



SUSTAINABILITY BOND FRAMEWORK

October 2018

The purpose of this document is to describe Flanders' Sustainability Bond framework and associated procedures. This framework follows the four components of ICMA's Sustainability Bond Guidelines 2018:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds;
4. Reporting.

1) Introduction to Flanders

Flanders is the Flemish institution gathering the Flemish Region, the northern portion of Belgium, and the Flemish Community, representing the Dutch-speaking population. As Flanders is a part of the Federal State of Belgium, its competences are restricted to powers related to language and culture (the powers of the Flemish Community) and powers related to territory and economy (the powers of the Flemish Region). Flanders is committed to embed sustainability in all these powers and to make sustainability an integral part of its activities.

Flanders is the leading economic region in Belgium and amongst the richest regions in Europe. The total population is of 6,546,785, i.e. 57,64% of Belgium's overall population. The vast majority of the Flemish population lives in urban areas. The largest cities are Brussels, Antwerp, Ghent and Bruges. In addition to a productive and highly qualified population and a research and investment-friendly climate, the economy is strongly export-oriented. There is an extensive rail and road network as well as several large ports. Moreover, the port of Antwerp is the second largest in Europe, after Rotterdam.

The Region plays a key role to promote sustainable development initiatives on the territory. As per article 7bis (2007) of the Belgian Constitution, the Flemish region is the competent authority setting strategic guidelines to pursue the objectives of a sustainable development, in its social, economic and environmental dimensions.

2) Flemish strategy for Sustainable Development

Flanders has actively integrated sustainability into all its development plans. Article 7bis of the Belgian Constitution establishes that every federal entity pursues the objectives of a sustainable development, in its social, economic and environmental dimensions, taking into account solidarity between generations.

To guarantee the continuity of a horizontal policy and the development of a strategy for Sustainable Development (SD) in every legislature, the Flemish government adopted a decree for Sustainable Development in September 2008.

The first Flemish strategy for Sustainable Development was developed in 2006, to a large extent based upon the thematic priorities of the European Sustainable Development Strategy (EU SDS). The second Flemish strategy for Sustainable Development was adopted in 2011 and resulted in a strategic plan with long-term objectives that incorporate the existing action plans of the Flemish Government (Flanders in Action, Pact 2020). The idea being that an effective strategy for SD should link, strengthen, inspire and align existing plans.

In March 2016, the Flemish Government presented its new strategic outlook for the future: “*Vision 2050¹: a long-term strategy for Flanders*”, which constitutes the third Flemish strategy for Sustainable Development. This forward-looking policy document is the first step of the SDG implementation agenda and sets out a vision for an inclusive, open, resilient and internationally connected region that creates prosperity and well-being for its citizens in a smart, innovative and sustainable manner.

The following key areas of action (‘transition priorities’) have been initiated by the Flemish Government within Vision 2050:

- Circular economy
- Smart living
- Industry 4.0
- Lifelong learning and a dynamic professional career
- Healthcare and welfare
- Transport and mobility
- Energy

The implementation of these transition priorities, coordinated by the Chairman’s Board of the Flemish administration, will be cross-sectoral and in collaboration with innovators, entrepreneurs and stakeholders.

Most recently, Flanders has developed a roadmap to support the Flemish SDG implementation agenda: “*Vizier 2030 -Flemish 2030 target framework*” (hereafter *Vizier 2030*)².

This roadmap, finalized on March 29th 2018, comprises objectives for 2030 that are concrete intermediate steps for achieving the Vision 2050 and 49 targets aligned on United Nations’ SDGs:



Vizier 2030 will be accompanied by the measures of implementation of the 2030 objectives and the development of an adapted monitoring and reporting system. The indicators will be used to measure gaps to target and will guide the determination and execution of the remedial actions. The indicators also form the basis for monitoring and reporting systems, which, in addition to its own Flemish monitoring, also reports to it on an international level.

