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# OMAN WATER AND WASTEWATER SERVICES COMPANY ("OWWSC") SUSTAINABLE FINANCE FRAMEWORK 2024



**Document title:** Second Party Opinion on Oman Water and Wastewater Services Company (OWWSC) Sustainable Finance Framework 2024

**Prepared by:** DNV Business Assurance Services UK Limited

**Location:** London, U.K.

**Date:** 18 July 2024

This assessment is valid so long as the evidence provided to DNV remains materially unchanged and remains applicable in the context of the financial instrument being assessed.

# OMAN WATER AND WASTEWATER SERVICES COMPANY (OWWSC) SUSTAINABLE FINANCE FRAMEWORK 2024

## DNV INDEPENDENT ASSESSMENT

### Scope and Objectives

Oman Water and Wastewater Services Company (henceforth referred to as “OWWSC” or the “Company”) is a subsidiary of Electricity Holding Co. SAOC. It is the largest water and wastewater management company in Oman, covering all governorates except Dhofar. It serves over 4 million people, and manages water distribution, wastewater collection, transportation, treatment, and environmentally responsible disposal across approximately 210,000 m<sup>2</sup> of land.

OWWSC delivers water through pipes, road tankers, or boats and collects wastewater via networks or tankers for eco-friendly treatment and discharge. The treatment process handles wastewater, effluent, sludge, and other by-products, with treated effluent transported to premises through piped systems or road tankers. Water service assets include desalination plants, wells, and pumping stations, while wastewater service assets encompass sewage treatment plants, pumping stations, and lifting stations.

OWWSC has Environmental and Social commitments to its customers and the citizens of Oman. Its Environmental commitments regard its carbon footprint around investment in three key areas:

- Renewable Energy (for example Solar PV and Hydropower)
- Energy Efficiency (for example infiltration, electrification, biofuel and H<sub>2</sub> blending)
- Resource Recovery (for example sludge to biogas, hydrogen production, nature-based solutions, biogenic CO<sub>2</sub> and nutrient recovery)

To deliver on its social goals and to focus on improving the quality of life in local communities, the Company's Social Commitments include:

- People (notably its own staff and the implementation of key initiatives to boost the learning and development of Omani nationals)
- Community Engagement, through strategic initiatives include community events, sponsorships and educational programmes for the wider Omani public and its customers.

To drive its commitment to deliver on these key environmental and social objectives and its ambition to be regarded as a sustainability leader in water and the Middle East region, DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) has been commissioned by Oman Water and Wastewater Services Company to provide a review of its Sustainable Finance Framework against the International Capital Market Association’s (“ICMA”) Green Bond Principles (“GBP”) 2021 with June 2022 Appendix 1, the Social Bond Principles (“SBP”) 2023, the Sustainability Bond Guidelines (“SBG”) 2021, and the Loan Market Association (“LMA”) Green Loan Principles (“GLP”) 2023 and the Social Loan Principles (“SLP”) 2023, as well as the ICMA Practitioner’s Guide “Bonds to Finance the Sustainable Blue Economy” 2023 (“BFSBE”) and International Finance Corporation (IFC) Guidelines for Blue Finance.

Our methodology to achieve this is described under ‘Work Undertaken’ below.

DNV has not been commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Sustainable Finance Instruments as issued via the Company's Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

## Responsibilities of the Management of OWWSC and DNV

The management of OWWSC has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform OWWSC's management and other interested stakeholders in the Framework, as to whether it is aligned with the principles as set out by the GBPs, SBPs, the SBGs, GLPs, SLPs and the BFSBEs. DNV's assessment is supplemented with international guidelines and standards, as well as DNV's own technical expertise to assess sustainability eligibility.

In our work, we have relied on the information and the facts presented to us by OWWSC. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. DNV shall not be held liable if any of the information or data provided by OWWSC used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create an Oman Water and Wastewater Services Company Sustainable Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that the Sustainable Finance Instruments must use the funds raised to finance eligible activities, that should produce clear green/social/blue benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection. Evaluation criteria are guided by the requirements that an issuer of a Sustainable Finance Instrument should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that the Sustainable Finance Instruments should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting should be provided on the use of proceeds until all have been allocated, and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work Undertaken

Our work constituted a high-level review of the available information provided to us by OWWSC in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- Creation of an OWWSC-specific Protocol adapted to the purpose of the Framework as described above;
- Assessment of documentary evidence provided by OWWSC on the Framework, supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with OWWSC's management and a review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in [Schedule 2](#) of this document.

Our opinion, as detailed below, is a summary of these findings.

## Findings and DNV's Opinion

DNV's findings are listed below, with further detail provided in [Schedule 2](#).

