

Investor presentation

March 2025

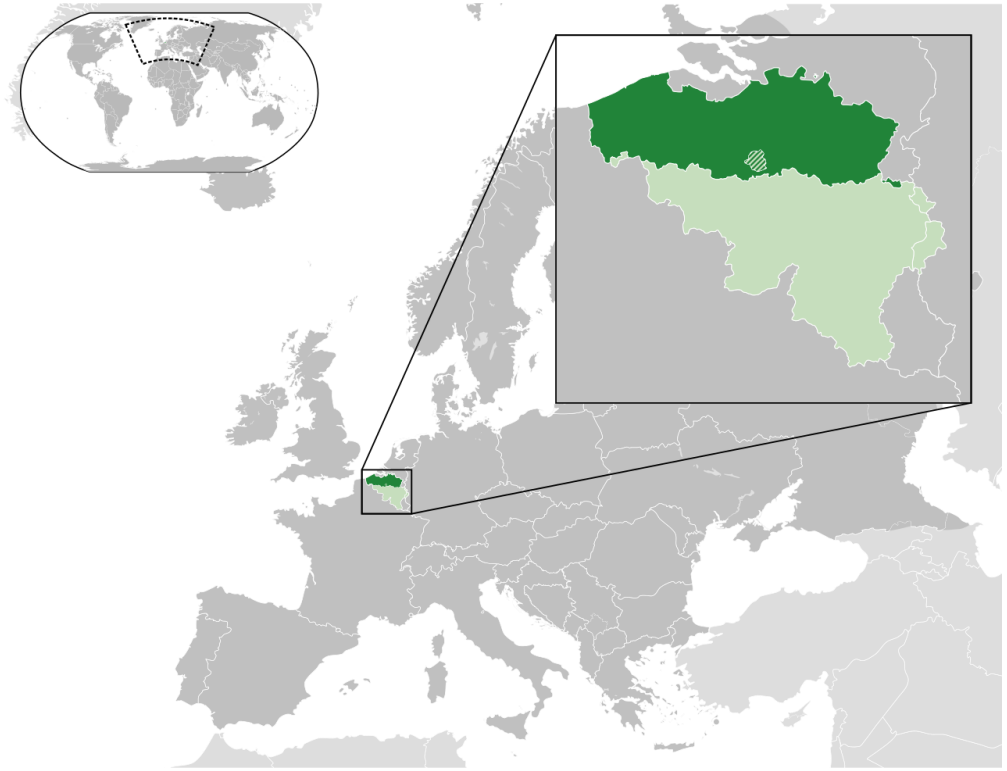
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Tot bij u

Fluvius at a glance

Issuer is the single operating company for 9 utility asset companies, which allows for efficient operations and benefits of scale

Operating area



Fluvius's operating area is the entire Flemish Region of Belgium (285 cities & municipalities[1])

[1]: due to voluntary mergers of municipalities, the number of Flemish municipalities declined from 300 to 285 as from 1 Jan 2025, without any impact on Fluvius' overall operating area

Fluvius at a glance

Issuer is the single operating company for 9 utility asset companies, which allows for efficient operations and benefits of scale

Business overview

- **Fluvius group** is the overall name for 9 Flemish intermunicipal utility asset companies, their operating company Fluvius System Operator (FSO), and some other related entities (together “Fluvius”).
- The group is **strategically important** as the largest multi-utility company in Flanders.
- FSO is responsible for the **operation** of the distribution networks for electricity and natural gas as well as other grid-related utilities (public lighting, district heating, etc.) within the region of Flanders.
- **Debt** incurred by FSO is guaranteed by the 9 intermunicipal asset companies on a several but not joint basis. These 9 companies own FSO and have the MEA status (Mission Entrusted Associations, i.e. intermunicipal (public) legal entities according to the Flemish Decree on Local Government).
- In 2023, approx. 95% of group **revenues** were derived from regulated energy distribution activities, with the remaining 5% mostly from regulated sewerage activities.
- FSO holds a 33,2% stake in the Flemish telecom infrastructure company **Wyre** via Wyre Holding. Some asset companies also hold indirect stakes in the Belgium-based transmission system operators **Elia** (electricity) and **Fluxys** (gas).
- Credit rating at **Moody’s: A3 (negative). “**Fluvius’s rating incorporates a two-notch uplift for potential state support from its baseline credit assessment of baa2, based on our assessment of high dependence between Fluvius and its owners, the municipalities within the Community of Flanders (Aa3 negative) through ownership of the Distribution System Operators (DSOs).” [*Moody’s press release, 30 September 2024].*

Key credit highlights

1 Strategic importance, low risk

- Fluvius operates essential utility services for the municipalities of the Flemish Region of Belgium: electricity & gas distribution networks and systems (including data management), public lighting, sewerage and district heating.
- The 9 intermunicipal parent companies have full ownership of their network infrastructure and their core business is fully regulated (distribution of electricity and gas; sewerage).

2 Efficient operating scheme

- Group structure with a single operating company (Fluvius System Operator) for 9 utility asset companies allows for efficient operations and benefits of scale.
- Pooling of staff and all operational, financial and management activities at the operating company.

3 Robust capital structure

- Robust capital structure, strong liquidity position and stable cash flows thanks to tariff regulation for its core activities.
- Investment grade rating at Moody's: A3 (negative).

4 Transparent regulatory framework

- Energy distribution intermunicipal companies have a legally based regional monopoly for electricity & gas distribution.
- Tariff mechanism for electricity and gas distribution with a 4-year regulatory period based on a revenue-cap model, including a fair profit margin as remuneration on invested capital.

5 Clear CSR & ESG policy

- Fluvius is a key partner for the Flemish Climate & Energy Plan – Fluvius itself has developed its Vision 2050 pathway towards Flemish climate neutrality.
- Fluvius is fully committed to a 10-year energy transition capex plan (approved by the regulator).
- Sustainable Development Goals (SDGs) are at the heart of Fluvius' impact-based CSR strategy.

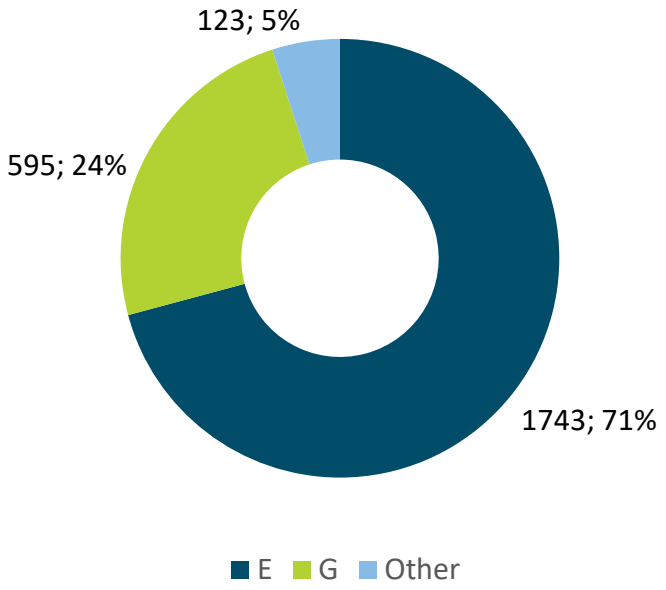
Strategic importance, low risk

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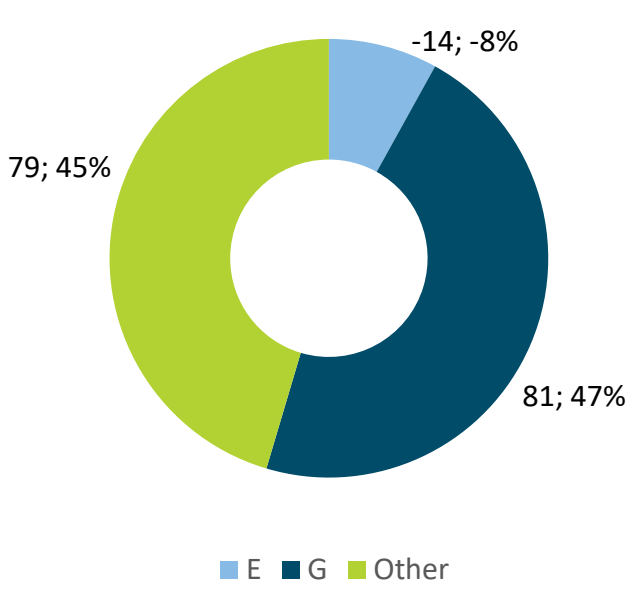
Fluvius Group providing essential utility services

