CREDIT SUISSE
Part of UBS Group

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 ___% 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 Direct Equity Strategies 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 to avoiding harmful investments, Direct Equity Strategies integrates sustainability in the investment process. The integration is focused on a combination of environmental, and social characteristics and risks regarded as highly relevant for Direct Equity Strategies investing in large, established companies domiciled in developed

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

economies. These characteristics include (but are not limited to) carbon intensity, environmental and social controversies.
It does not use a reference benchmark for the purpose of attaining the environmental and social characteristics.

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.
The following indicator is taken into consideration to measure the attainment of the environmental and social characteristics of the Direct Equity Strategies:

ESG integration

- Aiming to achieve a higher ESG score than its Strategic Asset Allocation.

The Strategic Asset Allocation (SAA) defines the long term combination of (sub–)asset classes, based on a mix of relevant financial indices. The ESG score for the underlying Strategic Asset Allocation (SAA) is calculated based on the underlying indices. The portfolio ESG score corresponds to the model portfolio allocations on the reporting date and is subject to change over time. Deviations from the allocation of the individual client portfolio are possible.
The ESG Score, which is provided by MSCI ESG Research, is measured on a scale from 0 (very poor) to 10 (very good).
The two scores (ESG score and applied proprietary score) are independent of each other as the methodology in the aggregation differs. The ESG Score of MSCI is a consideration of E, S and G-factors defined by MSCI, whereas the proprietary score is constructed with factors that were selected by the Bank.
As outlined in the description of the target “aiming to achieve a higher ESG score than its SAA”, the calculation consists of the aggregation of each ESG score multiplied by the weight in the portfolio to get the ESG score. The aggregated score is compared with the ESG score of the underlying benchmark / SAA components (e.g. Stoxx Europe 50).

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?

This question does not apply for this financial product, because it does not have any sustainable investments objectives. For better comparison to other financial products documentation this question was not removed.

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

This question does not apply for this financial product, because it does not have any sustainable investments objectives. For better comparison to other financial products documentation this question was not removed.

The EU Taxonomy sets out a “do no 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.

[2] The terms “Credit Suisse”, “CS” or “the Bank” used in this document refer to the legal entity identifier, unless defined otherwise.

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. Credit Suisse makes use of a combination of approaches to consider the PAI indicators for discretionary mandates in scope of SFDR. The degree and the way PAIs are considered depends on factors such as the investment strategy of a financial product, and the availability of reliable data. The approach applied to consider the PAI depends on the nature of the indicators, as well as on the specific context of the investments that is causing the adverse impact. Credit Suisse acquires the necessary PAI metrics from third-party data providers and may use proprietary sources where appropriate to consider negative impacts for this financial product. Further details on the approach applied to consider PAI are available on the product website https://www.credit-suisse.com/discretionary-mandates.
Information on PAIs on sustainability factors 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 different investment strategies of the Direct Equity Strategies, European Dividend Value and Global Dividend Value follow the same ESG Integration process and are mainly based on differing investment styles and/or regional boundaries to meet the client's individual preference. The integration of ESG criteria in the selection and construction process of all Direct Equity Strategies is applied using the same standards. The investment managers are continuously monitoring ESG factors as an integral part of the management of the Direct Equity Strategies using internal as well as external research and data providers in order to assess investment opportunities and existing investments alike.
The investment process can be described as follows:

- Firstly, the initial investment universe is composed of the established companies from developed European countries.
- Secondly, the screened investment universe is derived by applying the Credit Suisse ESG Exclusions (no investment in companies violating norms, values, and business conduct standards of Credit Suisse).
- Thirdly, the customized ESG scores are calculated and the investment universe is split in top, medium and low scored companies. Low scored companies are automatically excluded from the opportunity set.
- Next, the top and medium scored companies are analysed by evaluating the qualitative and quantitative ESG related risks based on the proprietary materiality framework and specific investment criteria.
- In the final step, the portfolio is constructed based on the Investment Manager's strongest convictions both from a fundamental and ESG perspective.

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?

All investments must meet the below ESG Exclusions criteria and an additional ESG Integration process applies:
ESG Exclusions:

- Norms-based exclusions, excluding companies that violate international treaties on controversial weapons, such as
  - The Convention on Cluster Munitions
  - The Chemical Weapons Convention

- The Biological Weapons Convention
- The Treaty on the Non-Proliferation of Nuclear Weapons

- Values- based exclusions, excluding companies whose activities have a negative impact on society and/or the environment. Exclusion thresholds are based on the specific exposure level (typically 5% for producers). Industries covered include:
  - Tobacco, gambling[3], adult entertainment
  - Thermal Coal (>20%). Apart from thermal coal, the framework does not systematically exclude fossil fuels, as climate transition will require a varied energy mix over the next few decades.
  - Manufacturers of conventional weapons, civil firearms, and nuclear weapons support systems.

