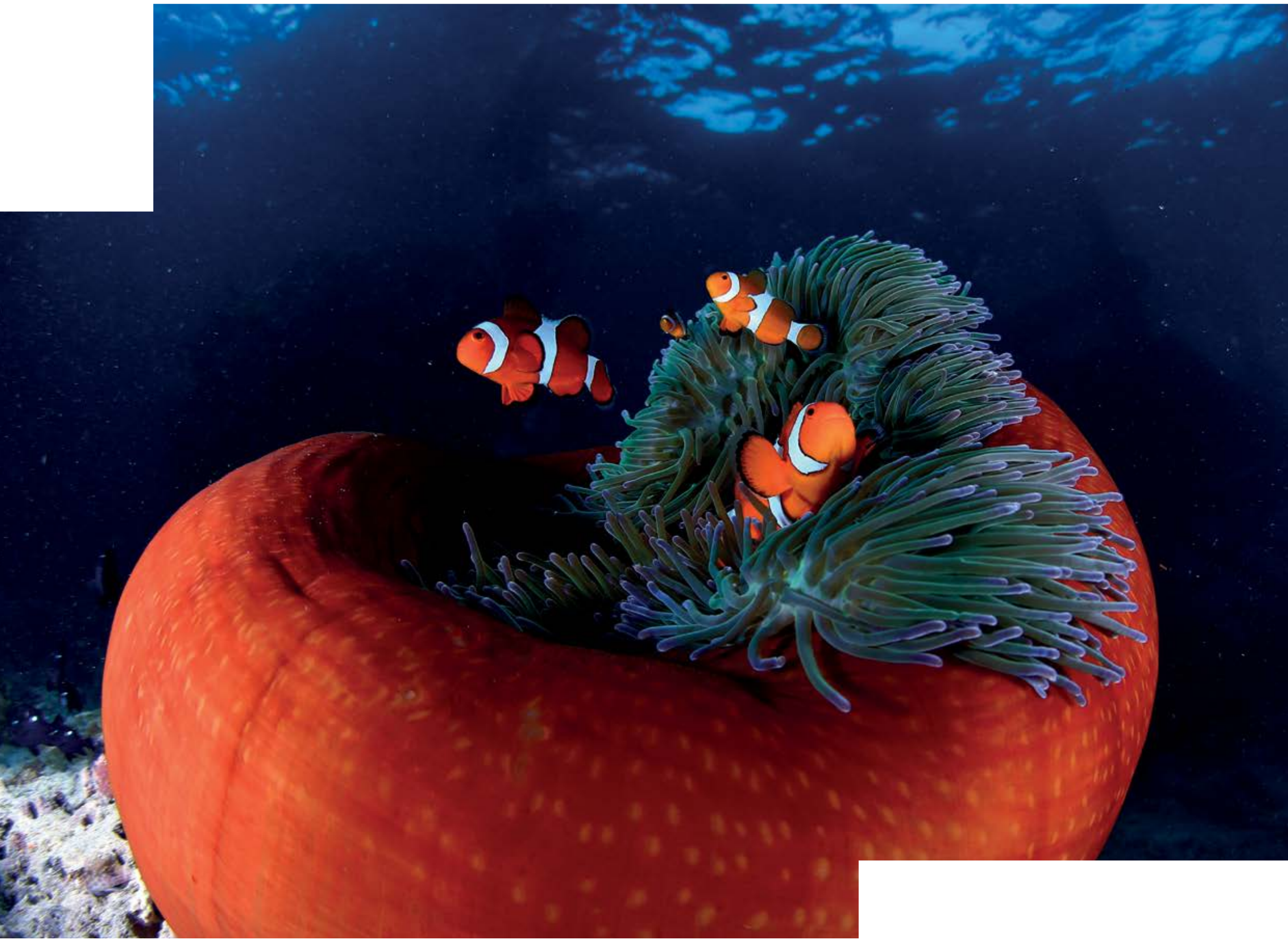
Engagement report 2021

Credit Suisse Rockefeller℠ Ocean Engagement Fund. Engaging for a Blue Economy.



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Foreword

In September 2020, we proudly launched the Credit Suisse Rockefeller℠ Ocean Engagement Fund only two months after the establishment of SRI – Sustainability, Research & Investment solutions – at Credit Suisse. This product is an important and essential element of our strategy to deliver on our high ambitions that match the scale of the challenges we all face to secure a more sustainable planet, inclusive society and long-term economic prosperity.

Lydie Hudson
CEO Sustainability, Research & Investment Solutions

The ocean is our best ally when it comes to climate change mitigation and the Credit Suisse Rockefeller℠ Ocean Engagement Fund is a call to action and a significant step for SRI in our journey to generate sustainable returns for our clients. This report is an integral part of our ongoing dialogue with stakeholders and we are delighted to share with you the details of this unique product in the context of the fund's engagement efforts since its launch.

Steven Bates
Head of ISP
Investment Products
and Selection

When we conceived of the Credit Suisse Rockefeller℠ Ocean Engagement Fund late in 2019 I remember discussing with the team, why was Sustainable Development Goal (SDG) 14 Life Below Water, such an underinvested topic? The science is clear, without a healthier ocean, humanity will struggle to survive. The statistics still astound me: the ocean produces at least half of the oxygen we breathe, absorbs 25% of carbon emissions and 93% of climate heat. The ocean provides food and livelihoods for billions of people and without it, the earth would be around 30 degrees hotter. Yet we still continue to pollute, overfish and destroy the very ecosystem that keeps us alive.

Slowing and eventually reversing climate change is an existential challenge, yet it cannot be accomplished without a healthy ocean. We often refer to climate change as an environmental disaster, which is true, but we sometimes fail to realize the social consequences that come with it. People living close to the ocean are more at risk due to rising sea levels and an increase in storms and coastal erosion. Many of these people are in the lower income brackets and live in countries with high levels of inequality. Protecting our ocean also means protecting these vulnerable communities that rely on it for their survival.

