

ANNUAL REPORT 2021

UNITS

CURRENCIES			
CHF	Swiss francs		
EUR	euros		
m	million		
bn	billion		
POWER			
kW	kilowatt		
MW	megawatt	1,000 kW	
MWp	megawatt-peak	1,000 kWp	
ENERGY			
kWh	kilowatt hour		
MWh	megawatt hour	1,000 kWh	
GWh	gigawatt hour	1 million kWh	
TWh	terawatt hour	1 billion kWh	
VOLTAGE			
kV	kilovolts	1,000 volts	
CARBON FOOTPRINT			
tCO ₂ e	tonnes of carbon-dioxide equivalents		

ABBREVIATIONS

ACO	Achievement of corporate objectives
ARC	Appointments and Remuneration Committee
ARIS	Architecture of Integrated Information Systems
AVS	Swiss state retirement and disability insurance
BoD	Board of Directors
CEO	Chief Executive Officer
CO	Swiss Code of Obligations
DIREN	Vaud cantonal energy directorate
DSO	Distribution system operator
EA	Energy Act
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EPC	Energy performance contract
EPFL	Federal Institute of Technology, Lausanne
ERCO	Ordinance against Excessive Remuneration in Listed Companies Limited by Shares
ESA	Electricity Supply Act
FAC	Finance and Audit Committee
FMHL	Forces Motrices Hongrin-Léman SA
FOEN	Federal Office for the Environment
FPC	Financial performance criteria
FTE	Full-time equivalent
FTTH	Fibre to the home
GEA	Gender Equality Act
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HES-SO VD	School of Engineering and Management in Vaud canton
HES-SO VS	School of Engineering in Valais canton
HSLU	Lucerne University of Applied Sciences and Arts
ISO	International Organization for Standardization
nDPA	new Data Protection Act
NGO	Non-governmental organisation
NPS	Net promoter score
OH&S	Occupational health and safety
OH&S	Occupational Health and Safety Management System
PET	Polyethylene terephthalate
R&D	Research and development
SCDC	Strategy and Corporate Development Committee
SDG	Sustainable development goal
SFOE	Swiss Federal Office of Energy
SPI	Swiss Performance Index
UNIL	University of Lausanne

PRAGMATIC INNOVATION AT THE SERVICE OF OUR CUSTOMERS
AS WE MEET TODAY’S ENERGY CHALLENGES

As we publish this report, never has the global political context been so uncertain, sending energy markets into a tailspin at a time when power prices were already heading sharply upwards.

It is in times like these that we can gauge our ability to bounce back and overcome hurdles with determination and pragmatism, all the while staying true to our ethos. Our sustainability-driven business model and 2021-2026 strategy, with its prudent growth stages, have once again proven their worth. The Romande Energie Group ended 2021 in a solid position, in line with forecasts, thanks not only to the enormous dedication of our employees but also to risk diversification and stringent financial management.

We are pursuing our ambition to play a central role in helping Western Switzerland achieve ‘net zero’ by harnessing the talent, collective intelligence and the value-oriented innovators of this region. Our customers are what matter to us, and we have made it our perpetual goal to provide sustainable, carbon-free solutions to meet their needs.

This annual report marks a new milestone, since for the first time it contains a GRI-compliant sustainability report, enabling us to inform our investors and other stakeholders transparently about the main sustainability issues we addressed in 2021. Lastly, we are immensely grateful to those colleagues who were instrumental in producing this report.

CONTENTS

5	To our shareholders
13	Corporate Governance Report
41	Remuneration Report
49	Sustainability Report
79	Financial statements
125	Calendar Contacts Credits

This English version is based on the French original. In case of doubt the original French shall prevail.

4

core energy businesses

Generation (electricity and thermal energy)
Distribution
Marketing
Energy services

Generation from 100% renewable sources

- 600m kWh in 2021

>1,100
employees

15 apprenticeship
streams

Achievements in 2021

- 26 solar-energy contracting solutions delivered

Turnkey energy services

- 114 residential PV installations installed in 2021
- 85 heat pumps installed in 2021
- 830 local lighting projects materialising in 2021

940
km
of fibre-optic
cable

3
production sites
open to visitors

179
power plants

+ 10,000 km of underground power lines

Photovoltaic roof in Yvonand

TO OUR SHAREHOLDERS

1



2021 – AN ATYPICAL YEAR FOR THE ENERGY INDUSTRY

Last year will undoubtedly live on in the annals of the wider European and Swiss energy industry. Prices soared to new highs during the second half of 2021, which squeezed the entire sector, leading to hard times for energy-intensive companies. This was due to a combination of factors, including the sharp pickup in global economic growth, tensions surrounding Russia's gas supply to Europe, heightened pressure from the EU on the price of CO₂ and the wintertime unavailability of several nuclear power stations in France.

In Switzerland especially, the abrupt ending of negotiations over the institutional treaty between the EU and Switzerland – and the possibility of Switzerland being shut out of the pan-European power market – coupled with the sluggish development of renewable energies at home increasingly raised questions about the country's security of supply and the risk of shortages.

This unprecedented situation, followed this year by the war in Ukraine, is having a substantial impact on our industry. As a result, we expect highly volatile prices and instability on energy markets in the long term.

At the same time, the findings from the latest IPCC report, plus the series of extreme weather events in 2021, have triggered an unprecedented groundswell among government authorities, businesses and households in support of the vital and urgent transition to cleaner sources of energy.

Steady and agile in the storm

It was in this unusual business environment, overshadowed by rising energy demand, resource shortages and the need for urgent climate action, that we announced our new strategy, in September 2021 – directly addressing the challenges arising from climate change and emphasising the growing importance of generating power domestically and renewably. Our goal is to make Western Switzerland the first 'net zero' region in the country as we seek to play a central role in fulfilling the federal government's Energy Strategy 2050. In this setting, our duty is to respond to the two-way challenge of the rise in demand for energy, owing to increasing electrification within society, and the need to boost renewable generation capacities.

Understandably, our financial results for 2021 were impacted by higher energy prices that have at this point in time not been passed on to captive customers. However, this shortfall in margin is only temporary and could potentially be clawed back in the future. Additionally, our investments in power generation in both Switzerland and France, combined with our ownership interests in power providers EOS Holding and Alpiq, place us in a position to benefit appreciably from future trends in tariffs. For example, the strong performance from the installation operated by Forces Motrices Hongrin-Léman partly offset the sharp deterioration in energy margin resulting from the surge in wholesale prices last year.

GRI 102-6

OUR FINANCIAL RESULTS FOR 2021 WERE IMPACTED BY HIGHER ENERGY PRICES THAT HAVE AT THIS POINT IN TIME NOT BEEN PASSED ON TO CAPTIVE CUSTOMERS



Guy Mustaki, Chairman, and Christian Petit, Chief Executive Officer

Investing in innovation

Following our two-year radical reorganisation of the business units, in 2021 we delivered solid operating results and increased the workforce to over 1,100 employees. As we have said, our new strategy focuses heavily on transitioning to clean energy, on which we plan to spend a massive CHF 1.4 billion by 2026. To support these developments, we want to hire 250 new FTEs in total. This began in 2021, when we also strengthened our HR support unit, renamed the People & Talent support unit.

THE INVESTMENT BLUEPRINT ANNOUNCED IN 2021 WILL MAINLY ENTAIL DEVELOPING AND DIVERSIFYING OUR RENEWABLES GENERATION. IN DOING SO, WE ARE LAYING A FOUNDATION FOR FUTURE INCOME STREAMS AND DIVERSIFYING OUR SOURCES OF RISK

Last year marked the start of the first wind farm development in Vaud canton, near Sainte-Croix, which is due to be commissioned in 2023 (22 million kWh annually). At 1,200 metres above sea level, the worksite will be completed in several stages. In total, six wind turbines will be installed.

We are also active in solar power generation in Switzerland. In 2021, we unveiled the first-ever large-scale agrivoltaic solution, the Insolagrén, located in Valais canton (Conthey). This pilot programme, supported by the Swiss Federal Office of Energy, will if successful pave the way for new types of solar farms. More than 4,600 hectares could potentially be covered, representing 5 gigawatt-peak and equating to the energy demand of between 800,000 and 1,200,000 households.

Thermal energy, i.e. the production of both heating and cooling, also made progress on several fronts in 2021. A district heating network came into operation in Morges. Planning also began for district heating networks in Ecublens, Renens and Nyon. In late 2021, the municipality of Montreux asked Romande Energie to develop a next-generation district



TO OUR SHAREHOLDERS



heating network using water pumped from Lake Geneva. This project will serve 250 buildings, including the 2m2c Montreux Music & Convention Centre. Work is scheduled to begin in 2023.

Preparatory work for the water-source geothermal project overseen by AGEPP SA – of which Romande Energie is a shareholder – began in April 2021 with the installation of the drilling platform. This asset, situated in Lavey, will extract geothermal energy and supply it to local homes and businesses. A second geothermal development will begin this year in Vinzel. Our target is to produce 5 million kWh from geothermal sources by 2025.

WE HAVE CONTINUED EXPANDING OUR ENERGY SERVICES AND DEVELOPING TURNKEY SOLUTIONS IN SUPPORT OF THE ENERGY TRANSITION

Romande Energie Services (RES) saw significant growth in 2021 under the impetus of its new strategy, enabling this business unit to conduct multi-technical projects as the prime contractor. Sales rose sharply in 2021, surpassing the CHF 100 million mark for the first time to stand at CHF 142 million, which represents a 50% advance relative to the previous year.

Two acquisitions, J.M. Lambelet SA (Neuchâtel canton) and Bosson et Pillet SA (Geneva), bolstered the subsidiary's position in Western Switzerland. It has since been in the process of consolidating its business activities with the goal of generating steady margin growth year after year.

In 2021, we undertook several initiatives to reduce the carbon footprint of the building stock, emissions from which represent 1.2 tonnes of CO₂ per inhabitant in Switzerland. We also started offering new services to help customers contribute to the energy transition. This includes building renovations, the construction of low-carbon housing and partnerships with local authorities, such as Commune Rénove. Buildings and installations that consume too much energy need to be refurbished to comply with the federal government's new energy standards. The first municipality to team up with us has been Morges, by making it easier for property owners to conduct energy system upgrades. An unprecedented 16,000m² is due to be refitted by 2035 as part of the municipality's campaign. After Morges, Vevey signed on. This city plans to boost its incentive scheme to support projects that further the goals of its municipal energy policy and increase the overall rate of low-energy refurbishments.

As for mobility, our Click&Charge service, which installs electric vehicle charging points in private garages, experienced strong growth in 2021. Over 50 underground parking garages were fitted with our system last year.

New talents to underpin our growth

Our Board of Directors welcomed new members in 2021. Nicolas Fulpius is contributing his first-rate experience in IT and innovation. Olivier Gfeller and Xavier Company, mayor of Montreux and an executive of Lausanne City Council respectively, were appointed by the Vaud cantonal government as board representatives of the canton and the shareholding municipalities.

We continued improving the gender balance and lowering the average age of our Executive Board through the appointments of Assia Garbinato, head of the Digital & Innovation support unit, and Virginie Vasselon, head of the People & Talent support unit. In early 2021 Aurore Amaudruz and Guillaume Fuchs joined as co-heads of the Energy Solutions business unit.

Innovating in greentech and customer services, producing more and more renewable energy locally to make Western Switzerland a 'net zero' region, helping our customers generate and save on energy, pursuing our civic missions both internally and externally, raising awareness about tomorrow's energy-related challenges: these are the issues we are meeting head on every day – thanks to our employees, business partners and shareholders, whom we thank sincerely for their trust and dedication.

Guy Mustaki
Chairman of the Board of Directors
GRI 102-14

Christian Petit
Chief Executive Officer

INNOVATING IN GREENTECH AND CUSTOMER SERVICES, PRODUCING MORE AND MORE RENEWABLE ENERGY LOCALLY TO MAKE WESTERN SWITZERLAND A 'NET ZERO' REGION

TRANSPARENT APPROACH IN SUPPORT OF OUR SHARE AND SHAREHOLDERS

This annual report is the first to contain a Sustainability Report for the Romande Energie Group in accordance with the standards of the Global Reporting Initiative (GRI). It therefore contains all the facts and figures required to understand the main sustainability issues on which we focused in 2021. The scope encompasses all our business activities, including subsidiaries. All in all, we believe it is our duty to communicate transparently about our progress in the ESG arena. Last year we recruited specialist staff and appointed a Group Sustainability Officer in connection with this sustainability drive. In-house training on these issues was also stepped up at all levels. Last year we also finalised our supplier charter and reinforced our pro-environment strategy so as to make progress with our greenhouse gas footprint.

A WORD OF THANKS

The various strategies, decisions and projects of Romande Energie Group owe their success to the members of the Board of Directors and Executive Board, as well as to all of our employees. I would like to express my heartfelt thanks to them for their expertise, professional conduct and dedication – qualities which pave the way for Romande Energie's growth and ensure the satisfaction of our customers. I am also grateful to the Vaud cantonal government, the municipalities we serve and all of our shareholders for their trust and support.

Guy Mustaki, Chairman of the Board of Directors

FINANCE DIVISION SUPPORTING PRUDENT GROWTH

The energy transition that lies ahead of us – if we want to keep the increase in average global temperatures at +1.5°C by the end of the century and make Switzerland a ‘net zero’ country by 2050 – will call for massive rounds of investment spending so that more renewable energy can be generated domestically. In keeping with the new major investment cycle in the global power industry, in September 2021 we unveiled our new strategy for 2021-2026, in which we plan to invest an unprecedented CHF 1.4 billion Group wide.

Sensible increases in capital expenditure

Our 2021-2026 strategy is designed to address decarbonisation-related challenges. It also aims to ensure a sound balance in the Group's energy mix, thereby reducing dependency on wholesale markets, the effects of which were sharply felt in 2021.

While our growth plans focus firmly on development and innovation, maintenance of our installations will not be neglected. Of the CHF 1.4 billion to be invested between 2021 and 2026, CHF 0.4 billion will be dedicated to maintaining the high performance of our grid and generation assets. The other CHF 1 billion will be assigned to expanding our power generation base (both in Switzerland and France), expanding heating assets (in Switzerland) and designing contracting services in the spheres of mobility and construction.

We are therefore pressing ahead with plans to reverse our long-held 2/3 - 1/3 investment split in favour of growth capex, with the aim of increasing the annual volume of power generated to 1.3 TWh/year and the installed heat-production capacity by a factor of 3.5 (versus 56 GWh/year currently).

CAPITAL EXPENDITURE IS SET TO RISE SIGNIFICANTLY OVER THE NEXT FIVE YEARS TO FINANCE CURRENT AND FUTURE PROJECTS.

Several projects signed in 2021, laying the foundation for future profits at the Group

In 2021, Romande Energie Services moved into consolidation mode after acquiring two companies enabling it to service the whole of Western Switzerland. These were J.M. Lambelet SA in Neuchâtel and Bosson et Pillet SA in Geneva. Based on its proven growth record in recent years and the attainment of profitability, there is no reason why this business unit cannot streamline expenditure in the future to increase margins.

The Grids business unit embarked on a six-year programme to install smart meters. It also won the contract to lay the fibre network in Morges in 2022 and 2023.

Concerning the Energy Solutions business unit, wind power became a major theme at Romande Energie in 2021 with the construction of the Mats d'Eoles wind farm in France – which is currently in progress – and the start-up of the project to build the first-ever wind farm in Vaud canton (Eoliennes de Sainte-Croix), which is due to begin operating in 2023. This will be followed by another project in Provence municipality in the same canton.

In Switzerland, it is planned that from 2035, over 20% of the country's current electricity consumption will be generated by photovoltaic installations, which is an ambitious target. We are supporting this goal by investing heavily in this business and by partnering on innovative projects, such as the first-ever agrivoltaic installation, in Conthey. We are also developing a solar contracting service for property owners or tenants wishing to benefit from a renewable supply of energy harnessed on their own buildings.

In 2021, we expanded our hydropower base, building the power plant on the Arnon river in the municipality of Vuiteboeuf. This plant is capable of producing 2 GWh annually, enough to meet the annual demand of 570 households.

We have also become a standard setter in district heating networks. The EcuCAD (Ecublens and Renens) and Morges Lac networks are under construction. In 2021, we also won the contract from the city of Montreux to build the largest such network in Vaud canton, due to supply 90 GWh annually.

Designing an ambitious financing plan

The repayment of a 10-year borrowing enabled us to present a sound financial position at the end of 2021. This today gives us a completely free hand to structure a full financing blueprint for the growth investments planned over the next five years.

Our target is to generate – from operating activities – the cash flow required to cover ‘recurrent’ capital expenditure and payment



Nicolas Conne, Chief Financial Officer

of a constant dividend over the long term. Record cash flow from operations in 2021 and our strong profits show that we are on the right track with this financing strategy.

In parallel, external long-run financing will be required from 2022 to carry out our ambitious programme to develop generation facilities for electrical and thermal power.

This growth capex will lay a solid foundation for future expansion in operating profits. We therefore plan to call on various investment partners aligned with our sustainability ethos.

Solid 2021 results testifying to sound management in a chaotic context

All in all, 2021 was an extremely challenging year on the power and commodity markets and for obtaining worksite components, while the pandemic reduced the availability of our personnel. Nonetheless, our financial results were solid and in line with estimates. Part of the reason lies with the cost savings required in the midst of the hazy outlook. Another is the high degree of diversification in our operations, which cushioned the effects of geopolitical and health-related events.

For the second consecutive year, our sales advanced by 12% (after adjusting for one-off items), rising to CHF 614 million under the impetus of organic growth and acquisitions within our energy services operations.

Our energy margin narrowed by CHF 11 million in 2021, despite the hedging strategy. This was caused by a combination of soaring wholesale prices, higher demand from regulated customers and lower output from hydropower facilities at the worst possible time. In contrast, the pumped-storage power station run by Forces Motrices de Hongin-Léman was consequently able to sell its power at extremely favourable prices. Growth in profits at our foreign assets, namely our solar, wind power and hydro installations in France and those held by our associate EOS (29.7% interest) in Germany, France and Portugal, plus our district heating assets in Switzerland, also helped offset the damage from this exceptional market configuration. But there can be no denying that the geopolitical upheavals centring on Ukraine have made 2022 equally volatile so far.

Tight cost management and strict budgeting are deeply ingrained within the Group, especially after these past two years overshadowed by the pandemic and the related uncertain economic climate. In 2021, this was manifested in a stable ratio of operating expenses, with zero impact on staff well-being despite the increased headcount.

Transparency and sustainability benefiting our investors

A finance division has a duty to support its group proactively and strategically through the services that it offers while never losing sight of its fundamentals. In 2021, the Finance and Services Strategic Initiative was implemented to create value for our stakeholders and provide decision support for our directors and officers in the form of efficient, innovative and long-run solutions, at all times upholding the rules of transparency. Having these sound governance principles in place within our finance division is positive for internal dialogue at all levels of the Group.

While this work is beginning internally, our final goal for this initiative is to heighten the clarity and transparency of the information provided to investors.

2021 MARKED THE KICK-OFF FOR OUR NEW GROWTH STRATEGY

It is against this backdrop that we are this year publishing a Sustainability Report that complies with Global Reporting Initiative (GRI) standards, which will be put to a non-binding vote at the Annual General Meeting on 24 May 2022. We are forging ever-closer ties with investors and the world of impact investing, most notably leading to an improvement in our Ethos rating to A- in 2021. For the third consecutive year we are reporting our greenhouse gas emissions and, starting from this year, will follow the Carbon Disclosure Project (CDP) system for reporting this data.

Our policy for communicating more intensively with investors resulted in face-to-face meetings in Lausanne and Zurich last September. We will do the same again this year in connection with our full-year and six-month results. We are also joining the Stage Programme, run by SIX Swiss Exchange, to improve research coverage of the Romande Energie Holding share by a range of first-rate partners.

Like any other power generator and energy services provider, we need to address the need for a faster energy transition together with higher power demand and energy market volatility. Our financial strategy is adapting to this landscape, not only to help finance growth but also to support customers and staff within our common culture and, in due course, create value for all our stakeholders – starting with our investors.

CORPORATE GOVERNANCE

2



Accouplement
couronne et
pignon coté ME

Corporate governance at Romande Energie is guided by the core values of transparency and fairness. This approach seeks to inspire confidence in all our stakeholders. Furthermore, the principles of Romande Energie’s corporate governance aim to sustain profitability in the long run while also safeguarding the interests of our shareholders, customers and business partners.

1. GROUP STRUCTURE AND SHAREHOLDERS

The Group’s main business activities are the generation, distribution and marketing of electrical and thermal energy, together with energy services.

1.1.1 Operational structure of the Romande Energie Group

As at 31 December 2021, the operational structure of the Romande Energie Group comprised three business units: Grids, Energy Solutions and Romande Energy Services, supported by three support units: Finance & Services, People & Talent, and Digital & Innovation. The diagram opposite illustrates the Group’s organisational structure.

GRI 102-2

1.1.2-1.1.3 Legal structure of Romande Energie Group

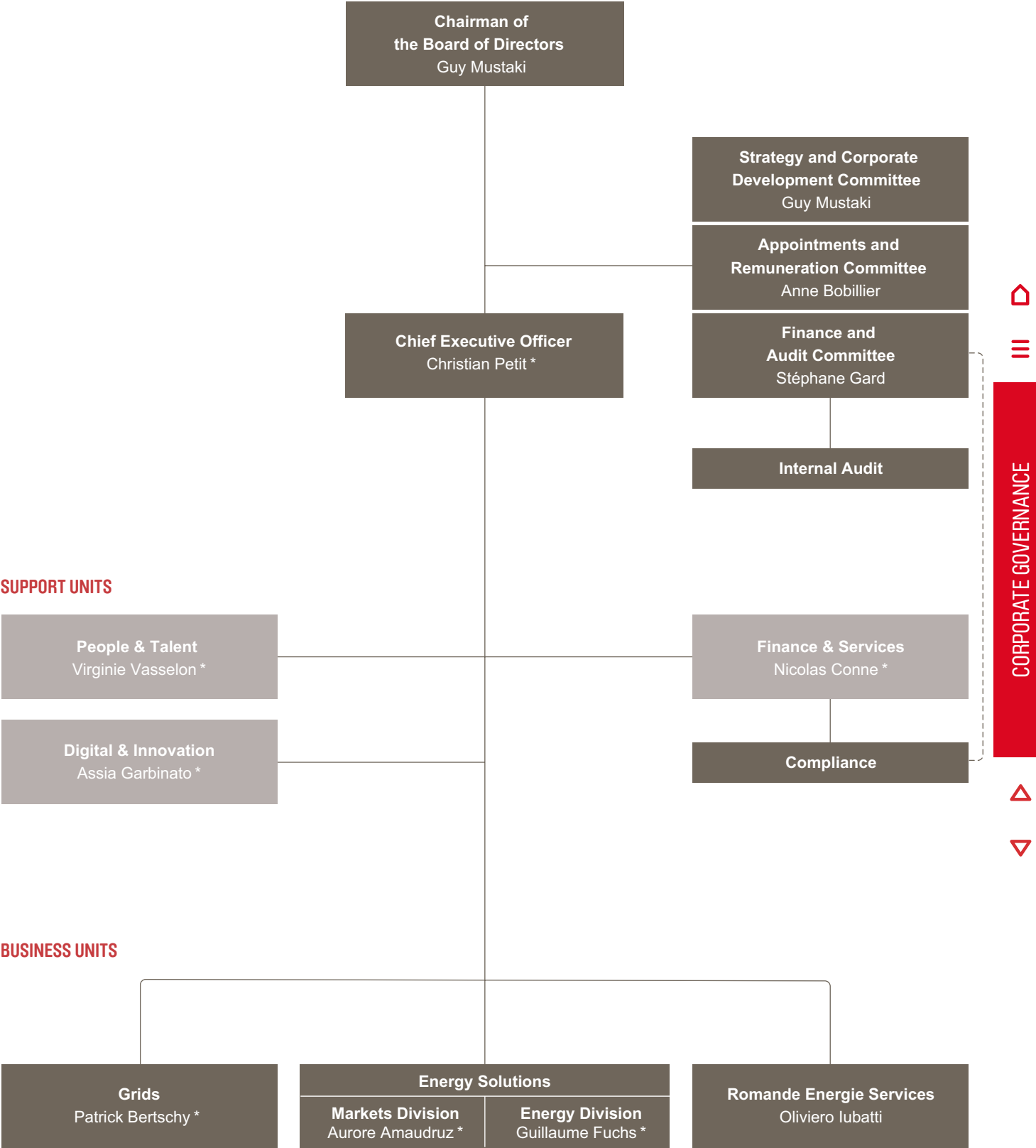
Romande Energie Holding SA, whose head office is located at rue de Lausanne 53, CH-1110 Morges, Switzerland, is the ultimate holding company of Romande Energie Group. Its securities are listed on the SIX Swiss Exchange in Zurich under security number 2.560.733 and ISIN code CH 0025607331. It

was established in 1901 under the corporate name Compagnie Vaudoise des Forces Motrices des Lacs de Joux et de l’Orbe and was originally listed on the Lausanne Stock Exchange. Adjusted for shares held in treasury, its market capitalisation amounted to CHF 1.401 billion as at 31 December 2021. Romande Energie Holding SA has no actual operations, and is the only Group company that has shares listed on the stock exchange. The list of companies that are consolidated by Romande Energie Holding SA as at 31 December 2021 is shown in Note 25 to the consolidated financial statements, on [pages 109-110](#) of this report.

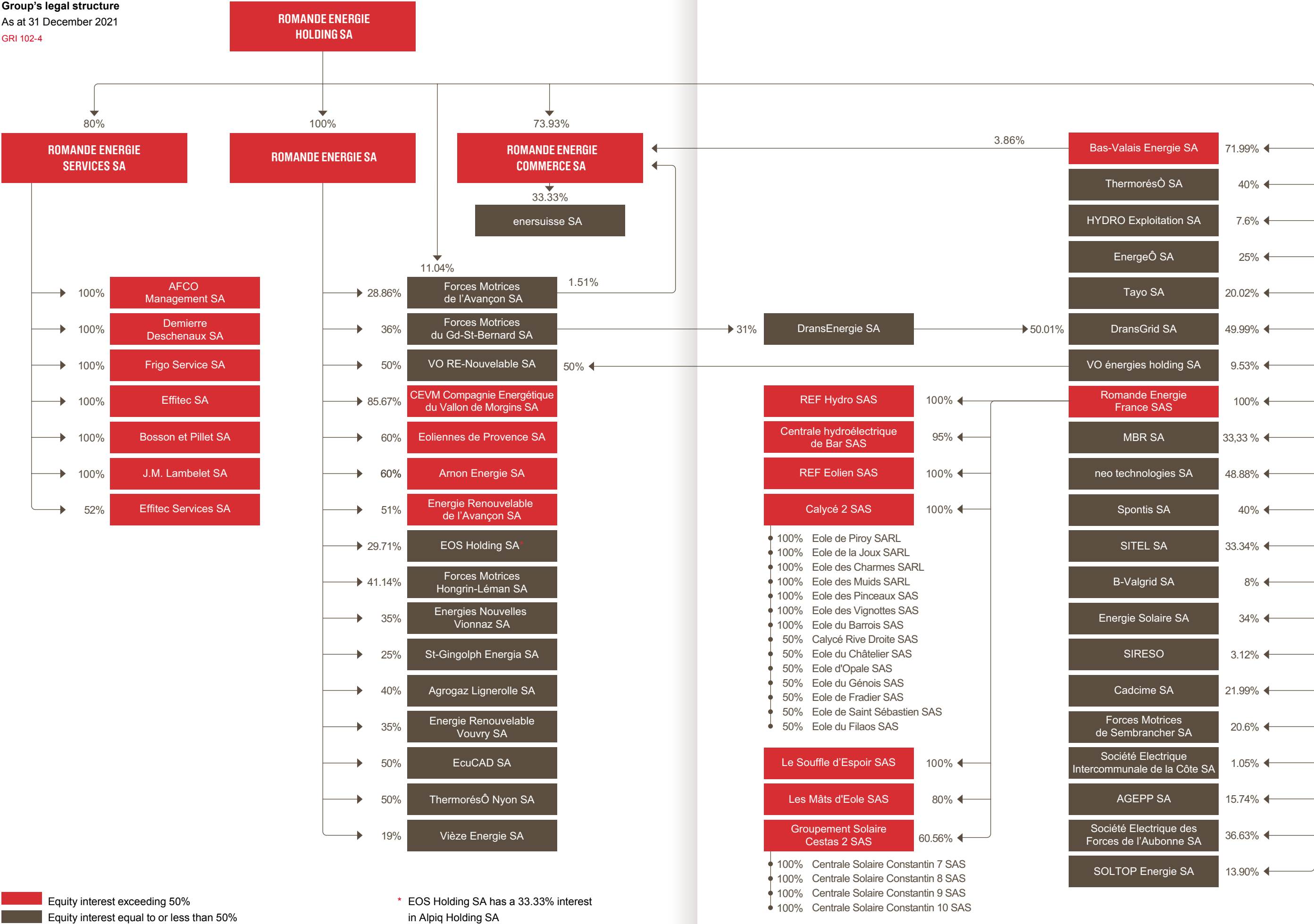
GRI 102-1 / 102-3 / 102-5

Romande Energie fulfils the statutory and regulatory provisions applicable in Switzerland with regard to corporate governance. This report complies with the terms of the Directive on Information relating to Corporate Governance, issued by SIX Exchange Regulation on 18 June 2021, and uses the numbering system thereof. Additionally, it takes into account the Swiss Code of Best Practice for Corporate Governance (2016 edition). Supplementary information is contained in the remuneration report ([see page 42 ff.](#)). Unless otherwise stated, the information contained herein relates to the situation as at 31 December 2021.

Group organisational structure
As at 31 December 2021



* Member of the Executive Board



ROMANDE ENERGIE HOLDING SA

Ultimate holding company of the Romande Energie Group, shares of which are listed on the SIX Swiss Exchange in Zurich. Owns equity interests, real property and intellectual property rights

ROMANDE ENERGIE SA

Group's operating company. Generates conventional hydroelectric power and produces other types of electricity as well as heat; owns and manages power grids and heating networks; manages energy portfolios and provides services to Group companies as well as marketing thermal energy

ROMANDE ENERGIE COMMERCE SA

Joint venture. Markets power and manages customer bases of partner distribution system operators (DSOs); provides marketing and sales services to Group companies

ROMANDE ENERGIE SERVICES SA

Designs and installs heat pumps, thermal solar and PV solutions as well as district heating, ventilation, climate control, industrial and home automation, telecommunications, IT and street lighting

AFCO MANAGEMENT SA

Plans, manages and conducts all types of construction work and provides technical services. Assists asset owners in developing and managing projects

AGEPP SA

Develops geothermal drilling projects, in particular in the Lavey area; operates geothermal sources, most notably supplying the Lavey spa; generates power and supplies heating to various customers

AGROGAZ LIGNEROLLE SA

Owns power plant fuelled by wet biomass

ALPIQ HOLDING SA

Founded in 2008 from the merger between Atel and EOS, and with EDF's Swiss assets. Generates power in Switzerland and abroad; trades and markets energy; provides energy services

ARNON ENERGIE SA

Has built and will operate the Arnon Hydroelectric power plant; is developing a full range of renewable energy services

B-VALGRID SA

Owns and operates the high-voltage distribution grid in the Lower Valais region

BAS-VALAIS ENERGIE SA

Formed in June 2012 through the merger between Société Electrique du Bas-Valais SA and Société Electrique de Champéry – Val-d'Illiez SA. Owns distribution grids and hydropower facilities on the Tanay-Vouvry lake

BOSSON ET PILLET SA

Surveys for, consults on, designs and executes construction work; installs and maintains a full range of heating, cooling and ventilation production and distribution equipment as well as providing a full range of services relating to equipping, fitting out, renovating, maintaining and repairing, and monitoring these installations

CALYCE 2 SAS

Simplified company limited by shares under French law. Develops wind farms in France, held either partly or fully by the following companies, each owning one wind-farm project:

- Eole de Piroy Sàrl
- Eole de la Joux Sàrl
- Eole des Charmes Sàrl
- Eole des Muids Sàrl
- Eole des Pinceaux SAS
- Eole des Vignottes SAS
- Eole du Barrois SAS
- Calycé Rive Droite SAS
- Eole du Châtelier SAS
- Eole d'Opale SAS
- Eole du Génois SAS
- Eole de Fradier SAS
- Eole de Saint Sébastien SAS
- Eole du Filaos SAS

CADCIME SA

Owns and operates district heating system

CENTRALE HYDROÉLECTRIQUE DE BAR SAS

Simplified company limited by shares under French law. Hydropower concession located in Massif Central region

CEVM COMPAGNIE ENERGÉTIQUE DU VALLON DE MORGINS

Produces, distributes and markets thermal energy generated from waste wood and timber

DEMIERRE DESCHENAUX SA

Operates electrical, electronic and telecommunications installations; performs technological upgrades and a full range of control and conformity upgrade tasks in the fields of electricity, electrical engineering, telecommunications and lighting

DRANSENERGIE SA

Offers maintenance services for hydropower installations and distribution grids. Provides services to outside parties

DRANSGRID SA

Owns and operates distribution grids in the Dranse region

ECUCAD SA

Active in developing district heating networks in Ecublens

EFFITEC SA

Audits indoor electrical installations

EFFITEC SERVICES SA

Designs, supplies, installs and maintains technical systems protecting against electrical faults and building fire hazards

ENERGÉÔ SA

Joint venture. Developing a deep geothermal project in Vinzel.

