

# Second-Party Opinion

## VIVAQUA Green Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the VIVAQUA Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Sustainable Water and Wastewater Management, Pollution Prevention and Control, Terrestrial and Aquatic Biodiversity, Energy Efficiency and Renewable Energy – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, 12 and 15.



**PROJECT EVALUATION AND SELECTION** VIVAQUA’s Green Finance Committee will be responsible for the evaluation and selection of projects in line with the Framework’s eligibility criteria. The committee comprises the CEO, the CFO, the Head of Investments and the Head of the Green Team. The committee will undertake an environmental and social risk analysis to evaluate and manage the environmental and social risks associated with the eligible projects. Sustainalytics considers the project selection and evaluation process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** VIVAQUA’s Treasury and Accounting departments will be responsible for the management of proceeds using a balance sheet approach and will track their allocation to eligible projects through an internal accounting system. VIVAQUA intends to fully allocate net proceeds at issuance or at most within 24 months of issuance. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with VIVAQUA’s treasury criteria. This is in line with market practice.



**REPORTING** VIVAQUA will report on the allocation of proceeds and corresponding impacts on an annual basis until the maturity of the green finance instruments and will make the reports publicly available on its website. Allocation reporting will include: i) the aggregate amount of issued green finance instruments; ii) the total amount of assets in the eligible green assets on the balance sheet; and iii) the amount of unallocated proceeds, if any. In addition, VIVAQUA intends to report on relevant impact metrics. Sustainalytics views VIVAQUA’s allocation and impact reporting as aligned with market practice.

**Evaluation Date** January 15, 2025

**Issuer Location** Brussels, Belgium

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## Introduction

VIVAQUA (“VIVAQUA” or the “Company”) is a Belgian intermunicipal utility provider, operating primarily in three areas: drinking water production and distribution, management of sewer networks and flood control, serving 2.25 million consumers. VIVAQUA was established in 1891 and operates mainly in the Brussels and Walloon regions, where it employs approximately 1,350 people.<sup>1</sup>

VIVAQUA has developed the VIVAQUA Green Finance Framework dated January 2025 (the “Framework”) under which it intends to issue bonds (including private placements)<sup>2</sup>, treasury notes (commercial paper, medium-term treasury notes and promissory notes), loans<sup>3</sup> (including multi-tranche loan facilities) and other debt instruments<sup>4</sup> (the “Green Finance Instruments”) to finance or refinance, in whole or in part, assets that are expected to create positive environmental impacts in Belgium.

The Framework defines eligibility criteria in the following areas:

1. Sustainable Water and Wastewater Management
2. Pollution Prevention and Control
3. Terrestrial and Aquatic Biodiversity
4. Energy Efficiency
5. Renewable Energy

VIVAQUA engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)<sup>5</sup> and the Green Loan Principles 2023 (GLP).<sup>6</sup> The Framework has been published in a separate document.<sup>7</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>8</sup> opinion on alignment of the Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of VIVAQUA to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. VIVAQUA representatives have confirmed that: (1) they understand it is the sole responsibility of VIVAQUA to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with it.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and VIVAQUA.

<sup>1</sup> VIVAQUA, “Who are we?”, at: <https://www.vivaqua.be/en/who-are-we/>

<sup>2</sup> VIVAQUA has confirmed to Sustainalytics that it will limit private placements to debt instruments.

<sup>3</sup> VIVAQUA has confirmed to Sustainalytics that Framework does not include revolving credit facilities.

<sup>4</sup> Sustainalytics has reviewed just the Green Finance Instruments that are specified in the Framework.

<sup>5</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>6</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/>

<sup>7</sup> The VIVAQUA Green Finance Framework is available on VIVAQUA’s website at: <https://www.vivaqua.be/en/green-finance-framework>

<sup>8</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion assesses alignment of the Framework with market standards but provides no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the issuer.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee their realized allocation towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that VIVAQUA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the VIVAQUA Green Finance Framework

