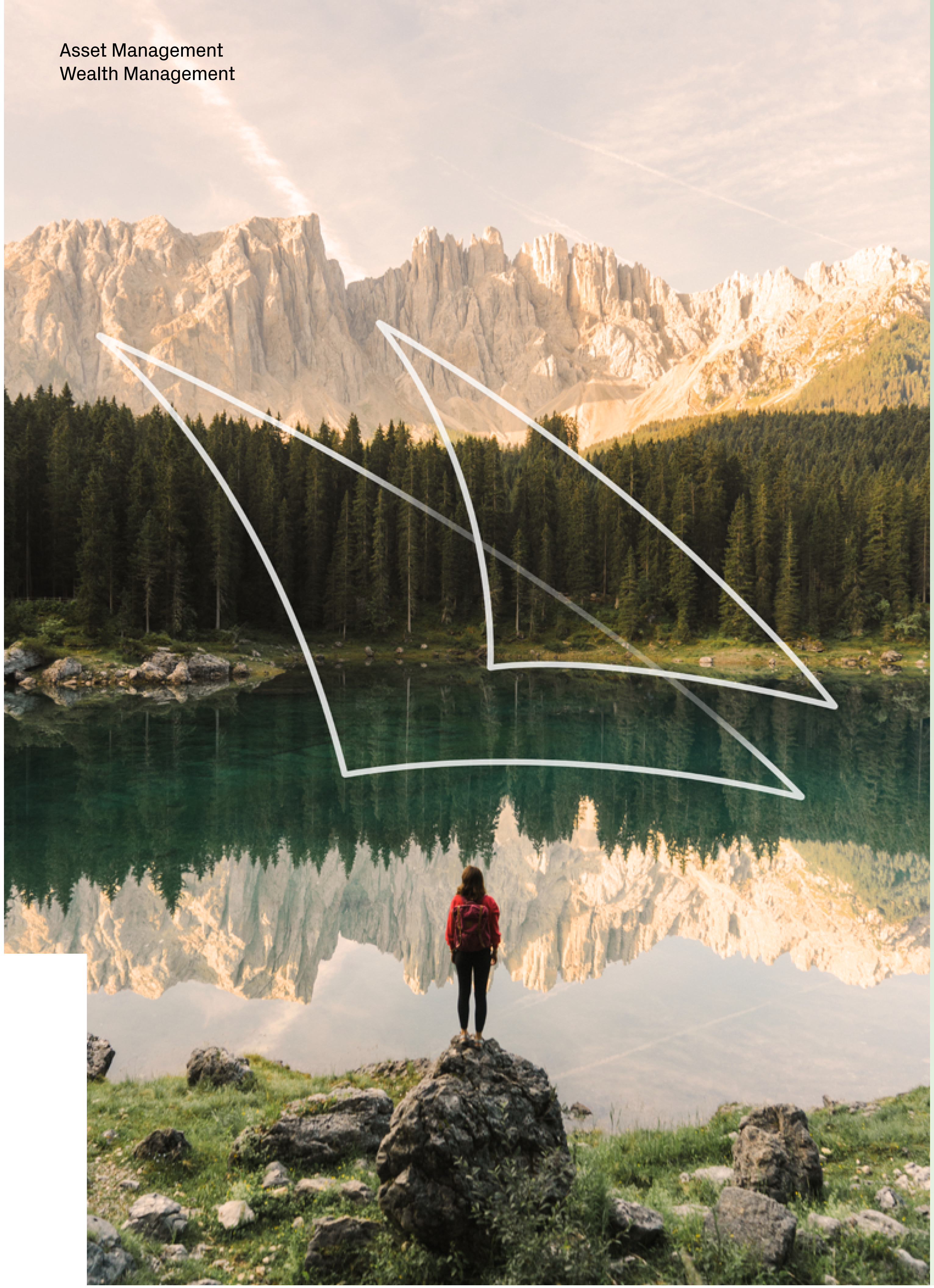
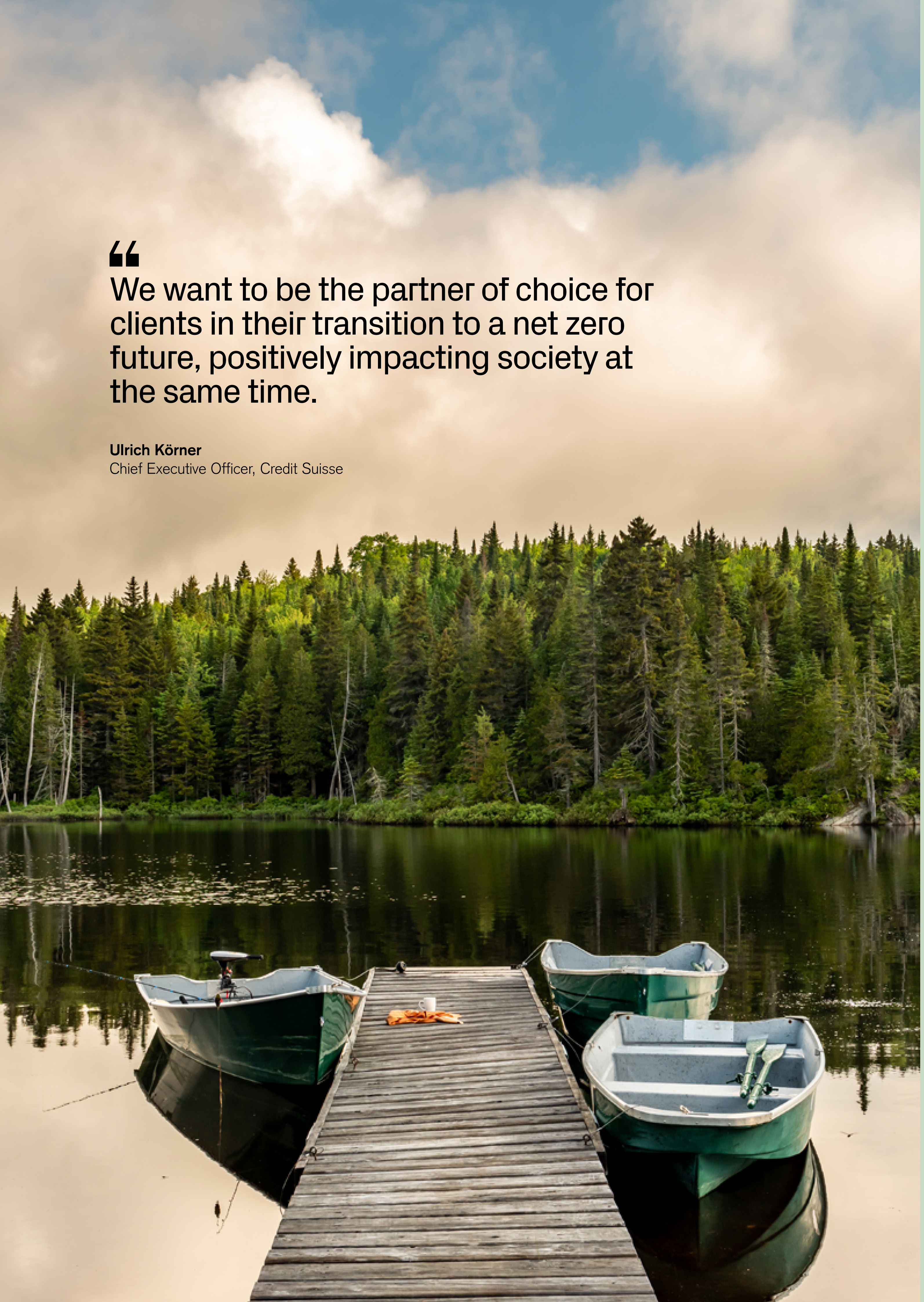


CREDIT SUISSE

Climate Action Plan
Toward a net zero future

December 2022

Austria, France, Germany, Italy: **for professional investors only.**
Bahrain: **for accredited investors only**



> We want to be the partner of choice for clients in their transition to a net zero future, positively impacting society at the same time.

Ulrich Körner
Chief Executive Officer, Credit Suisse

Contents

Introduction	**05**
Our ambition	**07**
Goals and trajectories for 2030 and 2050	09
Scope of asset coverage	10
Methodology	11
Investment-associated emissions and progress	15
Climate impact levers	**17**
GROW	**19**
Products and solutions	21
Transparency toward clients	25
ENGAGE	**27**
Engagement process	33
Escalation process	34
Voting policy	35
REDUCE	**37**
Climate-sensitive sector policies	39
Constraints on company investments	40
Divestment approach	40
Governance	**41**
Divisional governance	43
Climate change policy	43
Education	43
Reporting and monitoring our progress	43
Appendix	**45**
Imprint	**49**

Introduction

We are pleased to share our first Climate Action Plan, which describes the activities of both Credit Suisse Asset Management and Credit Suisse Wealth Management. Climate change is one of the most pressing issues of our time, impacting society and the environment in varied, complex, and often interdependent ways. The steep rise in greenhouse gas emissions in recent decades has triggered a gradual but steady temperature rise, with further increases expected if we do not take action.

The Earth's rising temperature has led to an acceleration of adverse weather conditions, increased flood risk, more frequent heat waves, loss of precious biodiversity, and challenges to global food security. Each of these effects will have serious consequences for the global economy, and could severely impact the living conditions of people all around the globe, with the potential to displace millions and create further inequality within communities.

At Credit Suisse Asset Management and Credit Suisse Wealth Management, we believe we can play a key role in the transition to a net zero society. In this report, we reaffirm our commitment to this transition and define the goals and actions with which we aim to achieve it. In doing so, we see three important areas where we can have an impact.

GROW:
Firstly, we aim to invest in decarbonization leaders or businesses around the world that provide solutions to facilitate and accelerate the transition to a net zero economy and society. Such businesses often provide superior growth opportunities and more resilient business models and, as a result, can provide attractive financial returns, creating a favorable dynamic for both society and our clients.

ENGAGE:
Secondly, by engaging with investee companies and using its voting power at their annual general meetings (AGMs), Credit Suisse Asset Management aims to encourage those companies to commit to net zero, manage climate-related risks and therefore help to accelerate the transition. We believe we can have an impact on the real economy through active ownership and view this as an essential tool in our transition to net zero. In this report, we explain the criteria for this engagement.

REDUCE:
Thirdly, we aim to reduce our exposure to carbon-intensive sectors or companies unwilling to transition to net zero. Since the divesting of assets does not immediately have an impact on the real economy, our first priority will be investing in solutions for the energy transition and engaging with our investee companies to help them set credible transition plans. However, we plan to also pursue a strategy to reduce our exposure to companies that are unwilling to transition, that fail to respond to our engagement efforts, and that have substantial exposure to climate-sensitive activities, in line with fiduciary duty. We intend to reallocate the capital to lower-carbon assets or climate solutions.

We are committed to supporting the transition to a net zero society together with our clients, stakeholders, and investee companies. We trust that this report will provide valuable insights into and transparency regarding our approach. Tackling climate change and accelerating the transition to net zero are vitally important for society, and we intend to do our part. The time to act is now.

Jeroen Bos
Global Head of Sustainable Investing
Credit Suisse Asset Management

Steven Bates
Head of Sustainability Analysis & Solutions
Credit Suisse Wealth Management

Our ambition

As a global financial institution, Credit Suisse Group recognizes the important role it plays in combating climate change by supporting the transition to a low-carbon, climate-resilient global economy. To achieve this, the Group believes that global financial flows should be aligned with the Paris Agreement objective of limiting global warming to within 2°C above preindustrial levels, with the aim of achieving an average temperature rise of no more than 1.5°C.

