



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Finance Framework

Fluvius System Operator CV
29 May 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Finance InstrumentsGreen Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)
Relevant standards	<ul style="list-style-type: none">Green Loan Principles, as administered by the LMA (as of February 2023)EU Taxonomy Climate Delegated Act (as of June 2021)
Scope of verification	<ul style="list-style-type: none">Fluvius Green Finance Framework (as of May 24, 2023)Fluvius Eligibility Criteria (as of May 24, 2023)
Lifecycle	<ul style="list-style-type: none">Pre-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the Framework

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SCOPE OF WORK

Fluvius System Operator CV (“the Issuer” or “Fluvius”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Finance Instruments by assessing four core elements to determine the sustainability quality of the instruments:

1. Fluvius’ Green Finance Framework (as of May 24, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP), and Loan Market Association's (LMA) Green Loan Principles (GLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment of the project categories with the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation/Adaptation Criteria and Do No Significant Harm Criteria) and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021)².
4. Linking the transaction(s) to Fluvius’ overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

FLUVIUS BUSINESS OVERVIEW






FLUVIUS SYSTEM OPERATOR CV engages in electricity and gas distribution. It is classified in the Gas and Electricity Network Operators industry, as per ISS ESG’s sector classification. It is a Flemish multi-utility grid company formed on July 1, 2018, from the merger of Eandis System Operator cvba and Infrac cvba. On April 1, 2019, the former Integan ov joined the Fluvius Economic Group when it was acquired by ex-lveg (now Fluvius Antwerpen).

Fluvius is responsible for the construction, management and maintenance of distribution networks for electricity, natural gas, sewerage, cable distribution and heat. The company also manages the municipal public lighting park in Flanders with 1,179,854 light points. Data management that supports the aforementioned business activities is also part of Fluvius' remit. In total, Fluvius is responsible for 234,156 kilometres of utility lines. Fluvius operates in all 300 Flemish cities and municipalities, so that all Flemish people can count on the professional services of our 5,437 employees. It is a private company headquartered in Melle, Belgium. Frank Vanbrabant is the current CEO of the firm.

¹ Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a “best efforts basis”.

² Commission Delegated Regulation (EU) 2021/2139 of June 2021, [URL](#)

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
Part 1: Alignment with GBP and GLP	The Issuer has defined a formal concept for its Green Finance Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP and GLP.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Green Finance Instruments will (re-)finance eligible asset categories which include: Energy Efficiency, Water Infrastructure, District Heating, Clean Transportation and Renewable Energy</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">    </div> <p>Process-related use of proceeds categories⁵ individually improve (i) the Issuer's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div>	Positive
Part 3: Alignment with EU Taxonomy	<p>The Fluvius' project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis⁶. The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation ▪ Aligned with the Climate Change Adaptation ▪ Aligned with the Do No Significant Harm Criteria ▪ Not aligned with the Minimum Safeguards requirements 	

³ The evaluation is based on the Fluvius' Green Finance Framework (as of May 24, 2023), and on the ISS ESG Corporate Rating updated on the May 17, 2022 and applicable at the SPO delivery date.

⁴ Energy Efficiency, Water Infrastructure, District Heating, Clean Transportation and Renewable Energy

⁵ Energy Efficiency, Water Infrastructure, and Clean Transportation

⁶ Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

<p>Part 4:</p> <p>Linking the transaction(s) to Fluvius' overall ESG profile</p>	<p>The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. The project categories considered are in line with the sustainability objectives of the Issuer.</p>	<p>Consistent with Issuer's sustainability strategy</p>
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SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES AND LMA GREEN LOAN PRINCIPLES

This section evaluates the alignment of the Fluvius' Green Finance Framework (as of May 24, 2023) with the ICMA Green Bond Principles (GBP) and LMA Green Loan Principles (GLP).

GBP AND GLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Fluvius' Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer's green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined in a clear and transparent manner. Environmental benefits are described.</p> <p>The Issuer defines a look-back period of 3 years, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Fluvius' Green Finance Framework is aligned with the GBP and GLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, also involves various stakeholders in this process which is in line with best market practice. The Issuer identify alignment of their Green Bond framework and their green projects with official European Union taxonomy, which is also in line with best market practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by Fluvius' Green Finance Framework is aligned with the GBP and GLP.</p> <p>The net proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are credited to Fluvius' general account and will be earmarked for allocation to Eligible Green Projects. The</p>

		<p>net proceeds are managed on an aggregated basis for multiple Green Bonds/Loans (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Fluvius' Green Finance Framework is aligned with the GBP and GLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer's website. Fluvius explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope, and frequency of the impact reporting, in line with best market practice.</p> <p>The Issuer discloses the location and link of the report,⁷ also commits to get the allocation report audited by an external party in line with best market practice.</p>

⁷ The allocation report will be reviewed by an independent third party and published on Fluvius' website. More information is available at: <https://over.fluvius.be/en/thema/investor-relations>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

CONTRIBUTION OF THE GREEN FINANCE INSTRUMENTS TO THE UN SDGs⁸

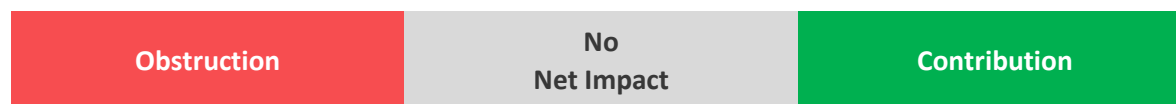
Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.



