## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>1 Credit Suisse Asset Management's Sustainable Investing Policy</td>
<td>4</td>
</tr>
<tr>
<td>1.1 Ambitions of our sustainable strategies</td>
<td>4</td>
</tr>
<tr>
<td>1.2 Key principles of our Sustainable Investing Policy</td>
<td>6</td>
</tr>
<tr>
<td>1.3 Principle 1: Safeguarding the fiduciary duty to clients</td>
<td>6</td>
</tr>
<tr>
<td>1.4 Principle 2: Application of ESG exclusions</td>
<td>6</td>
</tr>
<tr>
<td>1.4.1 Specific exclusions applied to our Thematic Equity funds</td>
<td>7</td>
</tr>
<tr>
<td>1.5 Principle 3: Application of ESG integration and/or investing with a sustainability objective</td>
<td>8</td>
</tr>
<tr>
<td>1.5.1 ESG integration in equity portfolios</td>
<td>9</td>
</tr>
<tr>
<td>1.5.1.1 Non-thematic equity portfolios</td>
<td>9</td>
</tr>
<tr>
<td>1.5.1.2 Thematic equity portfolios</td>
<td>10</td>
</tr>
<tr>
<td>1.5.2 ESG integration in fixed income portfolios</td>
<td>11</td>
</tr>
<tr>
<td>1.5.3 ESG integration in multi-asset portfolios</td>
<td>12</td>
</tr>
<tr>
<td>1.5.4 ESG integration in index portfolios</td>
<td>13</td>
</tr>
<tr>
<td>1.5.5 ESG integration in real estate portfolios</td>
<td>13</td>
</tr>
<tr>
<td>1.6 Principle 4: Application of active ownership</td>
<td>14</td>
</tr>
<tr>
<td>1.7 Principle 5: Reporting and transparency</td>
<td>14</td>
</tr>
<tr>
<td>2 Special topics</td>
<td>16</td>
</tr>
<tr>
<td>3 Regulatory disclosures</td>
<td>18</td>
</tr>
</tbody>
</table>
Credit Suisse Asset Management strives to become a sustainability leader in the financial industry. In September 2019, we announced our plan to increasingly incorporate environmental, social, and governance considerations – the ESG factors – into the investment process of several of our strategies. Following this announcement, we have been making every effort to accelerate our sustainable investing agenda and implement it across many of our core asset classes. Working in close cooperation with Institutional Shareholder Services Inc. (ISS), our partner for proxy voting, we have increased our proxy voting coverage by defining specific regional proxy voting policies, and we will continue to do so. Finally, in order to reinforce our commitment to sustainability, we have strengthened our dedicated in-house ESG team.

We take a systematic approach to sustainable investing. This means that ESG factors are taken into account at various stages throughout the investment process. Our sustainable investment strategies employ ESG criteria when defining the investment universe (ESG exclusions), integrate ESG factors directly into the investment process, extend traditional research views to encompass sustainability considerations, and reflect on ESG factors when selecting and defining exposure to securities (ESG integration). We then monitor the resulting portfolio in terms of its sustainability characteristics. We support sustainability initiatives through proxy voting, active participation in annual general meetings (AGMs), and engaging with investee companies. In addition, we also provide detailed ESG reporting to enhance portfolio transparency for our clients. Lastly, Credit Suisse Asset Management and Credit Suisse participate in several sustainability networks and initiatives.

Going forward, we have pledged to further develop and promote sustainable investment products and services that seek to generate financial returns while incorporating ESG considerations. We are convinced that our focus on sustainability not only accords with but also explicitly assists us in our fiduciary duty to preserve and increase the value of our client portfolios. However, responsibility toward our clients is not the only factor that drives us to pursue sustainability – we, too, are increasingly faced with the consequences that financial investments have on our environment and our society.
1 Credit Suisse Asset Management's Sustainable Investing Policy

At Credit Suisse Asset Management, we systematically engage in sustainable investing. Sustainable investing refers to the process of considering environmental, social, and governance information (ESG factors) when making investment decisions. To ensure that our sustainable investment products meet the standards set by our clients and the standards we set ourselves, we have established dedicated sustainable investment principles that are governed by the Sustainable Investing Policy. Credit Suisse Asset Management’s Sustainable Investing Policy applies to all portfolios whose investment process includes ESG considerations and/or that have a defined sustainable investment objective. A dedicated ESG team governs and maintains the Sustainable Investing Policy.

Credit Suisse Asset Management’s Sustainable Investing Policy is aligned with the Credit Suisse Sustainable Investment Framework.