Both initiatives (Vision 2050 and Vizier 2030) fit within the SDG implementation agenda set by the Flemish Government on 28 October 2016. Vision 2050 is the first part of the SDG

¹ <https://www.vlaanderen.be/nl/vlaamse-regering/visie-2050>

² https://do.vlaanderen.be/sites/default/files/atoms/files/Visienota_Vizier2030.pdf

implementation agenda, namely the development of a clear long-term vision linked to the SDGs. And with Vizier 2030, Flanders implements the second component of the SDG implementation agenda, translating the SDG framework to Flanders and defining 2030 goals for Flanders.

In this context, the Flanders believes that issuing Sustainability Bonds will be a key tool to support the achievement of its sustainable development targets. The Region will use this Sustainability Bond Framework for programmatic issuances and plans to become a frequent issuer on the Sustainability Bond Market.

3) Rationale for issuing a Sustainability Bond

Flanders is further developing its funding strategy to better support its Vision 2050 for an inclusive, open, resilient and internationally connected region.

Flanders is convinced that Sustainability Bonds are an effective tool to channel investments towards assets that have both environmental and social benefits and to provide transparency to investors.

With the objective of creating prosperity and well-being for its citizens in a smart, innovative and sustainable manner, Flanders therefore plans to employ Sustainability Bonds as a substantial part of its toolbox for funding sustainable investments.

With the hope to mobilize a new financial ecosystem by attracting investors that seek to focus their investments on socially and environmentally friendly assets, Flanders has designed this Sustainability Bond Framework in accordance with ICMA Sustainability Bond Guidelines 2018. This Sustainability Bond therefore aligns with market best practices.

Flanders thereby developed this Framework to issue Sustainability Bonds to channel investments towards the pillar sectors of its Vision 2050 and notably towards the sectors that have priority for Flanders in the coming years: Energy, Housing, Education and Circular Economy.

Categories supported by the Sustainability Bond:	Related SDG	Vision 2050 equivalent pillars:
Energy Efficiency in Buildings		Energy
Affordable Housing		Smart living
Access to Education		Lifelong learning and a dynamic professional career
Pollution prevention and control (including circular economy)		Circular economy

4) Sustainability Bond Framework

4.1 Use of proceeds

4.1.1 Definition and scope of Eligible Expenditures

An amount equal to the net proceeds of the Sustainability Bond will be used to finance and/or refinance Eligible Expenditures that fall within the following Eligible Categories that have both environmental and social benefits.

1. Energy Efficiency in Buildings
2. Affordable Housing
3. Access to Education
4. Pollution prevention and control (including circular economy)

Eligible Expenditures consist of expenditures made in the current calendar year of the issuance of a Sustainability Bond and of expenditures made in the previous year.

Since 2014, following the update of the European System of National and Regional Accounts rules (ESA 2010), the accounts, the budget and the debt of various institutions (e.g. social housing institutions) have been consolidated within the Flemish Community accounts. Since then the Flemish Community has centralised the borrowing for these institutions (which in the past issued their own debt with the guarantee of the Flemish Community).

Eligible Expenditures could include:

- Budgetary expenditures that are not included in the Flemish Community's financial balance related to public debt consolidation, including:
 - Financing of public agencies (direct debt), such as social housing operators (see 4.1.1.2)
 - Investments in private public partnerships (direct debt), such as DBFM investment program Schools of Tomorrow (see 4.1.1.3)
 - Other expenditures for lending and holdings like for example the energy loans (see 4.1.1.1)
- Budgetary expenditures that are included in the Flemish Community's financial balance, such as expenditures related to pollution prevention and control (including circular) (see 4.1.1.4)

Eligible Expenditures dedicated to other Belgian agencies that could refinance themselves by issuing their own Social, Green or Sustainability Bonds or that benefit from federal or European Union financing are excluded.

4.1.1.1 Energy Efficiency in Buildings

- **Eligible Expenditures related to Energy Efficiency in Buildings are the Fund's expenditures (see definition hereafter) and Flanders' expenditures dedicated to energy loans at adjusted interest rates.**

Context

The Flemish climate policy plan³ and the concept note about the Flemish energy plan⁴ contain measures to limit energy consumption in 5 sectors. These subsectors are:

- Transport,
- Housing,
- Tertiary sector⁵,
- Industry,
- Agriculture.