1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 3-point scale (see Annex 1 for methodology):



Each of the Green Finance Instrument's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs⁹:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Energy efficiency Installation of LED technology for public lighting ¹⁰	Contribution	 

⁸ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁹ The review is limited to the examples of projects spelled out in the framework.

¹⁰ Installation and replacement of energy efficient light sources provided that 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 as per activity 7.3 Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment, criteria (d) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

Water infrastructure

- *Construction, expansion or refurbishment of the sewerage grid in order to transport wastewater to centralized wastewater treatment plants¹¹*
- *Construction, extension and operation of water collection, treatment and supply systems for the separate treatment of wastewater and rainwater, for installations for buffering and infiltrating of water in order to restore the natural cycle for rainwater¹²*

Contribution



District heating

Investments and/or expenditures for the construction and operation of pipelines and associated infrastructure for the distribution of heat, supporting a transition to a net-zero emissions economy, including:

- *design, construction and operations of district heating grids using at least 50% renewable energy, or 50% waste heat, or 75% cogenerated heat, or 50% of a combination of such energy and heat.¹³*

Contribution



Clean transport

Investments and/or expenditures¹⁴ for the:

- *installation of EV charging infrastructure and*
- *electric grid infrastructure that support sustainable mobility and the use of zero-emission vehicles*

Contribution



¹¹ As per activities 5.3. Construction, extension and operation of wastewater collection and treatment and 5.4. Renewal of wastewater collection and treatment of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹² As per activities 5.1 Construction, extension and operation of water collection, treatment and supply systems and 5.2 Renewal of water collection, treatment and supply systems of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹³ For construction and operation of pipelines and associated infrastructure for distributing heating and cooling, the system meets the definition of efficient district heating and cooling systems laid down in Article 2, point 41, of Directive 2012/27/EU, as per activity 4.15 District heating/cooling distribution, criteria (a) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹⁴ Construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport section of Annex I of the EU Taxonomy, as per activity 4.9 Transmission and distribution of electricity, criteria 2(b) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

Renewable energy

Investments and/or expenditures in projects that increase the share of low carbon electricity generation below the threshold of 100 gCO₂e/kWh, or that support the integration of renewable energy into the power grid, including:

- *Direct connection, or expansion of existing direct connection of low carbon electricity generation units below the threshold of 100 gCO₂e/kWh measured on a lifecycle basis to the distribution grid*¹⁵
- *Construction, installation, operation and/or maintenance of distribution infrastructure, including:*
 - *Transformers*¹⁶
 - *medium-voltage and low-voltage distribution systems*¹⁷
- *Development of energy communities*¹⁸¹⁹

Contribution



Renewable energy

Investments and/or expenditures in projects that increase the share of low carbon electricity generation below the threshold of 100 gCO₂e/kWh, or that support the integration of renewable energy into the power grid, including:

- *Development of IT systems directly aimed at enabling solutions for increasing the share of renewable energy, e.g. 'energy sharing', peer-to-peer sale of renewably generated electricity or enhanced flexibility*²⁰

Contribution



¹⁵ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2(a) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹⁶ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2(c) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹⁷ Construction/installation of equipment to allow for exchange of specifically renewable electricity between users, as per activity 4.9 Transmission and Distribution of Electricity, criteria 2(g) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

¹⁸ Ibid

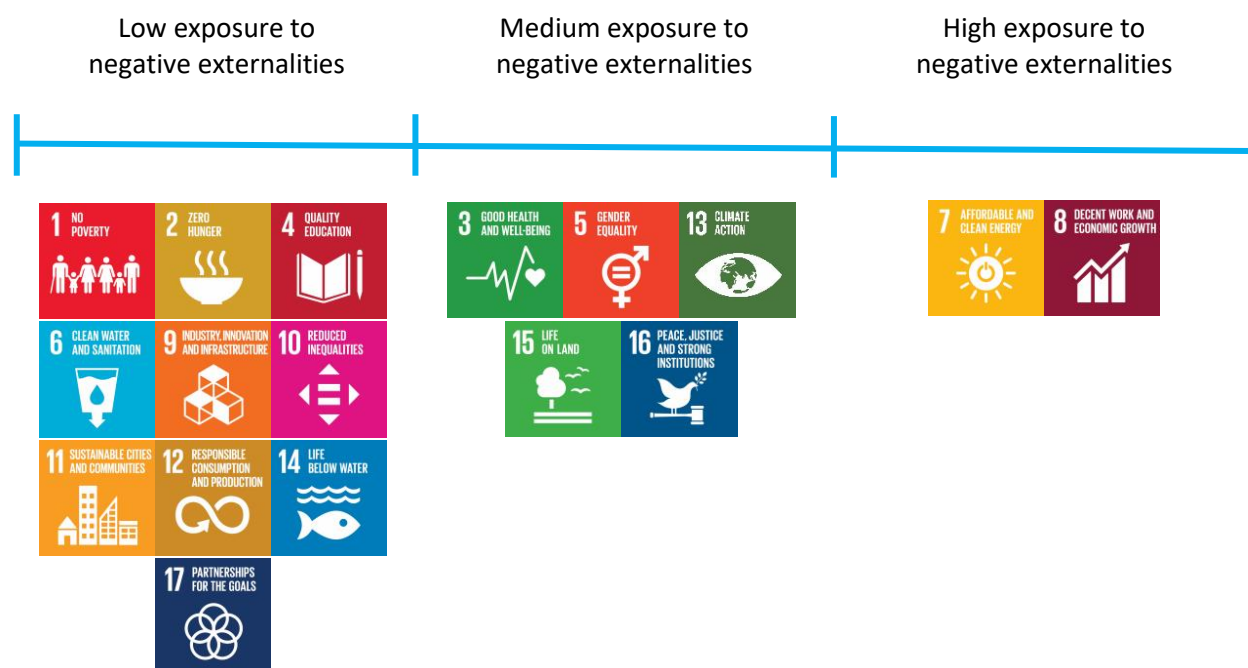
¹⁹ A (renewable) energy community is a group of end consumers who establish a legal entity in order to (i) produce, consume, store and/or sell renewable energy (electricity and/or gas), (ii) provide for grid-supporting services or charging services for EVs as defined in Flemish legislation (Energy Decree art. 4.8.1.-4.8.4.), which allows for such energy communities since 23 January 2023. Fluvius will only finance energy communities that produce, consume, store and/or sell renewable electricity under this Framework.