ENERGIES NOUVELLES VIONNAZ SA

Builds and operates the Vionnaz hydropower plant (with turbines fed by Avançon mountain river) and designs, builds and operates green power installations

ENERGIE RENOUVELABLE DE L'AVANCON SA

Is building and will operate the Bex hydropower plant in the locality of Le Glarey (with turbines fed by Avançon mountain river) as well as developing a full range of green power operations

ENERGIE RENOUVELABLE VOUVRY SA

Owns Le Fossau hydropower facilities

ENERGIE SOLAIRE SA

Solar thermal solutions and climate panels

ENERSUISSE SA

Provides a full range of CRM services

EOLIENNES DE PROVENCE SA

Partnership with Zurich City Council (ewz, the city's energy provider). Developing a wind farm in the Provence municipality in the canton of Vaud

EOS HOLDING SA

Manages interest in Alpiq; owns equity interests in companies operating in France, Germany and Portugal in wind and solar power and in Swiss companies operating geothermal assets

FORCES MOTRICES DE L'AVANÇON SA

Owns and manages distribution grids; owns and operates La Peuffeyre-Sublin and Benjamine hydropower facilities

FORCES MOTRICES DE SEMBRANCHER SA

Owns hydropower facilities on the Dranse river

FORCES MOTRICES HONGRIN-LÉMAN SA

Owns pump-turbine facilities in Hongrin-Veytaux

FRIGO SERVICE SA

Sells, installs and provides services for industrial refrigeration

GROUPEMENT SOLAIRE CESTAS 2 SAS

Simplified company limited by shares under French law. Holds interests in the following solar power companies:

- Centrale solaire Constantin 7 SAS
- Centrale solaire Constantin 8 SAS
- Centrale solaire Constantin 9 SAS
- Centrale solaire Constantin 10 SAS

HYDRO EXPLOITATION SA

Offers maintenance services for hydropower installations

J.M. LAMBELET SA

Installs, repairs and maintains heating, ventilation and climate control installations

LE SOUFFLE D'ESPOIR SAS

Simplified company limited by shares incorporated in France. Generates electricity from wind power

LES MATS D'EOLE SAS

Simplified company limited by shares incorporated in France. Generates electricity from wind power

MBR SA

Joint venture set up by municipalities of Masongex and Bex to harness hydropower from the Rhône. Is constructing a hydropower dam and operates related installations

NEO TECHNOLOGIES SA

IT services provider owned jointly by Romande Energie, Lausanne City Council and the municipality of Lutry

REF EOLIEN SAS

Simplified company limited by shares under French law. Holds interests in wind farms in Ploudalmézeau (Finistère) and Pluzunet (Côtes d'Armor)

REF HYDRO SA

Simplified company limited by shares incorporated in France. Owns a hydropower installations in Ubaye (Alpes-de-Haute-Provence) and six hydropower installations in Burgundy, the Ardennes and the south of France

ROMANDE ENERGIE FRANCE SAS

Simplified company limited by shares under French law. Owns and acquires interests in companies generating power from renewable energy sources in France

SIRESO SOCIÉTÉ D'INVESTISSEMENT DE SUISSE OCCIDENTALE SA

Owns, manages and holds equity interests in Swiss energy companies on behalf of Western Switzerland, namely by directly or indirectly representing the primarily public interests of the cantons of Geneva, Vaud, Fribourg, Valais, Neuchâtel and Jura and their municipalities

SITEL SA

Company controlled by upc cablecom Sàrl. Owns TV, internet and multimedia networks

SOCIÉTÉ ELECTRIQUE DES FORCES DE L'AUBONNE SA

Owns and operates distribution grids and hydropower facilities on the Aubonne river; markets electricity, indoor electrical installations and multimedia services

SOCIÉTÉ DES FORCES MOTRICES DU GRAND-ST-BERNARD SA

Owns hydropower facilities on Toules-Pallazuit lake (Valais)

SOCIÉTÉ ELECTRIQUE INTERCOMMUNALE DE LA CÔTE SA

Owns and operates distribution grids; markets electricity and heating, indoor installations and multimedia services

SOLTOP ENERGIE SA

Provides solar thermal solutions and climate panels

SPONTIS SA

Joint venture between Romande Energie, Groupe E and Lausanne City Council. Provides standardisation, supply chain and logistics services for business partners

ST-GINGOLPH ENERGIA SA

Operates turbines on St-Gingolph drinking-water network

TAYO SA

Provides digital products and services, particularly in the property sector in Switzerland and abroad

THERMORÉSÔ SA

Conducts wholesale and retail marketing in Switzerland of thermal energy and other fluids (gas and other energies, telecommunications, etc.) from renewable sources, in particular from geothermal energy sites; markets renewable energy services

THERMORÉSÔ NYON SA

Is developing and will build infrastructure for producing and distributing renewably sourced hot water in and around Nyon

VO ENERGIES HOLDING SA

Owns and operates distribution grids and hydropower facilities on the Jougneaz and Orbe rivers; markets electricity, natural-gas distribution pipelines, indoor electrical installations and multimedia services

VO RE-NOUVELABLE SA

Joint venture with VO énergies holding SA. Owns and develops generation installations powered by novel sources of renewable energy

VIÈZE ENERGIE SA

Owns and operates hydropower installations on the Vièze river and its tributaries

1.2 Significant shareholders

Vaud Canton, Banque Cantonale Vaudoise, 119 Vaud municipalities and SIE SA (Service Intercommunal de l'Electricité) are bound by a shareholders' agreement giving them a pre-emption right on each other's shares. Together these shareholders hold 55.35% of the capital and the associated voting rights.

As at 31 December 2021, the significant shareholders entered in the share register of Romande Energie Holding SA were as follows:

31 December 2021		
Vaud Canton *	440 047 shares*	38.60 %
Romande Energie Holding SA, Morges	113 685 shares	9.97 %
Groupe E SA, Fribourg	78 673 shares	6.90 %
Credit Suisse Investment Foundation SA, Zurich	45 247 shares	3.97 %
Banque Cantonale Vaudoise */***	34 731 shares	3.05 %
Lausanne City Council *	34 454 shares	3.02 %
Other shareholders */**	393 163 shares	34.49 %
Total	1 140 000 shares	100.00 %

* Parties to an agreement providing for reciprocal pre-emption rights

** Of which 146,642 (12.86%) shares held by Vaud municipalities and SIE SA, covered by reciprocal pre-emption rights under the shareholders' agreement

*** Of which 9,900 shares covered by reciprocal pre-emption rights under the shareholders' agreement

No disclosures relating to shareholdings were made in the year under review. Notices can be viewed on the website of the body responsible for such announcements:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

1.3 Cross-shareholdings

Romande Energie Holding SA has no knowledge of cross-shareholdings, on either side, exceeding 5% of equity or all shares with voting rights. It does not own shares in its significant shareholders, namely Groupe E SA (Fribourg) and Banque Cantonale Vaudoise (Lausanne). Nor is there any cross-representation on the boards of directors of listed companies. It should however be stated that Romande Energie SA, a subsidiary of Romande Energie Holding SA, owns a 29.71% interest in EOS Holding SA, which in turn owns 33.33% of Alpiq Holding SA. Guy Mustaki, Chairman of the Board of Directors of Romande Energie Holding SA, also chairs the Board of Directors of EOS Holding SA. Stéphane Gard and Xavier Company, both members of the Board of Directors of Romande Energie Holding SA, are also members of the Board of Directors of EOS Holding SA. Christian Petit, CEO of Romande Energie Holding SA, is a member of the Board of Directors of EOS Holding.

2.6.1 Limitations on transferability and nominee registrations

The following rules apply:

- There are no transfer restrictions on registered shares
- Natural persons and legal entities are registered with no limitation on voting rights
- Nominee registrations carry no voting rights
- General authorisations for registration are accepted
- The Company does not print applications for registration
- The Company no longer prints paper certificates
- Nominee SIS (NS) are not entered in the share register
- The share register is AREG-data compatible (electronic transmission)

The Articles of Association have been amended to comply with the requirements of the Federal Act on Book-Entry Securities, which entered into force early in 2010.

2.6.2 2.6.4 Reasons for granting exceptions in the year under review – Admissibility of nominee registrations – Procedure and conditions for cancelling privileges under the Articles of Association and limitations on transferability

The Articles of Association do not contain any specific provisions concerning these points.

2.7 Convertible bonds and options

Romande Energie Holding SA has not issued any convertible bonds or options.

Movements in shareholders' equity							
CHF thousands	Share capital	General reserve	Legal retained earnings	Voluntary retained earnings	Reserve for own shares	Own shares	Retained earnings
Equity as at 1 January 2019	28 500		5 859	1 009 207		-94 113	949 453
Net profit				19 212			19 212
Dividend paid				-37 125			-37 125
Treasury share transactions and other						23 842	23 842
Equity as at 31 December 2019	28 500		5 859	991 293		-70 271	955 381
Net profit				17 476			17 476
Dividend paid				-37 910			-37 910
Treasury share transactions and other						-29 253	-29 253
Equity as at 31 December 2020	28 500		5 859	970 859		-99 524	905 694
Net profit				11 252			11 252
Dividend paid				-36 947			-36 947
Equity as at 31 December 2021	28 500	-	5 859	945 164	-	-99 524	879 999

GRI 102-5

3 BOARD OF DIRECTORS

The Board of Directors of Romande Energie Holding SA, which acts concurrently as the Board of Directors of Romande Energie SA, sets out the Group's strategy and has ultimate authority for ensuring this strategy is executed. It also has ultimate responsibility for overseeing management of the Group. Under its by-laws (Organisational Regulations),¹ it has also set up three board committees. GRI 102-18

3.1 Members of the Board of Directors

The Board of Directors has nine members. All Board members are Swiss citizens. They have not performed any operational management role within the companies of the Romande Energie Group at any time in the past three years. Furthermore, they have no close business ties with any of these companies.

Name	Year of birth	Since	Expiry of term of office	Duties	Committee appoint-ments
Guy Mustaki*	1960	2005	2022	Chairman	Chairman, Strategy and Corporate Development Committee
Anne Bobillier**	1965	2016	2022	Vice-Chairwoman	Chairwoman, Appointments and Remuneration Committee
Stéphane Gard**	1965	2020	2022	Director	Chairman, Finance and Audit Committee
Xavier Company*	1988	2021	2024	Director	Member, Finance and Audit Committee
Olivier Gfeller*	1967	2021	2024	Director	Member, Appointments and Remuneration Committee
Paola Ghillani*	1963	2009	2022	Director	Member, Finance and Audit Committee
Nicolas Fulpius**	1973	2021	2022	Director	Member, Strategy and Corporate Development Committee
Alphonse-Marie Veuthey**	1965	2011	2022	Director	Member, Appointments and Remuneration Committee
François Vuille*	1970	2019	2022	Director	Member, Strategy and Corporate Development Committee

Term of office ended in 2021

Jean-Jacques Miauton**	1951	1997	2021	Director	Member, Strategy and Corporate Development Committee
Elina Leimgruber*	1968	2017	2021	Director	Member, Appointments and Remuneration Committee
Jean-Yves Pidoux*	1956	2007	2021	Director	Member, Appointments and Remuneration Committee

* Director appointed by the Vaud cantonal government (Articles 762 of the Swiss Code of Obligations and 16 of the Articles of Association)²
The cantonal government has the power to decide when their terms of office should end

** Director elected by the Annual General Meeting

¹ Organisational Regulations (art. 5.1 ss) : https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

² Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

2 OWNERSHIP STRUCTURE

2.1 Capital

The ordinary share capital of Romande Energie Holding SA amounts to CHF 28.5 million and is divided into 1,140,000 registered shares with a nominal value of CHF 25 each. Romande Energie Holding SA has no conditional nor authorised capital.

2.2 Authorised capital

The provision in the Articles of Association relating to authorised capital was removed by decision of shareholders at the Annual General Meeting of 29 May 2018.

2.3 Changes in capital during the past three years

None.

2.4- 2.5 Shares, participation and dividend-right certificates

The share capital is formed solely of registered shares. All shares are vested with the same ownership and voting rights. There are no restrictions on the transferability of shares. The Company has no liabilities in regard to participation and dividend-right certificates, or concerning convertible bonds. Net profit may be allocated by the Annual General Meeting as it

sees fit subject to the provisions of Article 24 of the Articles of Association, which partly incorporate Article 671 of the Swiss Code of Obligations, according to which:

¹ 5% of the profit for the financial year is allocated to the general reserve until the reserve reaches 20% of the share capital.

² The following items may also be allocated to this reserve even if it has reached the statutory limit:

1. after payment of issuance costs, the proceeds from the issuance of shares that exceed the nominal value, inasmuch as they are not allocated to write-downs or to pensions
2. the balance of the payments made on cancelled shares, less the loss that would have been incurred on shares issued in their stead."

As Romande Energie Holding SA is a holding company, Article 671(2) point 3 and Article 671(3) of the Swiss Code of Obligations do not apply.



GUY MUSTAKI *
CHAIRMAN

Doctorate in Law from University of Lausanne; admitted to the bar
Swiss citizen

Career

- From 1991, practising barrister and professor at University of Lausanne (commercial law, company law and corporate governance)

Offices held at non-listed companies:

- Chairman of the boards of directors of EOS Holding SA (Lausanne), de Rham SA (Lausanne), Yteqam SA, (Lausanne) and DR Invest SA (Lausanne)

Offices held at other legal entities:

- Board member of the Foundation for the Centre for Corporate Law (CEDIDAC) at University of Lausanne (Chavannes-près-Renens)
- Board member of the Théodora Foundation (Lonay)
- Board member of the Chassot and Guex Foundation for Medical Ethics (Lausanne)

Other activities:

- Member of advisory committee for ACAD, a training centre for company directors (Lausanne)
- Member of advisory committee for CSDA, the Swiss Circle of Women Directors (Lausanne)



ANNE BOBILLIER
VICE-CHAIRWOMAN

MSc Computer Science, Geneva University, and business administration diploma from CRPM, an in-service training college
Swiss/French citizen

Career

- 1988-2001, various management positions within IBM
- 2001-2002, CEO of Ascom Autelca AG
- 2002-2018, general manager of Bechtle Steffen Suisse SA, Geneva
- 2019-2020, Corporate Project Manager at Bechtle Management SA, Rotkreuz

Offices held at non-listed companies:

- Member of the boards of directors of Skyguide (Geneva), SkySoft-ATM (Geneva), Rolex Holding SA (Geneva) Rolex SA (Geneva) and Lonhea SA (Fribourg)

Offices held at other legal entities:

- Board member of the Franco-Swiss Chamber of Commerce and Industry (Geneva)
- Member of SwissBoardForum (Bern)

Other activities:

- Associate of ACAD, a training centre for company directors (Lausanne)



STÉPHANE GARD
DIRECTOR

MBA, HEC (Lausanne)
Swiss certified accountant
Swiss citizen

Career

- 1988-1996, KPMG Switzerland, Audit
- 1996-1998, KPMG USA, Consulting
- 1999-2014, Partner KPMG, Audit & Consulting, in particular responsible for KPMG in French-speaking Switzerland (2001-2014), member of the Executive Board and Board of Directors (2012-2014) of KPMG Switzerland
- 2014-2018, CFO of the SICPA Group, an industrial security firm (Prilly)
- Since 2019, independent director and consultant (M&A, governance and finance)

Offices held at non-listed companies:

- Member of the boards of directors of EOS Holding SA (Lausanne), Vaud cantonal pension fund (Lausanne) and Nice & Green SA (Nyon)

Other activities:

- Founder and manager of ALTERIS M&A SA (Lausanne) and director of ALTERIS, an independent consultancy



XAVIER COMPANY*
DIRECTOR

Law degree and cross-disciplinary master's degree in law, economics and regulatory affairs from University of Lausanne; admitted to the bar
Swiss/Spanish citizen

Career

- 2012-2014, legal and commercial advisor for Brasserie Docteur Gab's SA
- 2014-2016, trainee barrister, Rossinelli & Capt
- 2016-2017, barrister, Rossinelli, Capt & Company
- 2017-2021, barrister, Leximmo Avocats
- 2016-June 2021, local councillor in Lausanne
- Since July 2021, member of Lausanne City Council and responsible for the city's public utilities department

Offices held at non-listed companies:

- Chairman of the boards of directors of Boisy TV SA (Lausanne), LFO SA (Lausanne) and SI-REN SA (Lausanne)
- Member of the boards of directors of CADOUEST SA (Prilly), EOS Holding SA (Lausanne), Gaznat SA (Lausanne), Petrosvibri SA (Vevey), Transports Publics de la Région Lausannoise SA (Renens), AGEPP SA (Lavey-Morcles), FOMAB SA - Forces Motrices de l'Aboyeu SA (Martigny) and Epura SA (Lausanne)

Offices held at other legal entities:

- Lausanne Chamber Orchestra



NICOLAS FULPIUS
DIRECTOR

Lic. Oec (MBA), concentration in Corporate Finance, HSG St Gallen
MSc in Management Science & Engineering, Stanford University
Swiss citizen

Career

- 1997-2002, Investment Manager with Lombard Odier, specialising in venture capital and biotechnologies
- 2002-2005, co-founder and Senior Investment Manager, Ultraia Capital, specialist in venture capital and biotechnologies
- 2005-2010, partner and shareholder of Affentranger Associates, offering venture capital and advisory services in corporate strategy and M&A.
- 2006-2007 – Executive Chairman, Dunes Technologies, Switzerland
- 2006-2010 – Chairman SIRS-Lab, Germany
- 2007-2011 – co-founder and Chairman, SelFrag SA, Suisse
- 2007-present – co-founder and Chairman, inflaRx NV
- 2010-2015, shareholder and CEO, Veltigroup, Switzerland
- 2015-2019, CDO Swisscom Enterprise Solutions, in charge of Digital Enterprise Solutions and developing portfolio of digital services; co-creator of EPFL Digital Lab. Head of digital innovation in Silicon Valley and member of Venture Investment Committee at Swisscom Ventures
- Since 2019, CEO and co-founder, Ansam Group, Switzerland

Offices held at listed companies:

- Chairman of the Board of Directors of InflaRx NV (Netherlands), listed on NASDAQ

Offices held at non-listed companies:

- Member of the boards of directors of CIMA Corporate Investment Management Affentranger Holding SA (Zug), BRS Immobilier SA (Lausanne), Anaroll Holding SA (Rolle), Ansam Holding SA (Nyon), iXion Services SA (Chexbres), Filao SA (Rolle), idros SA (Nyon) and Baszanger SA (Vésenaz)



OLIVIER GFELLER*
DIRECTOR

Arts graduate
Qualified high school teacher
Swiss citizen

Career

- 1995-2010, secondary school teacher, Montreux
- 1995-1997, instructor, preparatory course for students wanting to train as paramedics, Lausanne
- 1997-2000, teacher, Advanced School I and II
- 2010-2016, personal assistant to cantonal government member in charge of education, young people and culture
- 2016 to June 2021, member of the Montreux council executive overseeing the road network and parks, then finance and IT
- Since July 2021, Mayor of Montreux responsible for general administration and finances

Offices held at other legal entities:

- Chairman of the foundation boards for Etoiles de Noël (Montreux) and the Fondation Comtesse Andrée d'Etchégoyen (Montreux)
- Committee member of non-profit OSEO-Vaud (Vevey)
- Board member of Montreux Jazz Festival Foundation
- Member of Réseau Enfance Montreux et Environs (REME)



PAOLA GHILLANI*
DIRECTOR

MSc in Pharmacy from University of Lausanne; degree in International General Management for Executives from IMD; degree from the International Programme for Board Management at IMD, Digital Transformation for Boards programme at IMD
Swiss/Italian citizen

Career

- Began career at Ciba/Novartis before joining other multinational companies
- 1999, CEO, Max Havelaar Foundation, Switzerland
- Board member of FLO International (Fairtrade Labelling Organisations), Chairwoman from 2001 to 2005
- 2005, incorporated as Paola Ghillani & Friends SA

Offices held at non-listed companies:

- Chairwoman of the Board of Directors of Paola Ghillani & Friends SA, Zurich
- Member of the boards of directors of the Migros-Genossenschafts-Bund/ Fédération des coopératives Migros (Zurich) and Transitec Ingénieurs-Conseils SA (Lausanne)
- Chairwoman of Zürcher Kantonalbank/ Swisscanto advisory committees on sustainable investment funds (Zurich)

Offices held at other legal entities:

- Honorary member of the International Committee of the Red Cross – ICRC (Geneva)
- Committee member, Utilita Foundation for Property Investment in the Interests of the Population (Bern)
- Board member of the Chênes Foundation (Vandœuvres) and Aquatis Foundation (Lausanne)



ALPHONSE-MARIE VEUTHEY
DIRECTOR

Law degree from Fribourg University; admitted to the bar and licensed as a notary
Swiss citizen

Career

- Since 1994, barrister
- Since 1995, notary

Offices held at non-listed companies:

- Chairman of the Board of Directors of Bas-Valais Energie SA (Vouvry)
- Member of the boards of directors of Romande Energie Commerce SA (Morges), Santé Rennaz SA (Rennaz) and Satom SA (Monthey)
- Committee member for the Riviera-Chablais Hospital (Rennaz)

Offices held at other legal entities:

- Member of Chablais-Region Committee (Aigle) and of the following foundations: André Manzini (Aigle), the Riviera-Chablais Hospital Benevolent Foundation (Rennaz), the Divisionnaire F. K. Rünzi (Crans-Montana), the Chablais Scope (Aigle) as well as the Radio Chablais association (Monthey)

Other activities:

- Chancellor of State for the Monthey district



FRANÇOIS VUILLE*
DIRECTOR

MSc in Physics, PhD in Astrophysics and MSc in Energy Engineering
Swiss citizen

Career

- 1999-2000, post-doctorate in applied optics, Federal Institute of Technology Lausanne (EPFL)
- 2000-2001, executive director of the International Academy of Sports Science and Technology (AISTS)
- 2001-2005, senior consultant in transport, risks and energy, Geste Engineering
- 2005-2014, managing consultant in energy, E4tech
- 2010-2015, member of the Board of Directors of Alternative Bank Switzerland
- 2015-2019, executive director of the Energy Centre, Federal Institute of Technology Lausanne (EPFL)
- Since 2019, head of the Energy Department at Vaud Canton

Offices held at non-listed companies:

- Member of the Board of Directors at Forces Motrices Hongrin-Léman SA (Château-d'Oex)
- Member of the executive committees of Cleantech Alps (Sion) and SIRESO Société d'Investissement de Suisse Occidentale SA (Granges-Paccot)

Offices held at other legal entities:

- Member of the Scientific Council of AEE Suisse (Bern)

- Member of the Strategic Committee of the Solar Impulse Foundation (Lausanne)
- Member of the Innovation Committee of Swisspower AG
- Founder and partner of Proxipel; founder and president of Softcar SA; founder and president of Tilt Global (US)

CARINE MAALOUF
COMPANY SECRETARY

Law degree from the University of Fribourg, Diploma in Business Administration (IFCAM), training in anti-money laundering
Swiss citizen

Offices held at non-listed companies:

- Member of the Board of Directors of J.M. Lambelet SA (Neuchâtel)

A WORD OF THANKS



Elina Leimgruber



Jean-Jacques Miauton



Jean-Yves Pidoux

The Board of Directors would like to thank **Elina Leimgruber**, **Jean-Jacques Miauton** and **Jean-Yves Pidoux**, outgoing directors, for their contribution to the Board's work since 2017, 1997 and 2007, respectively. All three have demonstrated a remarkable commitment to the Group over the years. Not only did they make a major contribution by unsparingly providing the benefit of their expertise and skills in a wide range of fields, but they were also much appreciated as colleagues.

3.3 Number of offices permitted Article 12(1) point 1 of the Swiss Federal Ordinance on Excessive Pay)

Under Article 22a(1) of the Articles of Association,³ members of the Board of Directors may each hold the following other offices in the management and supervisory bodies of legal entities, which have to be registered in the Swiss commercial register or a comparable foreign register:

1. no more than 5 offices as a member of a Board of Directors or as a member of a supreme governing or supervisory body of companies considered as publicly traded companies, as defined by Article 727(1) point 1 of the Swiss Code of Obligations; as well as
2. no more than 15 offices as a member of a Board of Directors or member of a supreme governing or supervisory body of companies not considered as publicly traded companies within the meaning of the Swiss Code of Obligations and the Federal Act on Collective Investment Schemes;
3. no more than 10 offices as a member of the Board of Directors or member of a supreme governing or supervisory body of other legal entities not meeting the above criteria.

According to Article 22a(3) of the Articles of Association, the restrictions stated in Article 22a(1) of the Articles of Association do not apply in relation to legal entities controlled directly or indirectly by the Company or which control the Company. Neither do they apply in relation to legal entities which are the occupational pension funds covering the employees of the Company or companies that it controls directly or indirectly. Furthermore, offices held in several non-Group legal entities among which there is direct or indirect control, or within occupational pension funds covering the employees of these companies, only count as one office within the meaning of paragraph 1.

3.4 Elections and terms of office

Under Articles 762 of the Swiss Code of Obligations and 16 of the Articles of Association, five of the nine members of the Board of Directors are appointed by the Vaud cantonal government, two of whom represent shareholding municipalities. The Vaud cantonal government is responsible for determining the expiry date of their terms.

The other four members of the Board are elected individually by shareholders at the Annual General Meeting for a term of one year, expiring after the conclusion of the following Annual General Meeting. These directors may be re-elected. However, directors reaching the age of 70 in the calendar year in which the election takes place are no longer eligible for re-election.

In addition, the Articles of Association contain no clauses deviating from the statutory provisions on the appointment of the Chair, members of the committee overseeing remuneration and the independent proxy.

3.5 Internal organisational structure

General considerations

The Board of Directors meets for half-day sessions, usually at least five times a year. In 2021, the Board of Directors met seven times for sessions lasting approximately four hours. It also met for a seminar lasting one-and-a-half days, another day-long seminar and on two other occasions briefly. Last year, the Board monitored business trends, energy markets, which were tremendously volatile in 2021, and energy-related risks. It also reviewed regulatory developments, helped establish the new Group strategy and looked into possible additional generation and procurement options to supplement the Group's existing capabilities. Finally, it examined possible strategic alliances, energy and the development of new lines of business.

Members of the Board of Directors have an excellent attendance record at the meetings of both the Board and the committees of which they are members. Under the by-laws, each Committee of the Board of Directors is given its own terms of reference, tasks and responsibilities. The committees have no decision-making powers (see exceptions hereinafter under Finance and Audit Committee and Appointments and Remuneration Committee). They meet several times a year, depending on the matters at hand and opinions required by the Board of Directors. Committee members receive the necessary documents in good time for them to prepare for deliberations. Committee meetings are attended by the CEO, relevant heads of department and, as needed, in-house or external experts who are called in to advise on particular points.

Strategy and Corporate Development Committee

The Committee consists of the Chairman of the Board and two other members. Meetings are normally held six to eight times a year (nine times in 2021), and are chaired by the Chairman of the Board. Meetings last for three hours on average. The Committee is responsible for providing the Board with recommendations and opinions on the following strategic issues:

- Business climate, legal and regulatory conditions and developments in energy markets
- Corporate strategy, business strategy, information technology (IT) strategy and developments, strategic targets and key performance indicators, and strategic action plans
- Corporate development
- Cooperation and strategic partnerships
- Strategic acquisitions
- Shareholder base
- Relations with cantonal authorities and the municipalities served
- Any other business that the Board may wish to assign to it

In 2021, the Strategy and Corporate Development Committee assessed the potential benefits of participating in selected projects to develop district heating networks and geothermal energy and reviewed acquisitions. Setting the Group's 2021-2026 strategy and new energy procurement strategies were also central to its deliberations.

Finance and Audit Committee

The Committee has three members and usually meets six to eight times a year (nine times in 2021). Meetings last for three hours on average. It also met twice for work sessions. The Committee is responsible for providing the Board with recommendations and opinions on the following issues:

- Financial statements and the Annual Report
- Corporate governance report
- The budget and medium-term financial plan
- Appointment and replacement of the statutory auditors
- Cash-flow management, financing and contingent liabilities
- Fundamental tax issues
- Notification to competent court in the event of over-indebtedness
- Internal control
- Management of business and energy risks
- By-laws
- Compliance
- Principles for implementation of stock exchange disclosure rules (ad hoc publicity and directors' dealings)
- Articles of Association, except provisions relating to remuneration for members of the Board of Directors and the Executive Board
- Internal audit reports
- Any other business that the Board may wish to assign to it

It has decision-making authority in the following areas:

1. Appraising the expertise, independence and services of the statutory auditors, and management of their appointment
 2. Clarifying differences of opinion between the Management Committee and the statutory auditors in respect of the financial statements
 3. Approving the internal audit programme
- It also has the terms of reference and authority conferred upon it by the by-laws (Organisational Regulations)* and Annex 2 pertaining thereto

In 2021, the Finance and Audit Committee reviewed amendments to the Articles of Association of Romande Energie SA, the by-laws of Romande Energie Holding and the Group's in-house treasury policy. It monitored the Group's equity investments and developments in legislation affecting regulated and non-regulated sectors. The Committee also reviewed applicants responding to the invitation to tender with regard to the statutory auditing contract and analysed further amendments to the Group's audit charter. Considering the highly volatile conditions in energy trading in the second part of 2021, the Finance and Audit Committee kept a close watch on the Group's energy margin, counterparty risk and the structure of the Group's electricity procurement activities.

Appointments and Remuneration Committee

The Committee has three members and usually meets six to eight times a year (eight times in 2021). Meetings last for two-and-a-half hours on average. Two half-day sessions were devoted to selection processes – run jointly by the Committee and the Chairman of the Board of Directors – for selecting a new director to replace Jean-Jacques Miauton, who stepped down in June, and reviewing applicants for the post of Head of People & Talent.

The Committee is responsible for providing the Board with recommendations and opinions on the following issues:

- Composition of the Board of Directors and Board Committees
- Oversight of rules in relation to effective corporate governance
- Code of conduct and business ethics
- The remuneration report
- Appointment of members of the Board of Directors and its Chair, members of the Committees and their chairs, the Company Secretary, the Group's representatives on the boards of directors of Romande Energie SA, Romande Energie Commerce SA and EOS Holding SA, as well as the non-Group member(s) for Romande Energie Services SA
- Appointment of the Chief Executive Officer and Executive Board members
- Remuneration scheme for members of the Board of Directors and individual remuneration in regard to the latter, based on the maximum aggregate amount of remuneration approved by shareholders at the Annual General Meeting
- Pay scheme for members of the Executive Board and employees

³ Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

* Organisational Regulations : https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

- Proposal (to the Board of Directors for submission at the Annual General Meeting) of the maximum aggregate amount of remuneration payable to the Board of Directors and the Executive Board in the coming financial year
- Amendment of the Articles of Association in relation to the remuneration policy for members of the Board of Directors and the Executive Board
- Relations with pension funds

Additionally, the Committee's remit is to determine the individual remuneration of the Chief Executive Officer and members of the Executive Board, based on the maximum aggregate amount of remuneration approved by shareholders at the Annual General Meeting. It must also approve the total payroll for the coming year in preparation for negotiations between labour and management, subject to the establishment of personnel expenses by the Board of Directors in connection with the annual budget.

It also has the powers and authority conferred upon it by the by-laws and Annex 2 thereof.⁴

In 2021, in addition to selecting a new Director to replace Jean-Jacques Miauton and the new Head of People & Talent, as mentioned above, the committee reviewed applicants for the new position of Head of Digital & Innovation and approved the appointment of the successful candidate. The Committee also examined the amendment to Article 22d (Principles of remuneration for members of the Executive Board) of the Articles of Association of Romande Energie Holding (approved by the Annual General Meeting on 29 June 2021). It also conducted a self-assessment of the Board of Directors. The Committee updated the compensation rules for directors and reviewed the status of the Romande Energie pension fund.

3.6 Division of responsibility between the Board of Directors and Executive Board

The Board of Directors exercises the non-transferable and inalienable duties set out under Article 716a of the Swiss Code of Obligations. It defines corporate strategy and strategic targets, establishes the annual budget and medium-term financial roadmap, determines financial policy, defines risk policy – particularly with respect to the wholesale energy sales and purchases – and is responsible for establishing or disposing of subsidiaries and for buying and selling material shareholdings. Under Articles 716b of the Swiss Code of Obligations and 17 of the Articles of Association, the Board of Directors has delegated management of the Group to the Chief Executive Officer (CEO) under the terms of the by-laws. The CEO is responsible for organising and exercising the powers of the Executive Board, in particular: making recommendations on strategy; executing the business strategy and implementing plans and projects; defining missions; managing the Company; achieving the objectives, profitability and expansion of the

Company's business, and enhancing its reputation; preparing operating, investment and cash budgets; hiring employees and setting individual remuneration packages; representing the Company in its dealings with third parties; and organising the flow of information inside and outside the Company.

The Chairman of the Board of Directors and the CEO maintain close contact with one another to coordinate their actions and review current business trends.

3.7 Information and control mechanisms with regard to the Executive Board

The Board of Directors is informed of current business trends at every meeting. Particular attention is paid each quarter to the consolidated financial statements and the financial results and profit projections for the Group's business units. At least once a year, the financial statements are accompanied by a detailed projection of estimated annual results. Reporting on shareholdings, which presents the performance of certain categories of businesses and companies in which Romande Energie Group has financial interests, together with a risk management report covering all the Group's activities, is also prepared by the Executive Board for the Board of Directors once a year. Moreover, twice per year, the Board of Directors is given a progress report on strategic projects.

The Executive Board submits its action plans to the Board of Directors. These documents are used by the Board of Directors to exercise its oversight, together with regular briefings on the main projects undertaken by the Executive Board and on the Group's business trends: revenues, margins by customer segment, cash flow, capital investment, guarantees and sureties, risks and workforce numbers.

In addition to risk management, Romande Energie Holding SA has an internal audit function, organised according to an internal audit charter based on international standards as set forth by the Institute of Internal Auditors. Internal audit reports directly to the Finance and Audit Committee, which is a board committee, and is fully independent from the Executive Board. Internal audits are regularly conducted with external specialists who are not the statutory auditors.

The Board of Directors is kept regularly informed of the Group's business developments and receives reports at each of its meetings.

The minutes of Management Committee meetings are submitted to the Chairman of the Board of Directors and the chairs of its committees.

A daily press review is sent to each member of the Board of Directors.

A description of the risk management procedures adopted can be found on [page 106](#) of this report.

4 MANAGEMENT COMMITTEE

The Management Committee is made up of the members of the Executive Board. It meets every week, for half-day sessions. Every year, it holds three to five days of seminars devoted to current issues.

4.1 Members of the Management Committee

The Executive Board, whose members are appointed by the Board of Directors, consists of the following people:

GRI 102-18

Name	Position Business unit	Nationality	Year of birth	Member since
Christian Petit	CEO	Swiss	1963	2019
Nicolas Conne	CFO and Head of Services	Swiss	1980	2019
Aurore Amaudruz	Joint Head of Energy Solutions	Swiss	1985	2021
Patrick Bertschy	Head of Grids	Swiss	1968	2014
Guillaume Fuchs	Joint Head of Energy Solutions	Swiss	1974	2021
Assia Garbinato	Head of Digital & Innovation	Swiss	1971	2021
Virginie Vasselon	Head of People & Talent	French	1976	2021
Left in 2021				
Christian Frère	Head of Energy Solutions	Swiss	1959	2012

4.2 Education, career, other activities and lobbying roles

None of the executives act as consultants for key lobbies in Switzerland or abroad. None of them worked for the Group or any of its companies before their current duties. The careers and appointments of the Executive Board members are presented on [pages 30-33](#).