COVID-19 is still ravaging much of the planet and serves as a shocking reminder of just how fragile human life can be. Because the effects of a virus pandemic are so quickly apparent governments and corporations have now mobilized, albeit to varying degrees of urgency and success. Climate change and ocean health cannot be solved through a vaccine but there does need to be a similar process of recognizing the existential danger we are in, mobilizing resources and providing capital to find solutions and then finally coordinating global efforts to eradicate the problem.

One part of the solution was clear to us. We wanted to design an impact-investing fund, which would address the above challenges and which could broadly be accessed by all types of investors. The impact in this fund is achieved through the active ownership and proactive engagement with portfolio companies which are not leaders from an ocean health perspective but which have the ambition and opportunity to change their practices for the better. It is our belief that helping these companies improve, by encouraging and challenging them to change not only generates the desired impact but also unlocks financial performance for the company and for the fund's investors.

We are proud to have partnered with two of the strongest possible allies to run the fund. Rockefeller Asset Management is our sub-advisor and engagement specialist. No other asset manager can claim such a pedigree, with a track record of more than 40 years of engagement and award-winning equity selection capabilities. Their long-standing relationship with The Ocean Foundation providing the scientific basis for stock selection and impact targets completes this perfect partnership combination.

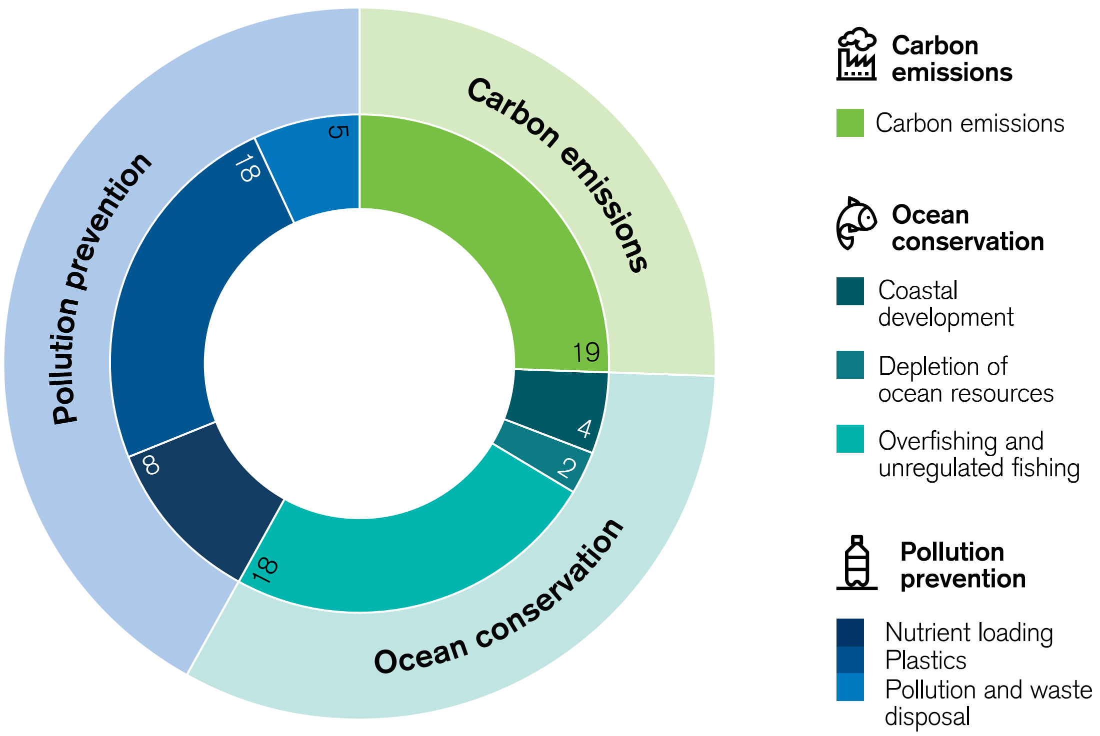
I hope you enjoy reading this report and learning how engaging for the blue economy can positively impact our ocean's health, combat climate change and generate returns for investors, sustainably.

Engagement indicators

In the first months since the launch of the Credit Suisse Rockefeller℠ Ocean Engagement Fund on September 30, 2020, the Annual Engagement Target of 70 engagements has already been reached in the below three categories and we have engaged with around 75% of all portfolio companies, demonstrating that engagement truly is a core part of the fund's strategy.

The below metrics give us details on the investment advisor's engagement focus with portfolio companies. Companies in various regions of the world and across all three sub-themes were engaged with to improve their business activities related to ocean health.

Overview of number of engagements
(between September 30, 2020 and April 30, 2021)



Risks
The product's investment objectives, risks, charges and expenses, as well as more complete information about the product, are provided in the prospectus (or relevant offering document), which should be read carefully before investing. Assessment of ESG criteria by external partners might differ from the personal view of investors. The performance of your portfolio will depend on the investment decisions of Credit Suisse and RAM. Investors may lose part or all of the invested amount. Equity market returns can be very volatile over the short term. The liquidity of the instruments depends on the product and the respective market environment. Results may be affected by the performance of foreign currencies and exchange rate fluctuations.

Looking back at 2020

2020 was supposed to be a “super year for the ocean” due to a series of meetings that were to further key international agreements to protect high seas biodiversity and regulate deep-sea mining, etc. Unfortunately, life slowed down with the emergence of the COVID-19 pandemic. Many companies had to shut down and rethink their business actions. The pandemic stalled international negotiations aimed at protecting waters off Antarctica and in the high seas (the 60% of the ocean that is not within any nation’s jurisdiction). The community of nations missed the Convention on Biological Diversity’s Aichi target of having 20% of the ocean under protection by 2020. Sadly, we are at less than 8% right now.

Although the COVID-19 response reduced the demand for oil and triggered a temporary steep drop in carbon emissions, climate change remained a challenge in 2020. Human disruption of the climate was observed as parts of the United States, Central America and Southeast Asia were hit with numerous destructive tropical storms.

Monumental conflagrations burned parts of Australia, the Amazon and huge areas of the Western US – releasing massive amounts of carbon and increasing the amount of silt and nutrients running off into the sea.

