



AMAG Leasing AG

Green Finance Framework

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1. Introduction to Corporate Sustainability

Founded in 1980, AMAG Leasing AG («ALAG») is a subsidiary of AMAG Group AG («AMAG»), which is the general importer of Volkswagen and the largest mobility company in Switzerland. ALAG has become the leading car leasing company for business and private customers in Switzerland. ALAG's portfolio currently comprises of approximately 180'000 contracts valued at more than CHF 4 billion. AMAG has subsidiaries in the vehicle import and retail sectors, including 82 own retail locations, as well as in logistics. Additionally, AMAG owns and operates car parks and is a licence holder of Europcar in the car rental business.

As a value-based company, AMAG is aware of its responsibility and is committed to contributing to the climate agenda in Switzerland. In addition to economic success, AMAG incorporates socially and ecologically responsible corporate governance. AMAG assumes responsibility not only for its own activities, but also for its entire value chain. Hence, the company has communicated a comprehensive climate strategy as a cornerstone of its corporate strategy in 2021. AMAG's vision is to become the leading provider of sustainable individual mobility. AMAG pursues a comprehensive approach and is committed to the Paris Climate Agreement and the Science Based Targets Initiative.

AMAG has set for itself the goal of becoming a CO₂-neutral enterprise by 2025. It follows a clear threestep process:

1. Effective and sustainable CO₂ reduction
2. Switch to renewable sources of energy
3. Offsetting unavoidable emissions

In terms of direct emissions (Scope 1, e.g. fuel, heating oil, electricity) and emissions from purchased energy (Scope 2, e.g. purchased electricity and district heating), AMAG has set the target to achieve an effective and sustainable reduction in emissions of at least 30% by 2025, compared to 2019. AMAG already obtains more than 90% of its certified electricity from hydroelectric power or from its own solar plants. In the coming years, AMAG will forge ahead with the expansion of solar plants at its own locations, with the aim of producing at least 30% of its own electricity requirements.

With regard to indirect emissions (Scope 3, in particular CO₂ emissions of the fleet of customer vehicles in operation), AMAG will accelerate the ramp-up of electric mobility in Switzerland with all sales instruments at its disposal. Accordingly, AMAG is aiming for a sustainable reduction of at least 50% for Scope 3 emissions by 2030. In line with this target, as an example AMAG Import AG has entered into a multi-year commitment at the new «The Square» location at Zurich Airport in order to demonstrate the benefits of electric mobility to the broader public. AMAG is aiming for a 50% share of electrified vehicles by 2025 and more than 70% by 2030.

AMAG, along with ALAG, is striving to use a variety of measures to reduce its environmental footprint. Transitioning its car leasing portfolio to a fleet of electric vehicles, along with other solutions for private and business customers, it will be making a crucial contribution to achieving these objectives.

Within the scope of its climate strategy, AMAG will implement further measures, including the expansion of the charging infrastructure at its locations available to the broader public, enabling operations of electric mobility. AMAG applies sustainability criteria for its own new buildings and has a roadmap for the energy-efficient refurbishment of existing buildings. These measures include the installation of photovoltaic panels. Modern and energy-efficient methods and processes (e.g. lowtemperature painting systems) are incorporated into the operational business, the routes and means of transport in logistics are optimised, and rail transport is used whenever possible. Contemporary and resource-saving mobility options are offered with new forms of mobility, including subscription and sharing models. Entrepreneurship, innovation, new technologies and mobility concepts are the basis for future climate-neutral mobility. AMAG has established partnerships with ETH Zurich in this regard for research projects aimed at optimising mobility and reducing CO₂. Additionally, AMAG cooperates with EMPA (Swiss Federal Laboratories for Materials Science and Technology) on the development of synthetic fuels.

The AMAG Sustainability Board is responsible for managing the implementation of the climate strategy. This Board, comprising the managing directors of all business units within AMAG and its subsidiaries («AMAG Group») as well as the CFO and CEO of AMAG Group, is chaired by AMAG's Head of Corporate Development and Sustainability. As part of a scorecard, ESG targets are also factored into the remuneration system for the AMAG Group's executives.

ALAG intends to finance its activities to promote electric mobility and reduce or eliminate CO₂ emissions by issuing Green Bonds or other Green finance instruments, thus further reducing emissions in Scope 3 as well.

2. Structure Green Finance Framework

Sustainability is integrated into ALAG's way of conducting business, and as part of its strategy ALAG has established this Green Finance Framework under which ALAG can raise Green financing (this «Framework»), such as Green Bonds. This Framework aligns with the 2021 version of the ICMA Green Bond Principles («GBP») and the Green Loan Principles («GLP»), which are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the Green finance markets. This Framework fulfils the four core components:

1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting

This Framework also follows the recommendations of the GBP and GLP regarding obtaining an external review by an independent third party. ALAG intends to update this Framework periodically, at its sole discretion and on a best effort basis, to reflect development in the best practices of the Green finance markets.

