

Second-Party Opinion

Aquafin Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Aquafin Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles as well as the Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Sustainable Water and Wastewater Management, is aligned with those recognized by the Green Bond Principles and the Green Loans Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG goal 6 (Clean water and sanitation), goal 7 (Affordable and clean energy), goal 11 (Sustainable cities and communities) and goal 14 (Life below water).



PROJECT EVALUATION / SELECTION All projects carried out by Aquafin are assigned to it by the Flemish Government. These projects are proposed by the Flemish Environmental Agency. Projects are accounted for by the Green Finance Committee, which is responsible for managing eligible green assets and liabilities. The Committee meets at least annually to review and revise the list of eligible assets and liability as necessary. This process is aligned with market practice.



MANAGEMENT OF PROCEEDS Aquafin has established a Green Finance Committee, which consists of its CFO, a member of its Finance/ Treasury Team, CSR Coordinator and head of the Environmental Department. This Committee will be responsible for the allocation of proceeds and will ensure that Aquafin's Green Assets always exceeds or matches the amount of Green Liabilities. Unallocated proceeds will be held or invested by Aquafin in its treasury liquidity portfolio, in cash or other short term and liquid instruments or used to pay back outstanding debts. This is in line with market practice.



REPORTING Aquafin intends to provide allocation and impact reporting. The reports will be made available on its website on, an annual basis, and will provide information on allocation as well as impact metrics such as - the types and amount of green finance instruments issued under the Framework, amount of unallocated proceeds, volume of wastewater treated, amount of sludge treated and disposed etc. Sustainalytics views Aquafin's allocation and impact reporting as aligned with market practice.

Evaluation date	March 27, 2020
Issuer Location	Aartselaar, Belgium

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Introduction

Aquafin NV (“Aquafin” or the “Company”) is a Belgian public limited company which specialises in wastewater treatment. It was established in 1990 by the Flemish Region (which owns 100% of Aquafin) with the purpose of implementing the EU Urban Wastewater Directive. Headquartered in Aartselaar, Aquafin exclusively operates in the Flemish region of Belgium (Flanders) and is responsible for the development, management and funding of the regional sewage treatment infrastructure. In 2018, the company employed 1,143 people.

Aquafin has developed the Aquafin Green Finance Framework (the “Framework”) under which it intends to issue green finance instruments: e.g. bonds, loans, private placements, registered bonds (‘Namensschuldverschreibung’) etc. and use the proceeds to finance and/or refinance, in whole or in part, existing and future projects that help build, operate and maintain infrastructure that promote transportation and treatment of waste water as well as generating of renewable energy and recovery of raw materials from waste water. The Framework defines eligibility criteria in one area:

1. Sustainable Water and Wastewater Management

Aquafin engaged Sustainalytics to review the Aquafin Green Finance Framework, dated April 2020, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and the Green Loan Principles (GLP)². This Framework has been published in a separate document.³

As part of this engagement, Sustainalytics held conversations with various members of Aquafin’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Aquafin’s Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Aquafin Green Finance Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Markets Association and are available at: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ The Aquafin Green Finance Framework is available on Aquafin’s website at: <https://www.aquafin.be/en/green-finance>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Aquafin Green Finance Framework

Sustainalytics is of the opinion that the Aquafin Green Finance Framework is credible and impactful and aligns with the four core components of the GBP and the GLP 2018. Sustainalytics highlights the following elements of Aquafin's Green Bond Framework:

- Use of Proceeds:
 - The eligible category Sustainable Water and Wastewater Management is aligned with those recognized by the Green Bond Principles 2018 and Green Loan Principles 2018.
 - Under the Sustainable Water and Wastewater Management Use of Proceeds category, Aquafin will finance or refinance the following types of projects, which will be carried out in the Flemish region of Belgium:
 - Infrastructure for transportation and treatment of wastewater, including for example, building new wastewater treatment plants (WWTP), sewer systems and pumping stations and maintaining and optimizing existing ones.
 - Infrastructure for sewage sludge treatment, including for example, building, maintaining and optimizing sewage sludge treatment infrastructure, as well as investments into technology and processes that enable conversion of sludge to pellets which can be used as an energy source.
 - Energy efficiency and renewable energy projects may include investments into energy efficient technologies, ranging from more efficient blowers, mixers and aeration as well as investments into renewable energy projects, which include setting up of bio-gas plants using wastewater sludge as the feedstock, installing solar PV and wind turbines.
 - Investments into climate change adaptation projects may include projects such as storm water management plans and separation of rainwater from wastewater to prevent the flow of rainwater into sewers, as well as sanitation and dredging of waterbeds to increase water storage capacity.
 - Aquafin may finance research and technologies that help recover raw materials and heat from wastewater. For example, Aquafin is investigating how to make use of raw materials found in wastewater, including phosphorous and cellulose.
 - Sustainalytics is of the opinion that Aquafin's investments into sustainable water and wastewater management in the Flemish region can contribute to the development of a more robust water management infrastructure in the region and deliver positive environmental benefits including reduced wastewater discharge, increased renewable energy capacity, reduced energy consumption and improved resource use.
 - Aquafin has not established a lookback period.⁴
- Project Evaluation and Selection:⁵
 - All major water treatment and sewer system projects carried out by Aquafin are assigned to it by the The Flemish Environmental Agency.⁶ Aquafin has established a Green Finance Committee (the "Committee"), which consists of Aquafin's CFO, a member of Aquafin's Finance/Treasury Team, Aquafin's CSR Coordinator and Aquafin's head of the Environmental Department. This Committee will be responsible for ensuring validity of eligible assets and liabilities and will oversee any Framework related modifications.
 - Sustainalytics considers this to be aligned with market practice.
- Management of Proceeds:
 - With over 90% of the Company's balance sheet dedicated to Sustainable Water and Wastewater treatment activities, Aquafin will manage the Green Finance Process on a company level rather

⁴ Aquafin does not specify a lookback period or a timeframe for allocation of proceeds as it will manage proceeds on a 'balance sheet approach', that is, they use the proceeds to finance eligible assets on its balance sheet. As such, the Company does not do "refinancing".

⁵ Aquafin provided Sustainalytics an internal policy document which provides information about the Company's project approval process with The Flemish Environmental Agency.

⁶ The Flemish Environmental Agency, commonly known as VMM is part of the Environment, Nature and Energy policy domain of the Flemish government, and is responsible for the realization of the environmental policy objectives of the Flemish region, at: <https://en.vmm.be/>

than on a project level. It will do this by categorizing the assets and liabilities on its balance sheet into green and non-green. The green assets will be eligible to be financed under the Framework.

- The Committee will be responsible for management of proceeds and will therefore ensure that AquaFin's Green Assets exceed the total proceeds of the Green Liabilities raised under the Green Finance Framework. Unallocated proceeds will be held or invested by AquaFin in cash or other short term and liquid instruments or used to pay back a portion of its outstanding debts.
- Based on the clear delegation of responsibility for management of proceeds raised under the Framework, as well as identification the types of temporary investments, Sustainalytics considers AquaFin's process to manage proceeds to be in line with market practice.
- Reporting:
 - AquaFin commits to annually publishing on allocation and impact reporting on its website.
 - The allocation report will contain information including the types and amount of green finance instruments issued under the framework, amount of unallocated proceeds, as well as the total amount of investment and expenditure made in Eligible Green Assets.
 - Regarding impact reporting, AquaFin intends to report on impact metrics such as: volume of wastewater treated (m³/year), amount of sludge treated and disposed (tonnes/ year), percentage of Flemish households connected to wastewater treatment plant, production of renewable energy produced (GWh) from biogas, solar and wind energy sources, removal of nitrogen and phosphorus from wastewater treatment plants. For a complete list of relevant KPI's, please refer to Appendix 1. The Green Finance Committee will be responsible for validating both allocation as well as impact reports.
 - Based on AquaFin's commitment to annually report on clearly defined allocation and impact metrics and to make this information publicly available, Sustainalytics considers its reporting to be in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the AquaFin Green Finance Framework aligns to the four core components of the GBP and the GLP 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of AquaFin

Contribution of framework to AquaFin's sustainability mandate

AquaFin has contributed significantly to managing water resources in the Flemish region. Currently, about 83% of domestic wastewater in the region is treated by AquaFin before it reaches a water body; a figure which was only at 25.8% prior to the establishment of AquaFin in 1990.⁷ As of December 2019, the Company had 321 wastewater treatment plants, 1,852 pumping stations and storage settlement tanks and 6,587 km of pipes.⁸

AquaFin has established clear quantifiable goals that seek to create positive environmental impacts. Some of its sustainability goals include⁹ – reducing the total phosphorus content reaching waterbodies in the areas it operates by 42% by 2027 as compared to 2018 levels, by 2021 undertaking ecological management to improve biodiversity in 400 hectares of its operation, phasing out consumption of fossil fuels completely by 2030 and increasing energy generation by increasing its sludge digestion capacity. The Company also applies the concept of 'circular economy' in its functioning by ensuring maximum recovery of raw materials and energy from its operations. In order to decarbonize its operations, AquaFin explicitly commits under its Green Finance Framework to not only reduce electricity usage by 50 GWh by 2030 but also produce 45 GWh of renewable energy by 2030.