The drop in oil prices exacerbated the plastic pollution crisis by making virgin plastic even more of a bargain in comparison to recycled material from waste streams. And work to promote reusable over single-use plastics was set back by government reversals on bans due to concerns about spreading the virus. The pandemic also necessitated a massive increase in the use of personal protective equipment to avoid exposure to the virus, including masks and gloves. Unfortunately, much of this was single use and contained plastic which was discarded and made its way into the seas and ocean. A recent report published by OceansAsia states that approximately 1.6 billion disposable facemasks entered the ocean in 2020 alone, this adds up to an additional 4680-6240 metric tons, which is equivalent to the weight of 23 to 31 blue whales of plastic waste in the marine system. On the positive side, various new initiatives were launched to mitigate the plastics challenge around ocean health. Back to Blue for example is a new initiative from The Economist Group and The Nippon Foundation. The effort is designed to address the challenges posed by plastic pollution and other less visible forms of pollution. Additional positive developments this year included long-overdue attention to underrepresented groups in marine science; new technologies to prevent vessels from striking whales and to remotely track ships at sea that have switched off their location transmitters to evade authorities; and surprising discoveries about life in the deep sea that will lend support for the pleas for a moratorium on deep-sea mining. Finally, the High Level Panel for a Sustainable Ocean Economy led by 14 heads of state issued its recommendations and commitments to improve ocean management, combat climate change and other causes of biodiversity loss while promoting sustainable/holistic ocean uses – all to have the ocean managed sustainably as a new blue economy emerges by 2030.

The ocean is vital to our global economy. The Organization for Economic Co-operation and Development (OECD) estimates that value-added generated by ocean-based industries could double to around USD 3 trillion by 2030. It is also key to the well-being of over three billion people. It is truly our responsibility to conserve and reduce our negative impact on the ocean, and investors in the Credit Suisse Rockefeller℠ Ocean Engagement Fund play a part in supporting engagement efforts that strive to change company behaviors towards more sustainable practices.

Sources https://oceanasia.org/covid-19-facemasks/
https://www.nippon-foundation.or.jp/en/who/message/speeches/2021/55187.html

Key 2020 events driving the sustainable ocean agenda forward

January[1]

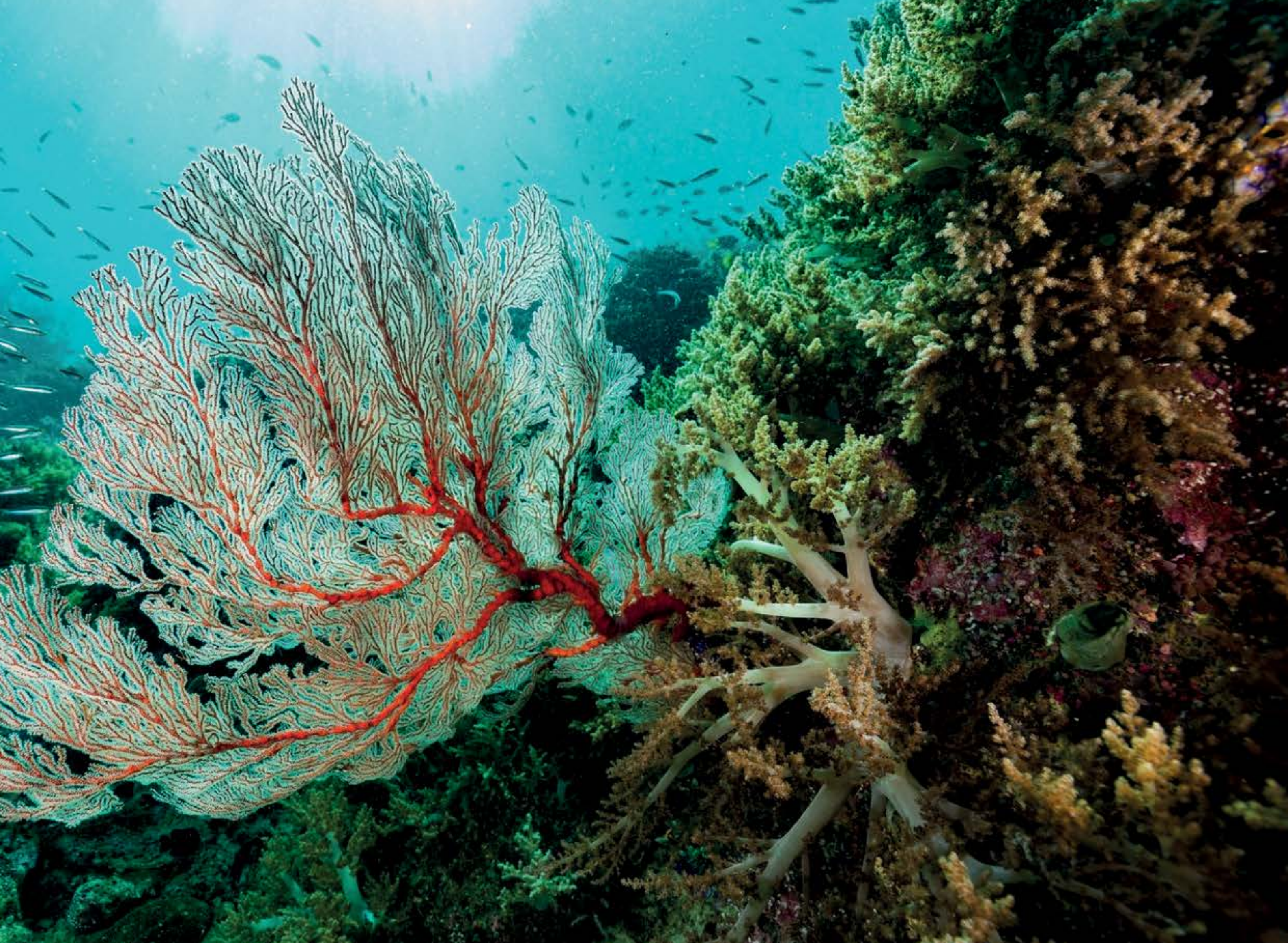
United Nations Development Programme (UNDP) launched a series of Ocean Innovation Challenges, each focusing on a specific SDG 14 target.

