

## SECOND PARTY OPINION (SPO)

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Re-verification of the Sustainability Quality of the Issuer and Green Asset Pool

Credit Suisse  
05 July 2021

### VERIFICATION PARAMETERS

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Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>• Green Debt Financing</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>• ICMA Green Bond Principles</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>• Credit Suisse Green Finance Framework (as of June 2021)</li><li>• Credit Suisse Green Bond Portfolio (as of 31.03.2021)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>• Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>• For a single issuance after SPO publication</li></ul>

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## SCOPE OF WORK

Credit Suisse commissioned ISS ESG to assist with its green bond by assessing three core elements to determine the sustainability quality of the instrument:

1. Credit Suisse’s sustainability performance, according to the ISS ESG Corporate Rating.
2. Credit Suisse Green Finance Framework (June 2021 version)– benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs).
3. The asset pool – whether the projects contributes positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1:</b>  <b>Green Finance Framework link to issuer’s sustainability strategy</b>	<p>According to the ISS ESG Corporate Rating published on 09.06.2021, the issuer shows a medium sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks &amp; Capital Markets sector. The issuer is rated 49<sup>th</sup> out of 287 companies within its sector.</p> <p>The Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	<b>Consistent with issuer’s sustainability strategy</b>
<b>Part 2:</b>  <b>Alignment with GBPs</b>	<p>The issuer has defined a formal concept for its Green Financing regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs.</p>	<b>Positive</b>
<b>Part 3:</b>  <b>Sustainability quality of the asset pool</b>	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG assessment. The green bond will (re-)finance eligible asset categories which include: solar energy, electric vehicles, green buildings, clean transportation and transportation infrastructure.</p> <p>Those use of proceed categories have a positive contribution to SDG3 ‘Good health and well-being’, SDG7 ‘Affordable and clean energy’, SDG10 ‘Reduced inequalities’ and SDG13 ‘Climate action’. The environmental and social risks associated with those assets have been well managed.</p>	<b>Positive</b>

<sup>1</sup> ISS ESG’s evaluation is based on the Credit Suisse’s Green Finance Framework (June 2021 version), on the analysed asset pool as received on the 31.03.2021, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 09.06.2021).

## ISS ESG SPO ASSESSMENT

### PART I: ASSESSMENT OF CREDIT SUISSE'S ESG PERFORMANCE

#### A. ASSESSMENT OF CREDIT SUISSE GROUP AG'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
<b>CREDIT SUISSE GROUP AG</b>	<b>COMMERCIAL BANKS &amp; CAPITAL MARKETS</b>	<b>2</b>	<b>VERY HIGH</b>

This means that the company sustainability performance is medium, both compared against industry peers as well as in terms of the industry-specific requirements defined by ISS ESG.

#### ESG performance

As of 05.07.2021, this Rating places Credit Suisse 49<sup>th</sup> out of 287 companies rated by ISS ESG in the Financials/Commercial Banks & Capital Markets sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.



#### Sustainability Opportunities

Credit Suisse together with other financial service providers created responsAbility, a social investment organization enabling investors to invest in small and medium-sized enterprises and microfinance institutions (MFIs). In addition, Credit Suisse has established its 'Financial Inclusion Initiative' to strengthen MFIs and social enterprises serving the financial needs of low-income households. Credit Suisse also offers services supporting clients in meeting their philanthropic objectives, such as the establishment of charitable foundations. Furthermore, the company offers SRI and impact investment products/funds for private and institutional customers and provides investment banking services to companies in the renewable energy sector. Although Credit Suisse offers several financial services with a high social and environmental benefit, these do not represent a major business in relation to the overall product portfolio of the company.

