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March 2023

Appendix: Assessment of Credit Suisse's Say on Climate plan (pre-merger)

Credit Suisse had planned to give shareholders a vote on its climate strategy at its 2023 AGM on 4 April 2023 (agenda item 6). This vote was offered in response to a shareholder resolution co-filed by ShareAction and Ethos Foundation alongside 11 institutional investors in 2022, calling on the bank to improve its climate disclosures, emissions reductions targets and fossil fuel policies[1]. The Say on Climate proposal was summarised in the AGM agenda and developed in more detail in the Strategy chapter of the 2022 TCDF report[2].

UBS's acquisition of Credit Suisse raises questions about which climate policies will be adopted by the newly formed entity, and how UBS's climate risks and impacts might change. Our individual assessments of Credit Suisse and UBS' climate strategies suggest that investors should prioritise the following issues in their engagement with the newly formed entity:

- **UBS will be inheriting Credit Suisse's coal client base – but its coal policy is miles off leading practice.** According to the Rainforest Action Network (RAN), Credit Suisse is Europe's largest and second provider of financing to coal mining and coal power companies, respectively, over the period 2016-2021[3]. Its exposure to the sector is much larger than UBS historically. However, while Credit Suisse had recently introduced new coal restrictions including a global 2030 phase out commitment and corporate exclusions linked to coal expansion, UBS' coal policy is one of the weakest in the European banking industry. For example, UBS has yet to commit to a coal phase out and does not have any exclusions linked to coal expansion.

- **UBS' financing of fracked oil & gas is currently minimal, but its exposure to the sector – which faces high transition risks – could increase significantly when it acquires Credit Suisse.** Credit Suisse announced significant updates to its unconventional oil & gas policy after its 2022 AGM, but the policy remains silent on fracked oil & gas where its exposure is concentrated. According to RAN, fracking represented 60 per cent of its financing for Arctic oil & gas, fracked oil & gas, oil sands, and offshore oil & gas in 2021[4]. While Credit Suisse's financing to fracked oil & gas seems to be on a downward trend, the bank is still among the largest financiers of the sector. Furthermore, our own analysis[5] has shown that Credit Suisse provides significant financing to pure play fracking companies. In contrast, UBS' financing of fracked oil & gas has been minimal over the last two years. However, UBS does not have any guardrails in place to ensure that it remains this way when it acquires Credit Suisse, despite the important environmental and social risks that fracking brings.

- **UBS hasn't included capital markets facilitation in its net-zero targets and disclosures, and presented a climate strategy that significantly underestimates transition risks and climate impacts. This gap could be exacerbated by the acquisition of Credit Suisse.** Our own analysis[6] has shown that 77 per cent and 93 per cent of Credit Suisse and UBS's financial support to top oil and gas expanders over the period 2016 to 2021 was through capital markets facilitation. These activities are therefore material from a climate impact and double materiality perspective. While UBS announced it intends to downsize Credit Suisse's investment bank, it also identified synergies with its advisory and capital markets operations[7]. Regardless of the future of Credit Suisse's investment bank, investors should call on UBS to incorporate capital markets activities in its disclosures and targets.

This report acts as an appendix to our assessment of UBS's climate plan. It includes a review of each of the key climate-related themes that support any credible climate plans (click on links to access each section):

It is unclear whether and how the Credit Suisse AGM will take place on 4 April 2023, and whether the bank's Say on Climate vote (agenda item 6) will be held. If the vote is held, given uncertainty about how Credit Suisse's activities will fit in the newly formed entity and which climate policies these will be subject to, ShareAction recommends that investors vote against it. This will send a strong signal to UBS that climate change remains a priority engagement topic for investors and that it should be a core pillar of the newly merged entity.

Our assessment primarily focuses on banks' financing activities. Asset management activities are excluded unless explicitly mentioned. For an overview of the methodology, please read our framework to assess banks' Say on Climate plans.

Net-zero targets and carbon disclosures

Credit Suisse has made good progress on net-zero targets but they currently underestimate transition risks and climate impacts

