



Framework

applicable to the Republic and Canton of Geneva green, social and sustainable bonds

Date: November 2021

Name of issuer: Republic and Canton of Geneva

The Republic and Canton of Geneva (hereinafter the "Canton of Geneva" or the "Canton") has developed this framework (the Framework) so as to align its green, social and sustainable bonds with the voluntary Principles and Guidelines formulated by the International Capital Market Association - ICMA (respectively: Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP) and Sustainability Bond Guidelines 2021 (SBG), hereinafter the "ICMA Principles")¹. The Canton of Geneva wishes therefore to enhance the transparency and credibility of the project categories to be financed through its green, social or sustainable bond issuances.

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¹ <https://www.icmagroup.org>

1. Strategy and rationale

1.1. Republic and Canton of Geneva

The Canton of Geneva is one of the 26 sovereign cantons forming the Swiss Confederation. It exercises all powers that the Swiss Federal Constitution does not specifically confer to the Swiss Confederation. The Canton has a population of half a million and a GDP of almost 54 billion Swiss francs per year. The "Greater Geneva" metropolitan area has a population of about 1 million inhabitants.

In terms of organisation:

- the Grand Council (le "*Grand Conseil*") exercises the legislative power;
- the Canton's public policies are executed by the Council of State (le "*Conseil d'Etat*" – the executive authority) and the cantonal administration, which is organised into 7 departments, as well as the Public Prosecutor's Office and the courts (judicial authority);
- the Court of Auditors (la "*Cour des comptes*") ensures independent control.

The Canton of Geneva finances its activities by levying taxes and duties provided for by federal and cantonal legislation and/or by charging fees covering all or part of the cost of its services. Allocating a fixed part of general taxes to the financing of specific expenses is not allowed. However, non-tax incomes may be used to finance specific objects (e.g. financing foundations for the promotion of social housing).

The Canton of Geneva operates through its cantonal administration as well as through **autonomous institutions**² and **public-sector foundations**³ to which it delegates specific tasks as part of its social and environmental policies. The Canton also relies on a strong network of **private and public partners** who work to strengthen social cohesion and to foster the living-together in Geneva. The objectives of these autonomous, public or private institutions, which are generally subsidised (hereafter the "**subsidised institutions**"), are set out in cantonal laws and/or service agreements. These agreements set out, among other things, the terms for the delegation of public tasks and for subsidies from the Canton. Subsidies represent the Canton's contribution to financing (i) the institutions' operating costs not covered by other sources, (ii) benefits paid directly to beneficiaries (e.g. social welfare, benefits for migrants) as well as (iii) some of their investments.

At the end of 2020, the cumulated indebtedness of the Canton and the institutions that are part of its financial consolidation scope amounted to 16.9 billion Swiss francs, of which 12.8 billion contracted directly by the Canton.

In 2017, the Canton of Geneva was the first Swiss public authority to issue green bonds⁴. To date, it remains the largest public issuer of green bonds (in volume) in Switzerland, with a total amount of 1.28 billion Swiss francs.

² Mainly: the *Hôpitaux universitaires de Genève* (HUG – the Geneva University Hospitals), the *Institution genevoise de maintien à domicile* (IMAD – the Geneva Institute of Home Support), medical-social establishments (MSE), institutions for people with disabilities, the *Hospice général* (HG), the *Transports publics genevois* (TPG – the Geneva Public Transport company) and the University of Geneva (UNIGE).

⁴ The Canton raised 620 million Swiss francs in 2017 and 660 million in 2019. More details can be found at <https://www.ge.ch/dossier/obligations-vertes-green-bonds>.

1.2. Canton of Geneva environmental and social strategy

1.2.1. Strong commitment to Sustainable Development

Since 2001, the Canton has affirmed its strong commitment to sustainable development:

- Geneva became the first Swiss canton to adopt a law on public action for sustainable development (Agenda 21 - A 2 60), which covers all public authorities' activities in Geneva and its region.
- In 2012, the citizens of Geneva adopted a new cantonal Constitution that lays down sustainable development as a guiding principle for public action (art. 10) and confirms the Canton's role in the fight against Greenhouse Gas Emissions (GHG) (art. 158).
- In 2017, the Council of State adopted the *Concept Cantonal du Développement Durable 2030* (Cantonal Concept for Sustainable Development 2030⁵) along with a five-year action plan, and indicators for each legislature. This document defines the priorities for the Canton of Geneva's public policy and sets major environmental and social objectives in line with existing sectoral strategies.

