

Aquafin Framework

SPECIAL ACCOUNT

An amount equal to the net proceeds of the issue of the Notes will be credited to a special account that will support Aquafin's lending for Eligible Projects. So long as the Notes are outstanding and the special account has a positive balance, at the end of every fiscal quarter, funds will be deducted from the special account and added to the Green lending pool in an amount equal to all disbursements from that pool made during such quarter in respect of Eligible Projects.

ELIGIBLE PROJECTS

"**Eligible Projects**" means a selected pool of projects funded, in whole or in part, by Aquafin which operates and pre-finances the wastewater treatment infrastructure in Flanders. Proceeds from Green Bonds will exclusively fund Aquafin's investments under the Management Agreement signed with the Flemish Government. Eligible Projects may include projects that target (a) mitigation of climate change, being water management ("Mitigation Projects") (b) adaptation to climate change, including investments in climate-resilient growth ("Adaptation Projects") or (c) "Water Treatment Projects" and (d) "Biodiversity Projects", which are related to water projects rather than directly climate related.

Examples of Eligible Projects may include:

- (a) Mitigation Project categories
 - Waste Water sludge to pellets
 - Pellet ash to cement

- (b) Adaptation Project categories
 - Water purification
 - o Drinking water
 - o Industrial cooling water
 - Storm water management
 - Pumping stations
 - Waste water transport infrastructure

- (c) Water Treatment Project categories
 - Waste Water collection infrastructure
 - Waste water treatment facilities

- d) Biodiversity Project categories
 - Sanitation and dredging of waterbeds
 - Water treatment
 - Transport and cleaning of waste water
 - Disposal of sewage sludge

SELECTION OF ELIGIBLE PROJECTS

The Eligible Projects under the Management agreement signed with the Flemish Government are selected according to the procedure mentioned in art. 2 and 3 of the Management Agreement.

In execution of art. 32 octies, para. 1, 2° of the Law of 26 March 1971, the Flemish Region awards each year and this for the next five (5) calendar years, the by the Flemish Region approved Investment & Optimisation Programme to Aquafin.

The Flemish Region determines the basin priorities and/or functional objectives to be followed in the concrete drafting of the Investment Programmes in order to systematically pursue the realization of the surface water quality objectives laid down by the Flemish Government in execution of the European Water Framework Directive 2000/60/EC.

The hydrographic (sub)basin approach is the central guideline for the ecological basis. The basin committees set up by the Flemish Government are systematically involved in the drafting of the Investment Programmes in order to fully guarantee an ecologically integrated approach.

In order to ensure the realization of this approach, both the Flemish Region and Aquafin undertake to make all relevant information duly available to the basin committees during the drawing up of the draft Investment Programme by VMM (Vlaamse Milieumaatschappij) on the one hand and the execution of the Investment Programme and the operation of the treatment infrastructure by Aquafin on the other.

Aquafin will use the funds to finance climate and environmental related projects according to the criteria described above.