Meets criteria	Partially meets criteria	Does not meet criteria

Key pillars	Criteria	Assessment
Net-zero	Commitment to reach net zero by 2050 across all activities.	Net-zero ambition announced in December 2020.
Overarching target	2030 target set reflecting fair share of absolute emissions reductions across all activities and sectors.	Credit Suisse does not have an overarching target to cut emissions across its portfolios/activities by a specific date.
Sectors covered	Targets set, financing volumes and financed emissions disclosed in relative and absolute terms for high-emitting sectors, starting with fossil fuels and power. Coal covered by a phase-out commitment as part of sector policies.	Credit Suisse has set 2030 targets and disclosed financed emissions for energy (coal, oil & gas); power generation; commercial real estate (CRE); iron & steel; aluminium; and automotive manufacturers.
Metrics	Absolute emissions metrics used for fossil fuels targets and disclosures. Economic emissions-intensity targets avoided for homogenous sectors. Physical intensity metrics complemented with absolute emissions reporting.	Credit Suisse's uses an absolute emissions metric for energy and physical intensity metrics for all other targets: - Energy: 49 per cent reduction in $MtCO_2e$ - Power: 61 per cent reduction in gCO_2e/kWh - CRE: 35 per cent reduction in $kgCO_2/m^2$ - Iron & steel: 32 per cent reduction in tCO_2/t - Aluminium: 31 per cent reduction in tCO_2e/t - Automotive: 51 per cent reduction in gCO_2/vkm Financed emissions are reported in absolute terms for each sector.
Emissions scope	All relevant emissions scopes covered, including scope 3 for fossil fuels.	Credit Suisse's targets cover the appropriate emissions scopes for each sector, including scope 3 for energy.
GHGs	All relevant GHGs covered, at least CO_2 and methane for fossil fuels[a].	Credit Suisse covers methane explicitly within its energy (coal, oil & gas) target.
Lending	Lending indicator disclosed. Targets set using total commitments as lending indicator. Financing volumes	While it uses total commitments to report its financing volumes[b], Credit Suisse only reports financed emissions and sets targets using drawn amounts. Credit Suisse

[a] The energy sector – including oil, natural gas, coal and bioenergy – accounts for around 40% methane emissions from human activity: https://www.iea.org/reports/global-methane-tracker-2022

[b] Credit Suisse discloses its lending to a range of climate-sensitive sectors beyond those where it has set targets. See page 85 of Credit Suisse's 2022 TCFD report for more details: https://www.credit-suisse.com/TCFD

	and financed emissions disclosed for drawn amounts and total commitments.	should be consistent and use the total commitment for financed emissions, as this captures the full financing facilitation Credit Suisse extends to its clients.
Capital markets	Capital markets activities included in targets and in disclosures of financing volumes and financed emissions, with 100 per cent weighting.	Credit Suisse does not include capital markets activities in its targets, financed emissions, or financing disclosures. Capital markets activities are on average 77 per cent of Credit Suisse's financing to major oil & gas companies[c]. This business activity therefore represents an important contribution to the bank's climate impact and transition risk. Credit Suisse is lagging leading practice on this and provides no timeline or commitment to catch up.
Scenario	Targets set using low- or no-overshoot 1.5C scenarios.	Credit Suisse's targets use 1.5C scenarios for all sectors: energy (NGFS DNZ); power generation (IEA NZE); commercial real estate (CRREM 1.5C); iron & steel (IEA NZE); aluminium (IAI 1.5C); automotive (IEA NZE).

[c] Average percentage between 2016 and 2021 as per ShareAction's data on Credit Suisse's financing of oil & gas companies with the largest expansion plans: https://shareaction.org/reports/credit-suisse-why-investors-should-support-the-shareholder-proposal-on-climate-change

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March 2023

Comparison of Credit Suisse's net-zero targets against selected peers and leading practice (★)

Bank	Overarching target	Ag.	Al.	Ce.	Co.	C.RE	R.RE	O&G	Po.	St.	Tr.	Metric	Emissions scope	Lending (1)	Capital markets (2)	Scenario
Credit Suisse		×	✓	×	✓	✓	×	✓	✓	✓	✓					
★ Barclays		×	×	✓	✓	×	✓ (3)	✓	✓	✓	✓					
BNP Paribas		×	×	×	×	×	×	✓	✓	×	✓					
HSBC		×	✓	✓	✓	×	×	✓	✓	✓	✓✓					
★ Lloyds Banking Group		×	×	×	×	×	✓	✓	✓	×	✓✓					
UBS		×	×	✓	×	✓	✓	✓	✓	×	×					

Key

	Leading practice across all targets
	Leading practice on some targets
	Not leading practice across all targets
	No target or missing information
✓	Sectoral target set (multiple marks if more than one sub-sector)
★	Leading practice
Ag.	Agriculture
Al.	Aluminium

Ce.	Cement
Co.	Coal (highlighted if coal mining phase-out)
C.RE	Commercial Real Estate
R.RE	Residential Real Estate
O&G	Oil & Gas (highlighted if phase-out)
Po.	Power generation (highlighted if coal power phase-out)
St.	Iron & Steel
Tr.	Transport (Automotive, Aviation, Shipping, Rail)

(1) Leading practice is based on the use of total commitments as the lending indicator, but this is not applicable to all sectors (e.g. residential mortgages).

(2) Covering capital markets facilitation in targets is not relevant to all banks (if they don't have debt or equity capital markets capabilities) and sectors (e.g. residential mortgages).

(3) Barclays has set a "convergence point" of reducing emissions intensity by 40 per cent by 2030 for residential real estate, but this is not a formal target.

Leading practice examples

The following examples highlight only specific aspects of each bank's targets and disclosures.

Lloyds Banking Group[8] has an overarching portfolio-level ambition to reduce the emissions it finances by more than 50 per cent by 2030, in line with the findings of the Intergovernmental Panel on Climate Change. As intensity reductions can be inflated, with real absolute emissions reductions lagging the headline figure, an overarching target ensures the bank keeps its share of financed emissions in sight even as it sets intensity-based targets for some sectors. **NatWest**[9] and **Nordea**[10] have similar targets for their lending and investment portfolios.

