

MNE Ceresio Inaugural Launch

Sustainability Strategy, Advisory & Finance



Marisa Drew
Chief Sustainability Officer &
Global Head Sustainability Strategy, Advisory and Finance

September 2021

CREDIT SUISSE 

What is Sustainable Investing?

Sustainable Investing refers to an investment strategy that considers **environmental, social and governance (ESG)** aspects alongside traditional valuation criteria in making investment decisions. Sustainable investments are often aligned with personal values and provide healthy financial returns while fostering positive social and environmental change in line with the **UN's Sustainable Development Goals (SDGs)**.

*= Better informed
investment decisions*

“Improving quality of life without borrowing from the future...[is the] single largest investment opportunity in history...It has the magnitude of the industrial revolution but the speed of the digital revolution”

Al Gore

Co-founder and Chair of Generation Investment Management

“The transition to a low carbon economy will bring its own risks and opportunities. Changes in climate policies, new technologies and growing physical risks will prompt reassessments of the values of virtually every financial asset. Firms that fail to adapt will cease to exist. The longer that meaningful adjustment is delayed, the greater the disruption will be.”

Mark Carney

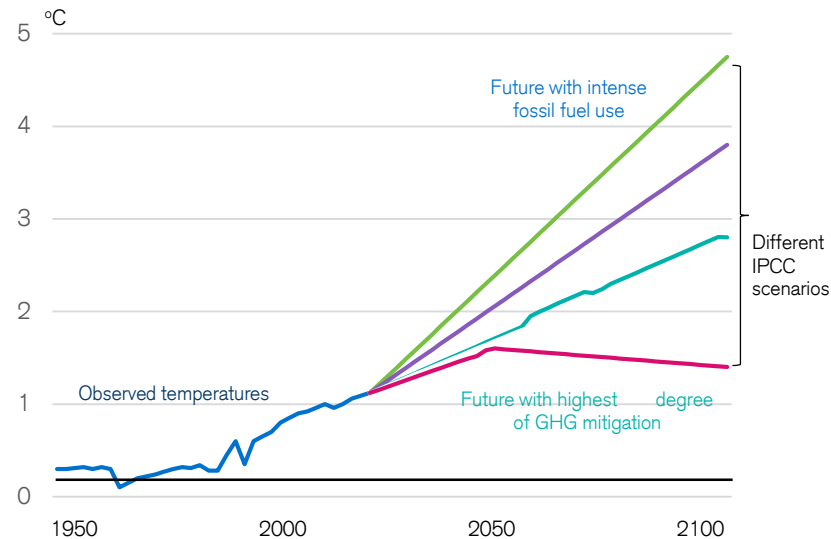
UN Special Envoy for Climate Action and Finance

Overview of the IPCC's Sixth Assessment Report

On August 9, 2021, the latest Intergovernmental Panel on Climate Change (IPCC) Report was released, highlighting the specific physical effects of climate change on our planet ahead of COP 26

Paths to 1.5 degrees are narrowing

Deep and immediate GHG emissions reductions culminating in a net zero economy by 2050 at the latest are necessary to avoid warming beyond 1.5 degrees Celsius



Widespread and severe impacts

Global impacts of climate change are expected to continue increase in frequency and severity, will be irreversible for centuries to millennia and are unquestionably linked to human activity



Wildfires



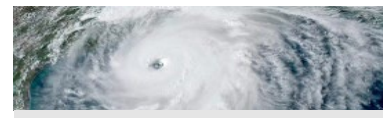
Glacial melt & sea level rise



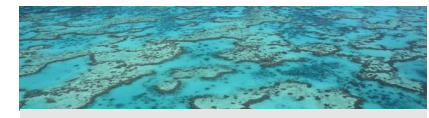
Heat waves



Droughts



Severe storms



Ocean acidification

“All major economies must commit to aggressive climate action during this critical decade. It’s the only way to put us on a credible track to global net zero emissions by midcentury. We can get to the low carbon economy we urgently need, but **time is not on our side.”**