In December 2020, the Group announced its 2050 net-zero-emissions ambition, underpinned by interim science-based goals by 2030. These ambitions were underscored by the Group's decision to join the Sustainable Markets Initiative (SMI) and the Net Zero Banking Alliance (NZBA) in 2021. Credit Suisse Group expects to contribute to setting standards for the industry by aligning with the draft technical guidelines of the Science Based Targets initiative (SBTi) and the NZBA. This includes the Group's decision to align its portfolio with an ambitious goal of below 1.5°C rather than the 2°C goal.

This 2050 net zero ambition also includes investment activities on behalf of clients within Credit Suisse Asset Management and Credit Suisse Wealth Management. In March 2022, Credit Suisse Asset Management joined the Net Zero Asset Managers initiative (NZAMi). This commitment sets out a range of actions that are required to accelerate the transition to net zero and achieve emissions reductions in the real economy: engaging with clients, setting goals for assets managed in line with net zero pathways, policy advocacy, corporate engagement, and stewardship.

To access the full commitment letter, please visit Commitment – The Net Zero Asset Managers initiative.

What does net zero mean?
Net zero emissions will be achieved when all greenhouse gas emissions (GHG) resulting from human activities are counterbalanced by removing GHGs from the atmosphere. SBTi defines corporate net zero as reducing all direct and indirect emissions to zero or to a residual level that is consistent with reaching net zero emissions and is compatible with a 1.5°C-aligned pathway. It also requires neutralizing any residual emissions by the net zero target year and any GHG emissions released into the atmosphere thereafter.

Sources Intergovernmental Panel on Climate Change (IPCC), SBTi Net Zero Standard

At Credit Suisse Asset Management and Credit Suisse Wealth Management, we acknowledge that the most effective way to accelerate climate action and to optimize its benefits is to ensure that climate action is just and inclusive. We are thus striving to incorporate social considerations into the decision-making process on the path toward net zero. If climate action is managed well, we believe a just transition will enable better management of economic, human, and planetary costs while also creating green jobs and prosperous communities and addressing inequality.

With the net zero goal for Credit Suisse Asset Management and Credit Suisse Wealth Management, Credit Suisse Group underscores its ambition to advance the climate change agenda and to achieve net zero by 2050 across the Group's operations, supply chain, and financing activities.

The scope of this Climate Action Plan is limited to the Credit Suisse Asset Management and Credit Suisse Wealth Management divisions.[1] It describes our ambition and approaches to achieving net zero by 2050 and the interim goals by 2030 across investment portfolios. In addition, Credit Suisse publishes an annual Sustainability Report for the entire Group.

> Our primary role is to support our clients and to enable them to pursue their sustainability ambitions. As a demonstration of this commitment, Credit Suisse has set out a path to achieve net zero by 2050. This Climate Action Plan from our Asset Management and Wealth Management divisions is an important next step on that journey.
>
> **Emma Crystal**
> Chief Sustainability Officer, Credit Suisse

[1] For Credit Suisse Wealth Management, this refers to discretionary mandates managed within Investment Solutions and Sustainability (IS&S).

Goals and trajectories for 2030 and 2050
Credit Suisse Asset Management's and Credit Suisse Wealth Management's ambition is to achieve net zero by 2050 in alignment with Credit Suisse Group.

> Our ambition to reducing our investment-associated emissions in intensity terms by 50% by 2030 translates into an annual reduction of 6%.

Credit Suisse Group's ambition is to achieve greenhouse gas (GHG) emissions reductions in the real economy consistent with the Paris Agreement's goal of limiting warming to 1.5°C. According to IPCC and NZAMi, 1.5°C scenarios call for a 50% reduction by 2030.[2] The 2030 interim goal of Credit Suisse Asset Management and Credit Suisse Wealth Management is to achieve a 50% reduction in investment-associated emissions in intensity terms (tCO_2e per CHF million invested) compared to 2019.

Credit Suisse Asset Management's and Credit Suisse Wealth Management's goal will consider Scope 1 and 2 emissions of our portfolio companies, but also Scope 3 emissions for portfolio companies in the energy sector.[3] The ambition is to phase in Scope 3 emissions for the remaining sectors over time once data become more available and more reliable.

Our ambition to reducing our investment-associated emissions in intensity terms by 50% by 2030 translates into an annual reduction of 6% for both Credit Suisse Asset Management and Credit Suisse Wealth Management compared to 2019 as the baseline year. To achieve this, we intend to focus on reducing GHG emissions. Credit Suisse Asset Management and Credit Suisse Wealth Management do not expect to rely on any use of carbon credits to meet their goal of reducing investment-associated emission intensity by 50% by 2030.

The economy and sectors of 2050 will likely look very different than they do today. Therefore, the ways in which we strive to achieve net zero will likely need to adapt and evolve. We will continue to review industry standards on the accounting treatment of carbon credits toward achieving net zero by 2050. Our current position is that only carbon removal credits may be considered as an option by portfolio companies to neutralize their own residual emissions by 2050 when other feasible means of carbon reduction have been exhausted. We also encourage portfolio companies to support voluntary carbon projects alongside their actions to reduce their own emissions. While these projects should not count toward their current annual carbon accounting, funding of these initiatives could be a worthwile contribution to solving critical issues for climate change, biodiversity, and social equity.

What are Scope 1, 2, and 3 carbon emissions?

Scope 1 emissions are generated by a company directly from sources such as the burning of fuels (stationary or mobile), industrial processes, etc.

Scope 2 emissions are primarily those associated with the electricity consumed by a company.

Scope 3 emissions are all other emissions associated with a company's operations, such as business travel, waste generated, and products both upstream (in the supply chain) and downstream (use of the products and end of life). Scope 3 emissions typically account for the largest proportion of a company's emissions.

Source The Greenhouse Gas Protocol 2015. Corporate Standard.

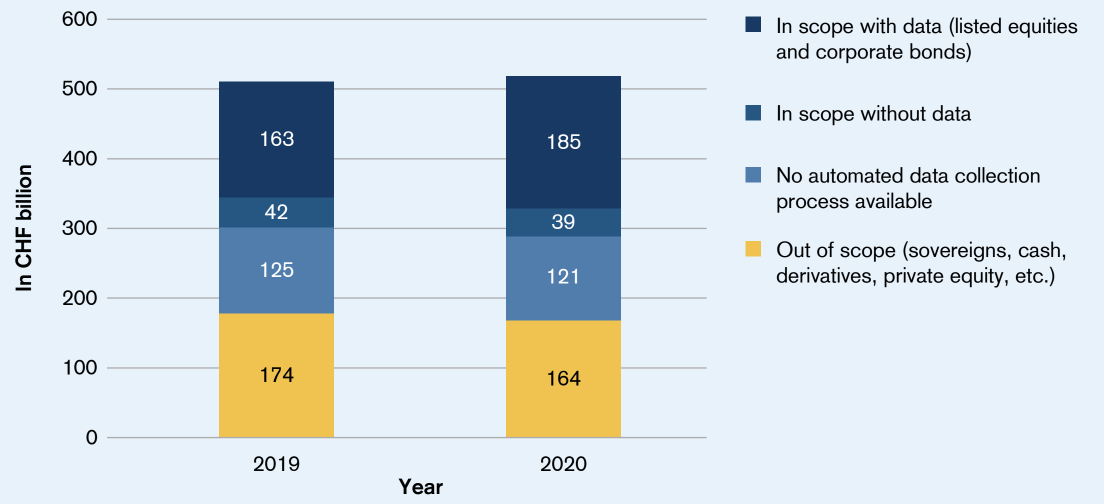
[2] Commitment – The Net Zero Asset Managers initiative
[3] Global Industry Classification Standard (GICS®) by MSCI was used to define the energy sector. The energy sector comprises companies engaged in exploration and production, refining and marketing, as well as storage and transportation of oil, gas, coal, and consumable fuels. It also includes companies that offer oil and gas equipment and services. This classification may not include some companies that carry energy business activities not as their main business.

Scope of asset coverage
Our interim 2030 goal will apply to listed equities and corporate bonds, which we call our in-scope assets. Figure 1 shows the scope of the combined assets under management (AuM) of Credit Suisse Asset Management and discretionary mandates managed within Credit Suisse Wealth Management.

Due to the current lack of available data, it is not possible to accurately measure the investment-associated emissions of all of our in-scope assets (Figure 1, In scope without data). Altogether, we were able to retrieve data to calculate the investment-associated emissions of 36% (CHF 185 bn) of the total AuM managed within Credit Suisse Asset Management and in discretionary mandates within Credit Suisse Wealth Management in 2020. Those 36% refer to the AuM marked as in scope with data (listed equities and corporate bonds) in Figure 1.

Given the expected increase in the availability of sustainability data on the market in the years ahead, we anticipate that the situation will improve gradually. Our ambition is to include more assets over time in order to reach 100% coverage of our AuM in the long term so that we can achieve our net zero goal by 2050. With expected improvements in data coverage and the gradual addition of asset classes, it will be necessary to recalculate our baseline investment-associated emissions in the coming years. In this respect, we will closely follow industry standard methodology developments on re-baselining.

Figure 1: Combined AuM for Credit Suisse Asset Management and the discretionary mandates of Credit Suisse Wealth Management



In-scope AuM are expressed as a share of the total AuM of Credit Suisse Asset Management including pooled funds and discretionary mandates and of Credit Suisse Wealth Management for discretionary mandates managed within Investment Solutions and Sustainability (IS&S).
For Credit Suisse Asset Management excluded locations include Americas and APAC. For Credit Suisse Wealth Management excluded locations include Spain, Brazil and Mexico.

Source Credit Suisse

Methodology

The net zero goal-setting methodologies and guiding principles applied for both divisions are aligned with credible industry standards. In addition to the SBTi guidelines for the financial sector, those industry standards include, among others, the Net Zero Investment Framework by the Institutional Investors Group on Climate Change (IIGCC) and the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF).

Credit Suisse Asset Management and Credit Suisse Wealth Management both use the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry methodology to calculate their investment-associated emissions. Here, the attribution factor is multiplied by the emissions of the respective investee company.

The total investment-associated emissions of a listed equity and corporate bond portfolio normalized by the invested amount are calculated as follows:

$$\text{Investment – associated emission intensity} = \frac{\dfrac{\sum_c \text{Outstanding amount}_c{}^{[4]}}{\text{Enterprise value including cash}_c} \times \text{Company emissions}_c}{\text{Invested amount}}$$

c = Investee company

Once calculations at the investee level are in place, the data are aggregated at the Credit Suisse Asset Management and Credit Suisse Wealth Management level and then combined. Our methodology accounts for Scope 1 and 2 emissions of all issuers held in our managed portfolios that are in scope and for Scope 3 emissions for the issuers in the energy sector. The enterprise value and GHG emissions data that we apply to calculate the investment-associated emissions are obtained from research and data provider MSCI. The MSCI data are compiled through a process in which company filings are the primary source of information and web-based disclosures and estimated data are secondary. MSCI retroactively updates their data with the most recent figures provided by the issuers, and hence the emissions for the same period may differ if the data are extracted at a later date. In our calculations of investment-associated emissions, we set the cut-off date of the export from the MSCI database as of November 3, 2022. It should be noted that our current calculations are based on third-party data providers and that changes in methodologies or data availability might affect investment-associated emissions and require re-baselining.

If data are missing for 2019 or 2020, backward and forward filling is applied to the missing year. This means that if emissions or enterprise value data for a security, including cash (EVIC) data, are missing for 2019 but exist for 2020, then the 2020 figures are applied to both 2019 and 2020.