February[2]

The UNDP implemented the global Sustainable Supply Chains for Marine Commodities Project (GMC Project). The project focuses on improving fisheries governance by bringing governments, the private sector, civil society and multi-lateral cooperation partners together to design science-based fisheries management and action plans.

May[3]

DNV GL, an independent global verification body introduced the ocean plastic standard. Members are required to prove the source of the plastic material and that it has not been mixed with other materials.



June[4]

Scientists introduced "Cryopreservation," a pioneering scientific technique using very low temperature to preserve living cells and tissues, helping save coral reefs.

August[5]

The university of Bergen has launched a new initiative: The One Ocean Expedition. The focus is on the importance of education, research and innovation, to find a sustainable future solution for the health of the ocean.

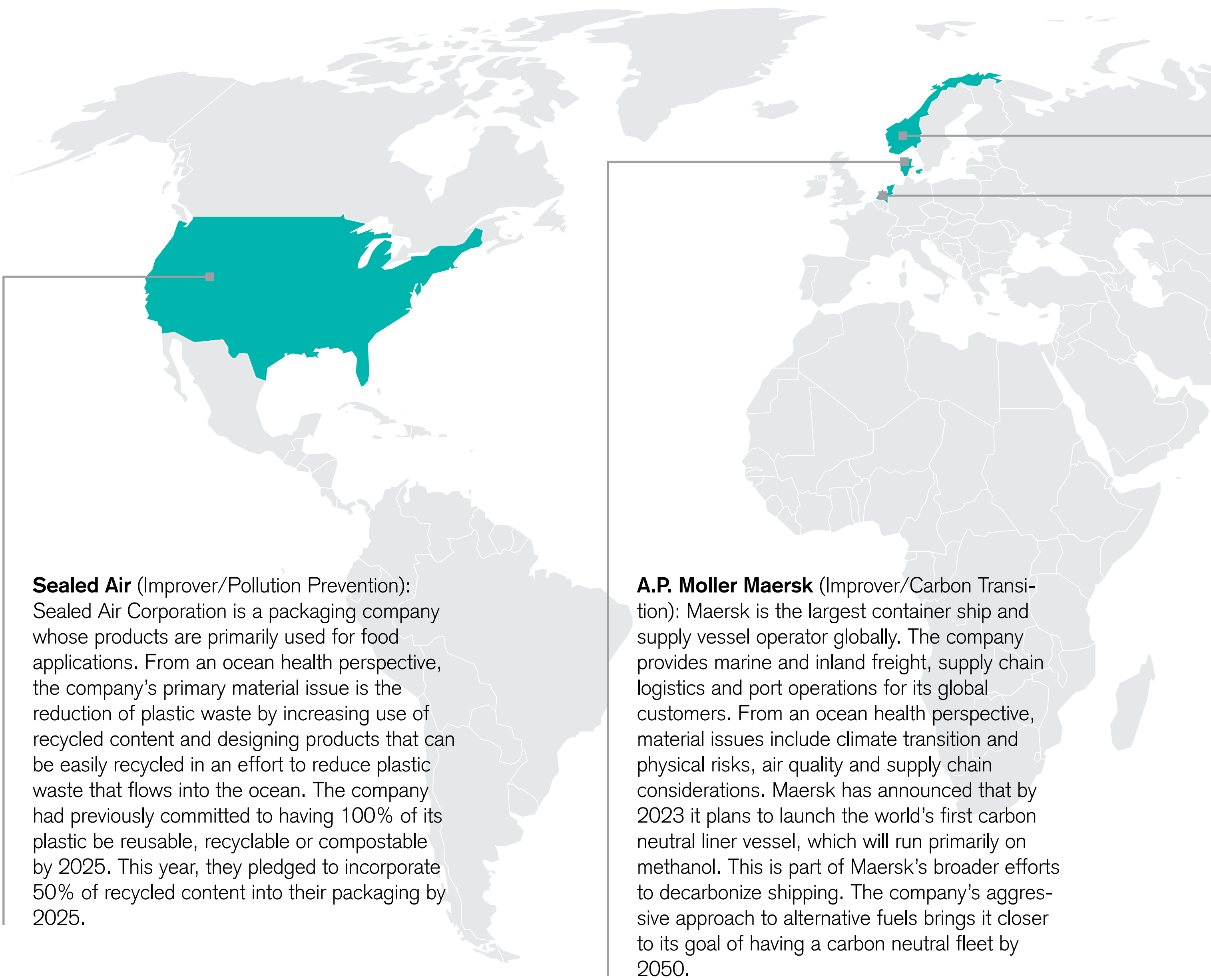
November[6]

The UN Global Compact published a seaweed manifesto, which calls for internationally agreed standards, new investment efforts, and greater collaboration between governments, science and industry, to drive production of seaweed to the next level.

1 https://oceaninnovationchallenge.org/#what-it-does
2 https://globalmarinecommodities.org/wp-content/uploads/2020/04/UNDP-GMC-Project_Report_2020.pdf
3 https://theoceancleanup.com/updates/introducing-the-ocean-plastic-standard/
4 https://news.un.org/en/story/2020/06/1065632
5 https://www.uib.no/en/sdgbergen/137701/educating-ocean-leaders-future
6 https://news.un.org/en/story/2020/11/1077212

Spotlight on portfolio companies' progress over the year

Even the ocean, the most powerful force in the world, is not immune to the negative effects of human activity. Its systems are being disrupted by the cumulative impact of over a century of excess extraction, industrial activity and pollution. Investors, businesses and policymakers are aware of ocean-related risk and liability exposures. It can be argued that many investments are at risk from processes that degrade the ocean. Some investments are known to contribute to such degradation, and some investments risk causing degradation immediately or cumulatively over decades. Some companies have started to realize how dependent their businesses are on the ocean and have begun taking steps to improve the sustainability profile of their businesses. In the below section, we offer examples of positive steps some companies in the fund have made over the course of 2020. These achievements are independent of the fund's engagement activities but have signaled these company's openness to change. They are shared in discussions with other improving companies of the portfolio.