²⁰ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2(g) of the EU Taxonomy Climate Delegated Acts Technical Screening Criteria

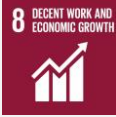
2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities²¹ in the Gas and Electricity Network Operators (to which Fluvius belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ²²	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy efficiency</p> <p>Installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users</p>	<p>✓</p>	

²¹ Please note that the impact of the Issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.
²² Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

for remotely acting on consumption, including customer data hubs.²³

Energy efficiency

Equipment to increase the controllability and observability of the electricity system and enable the development and integration of renewable energy sources, such as²⁴:

- *Sensors and measurement tools (including meteorological sensors for forecasting renewable energy production),*
- *Communication and control tools (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed)*



Energy efficiency

Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation²⁵



Clean transport

Electrification of the Fluvius fleet, including the purchase of electric vehicles where specific emissions of CO₂²⁶ are zero



²³ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2(f) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

²⁴ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2 (e) of the EU Taxonomy Climate Delegate Acts Technical Screening Criteria

²⁵ As per activity 4.9 Transmission and Distribution of Electricity, criteria 2(d) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

²⁶ As defined in Article 3(1), point (h), of Regulation (EU) 2019/631

PART III: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Fluvius' project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed against the relevant Climate Change Mitigation/Adaptation and Do Not Significant Harm Criteria (DNSH) Technical Screening Criteria, and against the Minimum Safeguards requirements of the EU Taxonomy Climate Delegated Act²⁷ (June 2021), based on information provided by Fluvius. Where Fluvius' project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

Fluvius' project selection criteria overlap with the following economic activities in the EU Taxonomy for benchmarking Annex 1 - Climate Change Mitigation:

4.9. Transmission & distribution of electricity

4.15. District heating/cooling distribution

7.3. Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment

Fluvius' project selection criteria overlap with the following economic activities in the EU Taxonomy for benchmarking Annex 2 - Climate Change Adaptation:

5.1. Construction, extension and operation of water collection, treatment and supply systems

5.2. Renewal of water collection, treatment and supply systems

5.3. Construction, extension and operation of wastewater collection and treatment

5.4. Renewal of wastewater collection and treatment


All projects financed under the Green Finance Framework are and will be located in Belgium.

Note: In order to avoid repetition, the evaluation of the alignment of Fluvius' assets to the Do Not Significant Harm (DNSH) Criteria to Climate Change Mitigation is provided in Section i, the evaluation of the alignment to the DNSH to Sustainable Use and Protection of Water and Marine Resources is given in Section j, the evaluation of the alignment to the DNSH to Pollution Prevention and Control Regarding Use and Presence of Chemicals is given in Section K and , the evaluation of the alignment to the DNSH to Protection and Restoration of Biodiversity and Ecosystems is given in Section l.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following links – [Climate Change Mitigation](#) and [Climate Change Adaptation](#).

²⁷ European Commission, Implementing and delegated acts, Taxonomy Regulation (2021), More information is available at: https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

a) 4.9 - Transmission and distribution of electricity

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²⁸	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Fluvius, confirms that its grid is connected to subordinated systems of the European system. Fluvius' distribution network is linked to Elia's transmission network; Elia's transmission network is connected to the European electricity grid i.e. the interconnected control areas of member states, Norway, Switzerland and the United Kingdom, and its subordinated systems.</p> <p>Fluvius confirms that under this Framework, the Renewable energy distribution infrastructure and equipment in an electricity system complies with at least one of the following criteria:</p> <ul style="list-style-type: none"> ▪ construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 gCO₂e/kWh measured on a life cycle basis to a substation or network ▪ installation of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 548/2014²⁹ and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AKAA0 level requirements on no-load losses set out in standard EN 50588-1³⁰ ▪ construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of EUT ▪ construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation ▪ installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including: <ul style="list-style-type: none"> (i) sensors and measurement tools (including meteorological sensors for forecasting renewable production); (ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed). ▪ installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of 	

²⁸ This column is based on input provided by the issuer.

²⁹ Commission Regulation (EU) No 548/2014 of 21 May 2014 on implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to small, medium and large power transformers (OJ L 152, 22.5.2014, p. 1).

³⁰ CEI EN 50588-1 Medium power transformers 50 Hz, with highest voltage for equipment not exceeding 36 kV.