4.3 Number of offices permitted (Article 12(1) point 1 of the Swiss Federal Ordinance on Excessive Pay)

Under Article 22a(2) of the Articles of Association,⁵ members of the Executive Board, with the agreement of the Board of Directors, may each hold the following other offices in the management and supervisory bodies of legal entities which are required to be registered in the Swiss commercial register or a comparable foreign register:

1. no more than two offices as a member of a Board of Directors or as a member of a supreme governing or supervisory body of companies considered as publicly traded companies, as defined by Article 727(1) point 1 of the Swiss Code of Obligations; as well as
2. No more than 15 offices as a member of a Board of Directors or member of a supreme governing or supervisory body of companies not considered as publicly traded companies within the meaning of the Swiss Code of Obligations and the Federal Act on Collective Investment Schemes.
3. no more than 10 offices as a member of the Board of Directors or member of a supreme governing or supervisory body of other legal entities not precisely meeting the above criteria.

According to Article 22a(3) of the Articles of Association, the restrictions stated in Article 22a(2) of the Articles of Association do not apply in relation to legal entities controlled directly or indirectly by the Company or which control the Company. Neither do they apply in relation to legal entities which are the occupational pension funds covering the employees of the Company or companies that it controls directly or indirectly. Furthermore, offices held in several non-Group legal entities among which there is direct or indirect control, or within occupational pension funds covering the employees of these companies, only count as one office within the meaning of paragraph 2.

4.4 Management contracts

Romande Energie Holding SA has not entered into any management contracts.

⁴ Organisational Regulations: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

⁵ Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en



CHRISTIAN PETIT
CEO

Economist, MBA from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales), Cergy Pontoise, France
Programme for Executive Development (PED), Leadership, IMD, Lausanne
Swiss/French citizen

Career

- 2000-2017, Swisscom, including ten years in group management, first as head of residential then business customers
- 2017-2019, independent directorships
- Since 1 June 2019, CEO of Romande Energie

Offices held at non-listed companies:

- Chairman of the Board of Directors of Romande Energie Services SA (Préverenges) and the Board of Directors of Romande Energie Commerce SA (Morges)
- Member of the Board of Directors of EOS Holding SA (Lausanne)
- CEO, Bas-Valais Energie SA (Vouvry)



NICOLAS CONNE
CFO AND HEAD OF SERVICES

Foundations for Business Leadership (FBL), IMD, Lausanne
Swiss certified accountant
MSc Management, HEC (University of Lausanne)
Swiss citizen

Career

- 2003-2008, banking industry auditor, Ernst & Young SA, Geneva
- 2008-2013, internal and management controller, supervisor of quality assurance unit, DSR Group
- 2013-2019, Head of Accounting and Risk Management, Romande Energie (interim CFO from 2017)
- Since 2019, CFO of Romande Energie

Offices held at non-listed companies:

- Member of the boards of directors of Romande Energie Services SA (Préverenges), Romande Energie Commerce SA (Morges) and Energie Solaire SA (Sierre), Spontis SA (Avenches)
- Senior Executive, Bas-Valais Energie SA, Vouvry

Offices held at other legal entities:

- Head of the Investment Committee and board member of the Fondation de Prévoyance Romande Energie (Morges)



PATRICK BERTSCHY
HEAD OF GRIDS, DEPUTY CEO

MSc Electrical Engineering, HEIA, Fribourg
Executive MBA, HEG, Fribourg
Executive Certificate in Advanced Management, HEC, Paris
Swiss citizen

Career

- 1996-2000, project engineer and project manager, ABB (Zurich)
- 2000-2001, technical manager, Glas Troesch (Bützberg)
- 2001-2006, Head of Energy Customers, then Head of Sales at Gruyère Energie SA (Bulle)
- 2006-2014, Head of Public Utilities, Morat
- 2014-2016, Head of Energy Services business unit of Romande Energie SA (Morges)
- From 1 April 2016, Head of Grids business unit of the Romande Energie Group

Offices held at non-listed companies:

- Chairman of the Board of Directors of Forces Motrices de l'Avançon SA (Bex) and SIRESO SA (Granges-Paccot)
- Member of the boards of directors of Bas-Valais Energie SA (Vouvry) and B-Valgrid SA (Sion)
- Committee member of RegioGrid (Aarau) and AES



AUORE AMAUDRUZ
JOINT HEAD OF ENERGY SOLUTIONS

MBA, IMD, Lausanne
CAS HES-SO Renewable Energies, HEIG-VD (Yverdon)
MSc/BSc Communication Systems, EPFL (Lausanne)
Swiss citizen

Career

- 2008-2011, research engineer and head of relations with EPFL, Nokia
- 2011-2019, founder and General Manager of Amaudruz Energies SA (Lausanne)
- 2014-2019, Head of Solar Department, Amaudruz SA (Lausanne)
- Since 17 January 2021, Joint Head of Energy Solutions business unit of the Romande Energie Group and Head of Markets Division

Offices held at non-listed companies:

- Senior Executive, Bas-Valais Energie SA, Vouvry
- Member of the Board of Directors of Logement idéal Scoop (Pully)

Offices held at other legal entities:

- Head of the non-profit Economie Région Lausanne (ERL), (Lausanne)



GUILLAUME FUCHS
JOINT HEAD OF ENERGY SOLUTIONS

Advanced Management Programme, CRPM
Diploma in Mechanical Engineering, Institut Polytechnique de Sévenans (France)
University Diploma of Technology in Mechanical Engineering, Institut Universitaire de Technologie de Mulhouse (France)
Swiss/French citizen

Career

- 1997-2000, Project Coordinator, CSNE (voluntary service scheme in business world)
- 2000-2007, Project Manager for new factories, then Manager of New Projects & Production Kick-offs, then Industrial Project Manager at Faurecia Abgastechnik (Fürth, Germany, and Bakov nad Jizerou, Czech Republic)
- 2007-2010, Head of Operations, member of the Executive Committee, Fluid Automation Systems (Groupe IMI-Precision)
- 2010-2021, in charge of renewable energy projects, medium/low-voltage projects, floating solar farm project, lighting department (services business unit) within the Romande Energie Group
- Since 17 January 2021, Joint Head of Energy Solutions business unit of the Romande Energie Group and Head of Energy Division

Offices held at non-listed companies:

- Chairman of Centrale Hydroélectrique de Bar SAS (Paris) and Romande Energie France SAS (Paris)
- Member of the boards of directors of Romande Energie Services SA (Préverenges) and EnergieÖ SA (Vinzell)
- Senior Executive, Bas-Valais Energie SA, Vouvry



ASSIA GARBINATO
HEAD OF DIGITAL & INNOVATION

PhD Computer Science, EPFL,
MSc Computer Science, Higher National School of Computer Science (Algeria)
Swiss/Algerian citizen

Career

- 2001-2004, Software Engineer, Nagra-Kudelski Group
- 2006-2018 Software Engineer then Head of Data, Vaudoise Assurances (Lausanne)
- 2019, Data Strategist and Agile Transformation Expert
- 2020-2021, Chief Data Officer, Romande Energie SA, Morges
- Since 1 July 2021, Head of Digital & Innovation support unit of the Romande Energie Group

Offices held at non-listed companies:

- Senior Executive, Bas-Valais Energie SA, Vouvry
- Member of the Board of Directors of neo technologies SA (Renens)



VIRGINIE VASSELON
HEAD OF PEOPLE & TALENT

Master of Commerce, concentration in marketing, University of Wollongong, Australia
Institut d'Etudes Politiques de Paris, Communication and Human Resources faculty
Master Coach Certification, Institut Coaching International de Genève
French citizen

Career

- 1999-2002, Project Manager, Accorjobs, Accor (Paris)
- 2002-2005, HR Business Partner, Accor Asia (Bangkok)
- 2005-2006, Project Manager, Accor (Paris)
- 2007-2010, HR Business Partner, Schlumberger (Clamart)
- 2010-2013, Talent Manager, Crédit Agricole SA (Paris)
- 2013-2017, International HR Manager, Crédit Agricole SA (Paris)
- 2017-2019, Head of HR, Azqore SA (Lausanne)
- 2019-2021, Senior HRBP Switzerland & Procurement Europe – PepsiCo (Bern)
- Since 1 August 2021, Head of People & Talent support unit of the Romande Energie Group

Offices held at non-listed companies:

- Senior Executive, Bas-Valais Energie SA, Vouvry



A WORD OF THANKS

Christian Frère joined the Group in 2012 as head of the newly created Energy Solutions business unit. He has been instrumental in the Group's development of clean energy assets and multi-energy opportunities, management of generation facilities and optimisation of energy flows. He helped position Romande Energie as a key player in the energy transition and renewable power generation.

The Board of Directors and Executive Board of Romande Energie, whilst sad to see such a popular and capable senior executive leave the Group, fully understand his wish to have a less hands-on role and thereby achieve a better life-work balance. They would like to thank him warmly for his tireless dedication over the years.

5 REMUNERATION, SHAREHOLDINGS AND LOANS

Please refer to Chapter 3, Remuneration Report, [on page 42](#).

6 SHAREHOLDERS' PARTICIPATION

- 6.1 **Voting-right and representation restrictions**

All shares entitle the holder to one vote. There are no restrictions on voting rights.

Pursuant to Article 12(4 and 5) of the Articles of Association,⁶ a shareholder may be represented by the Independent Proxy or a third party.

In 2010, the Articles of Association were amended to comply with the Federal Act on Intermediated Securities, which came into force on 1 January 2010.

The Articles of Association contain no clauses deviating from or supplementing the statutory provisions with regard to Independent Proxy instructions. Neither do they contain rules relating to participation in the Annual General Meeting by electronic means.
- 6.2 **Quorum and majority voting requirements**

Shareholders at the Annual General Meeting pass resolutions and conduct elections by a simple majority of the voting rights cast. Abstentions and blank or spoilt votes are not taken into consideration in the calculation of the majority. This does not apply to matters requiring a two-thirds majority of the voting rights represented, pursuant to Article 704(1) of the Swiss Code of Obligations.

- 6.3 **Notice of Annual General Meetings**

By law, one or more shareholders representing together no less than 5% of the share capital may also request a general meeting of shareholders to be called. The Annual General Meeting is called by giving notice in the Swiss Official Gazette of Commerce, at least 20 days prior to the appointed date, and by sending invitations to shareholders entered in the share register. Prior notice is published approximately three months before the date of the meeting.
- 6.4 **Inclusion of business on the agenda**

One or more shareholders representing shares with an aggregate nominal value of CHF 1 million or 5% of the share capital may request that an item of business be added to the agenda. This request must be made to the Board of Directors in writing no later than 30 days before the date of the meeting, indicating the purpose of the debates and the motions submitted.
- 6.5 **Entry in the share register**

Shareholders must be registered in the share register no later than 10 to 15 days before the appointed date in order to take part in the Annual General Meeting or appoint a proxy. The deadline is shown in the official notice convening the Meeting and in the individual notice sent to shareholders.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

- 7.1 **Duty to make an offer**

This is not covered by any clause in the Articles of Association.⁶ There is no opt-out or opt-up clause. Vaud Canton, Banque Cantonale Vaudoise, 119 Vaud municipalities and SIE SA (Service Intercommunal de l'Électricité) are bound by a shareholders' agreement providing for reciprocal pre-emption rights on each other's shares. Together these shareholders hold 55.35% of the capital and the associated voting rights.
- 7.2 **Clauses on changes of control**

This is not covered by any clause in the Articles of Association. Nor is there any agreement or programme benefiting the members of the Board of Directors or the Executive Board in such cases. The employment contract of the CEO can be terminated by either party by giving one year's notice as from the end of the current month. The notice period for other Executive Board members is six months as from the end of the current month.

⁶ Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

8 STATUTORY AUDITORS

- 8.1 **Duration of the contract and term of office of the lead auditor**

The Annual General Meeting of shareholders in 2021 appointed Ernst & Young SA, in Lausanne, as the new Statutory Auditors. Since that time, the lead auditor has been Karine Badertscher Chamoso. The maximum rotation period for lead auditors is seven years, as required by law.

The selection and replacement of the auditors is the responsibility of the Board of Directors, relying on advice from the Finance and Audit Committee, following a periodic invitation to tender. The auditors must hold all the relevant professional qualifications required to audit a listed company and have the required resources to fulfil their mission.

8.2-8.3 **Audit fees and non-audit fees**

The fees charged by Ernst & Young SA are as follows:

	CHF
Audit of financial statements	225016
Non-audit services	101200
Total	321716

Audit services comprise the basic work required each year to audit the financial statements of individual Group companies and the consolidated financial statements of the Romande Energie Group. This includes the work performed by the auditors to supervise the implementation or updating of accounting methods.

This work also covers examining this corporate governance chapter, reviewing the remuneration report and preparing auditors' reports.

Prior to its appointment as the Statutory Auditors, Romande Energie commissioned Ernst & Young SA to appraise the value of the interest in enersuisse SA held by Romande Energie Commerce SA, conduct a data protection audit and review the internal rules and documentation on data protection. The cost of these services is shown under Non-audit services. This contract began in 2018 and ended in June 2021.

- 8.4 **Oversight and control of the Statutory Auditors**

See Finance and Audit Committee, [Section 3.5](#).

The Finance and Audit Committee annually checks the services, fees and independence of the statutory auditors and reports this information to the Board of Directors. The Statutory Auditors' work is fully independent of the Board of Directors and the Executive Board. The Finance and Audit Committee assesses the quality of reporting and the audit reports, the proposed audit approach and its implementation, concentrating on coverage of material risks, recommendations, timeframes and resources. It also meets with the individuals performing the work to ensure they have the requisite expertise. Specifically, it compares the fees budgeted and invoiced by the statutory auditors and vets any additional services. Focusing on independence, it checks the advisory services commissioned from the statutory auditors (scope and fees). The Board of Directors previously ruled that extra support services would not be bought in for internal auditing purposes.

The auditors receive all the documentation that is prepared for every meeting of the Finance and Audit Committee. In 2021, the Statutory Auditors took part in two committee meetings.

Comments by the auditor are systematically submitted to the Finance and Audit Committee. The Statutory Auditors' work is fully independent of the Board of Directors and the Executive Board. The Statutory Auditors' fees and services are also reviewed by the Finance and Audit Committee, which submits a report to the Board of Directors. The Statutory Auditors must possess all the relevant professional qualifications required for the audit of a listed company. They have the necessary resources available to fulfil their mission.

Romande Energie Group pursues an open information policy in keeping with its size and importance. The communication measures adopted by the Group are designed to enhance its credibility and public image. Particular care is also taken to ensure that executives are provided with timely, accurate information to enable them to carry out their leadership responsibilities. Shareholders of Romande Energie Holding SA are kept informed of the basic aspects of the Group's business by the annual report, the half-yearly report and press releases. Sensitive data that may affect the share price is disclosed on an ad hoc basis in accordance with the relevant directives of the SIX Swiss Exchange.

Information is compiled by the corporate communications and investor relations team. Information about the Group is also posted on the internet at www.romande-energie.ch.

Notices required pursuant to the Articles of Association are published in the Swiss Official Gazette of Commerce; notices of the Annual General Meeting are sent personally to shareholders entered in the share register.

A financial calendar containing the publication dates for the annual and interim financial statements and the annual report, as well as the date of the press conference, is posted on the Group's website early in the year. An events calendar for the current financial year and contact addresses are shown on the penultimate page of this report.

The following links can be used to subscribe to our Alert Service, where you can select the type of news you would like to receive:

In French
https://investor.romande-energie.ch/site-services/alert-service.aspx?sc_lang=fr-FR

In English
https://investor.romande-energie.ch/site-services/alert-service?sc_lang=en

Every year, the CFO issues a memo to employees, the members of the Executive Board and the members of the Board of Directors reminding them that they may not conduct any kind of market transaction on registered shares of Romande Energie Holding SA that they may hold or wish to acquire during the closed periods. In 2021, the closed periods ran from 1 January to 26 April, then from 1 July to 13 September (i.e. until the second trading day following the official publication of either full-year or interim financial results).

Romande Energie Group acts responsibly towards its customers, business partners, civil society and its employees. It strives to maintain a climate of trust with its customers and business partners and engage in free and fair competition, complying with the applicable laws and regulations.

Romande Energie Group has a zero-tolerance policy on corruption. The basic principles relating to this matter are set forth in the Code of Business Conduct.

The Swiss Criminal Code has extended the notion of corruption to employees of a private sector company. If found guilty of this offence, not only they themselves but the company as well will be held responsible. Employees committing acts of corruption may also be personally liable to serious criminal and civil penalties that may include substantial fines and even imprisonment.

Accordingly, the Board of Directors in early 2017 adopted the Romande Energie Group Directive on the Fight against Bribery and Corruption, which contains the associated basic principles. The Directive applies to all employees and business partners of Romande Energie and must be provided to them at the start of the employment or business relationship, and as often as necessary thereafter.

Giving or accepting reasonable gifts to or from public officials or persons operating in the private sector is permitted, but care should be taken when giving or accepting gifts which could be perceived as inappropriate or place the recipient under an obligation. Soliciting gifts is forbidden. In particular, gifts include invitations to a meal, a show, or other forms of hospitality, in addition to presents.

Whether or not a gift is permissible depends on the intention of the person offering it. If it is offered with the aim of influencing a decision or obtaining an advantage, this behaviour constitutes an act of bribery. On the other hand, a reasonable gift offered with the intention of improving commercial relations or marking special occasions is not considered to be bribery.

Consequently, an upper limit of CHF 200 has been set. The value of a gift received from an outside party must therefore be below this amount. Gifts worth more must be turned down. Cash or gift vouchers may never be accepted. If in doubt, the employee or business partner should always consult their line manager.

The Directive applies to all companies over which Romande Energie Holding SA has majority control, either directly or indirectly.

GRI 102-16

To the Board of Directors of
Romande Energie Holding SA, Morges

Lausanne, le 6 avril 2022

Independent Assurance Report on the information published on Corporate Governance

We have been engaged by the Board of Directors to perform a limited assurance engagement on information published on Corporate Governance of Romande Energie Holding SA, on pages 14 to 37 of the separate chapter of the annual report, which has been prepared for the period ending 31 December 2021 in accordance with the directive on information relating to the Corporate Governance of SIX Swiss Exchange (hereinafter « Corporate Governance Directive »).



Board of Directors' responsibilities

The Board of Directors is responsible for the preparation the information published on Corporate Governance in accordance with the Corporate Governance Directive. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation the information published on Corporate Governance that is free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for the selection and application of the criteria and the keeping of appropriate records.

Independence and Quality Control

We are independent of Romande Energie Holding SA as defined by the guidelines on independence issued by EXPERTsuisse and have observed the Code of Conduct and Professional Rules issued by EXPERTsuisse. These requirements are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Swiss Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Responsibility of the assurance practitioner

Our responsibility is to perform a limited assurance engagement and to express a conclusion about the information published on Corporate Governance based on the procedures we have performed and the evidence we have obtained.

We conducted our engagement in accordance with Swiss Audit Standard 950 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform our procedures to obtain limited assurance about whether the information published on Corporate Governance has been prepared in accordance with the Corporate Governance Directive in all material respects.

Taking into account risk considerations, we performed procedures to obtain sufficient appropriate evidence. The procedures selected depend on the assurance practitioner's judgement. The procedures performed in a limited assurance engagement are of a lesser extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than would have been obtained had a reasonable assurance engagement been performed.

We have carried out primarily the following work:

- ▶ Analytical procedures
- ▶ Comparison with the Corporate Governance Directive and verification of compliance with the structure given in its appendix
- ▶ Interview of the Compliance and Legal Department
- ▶ Review of the minutes of the meetings of the Board of Directors and the decisions of the General Assembly.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information published on Corporate Governance of Romande Energie Holding SA for the period ending 31 December 2021 has not been prepared, in all material respects, in accordance with the Corporate Governance Directive.

Ernst & Young Ltd



Karine Badertscher
Chamoso (Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Laurent Bludzien
(Qualified
Signature)

Licensed audit expert

REMUNERATION REPORT

3



1 BOARD OF DIRECTORS

1.1 Governance

Pursuant to Article 21(3) point 2 of the Articles of Association,¹ the Board of Directors, acting upon the recommendation of the Appointments and Remuneration Committee, determines the individual remuneration payable to the members of the Board of Directors, bearing in mind the maximum aggregate remuneration approved by shareholders at the Annual General Meeting. Note that this maximum amount refers to the total remuneration for the next financial year, in application of Article 15 of the Articles of Association. **GRI 102-18**

1.2 Remuneration principles

The principles governing the remuneration of the Board of Directors are laid down by Article 22c of the Articles of Association. Members of the Board of Directors receive a fixed annual allowance, which is not determined by the Group's financial results, and fees for attending meetings of the Board of Directors and its committees, as well as outside or special preparatory meetings. Remuneration is not set for any specific period, and no distinction is drawn between directors.

Remuneration is determined in keeping with Swiss private-sector standards. In this respect, the report by Ethos on the 200 companies making up the Swiss Performance Index (SPI) is taken into account. Annual remuneration and attendance fees are as follows:

Annual remuneration and fees, CHF	
Chairman	85000
Vice-Chair	37500
Director	30000
Chair of board committee, in addition to basic remuneration	6000
Attendance fees:	
- Half-day	1200
- Full day	1800
- Extraordinary BoD and/or short committee meeting (≤2 hours)	600
- Other extraordinary meetings	300/h

Board members receive an allowance of CHF 0.70 per kilometre for the journey between their place of work or residence and the meeting venue. They also receive a fixed amount to defray expenses.

Directors' bonuses are not paid, nor are shares or other forms of profit-sharing allotted.

1.3 Total remuneration

In 2021, the remuneration, fixed allowances for expenses and social insurance costs for members of the Board of Directors were as follows:

Total remuneration		2021			2020		
		Remuneration and fixed expense allowances	Social insurance costs	Total 2021	Remuneration and fixed allowances	Social insurance costs	Total 2020
CHF							
Guy Mustaki	Board Chair/SCDC chair ¹	127750	10890	138640	136797	11680	148477
Anne Bobillier	Board Vice-Chair/ARC chair ²	75300	13115	88415	65475	5416	70891
Wolfgang Martz	Board Vice-Chair/ARC chair ²	-	-	-	27750	1421	29171
Stéphane Gard	Director FAC chair ³	65150	10931	76081	45000	3763	48763
Xavier Company ⁴	Director	28800	-	28800	-	-	-
Nicolas Fulpius	Director	26400	2219	28619	-	-	-
Olivier Gfeller ⁴	Director	19200	-	19200	-	-	-
Paola Ghillani	Director	60300	10253	70553	51600	4317	55917
Bernard Grobéty	Director	-	-	-	29900	725	30625
Elina Leimgruber	Director	29400	2492	31892	52800	4425	57225
Jean-Jacques Miauton	Director	35250	1235	36485	63600	3251	66851
Jean-Yves Pidoux ⁴	Director	29400	-	29400	50700	-	50700
Alphonse-Marie Veuthey	Director	88100	15926	104026	93700	7772	101472
François Vuille ⁴	Director	49800	-	49800	51000	-	51000
Total		634850	67061	701911	668322	42770	711092

¹ Strategy and Corporate Development Committee

² Appointments and Remuneration Committee

³ Finance and Audit Committee

⁴ Paid to Vaud Canton or the municipality represented

The above amounts include remuneration paid by Group subsidiary companies, i.e. in which the Group's shareholding exceeds 50%. The remuneration paid by third parties for offices held in associates (Group shareholdings of less than 50%) are not included in the above amounts.

Given that any transactions with directors in relation to products marketed by the Group are conducted at arm's length, they are not included in the above amounts.

At the Annual General Meeting of 19 May 2020, shareholders approved the maximum aggregate remuneration payable to members of the Board of Directors, amounting to CHF 740,000 (CHF 700,000 in pay including fixed expense allowances, and CHF 40,000 in social insurance costs), for the period from 1 January 2021 to 31 December 2021.

¹ Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

2 EXECUTIVE BOARD

2.1 Introduction

The success of Romande Energie Group largely depends on the expertise and the dedication of its employees. We aim to be a model employer, attracting, retaining and motivating the most talented employees at every level. The Group works to ensure that the remuneration policy fairly considers the financial results of the Group and its constituent undertakings and the dedication of its staff to producing successful results.

2.2 Governance

Under Article 15(1) point 2 of the Articles of Association,² the Annual General Meeting must annually approve the amount that the Board of Directors has set for the maximum aggregate remuneration payable to the Executive Board in the coming financial year.

On the recommendations of the Appointments and Remuneration Committee (ARC), the Board of Directors establishes the Group remuneration policy for the Executive Board, in keeping with the principles set out in Article 22d of the Articles of Association. The ARC, which consists exclusively of non-executive directors, monitors application of the remuneration policy set, examines periodic proposals to increase overall remuneration and determines the individual remuneration paid to Executive Board members, bearing in mind the maximum aggregate amount approved by shareholders at the Annual General Meeting. Remuneration practices in other companies serve as a basis for comparison. The last full survey was conducted in 2018, with remuneration benchmarked against a sample group of Western-Swiss companies operating in the energy, banking, insurance and industrial sectors.

2.3 Remuneration principles

Since 2010, overall remuneration has consisted of the following components:

Components of overall remuneration		Influence
	Profit-sharing based on Group financial results	Multi-year EBITDA and corporate objectives
	Variable portion of compensation	Performance relating to personal targets
	Fixed portion of remuneration	

With effect from 1 July 2021, the remuneration policy for members of the Executive Board was adapted in line with the general Group policy for employees. This change was made so that remuneration would be closely aligned with the corporate culture, underpinned by the values of information sharing and collective intelligence. The variable salary linked to individual performance targets has been replaced with additional fixed salary, and a standardised percentage bonus linked to the

² Articles of Association: https://investor.romande-energie.ch/about-us/governance.aspx?sc_lang=en

Group's financial results and objectives has been established. For member of the Group's executive, this change came into force on 1 July 2021. Since that date, the total remuneration of executive officers has been made up of a fixed salary and profit-sharing tied to the Group's financial results.

The target value for profit-sharing is set at CHF 50,000 per executive officer and CHF 100,000 for the chief executive officer. The amount is influenced by the degree of achievement in regard to financial and corporate objectives, using the following formula:

Sum available × FPC × ACO = x

max 120%
min 60%

max 120%
min 60%

max 144%
min 60% (lower limit)

FPC = financial performance criteria: economic component, determined by calculating the difference between budgeted and actual EBITDA.

ACO = achievement of corporate objectives: social and environmental components. The objectives are set each year by the Executive Board and approved by the Appointments and Remuneration Committee.

To give this pay component a long-term perspective, the sum vests as follows:

- two-thirds are linked to results in the reference year;
- one-third is paid on the average results in the reference year and the two previous years (three years in total).

The sum of these values represents the final amount.

The transition period for executives employed between 1 January and 1 July 2021 was organised as follows:

Variable salary

Until 30 June 2021, this pay component was calculated according to the rules in force until that date. The achievement of individual objectives was reviewed as at 30 June 2021. The reference remuneration for the purposes of the calculation was the basic salary due until 30 June 2021 (including pro rata 13th monthly salary).

On 1 July 2021, the calculated sum of the variable salary was added to the basic salary.

Profit-sharing

Until 30 June 2021, this pay component was calculated according to the rules in force until that date. EBITDA achieved as at 30 June 2021 was taken as the reference to establish the distributable amount. The degree of achievement in regard to corporate objectives for 2021 had a bearing on this amount. The reference remuneration for the purposes of the calculation was the basic salary due until 30 June 2021 (including pro rata 13th monthly salary).

On 1 July 2021, as was done when adapting the pay policy for employees as a whole, the difference between the value vested in 2020 (reference year = 2019) and the new target values – CHF 50,000 per executive officer and CHF 100,000 for the chief executive officer – was added to the basic salary.

a. Annual basic salary

The annual basic salary is the cornerstone of overall remuneration and also served as a reference for determining the variable salary (until 30 June 2021). Every year, the Appointments and Remuneration Committee examines the possibility of increasing the total annual payroll on the basis of economic criteria and unchanged staff numbers. Executive Board members receive the same percentage increase as that granted to all the Group's employees. Adjustments are made depending on individuals' job performance and interpersonal skills.

b. Variable salary

Until 30 June 2021, variable salary was determined by the degree of achievement in regard to individual and team-related objectives. The level of performance therefore had a direct impact on variable salary. Individual and team targets were set and assigned coefficients at the start of the year, linked to the implementation of corporate strategy. These targets were assessed at the end of the year, measuring the extent to which they had been achieved. Barring extraordinary circumstances, the weighting of objectives was not reviewed. The target values for variable salary are shown below. The level of performance may affect these values as follows (as % of the annual basic salary):

	Target	Minimum	Maximum
CEO	40%	0%	48%
Other executives	30%	0%	33%

The variable salary was paid in cash in the month of April following the reference year.

The Appointments and Remuneration Committee, together with the Chairman of the Board of Directors, assessed the degree of achievement of objectives. No external consultants were used for this purpose.

Following the changes in remuneration policy in 2021, specifically the transfer of this variable salary component linked to individual and team-related targets, the assessment was conducted on the basis of financial results in the first six months of 2021. The reference remuneration for the purposes of the calculation was the basic salary due until 30 June 2021 (including pro rata 13th monthly salary).

c. Profit-sharing

Up to 30 June 2021, the share in Romande Energie Group profits allocated to all employees was determined every year by the Board of Directors on the basis of EBITDA and the degree of achievement of the collective targets. The method of calculating the total amount proposed applied, provided that ordinary depreciation and amortisation were covered by EBITDA. In principle, there was no payment below this level, but the Board of Directors could decide otherwise. The profit-sharing amount payable to the members of the Executive Board fell within the following ranges (as % of annual basic salary):

	Minimum	Maximum
CEO	0%	55%
Other executives	0%	37%

For profit-sharing to be seen from a long-term perspective, the total amount generated by EBITDA for the reference year is distributed as follows:

- Two-thirds vests automatically
- one-third is paid based on average EBITDA in the reference year and the two previous years (i.e. three years in total).

This accounts for half the budget. The rest depends on the extent to which targets are achieved, based on an equal weighting of the following:

1. Workplace health and safety
2. Customer relations
3. Relative reduction in greenhouse gas emissions across the Group

The amount was paid in cash in the month of April following the reference year. From 1 July 2021, the target value for profit-sharing is set at CHF 50,000 per executive officer and CHF 100,000 for the chief executive officer. The amount is influenced by the degree of achievement in regard to financial and corporate objectives.

To give this pay component a long-term perspective, the sum vests as follows:

- two-thirds vests automatically;
- one-third is paid on the average results in the reference year and the two previous years (three years in total).

The sum of these values represents the final amount. The average achievement these targets for 2021 was 93%.

d. Summary

Up to 30 June 2021, the variable salary (letter b) and profit-sharing based on Group results (letter c) together could not exceed 100% of the basic salary for the CEO and 70% of the basic salary for the other members of the Executive Board.

From 1 July 2021, the basic component is improved by the incorporation of the component relating to the fulfilment of individual objectives. The target values for profit-sharing are defined in advance and directly influenced by the achievement or financial results and corporate objectives.

2.4 Total remuneration

For 2021, total remuneration granted to members of the Executive Board, which comprised seven members, was as follows:

CHF	Remuneration					Entertainment expenses and car allowance, if applicable	Social insurance costs	
	Basic	Variable			Total remuneration		Pension fund	Other social insurance costs
		Linked to individual targets	Profit-sharing	Total variable				

2021

Total remuneration	2045912	270827	442298	713125	2759037	135735	314219	277635
--------------------	---------	--------	--------	--------	---------	--------	--------	--------

Highest remuneration:

Christian Petit, CEO	464997	74105	125554	199659	664656	18000	83530	61258
----------------------	--------	-------	--------	--------	--------	-------	-------	-------

From 1 Jan. 2021 to 30 June 2021 (until change in pay policy):

- Basic salary totalled CHF 837,273. For the CEO, it was CHF 182,975.
- Profit-sharing totalled CHF 260,830. For the CEO, it was CHF 76,729.
- Total variable salary represented 82% of the basic salary for the CEO and 55% for the other members of the Executive Board.

2020

Total remuneration	1573444	518717	525933	1044650	2618094	113100	352085	213401
--------------------	---------	--------	--------	---------	---------	--------	--------	--------

Highest remuneration:

Christian Petit, CEO	365713	152137	164792	316929	682642	18000	90344	54298
----------------------	--------	--------	--------	--------	--------	-------	-------	-------

Total variable salary represented 86% of the basic salary for the CEOs and 60% for the other members of the Executive Board.

Social insurance costs chiefly comprise state pension, disability and death contributions.

At the Annual General Meeting of 19 May 2020, shareholders approved the maximum remuneration payable to members of the Executive Board, amounting to CHF 3,930,000 (CHF 3,090,000 in pay, CHF 670,000 in social insurance costs and CHF 170,000 in allowances), for the period from 1 January 2021 to 31 December 2021.

2.5 Other allowances

Entertainment expenses

Entertainment expenses take the form of a fixed allowance of CHF 1,250 per member per month (CHF 1,500 for the CEO). In return, members pay their recurrent out-of-pocket expenses themselves up to an amount of CHF 50 per day (CHF 75 for the CEO).

Company cars

Members of the Executive Board are provided with a company car if they want one, and reimburse the company for any personal use of the vehicle. Those not availing themselves of a company car instead receive a fixed allowance.

Allowances in connection with activities on boards of directors

All amounts (annual allowances and attendance fees) received by members in connection with directorships served representing Romande Energie are remitted in full to Romande Energie.

2.6 Retirement benefits

Members of the Executive Board are enrolled in the Romande Energie pension fund and receive benefits identical to those of other Romande Energie SA employees. There are no special benefits such as top-hat schemes or facilities to purchase additional insurance years.