Sealed Air (Improver/Pollution Prevention): Sealed Air Corporation is a packaging company whose products are primarily used for food applications. From an ocean health perspective, the company's primary material issue is the reduction of plastic waste by increasing use of recycled content and designing products that can be easily recycled in an effort to reduce plastic waste that flows into the ocean. The company had previously committed to having 100% of its plastic be reusable, recyclable or compostable by 2025. This year, they pledged to incorporate 50% of recycled content into their packaging by 2025.

A.P. Moller Maersk (Improver/Carbon Transition): Maersk is the largest container ship and supply vessel operator globally. The company provides marine and inland freight, supply chain logistics and port operations for its global customers. From an ocean health perspective, material issues include climate transition and physical risks, air quality and supply chain considerations. Maersk has announced that by 2023 it plans to launch the world's first carbon neutral liner vessel, which will run primarily on methanol. This is part of Maersk's broader efforts to decarbonize shipping. The company's aggressive approach to alternative fuels brings it closer to its goal of having a carbon neutral fleet by 2050.

The companies mentioned above are for illustration purposes only and this is not intended as a solicitation or an offer to buy or sell any interest or any investment.

Mowi (Leader/Ocean Conservation): Mowi is one of the leading aquaculture companies. It supplies Atlantic salmon and processed seafood to over 70 markets. Material issues for the company include the sustainability of fish feed, Scope 3 emissions, product quality and the environmental impact of production. In 2020, Mowi issued a USD 200 million Green Bond. In their Green Bond Impact Report 2020, Mowi reported that most of the bond's proceeds have been used to support one of their feed mills that reduces the carbon footprint of fish feed by using only sustainably sourced, certified deforestation-free soy. The remaining proceeds have been allocated to investments in hatcheries and smolt facilities that use recirculation technology to significantly reduce dependency on external freshwater resources. In 2020, Mowi reduced Greenhouse Gas Emissions (GHG) emissions by 2.7% compared to 2019, increased sustainability certification of harvest volume to 100% using the Global Seafood Sustainability Initiative (GSSI) and launched an initiative to reduce resource use by "recapturing" fishmeal and fish oil, which reduces the "fish-in-fish-out ratio," one of the ways the sustainability of fish meal and fish oil is measured.

DSM (Improver/Ocean Conservation): DSM is a Dutch-based multinational life sciences and materials science company with end market exposure to food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, and industrial and bio-based materials. DSM has exposure to environmentally friendly and green chemistry solutions in nutrition and material end markets. Additionally, the company stands to benefit from health and wellness trends and improved nutrition of animals and aquaculture production. DSM has been developing feed ingredients to help reduce methane emissions from protein industries. In January, they announced a sustainability platform "Reducing emissions with livestock" as part of their strategic "We Make It Possible" initiative to provide enough animal protein for a growing population, while reducing the environmental costs of farming and animal agriculture. The platform includes five feed additive products that reduce methane, nitrous oxide and ammonia emissions.

Indorama Ventures (IVL) (Improver/Pollution Prevention): Indorama Ventures is the world's largest manufacturer and distributor of polyethylene terephthalate ("PET"), purified terephthalic acid ("PTA") and related products, polyester fibers and yarns, and wool products. From an ocean health standpoint, the company's most material issue is its contribution to plastic waste, and its potential to reduce this by utilizing greater quantities of recycled feedstock. The company is committed to PET recycling and is making notable investments to increase recycling worldwide. They have set a target to recycle 50 billion PET bottles per year by 2025 and to produce a minimum of 750,000 metric tons of recycled PET (rPET) by 2025. In 2020, they secured a USD 300 milion "blue loan" from the International Financial Corporation (IFC) to help divert plastic waste from landfills and the ocean. They also joined the World Economic Forum Global Plastic Action Partnership. Additionally, in April 2021, IVL announced the first certified carbon neutral PET product, made possible through a combination of renewable energy and carbon offset projects in Africa.

Portfolio construction

The CS Rockefeller Credit Suisse Rockefeller℠ Ocean Engagement Fund provides investors with the opportunity to invest in companies that can proactively reduce the impact of their businesses on the ocean by focusing on the following issues:

- Reducing waste and preventing plastic pollution.
- Promoting carbon offset and reduction.
- Promoting sustainable fishing practices.

An emphasis on engagement
The fund focuses on company engagement to improve the condition of the ocean while aiming to generate positive alpha – that is, higher returns than expected from general market developments. Every potential portfolio company is classified, per below, according to their business activities. Some holdings are solving or minimizing the threats to ocean health and others need encouragement from the engagement team to persuade them to reduce their negative impact.

Ocean leaders:

companies whose business models have demonstrable goals and have linked targets to ocean health

Ocean solutions:

companies with business models that are actively addressing an ocean threat and may be enhancing the health and sustainability of ocean environments

Ocean improvers:

companies with the intention to reduce risk to ocean environments and that may be seeking to enhance business segments that are more solution oriented

Ocean endangerers:

The "Endangerers" are excluded from the portfolio as these organizations and business models are identified by their poor ocean environmental track record and short-sighted business practices that are linked to ocean degradation.

Engagement approach

Engagement is a core part of the fund's investment process. Ultimately, our goal with engagement is to bring about changes at companies that will improve ocean health while contributing to their long-term performance. The majority of holdings in the OEF currently have some negative impact on the ocean, have room to improve on this front and have signaled an openness to improvement. We call these companies "Ocean improvers," and we spend most of our time and energy with them. The Credit Suisse Rockefeller℠ Ocean Engagement Fund focuses on building relationships with the invested companies in order to have a long-term positive impact on the blue economy. Company engagement begins early in the research phase of the investment process and is employed throughout the holding period. The funds' proprietary ESG research and engagement process help analysts build a holistic picture of the company, rather than relying on company disclosures and third-party information. The fund takes a constructive approach to engagement and acts in a consultative manner with portfolio companies. "Engagement targets" are set for each company on specific aspects of their operations. Companies are encouraged to change in order to reduce their negative impact on the ocean, while positioning them for long-term competitiveness. The strong reputation of Rockefeller Asset Management and their team members provide access to management teams, boards, investor relations personnel and corporate social responsibility teams. Most of the engagements are conducted through one-on-one dialogue and involve calls, emails, face-to-face meetings or site visits. They also participate in group stakeholder engagements with like-minded shareholders. Overall, the active ownership process is thoughtful, intensive and can take years to unfold.