Barclays[11] is the only one of Europe's largest 25 banks to cover both lending and a portion of its capital markets facilitation in its six sectoral targets and has done since 2020. Barclays also uses a strong indicator for its loan book as it models total commitments.

UBS[12] includes total commitments in its five sectoral targets for its lending portfolio i.e., drawn loans and undrawn irrevocable commitments. The bank discloses that it finds this "a more reliable way of steering [its] credit portfolio toward net-zero ambitions compared to one which is based solely on outstanding exposures." The bank also reports both total and drawn exposures, and absolute financed emissions for each sector based on drawn exposure for sectors where it has set targets.

Engagement questions for investors

- Will Credit Suisse set an overarching target reflecting its fair share of absolute emissions reductions by 2030, covering all activities?
- Will Credit Suisse update its targets to use total commitments ("gross exposure") for lending activities, to better reflect its financing to these sectors and improve consistency in its reporting?
- Will Credit Suisse include capital markets activities in its financed emissions targets and disclosures, using a 100 per cent weighting?
- Will Credit Suisse disclose its facilitated volumes, through capital markets activities, for climate-sensitive and carbon-related sectors, starting with those where it has set targets?

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March 2023

Fossil fuel policies

Thermal coal: significant improvements but important gaps remain

Meets criteria	Technical exception(s)	Material exception(s)	No commitment

Key pillars	Criteria	Assessment
Asset finance	Exclusion of dedicated financing to new assets and expansion of existing assets across the value chain.	Credit Suisse will not provide dedicated financing for new power plants and new mines. Expansion of existing assets isn't covered. Coal power-related infrastructure is in scope of the policy but not infrastructure supporting mining operations.
Corporate finance thresholds	Restriction of general corporate purpose financing based on relative threshold (coal share of power generation for power and revenues for mining) and absolute threshold (gigawatts per year for power and million tonnes per year for mining).	Credit Suisse will not finance companies deriving more than 25 per cent revenues from thermal coal (power and mining combined), ratcheting down to five per cent revenues in 2030. For new clients, the threshold is set at five per cent revenues from 2022. The threshold for coal power is based on revenues instead of coal share of power production, and no absolute threshold has been set to exclude diversified companies with large production capacity. The policy exempts transactions "supporting [the] energy transition". This concept is loosely defined and significantly weakens the policy due to the risk of financing leakage across the corporate structure.
Client expansion activity	Exclusion of financing to companies expanding thermal coal power across the value chain.	Credit Suisse will not finance companies developing new coal plants or capacity expansions and companies developing new greenfield coal mines after 2021. However, the policy doesn't cover brownfield mining expansion.
Phase-out commitment	Phase out of financing by 2030 (OECD countries) and 2040 (non-OECD countries) at the latest.	Credit Suisse has committed not to finance companies deriving more than five per cent revenues from thermal coal (power and mining combined) by 2030. However, this commitment doesn't apply to transactions "supporting [the] energy transition". This concept is loosely defined and significantly weakens the policy due to the risk of financing leakage across the corporate structure.
Client transition plan	Requirement for companies to publish a phase-out plan in line with bank's own phase-out dates.	Credit Suisse assesses client transition plans through its CETF, but this framework doesn't include explicit criteria around phase-out of coal power generation and coal mining.
Products and services	The policy applies to all products and services offered by the bank, including by its Asset Management arm if any.	Credit Suisse's policy applies to lending and capital markets underwriting. However, it only applies to the sustainable investing funds of its Asset Management arm.

Comparison of Credit Suisse’s coal policy against selected peers and leading practice (★)

Coal power

Bank	Asset Finance		Corporate Finance						Phase-out				All Services
	Prod.	Infra.	Relative threshold		Absolute threshold		Expansion	Infra.	Bank	Date	Client	By	
Credit Suisse	Y**	Y	Y**	5-25% rev	N	-	Y**	Y	Y**	2030	N	-	N
Barclays	Y*	N	Y**	5-50% rev	N	-	Y**	N	Y**	2030-35	N	-	N
★ BNP Paribas	Y	N	Y**	25% rev	N	-	Y	N	Y	2030-40	Y	2021	Y
★ Crédit Mutuel	Y	Y	Y	20% rev/cp	Y	5GW	Y	Y	Y	2030	Y	2021	Y
HSBC	Y*	Y*	Y**	40/10% rev/cp	Y**	3GW	Y**	Y*	Y*	2030-40	N	-	N
★ Societe Generale	Y	Y	Y	25% rev	N	-	Y*	Y	Y	2030-40	Y	2021	Y*
UBS	Y**	N	Y**	20% rev	N	-	N	N	N	-	N	-	Y