The focus of Flanders for the coming years will be on the housing subsector, via the subsidizing of energy loans and the setting up of a so-called rolling fund (hereafter: the Fund). The objective is to support affordable clean energy and energy efficiency and reduce energy poverty.

Eligibility criteria

The aim of **the Fund** is to help targeted populations – “Emergency Buyers”⁶ - with the energy refurbishment of houses in poor condition. In short, the fund aims to combat energy poverty by making the house more energy-efficient, thus reducing consumption and improving the quality of life. The owner-occupier must only repay this investment on sale or inheritance, as a result of which the monthly income is not affected. If the work carried out has provided added value for the building in question, part of this can also flow back to Flanders.

The eligible works are roof insulation, wall insulation, high-efficiency glazing and the installation of condensation boilers.

An **energy loan** can be used to carry out energy refurbishment in existing housing and energy-efficient techniques in newly built houses⁷. Everybody can gain from the renovation loan but vulnerable low – income households have priority. It manifests itself in various applicable interest rates, as illustrated below:

1. For the vulnerable groups a zero rate is applicable for a maximum amount of € 15,000, repayable over a period of 10 years. The priority target groups are:
 - Persons who are entitled to a higher reimbursement from the health insurance fund;

³ https://www.lne.be/sites/default/files/atoms/files/VoorontwerpVlaamsKlimaatbeleidsplan2021-2030_VR20180720.pdf

⁴ <https://www.vlaanderen.be/nl/nbwa-news-message-document/document/0901355780248d70>

⁵ The Tertiary sector contains all non-residential and non-industrial buildings. For energy consumption waste is also included in the tertiary sector.

⁶ Emergency buyers are households who partly out of necessity (lack of decent and affordable private and social rental houses) have purchased a qualitatively inferior home without the possibility to invest financial resources to bring the house to a good quality level.

⁷ There are two additional requirements applicable for newly built houses. Firstly the Energy Performance of Buildings (EPB) declaration is not yet final and secondly the building has to be nearly energy neutral (= E30) after the works have been carried out.

- Households with an annual gross taxable income lower or equal to € 18,363.39 increased by € 3,399.56 per dependent person;
 - Persons in debt mediation who cannot pay their heating bill;
 - Persons who are supervised by the Public Centres for Social Welfare (PCSW) because they cannot pay their invoices for gas and electricity;
 - Protected customers;
 - Families with a jointly taxable income of up to € 30,640;
 - Owners renting out their property through a social rental office (stops at the end of 2018).
2. The energy loan is also intended for non-commercial legal entities and cooperative companies. For this target group a 1% interest rate applies (this measure will stop at the end of 2019).
 3. For other target groups, the normal interest rate for energy loans is 2% for an amount of € 15,000 refundable over a period of 8 year (this measure will stop at the end of 2018)

An overview of the works that qualify⁸:

- All types of insulation;
- High-efficiency glazing;
- Air-tightening and airtightness tests;
- Energy-efficient ventilation systems;
- Energy-efficient heating systems (including condensing boiler, heat pump, pellet boiler or stove, fuel cells...);
- Solar panels (if the roof is well insulated and that there is high-efficiency glazing everywhere);
- Solar water heaters or other economic systems for domestic hot water;
- Relighting or relamping using energy efficient lighting, movement detectors and daylight control (mainly in the common parts of an apartment building);
- Energy audit (only in combination with other measures);
- Energy-efficient domestic appliances (only for the social target group after an energy scan has demonstrated the need for replacement);
- Energy storage techniques and management systems.

⁸ Detailed information about the works that qualify can be found in the ministerial order from 5 September 2017 « *Arrêté ministériel déterminant la nature des investissements éligibles à un prêt par une maison de l'énergie* »

4.1.1.2 Affordable Housing

- **Eligible Expenditures related to Affordable Green Housing are Flanders' expenditures dedicated to the financing of the social housing agencies VMSW and VWF. It should be noted that these expenditures are not included in the year budget related to the Social Housing subsidies.**

Context

Social housing provision in Belgium is meant to offer adequate housing, i.e. qualitatively suitable to ensure hygienic standards and sound living conditions, but still affordable and with a certain security of tenure for low-income households. Since 1980, social housing has been decentralised and is now the competence of the three Regions: the Flemish Region, the Walloon Region and the Brussels Region.