### *Sustainability Risks*

In the financial sector, the main sustainability challenges are in the lending and investment banking, and asset management businesses. Credit Suisse has established a range of industry-specific policies and guidelines addressing relevant issues e.g. in the forestry, agriculture, and energy sectors. A controversial weapons policy prohibits direct business relationships with producers of anti-personnel mines and cluster munitions. In addition, Credit Suisse has adopted the Equator Principles addressing sustainability issues in the financing of projects. Transactions entailing a reputational risk of an environmental or social nature have to be reviewed according to a specifically defined reputational risk assessment process (RRRP). However, a comprehensive general social and environmental credit / investment banking guideline for corporate and public sector customers is missing. Furthermore, the company's activities to integrate ESG aspects into its mainstream asset management business are rather limited. In the field of customer and product responsibility, Credit Suisse is committed to accurate and transparent communication with its stakeholders and has implemented initial measures to ensure responsible sales practices. In 2011, Credit Suisse became the first Swiss financial services provider to be assigned the OHSAS (Occupational Health and Safety Assessment Series) 18001 certification. In addition, the company offers a high degree of workplace flexibility. Credit Suisse has a high involuntary turnover rate but is committed to mitigating the consequences for employees made redundant. It assists employees in the search for a new position and strives to minimize the impact of the reduction in staff numbers through internal transfers. The company has established a code of ethics covering some relevant issues in the field of business ethics (e.g. corruption and money laundering). In addition, the company conducts extensive compliance trainings and has third party anti-corruption due diligence as well as whistleblowing procedures in place. However, Credit Suisse has been involved in several controversies in recent years related to e.g. bribery in China and Hong Kong and price fixing in bond and exchange markets in the US and South Africa.



### *Governance opinion*

Regarding Credit Suisse's governance structure, the chair of the board, Mr. António Horta-Osório (as at April 30, 2021), is considered as not independent. However, the company has appointed an independent lead director, Mr. Severin Schwan (as at April 16, 2021). The majority of board members is independent and the board has set up committees in charge of audit, remuneration, and nomination which are either entirely or predominantly composed of independent members. Compensation is publicly disclosed for members of the executive management team as a whole and the CEO individually.

Regarding the management of sustainability, there is no dedicated board-level committee charged with such matters. The company's remuneration policy for its executive management team includes long-term incentives, which could promote sustainable value creation. Non-financial objectives are integrated into variable compensation components. The company has established a code of ethics covering some relevant issues in the field of business ethics (e.g. corruption and money laundering). In addition, the company conducts extensive compliance trainings and has third party anti-corruption due diligence as well as whistleblowing procedures in place. However, Credit Suisse has been involved in several controversies in recent years related to e.g. bribery in China and Hong Kong and price fixing in bond and exchange markets in the US and South Africa.

*Sustainability impact of products and services portfolio*

Using a proprietary methodology, ISS ESG assessed the contribution of Credit Suisse’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along Credit Suisse’s production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
<b>Products and services for renewable energy projects</b>	1%	CONTRIBUTION	 
<b>Others</b>	N/A	NO NET IMPACT	N/A

*Breaches of international norms and ESG controversies*

The company is not facing any severe controversy.

**B. CONSISTENCY OF THE GREEN BOND WITH CREDIT SUISSE’S SUSTAINABILITY STRATEGY**

*Key sustainability objectives and priorities defined by the issuer*

The growing need to combine prosperity with environmental, social and governance (ESG) considerations has already started transforming patterns of consumption, the political and regulatory landscape for businesses and the world of investing. Consumers, clients and investors are essentially calling on companies to take greater account of long-term externalities and to help preserve natural capital and finite resources. As a result, businesses across all sectors are seeking to create more sustainable business models that address the risks and leverage the potential of this transformation.

Credit Suisse has been involved in the area of sustainable and impact investing for more than 17 years. Today, Credit Suisse contributes substantially to the development of this market, as well as integrating broader societal trends into its products and services. Credit Suisse views finance not as an end in itself but rather as a means to realize ambitious objectives.

Sustainable investments have more than doubled in volume over the last five years, and the volume of impact investments has increased at an even faster pace. Strong rise in demand for sustainable and impact investment opportunities have been felt from institutional investors as well as private clients – particularly high-net-worth individuals, next-generation investors and millennials.

Sustainability Strategy, Advisory and Finance (SSAF) combines all of Credit Suisse's investment activities in sustainable investing around the globe within one organization, while defining the firm's sustainability strategy relating to these efforts. SSAF aims to facilitate investable projects and

initiatives that have a positive economic and social impact while focusing primarily on generating a financial return for clients. Its mandate is to define, guide and coordinate all of Credit Suisse’s activities in this sector for the benefit of institutional, corporate and wealth management clients. Its mandate is to set the bank’s sustainability ambition and public commitments and be responsible for selecting the bank’s core sustainability themes. It will also determine flagship initiatives, divisional sustainability KPIs and lead the bank’s public profile on sustainability.

*Issuer’s Rationale for issuance*

Credit Suisse recognizes its share of responsibilities in combating climate change and environmental degradation by supporting the transition to a low carbon and sustainable economy. As a financial institution, Credit Suisse is committed to playing its part in addressing this global challenge through its role as a financial intermediary between the economy, the environment and society. Credit Suisse recognizes the role it can play in mobilizing the finance needed to promote the transition of the global economy towards low carbon activities. One of the ways in which banks can facilitate this transition is by issuing green debt financing instruments (including bonds, loans, commercial paper, certificates of deposit and other debt or financing structures) to facilitate capital for low-carbon and environmentally sustainable economic activity.