Coal mining

Bank	Asset Finance		Corporate Finance						Phase-out				All Services
	Prod.	Infra.	Relative threshold		Absolute threshold		Expansion	Infra.	Bank	Date	Client	By	
Credit Suisse	Y**	N	Y**	5-25% rev	N	-	Y**	N	Y**	2030	N	-	Y**
Barclays	Y*	N	Y**	5-50% rev	N	-	Y**	N	Y**	2030-35	N	-	N
★ BNP Paribas	Y	Y*	Y	20% revenues	Y	10Mt	Y	Y*	Y	2030-40	Y	2021	Y*
★ Crédit Mutuel	Y	Y	Y	20% rev	Y	10Mt	Y	Y	Y	2030	Y	2021	Y
HSBC	Y*	Y*	Y**	40/15% rev/pd	Y**	5Mt	Y**	Y*	Y	2030-40	N	-	N
★ Societe Generale	Y	Y	Y	20% rev	Y	10Mt	Y*	Y	Y	2030-40	Y	2021	Y*
UBS	Y	N	Y**	20% rev	N	-	N	N	N	-	N	-	Y

* indicates exceptions. ** indicates material exceptions that significantly weaken the policy.

Prod. or pd = Production; Infra. = Infrastructure; rev = revenues; cp = coal share of power production or generating capacity; c. = capacity; All services = products and services in scope of the policy, including asset management arm if any.

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Leading practice examples

The following examples highlight only specific aspects of each bank's policies.

Societe Generale[13] will not directly finance thermal coal power and mining, including associated infrastructure and ancillary services (transport, transformation, trading). Societe Generale will not finance companies developing, or planning to develop, new thermal coal mines, new coal-fuelled power capacities strictly above 300 megawatts or new transportation projects dedicated to thermal coal. Societe Generale considers acquisition of thermal coal assets as expansion if the company does not commit to cease operating these assets within a reasonable period. Societe Generale announced that from the end of 2021 it would not finance companies that have not communicated a transition plan aligned with its 2030/2040 phase-out commitment.

Amundi (part of the Crédit Agricole group) and **HSBC Global Asset Management**'s sector policies[14] include some of the core tenets of Crédit Agricole and HSBC's position on coal. For example, Amundi and HSBC Global Asset Management have committed to a thermal coal phase-out by 2030 in OECD countries and 2040 in non-OECD countries. Amundi excludes mining, utilities, and transport infrastructure companies that are developing coal projects that have permitted status and are in the construction phase as defined in the coal developers list of the Crédit Agricole Group. HSBC Global Asset Management's actively managed portfolios will not participate in initial public offerings or primary fixed income by issuers engaged in thermal coal expansion.

Engagement questions for investors

- Will Credit Suisse make clear that corporate finance restrictions will not be waived for companies expanding thermal coal?
- Will Credit Suisse condition financing to companies involved in thermal coal to the publication of a phase-out plan in a timeframe aligned with the bank's commitment?
- Will Credit Suisse translate the core tenets of its thermal coal policy into Credit Suisse Asset Management's sector policy?

Oil & gas: Credit Suisse falls behind evolving practices on oil & gas expansion and resists introducing restrictions for fracking

General oil & gas – restrictions for oil & gas across supply sources (conventional and unconventional)

Meets criteria	Technical exception(s)	Material exception(s)	No commitment

Key pillars	Criteria	Assessment
Asset finance	Exclusion of dedicated financing for exploration and development of new oil & gas fields and related midstream infrastructure.	Credit Suisse is not yet restricting dedicated financing for exploration and development of new oil & gas fields and related midstream infrastructure.
Client expansion activity	Exclusion of financing to companies developing new oil & gas fields (implementation by end of 2023).	Credit Suisse' CETF can eventually exclude oil & gas companies based on certain sector-specific criteria, but these criteria and timeline for exclusion are not disclosed.
Client transition plan	Requirement for companies to publish a transition plan including a commitment not to explore for and develop new oil & gas fields.	Credit Suisse' CETF can eventually exclude oil & gas companies based on certain sector-specific criteria, but these criteria and timeline for exclusion are not disclosed.

Unconventional oil & gas – restrictions for Arctic oil & gas, fracking, oil sands, and ultra-deepwater oil & gas

Meets criteria	Technical exception(s)	Material exception(s)	No commitment

Key pillars	Criteria	Assessment[d]
Scope and definitions	Arctic oil & gas is in scope.	Credit Suisse restricts financing for Arctic oil & gas.
	Definition of the Arctic region in line with the Arctic Assessment and Monitoring Programme (AMAP).	Credit Suisse defines the Arctic region as the area north of the Arctic circle. This definition extends to onshore and offshore areas but leaves out a significant number of projects included in the AMAP definition[15].
	Fracking is in scope.	Credit Suisse has not implemented financing restrictions for fracking, where its exposure to unconventional oil & gas is concentrated (60 per cent of its financing for Arctic oil & gas, fracked oil & gas, oil sands, and offshore oil & gas in 2021)[16].

[d] Apart for 'Scope and definitions', the assessment and colour coding apply to segments covered by the bank's policy.

