CREDIT SUISSE

Green Finance Framework

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Table of Contents

Introduction

Credit Suisse recognizes its share of responsibilities in combating climate change and environmental degradation by supporting the transition to a low carbon and sustainable economy. As a financial institution, we are committed to playing our part in addressing this global challenge through our role as a financial intermediary between the economy, the environment and society. We recognize the role we can play in mobilizing the finance needed to promote the transition of the global economy towards low carbon activities. One of the ways in which banks can facilitate this transition is by issuing green debt financing instruments (including bonds, loans, commercial paper, certificates of deposit and other debt or financing structures) to facilitate capital for low-carbon and environmentally sustainable economic activity.

In line with best market practice Credit Suisse commits to a high standard of transparency for its green financings to enable investors to judge its green credentials. This document sets out the policy and process by which green debt financing instruments issued by Credit Suisse will be invested and managed covering:

- Use of Proceeds
- Project Evaluation and Selection
- Management of Proceeds
- Reporting
- Assurance

This green finance framework is aligned to the Green Bond Principles (2018), which Credit Suisse has endorsed.

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. 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").

Eligible Projects or Assets for Credit Suisse green financings are:

Category	Description
Renewable energy (SDG7 and SDG13)	Wind*, solar*, biomass, geothermal* and small-scale hydro (up to 20MW), fuel cell, battery storage technology and related energy storage infrastructure
Energy efficiency (SDG7, SDG11 and SDG13)	Development or deployment of technology that reduces energy use for a given asset or targets product improvements to energy distribution
Low carbon buildings (SDG9)	Buildings with at least Minergie, gold LEED or a very good BREEAM rating, sustainable retrofits and smart grid investments
Conservation finance (SDG14 and SDG15)	Ecosystem conservation projects, including sustainable forestry (FSC or PEFC certified), sustainable agriculture and sustainable fisheries (MSC certified)
Clean transportation (SDG 9 and SDG 11)	Low emission transport infrastructure and public transportation, including rail transport
Sustainable waste management (SDG11 and SDG12)	Waste management, recycling and waste-to-energy projects
Sustainable water infrastructure (SDG6 and SDG9)	Water infrastructure (e.g., flood defenses), supply and management (e.g., sewage collection and treatment)
Circular economy (SDG11 and SDG12)	Eco-efficient products, including upgrades to manufacturing processes/facilities to improve resource efficiency

*Please also refer to the Annex for the technical criteria set out by the Climate Bonds Standards Board.

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 to projects 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.

Project Evaluation and Selection

The environmental objectives of the green 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.

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.

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.

Assurance

Credit Suisse will engage an independent assurance provider (as approved by the Climate Standards Board) to provide a second party opinion 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.

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.

Annex

Climate Bonds Standard Eligibility Criteria for available sectors

Sector	Criteria
Solar	1.1. Eligible Project & Assets relating to solar energy generation shall be projects or assets that operate or are under construction to operate in one or more of the following activities: 1.1.1. Solar electricity generation facilities 1.1.2. Wholly dedicated transmission infrastructure and other supporting infrastructure for solar electricity generation facilities including inverters, transformers, energy storage systems and control systems 1.1.3. Solar thermal facilities such as solar hot water systems 2. Non-solar fuel use 2.1. Eligible Project & Assets that have activities in solar electricity generation facilities or solarthermal facilities shall have a minimum of 85% of electricity generated from solar energy resources
Wind	1. Eligible Project & Assets relating to wind energy generation shall be projects & assets that operate or are under construction to operate in one or more of the following activities: 1.1. The development, construction and operation of wind farms 1.2. Operational production or manufacturing facilities wholly dedicated to wind energy Development 1.3. Wholly dedicated transmission infrastructure for wind farms
Geothermal	1. New and existing geothermal projects with direct emissions of less than 100gCO2/kWh 2. Geothermal projects with mitigation technologies that will render the non-condensable gas releases to the atmosphere negligible 3. Geothermal projects that have been reviewed and registered under the Clean Development Mechanism
Low-carbon buildings	1. Commercial buildings: Buildings must be in the top 15% of their city in terms of emissions performance. This "hurdle rate" in emissions terms ratchets down to zero (carbon) in 2050 2. Residential buildings: Existing instruments such as local building codes, energy rating schemes (e.g. US Energy Star) and energy labeling schemes (e.g. Energy Performance Certificates in the UK) are leveraged as proxies for the achievement of the 15% hurdle rate 3. Upgrade projects: Building improvements that achieve emission reductions of 30% to 50% (depending on bond term) from a baseline will qualify for certification

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