<p>Directive (EU) 2019/944 of the European Parliament and of the Council³¹, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs</p> <ul style="list-style-type: none"> ▪ construction/installation of equipment to allow for exchange of specifically renewable electricity between users 	
<p>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>See h)</p>	<p>✓</p>
<p>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A: there are no EU Taxonomy criteria for the category</p>	
<p>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>Fluvius, confirms that a waste management plan is place that meets the circular economy criteria of this activity. The waste management plan ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.</p>	<p>✓</p>
<p>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>Fluvius confirms that projects financed under this framework comply with the EU Taxonomy Technical Screening Criteria for 4.9 - Transmission and distribution of electricity and Smart Metering systems, which includes the DNSH criteria on ‘Pollution prevention and control’ requiring that:</p> <ul style="list-style-type: none"> ▪ activities respect applicable norms and regulations to limit impact of electromagnetic radiation on human health, including for activities carried out in the Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz) and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP). ▪ activities do not use PCBs polychlorinated biphenyls. <p>Fluvius is not involved in the construction of HV lines, therefore the IFC General Environmental, Health, and Safety Guidelines do not apply to the issuer. However, the safety and environmental guidelines are taken into consideration while awarding infrastructure work.</p>	<p>✓</p>
<p>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>See j)</p>	<p>✓</p>


³¹ Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158/125, 14.6.2019),

b) 4.15. District heating/cooling distribution

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³²	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Fluvius, confirms that for distributing heating and cooling, the activity meets the following criteria:</p> <ul style="list-style-type: none"> construction and operation of pipelines and associated infrastructure for distributing heating and cooling, the system meets the definition of efficient district heating and cooling systems laid down in Article 2, point 41, of Directive 2012/27/EU 	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See h)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
See i)	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
<p>The issuer's environmental regulation for the provision of goods and services includes specifications that ensure compliance with Directive 2009/125/EC of the regulation. Section 5.1 Eco Design ensures that the contractor takes into account the various environmental aspects - full life cycle from the raw materials used up to the disposal in such a way that the environmental impact is minimal. The product is required to comply with the applicable regulations as well as the minimum requirements and standards according to the technical specifications.</p>	✓
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See j)	✓

³² This column is based on input provided by the issuer.

c) 5.1. Construction, extension and operation of water collection, treatment and supply systems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³³	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE ADAPTATION	
<p>Fluvius confirms to have implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to the activity financed.</p> <p>Through a GAP analysis report performed by an external consultant (Deloitte Belgium). The issuer confirms to the following:</p> <p>The physical climate risks (temperature, water and wind related) that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment with the following steps:</p> <ul style="list-style-type: none"> ▪ screening of the activity to identify which physical climate risks from the list in Appendix A Classification of climate related hazards³⁴ may affect the performance of the economic activity during its expected lifetime ▪ where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity ▪ an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The expected lifespan of projects is 50 to 100 years (depending on the asset class), and climate risk and vulnerability assessment is conducted using the highest available resolution, using IPCC scenarios³⁵ consistent with the expected lifetime of the activity, including, for representative climate projections of up to 50 years.</p> <p>The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports,³⁶ scientific peer-reviewed publications and open source or paying models. Representative Concentration</p>	

³³ This column is based on input provided by the issuer.

³⁴ EU Taxonomy Climate Delegated Act, 2021, Annex 2, [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex_2)

³⁵ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

³⁶ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

Pathway 8.5 (RCP8.5) is identified as the best suited climate projection to perform Fluvius' physical climate risk assessment.

The adaptation solutions implemented include:

- Nature based solutions such as-
 - ensuring flood protection with NBS due to storms with heavy rainfall
 - planning additional flood protection overground and/or channel retention underground in areas of high-risk flooding and high criticality
- Non-nature based solutions such as-
 - regularly inspecting channels to detect damages (e.g. induced by frost damage) in underground pipes to prevent leakages of wastewater into the ground
 - ensuring there are no trees or other infrastructure in the immediate vicinity of the sewage treatment plant and the inlet channel to prevent damages

2. CLIMATE CHANGE MITIGATION – DO NO SIGNIFICANT HARM CRITERIA

N/A: there is no EU Taxonomy criteria for the category

3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA

See i)



4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

N/A: there is no EU Taxonomy criteria for the category

5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA


N/A: there is no EU Taxonomy criteria for the category

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

See j)



d) 5.2. Renewal of water collection, treatment and supply systems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ³⁷	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE ADAPTATION	
<p>Fluvius confirms to have implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to the activity financed.</p> <p>Through a GAP analysis report performed by an external consultant (Deloitte Belgium). The issuer confirms to the following:</p> <p>The physical climate risks (temperature, water and wind related) that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment with the following steps:</p> <ul style="list-style-type: none"> ▪ screening of the activity to identify which physical climate risks from the list in Appendix A Classification of climate related hazards³⁸ may affect the performance of the economic activity during its expected lifetime ▪ where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity ▪ an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The expected lifespan of projects is 50 to 100 years (depending on the asset class), and climate risk and vulnerability assessment is conducted using the highest available resolution, using IPCC scenarios³⁹ consistent with the expected lifetime of the activity, including, for representative climate projections of up to 50 years.</p> <p>The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports,⁴⁰ scientific peer-reviewed publications and open source or paying models. Representative Concentration Pathway 8.5 (RCP8.5) is identified as the best suited climate projection to perform Fluvius' physical climate risk assessment.</p>	

³⁷ This column is based on input provided by the issuer.