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	Oil sands is in scope.	Credit Suisse restricts financing for oil sands.
	Ultra-deepwater oil & gas is in scope.	Credit Suisse has not implemented financing restrictions for ultra-deepwater oil & gas.
Asset finance	Exclusion of dedicated financing to new upstream and midstream projects and expansion of existing projects.	Arctic oil & gas: Credit Suisse will not finance oil & gas projects including upstream, midstream, and downstream operations. Oil sands: Credit Suisse restricts corporate finance for oil sands (see below) but has not implemented asset-level restrictions.
Corporate finance thresholds	Restrictions of general corporate purpose financing based on relative threshold (revenues from upstream unconventional oil & gas and related midstream activities).	Arctic oil & gas: Credit Suisse will not finance companies deriving more than 25 per cent revenues from Arctic oil & gas extraction, ratcheting down to five per cent revenues in 2035. The restrictions apply to extraction but not exploration, and midstream activities are out of scope. In addition, the policy exempts transactions "supporting [the] transition". This concept is loosely defined and significantly weakens the policy due to the risk of financing leakage across the corporate structure. Oil sands: Credit Suisse will not finance companies deriving more than 25 per cent revenues from oil sands, focusing on upstream activities. This restriction is waived for companies that "have materially reduced their overall emissions intensity over time and have credible plans to materially reduce carbon intensity further". This caveat significantly weakens the policy[17].
Phase-out commitment	Phase out of financing on an accelerated timeline.	Arctic oil & gas: Credit Suisse has committed not to finance companies deriving more than five per cent revenues from Arctic oil & gas extraction by 2035. This commitment doesn't apply to exploration and the threshold based on revenues might not be effective to exclude diversified companies that are large producers in absolute terms[e].

[e] Our methodology to determine what metrics and thresholds are equivalent to a phase-out is under review.

ShareAction»

March 2023

Comparison of Credit Suisse’s oil & gas policy against selected peers and leading practice (★)

General oil & gas – restrictions for oil & gas regardless of the source (conventional and unconventional)

Bank	Asset Finance		Corporate Finance		Phase-out	Client Transition Plans		
	New fields	Midstream	New fields	Midstream		Required	New fields	By
Credit Suisse	N	N	N	N	N	N	-	-
Barclays	N	N	N	N	N	N	-	-
BNP Paribas	Y**	N	N	N	N	Assessed	-	-
★ Danske Bank	Y	N	Y	N	N	Required	Y	2023
HSBC	Y**	Y*	N	N	N	Expected	N (1)	2023/2024
★ La Banque Postale	Y	Y	Y*	Y*	Y*	Required	Y	2021
UBS	N	N	N	N	N	N	-	-

Unconventional oil & gas – restrictions for Arctic oil & gas (A), fracking (F), oil sands (O), and ultra-deepwater oil & gas (D)

Bank	Asset Finance		Corporate Finance			Phase-out	Arctic definition
	Upstream	Midstream	Relative threshold		Midstream		
Credit Suisse	(A)	(A)	(A,O)**	5-25% revenues	N	(A)**	Y*
Barclays	(A,F**,O)	(A,O)*	(A,F**, O*)	10%-50% revenues (2)	N	N	Y**
★ BNP Paribas	(A,F,O)	(A,F,O)	(A,F,O)**	10% reserves or revenues	N	N	Y
★ Danske Bank	(A,F,O,D)	N	(A,F,O,D)**	5% revenues	N	(A,F,O,D)**	Y*
HSBC	(A,O**,F**,D)	(A,O,F,D)*	(A,F,D)**	‘substantial’ / 10% prod.	N	N	Y*
UBS	(O,A**)	N	(O,A)**	20% reserves or production	N	N	N

* indicates exceptions. ** indicates material exceptions that significantly weaken the policy; ()* and ()** indicate exceptions or material exceptions that apply to all segments in brackets. For the definition of the Arctic region specifically, Y indicates a definition aligned with the AMAP, Y* indicates a narrower definition including onshore and offshore activities, ** indicates a narrower definition with limited coverage of offshore and/or onshore activities.

(1) HSBC considers clients’ plans related to the exploration and development of new oil & gas fields but doesn’t require plans to include a commitment not to develop new fields.

(2) Barclays' threshold for Arctic il & gas and fracking (primarily engaged) are assumed to be equivalent to 50 per cent or more for the purpose of this analysis. Barclays also restricts finance to clients that majority own or operate oil sands exploration, production, or processing and have revenues above 10 per cent.

Leading practice examples

The following examples highlight only specific aspects of each bank's policies.

La Banque Postale[18] no longer finances oil & gas projects and companies listed on the Global Oil & Gas Exit List, except where financing is related to renewable energy, or the company has published a credible transition plan to phase out oil & gas by 2040. These transition plans must prohibit the development of new oil & gas projects and any existing developments should not last beyond 2030. La Banque Postale's asset finance and corporate finance restrictions apply to conventional and unconventional oil & gas, which the bank defines as fracked oil & gas, oil sands, extra-heavy oil, ultra-deepwater oil & gas (at least 1,500 metres below sea level), and Arctic oil & gas. Its definition of the Arctic region is aligned with the AMAP.