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

- Use of Proceeds:
  - The eligible categories – Sustainable Water and Wastewater Management, Pollution Prevention and Control, Terrestrial and Aquatic Biodiversity, Energy Efficiency and Renewable Energy – are aligned with those recognized by the GBP and the GLP.
  - Sustainalytics notes that financed or refinanced projects under the Framework will be located in Belgium.
  - Sustainalytics notes that certain expenditures have been included under multiple categories in the Framework. VIVAQUA has confirmed to Sustainalytics that the Company will avoid double counting of the allocated proceeds and their associated impacts.
  - VIVAQUA has communicated to Sustainalytics that the financing and refinancing under the Framework will be limited to capital expenditures. As operating expenditures will not be refinanced under the Framework.
  - Under the Sustainable Water and Wastewater Management category, VIVAQUA may finance or refinance investments in accordance with the following criteria:
    - Construction and renovation of drinking water production plants; pumping stations; and storage capacity.
    - Construction of drinking water and sewerage grids and replacement of existing worn-out grids.
    - Construction and renovation of stormwater basins in the Brussels region, which will be accompanied by: i) a vulnerability assessment of realized climate impacts and potential climate risks; and ii) a management response plan for the conclusions and findings of the vulnerability assessment, noting how identified climate risks will be addressed.
    - Projects to enhance the resilience of water and wastewater networks, for example, investments in infrastructure to optimize water distribution networks to ensure continuous water supply and increase the volume of water supplied in areas with water shortage.
    - Projects to improve water quality. For example, projects to reduce the presence of certain poly- and perfluoroalkyl substances (PFAS) in treated water in anticipation of more stringent future standards. Examples may include investments in water treatment and installation of RO membranes as filtration systems.
    - Projects to increase water efficiency and reduce water losses through the development of IT and artificial intelligence technologies to map systems for underground water, quality, directionality and speed. Examples include projects related to increasing the number of district metering areas in the water distribution system to measure the amount of water that enters and leaves an area each hour, thus avoiding water losses due to leakages in the water network.

- VIVAQUA has confirmed to Sustainalytics that investments under this category will exclude the following: i) equipment and methods dependent on fossil fuels; ii) systems and measures related to water and wastewater treatment plants with fossil fuel operations, such as fracking and mining; iii) systems or technologies deployed for hard-to-abate industries; and iv) facilities dedicated to controversial activities such as industrial livestock farming.
- Sustainalytics views investments under this category to be aligned with market practice.
- Under the Pollution Prevention and Control category, VIVAQUA may finance or refinance the projects, subject to the following criteria:
  - Projects related to the protection of water catchment areas, such as investments in the acquisition of land to maintain water quality around the catchment areas. VIVAQUA conducts activities to minimize pollution, such as converting the land into grasslands based on an internal feasibility analysis, incorporating factors, namely, the quality of soil and surrounding activities.
  - Construction of new and renovation or optimization of existing: i) water production plants or related assets; ii) wastewater assets, such as sewer overflow; and iii) laboratories to improve water quality testing.
  - Assets related to the preservation and conservation of biodiversity, natural habitats and landscapes, such as purchasing or acquiring land that is classified as a protected area under Natura 2000<sup>9</sup> or Réseau Nature by Natagora.<sup>10</sup> VIVAQUA has communicated to Sustainalytics that the assets being financed under this expenditure will exclude the assets financed under the expenditure above, thus ensuring there will be no double counting of the allocated proceeds and its associated impacts.
  - Sustainalytics views investments under this category to be aligned with market practice.
- Under the Terrestrial and Aquatic Biodiversity category, VIVAQUA may finance or refinance investments towards the protection, preservation and restoration of watershed environments and natural landscapes, subject to the following criteria.
  - Watershed management through projects aimed at enhancing biodiversity through riverbank improvements. Examples of the projects may include expenditures related to concrete ditch development, backfilling, diversion and channeling on the Bocq River and the installation of a secondary drain in the riverbed to restore the river's hydro-morphological quality. Additionally, VIVAQUA has confirmed that it will exclude the use of agrochemicals (herbicides or insecticides) to control or eradicate invasive plants or insects and hunting, trapping, poisoning and culling of vertebrate animals considered as pests.
  - Afforestation or reforestation projects in Wallonia that use tree species that are well adapted to the site conditions in accordance with the regional government requirements.<sup>11</sup> VIVAQUA has also communicated to Sustainalytics that it ensures compliance with the requirements of tree planting as outlined by the Department of Nature and Forests in the Walloon region.
  - Sustainalytics views investments under this category to be aligned with market practice.
- Under the Energy Efficiency category, VIVAQUA may finance or refinance investments in energy efficiency technologies, per the following criteria:
  - Measures to reduce the energy consumption of existing water production and administrative buildings. Examples include revamping of water pumps, maintaining of water extraction wells to reduce power consumption and renovating water production plants to reduce energy consumption.
  - Development and deployment of IT and AI technologies aimed at optimizing the energy consumption, such as smart digital tools. Sustainalytics encourages VIVAQUA to report on estimated or achieved energy efficiency gains, where feasible.
  - Sustainalytics considers such expenditures to be in line with market practice.