Breakdown of activities (all amounts in million EUR - percentages)

Turnover breakdown 2023 (total of IACs, BE-GAAP[1])

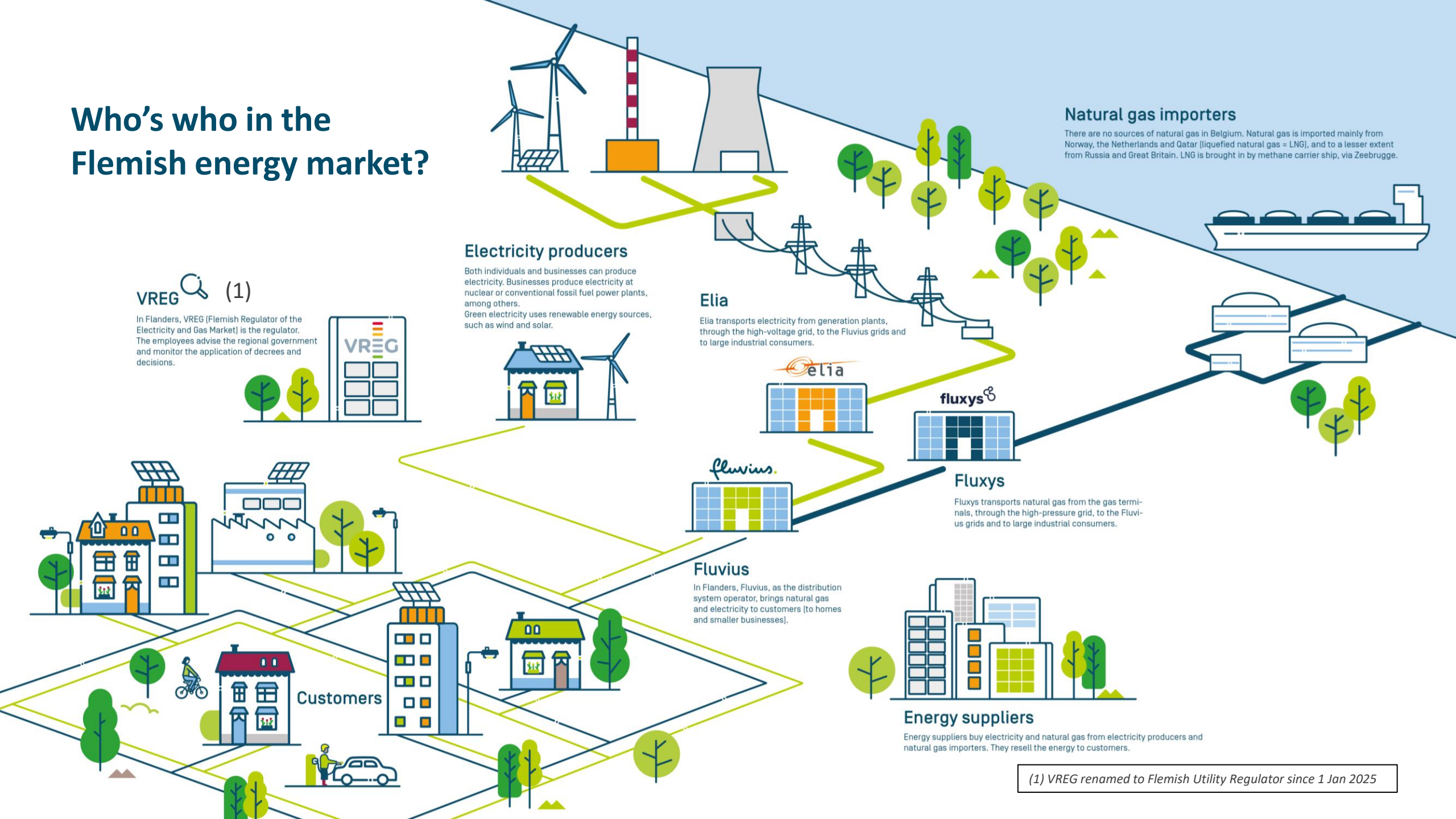


Profit and loss breakdown 2023 (total of IACs, BE-GAAP [1])



[1]: IAC = Intermunicipal Asset Company; figures "other" differ from 2023 IFRS report due to certain eliminations (i.e. holding company Interkabel Vlaanderen [until mid-2023] and Fluvius OV)

Who's who in the Flemish energy market?



Natural gas importers

There are no sources of natural gas in Belgium. Natural gas is imported mainly from Norway, the Netherlands and Qatar (liquefied natural gas = LNG), and to a lesser extent from Russia and Great Britain. LNG is brought in by methane carrier ship, via Zeebrugge.

Electricity producers

Both individuals and businesses can produce electricity. Businesses produce electricity at nuclear or conventional fossil fuel power plants, among others.
Green electricity uses renewable energy sources, such as wind and solar.

VREG (1)

In Flanders, VREG (Flemish Regulator of the Electricity and Gas Market) is the regulator. The employees advise the regional government and monitor the application of decrees and decisions.

Elia

Elia transports electricity from generation plants, through the high-voltage grid, to the Fluvius grids and to large industrial consumers.

Fluxys

Fluxys transports natural gas from the gas terminals, through the high-pressure grid, to the Fluvius grids and to large industrial consumers.

Fluvius

In Flanders, Fluvius, as the distribution system operator, brings natural gas and electricity to customers (to homes and smaller businesses).

Customers

Energy suppliers

Energy suppliers buy electricity and natural gas from electricity producers and natural gas importers. They resell the energy to customers.

(1) VREG renamed to Flemish Utility Regulator since 1 Jan 2025

Fluvius System Operator is the operating company for all the intermunicipal asset companies that own the company.

8 of these asset companies own the electricity & gas distribution grids and also hold the licenses for the distribution (on an exclusive basis).
The 9th asset company (Riobra) is only active in sewerage.



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Electricity & gas

Key figures (as per FY 2024)

FY 2024	Electricity distribution	Gas distribution
Number of municipalities	300	299
Grid length operated (km)	140.276	58.002
Number of connections	3.650.539	2.377.118
Digital meters installed	2.457.097	1.690.652
Status	legal monopoly and fully regulated	
Tariff setting	tariffs and margins are set by Flemish Utility Regulator	
Focus on medium/long term	increased electrification	gradual phase-out while maintaining safety and reliability for grid users

Due to voluntary mergers of municipalities, the number of Flemish municipalities declined from 300 to 285 as from 1 Jan 2025, without any impact on Fluvius' overall operating area

Other activities

Key figures (as per FY 2024)

Sewerage

- Number of municipalities: 87
- Total net length operated (km): 12.755
- Number of connections: 702.530
- Fully regulated
- Remuneration is imposed by law as a pass-through via the invoice of water companies to the end consumers
- Closely linked to Flemish ‘Blue Deal’ to structurally tackle periods of water shortage and flooding problems

Other activities

Public lighting:

- Fluvius owns and operates the public lighting for 274 municipalities (“vertical infrastructure” is non-regulated).
- Fluvius aims to switch the entire municipal lighting to LED by 2028 (approx. 1,2 million lighting points).