Danske Bank[19] has committed not to provide project finance for the expansion of oil & gas exploration and production. This applies to conventional oil & gas, unconventional oil & gas (defined as oil sands and shale oil & gas) and frontier oil & gas (defined as Arctic oil & gas and ultra-deepwater oil & gas). Danske Bank defines the Arctic region as everything north the Arctic Circle, which is not as robust as the AMAP. Danske Bank also restricts financing to exploration and production companies that generate more than 5 per cent of their revenues from unconventional or frontier oil & gas, unless the financing is ringfenced for renewable energy or carbon capture, utilisation, and storage activities. In January 2023, Danske Bank announced that it will not offer refinancing or new long-term financing to any exploration and production company that does not set a credible transition plan in line with the Paris Agreement, including a commitment not to expand supply of oil & gas beyond what was approved for development by 31 December 2021.

BNP Paribas[20] will no longer provide products and services and no longer invest in companies with more than 10 per cent of their activities in tar sands and shale oil & gas or deriving more than 10 per cent of their activities from the Arctic region. BNP Paribas' definition of the Arctic region is in line with the AMAP with an exception for Norwegian operated areas.

Engagement questions for investors

- Will Credit Suisse update its fracking policy across key pillars (asset-level restrictions for fracking projects and related infrastructure; financing conditions for companies that are highly dependent on fracking; phase out commitment)?
- Will Credit Suisse commit not to provide dedicated financing for exploration and development of new oil & gas fields and publish a plan to restrict general corporate purpose financing for companies exploring and developing new oil & gas fields?

- Will Credit Suisse require oil & gas clients to publish transition plans by a specific date, setting out red lines that include prohibiting the development of new oil & gas fields?

Identification and integration of climate-related risks

The client transition plan assessment framework pioneered by Credit Suisse in 2020 continues to be opaque and its effectiveness is difficult to gauge

Meets criteria	Partially meets criteria	No commitment

Key pillars	Criteria	Assessment
Emissions disclosures	Requirement for clients to disclose scope 1, 2, and 3 emissions (for sectors where scope 3 emissions are material, such as fossil fuels) to enter or renew a relationship or execute a transaction.	In 2020, Credit Suisse launched a CETF to categorise clients according to their "transition readiness". The CETF now covers eight sectors: oil & gas, coal mining, power generation (fossil fuel related), shipping, aviation, commodity trade finance (fossil fuel related), petrochemicals, and agriculture. Credit Suisse has indicated that it will not provide new lending or capital markets underwriting to companies which, at a minimum, don't collect carbon emissions, among other criteria.
Client transition plans	Requirement for clients to provide a transition plan that is assessed against specific criteria consistent with 1.5C pathways.	Transition plans will be assessed for clients covered by the CETF. The bank has provided a few examples to illustrate how the CETF works in practice, but the criteria to assess transition plans and the timeline to escalate engagement for clients that don't meet minimum standards are not disclosed.
Climate-adjusted returns	Implementation of mechanisms to adjust economics of transactions based on climate-related metrics (e.g. internal carbon price, adjusted risk-weighted assets, adjusted credit rating, etc.).	Credit Suisse has indicated it is taking steps to embed climate-related risks into its loan origination process. The bank has developed an "ESG Risk Assessment tool" which brings its ESG frameworks together and enables an assessment of how risks and mitigants impact the creditworthiness of clients. A pilot was tested in 2022 and Credit Suisse is planning a rollout across additional entities. More information on how the credit profile of clients is adjusted is needed.

Leading practice examples

The following examples highlight only specific aspects of each bank's position.

Ten out of 25 banks covered in ShareAction's 2022 banking survey[21] require clients involved in thermal coal to have a thermal coal phase-out strategy that aligns with their own phase-out commitment. **La Banque Postale** and **Danske Bank** also require oil & gas clients to produce transition plans including commitments not to expand oil & gas capacity (see fossil fuel policies section). These are illustrative examples of how client transition plans can be integrated in banks' policies.

Groupe BPCE[22] has rolled out an internal 'green weighting factor' that scores the environmental impact of assets it finances across all sectors except financials. The bank uses this mechanism to increase the risk-weighting of facilities that have a negative environmental and climate impact.

Engagement questions for investors

- Will Credit Suisse provide further transparency on its Client Energy Transition Framework by disclosing the timelines and mechanisms to phase out, upgrade or downgrade clients across categories ('Aligned', 'Strategic', etc.), clearly outlining the differences between these categories and clarifying the criteria for a credible transition strategy?

