CREDIT SUISSE

Environmental and/or social characteristics

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

●● ☐ **Yes**	●○ ☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: ___%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: ___%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Sustainability Mandate (also referred to as “this financial product”) integrates environmental, social and governance (ESG) factors in the investment decision-making process (ESG integration). It avoids harmful investments through business-conduct, norms-based and values-based exclusions (ESG Exclusions). The primary purpose of the ESG Exclusions strategies is to exclude investments that may have a negative impact on society and/or the environment. Companies may be excluded based on their revenue derived from controversial activities such as controversial and conventional weapons, thermal coal or tobacco production, or based on business conduct violating the UN Global Compact Principles.

In addition, this financial product may invest in environmental or social themes promoting sustainability.

It does not use a reference benchmark for the purpose of attaining the environmental or social characteristics.

[1] This document applies to all Sustainability mandate types, risk profiles, reference currencies and the chosen investment strategy.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Credit Suisse[2] uses third-party ESG scores as well as an in-house classification approach to better assess ESG considerations throughout the investment process.

This financial product uses the following sustainability indicators to measure the attainment of the environmental or social characteristics promoted:

- ESG integration:
  - Aiming to achieve a higher ESG score than its individual Strategic Asset Allocation
- ESG Exclusions:
  - Adherence to Credit Suisse Exclusions
  - The % of investments in securities that are on the Credit Suisse Exclusion list as result of the application of the Credit Suisse Exclusion
- Thematic alignment:
  - Positive exposure to sustainable themes or impact alignment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objective of the sustainable investments is to contribute to the environmental objectives.

For the part of the portfolio where Credit Suisse directly controls the investment process, sustainable revenue thresholds and climate targets are used to determine to which extent investments contribute to the environmental objectives targeted by this financial product (e.g. key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, etc.) in accordance with the Credit Suisse Sustainable Finance Disclosure Regulation[3] ("SFDR") sustainable investment methodology. It defines the criteria that are used to determine if an investment is a sustainable investment, considering E/S contribution, Do No Significant Harm ("DNSH") and good governance.

In cases where Credit Suisse does not directly control the investment process, the Bank monitors sustainable investments and objectives along the information disclosed by the product manufacturers.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

For the part of the portfolio where Credit Suisse directly controls the investment process, the principles of Do No Significant Harm ("DNSH") are taken into account as part of the Credit Suisse SFDR sustainable investment methodology to identify investments that qualify as SFDR sustainable investments.

For the part where Credit Suisse does not directly control the investment process, the Bank assesses whether sustainable investments do not cause significant harm to the environmental objectives of this financial product, alongside the information disclosed by the product manufacturers and the traditional due diligence process.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The indicators for adverse impacts ("PAI indicators") on sustainability factors are taken into account as part of the Credit Suisse SFDR sustainable investment methodology to identify investments that qualify as SFDR sustainable investments.

- Funds:

  For the part where Credit Suisse does not directly control the investment process, the Bank assesses whether sustainable investments do not cause significant harm to the environmental objective and considers the PAI indicators along the information disclosed by the product manufacturers.

[2] The terms "Credit Suisse", "CS" or "the Bank" used in this document refer to the legal entity identifier, unless defined otherwise.
[3] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

- Single securities (if applicable):

  At present, the consideration of PAI indicators is part of the Credit Suisse SFDR sustainable investment methodology to identify investments which qualify as SFDR sustainable investments. Credit Suisse has defined a set of criteria and thresholds to determine if an investment passes the DNSH condition.

  In line with the Credit Suisse SFDR sustainable investment methodology and exclusions applied by Credit Suisse, the following PAI indicators are considered:

  - Carbon footprint – Companies with high carbon transition risk, with high carbon intensity and/or with large owning of fossil fuel reserves as assessed by third party data providers do not pass the DNSH condition.
  - Exposure to companies active in the fossil fuel sector – Credit Suisse excludes companies that derive more than 20% of their combined revenues from thermal coal mining or coal-powered electricity generation, companies active in Arctic oil and gas with a 5% direct revenue threshold as well as on oil sands with a 10% direct revenue threshold.
  - Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises – Credit Suisse excludes companies that exhibit severe weaknesses in business conduct, particularly regarding breaches of the United Nations Global Compact Principles (UNGC).
  - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) – Credit Suisse excludes firms with business activities in controversial weapons from the investments classified according to the Credit Suisse's in-house sustainability classification framework. This includes weapons prohibited according to international treaties, such as the Convention on Cluster Munitions, the Chemical Weapons Convention, the Biological Weapons Convention, and the Treaty on the Non- Proliferation of Nuclear Weapons. In addition, Credit Suisse excludes weapons that cause excessive harm to both military and civilian targets from investments classified according to Credit Suisse's in-house sustainability classification framework.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Details:

For the part of the portfolio where Credit Suisse directly controls the investment process, the alignment of sustainable investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is assessed through the Credit Suisse business conduct process, in accordance with the Credit Suisse SFDR sustainable investment methodology.

This financial product aims to invest in companies that meet their fundamental obligations in line with the UN Global Compact Principles. This includes respecting universal human rights and labor standards, practicing environmental responsibility, and avoiding corruption in all its forms, including extortion and bribery. Companies that exhibit severe weaknesses in business conduct, particularly with regard to breaches of the United Nations Global Compact Principles and companies placed on the watchlist, but with no immediate exclusion, are flagged as not being considered SFDR sustainable investments due to DNSH.

In cases where Credit Suisse does not directly control the investment process, i.e., for externally managed collective instruments, the Bank assesses whether sustainable investments adhere to Credit Suisse's business conduct exclusions through a separate ESG questionnaire along with the traditional due diligence process.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes** | ☐ No

Principal Adverse Impacts ("PAI") on sustainability factors are considered by this financial product through the application of the PAI Framework which is detailed in the product website.

Information on PAI on sustainability of this financial product will be provided in the periodic disclosure report.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment strategy aims to integrate sustainability aspects in the investment process and to generate market returns in line with traditional mandates. It is a well-diversified and actively managed multi-asset solution. The Sustainability Mandate pursues a sustainability strategy by integrating ESG criteria and specific sustainable thematic investments into the investment process steps. In addition, it improves the ESG criteria of the investments and thereby aims to increase the ESG score of the overall portfolio compared to its strategic asset allocation. To implement the strategy the Bank selects investments that not only meet financial criteria but also the ESG criteria as described above. Different investment strategies are available to meet the client's individual risk profile (e.g., Yield, Balanced, Growth, Equities).

When building the portfolio, the Portfolio Manager follows the traditional selection process based on a risk-return analysis and considers the ESG exclusions, ESG integration and sustainable thematic approaches. Once constructed, the portfolio is reviewed and monitored on an ongoing basis

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are the principles around sustainable investing of Credit Suisse. This means the Investment Manager applies in its investment process either:

1. ESG Exclusions: Avoid harmful investments (business-conduct, norms-based, values-based) through adherence to the exclusions applied by Credit Suisse.
2. ESG Integration: Better informed investment decisions through integration of ESG insights. Pre-defined ESG factors are taken into consideration in the selection and analysis of collective and direct instruments.
3. Sustainable Thematic and Impact alignment: Investment solutions that address UN SDGs. Specific instruments that are classified as thematic according to a Credit Suisse in-house classification framework may be selected.

The minimum proportions under the below question "What is the asset allocation planned for this financial product?" are binding.

In addition, as a minimum requirement, no investments that fail to adhere to agreements on controversial weapons or show severe cases of business conduct are allowed.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

This financial product does not have a commitment to reduce the scope of investments by a minimum rate.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The methodology to assess the good governance of investee companies includes the consideration of business conduct exclusions.

For the part of the portfolio where Credit Suisse directly controls the investment process, the Bank identifies and assesses controversial business conduct based on data from a number of external ESG data providers, news flows and in-house research. Cases are analyzed according to an approach with pre-defined indicators in order to identify companies in possible breach of such business conduct practices.

In cases where Credit Suisse does not directly control the investment process, i.e., for externally managed collective instruments, the Bank assesses whether sustainable investments adhere to the Credit Suisse's business conduct exclusions through a separate ESG questionnaire along with the traditional due diligence process.

What is the asset allocation planned for this financial product?