1.1 Ambitions of our sustainable strategies

Portfolios pursuing a sustainable investing strategy integrate ESG factors into the investment decision-making process, thereby aiming to create more sustainable portfolios and achieve an improved expected risk/return profile; some of them target specific sustainable investment objectives. The importance of and focus on individual ESG factors may vary depending on the overall investment strategy and investment universe.
In accordance with the MSCI ESG Key Issue Hierarchy, Credit Suisse Asset Management considers, quantifies, and publishes monthly scores of the following ESG factors for its sustainable equity and fixed income portfolios:

**Environmental (E)**
- Climate change (including various carbon emission data points)
- Environmental opportunities (including various data points on renewable energy and technology)
- Natural capital (including clean water and biodiversity data points)
- Pollution and waste (including waste management and toxic emission data points)

**Social (S)**
- Human capital (including health and safety data points)
- Product liability (including product safety and responsible investment data points)
- Stakeholder opposition score, social opportunities (including access to healthcare and communications data points)

**Governance (G)**
- Corporate governance (including ownership, control, and remuneration data points)
- Corporate behavior (including business ethics and tax transparency data points)

The published scores of the ESG factors on the portfolio level are calculated by a weighted aggregation of the available scores of the underlying securities. Aggregated scores for environmental, social, and governance aspects as well as an overall ESG portfolio score are published for our equity and fixed income portfolios.

---

1 For further information on the MSCI ESG Key Issue Hierarchy and the methodology for the calculation of the individual factors, please refer to: msci.com/our-solutions/esg-investing/esg-ratings and MSCI ESG Ratings Methodology.
1.2 Key principles of our Sustainable Investing Policy

At Credit Suisse Asset Management, we place great importance on the systematic consideration of sustainability factors as part of our sustainable investment strategies. We are convinced that a clear governance of our approach to sustainability enables our sustainable strategies to achieve their investment ambitions. Our Sustainable Investing Policy is based on five key principles: fulfilling our fiduciary duty to our clients, ESG exclusions, ESG integration and/or sustainable thematic investments, active ownership, and transparency toward clients.

1.3 Principle 1: Safeguarding the fiduciary duty to clients

We are convinced that our focus on sustainability helps Credit Suisse Asset Management fulfill its fiduciary duty to act in the best interest of its clients. In our view, considering ESG factors offers our investment teams the means to make better-informed decisions. In addition to our fiduciary responsibility toward our clients, we are committed to mitigating the negative consequences and fostering the positive effects that our financial investments have on our environment and our society, where possible.

1.4 Principle 2: Application of ESG exclusions

Credit Suisse Asset Management has defined the following three categories of exclusions:

- **Norms-based exclusions**
  We exclude companies that fail to comply with international treaties on controversial weapons such as the Convention on Cluster Munitions, the Chemical Weapons Convention, the Biological Weapons Convention, and the Treaty on the Non-Proliferation of Nuclear Weapons.

- **Values-based exclusions**
  We exclude companies that derive more than 5% of their revenue from conventional weapons and firearms, tobacco production, gambling, or adult entertainment. We also exclude companies that derive more than 20% of their revenue from tobacco distribution and conventional weapons support systems and services. In addition, a revenue limit of 20% applies to investments in coal (coal mining and coal-based electricity generation). This threshold can be further lowered over time to reflect the transition toward a low-carbon society.

- **Business-conduct exclusions**
  Companies found to systematically violate international norms, where the breaches are particularly severe, or where management is not open to implementing necessary reforms, are placed on a watch list and may be excluded from the firm-wide investment universe. This process is governed by a dedicated committee that keeps the final list of excluded companies and is responsible for ensuring that the list is communicated to investment teams in a timely manner. Business-conduct-based exclusions are considered a last resort. We prefer to engage with investee companies with the aim of increasing our impact on preventing future breaches. Companies that are able and willing to take action may be subject to a period of prolonged engagement in which Credit Suisse and company management agree on targets and timelines for improvement.

Values-, norms-, and business-conduct-based exclusions are defined in the Credit Suisse Sustainable Investment Framework. These exclusions may evolve over time.
The exclusions described above are applied in the following manner:

Credit Suisse Asset Management excludes firms that violate norms related to controversial weapons, such as personal mines, cluster munitions, and nuclear weapons, as defined according to the recommendation of SVVK-ASIR, from all of its actively and passively managed portfolios of listed equity and fixed income securities. Further exclusions from passively managed portfolios are based on the rules governing the construction of specific ESG indices that the portfolios aim to replicate.

Credit Suisse Asset Management applies norms-, values-, and business-conduct-based exclusions to actively managed sustainable portfolios of listed equity and fixed income securities. In the case of norms-based exclusions, Credit Suisse Asset Management applies additional exclusions, setting thresholds on revenues from, for example, the production of delivery platforms and components for controversial and/or nuclear weapons.

1.4.1 Specific exclusions applied to our Thematic Equity funds

All of our Thematic Equity funds are subject to a defined investment universe that reflects the funds’ specific themes. In addition, the Thematic Equity funds are subject to more stringent exclusions.

The Credit Suisse Asset Management Thematic Equity team applies the following categories of exclusions:

- Norms-based, values-based, and business-conduct-related exclusions
- More stringent exclusions and thresholds across sectors including coal mining, conventional and unconventional oil and gas extraction, generation of electricity, and violations of the United Nations Global Compact (UNGC) principles

As a result, the following companies, countries, and sectors are excluded from the investment universe of our Thematic Equity funds:

- **Breaches of the UNGC principles:** Companies whose activities clearly infringe upon the UNGC are excluded. The ten UNGC principles define fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption. These principles are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, the United Nations Convention Against Corruption, and the Organization for Economic Co-operation and Development’s Anti-Bribery Convention.