ALAG is continuously monitoring development of the EU regulations, including the EU Green Bond Standard and the EU Taxonomy. The Eligible Green Asset category under this Framework is aligned with the Technical Screening Criteria (TSC) as per the June 2021 publication.

3. Use of proceeds

Proceeds raised from ALAG’s issuance of Green finance instruments will be used exclusively for financing or refinancing, fully or partially a portfolio of eligible assets («Eligible Green Assets») within the AMAG Group that demonstrates clear environmental benefits. ALAG has established a three-year look-back period for its refinancing activities and intends to fully allocate the net proceeds within two years of issuance.

GBP	Eligible Green Assets	Targeted SDGs	Contribution to EU’s Environmental Objectives
Clean transportation	Electric or hybrid vehicles in Switzerland: <ul style="list-style-type: none"> • Battery Electric Vehicles («BEVs») • Plug-in Hybrid Electric Vehicles («PHEVs») that have a maximum of 50g CO ₂ emission per kilometre		The activities substantially contribute to the following EU environmental objective: Climate Change Mitigation – Increasing clean or climateneutral mobility
Renewable energy	Acquisition and installation of onsite photovoltaic technology and related infrastructure		The activities substantially contribute to the following EU environmental objective: Climate Change Mitigation – generating, transmitting, storing, distributing or using renewable energy

4. Project evaluation and selection process

The AMAG Sustainability Board, comprising of representatives of all business units within the AMAG Group as well as the CFO and CEO of AMAG, is responsible for the implementation of the climate strategy. Within this scope, the Board is responsible for the assessment and implementation of sustainability activities of AMAG, including the expansion of the clean transportation portfolio and onsite photovoltaic installations.

Whilst the AMAG Sustainability Board has oversight over the process, Eligible Green Assets that fall under the Clean transportation category are assessed and selected by ALAG’s Treasury department in close cooperation with the respective expert departments including controlling, risk management as well as the management board. ALAG’s Treasury department monitors the Eligible Green Asset portfolio and may, on a best effort basis, exclude assets that no longer comply with the eligibility criteria and replace any Eligible Green Asset that has matured or has been disposed.

Eligible Green Assets that fall under the Clean transportation category are identified by fuel type in ALAG’s internal systems, allowing ALAG to separately track its portfolio containing BEV and/or PEV cars.

All such customers are subject to ALAG’s credit process, which incorporates 50-60 screening criteria to ensure prudent credit quality screening and mitigate related risks. The platform is system provided by Fair Isaac Corporation (FICO), which enables ALAG to create intelligent rules driven by data, allow leadership to run scenario analysis of its leasing portfolio and produce an audit trail that track any changes.

AMAG Sustainability Board is responsible for the selection and evaluation of renewable energy assets.

5. Management of proceeds

ALAG intends to allocate an amount equal to the net proceeds from any Green finance instruments it issues to the Eligible Green Assets portfolio. ALAG's Treasury department will track the Eligible Green Assets to ensure that the allocation of proceeds is in accordance with this Framework. Eligible Green Assets will be selected in accordance with the evaluation process described in the previous section.

If net proceeds from any Green finance instruments issued by ALAG remain unallocated, ALAG's Treasury department will temporarily hold the funds at its own discretion in a separate cash register.

6. Reporting

Under the GBP, issuers are required to provide information on the allocation of the net proceeds for Green finance instruments. ALAG intends to provide an annual allocation report for any Green finance instruments it issues until their maturity, including impact where feasible. ALAG will provide reports on all its outstanding Green finance instruments, which will be made publicly available on ALAG's webpage.

6.1 Allocation Reporting

On an Eligible Green Assets portfolio level, the allocation reporting will provide:

- The total amount of investments in the portfolio
- The total number of cars and amount for BEV and PEV
- The total area of photovoltaic panels installed and amount invested
- Share of new financing and refinancing
- The balance of unallocated proceeds

6.2 Impact Reporting

Where feasible ALAG will report on the environmental impact of the Eligible Green Asset portfolio. This report may include carbon-emission savings from the use of BEV and PEV compared to vehicles with combustion or other engines, and for onsite photovoltaic projects the capacity installed (MWh).

ALAG may make assumptions on units in use as well as the relevant benchmark emission and will clearly state these in the reporting. The methodology for deriving the impact will be disclosed in the report.

7. External Review

To secure alignment with national and international guidelines, ALAG has obtained an external review from an independent third party. The documents will be made available on ALAG's webpage.

An appropriate independent assurance provider will annually assure ALAG's selection process for the financing of Eligible Green Assets and that the process and allocations are in accordance with this Framework. The opinion of the assurance provider will be made available in ALAG's Annual investor report.

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