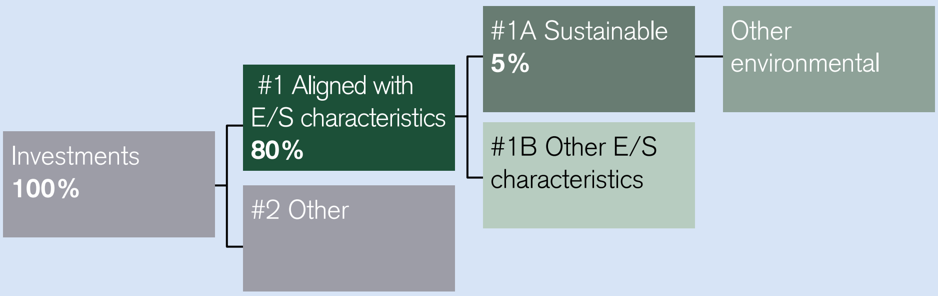
Asset allocation describes the share of investments in specific assets.

The planned minimum proportion of investments used to meet the environmental or social characteristics promoted by this financial product (category #1 below) is 80% of its total portfolio.

Within this category the financial product aims to hold a minimum proportion of 5% of its total portfolio in sustainable investments (category #1A below). This minimum proportion can be achieved with sustainable investments with an environmental objective.

Taxonomy-aligned activities are expressed as a share of:

- **Turnover** reflecting the share of revenue from green activities of investee companies
- **Capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy
- **Operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

For the purpose of this graph, the investments of the financial product are calculated at a company level.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The main purpose of the derivatives is to be used as efficient portfolio management tools, for cash management, for hedging purposes, or as an additional source of return. However, derivatives can incidentally contribute to attaining the environmental or social characteristics promoted by this financial product through the indirect exposure of the underlyings.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%. This financial product does not commit to making EU Taxonomy aligned investments. However, certain investments made by this financial product may be aligned with the EU Taxonomy.

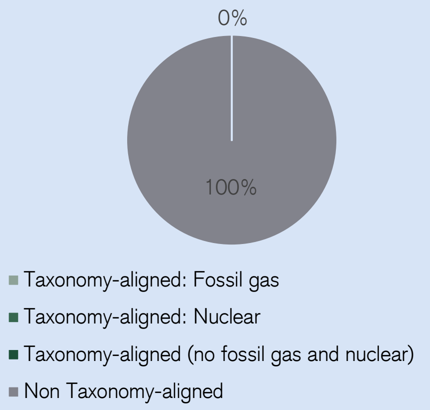
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy,** the criteria include comprehensive safety and waste management rules.

Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[4]

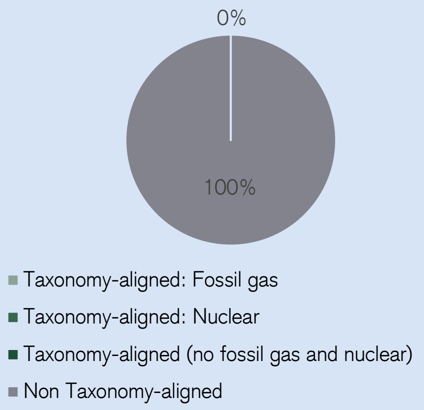
☐ Yes		☒ No
☐ In fossil gas	☐ In nuclear energy	

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-aligned of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



For the purpose of these graphs, the percentage of investments is calculated at economic activity level.

* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

[4] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid. down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of investments in transitional and enabling activities?

As this financial product has not defined a minimum proportion for Taxonomy-aligned sustainable investments, the planned minimum share of investments in transitional and enabling economic activities is 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

This financial product aims to hold a minimum proportion of 5% of its total portfolio in sustainable investments that do not qualify as environmentally sustainable under the EU Taxonomy.

What is the minimum share of socially sustainable investments?

This question does not apply for this financial product. For better comparison to other financial products documentation this question was not removed.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments such as cash, derivatives, structured products and traditional investments may fall under #2 Other since such instruments do not contribute to the environmental or social characteristics of this financial product. Such investments do not have minimum environmental or social safeguards.

Investments may also fall under #2 Other if insufficient ESG-related data is available. This applies in particular to asset classes for which ESG factors are insufficiently defined at present or which are not yet covered by external data providers.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

This financial product does not have a specific index designated as a reference benchmark to determine whether it is aligned with the environmental or social characteristics that it promotes.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.credit-suisse.com/discretionary-mandates