- **Country exclusions:** We do not finance countries (via government debt or indirectly via state-owned companies) that are subject to international sanctions or that violate basic principles like those stated in the UNGC.

- **Illegal and controversial weapons:** Manufacturers of controversial weapons such as land mines and cluster bombs, as well as manufacturers of nuclear, biological, and chemical weapons, are excluded.

- **Conventional weapons and firearms:** Companies that derive more than 5% of their revenue from manufacturing conventional weapons or firearms are excluded, as are companies that derive more than 10% of their revenue from the production of weapons or tailor-made components.

- **Tobacco products:** Companies that derive more than 5% of their revenue from manufacturing tobacco products and companies that
derive more than 5% of their revenue from distributing those products are excluded.

- **Coal extraction:** Companies that derive more than 5% of their revenue from coal extraction are excluded.

- **Unconventional oil and gas extraction:** Companies that derive more than 5% of their revenue from unconventional oil and gas extraction (e.g. oil extraction from tar sands and/or oil and gas extraction through hydraulic fracking of shale and/or from arctic drilling) are excluded. Companies planning to expand their activities to cover unconventional oil and gas extraction are also excluded.

- **Conventional oil and gas extraction:** Oil and gas extraction companies that derive less than 40% of their revenue from activities related to natural gas extraction or renewable energy sources are excluded.

- **Electricity generation:** Electricity utilities with carbon intensity that is not aligned with a below-two-degrees scenario (in 2021 max. gCO₂/kWh of 393, in 2022 max. gCO₂/kWh of 374) are excluded. If no carbon intensity data are available, the following rules apply:
  - Electricity utilities for which more than 10% of power production is based on coal are excluded.
  - Electricity utilities for which more than 30% of power production is based on oil and gas are excluded.
  - Electricity utilities for which more than 30% of power production is based on nuclear sources are excluded.
  - Electricity utility companies with expansion plans that would increase their negative environmental impact or that run contrary to a below-two-degrees scenario are excluded.

- **Phase-out of unaligned oil and gas extraction and electricity generation:** We finance companies involved in conventional oil and gas extraction and electricity generation that are best in their peer group selectively and to a limited extent. Our portfolios can consist of no more than 5% of such companies, i.e. companies that do not comply with the above requirements for conventional oil and gas extraction or electricity generation.

- **Gambling:** Companies that derive more than 5% of their revenue from gambling are excluded.

- **Adult entertainment:** Companies that derive more than 5% of revenue from adult entertainment are excluded.

1.5 Principle 3: Application of ESG integration and/or investing with a sustainability objective

Application of ESG integration means that Credit Suisse Asset Management incorporates ESG factors at various steps of the investment process by combining financial information with information about environmental, social, and governance aspects. The ESG integration approaches vary by asset class and investment style and depend on the availability of ESG data and tools.

Investing with a sustainability objective means that Credit Suisse Asset Management implements investment strategies that allocate capital to companies offering solutions to societal challenges and pursue a sustainable investment objective. A sustainable investment objective is
achieved through a dedicated investment process focused on investments in themes and sectors whose economic activities address specific ESG challenges, e.g. through sustainable thematic investing. Typically, this means investing in companies, securities of companies (such as green bonds), or strategies that address one or more of the United Nations' Sustainable Development Goals, or investing with a dedicated environmental or social investment objective. For passively managed strategies, this means replicating an index with a sustainability objective.

1.5.1 ESG integration in equity portfolios

We incorporate ESG factors into the investment process of our equity portfolios to create more sustainable portfolios while aiming to increase the expected risk-adjusted returns.

1.5.1.1 Non-thematic equity portfolios

We integrate ESG factors into the investment process of our sustainable equity funds in five main steps:

- **Identification of material ESG factors**
  First, the investment manager uses materiality frameworks to identify those ESG factors that are relevant to the investment strategy. Materiality frameworks are concepts that help to identify sustainability-related issues and opportunities that are likely to affect the financial condition or operating performance of companies within an industry. Material factors are furthermore assessed based on the fund’s sector and geographical exposure.

  Second, the investment manager prioritizes the material factors that are most relevant to the subsequent investment decisions based on the portfolio’s current market exposure. The investment manager reassesses the prioritization regularly to account for changes in the materiality framework, portfolio exposure, or market conditions. Consequently, material ESG factors may change over time.

- **ESG security analysis**
  Based on the identified material ESG factors, the investment manager performs security, sector, and regional research across the portfolio’s investment universe. The investment manager makes use of ESG ratings from state-of-the-art service providers and combines them with Credit Suisse Asset Management’s proprietary analyses and information. These may include ESG-related news, ESG ratings and scores, ESG-related controversies, and ESG trends.

  The ESG data are fully integrated in our portfolio management software, Aladdin by BlackRock. More than 100 ESG data points are accessible to the users. Additionally, investment managers have full access to all ESG-related analyses provided by third party ESG data providers such as MSCI (e.g. ESG-related company reports). The Credit Suisse Asset Management ESG team may offer additional support, where needed, and advise on access to other ESG data providers such as RepRisk.