– John Kerry, U.S. Special Envoy for Climate Change

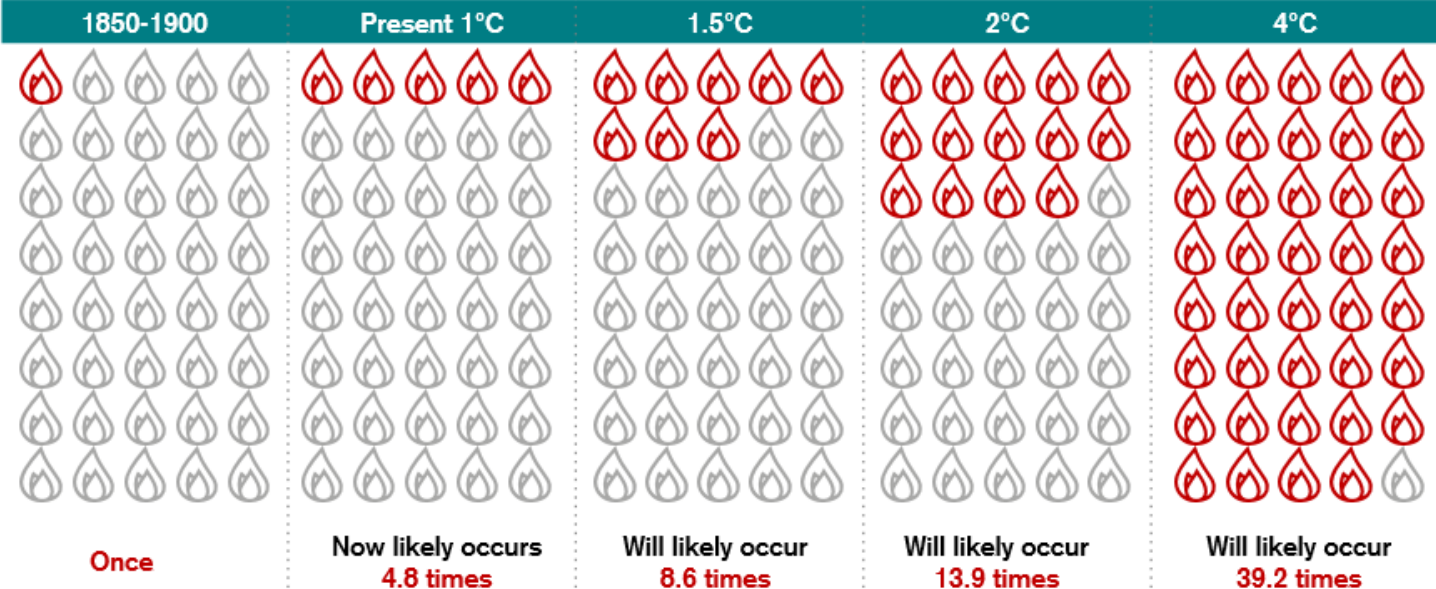
Source: IPCC 2021

A steep decline in emissions required to avoid extreme weather events

Global fossil fuel emission cuts required

| UN Target | Remaining Co2 budget (bn tons of Co2) | Remaining years at 2019 Co2 emissions | Required emissions reduction (% per year) |
|-----------|---------------------------------------|---------------------------------------|---|
| 1.5°C | 400 | 11 | -9% |
| 2°C | 1150 | 31 | -3% |

Likelihood of extreme heating, drought and fire



Source: IPCC 2021

Momentum to take action towards net zero

Global net zero pledges

Over 30 asset managers with

\$9 trillion in AUM

have committed to ensuring their investment portfolios will have zero net emissions by 2050 or sooner

Banks responsible for **>45%**
of fossil fuel financing have committed to net zero financed emissions by 2050

Over **1,000 companies**

spanning 60 countries and nearly 50 sectors – including one-fifth of the Global Fortune 500 – are working with the SBTi to reduce their emissions at the pace and scale necessary to prevent the worst effects of climate change

The Net Zero Asset Owner Alliance has grown from 12 founders in September 2019 to 33 members with

>\$5 trillion in AUM

- and is currently targeting at least 200 members, or \$25 trillion AUM, by 2025



NISSAN
MOTOR CORPORATION

amazon

CREDIT SUISSE

Cartier

facebook

DIAGEO



DELTA

Telefonica



PERSIMMON



Heineken

MEGGITT

Source: Partnership for Carbon Accounting Financials, Net Zero Asset Owner Alliance, Credit Suisse research.

