ASSESSMENT
19 August 2026

Washington Suburban Sanitary Dis. Com., MD

Post-issuance Second Party Opinion – CPI Bonds of 2025 (Second Series) (Green Bonds) Aligned with Principles

Analyst Contacts

Vivian Lee
AVP-Sustainable Finance Assessments
vivian.lee@moodys.com

Susie Ko
ALA Sustainable Finance Assessments
susie.ko@moodys.com

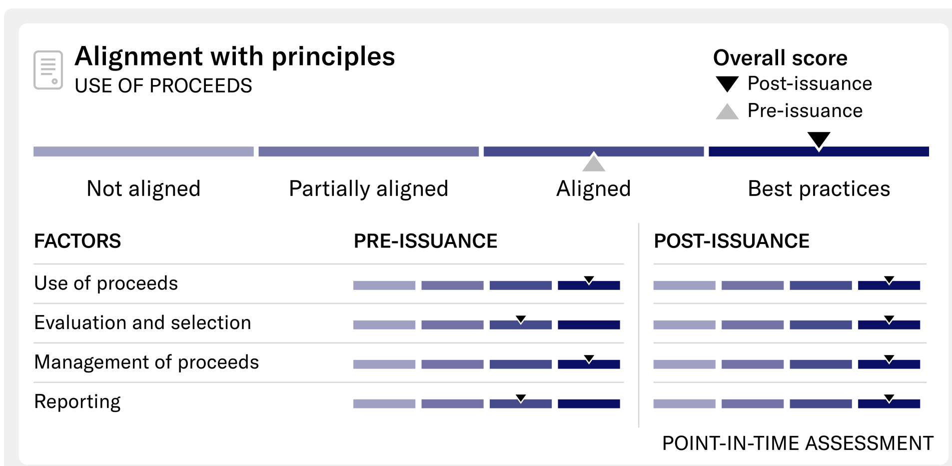
Matthew Kuchtyak
SVP Mgr-Sustainable Finance Assessments
matthew.kuchtyak@moodys.com

Summary

Within the scope of our work, we have assessed Washington Suburban Sanitary District, MD's (WSSC Water) Consolidated Public Improvement (CPI) Bonds of 2025 (Second Series) (Green Bonds), "the 2025 green bonds," issued in February 2025 under the district's use-of-proceeds green bond framework dated January 2025.

We assess that WSSC Water has allocated proceeds from the 2025 green bonds under the framework in alignment with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025. Net proceeds from the 2025 green bonds have been allocated to two eligible categories defined in the issuer's framework, namely the Potomac WFP Consent Decree Program and the Large Diameter Water Pipe & Large Valve Rehabilitation Program.

The bonds have also incorporated all Moody's Ratings identified best practices, including transparency on project monitoring and reporting. This reflects an improvement from the pre-issuance alignment with principles score assigned to the 2025 green bonds, as detailed in our Second Party Opinion (SPO) that we published on 21 January 2025. Please see Appendix 1 for more information.



Scope

We have provided a post-issuance SPO on whether the proceeds from WSSC Water's 2025 green bonds issued in February 2025 to finance eligible assets were allocated in alignment with the ICMA's GBP 2025, as well as whether the issuance was in line with the district's commitments in its green finance framework dated January 2025.

Our assessment is based on the district's 2025 green bond allocation report published in March 2026, as well as its green finance framework dated January 2025. Our opinion reflects our point-in-time assessment[1] of the details contained in these documents, as well as other public and non-public information provided by the district.

Our work does not constitute an assurance, verification or audit.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in October 2025.

Issuer profile

WSSC Water provides water treatment and distribution, and wastewater collection and treatment to a population of two million in Montgomery and Prince George's counties in Maryland. The district's raw water is primarily supplied by the Potomac and Patuxent rivers with supplemental storage at four reservoirs, providing 27 billion gallons of additional supply. The district operates six wastewater treatment facilities with a combined capacity of about 96 million gallons of wastewater per day. As of fiscal year 2025, the system had approximately 486,000 water connections and approximately 455,000 sewer connections.