1.2.2. Environmental strategy

The Canton of Geneva has set out a committed and ambitious strategy to combat climate change:

- In 2015, the Canton adopted the *Plan climat cantonal 2030* (Cantonal Climate Plan 2030 or PCC 2030) aiming to reduce GHG emissions by 40% compared to 1990 and to manage the effects of climate change on its territory.
- In 2017, the government adopted the *Plan de Réduction des émissions de GES et d'adaptation aux changements climatiques 2018-2022* (GHG Emission Reduction and Climate Change Adaptation Plan 2018-2022).
- Faced with the climate emergency declared by the Council of State in 2019, the Canton strengthened its climate objectives in 2021 through a second generation PCC 2030. It aims to reduce direct and indirect GHG emissions by 60% by 2030 compared to 1990 and to be carbon neutral by 2050⁶, which is a very ambitious commitment⁷ in line with the Intergovernmental Panel on Climate Change (IPCC) recommendations.
- The Canton has defined several strategic priorities⁶, including:
 - o **Energy and buildings:** increase the renovation rate of building stock to 2.5% per year in 2030 and 4% per year in 2050 (today <1%) and replace heat producing installations powered by fossil fuels with heat producing installations powered by renewable energies, with the aim of achieving an average heating requirement index (HRI) of < 230 MJ/m² by 2050.
 - o **Mobility:** reduce individual motorised mileage by 40% in favour of active modes and public transport, and achieve 40% electric vehicles by 2030.

This cantonal climate plan will result in an increase in investments dedicated to ecological and energy transitions, with a marked turning point when the Council of State adopted in September 2021 the 2022-2031 Ten-Year Investment Plan (*Plan décennal des investissements* or PDI).

⁵ <https://www.ge.ch/document/concept-cantonal-du-developpement-durable-2030>

⁶ The Cantonal Climate Plan 2030 centres the environmental policy around 7 strategic priorities: www.ge.ch/document/plan-climat-cantonal-2030-2e-generation-0

⁷ By way of comparison, Switzerland is aiming for -50% and the EU is aiming for -55% in GHG emissions in 2030 vs. 1990

The Canton of Geneva also has ambitious strategies for energy, biodiversity, air protection and waste management:

- Le *Plan directeur de l'énergie* (Energy Master Plan)⁸, adopted in 2020, commits Geneva to energy transition and is aiming to achieve a 2,000 W society by 2050, which will require a 3.5-fold reduction in energy consumption and a 3-fold increase in the share of renewable energy.
- The *Stratégie Biodiversité Genève* (Biodiversity Geneva 2030 strategy)⁹, adopted in 2018, aims to reconcile the development of activities in the territory of Geneva with the safeguard of a rich local biodiversity capable of ensuring the many services provided to the population.
- The *Stratégie de protection de l'air 2030* (Air Protection Strategy 2030)¹⁰, approved in 2017, aims to reduce nitrogen oxide emissions by 50% and fine particulate matter by 18% in 2030 compared to 2005.
- The *Plan cantonal de gestion des déchets 2020-2025* (cantonal waste management plan for 2020-2025)¹¹, adopted in 2021, aims to reduce waste at source, with a target of reducing incinerable municipal waste to 220 kg by the end of 2024. It also aims to improve waste sorting and recovery (target recycling rate of 80% for municipal waste from businesses).

Strategic documents are also addressing soil protection and water protection and management initiatives.

Finally, in order to make the activities of the cantonal administration compatible with the principles of sustainable development, the Canton, in its desire to endorse an exemplary role and in application of the law on public action for sustainable development, has set up an environmental management system (EMS) in 2001 covering several areas within the administration, including purchasing, energy, waste management and mobility. A carbon footprint covering all the activities of the cantonal administration was calculated in 2011. The EMS objectives for 2030 are now aligned with those of the PCC 2030.