District heating:

- Distribution of hot water from a central heat source through a network of insulated pipes, as an alternative for fossil gas distribution where feasible
- Fluvius mainly focuses on the grid (build & maintain) in several local projects. Currently, the portfolio contains 14 projects of various sizes.

Financial participations

Wyre:

- FSO has a 33,2% stake in Wyre Holding, a joint venture with telecom company Telenet (Liberty Global) that holds 100% of Wyre.
- Wyre is an infrastructure company for coax cable and fibre (FTTH).

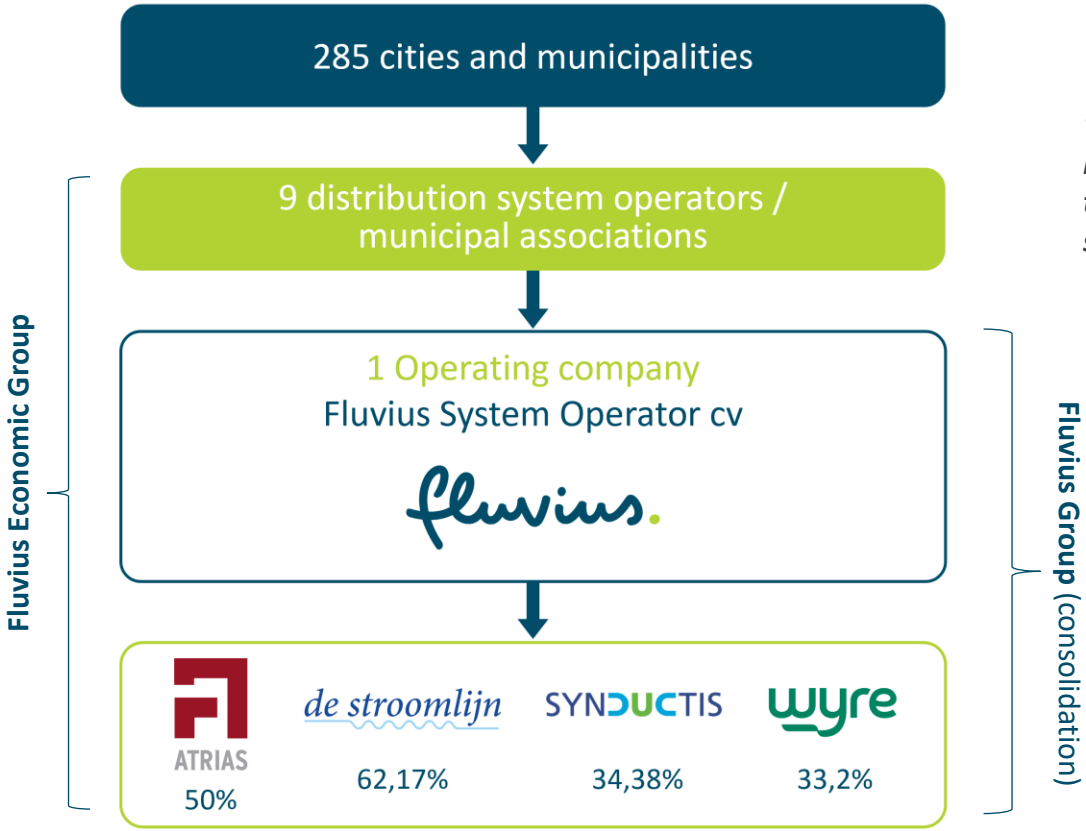
Publi-T and Publigas:

- 7 intermunicipal companies have an aggregate 34% stake in Publi-T, the reference shareholder of Elia Group, who fully owns the Belgian transmission grid for electricity and 80% of the German TSO 50Hertz.
- 6 intermunicipal companies have an aggregate 30% stake in Publigas, the reference shareholder of Fluxys, owner of the Belgian TSO for natural gas Fluxys Belgium and many other assets in Europe and Latin America.

Efficient operating scheme

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Fluvius Group shareholder base & structure



" The 9 intermunicipal companies that own FSO, guarantee the latter's liabilities. They own the strategically and economically important distribution infrastructure. Neither they nor their municipal shareholders can be subject to bankruptcy proceedings. These are Fluvius Antwerpen, Fluvius Limburg, Fluvius West, Fluvius Midden-Vlaanderen, Fluvius Imewo, Fluvius Zenne-Dijle, Fluvius Halle-Vilvoorde, Fluvius Kempen, Riobra."

"Full public ownership through municipalities holding 100% of the shares – a sale of majority stake not allowed by law"

Strong corporate governance at the core of Fluvius

Rationale behind structure

Transparent and flexible corporate structure:

- Flexible decision-making structure allows for maintaining close links with 285 municipalities
- Structure reflects clear division of powers within the Fluvius Economic Group
- Coordination and information flow between both levels is guaranteed

Group's organisation

9 intermunicipal companies:

- Each with its own Board of Directors
- Responsible for the intermunicipality's corporate matters and the relations with the local authorities

Fluvius System Operator

- Board of Directors with 20 members
- Responsible for general strategy & policy, financing, Fluvius corporate matters

Fluvius Management Committee

- CEO: **Frank Vanbrabant**
- Network Management: **Raf Bellers**
- Network Operations: **Tom Ceuppens**
- Customer Services & Data Management: **Guy Cosyns**
- Finance, Legal & ICT: **David Termont** (CFO)
- HR: **Ilse Van Belle**
- Strategy and Energy & Climate Transition: **Filip Van Rompaey**



***Frank Vanbrabant** (CEO)*

Strategic positioning and outlook

Mission

- Sustainably connect society through our multi-utility networks

Vision

- Fluvius wants to help realize the energy transition and climate adaptation for Flanders in active collaboration

Strategic pillars

- Achieving more together
- Future-proof networks and systems
- Customer centric
- Employee centric

Strategic goals

- We create more efficiency for Flanders and added value for the customer by realizing many more concrete collaborations
- We provide the future-proof networks and systems needed to realize the energy transition and climate adaptation
- In everything we do, we always put our customers first and ensure smooth, performant and reliable services
- We are a Great Place to Work company through shared leadership and a culture of trust. Internally, we also go for even more collaboration across teams and departments

Robust capital structure with investment grade rating

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Key financial highlights (FY 2023)

Income, Cash Flow and Balance Sheet figures (IFRS)

In mEUR	2019	2020	2021	2022	2023
Sales	**2.992**	**2.924**	**3.038**	**2.400**	**2.326**
EBITDA (M)	1.020	1.091	1.201	1.005	1.063
EBITDA margin (M)	*34,1%*	*37,3%*	*39,5%*	*41,9%*	*45,7%*
Net income	**331**	**363**	**302**	**346**	**360**
CF from operations	768	816	615	809	334
CF used for investing activities	(572)	(847)	(893)	(1.020)	(1.337)
Dividends paid	(289)	(311)	(285)	(221)	(192)
CF other financing activities	136	309	621	423	1.194
Net change in cash	**43**	**(33)**	**58**	**(9)**	**(19)**
Asset Base (M)	11.453	11.707	11.738	12.014	12.651
Other non-current assets	2.738	3.192	3.633	3.376	4.334
Current assets	965	927	1.328	1.852	1.596
Equity	6.407	6.757	7.247	7.823	7.785
Net debt (M)	6.700	7.149	7.362	7.671	8.982
Other liabilities	2.049	1.920	2.126	1.852	1.886
Balance sheet total	**15.156**	**15.826**	**16.699**	**17.242**	**18.624**
Net debt / fixed assets (M)	58,5%	61,1%	62,7%	63,8%	71,0%
FFO / net debt (M)	9,9%	9,6%	11,3%	8,1%	5,3%

