in which nature and man are in harmony[20]

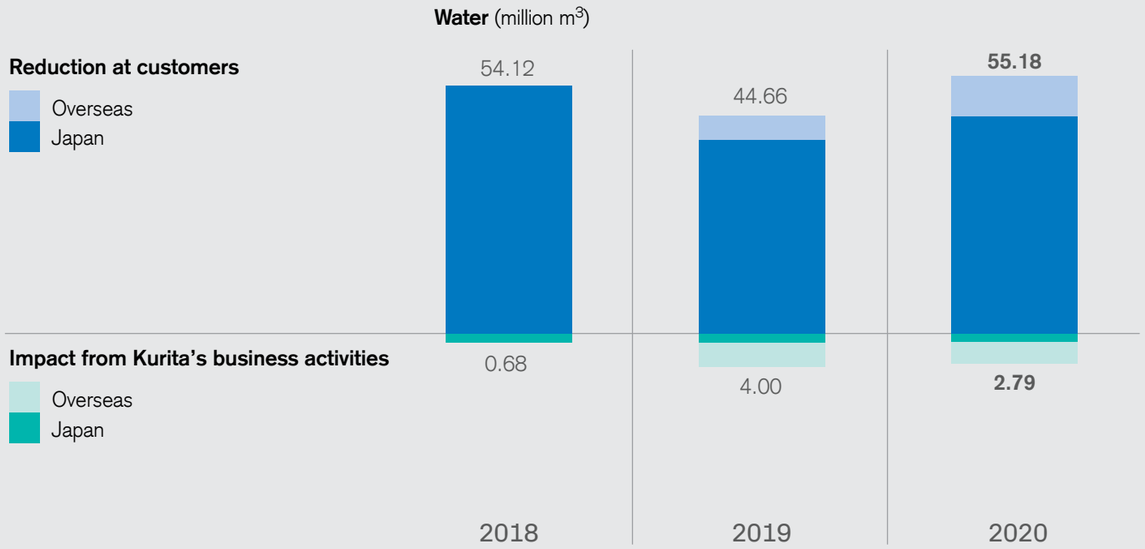
Founded	1949
Focus	Water treatment facilities and chemicals
Headquarters	Tokyo, Japan
Number of employees	6,737 (as of 2020)
Turnover	JPY 276,000 million (as of 2020)

Kurita Water Industries Ltd. is a Japanese provider of facilities, equipment, and chemicals related to water treatment. Kurita also provides maintenance like chemical cleaning, soil and groundwater purification, and precision cleaning.[21]

Kurita's aim is to provide solutions to issues related to water and the environment by prioritizing the following themes: supplying water at optimum quality and quantity, developing the industry by applying technologies for saving, purifying, and reusing water, reducing waste by introducing technologies for using waste as resources (and aiming for zero waste), making full use of big data on water to contribute to innovations in production efficiency and product quality in industries.[22]

Kurita's solutions help customers save water in their operations. In financial year (FY) 2020, the group achieved 52 million m³ of net water savings, with 55 million m³ gross reductions and 3 million m³ consumption by operations, at customers.[23] By using highly specialized technologies, products, and services to solve water and environmental issues, Kurita Group contributes to the shared prosperity of the natural environment and human society as a whole.

Figure 7: Reduction of water intake caused by Kurita's solutions as of FY 2020



Sources Credit Suisse, Kurita Water Industries Ltd.
The securities mentioned on this page are meant for illustration purposes only and are not intended as a solicitation or an offer to buy or sell these securities.

[20] kurita.co.jp/english/csr/pdf/kurita_csr_E_2020.pdf
[21] asia.nikkei.com/Companies/Kurita-Water-Industries-Ltd
[22] kurita.co.jp/english/csr/management/index.html
[23] kurita.co.jp/english/csr/csr_activity_growth/environmental_policy/index.html
The securities mentioned on this page are meant for illustration purposes only and are not intended as a solicitation or an offer to buy or sell these securities.

Investment subtheme: resources

> Forests help regulate the global climate, absorbing nearly 40% of the fossil-fuel emissions we humans produce.
>
> Rainforest Alliance

Renewable energy

Sustainable forestry

Sustainable agriculture

Land-use efficiency

With today's level of overconsumption, natural resources are depleted ever faster. Earth Overshoot Day is the date on the calendar that marks when humanity's demand for ecological resources and services exceeds what the earth can regenerate in that year.[24] Coming earlier and earlier each year, it indicates how the relation between the demand for resources and the planet's capacity to provide them is increasingly out of balance. It is estimated that the extraction and processing of materials, fuels, and food contribute half of the total GHG emissions and over 90% of biodiversity loss.[25]

Fortunately, many of these challenges can be addressed by scaling up environmental solutions. Instead of burning fossil fuels on a continuous basis to simply generate electricity, substitution via renewable energy holds enormous potential. Natural resources like sunlight, wind, rain, tides, and thermal energy carry no price and help to keep operating costs permanently low. Furthermore, an area of 100 km by 100 km of solar panels in the Sahara would be enough to satisfy all the world's energy needs, and even multiples of that with today's most efficient technologies.[26] And as renewable energy is becoming ever more price-competitive in many parts of the world, its share in the energy mix is rising fast.

Wildlife preservation and sustainable forest management practices will play a key role in the effort to restore our planet's ecological balance. Forests provide fuel for cooking and heating, wildlife habitats, and medicinal plants – but most importantly, they breathe for the earth by absorbing carbon dioxide from the atmosphere and producing oxygen in return. According to the Rainforest Alliance, more than 25% of the world's people rely on forest resources for their livelihoods, with an economic value of USD 33 trillion per year.[27] In order to promote productive resource use of forests and at the same time maintain their role as a natural carbon sink, the Credit Suisse (Lux) Environmental Impact Equity Fund selects companies that are guided by a robust sustainability framework, confirmed by high levels of wood product certifications.