³⁸ EU Taxonomy Climate Delegated Act, 2021, Annex 2, [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex-2)

³⁹ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

⁴⁰ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

<p>The adaptation solutions implemented include:</p> <ul style="list-style-type: none"> ▪ Nature based solutions such as- <ul style="list-style-type: none"> ○ ensuring flood protection with NBS due to storms with heavy rainfall ○ planning additional flood protection overground and/or channel retention underground in areas of high-risk flooding and high criticality ▪ Non-nature based solutions such as- <ul style="list-style-type: none"> ○ regularly inspecting channels to detect damages (e g induced by frost damage) in underground pipes to prevent leakages of wastewater into the ground ○ ensuring there are no trees or other infrastructure in the immediate vicinity of the sewage treatment plant and the inlet channel to prevent damages 	
2. CLIMATE CHANGE MITIGATION – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
N/A: there is no EU Taxonomy criteria for the category	
3. WATER AND MARINE RESOURCES – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
See i)	✓
4. CIRCULAR ECONOMY – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
N/A: there is no EU Taxonomy criteria for the category	
5. POLLUTION – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
N/A: there is no EU Taxonomy criteria for the category	
6. BIODIVERSITY AND ECOSYSTEMS – <i>DO NO SIGNIFICANT HARM CRITERIA</i>	
See j)	✓

e) 5.3. Construction, extension and operation of wastewater collection and treatment




PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴¹	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE ADAPTATION	
<p>Fluvius confirms to have implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to the activity financed.</p> <p>Through a GAP analysis report performed by an external consultant (Deloitte Belgium). The issuer confirms to the following:</p> <p>The physical climate risks (temperature, water and wind related) that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment with the following steps:</p> <ul style="list-style-type: none"> ▪ screening of the activity to identify which physical climate risks from the list in Appendix A Classification of climate related hazards⁴² may affect the performance of the economic activity during its expected lifetime ▪ where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity ▪ an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The expected lifespan of projects is 50 to 100 years (depending on the asset class), and climate risk and vulnerability assessment is conducted using the highest available resolution, using IPCC scenarios⁴³ consistent with the expected lifetime of the activity, including, for representative climate projections of up to 50 years.</p> <p>The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports,⁴⁴ scientific peer-reviewed publications and open source or paying models. Representative Concentration Pathway 8.5 (RCP8.5) is identified as the best suited climate projection to perform Fluvius' physical climate risk assessment.</p>	

⁴¹ This column is based on input provided by the issuer.

⁴² EU Taxonomy Climate Delegated Act, 2021, Annex 2, [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex-2)


⁴³ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

⁴⁴ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

<p>The adaptation solutions implemented include:</p> <ul style="list-style-type: none"> ▪ Nature based solutions such as- <ul style="list-style-type: none"> ○ ensuring flood protection with NBS due to storms with heavy rainfall ○ planning additional flood protection overground and/or channel retention underground in areas of high-risk flooding and high criticality ▪ Non-nature based solutions such as- <ul style="list-style-type: none"> ○ regularly inspecting channels to detect damages (e g induced by frost damage) in underground pipes to prevent leakages of wastewater into the ground ○ ensuring there are no trees or other infrastructure in the immediate vicinity of the sewage treatment plant and the inlet channel to prevent damages 	
<p>2. CLIMATE CHANGE MITIGATION – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>The issuer confirms that direct GHG emissions assessment that meets all necessary Taxonomy criteria has been conducted. The latest publicly available emission figures are for the year 2020 and are disclosed in the annual report.⁴⁵ The results are disclosed to investors and clients on demand.</p>	
<p>3. WATER AND MARINE RESOURCES – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>See i)</p>	
<p>4. CIRCULAR ECONOMY – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>5. POLLUTION – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>6. BIODIVERSITY AND ECOSYSTEMS – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>See j)</p>	

⁴⁵ The emissions were still being calculated for the 2021-2022 cycle during the compilation of the annual report and hence are not publicly disclosed.

f) 5.4. Renewal of wastewater collection and treatment




PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁴⁶	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE ADAPTATION	
<p>Fluvius confirms to have implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to the activity financed.</p> <p>Through a GAP analysis report performed by an external consultant (Deloitte Belgium). The issuer confirms to the following:</p> <p>The physical climate risks (temperature, water and wind related) that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment with the following steps:</p> <ul style="list-style-type: none"> ▪ screening of the activity to identify which physical climate risks from the list in Appendix A Classification of climate related hazards⁴⁷ may affect the performance of the economic activity during its expected lifetime ▪ where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity ▪ an assessment of adaptation solutions that can reduce the identified physical climate risk. <p>The expected lifespan of projects is 50 to 100 years (depending on the asset class), and climate risk and vulnerability assessment is conducted using the highest available resolution, using IPCC scenarios⁴⁸ consistent with the expected lifetime of the activity, including, for representative climate projections of up to 50 year.</p> <p>The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports,⁴⁹ scientific peer-reviewed publications and open source or paying models. Representative Concentration Pathway 8.5 (RCP8.5) is identified as the best suited climate projection to perform Fluvius' physical climate risk assessment.</p>	

⁴⁶ This column is based on input provided by the issuer.

⁴⁷ EU Taxonomy Climate Delegated Act, 2021, Annex 2, [taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2021/2800/annex-2)

⁴⁸ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

⁴⁹ Assessments Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing the science related to climate change produces, <https://www.ipcc.ch/reports/>.

<p>The adaptation solutions implemented include:</p> <ul style="list-style-type: none"> ▪ Nature based solutions such as- <ul style="list-style-type: none"> ○ ensuring flood protection with NBS due to storms with heavy rainfall ○ planning additional flood protection overground and/or channel retention underground in areas of high-risk flooding and high criticality ▪ Nature based solutions such as- <ul style="list-style-type: none"> ○ regularly inspecting channels to detect damages (e g induced by frost damage) in underground pipes to prevent leakages of wastewater into the ground ○ ensuring there are no trees or other infrastructure in the immediate vicinity of the sewage treatment plant and the inlet channel to prevent damages 	
<p>2. CLIMATE CHANGE MITIGATION – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>The issuer confirms that direct GHG emissions assessment that meets all necessary Taxonomy criteria has been conducted. The latest publicly available emission figures are for the year 2020 and are disclosed in the annual report.⁵⁰ The results are disclosed to investors and clients on demand.</p>	
<p>3. WATER AND MARINE RESOURCES – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>See i)</p>	
<p>4. CIRCULAR ECONOMY – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>5. POLLUTION – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>6. BIODIVERSITY AND ECOSYSTEMS – <i>DO NO SIGNIFICANT HARM CRITERIA</i></p>	
<p>See j)</p>	

