Green Finance Impact Report 2023

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Objective of this report

The report aims to provide transparency by clearly disclosing how the funds raised through the Green Bond have been allocated to specific projects in line with Romande Energie's Green Finance Framework disclosed at the time of the issue*. It outlines the selection criteria for eligible projects and details the allocation process, ensuring that the funds are directed towards projects contributing to the energy transition in Switzerland according to the Energy Strategy 2050.

* The report is publicly available on the Romande Energie website
Green Finance Framework – Romande Energie

Romande Energie at a glance

Romande Energie Group is the leading supplier of electricity in Western Switzerland and a mainstay in the Swiss energy industry. We offer several sustainable solutions for the distribution and generation of electricity in addition to energy services, which include energy efficiency and electromobility. At the end of 2022, we had more than 1,250 employees working in five different cantons (Genève, Vaud, Valais, Neuchâtel and Fribourg).

Romande Energie Group offers efficient and innovative solutions to customers and business partners. We provide top-quality services and ensure a provision of power that is reliably delivered, sustainably sourced and competitively priced. Romande Energie Group's business model is underpinned by the three pillars of sustainable development as follows:

- Economic pillar: an innovative range of value-added services that appeal to our customers
- Social pillar: a conscious leadership that unleashes the collective intelligence of stakeholders
- Environmental pillar: an authentic, bold desire to drive the energy transition forward

Under our 2021-2026 strategy, we have set objectives for each pillar:

- Economic pillar: generate diversified, lasting value
- Social pillar: spark enthusiasm among our stakeholders
- Environmental pillar: reduce greenhouse gas emissions

Sustainability lies at the heart of our business, and every new project includes a sustainable dimension to ensure compliance with our values and corporate responsibility.

To anchor our approach and embrace the UN's 2030 Agenda for Sustainable Development for the long term, we launched a process in 2020 to align our business model with the 17 Sustainable Development Goals* (SDGs), 12 of which are now at the forefront of our strategy.

Since the impact on biodiversity emerged as a material issue in 2022, we added three SDGs to the 2021 list: SDG 6, 14 and 15. The fourth additional SDG (SDG 3) reflects the publication of key indicators related to occupational health and safety.

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

Sustainable development goals

For further information related to our Sustainability Strategy, please refer to our 2022 Sustainability Report.

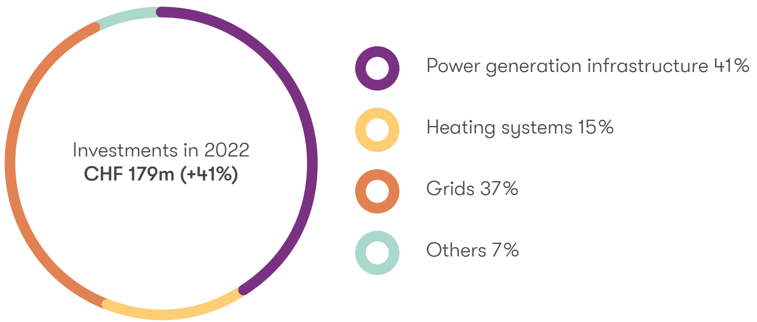
Message from the CFO

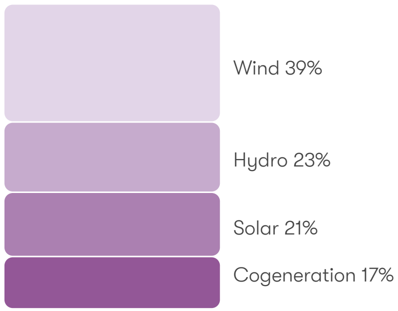
We are pursuing an ambitious strategy to develop our renewable power generation assets, especially in thermal and solar activities. The aim is to invest CHF 1.4 billion over the period 2021-2026, including CHF 1 billion in renewable energy production infrastructure.

To achieve this goal, we have endeavoured to plan, structure and diversify our sources of financing, giving priority to sustainable approaches.

The Green Bond issued in 2022 perfectly meets the Group's expectations and long-term financing needs, while offering subscribers the opportunity to invest indirectly in Switzerland's energy transition.