⁸ Energy Master Plan 2020-2030: <https://www.ge.ch/dossier/transition-energetique-geneve/actions-concretes-accelerer-transition-energetique/plan-directeur-energie>

⁹ Biodiversity Strategy 2030: <https://www.ge.ch/document/strategie-biodiversite-geneve-2030-plan-action>

¹⁰ Air Protection Strategy 2030: <https://www.ge.ch/document/strategie-protection-air-2030>

¹¹ Cantonal waste management plan 2020-2025: <https://www.ge.ch/document/dechets-plan-gestion-dechets-2020-2025>

1.2.3. Social strategy

The Canton of Geneva is also a key player in addressing social issues in its territory with local strategies that are aligned with the United Nations Sustainable Development Goals (SDGs)¹²:

- The Constitution of the Republic and Canton of Geneva, as well as various cantonal laws define the Canton's responsibility for addressing social issues in its territory (e.g. social cohesion; equal opportunities; access to fundamental rights; economic, social and cultural welfare; public education and training; health promotion and prevention; assistance to vulnerable persons and integration; international solidarity, etc.)
- The Cantonal Sustainable Development Concept 2030, as well as various related strategic documents, lay down ambitious social objectives for the Canton, notably on the following:
 - o **Access to quality education for all:** inclusive school (student retention, specialised education designed for children with disabilities and/or with special needs, retention in regular education).
 - o **Protection of children and minors:** information, parenting support and coaching while keeping the child/young person in his or her family, placement in residential care institutions or foster homes, protection and monitoring of children and young people's health.
 - o **Health promotion and prevention:** investment in a lifelong qualitative medical care, health and hospital planning; support for populations most exposed to health inequalities (e.g. covering the insurance premiums of 70,000 additional people on limited income); autonomy for seniors and people with disabilities.
 - o **Inclusion and social cohesion:** accelerating and improving the social and professional integration of refugees in Switzerland; social, educational, professional and cultural integration of people with disabilities.
 - o **Affordable housing:** the objective is to reach 20% of the Canton's total rental stock in social housing through the acquisition of land and the construction of housing and through the allocation of capital and assets to foundations under public law promoting social housing.

These Canton of Geneva social strategies and objectives are implemented by (i) the cantonal administration (various departments, directorates, offices, etc.) responsible for coordinating and carrying out these public social policies in the Canton, and (ii) through subsidised institutions and foundations.

As part of these commitments and strategic social and environmental objectives, the Canton of Geneva wishes to finance ecological and energy transitions as well as the reduction of societal divides and inequalities, within its territory and over the long term.

¹² Sustainable Development Goals: global goals, set by the United Nations in 2015: <https://www.un.org/sustainabledevelopment/>

2. Alignment with the relevant ICMA Principles

This Framework is structured around the four core components of the ICMA principles: (i) use of proceeds, (ii) project Evaluation and Selection, (iii) management of proceeds and (iv) reporting.

Unlike the Canton of Geneva framework prepared for the 2017 and 2019 green bonds' issuances, this new framework applies to eligible categories (and no longer to specific predefined projects), demonstrating the Canton's long-term commitment to sustainable development.

For each issuance, the Canton of Geneva will indicate the type of bond, depending on the main eligible project categories concerned:

- Green bonds: where proceeds are used to finance one or more categories of eligible projects with a positive impact on the environment.
- Social bonds: where proceeds are used to finance one or more categories of eligible projects with a positive social impact.
- Sustainable bonds: where proceeds are used to finance a combination of green and social bonds eligible categories.

2.1. Use of proceeds and eligible categories

Through this Framework, the Canton of Geneva undertakes that the proceeds of the bonds issued, or an equivalent amount, will be used exclusively to **finance or refinance, in whole or in part, eligible categories of green and/or social projects in compliance with the four key principles of the ICMA Principles.**

- All eligible projects must be located within the territory of the Canton or its agglomeration.
- Eligible projects may be both CAPEX (investments) and OPEX (financing of subsidised institutions)
- Projects (CAPEX or OPEX) are carried out directly by the Canton or through subsidised institutions to which it has delegated public tasks.
- Eligible CAPEX projects must be commissioned within two calendar years of the issuance and within a two calendar years look-back period for refinancing activities.
- For eligible OPEX expenses, these should not exceed two calendar years following the issuance. In the case of refinancing, these relate to the two calendar years preceding the issuance.
- All eligible projects must amount to more than 5 million Swiss francs.