In Flanders, the two main actors of the Social Housing sector are the Flemish Social Housing Association (VMSW) and the Flemish Housing Fund (VWF). The role of those two agencies is defined in the Flemish Housing Code, via the decree of July 15th 1997⁹. The core businesses of both actors are slightly different.

VMSW gives social mortgage loans for certain acquisitions and renovations to targeted populations. They also provide subsidised funding and market loans with compensation to local housing actors, such as social housing companies, municipalities, etc. Local housing actors use this credit to purchase land, or to build or renovate rented or owner-occupied dwellings. Finally, VMSW operates as a financial coordination centre for local social housing companies, which build/renovate dwellings for sale or for rent for targeted populations. The beneficiary and the dwelling must meet a number of requirements.

VWF provides special social mortgage loans to households to buy, renovate or preserve their property. Both the borrowers and the property have to meet some requirements. Furthermore, VWF buys buildings that are vacant for a long time to renovate or replace. Afterwards they rent the houses to targeted populations. They consciously opt for a small-scale approach with a view to the sustainable use of space and materials on the one hand and the creation of a social mix on the other.

New constructions or renovation works that require a town planning permit must comply with the most recent applicable EPB requirements¹⁰. The table 2 in the appendix provides an overview of the EPB requirements for housing that apply for the period of 2016 – 2020 and from 2021.

⁹ <https://www.wonenvlaanderen.be/content/vlaamse-wooncode>

¹⁰ EPB requirements: <https://www.energiesparen.be/EPB-pedia/eisen-per-aanvraagjaar>

Eligibility criteria

A. Facilitating ownership to targeted populations:

The candidate buyers / borrowers must comply with social criteria established and annually updated by Flanders, which notably includes having a maximum annual income (in euros) for each personal situation¹¹:

Maximum annual income as of 2018	Flemish Region	Urban core or Flemish periphery ¹²
Single person with no dependents	€ 37,532	€ 39,319
Single disabled person with no dependents	€ 41,279	€ 43,245
All others	€ 56,292	€ 58,972
Increase per dependent at "all others"	€ 3,748	€ 3,926

Besides the income criteria there are also criteria concerning ownership, age of the borrower, monthly income, type of house or renovation and residency in Belgium¹³.

B. Provide social housing with adapted rents to targeted populations:

Social housing renters must comply with social criteria established and annually updated by Flanders, which includes having a maximum annual income (in euros) for each personal situation¹⁴:

Maximum annual income as of 2018	Flemish Region
Single person with no dependents	€ 24,452
Single disabled person with no dependents	€ 26,500
All others	€ 36,676
Increase per dependent at "all others"	€ 2,050

There are also criteria concerning the age, ownership and citizenship (registration in the register of population or register of foreign nationals)¹⁵.

¹¹ The following values are illustrative. Any update will be disclosed in annual Flanders' Sustainability Bond reporting.

¹² Urban core refers to one of the following cities : Alost, Anvers, Boom, Bruges, Termonde, Genk, Gand, Hasselt, Courtrai, Louvain, Malines, Ostend, Roulers, Saint-Nicolas, Turnhout and Vilvorde

Flemish periphery refers to municipalities in the area of Hal-Vilvorde and to the following municipalities: Bertem, Huldenberg, Kortenberg and Tervuren

¹³ For more information about the criteria: <https://www.vmsw.be/Home/ik-ben-particulier> and <http://www.vlaamswoningfonds.be/lenen/lenen-bij-het-vlaams-woningfonds>

¹⁴ The following values are illustrative. Any update will be disclosed in annual Flanders' Sustainability Bond reporting

¹⁵ For more information: <http://www.vlaamswoningfonds.be/huren/aan-welke-voorwaarden-moet-ik-voldoen> and <https://www.vmsw.be/Home/ik-ben-particulier/Huren-van-een-sociale-woning>

4.1.1.3 Access to Education

- **Eligible Expenditures related to Access to Education are Flanders' expenditures dedicated to the construction of public Primary and Secondary Education school buildings under the DBFM program of Schools of Tomorrow. The objective is to expand capacity for additional places and to guarantee the multi functionality of new school buildings for the public.**

Context

Flanders has approximately 20,000 school buildings, of which more than half were built before 1970 and more than a quarter were built before 1950. Years of underinvestment in education and demographic growth resulted in eroded school infrastructure and capacity shortage.