⁵⁰ The emissions were still being calculated for the 2021-2022 cycle during the compilation of the annual report and hence are not publicly disclosed.


g) 7.3. Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁵¹	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Fluvius has provided confirmation that it complies 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 for:</p> <ul style="list-style-type: none"> ▪ Installation and replacement of energy efficient light sources⁵² 	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See h)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
<p>Fluvius confirms that for all projects financed under this framework comply with the EU Taxonomy Appendix C DNSH criteria on ‘Pollution prevention and control’. The activity meets the technical specifications, and the lighting units meet all applicable regulatory requirements and certifications.</p>	✓
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	

⁵¹ This column is based on input provided by the issuer.

⁵² Installation and replacement of energy efficient light sources provided that 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 as per activity 7.3 Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment, criteria (d) of the EU Taxonomy Climate Delegated Acts Technical Screen Criteria

h) *Generic Criteria for DNSH to Climate Change Adaptation*


PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁵³	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>Fluvious has provided an analysis of its alignment with the Do No Significant Harm Climate Change Adaptation criteria through a Physical Climate Risk Assessment in the context of EU Taxonomy provided by an external consultant (Deloitte Belgium).</p> <p>The physical climate risk assessment has been performed and two major climate related hazards have been identified as having a major impact on the assets of Fluvious – water-related hazards (floods) and wind-related hazards. Floods pose a significant risk to electricity and building (such as offices, control centra and warehouses) assets As an illustration, based on the assessment 2 out of 4 control centers are anticipated to have a very high risk for fluvial flooding if a 1000 year storm happens to occur. Secondly, risks associated with wind are having the most notable effect on overhead assets, specifically aboveground electricity lines (where 3 of MV lines and 2 of LV cables are projected to be at a very high risk) and public lighting poles (where 5 of assets are expected to be at a very high risk). Hazards related to temperature and water have been identified as having a limited impacts on the assets.</p> <p>The expected lifespan of projects is 50 to 100 years (depending on the asset class), and climate risk and vulnerability assessment is conducted using the highest available resolution, using IPCC scenarios⁵⁴ consistent with the expected lifetime of the activity, including, for representative climate projections of up to 50 years. Representative Concentration Pathway 8.5 (RCP 8.5) is identified as the best suited climate projection to perform Fluvious’ physical climate risk assessment.</p> <p>Fluvious climate risks were identified on an asset category level and classified on a five-level scale ranging from very-high risk to very low risk. As an example, for the electricity asset – medium voltage transformer, the highest risk is associated with:</p> <ul style="list-style-type: none"> ▪ Sea level rise: 3% of the assets are at very high risk, while 4% are at high risk ▪ Flooding: Between 1% and 2% of transformers (on pole) are at very high risk due to pluvial and fluvial flooding respectively Pluvial flooding additionally places 8% of the assets at high risk, while fluvial flooding adds 1% of the assets to the high-risk level ▪ Storms: 9% of the assets are observed to be at high risk <p>Fluvious has initiated the development of adaptation solutions that may be nature-based or non-nature based solutions having no negative impact on other adaptation efforts. A nature-based adaptation option considered for water related risk in electricity assets is design improved flood protection measures for equipment</p>	

⁵³ Ibid.

⁵⁴ Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.

mounted at ground level in substations with NBS were as a non-nature based solution for wind related risk includes the requirement of higher standards for distribution poles.


i) Generic Criteria for DNSH to Sustainable Use and Protection of Water and Marine Resources

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁵⁵	ALIGNMENT WITH THE EU TAXONOMY
3. SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>Fluvius confirms that all its activities affecting water require strict permits and measures to ensure that water risks are addressed. Additionally, water risks are covered under Eandis⁵⁶ environmental care management system which ensures that necessary environmental measures are included in the process documents and instructions to manage the operational risks related to water and groundwater. Sub process 3 of the system involves identification of environmental aspects analysis, risk assessment and risk management, that enables the organization to identify, evaluate and manage its environmental risks on an ongoing basis. A dynamic risk management system called environmental aspect analysis helps secure necessary preventive and corrective control measures that help reduce the impact of activities. This environmental aspect analysis is performed both in normal work and emergency situations as well as for activities or services as well as for materials, tools or products used.</p> <p>Guidelines are in place to supplement protection of water bodies as required by permits. Fluvius indicates that its impact on water is relatively small. Fluvius is not legally required to carry out an Environmental Impact Assessment. Fluvius’ activities (district heating and cooling systems, water supply and water and wastewater collection and treatment systems) affecting water require strict permits which require that water risks are addressed, and the regional legislation requires an impact on water in accordance with directive 2000/60/EC.</p> <p>Fluvius only operates a few small treatment facilities, whereby Fluvius only treats wastewater to a level suitable for release in surface water; it does not treat wastewater for direct use in agriculture.</p> <p>Fluvius works towards preserving water quality and avoiding water stress and has a water management plan, developed thereunder for the potentially affected water bodies, in consultation with relevant stakeholders.</p>	

⁵⁵ Ibid.