Reducing investment-associated emissions in intensity terms by 2030 does not necessarily result in GHG emissions reductions in the real economy, although the methodology is aligned with market practice. We therefore are exploring options for setting additional forward-looking science-based goals in the future.

Net Zero Categorization Principles

We will be measuring and tracking the portfolio alignment of assets to complement our investment-associated emissions goal with a forward-looking metric. Our Net Zero Categorization Principles are inspired by the IIGCC Net Zero Investment Framework. Additionally, these principles are aligned with the internal Client Energy Transition Framework (CETF) methodology, which is described in Credit Suisse Group's Sustainability Report 2021. These guiding principles categorize companies as either "1. Unaware," "2. Aware," "3a. Strategic – Committed to aligning," "3b. Strategic – Aligning toward net zero," "3c. Strategic – Aligned targets and plans," "4. Aligned," or "5. Achieving net zero."

[4] This is the actual outstanding amount in listed equity or corporate bonds. The value of outstanding listed equity is defined based on its market value (i.e., market price times number of shares), and the value of outstanding corporate bonds is defined based on the book value of the debt that the borrower owes to the lender.

Table 1: Net Zero Categorization Principles

Engagement strategy			Engage or divest		Engagement focus			Grow	
Category			1. Unaware	2. Aware	3a. Strategic – Committed to aligning	3b. Strategic – Aligning toward net zero	3c. Strategic – Aligned targets and plans	4. Aligned	5.Achieving net zero
Criteria	Emission reporting/disclosure[5]			✓	✓	✓	✓	✓	✓
	Commitments and targets	Climate-related targets			✓	✓	✓	✓	✓
		Long-term net zero commitment			✓	✓	✓	✓	✓
		Interim targets (min ambition: 2°C)				✓	✓	✓	✓
		Commitment recognized by third party				✓	✓	✓	✓
		Targets validated by third party					✓	✓	✓
	Decarbonization plan	High-level plan				✓	✓	✓	✓
		Credible plan[6]					✓	✓	✓
	Carbon performance	In line with targets						✓	✓
		At (or close to) net zero							✓
	Critical enabler							✓[7]	

Source Credit Suisse

Based on the categories shown in Table 1, portfolio companies assessed as "3a. Strategic – Committed to aligning," "3b. Strategic – Aligning toward net zero," and "3c. Strategic – Aligned targets and plans" will be the key focus of our individual or collaborative engagement and stewardship actions (see Engage section). The Net Zero Categorization Principles may be updated in the future.

Our in-house sustainable investment analysts are guided by the Net Zero Categorization Principles to assess the extent to which a company is aligned with net zero and under which category it falls. Data are derived from several sources, including but not limited to the Transition Pathway Initiative (TPI), the Climate Action 100+ Net Zero Benchmark, the Science Based Targets initiative (SBTi), CDP, ESG rating providers (e.g. MSCI and Sustainalytics), and companies' own reporting.

[5] Disclosure of Scope 1 and 2 emissions and Scope 3 emissions, where material. Proof of accounting is required at a minimum; public reporting is strongly preferred.
[6] As determined by third-party assessment, including capital expenditures being aligned with net zero and executive oversight or incentives being linked to achieving the targets.
[7] Category 4 includes companies that are critical enablers of net zero through their products and services irrespective of targets or commitments. However, it is not a requirement to be such a critical enabler to qualify for the category.

Context for our disclosures

Whilst we recognize the importance of aligning our actions to 1.5°C pathways and taking the right steps to achieving our targets, it is important to clarify that the realisation of our targets is also dependent on factors which are outside of Credit Suisse Asset Management and Credit Suisse Wealth Management's direct influence. Our priority is to support our clients reaching their climate objectives and to support the transition of our portfolio companies to net zero through active ownership. However, the emissions reductions by our clients and portfolio companies as well as the decarbonisation of the global economy are influenced by various factors. The right regulations, policies, guidelines and standards need to be put in place to support the transition to net zero. Further, technological advancements to enable the decarbonisation of specific sectors and a broader change in behavior of our society are needed.

We would also like to draw your attention to the evolving practices regarding investment-associated emissions reporting.

There is currently no universal definition or exhaustive list defining issues or factors that are covered by the concept of "ESG" (Environmental, Social, and Governance). If not indicated otherwise, ESG is used interchangeably with the terms "sustainable" and "sustainability." Unless indicated otherwise, the views expressed herein are based on Credit Suisse's own assumptions and interpretation of ESG concepts at the time of writing. Credit Suisse's views on ESG matters may evolve over time and are subject to change.

The disclosures contained within this report are inherently limited by emerging science and market practices, the requirement to use estimates for certain figures, the dependency on management judgments in the absence of established methodologies, and the reliance on third-party and other data that may be subject to finalization in some instances. We strive to be transparent about these limitations to our disclosures throughout the report.

Several judgments are applied to our disclosures on investment-associated emissions. For example, our disclosure on investment-associated emissions for investee companies relies on the availability of external data on emissions in terms of timeliness, coverage, and accuracy. With reference to emissions data, we source this from available sources or proxies, with MSCI currently being the source of emissions data. However, due to inconsistent reporting by investee companies, estimations may apply.

Furthermore, our investment-associated emissions disclosure may also require future restatements. Our investment-associated emissions results are presented as 2020 results because the data for 2021 and 2022 are not yet available. However, as further assets come into scope, for example, or as more emissions data get reported by investee companies, we will need to recalculate and re-baseline over time.

In addition, our implementation of internal frameworks is an ongoing multiyear process. This may affect the implementation of the Net Zero Categorization Principles, where work is ongoing to classify not only new but also existing investments according to these criteria.

In conclusion, we are on a continuous journey to advance our climate disclosures, and we recognize that greater comparability insights in the future will provide greater transparency. We present our 2020 progress in this report and note that it should be viewed as preliminary progress in some areas as a result of the aforementioned factors. We expect that our climate-related disclosures are likely to be amended, updated, recalculated, and restated in the future.

Investment-associated emissions and progress
The latest data from 2019 and 2020 show that our investment-associated emissions in both intensity and absolute terms within Credit Suisse Asset Management and Credit Suisse Wealth Management decreased between 2019 and 2020.

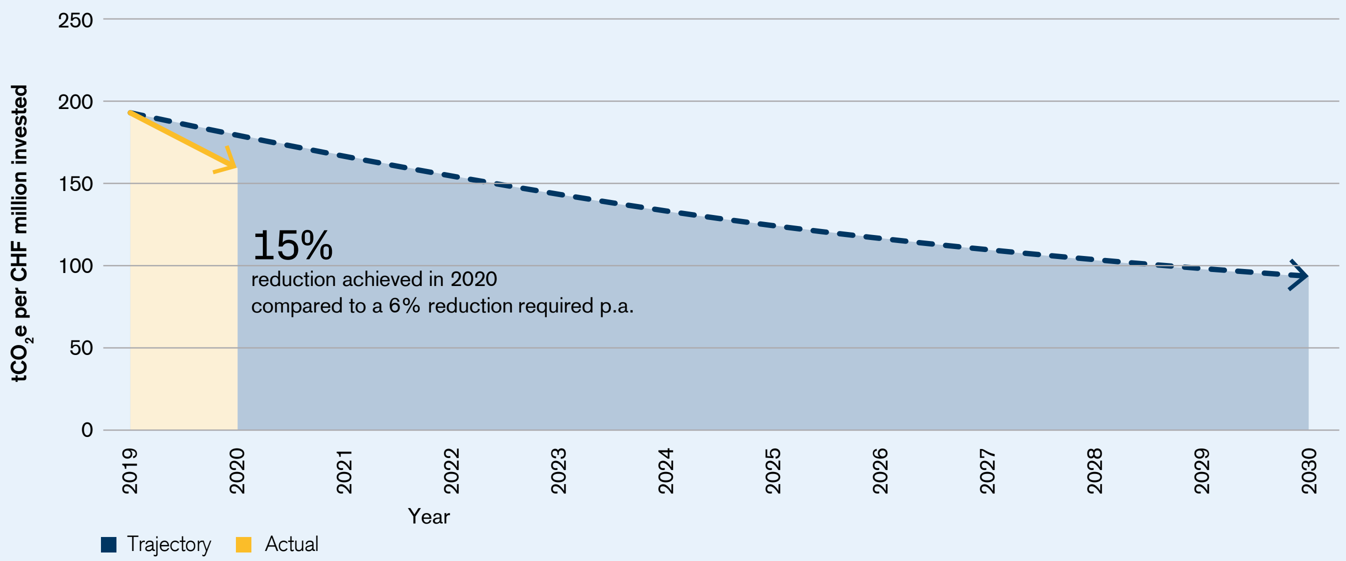
The data cover investment-associated Scope 1 and 2 emissions for all sectors and Scope 1 to 3 emissions for the energy sector. The emission intensity reductions are shown in Figure 2.

Between 2019 and 2020, the investment-associated emissions decreased by 4% and the emission intensity by 15% for Credit Suisse Asset Management and Credit Suisse Wealth Management combined. The major factor contributing to the reduction in the absolute emissions and the emission intensity observed in 2020 compared to 2019 is the fact that the mix of assets managed by Credit Suisse Asset Management and Wealth Management increasingly moved toward investments in the non-energy sectors in 2020. Furthermore, scientific research suggests that temporary lockdowns around the world to contain the spread of COVID-19 caused a temporary global decrease of GHG emissions in 2020.

The impact of temporary COVID-19 lockdowns is expected to reverse, at least partially, so we believe it is fair to assume some level of volatility in the annual emissions numbers. Nevertheless, in the longer term, we expect to be on a path toward a 50% reduction in intensity terms by 2030 and net zero by 2050. Going forward, our annual performance against the trajectory will be monitored closely and reported regularly to ensure that we support the required GHG emissions reductions in the real economy.

Table 2 shows the investment-associated emissions in intensity and absolute terms for 2019 and 2020.

Figure 2: Credit Suisse Asset Management's and Credit Suisse Wealth Management's emissions intensity (tCO_2e per CHF million invested)



The numbers represent in-scope assets under management with emissions data. The data cover investment-associated Scope 1 and 2 emissions for all sectors and Scope 1 to 3 emissions for the energy sector.
For Credit Suisse Wealth Management, this refers to discretionary mandates within Investment Solutions and Sustainability.

"We recognize that aligning our portfolio to 1.5°C will be a challenging task given the scale and reach of our global wealth and asset management activities. More than just a goal, this is a strategic objective to engage and drive the transition to a net zero economy – a strategic objective that aims to underpin long-term growth for our clients.

Richard Tarboton
Global Head of Net Zero Strategy, Credit Suisse

Table 2: Investment-associated emissions (tCO_2e) and emissions intensity (tCO_2e per CHF million invested)

	2019		2020	
Metric	**tCO_2e**	**tCO_2e per CHF million invested**	**tCO_2e**	**tCO_2e per CHF million invested**
Credit Suisse Asset Management	25,517,821	181	24,951,934	156
Credit Suisse Asset Management and Wealth Management	31,313,696	192	30,125,531	163

The data cover investment-associated Scope 1 and 2 emissions for all sectors and Scope 1 to 3 emissions for the energy sector.
Due to current Scope 3 data limitations, with 71% and 69% of identified energy company's Scope 3 data available in 2019 and 2020, respectively, absolute emissions could be understated and could therefore be adjusted in the future when Scope 3 data potentially improve further.