Key highlights

» WSSC has allocated its 2025 green bond net proceeds in alignment with the ICMA's GBP 2025 and has incorporated all of Moody's-identified market best practices

» The proceeds were fully allocated in six months, shorter than pre-issuance allocation period commitment of within 12 months of bond issuance

» There were no material developments or cases where a project ceased to fulfill the eligibility criteria

» The financed projects have been clearly reported using previously disclosed impact indicators

Post-issuance Second Party Opinion detailed assessment

- ☑ Green Bond Principles (GBP)
- ○ Green Loan Principles (GLP)
- ○ Social Bond Principles (SBP)
- ○ Social Loan Principles (SLP)
- ○ Sustainability-Linked Bond Principles (SLBP)
- ○ Sustainability Linked Loan Principles (SLLP)

We assess that the 2025 green bonds issued in February 2025 under WSSC Water's green bond framework dated January 2025 are aligned with the four core components of the ICMA's GBP 2025 and have incorporated all Moody's Ratings identified best practices. This marks a positive shift compared to the pre-issuance SPO. Supporting factors to the score change include ongoing monitoring of project compliance throughout the operational life of assets and commitments to maintain reporting over the assets' operational lifespan. A detailed assessment by factor for alignment with principles is provided below.

Use of proceeds

Not aligned	Partially aligned	Aligned	Best practices ▼

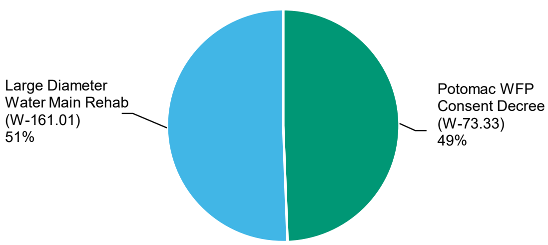
The net proceeds of approximately $30.2 million received from the 2025 green bonds have been fully allocated, with near equal distribution across the framework's two eligible project categories, the Potomac Water Filtration Plant (WFP) Consent Decree Program (W-73.33) and the Large Diameter Water Main Rehabilitation Program (W-161.01), in accordance with the eligibility criteria outlined in WSSC Water's green bond framework dated January 2025. Proceeds were fully and exclusively used to finance capital improvements associated with the Potomac WFP Consent Decree program and its large water pipe and large valve rehabilitation program (see Exhibit 1). The 2025 green bonds represent the district's sixth green bond offering. As of fiscal year 2025 (ending June 30), the district has raised cumulative net proceeds of $213.7 million (including investment income and bond premiums less issuance expenses) under its green bond program, disbursed across the project categories, as seen in Exhibit 2.

Under the Potomac WFP Consent Decree Program, the district reports that construction on the sediment basin filter backwash treatment facility and the gravity thickener expansion project were 86% and 77% complete, respectively, as of fiscal year 2025. The sediment basin filter backwash treatment facility includes construction of plate settlers, equalization basin and pumping station, while the gravity thickener expansion project includes construction of three new gravity thickeners to the facility for additional solids treatment.

We note that the deadline for long-term capital improvements agreed upon in the consent decree was extended from 1 January 2026 to 11 October 2026 based on the facility's final fact sheet permit submission to the state's Department of Environment. We expect that these projects when complete and operational are likely to improve solids handling and filtering at the facility to achieve permit limits as well as the no net annual discharge goals under the consent decree. The eligible projects financed have clear, relevant, and coherent environmental objectives, with measurable benefits that are in line with our pre-issuance assessment expectations.

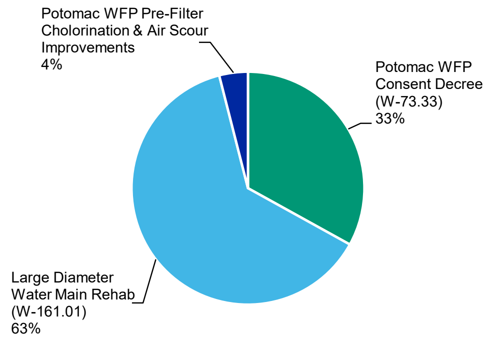
Based on documents reviewed, the bond proceeds reimbursed 26.4% of eligible green bond expenditures across the two categories in fiscal year 2025. Actual program expenditures were below the estimated expenditures for the fiscal year. The district has confirmed that it has disclosed the full use of proceeds as going toward new financings, and it has confirmed that this information was disclosed at the time of issuance in the respective issuance documentation. There was no refinancing of prior assets, in line with pre-issuance commitments.

