

The page features decorative elements in a light green color. At the top, there are two circles, one on the left and one on the right. A large, wide, upward-curving swoosh shape spans across the middle of the page, framing the text below it.

Green Financing Framework

Edition 2024

***Approved by the Board of Directors
of Fluvius System Operator cv on October 23rd 2024***

Table of contents

1	INTRODUCTION	2
2	FLUVIUS' STRATEGY AND COMMITMENT ON CSR AND SUSTAINABILITY	4
2.1	STRATEGIC OBJECTIVES	4
2.2	INVESTMENT PLAN FOR ENERGY & CLIMATE	5
2.3	ENVIRONMENTAL POLICY	5
2.4	DOUBLE MATERIALITY ANALYSIS	6
2.5	SUSTAINABILITY GOVERNANCE	7
2.6	SUPPORTING REGULATION, STANDARDS OR FRAMEWORKS FOR SUSTAINABILITY-RELATED DISCLOSURE AND REPORTING	7
3	FLUVIUS' GREEN FINANCING FRAMEWORK	8
3.1	RATIONALE FOR GREEN FINANCING	8
3.2	BASIS OF THE FRAMEWORK	8
3.3	USE OF PROCEEDS	10
3.4	PROCESS FOR PROJECT EVALUATION AND SELECTION	14
3.5	ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT FRAMEWORK	15
3.6	MANAGEMENT OF PROCEEDS	16
3.7	REPORTING	17
3.7.1	<i>Allocation</i>	17
3.7.2	<i>Impact</i>	17
3.8	EXTERNAL REVIEW	18
3.8.1	<i>Second party opinion (pre-issuance)</i>	18
3.8.2	<i>Verification (post-issuance)</i>	18
4	DISCLAIMER	19

1 Introduction

Fluvius System Operator cv (referred to as “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 gas, (3) public lighting, (4) sewerage and (5) district heating projects.

Fluvius was formed through the merger of Eandis System Operator and Infrac in July 2018. The company is 100% owned by the municipalities in the Flemish Region.

Fluvius, close to you [2023 Key figures]