[24] overshootday.org/about-earth-overshoot-day/
[25] unep.org/news-and-stories/story/were-gobbling-earths-resources-unsustainable-rate
[26] energypost.eu/10000-sq-km-of-solar-in-the-sahara-could-provide-all-the-worlds-energy-needs/
[27] rainforest-alliance.org/articles/what-is-sustainable-forestry

Resources case study: renewable energy

SolarEdge – powering the future of energy

Founded	2006
Focus	Power optimization, solar inversion and monitoring systems for photovoltaic arrays
Headquarters	California, United States
Number of employees	3,174 (as of 2020)
Turnover	USD 1.46 billion (as of 2020)

SolarEdge, one of the world's leading photovoltaic (PV) inverter manufacturers, develops intelligent solar inverter solutions to maximize power generation while lowering the cost of energy produced by PV systems. Since its founding in 2006, SolarEdge has transformed its business from a power optimizer manufacturer to a solar energy supplier around the world and quickly became one of the industry's most valuable companies. The business is inherently focused on mitigating climate change by making solar power more affordable and efficient. Their portfolio of products includes power optimizers, highly efficient PV inverters, and a web platform for module-level monitoring and fault detection. The SolarEdge system enables harvesting more solar power from any PV system by effectively removing the known system constraints across the photovoltaic energy space.[28]

Decarbonization means offering cost-effective, innovative PV solutions, making solar energy accessible to more people.

Decentralization means deploying hardware and software solutions to enable consumers to customize their energy sourcing and use.

Digitalization means expanding energy solutions to support smart energy management.

SolarEdge serves a variety of sectors to deliver the broadest possible access to cost-optimized power supply to meet different needs.[29]

What is solar inversion and why is it important?
Inverters are attached to solar panels and change direct current (which is the output of a photovoltaic panel) into alternating current, thus allowing for connections to an electrical grid network. Inverters work with sophisticated technology and are often considered the brains of the project. It is quite literally the gateway between the photovoltaic system and the energy off-taker. Companies like SolarEdge have significantly advanced inverter technologies by providing additional capabilities and services like data monitoring, advanced utility controls, and system design engineering.

Revolutionizing home electric vehicle charging with solar power
SolarEdge is one of the first companies to combine two of the biggest movements in the market today: solar energy and home electric vehicle charging. With most people charging their electric vehicles at their homes (80% of electric vehicle owners according to the company), it makes sense to break the barrier and integrate both smart technologies into one single solution. According to SolarEdge, the solution is a convenient and more affordable way toward living smarter and more eco-friendly.

SolarEdge's solutions create positive environmental impact. The company estimates that the impact of its 16.2 gigawatts (GW) of optimized inverter systems shipped worldwide (per end of 2019) translates into the prevention of 12.6 million metric tonnes of greenhouse gas emissions equivalent to powering 2.1 million homes with electricity for a full year, every year. SolarEdge has a robust sustainability framework with clearly defined goals and measurable detailed targets.[30]

[28] solaredge.com/us/products/overview#/
[29] Powering the Future of Energy, Sustainability Report 2019, SolarEdge: solaredge.com/sites/default/files/annual_sustainability_report.pdf
The securities mentioned on this page are meant for illustration purposes only and are not intended as a solicitation or an offer to buy or sell these securities.

[30] Powering the Future of Energy, Sustainability Report 2019, SolarEdge: solaredge.com/sites/default/files/annual_sustainability_report.pdf
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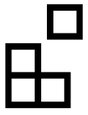
Investment subtheme: waste mitigation

Recycling

Circular packaging



Sustainable materials

Waste management

The world generates 2 billion tonnes of municipal solid waste annually, and 33% of that waste is not managed in an environmentally safe manner.[31] In recent decades, these figures have rapidly increased due to various factors such as population growth, urbanization, economic growth, unsustainable consumer behavior, and human consumption, posing a major challenge to the conservation of natural resources. In particular, the long life cycle of several plastics – like up to 450 years for plastic water bottles – and low recycling rates of only 25%[32] are generating more and more concerns on a global scale. According to the World Bank, global waste is expected to increase by 70% by 2050. This highlights the urgent need to manage waste in a manner that minimizes environmental harm and protects human health.

While companies are starting to wake up to the powerful trends driving major changes in consumer packaging, regulators have started as well to enforce stricter rules or even outright bans. Since 2017, China has banned imports on various types of packaging waste, and regulators around the globe are moving toward banning single-use plastics. For example, the EU parliament has voted to ban all single-use plastics like cutlery, cotton swabs, straws, and stirrers. By 2029, EU member states must meet a collection target of 90% for plastic bottles, and already by 2025 plastic bottles must be composed of at least 25% recycled content.

> “When looking forward, global waste is expected to grow to 3.4 billion tonnes by 2050, more than double the population growth over the same period.
>
> The World Bank

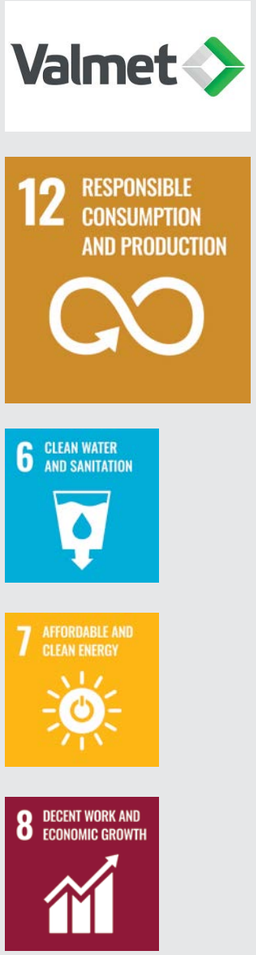
More and more of today's products like newspapers, paper towels, aluminum cans and containers, steel cans, and laundry detergent bottles are manufactured using recycled content and materials. And with too much waste everywhere, the concept of the circular economy, which attempts to avoid waste generation in the first place, gains importance. The EU waste policy aims to contribute to the circular economy by extracting as many high-quality resources from waste as possible, while also aiming to protect the environment and human health. Targets like waste management improvements, recycling innovations, and limiting landfill are at the heart of the EU's Waste Framework Directive.

