

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Green Finance Asset Pool

Credit Suisse  
08 May 2020

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## Overall Evaluation of the Green Finance Framework

Credit Suisse commissioned ISS ESG to assist with its Green Debt Financing<sup>1</sup> by assessing three core elements to determine the sustainability quality of the financing:

1. Credit Suisse's Green Finance Framework – benchmarked against the International Capital Market Association (ICMA) Green Bond Principles (GBPs).
2. The asset pool – whether the projects aligned with ISS ESG's issue-specific key performance indicators (KPIs) (See Annex 2).
3. Credit Suisse's sustainability performance, according to the ISS ESG corporate rating.

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<b>Part 1:</b> <b>Performance against GBPs</b>	The issuer has defined a formal concept for its Green Financing regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs.	<b>Positive</b>
<b>Part 2:</b> <b>Sustainability quality of the asset pool</b>	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Green Bond KPIs. Those Green Bond KPIs contain a clear description of eligible asset categories which include: solar energy, electric vehicles and green buildings.</p> <p>The assessment of solar assets against the ISS ESG Green Bond KPIs highlighted that, despite Credit Suisse having stringent procurement policies and general principles of business conduct, no information is available to demonstrate measures are in place to manage the relevant Environmental, Social and Governance (ESG) risks. For the rest of the assets, the assessment is positive.</p> <p>All assets of the asset pool are located in highly regulated and developed countries.</p>	<p><b>Positive</b></p> <p><i>Solar energy and electric vehicles are contributors towards the shift to a low-carbon economy.</i></p>
<b>Part 3:</b> <b>Issuer sustainability performance</b>	<p>The issuer itself shows good sustainability performance and is classified as 'Not Prime' by ISS ESG's Corporate Rating methodology.</p> <p>It is rated 49<sup>th</sup> out of 285 companies within its sector as of 08.05.2020. This equates to a medium relative performance, with a Decile Rank<sup>3</sup> of 2.</p>	<p><b>Status:</b> <i>Not Prime</i></p> <p><b>Rating:</b> C-</p> <p><b>Prime threshold:</b> C</p>

<sup>1</sup> This SPO refers to "Green Debt Financing". The principles apply to green bonds or other green debt financing instruments that the issuer may elect to utilize.

<sup>2</sup> The ISS ESG's present evaluation will remain valid until any modification of the Sustainability Bond Framework or addition of new assets into the asset pool by the issuer and as long as the Corporate Rating does not change (last modification on the 18.03.2020). The controversy check of the underlying assets has been conducted on the 27.04.2020.

<sup>3</sup> Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.

## Contribution of the Green Financing to the UN SDGs

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

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



Each of the green debt financing instrument’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Solar Energy</b>	<b>Significant Contribution</b>	
<b>Electric Vehicles</b>	<b>Limited Contribution</b>	
<b>Green Buildings (Commercial)</b>	<b>Significant Contribution</b>	

## ISS ESG SPO ASSESSMENT

### PART I: GREEN BOND PRINCIPLES

#### 1. Use of Proceeds

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

	CATEGORY	ASSETS INCLUDED IN GREEN FINANCING	VOLUME AND SHARE OF ASSETS
A	Renewable energy ( <i>Solar</i> )	yes	USD 383.6m (60%)
B	Energy Efficiency	no	USD 0m (0%)
C	Low Carbon Buildings	yes	USD 60.5m (10%)
D	Conservation Finance	no	USD 0m (0%)
E	Clean Transportation ( <i>Electric Vehicles</i> )	yes	USD 197.5m (30%)
F	Sustainable Waste Management	no	USD 0m (0%)
G	Sustainable Water Infrastructure	no	USD 0m (0%)
H	Circular Economy	no	USD 0m (0%)
<b>Total</b>			<b>641.6 m</b>

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

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

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

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

## 2. Process for Project Evaluation and Selection

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

### 1. Financial due diligence

### 2. Environmental, Social and Governance (ESG) evaluation

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

### 3. Impact evaluation

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

On the basis of the list the final selection of assets funded will be made by a Green Finance Committee comprising senior representatives from Credit Suisse Treasury, Debt Capital Markets, Impact Advisory and Finance, Investor Relations and Sustainability Affairs, as well as the Group Executive Office (chair of the Committee).

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

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

## 3. Management of Proceeds

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

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

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

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

#### 4. Reporting

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

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

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

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

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

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

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

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

Where feasible, Credit Suisse will seek certification under the Climate Bonds Standard V2.1 following the pre- and post-issuance procedure outlined by the Climate Standards Board.

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


## PART II: SUSTAINABILITY QUALITY OF THE ASSET POOL

### Solar Energy

As a Use of Proceeds category, Solar Energy has a significant contribution to the SDG 7 “Affordable and Clean Energy” and SDG 13 “Climate Action”.