(M) = all figures marked by (M) as calculated by Moody's

Key comments FY 2023

- **Allowed income** from grid tariffs electricity +2%, gas +11% due to inflation; repayment of advances for 72 m€. No new advances requested or granted
- **Sales** down because of lower consumption, in spite of higher tariffs
- Exceptionally high **profit** of 287 m€ thanks to Wyre transaction. Excluding Wyre, profit of 63 m€
- Sharp decrease in **CF from operations** due to increase in receivables (certificate stock, regulatory balances, paid-out premiums to be recovered)
- **Financial costs** +44 mEUR (more debt financing; increase of interest rates) – **financial revenues** down by 31 m€ due to loss of Telenet leasehold agreement
- Higher **capex** (digital metering, energy transition, public lighting,…) leads to higher CF used and higher Regulated Asset Base
- New (lower) **dividend** policy started in 2022
- Other **non-current assets** include Wyre (848 m€) and movements in financial holdings (Publi-T, Publigas)
- **Equity** lower due to lower valuation of financial participations, partly compensated for by profit from Wyre transaction
- **Net debt** higher due to financing of capex

Key financial highlights (HY 2024)

(in million EUR - IFRS)	2022	2023	2024
Statement of Profit/Loss			
revenues	1.256	1.186	1.254
operating revenues	1.665	1.640	1.924
operating expenses	-1.417	-1.504	-1.757
result from operations	**248**	**136**	**167**
net financial income/expenses	-18	-96	-88
profit before tax	230	41	79
profit for the period	167	22	60
other comprehensive income	389	-198	-811
total comprehensive income	**556**	**-176**	**-751**
Statement of Financial Position			
current assets	1.852	1.596	2.153
non-current assets	15.390	17.028	16.371
total assets	**17.242**	**18.624**	**18.523**
total equity (attributable to parent)	7.823	7.785	7.176
non-current liabilities	7.375	9.306	9.923
current liabilities	2.044	1.533	1.424
total liabilities	**9.419**	**10.839**	**11.348**
total equity & liabilities	**17.242**	**18.624**	**18.523**
Cash Flow Statement			
net CF from operating activities	479	90	94
net CF from investing activities	-489	-711	-579
net CF financing activities	15	603	437
net increase/decrease cash/cash equivalents	5	-18	-49
cash + cash equivalents at 30 June	95	62	13

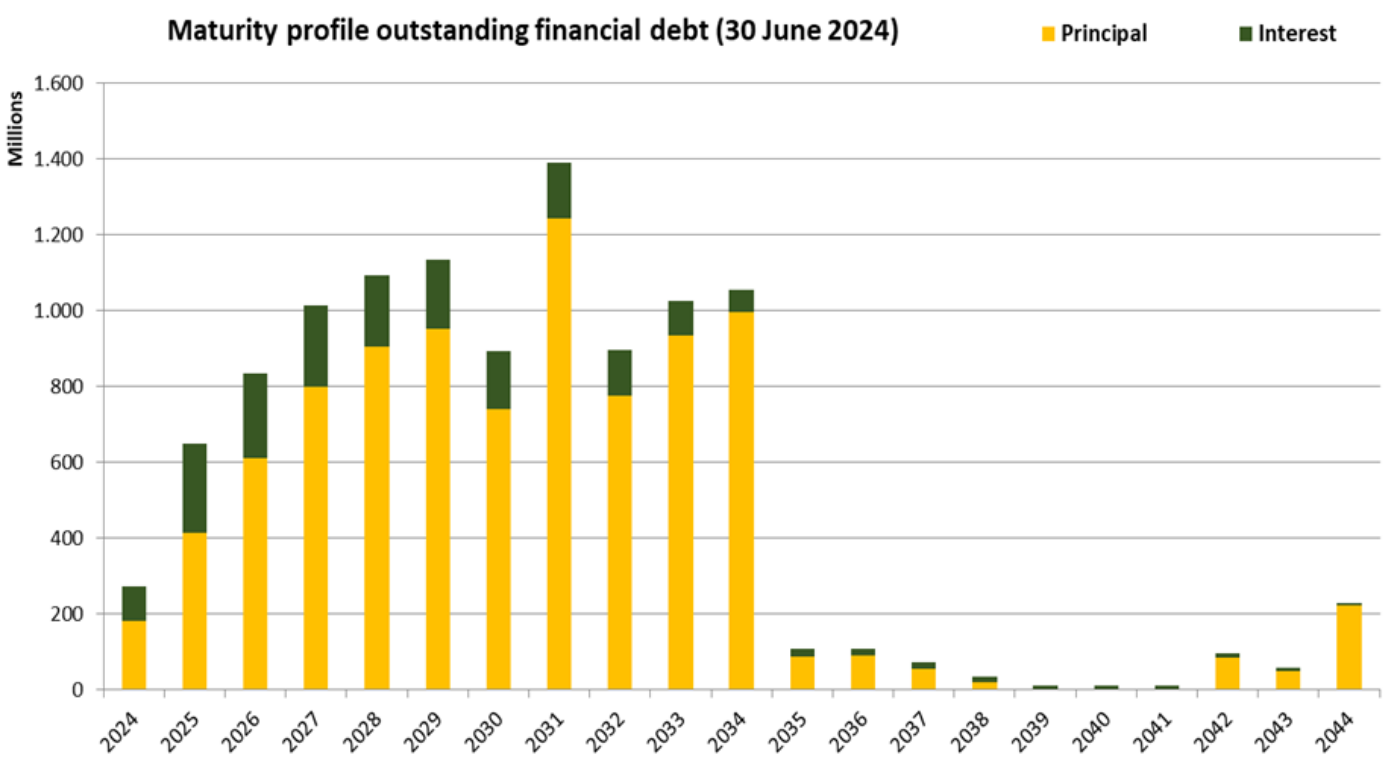
Key comments HY 2024

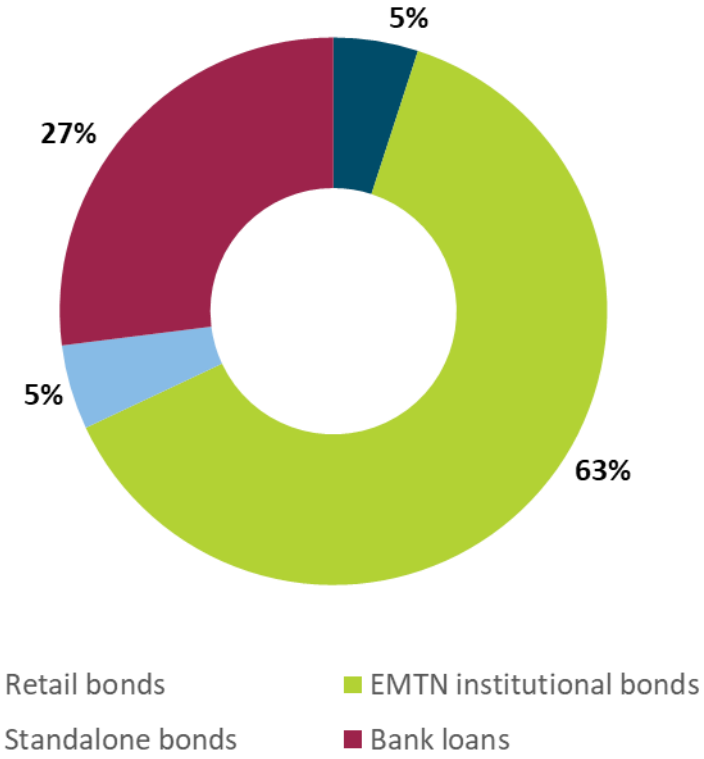
- Grid tariffs electricity +7,4%, gas +7,9% due to inflation and elimination of the repayment of advances (72 m€) - increase of **operating revenue**
- Compensation for buy-in of **certificates** in 2024 down to 67 m€ (2023: 148 m€)
- **Wyre**: value of participation down by 12,2 m€ due to loss in fiscal year 2023
- Sale of **Publi-T** shares: +51,4 m€ in financial revenues.
- Increased **profit** of the period (60,1 m€) due to Publi-T
- **Cash-flow** movements: CF from investing activities Improved from -710,9 m€ to -579,4 m€ in spite of higher PP&E capex; CF from financing activities impacted by new EIB loan (198 m€) and bond issuance (700 m€) – repayment of ST facilities for 400,5 m€
- **Current assets** up by 556,8 m€ (increased stock of certificates and receivables for RUE premiums)
- **Equity** down due to revised valuation of financial participations
- **LT liabilities** up by 617,3 m€ mainly due to new loans and bond