During our investor presentation on 5 April 2023, we announced a sharp increase in our investments in 2022 (+ CHF 179m) broken down as follows:





Our investments in energy production have been heavily financed by our Green Bond.

In our heating systems activity, eight new district heating projects were signed off in 2022. In addition, the deployment of our solar plan is growing rapidly, which confirms a need for financing over the next few years. The terms and conditions of the latter will be structured in due course.

Overview of Romande Energie’s inaugural Green Bond

Romande Energie Holding SA has successfully issued its inaugural Green Bond, raising a total amount of CHF 100 million to support its ambitious investment strategy in renewable energies. The Green Bond, issued as a bullet bond, carries a fixed coupon rate of 2.625% per annum and has a maturity of 15 years. This milestone marks the Group's first foray into the Green Bond market, demonstrating its commitment to sustainable financing.

By tapping into the capital market, Romande Energie Holding SA secures long-term funding to fulfill its investment needs and further develop its portfolio of 100% renewable energy sources. The funds will be channelled towards the expansion of hydropower, solar, wind, geothermal, district heating and future environmental projects. These investments align with the Group's concrete actions to support Switzerland's energy transition plan and solidify its role as a regional player in decarbonising Western Switzerland.

The Green Bond is listed on the SIX Swiss Exchange. The features of the bond and the updated rating are as follows:

Issuer	Coupon	Currency	Issue size
Romande Energie Holding SA	2.625%	CHF	100m

Settlement maturity	Bond type	ISIN
15.07.2037	Public / Bullet / Green Bond	CH1196217017

Bank/Analyst	Rating	Outlook	Date
Fedafin AG	Aa	Stable	8 May 2023
UBS AG	A+	Stable	19 April 2023