3 OTHER BENEFITS FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Share ownership is as follows:

Share ownership		
Shares held by Group companies		
As at 31 December 2021	113685 shares	9.97%
Other shareholders	1026315 shares	90.03%
Of which:		
- Held by members of the Board of Directors	0 shares	0%
- Held by members of the Executive Board	10 shares	< 1 %

As in previous years, no benefits in the form of shares, options, additional fees, loans or other credit, repayment waivers, or other financial advantages or benefits in kind were granted to members of the Board of Directors or the Executive Board or to parties closely related to them in 2021. The municipality of Lausanne, where Xavier Company is a member of the executive, holds 34,454 shares. Christian Petit, CEO, owns ten shares.



Ernst & Young Ltd
Avenue de la Gare 39a
P.O. Box
CH-1002 Lausanne

Phone: +41 58 286 51 11
Fax: +41 58 286 51 01
www.ey.com/ch

To the General Meeting of
Romande Energie Holding SA, Morges

Lausanne, 6 April 2022

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Romande Energie Holding SA for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in section 1.3 (page 42), sections 2.4 to 2.6 and 3 (pages 45 and 46) of the remuneration report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of Romande Energie Holding SA complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd



Karine Badertscher
Chamoso (Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Laurent Bludzien
(Qualified
Signature)

Licensed audit expert

SUSTAINABILITY REPORT



INTRODUCTION

SCOPE, CONTENT AND OBJECTIVES OF THE REPORT

This second Sustainability Report presents the facts and figures needed for the reader to grasp the sustainability challenges that Romande Energie addressed in 2021. It covers all the business activities of the Group and of entities affiliated with Romande Energie Holding SA.

Statements made in this Sustainability Report refer to the Group as a whole. A narrower scope may apply in certain cases, however. Clear indications are provided in the commentary and charts where figures and information relate solely to specific units or countries.

Romande Energie has decided to apply the Global Reporting Initiative (GRI) standards. These are predicated on the three pillars of sustainable development (economic, social and environmental) upon which we have built our sustainability programme. Sustainability is an essential strategic priority for the continued operation and development of our business activities, and we want to forge even closer relationships with our stakeholders so we can guide and support each one through the imperative energy transition by meeting needs even more effectively. This report aims to provide a comprehensive overview of our sustainability programme, our goals and our ambitions as a responsible corporate citizen.

It forms an integral part of the 2021 Annual Report and has been prepared in compliance with the GRI standards: Essential option. It reflects the specific requirements applicable to the “Electric Utilities” sector.¹ References to the GRI indicators can be found in the index on [page 77](#).

GRI 102-1 • 102-3 • 102-45 • 102-46 • 102-50 • 102-51 • 102-52 • 102-54 • 102-55

DATA VERIFICATION

The report has been read and approved by the members of the Board of Directors. In compliance with the GRI standards, the report has been sent to the GRI to inform it of the Group's use of the GRI standards in 2021. The content has been compiled with the greatest care, but has not been externally verified.²

GRI 102-56

MATERIALITY ASSESSMENT

In 2021, the Romande Energie group prepared its first materiality matrix by contacting and involving its key (internal and external) stakeholders. As part of a constructive and transparent two-way exchange, we sent them a questionnaire to assess the degree of influence of the economic, social and environmental impacts attributable to the Group's activities over their decision-making. All members of our Executive Board and of our Board of Directors completed the same questionnaire. The impacts were collated based

on the various sections of the GRI standards (GRI 200, 300 and 400) plus any specific energy sector impacts in reference to the G4 “Electric Utilities” sector standards.

We have regular dealings with a large number of internal and external stakeholders ([see page 53](#)). For the purposes of this initial materiality exercise, however, our Executive Board members decided to focus on six key stakeholders (suppliers, customers, employees, municipalities, academia and sustainability rating agencies/certification bodies) to forge a dialogue and make sure we hear different points of view.

The questionnaire was used to identify material priorities for the Group and/or our stakeholders. The exercise helped establish a dialogue with our stakeholders about their respective sustainability priorities. Some of them were keen to discuss the contents of the questionnaire and the related programme with us.

GRI 102-42 • 102-43 • 102-46 • 103-1

¹ The sector GRIs are based on the GRI's GR4 Reporting Principles. These standards are still applicable.

² Compliance with the GRI Guidelines is completely voluntary, and no external verification or the award of any certification is required.

ADVANCING THE SUSTAINABILITY AGENDA

Sustainable Leaders Charter adopted

In a step forward for our sustainability programme, Romande Energie signed up in October 2021 to the new Sustainable Leaders Charter launched in February 2021 by Swiss Leaders and the CEC European Managers, its European counterpart.

The Romande Energie Group's entire Executive Board and Oliviero Iubatti, Chief Executive Officer of Romande Energie Services SA, signed the charter, throwing their weight behind efforts to embed sustainability in the values and behaviours of our managers and our decision-makers.

With this move, we are taking our sustainability programme to the next level, firmly anchoring it as part of our new strategy.

This charter is intended for all managers and decision-makers to support the transition from a “traditional” approach to a new sustainability-based management approach in their work, in the company and its policies. Its focus is on how managers can actively enable change and lead the way for sustainable development at individual, organisational and societal levels.

The charter aims to achieve four targets in particular: the development of role models (personal sustainable development), economic sustainability, social sustainability and environmental sustainability. To date, close to 100 organisations have adhered to the charter.

GRI 102-12



THREE PILLARS AT THE HEART OF ROMANDE ENERGIE'S BUSINESS AND STRATEGY

In 2019, Romande Energie decided to put sustainability firmly at the heart of its organisation. Its approach is underpinned by the three pillars of sustainable development, each of which is monitored separately.

- **Economic pillar:** an innovative range of value-added services that appeals to our customers
- **Social pillar:** informed leadership guiding the collective intelligence of stakeholders
- **Environmental pillar:** genuine and ambitious plans to advance the energy transition

Under its new strategy for 2021–2026, Romande Energy has also set strategic objectives for each pillar:

In 2021, a new role of Sustainability Officer was also introduced by the Finance & Services support unit.

Our sustainability programme is also predicated on a shared governance model. Our key stakeholders have been identified by the Executive Board, and an employee is appointed and sponsored by an Executive Board member to monitor their individual situation on a regular basis. The stakeholders involved are our customers, suppliers, employees, investors and the planet.

The managers monitoring stakeholders hold regular discussions for coordination purposes and report back on their progress to Executive Board members on a quarterly basis.



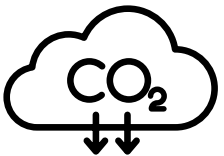
ECONOMIC

Generate diversified, lasting value



SOCIAL

Spark enthusiasm among our stakeholders



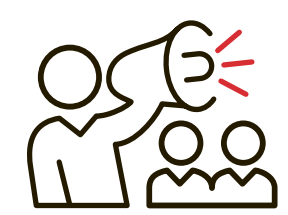
ENVIRONMENTAL

Reduce greenhouse gas emissions

STAKEHOLDERS

Stakeholders are involved in the internal processes and procedures to help us spot the latest trends, engage with them and find improvements in each and every area. We have entered our stakeholders in the ARIS (Architecture of Integrated Information Systems) framework. That helps us design and analyse our activities and our processes to achieve higher standards of reliability and more transparent communication. We have also mapped out stakeholders' interests formally in ARIS so that we better meet their needs and expectations.

The Romande Energie Group recognises the importance of dialogue with stakeholders. Indeed, we consider it to be a cornerstone of our sustainability policy. Through constructive internal and external conversations, we nurture this closely monitored, trust-based relationship to achieve a crucial advantage in assessing expectations and identifying strategic priorities for the future or for innovation, for example. We have made four commitments to our internal and external stakeholders.



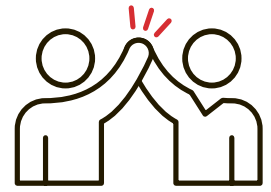
INFORM
reports, brochures,
website, press releases,
events



LISTEN
evaluations, media,
online surveys, correspondence,
customer area, investor relations area,
suppliers' area, hotline



INVOLVE
meetings, workshops,
forums, intranet,
social media



COLLABORATE
partnerships,
idea-sharing platform

THE ROMANDE ENERGIE GROUP RECOGNISES THE IMPORTANCE OF DIALOGUE WITH STAKEHOLDERS. INDEED, WE CONSIDER IT TO BE A CORNERSTONE OF OUR SUSTAINABILITY POLICY

Internal and external stakeholder mapping



Our divisions are in regular contact with cantonal and federal authorities, namely the Vaud cantonal energy directorate (DIREN), the Swiss Federal Office of Energy (SFOE) and the Federal Office for the Environment (FOEN).

GRI 102-40

TRADE BODY MEMBERSHIP

Romande Energie supports the Swiss non-profit sector with its annual membership payments to around 50 trade bodies and participation at events concerning regulatory changes and the energy sector at large.

Even though we cherish each organisation we support, we are in especially regular contact with:

- SWV – Swiss association for water management
- AES – Swiss association of electricity companies
- CIFER – Western Switzerland's grid electrician training centre
- CREM – Energy and municipal research centre
- The Valais chamber of commerce and industry

- The Geneva chamber of commerce, industry and services
- The Vaud chamber of commerce and industry
- Electrosuisse
- Innovaud
- Swiss Smart Grid Association
- West Switzerland Wind Power Federation
- Suisseole
- Swisscleantech
- Swissolar
- World Energy Council

GRI 102-13

CUSTOMER SATISFACTION

Customer satisfaction is tremendously important to Romande Energie. We regularly measure the satisfaction levels of household customers and of our other main stakeholders. Our goal is to ensure our customer journeys achieve consistent standards. That will only be possible if we pool all our knowledge and expertise to create customer-focused products and services. Our 2021 Net Promoter Score (NPS) was a high 22, identical to our 2020 score.

We analyse the results of the satisfaction questionnaires and look to learn the lessons from them. The relevant points are then presented, together with recommendations, to the Executive Board, segment managers and the relevant product owners, as well as to enersuisse, our partner handling our customer relationship management. Each participant in the process is then responsible for drawing up a priority-based action plan for delivering improvements, which is then implemented and monitored. The Marketing & Communication team and the experience designers are on hand to assist the business units, providing constructive challenge and supporting these measures, where necessary.

The NPS takes the pulse of the market and helps us fine-tune programmes to achieve our strategic goal of continuously improving our customer satisfaction by providing solutions that genuinely deliver added value for users. We consider various customer pathways as part of this analysis, leveraging feedback from users continuously to achieve constant improvements in customer experience. At the same time, we actively work on developing measures to satisfy customers in real time after we have completed installations or grid connections.

Under the complaint-handling system, most issues are recorded and dealt with by enersuisse. All questions and complaints are processed, but we do not yet actively track processing times and post-resolution customer satisfaction. Romande Energie Services has its own complaint-handling system, which was approved as part of its ISO 9001 certification and includes these measures and a continuous improvement process. Each senior executive is directly involved in handling certain types of complaint.

GRI 103-2 c.iv.

OUR 2021 NET PROMOTER SCORE (NPS) WAS A HIGH 22, IDENTICAL TO OUR 2020 SCORE

COMMUNITY OF BTOC CUSTOMERS ESTABLISHED IN 2021

To facilitate the overhaul of the Romande Energie Customer Area, we created a community of testers for the eight-month period from April to November 2021, supported by its own dedicated platform. The community was made up of various stakeholders, i.e. both internal (employees) and external (specific customers) testers. The tester community's role was to work in agile mode and in a co-creation capacity with these stakeholders throughout the development of the new Customer Area. The idea was to test out the new features being developed for the Customer Area, using the community's feedback to enhance and fine-tune the initial development work.

As well as providing feedback on the Customer Area, our testers also helped us by completing questionnaires on other issues, such as charging points for electric cars and the materiality matrix.

GRI 102-43 and 102-44

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

Romande Energie's business model is underpinned by the three pillars of sustainable development, and it has demonstrated its commitment to playing a leading role in Western Switzerland's energy transition. To embed this approach and align ourselves consistently with the United Nations' 2030 Agenda, we embarked in 2020 on the process of complying with the 17 Sustainable Development Goals (SDGs).* To date, eight of these are now firmly anchored in our business strategy. We are confident in our ability to make progress through innovation and constructive dialogue and are ready for the challenge. We are truly grateful to our employees, customers, suppliers and investors for supporting this endeavour.



* <https://www.un.org/sustainabledevelopment/>

ALIGNMENT WITH VAUD CANTON'S PLANS UNDER SWITZERLAND'S AGENDA 2030 FOR SUSTAINABLE DEVELOPMENT

With climate and environmental concerns gaining real traction, Vaud Canton has undertaken to pursue a cross-sector approach and take steps to make its various public policies sustainable. The goal is to make sure the cantonal government leads the way in sustainability with an unerring focus on public goods.

Vaud Canton is one of Romande Energie's key stakeholders (main shareholder and home to the Group's registered office), and

we have a duty to lead by example. Accordingly, we support Vaud Canton's Agenda 2030 plan published in June 2021, and in particular its energy strategy. By stepping up our existing measures and introducing new measures, we aim to reduce our carbon emissions and shore up security of supply by fostering the development of renewable energies and promoting energy efficiency.

CONTACT

For any questions about the Romande Energie Group's Sustainability Report:

Contact for sustainability issues

Audrey Cauchet, Sustainability Officer
Romande Energie SA - rue de Lausanne 53 - 1110 Morges
Direct line: +41 21 802 97 36
audrey.cauchet@romande-energie.ch

Media and publishing contact:

Michèle Cassani, Spokesperson
Romande Energie SA - rue de Lausanne 53 - 1110 Morges
Direct line: +41 21 802 95 67
michele.cassani@romande-energie.ch

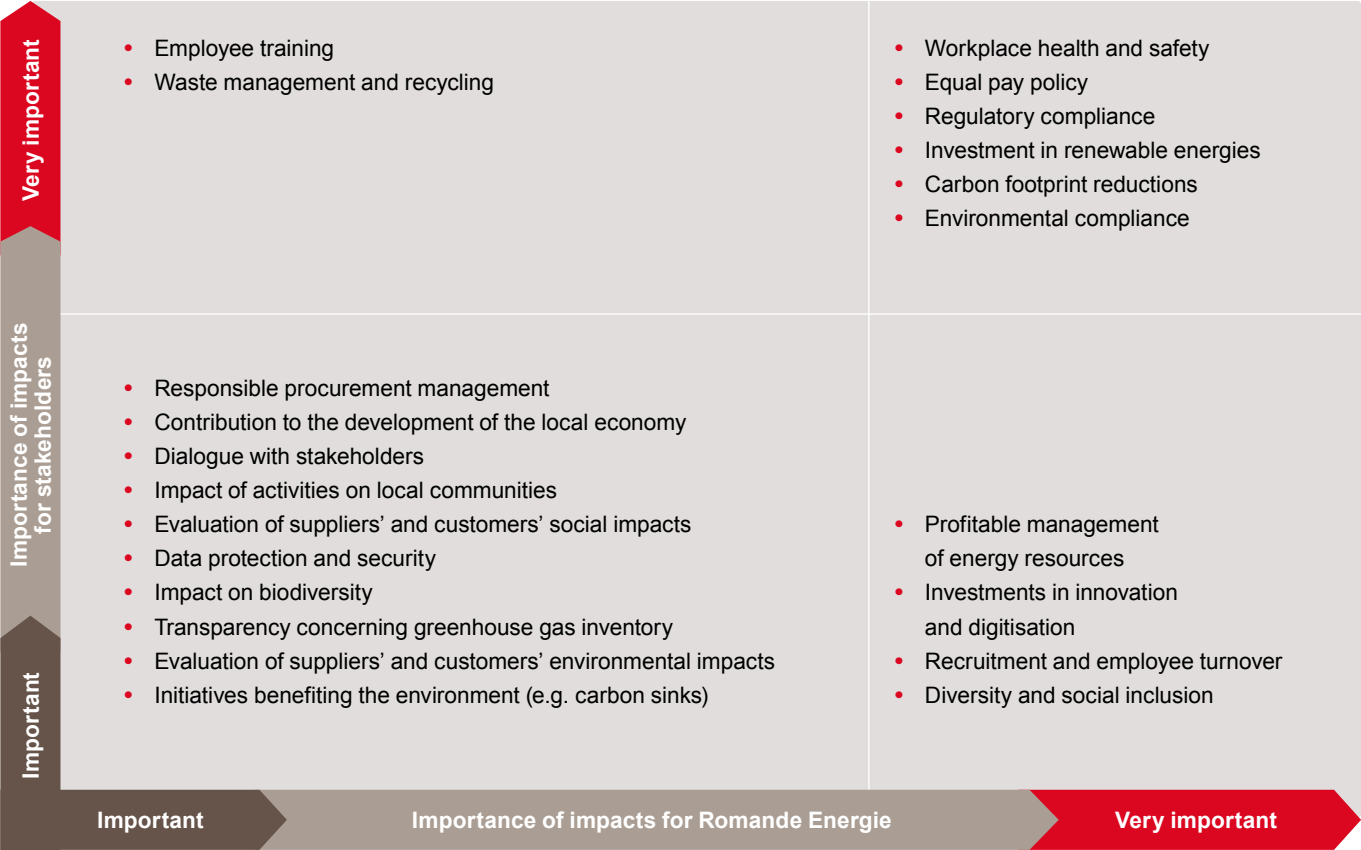
GRI 102-53



MATERIALITY

We use the materiality matrix to gain insights into the core expectations of our stakeholders concerning the impact generated by our business activities and to identify the priorities our strategy needs to address.

ROMANDE ENERGIE'S NEW CONSOLIDATED MATERIALITY MATRIX FOR 2021



Based on the materiality matrix produced in 2021, the most pressing issues we face are as follows (i.e. those classed as “very important” for Romande Energie and/or its stakeholders):

- Employee training
- Workplace health and safety
- Equal pay policy
- Recruitment and employee turnover
- Diversity and social inclusion
- Compliance with labour law regulations
- Investment in renewable energies
- Carbon footprint reductions
- Environmental compliance
- Profitable management of energy resources
- Waste management and recycling
- Investments in innovation and digitisation

The relevant priorities will again be reviewed transparently in 2022 in conjunction with our stakeholders.

GRI 102-46 and 102-47

Given the importance we place on responsible sourcing, we also wanted to comply with the requirements of GRI 204-1, which means going beyond what is required for conformity with the GRI standards.

The relevant priorities listed above in the materiality matrix are also embedded in our approach via the UN SDGs and Vaud Canton's Agenda 2030 plans.

SDG no.	SDG	Vaud Canton's Agenda 2030 plans	Relevant SDG (definition)	GRI relevant to Romande Energie
4	Quality education	Professional and social integration	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	Employee training
5	Gender equality	Equality between the genders in law and in practice	5.1 End all forms of discrimination against women and girls everywhere. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Diversity and social inclusion Employee training Equal pay policy Recruitment and employee turnover
7	Affordable and clean energy	Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	Investments in renewable energies Investments in innovation and digitisation
8	Decent work and economic growth	Inclusive economy - -	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.	Diversity and social inclusion Employee training Recruitment and employee turnover Workplace health and safety
9	Industry, innovation and infrastructure	Corporate world	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Investment in renewable energies Investments in innovation and digitisation
12	Responsible consumption and production	Waste Corporate world Responsible purchasing	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.6 Encourage companies [...] to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	Waste management and recycling Responsible procurement management Responsible procurement management
13	Climate action	Fossil fuels Climate change	13.2 Integrate climate change measures into national policies, strategies and planning. 13.3 Improve education, awareness-raising and human capacity [...] on climate change mitigation, adaptation, impact reduction and early warning.	Carbon footprint reductions
16	Peace, justice and strong institutions	Prevention of violence Participation	16.5 Substantially reduce corruption and bribery in all their forms. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.	Compliance with economic, social and environmental regulations

CORE PURPOSE MAPPED OUT TOGETHER WITH ROMANDE ENERGIE’S EMPLOYEES

As part of the Group’s cultural realignment, we began in 2021 the process of bringing our core purpose up to date and assembled a diverse team of employees to define collectively what we stand for.

In addition to our economic role and our corporate purpose, which is to acquire, sell and manage a portfolio of investments in the energy and related sectors, we aim to make a noticeable difference to society and the environment. We firmly believe that having an uplifting core purpose energises and galvanises us. It facilitates dialogue within our organisation and with our external stakeholders, as well as making sense of what we do in our work. It also provides an effective rallying call for change in pursuit of a common cause. Lastly, it helps us to set ourselves apart from other market participants.

We have launched a participatory co-creation programme involving 21 company representatives known as Pathfinders, who will refine the work on our core purpose and our values and then act as ambassadors for change inside Romande Energie. They will be given training and provided with tools to make sure they have an impact at all corporate levels, from services and business lines to management.

The project began in 2021 with a small team, but all employees and our stakeholders will ultimately be able to have their say during 2022.

ENVIRONMENTAL COMPLIANCE



The goal of Romande Group’s environmental pillar is to find ways for us to tread more lightly on our natural environment by taking action at three levels—via our employees, Group initiatives, and the products/services we provide to our customers.

As a responsible Swiss energy producer, we strive to align all our activities and the actions we take with federal, cantonal and community initiatives. We carefully monitor measures under discussion, such as the amended Energy Supply Act (ESA), containing provisions on security of supply based on renewable energies, the consultation on the revised CO₂ Act and the 2030 Sustainable Development Strategy, chiefly aimed at finding ways to deliver on the UN’s 17 SDGs.

Our Legal and Compliance unit carefully monitors all legal developments (new laws and legislative changes, especially in the energy sector), and our divisions also keep a close watch on regulatory changes specific to their activities.

We regularly hold briefings for various environmental organisations, stakeholders, Vaud Canton and the SFOE on issues related to biodiversity, natural habitats and the countryside. [GRI 307-1](#)

As regards our systems for managing environmental complaints, we have received occasional complaints about noise, especially from residents during the development of our facilities. In most

cases, these occur during the construction phase or concern noise from flows exiting tailrace tunnels. These complaints are all addressed and in certain cases prompt adjustments to the works planned and/or to existing installations. [GRI 103-2 c.vi.](#)

Lastly, Romande Energie carefully considers the impacts it has on biodiversity. In 2019, the Vaud Canton land and environmental authorities brought in a wastewater treatment obligation concerning five hydropower facilities belonging to Romande Energie on the river Orbe, in accordance with the federal legislation in force. Romande Energie is responsible for keeping the water clean, managing fish migration and clearing debris at the relevant installations. The methodology developed by the Swiss Federal Office for the Environment (SFOE) is applied for these purposes. Studies are currently under way.

In addition to the infrastructure Romande Energie owns, cleaning the hydro turbines on the river Orbe also involves facilities belonging to Usines Métallurgiques de Vallorbe SA (UMV) and VO Energies SA. As a result, steps have been taken to coordinate the studies and hold joint meetings of all the hydropower facility operators on the Orbe. The cantonal and federal authorities and the various environmental organisations and NGOs involved attend the information sessions.

FOCUS
RESPONSIBLE PROCUREMENT
MANAGEMENT

Romande Energie’s Purchasing department carefully assesses goods and services to ensure they meet demanding economic, environmental and social standards throughout their life cycle. To enhance the supply chain’s efficiency and make it as responsible and sustainable as possible, we rely on a transparent and constructive dialogue with our stakeholders and partner suppliers. In 2021, we implemented several strategic initiatives to achieve these goals, including an extensive review of the Supplier Charter, the introduction of new processes to evaluate the impact generated and active participation in various institutions and trade bodies to make our efforts more effective by embracing best practice.

Overhaul of the Supplier Charter

Romande Energie’s Supplier Charter underwent a thorough review in 2021. The Supplier Charter is designed to solicit a commitment from our suppliers that they will meet exacting social and environmental responsibility standards over the long term. It sets a high standard of quality for their activities and services. We treat our suppliers as long-term partners and give priority to businesses that make commitments and fulfil their social and environmental responsibilities. The Purchasing department is constantly raising the bar in terms of the environmental and social standards it applies.

The Group’s new Supplier Charter was drafted together with some of our suppliers operating in various core businesses.

The Purchasing department held a workshop on 23 September 2021 for around 20 of our suppliers, which was aimed at establishing a constructive and transparent dialogue with our suppliers. Several key ideas were identified and added to the Supplier Charter based on the analysis of the economic, social and environmental pillars.

The charter is now available on our [website](#) (in French only) and covers the following fundamentals:

- The golden rules of the ethics of purchasing
- The principles of fairness, transparency and mutual respect
- The rules of competition
- Conflicts of interest and insider trading
- Compliance with anti-corruption law

Romande Energie works directly with its suppliers and seeks to make its supply chain more secure by entering into framework agreements. To maintain a high-quality supplier base, we choose the partners we work with carefully, asking for references and conducting evaluations and audits. Supplier or service-provider evaluations and audits are a cornerstone of the quality assurance process covering the products and services we buy in. Not only are they a useful source of information that goes beyond the normal scope of administrative and business discussions; they also help to forge closer ties and build partnerships. To safeguard compliance with the new Supplier Charter, the Purchasing department plans to add further questions during 2022 in connection with its environmental and social evaluation. These will cover points such as the absence of all discrimination or use of child labour by suppliers working in emerging markets.

Our responsible purchasing policy is geared to reducing our social and environmental impact

Romande Energie’s Purchasing department builds in supplier selection criteria in pursuit of sustainable development. Wherever possible, we work with competitive, socially responsible suppliers and service providers who are competitive, socially responsible and committed to protecting the environment.

We regularly assess our suppliers based on an audit and evaluation schedule listing all the tasks performed and the valuation outcomes. We carry out various types of audit and evaluation, including ahead of the start of a partnership, for a major supplier, for the sole supplier of a product, or for resolving a failure.

Two main steps were taken in 2021:

- Firstly, the Purchasing department reviewed the evaluation criteria listed in public tender documents and added new questions concerning social and environmental criteria, and their weighting in the final score was scaled up (qualitative criteria based on cantonal reference frameworks).
- Secondly, the Purchasing department has begun sending out a self-reporting questionnaire to its suppliers so they could evaluate their own economic, social and environmental impacts. Following this programme, our Purchasing department will rate the suppliers based on sustainability criteria.

Enhancing the supply chain's efficiency and making it more responsible and sustainable are among the Purchasing department's strategic objectives. Greenhouse gas emissions linked to purchases of goods and services account for a large proportion of our total emissions at Group level (see greenhouse gas emission inventory on [page 63](#)). The Purchasing department intends to work more closely with its partner suppliers to identify ways of reducing our environmental footprint.

Waste management, recycling and recovery

Romande Energie is committed to selective sorting of our own administrative and industrial waste and that of our subcontractors:

- Offices: paper is collected separately from other waste (glass, PET, batteries, etc.) and recycled cardboard cups are used for coffee machines.
- Transformer oil: we are required to abide by our ESTI permit, which checks compliance with the standards in force.
- Disposal of worksite waste: central services are responsible, under a partnership with Spontis SA, for disposing of all waste. Collection and sorting containers for worksite waste have been set up in our production/operations sites, supported by an information campaign for our employees.
- Special waste: this is managed in accordance with the legal requirements (identity of organisation transferring the waste, monitoring slip, transfer solely to officially licensed waste disposal companies, etc.).

Since Romande Energie's waste is largely subcontracted, we do not currently have any accurate figures for the quantity of waste provided or the percentage of waste recycled or recovered. To address this, we set up a circular economy programme in late 2021 by contacting some of our subcontractors in order to gain a clearer picture of how our waste is processed and recovered. This task will continue throughout 2022.

GRI 301 and 306

Partner-supplier satisfaction levels

Romande Energie regularly studies satisfaction levels among its suppliers through anonymous surveys. In 2020, Romande Energie showed the way forward in this area by setting up an NPS. Our suppliers awarded us an exceptionally high score of 50, despite the continuing pandemic, reflecting the care and attention we pay to our relationships with them. Our NPS of 46 in 2021 demonstrated that our suppliers remain satisfied.

Responsible procurement management firmly anchored in our ecosystem

To expand our constructive and realistic dialogue, a workgroup including suppliers from different sectors of activity was also set up in 2021, together with dss+, a Geneva-based company (formerly known as Sofies) specialised in sustainable development. Four sessions were organised on responsible purchasing to foster the sharing of best practices based on an open and constructive dialogue.

On 25 November 2021, an event on responsible sourcing was held by the Purchasing department at our offices, under the aegis of procure.ch (leading Swiss trade association for purchasing and supply management, of which Romande Energie is a member). It attracted 25 buyers from right across Western Switzerland. Greenhouse gas emission reporting, the circular economy and, more broadly, carbon footprint management were among the main topics discussed.

Responsible procurement management also has a social dimension. Consequently, we work with local suppliers whenever we can. In 2021, 45% of our purchases (in CHF, before VAT) were sourced from suppliers in Western Switzerland, and 27% from suppliers in Vaud canton. This percentage is a conservative estimate because certain suppliers have their registered office elsewhere in Switzerland, but we may actually do business with one of their subsidiaries in Western Switzerland.

GRI 102-9 • 102-44 • 103-1 • 103-2 • 103-3 • 204-1

ROMANDE ENERGIE'S CLIMATE STRATEGY

MANAGING CLIMATE CHANGE RISK

Climate change creates both risks and opportunities for the Group, with many of the strategy's focuses on products or services to achieve reductions in greenhouse gas (GHG) emissions. Concerning risks, the Group's generation and distribution assets are subject to extreme weather events, the probability of which is increasing over time. This can lead to downtime or faster wear and tear. Climate change has manifold impacts on hydrology (changes in precipitation patterns, increased evapotranspiration (ET) in winter and spring, a

lower ratio of solid/liquid precipitation, earlier melting of snow cover, retreating glaciers, conflicts over water use, and so on). In the long term, an approximate 10% drop in production is expected as well as an operating expenses increase of the same magnitude. For wind farms, the reduction in deliverability caused by the reduction in air density – as a result of increased temperatures – is taken into account in the Group's assessments.

GRI 102-11 and 201-2

OUR INITIATIVES TO CUT OUR CARBON FOOTPRINT

As part of its 2021-2026 strategy, Romande Energie has adopted a clear and ambitious strategic positioning – to play a leading role in the decarbonisation of Western Switzerland by 2040. By doing so, we are helping to achieve the central government's net zero goal under its Energy Strategy 2050 plan.

This trajectory relies on three key pillars:

- **Reducing our emissions**, as confirmed by an annual carbon footprint in line with the international GHG Protocol. This is our top priority as we intend to cut our emissions to the lowest possible level.
- **Reducing our customers' emissions**, a priority that we started to consider internally during 2021 in a bid to spot potential carbon savings on our products and services.
- **Increasing carbon sinks** outside our value chain by funding reforestation projects.

	Reducing our emissions	Reducing our customers' emissions	Increasing carbon sinks
Impact	In our value chain	In our value chain	Outside our value chain
Monitoring indicator	Carbon intensity	Internal indicator	tCO ₂ e* emissions sequestered
Target	5% p.a. in our carbon intensity (in grams of CO ₂ per franc of revenue)	Not disclosed	Between 1,900 and 2,100 tCO ₂ e* p.a.
Sample actions	<ul style="list-style-type: none">• Partial review of the methodology used to calculate greenhouse gas emissions associated with purchases• Waste generated by operations	<ul style="list-style-type: none">• Commune Rénove• Ma Commune et moi	Two reforestation agreements reached in June 2021 with On a Mission and arboRise

* tCO₂e: tonnes of carbon equivalent

CARBON FOOTPRINT REDUCTIONS

The greenhouse gas emissions linked to Romande Energie's activities are calculated in line with the international standards in force based on the Greenhouse Gas Protocol, the most widely used reference framework.

This is our third consecutive annual inventory of greenhouse gas emissions, as we published our first in 2019. Mirroring the growing importance placed on decarbonisation within society, our internal corporate culture has taken major strides forward. Carbon issues are now integral to our decision-making. The case for each new project needs to be made based on its contribution to the three pillars of sustainable development, with the environmental pillar mostly involving its carbon footprint.

REVISION OF THE 2020 GREENHOUSE GAS EMISSIONS INVENTORY

In 2021, we undertook a finer-grained analysis of our greenhouse gas emissions in conjunction with our various specialised divisions. As a result, we have been able to gain a better grasp of certain types of emissions than we had in the past.

To facilitate comparisons and adjust the carbon intensity of our revenue, we decided to make retroactive adjustments to 2020, the reference year for our strategic target.

	Revised 2020 GHG inventory	Published 2020 GHG inventory	Change (in tCO ₂ e)	Change (%)
Scope 1 (direct GHG emissions)	5614	5914	-300	-5%
Building heating and worksite equipment (fossil fuels)	234	234	0	0%
District heating (fossil fuel, wood pellets)	3593	3593	0	0%
Travel with RE vehicles	1553	1553	0	0%
Fugitive emissions (air con./cooling/circuit breakers)	234	534	-300	-56%
Scope 2 (GHG emissions from distribution grid losses)	802	805	-3	0%
Transmission and distribution losses	802	805	-3	0%
Scope 3 (emissions upstream and downstream of Romande Energie)	79183	73218	5965	8%
Indirect Scope 1 emissions	1042	1042	0	0%
Electricity sold to customers and internal use	20671	19521	1150	6%
Employee business travel	157	157	0	0%
Employee commuting	1411	1411	0	0%
Purchases of goods and services	54713	50000	4713	9%
Upstream transport of products and materials purchased	766	700	66	9%
Waste generated by operations	360	324	36	11%
Downstream transport of products and waste	63	63	0	0%
Total	85598	79937	5661	7%

We have also worked hard to make our reporting more comprehensive over the years:

- **2019:** Scopes 1 and 2 were reported at consolidated level
- **2020:** Scopes 1, 2 and 3 were reported at consolidated level, and we published our “carbon intensity” strategic target
- **2021:** Scopes 1, 2 and 3 were reported at consolidated level and per business unit, and we published our “carbon intensity” strategic target

The main difference between the published 2020 GHG inventory (as published in our 2020 Annual Report) and the revised 2020 GHG inventory reflects the electricity distributed, with GHG emissions included in scopes 2 (transmission and distribution losses) and 3 (electricity sold to customers and used internally). This is mainly due to the updating of the emissions calculation in connection with current covered by incentive measures, for which the breakdown by source of energy could be specified a posteriori.