### 1. Principle One: Use of Proceeds.

DNV confirms that an amount equivalent to the proceeds from Sustainable Finance Instruments such as green/social/blue bonds, loans, and sukuk as issued under the Framework, will be used to (re-)finance in part or in full, the following Eligible Green/Social/Blue Project Categories (the "Eligible Projects"):

#### Eligible Green Projects:

- Sustainable Water and Wastewater Management.
- Climate Change Adaptation.
- Terrestrial and Aquatic Biodiversity Conservation.
- Renewable Energy.
- Energy Efficiency.
- Clean Transportation.
- Pollution prevention and control.

#### Eligible Social Project:

- Affordable Basic Infrastructure.

#### Eligible Blue Projects:

- Marine Pollution
- Marine Ecosystem Management, Conservation, and Restoration

The company has listed the eligible projects and the expected environmental/social impacts and performance criteria for each category within the Framework, which are further defined in [Schedule 1](#) of this Opinion.

Eligible projects that have undergone refinancing within 36 months before the issuance of Sustainable Financing Instruments will be considered.

To avoid duplication of projects, the double counting of finance and the project's environmental and/or social effects, OWWSC will allocate funds based solely on its portion of financing in each project. This means that any investments made by other Nama Holding subsidiaries are excluded.

We can also confirm OWWSC has also included an exclusions list for (re-)financing under the Framework. The exclusions list includes activities, projects or assets, related to:

- Fossil fuel extraction, processing and distribution
- Fossil fuel transportation
- Fossil fuel related power generation

DNV concludes that the eligible green/social and blue project categories as described within the Framework are consistent with those listed in the GBPs, SBPs, GLPs, SLPs and SBGs, as well as ICMA's Practitioner's Guide "Bonds to Finance the Sustainable Blue Economy" 2023 ("BFSBE") and will provide clear environmental and social benefits.

## 2. Principle Two: Process for Project Evaluation and Selection.

DNV can confirm that OWWSC has outlined the eligibility criteria for each project type in the Use of Proceeds table of its Framework, along with providing an indicative list of potentially eligible projects under the Framework.

OWSSC will establish a Sustainable Finance Working Group (SFWG) tasked with evaluating and choosing Eligible Projects. This group will consist of representatives from Finance, Regulatory, Asset Management, Strategy, Quality, Health, Safety, and Environment (QHSE), as well as the Operations Team. The Chief Financial Officer (CFO) will chair the SFWG.

The SFWG will have the following responsibilities:

- Ratification of eligible projects.
- Ensuring that the required due diligence is undertaken including Environmental and Social risk factors as well as compliance with other OWWSC internal procedures.
- Monitoring of the asset pool to ensure any eligible projects remain eligible. If any become ineligible for any reason, it is the responsibility of the SFWG to replace the project with project(s) that are eligible.
- Facilitate the reporting requirements as set out in Section 4 of the Framework and as outlined in Schedule 2 of this Opinion.
- Manage and implement any changes to the Framework.

DNV concludes that OWWSC in its Framework, appropriately described the process for project evaluation and selection, and that this is in line with the requirements as set out under the GBPs, SBPs, GLPs, SLPs, SBGs and the BFSBEs.

## 3. Principle Three: Management of Proceeds.

DNV can confirm that the net proceeds will be directed towards either new projects or the refinancing of existing ones as outlined in the use of proceeds section. OWWSC will establish a Sustainable Financing Register to oversee these funds.

Each Sustainable Financing Instrument issued by OWWSC will designate its proceeds to the pool of eligible projects listed in the Sustainable Financing Register. Annually, the net proceeds will be adjusted to reflect the amounts invested in eligible green/social/blue projects during that year.

The Finance department has instituted a specialised tracking procedure within the internal information systems and database to oversee and document the allocation of the proceeds.

DNV confirm that the Finance department will review the Sustainable Financing Register annually to account for any reallocation to eligible projects within the pool.

The Sustainable Financing Register will include relevant information following:

- **Details of the Sustainable Financing Instrument:** Key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc, where relevant.
- **Details of Use of Proceeds, including:**
  - A summary of the eligible projects to which the proceeds of the Sustainable Financing Instrument have been earmarked in accordance with this Framework;
  - Amount of allocation made;

- Any unallocated Sustainable Financing Instrument proceeds yet to be earmarked against eligible projects;
- Estimated environmental and social impact, where available;
- Other necessary information

OWWSC has appropriately disclosed how it will manage any unallocated proceeds within its portfolio. If the proceeds cannot be immediately and fully allocated or if there is an early repayment, the proceeds will be managed according to OWWSC's general liquidity guidelines until they can be allocated to Eligible Projects. The allocation of proceeds will be completed within two years from the date of issuance.