*Contribution of Use of Proceeds categories to sustainability objectives and priorities*

ISS ESG mapped the Use of Proceeds categories and KPIs financed under this Green Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial banks and capital markets sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY & KPIs	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Renewable Energy	✓	✓	Contribution to a material objective
Energy efficiency	✓	✓	Contribution to a material objective
Low Carbon Buildings	✓	✓	Contribution to a material objective
Conservation Finance	✓	✓	Contribution to a material objective
Clean Transportation	✓	✓	Contribution to a material objective

<b>Sustainable Waste Management</b>	✓	✓	Contribution to a material objective
<b>Sustainable Water Infrastructure</b>	✓	✓	Contribution to a material objective
<b>Circular Economy</b>	✓	✓	Contribution to a material objective

**Opinion:** *ISS ESG finds that the Use of Proceeds financed through this Green Finance Framework are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Bonds is clearly described by the issuer.*



## PART II: ALIGNMENT WITH THE GREEN BOND PRINCIPLES

### 1. Use of Proceeds

The objective of Credit Suisse green debt financing instruments is to fund projects or assets that: mitigate climate change by reducing emissions; protect ecosystems; or otherwise have a positive environmental impact in support of the UN Sustainable Development Goals (SDGs). The proceeds of any green debt issuance will be used to finance or re-finance projects or assets with a clear and defined environmental benefit (“Eligible Projects or Assets”), covering:

CATEGORY	DESCRIPTION
<b>Renewable energy<sup>2</sup></b>	Wind, solar, biomass, geothermal and small-scale hydro (up to 20MW), fuel cell, battery storage technology and related energy storage infrastructure
<b>Energy Efficiency</b>	Development or deployment of technology that reduces energy use for a given asset or targets product improvements to energy distribution
<b>Low Carbon Buildings</b>	Buildings with at least Minergie, gold LEED or a very good BREEAM rating, sustainable retrofits, and smart grid investments
<b>Conservation Finance</b>	Ecosystem conservation projects, including sustainable forestry (FSC or PEFC certified), sustainable agriculture and sustainable fisheries (MSC certified)
<b>Clean Transportation</b>	Low emission transport infrastructure and public transportation, including rail transport
<b>Sustainable Waste Management</b>	Waste management, recycling and waste-to-energy projects
<b>Sustainable Water Infrastructure</b>	Water infrastructure (e.g., flood defenses), supply and management (e.g., sewage collection and treatment)
<b>Circular Economy</b>	Eco-efficient products, including upgrades to manufacturing processes/facilities to improve resource efficiency

<sup>2</sup> For the full list of eligibility criteria please refer to Annex 1 of Credit Suisse’s Green Finance Framework (June 2021)

CATEGORY	ASSETS INCLUDED IN GREEN FINANCING	VOLUME AND SHARE OF ASSETS
Renewable energy ( <i>Solar</i> )	yes	USD 367.3m (32%)
Energy Efficiency	no	USD 0m (0%)
Low Carbon Buildings	yes	USD 61.0m (5%)
Conservation Finance	no	USD 0m (0%)
Clean Transportation	yes	USD 722.5m (63%)
Sustainable Waste Management	no	USD 0m (0%)
Sustainable Water Infrastructure	no	USD 0m (0%)
Circular Economy	no	USD 0m (0%)
<b>Total</b>		<b>USD 1,150.8m</b>

Projects not eligible for inclusion in a green financing are those involving coal-fired power, defense, large-scale hydropower, gambling, mining, nuclear energy, oil & gas, palm oil, tobacco and wood pulp. Eligible financial products include:

- Debt (e.g., bank loans, bonds, construction loans, warehouse facilities, bridge loans, mezzanine debt, back leverage, revolvers, corporate debt)
- Equity (e.g., tax, project, corporate)

The proceeds will be used primarily for refinancing of Eligible Projects or Assets, but Credit Suisse aims to allocate at least 20% of total proceeds to new financing. Credit Suisse aims to allocate the majority of proceeds on the day of issue, and all proceeds will be allocated after 12 months. The proportion of re-financing vs. financing may be stated in the disclosure documentation, and any projects that may be refinanced may be indicated.