Table 3: In-scope assets under management in % and in-scope assets under management with emissions data in %

	2019		2020	
Metric	**In-scope AuM in %[8]**	**In-scope AuM with emissions data in %**	**In-scope AuM in %[8]**	**In-scope AuM with emissions data in %**
Credit Suisse Asset Management	41%	32%	44%	36%
Credit Suisse Asset Management and Wealth Management	41%	32%	44%	36%

In-scope AuM are expressed as a share of the total AuM of Credit Suisse Asset Management including pooled funds and discretionary mandates and of Credit Suisse Wealth Management for discretionary mandates managed within Investment Solutions and Sustainability (IS&S).
For Credit Suisse Asset Management excluded locations include Americas and APAC. For Credit Suisse Wealth Management excluded locations include Spain, Brazil and Mexico.

[8] Excludes the in-scope AuM of instruments and regions where there is currently no automated data collection process available.

Climate impact levers

To support the transition to a net zero society, we see three important areas where we, as the asset and wealth management arm of a large financial institution, can make an impact.

GROW

We can invest in businesses around the world that provide solutions to facilitate and accelerate the transition to a net zero economy and society. We believe such businesses often provide superior growth opportunities and more resilient business models and, as a result, can provide attractive financial returns, creating a favorable dynamic for both society and our clients.

ENGAGE

By engaging with investee companies and using its voting power at their AGMs, Credit Suisse Asset Management can encourage those companies to commit to net zero and therefore help to accelerate the transition.

REDUCE

Our first priority will be investing in solutions for the energy transition and engaging with our investee companies to help them set credible transition plans. However, we will also pursue a strategy to reduce our exposure to companies that are unwilling to transition, that fail to respond to our engagement efforts, and that have substantial exposure to climate-sensitive sectors.

GROW

"Decarbonizing portfolios will not be enough. We will need to actively invest in climate solutions to reach net zero by 2050. Together with clients, we can make this possible.

Karim Sayyad
Climate Transition Lead, Credit Suisse Wealth Management

Products and solutions

Within Credit Suisse Asset Management and Credit Suisse Wealth Management, we provide a range of investment solutions to clients that enable them to invest in companies that participate in the energy transition and that allocate capital to support net zero by 2050. We have been providing investment solutions to clients in this area for many years and continue to build our offering. As the importance of a just climate transition increases for our clients, we will continue to look for opportunities to support them in this transition. In this section, we will discuss some of our current investment solutions in this area.

Climate transition: the investment case
The market has recognized the importance of sustainability risks and opportunities to the future of business and investment.[9] Many investors now view climate change as a key issue to be considered throughout the investment process. Institutional investors and a growing number of family offices and ultra-high-net-worth (UHNW) individuals are putting unprecedented amounts of capital to work in sustainability- and particularly in climate-related solutions in order to leverage this investment case. They are also demanding that their fund managers integrate climate and other sustainability risks into core investment processes. Credit Suisse Asset Management and Credit Suisse Wealth Management therefore provide an array of different active and passive investment solutions for UHNW and institutional clients across asset classes and through various investment strategies.[10]

The Credit Suisse House View incorporates climate themes[11]
Credit Suisse Wealth Management identified climate change as one of six Supertrends in 2020 because we saw an increased pace of change in consumer behavior, companies' production processes, and actions by governments to slow climate change. We believe this transformation will occur over many years. Looking at near-term developments in this area, the recent increase in energy prices should act as a catalyst to lower the world's dependence on fossil fuels for electricity production and transportation. The global food system, which is responsible for well over 20% of GHG emissions, is also in the process of reducing its carbon footprint.[12]

The "Climate change – Decarbonizing the economy" Supertrend helps identify
- companies leading the market in renewables and other CO_2-free power generation and electricity-storage technology providers;
- companies that accelerate building efficiency to reduce energy consumption;
- energy companies that can cut GHG emissions while maintaining dividend yields;
- carbon-capture technology companies and firms involved in blue and green hydrogen capacity enhancements;
- transportation companies with a strong commitment to a greener future, including vehicle manufacturers (cars, shipping, aerospace) offering solutions such as electric vehicles, sustainable fuels, hydrogen, and other technologies to reduce the environmental footprint;
- companies providing technologies to improve sustainable food production (i.e. precision agriculture, vertical farming technology, gene editing, waste management, and food waste reduction);
- meat processors with low GHG emissions and plant-based food product providers.

Discretionary mandates
Credit Suisse Wealth Management offers its clients discretionary mandates that specifically integrate sustainability risks and opportunities, including climate-specific metrics, during the investment process. We also offer standalone climate-focused discretionary mandates in which climate is essential to the strategy. Examples include:

- **Credit Suisse climate-focused discretionary solutions**
  In 2020, Credit Suisse Wealth Management developed climate-themed solutions that invest in companies whose products and services contribute positively to the mitigation of and adaptation to climate change. Furthermore, the business model of a company must contribute to the transition toward a sustainable, low-carbon economy in order for it to be eligible for investment.
- **Solutions targeting the achievement of UN SDGs**
  In mid-2022, Credit Suisse Wealth Management developed solutions that target specific UN Sustainable Development Goals (SDGs)[13] that relate to the overall "planet" theme, e.g. SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 12 (Sustainable Consumption and Production), SDG 14 (Life Below Water), and SDG 15 (Life on Land). The strategy focuses on companies with business models that address environmental challenges relating to climate change and natural capital.
- **Sustainable fixed-income solutions**
  Issuance in sustainable bond markets hit another record high in 2021, not only in green bond markets but also in social bonds and other emerging categories of use-of-proceeds bonds. Green bonds specifically can be focused on financing green or climate-related projects ranging from renewable energy infrastructure to public transportation. To respond to increased client interest in this area, Credit Suisse Wealth Management introduced a fixed-income thematic solution in 2021 through which investors can access sustainable bonds that undergo our Credit Suisse-specific quality check to ensure climate-related use of proceeds and to prevent investments in bonds from issuers involved in controversial business activities.

In addition to the standardized discretionary mandates offered by Credit Suisse Wealth Management, Credit Suisse Asset Management also offers customized individual mandates for institutional clients according to their sustainability needs or definitions.

[9] Credit Suisse. 2021. The decarbonizing portfolio.
[10] Our climate-focused funds, mandates, and solutions are growing in line with increased investor demand for climate offerings, but currently still represent a limited portion of the total assets under management for Credit Suisse Asset Management and Credit Suisse Wealth Management.
[11] Credit Suisse. 2022. Supertrends 2022.
[12] Poore and Nemecek. 2018. Credit Suisse.
[13] United Nations. 2022. Do you know all 17 SDGs?

Actively managed funds
In addition to discretionary mandates, Credit Suisse Asset Management and Credit Suisse Wealth Management also provide clients with a range of actively managed fund solutions that relate to the transition to a net zero society. We present the following example:

- **Solutions aligned with the Credit Suisse "Climate change – Decarbonizing the economy" Supertrend**
  In 2021, Credit Suisse Wealth Management released the fourth annual Supertrends update and showed how long-term investment themes relate to specific UN SDGs. Within the "Climate change" Supertrend, which was added in 2020, we have seen an increased pace of change in consumer behavior, companies' production processes, and actions by governments to slow climate change.[14] In line with the "Climate change" Supertrend, Credit Suisse Asset Management launched an in-house fund solution in 2020 that gives investors exposure to companies that offer solutions with the potential to generate a positive impact toward tackling environmental challenges. The investable universe includes four subgroups: sustainable infrastructure, resources, waste mitigation, and carbon-reduction technologies.

Index solutions
Credit Suisse Asset Management offers a broad range of more than 30 sustainable index funds and ETFs tracking various ESG benchmarks from MSCI, DAX, and SIX for equities; Bloomberg and JPM for bonds; and FTSE EPRA Nareit for real estate. The majority of the products track benchmarks using the MSCI ESG Leaders methodology, which is based on exclusions and best-in-class selection. In addition, given the increasing demand for climate-specific solutions, Credit Suisse Asset Management recently launched a fund replicating the MSCI World (ex-CH) Climate Change Index, although access to this exposure is currently limited to Swiss pension funds. Finally, we manage impact-focused products like our index fund on the Bloomberg MSCI Global Green Bond Index, which is a benchmark-tracking fixed-income securities fund issued to finance projects with direct environmental benefits.

In the years ahead, we expect to further explore the development of funds and mandates in order to direct more capital toward investment solutions that are aligned with net zero or that provide solutions for the transition to a net zero society. In addition to offering new solutions to clients, we can also steer capital flows by engaging with our clients to transition from traditional solutions to net-zero-transition or net-zero-aligned solutions.

[14] Credit Suisse. 2022. Supertrends 2022.

Transparency toward clients
At Credit Suisse Asset Management and Credit Suisse Wealth Management, we create and facilitate investment products and services that aim to generate environmental and social benefits as well as financial returns. We are committed to playing our part in achieving a more sustainable global economy by engaging with our clients, taking them with us on our journey, and innovating to create sustainable investment solutions that meet our clients' preferences and goals alongside our own. We provide sustainability reporting that is integrated into our standard investment reporting, which is available on request for most markets. This is designed to increase transparency regarding our clients' portfolios, enabling clients to make better-informed investment decisions and giving them the opportunity to align their investments with their personal values.

Alongside our sustainability reporting on (i) the overall sustainability footprint (referencing the Credit Suisse sustainability classification system), (ii) exposure to controversial business activities/fields, (iii) performance on E, S, and G scores, and (iv) the portfolio's alignment with the United Nations' Sustainable Development Goals, we have also developed a carbon footprint feature to provide clients with further insights.

Carbon footprint reporting
Credit Suisse Wealth Management reports the average portfolio carbon footprint, which is calculated as weighted average tons of greenhouse gases emitted (tCO_2e) per USD million of sales for all positions in the portfolio for which data are available. This report is available to all clients upon request. For funds, constituents without emissions data are assigned the weighted average value of the covered constituents in the fund.

At this stage, the carbon footprint metric takes Scope 1 and 2 emissions into account. Most companies' emissions data focus on Scope 1 and 2 emissions, though they are beginning to include Scope 3 emissions, which are more challenging to track. Providing the carbon footprint of a portfolio is useful for clients who want to understand their carbon exposure. However, it is important to underscore that there are many companies with high Scope 1, 2, and 3 emissions that are at the same time producing products that are necessary for decarbonizing the economy. For example, the electrification of the vehicle fleet and the upgrading of electricity grids will require vast amounts of copper. Furthermore, wind turbine manufacturers will likely account for significant emissions across all scopes. We therefore need to differentiate between a decarbonized portfolio and a portfolio that decarbonizes. Shifting out of companies with high carbon emissions alone does not solve the climate-change challenge. When investing with a decarbonizing mindset, it is important to think also about investing in companies that provide solutions to today's challenges.

We regard carbon footprint reporting as a useful starting point for engaging with clients and providing a transparent overview of the client portfolio's carbon footprint. We are aware of the limitations of this approach if used in isolation because (i) full Scope 3 emissions are not considered and can be significant, and (ii) the carbon footprint applies a retrospective view and disregards a company's transition potential. We will address these limitations by providing clients with more information in the future, such as net-zero-transition insights for positions in their portfolios.

Clients appreciate the transparency and might consider making changes to their portfolios in order to better align them with their individual sustainability-related investment goals and values, as well as climate goals. The listing of portfolio characteristics such as worst- and best-rated position and transition or emissions scores should support a concrete discussion with our clients and can advance a further transition toward net-zero-aligned client portfolios.

ENGAGE

"The science of climate change is clear, the time to act is now, and active ownership can play a key role.

Ece Satar Pfister
Climate Specialist, Credit Suisse Asset Management

We believe that asset managers have a responsibility to act as stewards of capital and thereby generate and protect long-term value for clients. Climate change and the transition to a net zero society can have a major impact on the future of a company's business model and the long-term value and future performance of investments. It is therefore paramount that these topics are well integrated into a company's future strategy.