DNV concludes that there is a clear process in place for the management of proceeds as outlined within the Framework, and that this meets the requirements of the GBPs, SBPs, GLPs, SLPs, SBGs and the BFSBEs.

#### **4. Principle Four: Reporting.**

OWWSC has committed to release an allocation report and an impact report on its sustainable financing instruments annually, as outlined below. This reporting will be annually revised until the complete allocation of the net proceeds from any Sustainable Financing Instrument issued, or until the instrument is no longer active. Whenever feasible, OWWSC will aim to publicly release these reports on the Company's official website.

##### **Allocation reporting:**

- The total amount of proceeds allocated to the Eligible Projects.
- Breakdown of allocation by eligible project category and by geographic location.
- Refinancing versus new financing.
- The balance of unallocated proceeds.

##### **Impact reporting:**

When possible, OWWSC will offer updates regarding significant potential impact indicators for eligible projects, which might encompass details about the methodology and assumptions employed in computing these metrics. OWWSC will report the impact for any of the eligible projects which are relevant under each category for any transaction undertaken on the Framework. A full list of the relevant metrics can be found in [Schedule 2](#)

DNV concludes that OWWSC has made the appropriate plans to produce reporting on both the allocation and the environmental impact of future sustainable finance instruments, and that this is aligned with the requirements as listed under the GBPs, SBPs, GLPs, SLPs, SBGs and the BFSBEs.

On the basis of the information provided by Oman Water and Wastewater Services Company and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definitions of "2021 Green Bond Principles ("GBP") with June 2022 Appendix 1, 2023 Social Bond Principles ("SBP"), 2021 Sustainability Bond Guidelines ("SBG"), and the Loan Market Association ("LMA") 2023 Green Loan Principles ("GLP"), 2023 Social Loan Principles ("SLP") and ICMA's Practitioner's Guide to Bonds to Finance a Sustainable Blue Economy 2023 ("BFSBE").

**for DNV Business Assurance Services UK Limited**

London, 18 July 2024.

A handwritten signature in blue ink, appearing to read "George Oakman".

**George Oakman**  
Senior Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Niki Hutson".

**Niki Hutson**  
Head of Sustainable Finance and Reviewer  
DNV – Business Assurance

#### **About DNV**


Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.




With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 14,800 professionals are dedicated to helping customers make the world safer, smarter and greener.







## SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

### Eligible Green Category:


Eligible Green Categories	Eligible Projects	Potential Impact Metrics	UN SDG alignment
<p><b>Sustainable Water and Wastewater Management</b></p>	<ul style="list-style-type: none"> <li>Investments in projects related to development, construction, operation, upgrades, renovations or improvements for full water cycle utilities: abstraction, desalination, transmission and distribution of water and wastewater collection, wastewater treatment, treated water reuse or discharge.</li> <li>Investment in projects and technologies to improve efficiency of wastewater treatment including biological methods for reduction in the production of sludge odour emitted from wastewater.</li> <li>Investments in projects that increase water-use efficiency, such as water recycling and reuse projects, water-saving systems, technologies and water metering.</li> <li>Investments in projects related to replacement and enhancement of sites/aquifers aimed at reducing leakage / water losses, improving water quality and security or enhance the resiliency against flooding.</li> </ul>	<ul style="list-style-type: none"> <li>Annual absolute (gross) water use before and after the project in m<sup>3</sup>/d, reduction in water use in %</li> <li>Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m<sup>3</sup>/d and as %</li> <li>Reducing leakage from the network in cubic metres per day (m<sup>3</sup>/d)</li> <li>Per capita consumption, in cubic metre per person per day (m<sup>3</sup>/p/d)</li> <li>Total number of smart meters installed on the network</li> </ul>	

<p><b>Climate Change Adaptation</b></p>	<ul style="list-style-type: none"> <li>Investment allocated towards projects aimed at fortifying resilience and mitigating risks linked to extreme climatic occurrences in susceptible regions, including floods, droughts, and severe weather phenomena.</li> <li>Investment allocated towards initiatives that bolster the monitoring and forecasting weather patterns and environmental conditions, aiding in proactive responses to potential hazards.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m<sup>3</sup></li> </ul>	
<p><b>Terrestrial and Aquatic Biodiversity Conservation</b></p>	<p>Investments in nature-based approaches aimed at restoring, remedying, preserving, and conserving habitats and ecosystems, including wetlands, coastal regions, and marine environments.</p>	<ul style="list-style-type: none"> <li>Length of wetlands/lagoons created (m<sup>2</sup>)</li> <li>Number of trees planted</li> <li>Area covered by sustainable land and water resources management practices (ha).</li> </ul>	
<p><b>Renewable Energy</b></p>	<p>Investments dedicated to the production, transmission and distribution of energy from renewable sources including:</p> <ul style="list-style-type: none"> <li>Wind</li> <li>Solar</li> <li>Hydropower systems in water transmission infrastructures</li> <li>Green hydrogen or green ammonia with lifecycle emissions of lower than 3tCO<sub>2</sub>e/tH<sub>2</sub>, and limited to production and storage of</li> </ul>	<ul style="list-style-type: none"> <li>Total installed capacity (kW)</li> <li>Annual renewable energy generated (kWh)</li> <li>Annual GHG emissions avoided or reduced (tCO<sub>2</sub>e)</li> </ul>	