We have made some further minor adjustments related chiefly to the following types of emission:

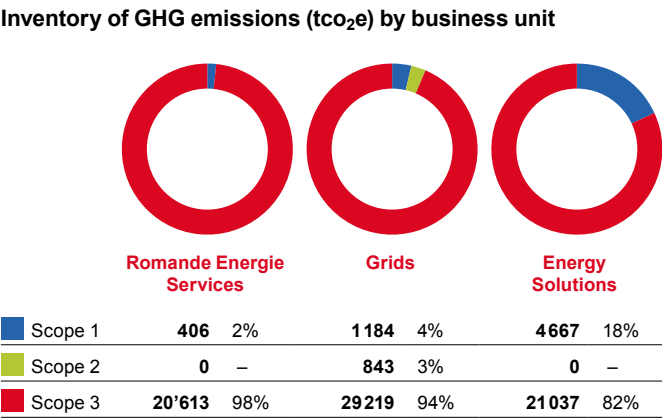
- **Scope 1 – Fugitive emissions:** reduction in SF6 leakage following an update to the reporting methodology.
- **Scope 3 – Purchases of goods and services:** a partial improvement was made in 2021. The refinement process is continuing in 2022, and so the related emissions are subject to change in the future.
- **Scope 3 – Waste generated by operations:** additional data sources were added in 2021. The assessment approach will be updated in 2022, and so future changes are possible.

2021 GHG INVENTORY: CHANGES, OBSERVATIONS AND EXPECTED IMPROVEMENTS

The 2021 GHG inventory totalled 88,805 tCO₂e, up 3,207 tCO₂e from the revised 2020 GHG inventory.

	2021 GHG inventory	Revised 2020 GHG inventory	Change (in tCO ₂ e)	Change (%)
Scope 1 (direct GHG emissions)	6404	5614	790	14%
Building heating and worksite equipment (fossil fuels)	146	234	-88	-38%
District heating (fossil fuel, wood pellets)	4576	3593	983	27%
Travel with RE vehicles	1582	1553	29	2%
Fugitive emissions (air con./cooling/circuit breakers)	100	234	-134	-57%
Scope 2 (GHG emissions from distribution grid losses)	843	802	41	5%
Transmission and distribution losses	843	802	41	5%
Scope 3 (emissions upstream and downstream of Romande Energie)	81558	79183	2375	3%
Indirect Scope 1 emissions	1198	1042	156	15%
Electricity sold to customers and internal use	21740	20671	1069	5%
Employee business travel	178	157	21	13%
Employee commuting	1754	1411	343	24%
Purchases of goods and services	55469	54713	756	1%
Upstream transport of products and materials purchased	777	766	11	1%
Waste generated by operations	380	360	21	6%
Downstream transport of products and waste	63	63	0	0%
Total	88805	85598	3207	4%

This year, we also calculated the GHG inventory by business unit, and 2021 emissions break down by business unit and by scope as follows:



The main changes between 2020 and 2021 were observed in the following emissions:

- **Scope 1**
 - **Building heating (down 88 tCO₂e):** fuel oil consumption lowered at our Morges offices by installing a heat pump.
 - **District heating (up 983 tCO₂e):** heat production increased as a result of the larger number of heating networks in service. This figure is expected to keep rising as the business expands. The carbon savings achieved by installing these district heating networks are recorded by our district heating customers, rather than by us. As such, the carbon savings achieved are far higher than the CO₂ emissions.
- **Fugitive emissions (down 134 tCO₂e):** no leaks were recorded in 2021.
- **Scope 2 (up 41 tCO₂e) and Scope 3 / Electricity sold to customers and used internally (up 1,069 tCO₂e):** increase in solar origin certificates, for which the emission factor is higher than for other renewables (hydro and wind) and nuclear.

Internal initiatives to cut our emissions

As announced in our 2020 Annual Report, Romande Energie has undertaken to cut the carbon intensity by 5% p.a. per franc of revenue generated.

Following the revision of the 2020 GHG inventory (see above), we needed to review the carbon intensity of our 2020 revenue and recalculate the carbon intensity anticipated between 2021 and 2026, without changing our original target, i.e. reducing this intensity by an average of 5% p.a. Our carbon intensity at the end of 2020 is now 155 gCO₂e per franc of revenue. Our target is set to achieve 114 gCO₂e per franc of revenue by the end of 2026.

As a result, we can confirm that we met this target again in 2021, achieving 145 gCO₂e per franc of revenue.

That said, we recognise we need to make further efforts to shrink our carbon footprint, and so we have already lined up improvements in 2022 to achieve this goal:

- A more accurate estimate of emissions caused by purchases – one of the largest, but also one of the hardest-to-evaluate components of the GHG inventory
- Inclusion of emissions related to the use and end-of-life of products disposed of/sold by Romande Energie

Preparing the GHG inventory, the measures taken to refine our assessment and the improvements made to cut our carbon footprint is a major undertaking for our group. This represents an opportunity for our divisions to strategise jointly and to work hand in hand with our stakeholders (e.g. suppliers), making them aware of the mutual challenges and also guiding and supporting them through the change management process we have also embarked on internally.

GRI 201-2 • 302-1 • 302-2 • 302-3 • 302-4 • 302-5 • 305-1 • 305-2 • 305-3 • 305-4 • 305-5

SOLUTIONS ADVANCING OUR CUSTOMERS' ENERGY TRANSITION

We support our customers' energy transition programme by providing them with innovative solutions and suitable services. The imperative acceleration in real estate energy efficiency upgrades sparked several innovations in 2021.

Commune Rénove

At present, building stock's heat and electricity consumption in Switzerland stands at around 100 TWh p.a. and only 1% of it has been upgraded to current standards.

In view of this and the Energy Strategy 2050 targets, the Commune Rénove service introduced in 2021 aims to address the energy consumption and emissions of Western Switzerland's building stock. Commune Rénove, supported by the federal government and Vaud Canton, aims to raise the energy efficiency of buildings by providing owners and property managers with technical and administrative support. The new service fits the needs of major municipalities looking to reduce the energy consumption and carbon footprint of their rental housing.

In close conjunction with the municipal authorities, Commune Rénove supports the execution of energy strategies by implementing practical measures to accelerate the pace of building energy upgrades and to forge closer ties with real estate decision-makers.

Morges and Vevey joined the project in 2021.

Ma Commune et moi

Ma commune et moi is a programme that was launched in September 2021 under which municipalities offer personalised coaching to their inhabitants helping them to reduce household environmental footprints. It provides a new way for municipalities to achieve their climate targets and to track progress. Piloted by the Epalinges municipality, the programme's customised support has been designed by Romande Energie in conjunction with sustainability consulting firm Alterna.

Over the three-month personalised coaching programme, sustainable alternatives are offered in the three areas identified as having the greatest impact on households' carbon footprint (66% of the total): i) housing, ii) mobility, and iii) food. Approaches such as development of short food circuits, community-building and soft mobility can help improve people's quality of life in the municipalities.

Our commitments to creating carbon sinks

Our commitment to reforestation is underpinned by the three pillars of our sustainable development model. Aside from the environmental benefits of restoring natural forests to sequester carbon and offset our emissions, we also support socially responsible initiatives in local communities. Romande Energie has supported two projects, one in Nepal and another in Upper Guinea, since June 2021.

GRI 102-12



arboRise: 50 hectares reforested per year in Upper Guinea with Romande Energie's assistance

Lausanne-based non-profit arboRise aims to reforest damaged regions in Upper Guinea through a local, participation-based approach. Through a resolute commitment to sustainability, it is among the select few biodiversity specialists able to guarantee the resilience of young forests and maximise their carbon absorption. The NGO has selected 40 local tree species, with seeds collected by communities.

Local populations' participation is the second element of arboRise's approach, with up to 70% of local villagers involved in revitalising their forestry heritage. This generates additional income for families collecting the seeds and sowing them on land earmarked through joint decisions, without disrupting their agricultural activities. Every year, Romande Energie reforests the equivalent of 50 hectares with arboRise as part of its contribution to reaching Sustainable Development Goals 1 (no poverty), 5 (gender equality), 13 (climate action) and 15 (life on land).

ON A MISSION.

On a Mission: 41,000 trees planted by Romande Energie in Nepal

On a Mission, a Lausanne-based non-profit, provides a way for businesses to offset their greenhouse gas emissions by investing in sustainable reforestation projects. Projects are selected based on their potential impact on the climate, as well as on local communities and biodiversity. On a Mission achieves complete transparency and traceability for the projects by using satellite images and algorithms to track tree and forest growth, as well as providing a quarterly follow-up report.

The reforested area allocated to Romande Energie is located in Nepal. To date, over 165,000 trees have been planted since the project was launched in 2019, including 41,000 on Romande Energie's behalf since June 2021, or the equivalent of 150 person days' work. On a Mission has formed a partnership with Eden Reforestation Projects to pursue the project in an area where the local population is highly dependent on agricultural yields. The project also helps to support the employment of women in a region plagued by major inequalities.

GRI 103-1 • 103-2 • 103-3 • 201-2 • 302-1 • 302-2 • 302-3 • 302-4 • 302-5 • 305-1 • 305-2 • 305-3 • 305-4 • 305-5

INVESTMENTS IN RENEWABLE ENERGIES AND PROFITABLE MANAGEMENT OF ENERGY RESOURCES

Under its new strategy, the Group plans to invest more than CHF 1 billion francs out to 2026 to underpin its status as a leading force in decarbonising and accelerating the energy transition of Western Switzerland. In line with the federal government's Energy Strategy 2050, Romande Energie has pledged to generate more local renewable energy.

These investments will primarily be channelled into the following areas:

- Increases in its own fully renewable electricity generation (hydro, wind and photovoltaic) and generation of renewable thermal energy (e.g. biomass-based district heating or lake water)
- The sale of new solutions for our customers aimed at boosting energy efficiency and saving resources (insulation, building upgrades), plus decentralised generation of renewable energies (heat pumps, solar generation)
- The development of smart grids and meters supporting the electrification of society and optimising energy flows in our grid and third-party grids (integrated microgrid solution)

This investment plan is aligned with Romande Energie's long-term revenue growth targets. The aim is to build a diversified business portfolio that can withstand market fluctuations by establishing firm foundations for the future and meeting investors' required rate of return over the long term. Funding will come primarily from the cash we generate and, to a lesser extent, from our closest financial partners, where necessary.

GRI 103-1 • 103-2 • 103-3 • 203-1



ISOLAGRIN: SWITZERLAND'S FIRST AGRIVOLTAIC PILOT PROJECT

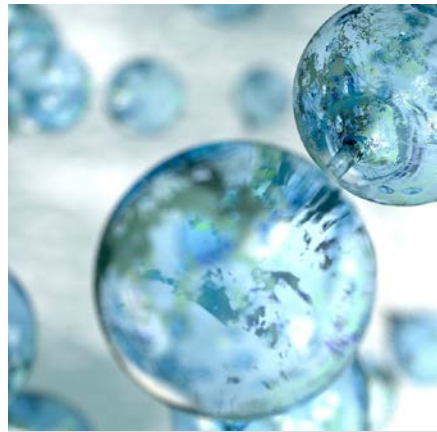
The pilot was set up jointly by Insolight, Romande Energie and Agroscope in July 2021 at the Agroscope site in Conthey (Valais). The 165 m² installation, which is supported by the Swiss Federal Office of Energy (SFOE), stands above sheltered crops of raspberries, with strawberries to be introduced in 2022. Insolight has developed and supplied the solar module technology, as well as the light control system. Agroscope studies the plants' physiology, the yield and the quality of the harvests. Romande Energie built the installation and is supervising the generation operations. Over a four-year period, the agricultural and electrical yield data will be collected and analysed to optimise the installation's performance.



NEW LED TECHNOLOGIES HARNESSSED FOR STREET LIGHTING REFURBISHMENTS AND EFFICIENCY UPGRADES

Romande Energie Services has broken new ground by entering into a new energy performance contract (EPC) with the Municipality of Cugy (Vaud canton). The aim is to address the issues of ageing street lighting equipment, constantly increasing operating costs and disproportionately high electricity consumption. This innovative and responsible approach can deliver a significant reduction in electricity consumption (-72%).

The EPC, which in this instance entails a complete upgrade to optimise the management of street lighting, will use new LED technologies and smart lighting management solutions. Aside from a major saving in electricity consumption, these new technologies enhance night-time visibility and provide greater safety, while helping to conserve biodiversity and reduce light pollution. The remote management system provides flexible lighting management, paving the way for the introduction of awareness-raising campaigns and full-scale testing.

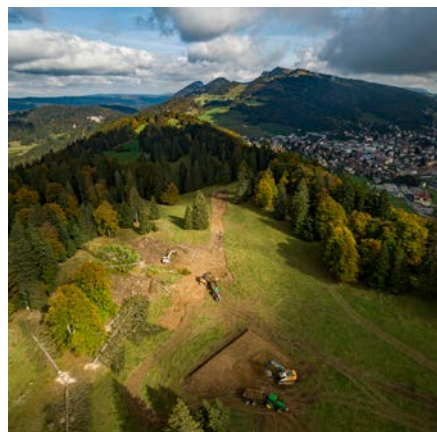


AURORA, A PIONEERING PROJECT TO EXPLORE VARIOUS DIFFERENT TECHNOLOGY OPTIONS FOR ADDING HYDROGEN TO THE REAL-ESTATE ENERGY MIX

Aurora is a large-scale project led by Nomads Foundation together with its partners GreenGT SA, Romande Energie SA and Realstone Group. The goal is to develop solutions using locally produced hydrogen to provide an energy source for the property sector. The Nomads Foundation also aims to plan ahead in the training sector for the new skills that the construction industry will need in the future.

This partnership employing a hydrogen molecule capable of ratcheting up the efficiency of renewable energies will pave the way for the introduction of integrated solutions, such as water electrolysis and fuel cells, to existing systems, such as solar photovoltaic and storage battery technologies. Harnessing this complementary approach will help to meet demand for heating and electricity. The multi-year project initially aims to model, then install the system in a set of buildings, and ultimately market solutions employing green hydrogen. The implementation phase could potentially then be supported by public infrastructure and regional development institutions.

Aurora includes various innovations in hydrogen production, distribution and utilisation. By joining forces, the partners want to explore the efficacy of several technological solutions as a means of addressing the climate emergency and decarbonising the building stock. They possess the complementary engineering, energy and properties skills crucial for the project's success and will work together via a foundation that is planning ahead for the changes in jobs linked to the energy transition. Their goal is to create a pioneering building that can serve as a model for how to incorporate hydrogen in the building stock's energy mix.



SAINTE-CROIX: VAUD CANTON'S FIRST WIND FARM

Wind power is an invaluable part of the energy mix. Wind tends to be stronger in winter, offsetting the lower wintertime output from solar and hydro installations. Having each of these renewable energies working in harmony is a vital plank of the Energy Strategy 2050 and Vaud Canton's Climate Plan.

Sainte-Croix will be the first wind farm in the canton, which has the greatest potential for generating wind power in Switzerland. It will give those living in the Jura region of the canton access to a locally generated renewable source of energy, representing a step forward in the transition to green power. The power generated will be injected into the grid at the existing Sainte-Croix substation.

The Eoliennes de Sainte-Croix project involves the construction of six turbines on two different sites, La Gittaz-Dessus and Mont-des-Cerfs. By producing 22 million kWh annually, they can cover the average annual demand for the municipality of Sainte-Croix, including industry.

This project is a case study in how to protect biodiversity. All the necessary steps have been taken concerning the preparation of the land for crop purposes. The priority is to maintain the ecosystems in the upper soil layers so seeds can be sown again on the land and the land's greenery restored once wind turbines have been assembled.

Unfortunately, we had to cut down a number of trees for the project. However, the trunks will be used to make enclosures for the new plantations. The tree stumps will also be put to good use on the site, either as catalysts for biodiversity in the new enclosures or in the forest, or in ground-up form as nutrient-rich humus.

ELECTRIC VEHICLE AND SOFT MOBILITY SOLUTIONS FOR OUR EMPLOYEES



Our fleet of electric company cars

Romande Energie started switching over to electric vehicles in 2020. Between 2021 and 2024, we plan to phase out conventional combustion-engine vehicles and replace them with electric vehicles. Our fleet of electric vehicles allocated to Group employees increased by 20 vehicles in July 2021, and a further batch is due to arrive in 2022.

The Mobility team selected the vehicles by carrying out a number of tests on the fleet, as well as by seeking employee feedback and analysing the results of specialist reports. The team visited our sites in November to present the two vehicle models available (Nissan Leaf and Env200) and explain how they are suited the demands of our specialised operations.

We have also expanded our charging infrastructure. We added rapid charging points (DC) at Morges, Noville and Rolle, and more will be installed at our other sites in 2022. More slower-charging points (AC) will also be brought on stream during 2022 as and when demand arises.

Powering up soft mobility

Every year, Romande Energie takes part in the Bike to Work challenge, which aims to show as many people as possible the joys of cycling to work. Employees are being offered electric bikes at no cost for the duration of the programme.

Romande Energie also provides an annual payment and Swiss federal railways vouchers (half-price travel card) to encourage employees to use public transport and soft mobility solutions.

Energy-generating bike shed at the Morges facility

The self-powered shelter fitted with photovoltaic panels provides an innovative and secure solution for bike users, perfectly aligned with the three sustainable development pillars and helping to promote intermodal solutions for employees.

From an economic and environmental perspective, the bike shelter harnesses the principles of the circular economy as it has provided a second lease of life to the solar panels originally used at the local Gimel secondary school. This infrastructure promoting decarbonised towns and cities generates electrical energy that can be used to champion cycling.

From a social perspective, the whole design process has been undertaken internally, with the metal structure erected by local skilled workers.



EMPLOYEES AND WORKING ENVIRONMENT

Our installations are not our only source of energy – everyone who works for Romande Energie helps to provide a real spark. Our People & Talent policy seeks to nurture the development and harness the energy of every single one of our employees.

Diversity and social inclusion

As a responsible and forward-looking employer, Romande Energie has aligned its HR policy with its authentic culture of kindness, mutual respect and positive regard for others.

Our policy of inclusiveness is underpinned by these core values and closely connected to diversity and gender balance. As we are an inclusive business, we are able to attract, welcome and unlock the full potential of employees from a wide range of cultural and social backgrounds. Developing inclusive leadership that values individuals' uniqueness makes the business better able to innovate, be creative and understand the world we live in. It also helps to put equal opportunities and a commitment not to discriminate in any way at the heart of our People & Talent strategy.

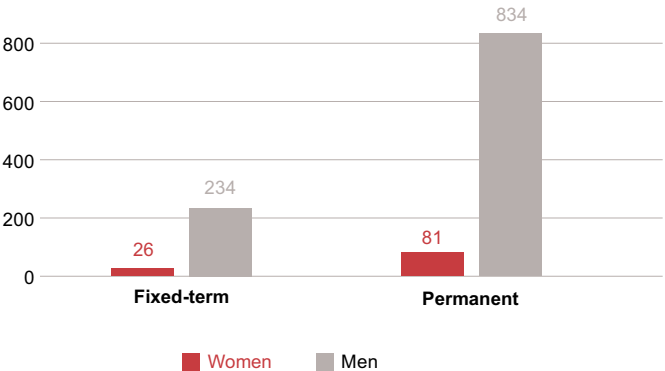
Our ethos is to treat everyone equally, especially when we are recruiting, making adjustments to working conditions, setting pay and incentivising personal development. The Group achieved equal-salary certification between 2014 and 2017. In 2018, our People & Talent department started using Logib, the Swiss federal government's equal pay self-assessment system, and is now L&M-Aba-R® certified.

We fully recognise the value for people and for businesses that can be unlocked through a shift towards greater diversity and inclusion, but we are also aware of the amount of work this change entails.

GRI 103-1 / 103-2 / 103-3 / 405-1

a Total number of employees by employee contract, permanent and temporary

Total: 1,175 employees



GRI 102-7

Recruitment and employee turnover:

human capital at the heart of our business strategy

Recruitment is a major strategic driver for the business because it provides a powerful means of growing and developing sustainably. Human capital is every bit as important as finance and technology, as our people contribute day in, day out to our continued success. Our recruitment process has three core elements:

- Attracting talents forming the best fit with our values thanks to the quality and appeal of our employer brand
- Hiring our future employees through effective recruitment processes based on clear job offers and careful selection of the best applications
- Welcoming and onboarding our new employees through an integration process rapidly giving them a sense of belonging

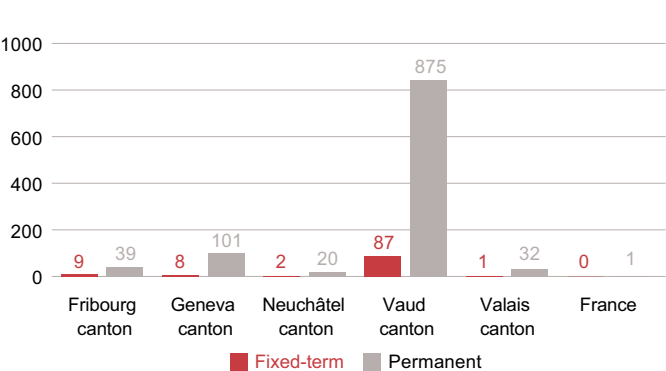
In 2021, the Romande Energie group brought in 200 new employees, including 34 women and 112 men (not counting apprentices and interns). The strong growth in engineering jobs at Romande Energie Services accounts for the fact that 23.4% of its total headcount are women. Our new hires include 24 new apprentices in seven different specialised areas and 13 internships.

To open up opportunities for the largest number of applicants and ensure the best possible work-life balance, our job offers usually provide for part-time working options.

GRI 102-8 • 103-1 • 103-2 • 103-3 • 401-1

b Total number of employees by employee contract, permanent and temporary, by region

Total 1,175 employees



WORKPLACE HEALTH AND SAFETY

Tight grip on safety issues

The Group has introduced an ISO 45001-compliant Occupational Health and Safety Management System (OHSMS) to prevent accidents of all kinds and also occupational illness. A safety specialist and three safety associates oversee all activities related to occupational health and safety under the oversight of the workplace health and safety officer. In accordance with the standard, a successful follow-up audit and over 260 safety audits covering all sectors of activity were conducted at the Romande Energie Group's worksites in 2021, plus around 60 safety reviews in conjunction with each segment's officers. A special application is now used to conduct safety audits, ensuring that all follow-up actions are tracked. In addition, our crisis management unit coordinated a raft of preventative measures during the pandemic.

We actively raise awareness among employees in a bid to reduce non-occupational accidents and prevent addictions. We organised various road (visibility and concentration), cycling and skiing safety campaigns during 2021. We also maintained our policy of reimbursing the cost of flu and tick-borne encephalitis vaccines for our employees.

No assaults, incidents or harassment were recorded in 2021, but the number of workplace accidents sadly increased. The number of occupational accidents rose to 34 in 2021 from 29 in 2020 (including apprentices), or to 31 in 2021 from 22 in 2020 (excluding apprentices). This unacceptably high number reflects the growth in the number of employees and apprenticeships and the addition of new construction-related business lines. None of our employees or our subcontractors suffered serious accidents (disability or after-effects) in 2021.

Lastly, an absence management system helps us to manage personal issues at an early stage.

Championing sport

Our Health & Safety programme encourages sport through preferential-rate gym membership packages and discounted sports equipment. The buildings' facilities, which include showers and changing rooms, together with flexible working hours make it much easier to organise sports activities.

Catering worthy of a responsible and sustainable business

We carried out a satisfaction survey of employees in late 2021 to gather their thoughts on the "Catering of the future". In addition to a satisfaction rate of over 80%, the survey revealed that employees have taken to heart the need to eat higher quality, but smaller amounts of food.

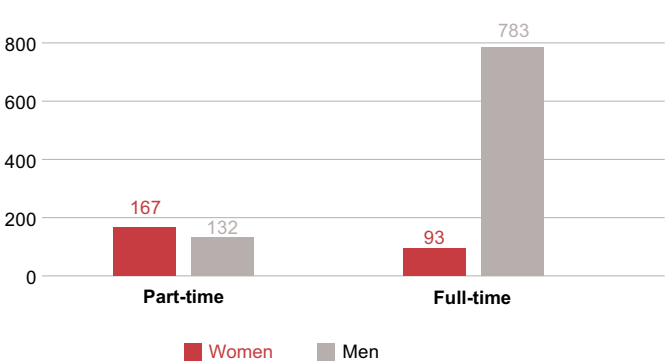
Our employees care about their health (local, high-quality, traceable products) and about their environmental footprint (reduced waste, vegetarian options, less packaging).

Taking their feedback into account, we will action a plan during 2022 to better meet their expectations and provide even more sustainable and flavourful catering.

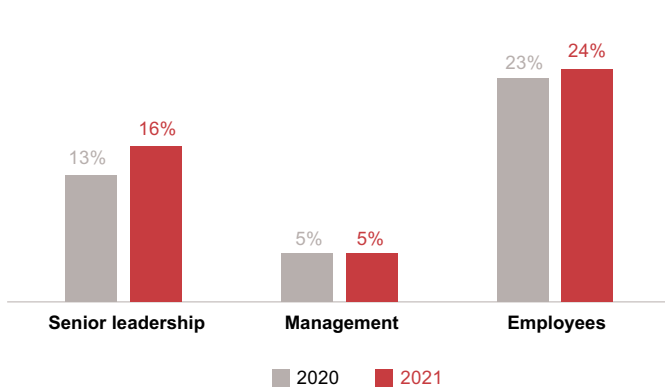
GRI 103-1 • 103-2 • 103-3 • 403-1

c The total number of employees by type of job (full-time or part-time) by gender

Total 1,175 employees



d Percentage of women on Romande Energie Group's payroll - 2020 and 2021



EMPLOYEE TRAINING

Cultural realignment supported through training for employees

Romande Energie is a learning organisation committed to the well-being and personal development of our employees. We are breaking new ground and implementing new training solutions to help embed our corporate culture predicated on mutual respect, kindness and collective intelligence. The People & Talent support unit is helping to drive forward our cultural realignment through an ambitious training policy. It encourages our employees to play an active role in our organisation and to prepare themselves for the challenges ahead.

In 2021, every employee received an average of 10 hours' training (average attendance per course: 205) versus 36 hours for Executive Board members and other managers (average attendance per course: 60). On average, women accounted for 20% of attendees at training courses. These figures do not include the mandatory training sessions for new employees.

Onboarding new arrivals

Irrespective of their employment status (interns, or on a permanent or temporary contract), Romande Energie's new employees are given mandatory training in the first three months after joining.

This course includes a module on the Rules and Code of Business Conduct (code of conduct, anti-corruption efforts and social media) and another on competition law, a module introduced in 2021. Employees who were not recent arrivals also took the course on an ad hoc basis.

Taking action

On 21 January 2020, the Executive Board validated the Agir maintenant (Taking Action) project that aims to embed sustainable habits and behaviour in our employees' everyday working practices. This three-year project implemented together with WeAct began with each of our employees calculating their environmental footprint on a voluntary basis. Every year the project holds three weeks of "challenges", during which participants carry out various health, environment-related and team-building exercises either individually or in teams. Employees are also given the option of participating in workshops, training and webinars on issues related to the environment, green practices and well-being.

Two sets of challenges have been held under the programme to date – in September 2020 and May 2021. The third and final round will take place from 2 to 22 May 2022 and will be followed by a fresh programme of sustainability training covering areas such as environmental anxiety, reforestation and electric vehicles.

The programme dovetails perfectly with the Group-wide focus on the environmental pillar and is helping to create an internal culture that is strong in these areas and backed up by practical, individual and collective initiatives. The Executive Board has called on all our employees to join the effort and fully supports the programme.

A feedback culture

As part of our cultural realignment, during 2021 we laid on training on how to provide feedback for all our employees. The goal is to become an even more effective learning organisation and to speak with a more authentic voice, at every tier of the organisation.

Managers as coaches

We encourage our managers and senior managers to act as coaches wherever they can, providing support and encouragement (down-to-earth attitude, actively listening, etc.) This programme is firmly embedded in our corporate culture and aims to foster collective intelligence and at the same time to develop individuals and talents within teams.

A three-year training course leading to a qualification has been introduced to help managers gain skills useful for both themselves and for our whole organisation.

Preventing risks

People and their safety are our paramount concern in all circumstances. Nothing can justify putting them in harm's way. Accordingly, we place the utmost importance on the health and safety of all our employees and other stakeholders in the workplace.

Looking after yourself and others

For over a year now, the pandemic and the measures we have been obliged to take have created a real predicament for many of our employees, who may be experiencing social isolation, a loss of motivation and/or stress. These unusual circumstances and these sources of vulnerability may be accentuated by the backdrop of a cultural and organisational realignment and heavier workloads.

To support employees, awareness-raising workshops open to everyone have been arranged, backed up by a "prevention to action" programme to help managers.

In 2021, three workshops were held addressing:

- Sedentary lifestyles: stress and safety
- Managing your outlook: how to stay positive and confident
- How to harness positive energy?

This collective approach to prevention was backed up by an employee survey identifying risk factors to facilitate effective and enduring risk prevention. These activities have now been expanded to the cantons of Valais, Fribourg, Geneva and, most recently, Neuchâtel.

IT security awareness training

Like many other businesses, Romande Energie is experiencing a growing number of cyberattacks.

With over 80% of cybersecurity incidents attributable to human error—such as via phishing emails, ransomware and links to fraudulent websites, users are being targeted by various lines of attack.

A successful breach of cybersecurity can produce serious consequences for the business, such as bringing operations to a halt for several weeks. In addition, technology alone cannot provide co-protection against cyberattacks.

To prepare our employees as best we can, IT security awareness e-training sessions are run every three months. It aims to help them spot and guard against these cyberthreats. The courses help to promote a security-oriented attitude and culture that makes protecting Romande Energie's data the top priority. Simulated attacks are also regularly organized to help drill employees.

GRI 103-1 • 103-2 • 103-3 • 404-1

TRIP TO THE MOIRY GLACIER

Climate change and the melting of our glaciers are issues we sadly have to confront on a daily basis. Since Romande Energie is exposed to climate change, we wanted to show our employees its effects at first hand. With a glacier specialist as their guide, the participants were able to see for themselves how far the Moiry Glacier (Valais canton) has receded. Everyone came away with a clear grasp, if they did not have it already, of just how fragile our Alpine environment and its giant ice monsters are. Not only do the glaciers provide drinking water for a large number of people, but they also fill the dams we use to generate clean, local power and thus help to underpin the security of our energy supply.



EQUAL PAY POLICY

Changes to the Gender Equality Act (GEA) require employers in Switzerland with 100 or more employees to carry out an analysis of whether they offer equal pay and have this verified by independent auditors by 30 June 2022. An external consulting firm conducted the assessment during 2021 on behalf of Group companies Romande Energie SA and Romande Energie Services SA. Under the L&M-Aba-R® review procedure, the results showed that the companies analysed comply with the principle of equal wages for work of equal value. The Group's auditors will verify the results by the required deadlines.

GRI 103-1 • 103-2 • 103-3 • 405-2

Involving employee representatives

Employee representatives are regularly briefed on business trends and are involved in and consulted on changes to the HR policy. Management's goal is to leverage collective intelligence and empower every employee by involving them as much as possible in the decisions affecting them. In addition, the Romande Energie employee representatives are the official body that management must inform before implementing measures concerning employees, such as altering the HR policy or conditions of employment.

Negotiations are held every year concerning changes to conditions of employment and pay, and meetings with the Executive Board take place throughout the year.

The employee representatives were elected in April 2021. Five representatives were elected by Romande Energie SA, and another two appointed by tacit agreement at Romande Energie Services, to serve a four-year term from 1 June 2021 to 31 May 2025.

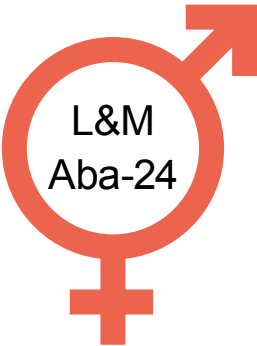
GRI 102-41

Employee satisfaction

Romande Energie regularly carries out employee satisfaction and engagement surveys. The response rate is always close to 80%. The 2021 survey confirmed our employees' satisfaction remained at a high level, with a buy-in index of 7.8 and an employer brand index of 7.9.

We make the detailed results, together with action proposals, available to every business unit to help drive continuous improvement.

GRI 102-44



COMPLIANCE WITH LABOUR LAW

To monitor all the latest developments, a member of the People & Talent department is assigned to keep track of each key aspect of labour law. These monitoring activities involve tracking changes, communicating about them, applying them and checking they are implemented. As part of this process, external training courses are regularly arranged for personnel administrators so they can stay up to date with the latest developments. Several team members are qualified specialists in social insurance, pension funds and human resources, and we also have a qualified social insurance expert on board. The People & Talent department is also supported by the Group's Legal department, chiefly in labour law issues.

Every year, a joint personnel review is carried out in the form of a THASAI (social insurance and related information overview). Our ninth such assessment in 2021 highlighted the need to change our

rules on awarding additional family benefits owing to changes in Vaud Canton's legislation and to clarify the concept of related carers, in addition to the pension and disability system reforms in progress. It also raised the issue of the numerous consultations concerning more flexible working hours in line with labour law.

We track trends in the labour market through Swiss employment indicators and published job-market indices. We made tax-related adjustments to reflect the changes in wage certificates, including the private use of business vehicles. Changes in collective bargaining conditions affecting the Group's operations are also monitored.

No legal proceedings concerning labour law are currently pending, and none took place in 2021.

GRI 103-1 • 103-2 • 103-3 • 419-1

INVESTMENTS IN INNOVATION AND DIGITISATION

Innovation forms a cornerstone of our strategy and helps us address our key aim of playing a leading role in the decarbonisation of Western Switzerland. Several initiatives helped energise our efforts and achieve progress in 2021. We launched two projects aimed at harnessing collective intelligence in 2021 – the La Serre intrapreneurship project and the Academia community of interest, which aims to build a bridge with academic research. We also established partnerships with innovative start-ups such as Urbio (urban analyst) and Swiss4net (fibre-optic specialist).



LA SERRE: INTRAPRENEURSHIP IN PURSUIT OF INNOVATION

In 2021, the Group launched, via the Lab, an intrapreneurship programme to harness the talent and creative flair of its employees. This new exploratory unit called the La Serre (greenhouse) aims to identify potential sources of business and to introduce new types of products and activities benefiting Romande Energie's customers.

La Serre plays host to projects and their leaders and helps them explore ideas by testing their assumptions and collecting evidence from the marketplace to reduce uncertainties. Throughout the various stages in their journey, intrapreneurs are supported through training (innovation course), coaching from the Lab, a budget and free time.