Note: 2022 and 2023 figures are 30 June for profit/loss and cash flow; 31 December for financial position

Debt and liquidity

Maturity Profile (bank and bond debts) – 30 June 2024 – in mEUR





Debt and liquidity

Recent bond issues

2024 bond transaction:

- 700 mEUR EMTN institutional bond, settlement 2 May 2024, 10 y maturity, 3,875% coupon rate

Liquidity

- Committed cash facility / straight loan: 225 mEUR
- Committed revolving credit: 300 mEUR
- Commercial Paper programme: 500 mEUR

Recent bank loans

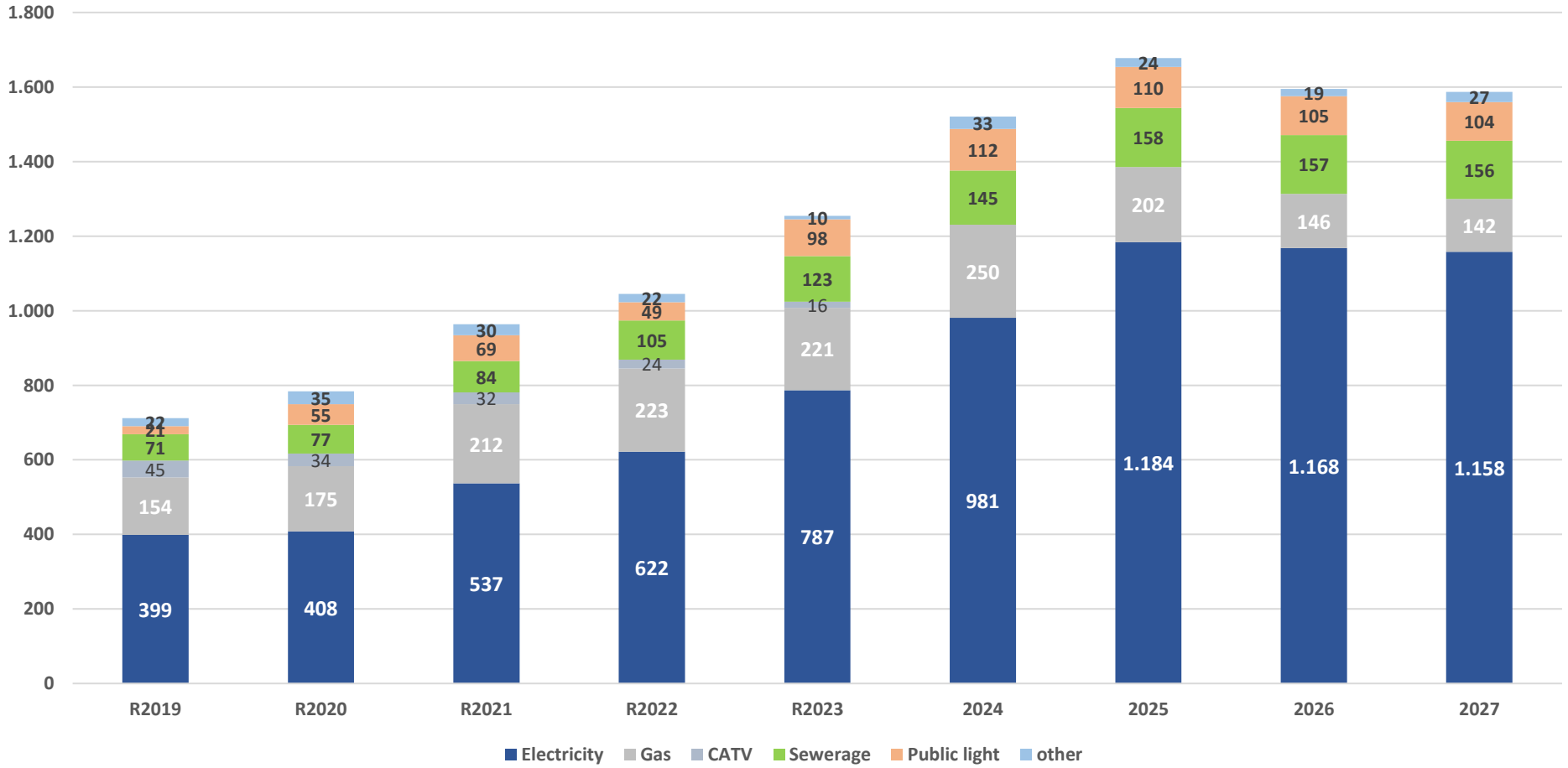
2024 bank loans:

- total of 500 mEUR, 2 banks
- drawn 9 December 2024

Focus on capex (1)

Based on approved energy transition investment plan 2024-2033; net investments

Capex increase due to investments required for energy transition and climate adaptation



Focus on capex (2)

Capital spending in the context of sustainable energy

- Significant investment in digital meters for a total of 1,6 bnEUR (2,4 bnEUR including all indirect costs), with an investment horizon for the full roll-out reduced from 15 years to 9 years and a target of 80% of meters installed by the end of 2025
- Investments in networks and systems to enable the electrification of personal mobility and heating (heat pumps) and to support the growth of renewable electricity production.
- Annual investment of approx. 110 mEUR until 2026 in public lighting with a target completion date in 2028

… and the phase-out of fossil fuels

- Gas-related expenditures will gradually be restricted to maintenance investments for security and reliability; no more expansion investments; investments in digital metering gas to be phased out after 2027
- In Fluvius' Energy Transition capex plan, the budget for regular gas investments in a 'keep it running' scenario will further decline to just above 60 mEUR by 2030.

… while keeping an eye on gearing

- Fluvius is examining different ways to strengthen its equity. Credit rating will be a key element.
- *"Fluvius is a crucial partner for the Flemish authorities to realize the energy transition. Energy networks are a strategic asset. We make sure that Fluvius remains in public hands."* *(2024 Flemish coalition agreement, page 54)*

Fluvius credit profile

"The credit quality of Fluvius reflects that of the 11 intermunicipal utility companies that own the company and severally guarantee its liabilities. The regulated electricity and gas distribution network operations of the distribution system operators (DSOs) in the Flemish Region of Belgium have low business risk, underpinned by a regulatory framework that is generally supportive and transparent, although with a shorter track record in the context of European regulated network peers.

The ratings are constrained by Fluvius' high leverage compared with wider European peer group, significantly rising capital spending to support the energy transition, and the need for external financing (…)."

Credit strengths

- Low business risk profile of its monopoly regulated E and G network operations
- A transparent and generally supportive regulatory framework, further underpinned with a continually lengthening track record of predictable regulation
- Strong links with the Flemish Community [Aa3 negative] through the provision of essential energy network services

Source: Moody's Credit Opinion, 8 October 2024

MOODY'S

A3

Negative outlook
Long Term Rating

Transparent regulatory framework (electricity & gas distribution)

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Regulatory model for electricity & gas distribution

Transparent, stable and predictable framework 2021-2024

1 Base

- The Flemish regulatory framework (decided by Flemish regulator VNR) is bound by the general principles defined by the EU's Third Energy Package and (for electricity) the EU's Clean Energy Package.

