

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Finance Framework

Groep Genk

31 January 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainability finance instruments

Relevant standards

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)
- Sustainability Bond Guidelines, ICMA, June 2021
- Green Loan Principles, LMA, February 2023
- Social Loan Principles, LMA, February 2023
- Groep Genk's Sustainability Finance Framework (as of Jan. 30, 2025)
- Groep Genk's eligibility criteria (as of Jan. 30, 2025)

Scope of verification

Lifecycle

Validity

- Pre-issuance verification
- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Groep Genk (“the Issuer” or “Genk”) commissioned ISS-Corporate to assist with its sustainability finance instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Genk’s Sustainability Finance Framework (as of Jan. 30, 2025), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG), and the Loan Market Association’s (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against ISS-Corporate’s proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of sustainability finance instruments with Genk’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

GROEP GENK OVERVIEW

Genk is a city located in the Belgian province of Limburg. It evolved from a rural village in the beginning of the 20th century into a city in 2000. The city has about 68,000 residents, and the [average salary](#) is around EUR 60,700 per year. In 2019, the total CO₂ emissions of Genk were 339.43 kilotons. The city has reduced its CO₂ emissions by 17% in 2019 compared to 2011.

ESG risks associated with sovereign Issuers

ISS ESG’s Country Rating identifies sustainability risks in the following key areas for Belgium:¹ political system and governance, human rights and fundamental freedoms, social conditions, natural resources, climate change and energy, and production and consumption.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer’s overall sustainability strategy.



¹ Please note that this is not an Issuer-specific assessment.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP, SBP, SBG, GLP and SLP</p>	<p>The Issuer has defined a formal concept for its sustainability finance instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP, SBP, SBG, GLP and SLP.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the eligibility criteria</p>	<p>The sustainability finance instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Sustainable Water and Wastewater Management, Climate Change Adaptation, and Green Buildings.</p> <p>Social categories: Affordable Basic Infrastructure, Access to Essential Services, and Affordable Housing.</p> <p>Product and/or service-related use of proceeds categories³ individually contribute to one or more of the following SDGs:</p> <div data-bbox="517 1458 1098 1688" data-label="Image"> </div> <p>Other use of proceeds categories improve the operational impacts of Genk’s borrower(s) and</p>	<p>Positive</p>

² The evaluation is based on Genk’s Sustainability Finance Framework (Jan. 30, 2025), on the selection criteria as received on Jan. 30, 2025.

³ Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation, Sustainable Water and Wastewater Management, Climate Change Adaptation, and Green Buildings.

SPO SECTION	SUMMARY	EVALUATION ²
	<p>mitigate potential negative externalities of its sector on one or more of the following SDGs:</p> <div data-bbox="691 443 924 557" style="text-align: center;">   </div> <p>The environmental and social risks associated with the use of proceeds categories are managed.</p>	
<p>Part III:</p> <p>Consistency of sustainability finance instruments with Genk’s sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing sustainability finance instruments are clearly described by the Issuer. All the project categories considered are in line with the Issuer’s sustainability objectives.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES, SUSTAINABILITY BOND GUIDELINES, GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of Genk’s Sustainability Finance Framework (as of Jan. 30, 2024) with the GBP, SBP, SBG, GLP and SLP.

GPB, SBP, SBG, GLP, AND SLP	ALIGNMENT	OPINION
<p>1. Use of proceeds</p>	<p>Aligned</p>	<p>The use of proceeds description provided by Genk’s Sustainability Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, SBG, GLP and SLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental and social benefits are described.</p> <p>The Issuer estimates 100% of the short-term Sustainability Finance Instruments (commercial papers) will be used for financing purposes. The Issuer defines a look-back period of two years, in line with best market practice.</p>
<p>2. Process for project evaluation and selection</p>	<p>Aligned</p>	<p>The process for project evaluation and selection description provided by Genk’s Sustainability Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The project selection process is defined. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population.</p> <p>The Issuer provides information on how the selection and evaluation process fits within the</p>