The first La Serre round was launched in March 2021 to accelerate our exploration of the energy efficiency space. Following the call for projects from among all the Group's employees, 11 projects of the 27 original ideas put forward advanced to the investigation phase, then 4 to the validation stage after getting the green light from the internal selection committee.

The programme harnessing our collective intelligence is aligned with our three-pillar sustainability strategy, provides training for our employees and benefits the entire Group through the cross-disciplinary activities it fosters.

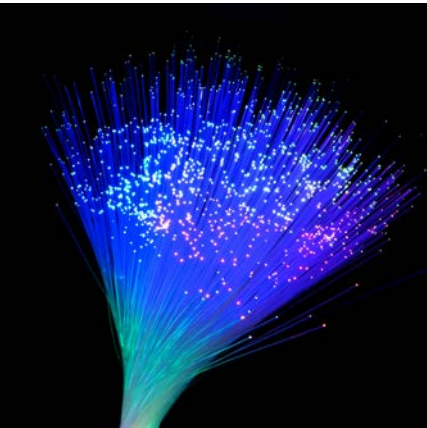


ROMANDE ENERGIE PUTS SWISS START-UP URBIO'S EXPERTISE TO GOOD USE

In 2021, Romande Energie drew on the expertise of Swiss start-up Urbio, a digital platform specialised in energy system planning.

Under our solar and building energy efficiency plan, two strategic development avenues for both Romande Energie and the Swiss government, we were looking for an innovative, digital approach. Urbio's truly comprehensive, multi-fluid approach leverages a combination of machine learning and generative design, and it helps our engineering and sales teams respond more rapidly and deliver more effective offerings.

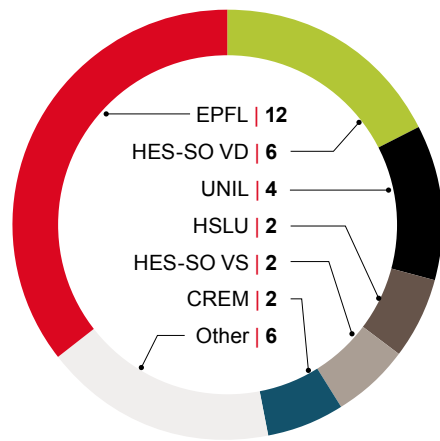
We roll out our solutions (solar, energy efficiency, self-consumption) based on a multi-criteria analysis in Urbio that can work out the optimum implementation scenario (costs, environmental impact, return). All the preliminary technical design and financial projections are thus fully automated.



NEXT-GENERATION, LARGE-SCALE FIBRE ROLL-OUT

Romande Energie has sealed a partnership with Swiss4net, a Swiss fibre-to-the-home (FTTH) business that develops, builds and operates FTTH networks, to roll out next-generation fibre optics in several municipalities located next to Lake Geneva. Morges will be the first municipality in the area served by Romande Energie to boast a point-to-point FTTH network (OTO ready for service) with around 10,000 connections.

The project will go ahead under our long-term partnership with Swiss4net. Swiss4net will finance construction of the FTTH network and will roll it out together with Romande Energie via existing conduits. Morges4net SA, a newly formed company (solely owned by Swiss4net), will operate the network.



Status of activities	Total	R&D
Planned	11	9
Negotiated	2	
Active	14	11
Completed	5	5
Abandoned	2	2
Total	34	27

INNOVATION

- Taking advantage of the open innovation framework
- Refer to Romande Energie as a preferred industrial partner
- Boost our innovation culture
- Accelerate our innovation capacity

EMPLOYER BRANDING

- Nurture our employer brand through the use of this springboard
- Develop our talents and acquire new skills

KNOW-HOW AND KNOWLEDGE

- Share and consolidate our knowledge of long-term issues
- Provide business lines systemic guidance towards the most appropriate institution
- Maintain the efficiency of our academic interchange and investments

SAMPLE PROJECTS

Romande Energie, a Red Lab 2022 partner

The Red Lab, co-founded and supported by Romande Energie in 2021 together with the EPFL (Swiss Federal Institute of Technology in Lausanne) and its CREM R&D centre, is a living lab helping to reinvent the energy system using data and digital tools. It is part of a programme fostering innovative, collaborative projects by and for energy and mobility sector companies. The programme has four main objectives:

- Analysing and formally establishing existing data-related opportunities and challenges
- Nurturing cooperation between the various partners
- Co-designing projects
- Communicating the programme's results to the key stakeholders

The hackathon idea generator will take place over three days in May 2022.

BioAsh project: reusing biomass ash

This engineering project aims to reuse ash from our biomass and district heating plants in cement and concrete production, rather than sending it to landfill.

In partnership with partners HEIG-VD (School of Engineering and Management Vaud), Effizienzagentur Schweiz AG and Cand-Landi SA, it is taking place in four stages (we are currently at stage three):

- Selection of the installations (chiefly Enerbois) and volume estimates
- Use of ash to manufacture a product based on the OLED method/protocol
- Ash sampling and analysis
- Results

ACADEMIA

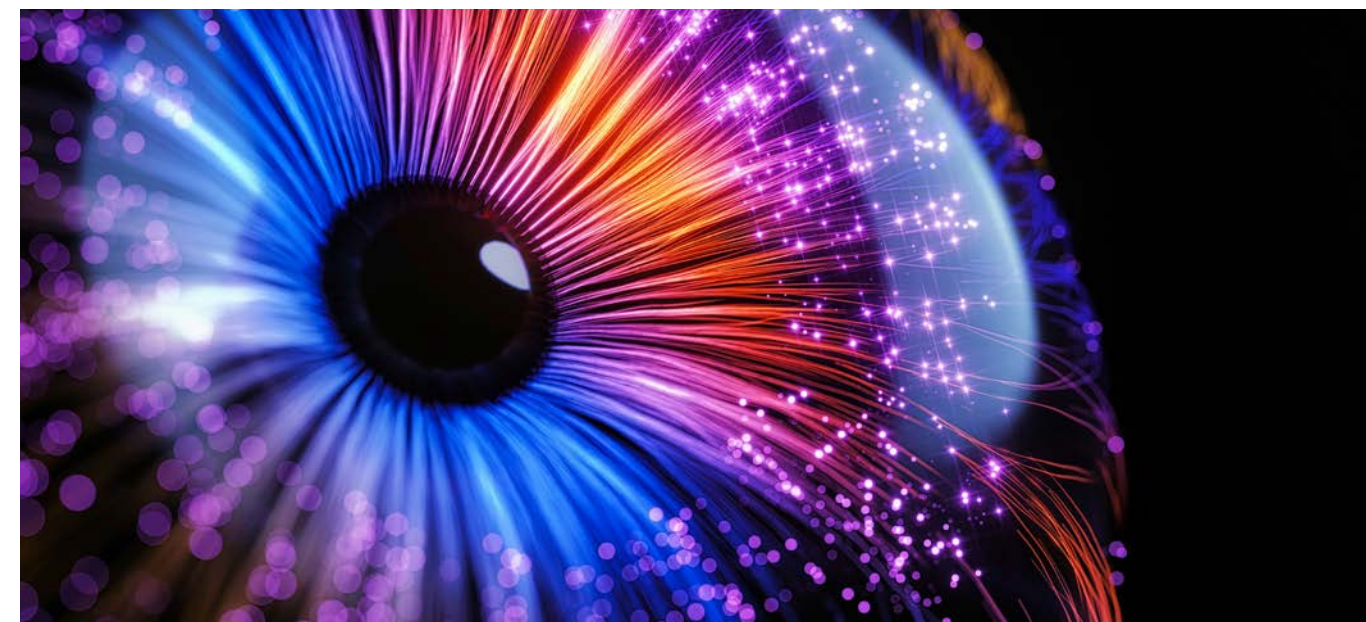
Academia is a strategic community of interest formed of employees in regular contact with academic circles. It was set up in 2021 at the initiative of the CEO's Office. Its initial goal is to scale up and indeed maximise value creation by harnessing our relationships with academia in Switzerland and in Western Switzerland in particular.

The project aims to take our innovation processes to the next level, nurture the development of our employer brand and enhance the efficiency of our academic activities.

Academia accelerates, facilitates and tracks implementation of activities of all kinds with academic circles, including projects dedicated to research and development, teaching, recruitment and institutional support. In all, 34 projects were undertaken in 2021, including 27 in R&D. These resources are housed in and shared via the Catalogue, which is made available to all the Group's employees.

The community, which currently has around 20 members, gives us connections to almost 80 contacts in 14 institutions located across French- and German-speaking Switzerland.

CORPORATE DIGITAL RESPONSIBILITY



Digital responsibility is part and parcel of our governance framework and dovetails with our three sustainability pillars. Our Digital & Innovation support unit was set up in 2020, and Assia Garbinato has been at its helm since July 2021. It endeavours to offer customers, employees and other stakeholders the requisite digital agility to ensure that the digital transition powers carefully considered, sustainable innovation. Its goal is to put customer experience, the creation of new business models and process efficiency at the very heart of its approach.

Romande Energie has pledged that its digital transformation will embed clearly defined ethical, social and environmental factors to ensure transparent data use for AI purposes and eco-friendly management of its data centres. We are a trailblazer in digital ethics, and our experts are part of research and analysis groups in Western Switzerland looking at these areas.

The innovation unit, which is currently drafting its charter, considers ethics in all its plans.

It supports the Group's divisions with their digital transformation and brings to bear the relevant expertise in terms of culture, methodology and technological potential to address the complexities of current times. It provides the benefit of its knowledge to the Board of Directors and to employees so that they are all perfectly aware of the stakes arising from data and the potential of new technologies.

Cybersecurity

IT and industrial security is a major concern for Romande Energie. Our information systems and employees are experiencing a mounting number of attacks. To address this situation, Romande Energie has formulated a cybersecurity strategy predicated on three pillars: strategy, operations and people. An information systems security policy, reflecting management's strategic vision of security, has been mapped out and implemented via technical and organisational measures.

Given the sophistication of the attacks, we also employ security technologies based on artificial intelligence and overseen by a

security operations centre that operates round-the-clock, seven days a week. To make the management of people-related risks more effective, we have introduced cybersecurity awareness sessions for all our employees. Every year, we measure the efficacy of IT and industrial security using independent audits conducted by specialist cybersecurity companies.

Compliance with data protection rules

Romande Energie takes data protection very seriously and carefully protects the personal data it processes. In line with the revised Federal Act on Data Protection (FADP), we have tightened up our data protection measures to comply with the new legal requirements.

The action plan is underpinned by an approach based on IT security, legal issues and data governance. Risk lies at the centre of Romande Energie's data protection strategy, and our employees are heavily involved in this approach.

Managing our data centre's environmental impact

The Romande Energie Group is mindful of the data centre's environmental impact. We have looked into ways of reducing its energy consumption and raising its energy efficiency. Installation of an air-conditioned alleyway between servers and systematic consideration of energy consumption in tenders for new equipment are practical examples of the measures put in place to lighten our impact on the environment.

In addition, we have brought in the EPFL's Green IT unit and the Zero Emission Group to participate in a European benchmarking study and analyse our information systems. This study will provide access to the GreenIT.fr club's information, as well as a detailed report and recommendations. This commitment is planned during 2022. Likewise, we support the Ecole 42 Lausanne initiative, which teaches students ways of minimising the power consumption of their computers together with novel learning techniques.

ROMANDE ENERGIE GROUP'S CERTIFICATIONS:
PERFORMANCE POWERED BY QUALITY

The Romande Energie Group boasts a long track record of operational excellence. Our integrated management system consistently aims to boost the performance of our services, harness the skills of our employees and to meet the expectations of our customers. It encompasses health and safety, sustainable development, and responsibility to society.

ISO certification to meet our customers' expectations

To comply with the requirements for ISO certification, Romande Energie has set concrete targets for meeting customers' expectations. Choosing and monitoring relevant indicators and carrying out satisfaction surveys at several points in the service delivery life cycle gives us a clear picture of how customers think, helping us to make improvements and develop new service offerings.

Certified integrated management system empowers our employees

The ISO-certified integrated management system helps to coordinate execution of the strategy and its management using efficacy and performance metrics. It provides a Group-wide framework focusing all our teams firmly on the goal of continuous improvement. Our management system is predicated on a common culture that aims to get rid of any silos, communicate the importance of employees' individual performance and develop interfaces between our various units.



ISO 9001
Quality



ISO 17020
Inspection bodies



ISO 45001
Health & safety

CERTIFIED INTEGRATED
MANAGEMENT SYSTEM
EMPOWERS OUR EMPLOYEES



ISO 55001
Asset management



EcoEntreprise
Corporate social responsibility
Sustainable development

GRI CONTENT INDEX

2016 GRI standards	Disclosure – core option	Page number
GRI 101 Reporting principles (2016)		
GRI 102 General disclosures (2016)		
102-1	Name of organisation	14, 50
102-2	Activities, brands, products and services	14
102-3	Geographical location of headquarters	14, 50
102-4	Geographical location of operations	16
102-5	Ownership and legal form	14, 21
102-6	Markets served	6
102-7	Scale of the organisation	68
102-8	Information on employees and other workers	68
102-9	Supply chain	60
102-10	Significant changes to the organisation and its supply chain	No material changes for 2021
102-11	Precautionary principle or approach	61
102-12	External initiatives	51, 64
102-13	Membership of associations	54
102-14	Statement from senior decision-maker	9
102-16	Values, principles, standards and norms of behaviour	37
102-18	Governance structure	21, 31, 42
102-40	List of stakeholder groups	53
102-41	Collective bargaining agreements	72
102-42	Identifying and selecting stakeholders	50
102-43	Approach to stakeholder engagement	50, 55
102-44	Key topics and concerns raised	55, 60, 72
102-45	Entities included in the consolidated financial statements	50
102-46	Defining report content and topic boundaries	50, 56
102-47	List of material topics	56
102-48	Restatements of information	Not applicable as first GRI report
102-49	Changes in reporting	Not applicable as first GRI report
102-50	Reporting period	50
102-51	Date of most recent report	50
102-52	Reporting cycle	50
102-53	Contact point for questions regarding the report	55
102-54	Claims of reporting in accordance with the GRI standards	50
102-55	GRI content index	50
102-56	External audit	50
GRI 103 Management approach		
103-1	Explanation of the material topic and its boundary	50, 60, 64, 65, 68, 69, 71, 72
103-2	The management approach and its components	54, 58, 60, 64, 65, 68, 69, 71, 72
103-3	Evaluation of the management approach	60, 64, 65, 68, 69, 71, 72
Material topics		
GRI 419-1	Compliance with labour law	72
GRI 405-1	Diversity and social inclusion	68
GRI 405-2	Equal pay policy	72
GRI 401-1	New employee hires and employee turnover	68
GRI 404-1	Employee training	71
GRI 301 • 306	Waste management and recycling	60 Reason for omission: information not available
GRI 204-1	Responsible procurement management	60
GRI 203-1	Investment in renewable energies	65
No GRI indicator	Profitable management of energy resources	
GRI 307-1	Environmental compliance	58
GRI 201-2 • 302-1 • 302-2 • 302-3 • 302-4 • 302-5 • 305-1 • 305-2 • 305-3 • 305-4 • 305-5	Carbon footprint reductions	61, 63, 64
GRI 403-1	Workplace health and safety	69
No GRI indicator	Investments in innovation and digitisation	

FINANCIAL STATEMENTS

5



ROMANDE ENERGIE GROUP

FINANCIAL OVERVIEW

Key consolidated figures

as at 31 December 2021

In CHF thousands, unless otherwise stated

	2021	2020 comparable restated ¹	% Change	2020 published	% Change
INCOME STATEMENT					
Net revenues	614 481	551 054	12%	569 292	8%
Gross profit	332 299	304 315	9%	322 553	3%
% of net revenues	54%	55%		57%	
Personnel expenses	(137 308)	(116 583)	18%	(116 583)	18%
Other operating expenses	(62 352)	(56 970)	9%	(56 970)	9%
EBITDA*	132 639	130 762	1%	149 000	-11%
% of net revenues	22%	24%		26%	
EBIT**	53 317	58 335	-9%	76 573	-30%
% of net revenues	9%	11%		13%	
Share of profit from associates	(3 696)	22 117	n/a	23 186	n/a
Net profit for the year	34 792	69 126	-50%	86 720	-60%
% of net revenues	6%	13%		15%	

¹ The restatement of 2020 revenues concerns the CHF 18.2m gain from property sales. The restatement of the contribution to net profit made by associates (CHF 1.1m) is connected with Alpiq's announced prior-period adjustments affecting its full-year financial results as at 31 December 2020. Income tax has been restated for the capital gains tax on the property sale.

CASH FLOW STATEMENT

Net cash flow from operating activities	145 082	138 633
Net purchases of property, plant and equipment, intangible assets and acquisition of subsidiaries and shareholdings in associates	(126 065)	(181 133)
Net cash flow used in financing activities	(23 860)	(158 276)

OTHER INFORMATION

Total dividend (proposed for 2021) per share (in CHF)	36.-	36.-
Earnings per share (in CHF)	32	77
Equity attributable to Romande Energie Holding SA shareholders	1 875 656	1 886 949
% of total assets	82%	83%
Shareholders' equity per share (in CHF)	1 828	1 839
Romande Energie Holding SA year-end share price (in CHF)	1 365	1 130
Market capitalisation	1 400 920	1 159 736
Employees	1 175	1 022

Restatements for 2020 are detailed in Note 2.

* EBITDA: Earnings before interest, taxes, depreciation and amortisation

** EBIT: Earnings before interest and taxes

MAIN FINANCIAL DEVELOPMENTS

- Revenues upwards of CHF 600m, rising by 12% after restatement of one-off items recorded in 2020
- Excellent operating profit from the FMHL installation, French assets and EOSH, offsetting the sharp deterioration in the energy margin caused by soaring wholesale prices
- EBIT at CHF 53m, reflecting a rising contribution from Romande Energie Services, and net profit of CHF 35m, suffering downward pressure from Alpiq
- Further increase in cash flow from operating activities to CHF 145m

Lower EBIT, in line with forecasts

Romande Energie ended 2021 with full-year EBIT of CHF 53m, which was 9% lower than in 2020 restated for the one-off sale of property (-30% before restatement).

Business in 2021 was overshadowed by a record increase in spot and forward electricity prices on the wholesale market in the second half of the year, driven upwards by the gas and coal prices. Energy margin deteriorated sharply, receding by CHF 11m relative to 2020 despite efforts to curtail the Group's exposure to the runaway prices, made worse by lower output from Group-owned generation assets following poor rainfall towards the end of the year. In contrast, the Group posted a sharply higher contribution from the installation operated by Forces Motrices Hongrin-Léman, which added CHF 8m to EBIT, and the encouraging development of the French business activities. These various factors all impacted the Energy Solutions business unit.

The Grids business unit was stable, supplying a significant CHF 44m to EBIT. The Romande Energie Services business unit contributed positively to EBIT thanks to acquisitions made in 2021. EBIT margin was 9% compared with 11% in 2021, restated for one-off items (13% before restatement).

Revenues break above CHF 600m under the impetus of services

For the second consecutive year, revenues rose by more than 12%, totalling CHF 614m in 2021. This represents an increase of CHF 63m (before the above-mentioned non-recurring effect: +8% or CHF 45m).

The strongest advance was seen at the Romande Energie Services business unit, which made revenue gains under the impetus of acquisitions in the first six months of 2021 and the expansion of its business lines to cover the whole of Western Switzerland. Revenues increased by 50% to CHF 142m over the full year.

Firm grip on operating expenses

During 2021, 153 new employees joined Romande Energie through acquisitions or to support implementation of the corporate strategy unveiled in September 2021. The Group's headcount was 1,175 (+15%) as at 31 December 2021. Most of the workforce increases were seen in the Energy Solutions and Romande Energie Services business units.

Total personnel expenses advanced by 18% while other operating expenses were up 9% in tandem with the higher revenues, especially in connection with the newly acquired companies.

Positive contributions from EOS and other associates but negative impact from Alpiq

Operating profit from EOS' investments in European renewable energies was stable relative to the previous year, remaining above CHF 20m in 2021. Following the drop in the EUR/CHF exchange rate during the year, other negative impacts were taken directly to EOS' equity, which lowered the contribution to Group earnings to CHF 3m excluding the interest in Alpiq (2020: CHF 8m gain).

All the other associates had a positive impact of CHF 6m compared with CHF 3m in the previous financial year.

Alpiq reported a loss of CHF 271m in 2021, representing a substantial deterioration relative to 2020. The recognition of other positive items in equity reduced the loss attributable to the Group to CHF 13m in 2021, contrasting with a CHF 11m gain in 2020. Romande Energie holds a 29.71% interest in EOS Holding SA, which in turns owns 33.33% of Alpiq.

On 9 December 2021, Alpiq issued a media release announcing the decision by the Alpiq Holding SA Board of Directors to approve prior-period adjustments with regard to the interim financial results to 30 June 2021 and the full-year results to 31 December 2020.

The comparative figures as at 31 December 2020 published by the Group have been restated accordingly. A correction to the share of net profit contributed by associates led to a CHF 1.1m reduction to CHF 22m, resulting in a full-year net profit adjusted to CHF 86m. Investments in associates and equity attributable for the Group both decreased by CHF 1.1m and henceforth total CHF 522m and CHF 1.930bn, respectively. The EBITDA and EBIT indicators reported previously by the Group are not impacted by Alpiq's decision.

For full-year 2021, Group net profit was CHF 35m, down 50% relative to the previous year (-59% before restatement).

Energy Solutions

The Energy Solutions business unit spans the entire kWh chain, operating through two divisions: generation and power/heating distribution; and market-related activities.

<i>In CHF thousands</i>	2021	2020	% Change
Net revenues	270 231	261 284	3%
Gross profit	99 055	95 422	4%
% of net revenues	37%	37%	
EBITDA	37 371	38 020	-2%
% of net revenues	14%	15%	
EBIT	12 983	19 749	-34%
% of net revenues	5%	8%	
Employees	83	58	

Revenues were up 3% relative to the previous year at CHF 270m. Adjusted for changes in the resale of forward electricity positions in 2020 (no material impact on margin), revenue growth was 10%, despite the approximate 8% reduction in power tariffs for regulated customers. Since 1 January 2021, Romande Energie has supplied energy that is 100% Swiss and 100% renewable to its regulated customers.

Aside from the excellent operating profit from FMHL (up CHF 8m at revenue and EBIT lines), revenue growth within this business unit stemmed mainly from energy sales into the wholesale market at higher prices, additional output from heating assets, French assets and the development of new products (e.g. solar energy contracting).

Revenues generated by the production of heat were up CHF 9m in 2021, lifted by new district heating projects and expansion of the portfolio brought across from the Romande Energie Services business unit on 1 July 2020.

In France, acquisitions in 2020 and the uptrend in electricity prices lifted revenues by CHF 4m. Operations in France last year contributed CHF 1m to Group EBIT. This was despite the annual CHF 4m amortisation of operating permits capitalised conservatively in connection with the portfolio of wind power projects (20-year amortisation).

Business in 2021 was marked by the surge in power prices, stemming from the higher costs of fossil fuels used to generate

power (under the merit order principle) amid uncertain geopolitical conditions. This factor eroded the energy margin by CHF 11m relative to the previous year, which breaks down as follows.

Hedging energy-portfolio positions to reduce exposure to soaring prices curbed the deterioration in the portfolio's margin during the second half of the year. This hedging fixed the negative impact at minus CHF 7m. Romande Energie stood by its principle not to trade speculatively in its management of energy risks. The occurrence of market risk in 2021 was mainly the result of poor liquidity in the power market of the instruments needed to fine-tune monthly demand for maturities of more than three months.

As at 31 December 2021, the total volume supplied to our customers was 1% higher than our annual forecast of 2,167 GWh. Annual demand from regulated customers was 4% higher than forecast but 7% lower for eligible customers. The shortfall in energy corresponding to regulated customers had to be covered mainly through purchases towards the end of the year. Relative to the level at risk, this net volume differential squeezed the energy margin by upwards of CHF 2m.

Annual output from the Group's own generation assets was slightly higher than the long-run average. Rainfall was broadly supportive in the first half of the year. By contrast, low precipitation – chiefly in October and November – caused sizeable shortfalls. To make up for the shortfall from the Group's own assets, purchases were arranged towards the end of the year – just when power prices were sky high, which eroded the energy margin by a further CHF 2m.

The planned hiring of 25 new employees to execute the strategy sent operating expenses up by 7% in 2021.

In all, gross profit at the Energy Solutions business unit rose by 4% to CHF 99m. In contrast, EBITDA ebbed by 2% to CHF 37m, affected mainly by the tariff reduction and the impact of wholesale prices on the energy margin. In 2021, EBIT was CHF 13m versus CHF 20m in 2020, mainly because of a CHF 6m increase in depreciation and amortisation.

Grids

The Grids business unit builds, operates, maintains and manages high, medium and low voltage installations for power distribution. It does the same for the Group's fibre optic network. Most of this business is regulated, although non-monopoly services are also developing well.

<i>In CHF thousands</i>	2021	2020	% Change
Net revenues	240 568	235 582	2%
Gross profit	185 461	184 013	1%
% of net revenues	77%	78%	
EBITDA	91 439	90 828	1%
% of net revenues	38%	39%	
EBIT	44 223	45 375	-3%
% of net revenues	18%	19%	
Employees	397	386	

Revenues at this business unit improved by 2% to CHF 241m compared with 2020.

Business with non-regulated customers progressed by 17%, in terms of both revenues and contribution margin, resulting in revenues of CHF 13m in 2021 – mainly as a result of growth in business managed from Martigny. In contrast, for the second consecutive year, revenues from equipment financing and third-party contributions decreased by CHF 2.5m. Fibre-optic activities represented the largest movement in the non-regulated sphere, mainly following the partnership announced with Swiss4net to equip the town of Morges with FTTH technology.

Following the announcement of the addition of Romanel-sur-Lausanne's grid on 1 January 2021, Romande Energie in the first half of 2021 acquired a 125kV HV line owned by Services Industriels de Lausanne, located in the area between the Riviera and the Chablais.

The mass roll-out of smart meters started during 2021 to meet the requirements of the Energy Strategy 2050 and comply with the Electricity Supply Ordinance (ESO). After an intensive preparation phase, nearly 20,000 smart meters were on line and monitored daily by the Group's smart metering platform at the end of 2021.

Full-year EBIT was stable at CHF 44m. Staff count at this business unit rose 3% to 397 employees at year-end. The business activities of the Grids business unit still represent a sizeable share of the Group's profitability, adding stability to its earnings.

Romande Energie Services

Romande Energie Services combines all services encouraging the shift to cleaner energy among households, businesses and local authorities.

<i>In CHF thousands</i>	2021	2020	% Change
Net revenues	141 656	94 499	50%
Gross profit	69 847	50 585	38%
% of net revenues	49%	54%	
EBITDA	2 187	1 512	45%
% of net revenues	2%	2%	
EBIT	1 272	(368)	n/a
% of net revenues	1%	0%	
Employees	479	369	

The business unit's revenues increased sharply, breaking above the CHF 100m mark for the first time to stand at CHF 142m in 2021, up 50% relative to 2020. Additionally, the prior period comprised six months of revenues from heating assets. This portfolio of district heating installations was transferred to the Energy Solutions business unit as of 1 July 2020.

Half of the revenue growth stemmed from the acquisition of J.M. Lambelet SA and Bosson et Pillet SA in 2021. The services provided in the area of multi-technical projects (renovation), large-scale photovoltaic installations (solar plan) and district heating services are seeing encouraging organic growth. These represent the main areas for expansion in the medium term.

Most regional operations are established and generating profits, others – mainly in Valais – are in the process of firming up their business or integrating new companies.

EBITDA rose by 45% while the EBITDA margin was stable at 2%.

EBIT exceeded CHF 1m, contributing positively to the Group total. EBIT continues to be weighed down by capital expenditure in recent years to develop new business activities, though it was able to absorb the costs for support services made available by the Group, for an additional amount of close to CHF 2m in 2021.

Higher cash flow from operations and solid cash position

As at 31 December 2021, Romande Energie's cash and cash equivalents amounted to CHF 92m versus CHF 104m at end-2020, with no material use of external financing.

Cash flow from operating activities rose further in 2021, to CHF 145m – the highest figure for the Group since 2015 – compared with CHF 139m in 2020.

Romande Energie continued investing last year. Net acquisitions of non-current assets, equity interests in subsidiaries and shareholdings in associates totalled CHF 126m, down 30% relative to the previous year. Corporate acquisitions were lower in 2021, following the one-off purchase, in France, of a portfolio containing 16 wind power projects in 2020. The Group is entering a consolidation phase. As the new strategy was unveiled only in the second half of 2021, its initial effects on the investment front will not be seen until 2022.

Debt totalled CHF 100m as at 31 December 2021 versus CHF 86m 12 months earlier. Part of this increase was due to the development of wind power projects in France. The new strategy will also require the Group to call on the markets for sustainable external financing to underpin implementation. In 2020, the Group repaid two bonds for a total amount of CHF 100m.

No change to dividend

Equity attributable to owners of Romande Energie Holding SA was stable at CHF 1.9bn as at 31 December 2021. The financial independence ratio was 82% at that date. Encouraged by the strong balance sheet and promising outlook, the Board of Directors will seek approval from shareholders at the Annual General Meeting to pay an ordinary dividend of CHF 36.- per share, unchanged from the previous year. The hefty contribution by cash flow from operations covers payment of a dividend corresponding to a pay-out ratio exceeding 100%, meaning that more than the entire net profit for the year is being distributed. Romande Energie's share price appreciated by 21% in 2021, which impacted the yield on the proposed dividend (2.6% versus 3.2% for 2020).

If this recommendation is adopted, a cash payment of CHF 36.9m will be made in 2022, taking into account the number of shares held by the Group in treasury.

Outlook

Looking to 2022, Romande Energie expects a slightly higher EBIT figure than in 2021, barring exceptional items, unfavourable trends in electricity markets and the hard-to-predict consequences of the war in Ukraine. The Group has set up a task force monitoring the conflict and how it could affect its business. Business conditions are indeed extremely unstable, absent the institutional treaty with the EU, in particular.

The strategy aims to establish the Romande Energie Group as a mainstay driving Western Switzerland towards net zero. This involves the continued development of Group-owned green energy assets, marketing turnkey offers and providing advice and services for customers – households, businesses, municipalities and property market firms – to decarbonise their activities.

The strategy also contains a blueprint for sizeable investments in power and heat generation facilities, in Switzerland as well as France. These investments – the vast majority of which are funded for 2022 – will produce gains in Group EBIT over the coming years. Attaining the growth targets will require the Group to draw on external financing. The first transactions are planned for the coming months.

ROMANDE ENERGIE GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

as at 31 December 2021

<i>In CHF thousands, except per share amounts</i>	<i>Notes</i>	2021	2020 restated
Revenues	5	569 578	517 669
Other income	5	44 903	51 623
Net revenues		614 481	569 292
Purchases of energy, goods and services	6	(282 182)	(246 739)
Gross profit		332 299	322 553
Personnel expenses		(137 308)	(116 583)
Other operating expenses		(62 352)	(56 970)
EBITDA		132 639	149 000
Depreciation on property, plant and equipment	7	(69 806)	(66 862)
Amortisation of intangible assets	7	(9 516)	(5 565)
EBIT		53 317	76 573
Financial income	8	1 901	2 778
Financial expenses	8	(8 290)	(7 392)
Share of profit from associates	13	(3 696)	22 117
Profit before income tax		43 232	94 076
Income tax	9	(8 440)	(8 425)
Net profit		34 792	85 651
Attributable to:			
Owners of the parent		32 818	81 151
Non-controlling interests		1 974	4 500
		34 792	85 651
Weighted average number of shares outstanding		1 026 315	1 054 914
Earnings per share (in CHF)		32	77
Dividend per share (proposed for 2021)		36	36

Restatements for 2020 are detailed in Note 2.

The accompanying notes form an integral part of the financial statements.

Consolidated balance sheet

as at 31 December 2021

<i>In CHF thousands</i>	Notes	31.12.2021	31.12.2020 restated
ASSETS			
Current assets			
Cash and cash equivalents		92 398	103 746
Securities and term deposits		32 551	35 550
Trade accounts receivable	10	81 023	71 938
Current taxes receivable		2 425	2 350
Prepaid expenses and accrued income		66 167	62 412
Other current assets		5 181	6 825
Total current assets		279 745	282 821
Non-current assets			
Property, plant and equipment	11	1 339 337	1 304 839
Intangible assets	12	99 527	109 107
Investments in associates	13	513 198	522 005
Other long-term financial assets	14	39 479	30 644
Assets from employer contribution reserves	15	17 592	24 788
Total non-current assets		2 009 133	1 991 383
Total assets		2 288 878	2 274 204
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable		34 972	12 677
Accrued expenses and deferred income		81 475	84 514
Other short-term liabilities		19 381	18 385
Short-term portion of long-term borrowings	16	6 290	650
Current taxes payable		1 214	5 549
Short-term provisions	17	2 237	2 678
Total current liabilities		145 569	124 453
Non-current liabilities			
Long-term borrowings	16	93 651	85 142
Deferred tax liabilities		132 752	132 301
Long-term provisions	17	2 073	2 782
Total non-current liabilities		228 476	220 225
Total liabilities		374 045	344 678
Equity attributable to Romande Energie Holding SA shareholders			
Share capital	18	28 500	28 500
Additional paid-in capital		13 111	13 111
Retained earnings		1 933 608	1 944 901
Own shares		(99 563)	(99 563)
Total equity attributable to Romande Energie Holding SA shareholders		1 875 656	1 886 949
Non-controlling interests		39 177	42 577
Total shareholders' equity		1 914 833	1 929 526
Total liabilities and shareholders' equity		2 288 878	2 274 204

Restatements for 2020 are detailed in Note 2.

The accompanying notes form an integral part of the financial statements.