<sup>9</sup> European Environment Agency, "The Natura 2000 protected areas network", at: <https://www.eea.europa.eu/themes/biodiversity/natura-2000/the-natura-2000-protected-areas-network>

<sup>10</sup> Natagora, "Le Réseau Nature", at: <https://www.natagora.be/le-reseau-nature>

<sup>11</sup> FAO, "Forest management and climate change in the Walloon Region of Belgium", at: <https://www.fao.org/4/y5189e/y5189e10.htm>

- Under the Renewable Energy category, VIVAQUA may finance or refinance projects aimed at promoting renewable energy production, per the following criteria:
  - Onshore wind power projects.
  - Solar photovoltaic power plants.
  - Hydropower plant projects, where the facilities have a life cycle carbon intensity below 50 gCO<sub>2</sub>e/kWh for facilities that became operational after the end of 2019 and below 100 gCO<sub>2</sub>e/kWh for those that became operational before the end of 2019. VIVAQUA has confirmed to Sustainalytics that: i) for all new projects, an environmental and social risk assessment will be carried out by a credible independent body to make sure that no significant risk or expected negative impacts have been identified; and ii) the Company will not finance any project that is associated with controversies.
  - Bioenergy production from woodchips.
  - Energy storage capacity, including batteries and pumped-hydro facilities connected to local renewables. For pumped-hydro energy storage facilities, VIVAQUA has confirmed to Sustainalytics it will abide by the risk assessment requirements of hydropower plant projects.
  - Expenditures related to the “Riothermia” technology, a wastewater heat recovery system that captures and reuses heat from sewage water to generate energy to heat and cool public building spaces. VIVAQUA has communicated to Sustainalytics that the Riothermia technology uses high-density polyethylene sewer pipes to capture heat from sewers, uses electric heat pumps and has a high coefficient of performance of approximately 4-5, indicating low consumption of energy. Noting the above, Sustainalytics views such expenditures as credible and expects them to contribute to positive environmental impact.
  - Sustainalytics considers investments under this category to be in line with market practice.
- Project Evaluation and Selection:
  - VIVAQUA’s Green Finance Committee will be responsible for the evaluation and selection of projects in line with the Framework’s eligibility criteria. The committee comprises the CEO, the CFO, the Head of Investments and the Head of the Green Team.
  - VIVAQUA’s Green Finance Committee will undertake an environmental and social risk analysis to evaluate and manage the environmental and social risks associated with the eligible projects financed under the Framework. Sustainalytics considers these environmental and social risk management systems to be adequate. For additional detail see Section 2.
  - Based on an established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - VIVAQUA’s Treasury and Accounting departments will be responsible for the management of proceeds using a balance sheet approach and will track their allocation to eligible projects through an internal accounting system.
  - The Company intends to fully allocate net proceeds at issuance or at most within 24 months of issuance. Unallocated proceeds will be temporarily held in cash or cash equivalents, in accordance with VIVAQUA’s treasury criteria.
  - VIVAQUA has communicated to Sustainalytics that the loans originated under the Framework may include multi-tranche loan facilities. The Company intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.
  - Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - VIVAQUA will report on the allocation of proceeds and corresponding impacts on an annual basis until the maturity of the Green Finance Instruments and will make the reports publicly available on its website.
  - VIVAQUA will appoint an independent verifier to provide limited assurance on the annual allocation report from issuance until the maturity of the instrument.
  - Allocation reporting will include: i) the aggregate amount of issued Green Finance Instruments; ii) the total amount of eligible green assets on the balance sheet; and iii) the amount of unallocated proceeds, if any.