Additionally, when considering the deeper ESG management, Solar Energy can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI <sup>4</sup>	ASSOCIATION WITH THE SDGS
<p><b>Site selection</b></p> <p>None of the projects are located in key biodiversity areas such as Ramsar sites, UNESCO Natural World Heritage Sites or International Union for Conservation of Nature (IUCN) protected areas I-IV.</p>	
<p><b>Supply chain standards</b></p> <p>8,861 projects, accounting for 15% of the investments’ nominal capacity, solar modules are manufactured by companies that primarily produce (i.e. have more than 50% of production sites) in countries with high labour standards (e.g. European Union), are a signatory of the United Nations Global Compact, or adhere to the International Labour Organization (ILO) core conventions. For 20,327 projects, accounting for 85% of the investments’ nominal capacity, the companies are located in markets with significantly lower labour standards. For 12 projects accounting for 0.05% of the nominal capacity, no information is available.</p>	
<p><b>Environmental aspects of solar panels</b></p> <p>No information is available on the percentage of investments that are allocated to projects for which the conversion efficiency of solar panels is at least 15%.</p> <p>3,622 projects, accounting for 5% of the investments’ nominal capacity, meet high standards regarding take-back options. For 25,578 projects, accounting for 95% of the investments’ nominal capacity, no standards regarding take-back options are in place.</p>	 

4



- No information is available on the percentage of investments allocated to projects that are in line with or similar to the stipulations in the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).



**Controversy assessment**

A controversy assessment at company level was conducted and revealed one severe controversy. One of the companies’ assessed has failed to respect union rights in the United States.

**Impact indicators**



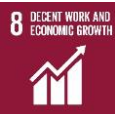
- The capacity of solar power assets constructed or rehabilitated is 158.7 MW.
- The total annual energy production by the solar assets is 310 – 336 GWh.

**Corporate Asset-Backed Lending Facilities**

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

As a Use of Proceeds category, Solar Energy has a significant contribution to the SDG 7 “Affordable and Clean Energy” and SDG 13 “Climate Action”.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.


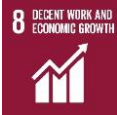




ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
<p><b>Environmental risks</b></p> <ul style="list-style-type: none"> <li>○ No information is available on the management of environmental risks (e.g. conversion efficiency, take-back, and hazardous substances).</li> </ul>	 
<p><b>Social risks</b></p> <ul style="list-style-type: none"> <li>○ No information is available on the management of social risks (e.g. social standards in the supply chain of solar modules and inverters).</li> </ul>	

## Electric Vehicles

As a Use of Proceeds category, Electric Vehicles have a limited contribution to the SDG 7 “Affordable and Clean Energy” and SDG 13 “Climate Action”.

Additionally, when considering the deeper ESG management, Electric Vehicles can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

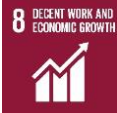
ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
<b>Production standards</b>	
<ul style="list-style-type: none"> <li>✓ 100% of assets provide for a comprehensive environmental management system at the car manufacturing sites.</li> <li>100% of assets provide for high labour, health and safety standards at the car manufacturing sites (e.g. ILO core conventions).</li> </ul>	 
<b>Environmental aspects of cars</b>	
<ul style="list-style-type: none"> <li>○ Comprehensive life-cycle-assessments have not been conducted on any of the assets.</li> <li>✓ All cars are electric and as such, have optimized energy efficiency during operation.</li> </ul>	  
<b>Social aspects of cars</b>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets have received a minimum of 3 Stars rating on NCAP crash tests.</li> </ul>	
<b>Controversy assessment</b>	
<p>A controversy assessment at company level was conducted and revealed one severe controversy. One of the assessed companies’ has failed to respect union rights in the United States.</p>	

## Green Commercial Buildings

As a Use of Proceeds category, Green Commercial Buildings have a significant contribution to the SDG 11 “Sustainable Cities and Communities”, when obtaining stringent sustainability labels.

Additionally, when considering the deeper ESG management, Green Commercial Buildings can be associated to other SDGs.

The table below presents the findings of an ISS ESG assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS ESG KPI	ASSOCIATION WITH THE SDGS
<p><b>Energy efficiency prerequisites</b></p> <p>The asset underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency or substantial increases in energy efficiency in case of existing buildings.</p> <p>✓</p>	 
<p><b>Site selection</b></p> <p>✓ The asset has a policy on responsible site selection in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).</p> <p>✓ The asset is located within a maximum of 1 km from one or more modalities of public transport.</p>	 
<p><b>Construction standards</b></p> <p>○ The asset does not provide for high labour and health and safety standards because it is located in a country that has not ratified all ILO Core Conventions.</p> <p>✓ The asset provides for sustainable procurement regarding buildings materials.</p>	 
<p><b>Water use minimization in buildings</b></p> <p>✓ The asset provides measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).</p>	
<p><b>Safety of building users</b></p>	

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



### Sustainability labels / Certificates

- ✓ The asset obtained “Gold” LEED rating.