GPB, SBP, SBG, GLP, AND SLP	ALIGNMENT	OPINION
		<p>context of its overarching objectives, strategy, policy and/or processes relating to environmental and social sustainability, in line with best market practices.</p>
<p>3. Management of proceeds</p>	<p>Aligned</p>	<p>The management of proceeds provided by Genk’s Sustainability Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed on an aggregated basis for multiple green or social bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that each loan tranche will be clearly labeled as green/social/sustainable.</p> <p>The Issuer has defined an expected allocation period, in line with best market practices.</p>
<p>4. Reporting</p>	<p>Aligned</p>	<p>The allocation and impact reporting provided by Genk’s Sustainability Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. Genk has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>The Issuer structures and defines the reporting process and frequency for commercial papers.</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. Furthermore, the Issuer</p>

GPB, SBP, SBG, GLP, AND SLP	ALIGNMENT	OPINION
		commits to get the allocation report audited by an external party, in line with best market practices.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SUSTAINABILITY FINANCE INSTRUMENTS TO THE U.N. SDGs⁴

The Issuer can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being a responsible actor, working to minimize negative externalities in its operations along the entire value chain. This section assesses 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 ISS ESG’s SDG Solutions Assessment, a proprietary methodology designed to assess the impact of an Issuer’s products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU taxonomy Climate Delegated Acts, the Green/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 a three-point scale:





Each of the sustainability finance instruments’ use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

Green Categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy <i>Investments in or investment subsidies for the production or distribution of energy</i>	Contribution	 

⁴ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer’s description in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>stemming from natural sources or processes that are constantly replenished, such as:</i></p> <ul style="list-style-type: none"> ▪ Onshore wind projects ▪ Solar photovoltaic power 		
<p>Energy Efficiency</p> <p><i>Investments in or investment subsidies for energy efficiency projects in:</i></p> <ul style="list-style-type: none"> ▪ Battery storage with energy input coming from renewable energy production ▪ District heating⁵ ▪ Smart grids, appliances and products⁶ 	Contribution	
<p>Pollution Prevention and Control</p> <p><i>Investments in or investment subsidies for projects such as soil remediation.⁷</i></p>	Contribution	
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p><i>Investments in or investment subsidies for projects involving:</i></p> <ul style="list-style-type: none"> ▪ Afforestation or reforestation⁸ ▪ Preservation or restoration of natural landscapes⁹ ▪ Creation of green public spaces¹⁰ 	Contribution	
<p>Clean Transportation</p> <p><i>Investments in or investment subsidies for clean transportation projects:</i></p>	Contribution	

⁵ The category financed aligns with the substantial contribution technical screening criteria of EU taxonomy Activity 4.15.


⁶ The energy used will come exclusively from renewable sources (solar and wind projects).

⁷ The city of Genk has not caused soil degradation. The investments in soil remediation will be focused on the creation of public infrastructure functions and will not go to private agents.

⁸ In all cases, the city of Genk will not have caused any previous damage to the projects that will be restored.

⁹ The city of Genk has not caused damage to natural landscapes. The city of Genk's investments will be focused on the creation of public areas and/or infrastructure and will not go to private agents.

¹⁰ The creation of green public spaces will accelerate the recovery of different ecosystems such as groundwater levels and contribute to lower levels of drought and heat stress, without previously being detrimental.


USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> ▪ <i>Cycling infrastructure</i> ▪ <i>Infrastructure for clean energy vehicles¹¹</i> ▪ <i>EV public transportation or tramways</i> 	<p style="text-align: center;">Contribution</p>	
<p>Sustainable Water and Wastewater Management</p> <p><i>Investments in or investment subsidies for projects involving river training and other forms of flood mitigation.¹²</i></p>		
<p>Climate Change Adaptation</p> <p><i>Investments in or investment subsidies for projects such as efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems such as climate observation and early warning systems.¹³</i></p>		
<p>Green Buildings</p> <p><i>Investments in or investment subsidies for the development, construction, acquisition and/or refurbishment of green buildings such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Buildings built after Dec. 31, 2020, with energy performance meeting the local threshold set for nearly-zero energy building requirements.¹⁴</i> 		

¹¹ Charging stations for electric vehicles.




¹² A study and design work including adaptation risk and vulnerabilities assessment will be made before the financing of the projects.