Source ec.europa.eu

[31] datatopics.worldbank.org/what-a-waste/trends_in_solid_waste_management.html
[32] wwf.org.au/news/blogs/the-lifecycle-of-plastics#gs.3l2gem

To the extent that these materials contain statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.

Waste mitigation case study: packaging



Valmet – converting renewable resources into sustainable results[33]

Founded	2013
Focus	Services, pulp and energy, paper, and automation
Headquarters	Espoo, Finland
Number of employees	14,000 (as of 2020)
Turnover	EUR 3.7 billion (as of 2020)

Valmet is one of the world's leading developers and suppliers of process technologies, automation, and services for the pulp, paper, and energy industries. The company has over 200 years of industrial history and was reborn through the demerger of the pulp, paper, and power businesses from Metso Group in December 2013.[34] Valmet is organized around four business lines: services, pulp and energy, paper, and automation. The pulp and paper industry has witnessed transformational changes over the last decade, driven by the rising importance of digitization. However, despite these challenges, the paper industry is actually growing as a whole.[35] Due to the mounting challenges resulting from single-use plastics, developing innovative and environmentally friendly packaging solutions has created new market opportunities for the industry.

Since the majority of Valmet's environmental impact (around 95% excluding pulp mills) occurs when their solutions are used by their customers,[36] the company emphasizes sustainability in its innovation process and is taking a proactive approach to contribute to the circular economy.[37]

Valmet's technologies are designed for resource efficiency. Lightweighting technologies that reduce the amount of fiber used in board production, hybrid technologies that enable fiber savings in tissue production, high-yield chemical pulp cooking, and fiberlines and power boilers that can use agricultural residues contribute to this goal by increasing the efficient use of resources. Valmet's work toward environmental targets and its supply chain management support more responsible production and consumption patterns in society and industry.

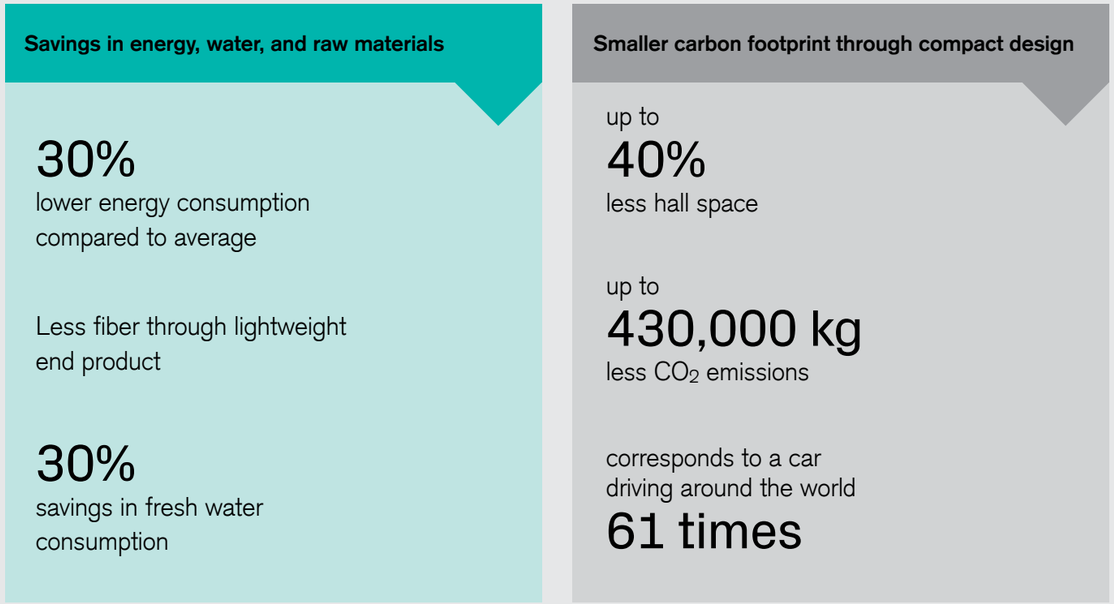
Technologies developed by Valmet also have a positive impact on producing cleaner energy, for example combined heat and power production with biomass, waste, and multifuel boilers, increasing the use of different fuel mixes. Valmet also offers various air emission control systems to remove dust as well as sulfur oxide (SOx) and nitrogen oxide (NOx) emissions from power plant flue gases. Additionally, Valmet has expanded its offering to include flue gas scrubbers for cruise and cargo ships.

[33] valmet.com/about-us/strategy/valmets-way-forward/
[34] valmet.com/about-us/
[35] Mckinsey & Company, Resource Information Systems Inc (RISI), Feb. 2019
[36] valmet.com/sustainability/sustainable-solutions/
[37] valmet.com/sustainability/circular-economy/

To the extent that these materials contain statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.
The securities mentioned on this page are meant for illustration purposes only and are not intended as a solicitation or an offer to buy or sell these securities.

Figure 8: Example of resource efficiency improvements with Valmet's technology

OptiConcept M – a modular paper and board production line



Source valmet.com/media/articles/sustainability/taking-the-circular-economy-forward--improved-use-of-resources/

To the extent that these materials contain statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties and are not a guarantee of future results/performance.