2 Tariff Methodology

- VNR decides on tariff methodology for consecutive 4-year tariff periods.
- Within a tariff period, VNR approves each year the grid fees which are the main source of revenue for the intermunicipal asset companies.
- Cascade principle: end users pay the grid fee via their supplier bills.

3 'Allowed income' model

- For each year, VNR determines the 'allowed income', i.e. the maximum revenue Fluvius can collect from grid users, utilizing a trend methodology, based on historical costs, CPI adjusted and taking into account certain caps or factors [x'-factor (synergies); x''-factor or frontier shift (0,4% for gas distribution); q-factor or quality factor (quality incentive)].
- Volume risks for a certain year are covered by a system of regulatory balances (i.e. adjustments are made to revenues in the subsequent years). Inflation risks are covered by a CPI-readjustment during the year, added to or substracted from the tariffs for the next year.
- Certain 'exogenous' costs that are beyond Fluvius' control, are added to the allowed income (pass-through principle).
- If the trend methodology leads to insufficient revenue, Fluvius can request advances.

4 Cost of capital

- VNR uses a WACC model to cover the cost of capital for Fluvius, fixed ex-ante for a tariff period without ex-post adjustments.
- WACC is multiplied by the expected RAB to fix the absolute amount of the capital cost allowance for each year.
- Cost of debt during the 2021-2024 tariff period is 2,14%, with pre-tax cost of equity of 5,44% (post-tax 4,08%), resulting in pre-tax WACC of 3,5%.
- RAB-surplus values (approx. 17% of RAB in 2022) receive a separate (decreasing) WACC.

5 ESG

- Each year, Fluvius publishes an (updated) energy transition capex plan, which is openly discussed with all stakeholders and submitted to VNR for approval (plan 2024-2033 approved on 29 March 2024).
- Support mechanism for renewable electricity generation through a certificate system: Fluvius is obliged to buy Green Power Certificates and Combined Heat/Power Certificates at a set price, to be sold to the market (or the Flemish government); incurred costs are considered exogenous costs.
- Fluvius pays out subsidies for energy-saving measures (Rational Use of Energy), also considered exogenous costs by VNR.

Tariff methodology by VNR 2025-2028 – CHANGES

VNR tariff methodology 2025-2028, published 26 June 2024

1 Base

- No changes

2 Tariff Methodology

- No changes

3 'Allowed income' model

- No new savings incentive related to the merger of Eandis and Infrax into Fluvius (x'-factor) and no new 'q' (quality) factor.
- An X'' factor or frontier shift efficiency improvement target set at 1,10% of the endogenous costs for electricity distribution and at 0% for gas distribution (compared to 0% for electricity and 0,4% for gas during the 2021-2024 tariff period).
- The introduction of a new system of various performance related financial incentives with respect to interruptions, connections, metering data, customer satisfaction and innovative projects which may lead to a bonus or malus.
- The possibility for Fluvius to request advances is expanded.

4 Cost of capital

- A pre-tax cost of equity for 2025 of 9,83% (compared to 5,44% during the 2021-2024 tariff period).
- A post-tax cost of equity for 2025 of 7,37% (compared to 4,08%).
- A cost of debt for 2025 of 2,17% (compared to 2,14%).
- A combined total pre-tax WACC for 2025 of 5,2% (compared to 3,5%).
- From 2026, an annual recalculation of the risk-free interest rate as an equity remuneration parameter, whereby the risk-fee interest rate observed in 2024 will serve as the basis for the recalculation of the risk-free interest rate for 2026, 2025 for 2027 and 2026 for 2028.
- From 2026, an annual recalculation of the cost of debt based on the indices used, with the reference period shifted by one year each time, both for existing debt (with a 10-year reference period) and new debt (with a 1-year reference period).

5 ESG

- No changes

Tariff methodology by VNR 2025-2028 – Appeal filed

Cost of debt

- By using an arithmetic average for the determination of the cost for current debt, VNR assumes a non-realistic historic linear debt profile. Cost of debt should be determined by using a weighted average considering Fluvius' actual debt profile.

Frontier shift

- The decision to apply an annual and cumulative frontier shift of 1,1% for electricity is irreconcilable with the growing need for investments following the energy transition in Flanders.

Valuation Wyre transaction

- The assumption of 100% usability of the empty ducts transferred to Wyre, that VNR takes into account for determining the value of the regulated assets, is not valid.

- Fluvius filed an appeal against the 2025-2028 tariff methodology E&G at the Court of Appeal Brussels (Markets Court) on 19 July 2024
- On 19 February 2025, Markets Court decided to pose 3 prejudicial questions to the EU Court of Justice

→ See Supplement n° 1 (dated 27 February 2025) to information Memorandum

Clear CSR & ESG policy

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Supporting the Flemish Region in its path towards climate neutrality by 2050

Fluvius acts as a preferred partner of the Flemish local authorities and their sustainability efforts

Full alignment with the Flemish Energy & Climate Plan (2021-2030)

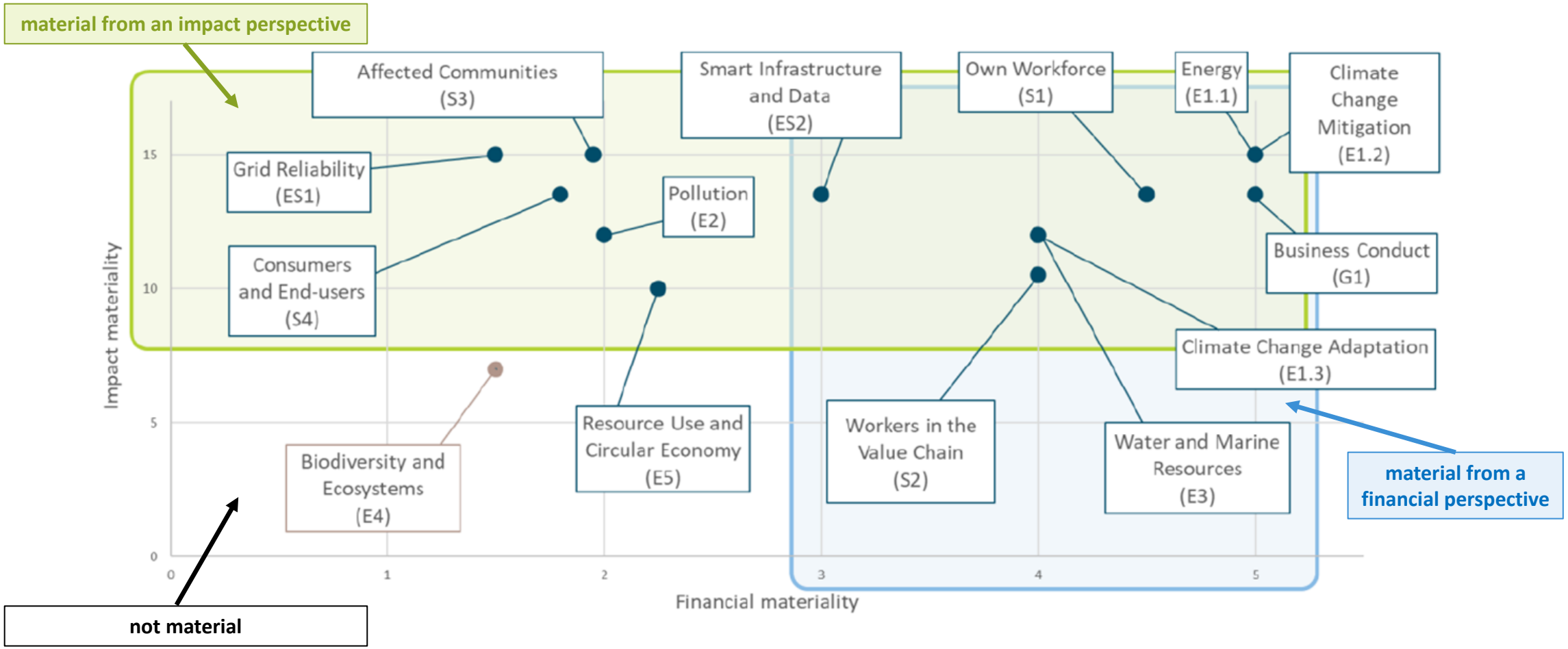
1. Maximizing the benefits of **energy efficiency**, including zero-emission buildings
2. Maximizing the deployment of **renewables** and the use of electricity to fully **decarbonize** Europe's energy supply.
3. Embracing **clean**, safe and connected **mobility**.
4. A competitive EU industry and the **circular economy** as a key enabler to reduce greenhouse gas emissions.
5. Develop adequate, **smart network infrastructure** and interconnections.
6. Reap the full benefits of the **bio-economy** and create essential carbon sinks.
7. Tackling the remaining CO_2 emissions with **carbon capture and storage** (CCS).