- Business conduct exclusions, severe cases of controversial business conduct, and particularly of conduct violating the principles of the United Nations Global Compact Principles (UNGC).

ESG Integration
Credit Suisse as Investment Manager integrates ESG considerations by combining financial information with ESG related considerations at various steps of the investment process:

- ESG Integrated Research: Credit Suisse as Investment Manager complements traditional research which comprises company business model, ownership structure, financials and valuation with ESG data, own information and sources from data providers to systematically enhance the knowledge on the ESG Factors.
- Positive Screening: Credit Suisse as Investment Manager selects securities that score favorably within a sector (best-in-class) and across the universe (best-in-universe) with respect to the ESG Factors.
- Proprietary Scoring: Credit Suisse as Investment Manager translates a set of external metrics and scores as well as company information into a custom ESG view.
- Adjusted Performance Indicators: Credit Suisse as Investment Manager adjusts security performance indicators for material ESG Factors and keeps track of the ESG factors.

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

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

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.
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 a systematic approach with pre-defined indicators in order to identify companies in possible breach of such business conduct practices. Companies found to (1) systematically violate international business conduct practices, (2) where the breaches are particularly severe, or (3) where management is not open to implementing the necessary reforms, are closely monitored and if needed excluded from the investment universe.
The good governance practice may not be assessed for investments in securities issued by sovereigns or supranational entities.

What is the asset allocation planned for this financial product?

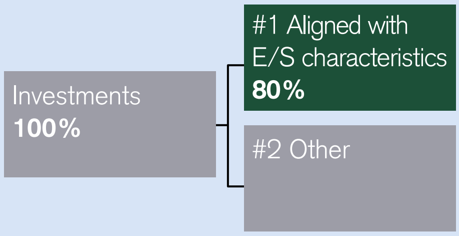
Asset allocation describes the share of investments in specific assets.

This financial product invests at least 80% of its total net assets in companies that qualify as aligned with E/S characteristics (#1 Aligned with E/S characteristics).

[3] Exposure to gambling in sustainable strategies is permitted under certain safeguards.

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.
#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.
For the purpose of this graph, the investments of the financial product are calculated at company level.

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

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

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

This financial product does not define a minimum share for sustainable investments 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.

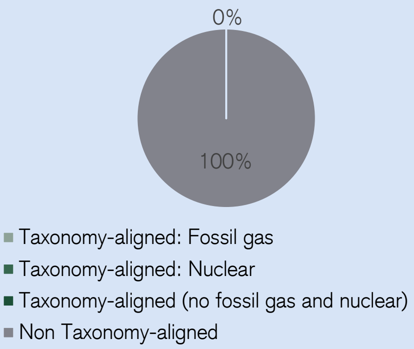
Does this financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[4]

☐ Yes
☐ In fossil gas | ☐ In nuclear energy

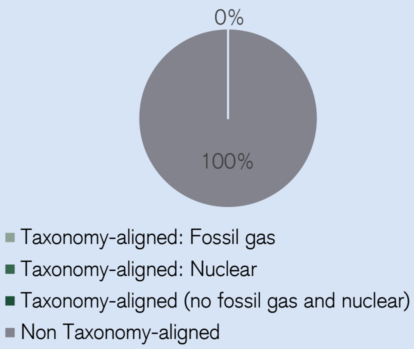
☒ **No**

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[1], 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**[1]



2. Taxonomy-aligned of investments **excluding sovereign bonds**[1]



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

[1] 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.

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 investments in transitional and enabling activities?

As this financial product does not commit to make any sustainable investments aligned with the EU Taxonomy, the minimum share of investments in transitional and enabling economic activities is 0%.

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

This financial product promotes environmental and social characteristics but does not commit to making any sustainable investment. As a consequence, the financial investment does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with 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 may fall under "#2 Other" if insufficient ESG-related data is available. This applies in particular to asset classes for which ESG factors are not yet covered by external data providers.
Other investments may fall under "#2 Other" such as derivatives, structured products, any hedging instruments where underlying assets cannot be evaluated, generally any liquidity management tools, cash and other investments generally not contributing to the environmental and social characteristics of this financial product held for diversification purposes.
None of the investments included under "#2 Other" have any minimum environmental or social safeguards.

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 and 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