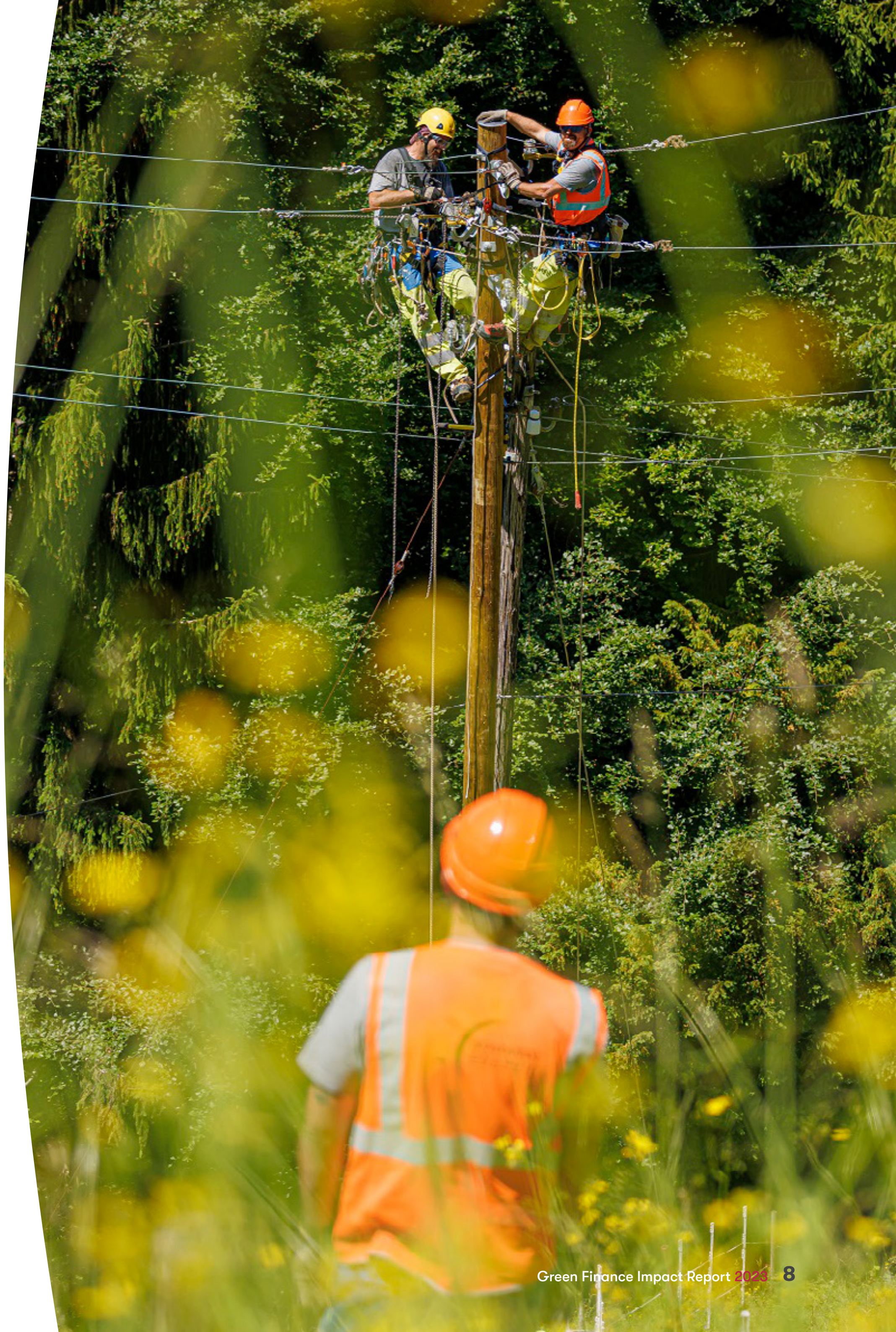
Allocation Report

Process for project evaluation and selection

As described in our Green Finance Framework, Romande Energie Holding SA has further strengthened the integration of sustainability into its business model by setting up a dedicated cross-departmental Green Finance Committee (GFC) to identify and select Eligible Green Projects.

The selection of the first projects funded by the Green Bond was the result of an in-depth analysis. A pre-selection was made by the Controlling team, the Head of Group Treasury and the funding specialist, who have a complete overview of the projects at Group level and are in regular contact with operational teams. Subsequently, the GFC, which has met three times to date, performed all the tasks set out in the Green Finance Framework. The GFC was comprised of the following members:

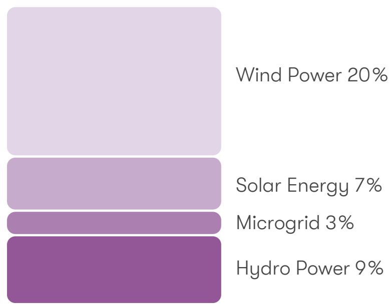
- The Chief Financial Officer (Committee chair)
- The Head of Group Treasury, also in charge of Investors' relations
- The funding specialist
- The Chief Sustainability Officer
- Members of the Controlling team



Allocations of funds to projects

Please note that all projects listed below have been financed by the Green Bond. There is no case of refinancing, either fully or partially.

CHF thousands	Financed by the Green Bond*			2020-2022		
Green Finance Category	2020	2021	2022	Total Green Bond	Total investment**	Proportion of investment financed by the Green Bond
Renewable Energy	1,348	4,726	32,298	38,371	65,044	59%
Wind Power	367	2,233	17,515	20,115	43,000	47%
Solar Energy	0	1,882	4,773	6,655	6,655	100%
Microgrid	0	76	2,514	2,589	2,589	100%
Hydro Power	981	535	7,496	9,012	12,800	70%
Energy Efficiency	367	3,267	6,810	10,443	35,800	29%
Clean Transportation	0	157	0	157	157	100%
Total	**1,715**	**8,149**	**39,107**	**48,971**	**101,001**	**48%**



*We include projects started in 2020 and 2021, as enabled by our Green Finance Framework (look-back period of maximum 3 years)

**Total investment refers to the funds provided by Romande Energie, which fully cover the financed amounts of the projects, with the exception of two specific equity interests in affiliates for the "Energy efficiency" category (CHF 2 million and CHF 2.72 million, respectively)