Eligibility criteria

The "Masterplan Scholenbouw"¹⁶ established in 2014 has 5 strategic objectives:

- Renewing the existing educational heritage
- Extend the educational capacities
- Tapping alternative sources of funding (DBFM schools of Tomorrow)
- Focusing on school buildings of the future
- Promote long-term planning and a management approach

Therefore, the Flemish Community prioritizes the construction and extension of schools located in municipalities where there is a lack of school places. In addition, new school buildings must comply with most recent applicable EPB requirement regarding schools as per the Decree of 7 December 2007 concerning energy performance in schools.

The table 3 in appendix provides an overview of the EPB requirements for schools from 2016 and more details about the specific requirements for passive schools.

¹⁶ Masterplan Scholenbouw is one of the priorities of the policy paper education 2014-2019. The other strategic goals are: fully develop the talents of each student, provide a sufficient and motivated teaching staff, strengthen educational institutions and achieving top quality.

4.1.1.4 Pollution prevention and control (including circular economy)

- **Eligible Expenditures related to Pollution Prevention and Control (including circular economy) are Flanders' expenditures dedicated to "Circular Flanders" and Vlaio circular economy projects.**

Context

Since 1 January 2017, the 'Circular Flanders' hub is a partnership of governments, companies, civil society, and the knowledge community taking action together. The Government of Flanders has set the circular economy as one of the seven transition priorities and appointed the OVAM - the Public Waste Agency of Flanders, that is responsible for the management of waste, materials and soil in a well thought-out and environmentally-friendly manner - as the initiator of Circular Flanders. The operational team, which is responsible for the day-today operation, is embedded in the OVAM.

In parallel cluster initiatives were launched in Flanders. The **clusters** are demand-driven innovation platforms for stimulating collaboration between companies and knowledge centers. The cluster organizations are financially supported by Vlaio (Flemish Agency for innovation and entrepreneurship). There exist two types of clusters:

- Spearhead clusters (SPC) are large-scale initiatives that fit in with important strategic domains for Flanders.
- Innovative corporate networks (such as the Strategic Support for Ecology (STRES) or the Strategic Support for Transformation (STS)) are smaller initiatives that often originate bottom-up from companies that want to focus on a specific - often a new emerging - domain that offers them opportunities to increase their competitiveness.

Eligibility criteria

Circular economy refers to the numerous strategies allowing to use materials and products in the economy in a sustainable way: they are repaired, have a high secondhand value, are upgradeable, and can easily be taken apart and turned into new products. The selected materials are recycled or bio-based at conception and are recyclable or biodegradable at end-of-life. Circular economy purpose is to preserve the value of what is valuable.

Since 2017, Circular Flanders has been launching open calls for projects in the context of the transition to a circular economy. The focus of the open calls is on the practical implementation and the demonstration of circular projects. Social innovation is also of importance. Assessment is based on the following criteria: innovation, scalability, strong partnerships and also learning and demonstration value.

Those projects are in majority related to:

- Waste recycling and re-use
- Soil remediation
- Waste to energy
- Waste reduction
- Reduction of air emissions (excluding fossil fuel technologies)
- Wastewater treatment

- Eco-efficient and circular economy adapted products

For the projects responding to Circular Flanders' open calls, a maximum of 80% of the project costs are subsidized with a maximum subsidy amount of € 100,000.

The financing of projects via the spearhead clusters by Vlaio is limited to 50% of the project. The other 50% of resources come from private partners.