- Impact reporting may include relevant impact indicators per category, such as drinking water pipes – extension or renovation of the network (in km), number of households connected to a wastewater network (in thousands of households), infrastructure for flood mitigation, annual volume of clean drinking water supplied for human consumption (in m<sup>3</sup>/year), number of maintenance and safeguarded protected areas (in km<sup>2</sup>), renewable energy capacity installed (in MWh).
- Based on the allocation and impact reporting commitments, Sustainalytics considers this process to be in line with market practice.

### Alignment with the Green Bond Principles 2021 and the Green Loan Principles 2023

Sustainalytics has determined that the VIVAQUA Green Finance Framework aligns with the four core components of the GBP and GLP.

## Section 2: Sustainability Strategy of VIVAQUA

### Contribution to VIVAQUA's sustainability strategy

VIVAQUA has established the Environmental Strategic Plan 2019-2025,<sup>12</sup> which outlines its strategic focus areas, including: i) reducing carbon footprint; ii) protecting and enhancing biodiversity on and around sites and minimizing the negative impact of the sewer network on natural ecosystems; iii) contributing to the energy transition by reducing energy consumption and promoting the production of green energy; iv) implementing sustainable mobility policy; and v) reducing and recycling waste.<sup>13</sup> Additionally, VIVAQUA has developed the Water Quantity Plan 2040, which outlines strategies to maintain water quantity and supply in the face of climate change.<sup>14</sup> The Water Quantity Plan is linked to a Water Safety Plan, that elaborates on the Company's methodology on drinking water quality and related concerns on human health. The Water Safety Plan includes risk assessment and risk management processes related to drinking water quality and is applied to the entire process, from water collection to water distribution.<sup>15</sup>

In 2023, VIVAQUA set a target of reducing GHG emissions by 8.32% by 2028 and 15% by 2038 compared to 2019 levels.<sup>16</sup> To reduce its energy consumption and increase green energy production, VIVAQUA aims to self-generate 10% of its electricity consumption from renewable sources by 2030 and to actively participate in the energy transition through initiatives such as energy communities and providing its land for constructing renewable energy projects such as wind and solar plants. In line with the EU 2030 Biodiversity Strategy, VIVAQUA's biodiversity strategy focuses on: i) protecting the quality of resources through continuation of its forestry policy; ii) collaboration with farmers to eliminate the use of pesticides on farm lands; iii) initiation of sustainable agricultural projects on rented lands; iv) focus on aspects related to biodiversity at the work sites; and v) reduction of negative impacts of the Brussels sewerage network on the surrounding environment. Furthermore, the Company aims for a 10% reduction in internal construction and industrial waste by 2028, through recycling, reuse and waste prevention. VIVAQUA aims to implement a circular approach to waste and promote eco-friendly actions to reduce waste at the source.<sup>17</sup>

With an aim to prevent pollution in the surrounding water bodies, the Company has earmarked a budget of around EUR 13 million to eliminate the last six historical sewer discharge points into the Senne river.<sup>18</sup> VIVAQUA also invested EUR 1.2 million to finance technologies such as satellite imaging, AI-based Leakredux, and network sectorization to reduce water leaks in its distribution network.<sup>19</sup> The Company optimized its water production process at the Tailfer plant to reduce the volume of clarification sludge, which is generated during the water production process, to 9.0 tonnes in 2024 compared to 16.6 tonnes in 2019, resulting in an emissions reduction of 22 tCO<sub>2</sub>e. VIVAQUA is also prioritizing sewer renovations using shotcrete, lining and shell installations and has developed a low-cost heat exchanger patented technology, Riothermia, to heat and cool buildings by utilizing waste heat from sewage water.<sup>20</sup>

<sup>12</sup> VIVAQUA shared its Environmental Strategy with Sustainalytics confidentially.