  The outcome of the ESG analysis of individual securities, combined with financial research, permits the investment manager to make ESG-adjusted risk/return assessments. This enables the investment manager to compare securities on an ESG-adjusted basis and to evaluate whether to keep certain securities in the portfolio or to sell them during the security selection and portfolio implementation stage. The ESG security analysis is updated periodically.
Credit Suisse Asset Management

Security selection and portfolio implementation
Based on the identified material ESG factors and the ESG-adjusted security analysis, the investment manager constructs the portfolio in accordance with the portfolio's investment process and principles. The ESG-adjusted security analysis combined with portfolio construction considerations are used to determine appropriate portfolio weights that reflect the ESG-adjusted risk/return profile of the analyzed securities.

Portfolio monitoring
The investment manager monitors the ESG factors periodically through the portfolio management system to detect significant changes in the ESG factors of the underlying securities. He or she regularly reassesses the portfolio, taking into consideration financial and ESG metrics, and consequently decides whether to increase or decrease positions in the portfolio.

Targeted engagement
Apart from regular engagement with investee companies and proxy voting carried out by the ESG team through its active ownership activities, the investment manager may engage with companies individually in the event of serious ESG-related concerns.

1.5.1.2 Thematic equity portfolios
With their pure-play investment approach, our Thematic Equity funds focus on specific, narrowly defined themes when defining their investment universe. The Thematic Equity funds that include environmental or social aspects in their investment process integrate ESG factors in the same way as described in section 1.5.1.1. There are, however, additional elements that are considered during the investment process of these funds.

Identification of material ESG factors
The investment manager prioritizes the ESG factors that are most relevant to the subsequent investment decisions based on the portfolio's current market exposure and its thematic investment objective.

ESG security analysis, security selection, and portfolio implementation
The research process may make use of dedicated ESG questionnaires with potential follow-up engagements with investee companies. This additional research is usually carried out when no public ESG data are available. Insights gained in this way are then used in the process of selecting securities that fit the theme of the investment product. The main tool for security selection and portfolio implementation is the fundamental scorecard that determines the weight of each holding. ESG is one of the five pillars that are assessed using the fundamental scorecard.

Portfolio monitoring
In addition to the standard ESG exclusions that apply to all our sustainable investment products, there are additional criteria that are used for our Thematic Equity funds (see section 1.4.1). Issuers that have been excluded on the basis of those additional criteria are coded into our automated trade compliance systems. As a result, the investment manager will receive a warning when attempting to trade an excluded stock.

Targeted engagement
Exercising active ownership through engaging in a direct dialogue with investee companies' management teams is performed with the ultimate goal of improving the ESG ratings of an investment and helping the companies enhance their understanding of ESG issues and the impact of their products or services on people and the planet.
Certain Thematic Equity strategies invest with a sustainability objective, as detailed in the respective product documentation.

Further information about the investment process of our Thematic Equity strategies can be provided on request by relationship managers.

1.5.2 ESG integration in fixed income portfolios

Our fixed income funds integrate ESG factors into the investment decision-making process to create more sustainable portfolios and to improve their expected risk/return profiles.

ESG factors are integrated into the investment process in four main steps:

- **Identification of material ESG factors**
  The investment manager uses materiality frameworks to identify those ESG factors that are relevant to the given fixed income investment strategy. Materiality frameworks are concepts that help to identify sustainability-related issues and opportunities that are likely to affect the financial condition or operating performance of potential investee companies within an industry. Portfolio materiality is assessed for each issuer individually based on the fund’s sector and geographical exposure.

  The investment manager regularly reassesses the materiality framework to account for changes in the portfolio exposure or market conditions. Consequently, material ESG factors may change over time.

- **ESG security analysis**
  Based on the identified material ESG factors, the investment manager performs security, sector, and regional research on ESG factors across the portfolio’s investment universe. The investment manager makes use of ESG ratings from state-of-the-art service providers and combines them with Credit Suisse Asset Management’s proprietary analyses and information. These may include ESG-related news, ESG ratings and scores, ESG-related controversies, and ESG trends.

  To integrate ESG factors into the security analysis, the investment manager calculates an ESG-adjusted credit view for all issuers in the fixed income portfolio universe. The ESG-adjusted credit view is based on the traditional credit rating of an issuer combined with this issuer’s ESG rating. The investment manager applies a proprietary methodology to systematically combine the issuer’s traditional credit rating with its ESG rating in order to derive an ESG-adjusted credit rating. The ESG-adjusted credit rating results in a fundamental view on each issuer and enables the investment manager to compare securities on an ESG-adjusted basis and to evaluate whether to keep certain securities in the portfolio or to sell them during the security selection and portfolio implementation stage. ESG-adjusted credit ratings are updated as soon as an update of the underlying traditional credit rating or ESG rating becomes available.

- **Security selection and portfolio implementation**
  The ESG-adjusted credit ratings are used by the investment manager in the bottom-up security selection process. Securities whose financial return compensates for the inherent financial and sustainability-related risks may remain eligible for investing. The position weights are derived from over- or underweighting as well as excluding securities based on the ESG-adjusted credit ratings. In this step, the investment manager combines ESG-adjusted credit ratings with established tools and optimization techniques of traditional investing strategies to optimize the return of the fixed income portfolio.
Portfolio monitoring
The investment manager monitors the ESG factors daily through the portfolio management system to detect significant changes in the ESG factors of underlying securities and regularly reassesses the portfolio in order to decide whether to increase or decrease positions in the portfolio.