*Turnover Fluvius System Operator consolidated group at the end of 2023

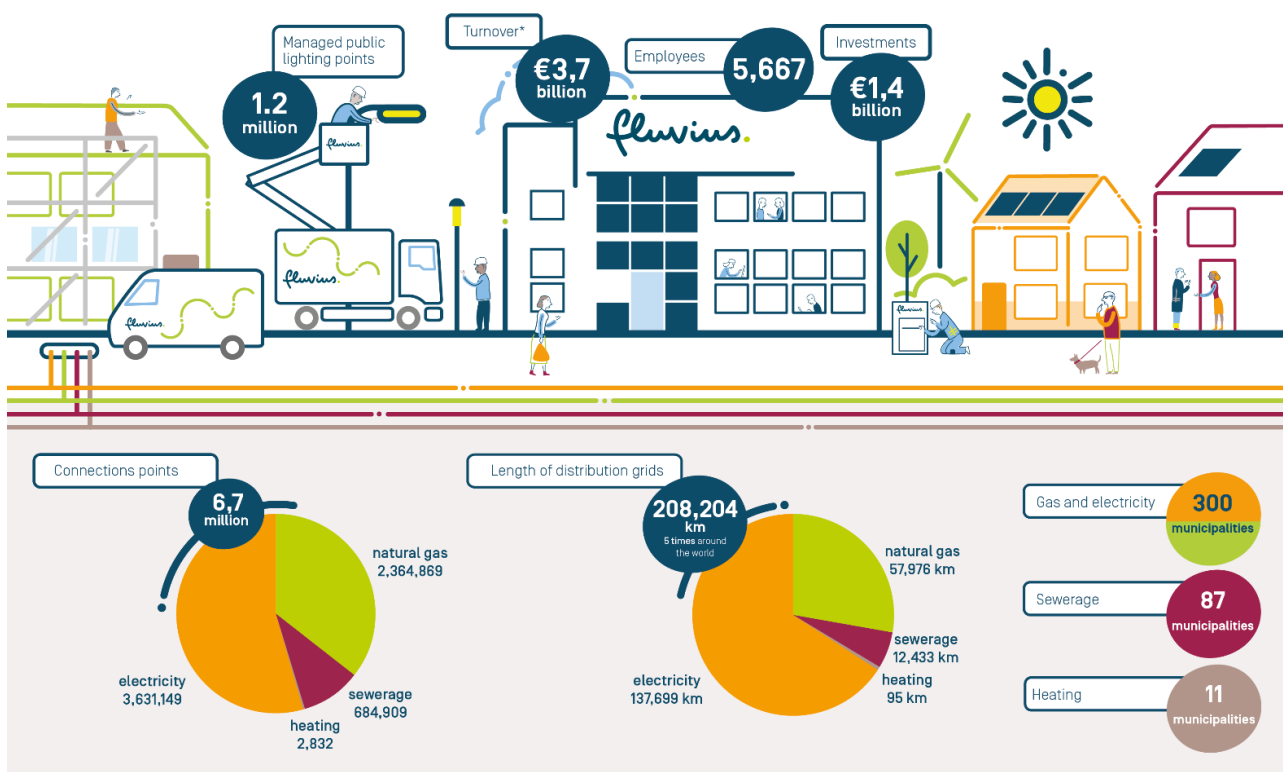


Figure 1: Key figures of Fluvius 2023

Fluvius offers its services in all 300 Flemish cities and municipalities¹. It manages² 137.699 km of electricity grids, 57.976 km of gas grids and 12.433 km of sewerage infrastructure. It services a total of approximately 6,7 million connections. For public lighting, 1,2 million lighting points are serviced.

Fluvius is Flanders’ largest utility company. The company is strategically important to the Flemish Region and its general policy aim of realizing Europe’s climate and energy objectives.

¹ As from 1 January 2025, this number will be reduced to 285, due to mergers of municipalities, without having any impact on the operational area of Fluvius or its number of connections.

² Figures as per 31 December 2023.



Figure 2: Operational area of Fluvius System Operator

On 31 December 2023, Fluvius employed 5.667 people, of which 5.042 contract-based employees at Fluvius System Operator and 625 statutory employees at Fluvius OV.

The corporate structure of the Fluvius Economic Group is the following:

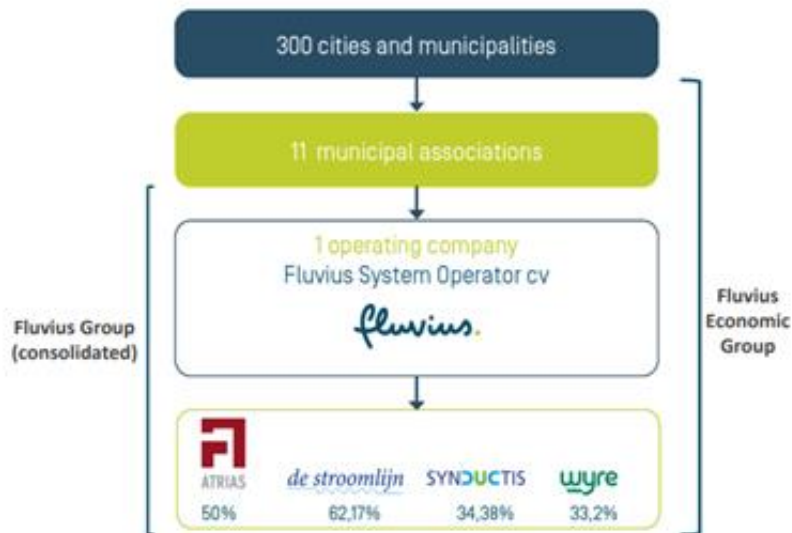


Figure 3: Corporate structure of the Fluvius Economic Group

Fluvius’ 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, strong liquidity position and stable cash flows due to tariff regulation or long-term contractual agreements for its core activities
- The company has a highly experienced management and staff
- Fluvius strategically focuses on operational excellence, synergies and sustainability.

2 Fluvius' strategy and commitment on CSR and sustainability

Fluvius' corporate social responsibility (CSR) and sustainability commitments are included in its **CSR Charter**. It was approved by the Board of Directors on 4 December 2019³.

Fluvius takes on the role of the **preferred partner of the Flemish local authorities** in their sustainability efforts, especially in the field of the energy and climate transition, energy efficiency and climate adaptation. Fluvius supports the local authorities in their own initiatives to reach the Flemish climate objectives and the targets set in the Covenant of Mayors⁴.

With our CSR and sustainability ambitions, policies, and actions we strive to be in line with the foundations of the **EU Green Deal**, especially with its objectives of (i) Europe becoming climate-neutral by 2050 and (ii) protecting human life, animals, and plants by cutting pollution. To align our sustainability ambitions with the EU Green Deal, we report on our actions and performance by making use of the **Corporate Sustainability Reporting Directive (CSRD)** and the **EU Taxonomy** in our annual reports.

2.1 Strategic objectives

Fluvius has defined four strategic objectives for its sustainability policies:

1. **Energy transition:** in these times, we are all obliged to rethink how we use energy. So we analyse how the whole of Flanders can reduce energy consumption and we actively look for alternative and renewable energy sources that can be applied immediately or that offer opportunities in the future.
2. **Climate adaptation:** because the changing climate has more and more impact, we have to take into account more intense rain showers and longer periods of drought. So we refurbish our sewerage system in a smarter way and we propose solutions for more sustainable use of water.
3. **Digitisation:** corporate sustainable responsibility is impossible without the data to support our efforts and to bring them to higher levels of efficiency. We put those data at the disposal of customers and partners so that their ideas for a more sustainable world get all the space to grow.
4. **Working sustainably:** finally, we also strive towards more sustainability within our own company. We do not limit ourselves to installing solar panels on the rooftops of our buildings or greening our vehicle fleet. We resolutely go for a circular economy and stimulate our partners to do the same.