Our fourth investment subtheme: carbon reduction technologies

Sustainable transportation

Alternative power technology

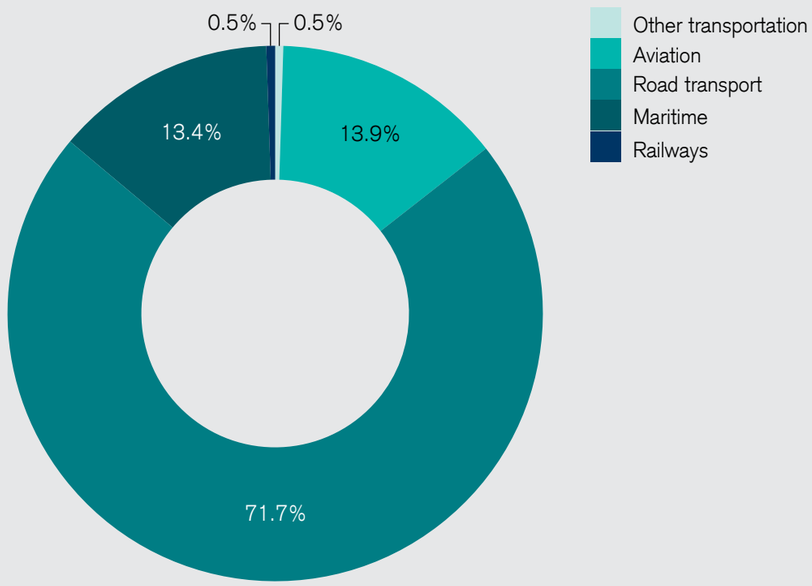
Energy storage solutions

Pollution management

As outlined above, reducing atmospheric carbon concentration, and with that ongoing carbon emissions, is a historic necessity. Besides the pressing environmental reasons, there are also the negative effects on human health, which require change. Globally, pollution generated from the combustion of fossil fuels for transportation and industry accounts for a significant portion of global air pollution and is the major human source of greenhouse gases such as carbon dioxide, carbon monoxide, and nitrogen oxide.[38] The transportation sector is one of the biggest emitters and consumes one-third of all final energy in the EU, with the bulk of this energy coming from oil. While the power sector is already in the midst of a fundamental transformation toward lowering its carbon footprint, emissions from the transport sector have risen steadily over recent decades.[39] Cars, vans, trucks, and buses produce more than 70% of the overall GHG emissions from transport, while the remainder come mainly from shipping and aviation.[40]

Reducing the adverse effects of transport while also ensuring that transport prices fully reflect adverse environmental and health impacts is an important EU policy goal.[41] Decarbonizing transport stresses the need for a system-based approach and the urgency of switching to low-carbon modes and zero-emission vehicles. Rising price competitiveness of battery storage technologies and stricter emission targets for internal combustion engines provide tailwinds for electric vehicle (EV) manufacturers and put pressure on traditional brands to accelerate their electrification plans. As demand also increases for energy storage solutions for end markets such as home energy storage or utility-scale renewable energy projects, the magnitude of market adoption of battery- and hydrogen-based energy storage solutions could surprise to the upside in the coming years.

Figure 9: Share of transport greenhouse gas emissions in the EU in 2017

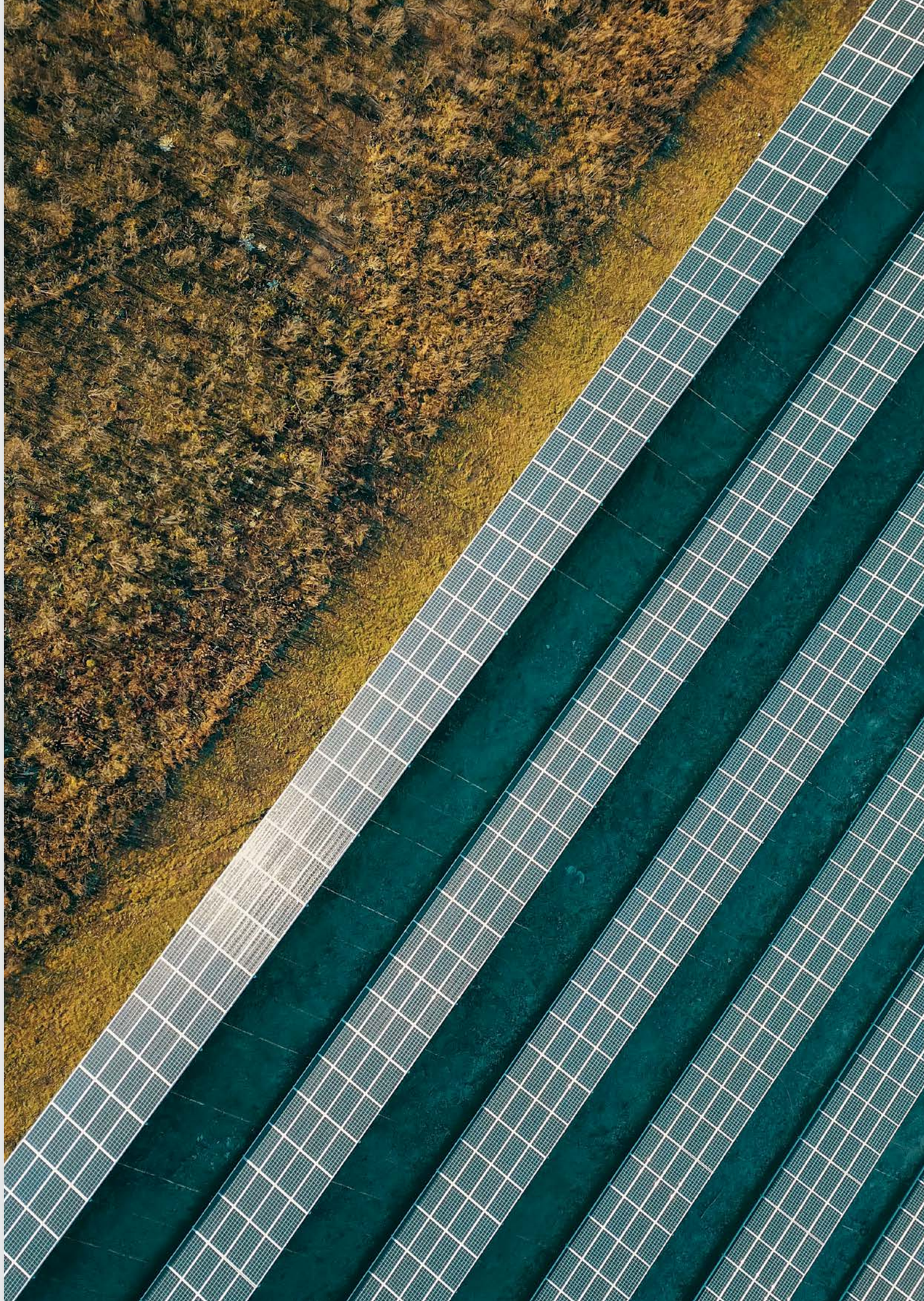


Source eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases/transport-emissions-of-greenhouse-gases-12