¹³ A study and design work including adaptation risk and vulnerabilities assessment will be made before the financing of the projects. The city of Genk will focus on the selection of investment projects that are consistent with applicable local, regional and national adaption plans.

¹⁴ The category financed aligns with the substantial screening technical screening criteria of EU taxonomy Activity 7.1. For buildings larger than 5000 m², the EU taxonomy technical screening criteria in bullet points 2 and 3 of Activity 7.1. are respected.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Buildings that have achieved or are in the process of achieving an environmental certification:</i></p> <ul style="list-style-type: none"> ▪ BREEAM certification (at least Very Good) or ▪ LEED certification (at least Gold) 	<p>Contribution</p>	


Social Categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Affordable Basic Infrastructure</p> <p><i>Investments in or investment subsidies for projects such as:</i></p> <ul style="list-style-type: none"> ▪ Sewers <p><i>Target population: underserved residents.</i></p>	<p>Contribution</p>	
<p>Affordable Basic Infrastructure</p> <p><i>Investments in or investment subsidies for projects such as:</i></p> <ul style="list-style-type: none"> ▪ Sanitary units (i.e., sanitary units in trailer parks with housing capacity and in shelters) <p><i>Target population: underserved residents.</i></p>		
<p>Affordable Basic Infrastructure</p> <p><i>Investments in or investment subsidies for projects such as:</i></p> <ul style="list-style-type: none"> ▪ Transport. Installation of publically-shared electric vehicles¹⁵ <p><i>Target population: underserved residents.</i></p>		

¹⁵ The assessment is limited to the example of projects provided in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Affordable Basic Infrastructure</p> <p><i>Investments in or investment subsidies for projects such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Energy supply — investment in projects or subsidies related to renewable energy or energy efficiency improvements.</i> ▪ <i>Waste management — installation of underground collection systems or small neighborhood storage systems.</i> ▪ <i>Basic telecommunications</i> <p><i>Target population: underserved residents.</i></p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p><i>Investments in or investment subsidies for infrastructure and services for schools and children's daycare with an educational focus.</i></p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p><i>Investments in or investment subsidies for infrastructure and services for children's daycare without an educational focus.</i></p>	<p>Contribution</p>	
<p>Access to Essential Services</p> <p><i>Investments in or investment subsidies for infrastructure and services for elderly care or care centers for people with disabilities.¹⁶</i></p>	<p>Contribution</p>	

¹⁶ The care centers are open and free to enter.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Affordable Housing</p> <p><i>Investments in or investment subsidies for social housing infrastructure.¹⁷</i></p> <p><i>Target population: low-income households meeting the criteria set by the Flemish government.</i></p>	<p>Contribution</p>	

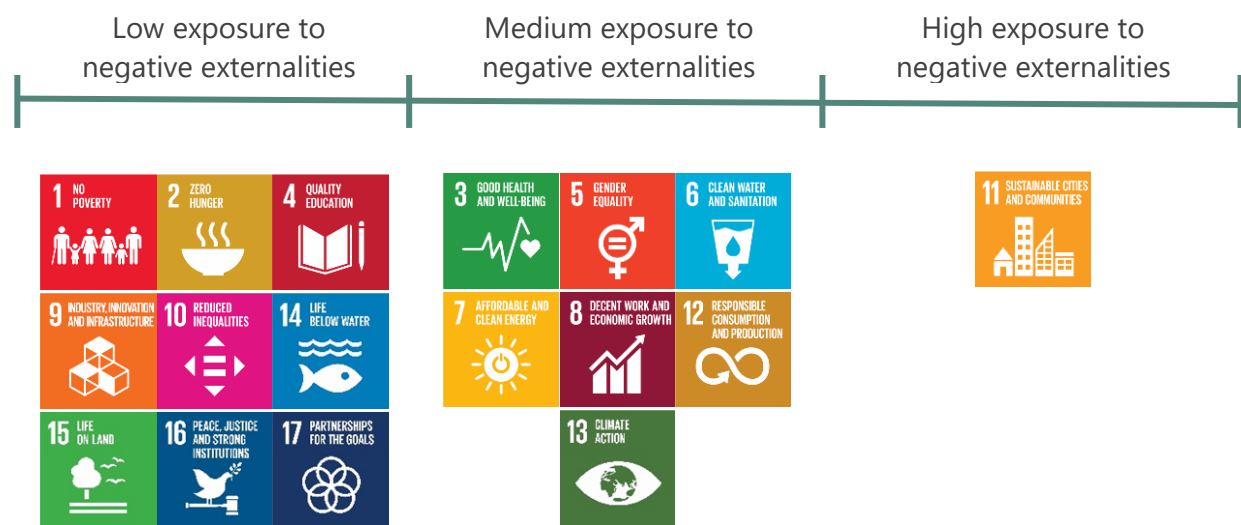
¹⁷ The city of Genk will follow the criteria and rules set by the Flemish government. The main social housing actor is [Wonen in Limburg](#).

