

## **SECOND PARTY OPINION (SPO)**

---

Sustainability Quality of the Issuer and Green Finance Asset Pool

Credit Suisse  
12 June 2019

**CONTENTS**

Overall Evaluation of the Green Finance Framework.....3

ISS-oekom ASSESSMENT SUMMARY.....3

ISS-oekom SPO ASSESSMENT.....4

    PART I: GREEN BOND PRINCIPLES.....4

    PART II: SUSTAINABILITY QUALITY OF THE GREEN FINANCE FRAMEWORK ASSET POOL .....7

    PART III: ASSESSMENT OF CREDIT SUISSE’S SUSTAINABILITY PERFORMANCE .....9

ANNEX 1: ISS-oekom issuer ESG rating .....11

ANNEX 2: Methodology .....16

ANNEX 3: CO<sub>2</sub> Performance of the Renewable Energy portion of the Green Financing .....17

About ISS-oekom SPO .....18

## Overall Evaluation of the Green Finance Framework

Credit Suisse commissioned ISS-oekom 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-oekom's issue-specific key performance indicators (KPIs) (See Annex 2).
3. Credit Suisse's sustainability performance, according to the ISS-oekom ESG corporate rating.

## ISS-oekom ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION
<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>
	The sustainability quality of the asset pool, in terms of risk avoidance, sustainability benefits and minimization, based upon the ISS-oekom Green Bond KPIs, was assessed. The KPIs contain a clear description of eligible asset categories which include solar energy and electric vehicles.	
<b>Part 2:</b>  <b>Sustainability quality of the asset pool</b>	The environmental benefits of solar projects include contributing to climate protection and the transition to a low-carbon economy. For this debt financing, the assessment of solar assets against ISS-oekom's KPI set 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 electric vehicles, the assessment is positive.  All assets of the asset pool are located in highly regulated and developed countries.	<b>Positive:</b>  <i>Solar energy and electric vehicles are contributors towards the shift to a low-carbon economy.</i>
<b>Part 3:</b>  <b>Issuer sustainability performance</b>	The issuer shows good sustainability performance and is classified as 'Not Prime' by ISS-oekom's Corporate Rating methodology. This status is in part due to significant issuer controversies, including bribery and money laundering.  It is rated 43 <sup>rd</sup> out of 265 companies within its sector as of 12.06.2019.	<b>Status:</b> <i>Not Prime</i>  <b>Rating:</b> <i>C-</i>  <b>Prime threshold:</b> <i>C</i>

<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.

## ISS-oekom 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> )	✓ <b>yes</b>	<b>USD 398m (67%)</b>
B	Energy Efficiency	✗ no	USD 0m (0%)
C	Low Carbon Buildings	✗ no	USD 0m (0%)
D	Conservation Finance	✗ no	USD 0m (0%)
E	Clean Transportation ( <i>Electric Vehicles</i> )	✓ <b>yes</b>	<b>USD 198m (33%)</b>
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>USD 596m<sup>2</sup></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-oekom 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-oekom 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-oekom's KPI.

<sup>2</sup>Allocated proceeds only.

## **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
  - 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
  - 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
  - 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
  - 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-oekom finds that 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-oekom finds that 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-oekom finds that the reporting for the financing is adequate and sufficient.*

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

Credit Suisse has engaged ISS-oekom (as approved by the Climate Standards Board) to provide a second party opinion (SPO) on this 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-oekom finds that the plans to conduct an SPO and other assurance are adequate and sufficient.*

## PART II: SUSTAINABILITY QUALITY OF THE GREEN FINANCE FRAMEWORK ASSET POOL

### Evaluation of the assets

#### SOLAR POWER

The environmental benefits of solar power generation projects include contributing to climate protection and to the transition towards a low-carbon economy. Further benefits are less environmental degradation and pollution (e.g. resource extraction, releases of waste streams to water or soil) in comparison to fossil fuel or nuclear power plants. From a social perspective, the transition from fossil fuels to solar power reduces negative human rights impacts of oil, gas and coal production (e.g. land-use conflicts, resettlement). In addition – different from fossil fuels combustion – solar power does not negatively impact air quality. With respect to potential risks, the manufacturing of solar panels in countries with low levels of social and environmental regulations (e.g. China) can have negative social and environmental impacts. As the production of solar panels requires scarce raw materials and as the panels contain hazardous substances, aspects such as recyclability, management of hazardous substances and conversion efficiency are relevant to evaluate the overall environmental performance of related projects. However, in comparison to other renewable energy sources, social and environmental risks related to solar power are deemed to be low.

##### A.1. Site selection



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.

##### A.2. Supply chain standards



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.

##### A.3. Environmental aspects of solar power plants



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%.



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.



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

- ✓ No controversies found.

#### 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 Category A, due to the nature of corporate asset backed lending facilities.