The process

01
Identify ocean threats
- Pollution
- Carbon emissions
- Ocean habitat destruction

02
Identify business activities contributing to threats

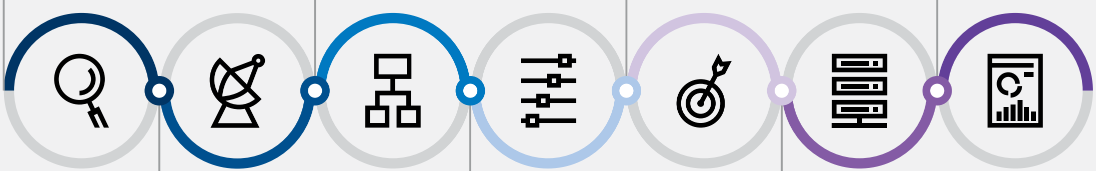
03
Engagement classification
- Leaders
- Solutions
- Improvers
- Endangerers

04
Evaluate engageability

05
Set engagement targets
- Reduce dependence on soy-based seed
- Reduce plastic waste
- And more...

06
Start 4-step engagement process
1. Constructive dialogue
2. Official letter
3. Collaborative action
4. Shareholder resolution

07
Measure impact
Unsuccessful engagement leads to divestment after 2 years.



ESG stands for environmental (E), social (S) and governance (G). More information is available at credit-suisse.com/am/esg.
For further information about the ESG investment criteria, please visit credit-suisse.com/esg.

Alongside in-house and external research, the investment advisor follows a pre-defined process before selecting a stock and starting an engagement with the companies.

- Firstly, the investment advisor identifies **ocean threats** together with the Ocean Foundation and groups them into the three sub-themes:
  a. Pollution prevention
  b. Carbon transition
  c. Ocean conservation
- As a second step, **business activities** contributing to threats are identified. Business models contributing to threats should aim to reduce their negative impact and adopt activities which solve or minimize threats to the ocean.
- Every potential company is **classified** according to their business activities regarding ocean health. Some of the fund's holdings solve or minimize threats to ocean health while others may need to reduce their negative impact. Companies identified as "Ocean improvers" offer the biggest potential engagement opportunities.
- Before making an investment, the investment team evaluates the potential investments' **engageability**. For example, the team examines the target company's willingness to communicate with the fund management company as well as its flexibility in reconsidering aspects of its business that are harmful to the ocean and linked to long-term risks. Companies that exhibit no willingness to make a change to business practices are excluded from consideration.
- After assessing the engageability of the company, clear **engagement targets** are set based on the classification and the sub-themes of the company. Engagement targets are tailored specifically to each firm to address ocean-related challenges as effectively as possible.
- Our **four-step engagement approach** helps us bring about change. We begin all engagements with constructive dialogue. When progress slows, we send official letters and often collaborate with other asset owners or managers. When those tactics fail to drive change, we file shareholder resolutions. We are pleased with our track record thus far and believe that this process helps us maximize returns and catalyze positive change.

1. **Constructive dialogue:** We are "constructivists," not activists, though we don't hesitate to move to subsequent steps if necessary
2. **Official letter:** Outline material ESG issue, corrective action and desired outcome
3. **Collaborative action:** Amplify our voice by collaborating with shareholders and intermediaries
4. **Shareholder resolution:** Consider non-binding recommendations to influence board decisions on identified ESG issue

- In the last step, the success of our engagement activities is assessed and reported back to clients. Unsuccessful engagement may lead to divestment after two years if we don't see the opportunity to achieve our targets and instead want to focus on the improvement of other companies.

ESG engagement can reduce risks, enhance competitiveness and lead to positive social or environmental outcomes. For example, consider a shipping company that has poor chemical management systems. Identifying this risk and implementing better management systems can reduce their exposure to significant fines. Alternatively, consider a plastic packaging company. By shifting its business away from plastic to more environmentally friendly types of packaging, it can get ahead of regulation and access growing markets for more sustainable solutions. Finally, look at industrial cleaning products that send thousands of liters of polluted water into waterways whenever they are used. Bringing scientific advisors together with company executives to identify a less toxic formulation can have important environmental benefits, while positioning the company to meet demand for greener products.

Engagement examples

Nippon Yusen Kaisha (NYK Line) – Shipping – Improver
Company overview:
Nippon Yusen KK (NYK), based in Japan, is one of the largest marine transportation and logistics companies in the world, with a fleet of nearly 800 vessels. From an ocean health standpoint, its biggest material issues are GHG emissions from its ships and improper ship disposal, which leads to marine pollution.

The engagement:
The long-term engagement target is to encourage NYK to reduce carbon emissions through fuel and equipment innovations. In the short term, an opportunity presented itself to make an impact on improving shipbreaking practices, which can be extremely polluting. There were multiple conversations with NYK about improving their shipbreaking and recycling practices and it was learned that they are committed to improvements in this area.

To prepare for this dialogue, engagement discussions with Maersk were conducted, which is also a portfolio holding, and a leader in responsible shipbreaking practices. Maersk founded the Ship Recycling Transparency Initiative (SRTI), which strives to decrease chemical pollution and increase safety at shipyards and is actively encouraging other companies to join.