2.1.1. Eligible green categories

ICMA's Green Bond Principles (GBP) define green projects as those that generate a significant environmental benefit, which contribute to one or more of five environmental objectives: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

The Canton's green bond must finance and/or refinance projects in one or more of the following eligible categories:

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Technical eligibility criteria	Environmental benefits expected	Targeted main contribution to SDGs	Target (as defined in ICMA 2021)
	Energy and buildings: Initiatives implemented following the adoption of the 1st generation PCC have led to consider climate issues into the Energy Master Plan ¹³ adopted at the end of 2020. The energy target is 2,500 W of primary energy per person in 2030, including 1,200 W of fossil energy, which is compatible with the strategic target of reducing by 60% GHG emissions by 2030 compared to 1990 levels. The Canton also aims to stabilise electricity consumption and increase renewable electricity production.					
1	Energy efficiency (construction)	New buildings used by the cantonal administration or subsidised institutions in order to execute public policies.	Buildings that comply at least the Haute Performance Energétique (HPE-neuf) standard ¹⁴ .	GHG emissions avoidance/reduction (t CO2 eq.) Energy savings (MWh)	11: sustainable cities and communities 7: affordable and clean energy 13: climate action	Climate change mitigation Pollution prevention and control

¹³ <https://www.ge.ch/document/plan-directeur-energie-2020-2030>

¹⁴ The High Energy Performance, or "Haute Performance Energétique (HPE-neuf)" standard is defined by cantonal law, article 12B, at: https://silgeneve.ch/legis/data/rsg_l2_30p01.htm

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Technical eligibility criteria	Environmental benefits expected	Targeted main contribution to SDGs	Target (as defined in ICMA 2021)
2	Energy efficiency (renovation)	<p>Complete or major renovation (renovations covered by a specific law) of buildings used by the administration or subsidised institutions in order to execute public policies.</p> <p>Targeted renovations to improve the thermal insulation of buildings and the energy performance of installations.</p>	<p>Complete or major renovations that comply at least the Haute Performance Energétique (HPE-Réno)¹⁵. In addition, they must result in 20% reduction of energy consumption, GHG emissions or average heating requirement index.</p> <p>High efficiency windows and doors (embrasures) with low U-value (U-value $\leq 3.0\text{W/m}^2\cdot\text{K}$)¹⁶.</p> <p>Substantial substitutions of electricity or heat producing installations powered by fossil fuels by connection to thermal networks supplied mainly by renewable energies or by ambient air heat pumps or geothermal energy, and/or solar energy.</p> <p>Other energy efficiency measures aiming to reduce the heating requirement index for buildings below 600MJ/m^2 (circa 167kWh/m^2 with the exception of projects related to equipment dependent on fossil fuels.</p>	<p>GHG emissions avoidance/reduction (t CO2 eq.)</p> <p>Energy savings (MWh)</p>	<p>11: sustainable cities and communities</p> <p>7: affordable and clean energy</p> <p>13: climate action</p>	<p>Climate change mitigation</p> <p>Pollution prevention and control</p>

¹⁵The High Energy Performance for renovation, or “Haute Performance Energétique (HPE-reno)” standard is defined by cantonal law, article 12B al.4 at: https://silgeneve.ch/legis/data/rsg_l2_30p01.htm

¹⁶ In accordance with Art. 56A, paragraph 2 of the Règlement d'application de la loi sur les constructions et les installations diverses (L 5 05.01 - Regulation implementing the law on constructions and sundry installations)

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Technical eligibility criteria	Environmental benefits expected	Targeted main contribution to SDGs	Target (as defined in ICMA 2021)
3	Renewable energy	<p>Development of renewable energies and efficient heat production:</p> <ul style="list-style-type: none"> - Investments in the development of local renewable energies (shallow geothermal system, solar) - Expansion and interconnection of thermal networks, mainly to exploit heat from deep geothermal energy. 	<p>Public installations, or subsidisation of private installations in solar energy.</p> <p>Development of public facilities needed to make use of waste heat and geothermal energy (the carbon intensity threshold for energy production must not exceed 100 g CO₂/KWh).</p> <p>Subsidisation of public and private installations for the replacement of fossil fuel heating systems with electric heat pump.</p> <p>Ineligible: biomass, fossil fuels.</p>	<p>GHG emissions avoidance/reduction (t CO₂ eq.)</p> <p>Renewable energy generation capacity (MW)</p> <p>Annual generation of renewable energy (MWh)</p>	7: affordable and clean energy	<p>Climate change mitigation</p> <p>Pollution prevention and control</p> <p>Natural resource conservation</p>