Reinforced through our market-leading "Vision 2050 – the Flemish energy grids of the future"

Calibrating sustainability ambitions based on materiality

Guided by our double materiality assessment, we focus our efforts on the areas where there is greatest impact



Note: Fluvius will publish sustainability disclosure in line with the Corporate Sustainability Reporting Directive (CSRD), for the first time in reporting on financial year 2024

Delivering on Fluvius sustainability priority areas

4 objectives and 12 actions in line with our CSR & Sustainability Strategy and Flanders' Vision 2050 Plan

We help to reduce energy consumption

- Large-scale energy savings by **digital metering**
- Complete and smart **switch of public lighting to LED** by year-end 2028

We make the Flemish energy grids future-proof

- **Accelerated roll-out of the digital meters** – fully digital version of the electricity grid
- **Automation to meet new energy supply needs** more quickly and efficiently

We maximise the availability of renewable energy

- A **greener Flemish vehicle fleet**
- Where economically feasible, **heating grid**
- Provide **Flemish buildings with green energy**
- **Retrofit gas grids into hydrogen grids** for industrial purposes
- **Restructure electricity grids** to absorb a maximum of renewable energy

We create new possibilities for our customers

- **Rational use of energy** must be beneficial for the customer
- More **proactive communication** about the electricity grid's condition
- We **welcome alternative solutions** that help to avoid grid investments (i.e. network users adjusting consumption or injection for a fee) through enhanced flexibility

The Fluvius sustainability approach endorses the United Nations Sustainable Development Goals (UN SDGs), especially SDGs 6, 7 and 9

Fluvius 2024 Green Financing Framework

Translating our sustainability strategy into financial planning

Use of Proceeds

- (Net) proceeds of Green Financing Instruments allocated to a portfolio of new and/or existing Eligible Green Projects
- Eligible Green Projects include:
  - ✓ Green Infrastructure
  - ✓ Energy Efficiency
  - ✓ Sustainable water and wastewater management
- Projects contribute to either one of the following environmental objectives: climate change mitigation and sustainable use and protection of water and marine resources*

Management of Proceeds

- Management of proceeds by Fluvius' Corporate Finance and Accounting teams
- (Net) proceeds from the Green Finance Instruments will be managed, tracked, and monitored in an appropriate manner by Fluvius
- Full allocation within 24 months following the issuance of Green Financing Instruments
- Pending full allocation, unallocated (net) proceeds will be managed temporarily in accordance with Fluvius' treasury principles

Process for Project Evaluation & Selection

- Green Finance Committee, composed by senior representatives of Fluvius and chaired by the company's CFO, is responsible for:
  - ✓ Evaluation and selection Eligible Green Projects in line with the Eligibility Criteria
  - ✓ Oversight of the allocation of the proceeds
  - ✓ Allocation and impact reporting
  - ✓ Risk monitoring (via E&S risk assessment framework)
  - ✓ Review of Framework
  - ✓ Liaising with relevant business teams and other stakeholders

Reporting / External Review

- Annual reporting on the allocation and impact of net proceeds until full allocation (or until maturity)
- Fluvius intends to align with the:
  - ✓ ICMA "Handbook – Harmonized Framework for Impact Reporting" (June 2024)
  - ✓ NPSI "Position Paper on Green Bonds Impact Reporting" (March 2024)
- SPO (Pre-issuance): Sustainable Fitch
- Verification (post-issuance): annually until full allocation (or until maturity) limited assurance on the allocation figures (where feasible, limited assurance on the impact figures)

**EU Taxonomy environmental objectives*

Key changes to the Green Financing Framework

The third edition of our Framework demonstrating a commitment to sustainable financing

Key changes to the Framework

1. **Alignment of Eligibility Criteria** with the corresponding EU Taxonomy 'Substantial Contribution' criteria of the Climate and Environmental Delegated Acts
2. **New Eligible Category** (Sustainable Water and Wastewater Management) and **additional eligible activity** (Transmission and distribution gas networks – renewable and/or low carbon gases)
3. **EU GreenBond Standard Regulation** taken into account[1]
4. Management of proceeds allowing for use of **assets and/or CapEx/OpEx** (to accommodate investment plans)

2020 | 2023 | 2024



Our Green Financing Framework incorporates the latest market practices…

- ICMA Green Bond Principles (GBP) 2021 (including Appendix I of 2022) and LMA Green Loan Principles (GLP) 2023
- EU Taxonomy Climate Delegated Act / EU Taxonomy Environmental Delegated Act
- EU Green Bond Standard[1]

…and is supported by a Second Party Opinion…

- Alignment with GBPs and GLPs
- Overarching Fluvius sustainability strategy
- Adherence to the Substantial Contribution criteria of the EU Taxonomy Climate Delegated Act

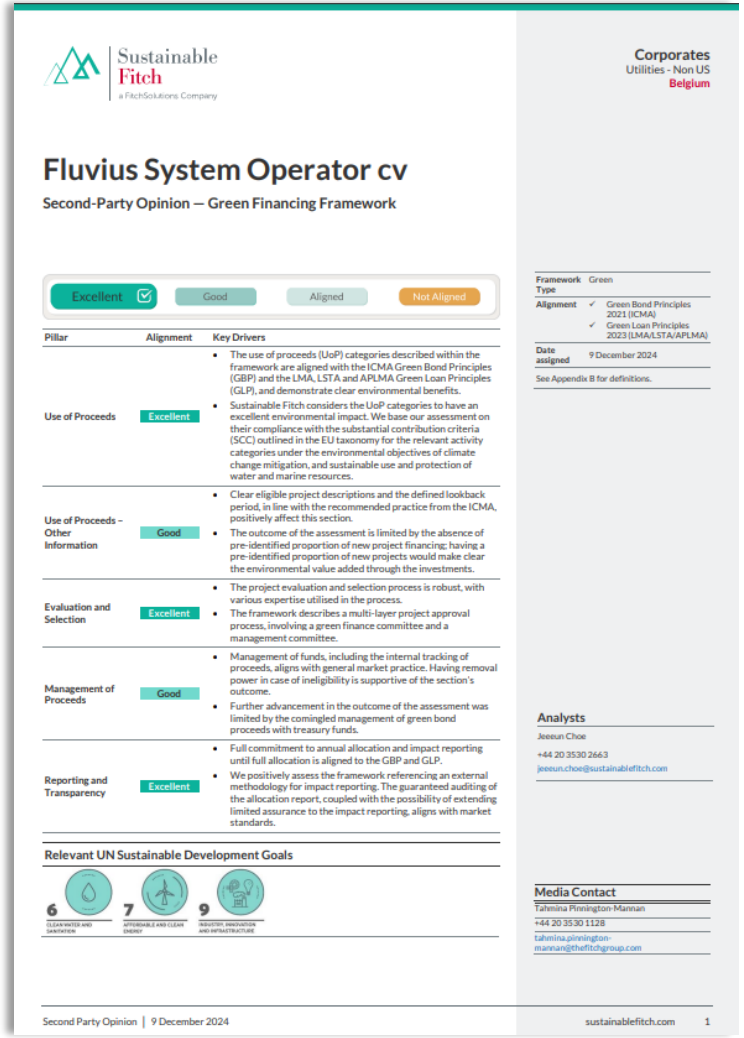
…confirming alignment of funding plans with sustainability strategy

- Alignment with the Flemish Energy and Climate Plan 2021-2030
- Commitment to delivering on the European Green Deal

1. Key elements of the EU Green Bond Standard Regulation have been incorporated (i.e, grandfathering, management of proceeds)

Second Party Opinion

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.