**Opinion:** ISS ESG considers the Use of Proceeds description provided by Credit Suisse’s Green Finance Framework to be aligned with the GBPs. From a sustainability point of view, ISS ESG automatically considers most of these categories positively. However, regarding the category “Conservation Finance – Sustainable fisheries”, due care needs to be applied in selection in order to avoid negative social and environmental impacts according to ISS ESG’s KPI.

## 2. Process for Project Evaluation and Selection

The environmental objectives of the green debt financings may be defined and stated in the disclosure documentation. A list of potential projects and assets will be identified by business teams. The projects will be evaluated according to the following criteria:

1. **Financial due diligence**
2. **Environmental, Social and Governance (ESG) evaluation**
  - Counterparty evaluation

- The evaluation process will consider the counterparty's project commitment, capacity and track record for ESG issues as well as the quality of reporting on ESG issues
  - The evaluation will take into account assessments made by selected ESG ratings agencies if appropriate and appropriate industry standards or certification such as the Equator Principles
  - If the counterparty's business is diversified and includes activities that are not Eligible Projects or Assets, consideration will be given to the counterparty's whole business and to whether the investment will achieve a substantial positive impact on the environment
- Asset-level evaluation
    - The evaluation will take into account information about environmental and social impacts of individual projects or assets

### **3. Impact evaluation**

- The environmental benefit of each project or asset will be assessed against science-based climate targets and quantified if feasible. Social impacts will be evaluated to the extent appropriate

On the basis of the list the final selection of assets funded will be made by a Green Finance Committee comprising senior representatives from Credit Suisse Treasury, Debt Capital Markets, Sustainability Strategy, Advisory and Finance (previously impact Advisory and Finance) including our Chief Sustainability Officer, Investor Relations and Sustainability Risk (previously Sustainability Affairs).

The Eligible Projects and Assets may be listed and described in the relevant disclosure documentation.

**Opinion:** ISS ESG finds that the Process for Selection and Evaluation is in line with the GBPs. There is good governance around project evaluation and selection. The projects deemed eligible are aligned with the issuer's overall sustainability strategy.

### **3. Management of Proceeds**

Proceeds from green debt financing instruments will be managed by Credit Suisse in a portfolio approach. Credit Suisse intends to allocate the proceeds from green debt financing instruments to a portfolio of Eligible Projects or Assets, selected in accordance with the use of proceeds criteria and project evaluation and selection process presented above.

Credit Suisse will strive, over time, to achieve a level of allocation for the eligible green project portfolio which matches the balance of net proceeds from its outstanding green debt financing instruments. Additional eligible green projects will be added to the issuer's eligible green project portfolio to the extent required to ensure that the net proceeds from outstanding green debt financing instruments will be allocated to eligible green projects.

Any unallocated proceeds will be earmarked and held as cash or cash-equivalents pending investment in Eligible Projects or Assets. Any temporary cash-equivalent investments must be consistent with the objectives of the green financing.

**Opinion:** ISS ESG finds that the Management of Proceeds aligns with the GBPs. The earmarking is good, and the unallocated proceeds being held as cash or cash-equivalents will be allocated annually.

#### 4. Reporting

Credit Suisse will publish a monitoring report on an annual basis until full allocation. This will:

- Provide an update of total amount of proceeds allocated to Eligible Projects and Assets
- State the remaining balance of any unallocated funds
- Describe the qualitative and where possible, quantitative, indicators of the projects' environmental impact

Each annual report will be reviewed by the Green Finance Committee and verified by an independent assurance provider in advance of publication.

Annual reports can be found at [www.credit-suisse.com/greenfinance](http://www.credit-suisse.com/greenfinance).

**Opinion:** ISS ESG finds that the reporting aligns with the requirements of the GBPs and is adequate and sufficient.

#### External review on Credit Suisse's Green Finance Framework

Credit Suisse has engaged ISS ESG (as approved by the Climate Standards Board) to provide a second party opinion (SPO) on its Green Finance Framework, and to annually assure the process used in financing of Eligible Projects and Assets in accordance with the framework. The opinion of the assurance provider will be published at [www.credit-suisse.com/greenfinance](http://www.credit-suisse.com/greenfinance).

Assurance will take place pre-issuance and on an annual basis for the duration that the green financing is outstanding, prior to the publication of the annual monitoring report.

Where feasible, Credit Suisse will seek certification under the Climate Bonds Standard V3.0 following the pre- and post-issuance procedures outlined by the Climate Standards Board.