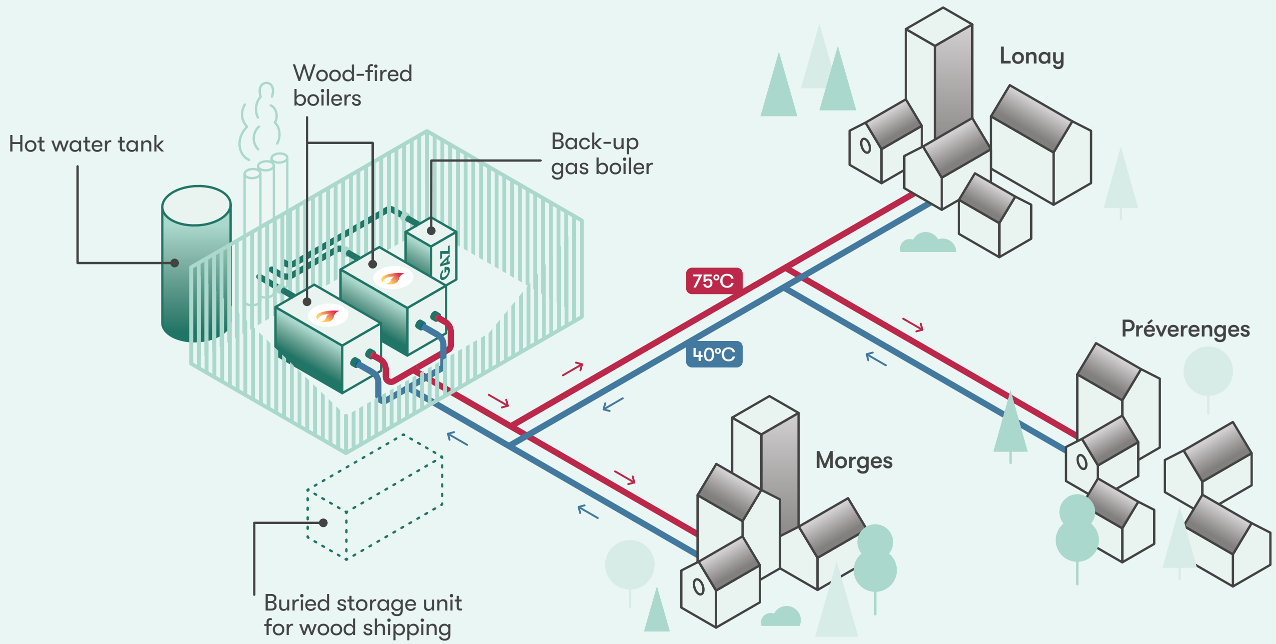
Examples of projects financed by the Green Bond

Installation of a district heating network: sustainable and efficient heating solution (energy efficiency)

The project began in April 2023. It involves the installation of a district heating network that will provide renewable energy-based heating to multiple neighborhoods and facilities in the Vaud municipalities of Lonay, Préverenges, Morges, as well as to the La Tuilière Penitentiary. The network will be powered by locally sourced wood surplus, composed of wood chips, accounting for 90% of the distributed energy. The expected operational start date is the first quarter of 2024.

The district heating system offers an economical, comfortable, safe and environmentally friendly heating solution. Key benefits of the project include the use of a local and renewable heat source, reduction of CO_2 emissions, guaranteed continuous energy supply, no maintenance required from the property owners, and no reinvestment over the lifetime of the contract.

By 2028, approximately 100 buildings across an area of approximately 200,000 square meters will be connected to the district heating network. The project aims to produce around 7.4 million kWh of energy per year from locally sourced wood, resulting in the avoidance of approximately 1,000 tons of CO_2 emissions annually.



Sainte-Croix wind farm

Sainte-Croix is a municipality located in the Jura mountains of the Vaud canton, at an altitude of 1,100 meters. The Sainte-Croix wind farm project, led by Romande Energie, aims to construct a wind farm consisting of six wind turbines. Since the start of the construction in October 2021, the project has placed a strong emphasis on the protection of nature and biodiversity at the site. A dedicated environmental committee, comprising of cantonal and municipal authorities as well as environmental associations, rigorously oversees the implementation of environmental measures and proposes improvements.