<sup>13</sup> VIVAQUA, "Green Finance Framework", (2025), at: [www.vivaqua.be](http://www.vivaqua.be)

<sup>14</sup> VIVAQUA, "Our Water Quantity Plan", (2024), at: <https://www.aquapublica.eu/sites/default/files/article/file/Annex%20C%20-%20Presentation%20%20-%20VIVAQUA.pdf>

<sup>15</sup> VIVAQUA shared its Water Safety Plan with Sustainalytics confidentially.

<sup>16</sup> VIVAQUA shared its Environmental Strategy with Sustainalytics confidentially.

<sup>17</sup> Ibid.

<sup>18</sup> VIVAQUA, "Green Finance Framework", (2025), at: <https://www.vivaqua.be/en/green-finance-framework>

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

Furthermore, VIVAQUA has communicated to Sustainalytics that the Company is in the process of developing a new strategic plan which it expects to complete by the end of 2025 and plans to report on its ESG progress through its Corporate Sustainability Reporting Directive and Taxonomy, starting in 2026.

Sustainalytics is of the opinion that the VIVAQUA Green Finance Framework is aligned with VIVAQUA's overall sustainability strategy and initiatives and will further its efforts towards improving water quality, reducing emissions, managing wastewater and contributing to flood prevention in Belgium.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that proceeds from the instruments issued under the Framework will be directed towards eligible projects expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects may include issues involving: i) water quality and service ii) land use and loss of biodiversity associated with the large-scale infrastructure development projects; iii) emissions, effluents and waste generated during construction; iv) occupational health and safety; and v) community relations.

Sustainalytics is of the opinion that VIVAQUA is able to manage or mitigate potential risks through implementation of the following:

- VIVAQUA has communicated to Sustainalytics that all its new projects are mandated to obtain an authorized construction permit,<sup>21</sup> which includes a mandatory environmental impact assessment, approval from a watercourse manager and identification of elements likely to harm the community, with measures to remedy them. These assessments are evaluated and approved by relevant government authorities. Also, VIVAQUA maintains a dedicated department to effectively manage the construction permit acquisition process. VIVAQUA has communicated to Sustainalytics that it adheres to all applicable Belgian rules, laws and permit requirements to identify and mitigate negative environmental impacts from infrastructure projects.
- To address risks related to water quality and service of water distribution and wastewater management, VIVAQUA complies with the provisions of legislation on the quality of water intended for human consumption defined by EU Directive 2020/2184.<sup>22</sup> The treated water is required to meet quality requirements concerning 65 parameters (microbiological, chemical, radiochemical or indicator parameters), established by regional legislation.<sup>23,24,25</sup> Moreover, to ensure quality, the Company has in place preventive controls including monitoring at production, transport and distribution stages, flushing of pipes after repair or installation and approval from laboratory on the portability of water before putting the pipe back into service.<sup>26</sup>
- Regarding biodiversity and land use risks associated with large-scale infrastructure projects, VIVAQUA conforms with the environmental permit requirements in Brussels and Wallonia.<sup>27,28</sup> Moreover, VIVAQUA has confirmed to Sustainalytics that it adheres to the EU's Environmental Impact Assessment (EIA) Directive, which requires all projects with potentially significant environmental impacts to be properly assessed before approval. With regard to the protection of biodiversity, the directive requires measures be taken to avoid, prevent, reduce and, where possible, offset significant adverse effects on the environment, in particular on species and habitats. Regarding land use, the directive requires projects to identify, describe and assess impacts related to land use.<sup>29</sup>
- To manage emissions, effluents and waste, the Company ensures compliance with all the applicable EU guidelines and regulations, such as the EU Construction and Demolition Waste

<sup>21</sup> Urban Brussels, "Planning Permits", at: <https://urbanisme.irisnet.be/lepermisdurbanisme/la-demande-de-permis/contenu-du-dossier>

<sup>22</sup> European Commission, "Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption (recast)", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020L2184>

<sup>23</sup> Decree of the Government of the Brussels-Capital Region, "The quality of water intended for human consumption", (2024), at: [https://etaamb.openjustice.be/fr/arrete-du-gouvernement-de-la-region-de-bruxellescapit\\_n2024001917.html](https://etaamb.openjustice.be/fr/arrete-du-gouvernement-de-la-region-de-bruxellescapit_n2024001917.html)