Consolidated cash flow statement

as at 31 December 2021

<i>In CHF thousands</i>	Notes	2021	2020 restated
Group net profit		34 792	85 651
Non-cash items			
- Income taxes	9	8 440	8 425
- Depreciation and impairment on property, plant and equipment	7	69 806	66 862
- Amortisation and impairment on intangible assets	7	9 516	5 565
- Provisions	17	(1 258)	(601)
- Net profit from associates	13	3 696	(22 117)
- Net proceeds from disposal of non-current assets		(211)	(16 056)
- Net result from fair-value adjustments		4 711	1 070
- Other financial income and expense		1 563	4 407
- Other non-cash items		5 387	9 335
Dividends received from associates		6 183	5 790
Interest received and other financial income		563	1 745
Interest paid and other financial expense		(2 527)	(6 943)
Income taxes paid		(11 088)	(2 458)
Cash flow before change in working capital		129 573	140 675
Change in receivables		(11 289)	(3 359)
Change in payables		17 970	(849)
Change in prepaid expenses and accrued income		16 586	(31 906)
Change in accrued expenses and deferred income		(7 758)	34 072
Net cash flow from (used in) operating activities		145 082	138 633
Purchase of property, plant and equipment, and intangible assets	11, 12	(112 471)	(124 348)
Disposal of property, plant and equipment		491	25 538
Acquisition of subsidiaries, net of cash		(13 683)	(81 561)
Disposal of subsidiaries, net of cash		-	2 738
Acquisition of shareholdings in associates		(402)	(3 500)
Proceeds from sale of investment securities and term deposits		2 999	65 616
Acquisition of other long-term financial assets		(9 942)	(6 551)
Disposal of other long-term financial assets		1 007	42 032
Net cash flow from (used in) investing activities		(132 001)	(80 036)
Income from change in subsidiaries' controlling interest		2 200	1 419
Repayment of borrowings		(7 037)	(107 590)
Proceeds from borrowings		20 365	18 505
Costs arising from interest rate changes at subsidiaries		(44)	-
Purchase/disposal of own shares		-	(29 253)
Dividends paid to non-controlling interests		(2 397)	(3 447)
Dividends paid to owners of the parent		(36 947)	(37 910)
Net cash flow from (used in) financing activities		(23 860)	(158 276)
Net effect of exchange variances on cash and cash equivalents		(569)	(67)
Net change in cash and cash equivalents		(11 348)	(99 746)
Cash and cash equivalents at beginning of year		103 746	203 492
Cash and cash equivalents at end of year		92 398	103 746
Variance		(11 348)	(99 746)

Restatements for 2020 are detailed in Note 2.

The accompanying notes form an integral part of the financial statements.

Statement of changes in consolidated equity

as at 31 December 2021

<i>In CHF thousands</i>	Share capital	Additional paid-in capital	Retained earnings	Own shares	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2020	28 500	13 111	1 900 488	(70 310)	1 871 789	30 568	1 902 357
Change in shareholders' equity 2020, restated							
Dividends			(37 910)		(37 910)	(3 447)	(41 357)
Change in own shares			8	(29 253)	(29 245)		(29 245)
Currency translation differences			(980)		(980)	(222)	(1 202)
Goodwill adjustment			(1 555)		(1 555)	(210)	(1 765)
Change in controlling interest			3 699		3 699	11 388	15 087
Net profit			81 151		81 151	4 500	85 651
Balance as at 31 December 2020, restated	28 500	13 111	1 944 901	(99 563)	1 886 949	42 577	1 929 526
Change in shareholders' equity 2021							
Dividends			(36 947)		(36 947)	(2 397)	(39 344)
Currency translation differences			511		511	(290)	221
Goodwill adjustment			(6 357)		(6 357)	(1 589)	(7 946)
Change in controlling interest			(1 318)		(1 318)	(1 098)	(2 416)
Net profit			32 818		32 818	1 974	34 792
Balance as at 31 December 2021	28 500	13 111	1 933 608	(99 563)	1 875 656	39 177	1 914 833

Restatements for 2020 are detailed in Note 2.
The accompanying notes form an integral part of the financial statements.

NOTE 1

GENERAL INFORMATION

Romande Energie Holding SA, a holding company incorporated in Switzerland with its registered office in Morges, is the direct or indirect owner of all the companies belonging to Romande Energie Group (the Group). The Group generates, distributes and markets energy and provides energy services. These activities are organised into three business units (see Note 4).

NOTE 2

SUMMARY OF ACCOUNTING POLICIES

Key accounting policies used in the preparation of the consolidated financial statements are described below or included in the corresponding notes. Unless otherwise stated, these policies have been applied consistently to all the figures shown.

Basis of presentation

The consolidated financial statements are presented in CHF thousands and have been prepared under the historical cost convention, with the exception of some types of long-term financial assets and financial instruments, which are measured at fair value. They comply with the Accounting and Reporting Recommendations of Swiss GAAP FER in their entirety and the standards for presenting financial statements outlined below. The financial statements have been prepared to provide a true and fair view, in accordance with the core principles of Swiss GAAP FER.

Estimates and judgements

The preparation of financial statements under Swiss GAAP FER involves estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and income and expense amounts for the period. Although estimates are based on the best knowledge available to management regarding the Group's present position and future operations, actual results may differ from what has been anticipated.

Restatement of comparative financial statements

On 9 December 2021, Alpiq issued a media release announcing the decision by the Board of Directors of Alpiq Holding SA to approve prior-period adjustments with regard to the interim financial results to 30 June 2021 and the full-year results to 31 December 2020. The Romande Energie Group disclosed details on 10 December 2021 about the impact of these restatements on its own consolidated financial statements.

The Group's consolidated financial statements for 2021 were adopted by the Board of Directors of Romande Energie Holding SA on 6 April 2022. They will be submitted for shareholder approval at the Annual General Meeting on 24 May 2022.

The comparative figures as at 31 December 2020 reported by the Group have been restated accordingly. A correction to the net profit contributed by associates led to a CHF 1.1m reduction to CHF 22m, resulting in a full-year net profit adjusted to CHF 86m. Investments in associates and equity attributable for the Group both decreased by CHF 1.1m and henceforth total CHF 522m and CHF 1.930bn, respectively.

The EBITDA and EBIT indicators reported previously by the Group are not impacted by Alpiq's decision.

Change in accounting policies

No changes to Swiss GAAP FER were published or announced during the year under review. There was no change in accounting policy relative to the prior year.

Consolidation procedure

The closing date for individual financial statements every year is 31 December.

Subsidiaries

The consolidated financial statements comprise the operations of Romande Energie Holding SA and those of directly and indirectly owned subsidiaries through which the Group has a claim on returns from its equity interest, and where the Group is able to influence such returns through its control. Outright control corresponds to the power directly or indirectly to govern the operating and financial policies of an entity so as to obtain benefits from its activities. Generally speaking, this is linked to the direct and indirect holding of voting rights in excess of 50%. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are excluded from the scope of consolidation as soon as such control ceases.

All intercompany balances, transactions and profits are eliminated on consolidation.

Non-controlling interests in shareholders' equity and net profit are shown separately.

Associates and joint ventures

An associate is an entity over which the investor has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have claims on its net assets.

Joint ventures are accounted for using the proportionate consolidation method. The balance sheet and income statement items of controlled entities are recognised in proportion to the Group's ownership. No non-controlling shareholdings are recorded in the balance sheet.

Associates over which the Group exerts significant influence (usually between 20% and 50% of voting rights) are accounted for using the equity method.

These holdings are carried on the balance sheet as investments in associates. They are initially recognised at cost and adjusted thereafter for the Group's share of earnings (or losses) and dividends reported after the acquisition date, as well as for any impairment charges.

If the Group does not exert significant influence over a company despite holding more than 20% of its shares, the company is treated as a long-term financial asset.

Any impairment is recognised directly through the income statement. Losses incurred by an associate that exceed the Group's equity in that company are not recognised.

Balances and material transactions with investees and jointly controlled entities accounted for using the equity method are shown separately as items relating to associates. Unrealised gains arising from transactions between Group companies and associates are eliminated in proportion to the Group's stake in the associate. Unrealised losses are eliminated in the same way, unless the transaction involves a transfer of assets requiring an allowance for impairment.

The financial statements of associates are adjusted to ensure consistency with the Group's chosen accounting policies.

Changes in scope

The scope of consolidation of Romande Energie Group underwent several changes in 2021. These are detailed under Note 25.

Basis of recognition and measurement

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in postal accounts, as well as money-market deposits and investments with an initial term of 90 days or less.

Securities and term deposits

Marketable securities consist of marketable equities and bonds and money-market investments with an initial term of more than 90 days. Marketable securities are measured according to the daily price.

Earnings per share

Earnings per share are calculated by dividing net profit attributable to the owners of Romande Energie Holding SA by the weighted average number of parent company (Romande Energie Holding SA) shares outstanding. Any potential dilutive effects are stated.

Dividends

Dividends are recorded in the consolidated financial statements once they have been approved by shareholders at the Annual General Meeting.

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate in effect at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. Exchange differences resulting from these operations are booked to the income statement.

The Group uses options and forward contracts to hedge the full impact of exchange rate risks and eliminate these differences.

The financial statements of foreign entities whose functional currency is not the Swiss franc are translated into Swiss francs using the following procedure:

- The balance sheets of foreign companies are translated at the exchange rate prevailing at balance sheet date.
- The income statements of these companies are translated at the average exchange rate for the period.
- Cash flows from these same companies are translated using the average exchange rate for the period unless it has varied significantly during the year or the cash flows had a negligible impact on the consolidated financial statements.
- Any exchange differences resulting from the translation of foreign companies' financial statements are taken to equity under Exchange differences.

	2021	2020
Exchange rates used at year-end		
1 EUR/CHF	1.041	1.082
Average monthly exchange rates		
1 EUR/CHF	1.081	1.070

NOTE 3

DISPOSALS, BUSINESS COMBINATIONS AND OTHER MATERIAL TRANSACTIONS

In 2021, the Group did not make any significant acquisitions.

In 2020, the Group acquired 16 wind-farm projects in France through subsidiary Romande Energie France SAS. The purchase price comprised the sum paid on the transaction date and a future payment, under an earn-out arrangement. No goodwill was recognised on this transaction. In contrast, the Group recognised operating permits, shown under intangible assets, for a total amount of CHF 96m as at 31 December 2020. Operating permits are amortised on a straight-line basis over 20 years. Correspondingly, a CHF 23m deferred tax liability was recognised on the balance sheet. Intangible assets of the entities acquired in this transaction, on a consolidated basis, amounted to CHF 15.9m, the working capital including cash to CHF 1.2m and short- and long-term liabilities to CHF 17.4m. All acquired companies were assigned to the Energy Solutions business unit.

The Group did not make any significant disposals either in 2021 or 2020.

NOTE 4

SEGMENT REPORTING

Operating segments are presented in line with the internal reporting submitted to the relevant Group departments.

The Group's activities are organised into three core business units: Grids, Energy Solutions, Romande Energie Services. These three business units are managed as separate entities even though they all engage in energy-related activities.

As the Group operates mainly in Switzerland, no geographical segmentation has been adopted. The Energy Solutions business unit oversees the generation of energy in France.

Transactions between business units are carried out at arm's length, except for activities where transfer prices are determined by law. The same accounting principles are applied in all the business units.

No single client accounts for more than 10% of the Group's revenues. Reporting by segment is prepared on the basis of Swiss GAAP FER financial statements.

The **Grids** business unit distributes electricity sustainably and efficiently, in accordance with applicable rules and regulations. Operations include managing and developing distribution infrastructure for electricity and fibre optics. Most of this business unit's operations are subject to regulation. Its revenues chiefly consist of the remuneration received for making the grid available to end-customers and resellers. This remuneration is governed by the provisions of the Electricity Supply Act (ESA). Extra revenue is supplied by services to distribution system operators and industrial customers.

The **Energy Solutions** business unit spans the entire kWh chain, operating through two divisions: generation and power/heating distribution; and end-markets. The Energy division's main mission is to ensure security of supply for clients. It also develops new installations fuelled by renewable energy sources. The Markets division offers innovative turnkey solutions to clients, which it classifies as: households; municipalities and property professionals; and business clients. It also houses operations linked to electricity marketing and related services such as invoicing and call-centre operation, through enersuisse SA, an associated company.

The **Romande Energie Services** business unit is responsible for the Group's entire palette of energy services. This business unit was set up by the Group to offer customers cross-disciplinary expertise to help usher in the transition to clean energy. It does this by supporting homeowners, businesses and municipalities in making the jump to renewable energies, offering advice, energy audits, innovative products and attractive services.

The Group's various support units are housed under the **Corporate** label. They encompass Digital & Innovation, Finance & Services and People & Talent. Attributable expenses are costs incurred in connection with the activities of the Group's head office. This item also includes income and expense that cannot be allotted specifically to a given business unit as well as start-up costs for new activities.

<i>In CHF thousands</i>	Grids	Energy Solutions	Romande Energie Services	Corporate	Eliminations	Total
2021						
Net revenues of business units	240 568	270 231	141 656	56 382	(94 356)	614 481
Gross profit	185 461	99 055	69 847	55 680	(77 744)	332 299
% of net revenues	77%	37%	49%			54%
EBITDA	91 439	37 371	2 187	1 642	-	132 639
% of net revenues	38%	14%	2%			22%
EBIT	44 223	12 983	1 272	(5 161)	-	53 317
% of net revenues	18%	5%	1%			9%
2020						
Net revenues of business units	235 582	261 284	94 499	72 343	(94 416)	569 292
Gross profit	184 013	95 422	50 585	71 719	(79 186)	322 553
% of net revenues	78%	37%	54%			57%
EBITDA	90 828	38 020	1 512	18 640	-	149 000
% of net revenues	39%	15%	2%			26%
EBIT	45 375	19 749	(368)	11 817	-	76 573
% of net revenues	19%	8%	0%			13%

NOTE 5

NET REVENUES

Net revenues include all income (excluding VAT) from the sale of electricity (electrical kWh and thermal energy, and grid usage fee), energy services after the deduction of rebates, discounts, other agreed deductions as well as provisions for doubtful accounts and bad debt expense. Revenues are recognised when goods are delivered or services are rendered. Customer meters are read periodically.

Many customers have their electricity consumption readings taken once a year; this applies to approximately 60% of all kWh supplied by the Group. A large proportion of energy revenues is generated by residential customers, who are invoiced annually on the basis of meter readings taken at any time during the year. The revenue received between the date of the last reading and

31 December is booked on the basis of the energy distributed, measured at an average price less the estimated grid losses. The figure thus obtained may differ from the actual values. Revenues include the estimated volume of energy consumed, but not yet billed, between the date of the last meter reading and the balance sheet date.

Equipment charges collected from customers when they are connected to the grid or district heating network are recognised as income when the connection is installed.

Taxes collected on behalf of public authorities re-invoiced to eligible end-customers are shown net of purchases of energy, goods and services.

<i>In CHF thousands</i>	2021	2020
Energy revenues	232 660	234 709
Grid usage revenues from own distribution grid	145 076	143 062
Services revenues	133 241	81 494
VHV grid usage revenues and off-grid revenues	44 662	41 934
Equipment financing and third-party contributions	13 939	16 470
Total revenues	569 578	517 669
Other income	20 405	13 847
Internally generated asset additions	22 088	30 503
Net income from disposal of fixed assets	211	18 428
Change in work in progress	2 112	(10 221)
Change in guarantees, losses on bad debts and provision for onerous contracts	87	(934)
Total other income	44 903	51 623
Net revenues	614 481	569 292

NOTE 6

PURCHASES OF ENERGY, GOODS AND SERVICES

<i>In CHF thousands</i>	2021	2020
Energy purchases	159 409	155 480
HV & VHV grid usage costs and off-grid costs	46 741	44 371
Grid dues, system services and Sw issgrid	449	319
Concessions and fees	6 093	5 638
Purchases of goods, services and others	69 490	40 931
Total purchases of energy, goods and services	282 182	246 739

NOTE 7

BREAKDOWN OF DEPRECIATION AND AMORTISATION

Depreciation and amortisation as presented in the consolidated income statement comprises both the scheduled depreciation or amortisation of property, plant and equipment, intangible assets

In CHF thousands

held at the balance sheet date (Notes 11 and 12), and the net residual value of divestments following their scrapping.

	Notes	2021	2020
Depreciation of property, plant and equipment	11	(69 001)	(64 222)
Purchase costs relating to divestments		(6 406)	(9 024)
Accumulated depreciation relating to divestments		5 601	6 384
Net residual value of disposals of property, plant and equipment		(805)	(2 640)
Depreciation of property, plant and equipment as shown in the consolidated income statement		(69 806)	(66 862)
Amortisation of intangible assets	12	(9 516)	(5 565)
Purchase costs relating to divestments			
Accumulated amortisation relating to divestments			
Net residual value of disposals of intangible assets		-	-
Amortisation of intangible assets as shown in the consolidated income statement		(9 516)	(5 565)

NOTE 8

NET FINANCIAL INCOME (EXPENSE)

Dividends from investments are accounted for when the right to distribution is clearly ascertained.

In CHF thousands

	2021	2020
Interest income	493	1 027
Exchange rate gains	936	1 186
Other financial income	472	565
Total financial income	1 901	2 778
Interest on borrowings, mortgages and bank borrowings	(2 131)	(3 346)
Exchange rate losses	(5 767)	(1 449)
Other financial expenses	(392)	(2 597)
Total financial expenses	(8 290)	(7 392)
Net financial income (expense)	(6 389)	(4 614)

NOTE 9

INCOME TAXES AND DEFERRED TAXES

Current taxes are determined on the basis of taxable income for the year and charged to the income statement.

Income taxes are recorded in the same period as the revenues and expenses to which they relate.

Deferred taxes are calculated using the liability method, i.e. based on the timing differences between the value of assets and liabilities recognised by the tax authorities and their book value recorded in the consolidated financial statements.

The amount of the provision for deferred taxes is determined on the basis of known tax rates at the balance sheet date which are likely to be applied when the timing differences are eliminated. Deferred taxes under each line item of the balance sheet are recognised as gross values then offset to provide a net position for each company.

Loss carry-forwards deductible from future taxable income and other deferred tax assets are only recorded as assets if it is probable that they will be recovered subsequently.

<i>In CHF thousands</i>	2021	2020 restated
Profit before income tax	43 232	94 076
Current income taxes	6 823	8 226
Deferred income taxes	1 617	199
Income taxes	8 440	8 425
Income taxes before use of loss carry-forwards	8 440	8 425
Tax loss for which no deferred tax asset was recognised	(125)	(8)
Tax effect for use of unrecognised loss carry-forwards	12	232
Income tax after use of loss carry-forwards	8 327	8 649
Weighted applicable tax rate	13.3%	11.7%
Deferred tax rate	13.7%	13.7%

Restatements for 2020 are detailed in Note 2.

NOTE 10

TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at nominal value less an adjustment for doubtful accounts. A provision for doubtful accounts is set aside when there are objective signs that the Group will not be able to recover what it is owed. A debtor's financial difficulties, default or overdue payments are considered as reliable indicators for reducing the value of the receivable.

The Group sets aside a lump-sum provision for accounts that are more than 180 days overdue.

This provision, made on the basis of past loss data, represents 75% of receivables overdue by more than 180 days. Losses on this position are booked to the provision account. Losses on accounts receivable are recognised on the basis of certificates of unpaid debts as well as bankruptcy adjudications or any other document which can establish the debtor's default.

<i>In CHF thousands</i>	2021	2020
Trade receivables	123 307	111 379
Dow npayments	(38 666)	(34 506)
Total gross trade accounts receivable	84 641	76 873
Provision for doubtful trade receivables	(3 618)	(4 935)
Total net trade accounts receivable	81 023	71 938
Changes in the provision for doubtful trade receivables		
Balance as at 1 January	(4 935)	(4 667)
Additions	-	(1 063)
Charge-offs	211	802
Dissolution	1 408	-
Change in the scope of consolidation	(302)	(7)
Balance as at 31 December	(3 618)	(4 935)

NOTE 11

PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment are recorded at cost less accumulated depreciation. Leasehold improvements are depreciated over their estimated useful life or the remaining term of the lease, whichever is shorter. Repairs and maintenance costs are charged directly to the income statement, while major renovations and refurbishments are capitalised as property, plant and equipment and depreciated over their estimated useful life. The main components of a single item of property, plant and equipment are recognised and depreciated separately.

Depreciation is calculated using the straight-line method based on the remaining term of the concessions or the estimated useful life of the asset (presented below), whichever is shorter:

	Useful life in years
Group premises	20-40
Investment properties	20-40
Pow er plants	25-80
Pow er grids and heating distribution netw orks	15-40
Machinery, equipment, installations and tools	6-15
Vehicles	3-8
IT hardw are	3-5

Land is only depreciated in the event of a loss in value, or if it is handed back in connection with the expiry of a concession contract.

Work in progress is treated as plant, property and equipment and depreciated beginning in the month it is brought into service.

If the Group has to dismantle power plants or other non-current assets and rehabilitate the property owned by third parties on which these assets are located, the corresponding costs are added to the initial cost at the acquisition date and depreciated over the useful life of the assets. This principle does not apply to wind farms located in France, for which a provision is set aside (Note 17).

Assets held with a view to obtaining a return or increasing their capital value are classified as investment property. Investment property is recorded at cost less accumulated depreciation and is included under land and buildings.

At each financial year-end, an impairment review is carried out in order to identify any factors indicating a loss in value of an asset. A loss in value is immediately recognised if the book value of an asset is higher than its estimated recoverable amount. The recoverable amount is defined as an asset's net selling price or its value in use, whichever is higher.

Value in use is the discounted present value of estimated future cash flows expected to be derived from this asset or the smallest identifiable group of assets to which it belongs, and whose continuing use generates cash inflows which are independent of those arising from other assets or groups of assets. Consequently, the Group must assess the overall economic conditions expected during the useful life of its assets. These estimates may diverge considerably from the actual values.

An impairment review is carried out annually or whenever there is reason to suspect a loss in value. These reviews are performed on the basis of estimated future cash flows resulting from the use of the assets, or market value if the assets are sold. However, actual cash flows may differ significantly from initial estimates.

The net value of investment property, including under land and buildings, stood at CHF 1.4m as at 31 December 2021 versus CHF 1.6m as at 31 December 2020.

No vacant land was owned as at 31 December 2021 or 31 December 2020.

2021						
Acquisition costs						
Balance as at 1 January	139 902	620 002	1 732 328	53 061	143 528	2 688 821
Acquisitions and additions	533	786	25 292	4 892	77 479	108 982
Change in the scope of consolidation	1 600			1 113	12	2 725
Disposals and decreases		(77)	(6 413)	(2 065)		(8 555)
Transfers	(4)	24 684	41 500	1 622	(62 762)	5 040
Exchange difference		(6 777)	(13)	(18)	(705)	(7 513)
Balance as at 31 December	142 031	638 618	1 792 694	58 605	157 552	2 789 500
Accumulated depreciation						
Balance as at 1 January	67 906	259 846	1 016 717	39 513	-	1 383 982
Depreciation*	2 745	18 094	43 760	4 402		69 001
Change in the scope of consolidation				732		732
Disposals and decreases			(5 622)	(1 846)		(7 468)
Transfers			6 022	40		6 062
Exchange difference		(2 124)	(13)	(9)		(2 146)
Balance as at 31 December	70 651	275 816	1 060 864	42 832	-	1 450 163
Net carrying value as at 31 December	71 380	362 802	731 830	15 773	157 552	1 339 337

2020

Acquisition costs						
Balance as at 1 January	141 773	497 454	1 655 222	47 499	125 970	2 467 918
Acquisitions and additions	3 581	2 989	34 808	5 277	74 270	120 925
Change in the scope of consolidation		116 408		172	2 132	118 712
Disposals and decreases	(13 814)	(3 384)	(8 178)	(1 550)		(26 926)
Transfers	8 362	7 901	50 480	1 635	(58 845)	9 533
Exchange difference		(1 366)	(4)	28	1	(1 341)
Balance as at 31 December	139 902	620 002	1 732 328	53 061	143 528	2 688 821
Accumulated depreciation						
Balance as at 1 January	73 784	224 621	967 163	36 580	-	1 302 148
Depreciation*	3 124	15 969	41 841	3 288		64 222
Change in the scope of consolidation		19 928		49		19 977
Disposals and decreases	(9 002)	(442)	(6 395)	(1 335)		(17 174)
Transfers		(2)	14 112	932		15 042
Exchange difference		(228)	(4)	(1)		(233)
Balance as at 31 December	67 906	259 846	1 016 717	39 513	-	1 383 982
Net carrying value as at 31 December	71 996	360 156	715 611	13 548	143 528	1 304 839

* The reconciliation of the annual amount of depreciation and amortisation on the income statement is shown in Note 7.

NOTE 12

INTANGIBLE ASSETS AND GOODWILL

Intangible assets are measured at cost and amortised using the straight-line method over their estimated useful life:

- Operating permits are capitalised if it is clear that they can generate future economic benefits and if the costs can be reliably measured. They are amortised over 20 years.
- Software includes purchased licences and internally developed applications. It is amortised over 5 years.
- Other intangible assets include concessions and customers. They are amortised either over the term of the concession or over a maximum duration of 5 years.

An impairment review is carried out where there are indications that the recoverable amount may be less than the carrying amount. An analysis is carried out at each balance sheet date. A loss in value is recognised if the carrying amount of an asset is higher than its value in use. Value in use is the discounted present value of estimated future cash flows expected to be derived from this asset or the smallest identifiable group of assets to which it belongs, and whose continuing use generates cash inflows which are independent of those arising from other assets or groups of assets. Consequently, the Group must assess the overall economic conditions expected during the useful life of its assets. These estimates may diverge considerably from the actual values.

In CHF thousands	Operating permits	Software	Other intangible assets	Total
2021				
Acquisition costs				
Balance as at 1 January	95 088	59 157	5 865	160 110
Acquisitions and additions		2 514	975	3 489
Transfers	(1 068)	878		(190)
Exchange difference	(3 549)			(3 549)
Balance as at 31 December	90 471	62 549	6 840	159 860
Accumulated amortisation				
Balance as at 1 January	376	48 545	2 082	51 003
Amortisation*	4 521	4 236	759	9 516
Exchange difference	(186)			(186)
Balance as at 31 December	4 711	52 781	2 841	60 333
Net carrying value as at 31 December	85 760	9 768	3 999	99 527
2020				
Acquisition costs				
Balance as at 1 January	-	55 683	4 416	60 099
Acquisitions and additions		1 978	1 445	3 423
Transfers		1 590	4	1 594
Change in the scope of consolidation	96 051			96 051
Disposals and decreases		(94)		(94)
Exchange difference	(963)			(963)
Balance as at 31 December	95 088	59 157	5 865	160 110
Accumulated amortisation				
Balance as at 1 January	-	44 061	1 500	45 561
Amortisation*	372	4 611	582	5 565
Disposals and decreases		(95)		(95)
Transfers		(32)		(32)
Exchange difference	4			4
Balance as at 31 December	376	48 545	2 082	51 003
Net carrying value as at 31 December	94 712	10 612	3 783	109 107

* The reconciliation of the annual amount of depreciation and amortisation on the income statement is shown in Note 7.

Goodwill generated by business combinations or investments in associates represents the difference between the acquisition cost and the present value of the identifiable net assets of the acquired company at the acquisition date.

Goodwill is offset against equity at the acquisition date, as allowed under Swiss GAAP FER. The theoretical capitalisation and the amortisation of this goodwill over 5-20 years would have the following impact on shareholders' equity and net profit:

<i>In CHF thousands</i>		
Theoretical capitalisation of goodwill:	2021	2020 restated
Acquisition costs		
Balance as at 1 January	34 264	32 540
Acquisitions and additions	7 946	1 765
Exchange difference	(72)	(41)
Balance as at 31 December	42 138	34 264
Accumulated amortisation		
Balance as at 1 January	20 701	17 247
Theoretical additions	5 146	3 454
Balance as at 31 December	25 847	20 701
Theoretical net book value at year-end	16 291	13 563
Theoretical impact on equity:		
Equity as per balance sheet	1 914 833	1 929 526
Theoretical capitalisation of net book value of goodwill	16 291	13 563
Theoretical equity including net book value of goodwill	1 931 124	1 943 089
Theoretical impact on net profit:		
Net profit as per income statement	34 792	85 651
Theoretical amortisation of goodwill	(5 146)	(3 454)
Theoretical net profit after goodwill amortisation	29 646	82 197

Restatements for 2020 are detailed in Note 2.

NOTE 13

INVESTMENTS IN ASSOCIATES

This item mainly consists of the interest in EOS Holding SA (29.7%), which in turn owns 33.33% of Alpiq. It is sensitive both to changes in the euro exchange rate and energy prices on the wholesale market. Alpiq is extremely active in trading on cross-border power exchanges.

Financial statements of associates that are prepared in accordance with different accounting standards from those used by the Group are adjusted accordingly. The share of EOS Holding SA's equity shown below corresponds to the equity interest.

The Group has significant interests in the following associates, accounted for using the equity method:				
<i>In CHF thousands</i>				
	EOS Holding SA		Other associates	
	2021	2020	2021	2020
Changes in carrying value		restated		
1 January	457 226	439 338	64 779	61 288
Share of profit from associates	(9 854)	19 373	6 158	2 744
Dividends received	(3 119)	(1 485)	(2 625)	(3 095)
Acquisitions			291	2 702
Disposals				(36)
Change in the scope of consolidation			342	1 176
31 December	444 253	457 226	68 945	64 779
Condensed balance sheet of EOS Holding SA			2021	2020
				restated
Current assets			170 674	225 742
Non-current assets			1 666 286	1 700 627
Current liabilities			41 472	50 709
Non-current liabilities			299 945	336 444
Aggregate net assets			1 495 543	1 539 216
Share of equity of EOS Holding SA			444 253	457 226

NOTE 14

OTHER LONG-TERM FINANCIAL ASSETS

Investments in companies in which the Group holds less than 20% of voting rights, or over which it does not exert significant influence or have joint control, are recorded on the balance sheet at cost and subsequently carried at fair value.

Fair-value adjustments are recognised in the income statement. Loans issued are carried at cost less any impairment due to non-recoverable amounts.

<i>In CHF thousands</i>		2021	2020
Miscellaneous financial investments		11 062	9 120
Loans to associates		27 446	19 917
Loans to third parties		971	1 607
Total other long-term financial assets		39 479	30 644

NOTE 15

PENSION OBLIGATIONS

Basis and organisation of occupational pension provision

The Romande Energie pension fund (hereinafter the "pension fund") is a legally independent occupational benefits institution which operates under the mandatory pension regime introduced by the Swiss Federal Act of 25 June 1982 on Occupational Pensions Act (hereinafter "OPA"). The employers affiliated with the pension fund are:

- Romande Energie SA
- Romande Energie Services SA
- Effitec SA

Pension plans

The pension fund runs a separate pension scheme for each employer. Under Swiss legislation (OPA), all pension plans are defined-contribution plans, with funding based on predetermined contributions paid by working insured members and employers, calculated on the basis of pensionable income. Each company has a specific basic plan for covering fixed remuneration. A supplementary plan covers variable remuneration; it is identical for each company.

The pension fund itself manages coverage for risks relating to old age, death and disability. As at 31 December 2021, the funded status, which is pension assets relative to liabilities within the meaning of the OPA (which uses the static measurement), stood at 119%, relative to 112% at the end of 2020. If a plan becomes underfunded, several remedial measures are provided for under the terms of the OPA.

Management of investments

The Pension Board, which is the highest authority in the pension fund, has responsibility over investing. It comprises five employee and five employer representatives. The assets of the pension fund serve solely to cover current and future liabilities. The investment policy aims to optimise capital management so as to attain the stated pension objectives. Actuarial data and requirements must be consistently represented in the investment policy objectives, which are liquidity, safety and income.

The Pension Board defines the strategic allocation of the pension fund's assets together with authorised fluctuation margins that are consistent with the pension objectives. Lastly, it ensures compliance with the investment principles laid down by legislation and its own investment guidelines.

Employer contribution reserves <i>In CHF thousands</i>	Nominal value 31.12.2021	Waiver of use	Balance sheet 31.12.2021	Balance sheet 31.12.2020	Increase / decrease	Income statement impact	
						2021	2020
Patronage funds	-	-	-	-	-	-	-
Pension plans	17 592	-	17 592	24 788	7 196	-	-
Total	17 592	-	17 592	24 788	7 196	-	-

In 2020, employer contribution reserves were not used.

Economic benefit and economic obligation <i>In CHF thousands</i>	Surplus / deficit 2021	Group's economic share 2021	2020	Change from previous year	Contributions for the period	Pension costs in personnel expenses	
						2021	2020
Patronage funds	-	-	-	-	-	-	-
Pension plans	-	-	-	-	-	10 103	9 149
Total	-	-	-	-	-	10 103	9 149

NOTE 16

BORROWINGS

Borrowings are recorded at their nominal value. The corresponding transaction costs are expensed in the income statement.

Borrowings or tranches of borrowings carrying an irrevocable right to defer repayment for longer than 12 months are classified under non-current liabilities; all others are shown under current liabilities.

<i>In CHF thousands</i>	2021	2020
Due to banks and other financial institutions	95 710	84 532
Other long-term financial commitments	4 231	1 260
Total borrowings	99 941	85 792
Short-term portion of borrowings	(6 290)	(650)
Total long-term borrowings	93 651	85 142

The Group's exposure to interest-rate and renewal risks at the balance sheet date was as follows:

<i>In CHF thousands</i>	2021	2020
Less than 1 year	6 290	765
Between 1 year and 5 years	5 259	2 000
Over 5 years	88 392	83 027
Total borrowings	99 941	85 792
Borrowings at floating rate	59 526	63 027
Borrowings at fixed rate	40 415	22 765
Total	99 941	85 792

Currency composition of borrowings:

	2021	2020
CHF	29%	27%
EUR	71%	73%
Total	100%	100%

NOTE 17

PROVISIONS

A provision is a liability of uncertain timing or amount. They are recorded when the Group is under a legal or constructive obligation arising from a past event, when it is probable that an outflow of funds will be necessary to settle the obligation and when the amount of the obligation can be reliably estimated. The provision amount is estimated by the Executive Board at the balance sheet date on the basis of the best possible estimate of the expenditure required to settle the obligation. If an outflow of funds is unlikely or the amount cannot be reliably estimated, the obligation is shown not on the balance sheet but under contingent liabilities. If the impact is significant, the cash flows expected in order to discharge the obligation are discounted. The provision is discounted at the current market rate, which is increased if necessary by a rate reflecting the risks inherent in the liability.

Provision for onerous contracts

The provision for onerous contracts separates out the business profit earned on a price plan from the performance generated by a procurement strategy. The profitability of each price plan is analysed on an annual basis. The provision is calculated on the basis of the cash flows expected for the duration of each contract. The discount rate used for this type of operation is 4.5%. The Group expects this provision to be cleared by the end of 2022.