⁵⁶ Fluvius was formed from the merger of Eandis System Operator cvba and Infrax cvba on July 1, 2018.

j) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁵⁷	ALIGNMENT WITH EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>Fluvius confirms that it is not legally required to carry out any Environmental Impact Assessments. Fluvius does not operate activities requiring an EIA according to the Decree of the Flemish government as of December 10, 2004.⁵⁸</p> <p>However, permits issued for sites/operations near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, is included in the permit requirements. Belgium's regional legislation requires an assessment of the impact on biodiversity to be integrated in environmental impact assessments. Particular attention is given to the impact on biodiversity-sensitive areas, notably Natura 2000 sites. When a project is located in or near a Natura 2000 site, the directive 'Flanders: Decree for the protection of nature and the natural environment (21/10/1997)' requires an appropriate assessment to be conducted.</p> <p>Additionally, sub-process 3 of the environmental care management system involves identification of environmental aspects analysis, risk assessment and risk management, that enables the organization to identify, evaluate and manage its environmental risks on an ongoing basis. A dynamic risk management system called environmental aspect analysis helps secure necessary preventive and corrective control measures that help reduce the impact of activities. This environmental aspect analysis is performed both in normal work and emergency situations as well as for activities or services as well as for materials, tools or products used.</p>	

⁵⁷ Ibid.

⁵⁸ EIA Decision 2004, Decree of the Flemish Government of 10 December 2004 establishing the categories of projects subject to environmental impact assessment. More information is available at: <https://navigator.emis.vito.be/detail?wold=267>

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards as described in Article 18 of the Taxonomy Regulation⁵⁹ have been assessed. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁶⁰	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT						
<p>Fluvius does not have a formal Human Rights Due Diligence (HRDD) policy in place. The issuer in its annual report discloses its ethical charter and internal policies such as fraud policy, non-discrimination, gender diversity, labour relations etc. which ensure that responsible business conduct has been embedded in its operations.</p> <p>Additionally, Fluvius commits to the ILO Declaration on Fundamental Principles and Rights at Work and is bound by the Federal Government of Belgium’s National Action Plan to implement the “Guiding Principles on Business and Human Rights”. As a member of the E.DSO Sustainable Grid Charter, Fluvius commits to its economic activities observing the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.</p> <p>However, there are very limited reference in the annual report on the approach to HRDD, and actions taken to avoid and address adverse impacts.</p> <p>Fluvius has priority plan in place to address risk management of human rights in their supply chain. This plan aims to develop policy, structure and processes across Fluvius’ supply chain in order to identify, assess, cease, prevent, mitigate, remediate, track and communicate any adverse impacts to its supply chain. The issuer has the following timeline for implementation of risk management of human rights in supply chain:</p> <table border="1" data-bbox="209 1458 1230 1787"> <thead> <tr> <th data-bbox="209 1458 890 1525">ACTION</th> <th data-bbox="890 1458 1230 1525">TARGET</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 1525 890 1615">1. Identify and assess adverse impacts.</td> <td data-bbox="890 1525 1230 1615">End of June 2023</td> </tr> <tr> <td data-bbox="209 1615 890 1787">2. Cease, prevent, mitigate, and remediate adverse impacts + track the implementation of these actions and its results.</td> <td data-bbox="890 1615 1230 1787">End of September 2023</td> </tr> </tbody> </table>	ACTION	TARGET	1. Identify and assess adverse impacts.	End of June 2023	2. Cease, prevent, mitigate, and remediate adverse impacts + track the implementation of these actions and its results.	End of September 2023	<p style="text-align: center;">○</p>
ACTION	TARGET						
1. Identify and assess adverse impacts.	End of June 2023						
2. Cease, prevent, mitigate, and remediate adverse impacts + track the implementation of these actions and its results.	End of September 2023						

⁵⁹ Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 More information is available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

⁶⁰ This column is based on input provided by the issuer.

- | | |
|--|-------------------|
| 3. Communicate publicly on the approach to HRDD, and actions taken to avoid and address adverse impacts. | End December 2023 |
|--|-------------------|

The issuer's whistleblowing procedure has been developed in accordance with European rules and Belgian legislation. Employees can report possible or suspected violations of the Ethical Charter or external rules to the Deontological Cell. A customer contact center or the Flemish ombudsperson service for energy is available for external stakeholders as a grievance mechanism.

The issuer shows strong commitment towards minimum safeguards requirement. The complete alignment will be subject to the due diligence process and supporting measures put in place for operations and business relations in line with the OECD guidelines.

PART IV: LINKING THE TRANSACTION(S) TO FLUVIUS' ESG PROFILE

A. CONSISTENCY OF GREEN FINANCE INSTRUMENTS WITH FLUVIUS' SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

Fluvius' commitment to corporate social responsibility (CSR) and Sustainability is laid down in its CSR Charter⁶¹. It was approved by the Board of Directors on December 4, 2019. Additionally, reporting on the specific sustainability and CSR aspects is done with reference to the Global Reporting Initiative (GRI) standards (version 2021).

Fluvius seeks to adhere to the EU Green Deal general objectives of (i) Europe becoming climate-neutral by 2050 and (ii) protecting human life, animals and plants by cutting pollution and thus reports on its actions and performance by making use of the EU Taxonomy.

Fluvius has defined four strategic objectives for its sustainability policies:

- Energy transition
- Climate adaptation
- Digitisation
- Working sustainably

In 2022, Fluvius took an initiative to strengthen and deepen its sustainability policy and CSR. Fluvius has defined its sustainability policy priorities as 1) reducing the ecological footprint (CO₂) of its own activities and (2) making its supply chain more sustainable.