Sustainalytics is of the opinion that the AquaFin Green Finance Framework is well aligned with the Company's overall sustainability strategy and will further the Company's action on its key environmental commitments. For instance, AquaFin's investment to build and maintain wastewater treatment plants will increase its capacity to treat domestic wastewater before effluents are released, thereby reducing phosphorus content in

⁷ Flemish government, Environment Flanders, "Zuiveringsgraad in Vlaanderen", (accessed on March 2020), at: <https://www.milieurapport.be/milieuthemas/waterkwaliteit/andere/zuiveringsgraad>

⁸ AquaFin, "Annual report 2019", (2020) at: <https://www.aquaFin.be/en/annual-reports>

⁹ AquaFin, "Corporate Social Responsibility Report 2019", (2020). at: <https://www.aquaFin.be/en/doing-business-sustainably>

the region's waterbodies. In addition, its investments in on-site solar, wind and bio-methane plants will help work towards its goal of phasing out fossil fuels and producing 45 GWh of renewable energy by 2030.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds under this Framework which will be directed towards the financing and/or refinancing of sustainable water and wastewater management infrastructure and other environmentally beneficial activities. However, Sustainalytics also acknowledges that construction, operation and maintenance of wastewater treatment systems and sludge treatment plants may have associated environmental and social risks. Some key risks associated with the eligible projects include release of harmful chemicals into the air and soil in the process of wastewater collection and treatment, occupational health and safety, community relations/stakeholder participation.

Sustainalytics is of the opinion that AquaFin is well positioned to manage and mitigate potential risks which may arise from eligible projects through the following policies, programs and procedures it has in place:

- **Environmental risk management:** AquaFin is compliant with the ISO 55001 Asset Management Certification. This Certification helps manage performance, costs and opportunities throughout the lifecycle of assets. It also enables to systematically manage and reduce risks associated with ownership of assets such as inefficiency, breakdown, accidents, etc.¹⁰ AquaFin obtained the ISO 55001 in 2015 and had it renewed in 2018. The Company has confirmed to Sustainalytics that it conducts Environmental Impact Assessment for its projects during the design, construction and installation phase, where necessary. AquaFin also confirms that it does not dispose any sludge from its sewage treatment plants. All sludge is treated in its facilities and either turned into pellets to be used as a co-fuel in the Cement Industry or incinerated to generate energy.
- **Worker health and safety management:** AquaFin has implemented the 'Wave' programme to promote safety culture at all levels within the Company and for all of its contractors. This programme is being implemented in two phases, the first phase focuses on individual safety awareness and the second focuses on companywide upgrading of technology and standards to improve safety, and integration of Health Safety and Environment management systems.¹¹
- **Managing community relations:** AquaFin has a "Minder Hinder" policy through which it aims to inform local residents of any work that the Company plans to undertake in a timely manner. Under this program AquaFin organizes several information sessions starting from when the projects are at the design phase. If projects are expected to have a large impact on the neighborhood, AquaFin publishes a statement in the local papers informing residents of their construction plans and its impacts. AquaFin also ensures that all its projects have an assigned contact person in case local residents have any further questions. AquaFin's Ombudsman service helps redress any complaints that residents may have against the Company.¹¹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that AquaFin has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Sustainalytics is of the opinion that, the use of proceeds category – Sustainable Water and Wastewater Management is recognized by the GBP and is impactful specifically in the local context:

Importance of sustainably managing water resources

Belgium has been categorized as a country that is highly water stressed.¹² It ranks as the 3rd most water stressed country in Europe.¹³ Within Belgium, there are regional differences in water stress with more than 50% of Flanders falling into the category of 'extremely high water stressed'.¹⁴ With estimates that the Country's

¹⁰ BSI, "ISO 55001:2014 Asset Management", (2020), at: <https://www.bsigroup.com/en-GB/Asset-Management/>

¹¹ Internal policy document for the Wave and Minder Hinder programme was provided to Sustainalytics by AquaFin.

¹² World Resources Institute's Aqueduct ranks water stress, which measures the ratio of total water withdrawals to available renewable surface and groundwater supplies, into 5 categories - Low (<10%), low-medium (10-20%), medium-high (20-40%), high (40-80%) and extremely high (>80%).