Engaging with companies on the topic of climate change and the transition to net zero and exercising one's voting rights therefore are essential tools for asset managers to ensure that the companies they invest in are well aligned with this transition and prepared for the future. Furthermore, engagement and voting can really help accelerate the transition to a net zero economy, creating a favorable dynamic for both shareholders and society.

Our aim is to work with the management teams of investee companies in a constructive and target-oriented manner to emphasize the importance of sustainability for the further development of corporate business strategies. Credit Suisse Asset Management does this through engagement and voting activities. Credit Suisse Wealth Management is currently working on implementing similar strategies for its active ownership efforts.

In the next section, we will present our engagement approach and describe how Credit Suisse Asset Management integrates net zero efforts into its engagement activities with the aim of protecting long-term value for clients and achieving impact in the real economy. In the area of engagement, we aim to set clear ambitions for our engagement efforts and track our progress on them over time. Furthermore, we exercise our voting rights at annual shareholder meetings (AGMs) to urge companies in a more sustainable direction and to ensure the long-term sustainability of its business model and value creation.

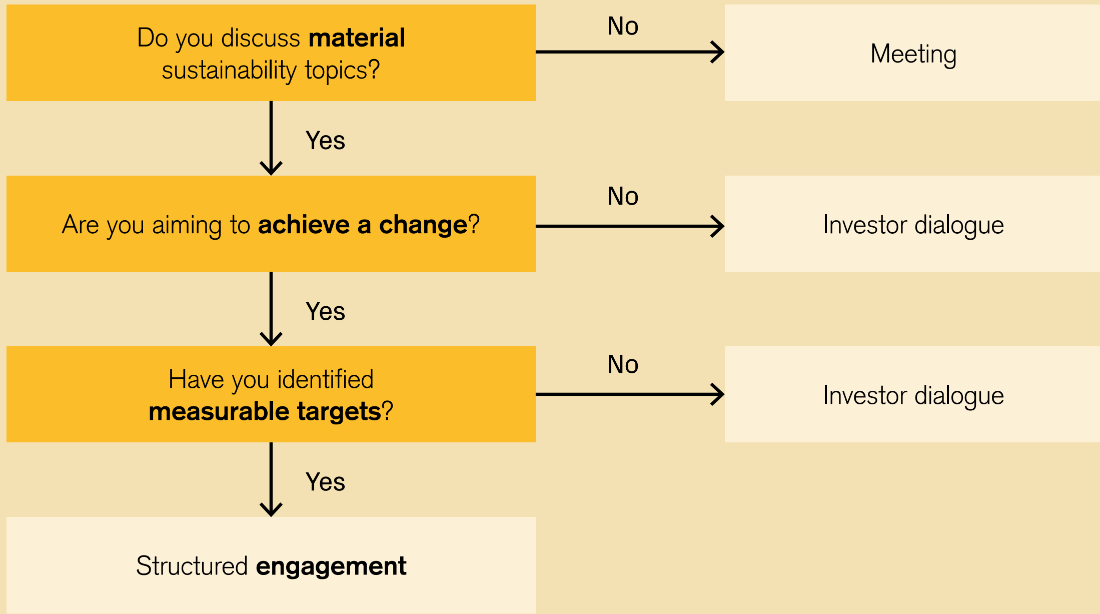
Engagement
Engagement is a key tool that asset managers can employ to protect long-term value for clients while at the same time trying to achieve impact in the real economy. As such, we view it as an effective way to support our efforts to drive the transition to net zero.

Reaching net zero is expected to impact every facet of society and the economy and requires companies to make significant changes. It is therefore essential to reach out to a broad range of investee companies, from leaders to laggards. By talking to leading companies, we can learn about sectoral challenges and best practices and leverage those insights for other engagements. Having insight into what drives the leaders while also understanding their concerns is essential when talking to other companies that are not (yet) convinced to commit to net zero because we want to ask those companies to implement feasible measures.

To facilitate our interactions with the companies we invest in and to create transparency for our stakeholders, we have a framework in place (see Figure 3) to clearly define the various types of interactions. At Credit Suisse Asset Management, we structure our interactions into three different groups:

- **meetings** with companies to gather information and share ideas,
- **investor dialogues** about important sustainability topics where we would like to see change, and
- **structured engagements** in which we urge a company to change an important sustainability characteristic and help define measurable goals and clear timelines for those goals to be achieved.

Figure 3: Types of engagement



Source Credit Suisse

To support our engagement efforts and to focus our efforts on those areas where we can have the greatest impact, we plan to use the Net Zero Categorization Principles outlined in Table 1, inspired by the work of the Institutional Investors Group on Climate Change and the internal Client Energy Transition Framework (CETF). These principles help us identify where different companies are on their journey toward net zero and to assess if they have publicly committed to and set clear (interim) goals, how credible those goals are, if there is a clear and credible transition plan in place, etc. Furthermore, we analyze whether a company's net zero efforts are reflected in its corporate strategy and are feasible, and if they are integrated into the executive management compensation system. Based on this analysis, we assign companies to one of the seven categories specified in our Net Zero Categorization Principles (see Table 1).

In 2022 and 2023, Credit Suisse Asset Management will start mapping 150 to 300 companies with the highest investment-associated emissions in the portfolio based on the Net Zero Categorization Principles. Consequently, we will identify the companies that we aim to encourage to transition to net zero. We believe that the transition to net zero in carbon-intensive sectors will play a key role in combating climate change and have the biggest impact on the sustainability of those companies' business models and their future financial returns.

We aim to conduct most of our investor dialogue with companies that are already on track to achieve net zero or to be net zero-aligned in order to learn from their experiences and to spur them to further accelerate their transition. The focus of our engagement efforts will mostly be on the categories where companies have not yet set clear goals for the interim period until 2030 or the final goal for 2050 and lack a clear transition plan, or on companies where the credibility and achievability of their transition plan can be improved.

With an established view on which companies to focus our engagement efforts, we plan to initially encourage those companies to achieve metrics such as the following:

- presence of a climate policy and strategy, including goals for 2050, potential sector-specific metrics, and measures to initiate change for transitioning to net zero, including, for example, the incentive scheme for the executive board and board of directors;
- committed interim goals for 2030, potential sector-specific metrics, and measures to initiate change for transitioning to net zero;
- disclosure of Scope 1 and 2 and material Scope 3 emissions;
- disclosure of climate risks and how climate risks are embedded in overall risk management and whether a scenario analysis is available.

We see different ways in which we can engage with the companies we invest in.

- **Individual** engagement: Here we focus on a one-on-one engagement with a specific company, often focused on financially material topics and severe or systemic issues that have been identified.
- **Collaborative** engagement: Here we focus on engaging together with other stakeholders and peers, often on issues that are relevant to the broader stakeholder group. Climate change and the transition to net zero are excellent examples that fit with collaborative engagement efforts aimed at using the group's collective voice to increase the chances of success.

Our engagement efforts will continue to be a mix of both individual and collaborative engagements. Going forward, we aim to include some of the largest carbon emitters in the fossil fuel sector in our engagement activities. In combination with the application of our Net Zero Categorization Principles, we aim to engage with those companies that we believe can be encouraged to transition. This will narrow down our initial scope for individual engagements to 15 to 20 companies that will be the focus of our net zero engagement efforts in 2023. This scope is likely to broaden in the coming years.

Some of these engagements will be conducted as individual engagements. At the same time, the topic of transitioning to net zero and the impact of climate change are well suited for collaborative engagement. As a member of Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC), and as a signatory to the UN PRI, it is our intention to accelerate our collaborative engagement efforts in 2023 and beyond.

Signatory of: PRI Principles for Responsible Investment

UN Principles for Responsible Investment (UN PRI)

The UN PRI is an investor-led initiative in partnership with the UNEP Finance Initiative and the UN Global Compact that works on promoting the incorporation of environmental, social, and corporate governance factors along six key principles. The PRI is the world's largest voluntary corporate sustainability initiative. The collective assets under management represented by all 3,826 PRI signatories (3,404 investors and 422 service providers) increased by 17% year-over-year, from USD 103.4 tn to just over USD 121 tn as of March 31, 2021.[15]

A proud participant of: Climate Action 100+ Global Investors Driving Business Transition

Climate Action 100+

Climate Action 100+ is an investor-led initiative with more than 700 investors representing USD 68 tn that focuses on ensuring that the world's major greenhouse gas emitters act on climate change by implementing climate governance frameworks and improving climate-related disclosures.[16]

IIGCC The Institutional Investors Group on Climate Change

Institutional Investors Group on Climate Change (IIGCC)

The IIGCC is the leading organization for investor collaboration on climate change with more than 350 members across 23 countries representing EUR 51 tn in assets under management.[17] Its mission is to support and enable the investment community in driving significant, real progress by 2030 toward a resilient, net zero future. This is expected to be achieved through capital allocation decisions, stewardship, and successful engagement with companies, policymakers, and fellow investors.

[15] PRI. 2022. Enhance our global footprint.
[16] Climate Action 100+. 2022. Investor Signatories.
[17] IIGCC. 2022. About us.

Figure 4: Phases of our engagement process

0 We collect data to get an accurate view of the engagement topic.

1 We reach out to a company to declare our interest in the topic. We initiate a dialogue and gather more specific information on both the company and the topic.

2 After accurately assessing the situation, we set a baseline, define feasible objectives, and communicate our expectations to the company.

3 Start of engagement (objectives and timeline are defined).

4 We follow up on a regular basis to gain new information, and continually monitor the transition process.

5 We finalize the engagement if a) objectives have been reached within the specified time or b) the engagement is subject to escalation.

6 We end the engagement.

Source Credit Suisse

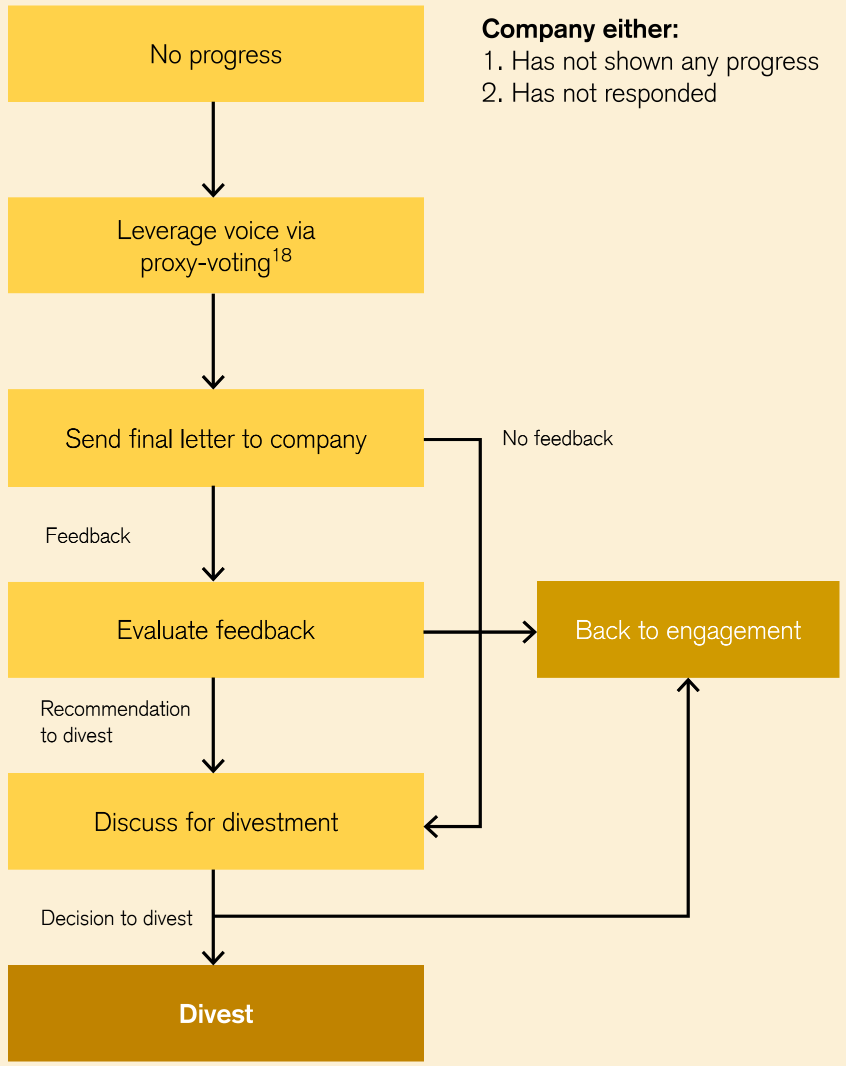
Engagement process
At Credit Suisse Asset Management, our engagement will consist of several steps to ensure a clear, structured process. The initial phase will focus on establishing a baseline for a company's current position on its path toward net zero. Subsequently, the steps below will be followed and should lead to an effective engagement process.

