Green Bond Allocation & Impact Report 2022

20 December 2022

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Introduction

Climate action, sustainability, net zero strategies, corporate social responsibility, ESG policies: all of these are in the spotlight and will undoubtedly remain so in the future. As a utility company, Fluvius is well aware of the urgency of these matters for the Flemish energy sector and the Flemish society at large. We at Fluvius are very outspoken about our responsibility in all matters concerning sustainability. Because it is our job to bring about the energy and climate transition in Flanders. And we have a plan to realise this objective.

Back in 2020, we published our Vision 2050 policy document, which outlines how we want to reach climate-neutrality in Flanders by 2050. In the summer of 2022, we launched our detailed proposals for the investments that are needed in the period 2023-2032 for the Flemish energy transition. This plan focuses on investments for increased electrification and a gradual reduction of investments in the gas distribution activity. In a public consultation we received feedback from different stakeholders. It is now up to the regulator to take a final decision on this capex plan.

Furthermore, we have formulated our own ambitions on climate and carbon emissions reduction. For our scope 1 & 2 activities, we aim at a minimum reduction of carbon emissions of 30% by 2030 (compared to base year 2020).

Away from energy distribution, Fluvius has updated its vision on the sewerage activity. We believe that a well-devised sewerage system can contribute to climate change adaptation. In our view, the sewerage system should be combined with other measures aimed at buffering water.

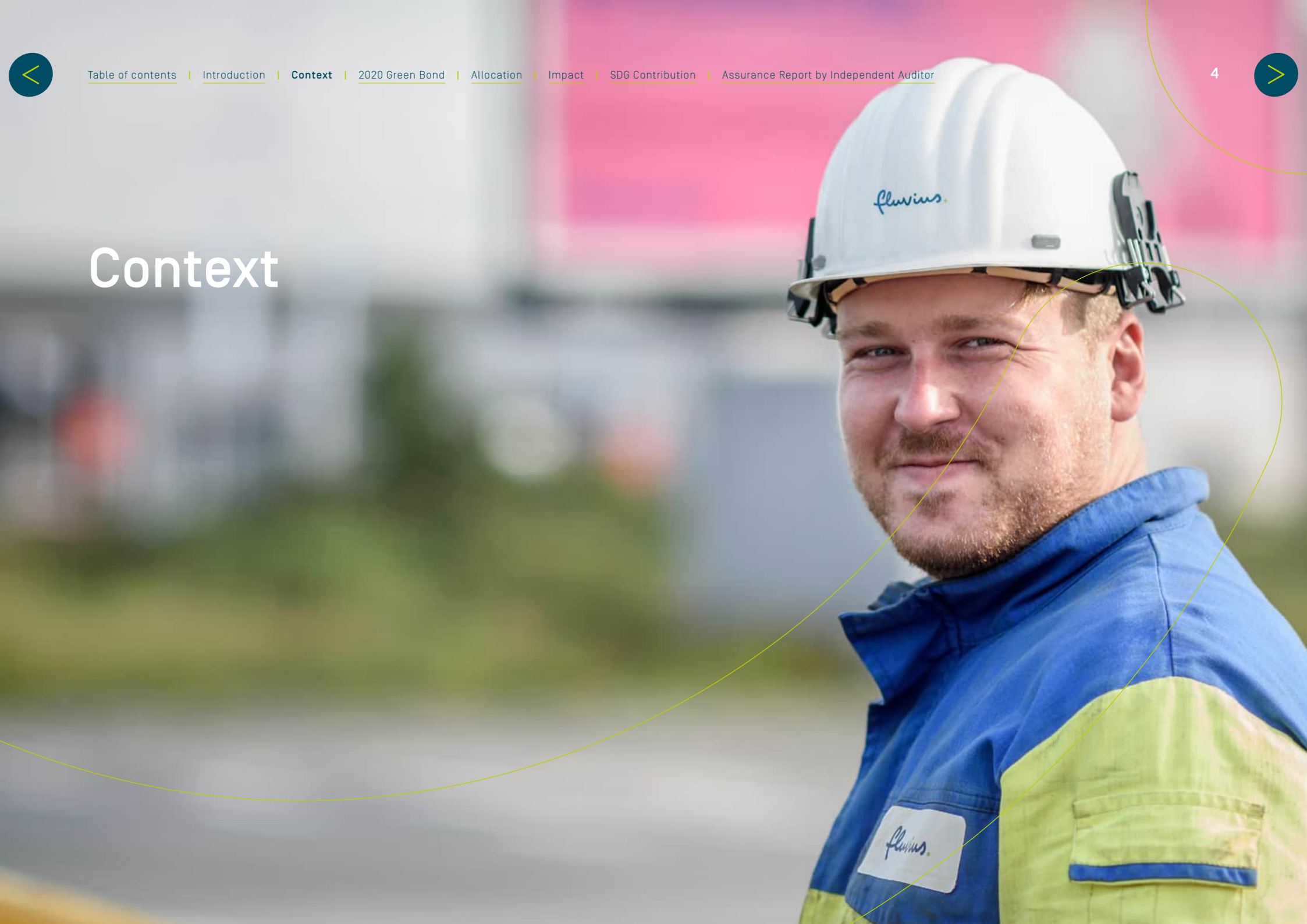
Starting in July 2022, a new department Energy & Climate Transition was set up within Fluvius with the task to coordinate all investments related to these challenges.

Obviously, funding all of this will be challenging. Green financing, on the basis of our Fluvius Green Financing Framework, is and will definitely be part of the solution.

I invite you to discover this second Green Bond Allocation & Impact Report. Here we will report on the progress we made on our sustainability journey. I wish you an interesting and hopefully inspiring read.