Fluvius has set sustainability targets, in its "Vision 2050⁶² – the Flemish energy grids of the future" policy document with an aim 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). Fluvius is responsible for implementing the Flemish Energy & Climate Plan. Fluvius has a strategy for the adaptation of the utility grids for which they are responsible. In mid-2022, Fluvius released its 2023-2032⁶³ Energy & Climate Transition investment plan which outlines and quantifies in detail what investments are needed to bring about the energy and climate transition in terms of budgetary impact and financing needs in Flanders. Fluvius Economic Group will fully align its investment plan with the Flemish Energy & Climate Plan 2021-2030 which is approved by the energy regulator.

Fluvius' Environmental Plan 2021-2025 has been put in place to meet the climate policy objectives which will be executed through annual action plans. The company's climate ambitions include:

- For the activities under Fluvius' direct control, they aim at a minimum reduction of carbon emissions by 30% by 2030 (compared to the base year 2020)

⁶¹ Fluvius, January 2020, Corporate Social Responsibility Charter, <https://over.fluvius.be/sites/fluvius/files/2019-12/9010106-mvo-charter-2019-en.pdf>

⁶² More information is available at [visie-netbeheer-van-de-toekomst-nota.pdf \(fluvius.be\)](https://www.fluvius.be/visie-netbeheer-van-de-toekomst-nota.pdf)

⁶³ Fluvius, October 2022, Investment plan 2023-2032, <https://partner.fluvius.be/sites/fluvius/files/2022-09/investeringsplan-2023-2032-versie-ingediend-bij-vreg.pdf>

- For all of their activities, they aim at being a net-zero organisation by 2050.

The ultimate responsibility for Fluvius' CSR and sustainability policy lies with the company's highest governance body, the Board of Directors. The Board has delegated responsibility for implementing this policy to the Management Committee. Every department within Fluvius is responsible for the CSR and sustainability actions that fall within its own area of responsibility. The CSR Board, in which several segments of the company are represented, coordinates and inspires relevant actions. It also formulates recommendations to the Management Committee, and reports to the Management Committee and/or the Board of Directors.

Fluvius issued its debut green bond on December 2, 2020 (settlement date). It was a 10-year EUR 600 million bond with a fixed annual coupon of 0.250%. The issue was arranged under the issuer's Euro Medium Term Note (EMTN) Programme and is listed on Euronext Brussels exchange.

The issuer is a signatory of the European Distribution System Operators (E.DSO) Sustainable Grid charter⁶⁴ and a member of The Shift, a Belgian sustainability network and community for companies that commit themselves to bring about a climate and sustainability transition.

The issuer does not have any verified Science-based target. The issuer confirms that according to recent SBTi internal policy, companies involved in gas distribution are de facto excluded from using SBTi verified targets. However, the issuer intends to set SBTi inspired targets⁶⁵ for activities under their direct control in the future.

Rationale for issuance

Fluvius has established Green Financing Framework to demonstrate company's commitment towards their sustainability strategy. Through the Green Financing Framework, the company aims at highlighting its important contribution to sustainable solutions for the Flemish Region at large, particularly its energy system. Fluvius' ultimate purpose is to safeguard reliable, efficient, sustainable and affordable utility services for the Flemish people and economy. According to Fluvius, Green Finance Instruments are efficient tools in the transition towards a low carbon economy, a more decentralised energy system, as well as in climate adaptation.

The issuance of Green Finance Instruments will especially contribute to either one of the following environmental objectives:

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

⁶⁴ E.DSO promotes and enables customers empowerment and the increase in the use of clean energy sources through electrification, the development of smart and digital grid technologies in real-life situations, new market designs and regulation. More information on the E.DSO Sustainable Grid charter is available at https://www.esbnetworks.ie/docs/default-source/publications/edso_sustainable-grid-chartercbbad5c8-1421-415e-ad04-94d3f52e7695.pdf?sfvrsn=8fd3c93a_7

⁶⁵ Annual Report, Fluvius System Operator, 2022, Climate policy and approach to reducing CO₂ emissions, Page 56.

while, at the same time, respecting the principle of “Do No Significant Harm” and complying with generally accepted minimum social safeguards.

Opinion: *The key sustainability objectives and the rationale for issuing Green Finance Instruments are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

B. FLUVIUS' BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Gas and Electricity Network Operators, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Environmentally safe operation of plants and infrastructure
Promotion of a sustainable energy system
Worker safety and accident prevention
Accessibility and reliability of energy supply
Protection of human rights and community outreach

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

Using a proprietary methodology, ISS ESG assessed the contribution of Fluvius' current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the company's production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Gas and Electricity Network Operators industry are as follows: Failure to mitigate climate change impacts, Failure to respect the right to life and Failure to respect the right to safe and healthy working conditions.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Finance Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows if Fluvius' project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Fluvius (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Fluvius' Green Finance Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Fluvius (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Fluvius' Green Finance Instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Fluvius commissioned ICS to compile a Green Finance Instruments SPO. The Second Party Opinion process includes verifying whether the Green Finance Framework aligns with the GBP and GLP and to assess the sustainability credentials of its Green Finance Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (as of June 2021 with June 2022 Appendix 1)
- LMA Green Loan Principles (as of February 2023)
- EU Taxonomy Climate Delegated Act (as of June 2021)

ISSUER'S RESPONSIBILITY

Fluvius' responsibility was to provide information and documentation on:

- Green Finance Framework
- Eligibility Criteria
- Documentation on the alignment of the project categories with the EU Taxonomy Climate Delegated Act

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green Finance Instruments to be issued by Fluvius has been conducted based on a proprietary methodology and in line with the ICMA GBP and GLP.

The engagement with Fluvius took place from March to May 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the

verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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