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Technical eligibility criteria	Environmental benefits expected	Targeted main contribution to SDGs	Target (as defined in ICMA 2021)
Mobility: To achieve its GHG reduction targets, the Canton is investing heavily in the construction of public transport infrastructure to encourage a shift from individual motorised transport (IMT) to less emissive modes of transport.						
4	Clean transportation (public transport)	Develop an efficient public transport network and reduce its carbon impact, strengthen the shift to public transport: - Financing of infrastructure necessary for the transportation network (including: stations, intermodal hubs, depots, security and maintenance centres, refuelling installations, etc.) - Financing extension of the railway and tramway network - Financing of electric rolling stock	Infrastructure and rolling stock for public passenger transport aimed at moving away from individual motorised transport. Ineligible: air transport and acquisition of petrol, diesel, fossil gas & oil vehicles	GHG emissions avoidance/reduction (t CO2 eq.) Air quality improvement (e.g.: PM, SOx, NOx CO, CoV)	9: industry, innovation and infrastructure 11: sustainable cities and communities 13: climate action	Pollution prevention and control Natural resource conservation Climate change mitigation

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Technical eligibility criteria	Environmental benefits expected	Targeted main contribution to SDGs	Target (as defined in ICMA 2021)
5	Clean transportation (electromobility)	Investments in electromobility or electromobility infrastructure: <ul style="list-style-type: none"> - Personal or professional electric vehicles - Replacement of the Canton's vehicle fleet with electric vehicles - Installation of electric charging stations for electric vehicles 	Electric vehicles registered for the first time from 2019.	GHG emission avoidance/reduction (t CO2 eq.) Air quality improvement (e.g.: PM, SOx, NOx CO, CoV)	7: affordable and clean energy 13: climate action	Pollution prevention and control Natural resource conservation Climate change mitigation

2.1.2. Eligible social categories

ICMA's Social Bond Principles (SBP) define social projects as projects that directly address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s) (or vulnerable populations).

Eligible social projects must correspond to expenditure by the Canton of Geneva, either directly or through various organisations and service providers.

The Canton's social bond issuances must finance and/or refinance projects in one or more of the following eligible categories:

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Target population	Social benefits expected	Targeted main contribution to SDGs
Access to education: Public education accommodates more than 100,000 students in schools and colleges and has seen a constant increase in numbers for several years (more than 1,000 additional pupils at the start of the 2021 school year alone). This represents a major challenge for maintaining high-quality schools, sufficient infrastructure and adequate learning support.					
1	Access to essential services (Education)	Providing free or affordable access to quality education and training infrastructure: financing the creation, expansion or renovation of education facilities including primary, secondary, university and vocational education.	General population of the Canton of Geneva	Quality teaching	4: Quality education 8: Decent work and economic growth 10: Reduced inequalities 11: Sustainable cities and communities

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Target population:	Environmental benefits expected	Targeted main contribution to SDGs
<p>Access to healthcare: The health status of the population of the Canton of Geneva shows significant disparities in terms of life expectancy, mortality, prevalence of disease and access to health care. Despite some progress, these disparities persist, or are even increasing for the most vulnerable populations. The Canton is working to reduce health inequalities for populations most exposed to risks.</p>					
2	Access to essential services (public healthcare)	Investment in medical infrastructure providing access to healthcare (e.g.: <i>construction, renovation and extension of hospitals, public health centres, emergency facilities and other community health structures</i>) Investment in healthcare installations and equipment (<i>medical equipment, technical facilities, etc.</i>)	General population	Improving the quality of health care Improving medical training Improving medical knowledge/research	3: Good health and well-being 4: Quality education 11: Sustainable cities and communities