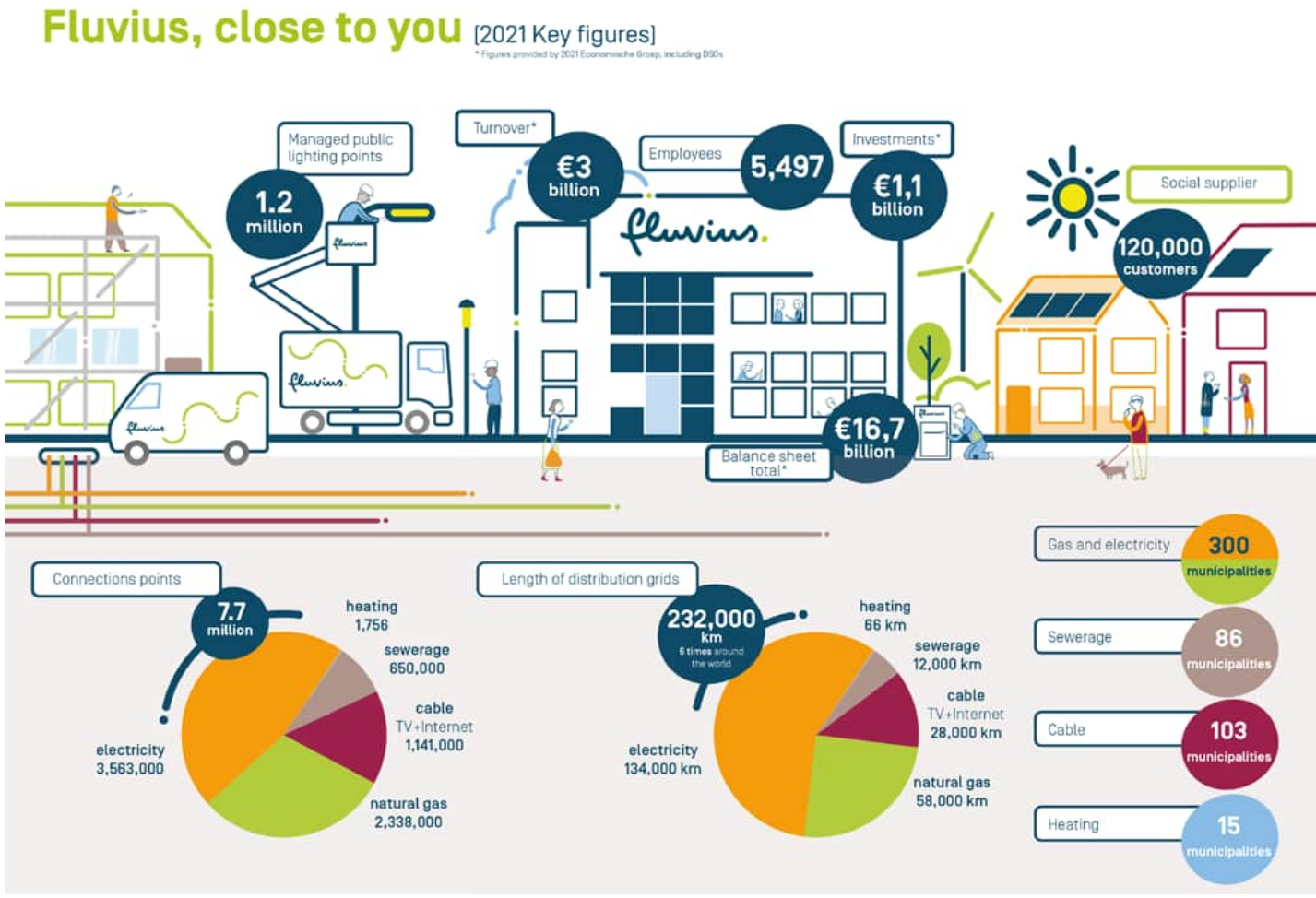
David Termont,
CFO Fluvius

Context



Fluvius System Operator cv ("Fluvius") is a prominent multi-utility company based in the Flemish Region of Belgium. It has operations in several grid-based utility services: (1) the distribution of electricity, (2) the distribution of natural gas, (3) public lighting, (4) sewerage, (5) cable television infrastructure (CATV) and fibre-to-the-home (FTTH) grids[1], as well as (6) a number of activities related to one or more of the activities mentioned before.
The company is 100% owned by the municipalities in the Flemish Region.

Fluvius offers its services in all 300 Flemish cities and municipalities. The grid infrastructure is owned by eleven intermunicipal utility companies[2] that are the sole shareholders of Fluvius System Operator. As such, it is Flanders' largest utility services provider. The company manages[3] 134.000 km of electricity grids, 58.000 km of gas grids, 12.000 km of sewerage infrastructure and 28.000 km of CATV grids. It services a total of approximately 7,7 million connections. For public lighting, 1,2 million lighting points are serviced.



Key figures (figures provided by 2021 Economische Groep, including DSOs)

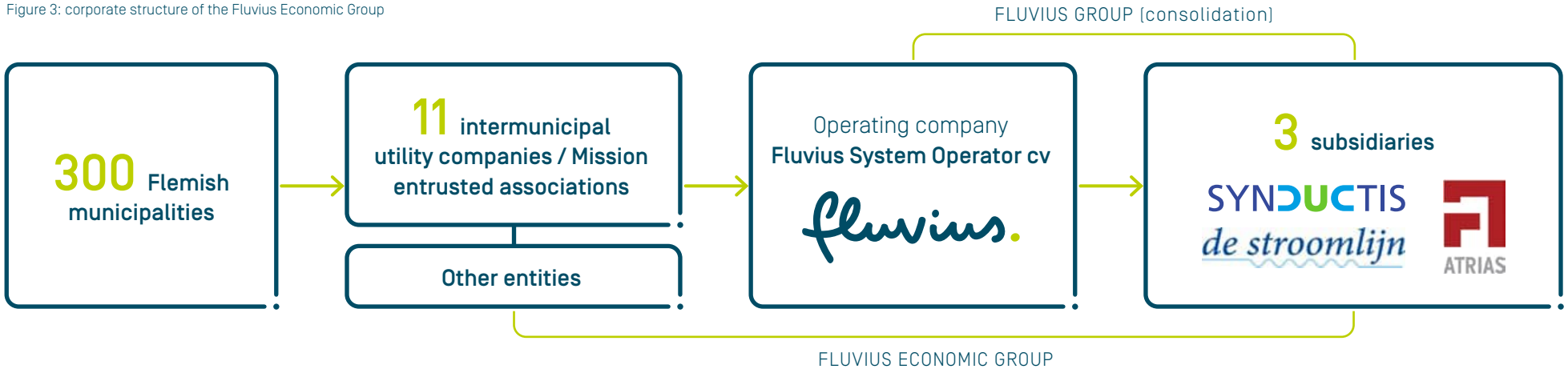
1 On 19 July 2022, Fluvius reached an agreement with the telecom company Telenet to establish a new independent self-funding infrastructure company in which Fluvius will own 33,2% of the shares. This company will invest in the gradual evolution of the current hybrid fibre coaxial (HFC) network into a fibre-to-the-home (FTTH) network. The Fluvius/Telenet partnership is to be notified to the European Commission.
2 These 11 intermunicipalities are: Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Gaselwest, Imewo, Intergem, Iveka, Iverlek, PBE, Riobra and Sibelgas.
3 Rounded figures as per 31 December 2021