**Opinion:** ISS ESG finds that the plans to conduct an SPO and other assurance are adequate and sufficient.

## PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE




### A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs

Based on the assessment of the sustainability quality of the green bond’s asset pool and using a proprietary methodology, ISS ESG assessed the contribution of Credit Suisse’s green bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the green bond’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Solar Energy	Significant Contribution	 
Electric Vehicles	Limited Contribution	 
Green Buildings with sustainability certifications and labels <sup>3</sup>	Significant Contribution	
Green Buildings with energy efficiency labels <sup>4</sup>	Limited Contribution	
Clean Transportation	Limited Contribution	  
Transport Infrastructure	Limited Contribution	 

<sup>3</sup> Sustainability certifications and labels such as LEED or BREEAM.

<sup>4</sup> Energy efficiency labels and certification such as Minergie.

## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE GREEN BOND

### Solar Energy

As a Use of Proceeds category, Solar Energy has a significant contribution to the SDG 7 “Affordable and Clean Energy” and SDG 13 “Climate Action”. The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

#### ASSESSMENT AGAINST ISS ESG KPI

##### Site selection

- ✓ None of the projects are located in key biodiversity areas such as Ramsar sites, UNESCO Natural World Heritage Sites or International Union for Conservation of Nature (IUCN) protected areas I-IV.

##### Supply chain standards

- 8,861 projects, accounting for 15% of the investments’ nominal capacity, solar modules are manufactured by companies that primarily produce (i.e. have more than 50% of production sites) in countries with high labour standards (e.g. European Union), are a signatory of the United Nations Global Compact, or adhere to the International Labour Organization (ILO) core conventions. For 20,327 projects, accounting for 85% of the investments’ nominal capacity, the companies are located in markets with significantly lower labour standards. For 12 projects accounting for 0.05% of the nominal capacity, no information is available.

##### Environmental aspects of solar panels

- No information is available on the percentage of investments that are allocated to projects for which the conversion efficiency of solar panels is at least 15%.
- 3,622 projects, accounting for 5% of the investments’ nominal capacity, meet high standards regarding take-back options. For 25,578 projects, accounting for 95% of the investments’ nominal capacity, no standards regarding take-back options are in place.
- No information is available on the percentage of investments allocated to projects that are in line with or similar to the stipulations in the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

##### Impact indicators

- The capacity of solar power assets constructed or rehabilitated is 453 MW.
- The total annual energy production by the solar assets is 310 – 336 GWh.
- The total annual CO2 avoided through the operation of the solar assets is 397,070 metric tons.

## Corporate Asset-Backed Lending Facilities

All corporate asset-backed lending facilities finance solar energy sponsors, which deploy residential rooftop systems. As all assets are pre-construction and no ESG guidelines are in place, no sustainability assessment could be conducted. Risks associated to these projects are similar to those named in the 'Solar Energy' category above, due to the nature of corporate asset-backed lending facilities.

As a Use of Proceeds category, Solar Energy has a significant contribution to the SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action". The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

### ASSESSMENT AGAINST ISS ESG KPI

#### Environmental risks

- No information is available on the management of environmental risks (e.g. conversion efficiency, take-back, and hazardous substances).

#### Social risks

- No information is available on the management of social risks (e.g. social standards in the supply chain of solar modules and inverters).

## Electric Vehicles

As a Use of Proceeds category, Electric Vehicles have a limited contribution to the SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action". The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

### ASSESSMENT AGAINST ISS ESG KPI

#### Production standards

- ✓ 100% of assets provide for a comprehensive environmental management system at the car manufacturing sites.
- ✓ 100% of assets provide for high labour, health and safety standards at the car manufacturing sites (e.g. ILO core conventions).

#### Environmental aspects of cars

- Comprehensive life-cycle-assessments have not been conducted on any of the assets.
- 100% cars are electric and as such, have optimized energy efficiency during operation.

#### Social aspects of cars

- ✓ 100% of the assets have received a minimum of 3 Stars rating on NCAP crash tests.

## Green Buildings

As a Use of Proceeds category, Green Buildings (Commercial and Residential) which have obtained a high sustainability labels or certifications taking into account the sustainable envelope of the building have a significant contribution to the SDG 11 “Sustainable Cities and Communities”. For Green Buildings which have obtained an energy efficiency certification, those buildings have a limited contribution to the SDG 11 “Sustainable Cities and Communities”. The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

### ASSESSMENT AGAINST ISS ESG KPI

#### Energy efficiency prerequisites

- ✓ All assets underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency or substantial increases in energy efficiency in case of existing buildings.