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Target population:	Environmental benefits expected	Targeted main contribution to SDGs
<p>Inclusion and social cohesion: In 2019, the federal government and the cantons adopted the national <i>Agenda Intégration Suisse</i> (Swiss Integration Agenda) programme aiming to accelerate and improve the social and professional integration of refugees in Switzerland. In Geneva, the <i>Hospice général</i> is responsible for the care of migrants.</p> <p>The Canton works towards the inclusion of people with disabilities in order to promote their social, educational, professional and cultural integration. It supports public and private initiatives aimed at preventing their exclusion and ensuring their autonomy.</p>					
3	Access to essential services (Access to essential services for migrants and refugees)	Eligible projects include services for migrant populations under responsibility of the Canton, namely financing of accommodation costs for migrants and refugees.	Migrants and refugees as defined by the Loi fédérale sur l'asile (142.31 Lasi – the Federal Asylum Act).	Improving integration of migrants and refugees Reducing social inequalities Improving employability and access to employment	1: No poverty 2: “Zero” hunger 10: Reduced inequalities 16: Peace, justice and strong institutions
4	Access to essential services (integration of people with disabilities)	Eligible projects concern the integration of people with disabilities and relate to the financing of investments in construction, renovation and equipment of institutions for people with disabilities (établissements accueillant des personnes handicapées, or EPH).	People with disabilities as defined by the Law on the Integration of Persons with Disabilities (K1 36 loi sur l'intégration des personnes handicapées - LIPH, art. 2).	Improving social integration of people with disabilities Improving professional integration of people with disabilities Improving health and safety of people with disabilities Reducing social inequalities Improved autonomy	3: Good health and well-being 4: Quality education 10: Reduced inequalities

#	Eligible categories (as defined in ICMA 2021)	Definition of eligible projects	Target population:	Environmental benefits expected	Targeted main contribution to SDGs
<p>Affordable housing: The Geneva law for construction of social housing units (<i>Loi pour la construction de logements d'utilité publique</i> - LUP-I 4 06) aims to create a social housing stock of 20% of the Canton's total rental stock, through construction and acquisition of housing. The Canton finances the construction of public housing through the acquisition of land and the allocation of capital and assets to foundations under public law promoting social housing.</p>					
5	<p>Affordable housing</p>	<p>Eligible expenses are:</p> <ul style="list-style-type: none"> - Actual expenditure of the Canton of Geneva - Allocation by the Canton to public bodies, foundations or other organisations to finance projects defined below. <p>Eligible projects include:</p> <ul style="list-style-type: none"> - Financing land acquisition and construction, acquisition, management of social housing units¹⁷ - Financing investments for the realisation of social housing stock, preparing buildings for their final destination, renovation. 	<p>People whose income does not exceed the determined limits and the number of family members (<i>General Law on Housing and Tenant Protection - Loi générale sur le logement et la protection des locataires</i> - LGL, art.30).</p>	<p>Increase of social housing units Increase of people accessing social housing Improved access to housing Reduction of the poorly housed population</p>	<p>1: No poverty 10: Reduced inequality 11: Sustainable cities and communities</p>

¹⁷ Social Housing Units: housing aid with a social dimension that varies according to the type (e.g.: low-cost housing, low-rent housing, mixed housing, student housing, cooperative housing, etc.). The beneficiaries are therefore diverse.

2.1.3. Exclusion criteria

Any asset or expenditure that does not fall within the above categories and criteria is by definition ineligible. More generally, the following assets and expenditure are systematically excluded:

- Nuclear power generation
- Fossil fuel production and electricity generation from fossil fuels
- Production or trade of any product or activity deemed illegal under Swiss federal or Geneva cantonal law, or subject to international prohibitions.

2.2. Project evaluation and selection process

2.2.1. Process and governance

The selection and evaluation of projects for possible eligibility is carried out through an internal process consisting of several complementary steps.

The project selection and evaluation process was defined by a steering group chaired by the Director General of Finance of the Canton of Geneva, and including managers involved in cross-functional management of the Canton's finances (treasury, budget & financial reporting) and purchases.

An initial pre-selection of projects is carried out by the steering group based on an annual review of the Canton's ten-year investment plan, the main expenditure in the Canton's four-year financial plan (statement of financial performance) and the Canton's main priorities in terms of sustainable development. This review covers projects planned within the cantonal administration as well as those delegated to subsidised institutions. Within the ten-year investment plan, each (CAPEX) project registered is assessed from the ecological transition point of view. These assessments are based on impact criteria (e.g. energy, sustainable mobility, environment, climate and urban development) and are taken into account in the identification of "green" projects. This pre-selection stage leads to an initial project list which must comply with the eligibility criteria detailed in section 2.1 of this Framework.

After the pre-selection, the steering group discusses with the relevant departmental directorates and they jointly select the projects to be submitted for validation by the department. Social and/or environmental expertise is provided by the Canton departments in charge of the area concerned by the pre-selected or selected projects and by the Cantonal sustainable development service.