<sup>24</sup> Decree of the Walloon Government, "The quality of water intended for human consumption", (2023), at: [https://etaamb.openjustice.be/fr/arrete-du-gouvernement-wallon\\_n2023044852.html](https://etaamb.openjustice.be/fr/arrete-du-gouvernement-wallon_n2023044852.html)

<sup>25</sup> Decree of the Flanders Government, "The quality, quantity and supply of water intended for human consumption", (2023), at: [https://etaamb.openjustice.be/fr/arrete-du-gouvernement-flamand-du-20-janvier-2023\\_n2023030566.html](https://etaamb.openjustice.be/fr/arrete-du-gouvernement-flamand-du-20-janvier-2023_n2023030566.html)

<sup>26</sup> VIVAQUA, Water Quality at: <https://www.vivaqua.be/en/water-quality/>

<sup>27</sup> Brussels Capital Region, "Planning and environmental permits", at: <https://be.brussels/fr/logement/construction-et-renovation/permis-durbanisme-et-denvironnement>

<sup>28</sup> SPW, "The environmental permit in Wallonia" at: <https://permis-environnement.spw.wallonie.be/home.html>

<sup>29</sup> European Parliament, "Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment", (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

Protocol and Guidelines,<sup>30</sup> the EU Waste Framework Directive,<sup>31</sup> the Waste Electrical and Electronic Equipment Directive<sup>32</sup> and the European Waste Shipment Regulation.<sup>33</sup> The EU Waste Framework Directive additionally requires waste management to be carried out without endangering human health or causing harm to the environment.<sup>34</sup>

- Regarding risks related to occupational health and safety, VIVAQUA adheres to the European Framework Directive on Safety and Health at Work, which requires employers to take necessary measures to protect the safety and health of workers, including the prevention of occupational risks and the provision of adequate information and training.<sup>35</sup>
- To manage risks associated with community relations and stakeholder participation, VIVAQUA has communication procedures in place to inform the local community of construction work in their area.<sup>36</sup> In case of grievances, the Company has a process to lodge complaints on their website.<sup>37</sup> Furthermore, VIVAQUA is obligated to secure an independent expert assessment of a project's potential impact on the local community prior to obtaining a construction permit. This assessment must include proposed mitigation measures to minimize any potential disruptions to the surrounding communities.<sup>38</sup>
- Sustainalytics further notes that VIVAQUA operates in Belgium, which is recognized as a Designated Country by the Equator Principles, demonstrating robust environmental and social governance systems, legislation and institutional capacity to mitigate common environment and social risks associated with the projects financed under the Framework.<sup>39</sup>

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

### Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of financing sustainable water and wastewater management in Belgium

According to the European Commission, water scarcity directly affected approximately 11% of the population in Europe in 2022,<sup>40</sup> with more than 16 million people still lacking access to drinking water and more than 31 million people in need of basic sanitation.<sup>41</sup> In 2019, Belgium was ranked 18 out of 164 countries, third highest in Europe, in the extremely high-risk category for countries facing water scarcity.<sup>42</sup> Belgium is heavily dependent on rainfall, as its rivers only account for 40% of the country's freshwater availability.<sup>43</sup> One significant contributor to water stress in Belgium is the rapid runoff of rainwater, exacerbated by extensive urban development and paving. This rapid drainage hinders the replenishment of groundwater reserves, a problem compounded by increasingly unpredictable rainfall patterns.<sup>44</sup>

<sup>30</sup> European Commission, "EU Construction and Demolition Waste Protocol and Guidelines", at: [https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18\\_en](https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en)

<sup>31</sup> European Parliament, "Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

<sup>32</sup> European Parliament, "Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

<sup>33</sup> European Parliament, "Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32006R1013>

<sup>34</sup> European Commission, "Waste Framework Directive", at: [https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive\\_en](https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en)

<sup>35</sup> Council of the European Communities, "Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=EN>

<sup>36</sup> VIVAQUA, "A construction site in your street", at: <https://chantiers.vivaqua.be/>

<sup>37</sup> VIVAQUA, "Complaints", at: <https://www.vivaqua.be/fr/plainte/>

<sup>38</sup> The Environment in Brussels, "The report and the impact study", at: <https://environnement.brussels/citoyen/services-et-demandes/demande-dun-permis-denvironnement/comment-preparer-votre-demande-de-permis-denvironnement#le-rapport-et-letude-dincidences>