[38] ncbi.nlm.nih.gov/pmc/articles/PMC5800116/
[39] eea.europa.eu/themes/transport/intro
[40] The European Environment Agency (EEA)

[41] eea.europa.eu/themes/transport/intro

Carbon reduction technologies case study: alternative power technology



Nel ASA – empower generations with clean energy forever[42]

Founded	1927
Focus	Hydrogen production, renewable energy, hydrogen fueling
Headquarters	Oslo, Norway
Number of employees	393 (as of 2020)
Turnover	NOK 651.9 million (as of 2020)

Nel ASA has been pioneering renewable hydrogen since 1927, using their electrolyzers for its extraction, which provides a renewable zero-emission fuel source.[43] Since 1927, Nel has commissioned several of the largest hydrogen plants in history. It delivers solutions to produce, store, and distribute hydrogen from renewable energy sources. Nel's goals include providing clean energy alternatives to a vast range of industries while contributing to the increasing share of renewables in total energy consumption. In recent months, Nel unveiled its strategic ambitions to significantly decrease total cost of ownership (USD 1.5 per kg) for hydrogen production, which will consequently increase the applicability of their solutions. Their business model is built entirely on their vision of empowering future generations with clean energy and facilitating the transition to a low-carbon society by unlocking the potential of renewable hydrogen.

Hydrogen is the first element in the periodic table. It is the lightest, most abundant, and one of the oldest chemical elements in the universe.[44] When hydrogen is used as a fuel, it releases only water as a by-product, meaning it is a zero-emission fuel at the point of use. Historically, hydrogen has been produced from gas and coal, which is expected to change in the future as renewable energy production costs continue to fall. Unlike petrol and diesel-powered motors, renewable hydrogen-powered vehicles emit zero greenhouse gases. This contributes to lower dependency on oil, and less air pollution, smog, and harmful particles in the air of towns and cities. According to the US Department of Energy, hydrogen fuel cells are generally between 40% and 60% energy-efficient, compared to the 25% energy efficiency of a typical internal combustion engine.[45]

[42] nelhydrogen.com/sustainability/
[43] nelhydrogen.com/
[44] worldenergy.org/publications/entry/innovation-insights-brief-new-hydrogen-economy-hype-or-hope
[45] plugpower.com/fuel-cell-power/fuel-cell-benefits/

Active ownership

The Credit Suisse Sustainable Investment Framework assumes an active approach to ownership that facilitates impactful change and promotes sustainability in our investee companies. Through proxy voting and engagement, we put our values into action, providing leadership in environmental, social, and governance issues.

Active ownership allows us to transform our role from that of a capital allocator into an agent of change. We use two of the most important tools in our repertoire – engagement and proxy voting. On behalf of our clients, we hold significant investments in various companies through our funds and other solutions, which gives us influence over decision-making. Our focus is on establishing continuous dialogue with the management of investee companies in order to work together toward more sustainable practices and ESG excellence. This stems from our belief that it is our duty and responsibility to address ESG issues as part of an open dialogue with companies. The prime objective of active ownership is to maintain and increase the value of investee companies so that their sustainability efforts make a positive impact on risk-adjusted investment returns over the long term.

Figure 10: Instruments to implement the Credit Suisse Sustainable Investment Framework

Active ownership creates possibilities to directly influence corporate decision-making in the interests of sustainability.
Proxy voting and engagement, the two components of active ownership, rank among the most important and effective tools at our disposal. Active ownership is about exercising voting rights in companies in which we hold shares on behalf of our clients through our investment funds. It is also about establishing and maintaining a dialogue with the senior leaders of those companies. Both avenues, be it through engagement in resolutions at annual shareholder meetings or in direct contact with corporate decision-makers, enable us to exert a direct influence.

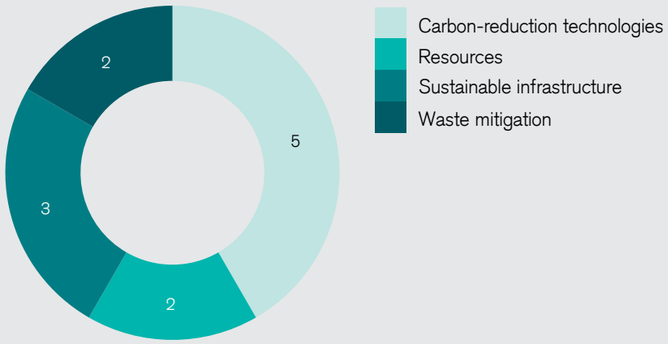
Oil and gas companies are at the center of most climate change debates. At the most recent annual general meetings (AGM) of oil giants ExxonMobil and Chevron, these companies faced their strongest pushback yet. Shareholders rebelled against the company's boards in favor of shareholder proposals to improve their climate disclosure and cut their carbon emissions. As institutional investors, we support shareholder proposals that encourage more forceful action to slow climate change and to have goals in place for the transition toward lowering emissions. These two examples highlight shareholder pressure across the oil and gas industry.

The year 2020 brought home that it is possible to advance the necessary global transition to sustainability even under difficult conditions. This inspires us to persevere in the pursuit of our objectives.

For more information on our active ownership activities, please visit our Active Ownership website.