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Corporates
Utilities - Non US
Belgium

Fluvius System Operator cv

Second-Party Opinion — Green Financing Framework

Excellent | Good | Aligned | Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Excellent	• The use of proceeds (UoP) categories described within the framework are aligned with the ICMA Green Bond Principles (GBP) and the LMA, LSTA and APLMA Green Loan Principles (GLP), and demonstrate clear environmental benefits. • Sustainable Fitch considers the UoP categories to have an excellent environmental impact. We base our assessment on their compliance with the substantial contribution criteria (SCC) outlined in the EU taxonomy for the relevant activity categories under the environmental objectives of climate change mitigation, and sustainable use and protection of water and marine resources.
Use of Proceeds – Other Information	Good	• Clear eligible project descriptions and the defined lookback period, in line with the recommended practice from the ICMA, positively affect this section. • The outcome of the assessment is limited by the absence of pre-identified proportion of new project financing; having a pre-identified proportion of new projects would make clear the environmental value added through the investments.
Evaluation and Selection	Excellent	• The project evaluation and selection process is robust, with various expertise utilised in the process. • The framework describes a multi-layer project approval process, involving a green finance committee and a management committee.
Management of Proceeds	Good	• Management of funds, including the internal tracking of proceeds, aligns with general market practice. Having removal power in case of ineligibility is supportive of the section's outcome. • Further advancement in the outcome of the assessment was limited by the comingled management of green bond proceeds with treasury funds.
Reporting and Transparency	Excellent	• Full commitment to annual allocation and impact reporting until full allocation is aligned to the GBP and GLP. • We positively assess the framework referencing an external methodology for impact reporting. The guaranteed auditing of the allocation report, coupled with the possibility of extending limited assurance to the impact reporting, aligns with market standards.

Relevant UN Sustainable Development Goals

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Framework Type	Green
Alignment	✓ Green Bond Principles 2021 (ICMA) ✓ Green Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	9 December 2024

See Appendix B for definitions.

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Second Party Opinion | 9 December 2024 sustainablefitch.com 1

Key Highlights — Excellent

1. **Use of Proceeds** — Excellent
2. **Use of Proceeds – Other Information** — Good
3. **Evaluation and Selection** — Excellent
4. **Management of Proceeds** — Good
5. **Reporting and Transparency** — Excellent

"The framework is the third version of the green financing framework established by Fluvius. It is the second update of its inaugural version, which was established in 2020 and first updated in 2023. The issuer's green financing framework aims to ***better align its financing with its environmental strategy and further contribute to the achievement of its long-term environmental and social commitments****"*

"The updates in this version mainly reflect the framework's adoption of additional environmental objectives defined under the EU taxonomy, ***by including the scope of the Environmental Delegated Act as well as the Climate Delegated Act into the eligibility criteria of the UoP categories****. We view this expanded reference to the full scope of the EU taxonomy* ***as strengthening the environmental benefits of the investments related to the company's economic activities****, including the electricity and gas distribution and the management of the sewerage network,* ***thereby contributing to EU environmental objectives****."*

Sustainable Fitch

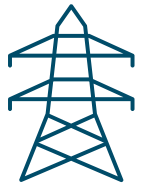
https://over.fluvius.be/sites/fluvius/files/2024-12/spo-fluvius-green-finane-framework-2024.pdf

Fluvius' Eligible Green Project examples

Aligning a portfolio of eligible green projects with own sustainability ambitions and the goals of the Flemish Region

1 Green Infrastructure

- Reinforcement of the grid
- Enabling the distribution of renewable energy
- Smart metering
- Deployment of electric vehicle (EV) charging stations



2 Switch to LED technology in all municipal public lighting

- LED lights in public lighting infrastructure
- Designing for local municipalities
- More flexibility in grid management (dimming, on/off switching, follow-me technology, …)



3 Sewerage grids

- Water management plans designing
- Separate collection of rainwater and wastewater
- Increase sewerage grid connection rates



4 Facilitation of renewable electricity generation

- Building new district heating grids
- Adaptation of distribution grid to cope with additional renewable generation capacity to be connected (cabins, switch and transformer stations, MV/LV grids, teletransmission, metering infrastructure, …)



EU Taxonomy of sustainable economic activities

Fluvius Economic Group FY 2023

The degree to which Fluvius' economic activities are considered environmentally sustainable under the EU Taxonomy Regulation expressed through Turnover, CapEx and OpEx

	TOTAL	Not eligible	Eligible, not aligned	Eligible & Aligned
	in 1000 €	*%*	*%*	*%*
Turnover	2.373.920	23,3	0,0	**76,7**
Capex	1.332.471	25,9	1,9	**72,2**
Opex	246.617 [1]	23,6	0,7	**75,7**

Eligible: Qualified as sustainable according to EU Taxonomy
Aligned: Eligible + Do No Significant Harm (DNSH) + Minimum Social Safeguards

(1) EU Taxonomy has a specific scope for Opex to be reported (different from Opex in income statement)

Appendix

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Overview of outstanding bonds and private placements

Type	E = Eandis I = Infrax F = Fluvius	Amount (m€)	Settlement date	Original maturity (years)	Coupon
Retail	E	200	23/06/2017	8	2,000%
EMTN sub-benchmark	E	400	4/12/2014	12	1,750%
EMTN green retail	F	240	28/06/2023	4	4,000%
Schuldschein	E	50	21/09/2012	15	3,500%
EMTN Private Placement	E	54,5	28/03/2013	15	3,500%
EMTN benchmark	F	500	14/06/2021	7	0,250%
EMTN benchmark	E	550	7/05/2014	15	2,875%
EMTN sub-benchmark	I	250	29/10/2014	15	2,625%
EMTN benchmark GREEN	F	600	2/12/2020	10	0,250%
EMTN benchmark	F	500	18/09/2023	7,5	3,875%
EMTN benchmark	F	600	24/11/2021	10	0,625%
EMTN Private Placement	E	135,5	10/07/2012	20	3,950%
EMTN benchmark	F	500	6/07/2022	10	4,000%
EMTN Private Placement	E	20,5	28/03/2013	20	3,750%
EMTN Private Placement	F	100	8/04/2021	12	0,810%
EMTN benchmark	F	700	9/05/2023	10	3,875%
EMTN benchmark	F	700	2/05/2024	10	3,875%
EMTN Private Placement	F	50	20/09/2022	12	4,278%
Private Placement	E	95	27/10/2014	20	2,600%
Private Placement	F	50	7/11/2022	12	4,625%
EMTN Private Placement	F	15	15/11/2022	12	4,610%
Private Placement	E	23	5/03/2014	22	3,550%
EMTN Private Placement	F	50	28/10/2022	20	4,778%
EMTN Private Placement	F	35	15/12/2022	20	4,254%
Namensschuldverschreibung	E	50	24/06/2013	30	3,500%
Private Placement	E	52	5/03/2014	30	3,550%
Private Placement	E	170	27/10/2014	30	3,000%

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