In 2022, Fluvius took concrete steps in further strengthening and deepening its policy on sustainability and CSR. For the coming years, Fluvius has defined its sustainability policy priorities, including (1) reducing the ecological footprint (CO₂) of own activities and (2) making the supply chain more sustainable. These align with SDG 13 (Climate Action) and 12 (Sustainable Production & Consumption).

³ <https://over.fluvius.be/en/publicatie/fluvius-corporate-social-responsability-charter>

⁴ <https://www.covenantofmayors.eu/>

2.2 Investment plan for Energy & Climate

Fluvius has also fully aligned the investment plan for the Fluvius Economic Group with the Flemish Energy & Climate Plan 2021-2030. All investment decisions must contribute to the overall climate objectives set by Flanders in this plan. This policy decision is now being quantified concretely in terms of budgetary impact and financing needs, and concrete investment projects are now being delineated.

Based on the principle of leading by example, Fluvius has set clear sustainability targets, brought together in its “**Vision 2050 – the Flemish energy grids of the future**” policy document. The overarching ambition is to reach climate-neutrality in Flanders by 2050, irrespective of the different energy disciplines in which the company is involved (electricity grids, district heating grids, gas grids, public lighting). In doing so, Fluvius is responsible for implementing the Flemish Energy & Climate Plan which aims at: (i) switching passenger transport to electric (company cars starting in 2026), (ii) making maximum use of residual heat in district heating grids, (iii) a maximum focus on electric heating through heat pumps in new buildings and major renovations, (iv) accelerating the growth of solar and wind energy, (v) realizing an increase in electricity use in the industry and (vi) focusing on the accelerated sustainable character of local authorities and public buildings. All of this means that Fluvius will have to set priorities. We have unequivocally opted for a proactive approach in the adaptation of the utility grids for which we are responsible. That is why mid 2022 Fluvius released its 2023-2032 Energy & Climate Transition Investment Plan. In 2023, Fluvius published an updated version of this investment, covering the period 2024-2033. This plan outlines and quantifies in detail what investments are needed to bring about the energy and climate transition in Flanders.⁵

The overhaul of our grids is substantial. Our engineers estimated the following:

Per Year	Today	Evolution	By 2025
Transformers	500	X6	3.000
Mid-voltage grid (kms)	900	+600	1.500
Electricity cables (kms)	1.200	+3.000	4.200

2.3 Environmental policy

Fluvius’ **environmental policy** aims at (i) full compliance with the legislative norms and obligations, (ii) the maximum implementation of circularity, (iii) green mobility where feasible, (iv) the reduction of the carbon footprint of our own activities. A long-term Environmental Plan 2021-2025 has made these policy objectives concrete. Annual action plans implement the LT Environmental plan. We have outlined the company’s climate ambition:

1. For the activities under Fluvius’ direct control (Scope 1 & 2), we aim at a minimum reduction of carbon emissions by 42% by 2030 (compared to the base year 2020) and climate neutrality by 2040;

⁵ The entire 2024-2033 plan, approved by the energy regulator, can be consulted here:

<https://partner.fluvius.be/sites/fluvius/files/2023-10/investeringsplan-2024-2033-versie-ingediend-goedkeuring-vreq.pdf>

2. For Scope 3 emissions, targets are not yet defined, but Fluvius aims to set targets as soon as possible. When this is the case, it will be reported through the CSRD statements in our annual reports.

2.4 Double materiality analysis

In line with CSRD reporting requirements, Fluvius has carried out an extensive **double materiality analysis**, based on a stakeholder consultation and internal discussions. The stakeholders consulted in this exercise included employees, representatives of the Fluvius shareholders, investors, interest groups and suppliers (including energy suppliers). Several Belgian and Dutch peers were analysed as well. In addition to general sustainability topics for the Environmental, Social and Governance (ESG) pillars, two company-specific topics were added: grid reliability and smart infrastructure/data. For each of these topics, all impacts, opportunities, and risks were identified in detail. This double materiality analysis was finalized in 2023. The result of this exercise is summarized in the graph below.