Then, the steering group prepares a project list which is submitted to the Conseiller-ère d'Etat (State Councillor, i.e. the Minister) in charge of the Finance and Human Resources Department for validation of eligible projects to be financed under this Framework.

Compliance with the evaluation and selection process, as well compliance with the eligibility and exclusion criteria for projects is reviewed annually by the Steering Group when preparing the annual report (see section 2.4).

2.2.2. ESG risks management associated with the projects

In accordance with legal and regulatory provisions, the Canton of Geneva is committed to responsible management of all eligible projects, whether they are carried out by the cantonal administration or by the institutions it subsidises.

The Canton identifies and monitors several material environmental and social risks associated with the eligible project categories, before, during and after the projects.

In particular, the following environmental and social factors are taken into account:

Social factors / priorities:

Suppliers and their subcontractors:

- Concerning the Canton's investments: within the framework of awarding public works, supply and service contracts, the selected suppliers and their subcontractors must prove that they comply with industry practices, that they are up-to-date with the payment of social security charges, and that they respect the principles of gender equality.
- Concerning the execution of contracts: the *Office cantonal de l'inspection et des relations du travail* (OCIRT) (the Cantonal office of labor inspection and relations) is responsible for controlling the application of legal provisions for the protection of workers' physical and mental health, gender equality, compliance with minimum wages set out in standard employment contracts, working conditions and social benefits in use by companies established in Geneva as well as foreign companies seconding personnel to Geneva.

Canton employees and subsidised institutions:

- With regard to respect for fundamental rights, gender equality and labour law, the relevant provisions are contained in the Swiss Federal Constitution, the overriding fundamental text of the Swiss legal system. These provisions are transposed by federal laws, enacting ordinances, the Code of Obligations, the Geneva Constitution, cantonal laws and regulations. This legal framework is complemented by case law and doctrine as well as a judicial system that ensures compliance with the relevant provisions.
- With regard to control of the legality of activities, the Court of Audit, an independent body, is in charge of independent and autonomous control of the Canton, of the cantonal institutions under public law, and of the subsidised institutions. It proceeds on its own initiative or on denunciation. The Geneva constitution protects those who report illegal behaviour to it.

Beneficiaries:

With regard to respect of beneficiaries' fundamental rights, the relevant provisions are contained in the Swiss Federal Constitution and the Geneva Constitution. This legal framework is guarantor of the judicial system ensuring compliance with the relevant provisions. The Court of Audit can carry out audits of subsidised institutions, either on its own initiative or upon denunciation.

Environmental factors / priorities:

Concerning the Canton's financing of delegated investments: cantonal contributions to subsidised institutions are set out in draft legislation. Environmental objectives are examined during the legislative process. Compliance with the law and the proper use of funds are analysed by the investing department before subsidies are disbursed.

More generally, in addition to the legal framework to which institutions subsidised by the Canton are subject, service agreements (*contrats de prestations*) specify the supervision carried out by the Canton, the contractual obligations of the parties and the performance indicators relating to the delegated services. These contractual obligations include, for example, clauses on working conditions, sustainable development and monitoring by the relevant Canton department (dashboards, performance and management reports, etc.).

Finally, in the event that an eligible project financed by a green, social or sustainable bond issuance is affected by a major controversy, the steering group meets and decides whether the project becomes ineligible.

2.3. Management of proceeds

The Canton's funds are managed by the Department of Finance and Human Resources and in particular by the Canton's General Treasury. The latter is responsible for managing the Canton's debt and the centralised treasury system - cash pooling - of the various departments and offices as well as the main subsidised institutions.

The net proceeds of each green, social or sustainable bond, or an equivalent amount, is allocated to one or multiple eligible projects. The Canton intends to reach full allocation of the proceeds within two years of the year of issuance.

In the case of potential unallocated proceeds, the Canton will not use these for temporary financial investments, nor for investments, instead they will be integrated into the cash pooling system used to manage the Canton's current cash requirements.

All funds, allocated and unallocated, are thus integrated into the centralised management of cantonal cash pooling.

Should a project become ineligible, be cancelled or postponed, the Canton undertakes to reallocate the amount allocated to it from green, social or sustainable bonds to one or more other eligible projects as soon as possible and in accordance with this Framework.

Financing of investment (CAPEX)

The Canton of Geneva investments are the subject to dedicated investment laws, relating to a single objective or several objectives contributing to a given goal. Each expenditure (capitalisable or related OPEX) is allocated to a project.

