CREDIT SUISSE

Credit Suisse SFDR methodology definitions

Credit Suisse approach to SFDR Sustainable Investments

In accordance with Regulation (EU) 2019/2088 (the "Sustainable Finance Disclosure Regulation", SFDR), this section provides information on Credit Suisse's approach to identify investments which qualify as SFDR Sustainable Investments. SFDR Sustainable Investments, as per the Art. 2(17) SFDR, are investments that contribute to an environmental or social objective, provided that such investments do no significant harm to any other environmental or social objectives and follow good governance practices.

Credit Suisse has defined a methodology to identify investments which qualify as SFDR Sustainable Investments. For Credit Suisse financial products in scope of the SFDR, Credit Suisse assesses the proportion of SFDR Sustainable Investments and reports on them in product periodic reports, unless stated otherwise in the product legal documentation. For investments into third-party collective investments, Credit Suisse may use the third party's latest publicly reported SFDR Sustainable Investments percentage (if available). These reported percentages are calculated with the methodology of such third-party investment manager, which may differ from the methodology explained below.

In accordance with the Credit Suisse methodology for determining Sustainable Investments, an investment needs to meet all of the following three conditions.

1. **Contribution to an Environmental or a Social Objective**
   To meet the condition to contribute to an environmental or a social objective, Credit Suisse will either consider:
   - Investments that generate at least 50% of their revenues from products and services contributing to an environmental objective (e.g. key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, etc.) or a social objective (e.g. tackling inequality or fostering social cohesion, social integration, and labor relations), or
   - Investments that align with the Credit Suisse Net Zero methodology (e.g. have an approved commitment to science-based emission targets and an average reduction in carbon emissions intensity of 7% over the last three years), or
   - Investments in securities whose proceeds pursue a predefined environmental or social objective (e.g. green bonds).

2. **Do No Significant Harm**
   SFDR Sustainable Investments may not significantly harm any environmental or social objectives (DNSH). To assess the DNSH condition, Credit Suisse makes use of Principal Adverse Impact (PAI) indicators according to the SFDR and the Credit Suisse exclusion criteria. Credit Suisse has defined a set of criteria and thresholds to determine if an investment passes the DNSH condition (e.g., investments with exposure to controversial weapons or that surpass the CS revenue threshold from coal mining and coal-based electricity generation do not pass the DNSH condition).

3. **Good Governance**
   SFDR Sustainable Investments must exhibit good governance practices. The assessment as part of the SFDR Sustainable Investment definition focuses on current state factors irrespective of the potential measures an investment can take to ensure future improvements of good governance. The result of the assessment is a yes / no determination. Credit Suisse acquires the necessary metrics measuring investments' ESG performance from third party data providers. These measures provide a holistic view of the investments' ability to manage resources, including human capital, ensure operational integrity based on strong management practices and comply with applicable norms, including tax laws.

In addition, the Credit Suisse SFDR methodology makes use of ESG data which may not always be reliable or in certain cases not available from underlying investments. To address shortcomings of the quantitative methodology, a case-by-case assessment to classify an investment as SFDR Sustainable Investment may be applied.

Credit Suisse approach to E/S characteristics

In accordance with Regulation (EU) 2019/2088 (the “Sustainable Finance Disclosure Regulation”, SFDR), this disclosure provides information on Credit Suisse’s approach to identify investments which qualify as investments aligned with environmental (E) or social (S) characteristics.

For Credit Suisse products in scope of the SFDR, Credit Suisse assesses the proportion of investments aligned with E/S characteristics and reports on them in the periodic report, unless stated otherwise in the product legal documentation.

The Credit Suisse methodology to identify investments aligned with E/S characteristics is based on the Credit Suisse Group’s proprietary Sustainable Investment Framework. In order to be identified as investments aligned with E/S characteristics, the CS product sustainability classification category “Avoid harm” or above is applied.