	<p>hydrogen using electrolysis powered entirely with 100% renewable energy</p> <ul style="list-style-type: none"> <li>• Smart grid and smart meter technologies</li> </ul>		
<b>Energy Efficiency</b>	<p>Investments that reduce energy consumption, including:</p> <ul style="list-style-type: none"> <li>• Utilization of energy-saving heating, ventilation, air conditioning, refrigeration, lighting, and electrical systems, delivering a minimum of 20% reduction in energy consumption. (it was selected in line with sustainable finance market practice)</li> <li>• Initiatives focused on replacing outdated machinery and equipment with more efficient alternatives.</li> <li>• Fine-tuning water pumping schedules and operational strategies to minimize electricity consumption during peak tariff periods.</li> <li>• Investment in projects aimed at rehabilitating water infrastructure to mitigate losses and infiltration.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)/a</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/a</li> </ul>	 
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Investments in zero direct emission vehicles and associated infrastructure (incl. hybrid, hydrogen, fuel cell, electric, biodiesel, biofuel)</li> </ul>	<ul style="list-style-type: none"> <li>• Number of low carbon vehicles</li> <li>• Annual GHG emissions avoided or reduced (tCO2e)</li> </ul>	

<p><b>Pollution Prevention and Control</b></p>	<p>Investments to reduce pollutions, maximize value of by product and recycled to new product from water and wastewater:</p> <ul style="list-style-type: none"> <li>• Projects involving treated effluent for agricultural waste (food waste, biofuels derived from agriculture) or industrial applications (such as district heating)</li> <li>• Management of sewage sludge, including thickening, biological stabilization (such as anaerobic digestion for biogas or biomethane production), dewatering, drying, and subsequent reprocessing via co-composting or vermicomposting.</li> <li>• Implementation of carbon capture technologies to capture biogenic CO<sub>2</sub> for use in sustainable aviation fuel (SAF).</li> <li>• Utilization of brine rejected water to reclaim nutrients and generate lithium.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual amount (in tonnes of dry solids p.a. and in %) of raw/untreated sewage sludge that is treated and disposed of (e.g. dewatering, sanitisation, composting, digestion without biogas extraction)</li> <li>• Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %)</li> <li>• Amount of CO<sub>2</sub> captured (tCO<sub>2</sub>)</li> </ul>	
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**Eligible Social Categories**


Eligible Social Categories	Eligible Projects	Potential Impact Metrics	UN SDG alignment
<p><b>Affordable Basic Infrastructure – Access to water</b></p>	<ul style="list-style-type: none"> <li>Investments directed towards initiatives to enhance access to potable water and sanitation facilities, which may involve the establishment of public sanitation stations.</li> <li>Target population: marginalized households, characterized as those lacking prior access to fundamental infrastructure and sanitation amenities.</li> </ul>	<ul style="list-style-type: none"> <li>Number of water infrastructure projects built/upgraded</li> <li>Number of new household water connections</li> <li>Number of people provided with adequate and equitable sanitation</li> </ul>	

**Eligible Blue Categories**

Eligible Green Categories	Blue Project Category per ICMA BFSBE	Eligible Projects	Potential Impact Metrics	UN SDG alignment
<p><b>Sustainable Water and Wastewater Management</b></p>	<p><b>Marine Pollution</b></p>	<p>Only Wastewater Management projects which are located within 100km of the coast can qualify for Blue Financing.</p> <ul style="list-style-type: none"> <li>Investments in projects related to development, construction, operation, upgrades, renovations or improvements for full water cycle utilities: abstraction, desalination (where the carbon intensity is 100g CO<sub>2</sub>e/kWh), transmission and distribution of water and wastewater collection,</li> </ul>	<ul style="list-style-type: none"> <li>Annual absolute (gross) water use before and after the project in m<sup>3</sup>/d, reduction in water use in %</li> <li>Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m<sup>3</sup>/d and as %</li> <li>Reducing leakage from the network in cubic metres per day (m<sup>3</sup>/d)</li> </ul>	