### Controversy assessment

A controversy assessment on the asset was conducted and didn't reveal any controversy that can be attributed to the issuer.

## PART III: ASSESSMENT OF CREDIT SUISSE'S SUSTAINABILITY PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime<sup>5</sup>' or 'Not Prime' based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
CREDIT SUISSE	NOT PRIME	C-	2

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

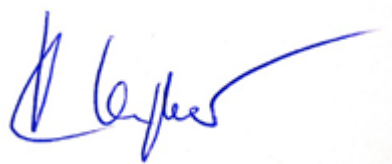
As of 08.05.2020, this rating places Credit Suisse 49th out of 285 companies rated by ISS ESG in the Financials/Commercial Banks and Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Customer and product responsibility
- Sustainable investment criteria
- Employee relations and work environment
- Business ethics

In four of the key issues, Credit Suisse rates above the average for the sector. A very significant outperformance was achieved in "Sustainable investment criteria". Credit Suisse lags the industry's average performance in "Business ethics".

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS ESG  
London/Munich/Rockville/Zurich

<sup>5</sup> Prime is only awarded to the top sector performers, often less than 10% of companies within the respective sector.

## DISCLAIMER

1. Validity of the SPO: The financing instruments being issued under the assessed framework.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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## ANNEX 1: ISS ESG Corporate ESG rating

The following pages contain extracts from Credit Suisse's 2020 ISS ESG Corporate rating.

# ESG Corporate Rating

## Credit Suisse Group AG

Industry	Financials/Commercial Banks & Capital Markets	Status	<b>Not Prime</b>
Country	Switzerland	Rating	<b>C-</b>
ISIN	CH0012138530	Prime Threshold	<b>C</b>
		Decile Rank	<b>2</b>

### Absolute Rating



The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively

### Decile Rank



Indicates decile rank relative to industry group. A decile rank of 1 indicates a high relative ESG performance, while a 10 indicates a lower relative ESG performance.

### Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Bank N.V.	NL	C+
BNP Paribas S.A.	FR	C+
NIBC Holding N.V.	NL	C+

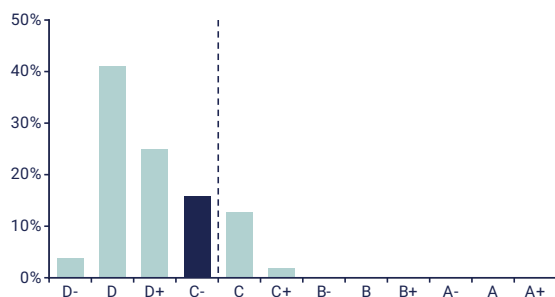
Legend: ■ Industry ■ Company  Prime

### Key Issue Performance

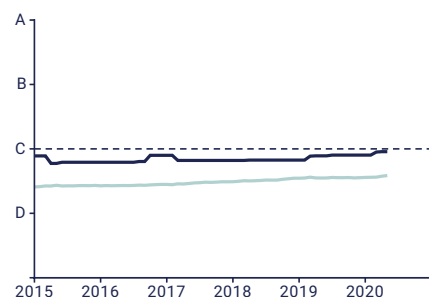


### Distribution of Ratings

285 companies in the industry



### Rating History





# Credit Suisse Group AG

## Analyst Opinion

### Sustainability Opportunities

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

### Sustainability Risks

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In the financial sector, the main sustainability challenges are in the lending and investment banking, and asset management businesses. Credit Suisse has established a range of industry-specific policies and guidelines addressing relevant issues e.g. in the forestry, agriculture, energy and resources sectors. A controversial weapons policy prohibits direct business relationships with producers of anti-personnel mines and cluster munitions. In addition, Credit Suisse has adopted the Equator Principles addressing sustainability issues in the financing of projects. Transactions entailing a reputational risk of an environmental or social nature have to be reviewed according to a specifically defined reputational risk assessment process (RRRP). Transactions that require increased vigilance are handled by the highest body in the bank-wide investigation process, the 'Reputational Risk Sustainability Committee' (RRSC). However, a comprehensive general credit guideline for corporate and public sector customers is missing.

In the field of customer and product responsibility, Credit Suisse is committed to accurate and transparent communication with its stakeholders and has implemented initial measures to ensure responsible sales practices.