The company is strategically important to the Flemish Region and its general policy aim of realising Europe's climate and energy objectives.

On 30 June 2022, Fluvius employed 5.433 people, which is the total of contract-based employees at Fluvius System Operator and statutory employees at Fluvius OV.

The corporate structure of the Fluvius Economic Group is as follows:

Figure 3: corporate structure of the Fluvius Economic Group



Fluvius's strengths are the following:

- it is the largest Flemish multi-utility, covering the entire Flemish Region;
- its shareholders are 100% public entities, i.e. all 300 Flemish cities and municipalities;
- it shows a low risk business profile across all activities;
- it has a robust capital structure, a strong liquidity position and stable cash flows due to tariff regulation or long-term contractual agreements for its core activities – this is evidenced by investment grade ratings at Moody's (A3, stable outlook) and Creditreform Rating (A, stable outlook) as per 20 December 2022;
- the company has a highly experienced management and staff;
- Fluvius strategically focuses on operational excellence, synergies and sustainability.

Our CSR and sustainability policies

Fluvius System Operator's commitment on CSR and sustainability is laid down in its CSR Charter which was approved by the Board of Directors on 4 December 2019. This document can be consulted online here: https://over.fluvius.be/sites/fluvius/files/2019-12/9010106-mvo-charter-2019-en.pdf

Over the course of the previous years, Fluvius has set up a lot of initiatives (both internal and external) to enhance our performance on CSR and sustainability. Our policies and actions are being supervised, coordinated and prepared by an internal CSR Board, which directly reports to the company's Management Committee and indirectly (through the Management Committee) to the Board of Directors.

Our CSR and sustainability policies and performance are being independently screened and benchmarked by a number of specialised agencies such as Sustainalytics, Ecovadis, Moody's ESG (formerly V.E) and ISS ESG. Please consult these agencies' websites for their latest reports on Fluvius.

2020 Green Bond

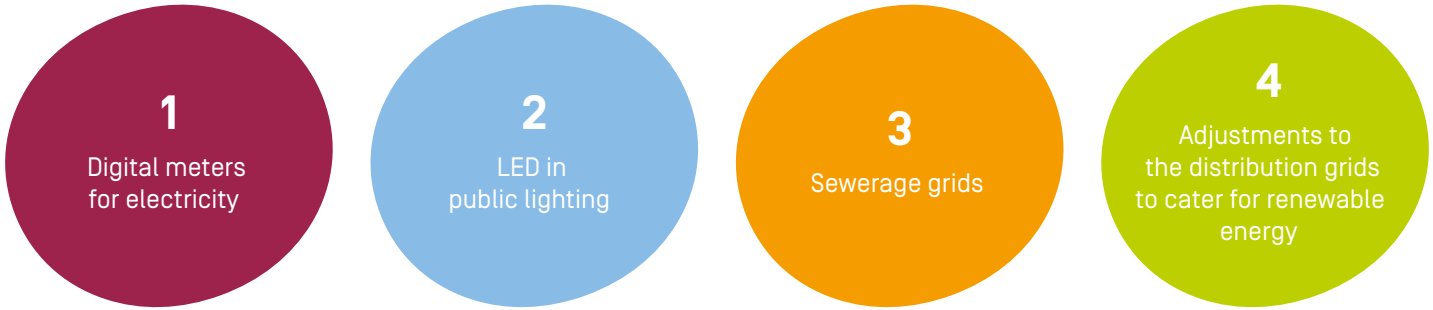
Fluvius issued its debut green bond on 2 December 2020 (settlement date). It was a 10-year EUR 600 million bond with a fixed annual coupon of 0,250%. The issue was arranged under the issuer's Euro Medium Term Note (EMTN) Programme. The ISIN Code for this green bond is BE0002755362. The bond is listed on Euronext Brussels.
The green character of this bond was fully in line with Fluvius's 2020 Green Financing Framework. This document can be consulted at https://over.fluvius.be/sites/fluvius/files/2020-11/green-financing-framework-fluvius.pdf

The net proceeds of this first green bond were dedicated to four investment categories:
- Digital meters for electricity
- LED in public lighting
- Sewerage grids
- Adjustments to the distribution grids to cater for renewable energy

Important note: for digital electricity meters only half of the total investment value is taken into consideration for this green bond's use of proceeds, since European Investment Bank (EIB) financing was obtained for the other half of this specific investment programme.

An independent Second Party Opinion (SPO) on the 2020 Green Financing Framework was provided by the specialised ESG rating agency ISS ESG, dated 22 November 2020. (https://over.fluvius.be/sites/fluvius/files/2020-11/second-party-opinion-green-financing-fluvius.pdf).

As such, the Green Bond supports Fluvius's overall sustainability strategy and policies. The proceeds have been used for investments in the grids of Fluvius's shareholders, being the intermunicipal entities for utility services.



Allocation

The nominal amount raised through the 2020 green bond was EUR 600 million, with net proceeds amounting to EUR 599.136.000.