2. Improvements of operational performance (processes)

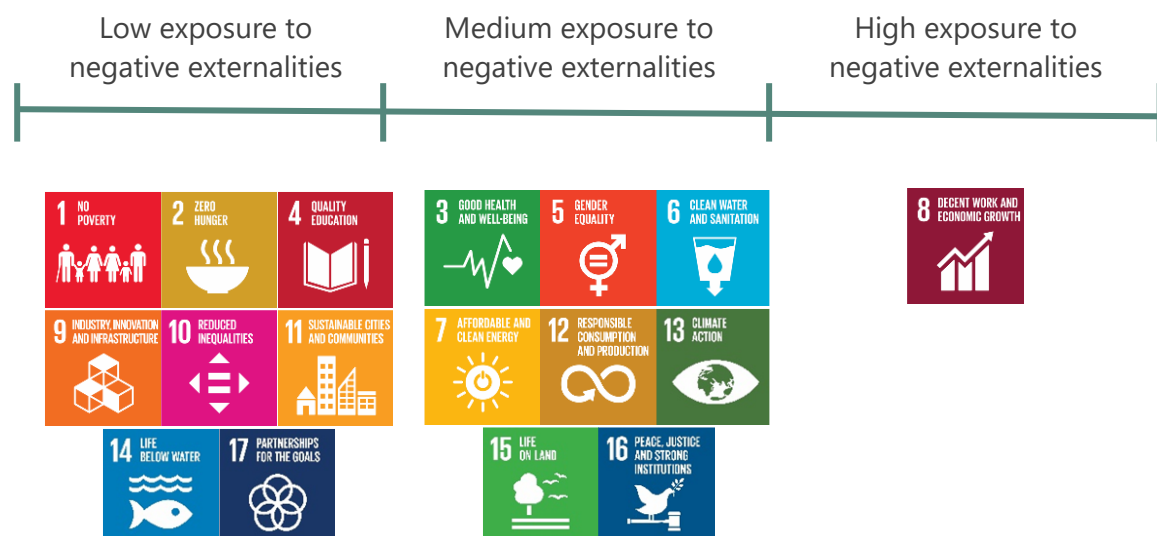
The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities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

According to ISS ESG’s SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real state, and construction sectors (which Genk finances) are the following:

Real State



Construction



The table below displays 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 ¹⁸	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Investments in or investment subsidies for buildings that undergo a renovation leading to a reduction of primary energy demand of at least 30%.¹⁹</i></p>		 
<p>Sustainable Water and Wastewater Management</p> <p><i>Investments in or investment subsidies for projects involving conversion of impermeable soil to a permeable surface.²⁰</i></p>		

¹⁸ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

¹⁹ The category financed aligns with the substantial contribution technical screening criteria of EU taxonomy Activity 7.2.

²⁰ In all cases, the city of Genk will not have caused any previous damage to the projects that will be restored.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. All of the assets are/will be located in Belgium.

ASSESSMENT AGAINST KPIs

All categories

Biodiversity

The city of Genk has policies ensuring that biodiversity is considered during public procurement.



In 2024, the Issuer hired a full-time employee dedicated to climate and biodiversity project management. This facilitates the systemic integration of project-specific requirements into the Issuer's public procurement, furthering its objective to protect and strengthen biodiversity in locations such as the [Stiemer Valley](#). Through its urban and investment planning, the city of Genk aims to enhance the biodiversity of several identified areas, including De Maten, a special protection area designated by the European Commission under the Birds Directive (Council Directive 2009/147/EC). De Maten is also subject to the EU's 1992 Habitats Directive (Council Directive 92/43/EEC). Moreover, Genk is subject to [European](#), [federal](#) and [Flemish](#) biodiversity legislation.