#### Site selection

- ✓ All assets have a policy on responsible site selection in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).
- ✓ The asset is located within a maximum of 1 km from one or more modalities of public transport.

#### Construction standards

- The asset does not provide for high labour and health and safety standards because it is located in a country that has not ratified all ILO Core Conventions.
- ✓ The asset provides for sustainable procurement regarding buildings materials.

#### Water use minimization in buildings

- ✓ The asset provides measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

#### Safety of building users

- ✓ The asset provides for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

#### Sustainability labels / Certificates

- ✓ The asset obtained “Gold” LEED rating.



## Clean Transportation

As a Use of Proceeds category, Clean Transportation has a limited contribution to the SDG 7 “Affordable and clean energy”, SDG 10 “Reduced inequalities”, SDG 13 “Climate action”. The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

### ASSESSMENT AGAINST ISS ESG KPI

#### Production standards

- ✓ 100% of assets provide for a comprehensive environmental management system at the manufacturing sites of the trains.
- ✓ 100% of assets provide for high labour and health and safety standards at the manufacturing sites of the trains. (e.g. ILO core conventions).

#### Environmental aspects of trains

- ✓ 100% of assets conducted a comprehensive life-cycle-assessments.
- ✓ For 100% of assets energy efficiency during operation is optimized (e.g. through energy recovery systems for trains).

#### Social aspects of trains

- ✓ 100% of the assets ensure health and safety for both passengers and operators (e.g. vigilance control, minimisation of noise exposure, accessibility).

## Transport Infrastructure

As a Use of Proceeds category, Transport Infrastructure has a limited contribution to the SDG 7 “Affordable and clean energy” and SDG 13 “Climate action”. The table below presents the findings of ISS ESG assessment of the assets (re-) financed against ISS ESG KPIs.

### ASSESSMENT AGAINST ISS ESG KPI

#### Site selection

- ✓ The asset does not provide for a policy which excludes the location in key biodiversity areas. However, the asset is located within an urban area, and avoids any key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- ✓ The asset underwent an environmental impact assessment at the planning stage.

#### Community dialogue

- ✓ The asset feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

#### **Environmental aspects of construction**

- ✓ The asset meets high environmental standards during the construction phase (e.g. resource efficiency, renaturation).

#### **Working conditions during construction and maintenance work**

- ✓ The asset provides for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

#### **Social aspects of public transport infrastructure**

- ✓ The asset provides for measures to reduce transport-related noise emissions (e.g. low-noise tracks).
- ✓ The asset has a transport safety management system in place (i.e. policies, responsibilities, risk assessments and monitoring, training, emergency management).

## DISCLAIMER

1. Validity of the SPO: For Credit Suisse's first issuance following the SPO release date.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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## ANNEX 1: Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

# Credit Suisse Group AG

## Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

**ESG Corporate Rating** - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Norm-Based Research - Severity Indicator** - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

**Decile Rank** - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

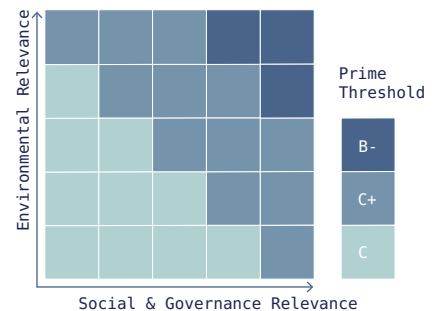
**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

# Credit Suisse Group AG

## Methodology - Overview

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Performance Score** - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

**Transparency Level** - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

## ANNEX 2: Methodology

### ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Credit Suisse’s Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details below) who will send them directly to you.

### Asset evaluation methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Credit Suisse (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Credit Suisse’s Green Bond contributes to related SDGs.

## ANNEX 3: Quality management processes

### SCOPE

Credit Suisse commissioned ISS ESG to compile a Green Bond SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the ICMA Green Bond Principles and to assess the sustainability credentials of its Green Bond, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG KPI set: - Solar Energy
- Electric Vehicles
- Green Buildings (Commercial)
- Public Transportation
- Transport Infrastructure

### ISSUER'S RESPONSIBILITY

Credit Suisse's responsibility was to provide information and documentation on:

- Framework
- Asset pool
- Documentation of ESG risks management at the asset level

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first Climate Bonds Initiative approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bond to be issued by Credit Suisse based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with Credit Suisse took place in April and May 2021.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.



## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact:

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