

AMAG Leasing AG

Investor Report 2023

Green Bonds



amag

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1. Introduction to Corporate Sustainability

Founded in 1980, AMAG Leasing AG («ALAG») is a subsidiary of AMAG Group AG («AMAG»), which is the general importer of Volkswagen and the largest mobility company in Switzerland. ALAG has become the leading car leasing company for business and private customers in Switzerland. ALAG's portfolio currently comprises of approximately 179'000 contracts valued at more than CHF 4.8 billion. AMAG has subsidiaries in the vehicle import and retail sectors, including over 80 own retail locations, as well as in logistics. Additionally, AMAG owns and operates car parks and is a licence holder of Europcar in the car rental business.

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

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

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

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

2. Green Bond Framework

AMAG Leasing AG (ALAG) issued its inaugural Green bond in September 2021, becoming the first Green bond issuer in the Auto sector in Switzerland. Subsequently, ALAG issued three further tranches under its Green Finance Framework:

Overview of Green bond issuance as of Sept-2023

Nominal in mCHF	Maturity
175	06/2025
130	09/2027
175	09/2026
190	09/2029

Proceeds raised from the Green bonds will be used for financing or refinancing, fully or partially, a portfolio of Eligible Green Assets.

Eligible Green Assets are currently focused on Clean transportation – comprising of leasing contracts of electric or hybrid vehicles in Switzerland. Criteria, as defined in the Green Finance Framework, is as follows:

- (i) Battery Electric Vehicle («BEVs»)
- (ii) Plug-in Hybrid Vehicles («PHEVs») that have a maximum of 50g CO₂ emission per kilometre

The issuance of Green bonds allows ALAG to benefit from diversification of its funding portfolio. By the issuance of Green bonds ALAG can benefit from risk differentiation and a competitive advantage against other leasing companies in Switzerland.

Sustainalytics has reviewed the Green Finance Framework and is of the opinion that the Framework is credible and impactful, aligned with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021. The work involved in Green bonds and the portfolio of eligible assets is carried out in cooperation with AMAG's Sustainability Board and Treasury.

ALAG's Green Finance Framework addresses the two of the UN Sustainable Development Goals :



3. Allocation Report

As of June 2023, the Eligible Green Assets stood at CHF 758.4m including a total of 17'593 lease contracts, up from 484m year on year compared to end of June 2022, an increase of 56%. By end of June 2023 the allocation was 100%.

Composition Eligible Green Asset portfolio:

	30.06.2022	share in %	30.06.2023	share in %	Allocation 06/2023
Portfolio in CHF	484'017'831		758'390'795		475'000'000
Hybrid (3)	124'936'009	25.8	159'848'871	21.1	100'118'000
BEV (4)	359'081'822	74.2	598'541'924	78.9	374'882'000
Portfolio by number	11'093		17'593		
Hybrid (3)	3'236	29.2	4'248	24.1	
BEV (4)	7'857	70.8	13'345	75.9	
Portfolio in CHF	484'017'831		758'390'795		
BEV	359'081'822	74.2	598'541'924	78.9	
PHEV Petrol	124'694'963	25.8	159'848'871	21.1	
PHEV Diesel	241'047	0.05	0	0.00	
Portfolio by number	11'093		17'593		
BEV	7'857	70.8	13'345	75.9	
PHEV Petrol	3'232	29.1	4'248	24.1	
PHEV Diesel	4	0.04	0	0.00	

In the reporting period, no proceeds have been allocated to the acquisition and installation of onsite photovoltaic technology and related infrastructure.

4. Impact Report

ALAG has estimated the environmental impact of the Eligible Green Assets portfolio, focusing on carbon emission savings from the use of BEV and PHEV compared to vehicles with combustion or other engines.

For the calculation of CO₂ emissions there are uncertainties resulting from technical car specifications and considering the expected emission of each car from the lease portfolio. Assumptions in the calculation of carbon emissions savings includes:

1. Fuel used by a consumer for a hybrid engine
2. Location where the vehicle was driven (e.g. in the city or open road)
3. Average mileage per year

The estimated consumption of each car in the Green lease portfolio is the basis for the calculation of emissions. For electric cars the average emission in gramm per km is 4.7 and 35.8 for electric hybrids (electricity in combination with petrol or diesel), the manufacturer's declared consumption figure (according to WLTP/NEDC) is used.