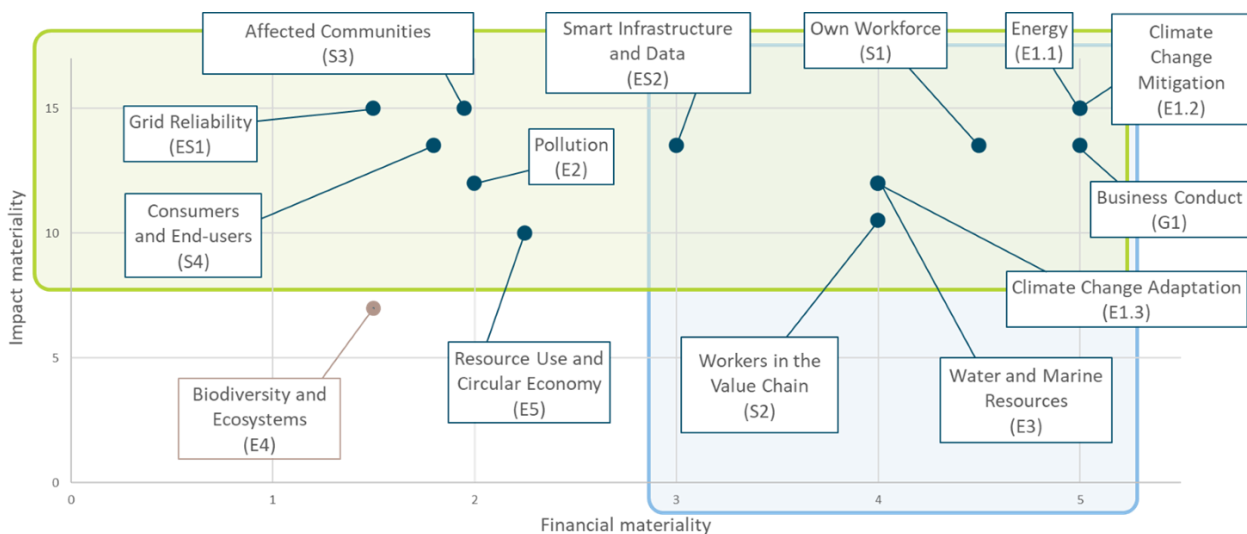


Figure 4: Results of Double Materiality Analysis 2023

The graph clearly shows that – apart from ‘biodiversity & ecosystems’ – all topics are material for Fluvius, either from the financial materiality perspective (outside-in), from the impact materiality perspective (inside-out) or both. This means that Fluvius in its upcoming CSRD-based report will cover the 13 material topics according to the relevant thematic European Sustainability Reporting Standards (ESRS).⁶

For the implementation process, the company’s **CSR Roadmap** indicates the priorities between the relevant SDGs and the detailed targets to be pursued.

⁶ ESRS: European Sustainability Reporting Standards

2.5 Sustainability governance

The Board of Directors has entrusted the overall day-to-day management of Fluvius System Operator and the entire Fluvius Economic Group to Fluvius' Management Committee. This also holds true for sustainability topics across the different ESG pillars. On these specific topics, the Management Committee is being advised by an internal CSR Board which coordinates all sustainability initiatives within the company/group. The concrete implementation of sustainability initiatives is the ultimate responsibility of the different departments within the company. The Management Committee's responsibility entails both ESG management and ESG risk identification, mitigation, and management.

Fluvius' ESG policy is prepared, elaborated, and coordinated by the Fluvius CSR Board. The CSR Board can decide on several defined ESG topics. This Board also delivers its substantiated advice to the company's Management Committee which takes a decision on the matter insofar that it is within the statutory delegation of powers of day-to-day management. For those matters that go beyond the decision-making powers of the Management Committee, the Board of Directors has the power to decide.

The use of some sustainability criteria for remuneration purposes, at several levels, is noteworthy: (i) for the group of Management Committee members, (ii) for the group of executives and (iii) for all staff. For executives and staff, this takes the form of Collective Labour Agreement 90 bis.

2.6 Supporting regulation, standards or frameworks for sustainability-related disclosure and reporting

Up until the Annual Report on 2023, Fluvius has been using (i) the Global Reporting Initiative (GRI) framework for disclosing ESG-related information and data and (ii) figures on EU Taxonomy eligibility and alignment of its business activities. Starting with the 2024 Annual Report (to be published in 2025), Fluvius will report detailed sustainability information according to the CSRD requirements.

3 Fluvius' Green Financing Framework

3.1 Rationale for green financing

Fluvius has developed a Green Financing Framework (referred to as the “Framework”) to be able to issue green finance instruments to better align the financing needs with the sustainability strategy. The third edition of the Framework reflects our ongoing belief that sustainable finance allows us to mobilize and partner with our stakeholders along our long-term environmental and social commitments.

The establishment of this Framework supports accountability and commitments with regards to Fluvius' environmental strategy and targets, as it provides additional transparency around the financing and/or refinancing of projects which play a key role in the transition to a low-carbon, climate resilient and energy-decentralized economy. Furthermore it serves at highlighting its important contribution to sustainable solutions for the Flemish Region at large, and its energy system. Fluvius' ultimate purpose is to safeguard reliable, efficient, sustainable, and affordable utility services for the Flemish people and economy.