		<p>wastewater treatment, treated water reuse or discharge.</p> <ul style="list-style-type: none"> <li>• Investment in projects and technologies to improve efficiency of wastewater treatment including biological methods for reduction in the production of sludge odour emitted from wastewater.</li> <li>• Investments in projects that increase water-use efficiency, such as water recycling and reuse projects, water-saving systems, technologies and water metering.</li> <li>• Investments in projects related to replacement and enhancement of sites/aquifers aimed at reducing leakage / water losses, improving water quality and security or enhance the resiliency against flooding.</li> </ul>	<ul style="list-style-type: none"> <li>• Per capita consumption, in cubic metre per person per day (m<sup>3</sup>/p/d)</li> <li>• Total number of smart meters installed on the network</li> </ul>	
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<p><b>Pollution Prevention and Control</b></p>	<p><b>Marine Pollution</b></p>	<p>Only solid waste management projects located within 50km of the coast qualify for blue financing.</p> <p>Investments to reduce pollution, maximise the value of by-products and recycled new products from water and wastewater:</p> <ul style="list-style-type: none"> <li>• Treated effluent projects such as agricultural waste (food waste, biofuels derived from agriculture) or industrial applications (such as district heating).</li> <li>• Sewage sludge treatment and management (thickening), biological stabilisation (anaerobic digestion of biowaste to produce biogas, biomethane (where Total methane emissions <math>\leq</math> 1285g CH<sub>4</sub>/ ton of waste input or leading to an 80% GHG emission reduction compared to fossil fuel baseline), dewatering, drying, etc.) and further sludge re-process co-composting and/or vermicomposting).</li> <li>• Brine rejected water to recover nutrients and produce lithium</li> </ul>	<ul style="list-style-type: none"> <li>• Annual amount (in tonnes of dry solids p.a. and in %) of raw/untreated sewage sludge that is treated and disposed of (e.g. dewatering, sanitisation, composting, digestion without biogas extraction)</li> <li>• Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %)</li> </ul>	
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<p><b>Terrestrial and Aquatic Biodiversity Conservation</b></p>	<p><b>Marine Ecosystem Management, Conservation, and Restoration</b></p>	<p>Only projects located within 100km of the coast qualify for blue financing.</p> <p>Investments in nature-based solutions for the restoration, remediation, preservation and the conservation of habitats and ecosystems such as wetlands, coastal and marine areas</p>	<ul style="list-style-type: none"> <li>• Length of wetlands/lagoons created (m<sup>2</sup>)</li> <li>• Area covered by sustainable land and water resources management practices (ha).</li> </ul>	
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## SCHEDULE 2: OMAN WATER AND WASTEWATER SERVICES COMPANY-SPECIFIC SUSTAINABLE FINANCE FRAMEWORK ASSESSMENT PROTOCOL