Climate change as a core CS Supertrend that will drive investment value over the coming decades



Source: Credit Suisse, UN SDGs

The Investment Case for Climate Change

Financial returns with impact

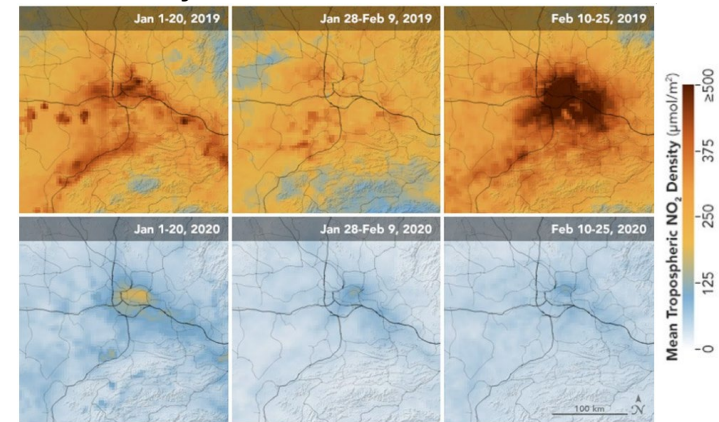
Global temperature rising

- IPCC estimates a 3-4 degree global warming by end 2100
- In 2015 governments signed the Paris agreement to keep global warming < 2 degrees
- IEA projects CO2 emissions would have to almost halve to about 21 Gt by 2040.
- **Key sources of man-made greenhouse gases are traditional electricity production, fossil fuel-powered transportation and agriculture/food production.**

Oil & Gas Transition Pioneers

- Demand for fossil fuels will likely remain high during multi-year, possibly multi-decade, energy transition
- Net-zero CO2 emissions new yardstick for global government policy makers
- IOCs that cut GHG emissions through **investments in renewable energy projects** while maintaining attractive dividend yields

NO2 density in Wuhan



Source: BASA/ ESA, Copernicus

Carbon-free electricity

- IEA projects demand for electricity to grow strongly – CAGR of 2.0% to 41,373 TWh in 2040
- A significant change in the fuel mix necessary to limit CO2 emission
- Wind and solar will likely become the cheapest sources of electricity
- **42% of electricity to come from wind and solar** while coal decreases to 6% by 2040

Sustainable transport

- 23% or 7.0 Gt CO2 equivalent of global greenhouse gas emissions stem from the transport industry
- Electrification of engines as one of the key drivers to reduce CO2 emission
- **Opportunities for new technologies** such as electrification of engines, sustainable fuels, hydrogen and shifting to rail

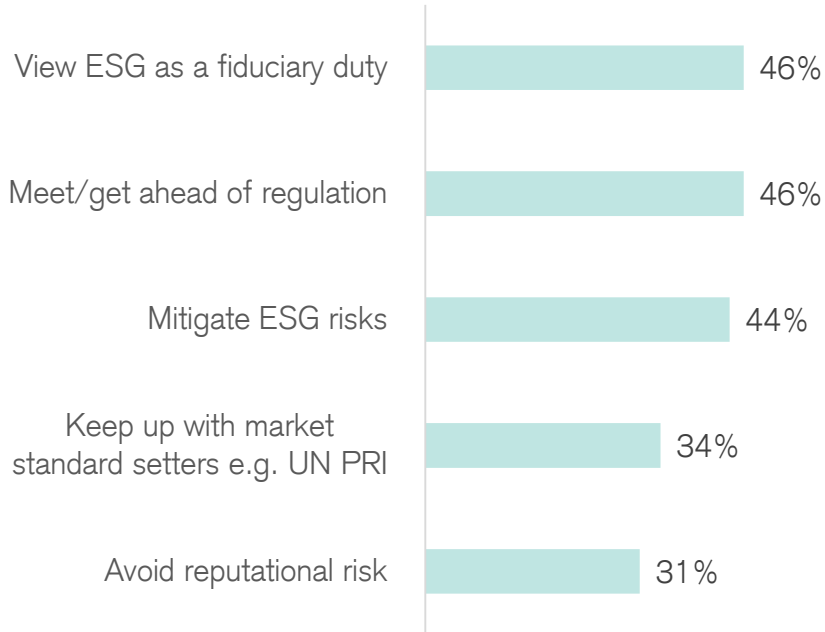
Agriculture and food

- Agri industry responsible for around 25% of global GHGs emissions
- **Global population expected to reach 9.8 bn people in 2050 and 11.2 bn in 2100**
- Forestry and other land use account for 40% of GHG emissions, while beef livestock makes up 25%