The city of Genk is conducting environmental impact assessments (EIA).



The Issuer complies with European legislation on EIA and its corresponding transposition into [Belgian law](#). The city of Genk either imposes environmental regulations on a third party and/or investor as part of the planning permit process or carries out the EIA itself for its own investment projects with an environmental impact. EIAs are carried out in two ways. A full EIA is required where the proposed activity has been identified as an environmentally vulnerable area. Smaller projects must be screened, leading to a full EIA in cases where the screening concluded that the project may cause significant environmental effects.

Community dialogue



The city of Genk has processes in community dialogue to identify and mitigate potential controversies associated with its investments.

The Issuer has not disclosed a systematic system but commits to follow [best practices](#) similar to its previous projects. In the Stiemer Valley project, the

Issuer has included an [impact assessment](#) and [reflexive monitoring](#) to assess possible controversies throughout the project. Conducting the impact assessment as per the guidelines allows for identifying strengths and weaknesses of specific interventions, mapping and acting on identified trade-offs, preventing negative ones, and incorporating positive ones. Reflexive monitoring builds on the initial impact assessment and ensures the update of goals, metrics and measures to take throughout the project's implementation.

The city of Genk has processes ensuring that the investments under this Framework feature community dialogue as an integral part of the planning process (e.g., community advisory panels and committees, sound information of communities, surveys and dialogue platforms, grievance mechanisms, and compensation schemes).

- ✓ To ensure local participation, the Issuer hired a full-time coordinator for all local investment projects. Local engagement includes informative participation (updates on current/upcoming plans), preparatory and planning participation (ideas and feedback gathering), decision-making (proposal submissions), and a [complaint process](#). In addition, the Issuer developed the [Citizen Budget](#), a collaborative platform for citizens to submit proposals for projects to improve the local community. If the Issuer is found responsible for damages, financial compensation processes are triggered.

Circular economy/waste management

The city of Genk has legislation and processes ensuring proper end-of-life commissioning, take back and recycling of products.

- ✓ The Issuer complies with European legislation and its transposition into Belgian law, such as the [Waste Electrical and Electronic Equipment Directive](#) and [Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive](#). Local plans such as the [Local Materials Plan 2023-2030](#) also apply. More information is available on the European Environment Agency's [2024 report](#) on circular economy in Belgium. For city-specific investments, additional requirements are added to procurement guidelines on a case-by-case basis (e.g., requirements concerning a minimum percentage of recycled or upcycled material use at the project level). Currently, the city of Genk has no city-wide targets with quantitative thresholds. Nonetheless, the Issuer must comply with the EU, federal, regional and local [institutional framework](#) regarding the proper end-of-life management of waste, as presented by the [Waste Agency of Flanders](#).

- ✓ The city of Genk has legislation and processes regarding the reduction of hazardous waste and pollution prevention (recycling of waste components,

quality of treated wastewater, NO_x emission intensity and SO_x emission intensity).

The Issuer is responsible for processing and approving environmental permit applications in addition to complying with relevant [legislation](#). The compliance of companies' hazardous and industrial waste is verified in accordance with current [regulations](#). Companies must set up separate collection processes for 32 types of waste identified by means of a binding [contract](#). As a partial operator in waste management for public infrastructure and areas (e.g., roads, bike paths, walking paths, squares), the city of Genk, along with 43 local partners, has engaged in an [interlocal cooperation company](#) for the full cycle of waste management for its inhabitants (i.e., prevention, house-to-house collection, waste processing, recycling centers). Compliance with legislation and oversight on sustainability targets is ensured by a board of 18 directors. To improve air quality and lower gas emissions, the city of Genk collaborates with the [Flanders Environment Agency](#) in projects such as biomonitoring in Genk-South and inspection and guidance for companies in the area.

Labor, health and safety

The city of Genk has legislation and processes ensuring that ILO core rights are respected and high health and safety standards are guaranteed.