4.2 Process of Project Evaluation and Selection

A Sustainability Bond committee has been created to select Eligible Expenditures as per the eligibility criteria defined in the Use of Proceeds section. This committee will comprise of members of the department of Finance and Budget, VMSW (social housing), Agion (Agency for School Infrastructure), Vlaio (Agency for Innovation and Entrepreneurship), VEA (Flemish Energy Agency), Circular Flanders and the department of Environment.

The Sustainability Bond committee identifies and selects the Eligible Expenditures in Flanders' budget, at the beginning of each fiscal year.

The Sustainability Bond committee validates the effective disbursed amounts of Eligible Expenditures, at the end of each fiscal year.

4.3 Management of Proceeds

The tracking of Eligible Expenditures will be done by the Sustainability Bond Committee. A register will be established to monitor the allocation of proceeds to the Eligible Expenditures on a notional basis.

An amount equal to the net proceeds of the Sustainability Bond will be allocated in priority to Flanders' expenditures of the previous year and thereafter to Flanders' expenditures of the current year.

Pending full allocation, the net proceeds of the Sustainability Bond issuances will be managed within the division of Financial Operations of the Flemish department of Finance and Budget treasury liquidity account in accordance with the region's regulatory framework.

In case of budgetary adjustment during the current year or delayed disbursements, Flanders will use the net proceeds to finance other eligible expenditures which are compliant with the current Use of Proceeds.

4.4 Reporting

4.4.1 Allocation reporting

Allocation reporting will be available to investors within approximately one year from the date of the bond issuance, and annually thereafter until full allocation of the net proceeds. The reporting will be produced on a portfolio basis. It will provide:

- the total amount of expenditures per Eligible Categories, and corresponding percentage of the net proceeds
- the amount of unallocated proceeds, if any
- depending on confidentiality constraints, examples of projects subsidized by Flanders

This information will be publicly available on Flanders' website: <http://www.financeflanders.be>.

4.4.2 Impact reporting

Flanders intends to publish an impact reporting that will provide information on the environmental and social impacts of its Eligible Expenditures. The reporting is intended to be provided on an annual basis and until the full allocation of the proceeds.

The relevant metrics will, to the extent of possible and when applicable, include:

Eligible Category	SDG & SDG Target	Reporting indicators	
		Environmental	Social
Energy Efficiency in Buildings	 <p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 7.3 By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> • Total amount / number of granted energy loans (a split up between the different interest rates is possible if useful) • Total number of loans granted from the Fund • An overview of the most common investments financed with energy loans (a comparison between the different target groups is possible if useful) • Energy saving (MWh/year) • Avoided CO₂ emissions (tCO₂/year) 	<ul style="list-style-type: none"> • Total number of households that benefited from the energy loan (a split up between the different target groups is possible if useful) • Total number of households that benefited from the Fund
Affordable housing	 <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<ul style="list-style-type: none"> • Buildings with E-level ≤ 60 • Number of rent houses with high efficiency glazing, roof insulation of energy-efficient heating systems • Energy saving (MWh/year) • Avoided CO₂ emissions (tCO₂/year) 	<ul style="list-style-type: none"> • Total number of low-income households that benefited from a rent subsidy: • Spread of the rent subsidy according to the household income • Spread of the rent subsidy according to the number of family members • Total number of low-income households that benefited from a social mortgage loan: <ul style="list-style-type: none"> - Spread of the loans in accordance with the number of dependent family members including single-parent households (VWF) - VMSW: singles with or without children, families with or without children - Spread of the borrowers according to the monthly net household income (VWF) - VMSW: Average monthly income - Object of the loan (VWF/VMSW)
Access to Education		<ul style="list-style-type: none"> • Building data per passive school (E-value, K-level, airtightness, energy demand cooling & heating and compactness) 	<ul style="list-style-type: none"> • Number of education centres supported • (split up passive school vs energy efficient school)

	 <p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p> <p>4.A Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>	<ul style="list-style-type: none"> • Energy saving (MWh/year) • Avoided CO₂ emissions (tCO₂/year) 	<ul style="list-style-type: none"> • Number of students supported • split up passive school vs energy efficient school
<p>Pollution prevention and control (including circular economy)</p>	 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p> <p>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</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 By Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> • Energy saving (MWh/year) • Avoided CO₂ emissions (tCO₂/year) • Avoided food waste / year • Tonnage of recycled materials that are ready to be reused (concerns all possible raw materials depending on the project that will be selected) 	<ul style="list-style-type: none"> • Total number of companies that benefited from financial support

5) Second Party opinion

Flanders has appointed Sustainalytics to provide a Second Party Opinion on this Sustainability Bond Framework. This Second Party Opinion document will be made available on Flanders' website <http://www.financeflanders.be>.