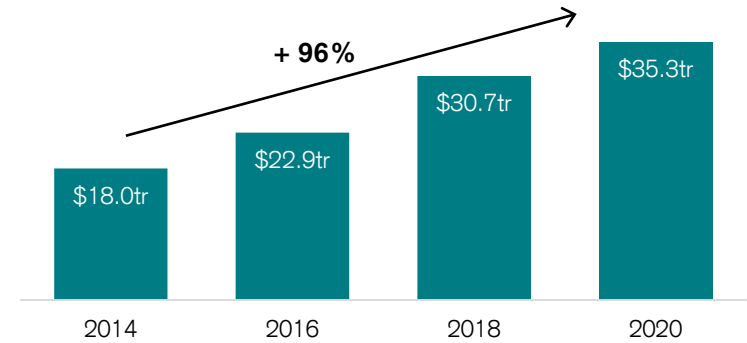
Source: Credit Suisse, IPCC

The investment community is fast moving to a scenario with ESG as a baseline

Top five reasons driving ESG adoption amongst institutional investors¹



Explosive growth in sustainable investing³



Investors are increasingly embracing sustainable investing²

80% of asset owners integrate ESG factors into their investment process, up from 70% in 2017

Nearly 60% can envisage a time where they would **only allocate to investment managers with a formal ESG approach**

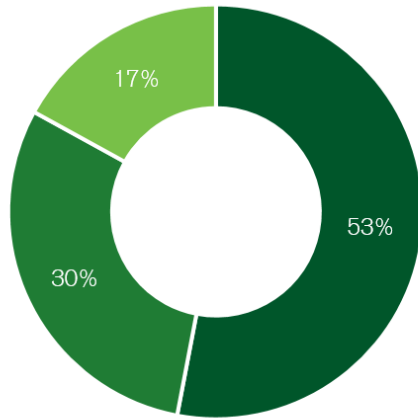
FT FINANCIAL TIMES

ESG accounted for 90% of equity fund inflows in July 2021

1. Harvard study of over 300 institutional investors 2. Morgan Stanley Sustainable Investing Institute 3. GSIA

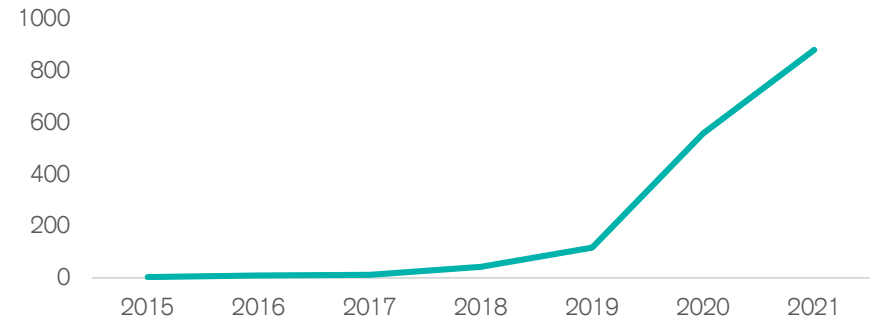
Corporates increasingly recognising the importance of credible ESG narratives to attract capital

How do you think the role of ESG factors will change in acquirers' M&A decisions over the next 12-24 months, if at all?¹



- ESG factors will become significantly more important in M&A decisions
- ESG factors will become somewhat important
- Their importance will remain about the same as currently
- ESG factors will become somewhat less important
- ESG factors will become significantly less important

Number of companies reporting under SASB²



There are currently over **3,500 certified B corps** in more than 70 countries³

1. ESG on the Rise: Making an Impact in M&A, Q1 Newsletter 2019, IHS Markit/Mergermarket 2. SASB 3. B Corp

Collective action required to achieve our net zero ambition



Credit Suisse is proud to be partnering and delivering outcomes for oceans and waterways

Supporting sustainable disruptors



- Supporting the launch of the **first electrified ferries** in Switzerland

Industry standard setting



- Proud partner of the Yacht Club de Monaco to launch the **Monaco Superyacht Eco Association Index** to provide a transparent ecological rating for large yachts

Thought leadership



Source: Credit Suisse

Sustainable product creation



- Partnered with Rockefeller Asset Management to launch the **first impact fund to address ocean health**
- Supporting marine conservation projects in Belize in connection with TNC's **Blue Bonds for Ocean Conservation** programme