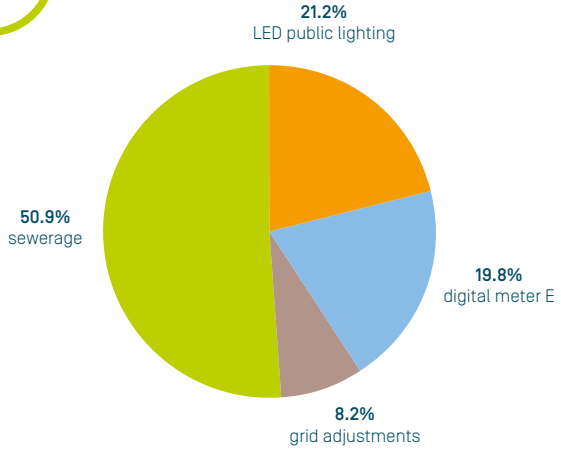
The period covered for financing investments by the proceeds of the 2020 Green Bond is 2018-2022, i.e. a look-back period of 36 months and a look-forward period of 24 months. For the allocation and impact figures in this second Allocation & Impact Report, the starting point was 1 January 2018 and the cut-off date was set at 30 June 2022.

Up until the cut-off date of 30 June 2022, all proceeds used have been entirely allocated to new investments. None of the proceeds have been allocated to refinancing purposes.

All relevant investments have been executed in the Flemish Region of Belgium, which is the operational area for Fluvius.

As per 30 June 2022, the amounts presented in the table below had already been allocated over the four selected investment categories. According to the principles laid down in its Green Financing Framework, the non-allocated part of the net proceeds from the issuance of the 2020 Green Bond is being held in the Issuer's treasury liquidity portfolio, in cash or in other short-term instruments.

As per the cut-off date of 30 June 2022, almost all of the 2020 green bond's net proceeds (95,2%) have been allocated. Of the allocated amount, 21% has gone into LED-based public lighting, 20% into digital metering for electricity, 8% into grid adjustments to cater for renewable capacity and 51% into sewerage investments. See the graph.



USE OF PROCEEDS (Tickmark A)	2018	2019	2020	2021	2022 (HY)
annual investment (EUR)					
LED public lighting	1,673,012	4,728,892	24,820,174	62,496,799	26,994,282
digital meter E (50%)	0	4,960,729	23,741,731	46,875,966	37,265,835
grid adjustments	12,270,896	9,870,839	6,017,967	9,423,504	8,948,342
sewerage	81,764,830	56,390,194	83,378,145	37,004,890	31,809,933
TOTAL	**95,708,738**	**75,950,654**	**137,958,018**	**155,801,159**	**105,018,392**
cumulative investment (EUR)					
LED public lighting	1,673,012	6,401,904	31,222,078	93,718,877	120,713,159
digital meter E	0	4,960,729	28,702,460	75,578,426	112,844,261
grid adjustments	12,270,896	22,141,735	28,159,703	37,583,206	46,531,548
sewerage	81,764,830	138,155,024	221,533,169	258,538,059	290,347,992
TOTAL	**95,708,738**	**171,659,392**	**309,617,410**	**465,418,568**	**570,436,960**
invested (% of net proceeds)					
annual investments	16.0%	12.7%	23.0%	26.0%	17.5%
cumulative investments	16.0%	28.7%	51.7%	77.7%	95.2%
category weight (annual)					
LED public lighting	1.7%	6.2%	18.0%	40.1%	25.7%
digital meter E	0.0%	6.5%	17.2%	30.1%	35.5%
grid adjustments	12.8%	13.0%	4.4%	6.0%	8.5%
sewerage	85.4%	74.2%	60.4%	23.8%	30.3%
TOTAL	***100%***	***100%***	***100%***	***100%***	***100%***
category weight (cumulative)					
LED public lighting	1.7%	3.7%	10.1%	20.1%	21.2%
digital meter E	0.0%	2.9%	9.3%	16.2%	19.8%
grid adjustments	12.8%	12.9%	9.1%	8.1%	8.2%
sewerage	85.4%	80.5%	71.6%	55.5%	50.9%
TOTAL	***100%***	***100%***	***100%***	***100%***	***100%***

Impact

Below, the impact realised by the investments in each of the selected categories up until the current report's cut-off date of 30 June 2022 has been summarised.

Digital metering for electricity

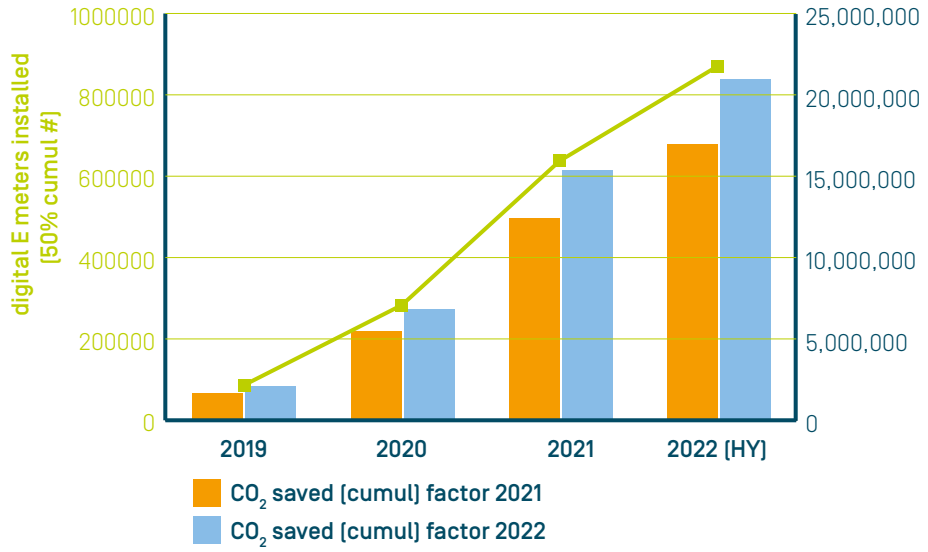
In order to correctly assess the data below:

- The numbers of digital meters for electricity installed only represent half of the total installed, since the green bond's proceeds are only used for financing half of the total investment, with the other half being financed by a EIB loan programme;
- The figures for energy saved are calculated by applying a 2,60% reduction[4] in annual electricity consumption by residential electricity consumers once a digital meter is installed at the premises, on an overall average annual consumption of 3.305 kWh[5] by residential consumers in Flanders;
- CO_2 reductions in the 2021 Allocation & Impact Report were calculated by applying a conversion factor of 227 $kgCO_2eq/MWh$[6] consumed. For this second Allocation & Impact Report, two conversions factors are being used: (1) 227 CO2/MWh consumed as used in the previous report, which will allow comparability between the 2021 and 2022 reports and (2) 281 $kgCO_2eq/MWh$[7] consumed, which was the most recent figure available when compiling this report. We have also included carbon reduction figures for the entire period 2018-2022 (HY) making use of this second conversion factor.