Provision for decommissioning

The provision for dismantling concerns wind farms owned by REF Eolien SAS and Eole de Piroy Sàrl. The provision for each wind farm was recalculated on the basis of forecast decommissioning costs at the target dates determined under French legislation. The decommissioning date furthest ahead is 2035. The discount rate used by the Group for this type of operation is 3.9%.

Provision for development contracts

Several development contracts were signed with a service provider in connection with the acquisition of wind farm projects in France. An amount will become payable as each project progresses. The related provision is calculated on an estimate for contractual cash flows that will fall due in the future. The discount rate used by the Group for this type of operation is 3.5%. The final cash flow is in 2026.

Provision for restructuring

Romande Energie Group established a new structure with effect from 1 January 2020, aimed at sustaining its long-standing activities while developing new business models. During the 2018 financial year, the Group put forward an official detailed plan which specified the businesses and employees concerned and the projected impact out to 2021. The full cost was ultimately covered by the Romande Energie Group pension fund. The remainder of the provision was cleared during the 2020 financial year.

	Development contrats	Onerous contracts	Dismantling	Restructuring	Total
<i>In CHF thousands</i>					
2021					
Balance as at 1 January	4 621	49	790		5 460
Change in consolidation scope	25				25
Discounting effect	163		86		249
Use	(1 068)	(43)	(147)		(1 258)
Exchange difference	(138)		(28)		(166)
Balance as at 31 December	3 603	6	701	-	4 310
Short-term portion of provisions	(2 231)	(6)			(2 237)
Total long-term provisions	1 372	-	701	-	2 073
2020					
Balance as at 1 January	-	236	513	412	1 161
Change in consolidation scope	4 621		177		4 798
Discounting effect		2	107		109
Use		(189)		(412)	(601)
Exchange difference			(7)		(7)
Balance as at 31 December	4 621	49	790	-	5 460
Short-term portion of provisions	(2 672)	(6)			(2 678)
Total long-term provisions	1 949	43	790	-	2 782

NOTE 18

SHARE CAPITAL AND OUTSTANDING SHARES

As at 31 December 2021, the issued share capital amounted to CHF 28.5m, consisting of 1,140,000 fully paid-up registered shares with a nominal value of CHF 25 each. The amount available for dividend distribution is based on the amount shown under Voluntary retained earnings in the financial statements of the parent company, Romande Energie Holding SA. It is calculated in accordance with the provisions of the Swiss Code of Obligations. Consolidated equity includes statutory reserves of CHF 134m (CHF 134m in 2020), which are not available for distribution.

There is an agreement between Vaud canton, various Vaud municipalities, SIE SA and Banque Cantonale Vaudoise laying

down mutual pre-emptive rights in the event of the sale of shares held by any of these parties. Signatories of this agreement owned 55.35% of the share capital as at 31 December 2021.

In the case of purchases of own shares, the total amount paid and the costs directly related to the transaction (net of income tax) are deducted from the Group's equity until the cancellation or later sale of the securities. If own shares are sold, the proceeds from the sale, net of transaction costs (but including the tax effect of income tax), are allocated to the Group's equity.

%	2021	2020
Vaud Canton*	38.60	38.60
Romande Energie Holding SA, Morges	9.97	9.97
Groupe E SA, Fribourg	6.90	6.31
Credit Suisse Investment Foundation, Zurich	3.97	3.97
Banque Cantonale Vaudoise, Lausanne* / ***	3.05	3.05
Lausanne City Council *	3.02	3.02
Free float * / **	34.49	35.08

Shareholders holding 3% or more of the share capital of Romande Energie Holding SA are considered significant shareholders.

* Bound by the shareholders' agreement on reciprocal pre-emptive rights

** Of which 146,642 shares (12.86%) held by the Vaud municipalities and SIE SA, which are bound by the shareholders' agreement on mutual pre-emptive rights

*** Including 9,900 shares (0.9%) bound by the shareholders' agreement on mutual pre-emptive rights

Issued outstanding shares	2021	2020
Issued shares	1 140 000	1 140 000
Own shares held by the Group	(113 685)	(113 685)
Outstanding shares	1 026 315	1 026 315

NOTE 19

RISK MANAGEMENT

The Group manages risk on three levels:

- The Board of Directors sets out the risk management policy.
- The Executive Board is responsible for risk controls.
- The Risk Manager on a daily basis monitors, identifies and controls risks.

Because of its business, the Group is exposed to market risks that derive mainly from energy prices, exchange rates and interest rates, as well as financial risks (credit and liquidity risks). It is also exposed to business-related risks (operational and strategic risks).

Financial risks, including those related to the energy portfolio, are managed using limits that the Executive Board reviews regularly. Specific risks associated with energy management are supervised by an ad hoc committee that meets monthly and which reports annually to the Board of Directors. Whenever required, updates are provided to the Executive Board and the Finance and Audit Committee. To lower exposure to market risk, the Group uses forwards in the form of standardised instruments bought over the counter to hedge the portion of supply not covered by its own generation installations. To cover financial risks, the Group will whenever required engage in hedging transactions, mainly in the form of interest rate swaps or forward currency contracts. These transactions are carried out purely for hedging purposes and concern only the underlying assets or liabilities held by the Group and events that have a high likelihood of occurrence.

NOTE 20

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments held for hedging purposes are measured using the same principles as the hedged transaction. When a hedging operation has not yet impacted the balance sheet (i.e. only future cash flows are being hedged), the hedging instrument is not recognised. Instead, its fair value, and any gains or losses, are shown below.

In CHF thousands	Contract amounts		Positive fair value		Negative fair value		Value recognised on balance sheet	
	2021	2020	2021	2020	2021	2020	2021	2020
Forward currency contracts:								
- Hedging instruments	18 537	21 121	-	5	150	441	-	-
- Portfolio optimisation	-	-	-	-	-	-	-	-
Forward energy contracts:								
- Hedging instruments	-	-	-	-	-	-	-	-
- Portfolio optimisation	-	-	-	-	-	-	-	-
Total derivative financial instruments	18 537	21 121	-	5	150	441	-	-

* Presentation of the 2020 comparative figures has been adjusted. This restatement concerns the hedging instruments shown under Portfolio optimisation in the published 2020 financial statements.

Liquidity risk is the risk that the Group may be unable to honour its commitments as they fall due. The treasury department is responsible for cash flow and financing procedures. Liquidity and financing risks are continually monitored by the Executive Board at Group level. The Group has sufficient cash resources to meet all commitments on their maturity dates.

Exposure to **interest rate risk** is essentially due to borrowings by the Group and the short- and medium-term deposits which it places with financial institutions.

Business-related risks are monitored using a risk map updated annually or more regularly if required, depending on how risks evolve. Remedial action plans are determined to mitigate risks, in line with the risk management strategy. The risk review is led by the Risk Manager in collaboration with the Board of Directors, the Executive Board and senior managers. Findings are reported annually to the Executive Board and the Board of Directors. Additionally, large-scale projects or new business models within the Group are screened for risks by the Risk Manager and the project sponsors. Analysis centres on financial, technical and legal criteria together with the Group's three sustainable development pillars. Risk screening is an integral part of investment decision-making, from the team making the decision responsible all the way up to the Executive Board and Board of Directors.

Conversely, forward energy-purchasing contracts entered into for portfolio optimisation, or which are used for optimisation at a later date, and any other derivative financial instruments used for trading purposes are measured at fair value. They are recognised under assets or liabilities as soon as the Group becomes bound by contract to these instruments. Any remeasurement gains or losses are immediately recognised in income.

NOTE 21

RELATED PARTIES

Entities with significant influence on the Group (Vaud Canton), the Romande Energie Fondation de Prévoyance, members of the Board of Directors and the Executive Board and companies related to them, and associates are considered related parties. These parties are supplied with energy under terms set out in contracts. Vaud Canton collects fees for the use of hydropower.

Shareholders who own 20% or more of the share capital of Romande Energie Holding SA, the parent company, are considered entities with significant influence.

Associates are companies in which the Group owns more than 20% of the equity. Other related parties are entities of which one or more member of the Board of Directors or the executive of such an entity holds a management position within the Group. This grouping also includes municipalities of which the mayor or a council member holds a management position within the Group. Transactions with related parties are conducted under terms set out in contracts.

Related parties		Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts owed to related parties
Entities with significant influence on the Group	2021	2 239	20 186	231	1 965
	2020	1 050	20 004	192	1 179
Associates	2021	14 158	57 240	1 539	2 291
	2020	10 744	47 971	1 658	1 055
Other related entities	2021	32 237	38 695	4 744	987
	2020	58 992	67 675	8 420	-

NOTE 22

REMUNERATION, EXPENSES AND SOCIAL INSURANCE COSTS OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

In 2021, the Executive Board had 6.87 members on a full-time-equivalent basis, versus 6.5 FTEs in 2020. Contributions paid into the pension fund for members of the Executive Board amounted to CHF 0.314m (CHF 0.317m in 2020).

The Board of Directors comprised 9 members, as in 2020.

In CHF thousands	2021	2020
Basic salaries paid to Executive Board members during the year	2 046	1 573
Variable salaries paid to Executive Board	713	1 045
Allowances for entertainment expenses	136	113
Social insurance costs (state pension, unemployment, occupational pension, etc.)	592	566
Total remuneration, expenses and social insurance costs - Executive Board	3 487	3 297
Compensation paid to Board of Directors (including expenses)	635	663
Social insurance costs (state pension, unemployment, etc.)	67	43
Total remuneration, expenses and social insurance costs - Board of Directors	702	706

NOTE 23

OTHER FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

In CHF thousands	2021	2020
Guarantee obligations in favour of third parties	27 895	27 000

The units of the subsidiaries Eole de Piroy Sàrl, Les Mâts d'Eole SAS and Groupement Solaire Cestas 2 SAS were used as collateral to secure their financial commitments. These represented a total amount of CHF 71m as at 31 December 2021 (2020: CHF 64m).

Risks relating to the inquiry into the 2017 costs and tariffs of Romande Energie Commerce SA

In 2019, the Federal Electricity Commission (EiCom) opened an inquiry into the power tariffs applied by Romande Energie Commerce SA (REC) for 2017. On 7 December 2021, EiCom made its decision public and required REC to amend its tariffs for the year under review. EiCom furthermore required a retroactive application of these measures without specifying which years might be concerned or quantifying the deficit or surplus in terms of billing.

The difference of opinion between EiCom and REC mainly concerns the procedure for applying Article 6(5) of the Energy Supply Act, specifically: Distribution system operators must pass on the benefit they derive from unfettered access to the grid proportionately to captive consumers (...) By drafting this article, lawmakers sought to prevent a situation whereby captive customers would pay a substantially higher price than wholesale customers who have unregulated access to the market. In application of this provision, EiCom drew up an average pricing method that has generated a significant amount of debate as to its application.

To calculate its power tariffs, REC considers the costs of its shareholders' own generation, long-term supply contracts and purchases on the wholesale power market. Tariffs are monitored by EiCom, an industry regulator independent of the federal administration. In its decision, EiCom provided its interpretation of the production cost calculation and the various methods used to calculate tariffs. In particular, it requires that power tariffs be based on the average of all the power purchases made by REC, which therefore includes purchases unrelated to the supply of captive customers. EiCom disputes the weighted average cost of capital (WACC) that has been applied.

REC refutes EiCom's decision on several grounds, especially the retroactive application of specific measures.

REC holds that its pricing policy prioritises the interests of its customers, compliance with sound competition policies in the unregulated market and stable tariffs for captive customers.

For these reasons, REC will appeal this decision to the Federal Administrative Court.

The Group believes that no provision associated with this dispute should not be booked in the full-year financial statements as at 31 December 2021 considering the process for recognising shortfalls and surpluses in the pricing system applied to captive customers. Based on the EiCom's ruling for 2017 and the subsequent years, the tariffs published for 2022 and the higher supply costs that have occurred in the meantime, a surplus reserve is not expected at end-2022.

NOTE 24

POST-BALANCE SHEET EVENTS

Approval of the consolidated financial statements

The consolidated financial statements of Romande Energie Group for 2021 were approved by the Board of Directors on 6 April 2022.

A dividend of CHF 36 per share will be submitted for approval by shareholders at the Annual General Meeting.

If this recommendation is adopted, the total dividend payment will amount to CHF 36.9m, taking into account shares held by the Group in treasury.

NOTE 25

SUBSIDIARIES AND ASSOCIATES

	Main business	Currency	Share capital '000	Ownership (%) *	
				2021	2020
Subsidiaries					
Romande Energie SA, Morges	E	CHF	36 150	100.0	100.0
Romande Energie Services SA, Préverenges	S	CHF	25 000	80.0	80.0
Bas-Valais Energie SA, Vouvry	E	CHF	19 898	72.0	72.0
Romande Energie Commerce SA, Morges	E	CHF	15 294	73.9	73.9
Eoliennes de Provence SA, Provence	E	CHF	6 000	60.0	60.0
Energie Renouvelable de l'Avançon SA, Bex	E	CHF	3 000	51.0	51.0
CEVM Compagnie Energétique du Vallon de Morgins SA, Troistorrents	E	CHF	1 500	85.7	85.7
Centrale Thermique de Gland SA, Gland 1)	E	-	-	-	80.0
Arnon Ernergie SA, Vuiteboeuf	E	CHF	1 000	60.0	60.0
Demierre Deschenaux SA, Oron **	S	CHF	240	80.0	80.0
Effitec SA, Morges 2) **	N	CHF	200	80.0	100.0
Bosson et Pillet SA, Petit-Lancy 3) **	S	CHF	150	80.0	-
AFCO Management SA, Renens **	S	CHF	100	80.0	80.0
Effitec Services SA, Carouge 4) **	N	CHF	100	41.6	-
Frigo Service SA, Corminboeuf **	S	CHF	100	80.0	80.0
J.M. Lambelet SA, Neuchâtel 5) **	S	CHF	100	80.0	-
Romande Energie France SAS, Paris	D	EUR	7 700	100.0	100.0
Centrale Hydroélectrique de Bar SAS, Paris	E	EUR	2 091	95.0	95.0
REF Eolien SAS, Paris	E	EUR	600	100.0	100.0
REF Hydro SAS, Paris	E	EUR	150	100.0	100.0
Groupement Solaire Cestas 2 SAS, Paris 7)	D	EUR	8	60.6	51.0
Centrale Solaire Constantin 7 SAS, Paris ***	E	EUR	3	60.6	51.0
Centrale Solaire Constantin 8 SAS, Paris ***	E	EUR	3	60.6	51.0
Centrale Solaire Constantin 9 SAS, Paris ***	E	EUR	3	60.6	51.0
Centrale Solaire Constantin 10 SAS, Paris ***	E	EUR	3	60.6	51.0
Calycé 2, Paris SAS	D	EUR	1	100.0	100.0
Eole de Piroy Sàrl, Paris	E	EUR	1	100.0	100.0
Eole de La Joux Sàrl, Vitry-la-Ville	E	EUR	1	100.0	100.0
Eole des Charmes Sàrl, Vitry-la-Ville	E	EUR	1	100.0	100.0
Eole des Muids Sàrl, Vitry-la-Ville	E	EUR	1	100.0	100.0
Eole des Pinceaux SAS, Vitry-la-Ville	E	EUR	1	100.0	100.0
Eole des Vignottes SAS, Vitry-la-Ville	E	EUR	1	100.0	100.0
Eole du Barrois SAS, Vitry-la-Ville	E	EUR	1	100.0	100.0
Le Souffle d'Espoir SAS, Vitry-la-Ville	E	EUR	1	100.0	100.0
Les Mâts d'Eole, Vitry-la-Ville SAS	E	EUR	1	80.0	80.0

Joint ventures

EcuCAD SA, Ecublens 8)	E	CHF	4 000	50.0	-
ThermorésÔ Nyon SA, Nyon 9)	E	CHF	200	50.0	-
Eole du Châtelier SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Eole d'Opale SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Eole de Fradier SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Eole du Génois SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Eole de Saint Sébastien SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Eole du Filaos SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0
Calycé Rive Droite SAS, Vitry-la-Ville	E	EUR	1	50.0	50.0

	Main business	Cur- rency	Share capital	Ownership (%) *	
			'000	2021	2020
Associates					
EOS Holding SA, Lausanne	D/E	CHF	324 000	29.7	29.7
Forces Motrices Hongrin-Léman S.A. (FMHL), Château-d'Oex	E	CHF	100 000	41.1	41.1
Sitel SA, Morges	N	CHF	20 850	33.3	33.3
Société des Forces Motrices du Grand-St-Bernard SA (FGB), Bourg-St-Pierre	E	CHF	8 000	36.0	36.0
Forces Motrices de l'Avançon SA (FMA), Bex 10)	E	CHF	7 095	39.9	39.0
Forces Motrices de Sembrancher (FMS) SA, Sembrancher	E	CHF	6 000	20.6	20.6
Société Electrique des Forces de l'Aubonne SA, Aubonne	E	CHF	5 000	36.6	36.6
Cadcime SA, Eclépens	E	CHF	4 325	22.0	22.0
Spontis SA, Avenches	N	CHF	2 650	40.0	40.0
ThermorésÔ SA, Vinzel	E	CHF	8 500	40.0	40.0
neo technologies SA, Lausanne	N	CHF	2 000	48.9	48.9
EnergeÔ SA, Vinzel	E	CHF	2 000	25.0	25.0
Energie Solaire SA, Sierre	N	CHF	1 600	34.0	34.0
DransGrid SA, Orsières	E	CHF	1 200	50.0	50.0
Energies Nouvelles Vionnaz SA, Vionnaz	E	CHF	1 000	35.0	35.0
MBR SA, Massongex	E	CHF	1 000	33.3	33.3
VO RE-Nouvelable SA, Orbe	E	CHF	1 000	50.0	50.0
Agrogaz Lignerolle SA, Lignerolle	E	CHF	800	40.0	40.0
enersuisse SA, Dietikon	N	CHF	600	33.3	33.3
Tayo SA, Ecublens 11)	N	CHF	164	20.0	20.0
Energie Renouvelable Vouvry SA, Vouvry	E	CHF	100	35.0	35.0
St-Gingolph Energia SA, St-Gingolph	E	CHF	100	25.0	25.0

Main business	
E) Generation, distribution and marketing of energy	
D) Holding company	
S) Energy services	
N) Other	
	<div> <div>*</div> <div>The percentage of voting rights is systematically identical to the equity interest, with the exception of:</div> <div> <div>-</div> <div>Forces Motrices de l'Avançon SA, 38.11% of voting rights</div> </div> <div> <div>-</div> <div>Société Electrique des Forces de l'Aubonne SA, 24.7% of voting rights</div> </div> </div>
	<div> <div>**</div> <div>The percentage of voting rights for companies held by Romande Energie Services SA corresponds to:</div> <div> <div>-</div> <div>companies that are 80%-owned, 100% of voting rights</div> </div> <div> <div>-</div> <div>Effitec Services SA, 52% of voting rights</div> </div> </div>
	<div> <div>***</div> <div>The presentation of the 2020 comparison of the ownership percentage has been adjusted. This restatement concerns the updating of the ownership interest indicated in the published 2020 financial statements.</div> </div>

- Under the agreement of 21 May 2021, Romande Energie Services SA merged with and absorbed its subsidiary Centrale Thermique de Gland SA, with retroactive effect from 1 January 2021. As the surviving company held all the shares of the transferring company, the merger did not give rise to an increase in capital nor a grant of shares.
- Under the share transfer agreement of 27 August 2021, Romande Energie Holding SA sold Effitec SA to Romande Energie Services SA, with retroactive effect from 1 January 2021. It has a share capital of CHF 200K. Its corporate purpose is providing a full range of services in relation with accident prevention in the power industry.
- Under the share transfer agreement of 29 April 2021, Romande Energie Services SA acquired the entire share capital of Bosson et Pillet SA. It has a share capital of CHF 150K and it installs and services heating and ventilating equipment.
- In accordance with the memorandum of association dated 5 March 2021, Romande Energie Services SA acquired 52% of the share capital of Effitec Services SA. It has a share capital of CHF 100K. Its corporate purpose is providing a full range of services in relation with electrical safety and building fire prevention.
- Under the share transfer agreement of 15 January 2021, Romande Energie Services SA acquired the entire share capital of J.M. Lambelet SA. It has a share capital of CHF 100K and it installs and services heating, ventilating and climate control installations.
- Under the share transfer agreement of 17 March 2021, Romande Energie Services SA acquired the entire share capital of Toutelec SA. It has a share capital of CHF 100K. Under the terms of the merger agreement dated 27 April 2021, Romande Energie Services SA merged with and absorbed its subsidiary Toutelec SA. As the surviving company held all the shares of the transferring company, the merger did not give rise to an increase in capital nor a grant of shares.

- Under the purchase agreement of 20 December 2021, Romande Energie France SAS acquired a further 9.56% interest in Groupement Solaire Cestas 2 SAS. The purpose of this company is to hold interests in companies operating solar farm in the Gironde administrative department in France.
- In accordance with the memorandum of association dated 10 February 2021, Romande Energie Services SA acquired 50% of the share capital of EcuCAD SA. It has a share capital of CHF 4,000K. Its corporate purpose is to design and build a district heating network.
- In accordance with the memorandum of association dated 9 April 2021, Romande Energie SA acquired 50% of the share capital of ThermorésÔ Nyon SA. It has a share capital of CHF 200K. Its corporate purpose is to design and build a district heating network.
- Under the purchase agreement of 10 August 2021, Romande Energie SA acquired a further 0.88% interest in Forces Motrices de l'Avançon SA. It has a share capital of CHF 7,095K. Its corporate purpose is to generate and distribute electricity.
- As authorised by the Annual General Meeting on 17 July 2021 acting upon the recommendation from the Board of Directors of 23 June 2021, Tayo SA increased its capital by CHF 24K to CHF 164K. The Group has a 20% stake in this company.

To the General Meeting of
Romande Energie Holding SA, Morges

Lausanne, 6 April 2022

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Romande Energie Holding SA, which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 80 to 111), for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of the power generation plants

Area of focus	Power generation plants represent a significant part of the consolidated assets of Romande Energie, amounting to CHF 362 million (note 11).
	At each financial year-end, the management reviews the possible existence of impairment indicators and performs an impairment test when needed for the concerned power plants. Impairment tests have been performed mainly for hydraulic power plants, with a carrying value of CHF 117 million as of 31 December 2021.
	Power generation plants valuation is a key audit matter for our audit, due to judgements and assumptions that are made by management in the valuation models, and also due to the materiality of those power plants over the consolidated financial statements taken as a whole.
Our audit response	Our procedures comprised of the examination of the impairment indicator analysis and the recoverable amount calculation made by management. We audited the calculation, the methods and challenged the key assumptions such as future cash flows and discount rate with the support of our valuation experts.
	Our audit procedures did not lead to any reservations regarding the valuation of the power generation plants.



Valuation of the EOS Holding SA investment

Area of focus	<p>Romande Energie owns 29.71% of EOS Holding SA, which owns 33.33% interest in Alpiq. This investment of CHF 444 million is subject to the variations of foreign exchanges rates and electricity prices on the wholesale market (note 13).</p> <p>EOS Holding SA investment is accounted for using the equity method. In addition, the management performs an impairment test including judgements and assumptions linked with the future of Alpiq.</p> <p>The valuation of EOS Holding SA investment is a key audit matter due to the judgment and assumptions made by management in the valuation model.</p>
Our audit response	<p>Firstly, our procedures comprised of the verification of the equity method for EOS Holding SA investment. Secondly, based on the annual impairment test made by management, we have examined the method, the calculation, and we have performed a critical review of the assumptions and judgements with the support of our valuation experts.</p> <p>Finally, we have verified the information disclosed in the notes to the consolidated financial statements.</p> <p>Our audit procedures did not lead to any reservations regarding the integration of EOS Holding SA investment as per the equity method, and its valuation.</p>

Valuation of the operating permits in the intangible assets

Area of focus	<p>Following the acquisition made in 2020 of a portfolio of wind energy projects with the company Calycé, Romande Energie has recognized operating permits in the intangible assets. These permits amount to CHF 86 million as of 31 December 2021 and are amortized over a 20-year period (note 12). The permits valuation depends on the technical and actual development of the wind energy projects, and also on the future estimated cash flows. The management exercises a continuous monitoring of the wind projects development and assesses the impairment risk at each financial closing.</p> <p>The valuation of the operating permits is a key audit matter for our audit given the uncertainties linked with the future development of wind projects and the judgements and assumptions made by management in the valuation model.</p>
Our audit response	<p>Our procedures comprised of the examination of the impairment indicator analysis and the recoverable amount performed by management. With the support of our valuation experts, we have examined the methods used for the valuation model of the exploitation rights. We have reviewed the key assumptions, notably the development of ongoing projects, the future cash flows and the discount rate. We have also verified the amount and the calculation of the yearly recognized amortization. Our audit procedures did not lead to any reservations regarding the valuation of operating permits in the intangible assets.</p>

Other matter

The financial statements of Romande Energie Holding SA for the year ended 31 December 2020 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 20 April 2021.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Karine Badertscher
Chamoso (Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Laurent Bludzien
(Qualified
Signature)

Licensed audit expert

ROMANDE ENERGIE HOLDING SA

FINANCIAL STATEMENTS

Income statement

as at 31 December 2021

<i>In CHF thousands</i>	2021	2020
Income		
Financial income	16 114	22 578
Other income	3 126	3 147
Total net income	19 240	25 725
Operating expenses		
Other operational expenses	(1 432)	(1 654)
Depreciation, amortisation and impairment on non-current assets	(441)	(2 634)
Financial expenses	(6 274)	(3 415)
Total operating expenses	(8 147)	(7 703)
Profit before income taxes	11 093	18 022
Income taxes	159	(546)
Net profit	11 252	17 476

Balance sheet

as at 31 December 2021

<i>In CHF thousands</i>	Notes	31.12.2021	31.12.2020
ASSETS			
Cash and cash equivalents and securities listed on a stock exchange		99 809	116 595
Trade receivables		16	21
Receivables and other current assets from related parties		122 322	247 012
Other current receivables		10 081	25 219
Accrued income and prepaid expenses		593	450
Total current assets		232 821	389 297
Long-term financial assets		455 369	330 441
Investments in subsidiaries		242 612	241 776
Property, plant and equipment		21 509	21 859
Total non-current assets		719 490	594 076
Total assets		952 311	983 373
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade payables		513	256
Payables and other current liabilities due to related parties		55 615	57 364
Other current liabilities		110	3 970
Deferred income and accrued expenses		74	89
Total current liabilities		56 312	61 679
Long-term interest-bearing liabilities	5	4 000	4 000
Provisions and similar items required by law		12 000	12 000
Total long-term liabilities		16 000	16 000
Total liabilities		72 312	77 679
Share capital		28 500	28 500
Statutory retained earnings		5 859	5 859
Voluntary retained earnings		945 164	970 859
Own shares	2	(99 524)	(99 524)
Total shareholders' equity		879 999	905 694
Total liabilities and shareholders' equity		952 311	983 373



Notes to the parent company financial statements

NOTE 1

ACCOUNTING PRINCIPLES APPLIED

These full-year financial statements have been drawn up in compliance with the principles of Swiss law, especially the articles covering commercial accounting and financial statement presentation (Art. 957 to 962 of the Swiss Code of Obligations). Because it has prepared consolidated financial statements as at 31 December 2021, i.e. including its subsidiaries, Romande Energie Holding SA is not required to present a cash-flow statement, provide a full set of notes to its financial statements, or publish a management report.

The company has no employees.

Property, plant and equipment is depreciated over the following periods:

Group premises 20-40 years

NOTE 2

SHARES IN TREASURY

	2021		2020	
	Number of shares	CHF 000	Number of shares	CHF 000
Balance as at 1 January	113 685	99 524	87 065	70 271
Changes	-	-	26 620	29 253
Balance as at 31 December	113 685	99 524	113 685	99 524

NOTE 3

EXCHANGE RATE USED AND FUNCTIONAL CURRENCY

The Company's financial statements are drawn up in CHF. Foreign currency transactions are revalued as at 31 December of the year under review.

The exchange rate applied is as follows:

EUR 1 = CHF 1.0408

USD 1 = CHF 0.9209

Dividends are recorded in the consolidated financial statements once they have been approved by shareholders at the Annual General Meeting.

Investments in subsidiaries and financial assets are measured individually.

NOTE 4

MISCELLANEOUS LIABILITIES

The Company is part of a VAT group and is therefore jointly and severally liable to the Swiss Federal Tax Administration for VAT debts incurred by the other members.

The Group, through Romande Energie Holding SA, issued a guarantee of EUR 19.7m (the same amount as in 2020) to cover payments agreed between its subsidiary Romande Energie SA and a supplier of power-generation equipment.

When Agrogaz Lignerolle SA was formed, the Group – through Romande Energie Holding SA – issued several guarantees totalling CHF 4.6m (the same amount as in 2020) to cover loans granted to the company for funding the construction of generation plants. These loans originated from a bank as well as from federal and cantonal agricultural funds.

Further guarantees were issued for a total amount of CHF 2.7m (CHF 1.8m in 2020).

NOTE 5

BORROWINGS

In CHF thousands	Rate	Period	Maturity	31.12.2021	31.12.2020
Banque Cantonale de Fribourg	2.25%	2019-2023	07.05.2023	500	500
Banque Cantonale de Fribourg	2.27%	2019-2025	30.09.2025	1 500	1 500
Banque Cantonale de Fribourg	1.75%	2019-2027	30.06.2027	2 000	2 000
Total borrowings				4 000	4 000

NOTE 6

FEES PAID TO STATUTORY AUDITORS

In CHF thousands	2021	2020
Payments for auditing services	54	66
Fees paid to the Statutory Auditors	54	66

NOTE 7

REMUNERATION AND SOCIAL INSURANCE COSTS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The remuneration and the social insurance costs of the Board of Directors and the Executive Board are shown in the remuneration report, pursuant to the provisions of the Ordinance against Excessive Remuneration by Listed Companies Limited by Shares (ERCO). No option or conversion rights were held by the Board of Directors or the Executive Board as at 31 December 2021 or 31 December 2020.

Share ownership is as follows:

Held by members of the Board of Directors:	0 shares	0%
Held by members of the Executive Board:	10 shares	< 1%



NOTE 8

MAJOR SHAREHOLDINGS

	Main business	Currency	Share capital	Ownership (%)*	
			'000	2021	2020
Romande Energie SA, Morges	1)	CHF	36 150	100.0	100.0
Romande Energie Services SA, Prévèrenge	2)	CHF	25 000	80.0	80.0
Sitel SA, Morges	2)	CHF	20 850	33.3	33.3
Bas-Valais Energie SA, Vouvry	1)	CHF	19 898	72.0	72.0
Romande Energie Commerce SA, Morges	1)	CHF	15 294	73.9	73.9
ThermorésÔ SA, Vinzel	1)	CHF	8 500	40.0	40.0
Romande Energie France SAS, Paris	2)	EUR	7 700	100.0	100.0
Forces Motrices de Sembrancher (FMS) SA, Sembrancher	1)	CHF	6 000	20.6	20.6
Société Electrique des Forces de l'Aubonne SA, Aubonne	1)	CHF	5 000	36.6	36.6

Main business

1) Generation, distribution and marketing of energy

2) Other

* The percentage of voting rights is systematically identical to the equity interest with the exception of Société Electrique des Forces de l'Aubonne SA, for which the share of voting rights is 24.7%.

NOTE 9

SIGNIFICANT SHAREHOLDERS

%	2021	2020
Vaud Canton	38.60	38.60
Romande Energie Holding SA, Morges	9.97	9.97
Groupe E SA, Fribourg	6.90	6.31
Credit Suisse Investment Foundation, Zurich	3.97	3.97
Banque Cantonale Vaudoise, Lausanne	3.05	3.05
Lausanne City Council	3.02	3.02

Shareholders holding 3% or more of the share capital of Romande Energie Holding SA are considered significant shareholders.

Recommended appropriation of retained earnings

As at 31 December 2021

In CHF thousands	31.12.2021
Balance carried forward from previous year	929 819
Dividend retained on own shares (Art. 659a CO)	4 093
Net profit for the year	11 252
Retained earnings	945 164
Own shares	(99 524)
Available earnings at the disposal of the AGM	845 640
Dividend of CHF 36.- per share	41 040
Balance carried forward	904 124
Total	945 164

As general reserves have attained 20% of the share capital, further allocations thereto are not recommended.

On behalf of the Board of Directors

Chairman, Guy Mustaki

Chief Executive Officer, Christian Petit

To the General Meeting of
Romande Energie Holding SA, Morges

Lausanne, 6 April 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Romande Energie Holding SA, which comprise the balance sheet, income statement and notes (pages 116 to 121) for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other matter

The financial statements of Romande Energie Holding SA for the year ended 31 December 2020 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 20 April 2021.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Karine Badertscher
Chamoso (Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Laurent Bludzien
(Qualified
Signature)

Licensed audit expert



2021 financial results
11 April 2022

Closure of share register
10 May 2022

120th Annual General Meeting
24 May 2022

Ex dividend date
27 May 2022

Record date
30 May 2022

Dividend payment
31 May 2022

H1 2022 financial results
5 September 2022

Publication of 2022 Annual Report
April 2023

121st Annual General Meeting
May 2023

Media relations
Michèle Cassani
Spokesperson
T +41 21 802 95 67
michele.cassani@romande-energie.ch

Investor relations
René Lauckner
Head of Group Treasury
T +41 21 802 95 24
rene.lauckner@romande-energie.ch

Corporate governance
Carine Maalouf
Company Secretary
T +41 21 21 802 96 46
carine.maalouf@romande-energie.ch

Sustainability
Audrey Cauchet
Sustainability Officer
Romande Energie SA
T +41 21 802 97 36
audrey.cauchet@romande-energie.ch

GRI 102-53

Romande Energie Holding SA
Rue de Lausanne 53
Case postale
CH-1110 Morges 1
T +41 21 802 91 11
F +41 21 802 95 95
www.romande-energie.ch

Project manager: Michèle Cassani
Design: François Dumas, DREAMaxes.ch
Photos: Pedro Ribeiro
Photos credits, pages 4, 12, 40, 48 and 78:
Valentin Flauraud for Romande Energie
Publishing: Dynamics Group

☰
△
▽

ROMANDE ENERGIE GROUP

Romande Energie SA

Rue de Lausanne 53

Case postale

CH-1110 Morges 1

T +41 21 802 91 11

F +41 21 802 95 95

www.romande-energie.ch