### 1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The Green/Social/Blue Bond/Loan must fall into one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds Bond/Loan</li> <li>• Use of Proceeds Revenue Bond/Loan</li> <li>• Project Bond/Loan</li> <li>• Securitised Bond/Loan</li> </ul>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>The Framework outlines the types of Use of Proceeds instruments expected to be issued, which include various sustainable finance debt instruments. These instruments will be used to finance and/or refinance, in whole or in part, Eligible Green/Social/Blue projects that meet the eligibility criteria of the Green, Social and Blue Project categories defined in <u>Schedule 1</u> of this opinion.</p> <p>The Framework allows for eligible projects that have been refinanced within 36 months prior to the issuance of the Sustainable Financing instruments.</p> <p>To prevent double counting of projects and their environmental and/or social impact, OWWSC will allocate funds only according to its share of financing in the project and will exclude any investments made by other Nama Holding subsidiaries.</p> <p>DNV can confirm that the instruments outlined in the framework align with the GBPs, SBPs, GLPs, SLPs, SBPs SBGs and BFSBEs and will need to be further assessed on an individual basis.</p>
1b	Green/Social/Blue Project Categories	The cornerstone of a Green/Social/Blue Bond/Loan is the utilisation of the proceeds which should be appropriately described in	In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.	OWWSC intends to utilize the proceeds from future issuances to finance or refinance projects in the OWWSC development pipeline that may qualify for green, social and blue projects.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		the legal documentation for the security.	<p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• Bidya Treatment Plants. Engineering plans and updates</li> <li>• Design, Supply and Build of tanker unloading facility, collection tank.</li> <li>• OWWSC Project Charter of RG STPs upgradation.</li> <li>• OWWSC HAYA Letter.</li> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>Green projects include:</p> <ul style="list-style-type: none"> <li>• Sustainable Water and Wastewater Management</li> <li>• Climate Change Adaptation</li> <li>• Terrestrial and Aquatic Biodiversity Conservation</li> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Clean Transportation</li> <li>• Pollution Prevention and Control</li> </ul> <p>Social projects include:</p> <ul style="list-style-type: none"> <li>• Affordable Basic Infrastructure</li> </ul> <p>Blue project includes:</p> <ul style="list-style-type: none"> <li>• Marine Pollution</li> <li>• Marine Ecosystem Management, Conversation and Restoration</li> </ul> <p>DNV confirms that the eligible green categories and projects as stated in the Framework and in <u>Schedule 1</u> of this opinion, are consistent with the GLPs, SLPs, GBPs, SBPs, SBGs and BFSBEs.</p>
1c	Green/Social/Blue benefits	All designated Green/Social/Blue Project category should provide clear environmental benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p>	<p>OWWSC has provided a description of the types of eligible green projects that it intends to (re-) finance under the Framework, as well as the corresponding ICMA/LMA-eligible project categories.</p> <p>The Company has also committed to working towards the UN Sustainable Development Goals (SDGs) key to its sector, and</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> <li>• Bidya Treatment Plants. Engineering plans and updates</li> <li>• Design, Supply and Build of tanker unloading facility, collection tank.</li> <li>• OWWSC Project Charter of RG STPs upgradation.</li> <li>• OWWSC HAYA Letter.</li> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>has outlined which SDGs the proposed projects will contribute towards – specifically Goal #6, Goal #7, Goal #19, Goal #11, Goal #12, Goal #13 and Goal #14.</p> <p>The company recognises the Environmental and social performance and outlines some of the indicative environmental and social benefits. To make the benefits quantifiable, OWWSC has provided a detailed list of potential impact metrics, which are detailed in Schedule 1 of this Opinion.</p> <p>We can confirm OWWSC has clearly outlined how it intends to support the performance and assessment of eligible projects by following the vision and focus points.</p> <p>The evidence reviewed gives us the opinion that future issuances to be issued under the Framework will deliver clear environmental and social benefits.</p>
1d	Target Population	All designated Social Projects should provide the social benefits outlined in 1d to specific target populations.	Evidence Reviewed: <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>The allocated proceeds target underserved households, which are defined as those who have not previously had access to basic infrastructure and sanitation services. Basic Infrastructure in this instance is defined as set out in <a href="#">Schedule 1</a> of this Opinion.</p> <p>DNV confirms that the target populations as defined in this Framework are consistent with the target populations as outlined in the SLPs and SBPs.</p>
1e	Blue Bonds	All designated blue proceeds should provide a substantial improvement toward the “Sustainable Blue Economy” as set out in the ICMA	Evidence Reviewed: <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>The framework outlines blue activities and requirements, activities fall under the following categories and sub-categories:</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>Practitioners Guidance for Bond to Finance the Sustainable Blue Economy 2023.</p>		<p><b>Marine Pollution</b></p> <p>OWSSC confirms investments in projects that encompass:</p> <ul style="list-style-type: none"> <li>• The development, construction, operation, upgrades, renovations, or improvements across the full water cycle. This includes activities related to water abstraction, desalination, transmission, distribution of water, wastewater collection, wastewater treatment, and the reuse or discharge of treated water.</li> </ul> <p>The above blue Use of Proceeds also aligns with the ICMA Green Eligible category of <i>Sustainable Water and Wastewater Management</i>.</p> <ul style="list-style-type: none"> <li>• Reducing pollution, maximising the value of by-products, and recycling water and wastewater into new products. This includes, for example: <ul style="list-style-type: none"> <li>○ Treated effluent projects such as agricultural waste (food waste, biofuels derived from agriculture) or industrial applications (such as district heating).</li> <li>○ Sewage sludge treatment and management (thickening), biological stabilization (anaerobic digestion of biowaste for the production of biogas, biomethane, dewatering, drying, etc.) and further sludge re-process co-composting and/or vermicomposting).</li> <li>○ Carbon capture technologies for biogenic CO<sub>2</sub> to be utilised in sustainable aviation fuel (SAF).</li> <li>○ Brine rejected water to recover nutrients and produce lithium.</li> </ul> </li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>The above blue Use of Proceeds also aligns with the ICMA Green Eligible category of <i>Pollution Prevention and Control</i>.</p> <p><b>Marine Ecosystem Management, Conservation, and Restoration</b></p> <p>OWSSC confirms investments in:</p> <ul style="list-style-type: none"> <li>• Nature-based solutions aimed at restoring, remediating, preserving, and conserving habitats and ecosystems, including wetlands, coastal, and marine areas.</li> </ul> <p>The above blue Use of Proceeds also aligns with the ICMA Green Eligible category of <i>Terrestrial and Aquatic Biodiversity Conservation</i>.</p> <p>DNV confirms that OWWSOC's Blue activities align with the guidelines for delivering a "Sustainable Blue Economy" as set out in the ICMA Practitioners Guidance for Bond to Finance the Sustainable Blue Economy and that they can be clearly mapped to appropriate Green Eligible Categories, aligning with the ICMA GBP and LMA GLP.</p>



## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green/Social/Blue Bond/Loan should outline the decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> <li>• Electricity Holding Co. SAOC and Its Subsidiaries Treasury Policy</li> </ul>	<p>DNV can confirm that OWWSC has specified the eligibility criteria for each type of project in the Use of Proceeds table of its Framework, as well as given an indicative list of some of the projects which may be eligible under the Framework.</p> <p>The Company will form a Sustainable Finance Working Group (SFWG) responsible for assessing and selecting Eligible Green/Social/Blue Projects. The group will comprise representatives from Finance, Regulatory, Asset Management, Strategy, Quality, Health, Safety and Environment (QHSE) and members of the Operations Team.</p> <p>The SFWG, chaired by the Chief Financial Officer (CFO), will meet bi-annually to:</p> <ul style="list-style-type: none"> <li>• Ratify the Eligible Projects proposed by SFWG team members.</li> <li>• Ensure that all Eligible Sustainable Projects are assessed for their associated environmental and social risks and to ensure that each project complies with OWWSC's internal guidelines, policies, and applicable standards and regulations.</li> <li>• Monitor the asset pool to maintain the eligibility of projects per the criteria in section Use of Proceeds and replace any ineligible projects with new projects which are defined as eligible.</li> <li>• Facilitate regular reporting on any Green/Social/Blue/Sustainable issuance in</li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>accordance with its reporting commitments outlined in section Reporting.</p> <ul style="list-style-type: none"> <li>• Manage any future updates to the Framework.</li> </ul> <p>We can confirm that they meet the requirements as set out under the GBPs, SBPs, GLPs, SLPs, SBGs and BFSBEs.</p>
2b	Issuer's environmental and social governance Framework	In addition to the information disclosed by an issuer on its Green/Social/Blue Bond/Loan process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> <li>• OWWSC website   "Sustainability" (<a href="#">Link</a>)</li> <li>• OWWSC Water Week   (<a href="#">Link</a>)</li> <li>• Oman and Netherlands Water Partnership   (<a href="#">Link</a>)</li> </ul>	<p>DNV confirms that all Eligible Sustainable Projects undergo a thorough assessment from an environmental and social risk management perspective, ensuring alignment with the company's commitment to responsible business practices.</p> <p>Regular monitoring of the asset pool guarantees that Sustainable Projects meet the criteria outlined in the Use of Proceeds section.</p> <p>The Framework forms a critical part of OWWSCs journey to Net Zero from an Environmental perspective as well as its requirement under "Oman 2040" to set out key short, medium and long-term development plans. The Company also intends to work in line with the UNDP 2030 Sustainable Development Goals. These are referenced throughout the Use of Proceeds and have been considered when determining the eligibility criteria.</p> <p>The Company's Strategic Plan 2024-2028 includes targets pertaining to equitable access to safe drinking water and wastewater services at the most economical cost, which the Social Use of Proceeds will help to enable. The Company's aim is the optimisation and preservation of water resources from depletion and pollution, as well as awareness</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>development of conscious and rationalised water consumption.</p> <p>This approach includes replacing any ineligible projects with new eligible ones, reflecting the company's dedication to continuous improvement in sustainability performance.</p> <p>Additionally, DNV confirms that OWWSC's has set out relevant impact metrics which are measurable and can be used to assess the effectiveness of ESG efforts.</p>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Green/Social/Blue Bond/Loan should be credited to a sub-account, moved to a sub- portfolio, or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green/Social/Blue Projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> <li>• Electricity Holding Co. SAOC and Its Subsidiaries Treasury Policy</li> <li>• Addendum I to Treasury Policy</li> </ul>	<p>The proceeds of each OWWSC Sustainable Financing Instrument will be earmarked against the pool of eligible projects listed in the Sustainable Financing Register. At the end of each year, the net proceeds will be reduced by the amounts invested in eligible green/social/blue projects during that year.</p> <p>The Finance department has set up a dedicated tracking process in the internal information systems and database to monitor and account for the allocation of the proceeds.</p> <p>DNV concludes that the net proceeds will be allocated to new projects and/or the refinancing of existing projects as identified in the use of proceeds section. To manage these</p>





Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				proceeds, OWWSC will establish a Sustainable Financing Register.
3b	Tracking procedure	So long as the Green/Social/Blue Bonds Rail/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green/Social/Blue investments or loan disbursements made during that period.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>DNV confirms that the Finance department will review the Sustainable Financing Register annually into account for any reallocation to eligible projects within the pool. The Sustainable Financing Register will include relevant information following:</p> <ul style="list-style-type: none"> <li>• <b>Details of the Sustainable Financing Instrument:</b> Key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.</li> <li>• <b>Details of Use of Proceeds, including:</b> <ul style="list-style-type: none"> <li>○ Summary detail of eligible projects to which the proceeds of the Sustainable Financing Instrument have been earmarked in accordance with this Framework.</li> <li>○ Amount of allocation made.</li> <li>○ Any unallocated Sustainable Financing Instrument proceeds yet to be earmarked against eligible projects.</li> <li>○ Estimated environmental and social impact, where available.</li> <li>○ Other necessary information</li> </ul> </li> </ul> <p>DNV concludes that OWWSC has appropriately disclosed how it will track the funds and the disbursement of funds in its Framework.</p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> <li>• Electricity Holding Co. SAOC and Its Subsidiaries Treasury Policy</li> </ul>	<p>DNV concludes that OWWSC has appropriately disclosed how it will manage any unallocated proceeds within its portfolio.</p> <p>If the proceeds cannot be immediately and fully allocated or if there is an early repayment, the proceeds will be managed according to OWWSC's general liquidity guidelines until they can be allocated to Eligible Projects. The allocation of proceeds will be completed within two years from the date of issuance.</p>

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond, and where appropriate Loan proceeds, have been allocated including - when possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Oman Water and Wastewater Services Company.</p> <p>Evidence Reviewed:</p> <ul style="list-style-type: none"> <li>• OWWSC Sustainable Finance Framework.</li> </ul>	<p>We can confirm that OWWSC will release an allocation report and an impact report on its sustainable financing instruments annually, as outlined below. This reporting will be annually revised until the complete allocation of the net proceeds from any Sustainable Financing Instrument issued, or until the instrument is no longer active. Whenever feasible, OWWSC will aim to publicly release these reports on the Company's official website.</p> <p><b>Allocation reporting:</b></p>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>• The total amount of proceeds allocated to the Eligible Projects</li> <li>• Breakdown of allocation by eligible project category and by geographic location</li> <li>• The balance of financing and re-financing (%)</li> <li>• The balance of unallocated proceeds</li> </ul> <p><b>Impact reporting:</b></p> <p>When possible, OWWSC will offer updates regarding significant potential impact indicators for eligible projects, which might encompass details about the methodology and assumptions employed in computing these metrics.</p> <p>Metrics may include the following:</p> <p><b>Sustainable Water and Wastewater Management</b></p> <ul style="list-style-type: none"> <li>• Annual absolute (gross) water use before and after the project in m<sup>3</sup>/d, reduction in water use in %</li> <li>• Annual absolute (gross) amount of wastewater treated, reused, or avoided before and after the project in m<sup>3</sup>/d and as %</li> <li>• Reducing leakage from the network in cubic metres per day (m<sup>3</sup>/d)</li> <li>• Per capita consumption, in cubic metres per person per day (m<sup>3</sup>/p/d)</li> <li>• Total number of smart meters installed on the network</li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p><b>Climate Change Adaptation</b></p> <ul style="list-style-type: none"> <li>Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m<sup>3</sup></li> </ul> <p><b>Terrestrial and Aquatic Biodiversity Conservation</b></p> <ul style="list-style-type: none"> <li>Length of wetlands/lagoons created (m<sup>2</sup>)</li> <li>Number of trees planted.</li> <li>Area covered by sustainable land and water resources management practices (ha).</li> </ul> <p><b>Renewable Energy</b></p> <ul style="list-style-type: none"> <li>Total installed capacity (kW)</li> <li>Annual renewable energy generated (kWh)</li> <li>Annual GHG emissions avoided or reduced (tCO<sub>2</sub>e)</li> </ul> <p><b>Energy Efficiency</b></p> <ul style="list-style-type: none"> <li>Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)/a</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent/a</li> </ul> <p><b>Clean Transportation</b></p> <ul style="list-style-type: none"> <li>Number of low carbon vehicles</li> <li>Annual GHG emissions avoided or reduced (tCO<sub>2</sub>e)</li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p><b>Pollution Prevention and Control</b></p> <ul style="list-style-type: none"> <li>• Annual amount (in tonnes of dry solids p.a. and in %) of raw/untreated sewage sludge that is treated and disposed of (e.g. dewatering, sanitisation, composting, digestion without biogas extraction)</li> <li>• Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %)</li> <li>• Amount of CO<sub>2</sub> captured (tCO<sub>2</sub>)</li> </ul> <p><b>Affordable Basic Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Number of water infrastructure projects built/upgraded</li> <li>• Number of new household water connections</li> <li>• Number of people provided with adequate and equitable sanitation</li> </ul>