Fluvius believes that Green Finance Instruments (as described below) are an efficient tool to channel projects that demonstrate environmental benefits and thereby contribute to the objectives of the EU Green Deal and the UN Sustainable Development Goals 2030 (UN SDGs).

Fluvius will ensure that the selected projects to be financed through green finance instruments issued under this Framework will especially contribute to either one of the following environmental objectives:

- a) climate change mitigation, i.e. by financing solutions for increased energy efficiency, for increased electrification as an alternative for fossil fuel applications or for demonstrable energy savings;
- b) climate change adaptation, i.e. by financing solutions for tackling periods of intense rainfall, floodings and prolonged periods of drought;
- c) sustainable use and protection of water and marine resources, i.e. by financing projects for building new or updating existing sewerage networks.

Finally, the issuance of green finance instruments will not only allow Fluvius to engage with investors dedicated to supporting sustainability efforts but also assist in diversifying its investor base, broadening the dialogue with existing investors, and contributing to the growth of the green finance market.

3.2 Basis of the framework

Fluvius has established this Framework under which it can issue green finance instruments (referred to as “**Green Finance Instruments**”), which may include senior bonds, subordinated bonds, medium-term notes (MTNs), loans, promissory notes (Schuldscheindarlehen), commercial papers in any currency and/or denomination to finance and/or refinance green eligible projects (referred to as “**Eligible Green Projects**”).

The Framework is based on the:

- ICMA Green Bond Principles 2021, including the updated Appendix I of June 2022⁷
- LMA/APLMA/LSTA Green Loan Principles 2023⁸
- ICMA Pre-issuance Checklist for Green Bonds / Green Bond Programmes 2023⁹

which provide guidance in the form of four key components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also follows the guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews¹⁰. Fluvius may review and update this Framework from time to time to align with industry best market practices and future market developments, regulations, and expectations (i.e. future changes to the ICMA Green Bond Principles, the LMA/APLMA/LSTA Green Loan Principles, and/or developments related to sustainable finance regulation such as the EU Taxonomy Regulation and related delegated acts and the EU Green Bond Standard Regulation). Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an independent expert (referred to as the “**Second Party Opinion**” or “**Pre-issuance Review**”), and will be published on Fluvius’ website¹¹.

This Framework will apply to any Green Finance Instruments issued by Fluvius. For the avoidance of doubt, any future version of this Framework (including the relevant eligibility criteria) and Second Party Opinion or Pre-issuance Review may not necessarily apply to Green Finance Instruments issued under this version of the Framework. Furthermore this Framework (including the relevant eligibility criteria) may not necessarily apply to outstanding Green Finance Instruments issued under previous versions of the Framework.

Moreover, this Framework, where relevant and applicable, takes into account elements of the EU Taxonomy Regulation¹², the EU Taxonomy Disclosures Delegated Act¹³, the EU Taxonomy Climate Delegated Act – Annex I¹⁴, the EU Taxonomy Environmental Delegated Act¹⁵, subsequent amendments¹⁶ and the EU Green Bond Standard Regulation¹⁷.

⁷ See [here](#).

⁸ See [here](#).

⁹ See [here](#).

¹⁰ See [here](#).

¹¹ See [here](#).

¹² See [here](#).

¹³ See [here](#).

¹⁴ See [here](#).

¹⁵ See [here](#).

¹⁶ See [here](#).

¹⁷ See [here](#).

3.3 Use of Proceeds

An amount equivalent to the (net) proceeds from Green Financing Instruments issued by Fluvius will be used to finance and/or refinance Eligible Green Projects which comply with the eligibility criteria (referred to as the “**Eligibility Criteria**”) set out below.

Eligible Green Projects include the current value of fixed assets (“**Assets**”), capital expenditures (“**CapEx**”) ¹⁸, operating expenditures (“**OpEx**”) ¹⁹ or a combination thereof. Assets and CapEx shall qualify for refinancing with no limitation with regards to look-back period, while OpEx qualify with a maximum three years look-back period.

In alignment with Fluvius’ broader sustainability strategy and support of the UN SDG 2030 agenda, the Eligibility Criteria contemplated under this Framework may directly contribute to the achievement of UN SDGs ²⁰ and EU Environmental Objectives ²¹.

Eligibility Criteria for the Eligible Green Projects align with the applicable Substantial Contribution criteria of the EU Taxonomy Climate Delegated Act, Environmental Delegated Act and subsequent amendments. Fluvius will rely on the EU Taxonomy Art. 8 disclosures when selecting Eligible Green Projects, whether applicable. The type (including compliance also with the Do No Significant Harm (“**DNSH**”) criteria and the Minimum Safeguards (“**MS**”) requirements) and level of alignment will be disclosed either at issuance and/or in the bond reporting.

All Eligible Green Projects are located in the Flemish Region (Belgium).