The Issuer is located in Belgium, where all nine ILO core conventions on labor rights and the two core conventions on health and safety were ratified. In addition, the city of Genk is subject to European legislation, including the [General Product Safety Regulation](#).

Users' safety for products

The city of Genk has legislation and processes ensuring that health and safety standards are in place for the safe use of products (e.g., construction product regulation, safety in case of fire, health and the environment, mechanical resistance and stability, protection against noise, safety and accessibility in use, energy economy and heat retention, sustainable use of natural resources, food safety management system).



The Issuer is subject to European legislation and standards for EU product safety and labeling, such as the [General Product Safety Regulation](#).

Inclusion

The city of Genk has processes promoting inclusion and non-discriminatory access, ensuring fairly priced and/or subsidized participation for socially disadvantaged groups.



The Issuer established measures to ensure the offering of public services is physically accessible, affordable and understandable. This includes a specialized accompaniment for older, physically limited and visually impaired individuals. Simplified information for greater accessibility and reduced rates is available. Educational and [language training](#) is also offered to facilitate integration. For employment, the city of Genk has implemented a diversity policy in recruiting. Finally, city communication and citizen marketing, including photography, focuses on inclusion and non-discriminatory themes.

Quality management

The city of Genk ensures that quality standards and management systems are in place for supervisory bodies.



The Issuer's management is based on the core principles of the European Foundation for Quality Management model, without being certified. The Issuer has [translated](#) the principles into an overall strategy including social responsibility, leadership policy, partnership and resource planning, and customer and employee satisfaction. The city of Genk is focused on achieving results using a set of both financial and non-financial indicators to measure progress.

Ethics

The city of Genk has measures ensuring strong ethical practices.



The Issuer has developed its own [local code of ethics](#) for councillors, aldermen, and the mayor. The rest of the staff is subject to a separate [code of ethics](#). The same code also applies to the selection of partners, the establishment of cooperation, the granting of subsidies and the handling of public procurement programs, among other activities. Moreover, the Issuer sets ethical requirements, particularly regarding compliance with human rights treaties such as compliance with the European Convention on Human Rights. This translates in attention given to ensuring the well-being quality in the workplace and labor protection.

Water

The city of Genk has legislation and processes regarding water management (e.g., supply and treatment, water withdrawal, water quality, reduction of freshwater use, water scarcity, water impact assessment).



The Issuer is not directly involved in water supply or wastewater management. For water supply, citizens, companies and organizations (e.g., the city of Genk itself) have contracts with water supply companies such as [De Watergroep](#). Its activities are regulated at the European, federal and regional level (e.g., [the Flemish Water Act](#) and [Integrated Water Policy in Flanders](#)). For wastewater infrastructure and management, the Issuer transferred the local infrastructure and operating responsibilities into intermunicipal organizations such as [Fluvius](#) and regional actors such as [Aquafin](#). The city of Genk invests in specific water-related [projects](#) to stimulate local water infiltration, local water buffering and wetting of soils, which contributes to a higher quality of water management and climate change mitigation.

Exclusion criteria

The city of Genk specifically excludes expenditures related to the following fields from being financed:²¹

- Production and refining of fossil fuels
- Fossil fuel power generation and transportation
- Tobacco, alcohol and gambling
- Armaments

²¹ The city of Genk's exclusion list is not exhaustive.

PART III: CONSISTENCY OF SUSTAINABILITY FINANCE INSTRUMENTS WITH GENK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer developed Genk Climate Plan 2030, which aims to address SDG 13 (climate action) and SDG 11 (sustainable cities and communities); SDG 7 (affordable and clean energy) and SDG 9 (industry, innovation and infrastructure) in terms of climate mitigation; and SDG 6 (clean water and sanitation), SDG 14 (life below water) and SDG 15 (life on land) in the field of climate adaptation.</p>
<p>ESG goals/targets</p>	<p>Within the Framework of Vision 2050 and Focus 2030, Stad Genk has the following objectives:</p> <ul style="list-style-type: none"> ▪ Sustainable mobility: enhancing public transport, promoting active mobility and reducing traffic congestion. ▪ Energy efficiency: retrofitting buildings, supporting sustainable construction. ▪ Circular economy practices: increasing waste reduction measures, establishing systems for resource recovery and supporting circular businesses. <p>In 2008, the city of Genk committed to reduce its CO₂ emissions by 20% by 2020. The city recently raised the target to a 40% reduction in CO₂ emissions by 2030. The city has shorter targets related to energy transition and urban planning, such as tripling solar electricity production between 2024 and 2026.</p> <p>The city of Genk will publicly report on the ESG targets and progress, which are embedded in the Covenant of Mayors, Genk Climate Plan 2030 and the Local Energy and Climate Pact between the Flemish government and cities. The targets follow science-based initiatives on a worldwide and European level such as the Paris Agreement.</p>