Monitoring the progress of engagements
At Credit Suisse Asset Management, we strive to follow a consistent procedure in all our engagements. When monitoring a collection of companies with the same targets, it is important to conduct and monitor these companies in a structured manner in order to report a fair comparison across the Group.

When conducting engagements, Credit Suisse Asset Management usually follows up with the companies twice a year to learn about their latest developments and significant transition challenges. To measure their progress, we track the defined targets against the following criteria:

- Progress: What has been achieved since the last meeting and how do we assess the outlook (e.g. positive, stable, slowing down)?
- Willingness: What action has the company taken to initiate change for the transition to net zero? How realistic are those goals? What is the company's capacity in terms of resources allocated to those goals?
- Response rate: Is the company answering/following up on our inquiries?

Figure 5: The escalation process



Source Credit Suisse

Escalation process
Credit Suisse Asset Management recognizes that the shift to net zero emissions requires a level of technical understanding and commitment. The disclosure of climate risks is a relatively new practice, and implementation can be challenging. Therefore, some companies are reluctant to engage in a dialogue.

If a company does not show any progress over a certain period or has not responded to our engagement with it, the escalation process will be initiated (see Figure 5).

Escalation does not mean an outright and immediate exclusion of a company from our investable universe. In our view, simply divesting from companies will not solve the net zero challenge and would instead limit our opportunities to drive change through engagement.

As a starting point, we will review the best course of action to determine the appropriate next steps. This may include using our voice at the annual general meeting to oppose the board of directors (BoD), to vote against the re-election and/or compensation of executive management, and/or to pursue other voting activities that help to establish a dialogue with the company. If there is still no willingness to engage in a dialogue, we reach out to the company by sending a final letter explaining why we believe it is necessary to divest from the company. Unless a company can provide us with appropriate information, an internal committee will then assess the engagement case to determine whether divestment is reasonable considering the potentially high sustainability risk profile of the issuer. If the company takes this last call seriously and responds to our warning by defining appropriate next steps, we evaluate the proposed measures and consider whether to continue the engagement with the company.

[18] This is an iterative approach in order to increase pressure.

Voting policy
As an asset manager that invests in many companies around the world, Credit Suisse Asset Management has the opportunity to use its voting power to steer and nudge companies toward net zero, generating and protecting long-term value for clients. In addition, our voting practices are well aligned with our engagement efforts. In general, when resolutions are in line with a just transition to a more sustainable future as well as with our fiduciary duty, we are supportive in our voting practices.[19] This entails the following:

- supporting shareholder resolutions on climate change risks and opportunities, when we believe they propose an appropriate step forward;
- supporting shareholder resolutions on climate action plans and reporting, if minimum standards are met;
- voting for the removal of directors who have insufficiently addressed climate change risks;
- voting for corporate sustainability reports;
- making joint statements with the company;
- submitting resolutions at shareholder meetings.

Furthermore, in instances where escalation is warranted in our engagement process, in our proxy voting we may also vote against

- directors of companies, including the chair of the BoD, audit committee, and/or nomination committee;
- the compensation of the BoD in repeated and severe cases.

For our equity holdings, we perform an active search for environmental and social shareholder proposals. This enables us to vote proactively, including on small-cap positions as well.

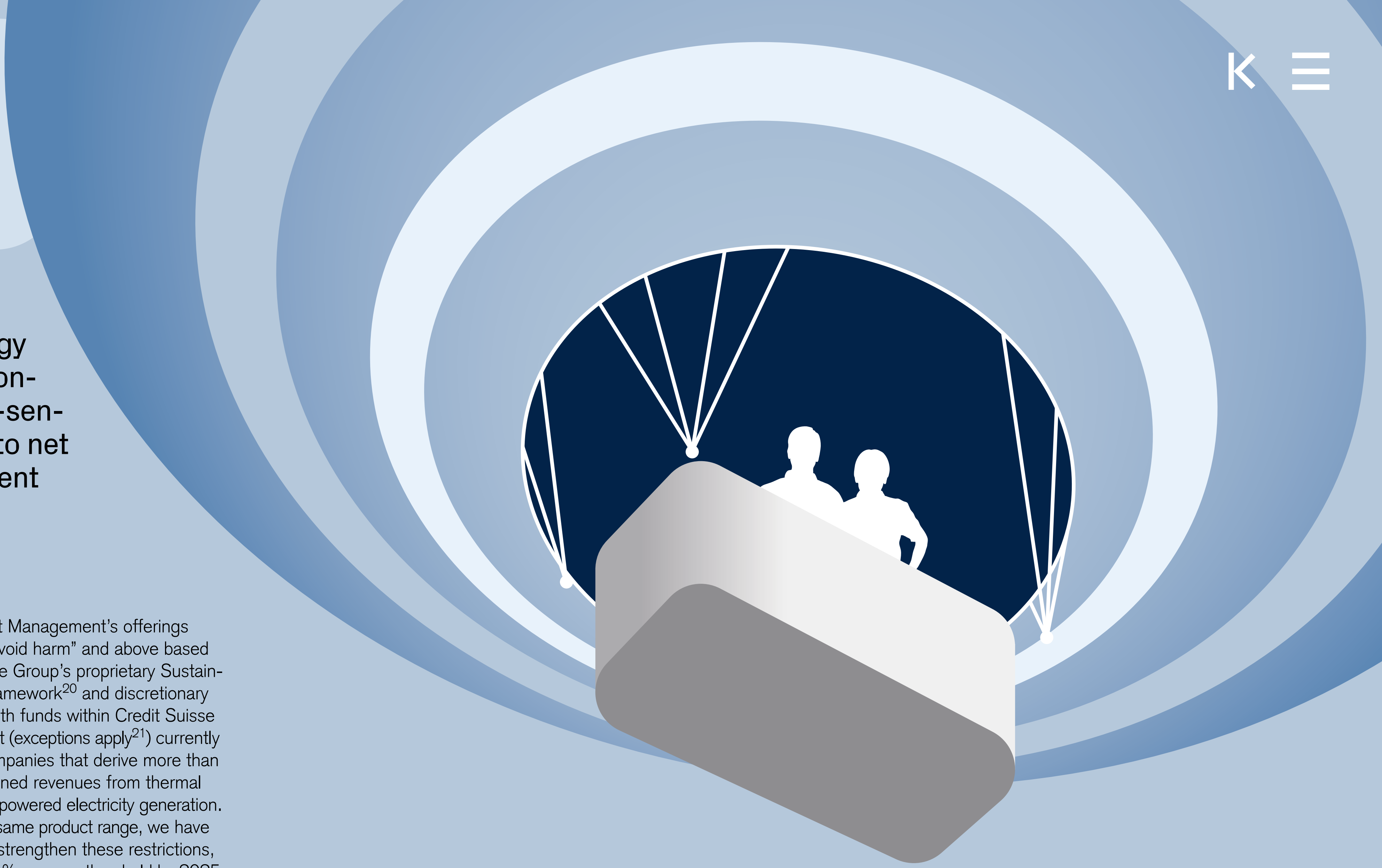
Our active ownership efforts to reach net zero
To recap, we believe that asset managers have a responsibility to act as stewards of capital in order to generate and protect long-term value for clients. Climate change and the transition to a net zero society can have a major impact on a company's business model and can thus affect the long-term value and future performance of investments. It is therefore paramount that these topics be well integrated into a company's future strategy. Engaging with companies on the topic of climate change and the net zero transition and exercising one's voting rights are essential tools for asset managers to ensure that the companies they invest in are well aligned with this transition and are prepared for the future. Furthermore, engagement and voting can help to accelerate the transition to a net zero economy, creating a win-win dynamic for both shareholders and society. We therefore view our engagement and voting activities as essential tools for driving net zero adoption, and we will continue our efforts in this area.

[19] In case of potential conflicts of interest, our fiduciary duty to clients will take precedence.

REDUCE

> The actions that we take within the next decade to fight climate change will be critical to the future and to our clients. Prioritizing near-term emission reductions should therefore be at the top of the agenda for every country, sector, and company.

Mette Gahr
Climate Transition Specialist, Credit Suisse Wealth Management



Our focus is to achieve GHG emissions reductions in the real economy consistent with 1.5°C scenarios that call for a 50% reduction by 2030. Investment and active ownership are the main levers for achieving this. Reaching net zero requires a strategy that involves the employment of other measures as well. Decarbonizing our investment portfolios by reducing exposure to climate-sensitive sectors and companies that are unwilling to transition to net zero is one such measure that Credit Suisse Asset Management and Credit Suisse Wealth Management can implement.

We expect companies operating in climate-sensitive sectors such as coal, oil, and natural gas to set net zero goals that are backed by credible methodologies and transition strategies and to be transparent about their progress toward achieving their goals. Companies that fail to respond to our engagement efforts over a specified time span and that have a material impact on the transition to net zero will be subject to further escalation.

Climate-sensitive sector policies
The adoption of a science-based approach to the transition from traditional energy to renewable energy over time is expected to be part of our ambition to net zero. We are in the process of reviewing this type of approach with the aim of developing an aligned policy. Any climate-sensitive policy will include recognition of the need for a just transition in those countries and sectors where the dependence on fossil fuel is significant. Different transition paths can be applied depending on the region in alignment with Intergovernmental Panel on Climate Change (IPCC) 1.5°C scenarios and the IEA Net Zero Roadmap by 2050.

Credit Suisse Asset Management's offerings classified as "2 – Avoid harm" and above based on the Credit Suisse Group's proprietary Sustainable Investment Framework[20] and discretionary mandates and wealth funds within Credit Suisse Wealth Management (exceptions apply[21]) currently do not invest in companies that derive more than 20% of their combined revenues from thermal coal mining or coal-powered electricity generation. Additionally, for the same product range, we have a plan to gradually strengthen these restrictions, which includes a 15% revenue threshold by 2025 and a 5% revenue threshold by 2030.

In addition to our intentions for thermal coal, we are also introducing a restriction on companies active in Arctic oil and gas with a 5% revenue threshold as well as an oil sands restriction with a 10% revenue threshold. Both restrictions are expected to be effective as of April 1, 2023, and will apply to actively managed portfolios classified as "2 – Avoid harm" and above within Credit Suisse Asset Management and to all single-security investments within discretionary mandates and wealth funds managed by Credit Suisse Wealth Management.[22]

Constraints on company investments
Companies in the fossil fuel sector face significant challenges in the transition to net zero. Although we believe that the strongest lever to enable the transition is through investment and active ownership, we will also need to proactively reduce exposure to companies that are unwilling to transition to net zero.