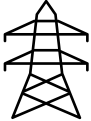




For the avoidance of doubt, under this Framework Fluvius will not finance and/or refinance any economic activity dedicated to hard coal, lignite and oil fuels.

¹⁸ Fluvius may refer to the definition of CapEx under point 1.1.2.2. of Annex I to the EU Taxonomy Disclosures Delegated Act, see [here](#).






¹⁹ Fluvius may refer to the definition of OpEx under point 1.1.3.2 of Annex I to the EU Taxonomy Disclosures Delegated Act, see [here](#), including the clarifications provided under the Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act, see [here](#).

²⁰ See [here](#) for a mapping between ICMA Eligible Categories and UN SDGs based on ICMA High Level Mapping to the Sustainable Development Goals.




²¹ See [here](#).

Eligible Category	Eligibility Criteria	Project examples	Contribution to UN SDGs	Contribution to EU Environmental Objective	EU Economic Activity	Nature of the activity ²²
 <p style="text-align: center;">Green Infrastructure</p> 	<p>Assets, CapEx and/or OpEx for the construction and/or operation of:</p> <p>Electricity distribution infrastructure and/or equipment in an electricity system which complies with at least one of the following criteria:</p> <ul style="list-style-type: none"> the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100g CO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period <p>Exclusionary criteria:</p> <ul style="list-style-type: none"> Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plan that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 	<ul style="list-style-type: none"> Reinforcement of grids Enabling the distribution of renewable energy Controlling systems Measurement tools Smart metering Enabling electric vehicle (EV) charging stations 	  	<p>Substantial contribution to Climate Change Mitigation (Article 10), especially with regards but not limited to:</p> <p>1.a) Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through the use of innovative technology with a potential for significant future savings or through the necessary reinforcement or extension of the grid;</p> <p>1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3);</p>	<p>4.9 – Transmission and distribution of electricity</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Enabling</p>
	<p>Assets, CapEx and/or OpEx for the conversion, repurposing or retrofit of:</p> <p>Transmission and distribution gas networks for renewable and/or low-carbon gases where the activity:</p> <ul style="list-style-type: none"> is a retrofit of gas transmission and distribution networks that enables the integration of hydrogen 	<ul style="list-style-type: none"> Connection of biomethane production plants 		<p>1.g) Establishing energy infrastructure required for enabling the decarbonization of energy systems</p>	<p>4.14 – Transmission and distribution networks for renewable and low-carbon gases</p>	

²² As defined under the EU Taxonomy Regulation, see [here](#).

	<p>and other low-carbon gases in the network, including any gas transmission or distribution network activity that enables the increase of the blend of hydrogen or other low carbon gasses in the gas system</p> <ul style="list-style-type: none"> the activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage 					
<p>Energy Efficiency</p> 	<p>Assets, CapEx and/or OpEx for the construction, refurbishment and/or operation of:</p> <ul style="list-style-type: none"> District heating and cooling networks: pipelines and associated infrastructure for the distribution of heat, which use at least 50% renewable energy, or 50% waste heat, or 75% cogenerated heat, or 50% of a combination of such energy and heat 	<ul style="list-style-type: none"> Building new district heating grids 	 	<p>Substantial contribution to Climate Change Mitigation (Article 10), especially with regards but not limited to:</p> <p>1.g) Establishing energy infrastructure required for enabling decarbonization of energy systems</p>	4.15 – District heating/cooling distribution	Green
	<p>Assets, CapEx and/or OpEx for the installation, maintenance, replacement and/or repair of:</p> <ul style="list-style-type: none"> Energy efficient light sources²³ 	<ul style="list-style-type: none"> LED lights in public lighting infrastructure Designing for local municipalities 	 	<p>Substantial contribution to Climate Change Mitigation (Article 10), especially with regards but not limited to:</p> <p>1.b) Improving energy efficiency, except for power generation activities as referred to in Article 19(3)</p>	7.3 – Installation, maintenance and repair of energy efficient equipment	Enabling

²³ Provided they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation.

<p style="text-align: center;">Sustainable water and wastewater management</p> 	<p>Assets, CapEx and/or OpEx for the construction, extension, upgrade, operation and/or renewal of:</p> <ul style="list-style-type: none"> • Urban waste water infrastructure as per the substantial contribution criteria to the sustainable use and protection of water and marine resources of the EU Taxonomy Environmental Delegated Act (Annex I) under economic activity 2.2 • Urban drainage systems facilities as per the substantial contribution criteria to the sustainable use and protection of water and marine resources of the EU Taxonomy Environmental Delegated Act (Annex I) under economic activity 2.3 	<ul style="list-style-type: none"> • Water management plans designing • Separate collection of rain water and wastewater 	 	<p>Substantial contribution to the Sustainable Use and Protection of Water and Marine Resources (Article 12), especially with regards but not limited to:</p> <p>1.a) Protecting the environment from the adverse effects of urban and industrial wastewater discharges, including from contaminants of emerging concern such as pharmaceuticals and microplastics, for example by ensuring the adequate collection, treatment and discharge of urban and industrial waste waters</p>	<p>2.2 – Urban waste water treatment</p> <p>2.3 – Sustainable urban drainage systems (SUDS)</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Green</p>
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3.4 Process for project evaluation and selection

Fluvius has established a decision-making process to determine the eligibility of the Eligible Green Projects, in accordance with the Eligibility Criteria outlined in the Use of Proceeds section of this Framework.