Industry partners



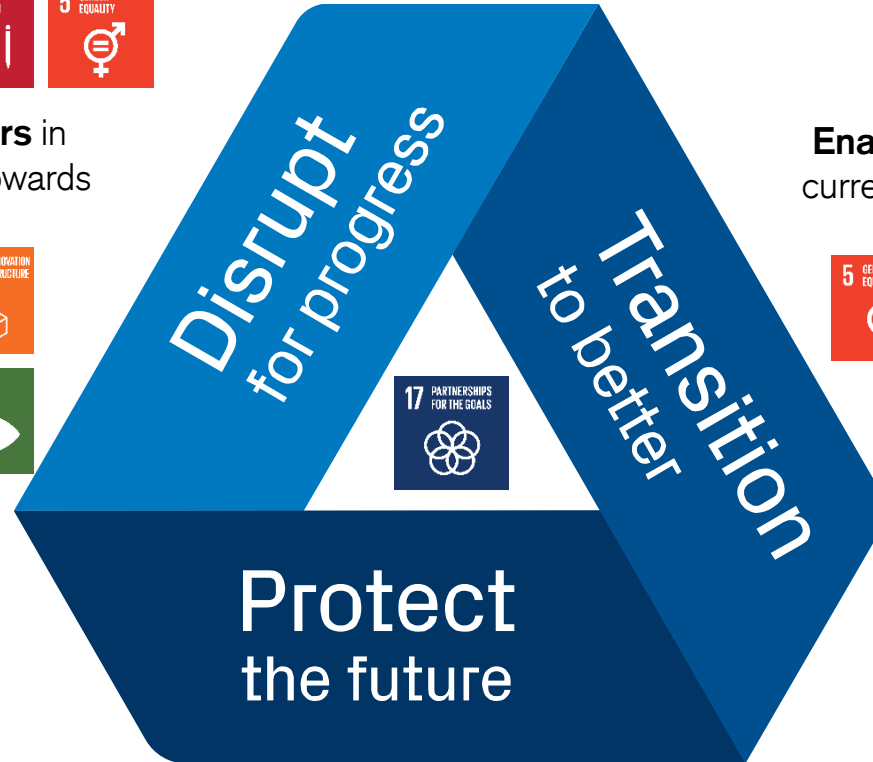
HIGH LEVEL PANEL for
A SUSTAINABLE OCEAN ECONOMY

Climate Bonds INITIATIVE

Three key themes to guide our sustainable solutions



Supporting disruptors in making step changes towards sustainability



Enabling clients to transition current operations and out-dated business models



Protecting the future for what is precious to us today and for future generations



Source: Credit Suisse, United Nations SDGs

Our environment. Our responsibility.

Should a bank
clean up the
ocean?

We're on it.

Find out more about our
environmental engagement:
**credit-
suisse.com/sustainability**



Source: Credit Suisse

This material has been prepared by CREDIT SUISSE GROUP AG and/or its affiliates (“Credit Suisse”).

It is provided for informational and illustrative purposes only, does not constitute an advertisement, appraisal, investment research, research recommendations, investment recommendations or information recommending or suggesting an investment strategy, and it does not contain financial analysis. Moreover it does not constitute an invitation or an offer to the public or on a private basis to subscribe for or purchase products or services. Benchmarks, to the extent mentioned, are used solely for purposes of comparison. The information contained in this document has been provided as a general commentary only and does not constitute any form of personal recommendation, investment advice, legal, tax, accounting or other advice or recommendation or any other financial service. It does not take into account the investment objectives, financial situation or needs, or knowledge and experience of any persons. The information provided is not intended to constitute any kind of basis on which to make an investment, divestment or retention decision. Credit Suisse recommends that any person potentially interested in the elements described in this document shall seek to obtain relevant information and advice (including but not limited to risks) prior to taking any investment decision.

The information contained herein was provided as at the date of writing, and may no longer be up to date on the date on which the reader may receive or access the information. It may change at any time without notice and with no obligation to update.

To the extent that this material contains statements about future performance, such statements are forward looking and subject to a number of risks and uncertainties. It should be noted that historical returns, past performance and financial market scenarios are no reliable indicator of future performance. Significant losses are always possible.

This material is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or is located in, any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation, or which would subject Credit Suisse to any registration or licensing requirement within such jurisdiction.

The recipient is informed that a possible business connection may exist between a legal entity referenced in the present document and an entity part of Credit Suisse and that it may not be excluded that potential conflict of interests may result from such connection.

This document has been prepared from sources Credit Suisse believes to be reliable but does not guarantee its accuracy or completeness.

Credit Suisse may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to any company or issuer mentioned.

This document may provide the addresses of, or contain hyperlinks to, websites. Credit Suisse has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to Credit Suisse’s own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this document or Credit Suisse’s website shall be at your own risk.

This document is intended only for the person to whom it is issued by Credit Suisse. It may not be reproduced either in whole, or in part, without Credit Suisse’s prior written permission.

Copyright © 2021. CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.