Active ownership

Figure 11: Our engagement activities per theme



Our engagement activities
Throughout the year, we engaged with several companies across our four investment sub-themes in order to raise awareness of the most important environmental impact-related topics. Thanks to this proactive dialogue, we were able to communicate our views, urging companies to adhere to disclosure requirements and cite measurable targets in future publications. We also used the opportunity to identify additional environmental impact metrics and key performance indicators (KPIs), which will enable us to better track company progress and refine comparability for the respective industry.

Upcoming developments: engagement on biodiversity issues
As part of our overall thematic engagement in 2021, which is led by the ESG team, we will be adding biodiversity as a new environmental engagement topic. Businesses and industries often have serious adverse impacts on biodiversity resources, despite the fact that most of them rely on a healthy ecosystem. We will be looking into the relationship between businesses and biodiversity, and at how they can also lead the way by being part of the solution. The aim of our engagement is to encourage our investee companies to adapt biodiversity measures, to highlight the effects of biodiversity loss and raise biodiversity awareness, and to help them highlight areas for improvement, to name just a few.

The table below provides examples of our activities over the past year. Company names have been removed for commercial reasons.

Company	Company focus	Engagement
Company 1	A leading renewable energy-powered data center company	The analysis of the company is based on an in-depth understanding of the environmental impact metrics, KPIs, and targets. During the analysis, it became apparent that gaps existed in the available impact data. In order to guarantee a meaningful analysis and engagement process, we started a dialogue with the company to fill in the identified gaps. Relying on our proprietary methodology, we successfully filled in the gaps in the data and clarified impact metrics, KPIs, and targets.
Company 2	A manufacturer of consumer packaging products	The company highlighted the use of recycled plastic and natural fibers in the sustainability report. Unfortunately, the provided information was not sufficiently detailed for our analysis. Therefore, we started a dialogue with the company to complement the provided information, especially regarding recyclability and substitution of plastic through natural fiber. During the dialogue, the company agreed to work toward a more granular disclosure of improvements in the area of sustainability.
Company 3	Leading provider of environmental technologies and fine chemicals for the automotive industry	The company included environmental impact metrics in their sustainability report. However, during our in-depth analysis, the need for clarification arose. As a consequence, we successfully initiated a dialogue with the company to clarify the impact metrics included in the sustainability report.
Company 4	A North American supplier of fully automatic transmissions for medium- and heavy-duty commercial vehicles and hybrid propulsion systems for transit buses	The results of our in-depth analysis of the company suggested that there is a mismatch between the impact generated by the company and the impact disclosed in the company's reports. We successfully initiated a dialogue with the company with the aim to bridge this gap, especially when it comes to their work on electrification solutions for heavy-duty vehicles and battery management. As an outcome of our dialogue, going forward, the company is working toward improving the level of disclosure on the positive environmental impact of its products.
Company 5	A manufacturer of wind turbines and turbine gearboxes as well as off-grid and other related equipment	The analysis of the company is based on an in-depth understanding of the environmental impact metrics, KPIs, and targets. During the analysis, it became apparent that gaps existed in the available impact data. In order to guarantee a meaningful analysis and engagement process, we started a dialogue with the company to fill in the identified gaps. Relying on our proprietary methodology, we successfully filled in the gaps in the data and clarified impact metrics, KPIs, and targets.
Company 6	A manufacturer of packaging and paper products	The company included environmental impact metrics in their sustainability report. However, during our in-depth analysis, the need for clarification arose. As a consequence, we successfully initiated a dialogue with the company about their efforts regarding the recyclability of their products.
Company 7	A global supplier of hydrogen technology for industrial/energy purposes	The company used a framework for environmental impact metrics in their sustainability report. During our in-depth analysis, the need for clarification arose. As a consequence, we successfully initiated a dialogue with the company about their carbon-reduction products and solutions.
Company 8	Leading provider of sustainable technologies and services for the minerals processing, aggregates, and metal-refining industries	The company included environmental impact metrics in their sustainability report. During our in-depth analysis, the need for clarification arose. As a consequence, we successfully initiated a dialogue with the company about their carbon-reduction products and solutions.
Company 9	A global provider of water purification and wastewater treatment equipment	The analysis of the company is based on an in-depth understanding of the environmental impact metrics, KPIs, and targets. During the analysis, it became apparent that gaps existed in the available impact data. In order to guarantee a meaningful analysis and engagement process, we started a dialogue with the company to fill in the identified gaps. Relying on our proprietary methodology, we successfully filled in the gaps in the data and clarified impact metrics, KPIs, and targets.
Company 10	A US-based leading enabler of electrification and energy efficiency across automotive, industrial, and high-end consumer markets	The results of our in-depth analysis of the company suggested that there is a mismatch between the positive impact generated by the company and the positive impact disclosed in the company's reports. We successfully initiated a dialogue with the company with the aim to bridge this gap. As an outcome of our dialogue, going forward, the company is working toward improving the level of disclosure on exposure to low-carbon solutions like electric vehicles, renewable energy, and energy storage.
Company 11	A provider of energy-efficient and insulation-building materials	The analysis of the company is based on an in-depth understanding of the environmental impact metrics, KPIs, and targets. During the analysis, it became apparent that gaps existed in the available impact data. In order to guarantee a meaningful analysis and engagement process, we started a dialogue with the company to fill in the identified gaps. Relying on our proprietary methodology, we successfully filled in the gaps in the data and clarified impact metrics, KPIs, and targets.
Company 12	A leading supplier of hydrogen fuel cell technology products and solutions	The analysis of the company is based on an in-depth understanding of the environmental impact metrics, KPIs, and targets. During the analysis, it became apparent that gaps existed in the available impact data. In order to guarantee a meaningful analysis and engagement process, we started a dialogue with the company to fill in the identified gaps. Relying on our proprietary methodology, we successfully filled in the gaps in the data and clarified impact metrics, KPIs, and targets.