- No information is available on the management of environmental risks (e.g. conversion efficiency, take-back, and hazardous substances).
- No information is available on the management of social risks (e.g. social standards in the supply chain of solar modules and inverters).

### CLEAN TRANSPORTATION

#### C.1. Production standards

- ✓ 100% of assets provide for a comprehensive environmental management system at the car manufacturing sites.
- ✓ 100% of assets provide for high labour, health and safety standards at the car manufacturing sites (e.g. ILO core conventions).

#### C.2. Environmental aspects of cars

- Comprehensive life-cycle-assessments have not been conducted on any of the assets.
- ✓ All cars are electric and as such, have optimized energy efficiency during operation.

#### C.3. Social aspects of cars

- ✓ 100% of the assets have received a minimum of 3 Stars rating on NCAP crash tests.

#### Controversy assessment

- ✓ No controversies found.

The methodology for the asset evaluation can be found in Annex 2.



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

The ISS-oekom Corporate Rating comprises a rating scale from A+ (excellent) to D- (poor).

COMPANY	RATING	STATUS
<b>Credit Suisse</b>	<b>C-</b>	<b>Not PRIME</b>

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS-oekom. In ISS-oekom's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 12.06.2019, this rating places Credit Suisse 43<sup>rd</sup> out of 265 companies rated by ISS-oekom 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"
- The company lags the industry's average performance in "Business ethics"

The company has a severe controversy level:

- Severe and very severe controversies relating to weaknesses in failure to prevent bribery, anti-money laundering controls, allegations on anti-competitive behavior and aiding tax evasion in the US have been revealed.
- In comparison to the sector average, Credit Suisse' controversy level is high, yet it scores below the maximum sector controversy score.

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

Robert Hassler, Head of ISS-oekom  
London/Munich/Rockville/Zurich

## DISCLAIMER

1. Validity of the SPO: The financing being issued under the assessed framework.
2. ISS-oekom 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-oekom 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.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS-oekom and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS, which has been requested by Credit Suisse for references to / copies of the SPO on CS' and ISS' websites and in offering materials. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com).

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

ISS is an independent company owned by entities affiliated with Genstar Capital ("Genstar"). ISS and Genstar have established policies and procedures to restrict the involvement of Genstar and any of Genstar's employees in the content of ISS' reports. Neither Genstar nor their employees are informed of the contents of any of ISS' analyses or reports prior to their publication or dissemination. The issuer that is the subject of this report may be a client of ISS or ICS, or the parent of, or affiliated with, a client of ISS or ICS.

© 2019 | Institutional Shareholder Services and/or its affiliates

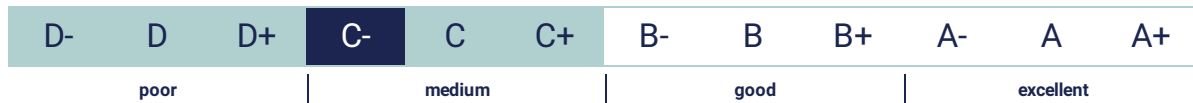
## ANNEX 1: ISS-oekom issuer ESG rating

The following pages contain extracts from Credit Suisse's 2019 ISS-oekom issuer rating.

## ISS-oekom 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>



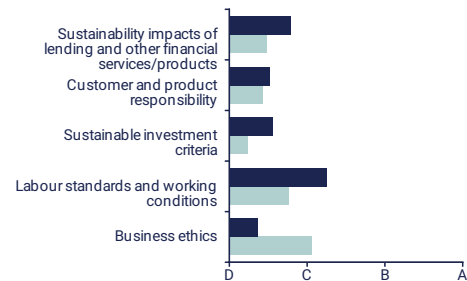
The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

## Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Group N.V.	NL	C+
NIBC Bank N.V.	NL	C+
Raiffeisen Bank International AG	AT	C+

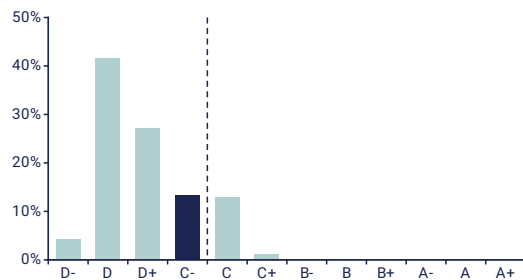
Legend: ■ Industry ■ Company --- Prime

## Key Issue Performance

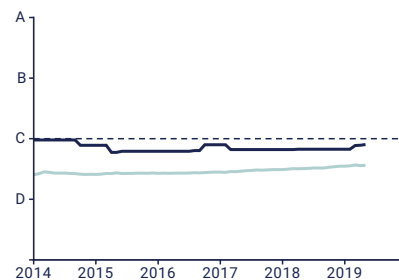


## Distribution of Ratings

265 companies in the industry

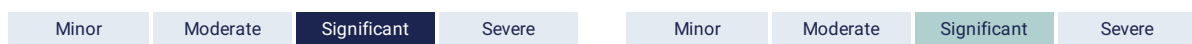


## Rating History



## Controversy Monitor

<b>Company</b>		<b>Industry</b>	
Controversy Score	-21	Maximum Controversy Score	-36
Controversy Level	Significant	Controversy Risk	Significant