APPENDIX:

Table 1: Related targets within Vizier 2030 and the Flemish Energy plan

SDG	Related targets within Vizier 2030 and the Flemish Energy plan
 <p>4 QUALITY EDUCATION</p>	<p>Vizier 2030 related targets:</p> <p>n°7: In 2030, all young children (2.5 to 5 year olds) will be involved in pre-school education.</p> <p>n°8: In 2030 Flanders will guarantee equal access to primary education, secondary education and higher education and adult education, and will offer maximum learning opportunities for every learner.</p> <p>n°9: In 2030, Flanders will provide a qualitative range of facilities for the various education providers (in all educational levels).</p> <p>n°10: By 2030, programs in all levels of education will provide a solid foundation for knowledge, skills and attitudes, allowing learners to fully participate in society, promote sustainable development in all its dimensions and quickly develop. This means that secondary education, higher education and adult education will also prepare for sustainable employability.</p> <p>n°11: By 2030, training programs for education providers (outside education) will be dedicated to both lifelong and lifewide learning, by offering a solid foundation of knowledge, skills and attitudes that promote (in addition to the competences) the agility and social participation of learners.</p> <p>n°12: In 2030, all young people will have the opportunity to finish at least high-quality secondary education, obtaining relevant and effective learning outcomes, and significantly reducing unqualified outflow</p> <p>n°13: In 2030, there will be three times as many adults follow formal or non-formal education or training as in 2015.</p> <p>n°15: By 2030 Flanders aims for a sufficient knowledge of Dutch for every person who has settled in Flanders for a long time.</p> <p>n°16: In 2030 Flanders recognizes competencies and qualifications as a learning society, wherever they are acquired.</p> <p>n°30: In 2030 all companies and organizations will implement a strategic competence policy.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Vizier 2030 related target:</p> <p>n°17: By 2030, 80% of the homes meet the minimum safety, health and living quality standards.</p>

	<p>Energy Plan related Targets¹⁷</p> <ul style="list-style-type: none"> ➤ In 2030, there will be a fossil energy reduction of 44% compared to 2005 through interpolation and the evolution in the number of residential units in Flanders in the period 2012-2030. ➤ In 2030, there will be a reduction of the fossil energy consumption with 41% compared with 2005 through interpolation for tertiary buildings. ➤ In 2030, a capacity reduction of the processing installations for residual waste will be realized in order to ensure coordination between the processing capacity and the supply of combustible waste. This is necessary since 220 ktonnes of waste can be avoided by 2022 through prevention and selective collection in accordance with the Implementation Plan for household waste and similar industry waste (HAGBA). ➤ By 2030, more organic-biological waste in the industrial residual waste will be selectively collected and processed. This will result in a reduction of approximately 160,000 tons. ➤ In 2030, 50% of the fraction of recyclable waste in household residual waste and comparable industrial waste will be kept from the residual waste. ➤ In 2030, landfill emissions are reduced by 81% compared to 2005.
	<p>Vizier 2030 related targets:</p> <p>n°22: By 2030, Flanders has made the transformation to a polyvalent economy, which creates prosperity and employment in a sustainable and competitive way and encourages companies to adopt sustainable practices.</p> <p>n°32: By 2030, Flanders will close as many cycles as possible in function of a circular economy & the carbon footprint and material footprint of the Flemish consumption will be reduced in relation to the quality of life & the food losses in Flanders will be reduced by 30%.</p> <p>n°35: By 2030, an environmentally-friendly management of chemicals and all waste throughout their entire life cycle will be achieved, and significantly reduce emissions in air, water and soil to minimize their negative impact on human health and the environment.</p> <p>n°36: By 2030 it is guaranteed that people everywhere are able to make sustainable choices, that they have relevant and handy information and are aware of lifestyles that are in harmony with nature, and that their environment and circumstances make the sustainable choice the most logical and simple choice.</p>

¹⁷ The focus of the targets presented in this table is on the buildings and waste sectors. It should be noted that the Flemish Energy Plan also include targets related to transport & mobility, agriculture and industry sectors.