1.5.3 ESG integration in multi-asset portfolios
We integrate ESG factors into the investment decision-making process to create more sustainable multi-asset portfolios and to increase their expected risk-adjusted returns.

ESG integration depends on the underlying investment group/asset class. For equity and fixed income investments, the following approaches are available:

- Identification of material ESG factors
  The investment manager defines a set of ESG criteria that enables investments to be compared across a blended investment universe. For direct investments, the concept is based on overall ESG scores that consider relevant material ESG factors for each industry sector. Material ESG factors may change over time.

- ESG security analysis
  For direct investments based on the identified material ESG factors and/or for fund investments based on the fund classification, the investment manager performs research on ESG factors across the portfolio’s investment universe. The investment manager makes use of ESG ratings from state-of-the-art service providers. These may include ESG-related news, ESG ratings and scores, ESG-related controversies, and ESG trends.

- Security selection and portfolio implementation
  The ESG-integrated security selection and portfolio construction approach depends on the underlying investment group/market segment and is a combination of blended investments.

- Direct investments in equities and fixed income
  For actively managed equity and fixed income investments, the portfolio ensures ESG integration by either limiting the eligible investment universe to that of an ESG index, selecting sustainable securities (e.g. green/social/sustainable bonds), or evaluating securities with respect to their ESG factors.

  For passively managed equity and fixed income investments, a respective ESG index is replicated (full replication or optimized sampling) in order to attain the ESG integration characteristics of the index.

- Investments in funds
  For investments in equity or fixed income funds, the portfolio aims to have a significant portion of its assets invested in target funds that demonstrate the “ESG Integration”, “Sustainable Thematic”, or “Impact Investing” approach according to the proprietary classification system described in the Credit Suisse Sustainable Investment Framework.

- For other asset classes and for specific investment approaches, ESG factors are included upon availability.

- Portfolio monitoring
  The investment manager monitors the ESG factors periodically through the portfolio management system to detect significant changes to the ESG factors of underlying securities and regularly reassesses the
portfolio in order to decide whether to increase or decrease positions in the portfolio.

1.5.4 ESG integration in index portfolios
Due to the nature of their investments, passively managed portfolios replicate an ESG benchmark index as closely as possible. ESG characteristics of such a portfolio, its ESG integration approach, or its approach to investing with a sustainable investment objective are therefore derived from the ESG index that the portfolio aims to replicate. Rules and ESG criteria for constructing an ESG index are defined by the index provider, which is why certain exclusion thresholds may deviate from those set in the Credit Suisse Sustainable Investment Framework. All sustainable indices and their corresponding index methodologies are classified according to the Credit Suisse Sustainable Investment Framework. Credit Suisse Asset Management follows these classifications. The portfolio management team, supported by the Credit Suisse Asset Management ESG team, may integrate additional ESG considerations if a portfolio is constructed using partial replication or if a deviation from the index is allowed.

1.5.5 ESG integration in real estate portfolios
ESG considerations are integrated across the real estate value chain, from the planning and development of property construction projects or the acquisition of existing properties to operational management and renovations or demolitions. To ensure the integration of ESG considerations across the investment life cycle, the Global Real Estate unit of Credit Suisse Asset Management applies a three-pronged investment approach:

- **Building certification**
  Credit Suisse Asset Management’s proprietary methodology and sustainability label, the greenproperty in-house quality seal (greenproperty.ch), evaluates the sustainability of real estate investments. Additional market standards and sustainability labels and certificates (e.g. LEED\(^2\), BREEAM\(^3\)) are used to assess the quality of a property with respect to its sustainability characteristics.

- **Building optimization**
  The building optimization program aims to reduce CO\(_2\) emissions and improve the energy efficiency of buildings through selected short- and long-term building optimization measures applied across the real estate life cycle.

- **ESG benchmarking**
  The annual ESG performance assessment based on the Global Real Estate Sustainability Benchmark (GRESB) provides a comprehensive, independent ESG evaluation of our properties and real estate portfolios. In order to meet the Credit Suisse ESG standards, real estate investment products from Credit Suisse Asset Management must pass the real estate ESG assessment based on an ESG due diligence questionnaire and meet the requirements imposed by benchmarking. As a result, Credit Suisse Asset Management Global Real Estate’s funds and foundations are categorized as “ESG Integration” or “Impact Investing”.

In addition to ESG integration, some of our real estate portfolios invest with a sustainability objective.

---

\(^2\) LEED (Leadership in Energy and Environmental Design) is a widely used green building certification program including a set of rating systems for the design, construction, operation, and maintenance of buildings and neighborhoods’ green features. More information is available at leeds.usgbc.org

\(^3\) BREEAM is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities, and infrastructure projects. See breeam.com
1.6 Principle 4: Application of active ownership

Credit Suisse Asset Management ensures that investee companies follow good governance practices by engaging with them and by exercising voting rights.