We recognize that many oil and gas companies have commitments to net zero in place today, but that these commitments are not necessarily equal. We are therefore reviewing opportunities to differentiate between companies that have robust and credible net zero goals with transition strategies that are aligned with net zero and those that have stated goals, but which are inconsistent with, for example, the capital expenditures needed for a pathway to net zero.

Divestment approach
Divestment is used as a last resort. However, it is necessary as an escalation in cases where engagement does not lead to positive outcomes and to make engagement efforts effective and credible. In this case, a company can be excluded from the investment universe after considering other available options. The securities must then be sold by portfolio managers within a reasonable time frame.

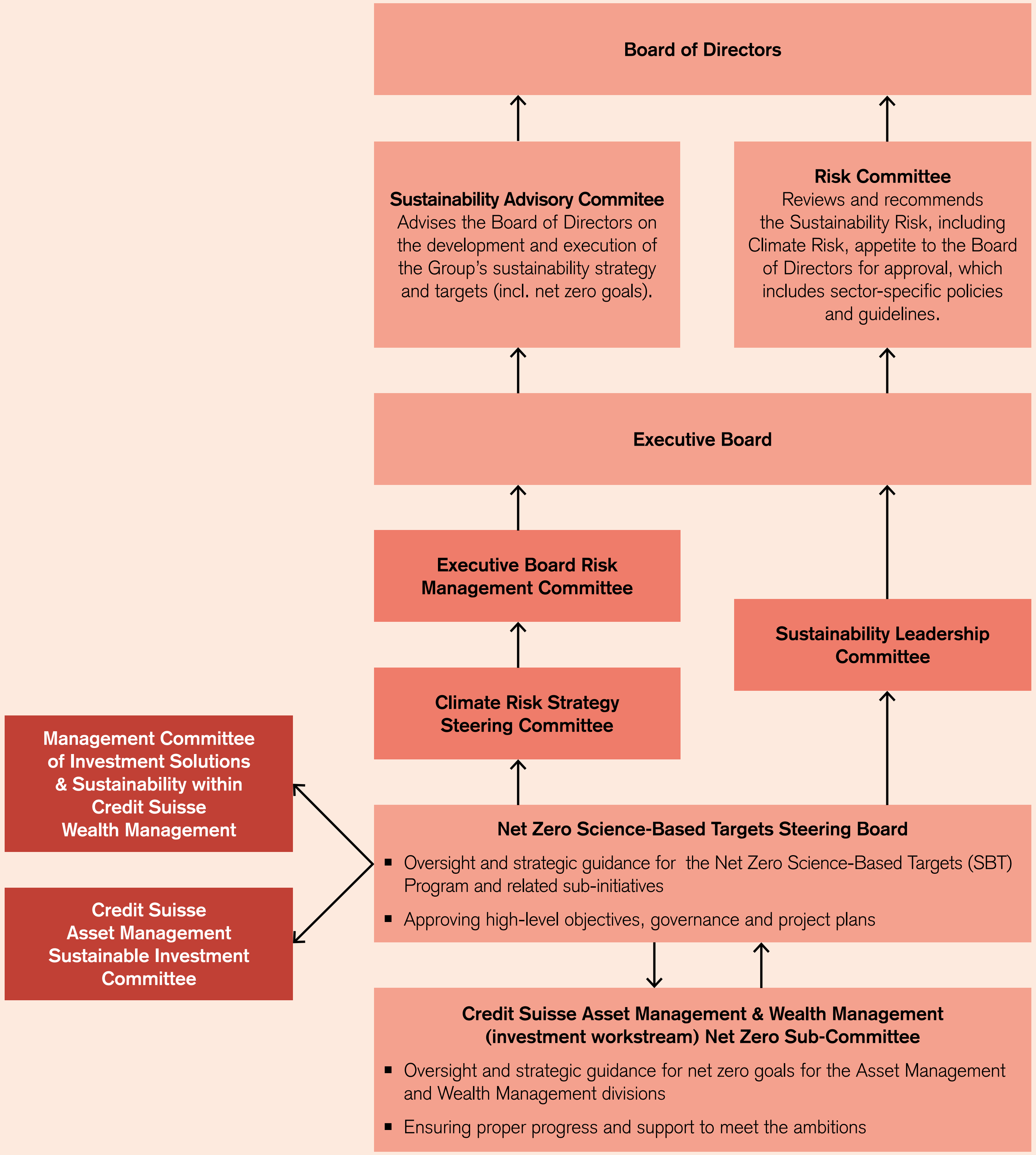
[20] Credit Suisse sustainability classification: "n/a – Not classifiable," "0 – Not sustainable," "1 – Traditional," "2 – Avoid harm," "3 – ESG aware," "4 – Sustainable thematic," "5 – Impact investing." For more information, please refer to Credit Suisse Sustainable Investment Framework.
[21] The exclusion might not apply to some non-direct holdings, and exceptions are possible in the case of holding instructions from discretionary mandate clients.
[22] Index products continue to follow the current procedure, which is to follow the exclusion policy of the index provider.

Governance

To underscore Credit Suisse Group's commitment to net zero by 2050, the Group has established a dedicated Net Zero Science-Based Targets (SBT) Program to provide oversight and strategic guidance for developing the net zero strategy. The Net Zero SBT Program has a Steering Board that is chaired by Credit Suisse Group's Chief Sustainability Officer. There is also a direct reporting line to the Credit Suisse Board of Directors via Credit Suisse's Climate Risk Strategy Committee and the Executive Board Risk Management Committee (Figure 6). The Net Zero SBT Program Steering Board consists of several workstreams, including an investment workstream that focuses on the activities of the Credit Suisse Asset Management and Credit Suisse Wealth Management divisions.

Furthermore, the Credit Suisse Board of Directors has a designated Sustainability Leader and a dedicated Sustainability Advisory Committee. The Sustainability Advisory Committee assists the Board in an advisory capacity by helping it to fulfill its oversight duties in terms of the development and execution of the Group's sustainability strategy and ambitions and by monitoring and assessing the effectiveness of the respective sustainability programs and initiatives. Responsibilities include endorsing the sustainability strategy and ambitions and ensuring that actions are being taken to accomplish them, advising on sustainability metrics and tracking and monitoring progress, and supporting the engagement with key internal and external stakeholders, including clients, employees, and investors.

Figure 6: Governance framework for the net zero activities of the Credit Suisse Asset Management and Credit Suisse Wealth Management divisions



Source Credit Suisse

Divisional governance
A specific Net Zero Sub-Committee for the activities of the Credit Suisse Asset Management and Credit Suisse Wealth Management divisions was formed in January 2022 to discuss decisions with key stakeholders before bringing them to the Steering Board for endorsement or approval. The key responsibilities of this Sub-Committee include providing oversight and strategic guidance for developing the net zero goals for the divisions and for ensuring proper progress and support to meet the ambition.

Any decisions relating to Credit Suisse Asset Management's and Credit Suisse Wealth Management's net zero ambition regarding investments first go through the Net Zero Sub-Committee and normally through the Steering Board afterwards. Depending on the decision, the topic may also need to be raised in other forums such as the Climate Risk Strategy Steering Committee, the Executive Board Risk Management Committee and the management committees of the respective divisions.[23]

Going forward, the Sustainable Investing Committee at Credit Suisse Asset Management and the Management Committee of Investment Solutions & Sustainability within Credit Suisse Wealth Management[24] will be responsible for ensuring that appropriate governance and operationalization are put into place across Credit Suisse Asset Management and Credit Suisse Wealth Management in line with best practices.

Climate Change Policy
Credit Suisse Group's internal climate change policy from 2021 further describes the overall framework, scope, roles, and responsibilities involved in the Group's approach to tackling climate change. It provides an overview of each of the components and principles that constitute the Group's strategy for combating climate change and integrating this strategy into the core functioning of the Bank. These aspects are reflected in Credit Suisse Group's Statement on Climate Change (publicly available on our website), where further information on the Group's principles and approach to climate protection can be found.

Education
At Credit Suisse Asset Management and Credit Suisse Wealth Management, we are also making efforts to further educate our workforce to ensure a smooth implementation of our net zero program. Several initiatives are being planned throughout the Bank, and they are organized centrally within our Global Sustainability function and by subject matter experts in our divisions. In addition, customized programs are being developed for specific departments to ensure continuous learning about the climate transition throughout the Bank. Credit Suisse Group employees will also increasingly participate in external education programs, such as the CFA Climate Certificate, and executive education programs focusing on net zero and climate change from other top-tier institutions to further develop their knowledge and expertise. These combined efforts will help to ensure that the organization is fit for purpose to support the transition to net zero within both Credit Suisse Asset Management and Credit Suisse Wealth Management.

Reporting and monitoring our progress
This Climate Action Plan includes Credit Suisse Asset Management's and Credit Suisse Wealth Management's goals of reaching net zero as measured by key climate performance indicators, which include the tracking of GHG emissions reductions. In line with our overall ambition, we will report on the annual progress of Credit Suisse Asset Management's and Credit Suisse Wealth Management's net zero strategy via future sustainability reports, our TCFD report, and specific disclosures related to the Net Zero Asset Managers initiative.

Credit Suisse Group regularly reports on its sustainability progress at the Group level through its annual Sustainability Report: Sustainability Report 2021 (credit-suisse.com). In addition, Credit Suisse Group publishes annual climate-related financial disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) Report, which compiles information from the Sustainability Report, including the Group's net zero strategy, risk management, climate performance metrics, targets, and governance approach.

[23] In case of potential conflicts of interest, our fiduciary duty to clients will take precedence.
[24] For investments.

"As we see the impacts of climate change unfold it is crucial that our clients' portfolios become more resilient to climate change. By creating the frameworks to transition portfolios to net zero, we provide clients with solutions to achieve their climate objectives.