<sup>39</sup> Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

<sup>40</sup> European Commission, "Safer Drinking Water For All Europeans", (2022), at: <https://circabc.europa.eu/ui/group/1c566741-ee2f-41e7-a915-7bd88bae7c03/library/c2acf520-37a2-41fb-889e-f71517c30815/details?download=true>

<sup>41</sup> World Health Organization, "Water and Sanitation", at: [https://www.who.int/europe/health-topics/water-sanitation-and-hygiene-wash#tab=tab\\_2](https://www.who.int/europe/health-topics/water-sanitation-and-hygiene-wash#tab=tab_2)

<sup>42</sup> Kuzma, S., (2023), "25 Countries, Housing One-quarter of the Population, Face Extremely High Water Stress", World Resources Institute, at: <https://www.wri.org/insights/highest-water-stressed-countries>

<sup>43</sup> European Commission, "Environmental Implementation Review 2022 – Belgium", (2022), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022SC0261>

<sup>44</sup> European Commission, "Belgium: Ready to see water differently?", at: [https://environment.ec.europa.eu/topics/water/water-wise-eu/belgium\\_en#:~:text=The%20issues%20affecting%20Belgium%27s%20waters,European%20nation%20in%20this%20position.](https://environment.ec.europa.eu/topics/water/water-wise-eu/belgium_en#:~:text=The%20issues%20affecting%20Belgium%27s%20waters,European%20nation%20in%20this%20position.)

In the Brussels Capital Region, the Blue Network Programme aims to improve water quantity through restoration of water courses, ensure flood risk management and enhance biodiversity conservation while retaining public access to natural areas.<sup>45</sup> Moreover, Brussels' Climate Plan<sup>46</sup> proposes a framework for combating water wastage and pollution, limiting the risk of flooding by allowing rainwater to soak into the ground or be stored for later non-potable purposes and using water as a source of cooling in cities during heatwaves. The climate plan focuses on the following action areas: i) for municipalities, implementing integrated rainwater management for all buildings and public spaces in priority flood control zones and installing water leakage sensors in all public buildings; ii) for people, providing irrigation systems for urban agriculture projects and increasing the number of rainwater recovery tanks; and iii) creating an open-air bathing area.<sup>47</sup>

Based on the above, Sustainalytics is of the opinion that VIVAQUA's investments in sustainable water and wastewater management will contribute to ensuring water conservation and improve groundwater reserves in Belgium.

**Contribution to SDGs**

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the VIVAQUA Green Finance Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Pollution Prevention and Control	12. Responsible Consumption and Production	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
Terrestrial and Aquatic Biodiversity	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
		15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

<sup>45</sup> Convention on Biological Diversity, "The Blue Network Programme", at: [http://www.archives.biodiv.be/implementation/laws-policies/policies/policies\\_brussels/blue-network-programme](http://www.archives.biodiv.be/implementation/laws-policies/policies/policies_brussels/blue-network-programme)

<sup>46</sup> City of Brussels, "Climate Plan – Water", at: <https://www.brussels.be/climate-plan-water>

<sup>47</sup> Ibid.

Energy Efficiency	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

## Conclusion

VIVAQUA has developed the VIVAQUA Green Finance Framework under which it may issue bonds (including private placements), treasury notes (commercial paper, medium-term treasury notes and promissory notes), obtain loans (including multi-tranche loan facilities) and other debt instruments and use the proceeds to finance or refinance projects related to Sustainable Water and Wastewater Management, Pollution Prevention and Control, Terrestrial and Aquatic Biodiversity, Energy Efficiency and Renewable Energy. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts in Belgium.

The Framework outlines processes for tracking, allocation and management of proceeds and makes commitments for reporting on the allocation and impact. Sustainalytics considers that the VIVAQUA Green Finance Framework is aligned with VIVAQUA’s sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 6, 7, 9, 12 and 15. Additionally, Sustainalytics considers that VIVAQUA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that VIVAQUA is well positioned to issue or obtain green bonds and loans and that the VIVAQUA Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles (2021) and the Green Loan Principles (2023).

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