<p>Action plan</p>	<p>To achieve its strategic ESG topics, the Issuer plans to strengthen its ESG focus in the next multiyear investment plan (for 2026-2031) by selecting investment projects that generate a strong contribution to the SDGs mentioned above, and financing them using the Sustainability Finance Framework. In addition, the city integrates sustainability and the energy transition into urban planning.</p>
<p>Climate transition strategy</p>	<p>Stad Genk developed Genk Climate Plan 2030, which focuses on transitioning toward a sustainable and resilient city through a range of strategies and initiatives. The city aims to reduce its GHG emissions by prioritizing energy efficiency in buildings, sustainable mobility and renewable energy adoption. It has a clear commitment to climate adaptation through green urban infrastructure projects such as the green corridor in Stiemer Valley, which combines ecological restoration with recreation and flood management.</p>
<p>2030 Agenda for Sustainable Development</p>	<p>The Issuer has several frameworks in place to implement the 2030 Agenda for Sustainable Development, such as its multi-year plan for 2020-2025, which has 13 strategic objectives. The city of Genk is now preparing the next overall strategic plan for 2026-2031.</p>
<p>ESG risk and sustainability strategy management</p>	<p>The management committee, comprising the general director, financial director and five other divisions directors, is responsible for identifying and assessing potential ESG risks by overseeing all activity lines, processes and projects of the city of Genk.</p>
<p>Issuer ranking against international indexes</p>	<ul style="list-style-type: none"> ▪ Human Development Index: 12, in 2023 ▪ Corruption Perception Index: 73, in 2023 ▪ Global Peace Index: 16, in 2024
<p>Sustainability reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. However, there is no information available on whether the Issuer follows relevant ESG reporting guidelines (e.g., GRI, SBTi, CDP).</p>

<p>Industry associations, collective commitments</p>	<p>The city of Genk has been part of the Covenant of Mayors since 2008. In 2022, Genk joined the Flemish Local Energy and Climate Pact.</p>
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainability financing framework</p>	<p>N/A.</p>

Rationale for issuance

The rationale for the issuance stems from Stad Genk’s commitment to sustainable policies and investments, as demonstrated by its alignment with various policy frameworks and strategic commitments. By assessing sustainability financing, Genk aims to secure targeted funding and subsidies for its sustainability-driven projects (see Part IIA), ensuring that these investments are integrated into its strategic planning and implementation cycle, in line with the Belgian Business Chamber regulatory framework in Flanders.

Opinion: *The key sustainability objectives and the rationale for issuing sustainability finance instruments are clearly described by the Issuer. All of the project categories financed are in line with the Issuer’s sustainability objectives.*

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Genk commissioned ISS-Corporate to compile a sustainability finance instruments SPO. The second-party opinion process includes verifying whether the Sustainability Finance Framework aligns with the GBP, SBP, SBG, GLP and SLP and assessing the sustainability credentials of its sustainability finance instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Social Bond Principles, ICMA, June 2023 (with June 2023 Appendix 1)
- Sustainability Bond Guidelines, ICMA, June 2021
- Green Loan Principles, LMA, February 2023
- Social Loan Principles, LMA, February 2023

ISSUER'S RESPONSIBILITY

Genk's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is a part of, 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 sustainability finance instruments to be issued by Genk has been conducted based on proprietary methodology and in line with the GBP, SBP, SBG, GLP and SLP.

The engagement with Genk took place from December 2024 to January 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group 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

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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