Project expenditure is monitored and reported internally on a regular basis and published annually in tome 3 of the Canton of Geneva financial statements.

The monitoring of proceeds is carried out by the cantonal administration, which is then able to provide full transparency to investors on the nature of the allocations, using the Canton's information system dedicated to investments.

Project financing for (OPEX) services posted as operations

All Canton operating expenditure must be authorised by the legislative authority during the budgetary process (annual budget law and additional credit requests). The Canton's actual expenditure is then subject to budgetary control by various authorities (the Council of State and the Grand Council Finance Committee) and is published in Tome 2 of the Canton of Geneva financial statements (operating account by public policy and by programme).

In addition, subsidies granted for the delegation of public tasks to subsidised institutions are governed by service agreements (*contrats de prestations*) that are also submitted to the Grand Council for approval. In this context, the main subsidised institutions are subject to annual assessment, in addition to the assessment carried out on completion (generally 4 years) of the service agreement (use of subsidies, achievement of set objectives, financial and extra-financial indicators, review of accounts, etc.).

Thus, the expenditure financed by the Canton under this Framework is subject to a legal basis, strict budgetary control and annual publication.

The allocation of funds raised is therefore monitored by the cantonal administration, which can provide full transparency as to the expenditure financed, through the Canton's information system (business applications and accounting system).

The Court of Audit (an independent body) audits the Canton's financial statements every year, and also certifies the information on green, social and sustainable bonds (see section 2.4).

2.4. Reporting

2.4.1. Reporting arrangements

The Canton of Geneva undertakes to keep, prepare and make available information on the allocation of proceeds, on an annual basis, at least until final allocation of funds.

The green, social or sustainable bond reportings are published within the Canton's individual audited financial statements (tome 1) and available on the website www.ge.ch/finances.

The above published annual report is intended, in particular, for investors, and covers aspects relating to allocation of proceeds, compliance with eligibility criteria, a list of projects financed with a brief description or, a consolidated presentation including the relevant social and/or environmental impact measures embedded in the projects, and the underlying methodology.

2.4.2. Financial indicators (allocation of proceeds)

The financial indicators are as follows, by eligible or consolidated category:

- Amount of the proceeds raised
- Share of proceed allocated
- Proceeds used for capital expenditure (CAPEX) and operating expenditure (OPEX)
- In case of refinancing: refinancing share of the project
- Project progress rate

2.4.3. Social and environmental indicators

The social and environmental indicators are defined in a homogeneous and coherent way for each category of eligible project. The choice of reporting indicators will be made when the first annual report is published after the issuance.

For example, social and environmental projects may have the following indicators respectively:

- number of beneficiaries per year and per social project subcategory
- GHG emissions avoided/reduced per year and per green project subcategory.

If a project is co-financed, the indicators specify the proportion of the impact attributable to the Canton's green, social or sustainable bond, depending on the co-financing rate of the project.

Results are reported by project, or consolidated by eligible category or by bond issuance or in total.

The method for calculating the indicators for projects financed with green bonds is available at www.ge.ch/document/obligations-vertes-methodologie.

The method for calculating the indicators for projects financed under social bonds is specified in each annual Canton bond issuance report.

The annual report also includes information on any major controversies concerning any financed projects.

3. External review

3.1. Pre-issuance

The Canton has mandated an external expert to provide a Second Party Opinion (SPO) qualifying:

- relevance of the social and environmental commitments of the eligible categories to be financed/refinanced.
- compliance of the Framework with the ICMA Principles.

This independent opinion is available at: <https://www.ge.ch/document/seconde-opinion>

3.2. Post-issuance

An external review is carried out on the entire annual report for the Canton's green, social and sustainable bonds.

This review is carried out by the Canton Court of Audit (<https://www.cdc-ge.ch/>), an independent body whose magistrates are directly elected by citizens. The Court of Audit is responsible for independent and autonomous control of management of the Geneva administration, administration of the judiciary, the Grand Council secretariat, as well as the cantonal institutions governed by public law and other bodies subsidised by the Canton. Its action also covers the management of *communes* (municipalities) as well as the associations and organisations subsidised by them. In addition to auditing the financial statements, the Court of Audit is also responsible for evaluating public policies.

The Court of Audit issues a certificate which is published in the Canton's annual report.