¹³ World Resources Institute, "Aqueduct 3.0 Country Rankings", (2020), at: <https://www.wri.org/resources/data-sets/aqueduct-30-country-rankings>

¹⁴ Lisa Bradshaw, Flanders Today, "Flanders faced with extreme water scarcity, says global study", (2019), at: <http://www.flandertoday.eu/flanders-faced-extreme-water-scarcity-says-global-study>

already dense population is expected to further increase by 340,000 by 2025,¹⁵ the region's water stress will likely get worse unless measures are taken to manage water resources more sustainably. Sustainalytics believes that Aquafin's investment in improving stormwater management, preventing rainwater from mixing with wastewater and sanitation and dredging of waterbeds to increase capacity will help alleviate some of the region's water stress. It is also important to note that there is a positive relationship between increases in water stress and deterioration of the quality of water resources.¹⁶ Flow of untreated domestic wastewater into streams, rivers and ultimately the ocean increases the concentrations of phosphorous and nitrogen in these water bodies, resulting in eutrophication, which can destroy aquatic ecosystems and lead to 'dead zones'.¹⁷ Aquafin's wastewater treatment facilities will help prevent the discharge of untreated wastewater and thereby protects the region's waterbodies.

Therefore, promoting Aquafin's wastewater collection and treatment projects will not only help build the Flemish region capacity to manage water stress, but will also help preserve the region's aquatic ecosystems.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This Green Finance Framework advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Sustainable water and wastewater management	6. Clean water and sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
	14. Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Conclusion

Aquafin has developed the Aquafin Green Finance Framework under which it will issue green bonds, loans, private placements and registered bonds, and use the proceeds to finance the expansion, operation and maintenance of sewer systems and wastewater treatment facilities. Sustainalytics considers that the projects and assets funded under the Green Finance Framework will significantly help reduce the harmful impacts of discharge of untreated wastewater into waterbodies.

The Aquafin Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Aquafin Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 11 and 14. Additionally, Sustainalytics is of

¹⁵ Monica Garcia Quesada and David Aubin, "Water Stress and Pollution in Belgium: The Internationalization and Regionalization of a Policy Problem", (December 2018), at: <https://www.europenowjournal.org/2018/12/10/water-stress-and-pollution-in-belgium-the-internationalization-and-regionalization-of-a-policy-problem/>

¹⁶ European Environment Agency, "The Problems of water stress", (April 2016), at: <https://www.eea.europa.eu/publications/92-9167-025-1/page003.html>

¹⁷ Johan Rockström et al., "Planetary Boundaries: Exploring the Safe Operating Space for Humanity", (2009), at: <https://www.stockholmresilience.org/download/18.8615c78125078c8d3380002197/ES-2009-3180.pdf>

the opinion that AquaFin has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that AquaFin is well-positioned to issue green finance instruments and that the AquaFin Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles and the Green Loans Principle 2018.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Aquafin
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Aquafin Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 19, 2020
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds Sustainable Water and Wastewater Management is aligned with those recognized by the Green Bond Principles and the Green Loans Principles 2018. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG goal 6 (Clean water and sanitation), goal 7 (Affordable and clean energy), goal 11 (Sustainable cities and communities) and goal 14 (Life below water).

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

All projects carried out by AquaFin are assigned to it by the Flemish Government. These projects are proposed by the Flemish Environmental Agency. Projects are accounted for by the Green Finance Committee, which is responsible for managing eligible green assets and liabilities. The Committee meets at least annually to review and revise the list of eligible assets and liability as necessary. This process is aligned with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
|---|---|

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Aquafin has established a Green Finance Committee, which consists of its CFO, a member of its Finance/Treasury Team, CSR Coordinator and head of the Environmental Department. This Committee will be responsible for the allocation of proceeds and will ensure that Aquafin's Green Assets always exceeds or matches the amount of Green Liabilities. Unallocated proceeds will be held or invested by Aquafin in its treasury liquidity portfolio, in cash or other short term and liquid instruments or used to pay back outstanding debts. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other <i>(please specify)</i> : |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

Aquafin intends to provide allocation and impact reporting. The reports will be made available on its website on, an annual basis, and will provide information on allocation as well as impact metrics such as - the types and amount of green finance instruments issued under the Framework, amount of unallocated proceeds,

volume of wastewater treated, amount of sludge treated and disposed etc. Sustainalytics views Aquafin's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): Wastewater treated, Amount of renewable energy produced, Percentage removal of Nitrogen and phosphorus from influent etc. |

Means of Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Company website |

- ☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

The Aquafin Green Finance Framework is available on Aquafin's website at:
<https://www.aquafin.be/en/green-finance>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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