Eligible Green Projects will be selected by a dedicated Green Finance Committee (referred to as the “**Committee**”), set up within Fluvius. The Committee consists of senior representatives of the Fluvius Departments of Finance, Administration, Sustainability and Asset Management. The Committee is chaired by the company’s CFO.

In principle, the Committee convenes on a semi-annual basis and, in any case, whenever the need arises.

The project teams report the necessary information to the Committee, which is responsible to review and validate the Eligible Green Projects that meet the Eligibility Criteria. The selection of projects as proposed by the Committee is validated by the Management Committee.

In particular, the role of the Committee is to:

- Evaluate and select Eligible Green Projects in line with the Eligibility Criteria as set out in the Framework and exclude projects that no longer comply with the Eligibility Criteria or have been disposed of and, in such case, when required, replace them
- Oversee the allocation of the proceeds from the Green Finance Instruments to the Eligible Green Projects
- Oversee, approve, and publish the allocation and impact reporting, including external assurance statements. Fluvius may rely on external consultants and their data sources, in addition to its own assessment
- Monitor internal processes to identify known material risk of negative social and/or environmental impacts associated with the Eligible Green Projects and appropriate mitigation measures, where possible
- Review the content of the Framework and update it to reflect any potential changes related to the use of proceeds, selection of Eligible Green Projects, management of proceeds or reporting, and more broadly any changes in corporate strategy, technology, market, and regulatory developments as well as Fluvius’ relevant policies and long-term targets for social and environmental sustainability
- Liaise with relevant business teams and other stakeholders on the above.

3.5 Environmental and social risk assessment framework

Fluvius ensures that all Eligible Green Projects comply with official national and international environmental and social standards, and local laws and regulations. These laws are monitored and enforced by the local authorities, among others, as part of obtaining the necessary permits for new projects and infrastructure maintenance.

As a general policy, Fluvius wants to optimally use the available means for managing its multi-utility infrastructure. A high-quality asset management is a cornerstone of this policy. The Asset Management Framework outlines the decision-making process regarding our assets. It translates our asset strategy into a concrete asset management policy, which aims at a high grid reliability and is laid down in a Strategic Asset Management Plan, based on the principles of ISO 55000. In our view, a reliable grid strikes a balance between five cornerstones:

1. **Performance:** to what degree can our assets perform the tasks we have to execute at the desired quality level
2. **Customer-centricity:** to what degree can we meet the evolving needs of our customers and stakeholders by offering modern utility services
3. **Safety:** to what degree can we protect the health of people against threats by our activities, assets and the products flowing through our grids
4. **Social sustainability:** to what degree can we make socially responsible choices that take into account environmental and social aspects
5. **Financial sustainability:** to what degree can we use our means in a sustainable way over the full lifecycle of our assets.

Our asset management looks at guidelines for designing, investing, maintenance and refurbishing for an optimal development of our multi-utility networks. This is also based on (inter)national norms and the best possible available technical solutions. The aim is to realize a maximum impact with the available means.

If a prior environmental permit is required for a specific asset-related work, Fluvius does so according to the procedures established by the Flemish authorities. These permits cover the following environmental impacts:

- Mobility: i.e. the number of traffic movements generated by staff, deliveries etc.
- Soil: especially the prevention of soil pollution
- Water system: including aspects such as the potential risk of flooding, potential impact on surface water quality, potential impact on the water system (rain water and soil water)
- Air quality: especially harmful emissions and dust emissions caused by transporting soil
- Noise and vibrations: caused by installations, equipment and activities should be prevented to a maximum
- Biodiversity: based on the project's location, it should be demonstrated that there is no (significant) impact on the natural habitat
- Severe accidents and disasters: only relevant for Seveso-companies (which Fluvius is not)
- Real estate heritage: if relevant for the location
- Light or radiation: light pollution, but also electromagnetic radiation and radioactivity

- Production of waste
- Other and cumulative effects

Depending on the scale of the project for which an environmental permit is required, the aforementioned aspects have to be treated in more or less detail.

Furthermore, Fluvius' environmental and social risk policies define minimum standards for all its activities, including those financed with the (net) proceeds of Green Finance Instruments issued under this Framework. Application of these policies shall identify and manage perceived environmental and social risks associated with the Eligible Green Projects. All policies are disclosed in the annual reports, including the CSRD statements, of Fluvius and on the website of Fluvius.