Michael van der Meer
Head of Sustainable Investment Analysts, Credit Suisse Wealth Management

Appendix

Collaborative leadership on environment-related topics

Climate Action 100:	Credit Suisse Asset Management is a member of the Climate Action 100+ plan, an industry-wide investor initiative committed to reducing greenhouse gas emissions and fighting climate change.[25] By teaming up with a group of investors with more than USD 68 tn of assets under management, we aim to leverage our collective impact to protect our climate.
Climate Bonds Initiative (CBI):	The Climate Bonds Initiative is the world's leading market-tracking and advocacy organization in the green bonds space. Its strategy is to develop a large and liquid green and climate bonds market that will help drive down the cost of capital for climate projects in developed and emerging markets. The CBI also aims to grow aggregation mechanisms for fragmented sectors and to support governments seeking to tap debt capital markets. In September 2019, Credit Suisse and the CBI launched a Sustainable Transition Bonds initiative to develop a new concept framework. The framework aims to create a more inclusive segment of the public bond market that facilitates, accelerates, and supports corporate transition pathways.
Energy Transitions Commission (ETC):	The Energy Transitions Commission (ETC) is a global coalition of leaders from across the energy landscape who are working together to accelerate the transition to a zero-emissions future. The ETC develops transition road maps and tools, building on robust analysis and extensive exchanges with experts and practitioners across energy-intensive value chains. This work is undertaken with a range of partners, industry associations, nongovernmental organizations (NGOs), and experts.
Equator Principles:	The Equator Principles (EP) are a leading voluntary financial industry benchmark for determining, assessing, and managing environmental and social risk for specific types of finance for industrial and infrastructure projects. Credit Suisse was one of the first banks to sign on to the EP in 2003. Our Sustainability Affairs team provides global coverage to business units on EP transactions as well as other transactions that entail potential sustainability risks.
The Green Bond Principles:	The Green Bond Principles (GBP), a set of voluntary guidelines on the recommended process for the development and issuance of green bonds, were launched by 13 investment banks in 2014 and were endorsed by Credit Suisse that same year. The GBP encourage transparency, disclosure, and integrity in the development of the green bond market and suggest a process for designating, disclosing, managing, and reporting on the proceeds of a green bond.
International Capital Markets Association (ICMA) Climate Transition Finance and Sustainability-linked Bonds Working Group:	Credit Suisse is a member of the ICMA's Climate Transition Finance and Sustainability-Linked Bonds Working Group. The working group consists of 50 financial and environmental institutions that work together to address climate transition finance. In September 2019, we launched a "Sustainable Transition Bonds" initiative in collaboration with the CBI to develop a new concept framework for transition bonds.
Task Force on Nature-Related Financial Disclosures (TNFD):	The TNFD aims to build awareness and capacity to enable the financial sector to address market failures contributing to the destruction of nature and to redirect the flow of global finance toward economic activities and business practices with little or no impact on nature or which benefit nature. It also aims to help financial institutions and companies identify and address nature-related dependency and impact risks by developing enhanced disclosure and reporting frameworks. Credit Suisse was part of the Informal Working Group (IWG) for the planning phase of the TNFD, which was tasked with establishing a detailed work plan for its launch in 2021. Other members of the IWG include the United Nations Development Program (UNDP), the United Nations Environment Program Finance Initiative (UNEP FI), the World Economic Forum (WEF), the World Wide Fund for Nature (WWF), and the UK, Swiss, and French governments.

[25] Climate Action 100+. 2022. Investor Signatories.

List of abbreviations

AGM: annual general meeting
AuM: assets under management
BoD: board of directors
CH_4: methane
CO_2e: carbon dioxide equivalent
ETF: exchange-traded funds
ESG: environmental, social, governance
EV: electric vehicle
EVIC: enterprise value including cash
GHG: greenhouse gases
IEA: International Energy Agency
IIGCC: Institutional Investors Group on Climate Change
IPCC: Intergovernmental Panel on Climate Change
KPI: key performance indicator
MSCI: Morgan Stanley Capital International
N_2O: nitrous oxide
NZBA: Net Zero Banking Alliance
NZAMi: Net Zero Asset Managers initiative
PCAF: Partnership for Carbon Accounting Financials
SDG: Sustainable Development Goals
SBTi: Science Based Targets initiative
UN PRI: United Nations Principles for Responsible Investment
TCFD: Task Force on Climate-Related Financial Disclosures

Disclaimer

For the purposes of this document, unless the context otherwise requires, the terms "we," "us," and "our" refer to the divisions Credit Suisse Asset Management and/or Credit Suisse Wealth Management. The terms "Credit Suisse Group," "Credit Suisse," the "Group," and the "organization" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the direct bank subsidiary of the Group, is substantially similar to the Group, and these terms are used to refer to both when the subject is the same or substantially similar.

Cautionary statement regarding forward-looking information
This document contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:
- our plans, targets or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility, increases in inflation and interest rate fluctuations or developments affecting interest rate levels;
- the ongoing significant negative consequences, including reputational harm, of the Archegos and supply chain finance funds matters, as well as other recent events, and our ability to successfully resolve these matters;
- the impact of social media speculation and unsubstantiated media reports about our business and its performance;
- the extent of outflows of assets or future net new asset generation across our divisions;
- our ability to improve our risk management procedures and policies and hedging strategies;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular, but not limited to, the risk of negative impacts of COVID-19 on the global economy and financial markets, Russia's invasion of Ukraine, the resulting sanctions from the US, EU, UK, Switzerland and other countries and the risk of continued slow economic recovery or downturn in the EU, the US or other developed countries or in emerging markets in 2022 and beyond;
- the emergence of widespread health emergencies, infectious diseases or pandemics, such as COVID-19, and the actions that may be taken by governmental authorities to contain the outbreak or to counter its impact;
- potential risks and uncertainties relating to the severity of impacts from COVID-19 and the duration of the pandemic, including potential material adverse effects on our business, financial condition and results of operations;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic initiatives, including those related to our targets, ambitions and goals, such as our financial ambitions as well as various goals and commitments to incorporate certain environmental, social and governance considerations into our business strategy, products, services and risk management processes;
- our ability to achieve our announced comprehensive new strategic direction for the Group and significant changes to its structure and organization;
- our ability to successfully implement the divestment of any non-core business;
- the future level of any impairments and write-downs, including from the revaluation of deferred tax assets, resulting from disposals and the implementation of the proposed strategic initiatives';
- the ability of counterparties to meet their obligations to us and the adequacy of our allowance for credit losses;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies;
- the effects of currency fluctuations, including the related impact on our business, financial condition and results of operations due to moves in foreign exchange rates;
- geopolitical and diplomatic tensions, instabilities and conflicts, including war, civil unrest, terrorist activity, sanctions or other geopolitical events or escalations of hostilities, such as Russia's invasion of Ukraine;
- political, social and environmental developments, including climate change;
- the ability to appropriately address social, environmental and sustainability concerns that may arise from our business activities;
- the effects of, and the uncertainty arising from, the UK's withdrawal from the EU;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- the risk of cyber attacks, information or security breaches or technology failures on our reputation, business or operations, the risk of which is increased while large portions of our employees work remotely;
- the adverse resolution of litigation, regulatory proceedings and other contingencies;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting or tax standards, policies or practices in countries in which we conduct our operations;
- the discontinuation of LIBOR and other interbank offered rates and the transition to alternative reference rates;
- the potential effects of changes in our legal entity structure;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to protect our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes instituted by us, our counterparties or competitors;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets; and
- other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in "Risk factors" in I – Information on the company in our Annual Report 2021 and in "Risk factor" in Credit Suisse results – Credit Suisse in our 3Q22 Financial Report.

Important information about this publication
There is currently no universal definition or exhaustive list defining issues or factors that are covered by the concept of "ESG" (Environmental, Social and Governance). If not indicated otherwise, ESG is used interchangeably with the terms "sustainable" and "sustainability". Unless indicated otherwise, the views expressed herein are based on Credit Suisse's own assumptions and interpretation of ESG concepts at the time of writing. Credit Suisse's views on ESG matters may evolve over time and are subject to change.

Information referenced in this document, whether via website links or otherwise, is not incorporated into this document. This document may provide the addresses of, or contain hyperlinks to, third-party websites. Credit Suisse has not reviewed such linked sites and takes no responsibility for the content contained therein. Any addresses or hyperlinks within this document (including addresses or hyperlinks to Credit Suisse's own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this document or Credit Suisse's website shall be at your own risk. Third parties mentioned in this document are not affiliated with Credit Suisse, unless disclosed otherwise. Any mention of the third parties should in no way be considered to be a solicitation or endorsement by Credit Suisse on behalf of the third parties named.

For more comprehensive information about our results and operations, including risks that could adversely affect our results of operations and financial condition, please refer to our annual reports and quarterly reports available at www.credit-suisse.com.

We may not achieve all of the expected benefits of our strategic initiatives. Factors beyond our control, including but not limited to the market and economic conditions (including macroeconomic and other challenges and uncertainties, for example, resulting from Russia's invasion of Ukraine), changes in laws, rules or regulations and other challenges discussed in our public filings, could limit our ability to achieve some or all of the expected benefits of these initiatives.

In particular, the terms "Estimate", "Illustrative", "Ambition", "Objective", "Outlook", "Goal", "Commitment" and "Aspiration" are not intended to be viewed as targets or projections, nor are they considered to be Key Performance Indicators. All such estimates, illustrations, ambitions, objectives, outlooks, goals, commitments, and aspirations, as well as any other forward-looking statements described as targets or projections, are subject to a large number of inherent risks, assumptions, and uncertainties, many of which are completely outside of our control. These risks, assumptions, and uncertainties include, but are not limited to, general market conditions, market volatility, increased inflation, interest-rate volatility and levels, global and regional economic conditions, challenges and uncertainties resulting from Russia's invasion of Ukraine, political uncertainty, changes in tax policies, scientific or technological developments, evolving sustainability strategies, changes in the nature or scope of our voluntary commitments, changes in the nature or scope of our operations, changes in carbon markets, regulatory changes, changes in levels of client activity as a result of any of the foregoing, and other factors. Such varying factors may lead to revisiting voluntary commitments previously agreed, to reflect the progress made towards net zero. Accordingly, these statements, which speak only as of the date made, are not guarantees of future performance and should not be relied on for any purpose. We do not intend to update these estimates, illustrations, ambitions, objectives, outlooks, goals, commitments, aspirations, or any other forward-looking statements. For these reasons, we caution you not to place undue reliance upon any forward-looking statements.

In preparing this document, management has made estimates and assumptions that affect the numbers presented. Actual results may differ. Annualized numbers do not take into account variations in operating results, seasonality and other factors and may not be indicative of actual full-year results. Figures throughout this document may also be subject to rounding adjustments. All opinions and views constitute good faith judgments as of the date of writing without regard to the date on which the reader may receive or access the information. This information is subject to change at any time without notice, and we do not intend to update this information.

This document has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell, or solicitation of an offer to buy, any security. In addition, there is currently no single, globally recognized set of accepted definitions in assessing whether activities are "green" or "sustainable." Without limiting any of the statements contained herein, we make no representation or warranty as to whether any security constitutes a green or sustainable security or conforms to investor expectations or objectives for green or sustainable investing. For information on characteristics of a security, use of proceeds, a description of applicable project(s), and/or any other relevant information, please reference the offering documents for such security.

Investors and others should note that we announce important company information (including quarterly earnings releases and financial reports as well as our annual sustainability report) to the investing public using press releases, SEC and Swiss ad hoc filings, our website and public conference calls and webcasts. We also routinely use our Twitter account @creditsuisse (https://twitter.com/creditsuisse), our LinkedIn account (https://www.linkedin.com/company/credit-suisse/), our Instagram accounts (https://www.instagram.com/ creditsuisse_careers/ and https://www.instagram.com/creditsuisse_ch/), our Facebook account (https://www.facebook.com/creditsuisse/) and other social media channels as additional means to disclose public information, including to excerpt key messages from our public disclosures. We may share or retweet such messages through certain of our regional accounts, including through Twitter at @csschweiz (https://twitter.com/csschweiz) and @csapac (https://twitter.com/csapac). Investors and others should take care to consider such abbreviated messages in the context of the disclosures from which they are excerpted. The information we post on these social media accounts is not a part of this document.

Certain material in this document has been prepared by Credit Suisse on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness, reasonableness or reliability of such information.

The English language version of this document is the controlling version.

Imprint

Authors
Jeroen Bos
Sina Dorner-Müller
Mette Gahr
Victoria Mas Palacios
Cyril Matti
Jacqueline Oh
Dr. Ece Satar Pfister
Karim Sayyad
Manuel Seifert

Project management
Marta Jezak
Barbara Zellweger

Design
Tomasz Nowak

CREDIT SUISSE

Follow us on LinkedIn

Follow us on Twitter

Source: Credit Suisse, unless otherwise specified.
Unless noted otherwise, all illustrations in this document were produced by Credit Suisse Group AG and/or its affiliates with the greatest of care and to the best of its knowledge and belief.

GL/EN/202211