Outlook

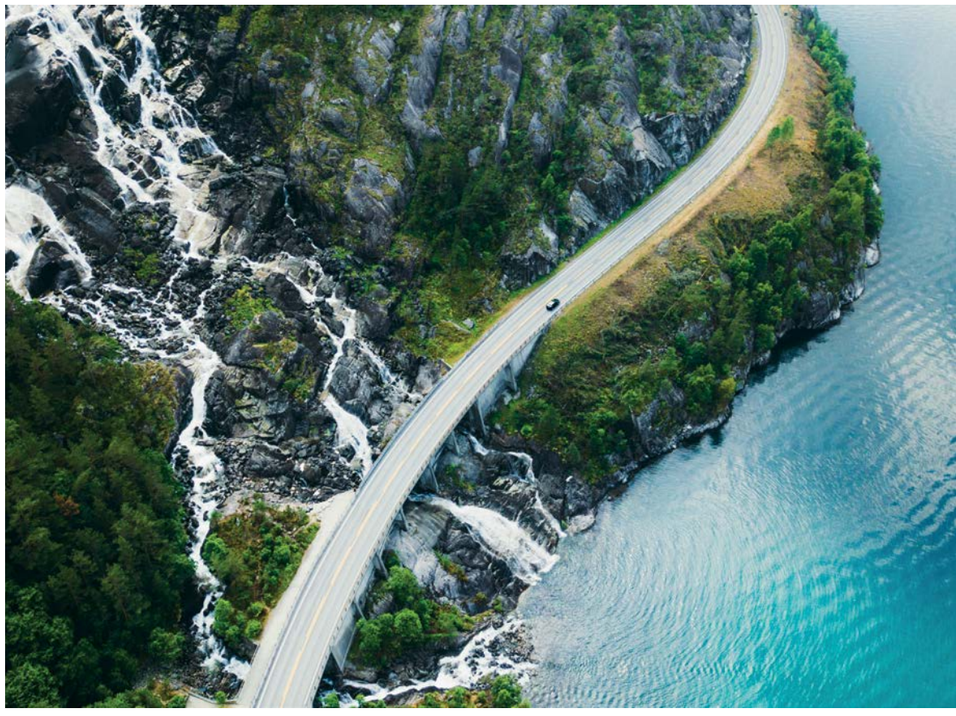
Despite a fifth of the world's companies having committed to meeting net-zero emissions targets, the path to actually achieving this goal and limiting global temperature rise to 1.5 degrees Celsius above preindustrial era levels requires acute action. Even with the rapid spread of awareness about topics such as climate change and biodiversity loss, the environmental impact theme is still in its infancy.

The structural transition toward a green global economy is driven by a number of forces, including changing consumer preferences for sustainable and sustainably produced products. An increasing majority of consumers seeking to do good and basing their purchasing decisions on sustainability are not only creating new demand and opportunity for companies providing eco-friendly products, but are also holding businesses accountable for their practices. This in turn is propelling an insatiable need for technologies and services that can enable corporations to successfully transform their businesses.

These changing consumption patterns, societal values, and a sense of responsible self-identity also manifest in other pro-environmental behaviors such as activism, political lobbying, and voting for green agenda leaders. The results of this trend are particularly evident in the recent wave of environmental policymaking in Europe with the likes of the EU taxonomy, a framework for determining whether a particular economic activity is environmentally sustainable. The taxonomy aims to align companies and investments with net-zero carbon commitments and the Paris Agreement and will require corporations to disclose how and to what extent their business activities are aligned starting in 2022. The EU Action Plan aimed at reorienting capital flows toward sustainable investments has also recently imposed mandatory ESG disclosure obligations for financial market participants in the form of the Sustainable Finance Disclosure Regulation (SFDR), which will necessitate even further reporting requirements in the coming months. In addition, the EU's Single-Use Plastics (SUP) Directive banning single-use plastic products went into force on July 3, 2021.

These forces of change are in turn significantly accelerating the development of technologies that enable corporations to transform their businesses to comply with ever stricter regulations. Despite the recent advancements in technologies such as battery storage as well as the rapid cost decline of renewable energy generation, significant gaps exist in the solution sets currently available to many industries.

Considerable progress on solutions such as carbon capture and storage will still be necessary to enable the decarbonization of heavy industry, for instance. The challenges, however, will continue to create huge opportunities for innovative solution providers as we continue striving for positive environmental impact in our crusade toward achieving a truly sustainable global ecosystem.



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Appendix

The following inputs and assumptions have been used to calculate the potential impact of the portfolio companies. Please note that due to rounding, performing the calculations given in the equations below may not return the exact results shown.
The estimate for "cars off the road" assumes annual mileage per vehicle of 15,000 km and emissions of 202 gCO_2eq/km (the world average for well-to-wheels for internal combustion engine–powered passenger cars).[46]
Total potential impact generated by all portfolio companies is estimated to be 702 million tonnes CO_2eq emissions avoided over the last twelve-month period. This translates into 749,869 tonnes CO_2eq when we consider the ownership of the portfolio companies by our strategy, and respectively 7,858.4 tonnes CO_2eq for a USD 10 million investment in the strategy. According to the above assumptions, one ICE car emits 3.03 tonnes CO_2eq per annum, therefore: 7,858.4 tonnes CO_2eq/3.03 tonnes CO_2eq = the equivalent to 2,594 "cars off the road."

The estimate for "power of households for one year" is based on statistics provided by the U.S. Environmental Protection Agency (EPA).[47] Total potential impact generated by all portfolio companies is estimated to be 16.8 billion kWh of renewable electricity generated over the last twelve-month period. This translates into 55 million kWh when we consider the ownership of the portfolio companies by our strategy, and respectively 575,891 kWh for a USD 10 million investment in the strategy. According to the EPA, on average each home consumes 11,880 kWh of delivered electricity per annum: 575,891 kWh/11,880 kWh = energy consumption of 49 households.