Fluvius started the formal roll-out of digital metering in July 2019. Since then, the progress in the digital meter (electricity) roll-out has been as indicated in the table below:

Tickmark: A	2018	2019	2020	2021	2022 (HY)
digital E meters installed (50% cumul #)	0	86,630	283,268	637,561	870,093
energy saved (kWh - 50% - cumul)	0	7,444,116	24,341,176	54,785,617	74,767,091
CO_2 saved (cumul) factor 2021	0	1,689,814	5,525,447	12,436,335	16,972,130
CO_2 saved (cumul) factor 2022	0	2,091,797	6,839,871	15,394,758	21,009,553

4 Source : VREG, https://www.vreg.be/sites/default/files/document/rapp-2017-06.pdf
5 Source : VREG, https://www.vreg.be/nl/energieverbruik
6 Source: https://app.electricitymap.org/map (retrieved 29 November 2021 – 10.00 am, figure for Belgium)
7 Source: https://app.electricitymaps.com/zone/BE (retrieved 28 November 2022 – 13.00 pm, figure for Belgium)



The roll-out programme has been going smoothly over the last 12 months. Several milestones were reached in rapid succession:

- November 2020: 0,5 million meters installed
- September 2021: 1 million meters installed
- April 2022: 1,5 million meters installed
- November 2022: 2 million meters installed

This timetable also indicates that the installation rate has been increasing: while the first half a million meters took approximately 17 months to be installed, it only took about 8 months' time to go from 1,5 to 2 million meters. Now one in three Flemish households has a digital energy meter.

The current planning is to have a digital meter installed at four out of five Flemish households by the end of 2024.

Customers are quickly picking up the new possibilities that digital metering can offer them. More than 265.000 households (23%) with a digital meter are now actively monitoring their energy consumption. This represents a year-on-year increase of 182.000 households. Our portal site mijn.fluvius.be shows an individual customer exactly the volume of energy consumed on an hourly basis, and for electricity even on a 15 minute basis.
56.000 households have already linked up their digital meter to a 'smart app' or 'smart appliances'. This allows them to consume energy at the best possible moments, thus increasing grid flexibility (www.maakjemeterslim.be).

LED in public lighting

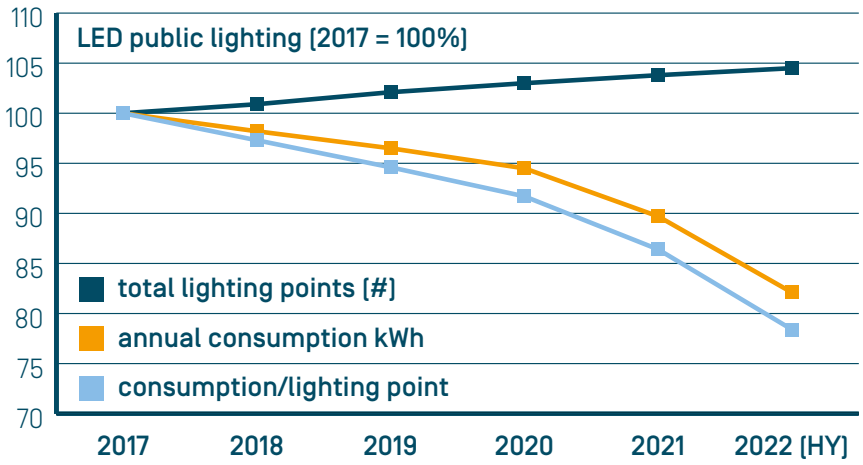
In order to correctly assess the figures in the table and graph above:

- the numbers of lighting points installed covers both LED and non-LED installations;
- the declines registered in annual consumption is due to the increasing LED-rate on municipal public lighting, but also due to more flexibility in public lighting which is enabled by LED technology (dimming, motion sensor-triggered on/off switching, etc);
- CO_2 reductions are calculated by (1) applying a conversion factor of 227 $kgCO_2eq/MWh$ consumed and (2) a conversion factor of 281 $kgCO_2eq/MWh$ consumed. See page 14 of this report for a discussion on the conversion factors applied.

The impact realised by the investments in the switch of public lighting towards LED technology, financed by the 2020 green bond's proceeds, can be summarized as follows:
P.M.: year-end 2017 data are presented as a starting point only

Tickmark: A (except 2017)	2017	2018	2019	2020	2021	2022 (HY)
lighting points (#)	1,128,106	1,138,799	1,151,256	1,162,314	1,171,490	1,176,753
lighting points (delta)		10,693	12,457	11,058	9,176	5,263
lighting points (delta %)		0,95%	1,09%	0,96%	0,79%	0,45%
annual consumption (kWh)	408,495,723	401,156,504	394,206,195	385,918,454	366,491,494	335,205,666
consumption/lighting point	362.1	352.3	342.4	332.0	312.8	284.9
CO_2 (factor 2021)	92,728,529	91,062,526	89,484,806	87,603,489	83,193,569	76,091,686
CO_2 reduction (annual - factor 2021)		-1,666,003	-1,577,720	-1,881,317	-4,409,920	-7,101,883
CO_2 reduction (cumul - factor 2021)		-1,666,003	-3,243,723	-5,125,040	-9,534,960	-16,636,843
CO_2 (factor 2022)	114,787,298	112,724,978	110,771,941	108,443,086	102,984,110	94,192,792
CO_2 reduction (annual - factor 2022)		-2,062,321	-1,953,037	-2,328,855	-5,458,976	-8,791,318
CO_2 reduction (cumul - factor 2022)		-2,062,321	-4,015,357	-6,344,213	-11,803,188	-20,594,506

Note: the 2022 (HY) figure for annual consumption (kWh) has been normalised to represent a full year.