Being a shareholder and partial owner of a company comes with certain rights and duties. Above all, however, it presents an opportunity to effect positive change. To Credit Suisse, active ownership means exercising these rights and fulfilling our fiduciary duties on behalf of our clients who own shares in companies around the world through our funds. The two main elements of active ownership – engagement and proxy voting – constitute some of the most powerful tools in the pursuit of our environmental, social, and governance goals.

Through our funds and client portfolios, we hold shares in many companies in Switzerland, Europe, and across the globe. As shareholders, we have the opportunity to engage with companies on behalf of our clients, communicate our goals and expectations, and exert concrete influence with our voting power at annual shareholder meetings.

More information about active ownership goals, engagement, and proxy voting can be found on our Active Ownership webpage and provided on request by relationship managers.

Further information can also be found in the Active Ownership Report, the engagement policy and the proxy voting dashboard that are available online. Details can be provided on request by relationship managers.

1.7 Principle 5: Reporting and transparency

Sustainability information at the product level can be found in our monthly fund fact sheets, which include a section dedicated to ESG factors. Fund fact sheets are available online and can be provided on request by relationship managers.

In addition to the monthly fund fact sheets about individual funds, selected Thematic Equity funds publish their own impact and engagement reports. Examples of these reports can be provided on request by relationship managers.
Example of the ESG section of a fund fact sheet

**ESG overview**
- ESG rating of the fund versus its benchmark
- Individual scores for environmental, social, and governance (ESG) aspects
- Carbon intensity

**ESG rating breakdown**
- Breakdown of the portfolio and benchmark according to MSCI ESG rating
- Breakdown of MSCI ESG rating changes (“momentum”) over the past 12 months

**Controversies**
- Portfolio and benchmark exposure to companies involved in controversies
- Controversial business activities according to MSCI ESG

**Carbon emission intensity**
- Carbon emission intensity of the portfolio and its benchmark on a sectoral basis
- Carbon emission intensity is provided by MSCI ESG and is defined as tonnes of CO₂ per USD 1 million of sales
2 Special topics

Treatment of derivatives and short positions
Derivatives may be used as technical portfolio management tools, for hedging purposes, or as an additional source of return. The use of derivatives must not be at odds with the responsible nature of the ESG strategy of a given product. The types of derivatives permitted are generally governed by the fund prospectus. The underlying assets are evaluated similarly to a direct investment in such assets according to the following rules for single-stock futures and single-name credit default swaps (CDS):

1. Short positions in single stocks, single-stock options, and buying protection in single-name CDS are not allowed in companies that are excluded for norms-based business activity violations according to the Credit Suisse Sustainable Investment Framework.

2. Short positions in single stocks, single-stock options, and buying protection in single-name CDS are allowed in companies excluded for values-based business activity violation according to the Credit Suisse Sustainable Investment Framework.

3. Regarding (2) above, curve trades on companies excluded for values-based business activity violation according to the Credit Suisse Sustainable Investment Framework are allowed only if the notional value of the credit short position equals the notional value of the credit long position.

Limit on products for which no ESG data are available
A maximum of 20% of a sustainable investment portfolio may be invested in securities of entities or asset classes for which no ESG-related information is available. This applies in particular to asset classes for which ESG factors are insufficiently defined at present or which are not yet covered by external data providers (e.g. hedge funds). We expect this limit to be lowered over time as the availability of ESG investment concepts and ESG research coverage, external or internal, improves. Non-covered parts of a sustainable investment portfolio are shown in the ESG section of the monthly fund fact sheets.

Specific rules for Thematic Equity funds
For those parts of our Thematic Equity portfolios for which no ESG-related information is available, we may use additional analyses, such as information obtained from additional data providers, our proprietary questionnaires, and pre- and post-trade compliance checks.

ESG data and research
We use a range of external ESG research providers and rating agencies in combination with our in-house sustainability and financial analyses. Specifically, we derive our external ESG research from MSCI, RepRisk, and ISS. Our core ESG data are fully integrated in our portfolio management software, Aladdin by BlackRock.

Portfolio monitoring
Credit Suisse Asset Management conducts pre-trade and post-trade compliance checks daily. In the event that certain violations of our exclusion criteria are revealed, we conduct an appropriate escalation process. All violations are archived. Credit Suisse Asset Management senior management is informed about any violations on a monthly basis. The data sources for our daily monitoring activities are our portfolio management platform, Aladdin by BlackRock (position data), and MSCI ESG (business exposure data), as well as individual third-party sources such as Evalueserve.
Credit Suisse (Lux) Sample Equity Fund sustainable investment and impact questionnaire

**Product/service**
- How does your product or service improve access to education (UN SDG 4), specifically:
  - Does it offer significant cost savings vs. traditional methods? If so, how?
  - Does it widen access to education for those in remote areas? If so, how?
  - Do you target specific areas where there is a shortage of skills? If so, how?
  - Could you please provide a demographic of the users of your service (age, gender, etc.)?