Climate opportunities

Credit Suisse has published a transparent sustainable finance framework but how its green finance activity aligns with 1.5C pathways is unclear

Meets criteria	Partially meets criteria	No commitment

Key pillars	Criteria	Assessment
Standalone green finance target	Set a green finance target that is clearly separated from broader 'sustainable' finance commitments.	In 2020, Credit Suisse committed to provide at least CHF 300 billion in sustainable finance by 2030. Credit Suisse was also among the first European banks to publish a framework (Sustainable Activities Framework or SAF) to determine what activities would be eligible. The SAF considers three categories: Green, Transition, and Social, with sub-categories mapped against the UN Sustainable Development Goals. The bank has not disclosed which portion of its target will be allocated to each category or sub-category. A more granular green finance target would foster transparency and comparability against the scale and pace at which clean energy investment needs to be delivered. According to recent research[23], only three per cent of Credit Suisse's financing for energy activities between 2016 and 2022 was related to renewables while 97 per cent was related to fossil fuels.
Transparent green finance disclosures	Transparently communicate on green finance volumes with a breakdown by sector or by activities, types of financing, products and services, geography, and division.	Credit Suisse provides a limited breakdown of its sustainable finance activity by type of financing: specific use of proceeds and general use of proceeds. The latter is further broken down into volumes from sustainability-linked products and Mergers & Acquisitions (M&A) activity. In addition, the bank doesn't disclose year-on-year progress against its target, only the aggregate volume between 2020-2022.
Eligibility of products and activities	Transparently communicate what financial instruments and sectors are eligible for categorisation as 'green finance'. Avoid natural gas and nuclear taxonomy criteria to guide green finance decision-making.	Eligible products are clearly outlined in the SAF. This includes Equity and Debt Capital Markets, Structured Financing and Securitisations, M&A, and Lending. While categorised as "Transition" rather than "Green" under the SAF, activities such as transition from coal-to-gas and blue hydrogen are eligible for Credit Suisse's sustainable finance target. ShareAction and 91 other organisations have called for financial institutions to exclude fossil gas (and nuclear energy)

		from all their products and bonds marketed as sustainable or green[24].

Leading practice examples

The following examples highlight only specific aspects of each bank's position.

BNP Paribas[25] has set multiple sustainable finance targets, including a target to provide at least €200 billion to support clients' transition to a low-carbon economy by 2025. The bank has also committed to provide €30 billion in financing to the renewable energy sector by 2025.

Barclays[26] publishes an ESG Data Hub which provides a clear overview of green finance volumes, including a breakdown by type of financing, geography, and division. These disclosures are also clearly mapped against the bank's targets and progress is reported yearly.

Engagement questions for investors

- Will Credit Suisse set a green finance target that is clearly separated from its broader sustainable finance targets?
- Will Credit Suisse report on progress against its sustainable finance target year-on-year and provide a breakdown of sustainable finance volumes by sector/activity, geography, and division?
- Will Credit Suisse exclude fossil gas-related activities from its Sustainable Activities Framework?

Executive remuneration[f]

Climate-related goals unlikely to be key motivators for the Executive Board

Meets criteria	Partially meets criteria	Does not meet criteria

Key pillars	Criteria	Assessment
Climate-linked remuneration	Remuneration at the executive level is linked to climate-related individual objectives and/or key performance indicators (KPIs) as part of short-term variable compensation plans and/or long-term incentive plans. Applied to all relevant executive directors.	Credit Suisse incorporates climate objectives into the non-financial elements used to determine its Executive Board variable compensation pool. The total variable compensation pool comprises both short-term and long-term incentive elements covered by the same assessment framework.
Adequate weighting	Climate-related KPIs are separated from other sustainability objectives and given appropriate weight.	Credit Suisse includes climate-related elements within the Sustainability category of its non-financial objectives. Financial metrics have a 30 per cent weighting whilst non-financial objectives have a 30 per cent weighting. Credit Suisse has improved since last year by disclosing respective weightings for each non-financial category (10 per cent each for Sustainability; Risk & Control; Values & Culture). It does not disclose the specific weighting given to individual elements within Sustainability. Out of five "Sustainability" elements, one directly links to the bank's climate strategy climate and the rest relate to sustainability more broadly[g]. This suggests the weighting given to the bank's net-zero strategy is very low. Elements remain similar from 2022 to 2023.
Relevant metrics	Climate KPIs or objectives are clearly defined, action-oriented, and measurably linked to core components of climate strategy such as portfolio decarbonisation targets and sector policies.	Positively, Credit Suisse includes an element targeting "positive contribution to the trajectory of [its] net zero 2030 and 2050 goals" and includes adherence to sector policies within this. However, this element is vaguely defined, and it is challenging for external stakeholders to understand how different levels of performance by Executive Board members are assessed against this to determine compensation.

[f] Credit Suisse did not pay out variable compensation for this financial year due to an aggregate cap on Executive Board variable compensation of 2 per cent of Group income before taxes, however it continued to assess non-financial objectives.
[g] If weighting is equally proportioned between all criteria, a rough estimate suggests that the climate-related criterion would comprise just 2 per cent of the total factors used to determine the Executive Board's compensation.

Proactive disclosure	KPIs and weightings are disclosed in advance, rather than retrospectively, to ensure accountability.	Credit Suisse discloses its forward-looking compensation framework for Executive Board members for 2023, including metrics and overall weighting for the Sustainability category.