On 30 June 2022, Fluvius had already LED-switched 31,94% of the total public lighting infrastructure owned by the municipalities in Flanders.

Over the period 2018/HY 2022, the investments in LED for public lighting have allowed us to diminish the annual consumption in public lighting (measured in total consumption volume in kWh) by 17,9%, while the total public infrastructure (measured by the number of lighting points installed, irrespective of the technology used) has increased by 4,3% over the same period. The average annual consumption per lighting point has even diminished by 21,3%.

On 12 October 2022, Fluvius announced its decision to speed up the roll-out of LED public lighting. Instead of the original end date of 2030, now the entire switch of the 1,2 million lighting points should be finalized by end 2028. The accelerated roll-out means that the annual number of lighting points to be switched increases from approx. 100.000 to approx. 133.000. Of course, the higher speed for the LED roll-out will have a positive impact on the energy efficiency gains for the local municipalities and the associated carbon reductions.

Sewerage grids

The green bond's proceeds have also been used for sewerage grid construction, both for new grids (i.e. expansion investments) as for the replacement of worn-out existing grids (i.e. replacement investments). Well-designed sewerage systems, with a separation of waste water and rain water, can contribute to the Flemish Region's Blue Deal plan, which aims at tackling water shortages and droughts.

Four intermunicipal entities in the Fluvius Economic Group have activities in sewerage:

1. Riobra: 27 municipalities
2. Fluvius Antwerp: 4 municipalities
3. Fluvius Limburg: 35 municipalities
4. Fluvius West: 20 municipalities

being a total of 86 municipalities.

Tickmark A	2017	2018	2019	2020	2021	2022 (HY)
grid length (km - YE)	10,655	11,283	11,420	11,465	11.579	11.621
grid length growth (km)		628	137	45	114	42
grid length growth (cumul - km)		628	765	810	924	965
grid length growth (% since 2017)		5.9%	7.2%	7.6%	8.7%	9.1%

Figures from the Flemish Environmental Agency[8] (Vlaamse Milieumaatschappij - VMM) on the sewerage rate and the sanitation rate give a good view on the progress made. The definition of these figures is:

— sewerage rate: the proportion of the number of inhabitants connected to a sewerage grid on the total number of inhabitants;

— sanitation rate: the proportion of the number of inhabitants connected to a sewerage water treatment plant operated by Aquafin[9] (rioolwaterzuiveringsinstallatie – RWZI) to the total number of inhabitants.

Based on VMM figures for 2019, 2020 and April 2022[10], we calculated the sewerage and sanitation rates for each of the four intermunicipal companies with sewerage activities (Riobra, Fluvius Limburg, Fluvius West and Fluvius Antwerpen), as well as for the total group of Flemish municipalities serviced by Fluvius. For the number of inhabitants, the official figures per 1 January 2022 published in the Official State Gazette of Belgium[11] have been used. Here are the results:

Tickmark A - Sewerage rate (%)	2019	2020	2022
RIOBRA	73.23	74.24	75.44
FLUVIUS ANTWERPEN	79.79	81.56	82.13
FLUVIUS LIMBURG	89.58	91.13	91.64
FLUVIUS WEST	77.87	78.95	79.43

Tickmark A - Sanitation rate (%)	2019	2020	2022
RIOBRA	60.48	63.15	65.82
FLUVIUS ANTWERPEN	79.79	81.56	82.13
FLUVIUS LIMBURG	88.36	89.67	90.29
FLUVIUS WEST	73.64	74.77	75.68

The sewerage rate for the entire area serviced by Fluvius has increased between 2019 and April 2022 by 2,52 percentage points. The sanitation rate has increased as well over the same period, by 3,81 percentage points. Both the sewerage and the sanitation rates mentioned here have been calculated according to the weighted average method.

8 Website: https://www.vmm.be/water/riolering/zuiveringsgraad (retrieved 3 October 2022, 17:04 pm)

9 Aquafin collects wastewater from the Flemish municipalities and treats it in its more than 320 waste water treatment plants before it is returned to nature.

10 Figures for 2021 were not available when compiling the present report.

11 Website: https://www.ibz.rrn.fgov.be/nl/bevolking/statistieken-van-bevolking/ Bevolkingscijfers per 1 januari 2022 (.pdf), retrieved 3 October 2022, 16:44 pm

Grid adjustments in electricity for the integration of renewable energy

The investments made to adjust the Flemish electricity distribution grids to accommodate renewable energy capacity are summarized in the following table which presents the bond proceeds used and the number of relevant projects realized between 2018 and the end of June 2022. The renewable capacity connected to the distribution grids takes the form of onshore wind turbine capacity and grid reinforcements due to the rise in solar panels installed by individual households, SMEs and public authorities.

For the period 2018-2022 (HY), the following number of relevant projects have been executed[12]:

Tickmark A	2018	2019	2020	2021	2022 (HY)
projects realised (#)	405	519	441	556	211
projects realised cumul (#)	405	924	1,365	1.921	2,132

Projects for grid adjustments are in one or more of the following subcategories:

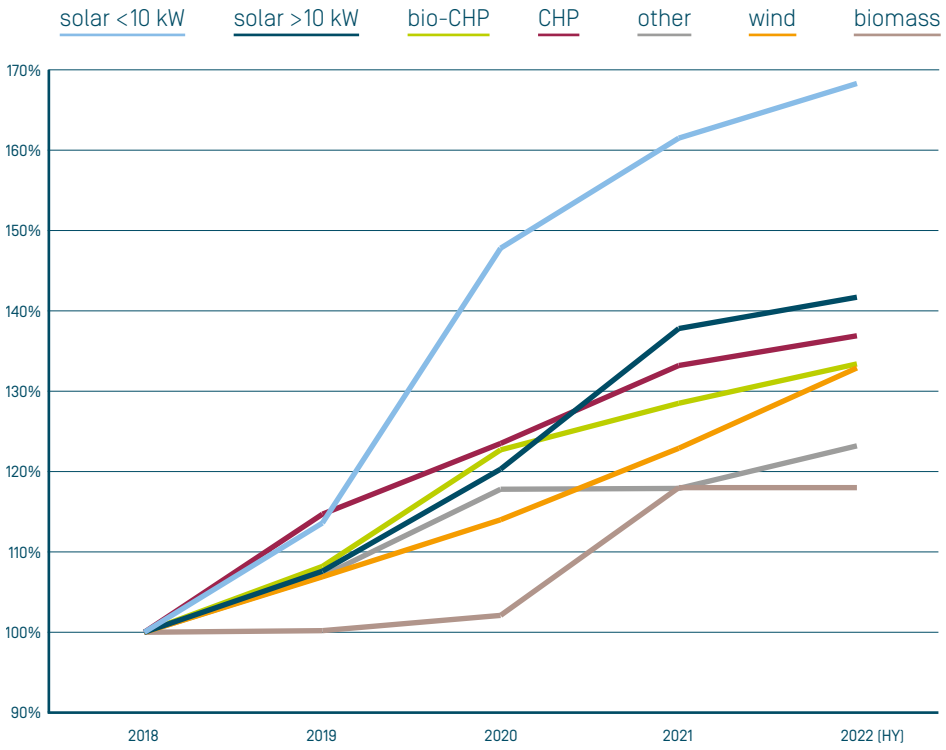
Detail investments (€ ex overhead)	2018	2019	2020	2021	2022 (HY)
cabins	238,393	153,591	41,989	90,543	19,065
switching post	61,030	39,166	6,875	74,077	2,112
transformer station	38,377	70,335	115,320	169,293	1,951
E connection	74,283	79,057	13,718	71,999	55,012
LV grid	577,979	515,866	396,147	882,495	494,502
E metering infrastructure	208,665	179,111	176,380	198,196	61,583
MV grid	6,455,388	5,505,132	3,030,232	4,028,424	813,682
teletransmission grid	1,435,438	769,473	677,093	654,825	247,362
	9,089,553	7,311,733	4,457,754	6,169,852	1,695,269

12 Figures for the years 2018-2020 have been slightly adjusted compared to the 2021 Allocation & Impact Report due to a revision of the relevant category criteria.

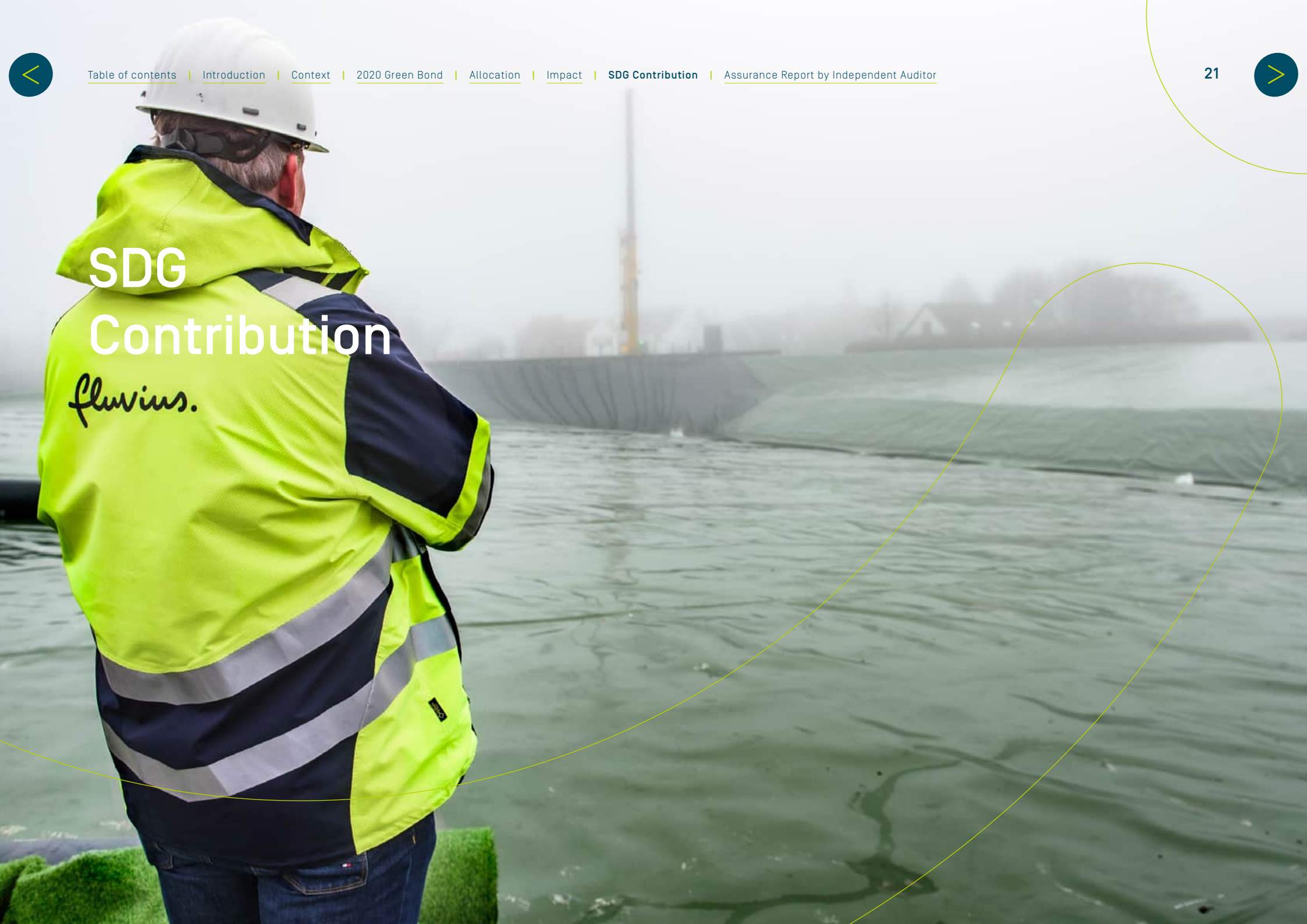
The said investments have contributed in a significant way to the growth in decentralised, renewable electricity generation capacity connected to the distribution grids operated by Fluvius. See the tables and the graph below.