**Quality of the product/service**
- How do you ensure quality of your product/service?
- How does the quality of your product/service compare with traditional methods?
- Have you had any complaints, formal (e.g. legal cases) or informal, about your product/service?
- How do you ensure the quality and sustainability of your product/service?

**Outcomes/impact of the activity**
- How do you measure outcomes as a result of using your product/service?
- What outcomes do you measure?
- What outcomes would you find useful to measure but are unable to (for whatever reason)?
- What outcomes do you report on?
- Can you tell us any quantification methodology and quantitative metrics regarding the achieved outcomes (e.g. number of students taught, grades or career placements achieved, number of students from disadvantaged backgrounds helped, etc.)?
- Do you have any reports available on the above-mentioned metrics? If so, could you please provide us with some examples?

**Privacy and data security**
- How do you ensure the privacy and security of user data?
- How do you ensure protection against increasingly sophisticated cyber threats?
- Have you had any data breaches, loss of data, or successful cyberattacks? If so, please describe how these were dealt with and what measures have been put into place to minimize the risk of similar events in the future.

---

**Human capital development**
- What training is provided to your employees for this increasingly demanding and high-tech job? Please describe the regularity and nature of the training.
- How do you recruit and retain the best talent in the industry?
- What is your approach to inclusivity and diversity? What policies do you have in place, for example, against any kind of discrimination, ensuring the rights to collective bargaining and freedom of association (UN Global Compact Principle 3)?

**Environment**
- What initiatives do you undertake to promote greater environmental responsibility and encourage the development of environmentally friendly technologies (UN Global Compact Principles 8 and 9)?
- Can you quantify your scope 1 and 2 carbon emissions and your carbon intensities (carbon emissions per million USD of sales)? Are there any initiatives to reduce carbon emissions going forward, for example at the server farm you are operating? If you do not think this is relevant for your business, please explain why.
- Is there a climate change policy in place?

**Governance**
- What policies do you have in place against bribery, corruption, and money laundering (UN Global Compact Principle 10)?
- What was the total compensation including options vesting/granting of your CEO last year?
- Have you ever been accused of misleading investor communication, fraud, tax evasion, tax optimization, anti-competitive practices, aggressive accounting, violation of international standards or national legislation, or any other significant issues?
- Have you been involved in any controversies? If so, please elaborate.
- What safeguarding policies and procedures are in place to ensure the safety of your online users?
- Have you had any safeguarding issues, and if so, how have they been resolved?
3 Regulatory disclosures

Transparency of sustainability risk policies

Pursuant to EU Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the SFDR) Article 3, financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process.

Sustainability risk is defined as an environmental, social, or governance event or condition that, if it occurs, could have a material negative impact on the value of the investment. The materiality of sustainability risks is determined by the likelihood, magnitude, and time horizon of the risk materializing. Credit Suisse Asset Management believes that the integration of material environmental, social, and governance factors in financial analysis and investment decision-making is pivotal and can reduce risks and lead to improved investment outcomes over time.

Sustainability-related issues are an integral part of our risk-review process, and we continuously capture these risks and integrate sustainability factors into our investment research, analysis, investment process, and risk management.

Credit Suisse Asset Management has established a Sustainable Investing Policy that specifies how ESG factors are integrated into the investment process in order to identify sustainability-related opportunities and to reduce sustainability risks.

Sustainability risks can be understood as a subcategory of traditional risk types (e.g. credit, market, liquidity, operational, and strategy risk) and are identified and managed in the context of risk-management processes. Since sustainability risks differ between asset classes and investment styles, they are defined at the portfolio level. Credit Suisse Asset Management identifies sustainability risks by considering the sector, industry, and company exposure of the portfolio either in absolute terms or relative to the benchmark. Proprietary analysis may be supported by specific materiality frameworks that define industry-specific ESG factors that are material to a company.

Transparency of adverse sustainability impacts at the entity level

SFDR Article 4 requires financial market participants to publish and maintain on their websites a statement on due diligence policies with respect to principal adverse impacts of investment decisions on sustainability factors.

The legal entities mentioned below in the Applicability section consider principal adverse sustainability impacts within the investment decision process.

Furthermore, financial market participants shall include in the information provided:

- Information about their policies on the identification and prioritization of principal adverse sustainability impacts and indicators
Sectors and companies that are proven to have a detrimental impact on society or the environment are excluded from the investment universe of all portfolios as part of the regular due diligence process. Manufacturers of controversial weapons such as land mines and cluster bombs, as well as manufacturers of nuclear, biological, and chemical weapons, are excluded (norms-based exclusions).

Techniques to identify and prioritize principal adverse sustainability impacts and indicators related to portfolios that follow a sustainable investment strategy are described in Credit Suisse Asset Management’s Sustainable Investing Policy, which defines, for instance, clear criteria for excluding companies that have a detrimental impact on society or the environment. These exclusion criteria are considered by the investment teams during the investment decision-making process and are monitored independently. In addition, Credit Suisse Asset Management identifies the ESG factors that may have adverse sustainability impacts by conducting proprietary analysis and making use of specific materiality frameworks that define industry specific ESG factors for its portfolios.