The construction activities prioritise minimising impacts on the environment and surrounding ecosystems, with the implementation of offsets and restoration measures when necessary. Specific actions have been taken to protect wildlife, including limiting disturbances during winter periods and implementing measures to support the habitat of the Western Capercaillie, for example. The project showcases Romande Energie's commitment to sustainability and clean energy, while adhering to safety standards and environmental requirements.

Project-specific contributions to the SDGs

Based on the sustainability quality assessment of the Green Bond selection criteria, each of the projects to be financed supports the following SDGs to a significant extent:

- SDG 7 “Affordable and clean energy”
- SDG 9 “Industry, innovation and infrastructure”
- SDG 13 “Climate action”

Impact Report

Description of the methodology

Greenhouse gas (GHG) emissions (generated and contributions to avoided emissions) are computed using an ex-ante approach. Emissions reduction (i.e. net emissions) are not provided but can be computed by subtracting generated emissions from avoided emissions. We only consider the emissions related to the share of investments financed by the Green Bond.

Generated GHG emissions have been computed using average emissions per eligible green project type as published in the latest version of the ecoinvent LCI database, considering a global warming potential of 100 years as published by IPCC in 2021. Emissions are considered over the whole life cycle (raw materials and energy extraction, transformation, product manufacturing, delivery, use and end-of-life). Indirect emissions are averaged over the years considering an average lifetime per technology. Specific project emissions (freight and workers commuting, energy for infrastructure building, etc.) and biogenic emissions are not considered. Waste wood for district heating is considered emissions free.

The contribution to avoided GHG emissions have been computed for district heating (energy efficiency category) using available information on replaced practices only (emissions from new buildings are not considered as avoided emissions). Renewable energy is replacing an average Swiss electricity consumption mix considering imports and exports. Avoided emissions from clean transportation (in our case, it deals with charging stations for electric vehicles) have been computed considering an average Swiss fuel vehicle.

It should be noted that comparing average intensity reduction per CHF invested between the different projects is not relevant since projects are of very different nature (e.g. full infrastructure for wind power versus charging points for electric vehicles in case of clean transportation).

Environmental objectives of the projects

The following quantitative KPIs are based on the expectations expressed in the "Harmonised Framework for Impact Reporting" handbook released by the ICMA in June 2022*.

Annual absolute (gross) GHG emissions

Green Finance Category	Annual gross GHG emissions (tCO_2-e)
Renewable Energy	657
Energy Efficiency	371
Clean Transportation	1,112

Annual avoided GHG emissions (on an average basis)

Green Finance Category	Annual avoided GHG emissions (tCO_2-e)
Renewable Energy	2,914
Energy Efficiency	3,129
Clean Transportation	2,308

Although we report on a portfolio basis, the calculation of the annual gross and avoided emissions considers the lifetime of each individual project.

For the "Renewable Energy" category, we apply the following life expectancies:

- Wind Power: 20 years
- Solar Energy: 25 years (with an exception for one project of 10 years)
- Microgrid: 25 to 30 years
- Hydro Power: 80 years

For the "Energy Efficiency" category, the life expectancy is of 25 years but based on the project's characteristics, particularly its financial aspects, the duration can be extended, as exemplified by one project with a life expectancy of 40 years. For the "Clean Transportation" category, the life expectancy is of 15 years.

As a reminder, the definition of each eligible category of projects is included in our Green Finance Framework.

* Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf (icmagroup.org)

Annual renewable energy generation

Green Finance Category	Annual renewable electricity generation (MWh)
Renewable Energy	23,313
Energy Efficiency	479
Clean Transportation	1,537

In addition, our district heating production has a potential of 15,139 MWh per year.

Social and economic benefits

A large proportion of the projects financed by the Green Bond are situated in the region where Romande Energie is based, thereby supporting both the local economic and social fabric. The use of local resources, particularly in the district heating project, is boosting employment in the industry. In addition, this project is helping to support the households, enterprises and municipalities served in their drive for energy efficiency.

Appendix (external review)

Romande Energie Group

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