In Switzerland, the average emission for newly registered cars in 2022 was 120.9 g CO₂/km (2021: 129.8 g CO₂/km) based on the information of Bundesamt für Energie (www.bfe.admin.ch). The expected CO₂ reduction from the Green lease portfolio is calculated as the difference between the financed cars in the Green lease portfolio and the average emission of newly registered cars 2022 in Switzerland.

Considering the total portfolio of Green lease assets by end of June 2023 the CO₂ emission is 1827 tons. Compared to the average emission of 2022 for new cars we assume an annual reduction of -22'948 CO₂ through the total portfolio of Green lease assets. The calculation is based on an average mileage of 12'000km per year of each car.

With the outstanding Green bond volume of CHF 475m by end of June the CO₂ reduction is - 14'373 tons per year.

Average emission 2022 on new cars in Switzerland (g CO ₂ /km)	Ø-emission on the Green portfolio by end of June 2023 (g CO ₂ /km)	Estimated impact Total portfolio (tons CO ₂ /year)	Estimated impact on the outstanding Green bond (tons CO ₂ /year)
120.9	13.15	-22'748	-14'373

5. Case studies

Electric cars are a key factor for a sustainable traffic system. However, a reliable supply of renewable energy needs to be guaranteed as well. This requires connected solutions for production, charging infrastructure and energy storage. AMAG focuses on offering a complete suite of services– comprising of both vehicles and infrastructure – on its way to becoming the leading provider of sustainable individual mobility. The acquisition of Helion marked a major step towards achieving this goal.

In 2022, AMAG acquired Helion, a leading Swiss specialist in the fields of photovoltaics, electricity storage, heat pumps and charging stations for electric vehicles, with services ranging from consulting and planning to installation and maintenance. AMAG and Helion aim to collaborate to deliver a smart-charging solution that enables electric cars to be used as storage devices, in order to ensure better use of solar power, and as buffer storage units, in order to stabilise the power grid.

The AMAG Group wants to achieve a net-zero carbon footprint by 2040. To reach this goal, battery-electric vehicles alone need to account for at least 70% of AMAG sales by 2030. We want to increasingly produce the electricity for these electric cars ourselves together with partners. The full service will also include intelligent charging solutions for energy management at work and at home.

AMAG has been able to count on exceptional expertise on the vehicle business segment. AMAG further intensified its energy, charging and electromobility activities in 2022, incorporating them into the new AMAG Energy & Mobility business unit, which includes offerings from Clyde, Volton and Helion. Clyde is an innovative subscription package for flexible vehicle use. With the Volton brand, the AMAG Group offers advice and servicing for business and fleet customers. Volton developed a charging network with access to over 7000 public charging stations in Switzerland in 2022.



6. Independent assurance review

Sustainalytics has conducted the verification of ALAG's Green bond and has provided an independent opinion confirming the conformance with the use of proceeds and reporting criteria outlined in the Framework. The post-issuance opinion is available on ALAG's webpage.

7. Disclaimer

This report has been prepared by ALAG solely for the purpose of investor relations efforts in connection with its Green Bonds. It contains non-exhaustive information about ALAG and AMAG's Green Finance Framework and the use and allocation of the proceeds from Green Bonds issued by ALAG at the time this document was prepared. ALAG has prepared this report on the basis of the best of its knowledge and judgement. In the event that any information in this report is subsequently found to be inaccurate, ALAG shall not be held liable. Sustainalytics has verified ALAG's green bond use of proceeds outlined in this report and provided an independent opinion. ALAG does not assume any responsibility for the assurance review process carried out by Sustainalytics and the findings set out in its opinion.

No assurance can be given that AMAG's Green Finance Framework is credible and impactful and that projects that meet the requirements of the Green Finance Framework will be available at the relevant time. This may mean that the proceeds from Green Bonds issued by ALAG are not always fully allocated to projects meeting the requirements of the Green Finance Framework.

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