# Credit Suisse Group AG

## Analyst Opinion

Dietrich Wild  
Sector specialist



### Sustainability Opportunities

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

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 major controversies in recent years, e.g. settlements regarding assistance to client's tax evasion, in the context of allegations of price fixing and collusion to limit competition in the market for credit default swaps (CDS), and a USD 2.6 billion fine related to aiding and abetting the use of secret Swiss bank accounts for the evasion of US taxes. The company was further allegedly involved in the 'Russian Laundromat' money laundering scandal.

### Governance Opinion

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 major controversies in recent years, e.g. settlements regarding assistance to client's tax evasion, in the context of allegations of price fixing and collusion to limit competition in the market for credit default swaps (CDS), and a USD 2.6 billion fine related to aiding and abetting the use of secret Swiss bank accounts for the evasion of US taxes. The company was further allegedly involved in the 'Russian Laundromat' money laundering scandal.

# Credit Suisse Group AG

## Methodology - Overview

**ISS-oekom Corporate Rating** - The ISS-oekom Universe comprises more than 3,900 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded 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 itself as well as information from 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.

An external rating committee assists the analysts at ISS-oekom with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

**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 and Areas** - In addition to the rating, ISS-oekom undertakes a comprehensive analysis of relevant controversies with respect to numerous business practices and areas for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the rating, the behaviour and the activities of a company in areas they view as especially critical.

With regard to business practices, each controversial case is examined and categorised based on whether it can be clearly attributed to the company. Additionally, the extent of the company's responsibility and the severity of the case are assessed. For the classification of the severity of the misconduct, the concrete negative effects are systematically evaluated. In addition, it is considered whether, to what extent and with what success the company has taken steps to mitigate the impact, to compensate it and to prevent similar incidents from occurring in the future.

To account for the varying levels of severity of the controversies, these are classified into the following three categories: moderate controversies, severe controversies and very severe controversies. Additionally, potential controversies are presented. These constitute issues which could be reclassified into one of the three controversy categories in case new information is reported. The classification follows a clear and uniform methodology for which ISS-oekom has defined specific evaluation parameters and their possible manifestations along a scale, based on international norms and standards and its own understanding of sustainability.

In the Business Practices section, the number of relevant and active cases is displayed in the respective cells. For each criterion, the sum of all corresponding cases for each sub-category is shown in the first line. In the Business Areas section, the activity is marked "x" and summarised as "yes" or "no". The percentage thresholds in the column headers generally refer to the Net Sales of the assessed company. As Net Sales are not an adequate reference value for all companies, these thresholds can refer to other values in individual cases (e.g. for different financial service providers).

Current cases are summarised in the "Comments" field. Irrespective of active cases, criteria marked as "Risk Exposure" indicate the company's risk exposure to controversies based on its business activities.

For the assessment of cases only those sources that have been classified by ISS-oekom as reliable are used. In addition to proven misconduct or activities of companies, alleged misconduct or activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. This applies not only to alleged practices, but also to the alleged serious negative effects of such practices.

# Credit Suisse Group AG

## Methodology - Overview

**Controversy Monitor** - The Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

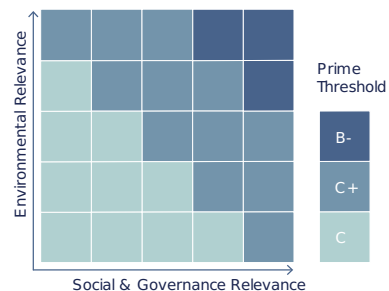
For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

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

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

Depending on this classification, the two dimensions of the ISS-oekom Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS-oekom 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 ISS-oekom 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 categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS-oekom for a specific industry (absolute best-in-class approach) in the ISS-oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.

## ANNEX 2: Methodology

### ISS-oekom Green Bond KPIs

The ISS-oekom 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-oekom 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" either indicates that no information was made available to ISS-oekom or that the information provided did not fulfil the requirements of the ISS-oekom Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS-oekom 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 on the day of the issuance, and all proceeds will be allocated to projects as specified on pp. 4-5 after 12 months.

The following table contains the CO<sub>2</sub> performance of the assets refinanced through the Green Bond. 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	NUMBER OF PROJECTS	NOMINAL CAPACITY	PREDICTED ANNUAL CO <sub>2</sub> EMISSIONS AVOIDANCE <sup>3</sup>
Total investments for the warehousing, construction and operation of solar power projects	34,164	513.4 MW	476 kt

<sup>3</sup> Emissions Factor: 0.000744 tCO<sub>2</sub>/kWh; Source: <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>.

## About ISS-oekom SPO

ISS-oekom 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