3.6 Management of proceeds

The process for the management of proceeds is handled by Fluvius' Corporate Finance and Accounting teams.

The (net) proceeds from the Green Finance Instruments will be managed, tracked, and monitored in an appropriate manner by Fluvius.

Fluvius shall allocate proceeds to Eligible Green Projects, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above, within 24 months following the issuance of Green Finance Instruments. Pending full allocation, unallocated (net) proceeds will be managed temporarily in accordance with Fluvius' treasury principles (in cash, deposits, or other money market instruments), for the repayment of other indebtedness and/or other capital management activities. Payment of principal and interest of the Green Finance Instruments will be made from the general funds and will not be directly linked to the performance of any Eligible Green Projects.

If for any reasons, a project is no longer eligible, or in case of any major controversy affecting a project, the Committee will substitute such projects with other Eligible Green Projects for an amount at least equivalent to such projects, as soon as an appropriate substitution option has been identified.

3.7 Reporting

Fluvius will make and keep readily available reporting on the allocation and impact of proceeds from Green Finance Instruments to Eligible Green Projects annually and until full allocation (or until maturity). The reporting will be based at least on an aggregate category level and will be made publicly available on Fluvius' website²⁴.

Fluvius intends to align its impact reporting with the:

- ICMA "Handbook – Harmonized Framework for Impact Reporting" (June 2024)²⁵;
- NPSI "Position Paper on Green Bonds Impact Reporting" (March 2024)²⁶

Further, Fluvius may decide to provide pre-issuance and/or post-issuance disclosures according to the voluntary common templates of the EU Green Bond Standard Regulation.

3.7.1 Allocation

The allocation report will include the following information:

- the aggregate amounts of Eligible Green Projects, per category
- the balance of unallocated proceeds (if any)
- the amount or the proportion of new financing²⁷ and refinancing
- the geographic location of the Eligible Green Projects, where feasible
- the nature of the Eligible Green Projects (re)financed (Assets, CapEx and/or OpEx)
- the amount or the percentage of the Eligible Green Projects aligned with the EU Taxonomy Regulation

3.7.2 Impact

The impact report may provide impact indicators as detailed in the table below:

Project category	Potential output indicators	Potential impact indicators
Green Infrastructure	<ul style="list-style-type: none">• Digital meters installed (#)• Distribution cabins with adapted power of transformers (#)• New installed LV grid (km)• New installed MV grid (km)• Renewable generation capacity connected to the distribution grid (MW)• Transported volume of biomethane (m³)	<ul style="list-style-type: none">• Estimated annual GHG emissions avoided (tCO₂e)

²⁴ See [here](#).

²⁵ See [here](#).

²⁶ See [here](#).

²⁷ New financing refers to Eligible Green Projects financed over the previous reporting period. Fluvius intends to prioritize new financing over refinancing and the allocation reporting shall provide an indication of the age of the Eligible Green Projects added over time.

	<ul style="list-style-type: none"> • Injection points of biomethane production plants (#) 	
Energy Efficiency	<ul style="list-style-type: none"> • Public lighting points switched to led (#) • Public lighting points with led technology (#) • Share of LED lights in public lighting infrastructure (%) • District heating projects (#) • Grid length (km) • Supply of heat generated (GJ) 	<ul style="list-style-type: none"> • Estimated annual energy savings (kWh/year) • Estimated annual GHG emissions avoided (tCO₂e)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • DWA & RWA grid length (km) • Sewerage rate (%) for the area covered • Sanitation rate (in %) for the area covered • Share of municipalities that have a water management plan (%) 	<ul style="list-style-type: none"> • Estimated annual volume of wastewater transported to central treatment system (m³/year or p.e./year or %)

Where feasible, Fluvius will disclose the methodology and/or assumptions used in the calculation of the quantitative metrics²⁸. Further, depending on availability and subject to confidentiality agreements, Fluvius might seek to complement above indicators with relevant case studies.

3.8 External review

3.8.1 Second party opinion (pre-issuance)

Sustainable Fitch has reviewed the alignment of the Framework with the ICMA Green Bond Principles 2021 (including the updated Appendix I of June 2022) and the LMA/APLMA/LSTA Green Loan Principles 2023.

SPO reports will be made available on Fluvius website: <https://over.fluvius.be/en/financial-info/green-financing>

3.8.2 Verification (post-issuance)

Fluvius will request annually until full allocation (or until maturity), a limited assurance report of the allocation of the Green Finance Instruments to the Eligible Green Projects, provided by its auditor (or any subsequent auditor). Further Fluvius may also request to have a limited assurance report on the impact of the Eligible Green Projects.

²⁸ Fluvius may appoint specialized consultants to develop a methodology for the estimation and calculation of the impacts that were made publicly available.

4 Disclaimer

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