Exhibit 1
The 2025 green bonds have been fully allocated across the two eligible categories



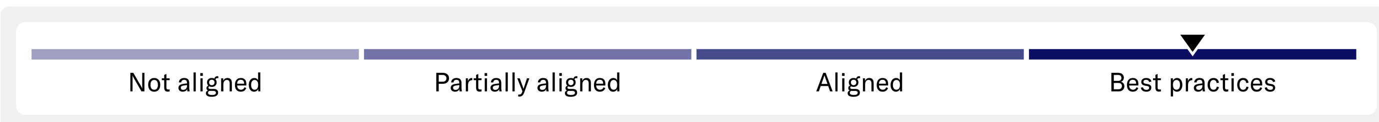
Source: WSSC Water

Exhibit 2
Project category disbursements from the district's cumulative $213.7 million of net proceeds received under its green bond program as of fiscal year 2025



Source: WSSC Water

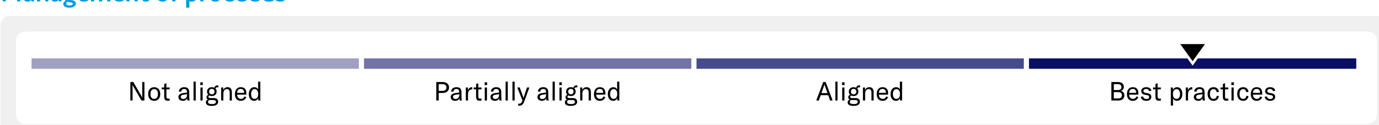
Process for project evaluation and selection



WSSC Water's decision-making process for the evaluation and selection of projects is clearly structured, as outlined in its public framework, and the district has confirmed that there were no changes and the process was followed for the 2025 green bonds. Eligible projects were identified and selected through the district's annual six-year CIP which evaluates projects against the district's 30-year asset management plan and incorporates engineering and demographic data to ensure future capital and service needs are addressed. The process draws on relevant internal expertise, including the general manager and district commissioners, and includes external review by the bi-county government and the Maryland National Capital Park and Planning Commission to support project validation.

WSSC Water has monitored project compliance with the framework's eligibility criteria on an annual basis until proceeds were fully allocated and remains committed to ongoing oversight throughout the operational life of the assets. Oversight activities include quarterly capital briefings on the status of the CIP program (including the eligible green programs)[2] to the district commission, monthly management reviews of project status and performance, and reporting on the Potomac Consent Decree to both the State of Maryland and the commission.[3] Detailed systemwide operational performance[4] is reported to the commission and is publicly available in agenda packets. The district also remains committed to the environmental and social risk management processes described in its framework and has confirmed that no material environmental or social controversies were identified and that all financed projects remained compliant with the applicable eligibility criteria.

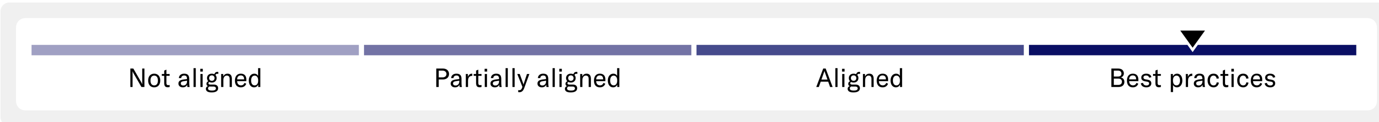
Management of proceeds



WSSC Water has confirmed that all elements of its process for the management and allocation of proceeds remain the same as detailed in its framework and was followed for the 2025 green bonds. Net proceeds were deposited into a segregated account dedicated exclusively to eligible green projects and tracked through a formalized internal process. Consistent with the framework, proceeds were used solely to finance capital improvements associated with the two eligible green projects and were not used to refinance prior assets.

Proceeds were fully allocated within six months of bond issuance, resulting in no unallocated balance. This allocation timeline is shorter than the pre-issuance commitment to allocate proceeds within 12 months of bond issuance.

Reporting



WSSC Water's reporting is in line with its initial commitments on the frequency and scope of post-issuance reporting. The district has confirmed its commitment to ongoing reporting until full allocation of proceeds and in the case of material developments. Going forward, the district plans to provide more frequent reporting on a quarterly basis on the allocation of proceeds and impact metrics for the benefit of bondholders. The operational performance of the broader system, which includes the funded assets, are tracked, monitored and reported through its operational life and is available publicly on its website. The 2025 green bond annual report, which covers all green bond issuances under the program, is publicly available on WSSC Water's website and covers all information consistent with its pre-issuance commitments. The report includes information on the allocation of proceeds under the green bond program to date, the description of programs financed and the environmental benefits achieved.