Table 2: EPB requirements for housing

The table below provides an overview of the EPB requirements for housing that apply for the period 2016, 2017, 2018 - 2020 and the requirements that will be applicable from 2021.

Nature of the works		Period 2016	01/2017 & 02/2017	03/2017 – 12/2017	Period 2018 - 2020	Period 2021
Construction	Thermal insulation	Maximum K 40 and maximum U-values			Maximum S 31 (per housing unit) and maximum U-values	Maximum S 28 (per housing unit) and maximum U-values
	Energy performance	Maximum E 50 (per housing unit)			Maximum E 40 (per housing unit)	Maximum E 30 (per housing unit)
	Indoor climate	Minimal ventilation facilities and limiting the risk of overheating (per housing unit)				
	Net energy needs	Maximum 100-25 x C or 70kWh/m ² (where c = compactness)			/	
	Renewable energy	Minimum share	≥ 10 kwh/m ² . year	≥ 15 kwh/m ² . year		
Major energetic renovation	Thermal insulation	Maximum U-values (for new and after-insulated parts)				
	Energy performance	Maximum E 90 (per housing unit)				
	Indoor climate	Minimal ventilation facilities				
	Renewable energy	/	≥ 10 kwh/m ² . year	≥ 15 kwh/m ² . year		
Renovation	Thermal insulation	Maximum U-values (for new and after-insulated parts)				
	Indoor climate	Minimal ventilation facilities (for existing rooms when replacing glazing and for new rooms)				
	Installations	Minimal requirements (for new, renewed and replaced installations)				
Change of function with a construction volume greater than 800 m ³	Thermal insulation	Maximum K 65 (adjusted (part of) building) and maximum U-values			/	
	installations	Minimal requirements			/	
	Indoor climate	Minimal ventilations facilities			/	

Table 3: EPB requirements for schools¹⁸

The table below provides an overview of the EPB requirements for schools that apply for 2016, 2017 and the requirements that are applicable from 2018.

		2016	01/2017 & 02/2017	03/2017 -12/2017	2018
Construction	Thermal insulation	Maximum K 40 (buildings) and maximum U-values			Maximum U-values
	Energy performance	Maximum E-55			
	Indoor climate	Minimal ventilation facilities			
	Renewable energy	Minimum share	≥ 10 kwh/m ² . year		≥ 15 kwh/m ² . year
Major energetic renovation	Thermal insulation	Maximum U-values (for new and after-insulated parts)			
	Energy performance	Maximum E -90			
	Indoor climate	Minimal ventilation facilities			
	Renewable energy	/	≥ 10 kwh/m ² . year		≥ 15 kwh/m ² . year
Renovation	Thermal insulation	Maximum U-values (for new and after-insulated parts)			
	Indoor climate	Minimal ventilation facilities (for existing rooms when replacing windows and for new rooms)			
	Installations	Minimal requirements (for new, renewed and replaced installations)			
Change of function with a construction volume greater than 800 m ³	Thermal insulation	Maximum K 65 (adjusted (part of) building) and maximum U-values		/	/
	installations	Minimal requirements		/	/
	Indoor climate	Minimal ventilations facilities		/	/

The Decree of 7 December 2007 concerning energy performance in schools also contains the technical criteria for the pilot project passive schools. Those criteria are:

- A net energy requirement for heating less than or equal to 15kWh/m².year;
- A net energy requirement for cooling smaller or equal to 15kWh/m².year;
- An airtightness (n50-value) less than or equal to 0.6h-1;
- A maximum e-level of E55.

¹⁸ The table is a summary. For more detailed information: <https://www.energiesparen.be/EPB-pedia/eisen-per-aanvraagjaar>.