The estimate for "Olympic-size swimming pools" filled by the amount of water saved, recycled, or treated, assumes an average capacity of an Olympic-size swimming pool of 2,500,000 liters.[48] Total potential liters of water saved, recycled, or treated by all portfolio companies is estimated to be 7,197,347,985,000 liters over the last twelve-month period. This translates into 7,660,146,893 liters when we consider the ownership of the portfolio companies by our strategy, and respectively 80,275,612 liters for a USD 10 million investment in the strategy. According to the above assumptions, one Olympic-size swimming pool holds 2,500,000 liters, therefore: 80,275,612 liters/2,500,000 liters = the equivalent to 32 "Olympic-size swimming pools."

The estimate for "full garbage trucks of waste not in the landfill" assumes an average capacity of 13 tonnes per garbage truck.[49] Total potential impact generated by all portfolio companies is estimated to be 61 million tonnes of waste avoided over the last twelve-month period. This translates into 31,000 tonnes of waste avoided when we consider the ownership of the portfolio companies by our strategy, and respectively 327 tonnes of waste avoided for a USD 10 million investment in the strategy. According to the above assumptions, the average capacity of a garbage truck is 13 tonnes, therefore: 327 tonnes/13 tonnes = the equivalent to 25 "full garbage trucks of waste not in the landfill."

[46] iea.org/data-and-statistics/charts/well-to-wheels-greenhouse-gas-emissions-for-cars-by-powertrains
[47] epa.gov/energy/greenhouse-gas-equivalencies-calculator
[48] en.wikipedia.org/wiki/Olympic-size_swimming_pool
[49] scdhec.gov/
[50] onetreeplanted.org/blogs/stories/planting-trees-reduce-carbon-footprint

The estimate for "kg of CO_2 captured by trees planted" assumes 21 kg of CO_2eq absorption per tree per annum.[50] Total potential impact generated by all portfolio companies is estimated to be 323 million seedlings planted over the last twelve-month period. This translates into 415,000 seedlings when we consider the ownership of the portfolio companies by our strategy, and respectively 4,354 seedlings for a USD 10 million investment in the strategy. According to the above assumptions, one tree absorbs 21 kg of CO_2eq per annum, therefore: 4,354 trees * 21 kg of CO_2eq = the equivalent to 91,423 "kg of CO_2 captured by trees planted."

The estimate for equivalents of "African bush elephants per tonnes of waste material avoided" assumes an average weight of 6.1 tonnes per elephant.[51] Total potential impact generated by all portfolio companies is estimated to be 1.5 million tonnes of waste material avoided over the last twelve-month period. This translates into 2,640 tonnes when we consider the ownership of the portfolio companies by our strategy, and respectively 28 tonnes for a USD 10 million investment in the strategy. According to the above assumptions, one African bush elephant weighs 6.01 tonnes, therefore: 28 tonnes/6.01 tonnes = the equivalent to five "African bush elephants."

The estimate for "incandescent lamps switched to LEDs" assumes annual energy savings of 37.23 kWh per LED (calculated by multiplying the 34-watt difference in power between the two bulbs, 43 watts minus 9 watts, by 3 hours per day and by 365 days per year).[52]

The estimate for "fully charged smartphones" assumes 0.012 kWh to charge a smartphone (amount of energy consumed to charge the smartphone 14.46 watt-hours, minus the amount of energy consumed in "maintenance mode" (0.13 watts times 22 hours).[53]
Total potential impact generated by all portfolio companies is estimated to be 99.2 billion kWh of power saved over the last twelve-month period. This translates into 224 million kWh of power saved when we consider the ownership of the portfolio companies by our strategy, and respectively 2.35 million kWh of power saved for a USD 10 million investment in the strategy.

According to the above assumptions, switching from one incandescent lamp to LED saves 37.23 kWh, therefore: 2,345,002 kWh/37.23 kWh = the equivalent to 62,986 "incandescent lamps switched to LEDs." According to the above assumptions, it requires 0.012 kWh to fully charge a smartphone, therefore: 2,345,002 kWh/0.012 kWh = the equivalent to 202,153,270 "fully charged smartphones."

The alignment with selected SDGs, as pictured on page 23, is based on the following methodology:
The chart shows net product alignment to the correspondent SDG for the portfolio and benchmark weights as of June 30, 2021, based on MSCI ESG SDG product alignment ratings. SDG product alignment can be either "strongly aligned," "aligned," "neutral," "misaligned," or "strongly misaligned." To determine the SDG net product alignment, only portfolio and benchmark weights allocated to companies with "strongly aligned," "aligned," "misaligned," and "strongly misaligned" ratings are taken into account. Companies with "strongly aligned" and "aligned" ratings create a positive exposure. Companies with "misaligned" and "strongly misaligned" ratings create a negative exposure. The net product alignment is calculated by the sum of both parts and can be either positive or negative.

[51] themeasureofthings.com/results.php?comp=weight&unit=tnsm&amt=6.1
[52] epa.gov/energy/greenhouse-gas-equivalencies-calculator
[53] epa.gov/energy/greenhouse-gas-equivalencies-calculator

Risks

- The fund does not offer capital protection: investors may lose part or all of their investment in this product.
- Political developments concerning environmental regulations may have a significant, adverse impact on the underlying investable universe.
- Exposure to small- and mid-cap companies may result in elevated short-term volatility and may carry liquidity risk.
- An elevated concentration on specific sectors or industry dynamics may fall out of investor favor at certain points in time.
- Heightened exposure to less regulated sectors and to businesses such as renewable resources that are not yet well established could cause temporary volatility and may carry liquidity risk.
- Exposure to emerging markets may increase volatility. Investing in emerging markets involves a greater degree of risk than investing in developed markets. Emerging-market risks are characterized by a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the developmental stage, and a weak economy.
- It is possible that the data from the ESG data providers may be incorrect, unavailable, or not immediately updated and therefore may experience some time lag.

Imprint

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