- **A description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned**

Currently, the extent to which principal adverse sustainability impact indicators as defined by the Regulatory Technical Standards (RTS Level 2) can be taken into consideration in investment decisions by a financial market participant is not yet fully determined. This is due to the fact that availability of data regarding those indicators is limited, and investee companies might not yet be in a position to provide all of the expected relevant ESG information. Acting as financial market participants in accordance with SFDR, the legal entities listed below in the Applicability section consider adverse sustainability impacts in their investment decisions and advisory processes to the extent possible. Once the standards for implementing adverse impact considerations are established, the entities will adapt their procedures accordingly. By June 30, 2023, they will include details of the assessment of principal adverse sustainability impacts for the reference period from January 1, 2022, to December 31, 2022, and engagement policies related to the reduction of impacts during the aforementioned reference period in their reporting.

- **Brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable**

In accordance with Article 3g of Directive (EC) 2007/36 of the European Parliament and of the Council (Shareholder Rights Directive II – SRD II), Credit Suisse Asset Management aims to bring about positive change in investee companies by adopting active ownership practices. Credit Suisse Asset Management applies the Credit Suisse Engagement Policy to investments in shares of companies domiciled in the European Economic Area (EEA) and listed on a recognized trading venue in the EEA. More information can be found in the Credit Suisse Engagement Policy Statement and obtained on request from relationship managers.
At Credit Suisse Asset Management, we exert influence on companies’ business operations through proxy voting, i.e. the fiduciary exercise of our voting rights at general shareholder meetings, and through active engagement, i.e. via maintaining a permanent dialogue with companies and boards on sustainability-related topics. We believe that active ownership increases the value of the companies in which we invest over the long term, and ultimately improves the risk/return profile of our portfolios. Moreover, by accelerating the transition to a more sustainable economy, active ownership can create tangible benefits for people and the planet.

- A reference to their adherence to responsible business conduct codes and internationally recognized standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement

At Credit Suisse Asset Management, we have recognized the role we play in addressing environmental, social, and governance challenges. We strive to facilitate investment products and services that produce environmental and social benefits in line with the United Nations’ Sustainable Development Goals while seeking to generate financial returns for our clients. Credit Suisse Asset Management believes that the most effective way to foster sustainable long-term change is through collective action. With this in mind, Credit Suisse Asset Management supports industry initiatives and engages with stakeholders and policymakers on key sustainability topics by actively participating in a number of sustainability networks and initiatives worldwide.

Credit Suisse Asset Management and Credit Suisse actively participate in a number of sustainability networks and initiatives.

Transparency of remuneration policies in relation to the integration of sustainability risks

Pursuant to SFDR Article 5, financial market participants shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites. Credit Suisse has a Group-wide compensation policy that is compliant with the SFDR’s requirements.

Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites

Pursuant to SFDR Article 10, financial market participants shall publish and maintain on their websites the following information for each financial product that either promotes environmental or social characteristics or has sustainable investments as its objective

- A description of the environmental or social characteristics or the sustainable investment objective

For investment funds following a sustainable investing strategy, this information is disclosed in the ESG section of the relevant fund fact sheets, which are available online and can be provided on request by relationship managers.

For ESG real estate funds, the information is available in the “Sustainability-related disclosures” section online and can be provided on request by relationship managers.

Information on the methodologies used to assess, measure, and monitor the environmental or social characteristics or the impact of the sustainable investments
selected for the financial product, including its data sources, screening criteria for the underlying assets, and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product.

For investment funds following a sustainable investing strategy, this information is available in the ESG section of the relevant fund fact sheets, which are available online and can be provided on request by relationship managers.

For ESG real estate funds, the information is available in the “Sustainability-related disclosures” section online and can be provided on request by relationship managers.

- The information referred to in Articles 8 and 9

For investment funds following a sustainable investing strategy, this information is available in the ESG section of the relevant fund fact sheets, which are available online and can be provided on request by relationship managers.

For ESG real estate funds, the information is available in the “Sustainability-related disclosures” section online and can be provided on request by relationship managers.

The information referred to in Article 11

For investment funds that follow a sustainable investing strategy, this information is available in the “Transparency of the promotion of environmental or social characteristics and of sustainable investments” section of the annual report.

Review of disclosures

SFDR Article 12 requires financial market participants to ensure that any information published in accordance with Article 3, 5, or 10 is kept up to date. Where a financial market participant amends such information, a clear explanation of such an amendment shall be published on the same website.

The following table explains the amendments on disclosures related to SFDR Articles 3 and 5.

<table>
<thead>
<tr>
<th>Date</th>
<th>Article</th>
<th>Explanation of amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.03.2021</td>
<td>All</td>
<td>Disclosures according to SFDR Level 1 requirements</td>
</tr>
</tbody>
</table>

Applicability

Regulatory disclosures in this document apply to the legal entities listed below.

- Credit Suisse Asset Management (Switzerland) Ltd.
- Credit Suisse Fund Management S.A.
- Credit Suisse (Italy) S.p.A. – in respect to Asset Management
- Credit Suisse (Hong Kong) Ltd. – in respect to Asset Management
- Credit Suisse (Singapore) Ltd. – in respect to Asset Management
- Credit Suisse Investment Partners (Switzerland) Ltd.