In November 2020, the investment advisor wrote NYK a letter suggesting they publicly communicate their support for the forthcoming shipping regulations, disclose the actions they are taking to support compliance on their website and join the SRTI, all actions that are believed to improve ocean health. In January 2021, NYK responded that they had decided to publicly support the Hong Kong Convention, which includes publishing a statement of support for new regulations on their website. Alongside the Japanese government, they partner with companies to help them reach the higher social and environmental standards of international conventions. In February, they published content on their website outlining their support for the shipping standards in question, a commitment to visit yards to ensure compliance and their plans to do a formal inventory of hazardous materials for their ships. In April, they published a comprehensive report and slide deck in English on their ESG efforts. In it, Hitoshi Nagasawa, President and CEO states, “I have a sense of crisis stemming from the realization that if we cannot set out a clear road map for addressing environmental issues, the continuation of our business will become challenging.” The report includes a Science Based Target certified commitment to phase out GHG emissions including a 30% reduction in energy intensity by 2030 and a 50% reduction in energy intensity by 2050, with an action plan of how they will achieve this. They also launched an initiative in 2020 to collect microplastics from the ocean along their shipping routes. In May 2021 they announced that they were joining the SRTI, which is a major achievement as they are the first Japanese shipping company to join this initiative.

Penta-Ocean, Japan – Construction - Improver

Company overview:

Penta-Ocean Construction Co., Ltd. is a Japanese general contractor that carries out large-scale coastal development and land-based civil engineering works. The company is also aiming to penetrate the offshore wind market. Penta-Ocean has clear ambitions of positioning itself as an environmental leader and our goal is to help accelerate this trajectory. From an ocean health perspective, their primary material issues are the impacts to marine life from dredging and the conservation of coastal areas through their seawalls.

The engagement:

Together with The Ocean Foundation, the investment advisor has engaged with Penta-Ocean several times in efforts to more deeply understand their operations, their marine impact and the scope and scale of existing environmental initiatives such as soil recycling and sea grass transplanting. Through these discussions, it was learned that the scope of the company's environmental services is currently quite small. Seawalls are among the types of projects they frequently undertake. There is a growing body of evidence that combining traditional "gray" seawall construction techniques with natural or "green" elements such as seagrass, mangroves and salt marsh estuaries can increase the seawall's effectiveness and lifespan.

A call was scheduled with their environmental engineers to discuss these ideas. Mark Spalding, the President of The Ocean Foundation, joined the call to present numerous examples of modern projects that have embraced this hybrid approach. Penta-Ocean was encouraged to consider piloting hybrid options by incorporating hybrid "green-gray" designs, forging partnerships with organizations that have this expertise, and exploring building in-house capabilities in this area. The investment advisor offered to act as a resource and put them in touch with university experts who can advise in this area. They were appreciative of the suggestions and it was agreed to follow up in more detail on upcoming projects. This will be an ongoing dialogue.

> “ We believe Penta-Ocean could reduce the impact of their infrastructure on marine environments while making the company more competitive by including "green" elements.

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Our view on sustainable fishing

The term sustainable fishing has received a lot of interest lately. More and more often, labels such as Marine Stewardship Council (MSC) or Dolphin Safe are criticized in the media because they do not seem to deliver what they promise. We believe that many fishing companies have unsustainable practices and that there are inconsistencies in the certification bodies. That said, we also believe that in recent years a lot of progress has been made in terms of the sustainable seafood movement and various companies are showing improvements. In some nations this progress is happening a bit faster and in others a bit slower. However, it is important to keep in mind that millions of people around the world depend on fish for food and income. Even if a vegan or at least partially vegan diet is seen by health and environmental experts as beneficial for the environment, there are currently still too few alternatives for all people to switch. As a consequence of these discussions and our own conviction, we will increase our focus on the issue of sustainability of fisheries as well as on the change of alternative fish products at supermarkets or wholesalers.

Thai Union Group, Thailand – Fisheries - Improver

Company overview:

Thai Union Group is one of the largest producers and exporters of frozen and canned seafood products. Its primary material issues are human rights, seafood sustainability and traceability standards. In 2015, the company was targeted by Greenpeace in a campaign to improve fishing practices, traceability and labor rights in fishing supply chains. The company subsequently agreed to a package of reforms that would increase the sustainability and social responsibility of its seafood and has since made numerous improvements.

The engagement:

Three conversations with the Thai Union IR team and Chief Sustainability Officer took place, covering both business fundamentals and seafood sustainability issues. The company has undergone a major transformation to increase seafood sustainability standards since signing the agreement with Greenpeace and since joining an initiative of industry players called Seafood Business for Ocean Stewardship (SeaBOS). During the calls, their progress towards their commitments, which largely seem to be advancing well were discussed. The investment advisor discussed areas that have been more challenging, such as increasing the number of MSC certified fisheries, often because third-party fisheries have not addressed the issues required by MSC for certification. Also areas where they would like guidance were discussed. For example, they acknowledged that they could be pushed harder on reducing plastic in the supply chain and reducing global ghost gear (abandoned fishing nets). After realizing they were strategically evaluating efforts to reduce scope 3 emissions, an official letter encouraging them to increase their focus on biodiversity and management of scope 3 emissions was sent to them. In 2021, they announced a partnership to work with The Nature Conservancy's sustainable fisheries experts to implement 100% "on-the-water" monitoring of its vast tuna supply chain by 2025. This includes deploying electronic monitoring on all of its partner vessels in the supply chains – including onboard video cameras, GPS and sensors to automatically track activities onboard – and/or human observers. Monitoring is used to prevent illegal, unreported and unregulated fishing, so increasing monitoring will decrease unsustainable fishing. Electronic monitoring offers potential benefits over human monitoring, given the recent COVID-19-related health and safety risks faced by human monitors. Human observers can also find their objectives sometimes conflict with the interests of vessel captains.

Trimble, US – Industrials - Solution
Company overview:
Trimble originated by making GPS devices and now provides technology solutions for buildings and infrastructure, agriculture, utilities and transportation. They are classified as a solution in the fund because several of their agriculture technology solutions help cut down use of unnecessary resources including energy, fertilizer and water. From an ocean health perspective, excessive fertilizer runoff is problematic because it can flow into the ocean and create hypoxic zones, which have insufficient oxygen levels to support marine life.