In 2011, Credit Suisse became the first Swiss financial services provider to be assigned the OHSAS (Occupational Health and Safety Assessment Series) 18001 certification. In addition, the company offers a high degree of workplace flexibility. Credit Suisse has a high involuntary turnover rate but is committed to mitigating the consequences for employees made redundant. It assists employees in the search for a new position and strives to minimize the impact of the reduction in staff numbers through internal transfers.

The company has established a code of ethics covering some relevant issues in the field of business ethics (e.g. corruption and money laundering). In addition, the company conducts extensive compliance trainings and has third party anti-corruption due diligence as well as whistleblowing procedures in place. However, Credit Suisse has been involved in several controversies in recent years related to e.g. bribery in China and Hong Kong and price fixing in bond and exchange markets in the US and South Africa.

### Governance Opinion

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Credit Suisse's shareholder structure was dispersed and investors defined as having a long-term investment horizon held the majority of shares (as at April 30, 2019). Regarding the company's governance structure, the independence of its chairman, Mr. Urs Rohner (as at April 2019), is limited, as he held a position as a corporate officer previous to his appointment as chairman. However, the company has appointed an independent lead director (Severin Schwan, as at April 2019). The majority of board members is independent and the board has set up committees in charge of audit, remuneration, and nomination which are either entirely or predominantly composed of independent members. Compensation is publicly disclosed for members of the executive management team as a whole and the CEO individually.

Regarding the management of sustainability, there is no dedicated board-level committee charged with such matters. The company's remuneration policy for its executive management team includes long-term incentives, which could promote sustainable value creation. However, sustainability objectives are not integrated into variable compensation components. The company has established a code of ethics covering some relevant issues in the field of business ethics (e.g. corruption and money laundering). In addition, the company conducts extensive compliance trainings and has third party anti-corruption due diligence as well as whistleblowing procedures in place. However, Credit Suisse has been involved in several controversies in recent years related to e.g. bribery in China and Hong Kong and price fixing in bond and exchange markets in the US and South Africa.

# Credit Suisse Group AG

## Methodology - Overview

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

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

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

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

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

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

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

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

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

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

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

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

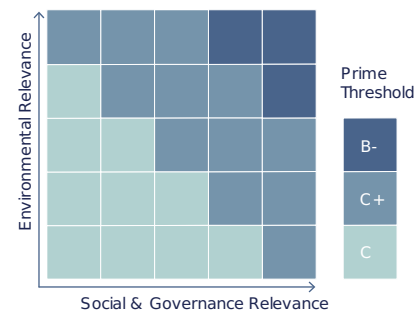
**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

# Credit Suisse Group AG

## Methodology - Overview

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

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



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

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

**Major Shareholders & Ownership Summary** - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

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

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

A+: the company shows excellent performance.

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

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

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

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

## ANNEX 2: Methodology

### ISS ESG Green Bond KPIs

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

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

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

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

### Asset evaluation methodology

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

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” represented by a red circle, either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs. ISS ESG requires a minimum of 50% of the asset pool to positively qualify against the KPIs, represented by a green tick.

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

## ANNEX 3: CO<sub>2</sub> Performance of the Renewable Energy portion of the Green Financing

The proceeds of this financing will be used primarily to refinance renewable energy investments for the construction and operation of solar power projects. Credit Suisse aims to allocate the majority of proceeds shortly after issuance, and all proceeds will be allocated to projects as specified on p. 4-5 after 12 months.

The following table contains the estimated CO<sub>2</sub> performance of the assets refinanced through the Green Financing. Credit Suisse has carried out the predicted CO<sub>2</sub> emissions avoidance.

RENEWABLE ENERGY INVESTMENTS FOR THE CONSTRUCTION AND OPERATION OF SOLAR POWER PROJECTS	NOMINAL CAPACITY	PREDICTED ANNUAL CO <sub>2</sub> EMISSIONS AVOIDANCE <sup>6</sup>
Total estimated <sup>7</sup> investments for the warehousing, construction and operation of solar power projects	513.4 MW	476 kt

<sup>6</sup> Emissions Factor: 0.000744 tCO<sub>2</sub>/kWh; Source: <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>.

<sup>7</sup> This number is the best estimate as the precise system count is constantly changing. Updated numbers will be included in the first green bond reporting.

## About ISS ESG SPO

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

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

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

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

For Information about SPO services, and this Green Financing, contact:

Federico Pezzolato

[Federico.Pezzolato@isscorporatesolutions.com](mailto:Federico.Pezzolato@isscorporatesolutions.com)

[SPO@isscorporatesolutions.com](mailto:SPO@isscorporatesolutions.com)

+44.20.3192.5760