Leading practice examples

The following examples highlight only specific aspects of each bank's position.

NatWest[27] discloses specific climate-related KPIs to assess executive directors on their performance against its climate ambitions. It discloses a transparent scale used to determine performance relative to KPIs and the bonus level awarded. Climate-related KPIs are assigned an overall 10 per cent weighting in the annual bonus award (short-term compensation), with a specific weighting is disclosed for each KPI. NatWest revises KPIs annually, with new KPIs and weightings disclosed ahead of the coming financial year. Most of the criteria link to core aspects of NatWest's climate strategy. In 2022, for example, it assigned a 4 per cent weighting each to the timely publication of a climate transition plan and meeting a quantitative target for climate and sustainable finance for the year.

Engagement questions for investors

- Will Credit Suisse assign an individual weighting to climate-related criteria as part of its variable remuneration policy and ensure this is adequate to drive Executive Board performance on climate?
- Will Credit Suisse clearly set out how it measures performance against climate-related criteria to determine the level awarded?

Lobbying transparency and governance

Credit Suisse's disclosures are incomplete, and it lacks adequate governance mechanisms to manage direct and indirect lobbying

Meets criteria	Partially meets criteria	Does not meet criteria

Key pillars	Criteria	Assessment
Public commitment	Explicit commitment to ensure direct and indirect lobbying is aligned with the goal of limiting global temperature rise to 1.5C.	Credit Suisse has not committed to align its direct or indirect lobbying with its net zero commitments.
Transparency	Discloses lobbying activities on material climate, energy, and sustainable finance policy, including policy positions; policy submissions; direct and indirect lobbying; and trade associations.	Credit Suisse does not publicly disclose policy positions; consultation responses; or other records of direct lobbying aside but provides a list of government authorities it maintains regular contact with[28]. The bank does list trade associations where it plays an active role and provides a limited discussion of indirect lobbying through select associations in its CDP report[29].
Trade association governance	Governance process in place to deal with any differences between own policy positions and those of its trade associations, including a regular audit and escalation procedure.	Credit Suisse states that it regularly reviews its participation in industry associations, with the understanding that it may not share the same position on climate change and sustainable finance. However, it does not explain how it governs any areas of misalignment, such as by having an engagement strategy or escalation procedure in place.
Trade association reporting	Regularly discloses, in a publicly accessible location, results of trade association audit, identifying areas of misalignment and any actions taken to address these.	Credit Suisse does not publish an accessible review of its trade association memberships, including any policy positions and whether they align with its own. It only provides a limited discussion of instances where it is attempting to influence the position of select trade associations in its CDP report[30]. However, this does not appear to cover all associations that Credit Suisse has a relationship with that engage on climate or sustainable finance, according to InfluenceMap data[31]. Credit Suisse does not discuss, for example, its membership of the US Chamber of Commerce, which has a materially different position on the SEC climate disclosure rules, with the former strongly supportive[32] and the latter against[33].

Leading practice examples

The following examples highlight only specific aspects of each bank's position.

Barclays[34] publishes its responses to government consultations and position papers globally on the issues it is principally engaged on, including some climate-related consultations. It also discloses the total number of meetings with ministers or commissioners in the UK and EU, the number of trade associations it has paid fees to, and the number of consultations it has responded to. It is one of just two banks in our recent survey to have a clear public commitment to advance its climate change policy through its trade associations, including outlining that it is prepared to end relationships with trade associations that adopt a material position that is irreconcilable with its values or strategy[35]. However, the bank does not outline a governance process or escalation procedure for this commitment, or report against it through a regular audit of trade associations.

None of Europe's top 25 banks met all our expectations on climate-related lobbying[36]. However, other industries have stronger track records of providing transparency on and accountability for their public policy engagement. A review of company disclosures on industry association lobbying by **InfluenceMap**[37] provides many examples of good practice from different companies. Ten companies publish an annual review of their industry association memberships; three companies have a clear framework for assessing alignment with industry associations and comprehensively explain how this applies to each industry association. Mining multinational **BHP**[38] was the only company in InfluenceMap's assessment to disclose a clear framework for addressing misalignment, including a clear and time-bound escalation process and a list of actions it is undertaking to engage with associations of which it has decided to remain a member.

Engagement questions for investors

- Will Credit Suisse explicitly commit to ensure its direct and indirect lobbying aligns with the goal of limiting global temperatures to 1.5C and its own net zero commitment?
- Will Credit Suisse publicly disclose a record of its direct lobbying, including publishing its material climate, energy, and sustainable finance policy positions; consultation responses; and other engagements?
- Will Credit Suisse disclose a governance process to manage its indirect lobbying, including an escalation strategy for managing material differences on climate, energy, and sustainable finance policy positions?
- Will Credit Suisse publicly disclose an annual audit of its trade associations lobbying on climate issues, including a discussion on whether these align with its own views, and what action has been taken to address areas of misalignment?

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