All financed projects are supported by relevant and clearly defined impact indicators, namely the percentage of river solids removed under the Potomac WFP Consent Decree Program and the miles of large-diameter water mains replaced annually under the large diameter water pipe rehabilitation program. Reporting on these indicators is comprehensive and consistent with WSSC Water's pre-issuance commitments. Proceeds allocated to the Potomac WFP Consent Decree Program support reductions in solids removal at the plant level, above the minimum long-term performance standard under the consent decree, while proceeds allocated to the large diameter water pipe rehabilitation program support the district's ongoing capital improvement objectives by enhancing water distribution infrastructure reliability. Based on our review, the reported impacts are consistent with the financed projects, and no material deviations were identified in the reported impact metrics.

The methodologies used to calculate and report environmental impacts are publicly disclosed, supporting transparency and comparability of reported outcomes. WSSC Water has fulfilled its commitment to obtain an independent verification of proceeds allocation for its 2025 green bonds. In addition, the district has fulfilled its commitment to obtain an independent post-issuance review of the environmental benefits reported for the financed projects through this assessment, in line with best market practices.

Exhibit 3

Fiscal year 2025 impact reporting aligns with the district's pre-issuance commitments

Eligible category	Assets	Impact reporting metrics	Reported impact (FY 2025 Achievement)	Comment
Potomac WFP Consent Decree Program (W-73.33)	Sediment Basin Filter Backwash Treatment Facility and the Gravity Thickener Expansion Project	Pecentage of river solids removed (%)	63.5% of river solids removed in 2025 from 2017 baseline on a two-year rolling average, exceeding the consent decree requirements to dewater and remove at least 50% of the river intake solids	Impact reporting is clear and relevant to quantify the reported benefits. The use of a recognized metric enables comparability and is in line with the impact indicators outlined in the issuer's framework.
Large Diameter Water Pipe & Large Valve Rehabilitation Program (W-161.01)	Water distribution piples	Miles of large diameter water mains replaced annually	10 miles of large-diameter pipe work, exceeding the annual target of six miles	

Source: WSSC Water

Appendix 1 - Alignment with principles for WSSC Water's 2025 green bonds under its January 2025 green bond framework

Alignment with principles			Series 2025 Green Bonds pre-issuance commitments			Series 2025 post-issuance review		
Factor	**Sub-factor**	**Component**	**Component score**	**Sub-factor score**	**Factor score**	**Component score**	**Sub-factor score**	**Factor score**
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Best practices	A	Best practices	Best practices
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			A		
		Location	A			A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes			Yes		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		A	Best practices	
		Coherence of project category objectives with standards for nearly all categories	A			A		
		BP: Objectives are defined, relevant and coherent for all categories	Yes			Yes		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		A	Best practices	
		Measurability of expected benefits for nearly all categories	A			A		
		BP: Relevant benefits are identified for all categories	Yes			Yes		
		BP: Benefits are measurable for all categories	Yes			Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			Yes		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Aligned	Aligned	A	Best practices	Best practices
		Disclosure of the process	A			A		
		Transparency of the environmental and social risk mitigation process	A			A		
		BP: Monitoring of continued project compliance	No			Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	Best practices	A	Best practices	Best practices
		Periodic adjustment of proceeds to match allocations	A			A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			A		
		BP: Disclosure of the proceeds management process	Yes			Yes		
		BP: Allocation period is 24 months or less	Yes			Yes		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	Aligned	A	Best practices	Best practices
		Reporting duration	A			A		
		Report disclosure	A			A		
		Reporting exhaustivity	A			A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	No			Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			Yes		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes			Yes		
		BP: Independent impact assessment on environmental and social benefits	No			Yes		
				Series 2025 Green Bonds alignment pre-issuance:	**Aligned**		**Series 2025 Green Bonds alignment post-issuance:**	**Best practices**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

2 See WSSC Water Capital Improvements Program Update FY 25

3 See Potomac WFP Consent Decree Updates July 2025

4 See WSSC Water Operational Performance Report October 2025

REPORT NUMBER 1493280