kVA	2018	2019	2020	2021	2022 (HY)
solar <10 kW	1,651,537	1,876,371	2,440,977	2,668,016	2,779,738
solar >10 kW	1,091,769	1,174,674	1,313,190	1,504,499	1,547,247
CHP	743,932	853,258	918,508	991,146	1,018,288
wind	1,050,836	1,123,046	1,198,108	1,291,327	1,396,334
bio-CHP	196,876	212,946	241,609	252,994	262,588
biomass	89,537	89,722	91,392	105,687	105,687
other	107,363	114,908	126,518	126,554	132,223
TOTAL	**4,931,849**	**5,444,924**	**6,330,302**	**6,940,223**	**7,242,105**

kVA (2018=100%)	2018	2019	2020	2021	2022 (HY)
solar <10 kW	100.0%	113.6%	147.8%	161.5%	168.3%
solar >10 kW	100.0%	107.6%	120.3%	137.8%	141.7%
CHP	100.0%	114.7%	123.5%	133.2%	136.9%
wind	100.0%	106.9%	114.0%	122.9%	132.9%
bio-CHP	100.0%	108.2%	122.7%	128.5%	133.4%
biomass	100.0%	100.2%	102.1%	118.0%	118.0%
other	100.0%	107.0%	117.8%	117.9%	123.2%
TOTAL	**100.0%**	**110.4%**	**128.4%**	**140.7%**	**146.8%**



SDG Contribution



As indicated in the Fluvius Green Financing Framework, the investment categories selected for the 2020 Fluvius green bond contribute to one or more of the UN's Social Development Goals (SDGs) in a significant or limited way:

use of proceeds	contribution or obstruction	sustainable development goals
smart meters for electricity	limited contribution	
LED lighting	limited contribution	
wastewater transportation grids	significant contribution	
distribution and integration of renewable energy into the power grid	significant contribution	

source: ISS ESG Second Party Opinion (Nov 2020)

Assurance report by independent auditor

This Allocation & Impact Report has been approved for publication by the Fluvius Green Finance Committee on 21 December 2022.

The Fluvius Green Financing Framework requires an external review of the instruments issued under this framework, both at the issuance itself as well as an annual assurance until the maturity date of the instrument.

For the 2020 Green Bond, a pre-issuance Second Party Opinion was delivered by ISS ESG. In this report, ISS ESG verified the issuer's Green Financing Framework, the company's overall CSR and sustainability strategy and performance, and the bond's alignment with the Green Bond Principles (GBP) developed by the International Capital Markets Association (ICMA) as well as the Green Bond Standards as proposed by the European Commission at the moment of issuance.

All financial and non-financial figures with tickmark 'A' in the present Allocation & Impact Report on the 2020 Green Bond have been externally verified by EY Bedrijfsrevisoren BV. Their integral report is presented below.

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Limited Assurance report of the Independent Auditor on the Green Bond Allocation and Impact Report of Fluvius System Operator CV

To the Green Finance Committee of Fluvius System Operator CV

Introduction

We have been engaged by Fluvius System Operator CV (the "Company") to perform a limited assurance engagement in accordance with the International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000"), hereafter referred to as "the Engagement", and to report on all financial and non-financial information with tickmark "A" in the Green Bond Allocation and Impact Report (the "Report") of Fluvius System Operator CV for the period from 1 January 2018 to 30 June 2022.

Other than the scope of our engagement as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Fluvius System Operator

In preparing the Green Bond Allocation and Impact Report, Fluvius System Operator CV applied the criteria as set forth in their Green Bond Framework as published on their website via https://over.fluvius.be/sites/fluvius/files/2020-11/green-financing-framework-fluvius.pdf (hereafter the "Criteria").

Fluvius System Operator's responsibilities

Fluvius System Operator's Green Finance Committee is responsible for selecting the Criteria, and for the preparation of the Green Bond Allocation and Impact Report in accordance with those Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making assumptions and estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a independent conclusion on the Report based on our engagement.

We conducted our engagement in accordance with ISAE 3000, and the terms of reference for this engagement as agreed with Fluvius System Operator. The ISAE 3000 standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International 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.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which we base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures related to checking aggregation or calculation of underlying data within IT systems.

A limited assurance engagement consists mainly of making enquiries, primarily of persons responsible for preparing the Green Bond Allocation and Impact Report and related information, and applying analytical and other review procedures.

Our review procedures included, among others:

- Obtaining an understanding of the reporting process and internal control environment relevant to the preparation of the data in the Report;
- Evaluating the consistent application of the reporting Criteria, including the reasonableness of estimates made by the Green Finance Committee and related disclosures to the Report;
- Interviewing relevant persons responsible for the preparation of the Report and for the sustainability strategy, policies and results relating to the four pillars identified by the Green Finance Committee: Digital meters for electricity; LED in public lighting; Sewerage grids and Adjustments to the distribution grids to enable renewable energy;
- Obtaining and reconciling the underlying data of the sustainability information of the Company with relevant internal and external documentation and source data;

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- Performing analytical review procedures of data and trends to confirm our understanding of the year-over-year evolutions of the data in the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial and non-financial information with tickmark "A" in the Green Bond Allocation and Impact Report for the period from 1 January 2018 to 30 June 2022, is not prepared, in all material respects, in accordance with the Criteria.

Ghent, 22 December 2022

EY Bedrijfsrevisoren BV
Represented by

marnix van dooren

Digitally signed by marnix van dooren
DN: cn=marnix van dooren, email=marnix.van.dooren@be.ey.com
Date: 2022.12.22 11:05:02 +01'00'

Marnix Van Dooren*
Partner
*Acting on behalf of a BV/SRL

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Disclaimer

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This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would infringe on local law or regulation.
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This document and the information in it are in no way a financial, technical or commercial advice or a recommendation to invest in or purchase a green bond or any other bond or security issued by Fluvius. This document does not constitute a Prospectus or an Offering Memorandum.

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Tot bij u