The engagement:
The investment advisor has spoken with Trimble numerous times since the launch of the Fund. Trimble was strongly encouraged to more formally quantify the resource efficiencies and cost savings from using their products. For this reason, several recommendations of firms that could do this type of analysis were sent to them. During the most recent call they informed us that they had hired a Director of ESG to develop their ESG reporting and, more importantly, develop the company's ESG strategy and goals. Trimble also hired a consulting company to support various ESG reporting matters including calculating GHG reduction benefits from their products. In a subsequent conversation, the investment advisor met with the Director of ESG to discuss her priorities for the next year. Specific recommendations that are believed to help position Trimble as a stronger ESG player were made. Increasing market share of products that reduce excessive fertilizer use would be beneficial for the ocean.

Maruha Nichiro, Japan – Negative example
Company overview:
Maruha Nichiro is one of the largest fishing companies in Japan. They were included in the portfolio due to their material issues related to ocean health. As a fishing company that explores aquaculture, their fishing operations and the success of their aquaculture initiatives have a direct impact on seafood sustainability.

The engagement:
The investment advisor spoke with the head of strategic planning and several members of the IR and CSR team. During the call, it was learned that the company's efforts to experiment with new fish farming techniques for several species have failed, experiments with land-based salmon farming are starting very slowly, margins are lower than competitors and their level of debt is worrisome. While they are participating actively in SeaBOS – a multilateral initiative to enhance seafood sustainability – their business outlook seems particularly fragile. Following this conversation, the decision was made to sell this company from the portfolio.

Integrating scientific expertise in the investment approach

Rockefeller Asset Management (RAM) has worked with The Ocean Foundation (TOF) on ocean health issues for nearly a decade since the inception of Rockefeller's Climate Solutions strategy (formerly known as the "Ocean Strategy.") RAM's collaboration with TOF is an invaluable component of the OEF's investment strategy. TOF supports research, engagement, idea generation, and themes and sub-themes creation. The collaboration among Credit Suisse, RAM and TOF on the Credit Suisse Rockefeller℠ Ocean Engagement Fund covers four main activities:

1. Investment framework:
TOF was instrumental in partnering with Credit Suisse and RAM in the development of the fund's original investment framework that identified three critical ocean themes – Pollution Prevention, Carbon Transition and Ocean Conservation – and nine sub-themes, underscoring the greatest threats to ocean health. This framework (exhibit X) provides the basis for the stock selection process – enabling the investment team to select companies where engagement has the potential to reduce real threats to the ocean.

2. Company research:
TOF supports RAM's fundamental research on companies by identifying business practices that threaten the ocean as well as actions they should take to reduce those threats. In many cases, this research is the basis of the investment team's engagement.

3. Company engagement:
TOF joins some engagement calls or meetings with portfolio companies around the world, helping to inform RAM's approach, adding gravitas to the requests for change made of companies and offering suggestions for how companies might consider operating in more ocean friendly ways. Between June 2020 and January of 2021, TOF participated in dozens of conversations with companies across multiple continents and time zones. TOF inputs and recommendations contribute to discussions with companies about the impacts of their operations on the ocean with a greater level of technical sophistication.

4. Outreach and global network:
TOF is RAM's lead scientific and policy partner and has been at the forefront of raising awareness about ocean threats generally and OEF specifically.

Fund investment framework – themes & sub-themes

Carbon transition	Preventing pollution	Ocean conservation
▪ Curb carbon emissions	▪ Plastics ▪ Chemicals ▪ Nutrient loading ▪ Chronic and acute ocean noise ▪ Waste management generally	▪ Overfishing and illegal, unreported and unregulated fishing ▪ Depletion of ocean resources ▪ Unsustainable coastal development

Our future contribution to the ocean's health

The partnership between Credit Suisse, Rockefeller Asset Management and The Ocean Foundation has shown that together more can be achieved than simply seeking to generate return. In less than a year since launch, the fund has already witnessed some positive changes that will help the health of the ocean. Moving forward, we plan on strengthening our discussion with portfolio companies as we get to know more about their challenges and opportunities.

We hope you enjoyed reading this report and would like to end it with a note from Mark Spalding, President and founder of The Ocean Foundation.

Mark J. Spalding,
President,
The Ocean Foundation

"As we write this report, I expect in the year ahead that greenhouse gas emissions' disruption of the ocean's temperature, depth and chemistry will continue unabated, as will the storms therefrom. At the same time, I believe businesses and governments will be paying more attention to fostering an authentic multilateral approach to avoiding additional climate disaster. As wealthier countries pitch in to ensure more people are vaccinated everywhere, we can expect that international negotiations will regain their momentum—gathering people in irreplaceable ways for such events as the second UN SDG 14 Ocean Conference to check in on the commitments made at the first one from 2017 and the work on the high seas. Likewise, the groundwork has been laid to address the scourge of plastic pollution by kickstarting an international Paris-like treaty for combating marine plastic litter and microplastics (supported by 70 nations so far). Meanwhile, the newly launched UN Decade of Ocean Science for Sustainable Development will begin to gather steam and cause ripples across the planet in pursuit of solving its ten challenges, increasing scientific knowledge that will improve ocean governance. The move to address infrastructure challenges of all kinds in the US is likely to have a catalytic effect elsewhere, and we expect to see an emphasis on ocean-positive activities and investing in growing the sustainable blue economy, including in new and emerging sectors. We see the same kind of potential in reforming the behavior, technology and practices of those harming the ocean's health – which is where we who are behind the Credit Suisse Rockefeller℠ Ocean Engagement Fund will play our part to twist a few arms and make the business case for improving companies' relationship with the ocean."

Like many others, we enjoy spending our vacations at the beach and are often shocked to see the increasing destruction of the ocean as a result of human activity. When the idea of the Credit Suisse Rockefeller℠ Ocean Engagement Fund came up in spring 2020, we were really excited to start developing a unique product aimed at engaging with companies to improve the health of our ocean. The collaboration with different ocean experts as well as Rockefeller Asset Management has taught us a lot about the topic. We are not only honored to have been part of the team developing the first engagement fund around SDG 14 but are also very proud investors in the solution.

Lisa Schmid

Alexandra Stettler

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